

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR JULY 1, 2011 - JUNE 30, 2012



Fairbanks North Star Borough School District

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, 2012**

**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



FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

(907) 452-2000

520 Fifth Avenue

Fairbanks, AK 99701-4718

www.k12.northstar.org

November 9, 2012

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, 2012, 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, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and 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 unqualified opinion that the School District's financial statements for the fiscal year ended June 30, 2012 are fairly presented in

conformity 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 14,260 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 88 students to a 1,184 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 2012 district-wide average was 23.1 students per class at the elementary level (grades K-6), 20.6 at the middle school level (grades 7-8), and 21.6 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 nation's current economic downturn continues to have negative effects on state and local economies, the economic impact to Alaska is still somewhat mild compared to what the nation is experiencing. The Fairbanks North Star Borough's seasonally adjusted unemployment rate is 6.9 percent, compared to a national unemployment rate of 8.2 percent. The Borough's seasonally adjusted unemployment rate has remained unchanged from a year ago while the national average has dropped 0.9 percentage points. Tourism, retail trade and construction industries still struggle somewhat to cope with national trends of reluctant consumer spending, tighter credit, and a shaky housing market. Alaska's critical oil industry has stopped growing, but hasn't recorded significant losses and continues to be a stabilizing force. Our local economy remains relatively stable with ongoing growth in new construction and population.

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 \$3.228 billion over the last five years. The local contribution to education represents about 23 percent of operating fund revenues for the year ended June 30, 2012, and has increased \$6.564 million or 16.4 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 \$6.456 million.

Projected Enrollment

Student enrollments generate a majority of district revenues and also dictate personnel needs, which represent over 85 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 slightly from 2006-07 through 2009-10. The 2010-11 school year saw an unexpected drop of 176 students or 1.2 percent. Schools which typically have large numbers of military dependents can vary considerably, which seems to be a major factor for the 2010-11 enrollment declines. In 2011-12 enrollments increased by 41 students. The 2012-13 official student count shows an expected drop of about 70 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 at Ryan Middle School. The bonds are eligible for state reimbursement at 70 percent. Additionally, by local ordinance the Fairbanks North Star 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 229. 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 85 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, 2011.

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, 2011.

This was the twenty first 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.

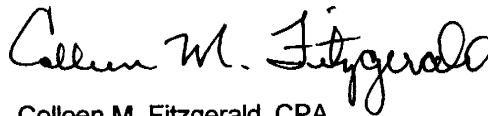
Acknowledgments

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, 2012)

Fairbanks, Alaska

BOARD OF EDUCATION

Kristina Brophy, President
Sharon McConnell, Vice-President
Sue Hull, Treasurer
Sean Rice, Clerk
Silver Chord, Member
Wendy Dominique, Member
John Thies, Member
Colonel Thomas Daack, Base Representative
Colonel Ron Johnson, Post Representative
Hanna Brewer, Student Representative

ADMINISTRATION

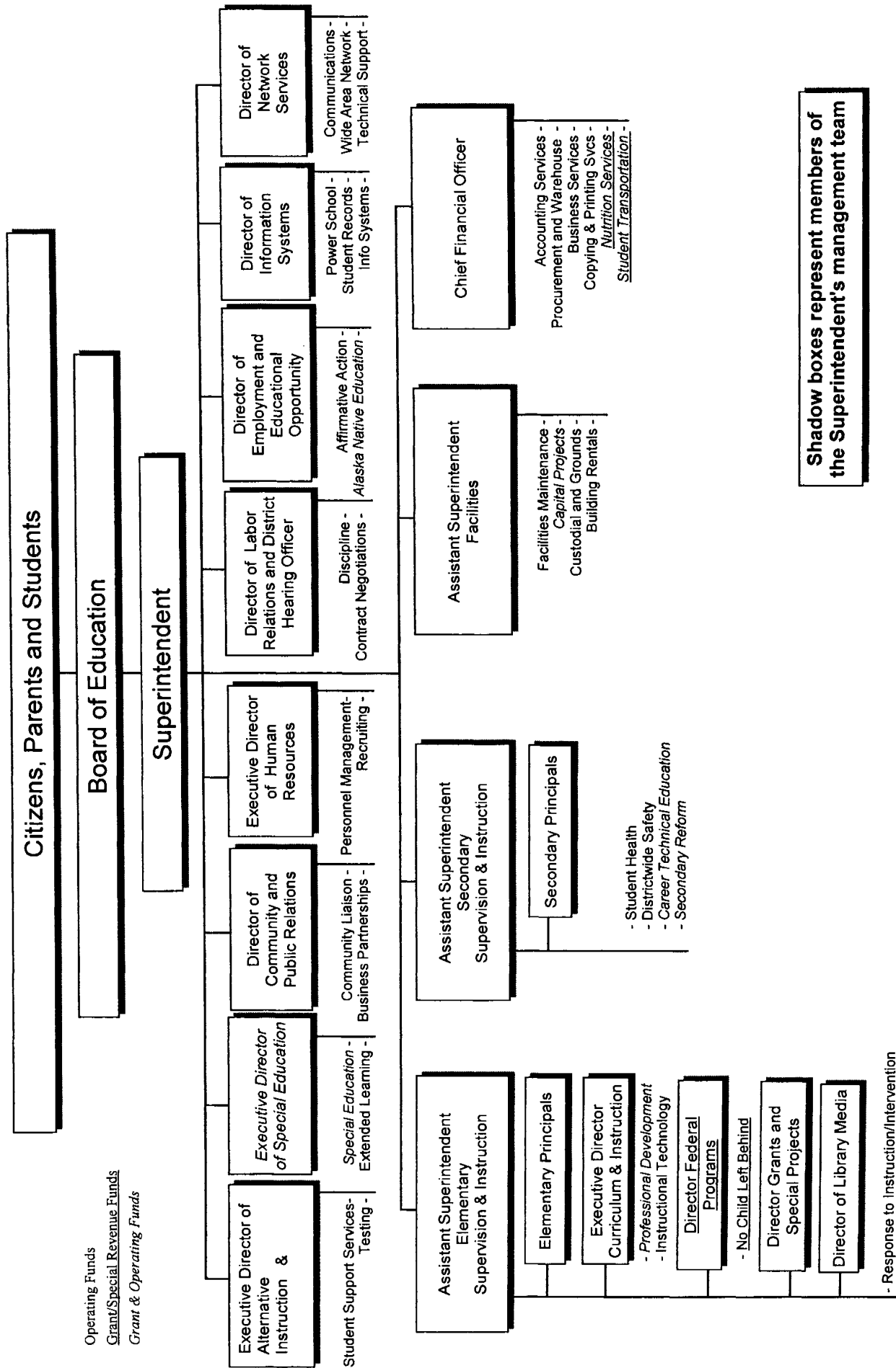
Pete Lewis
Superintendent of Schools

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, 2011*

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



Brian L. Mee

Brian L. Mee, SFO, RSBA
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

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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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell

President

Jeffrey R. Enen

Executive Director

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FINANCIAL SECTION

November 9, 2012

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2012, 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, 2012, 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 Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements and schedules are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements and schedules based on our audit. The prior year partial comparative information has been derived from the School District's June 30, 2011 financial statements and, in our report dated October 31, 2011 we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, the aggregate remaining fund information, internal service and fiduciary fund type, and the School District's nonmajor governmental funds.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements and schedules referred to previously present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the School District, as of June 30, 2012, and the respective changes

119 North Cushman Street, Suite 300 • Fairbanks, Alaska 99701 • 907-456-7762
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

in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 9, 2012 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* and should be considered in assessing the results of our audit.

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.

Our audit for the year ended June 30, 2012 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 combining and individual nonmajor fund financial statements and schedules; 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 combining and individual nonmajor fund financial statements and schedules, 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.

Our audit for the year ended June 30, 2012 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairbanks North Star Borough School District's basic financial statements. The introductory and statistical sections are presented for the purposes

of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

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, 2011, (not presented herein), and have issued our report thereon dated October 31, 2011, which contained unqualified 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, 2011, including the supplemental reports section; the combining and individual nonmajor fund financial statements and schedules, 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, 2011 financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the June 30, 2011 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 combining and individual nonmajor fund financial statements and schedules, 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. The June 30, 2011 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.

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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2012

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, 2012. 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 2012 include the following:

- The School District's assets exceeded its liabilities at June 30, 2012 by \$21.8 million (net assets). Of this, \$17 million is unrestricted and available to pay obligations of the district. Included in unrestricted net assets is \$13 million of Federal impact aid revenue for fiscal year 2013 received in advance in fiscal year 2012.
- Revenues saw a net increase of \$9.4 million. Operating grants and contributions increased \$5.1 million due entirely to a \$5.3 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 \$0.8 million and the local government appropriation to education increased \$1.3 million. The District also received a supplemental State aid appropriation, in lieu of a permanent increase to foundation funding, of \$2.2 million.
- Expenses saw a net increase of \$13 million. The net increase of \$5.3 million in State on-behalf payments made to the Teachers' Retirement System (TRS) and the Public Employees' Retirement System (PERS) is included in this increase. Most functional expense categories experienced increases in the current year including an increase of \$7.7 million for instruction.
- Among major funds, the general fund had \$206 million in current year revenues and \$207.4 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 assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 (cont.) June 30, 2012

- The *statement of activities* presents information showing how the School District's net assets changed during the most recent fiscal year. All changes in net assets 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 Assets 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 (cont.) June 30, 2012

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 57 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 60 through 65 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 68 through 157 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 205 through 223 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The School District's assets exceeded liabilities by \$21.8 million as of June 30, 2012, a decline in our financial position over fiscal year 2011. By far the largest portion of the District's net assets is unrestricted and includes \$13 million of fiscal year 2013 impact aid received in fiscal year 2012. Net assets invested in capital assets of \$4.4 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 assets (table 1) and changes in net assets (table 2) for the School District's governmental activities.

Table 1
Net Assets
Governmental Activities

	2012	2011	Increase (Decrease)	Percentage Change
Assets				
Current and other assets	\$ 32,555,991	\$ 34,134,358	\$ (1,578,367)	-4.6%
Capital assets	4,391,797	4,449,676	(57,879)	-1.3%
Total assets	36,947,788	38,584,034	(1,636,246)	-4.2%
Liabilities				
Long-term liabilities	10,481,652	9,522,128	959,524	10.1%
Other liabilities	4,693,840	3,865,199	828,641	21.4%
Total liabilities	15,175,492	13,387,327	1,788,165	13.4%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (cont.) June 30, 2012

Table 1
Net Assets (continued)
Governmental Activities

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Net assets				
Invested in capital assets	\$ 4,391,797	\$ 4,449,676	\$ (57,879)	-1.3%
Unrestricted	17,380,499	20,747,031	(3,366,532)	-16.2%
Total net assets	<u>\$ 21,772,296</u>	<u>\$ 25,196,707</u>	<u>\$ (3,424,411)</u>	-13.6%

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

- A \$2.2 million decrease in accounts receivable from the State of Alaska due to the completion of various American Recovery and Reinvestment Act (ARRA) grants in September 2012.
- A \$0.8 million increase in payroll liabilities due to several factors. 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 delayed until July payment for June retirement system contributions.
- A \$1.0 million increase in other liabilities resulting from 1) a \$0.6 million increase in risk management liabilities (claims and reserves) and a \$0.4 million increase in compensated absences. In general compensated absences can be expected to increase from year to year as long as employees continue to receive salary increases.

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 Assets
Governmental Activities

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues:				
Program revenues:				
Charges for services	\$ 2,127,984	\$ 2,128,703	\$ (719)	0.0%
Operating grants and contributions	59,782,158	54,664,159	5,117,999	9.4%
Capital grants and contributions	378,803	69,000	309,803	449.0%
General revenues:				
Borough direct appropriation	46,586,695	45,299,502	1,287,193	2.8%
Foundation program	113,227,755	112,387,761	839,994	0.7%
Other state revenue	4,144,172	1,974,562	2,169,610	109.9%
Federal impact aid	14,051,688	14,428,645	(376,957)	-2.6%
Other	1,183,681	1,088,510	95,171	8.7%
Total revenues	<u>241,482,936</u>	<u>232,040,842</u>	<u>9,442,094</u>	4.1%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

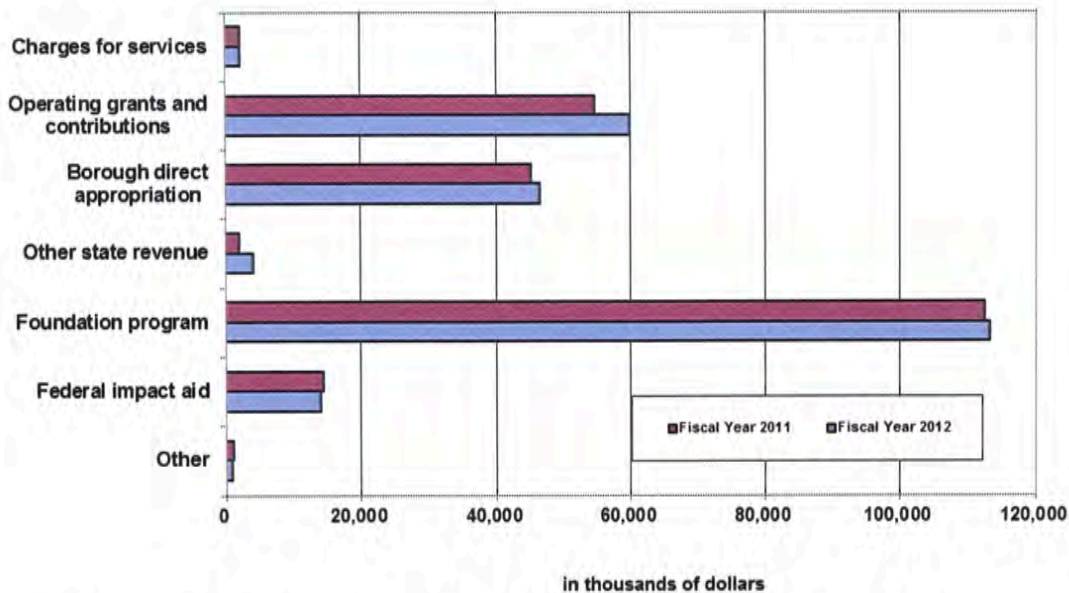
Management's Discussion and Analysis (cont.)
June 30, 2012

Table 2
Changes in Net Assets (continued)
Governmental Activities

	2012	2011	Increase (Decrease)	Percentage Change
Expenses:				
Instruction	\$ 107,518,432	\$ 100,600,464	\$ 6,917,968	6.9%
Special education instruction	25,693,963	24,870,238	823,725	3.3%
Special education instruction-support services	7,840,679	7,376,804	463,875	6.3%
Support services-students	14,645,274	13,959,359	685,915	4.9%
Support services-instruction	13,656,552	15,414,500	(1,757,948)	-11.4%
School administration	7,683,508	7,164,900	518,608	7.2%
School administration support services	6,109,394	4,908,392	1,201,002	24.5%
District administration	2,460,180	2,205,571	254,609	11.5%
District administration support services	11,302,391	10,700,442	601,949	5.6%
Operations and maintenance of plant	26,259,233	24,374,735	1,884,498	7.7%
Student activities	5,004,579	4,959,591	44,988	0.9%
Student transportation service	11,222,482	10,010,640	1,211,842	12.1%
Food service	5,510,680	5,399,896	110,784	2.1%
Interest		33,227	(33,227)	
Total expenses	\$ 244,907,347	\$ 231,978,759	\$ 12,928,588	5.6%
Increase (decrease) in net assets	\$ (3,424,411)	\$ 62,083	\$ (3,486,494)	-5615.9%
Ending net assets	\$ 21,772,296	\$ 25,196,707	\$ (3,424,411)	-13.6%

Figure A-1 presents a comparative chart of governmental activities revenues for fiscal year 2012 and 2011.

Figure A-1, Governmental Activities Revenues for Fiscal Year 2012 and 2011



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 (cont.)
June 30, 2012

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

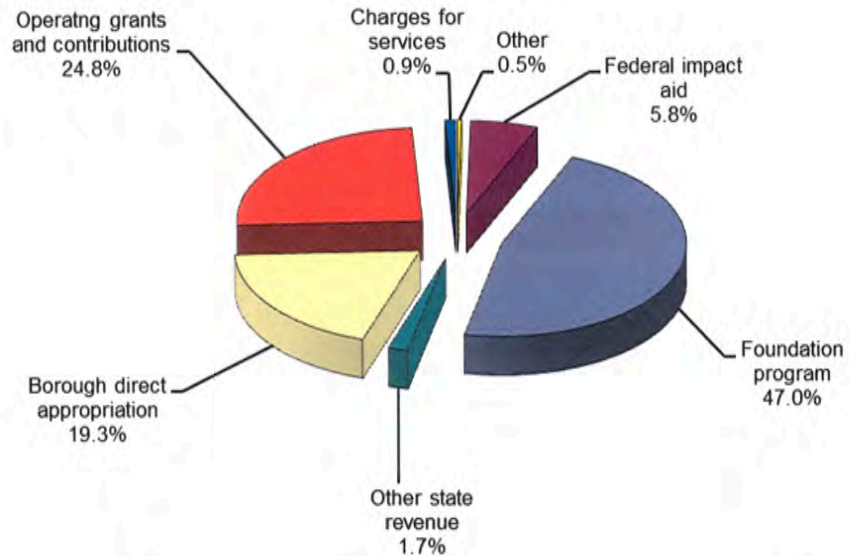
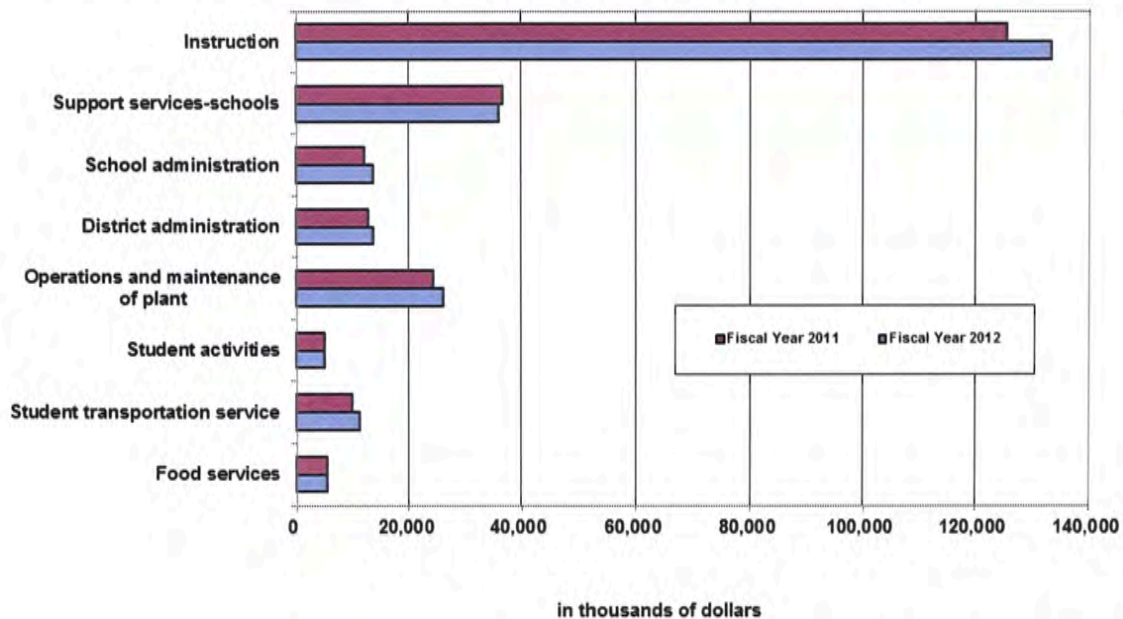


Figure A-3 presents a comparative chart of governmental activities expenses for fiscal year 2012 and 2011.

Figure A-3, Governmental Activities Expenses for Fiscal Year 2012 and 2011



FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (cont.)
June 30, 2012

The cost of all governmental activities in the current year was \$245 million, a 5.6 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 \$5.3 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 (44.43 percent for PERS and 21.57 percent for TRS). Changes to actuarially determined rates for the defined benefit plans increased from fiscal year 2011 by 5.5 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 \$4.6 million or 17.1 percent. Although the District is still analyzing the sharp increase in fiscal year 2012, initial assessments 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 in excess of \$2 million due to negotiated 4 percent increases for the principals' and classified staff bargaining units and 1.5 percent increases for the teacher's bargaining unit in addition to the value of salary/wage table step movement.

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

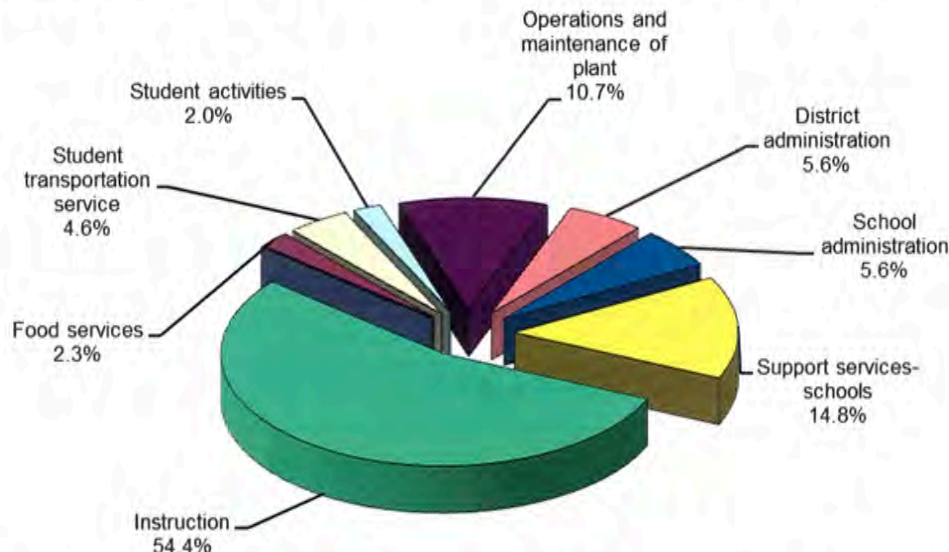


Table 3 condenses the total expenses of the School District's main functional categories – instruction, support services - schools, school administration, district administration, operations and maintenance of plant, student activities, student transportation service, adult and continuing education instruction, 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 (cont.)
June 30, 2012

Table 3
Net Cost of Governmental Activities

	2012		2011	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 133,212,395	\$ 103,358,296	\$ 125,470,702	\$ 99,547,733
Support services - schools	36,142,505	26,970,877	36,750,663	26,592,393
School administration	13,792,902	12,144,875	12,073,292	10,767,049
District administration	13,762,571	12,430,050	12,906,013	11,520,071
Operations and maintenance of plant	26,259,233	25,260,152	24,374,735	23,707,791
Student activities	5,004,579	2,372,214	4,959,591	2,380,782
Student transportation service	11,222,482	(218,459)	10,010,640	134,590
Community services		(5,000)		
Food services	5,510,680	305,397	5,399,896	433,261
Interest expense			33,227	33,227
Total	<u>\$ 244,907,347</u>	<u>\$ 182,618,402</u>	<u>\$ 231,978,759</u>	<u>\$ 175,116,897</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 \$24.4 million, a decrease of \$0.7 million or 2.7 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 and 45 of this report.

Approximately \$3.2 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 \$21.2 million is assigned to specific purposes. Fund balance in the general fund is assigned 1) for the purpose of liquidating fiscal year 2012 contracts and purchase orders in fiscal year 2013 (\$4.4 million), 2) for the fiscal year 2013 annual federal impact aid payment received in advance in fiscal year 2012 (\$13 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 (\$2.1 million). Fund balance in the student transportation special revenue fund is assigned for a student transportation funding shortfall expected in the subsequent year (\$1.2 million).

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (cont.) June 30, 2012

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

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

	2012
Total fund balances - governmental funds - at June 30, 2012	\$ 24,440,490
Cost of capital assets (net of accumulated depreciation/amortization)	4,391,797
Internal service fund net deficit	(2,484,812)
Long-term liabilities (compensated absences)	(4,575,179)
Total net assets at June 30, 2012	<u><u>\$ 21,772,296</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 \$20.2 million, down \$1.4 million or 6.5 percent from last fiscal year. Although revenues increased in the general fund \$9.3 million or 4.7 percent, expenditures increased \$9.9 million or 5.0 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 \$226,191 or 18.4 percent from the prior year due to an increase in funding of \$1.6 million provided by the State legislature in fiscal year 2012. Because of the additional funding, the projected use of fiscal year 2011 ending fund balance of \$1.2 million was not necessary.

Table 5 presents a summary of general fund revenues.

Table 5
General Fund Revenues

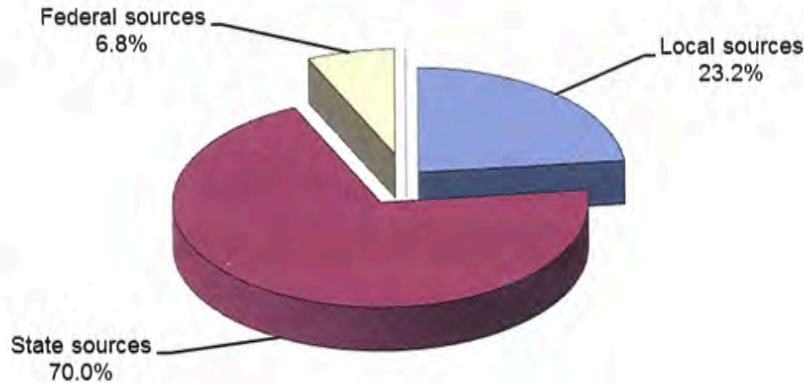
	2012	2011	Increase (Decrease)	Percent Increase (Decrease)
Local sources	\$ 47,797,979	\$ 46,371,109	\$ 1,426,870	3.1%
State sources	144,143,669	135,862,553	8,281,116	6.1%
Federal sources	14,051,688	14,442,420	(390,732)	-2.7%
Other financing sources	3,315	4,500	(1,185)	-26.3%
Total	<u><u>\$ 205,996,651</u></u>	<u><u>\$ 196,680,582</u></u>	<u><u>\$ 9,316,069</u></u>	<u><u>4.7%</u></u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (cont.)
June 30, 2012

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 \$46.6 million in fiscal year 2012, a \$1.3 million increase from last year. The increase in revenues from state sources was due to increases in foundation funding (\$0.8 million), a supplemental State aid appropriation in lieu of a permanent increase in foundation funding (\$2.2 million) and on-behalf payments made to our PERS and TRS defined benefit plans (\$5.3 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 (44.43 percent for PERS and 21.57 percent for TRS).

Table 6 presents a summary of general fund expenditures.

Table 6
General Fund Expenditures

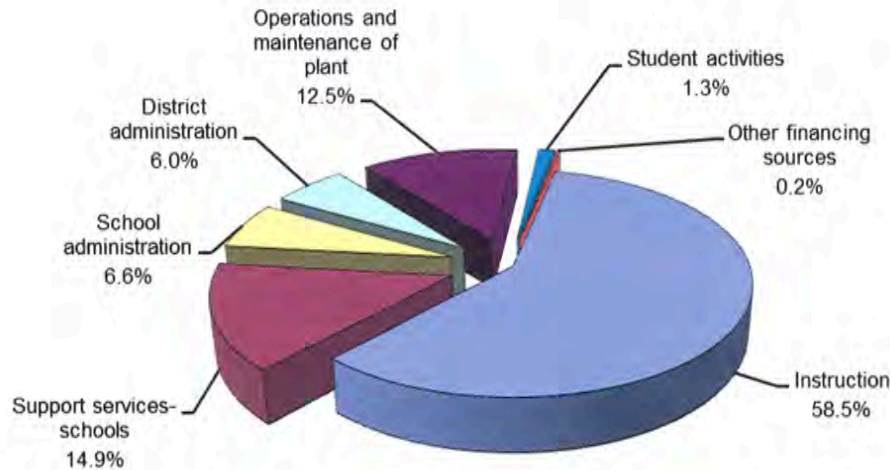
	2012	2011	Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 121,391,119	\$ 115,578,281	\$ 5,812,838	5.0%
Support services - schools	30,900,893	29,627,990	1,272,903	4.3%
School administration	13,654,689	12,014,080	1,640,609	13.7%
District administration	12,357,386	11,299,534	1,057,852	9.4%
Operations and maintenance of plant	25,959,798	24,153,731	1,806,067	7.5%
Student activities	2,657,168	2,634,885	22,283	0.8%
Debt service		601,883	(601,883)	-100.0%
Transfers to other funds	481,000	1,556,870	(1,075,870)	-69.1%
Total	<u>\$ 207,402,053</u>	<u>\$ 197,467,254</u>	<u>\$ 9,934,799</u>	<u>5.0%</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (cont.)
June 30, 2012

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 2012 except debt service and transfers to other funds. By far the largest increase was in the instruction (\$5.8 million) function due to 1) increases in on-behalf payments made to our PERS and TRS defined benefit plans (\$3.7 million), 2) 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 (\$.6 million) and 3) purchase versus lease of replacement computers for instructional staff (\$1.2 million). The largest categorical increases in the general fund were in employee benefits as a result of an increase in the health benefit rate (\$2.4 million), non-certificated salaries due to negotiated 4 percent increases for principals' and classified staff bargaining units in addition to the value of salary/wage table step movement (\$1.5 million) and supplies, materials and media due to the purchase of replacement computers for instructional staff (\$1.2 million). Although teachers received a negotiated increase of approximately 1.5 percent certified salaries in the general fund remained fairly flat due to twenty-two teachers being charged to the fiscal year 2012 Jobs Fund grant. The next largest increase was in electricity and heating oil costs (\$0.5 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 at June 30, 2012 of \$2.5 million, an increase of \$2.3 million from fiscal year 2011. Operating revenues of the fund increased \$2.6 million or 9.2 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 \$1.2 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. No additional charge was necessary in fiscal year 2011. Operating expenses increased \$4.7 million or 16.5 percent from the prior year due mostly to an increase in total health care costs.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (cont.)
June 30, 2012

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 2012 were \$1.5 million more than the final budget. Actual expenditures on the budgetary basis (excluding other financing uses) for fiscal year 2012 were \$0.6 million more than the final budget.

Significant budget to actual variances of note were:

- Revenues - local sources – were under budget by \$0.7 million. Most of this variance was due to the required return of a portion of the local appropriation (\$0.8 million) to the Fairbanks North Star Borough (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 over budget due to 1) an increase in the number of students qualifying for supplemental special education funding (\$1.4 million) and 2) PERS and TRS on-behalf payments made by the State of Alaska to our defined-benefit plans being over budget by \$1.1 million.
- Total expenditures – were over budget by \$0.6 million. Five of the eleven functional expenditure categories had positive variances. Negative variances in the remaining functional areas with the exception of operations and maintenance of plant are due to 1) an increase in the health benefit rate and 2) increases in state retirement system on-behalf payments. The final amount of state retirement system contributions are not known until after the end of the fiscal year so budget realignment is not possible if estimates are exceeded. The variance in operations and maintenance of plant was due to commitments for contractual building rental obligations for three of our four charter schools. Because the commitments were made late in the fiscal year, budgets were not realigned to cover the overage.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (cont.) June 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School District's investment in capital assets for its governmental activities was \$4.4 million as of June 30, 2012 (net of accumulated depreciation and amortization). This investment in capital assets includes machinery, equipment and software. The Borough owns the land and buildings. On July 1, 2009 the School District increased its capitalization threshold from \$2,500 to \$5,000 and all capital assets with a historical cost under \$5,000 were written off. Table 7 details capital assets by asset type:

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

	2012	2011	Increase (Decrease)	Percent Increase (Decrease)
Machinery and equipment	\$ 3,450,882	\$ 3,429,739	\$ 21,143	0.6%
Intangibles (software)	940,915	1,019,937	(79,022)	-7.7%
Total	<u>\$ 4,391,797</u>	<u>\$ 4,449,676</u>	<u>\$ (57,879)</u>	<u>-1.3%</u>

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

Debt Administration

The School District's long-term obligations include \$4.6 million for compensated absences, an increase of \$392,377 or 9.4 percent from the prior year. We would expect to see increases in compensated absences as long as salaries are increasing. Long-term obligations also include \$5.9 million for insurance claims and reserves, an increase of \$0.6 million or 10.6 percent from prior year. Claims and reserves include such items as claims payable and accrued self-insurance reserves. The increase in claims and reserves, reported in the risk management internal service fund, is due mostly to an increase in incurred but not reported health claims (\$1 million) offset by a decrease in workers compensation and liability reserves (\$0.3 million). Additional information about long-term obligations can be found in Note 9 on page 51 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:

- The District's budget is comprised of over 85 percent in salaries and employee benefits, and includes three bargaining units and one exempt management group. Both the Fairbanks Education Association (teachers') contract and the Fairbanks Principals' Association contract expire June 30, 2013. The cost for fiscal year 2014 salaries for these two bargaining units is unknown at this time.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2012

- There have 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 dramatically 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 the 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 assets

Statement of Activities

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Statement of Net Assets

June 30, 2012

(With comparative totals for 2011)

	Governmental Activities	
	2012	2011
 <u>ASSETS</u>		
Equity in central treasury cash	\$ 22,744,494	\$ 22,281,187
Restricted equity in central treasury cash	575	2,953
Accounts receivable	8,720,619	10,703,675
Due from Fairbanks North Star Borough	54,505	91,219
Inventories	1,008,747	1,010,288
Prepaid items	27,051	45,036
Machinery and equipment	9,415,625	8,947,432
Less accumulated depreciation	(5,964,743)	(5,517,693)
Intangible assets, net of amortization	940,915	1,019,937
Total assets	<u>\$ 36,947,788</u>	<u>\$ 38,584,034</u>
 <u>LIABILITIES</u>		
Accounts payable	\$ 1,881,764	\$ 1,461,956
Accrued payroll and liabilities	2,032,143	1,176,244
Unearned revenue	575	2,953
Due to external groups and agencies	6,753	848
Due to Fairbanks North Star Borough	772,605	1,223,198
Long-term liabilities (See Note 9):		
Due within one year	8,614,544	7,331,819
Due in more than one year	1,867,108	2,190,309
Total liabilities	<u>15,175,492</u>	<u>13,387,327</u>
 <u>NET ASSETS</u>		
Invested in capital assets	4,391,797	4,449,676
Unrestricted	17,380,499	20,747,031
Total net assets	<u>\$ 21,772,296</u>	<u>\$ 25,196,707</u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2012

(With comparative totals for 2011)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 107,518,432	\$ 51,492	\$ 23,508,747	\$ 40,000	\$ (83,918,193) \$ (80,659,983)
Special education instruction	25,693,963		6,253,860		(19,440,103) (18,887,750)
Special education support services - students	7,840,679		999,074		(6,841,605) (6,506,349)
Support services - students	14,645,274	112,795	4,060,644		(10,471,835) (9,809,078)
Support services - instruction	13,656,552	65,844	3,594,468	338,803	(9,657,437) (10,276,966)
School administration	7,683,508		1,318,921		(6,364,587) (6,092,563)
School administration support services	6,109,394		329,106		(5,780,288) (4,674,486)
District administration	2,460,180		253,338		(2,206,842) (2,016,047)
District administration support services	11,302,391		1,079,183		(10,223,208) (9,504,024)
Operations and maintenance of plant	26,259,233		999,081		(25,260,152) (23,707,791)
Student activities	5,004,579		2,632,365		(2,372,214) (2,380,782)
Student transportation service	11,222,482		11,440,941		218,459 (134,590)
Community services			5,000		5,000 (433,261)
Food services	5,510,680	1,897,853	3,307,430		(305,397) (33,227)
Interest expense					
Total governmental activities	\$ 244,907,347	\$ 2,127,984	\$ 59,782,158	\$ 378,803	(182,618,402) (175,116,897)
General revenues:					
Grants and contributions not restricted to specific programs:					
Borough direct appropriation					46,586,695 45,299,502
Foundation program					113,227,755 112,387,761
Other state revenue					4,144,172 1,974,562
Federal impact aid					14,051,688 14,428,645
Other					643,721 739,636
Miscellaneous					539,960 348,874
Total general revenues					179,193,991 175,178,980
Change in net assets					(3,424,411) 62,083
Net assets - beginning					25,196,707 25,134,624
Net assets - ending					\$ 21,772,296 \$ 25,196,707

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

Fiduciary Fund:

**Statement of Fiduciary Assets and
Liabilities**

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2012

(With comparative totals for 2011)

	<u>General</u>	<u>Federal Programs Special Revenue</u>	<u>Student Transportation Special Revenue</u>
<u>ASSETS</u>			
Equity in central treasury cash	\$ 18,794,181	\$ 5,263	\$ 1,544,667
Accounts receivable:			
Local	238,895	113	
State		3,958,800	
Federal	59,022	592,483	
Due from other funds	4,712,086		
Due from Fairbanks North Star Borough	7,601		
Inventories	575,753		
Prepaid items	27,051		
	<u>24,414,589</u>	<u>4,556,659</u>	<u>1,544,667</u>
Total assets	<u>\$ 24,414,589</u>	<u>\$ 4,556,659</u>	<u>\$ 1,544,667</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,379,540	\$ 251,883	\$ 89,635
Accrued payroll and liabilities	2,032,143		
Deferred revenue		575	
Due to other funds		4,298,825	
Due to external groups and agencies		5,376	
Due to Fairbanks North Star Borough	772,605		
	<u>4,184,288</u>	<u>4,556,659</u>	<u>89,635</u>
Total liabilities	<u>4,184,288</u>	<u>4,556,659</u>	<u>89,635</u>
Fund balances:			
Nonspendable	602,804		
Restricted			226,191
Committed			
Assigned	19,556,139		1,228,841
Unassigned	71,358		
	<u>20,230,301</u>		<u>1,455,032</u>
Total fund balances	<u>20,230,301</u>		<u>1,455,032</u>
Total liabilities and fund balances	<u>\$ 24,414,589</u>	<u>\$ 4,556,659</u>	<u>\$ 1,544,667</u>

See accompanying notes to the basic financial statements

Nonmajor Governmental	Total Governmental Funds	
	2012	2011
\$ 2,400,958	\$ 22,745,069	\$ 20,717,559
1,632	240,640	208,359
207,073	4,165,873	6,394,907
	651,505	443,696
	4,712,086	6,832,301
46,904	54,505	91,219
432,994	1,008,747	1,010,288
	27,051	45,036
<u>\$ 3,089,561</u>	<u>\$ 33,605,476</u>	<u>\$ 35,743,365</u>

\$ 87,529	\$ 1,808,587	\$ 1,382,355
	2,032,143	1,176,244
	575	2,953
245,498	4,544,323	6,832,301
1,377	6,753	848
	772,605	1,223,198
<u>334,404</u>	<u>9,164,986</u>	<u>10,617,899</u>

432,994	1,035,798	1,055,324
151,623	377,814	2,954
1,796,551	1,796,551	1,760,378
385,259	21,170,239	22,395,436
(11,270)	60,088	(88,626)
<u>2,755,157</u>	<u>24,440,490</u>	<u>25,125,466</u>
<u>\$ 3,089,561</u>	<u>\$ 33,605,476</u>	<u>\$ 35,743,365</u>

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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2012

Total fund balances for governmental funds	\$ 24,440,490
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Amounts reported for governmental activities in the statement of net assets 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 assets 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	\$ 9,415,625	
Accumulated depreciation to date	(5,964,743)	
Intangible assets, net of amortization	940,915	
		4,391,797

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 assets.

Internal service fund net deficit	(2,484,812)
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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 assets. Balances at June 30, 2012 are:

Compensated absences	(4,575,179)
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Total net assets of governmental activities	\$ 21,772,296
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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, 2012
(With comparative totals for 2011)

	<u>General</u>	<u>Federal Programs Special Revenue</u>	<u>Student Transportation Special Revenue</u>
Revenues:			
Local sources	\$ 47,797,979	\$ 112,795	\$
State sources	144,143,669		11,440,941
Federal sources	14,051,688	15,200,030	
Total revenues	<u>205,993,336</u>	<u>15,312,825</u>	<u>11,440,941</u>
Expenditures:			
Current:			
Instruction	99,312,488	6,602,841	
Special education instruction	22,078,631	3,221,021	
Special education support services - students	7,765,973		
Support services - students	12,222,108	2,239,466	
Support services - instruction	10,912,812	2,027,504	
School administration	7,604,630		
School administration support services	6,050,059		
District administration	2,433,594		
District administration support services	9,923,792	1,224,947	
Operations and maintenance of plant	25,959,798		
Student activities	2,657,168		
Student transportation service			11,214,750
Food services			
Total current	<u>206,921,053</u>	<u>15,315,779</u>	<u>11,214,750</u>
Debt service:			
Interest			
Principal			
Total debt service			
Capital outlay			
Total expenditures	<u>206,921,053</u>	<u>15,315,779</u>	<u>11,214,750</u>
Excess (deficiency) of revenues over expenditures	<u>(927,717)</u>	<u>(2,954)</u>	<u>226,191</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	3,315		
Transfers in			
Transfers out	(481,000)		
Total other financing sources (uses)	<u>(477,685)</u>		
Net change in fund balances	(1,405,402)	(2,954)	226,191
Fund balances - beginning	21,635,703	2,954	1,228,841
Fund balances - ending	<u>\$ 20,230,301</u>	<u>\$</u>	<u>\$ 1,455,032</u>

See accompanying notes to the basic financial statements

Nonmajor Governmental	Total Governmental Funds	
	2012	2011
\$ 4,429,145	\$ 52,339,919	\$ 50,971,786
741,355	156,325,965	146,715,674
3,561,976	32,813,694	34,350,254
8,732,476	241,479,578	232,037,714
329,859	106,245,188	100,456,233
	25,299,652	24,813,218
	7,765,973	7,351,847
2,800	14,464,374	13,917,100
443,962	13,384,278	14,986,928
	7,604,630	7,127,341
	6,050,059	4,897,659
	2,433,594	2,209,647
4,623	11,153,362	10,828,683
	25,959,798	24,153,731
2,335,128	4,992,296	4,977,656
	11,214,750	10,009,855
5,519,986	5,519,986	5,361,214
8,636,358	242,087,940	231,091,112
		33,227
		568,656
		601,883
80,028	80,028	713,647
8,716,386	242,167,968	232,406,642
16,090	(688,390)	(368,928)
99	3,414	4,500
481,000	481,000	1,880,057
	(481,000)	(1,880,057)
481,099	3,414	4,500
497,189	(684,976)	(364,428)
2,257,968	25,125,466	25,489,894
\$ 2,755,157	\$ 24,440,490	\$ 25,125,466

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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, 2012

Net change in fund balances - total governmental funds		\$ (684,976)
The change in net assets 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	\$ 734,274	
Less current year depreciation/amortization	<u>(787,358)</u>	
		(53,084)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets.		(4,795)
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.		(392,377)
An internal service fund is used by management to charge the costs of self-insurance and risk management to individual funds. The operating loss of the internal service fund is reported with governmental activities.		<u>(2,289,179)</u>
Change in net assets of governmental activities		<u><u>\$ (3,424,411)</u></u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Statement of Net Assets

Proprietary Fund

June 30, 2012

(With comparative totals for 2011)

	Governmental Activities - Risk Management Internal Service Fund Totals	
	2012	2011
 <u>ASSETS</u>		
Current assets:		
Equity in central treasury cash	\$	\$ 1,566,581
Accounts receivable - local	3,662,601	3,656,713
Total assets	<u>\$ 3,662,601</u>	<u>\$ 5,223,294</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 73,177	\$ 79,601
Due to other funds	167,763	
Current portion of long-term liabilities:		
Claims payable	<u>4,446,864</u>	<u>3,472,860</u>
Total current liabilities	<u>4,687,804</u>	<u>3,552,461</u>
Noncurrent liabilities:		
Noncurrent portion of long-term liabilities:		
Claims payable	45,980	35,470
Accrued self-insurance reserves	1,413,629	1,670,996
Accrued contingent liabilities	<u>160,000</u>	<u>160,000</u>
Total noncurrent liabilities	<u>1,459,609</u>	<u>1,866,466</u>
Total liabilities	<u>6,147,413</u>	<u>5,418,927</u>
 <u>NET DEFICIT</u>		
Unrestricted	<u>(2,484,812)</u>	<u>(195,633)</u>
Total net deficit	<u>\$ (2,484,812)</u>	<u>\$ (195,633)</u>

See accompanying notes to the basic financial statements

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2012
(With comparative totals for 2011)

	Governmental Activities - Risk Management Internal Service Fund Totals	
	2012	2011
Operating revenues:		
Revenue from local sources:		
Charges for services	<u>\$ 30,787,763</u>	<u>\$ 28,202,573</u>
Operating expenses:		
Health and life insurance	31,298,728	26,726,497
Workers' compensation insurance	902,393	807,408
Property and other insurance	367,643	451,040
Auto and general liability insurance	<u>508,178</u>	<u>400,455</u>
Total operating expenses	<u>33,076,942</u>	<u>28,385,400</u>
Operating loss	(2,289,179)	(182,827)
Total net deficit - beginning	<u>(195,633)</u>	<u>(12,806)</u>
Total net deficit - ending	<u>\$ (2,484,812)</u>	<u>\$ (195,633)</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, 2012

(With comparative totals for 2011)

	Governmental Activities - Risk Management Internal Service Fund Total	
	2012	2011
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 30,776,067	\$ 28,153,410
Receipts from employees	3,706,919	3,580,629
Payments to suppliers	(1,176,329)	(1,184,018)
Payments to employees	(383,088)	(686,848)
Payments to Fairbanks North Star Borough	(34,657,913)	(30,713,613)
Net cash used in operating activities	(1,734,344)	(850,440)
Cash flows from noncapital financing activities:		
Transfers from other funds	167,763	
Net decrease in equity in central treasury cash	(1,566,581)	(850,440)
Equity in central treasury cash - beginning	1,566,581	2,417,021
Equity in central treasury cash - ending	\$ 1,566,581	\$ 1,566,581
Reconciliation of change in operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (2,289,179)	\$ (182,827)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Increase in accounts receivable - local	(5,888)	(338,307)
Decrease in accounts payable	(6,424)	(6,293)
Increase (decrease) in claims payable, current portion	974,004	(184,328)
Increase (decrease) in claims payable, non-current portion	10,510	(41,630)
Decrease in self-insurance reserves	(417,367)	(97,055)
Total adjustments	554,835	(667,613)
Net cash used in operating activities	\$ (1,734,344)	\$ (850,440)

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, 2012
 (With comparative totals for 2011)

	Totals	
	2012	2011
<u>ASSETS</u>		
Equity in central treasury cash	<u>\$ 53,035</u>	<u>\$ 51,720</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 241	\$
Due to external groups	<u>52,794</u>	<u>51,720</u>
Total liabilities	<u>\$ 53,035</u>	<u>\$ 51,720</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, 2012

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 conformity 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 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.

B. Funds

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 funds of the School District are classified into three categories: governmental, proprietary, and fiduciary. Each category is divided into separate fund types.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.) June 30, 2012

The fund classifications and a description of each fund type follow:

Governmental Funds

General fund – the primary operating fund of the School District used to account for all financial transactions except those required to be accounted for in other 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, 2000 edition*.

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.

C. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.) June 30, 2012

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund financial statements. 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. 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. 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.

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.

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 year. 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.

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.

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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.) June 30, 2012

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:

Internal Service Fund – The risk management internal service fund accounts for self-insurance and risk management services provided to other funds of the School District on a cost reimbursement basis.

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

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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.)
June 30, 2012

H. Inventories

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

I. Prepaid Items

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

J. General Capital Assets

The Borough owns and provides to the School District without charge all school buildings and associated land. The Borough also owns all four on-base schools located at Fort Wainwright Army Post and Eielson Air Force Base. General capital assets, which consist of machinery and equipment 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, Accrued Self-Insurance Reserves and Contingent Liabilities

Amounts reported as claims payable, accrued self-insurance reserves and contingent liabilities 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 (referred to as deferred revenue in the governmental funds) arises when resources are received before the School District has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when there is a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.)
June 30, 2012

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. All employees are paid for any accumulated personal/annual leave upon use or at termination. 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 assets. Long-term obligations of the risk management internal service fund (the School District's only proprietary fund type) are reported as governmental activities in the government-wide financial statements as this fund serves only governmental funds.

Debt incurred for the construction of school facilities is the obligation of the Borough; therefore it is not included on the School District's government-wide statement of net assets. 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 assets".

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 2, 2011.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.) June 30, 2012

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 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 2012.

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 partial prior-year 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 all 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, 2011, from which the partial information was derived.

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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.)
June 30, 2012

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 assets 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 assets.” The details of this \$4,795 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	\$ 3,414
Net loss on the disposal of capital assets	<u>1,381</u>
Net adjustment to decrease <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$ 4,795</u>

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Balance Compliance

The Borough code of ordinances allows the School District to carry over from one year to the next local appropriation fund balance not exceeding seven percent of the local contribution to education for that fiscal year. Any amount in excess of seven percent shall be returned to the Borough except for any portion formally designated by the School Board to be used for expenditures in the immediately subsequent fiscal year. At June 30, 2012 local appropriation fund balance was \$5,360,669 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	\$ 575,753
Prepaid items	<u>27,051</u>
Total	<u>602,804</u>

Other governmental funds:

Food service special revenue fund - inventories	<u>\$ 432,994</u>
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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.)
June 30, 2012

Restricted - the following fund balances are restricted for:

Student transportation special revenue fund	<u>\$ 226,191</u>
Nonmajor governmental funds:	
Local programs special revenue fund	
Burnley Scholarship	5,000
Alaskan Coastal Studies	960
Office Max Grant	1,155
Food service special revenue fund	<u>144,508</u>
Total nonmajor governmental funds	<u>151,623</u>
Total restricted	<u><u>\$ 377,814</u></u>

Committed - the following fund balances are committed to:

Nonmajor governmental funds:	
Local programs special revenue fund:	
Curriculum Staff Development	\$ 117,068
Community Donations	58,198
School activities special revenue fund	<u>1,621,285</u>
Total committed	<u><u>\$ 1,796,551</u></u>

Assigned - the following fund balances are assigned to:

General fund:	
Encumbrances	\$ 4,415,125
Impact aid advance	13,024,724
Subsequent year's expenditures	<u>2,116,290</u>
Total general fund	<u>19,556,139</u>
Student transportation special revenue fund	<u>1,228,841</u>
Nonmajor governmental funds:	
Capital project funds:	
Title VIII Construction	338,803
Districtwide School Projects	21,347
Other Capital Projects	<u>25,109</u>
Total capital project funds	<u>385,259</u>
Total assigned	<u><u>\$21,170,239</u></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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.) June 30, 2012

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 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, 2012, 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 reconciliation of the carrying value to the reported value in the fund financial statements at June 30, 2012 is as follows:

	Carrying Value of Equity in Central Treasury	Due To/From Other Funds	Reported Equity in Central Treasury
General fund	\$ 23,506,267	\$ (4,712,086)	\$ 18,794,181
Federal programs special revenue fund	(4,293,562)	4,298,825	5,263
Student transportation special revenue fund	1,544,667		1,544,667
Non-major governmental funds	2,155,460	245,498	2,400,958
Total governmental funds	22,912,832	(167,763)	22,745,069
Risk management internal service fund	(167,763)	167,763	
Total governmental activities	\$ 22,745,069	\$	\$ 22,745,069
School District agency fund	\$ 53,035	\$	\$ 53,035

Of total reported equity in central treasury cash in the statement of net assets at June 30, 2012, \$22,744,494 is unrestricted and \$575 is restricted.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.) June 30, 2012

NOTE 5: RECEIVABLES

Detail of accounts receivable reported in the statement of net assets at June 30, 2012 were as follows:

Governmental activities:	General Fund	Federal Programs Special Revenue Fund	Nonmajor Governmental Funds	Risk Management Internal Service Fund	Totals
Local	\$ 238,895	\$ 113	\$ 1,632	\$ 3,662,601	\$ 3,903,241
State		3,958,800	207,073		4,165,873
Federal	59,022	592,483			651,505
Total receivables	<u>\$ 297,917</u>	<u>\$ 4,551,396</u>	<u>\$ 208,705</u>	<u>\$ 3,662,601</u>	<u>\$ 8,720,619</u>

NOTE 6: CAPITAL ASSETS

The Borough owns and accounts for all land, school buildings and improvements other than buildings, which are provided to School District schools without charge. Capital assets recorded in the School District's financial records consist of minor improvements, other than buildings, and machinery and equipment. In fiscal year 2012 certain adjustments were made to capital asset balances as a result of conversion to new fixed asset software. The changes in capital assets by major class for the year ended June 30, 2012, were as follows:

Governmental activities:	July 1, 2011 Balance	Software Conversion Adjustments	Additions	Deductions	June 30, 2012 Balance
Machinery and equipment	\$ 8,947,432	\$ (5,169)	\$ 662,773	\$ (189,411)	\$ 9,415,625
Less accumulated depreciation	(5,517,693)	24,517	(656,183)	184,616	(5,964,743)
Total, net of accumulated depreciation	<u>3,429,739</u>	<u>19,348</u>	<u>6,590</u>	<u>(4,795)</u>	<u>3,450,882</u>
Intangible assets (software)	1,236,923	5,169	71,501		1,313,593
Less accumulated amortization	(216,986)	(38,632)	(117,060)		(372,678)
Total, net of accumulated amortization	<u>1,019,937</u>	<u>(33,463)</u>	<u>(45,559)</u>		<u>940,915</u>
Governmental activities capital assets, net	<u>\$ 4,449,676</u>	<u>\$ (14,115)</u>	<u>\$ (38,969)</u>	<u>\$ (4,795)</u>	<u>\$ 4,391,797</u>

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

Instruction	\$ 87,631
Special education instruction	57,582
Special education support services - students	1,279
Support services - students	373
Support services - instruction	259,079
School administration support services	3,112
District administration support services	161,945
Operations and maintenance of plant	163,785
Student activities	5,196
Food services	33,261
Total depreciation/amortization expense	<u>\$ 773,243</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.)
June 30, 2012

NOTE 7: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2012 was as follows:

Due To/From Other Funds

Receivable Fund:	Payable Fund:	Amount
General fund	Federal projects special revenue fund	\$ 4,298,825
General fund	Nonmajor governmental funds	245,498
General fund	Risk management internal service fund	167,763
Total interfund receivables/payables		<u>\$ 4,712,086</u>

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

Interfund Transfers

	Transfers In:
	Nonmajor Governmental Funds
Transfers Out:	
General fund	<u>\$ 481,000</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>\$ 54,505</u>
Primary government (Borough)	Component unit - School District	<u>\$ 772,605</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 H.I.R.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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.) June 30, 2012

lease agreement is not reflected as an asset or liability. Operating lease expense for fiscal year 2012 was \$68,340.

NOTE 9: GENERAL LONG-TERM LIABILITIES

Long-term liabilities for governmental activities for the year ended June 30, 2012 were as follows:

Governmental activities:	July 1, 2011 Balance	Additions	Reductions	June 30, 2012 Balance	Due Within One Year
Compensated absences	\$ 4,182,802	\$ 4,495,735	\$ (4,103,358)	\$ 4,575,179	\$ 4,167,680
Claims and reserves	5,339,326	34,542,023	(33,974,876)	5,906,473	4,446,864
Governmental activity long-term liabilities	<u>\$ 9,522,128</u>	<u>\$ 39,037,758</u>	<u>\$ (38,078,234)</u>	<u>\$ 10,481,652</u>	<u>\$ 8,614,544</u>

The risk management internal service fund serves the governmental funds. Accordingly, long-term liabilities related to claims and reserves are included as part of the above totals for governmental activities. Also, for governmental activities, claims and reserves are generally liquidated by the risk management internal service fund and compensated absences 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, 2011 Balance	Additions	Reductions	June 30, 2012 Balance	Due Within One Year
2000, Series C	\$ 5,710,000	\$	\$ (5,710,000)	\$	\$
2001, Series D	5,580,000		(5,580,000)		
2002, Series E	9,940,000		(9,940,000)		
2003, Series F	9,845,000		(9,845,000)		
2004, Series G	10,230,000		(620,000)	9,610,000	640,000
2005, Series H	10,625,000		(585,000)	10,040,000	605,000
2006, Series I	8,105,000		(390,000)	7,715,000	405,000
2007, Series J	10,415,000		(465,000)	9,950,000	485,000
2007, Series K	6,965,000		(1,025,000)	5,940,000	1,065,000
2008, Series L	10,095,000		(415,000)	9,680,000	430,000
2010, Series M	11,950,000		(835,000)	11,115,000	470,000
2010, Series N	15,041,986		(1,972,482)	13,069,504	2,006,241
2011, Series O	12,205,000		(1,360,000)	10,845,000	1,390,000
2012, Series P		5,565,000	(470,000)	5,095,000	505,000
2012, Series Q		21,000,000		21,000,000	1,625,000
2012, Series R		11,500,000		11,500,000	485,000
	<u>\$ 126,706,986</u>	<u>\$ 38,065,000</u>	<u>\$ (39,212,482)</u>	<u>\$ 125,559,504</u>	<u>\$ 10,111,241</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.) June 30, 2012

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2013	\$ 10,111,241	\$ 4,909,769
2014	10,443,936	4,651,429
2015	10,801,631	4,276,124
2016	11,233,440	3,844,392
2017	11,661,135	3,379,670
2018-2022	41,188,121	10,594,231
2023-2027	23,470,000	3,562,474
2027-2032	6,650,000	549,027
Total	<u>\$ 125,559,504</u>	<u>\$ 35,767,116</u>

During the year, the Borough paid total principal and interest of \$13,708,825 for school-related debt service. In addition, the Borough issued Series P and Q general obligation bonds to refund \$31,075,000 of Series C, D, E, and F general obligation bonds.

NOTE 11: COMMITMENTS

As of June 30, 2012 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	\$ 4,415,125
Federal Programs Special Revenue Fund	34,827
Student Transportation Special Revenue Fund	26,115
Total	<u>\$ 4,476,067</u>

Nonmajor Governmental Funds:

Special Revenue Funds	\$ 221,663
Capital Project Funds	44,025
Total	<u>\$ 265,688</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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.) June 30, 2012

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.

Changes in the risk management internal service fund liability amounts in fiscal years 2012 and 2011 were:

	Claims Liability 2011-12	Claims Liability 2010-11
July 1	\$ 5,339,326	\$ 5,662,339
Current year claims	33,908,390	30,301,009
Changes in estimates for claims of prior periods	633,633	(405,055)
Claims payments	(33,974,876)	(30,218,967)
June 30	<u>\$ 5,906,473</u>	<u>\$ 5,339,326</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 dollar share receivable at June 30 of each year for this amount. The employee dollar share receivable at June 30, 2012 and 2011 was \$3,646,990 and \$3,656,713, 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 2011-12	Allocated Services 2010-11
Risk management overhead	\$ 543,022	\$ 524,379
Auto/general liability, property and other insurance premiums	823,523	741,632
Workers' compensation insurance premiums	165,242	172,169
Health and workers' compensation claims paid	33,042,462	29,323,665
General/auto liabilities, errors & omissions claims paid	17,178	33,810
Audit	52,082	56,740
	<u>\$ 34,643,509</u>	<u>\$ 30,852,395</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.) June 30, 2012

NOTE 14: RETIREMENT PLANS

As of June 30, 2012, substantially all 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 http://doa.alaska.gov/drb/cafr_portal.html. The Borough and the School District participate in the PERS under separate agreements.

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. Local government participation in the PERS is optional. Employee participation in the PERS is mandatory for permanent employees scheduled to work at least 20 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 2012 was 33.49 percent (16.12 percent for defined benefit pension costs and 17.37 percent for postemployment healthcare costs). The normal cost rate portion was 8.28 percent (2.52 percent for defined benefit pension costs and 5.76 percent for postemployment healthcare costs) and the past service rate portion was 25.21 percent (13.60 percent for defined benefit pension costs and 11.61 percent for postemployment healthcare costs).

Plan Contributions

School District contributions to the PERS defined benefit plan for fiscal years ended June 30, 2012, 2011, and 2010 were \$5,219,783, \$5,359,714, and \$5,322,003, respectively, equal to the required employer contributions for each year. On-behalf payments made by the State of Alaska for fiscal year 2012, 2011, and 2010 were \$4,003,866, \$2,772,197, and \$1,750,178, 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 (cont.) June 30, 2012

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, 0.51 percent into the retiree medical plan, 0.20 percent for occupational death and disability benefits, a flat dollar amount per employee based on 3.00 percent of the employer's average annual employee compensation (into the employee's Health Reimbursement Arrangement account), and a residual contribution applied as a payment to the defined benefit plan's unfunded liability. The flat dollar amount per employee for fiscal year 2012 was \$68.39 per pay period for full-time employees and \$1.14 per hour for part-time employees.

Plan Contributions

School District contributions to the PERS defined contribution plan for years ended June 30, 2012, 2011, and 2010 were \$1,151,340, \$1,010,806, and \$846,181, respectively and employee contributions to the plan were \$861,019, \$738,983, and \$589,765, respectively. The employer residual contributions for fiscal year 2012, 2011, and 2010, applied as a payment to the defined benefit plan's unfunded liability, were \$1,217,464, \$1,022,035, and \$777,619, respectively.

PERS Salary Floor

Alaska statute 39.35.255 established a June 30, 2008 salary floor that requires the State Division of Retirement and Benefits (DRB) to collect employer contributions at a minimum based on fiscal year 2008 base salaries. Each employer must contribute to the PERS system each fiscal year an amount calculated by applying a rate of 22.00 percent of the greater of the total of all base salaries 1) paid by the employer to employees who are active members of the system or 2) paid by the employer to employees who were active members of the system during the corresponding payroll period for the fiscal year ending June 30, 2008. If the salary floor is not met as of the end of the fiscal year, the DRB will bill the employer 22% of the shortfall. The School District met the salary floor for fiscal years 2009 and 2010. Although an official determination from DRB has not been received, the School District's unofficial calculation indicates the School District met the salary floor for the fiscal year 2011 and 2012.

B. Alaska Teachers' Retirement System

Plan Description

The Teachers' Retirement System (TRS) is created 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. Local government participation in the TRS is optional. 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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (cont.) June 30, 2012

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 2012 was 45.55 percent (28.58 percent for pension costs and 16.97 percent for postemployment healthcare costs). The normal cost rate portion was 6.57 percent (2.42 percent for pension costs and 4.15 percent for postemployment healthcare costs) and the past service rate portion was 38.98 percent (26.16 percent for pension costs and 12.82 percent for postemployment healthcare costs).

Plan Contributions

School District contributions to the TRS defined benefit plan for fiscal years ended June 30, 2012, 2011, and 2010 were \$7,374,940, \$7,607,419, and \$7,615,146, respectively, equal to the required employer contributions for each year. On-behalf payments made by the State of Alaska for fiscal year 2012, 2011 and 2010 were \$22,767,876, \$18,728,033, and \$16,615,652, respectively. The on-behalf payments are recorded in the general fund as revenues from state so and as expenditures. On the government-wide statement of activities they are recorded as expense and program revenue.

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, 0.58 percent into the retiree medical plan, a flat dollar amount per employee based on 3.00 percent of the employer's average annual employee compensation (into the employee's Health Reimbursement Arrangement account), and a residual contribution applied as a payment to the defined benefit plan's unfunded liability. The flat dollar amount per employee for fiscal year 2012 was \$68.39 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, 2012, 2011, and 2010 were \$1,755,806, \$1,486,241, and \$1,123,353, respectively, and employee contributions to the plan were \$1,328,273, \$1,080,781, and \$777,732, respectively. The employer residual contributions for fiscal year 2012, 2011, and 2010, applied as a payment to the defined benefit plan's unfunded liability, were \$330,009, \$210,781, and \$98,234, respectively.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2012

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.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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, 2012

	<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>
Revenues:					
Local sources	\$ 48,468,300	\$ 48,468,300	\$ 47,797,979	\$ 47,797,979	\$ (670,321)
State sources	142,082,020	142,082,020	144,143,669	144,143,669	2,061,649
Federal sources	13,985,250	13,985,250	14,051,688	14,051,688	66,438
Total revenues	<u>204,535,570</u>	<u>204,535,570</u>	<u>205,993,336</u>	<u>205,993,336</u>	<u>1,457,766</u>
Expenditures:					
Current:					
Instruction	96,792,494	96,905,847	99,312,488	98,182,241	(1,276,394)
Special education instruction	24,026,027	22,290,833	22,078,631	21,767,918	522,915
Special education support services - students	7,429,689	7,970,219	7,765,973	7,816,014	154,205
Support services - students	11,369,041	11,893,088	12,222,108	12,229,096	(336,008)
Support services - instruction	10,899,718	11,225,234	10,912,812	10,954,386	270,848
School administration	7,658,568	7,602,709	7,604,630	7,604,529	(1,820)
School administration support services	5,603,299	5,561,850	6,050,059	5,462,138	99,712
District administration	2,393,149	2,399,202	2,433,594	2,419,616	(20,414)
District administration support services	9,617,393	9,945,306	9,923,792	10,029,366	(84,060)
Operations and maintenance of plant	25,927,471	26,154,063	25,959,798	26,532,615	(378,552)
Student activities	2,803,371	2,866,779	2,657,168	2,659,262	207,517
Total current	<u>204,520,220</u>	<u>204,815,130</u>	<u>206,921,053</u>	<u>205,657,181</u>	<u>(842,051)</u>
Debt service:					
Interest	6,490	6,490			6,490
Principal	479,990	185,990			185,990
Total debt service	<u>486,480</u>	<u>192,480</u>			<u>192,480</u>
Total expenditures	<u>205,006,700</u>	<u>205,007,610</u>	<u>206,921,053</u>	<u>205,657,181</u>	<u>(649,571)</u>
Excess (deficiency) of revenues over expenditures	<u>(471,130)</u>	<u>(472,040)</u>	<u>(927,717)</u>	<u>336,155</u>	<u>808,195</u>
Other financing sources (uses):					
Proceeds from sale of capital assets			3,315	3,315	3,315
Transfers out	<u>(1,608,690)</u>	<u>(1,608,690)</u>	<u>(481,000)</u>	<u>(481,000)</u>	<u>1,127,690</u>
Total other financing sources (uses)	<u>(1,608,690)</u>	<u>(1,608,690)</u>	<u>(477,685)</u>	<u>(477,685)</u>	<u>1,131,005</u>
Net change in fund balance	<u>\$ (2,079,820)</u>	<u>\$ (2,080,730)</u>	<u>(1,405,402)</u>	<u>\$ (141,530)</u>	<u>\$ 1,939,200</u>
Fund balance - beginning			21,635,703		
Fund balance - ending			<u>\$ 20,230,301</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, 2012

	<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>
Revenues:					
Local sources	\$	\$	\$ 112,795	\$ 112,795	\$ 112,795
Federal sources	10,659,628	20,218,740	15,200,030	15,218,103	(5,000,637)
Total revenues	10,659,628	20,218,740	15,312,825	15,330,898	(4,887,842)
Expenditures:					
Current:					
Instruction	6,658,955	7,631,942	6,602,841	6,623,552	1,008,390
Special education instruction	2,859,691	5,662,894	3,221,021	3,219,628	2,443,266
Support services - students	2,099,119	2,833,531	2,239,466	2,238,889	594,642
Support services - instruction	1,420,005	2,592,633	2,027,504	2,026,921	565,712
District administration support services	415,540	1,497,740	1,224,947	1,224,862	272,878
Total expenditures	13,453,310	20,218,740	15,315,779	15,333,852	4,884,888
Net change in fund balance	<u>\$ (2,793,682)</u>	<u>\$</u>	<u>(2,954)</u>	<u>\$ (2,954)</u>	<u>\$ (2,954)</u>
Fund balance - beginning			2,954		
Fund balance - ending			<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, 2012

	<u>Budgeted Amounts</u>			<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
Revenues:					
State sources	<u>\$ 835,769</u>	<u>\$ 10,029,230</u>	<u>\$ 11,440,941</u>	<u>\$ 11,440,941</u>	<u>\$ 1,411,711</u>
Expenditures:					
Current:					
Student transportation service	<u>1,027,466</u>	<u>12,329,580</u>	<u>11,214,750</u>	<u>11,240,865</u>	<u>1,088,715</u>
Excess (deficiency) of revenues over expenditures	<u>(191,697)</u>	<u>(2,300,350)</u>	<u>226,191</u>	<u>200,076</u>	<u>2,500,426</u>
Other financing sources:					
Transfers in	<u>93,974</u>	<u>1,127,690</u>			<u>(1,127,690)</u>
Net change in fund balance	<u>\$ (97,723)</u>	<u>\$ (1,172,660)</u>	<u>226,191</u>	<u>\$ 200,076</u>	<u>\$ 1,372,736</u>
Fund balance - beginning			<u>1,228,841</u>		
Fund balance - ending			<u>\$ 1,455,032</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to Budgetary Comparison Schedules June 30, 2012

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, 2012, 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, (2000 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, 2012

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 deferred 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	\$ 205,993,336	\$ 15,330,898	\$ 11,440,941
Basis difference		(18,073)	
Revenues reported on the basis of GAAP	<u>\$ 205,993,336</u>	<u>\$ 15,312,825</u>	<u>\$ 11,440,941</u>
Expenditures reported on the basis of budgeting	\$ 205,657,181	\$ 15,333,852	\$ 11,240,865
Add expenditures on prior year encumbrances	5,678,997	16,754	
Deduct current year encumbrances	(4,415,125)	(34,827)	(26,115)
Expenditures reported on the basis of GAAP	<u>\$ 206,921,053</u>	<u>\$ 15,315,779</u>	<u>\$ 11,214,750</u>

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2012, expenditures exceeded budget, in annually approved budgets, for the following major fund:

General Fund:

Instruction	\$ 1,276,394
Support services - students	336,008
School administration	1,820
District administration	20,414
District administration support services	84,060
Operations and maintenance of plant	378,552

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to Budgetary Comparison Schedules June 30, 2012

Expenditures exceeded budget for instruction, support services – students, school administration, district administration and district administration support services because a) state retirement system contributions to the Public Employee Retirement System (PERS) and Teachers' Retirement System (TRS) made on the district's behalf exceeded budget by \$1,297,974 and b) additional health charges from the risk management internal service fund of \$682,665 to partially offset the deficit in that fund. Notification of on-behalf payment final allocations are received after the end of the fiscal year so budget realignment is not possible if estimates are exceeded. Expenditures exceeded budget for operations and maintenance of plant due to commitments for contractual building rental obligations for three of our four charter schools. Because the commitments were made late in the fiscal year budgets were not realigned to cover the overage.

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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, 2012

(With comparative totals for 2011)

<u>ASSETS</u>	Totals	
	<u>2012</u>	<u>2011</u>
Equity in central treasury cash	\$ 18,794,181	\$ 17,480,595
Accounts receivable:		
Local	238,895	208,166
Federal	59,022	27,231
Due from other funds	4,712,086	6,832,301
Due from Fairbanks North Star Borough	7,601	14,840
Inventories	575,753	510,556
Prepayments	27,051	45,036
Total assets	<u>\$ 24,414,589</u>	<u>\$ 25,118,725</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,379,540	\$ 1,083,580
Accrued payroll and liabilities	2,032,143	1,176,244
Due to Fairbanks North Star Borough	772,605	1,223,198
Total liabilities	<u>4,184,288</u>	<u>3,483,022</u>
 Fund balance:		
Nonspendable:		
Inventories	575,753	510,556
Prepayments	27,051	45,036
Assigned to:		
Encumbrances	4,415,125	5,678,997
Impact aid advance	13,024,724	13,321,294
Subsequent year's expenditures	2,116,290	2,079,820
Unassigned	71,358	
Total fund balance	<u>20,230,301</u>	<u>21,635,703</u>
Total liabilities and fund balance	<u>\$ 24,414,589</u>	<u>\$ 25,118,725</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, 2012
(With comparative totals for 2011)

	Totals	
	2012	2011
Revenues:		
Revenue from local sources:		
Borough direct appropriation	\$ 46,586,695	\$ 45,299,502
E-rate revenue	643,721	725,861
Other local revenue	536,602	345,746
Tuition from students	30,961	
Total local sources	<u>47,797,979</u>	<u>46,371,109</u>
Revenue from state sources:		
Foundation program	113,227,755	112,387,761
QSI grant	421,134	412,969
Supplemental aid	2,162,030	
TRS on-behalf	22,767,876	18,728,033
PERS on-behalf	4,003,866	2,772,197
On-base schools	1,450,000	1,450,000
Other state revenue	111,008	111,593
Total state sources	<u>144,143,669</u>	<u>135,862,553</u>
Revenue from federal sources:		
Direct - impact aid	14,051,688	14,428,645
Through the State of Alaska - Medicaid reimbursement		13,775
Total federal sources	<u>14,051,688</u>	<u>14,442,420</u>
Total revenues	<u>205,993,336</u>	<u>196,676,082</u>
Expenditures - current:		
Instruction:		
Salaries and fringe benefits:		
Certificated salaries	50,845,205	51,034,430
Non-certificated salaries	4,574,747	4,187,032
Employee benefits	38,125,277	34,120,500
Total salaries and fringe benefits	<u>93,545,229</u>	<u>89,341,962</u>
Materials, supplies, services and other:		
Professional and technical services	266,708	539,501
Staff travel	36,318	24,468
Student travel	106,317	74,719
Utility services	10,997	8,375
Other purchased services	519,843	558,755
Supplies, materials and media	4,737,941	3,889,823
Other expenses	479	81
Total materials, supplies, services and other	<u>5,678,603</u>	<u>5,095,722</u>
Capital outlay - equipment	<u>88,656</u>	
Total instruction	<u>99,312,488</u>	<u>94,437,684</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, 2012
(With comparative totals for 2011)

	Totals	
	2012	2011
Special education instruction:		
Salaries and fringe benefits:		
Certificated salaries	\$ 6,855,203	\$ 6,864,819
Non-certificated salaries	5,059,402	4,849,079
Employee benefits	8,178,457	7,156,575
Total salaries and fringe benefits	<u>20,093,062</u>	<u>18,870,473</u>
Materials, supplies, services and other:		
Professional and technical services	1,640,634	2,142,836
Staff travel	744	522
Student travel	969	1,233
Utility services	6,390	7,013
Other purchased services	68,734	68,631
Supplies, materials and media	273,285	148,335
Total materials, supplies, services and other	<u>1,990,756</u>	<u>2,368,570</u>
Capital outlay:		
Equipment		(400)
Other capital outlay	(5,187)	
Total capital outlay	<u>(5,187)</u>	<u>(400)</u>
Total special education instruction	<u>22,078,631</u>	<u>21,238,643</u>
Special education support services - students:		
Salaries and fringe benefits:		
Certificated salaries	3,103,491	3,298,340
Non-certificated salaries	762,798	769,617
Employee benefits	2,613,893	2,461,990
Total salaries and fringe benefits	<u>6,480,182</u>	<u>6,529,947</u>
Materials, supplies, services and other:		
Professional and technical services	979,681	710,119
Staff travel	67,812	34,028
Student travel	1,272	6,068
Utility services	39	80
Other purchased services	7,322	3,968
Supplies, materials and media	227,192	67,432
Other expenses	2,473	205
Total materials, supplies, services and other	<u>1,285,791</u>	<u>821,900</u>
Total special education support services - students	<u>7,765,973</u>	<u>7,351,847</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, 2012
(With comparative totals for 2011)

	Totals	
	2012	2011
Support services - students:		
Salaries and fringe benefits:		
Certificated salaries	\$ 3,445,993	\$ 3,368,157
Non-certificated salaries	3,506,215	3,410,345
Employee benefits	5,058,938	4,428,207
Total salaries and fringe benefits	12,011,146	11,206,709
Materials, supplies, services and other:		
Professional and technical services	47,512	51,799
Staff travel	7,947	11,360
Student travel	1,247	1,003
Other purchased services	12,547	5,001
Supplies, materials and media	141,044	128,849
Other expenses	665	283
Total materials, supplies, services and other	210,962	198,295
Total support services - students	12,222,108	11,405,004
Support services - instruction:		
Salaries and fringe benefits:		
Certificated salaries	2,202,667	2,014,677
Non-certificated salaries	2,916,671	2,802,614
Employee benefits	3,645,235	3,304,779
Total salaries and fringe benefits	8,764,573	8,122,070
Materials, supplies, services and other:		
Professional and technical services	541,546	398,792
Staff travel	131,543	109,336
Student travel	108	39
Utility services	198,000	552,335
Other purchased services	20,467	29,392
Supplies, materials and media	1,085,357	1,314,452
Other expenses	135	525
Total materials, supplies, services and other	1,977,156	2,404,871
Capital outlay:		
Equipment	166,083	246,152
Other capital outlay	5,000	
Total capital outlay	171,083	246,152
Total support services - instruction	10,912,812	10,773,093

(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, 2012
(With comparative totals for 2011)

	Totals	
	2012	2011
School administration:		
Salaries and fringe benefits:		
Certificated salaries	\$ 4,412,358	\$ 4,298,633
Non-certificated salaries		875
Employee benefits	3,110,760	2,735,311
Total salaries and fringe benefits	<u>7,523,118</u>	<u>7,034,819</u>
Materials, supplies, services and other:		
Professional and technical services	1,444	7,559
Staff travel	48,436	38,176
Other purchased services	53	
Supplies, materials and media	3,863	20,072
Other expenses	27,716	26,718
Total materials, supplies, services and other	<u>81,512</u>	<u>92,525</u>
Total school administration	<u>7,604,630</u>	<u>7,127,344</u>
School administration support services:		
Salaries and fringe benefits:		
Certificated salaries	1,500	1,250
Non-certificated salaries	2,872,972	2,764,051
Employee benefits	1,916,607	1,681,243
Total salaries and fringe benefits	<u>4,791,079</u>	<u>4,446,544</u>
Materials, supplies, services and other:		
Professional and technical services	3,168	8,528
Staff travel	1,903	480
Student travel	1,024	98
Utility services	791,949	284,631
Other purchased services	13,758	22,617
Supplies, materials and media	430,014	119,377
Other expenses	4,455	4,461
Total materials, supplies, services and other	<u>1,246,271</u>	<u>440,192</u>
Capital outlay - equipment	<u>12,709</u>	
Total school administration support services	<u>6,050,059</u>	<u>4,886,736</u>
District administration:		
Salaries and fringe benefits:		
Certificated salaries	628,722	560,493
Non-certificated salaries	644,325	635,114
Employee benefits	869,246	742,252
Total salaries and fringe benefits	<u>2,142,293</u>	<u>1,937,859</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, 2012
(With comparative totals for 2011)

	Totals	
	2012	2011
District administration (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 110,658	\$ 115,666
Staff travel	41,387	36,822
Other purchased services	40,652	19,912
Supplies, materials and media	72,249	76,569
Other expenses	26,355	22,819
Total materials, supplies, services and other	291,301	271,788
Total district administration	2,433,594	2,209,647
District administration support services:		
Salaries and fringe benefits:		
Certificated salaries	52,365	52,764
Non-certificated salaries	4,704,821	4,557,025
Employee benefits	3,247,553	2,856,441
Total salaries and fringe benefits	8,004,739	7,466,230
Materials, supplies, services and other:		
Professional and technical services	732,340	649,984
Staff travel	98,947	93,456
Utility services	485,883	257,285
Other purchased services	132,232	207,154
Insurance and bond premiums	921,883	897,953
Supplies, materials and media	212,831	228,389
Other expenses	28,669	44,220
Indirect costs	(727,541)	(981,898)
Total materials, supplies, services and other	1,885,244	1,396,543
Capital outlay:		
Equipment	12,809	227,114
Other capital outlay	21,000	
Total capital outlay	33,809	227,114
Total district administration support services	9,923,792	9,089,887
Operations and maintenance of plant:		
Salaries and fringe benefits:		
Non-certificated salaries	9,147,774	8,685,255
Employee benefits	5,961,833	5,072,098
Total salaries and fringe benefits	15,109,607	13,757,353

(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, 2012
(With comparative totals for 2011)

	Totals	
	2012	2011
Operations and maintenance of plant (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 142,346	\$ 115,877
Staff travel	11,913	8,997
Utility services	1,011,105	886,628
Energy	6,579,953	6,066,151
Other purchased services	1,162,082	1,382,196
Insurance and bond premiums	439,309	363,509
Supplies, materials and media	1,420,000	1,564,613
Other expenses	450	900
Total materials, supplies, services and other	10,767,158	10,388,871
Capital outlay - equipment	83,033	7,507
Total operations and maintenance of plant	25,959,798	24,153,731
Student activities:		
Salaries and fringe benefits:		
Certificated salaries	728,927	678,770
Non-certificated salaries	602,367	644,036
Employee benefits	533,399	488,936
Total salaries and fringe benefits	1,864,693	1,811,742
Materials, supplies, services and other:		
Professional and technical services	171,017	177,995
Staff travel	17,154	5,785
Student travel	361,594	344,952
Other purchased services	61,949	80,513
Supplies, materials and media	120,778	165,274
Other expenses	41,335	37,254
Total materials, supplies, services and other	773,827	811,773
Capital outlay - equipment	18,648	11,370
Total student activities	2,657,168	2,634,885
Total current	206,921,053	195,308,501
Debt service:		
Interest		33,227
Principal		568,656
Total debt service		601,883
Total expenditures	206,921,053	195,910,384
Excess of revenues over expenditures	(927,717)	765,698

(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, 2012
(With comparative totals for 2011)

	Totals	
	2012	2011
Other financing sources (uses):		
Proceeds from sale of capital assets	\$ 3,315	\$ 4,500
Transfers out	(481,000)	(1,556,870)
Total other financing sources (uses)	(477,685)	(1,552,370)
Net change in fund balance	(1,405,402)	(786,672)
Fund balance - beginning	21,635,703	22,422,375
Fund balance - ending	<u>\$ 20,230,301</u>	<u>\$ 21,635,703</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, 2012

	<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>
Revenues:					
Revenue from local sources:					
Borough direct appropriation	\$ 47,359,300	\$ 47,359,300	\$ 46,586,695	\$ 46,586,695	\$ (772,605)
E-rate revenue	750,000	750,000	643,721	643,721	(106,279)
Other local revenue	359,000	335,000	536,602	536,602	201,602
		24,000	30,961	30,961	6,961
Total local sources	48,468,300	48,468,300	47,797,979	47,797,979	(670,321)
Revenue from state sources:					
Foundation program	112,429,150	112,429,150	113,227,755	113,227,755	798,605
QSI grant	418,400	418,400	421,134	421,134	2,734
Supplemental aid	2,137,890	2,137,890	2,162,030	2,162,030	24,140
TRS on-behalf	22,182,480	22,182,480	22,767,876	22,767,876	585,396
PERS on-behalf	3,464,100	3,464,100	4,003,866	4,003,866	539,766
On-base schools	1,450,000	1,450,000	1,450,000	1,450,000	
Other state revenue			111,008	111,008	111,008
Total state sources	142,082,020	142,082,020	144,143,669	144,143,669	2,061,649
Revenue from federal sources:					
Direct - impact aid	13,985,250	13,985,250	14,051,688	14,051,688	66,438
Total revenues	204,535,570	204,535,570	205,993,336	205,993,336	1,457,766
Expenditures - current:					
Instruction:					
Salaries and fringe benefits:					
Certificated salaries	50,521,803	50,477,782	50,845,205	50,845,205	(367,423)
Non-certificated salaries	3,673,646	4,278,426	4,574,747	4,574,747	(296,321)
Employee benefits	36,728,814	36,850,155	38,125,277	38,125,277	(1,275,122)
Total salaries and fringe benefits	90,924,263	91,606,363	93,545,229	93,545,229	(1,938,866)
Materials, supplies, services and other:					
Professional and technical services	725,507	587,304	266,708	548,026	39,278
Staff travel	40,150	42,679	36,318	36,318	6,361
Student travel	88,250	100,645	106,317	106,752	(6,107)
Utility services	7,000	7,000	10,997	10,997	(3,997)
Other purchased services	1,566,919	607,948	519,843	473,253	134,695
Supplies, materials and media	3,440,105	3,946,709	4,737,941	3,383,863	562,846
Other expenses	300	300	479	559	(259)
Total materials, supplies, services and other	5,868,231	5,292,585	5,678,603	4,559,768	732,817
Capital outlay - equipment		6,899	88,656	77,244	(70,345)
Total instruction	96,792,494	96,905,847	99,312,488	98,182,241	(1,276,394)

(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, 2012

	<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>
Special education instruction:					
Salaries and fringe benefits:					
Certificated salaries	\$ 6,931,999	\$ 6,735,892	\$ 6,855,203	\$ 6,855,203	\$ (119,311)
Non-certificated salaries	5,579,793	5,795,993	5,059,402	5,059,402	736,591
Employee benefits	8,714,753	8,663,967	8,178,457	8,178,457	485,510
Total salaries and fringe benefits	<u>21,226,545</u>	<u>21,195,852</u>	<u>20,093,062</u>	<u>20,093,062</u>	<u>1,102,790</u>
Materials, supplies, services and other:					
Professional and technical services	2,119,450	587,545	1,640,634	975,116	(387,571)
Staff travel		672	744	744	(72)
Student travel		127	969	969	(842)
Utility services	6,825	6,825	6,390	6,390	435
Other purchased services	121,840	71,840	68,734	275,102	(203,262)
Supplies, materials and media	540,167	433,159	273,285	421,722	11,437
Total materials, supplies, services and other	<u>2,788,282</u>	<u>1,100,168</u>	<u>1,990,756</u>	<u>1,680,043</u>	<u>(579,875)</u>
Capital outlay - other	11,200	(5,187)	(5,187)	(5,187)	
Total special education instruction	<u>24,026,027</u>	<u>22,290,833</u>	<u>22,078,631</u>	<u>21,767,918</u>	<u>522,915</u>
Special education support services - students:					
Salaries and fringe benefits:					
Certificated salaries	3,195,825	3,137,699	3,103,491	3,103,491	34,208
Non-certificated salaries	834,604	834,604	762,798	762,798	71,806
Employee benefits	2,663,730	2,640,451	2,613,893	2,613,893	26,558
Total salaries and fringe benefits	<u>6,694,159</u>	<u>6,612,754</u>	<u>6,480,182</u>	<u>6,480,182</u>	<u>132,572</u>
Materials, supplies, services and other:					
Professional and technical services	566,330	1,015,501	979,681	1,008,892	6,609
Staff travel	54,200	64,200	67,812	68,619	(4,419)
Student travel		2,624	1,272	2,535	89
Utility services		84	39	39	45
Other purchased services		13,791	7,322	7,783	6,008
Supplies, materials and media	115,000	258,717	227,192	245,491	13,226
Other expenses		2,548	2,473	2,473	75
Total materials, supplies, services and other	<u>735,530</u>	<u>1,357,465</u>	<u>1,285,791</u>	<u>1,335,832</u>	<u>21,633</u>
Total special education support services - students	<u>7,429,689</u>	<u>7,970,219</u>	<u>7,765,973</u>	<u>7,816,014</u>	<u>154,205</u>
Support services - students:					
Salaries and fringe benefits:					
Certificated salaries	3,023,045	3,411,166	3,445,993	3,445,993	(34,827)
Non-certificated salaries	3,462,858	3,475,460	3,506,215	3,506,215	(30,755)
Employee benefits	4,533,920	4,674,404	5,058,938	5,058,938	(384,534)
Total salaries and fringe benefits	<u>11,019,823</u>	<u>11,561,030</u>	<u>12,011,146</u>	<u>12,011,146</u>	<u>(450,116)</u>

(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, 2012

	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	\$ 180,000	\$ 130,670	\$ 47,512	\$ 50,488	\$ 80,182
Staff travel	15,450	16,801	7,947	7,947	8,854
Student travel	2,000	1,000	1,247	1,247	(247)
Other purchased services	2,600	13,309	12,547	12,547	762
Supplies, materials and media	148,868	169,726	141,044	145,056	24,670
Other expenses	300	552	665	665	(113)
Total materials, supplies, services and other	349,218	332,058	210,962	217,950	114,108
Total support services - students	11,369,041	11,893,088	12,222,108	12,229,096	(336,008)
Support services - instruction:					
Salaries and fringe benefits:					
Certificated salaries	1,838,389	2,148,008	2,202,667	2,202,667	(54,659)
Non-certificated salaries	3,144,661	3,012,644	2,916,671	2,916,671	95,973
Employee benefits	3,713,934	3,791,968	3,645,235	3,645,235	146,733
Total salaries and fringe benefits	8,696,984	8,952,620	8,764,573	8,764,573	188,047
Materials, supplies, services and other:					
Professional and technical services	767,793	719,797	541,546	605,233	114,564
Staff travel	78,195	112,428	131,543	131,543	(19,115)
Student travel	7,300	110	108	108	2
Utility services	126,000	132,000	198,000	132,000	
Other purchased services	10,500	23,038	20,467	20,467	2,571
Supplies, materials and media	1,063,946	1,131,106	1,085,357	1,125,259	5,847
Other expenses	1,500	1,635	135	135	1,500
Total materials, supplies, services and other	2,055,234	2,120,114	1,977,156	2,014,745	105,369
Capital outlay:					
Equipment	147,500	147,500	166,083	170,068	(22,568)
Other capital outlay		5,000	5,000	5,000	
Total capital outlay	147,500	152,500	171,083	175,068	(22,568)
Total support services - instruction	10,899,718	11,225,234	10,912,812	10,954,386	270,848
School administration:					
Salaries and fringe benefits:					
Certificated salaries	4,443,706	4,402,325	4,412,358	4,412,358	(10,033)
Employee benefits	3,083,581	3,067,308	3,110,760	3,110,760	(43,452)
Total salaries and fringe benefits	7,527,287	7,469,633	7,523,118	7,523,118	(53,485)
Materials, supplies, services and other:					
Professional and technical services	1,927	1,000	1,444	1,444	(444)
Staff travel	98,000	99,600	48,436	48,634	50,966
Other purchased services	5,000	1,479	53	53	1,426
Supplies, materials and media		3,521	3,863	3,564	(43)
Other expenses	26,354	27,476	27,716	27,716	(240)
Total materials, supplies, services and other	131,281	133,076	81,512	81,411	51,665
Total school administration	7,658,568	7,602,709	7,604,630	7,604,529	(1,820)

(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, 2012

	<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:					
Certificated salaries	\$	\$	\$ 1,500	\$ 1,500	\$ (1,500)
Non-certificated salaries	2,886,467	2,897,845	2,872,972	2,872,972	24,873
Employee benefits	1,813,891	1,818,814	1,916,607	1,916,607	(97,793)
Total salaries and fringe benefits	4,700,358	4,716,659	4,791,079	4,791,079	(74,420)
Materials, supplies, services and other:					
Professional and technical services	52,820	26,544	3,168	2,121	24,423
Staff travel	2,800	1,200	1,903	1,903	(703)
Student travel	500	500	1,024	1,024	(524)
Utility services	655,591	322,703	791,949	217,139	105,564
Other purchased services	23,000	28,831	13,758	16,458	12,373
Supplies, materials and media	167,230	448,165	430,014	415,250	32,915
Other expenses	1,000	4,538	4,455	4,455	83
Total materials, supplies, services and other	902,941	832,481	1,246,271	658,350	174,131
Capital outlay - equipment		12,710	12,709	12,709	1
Total school administration support services	5,603,299	5,561,850	6,050,059	5,462,138	99,712
District administration:					
Salaries and fringe benefits:					
Certificated salaries	556,530	556,530	628,722	628,722	(72,192)
Non-certificated salaries	608,996	608,996	644,325	644,325	(35,329)
Employee benefits	779,623	779,623	869,246	869,246	(89,623)
Total salaries and fringe benefits	1,945,149	1,945,149	2,142,293	2,142,293	(197,144)
Materials, supplies, services, and other:					
Professional and technical services	99,800	99,591	110,658	100,478	(887)
Staff travel	43,800	48,644	41,387	41,825	6,819
Other purchased services	45,500	46,044	40,652	43,014	3,030
Supplies, materials and media	56,468	65,253	72,249	65,651	(398)
Other expenses	202,432	194,521	26,355	26,355	168,166
Total materials, supplies, services, and other	448,000	454,053	291,301	277,323	176,730
Total district administration	2,393,149	2,399,202	2,433,594	2,419,616	(20,414)
District administration support services:					
Salaries and fringe benefits:					
Certificated salaries	34,660	42,728	52,365	52,365	(9,637)
Non-certificated salaries	4,547,859	4,568,907	4,704,821	4,704,821	(135,914)
Employee benefits	2,993,541	2,999,046	3,247,553	3,251,800	(252,754)
Total salaries and fringe benefits	7,576,060	7,610,681	8,004,739	8,008,986	(398,305)

(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, 2012

	<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>
District administration support services (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 686,460	\$ 985,292	\$ 732,340	\$ 951,090	\$ 34,202
Staff travel	113,700	119,733	98,947	98,970	20,763
Utility services	370,565	335,339	485,883	246,872	88,467
Other purchased services	242,320	216,635	132,232	171,188	45,447
Insurance and bond premiums	1,023,000	1,023,000	921,883	921,883	101,117
Supplies, materials and media	213,743	241,352	212,831	230,895	10,457
Other expenses	22,545	24,515	28,669	28,818	(4,303)
Indirect costs	(670,000)	(670,000)	(727,541)	(727,541)	57,541
Total materials, supplies, services and other	2,002,333	2,275,866	1,885,244	1,922,175	353,691
Capital outlay:					
Equipment	39,000	58,759	12,809	76,705	(17,946)
Other capital outlay			21,000	21,500	(21,500)
Total capital outlay	39,000	58,759	33,809	98,205	(39,446)
Total district administration support services	9,617,393	9,945,306	9,923,792	10,029,366	(84,060)
Operations and maintenance of plant:					
Salaries and fringe benefits:					
Non-certificated salaries	9,297,724	9,314,724	9,147,774	9,147,774	166,950
Employee benefits	5,824,545	5,838,865	5,961,833	5,961,833	(122,968)
Total salaries and fringe benefits	15,122,269	15,153,589	15,109,607	15,109,607	43,982
Materials, supplies, services and other:					
Professional and technical services	123,500	124,970	142,346	120,336	4,634
Staff travel	18,000	18,000	11,913	11,713	6,287
Utility services	1,130,100	1,131,852	1,011,105	1,019,458	112,394
Energy	6,636,021	6,643,458	6,579,953	6,649,190	(5,732)
Other purchased services	1,093,731	1,219,389	1,162,082	1,638,971	(419,582)
Insurance and bond premiums	448,000	443,031	439,309	439,309	3,722
Supplies, materials and media	1,255,400	1,319,324	1,420,000	1,480,255	(160,931)
Other expenses	450	450	450	450	
Total materials, supplies, services and other	10,705,202	10,900,474	10,767,158	11,359,682	(459,208)
Capital outlay - equipment	100,000	100,000	83,033	63,326	36,674
Total operations and maintenance of plant	25,927,471	26,154,063	25,959,798	26,532,615	(378,552)
Student activities:					
Salaries and fringe benefits:					
Certificated salaries	1,269,877	1,250,813	728,927	728,927	521,886
Non-certificated salaries	130,885	170,961	602,367	602,367	(431,406)
Employee benefits	677,896	687,964	533,399	533,399	154,565
Total salaries and fringe benefits	2,078,658	2,109,738	1,864,693	1,864,693	245,045

(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, 2012

	<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>
Student activities (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 223,401	\$ 208,923	\$ 171,017	\$ 191,947	\$ 16,976
Staff travel	5,000	5,000	17,154	17,324	(12,324)
Student travel	336,487	327,357	361,594	364,994	(37,637)
Other purchased services	20,000	43,187	61,949	64,760	(21,573)
Supplies, materials and media	110,825	119,234	120,778	103,561	15,673
Other expenses	29,000	35,340	41,335	41,335	(5,995)
Total materials, supplies, services and other	<u>724,713</u>	<u>739,041</u>	<u>773,827</u>	<u>783,921</u>	<u>(44,880)</u>
Capital outlay - equipment		18,000	18,648	10,648	7,352
Total student activities	<u>2,803,371</u>	<u>2,866,779</u>	<u>2,657,168</u>	<u>2,659,262</u>	<u>207,517</u>
Total current	<u>204,520,220</u>	<u>204,815,130</u>	<u>206,921,053</u>	<u>205,657,181</u>	<u>(842,051)</u>
Debt service:					
Interest	6,490	6,490			6,490
Principal	479,990	185,990			185,990
Total debt service	<u>486,480</u>	<u>192,480</u>			<u>192,480</u>
Total expenditures	<u>205,006,700</u>	<u>205,007,610</u>	<u>206,921,053</u>	<u>205,657,181</u>	<u>(649,571)</u>
Excess (deficiency) of revenues over expenditures	<u>(471,130)</u>	<u>(472,040)</u>	<u>(927,717)</u>	<u>336,155</u>	<u>808,195</u>
Other financing sources (uses):					
Proceeds from sale of capital assets			3,315	3,315	3,315
Transfers out	<u>(1,608,690)</u>	<u>(1,608,690)</u>	<u>(481,000)</u>	<u>(481,000)</u>	<u>1,127,690</u>
Total other financing sources (uses)	<u>(1,608,690)</u>	<u>(1,608,690)</u>	<u>(477,685)</u>	<u>(477,685)</u>	<u>1,131,005</u>
Net change in fund balance	<u>\$ (2,079,820)</u>	<u>\$ (2,080,730)</u>	<u>(1,405,402)</u>	<u>\$ (141,530)</u>	<u>\$ 1,939,200</u>
Fund balance - beginning			21,635,703		
Fund balance - ending			<u>\$ 20,230,301</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2012
(With comparative totals for 2011)

	<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		925,118	4,761	42,045
Federal	176,138			
Total assets	<u>\$ 176,138</u>	<u>\$ 925,118</u>	<u>\$ 4,761</u>	<u>\$ 42,045</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 3,347	\$ 85,974	\$ 1,208	\$ 1,965
Deferred revenue				
Due to other funds	172,791	839,144	3,553	40,080
Due to external groups and agencies				
Total liabilities	<u>176,138</u>	<u>925,118</u>	<u>4,761</u>	<u>42,045</u>
Fund balances:				
Restricted				
Total liabilities and fund balances	<u>\$ 176,138</u>	<u>\$ 925,118</u>	<u>\$ 4,761</u>	<u>\$ 42,045</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
\$	\$	\$	\$	\$ 434	\$
199,705	15,065	48,743	141,078		117
<u>\$ 199,705</u>	<u>\$ 15,065</u>	<u>\$ 48,743</u>	<u>\$ 141,078</u>	<u>\$ 434</u>	<u>\$ 117</u>
\$ 29,087	\$ 418	\$ 6,625	\$ 37,534	\$	\$
170,618	14,647	42,118	103,544		117
				434	
<u>199,705</u>	<u>15,065</u>	<u>48,743</u>	<u>141,078</u>	<u>434</u>	<u>117</u>
<u>\$ 199,705</u>	<u>\$ 15,065</u>	<u>\$ 48,743</u>	<u>\$ 141,078</u>	<u>\$ 434</u>	<u>\$ 117</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2012
(With comparative totals for 2011)

	Air Force ROTC- Ben Eielson Jr/Sr	ARRA Title IA Basic Program	Education Jobs Grant	IDEA, Part B Title VI-B
	<hr/>	<hr/>	<hr/>	<hr/>
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$ 395	\$	\$
Accounts receivable:				
Local				
State			723,041	789,822
Federal	3,268			
Total assets	<u>\$ 3,268</u>	<u>\$ 395</u>	<u>\$ 723,041</u>	<u>\$ 789,822</u>
	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 696	\$	\$	\$ 9,843
Deferred revenue				
Due to other funds	2,572		723,041	779,979
Due to external groups and agencies		395		
Total liabilities	<u>3,268</u>	<u>395</u>	<u>723,041</u>	<u>789,822</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Restricted				
Total liabilities and fund balances	<u>\$ 3,268</u>	<u>\$ 395</u>	<u>\$ 723,041</u>	<u>\$ 789,822</u>
	<hr/>	<hr/>	<hr/>	<hr/>

IDEA, Part B Preschool Disabled	ARRA IDEA, Part B Title VI-B	ARRA IDEA, Part B Preschool Disabled	Alaska Community Learning Centers	Title IA 1% Parent Involvement	Migrant Education Parent Advisory Council
\$	\$ 492	\$ 78	\$	\$	\$
64,072	113		441,336	14,231	320
<u>\$ 64,072</u>	<u>\$ 605</u>	<u>\$ 78</u>	<u>\$ 441,336</u>	<u>\$ 14,231</u>	<u>\$ 320</u>
\$ 19,304	\$	\$	\$ 3,061	\$ 1,216	\$
44,768			575		
	605	78	437,700	13,015	320
<u>64,072</u>	<u>605</u>	<u>78</u>	<u>441,336</u>	<u>14,231</u>	<u>320</u>
<u>\$ 64,072</u>	<u>\$ 605</u>	<u>\$ 78</u>	<u>\$ 441,336</u>	<u>\$ 14,231</u>	<u>\$ 320</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2012
(With comparative totals for 2011)

	<u>DoDEA 2010 Invitation Grant Program</u>	<u>Migrant Education Book Program</u>	<u>Lathrop Smaller Learning Communities</u>	<u>McKinney Vento Homeless</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
Local				
State		825		7,247
Federal	365,036		47,924	
Total assets	<u>\$ 365,036</u>	<u>\$ 825</u>	<u>\$ 47,924</u>	<u>\$ 7,247</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 7,805	\$	\$ 2,000	\$
Deferred revenue				
Due to other funds	357,231	825	45,924	7,247
Due to external groups and agencies				
Total liabilities	<u>365,036</u>	<u>825</u>	<u>47,924</u>	<u>7,247</u>
Fund balances:				
Restricted				
Total liabilities and fund balances	<u>\$ 365,036</u>	<u>\$ 825</u>	<u>\$ 47,924</u>	<u>\$ 7,247</u>

Title IIA Teacher & Principal Training	Title IID Technology	Title IA 10% Professional Development	Title I School Improvement	ARRA Stabilization Programs
\$	\$	\$	\$	\$ 3,864
374,241	6,668	148,675	11,807	
<u>\$ 374,241</u>	<u>\$ 6,668</u>	<u>\$ 148,675</u>	<u>\$ 11,807</u>	<u>\$ 3,864</u>
\$ 32,051	\$	\$ 5,249	\$ 4,500	\$
342,190	6,668	143,426	7,307	
<u>374,241</u>	<u>6,668</u>	<u>148,675</u>	<u>11,807</u>	<u>3,864</u>
<u>\$ 374,241</u>	<u>\$ 6,668</u>	<u>\$ 148,675</u>	<u>\$ 11,807</u>	<u>\$ 3,864</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2012
(With comparative totals for 2011)

	<u>Totals</u>	
	<u>2012</u>	<u>2011</u>
 <u>ASSETS</u>		
Equity in central treasury cash	\$ 5,263	\$
Accounts receivable:		
Local	113	
State	3,958,800	6,200,557
Federal	592,483	416,465
Total assets	<u>\$ 4,556,659</u>	<u>\$ 6,617,022</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 251,883	\$ 121,691
Deferred revenue	575	
Due to other funds	4,298,825	6,491,529
Due to external groups and agencies	5,376	848
Total liabilities	<u>4,556,659</u>	<u>6,614,068</u>
Fund balances:		
Restricted		2,954
Total liabilities and fund balances	<u>\$ 4,556,659</u>	<u>\$ 6,617,022</u>

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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, 2012

(With comparative totals for 2011)

	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	714,945			
Through the State of Alaska		2,713,380	21,313	200,627
Total federal sources	714,945	2,713,380	21,313	200,627
Total revenues	714,945	2,713,380	21,313	200,627
Expenditures - current:				
Instruction	673,206	2,554,971	20,069	188,914
Special education instruction				
Support services - students				
Support services - instruction				
School administration support services				
District administration support services	41,739	158,409	1,244	11,713
Total expenditures	714,945	2,713,380	21,313	200,627
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Title IV-A Safe & Drug Free Schools & Communities	Carl Perkins Basic Grant	Title IIIA English Language Acquisition	Delinquent & At Risk Youth	Title IA 20% Choice & Supplemental	Migrant Education Summer
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>4,703</u>	<u>314,021</u>	<u>28,362</u>	<u>121,564</u>	<u>524,995</u>	<u>14,748</u>
<u>4,703</u>	<u>314,021</u>	<u>28,362</u>	<u>121,564</u>	<u>524,995</u>	<u>14,748</u>
<u>4,703</u>	<u>314,021</u>	<u>28,362</u>	<u>121,564</u>	<u>524,995</u>	<u>14,748</u>
 4,611	 301,867	 27,806	 114,467	 494,345	 13,887
 <u>92</u>	 <u>12,154</u>	 <u>556</u>	 <u>7,097</u>	 <u>30,650</u>	 <u>861</u>
<u>4,703</u>	<u>314,021</u>	<u>28,362</u>	<u>121,564</u>	<u>524,995</u>	<u>14,748</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, 2012

(With comparative totals for 2011)

	Air Force ROTC - North Pole HS	Air Force ROTC- Ben Eielson Jr/Sr	ARRA Title IA Basic Program	Marines ROTC - West Valley HS
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	2,006	3,268		3,260
Through the State of Alaska			30,001	
Total federal sources	2,006	3,268	30,001	3,260
Total revenues	2,006	3,268	30,001	3,260
Expenditures - current:				
Instruction	2,006	3,268	28,250	3,260
Special education instruction				
Support services - students				
Support services - instruction				
School administration support services				
District administration support services			1,751	
Total expenditures	2,006	3,268	30,001	3,260
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Education Jobs Grant	IDEA, Part B Title VI-B	IDEA, Part B Preschool Disabled	ARRA IDEA, Part B Title VI-B	ARRA IDEA, Part B Preschool Disabled	Options Child Care Grant
\$	\$	\$	\$	\$	\$
2,131,553	3,217,057	148,663	47,676	7,328	1,188
2,131,553	3,217,057	148,663	47,676	7,328	1,188
2,131,553	3,217,057	148,663	47,676	7,328	1,188
2,131,553	3,029,244	139,984	44,893	6,900	1,188
	187,813	8,679	2,783	428	
2,131,553	3,217,057	148,663	47,676	7,328	1,188
\$	\$	\$	\$	\$	\$

(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, 2012

(With comparative totals for 2011)

	Alaska Community Learning Centers	Title IA 1% Parent Involvement	Migrant Education Parent Advisory Council	DoDEA 2010 Invitation Grant Program
Revenues:				
Revenue from local sources:				
Other local revenue	<u>\$ 112,795</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue from federal sources:				
Direct				412,221
Through the State of Alaska	<u>1,436,234</u>	<u>34,415</u>	<u>678</u>	
Total federal sources	<u>1,436,234</u>	<u>34,415</u>	<u>678</u>	<u>412,221</u>
Total revenues	<u>1,549,029</u>	<u>34,415</u>	<u>678</u>	<u>412,221</u>
Expenditures - current:				
Instruction				
Special education instruction				
Support services - students	1,468,135	32,406	638	412,221
Support services - instruction				
School administration support services				
District administration support services	<u>83,848</u>	<u>2,009</u>	<u>40</u>	
Total expenditures	<u>1,551,983</u>	<u>34,415</u>	<u>678</u>	<u>412,221</u>
Net change in fund balances	(2,954)			
Fund balances - beginning	<u>2,954</u>			
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

<u>Migrant Education Book Program</u>	<u>ARRA Title IA 1% Parent Involvement</u>	<u>Lathrop Smaller Learning Communities</u>	<u>McKinney Vento Homeless</u>	<u>Title IIA Teacher & Principal Training</u>	<u>Title IID Technology</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
		288,341			
<u>4,150</u>	<u>27,300</u>		<u>15,253</u>	<u>1,231,418</u>	<u>6,668</u>
<u>4,150</u>	<u>27,300</u>	<u>288,341</u>	<u>15,253</u>	<u>1,231,418</u>	<u>6,668</u>
<u>4,150</u>	<u>27,300</u>	<u>288,341</u>	<u>15,253</u>	<u>1,231,418</u>	<u>6,668</u>
3,908	25,706	271,458	14,363		
				1,159,527	6,279
<u>242</u>	<u>1,594</u>	<u>16,883</u>	<u>890</u>	<u>71,891</u>	<u>389</u>
<u>4,150</u>	<u>27,300</u>	<u>288,341</u>	<u>15,253</u>	<u>1,231,418</u>	<u>6,668</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, 2012

(With comparative totals for 2011)

	<u>Title IA 10% Professional Development</u>	<u>Title I School Improvement</u>	<u>ARRA Title IID Technology</u>	<u>ARRA Stabilization Programs</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ _____	\$ _____	\$ _____	\$ _____
Revenue from federal sources:				
Direct				
Through the State of Alaska	367,900	15,559	13,163	1,096,072
Total federal sources	367,900	15,559	13,163	1,096,072
Total revenues	367,900	15,559	13,163	1,096,072
Expenditures - current:				
Instruction				40,361
Special education instruction				
Support services - students				9,443
Support services - instruction	346,422	14,651	12,395	488,230
School administration support services				
District administration support services	21,478	908	768	558,038
Total expenditures	367,900	15,559	13,163	1,096,072
Net change in fund balances				
Fund balances - beginning	_____	_____	_____	_____
Fund balances - ending	\$ _____	\$ _____	\$ _____	\$ _____

Totals	
2012	2011
<hr/>	
\$ 112,795	\$ 116,542
<hr/>	
1,424,041	1,281,514
13,775,989	15,581,593
<hr/>	
15,200,030	16,863,107
<hr/>	
15,312,825	16,979,649
<hr/>	
6,602,841	5,770,387
3,221,021	3,574,574
2,239,466	2,510,660
2,027,504	3,378,119
	10,920
1,224,947	1,732,910
<hr/>	
15,315,779	16,977,570
<hr/>	
(2,954)	2,079
2,954	875
<hr/>	
\$	\$ 2,954
<hr/>	

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, 2012

(With comparative totals for 2011)

	<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	714,945			
Through the State of Alaska		2,713,380	21,313	200,627
Total federal sources	714,945	2,713,380	21,313	200,627
Total revenues	714,945	2,713,380	21,313	200,627
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	65,345	632,299		
Non-certificated salaries	346,407	738,975	9,034	109,296
Employee benefits	216,006	616,271	4,675	57,466
Total salaries and fringe benefits	627,758	1,987,545	13,709	166,762
Professional and technical services		152,899		8,323
Staff travel	12,315	120,040		2,142
Student travel	3,120	30,256		481
Other purchased services	386	6,741		
Supplies, materials and media	29,627	256,921	6,360	11,206
Other expenses		569		
Indirect costs	41,739	158,409	1,244	11,713
Total materials, supplies, services and other	87,187	725,835	7,604	33,865
Capital outlay:				
Equipment				
Other capital outlay				
Total capital outlay				
Total expenditures	714,945	2,713,380	21,313	200,627
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Title IV-A Safe & Drug Free Schools & Communities	Carl Perkins Basic Grant	Title IIIA English Language Acquisition	Delinquent & At Risk Youth	Title IA 20% Choice & Supplemental	Migrant Education Summer
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
4,703	314,021	28,362	121,564	524,995	14,748
4,703	314,021	28,362	121,564	524,995	14,748
4,703	314,021	28,362	121,564	524,995	14,748
		8,672			
	615	3,262	60,242		1,056
	55	1,333	32,668		95
	670	13,267	92,910		1,151
	32,574	2,600	8,627	357,424	317
4,611	102,503		2,648		
	1,777	928		136,921	
	105,553	11,011	10,282		12,419
92	12,154	556	7,097	30,650	861
4,703	254,561	15,095	28,654	524,995	13,597
	58,790				
	58,790				
4,703	314,021	28,362	121,564	524,995	14,748
<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, 2012

(With comparative totals for 2011)

	Air Force ROTC - North Pole HS	Air Force ROTC- Ben Eielson Jr/Sr	ARRA Title IA Basic Program	Marines ROTC - West Valley HS
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	2,006	3,268		3,260
Through the State of Alaska			30,001	
Total federal sources	2,006	3,268	30,001	3,260
Total revenues	2,006	3,268	30,001	3,260
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries				
Non-certificated salaries				
Employee benefits				
Total salaries and fringe benefits				
Professional and technical services				
Staff travel				
Student travel	1,736	2,490		
Other purchased services				
Supplies, materials and media	270	778	28,250	3,260
Other expenses				
Indirect costs			1,751	
Total materials, supplies, services and other	2,006	3,268	30,001	3,260
Capital outlay:				
Equipment				
Other capital outlay				
Total capital outlay				
Total expenditures	2,006	3,268	30,001	3,260
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Education Jobs Grant	IDEA, Part B Title VI-B	IDEA, Part B Preschool Disabled	ARRA IDEA, Part B Title VI-B	ARRA IDEA, Part B Preschool Disabled	Options Child Care Grant
\$	\$	\$	\$	\$	\$
2,131,553	3,217,057	148,663	47,676	7,328	1,188
2,131,553	3,217,057	148,663	47,676	7,328	1,188
2,131,553	3,217,057	148,663	47,676	7,328	1,188
1,522,293	533,420	10,600	98		
	963,381	69,274	249		
609,260	630,732	38,783	155		
2,131,553	2,127,533	118,657	502		
	824,793				1,185
	30,631				
	7,423				
	671				
	24,733	21,327	44,391	6,900	3
	13,460				
	187,813	8,679	2,783	428	
	1,089,524	30,006	47,174	7,328	1,188
2,131,553	3,217,057	148,663	47,676	7,328	1,188
\$	\$	\$	\$	\$	\$

(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, 2012

(With comparative totals for 2011)

	Alaska Community Learning Centers	Title IA 1% Parent Involvement	Migrant Education Parent Advisory Council	DoDEA 2010 Invitation Grant Program
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 112,795	\$	\$	\$
Revenue from federal sources:				
Direct				412,221
Through the State of Alaska	1,436,234	34,415	678	
Total federal sources	1,436,234	34,415	678	412,221
Total revenues	1,549,029	34,415	678	412,221
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	321,450	8,209		45,133
Non-certificated salaries	646,180	4,243		124,585
Employee benefits	303,307	1,773		73,898
Total salaries and fringe benefits	1,270,937	14,225		243,616
Professional and technical services	46,462	1,560		107,510
Staff travel	27,223		638	31,188
Student travel	47,396			8,432
Other purchased services	6,207			
Supplies, materials and media	69,690	16,621		21,475
Other expenses	220			
Indirect costs	83,848	2,009	40	
Total materials, supplies, services and other	281,046	20,190	678	168,605
Capital outlay:				
Equipment				
Other capital outlay				
Total capital outlay				
Total expenditures	1,551,983	34,415	678	412,221
Net change in fund balances	(2,954)			
Fund balances - beginning	2,954			
Fund balances - ending	\$	\$	\$	\$

<u>Migrant Education Book Program</u>	<u>ARRA Title IA 1% Parent Involvement</u>	<u>Lathrop Smaller Learning Communities</u>	<u>McKinney Vento Homeless</u>	<u>Title IIA Teacher & Principal Training</u>	<u>Title IID Technology</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
		288,341			
4,150	27,300		15,253	1,231,418	6,668
4,150	27,300	288,341	15,253	1,231,418	6,668
4,150	27,300	288,341	15,253	1,231,418	6,668
		45,326	8,588	585,962	
		86,676	650	112,937	
		56,215	808	291,892	
		188,217	10,046	990,791	
	6,400	34,395	300	26,429	
		44,078		98,897	
			168		
3,908	19,306	4,768	3,849	39,705	6,279
				3,705	
242	1,594	16,883	890	71,891	389
4,150	27,300	100,124	5,207	240,627	6,668
4,150	27,300	288,341	15,253	1,231,418	6,668
<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, 2012

(With comparative totals for 2011)

	<u>Title IA 10% Professional Development</u>	<u>Title I School Improvement</u>	<u>ARRA Title IID Technology</u>	<u>ARRA Stabilization Programs</u>
Revenues:				
Revenue from local sources:				
Other local revenue	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue from federal sources:				
Direct				
Through the State of Alaska	<u>367,900</u>	<u>15,559</u>	<u>13,163</u>	<u>1,096,072</u>
Total federal sources	<u>367,900</u>	<u>15,559</u>	<u>13,163</u>	<u>1,096,072</u>
Total revenues	<u>367,900</u>	<u>15,559</u>	<u>13,163</u>	<u>1,096,072</u>
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	20,031	1,978		5,006
Non-certificated salaries	131,561	2,270		62,265
Employee benefits	<u>52,637</u>	<u>252</u>		<u>32,206</u>
Total salaries and fringe benefits	<u>204,229</u>	<u>4,500</u>		<u>99,477</u>
Professional and technical services	43,999	5,500		217,077
Staff travel	32,290			6,622
Student travel				
Other purchased services	4,705			138
Supplies, materials and media	61,199	4,651	12,395	580,020
Other expenses				
Indirect costs	<u>21,478</u>	<u>908</u>	<u>768</u>	<u>56,007</u>
Total materials, supplies, services and other	<u>163,671</u>	<u>11,059</u>	<u>13,163</u>	<u>859,864</u>
Capital outlay:				
Equipment				86,043
Other capital outlay				50,688
Total capital outlay				<u>136,731</u>
Total expenditures	<u>367,900</u>	<u>15,559</u>	<u>13,163</u>	<u>1,096,072</u>
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Totals	
2012	2011
\$ 112,795	\$ 116,542
1,424,041	1,281,514
13,775,989	15,581,593
15,200,030	16,863,107
15,312,825	16,979,649
3,814,410	2,639,538
3,473,158	3,793,969
3,020,487	2,708,973
10,308,055	9,142,480
1,878,374	2,357,241
515,826	562,287
241,128	131,766
18,848	80,532
1,417,157	3,557,018
17,954	14,512
722,916	976,014
4,812,203	7,679,370
144,833	45,870
50,688	109,850
195,521	155,720
15,315,779	16,977,570
(2,954)	2,079
2,954	875
\$	\$ 2,954

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, 2012

	<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>
Revenues:					
Revenue from local sources:					
Other local revenue	\$	\$	\$ 112,795	\$ 112,795	\$ 112,795
Revenue from federal sources:					
Direct	1,440,007	1,999,678	1,424,041	1,428,055	(571,623)
Through the State of Alaska	9,219,621	18,219,062	13,775,989	13,790,048	(4,429,014)
	<u>10,659,628</u>	<u>20,218,740</u>	<u>15,200,030</u>	<u>15,218,103</u>	<u>(5,000,637)</u>
Total revenues	<u>10,659,628</u>	<u>20,218,740</u>	<u>15,312,825</u>	<u>15,330,898</u>	<u>(4,887,842)</u>
Expenditures - current:					
Salaries and fringe benefits:					
Certificated salaries	4,020,320	4,151,082	3,814,410	3,814,410	336,672
Non-certificated salaries	3,345,602	4,060,893	3,473,158	3,473,158	587,735
Employee benefits	3,123,851	3,345,049	3,020,487	3,020,487	324,562
Total salaries and fringe benefits	<u>10,489,773</u>	<u>11,557,024</u>	<u>10,308,055</u>	<u>10,308,055</u>	<u>1,248,969</u>
Materials, supplies, services and other:					
Professional and technical services	1,137,891	3,420,428	1,878,374	1,878,439	1,541,989
Staff travel	326,583	831,243	515,826	515,554	315,689
Student travel	338,250	282,220	241,128	241,128	41,092
Utility services	17,750				
Other purchased services	54,501	31,326	18,848	18,848	12,478
Supplies, materials and media	659,022	2,865,324	1,417,157	1,435,437	1,429,887
Other expenses	14,000	31,503	17,954	17,954	13,549
Indirect costs	415,540	994,040	722,916	722,916	271,124
Total materials, supplies, services and other	<u>2,963,537</u>	<u>8,456,084</u>	<u>4,812,203</u>	<u>4,830,276</u>	<u>3,625,808</u>
Capital outlay:					
Equipment		155,244	144,833	144,833	10,411
Other capital outlay expenses		50,388	50,688	50,688	(300)
Total capital outlay		<u>205,632</u>	<u>195,521</u>	<u>195,521</u>	<u>10,111</u>
Total expenditures	<u>13,453,310</u>	<u>20,218,740</u>	<u>15,315,779</u>	<u>15,333,852</u>	<u>4,884,888</u>
Net change in fund balance	<u>\$ (2,793,682)</u>	<u>\$</u>	<u>(2,954)</u>	<u>\$ (2,954)</u>	<u>\$ (2,954)</u>
Fund balance - beginning			2,954		
Fund balance - ending			<u>\$</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Student Transportation Special Revenue
Balance Sheet
June 30, 2012
(With comparative totals for 2011)

	Totals	
	2012	2011
<u>ASSETS</u>		
Equity in central treasury cash	<u>\$ 1,544,667</u>	<u>\$ 1,328,455</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 89,635	\$ 99,614
Fund balances:		
Restricted	226,191	
Assigned	<u>1,228,841</u>	<u>1,228,841</u>
Total liabilities and fund balance	<u>\$ 1,544,667</u>	<u>\$ 1,328,455</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, 2012
(With comparative totals for 2011)

	Totals	
	2012	2011
Revenues:		
Revenue from state sources	<u>\$ 11,440,941</u>	<u>\$ 9,876,050</u>
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	161,206	155,311
Employee benefits	<u>89,449</u>	<u>85,163</u>
Total salaries and fringe benefits	<u>250,655</u>	<u>240,474</u>
Materials, supplies, services and other:		
Professional and technical services	3,451	3,694
Staff travel		2,614
Other purchased services	10,956,118	9,754,892
Supplies, materials and media	4,451	8,106
Other expenses	<u>75</u>	<u>75</u>
Total materials, supplies, services and other	<u>10,964,095</u>	<u>9,769,381</u>
Total expenditures	<u>11,214,750</u>	<u>10,009,855</u>
Excess (deficiency) of revenues over expenditures	<u>226,191</u>	<u>(133,805)</u>
Other financing sources:		
Transfers in		<u>662,450</u>
Net change in fund balance	<u>226,191</u>	<u>528,645</u>
Fund balance - beginning	<u>1,228,841</u>	<u>700,196</u>
Fund balance - ending	<u><u>\$ 1,455,032</u></u>	<u><u>\$ 1,228,841</u></u>

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, 2012

	<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>
Revenues:					
Revenue from state sources	\$ 835,769	\$ 10,029,230	\$ 11,440,941	\$ 11,440,941	\$ 1,411,711
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	13,308	159,692	161,206	161,206	(1,514)
Employee benefits	7,600	91,195	89,449	89,449	1,746
Total salaries and fringe benefits	20,908	250,887	250,655	250,655	232
Materials, supplies, services and other:					
Professional and technical services	296	3,549	3,451	3,451	98
Staff travel	450	5,400			5,400
Other purchased services	1,005,258	12,063,093	10,956,118	10,982,233	1,080,860
Supplies, materials and media	548	6,576	4,451	4,451	2,125
Other expenses	6	75	75	75	
Total materials, supplies, services and other	1,006,558	12,078,693	10,964,095	10,990,210	1,088,483
Total expenditures	1,027,466	12,329,580	11,214,750	11,240,865	1,088,715
Excess (deficiency of revenues over expenditures)	(191,697)	(2,300,350)	226,191	200,076	2,500,426
Other financing sources:					
Transfers in	93,974	1,127,690			(1,127,690)
Net change in fund balance	\$ (97,723)	\$ (1,172,660)	226,191	\$ 200,076	\$ 1,372,736
Fund balance - beginning			1,228,841		
Fund balance - ending			\$ 1,455,032		

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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, 2012

(With comparative totals for 2011)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>	
			<u>2012</u>	<u>2011</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$ 2,015,699	\$ 385,259	\$ 2,400,958	\$ 1,908,509
Accounts receivable:				
Local	1,632		1,632	193
State	207,073		207,073	194,350
Federal				
Due from Fairbanks North Star Borough	46,904		46,904	76,379
Inventories	432,994		432,994	499,732
Total assets	<u>\$ 2,704,302</u>	<u>\$ 385,259</u>	<u>\$ 3,089,561</u>	<u>\$ 2,679,163</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 87,529	\$	\$ 87,529	\$ 77,470
Deferred revenue				2,953
Due to other funds	245,498		245,498	340,772
Due to external groups and agencies	1,377		1,377	
Total liabilities	<u>334,404</u>		<u>334,404</u>	<u>421,195</u>
Fund balances:				
Nonspendable - inventories	432,994		432,994	499,732
Restricted	151,623		151,623	
Committed	1,796,551		1,796,551	1,760,378
Assigned		385,259	385,259	86,484
Unassigned	(11,270)		(11,270)	(88,626)
Total fund balances	<u>2,369,898</u>	<u>385,259</u>	<u>2,755,157</u>	<u>2,257,968</u>
Total liabilities and fund balances	<u>\$ 2,704,302</u>	<u>\$ 385,259</u>	<u>\$ 3,089,561</u>	<u>\$ 2,679,163</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, 2012

(With comparative totals for 2011)

	Special Revenue	Capital Projects	Total	
			2012	2011
Revenues:				
Revenue from local sources:				
Food service	\$ 1,897,853	\$	\$ 1,897,853	\$ 1,926,416
Other local revenue	2,491,292	40,000	2,531,292	2,557,719
Total local sources	4,389,145	40,000	4,429,145	4,484,135
Revenue from state sources	741,355		741,355	977,071
Revenue from federal sources:				
Through the State of Alaska	3,223,173	338,803	3,561,976	3,044,727
Total revenues	8,353,673	378,803	8,732,476	8,505,933
Expenditures:				
Current:				
Instruction	329,859		329,859	346,209
Support services - students	2,800		2,800	1,436
Support services - instruction	443,962		443,962	737,670
District administration support services	4,623		4,623	5,886
Student activities	2,335,128		2,335,128	2,342,771
Food services	5,519,986		5,519,986	5,361,214
Total current	8,636,358		8,636,358	8,795,186
Capital outlay		80,028	80,028	713,647
Total expenditures	8,636,358	80,028	8,716,386	9,508,833
Deficiency of revenues over expenditures	(282,685)	298,775	16,090	(1,002,900)
Other financing sources (uses):				
Proceeds from sale of capital assets	99		99	
Transfers in	481,000		481,000	1,217,607
Transfers out				(323,187)
Total other financing sources (uses)	481,099		481,099	894,420
Net change in fund balances	198,414	298,775	497,189	(108,480)
Fund balances - beginning	2,171,484	86,484	2,257,968	2,366,448
Fund balances - ending	\$ 2,369,898	\$ 385,259	\$ 2,755,157	\$ 2,257,968

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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, 2012
(With comparative totals for 2011)

	<u>Local Programs</u>	<u>State Programs</u>	<u>Food Service</u>
<u>ASSETS</u>			
Equity in central treasury cash	\$ 182,381	\$	\$ 159,426
Accounts receivable:			
Local	1,199		
State		207,073	
Due from Fairbanks North Star Borough		46,904	
Inventories			432,994
Total assets	<u>\$ 183,580</u>	<u>\$ 253,977</u>	<u>\$ 592,420</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 143	\$ 19,428	\$ 14,918
Deferred revenue			
Due to other funds	12,326	233,172	
Due to external groups and agencies		1,377	
Total liabilities	<u>12,469</u>	<u>253,977</u>	<u>14,918</u>
Fund balances:			
Nonspendable - inventories			432,994
Restricted	7,115		144,508
Committed	175,266		
Unassigned	(11,270)		
Total fund balances	<u>171,111</u>		<u>577,502</u>
Total liabilities and fund balances	<u>\$ 183,580</u>	<u>\$ 253,977</u>	<u>\$ 592,420</u>

School Activities	Totals	
	2012	2011
\$ 1,673,892	\$ 2,015,699	\$ 1,807,520
433	1,632	193
	207,073	194,350
	46,904	76,379
	432,994	499,732
<u>\$ 1,674,325</u>	<u>\$ 2,704,302</u>	<u>\$ 2,578,174</u>

\$ 53,040	\$ 87,529	\$ 62,965
		2,953
	245,498	340,772
	1,377	
<u>53,040</u>	<u>334,404</u>	<u>406,690</u>
	432,994	499,732
	151,623	
1,621,285	1,796,551	1,760,378
	(11,270)	(88,626)
<u>1,621,285</u>	<u>2,369,898</u>	<u>2,171,484</u>
<u>\$ 1,674,325</u>	<u>\$ 2,704,302</u>	<u>\$ 2,578,174</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, 2012
(With comparative totals for 2011)

	<u>Local Programs</u>	<u>State Programs</u>	<u>Food Service</u>
Revenues:			
Revenue from local sources:			
Food service	\$	\$	\$ 1,897,853
Other local revenue	107,705		1,166
Total local sources	107,705		1,899,019
Revenue from state sources		741,355	
Revenue from federal sources:			
Through the State of Alaska	9,242		3,213,931
Total revenues	116,947	741,355	5,112,950
Expenditures:			
Current:			
Instruction	52,715	277,144	
Support services - students	2,800		
Support services - instruction	76,707	367,255	
District administration support services		4,623	
Student activities			
Food services		92,333	5,427,653
Total expenditures	132,222	741,355	5,427,653
Excess (deficiency) of revenues over expenditures	(15,275)		(314,703)
Other financing sources:			
Proceeds from sale of capital assets			99
Transfers in			481,000
Total other financing sources			481,099
Net change in fund balances	(15,275)		166,396
Fund balances - beginning	186,386		411,106
Fund balances - ending	\$ 171,111	\$	\$ 577,502

School Activities	Totals	
	2012	2011
\$	\$	\$
2,382,421	1,897,853	1,926,416
	2,491,292	2,488,719
2,382,421	4,389,145	4,415,135
	741,355	977,071
	3,223,173	3,044,727
2,382,421	8,353,673	8,436,933
	329,859	346,209
	2,800	1,436
	443,962	737,670
	4,623	5,886
2,335,128	2,335,128	2,342,771
	5,519,986	5,361,214
2,335,128	8,636,358	8,795,186
47,293	(282,685)	(358,253)
	99	
	481,000	894,420
	481,099	894,420
47,293	198,414	536,167
1,573,992	2,171,484	1,635,317
\$ 1,621,285	\$ 2,369,898	\$ 2,171,484

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Local Programs

Combining Balance Sheet

June 30, 2012

(With comparative totals for 2011)

	<u>Options Day 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	\$ 117,068
Accounts receivable:				
Local				
Total assets	<u>\$</u>	<u>\$ 960</u>	<u>\$ 1,155</u>	<u>\$ 117,068</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 143	\$	\$	\$
Deferred revenue				
Due to other funds	<u>11,127</u>			
Total liabilities	<u>11,270</u>			
Fund balances:				
Restricted		960	1155	
Committed				117,068
Unassigned	<u>(11,270)</u>			
Total fund balances	<u>(11,270)</u>	<u>960</u>	<u>1,155</u>	<u>117,068</u>
Total liabilities and fund balances	<u>\$</u>	<u>\$ 960</u>	<u>\$ 1,155</u>	<u>\$ 117,068</u>

Rose Urban Rural Exchange	Community Donations	Burnley Scholarship	Totals	
			2012	2011
\$	\$ 58,198	\$ 5,000	\$ 182,381	\$ 189,339
1,199			1,199	193
<u>\$ 1,199</u>	<u>\$ 58,198</u>	<u>\$ 5,000</u>	<u>\$ 183,580</u>	<u>\$ 189,532</u>

\$	\$	\$	\$ 143	\$
1,199			12,326	2,953
<u>1,199</u>			<u>12,469</u>	<u>193</u>
				3,146

		5,000	7,115	
	58,198		175,266	186,386
			(11,270)	
	<u>58,198</u>	<u>5,000</u>	<u>171,111</u>	<u>186,386</u>
<u>\$ 1,199</u>	<u>\$ 58,198</u>	<u>\$ 5,000</u>	<u>\$ 183,580</u>	<u>\$ 189,532</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, 2012

(With comparative totals for 2011)

	<u>Options Child Care</u>	<u>Partners in Science</u>	<u>Alaskan Coastal Studies</u>	<u>Office Max Grant</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 20,531	\$ 106	\$ 960	\$ 5,000
Revenue from federal sources:				
Through the State of Alaska	<u>9,242</u>			
Total revenues	<u>29,773</u>	<u>106</u>	<u>960</u>	<u>5,000</u>
Expenditures				
Current:				
Instruction	48,764	106		3,845
Support services - students				
Support services - instruction				
Total expenditures	<u>48,764</u>	<u>106</u>		<u>3,845</u>
Net change in fund balances	<u>(18,991)</u>		960	1,155
Fund balances - beginning	<u>7,721</u>			
Fund balances - ending	<u><u>\$ (11,270)</u></u>	<u><u>\$</u></u>	<u><u>\$ 960</u></u>	<u><u>\$ 1,155</u></u>

<u>Quota International of Fairbanks</u>	<u>Rasmuson Foundation AED</u>	<u>Curriculum Staff Development</u>	<u>Rose Urban Rural Exchange</u>	<u>Community Donations</u>	<u>Burnley Scholarship</u>
\$ 1,500	\$ 1,300	\$ 65,844	\$ 1,390	\$ 6,074	\$ 5,000
<u>1,500</u>	<u>1,300</u>	<u>65,844</u>	<u>1,390</u>	<u>6,074</u>	<u>5,000</u>
1,500	1,300	75,317	1,390		
<u>1,500</u>	<u>1,300</u>	<u>75,317</u>	<u>1,390</u>		
		(9,473)		6,074	5,000
		126,541		52,124	
<u>\$</u>	<u>\$</u>	<u>\$ 117,068</u>	<u>\$</u>	<u>\$ 58,198</u>	<u>\$ 5,000</u>

(continued)

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, 2012

(With comparative totals for 2011)

	Totals	
	2012	2011
Revenues:		
Revenue from local sources:		
Other local revenue	\$ 107,705	\$ 108,453
Revenue from federal sources:		
Through the State of Alaska	9,242	9,243
Total revenues	116,947	117,696
Expenditures		
Current:		
Instruction	52,715	52,184
Support services - students	2,800	1,436
Support services - instruction	76,707	64,677
Total expenditures	132,222	118,297
Net change in fund balances	(15,275)	(601)
Fund balances - beginning	186,386	186,987
Fund balances - ending	\$ 171,111	\$ 186,386

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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Local Programs

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

For the Year Ended June 30, 2012

(With comparative totals for 2011)

	<u>Options Child Care</u>	<u>Partners in Science</u>	<u>Alaskan Coastal Studies</u>	<u>Office Max Grant</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 20,531	\$ 106	\$ 960	\$ 5,000
Revenue from federal sources:				
Through the State of Alaska	9,242			
Total revenues	<u>29,773</u>	<u>106</u>	<u>960</u>	<u>5,000</u>
Expenditures:				
Current:				
Salaries and fringe benefits:				
Certificated salaries				
Non-certificated salaries	23,289			
Employee benefits	12,810			
Total salaries and fringe benefits	<u>36,099</u>			
Materials, supplies, services and other:				
Professional and technical services	925			
Staff travel				
Student travel	83			3,499
Supplies, materials and media	11,657	106		346
Other expenses				
Total materials, supplies, services and other	<u>12,665</u>	<u>106</u>		<u>3,845</u>
Total expenditures	<u>48,764</u>	<u>106</u>		<u>3,845</u>
Net change in fund balances	(18,991)		960	1,155
Fund balances - beginning	7,721			
Fund balances - ending	<u>\$ (11,270)</u>	<u>\$</u>	<u>\$ 960</u>	<u>\$ 1,155</u>

<u>Quota International of Fairbanks</u>	<u>Rasmuson Foundation AED</u>	<u>Curriculum Staff Development</u>	<u>Rose Urban Rural Exchange</u>	<u>Community Donations</u>	<u>Burnley Scholarship</u>
\$ 1,500	\$ 1,300	\$ 65,844	\$ 1,390	\$ 6,074	\$ 5,000
<u>1,500</u>	<u>1,300</u>	<u>65,844</u>	<u>1,390</u>	<u>6,074</u>	<u>5,000</u>
		10,990			
		1,230	1,275		
		<u>12,220</u>	<u>1,390</u>		
		59,745			
1,500	1,300	27			
		<u>3,325</u>			
<u>1,500</u>	<u>1,300</u>	<u>63,097</u>			
<u>1,500</u>	<u>1,300</u>	<u>75,317</u>	<u>1,390</u>		
		(9,473)		6,074	5,000
		<u>126,541</u>		<u>52,124</u>	
<u>\$</u>	<u>\$</u>	<u>\$ 117,068</u>	<u>\$</u>	<u>\$ 58,198</u>	<u>\$ 5,000</u>

(continued)

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, 2012

(With comparative totals for 2011)

	Totals	
	2012	2011
Revenues:		
Revenue from local sources:		
Other local revenue	\$ 107,705	\$ 108,453
Revenue from federal sources:		
Through the State of Alaska	9,242	9,243
Total revenues	<u>116,947</u>	<u>117,696</u>
Expenditures:		
Current:		
Salaries and fringe benefits:		
Certificated salaries	10,990	5,130
Non-certificated salaries	24,564	24,509
Employee benefits	<u>14,155</u>	<u>12,203</u>
Total salaries and fringe benefits	<u>49,709</u>	<u>41,842</u>
Materials, supplies, services and other:		
Professional and technical services	60,670	46,713
Staff travel		7,890
Student travel	3,582	366
Supplies, materials and media	14,936	21,326
Other expenses	<u>3,325</u>	<u>160</u>
Total materials, supplies, services and other	<u>82,513</u>	<u>76,455</u>
Total expenditures	<u>132,222</u>	<u>118,297</u>
Net change in fund balances	(15,275)	(601)
Fund balances - beginning	<u>186,386</u>	<u>186,987</u>
Fund balances - ending	<u><u>\$ 171,111</u></u>	<u><u>\$ 186,386</u></u>

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, 2012

	<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>
Revenues:					
Revenue from local sources:					
Other local revenue	\$ 66,214	\$ 142,921	\$ 107,705	\$ 107,722	\$ (35,199)
Revenue from federal sources:					
Through the State of Alaska			9,242	9,242	9,242
Total revenues	<u>66,214</u>	<u>142,921</u>	<u>116,947</u>	<u>116,964</u>	<u>(25,957)</u>
Expenditures:					
Current					
Salaries and fringe benefits:					
Certificated salaries		10,990	10,990	10,990	
Non-certificated salaries	24,039	25,314	24,564	24,564	750
Employee benefits	13,109	14,454	14,155	14,155	299
Total salaries and fringe benefits	<u>37,148</u>	<u>50,758</u>	<u>49,709</u>	<u>49,709</u>	<u>1,049</u>
Materials, supplies, services and other:					
Professional and technical services	1,250	60,995	60,670	60,670	325
Staff travel	1,000	1,000			1,000
Student travel	4,300	4,300	3,582	3,582	718
Other purchased services	250	250			250
Supplies, materials and media	21,966	29,714	14,936	14,953	14,761
Other expenses	300	3,625	3,325	3,325	300
Total materials, supplies, services and other	<u>29,066</u>	<u>99,884</u>	<u>82,513</u>	<u>82,530</u>	<u>17,354</u>
Total expenditures	<u>66,214</u>	<u>150,642</u>	<u>132,222</u>	<u>132,239</u>	<u>18,403</u>
Net change in fund balance	<u>\$</u>	<u>\$ (7,721)</u>	<u>(15,275)</u>	<u>\$ (15,275)</u>	<u>\$ (7,554)</u>
Fund balance - beginning			186,386		
Fund balance - ending			<u>\$ 171,111</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

State Programs

Combining Balance Sheet

June 30, 2012

(With comparative totals for 2011)

	<u>Staff Development Mini-grants</u>	<u>Youth First</u>	<u>Alaska Construction Academy</u>	<u>Legislative Small Grants 07-08</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
State	14,391	183	95,279	
Due from Fairbanks North Star Borough				2,476
Total assets	<u>\$ 14,391</u>	<u>\$ 183</u>	<u>\$ 95,279</u>	<u>\$ 2,476</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 4,268	\$	\$ 3,853	\$
Due to other funds	9,841	183	91,331	2,476
Due to external groups and agencies	282		95	
Total liabilities	<u>14,391</u>	<u>183</u>	<u>95,279</u>	<u>2,476</u>
Fund balances				
Total liabilities and fund balances	<u>\$ 14,391</u>	<u>\$ 183</u>	<u>\$ 95,279</u>	<u>\$ 2,476</u>

Legislative Small Grants 10-11	Alaska Career Technical Education	Statewide Alaska Mentorship Program	Totals	
			2012	2011
\$	\$	\$	\$	\$ 696
	32,231	64,989	207,073	194,350
44,428			46,904	76,379
<u>\$ 44,428</u>	<u>\$ 32,231</u>	<u>\$ 64,989</u>	<u>\$ 253,977</u>	<u>\$ 271,425</u>
\$ 1,181	\$ 10,126	\$	\$ 19,428	\$ 16,995
43,247	21,105	64,989	233,172	254,430
	1,000		1,377	
<u>44,428</u>	<u>32,231</u>	<u>64,989</u>	<u>253,977</u>	<u>271,425</u>
<u>\$ 44,428</u>	<u>\$ 32,231</u>	<u>\$ 64,989</u>	<u>\$ 253,977</u>	<u>\$ 271,425</u>

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, 2012

(With comparative totals for 2011)

	Staff Development Mini-grants	Youth First	Alaska Construction Academy	Legislative Small Grants 07-08
Revenues:				
Revenue from local sources	\$	\$	\$	\$
Revenue from state sources	60,810	79,183	135,326	5,488
Total revenues	60,810	79,183	135,326	5,488
Expenditures - current:				
Instruction	60,810	74,560	135,326	5,488
Support services - instruction				
District administration support services		4,623		
Food service				
Total expenditures	60,810	79,183	135,326	5,488
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Legislative Small Grants 08-09	Legislative Small Grants 10-11	Alaska Career Technical Education	Statewide Alaska Mentorship Program	Central Kitchen Replacement Equipment
\$	\$	\$	\$	\$
960	110,061	31,231	225,963	92,333
960	110,061	31,231	225,963	92,333
960	110,061	31,231	225,963	
				92,333
960	110,061	31,231	225,963	92,333
\$	\$	\$	\$	\$

(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, 2012
(With comparative totals for 2011)

	Totals	
	2012	2011
Revenues:		
Revenue from local sources	\$	\$ 500
Revenue from state sources	741,355	977,071
Total revenues	741,355	977,571
Expenditures - current:		
Instruction	277,144	294,025
Support services - instruction	367,255	672,993
District administration support services	4,623	5,886
Food service	92,333	4,667
Total expenditures	741,355	977,571
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, 2012

(With comparative totals for 2011)

	Staff Development Mini-grants	Youth First	Alaska Construction Academy	Legislative Small Grants 07-08
Revenues:				
Revenue from local sources	\$	\$	\$	\$
Revenue from state sources	60,810	79,183	135,326	5,488
Total revenues	60,810	79,183	135,326	5,488
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	3,500		29,063	
Non-certificated salaries	3,080	47,072	394	
Employee benefits	318	26,481	4,171	
Total salaries and fringe benefits	6,898	73,553	33,628	
Materials, supplies, services and other:				
Professional and technical services			31,113	
Staff travel	45,851	161	739	
Student travel		748	206	
Other purchased services			412	69
Supplies, materials and media	8,061	98	69,228	5,419
Indirect costs		4,623		
Total materials, supplies, services and other	53,912	5,630	101,698	5,488
Capital outlay - equipment				
Total expenditures	60,810	79,183	135,326	5,488
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

<u>Legislative Small Grants 08-09</u>	<u>Legislative Small Grants 10-11</u>	<u>Alaska Career Technical Education</u>	<u>Statewide Alaska Mentorship Program</u>	<u>Central Kitchen Replacement Equipment</u>
\$	\$	\$	\$	\$
960	110,061	31,231	225,963	92,333
960	110,061	31,231	225,963	92,333
			161,466	
			64,497	
			225,963	
	20			
	142			
960	109,899	21,949		5,614
960	110,061	21,949		5,614
		9,282		86,719
960	110,061	31,231	225,963	92,333
\$	\$	\$	\$	\$

(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, 2012
(With comparative totals for 2011)

	Totals	
	2012	2011
Revenues:		
Revenue from local sources	\$	\$ 500
Revenue from state sources	741,355	977,071
Total revenues	<u>741,355</u>	<u>977,571</u>
Expenditures - current:		
Salaries and fringe benefits:		
Certificated salaries	194,029	359,603
Non-certificated salaries	50,546	87,559
Employee benefits	<u>95,467</u>	<u>164,734</u>
Total salaries and fringe benefits	<u>340,042</u>	<u>611,896</u>
Materials, supplies, services and other:		
Professional and technical services	31,133	3,250
Staff travel	46,751	40,119
Student travel	1,096	1,726
Other purchased services	481	5,074
Supplies, materials and media	221,228	241,150
Indirect costs	<u>4,623</u>	<u>5,886</u>
Total materials, supplies, services and other	<u>305,312</u>	<u>297,205</u>
Capital outlay - equipment	<u>96,001</u>	<u>68,470</u>
Total expenditures	<u>741,355</u>	<u>977,571</u>
Net change in fund balances		
Fund balances - beginning		
Fund balances - ending	<u>\$</u>	<u>\$</u>

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, 2012

	<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>
Revenues:					
Revenue from state sources	\$ 837,697	\$ 834,927	\$ 741,355	\$ 664,792	\$ (170,135)
Expenditures-current:					
Salaries and fringe benefits:					
Certificated salaries	192,184	191,076	194,029	194,029	(2,953)
Non-certificated salaries	87,078	52,399	50,546	50,546	1,853
Employee benefits	104,124	94,294	95,467	95,467	(1,173)
Total salaries and fringe benefits	383,386	337,769	340,042	340,042	(2,273)
Materials, supplies, services and other:					
Professional and technical services	3,000	35,067	31,133	31,133	3,934
Staff travel	9,912	62,152	46,751	46,751	15,401
Student travel	1,498	250	1,096	1,096	(846)
Other purchased services	610	412	481	2,620	(2,208)
Supplies, materials and media	314,092	322,260	221,228	189,458	132,802
Indirect cost	5,838	4,588	4,623	4,623	(35)
Total materials, supplies, services and other	334,950	424,729	305,312	275,681	149,048
Capital outlay - equipment	119,361	72,429	96,001	49,069	23,360
Total expenditures	837,697	834,927	741,355	664,792	170,135
Net change in fund balance	\$	\$		\$	\$
Fund balance - beginning					
Fund balance - ending			\$		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Food Service

Balance Sheet

June 30, 2012

(With comparative totals for 2011)

	Totals	
	2012	2011
<u>ASSETS</u>		
Equity in central treasury cash	\$ 159,426	\$
Inventories	432,994	499,732
Total assets	<u>\$ 592,420</u>	<u>\$ 499,732</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 14,918	\$ 2,477
Due to other funds		86,149
Total liabilities	<u>14,918</u>	<u>88,626</u>
Fund balances:		
Nonspendable - inventories	432,994	499,732
Restricted	144,508	
Unassigned		(88,626)
Total fund balance	<u>577,502</u>	<u>411,106</u>
Total liabilities and fund balance	<u>\$ 592,420</u>	<u>\$ 499,732</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, 2012

(With comparative totals for 2011)

	Totals	
	2012	2011
Revenues:		
Revenue from local sources:		
Food service	\$ 1,897,853	\$ 1,926,416
Other local revenue	1,166	68
Total local sources	<u>1,899,019</u>	<u>1,926,484</u>
Revenue from federal sources:		
Through the State of Alaska	<u>3,213,931</u>	<u>3,035,484</u>
Total revenues	<u>5,112,950</u>	<u>4,961,968</u>
Expenditures - current:		
Food services	<u>5,427,653</u>	<u>5,356,547</u>
Deficiency of revenues over expenditures	<u>(314,703)</u>	<u>(394,579)</u>
Other financing sources:		
Proceeds from sale of capital assets	99	
Transfers in	<u>481,000</u>	<u>894,420</u>
Total other financing sources	<u>481,099</u>	<u>894,420</u>
Net change in fund balance	166,396	499,841
Fund balance (deficit) - beginning	<u>411,106</u>	<u>(88,735)</u>
Fund balance - ending	<u><u>\$ 577,502</u></u>	<u><u>\$ 411,106</u></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, 2012
(With comparative totals for 2011)

	Totals	
	2012	2011
Revenues:		
Revenue from local sources:		
Food service	\$ 1,897,853	\$ 1,926,416
Other local revenue	1,166	68
Total local sources	<u>1,899,019</u>	<u>1,926,484</u>
Revenue from federal sources:		
Through the State of Alaska	<u>3,213,931</u>	<u>3,035,484</u>
Total revenues	<u>5,112,950</u>	<u>4,961,968</u>
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	1,940,230	1,855,732
Employee benefits	<u>984,375</u>	<u>922,413</u>
Total salaries and fringe benefits	<u>2,924,605</u>	<u>2,778,145</u>
Materials, supplies, services and other:		
Professional and technical services	25,301	22,657
Staff travel	6,681	4,775
Utility services	11,210	9,458
Energy	230,682	193,633
Other purchased services	921	1,152
Supplies, materials and media	2,228,012	2,346,495
Other expenses	<u>241</u>	<u>232</u>
Total materials, supplies, services and other	<u>2,503,048</u>	<u>2,578,402</u>
Total expenditures	<u>5,427,653</u>	<u>5,356,547</u>
Deficiency of revenues over expenditures	<u>(314,703)</u>	<u>(394,579)</u>
Other financing sources:		
Proceeds from sale of capital assets	99	
Transfers in	<u>481,000</u>	<u>894,420</u>
Total other financing sources	<u>481,099</u>	<u>894,420</u>
Net change in fund balance	166,396	499,841
Fund balance (deficit) - beginning	<u>411,106</u>	<u>(88,735)</u>
Fund balance - ending	<u>\$ 577,502</u>	<u>\$ 411,106</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, 2012

	<u>Budgeted Amounts</u>			<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
Revenues:					
Revenue from local sources:					
Food Service	\$ 2,474,141	\$ 2,474,141	\$ 1,897,853	\$ 1,897,853	\$ (576,288)
Other local revenue			1,166	1,166	1,166
Revenue from federal sources:					
Through the State of Alaska	2,893,366	2,892,051	3,213,931	3,266,350	374,299
Total revenues	5,367,507	5,366,192	5,112,950	5,165,369	(200,823)
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	2,064,654	2,064,654	1,940,230	1,940,230	124,424
Employee benefits	1,016,371	1,016,371	984,375	984,375	31,996
Total salaries and fringe benefits	3,081,025	3,081,025	2,924,605	2,924,605	156,420
Materials, supplies, services and other:					
Professional and technical services	25,000	25,000	25,301	25,301	(301)
Staff travel	10,000	10,000	6,681	6,681	3,319
Utility services	13,000	12,216	11,210	10,426	1,790
Energy	193,000	193,000	230,682	231,382	(38,382)
Other purchased services	8,700	8,700	921	1,957	6,743
Supplies, materials and media	2,597,345	2,596,814	2,228,012	2,229,624	367,190
Other expenses	400	400	241	241	159
Total materials, supplies, services and other	2,847,445	2,846,130	2,503,048	2,505,611	340,519
Capital outlay - equipment	25,000	25,000		49,856	(24,856)
Total expenditures	5,953,470	5,952,155	5,427,653	5,480,072	472,083
Deficiency of revenues over expenditures	(585,963)	(585,963)	(314,703)	(314,703)	271,260
Other financing sources:					
Proceeds from sale of capital assets			(99)	(99)	(99)
Transfers in	585,963	481,000	481,000	481,000	
Total other financing sources (uses)	585,963	481,000	480,901	480,901	(99)
Net change in fund balance	\$	\$ (104,963)	166,198	\$ 166,198	\$ 271,161
Fund deficit - beginning			411,106		
Fund balance - ending			\$ 577,304		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

School Activities

Balance Sheet

June 30, 2012

(With comparative totals for 2011)

	Totals	
	2012	2011
<u>ASSETS</u>		
Equity in central treasury cash	\$ 1,673,892	\$ 1,617,485
Accounts receivable:		
Local	433	
Total assets	<u>\$ 1,674,325</u>	<u>\$ 1,617,485</u>
<u>LIABILITIES & FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 53,040	\$ 43,493
Fund balance:		
Committed	<u>1,621,285</u>	<u>1,573,992</u>
Total liabilities and fund balance	<u>\$ 1,674,325</u>	<u>\$ 1,617,485</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, 2012
(With comparative totals for 2011)

	Totals	
	2012	2011
Revenues:		
Revenue from local sources:		
Other local revenue	<u>\$ 2,382,421</u>	<u>\$ 2,379,698</u>
Expenditures - current:		
Student activities	<u>2,335,128</u>	<u>2,342,771</u>
Net change in fund balance	<u>47,293</u>	<u>36,927</u>
Fund balance - beginning	<u>1,573,992</u>	<u>1,537,065</u>
Fund balance - ending	<u><u>\$ 1,621,285</u></u>	<u><u>\$ 1,573,992</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, 2012

(With comparative totals for 2011)

	Totals	
	2012	2011
Revenues:		
Revenue from local sources:		
Other local revenue	\$ 2,382,421	\$ 2,379,698
Expenditures - current:		
Salaries and fringe benefits:		
Certificated salaries	11,111	26,521
Non-certificated salaries	25,642	48,027
Employee benefits	4,794	9,988
Total salaries and fringe benefits	41,547	84,536
Materials, supplies, services and other:		
Professional and technical services	75,927	87,386
Staff travel	843	1,885
Student travel	962,095	811,864
Other purchased services	25,587	29,034
Supplies, materials and media	1,223,266	1,312,893
Other expenses	5,863	2,873
Total materials, supplies, services and other	2,293,581	2,245,935
Capital outlay - equipment		12,300
Total expenditures	2,335,128	2,342,771
Net change in fund balance	47,293	36,927
Fund balance - beginning	1,573,992	1,537,065
Fund balance - ending	\$ 1,621,285	\$ 1,573,992

NONMAJOR CAPITAL PROJECTS FUNDS

**Title VIII Construction
Districtwide School Projects
Badger Elementary
Other Capital Projects**

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2012
(With comparative totals for 2011)

	<u>Title VIII Construction</u>	<u>Districtwide School Projects</u>	<u>Other Capital Projects</u>
<u>ASSETS</u>			
Equity in central treasury cash	<u>\$ 338,803</u>	<u>\$ 21,347</u>	<u>\$ 25,109</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$	\$
Fund balances:			
Assigned	<u>338,803</u>	<u>21,347</u>	<u>25,109</u>
Total liabilities and fund balances	<u>\$ 338,803</u>	<u>\$ 21,347</u>	<u>\$ 25,109</u>

Totals	
2012	2011
\$ 385,259	\$ 100,989
\$	\$ 14,505
385,259	86,464
\$ 385,259	\$ 100,969

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, 2012
(With comparative totals for 2011)

	<u>Title VIII Construction</u>	<u>Districtwide School Projects</u>	<u>Badger Elementary</u>	<u>Other Capital Projects</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$ 40,000	\$
Revenue from federal sources:				
Through the State of Alaska	338,803			
Total revenues	338,803		40,000	
Expenditures:				
Capital outlay:				
Professional and technical services		17,640		
Other purchased services		16,500		
Supplies, materials and media		5,888		
Equipment			40,000	
Buildings and improvements purchased				
Other capital outlay				
Total expenditures		40,028	40,000	
Excess (deficiency) of revenues over expenditures	338,803	(40,028)		
Other financing sources (uses):				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances	338,803	(40,028)		
Fund balances - beginning		61,375		25,109
Fund balances - ending	\$ 338,803	\$ 21,347	\$	\$ 25,109

Totals	
2012	2011
\$ 40,000	\$ 69,000
338,803	
378,803	69,000
17,640	64,601
16,500	13,521
5,888	379,673
40,000	243,113
	7,000
	5,739
80,028	713,647
298,775	(644,647)
	323,187
	(323,187)
298,775	(644,647)
86,484	731,131
\$ 385,259	\$ 86,484

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Nonmajor Capital Projects Funds
Project Length Schedule of Revenues and Expenditures
Beginning of Projects to June 30, 2012

	Title VIII Construction	Districtwide School Projects	Badger Road Elementary	Other Capital Projects
Project Authorizations:	<u>\$</u>	<u>\$ 809,023</u>	<u>\$ 40,000</u>	<u>\$ 431,820</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$ 40,000	\$
Revenue from federal sources:				
Through the State of Alaska	338,803			
Transfers from other funds		809,023		413,702
Total revenues	<u>338,803</u>	<u>809,023</u>	<u>40,000</u>	<u>413,702</u>
Expenditures:				
Capital outlay:				
Professional and technical services		82,705		27,198
Other purchased services		30,021		20,651
Supplies, materials and media		379,495		37,873
Equipment		243,362	40,000	2,887
Buildings and improvements purchased				318,102
Other capital outlay		52,093		
Transfers to other funds				
Total expenditures		<u>787,676</u>	<u>40,000</u>	<u>406,711</u>
Excess of revenues over expenditures	<u>\$ 338,803</u>	<u>\$ 21,347</u>	<u>\$</u>	<u>\$ 6,991</u>

**Project
To Date
Totals**

\$ 1,280,843

\$ 40,000

338,803

1,222,725

1,601,528

109,903

50,672

417,368

286,249

318,102

52,093

1,234,387

\$ 367,141

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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, 2012

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
<u>ASSETS</u>				
Equity in central treasury cash	<u>\$ 51,720</u>	<u>\$ 49,082</u>	<u>\$ 47,767</u>	<u>\$ 53,035</u>
 <u>LIABILITIES</u>				
Accounts payable	\$	\$ 48,008	\$ 47,767	\$ 241
Due to external groups	<u>51,720</u>	<u>49,082</u>	<u>48,008</u>	<u>52,794</u>
Total liabilities	<u>\$ 51,720</u>	<u>\$ 97,090</u>	<u>\$ 95,775</u>	<u>\$ 53,035</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 160-171

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 172-182

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 183

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 184-185

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 186-201

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. The School District implemented GASB Statement 34 in fiscal year 2001-02.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
Governmental activities:				
Invested in capital assets, net of related debt	\$ 3,501,604	\$ 3,613,084	\$ 3,918,778	\$ 4,235,371
Net pension asset restricted for future contributions	958,054	960,355		
Unrestricted	<u>21,362,399</u>	<u>19,756,987</u>	<u>22,426,155</u>	<u>16,687,930</u>
Total Net Assets	<u>\$ 25,822,057</u>	<u>\$ 24,330,426</u>	<u>\$ 26,344,933</u>	<u>\$ 20,923,301</u>

Note:

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

Fiscal Year					
2006-07	2007-08	2008-09 ^a	2009-10	2010-11	2011-12
\$ 4,080,319	\$ 3,967,368	\$ 2,941,680	\$ 4,180,344	\$ 4,449,676	\$ 4,391,797
18,453,760	18,535,860	20,059,660	20,954,280	20,747,031	17,380,499
<u>\$ 22,534,079</u>	<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>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
Expenses				
Governmental activities:				
Instruction	\$ 67,453,075	\$ 67,660,701	\$ 68,023,960	\$ 74,278,540
Special education instruction	14,787,650	13,877,212	16,865,673	18,431,818
Special education support services - students	2,078,285	2,582,804	2,063,501	2,299,016
Support services - students	6,522,775	7,312,011	9,350,844	10,346,229
Support Services - instruction	6,498,343	6,974,143	9,209,619	10,253,369
School administration	4,936,782	4,774,139	5,154,874	5,357,561
School administration support services	3,454,402	3,276,869	3,818,035	3,950,664
District administration	1,399,353	1,416,391	1,528,370	1,714,097
District administration support services	5,660,384	5,871,070	6,316,689	7,330,027
Operations and maintenance of plant	15,382,626	15,231,101	17,873,136	19,346,287
Student activities	1,497,650	1,335,887	1,554,640	2,227,743
Student transportation service	9,004,576	8,923,006	8,745,633	9,160,416
Adult and continuing education instruction	130,498	84,038	53,217	17,333
Food services	4,077,988	3,945,655	4,284,462	4,598,738
Interest expense	63,089	42,359	18,658	
Total expenses	142,947,476	143,307,386	154,861,311	169,311,838
Program Revenues				
Governmental activities:				
Charges for Services:				
Instruction	67,575	51,971	32,787	22,835
Support services - students		4,679	2,145	39,610
Support services - instruction				
Student transportation service				
Adult and continuing education instruction	140,050	46,577	12,141	
Food services	1,907,619	1,835,140	1,839,814	1,832,119
Operating grants and contributions	21,809,523	22,496,034	27,208,171	27,354,672
Capital grants and contributions	1,049,171	2,708,367	1,640,256	1,544,726
Total program revenues	24,973,938	27,142,768	30,735,314	30,793,962
Net expense - governmental activities	(117,973,538)	(116,164,618)	(124,125,997)	(138,517,876)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Grants and contributions not restricted to specific programs:				
Borough direct appropriation	33,545,700	34,545,700	36,545,700	38,022,700
Foundation program	68,097,408	65,676,616	73,052,157	80,045,140
Other state revenue				
Federal impact aid	11,144,790	11,943,538	14,267,731	12,257,249
Other	2,611,399	2,045,539	1,805,004	1,831,103
Miscellaneous	719,855	461,594	469,912	940,052
Total general revenue	116,119,152	114,672,987	126,140,504	133,096,244
Change in Net Assets	\$ (1,854,386)	\$ (1,491,631)	\$ 2,014,507	\$ (5,421,632)

Fiscal Year					
2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
\$ 77,265,162	\$ 96,385,094	\$ 92,008,786	\$ 96,924,540	\$ 100,600,464	\$ 107,518,432
17,856,399	20,936,726	21,632,095	25,847,781	24,870,238	25,693,963
2,516,909	3,053,826	3,882,736	4,787,664	7,376,804	7,840,679
10,458,934	12,056,303	12,016,292	13,485,882	13,959,359	14,645,274
9,349,009	10,205,791	10,973,700	12,292,803	15,414,500	13,656,552
5,915,223	7,354,532	7,066,719	7,283,846	7,164,900	7,683,508
3,989,781	4,164,728	4,084,016	4,774,903	4,908,392	6,109,394
1,757,915	2,055,996	2,150,747	2,326,390	2,205,571	2,460,180
7,834,722	8,989,152	9,013,588	10,161,958	10,700,442	11,302,391
20,266,837	21,913,361	24,692,687	22,831,870	24,374,735	26,259,233
4,665,546	4,889,861	4,869,918	4,969,303	4,959,591	5,004,579
8,841,162	9,113,672	9,475,472	9,856,507	10,010,640	11,222,482
567		5,118	321		
4,522,847	4,979,963	4,823,175	5,386,119	5,399,896	5,510,680
		40,458	46,119	33,227	
175,241,013	206,099,005	206,735,507	220,976,006	231,978,759	244,907,347
28,827	39,225	42,227	61,343	43,895	51,492
55,650	62,002	73,749	66,813	116,542	112,795
86,644	69,246	69,971	77,079	41,850	65,844
	18,450	17,300			
1,863,410	1,973,615	2,162,348	2,010,908	1,926,416	1,897,853
27,084,712	55,175,797	50,760,894	52,835,590	54,664,159	59,782,158
676,148	511,057	2,515,129	369,871	69,000	378,803
29,795,391	57,849,392	55,641,618	55,421,604	56,861,862	62,288,945
(145,445,622)	(148,249,613)	(151,093,889)	(165,554,402)	(175,116,897)	(182,618,402)
40,022,700	42,222,700	44,222,700	43,339,901	45,299,502	46,586,695
88,513,723	85,688,097	96,001,077	109,730,232	112,387,761	113,227,755
2,965,437	7,919,269	1,821,871	1,856,765	1,974,562	4,144,172
11,405,933	11,118,081	9,596,676	12,005,572	14,428,645	14,051,688
634,592	709,756	295,993	386,120	739,636	643,721
1,734,768	560,859	384,270	369,096	348,874	539,960
145,277,153	148,218,762	152,322,587	167,687,686	175,178,980	179,193,991
\$ (168,469)	\$ (30,851)	\$ 1,228,698	\$ 2,133,284	\$ 62,083	\$ (3,424,411)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
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	\$ 12,234,963	\$ 12,537,659	\$ 13,011,879	\$ 13,728,824
Unreserved	8,579,741	7,066,592	10,825,614	11,029,488
Total general fund	<u>20,814,704</u>	<u>19,604,251</u>	<u>23,837,493</u>	<u>24,758,312</u>
All other governmental funds				
Reserved	474,455	921,493	738,533	482,925
Unreserved, reported in:				
Special revenue funds	1,085,639	926,818	592,387	561,167
Capital projects funds	1,170,525	466,960	907,233	1,256,796
Total all other governmental funds	<u>\$ 2,730,619</u>	<u>\$ 2,315,271</u>	<u>\$ 2,238,153</u>	<u>\$ 2,300,888</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					
2006-07	2007-08	2008-09	2009-10 ^a	2010-11 ^a	2011-12
			\$ 966,466	\$ 555,592	\$ 602,804
			20,712,010	21,080,111	19,556,139
			743,899		71,358
			<u>22,422,375</u>	<u>21,635,703</u>	<u>20,230,301</u>
			676,166	499,732	432,994
			25,736	2,954	377,814
			2,430,074	1,760,378	1,796,551
			700,444	1,315,325	1,614,100
			(764,901)	(88,626)	(11,270)
			<u>\$ 3,067,519</u>	<u>\$ 3,489,763</u>	<u>\$ 4,210,189</u>
\$ 12,545,992	\$ 11,939,473	\$ 10,824,456			
<u>9,375,513</u>	<u>11,954,019</u>	<u>10,674,176</u>			
<u>21,921,505</u>	<u>23,893,492</u>	<u>21,498,632</u>			
524,990	617,788	669,418			
2,317,062	2,320,976	2,894,987			
<u>1,758,240</u>	<u>2,044,803</u>	<u>510,269</u>			
<u>\$ 4,600,292</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			
	2002-03	2003-04	2004-05	2005-06
Revenues from local sources:				
Borough direct appropriation	\$ 33,545,700	\$ 34,545,700	\$ 36,545,700	\$ 38,022,700
E-rate reimbursement	244,595	251,090	255,646	250,778
Food services	284,170	1,835,140	1,837,593	1,829,036
Earnings on investments	236	61	23	11
Other local revenue	2,405,696	518,316	1,428,281	1,720,043
Tuition from students	141,913	41,093	12,141	
Total revenue from local sources	<u>36,622,310</u>	<u>37,191,400</u>	<u>40,079,384</u>	<u>41,822,568</u>
Revenue from state sources:				
Foundation program	64,439,501	65,329,167	72,703,693	80,045,140
QSI grant	356,140	347,449	348,464	347,525
LOG grant	2,667,315			
Supplemental aid	634,452			
Tuition	667,967	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	10,483,696	9,487,159	9,514,268	9,724,556
Total revenue from state sources	<u>80,699,071</u>	<u>76,711,639</u>	<u>84,016,425</u>	<u>91,567,221</u>
Revenue from federal sources:				
Direct	13,655,404	16,249,574	17,200,286	14,901,229
Through the State of Alaska and other intermediate agencies	9,922,633	11,345,823	15,194,658	15,352,315
Total revenue from federal sources	<u>23,578,037</u>	<u>27,595,397</u>	<u>32,394,944</u>	<u>30,253,544</u>
Other sources	<u>41,971</u>	<u>86,732</u>	<u>114,196</u>	
Total revenues	<u>\$ 140,941,389</u>	<u>\$ 141,585,168</u>	<u>\$ 156,604,949</u>	<u>\$ 163,643,333</u>

Fiscal Year					
2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
\$ 40,022,700	\$ 42,222,700	\$ 44,222,700	\$ 43,339,901	\$ 45,299,502	\$ 46,586,695
263,343	297,666	295,993	369,002	725,861	643,721
1,863,410	1,973,615	2,162,348	2,010,908	1,926,416	1,897,853
16					
3,840,887	3,266,067	3,137,102	3,102,069	3,020,007	3,180,689
					30,961
45,990,356	47,760,048	49,818,143	48,821,880	50,971,786	52,339,919
88,513,723	85,688,097	96,001,077	109,730,232	112,387,761	113,227,755
345,636	342,123	371,871	406,765	412,969	421,134
1,169,801	6,127,146				2,162,030
	26,641,081	19,640,125	16,615,652	18,728,033	22,767,876
	2,181,753	3,753,051	1,750,178	2,772,197	4,003,866
1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
9,522,084	9,641,697	10,169,267	10,576,761	10,964,714	12,293,304
101,001,244	132,071,897	131,385,391	140,529,588	146,715,674	156,325,965
12,822,378	12,208,857	13,141,295	13,105,128	15,710,159	15,475,729
14,018,936	13,818,299	13,494,924	20,647,414	18,640,095	17,337,965
26,841,314	26,027,156	26,636,219	33,752,542	34,350,254	32,813,694
\$ 173,832,914	\$ 205,859,101	\$ 207,839,753	\$ 223,104,010	\$ 232,037,714	\$ 241,479,578

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
Instruction	\$ 66,171,884	\$ 64,574,677	\$ 66,766,094	\$ 70,789,698
Special education instruction	14,586,791	13,891,957	16,562,850	17,600,175
Special education support services - students	2,031,842	2,593,004	2,026,832	2,189,892
Support services - students	6,422,978	7,346,447	9,006,169	9,781,117
Support services - instruction	6,347,659	6,963,972	9,079,305	9,955,245
School administration	4,854,888	4,795,942	5,184,832	5,162,345
School administration support services	3,418,105	3,271,186	3,567,137	3,662,612
District administration	1,348,953	1,365,456	1,483,126	1,626,251
District administration support services	5,420,372	5,933,888	5,757,343	6,678,883
Operations and maintenance of plant	15,174,695	15,108,739	16,896,566	18,309,436
Student activities	1,483,249	1,333,434	1,544,539	2,148,068
Student transportation service	9,000,647	8,925,429	8,730,549	9,135,639
Adult and continuing education instruction	126,191	99,620	49,539	15,469
Food services	3,836,273	3,683,433	3,910,627	4,266,661
Debt service:				
Interest	63,089	42,359	18,658	
Principal	144,897	165,627	189,327	
Capital outlay	719,031	3,131,446	1,682,134	1,362,695
Total expenditures	<u>\$ 141,151,544</u>	<u>\$ 143,226,616</u>	<u>\$ 152,455,627</u>	<u>\$ 162,684,186</u>
Capital expenditures ^a	<u>\$ 925,343</u>	<u>\$ 838,934</u>	<u>\$ 881,112</u>	<u>\$ 1,092,234</u>
Noncapital expenditures	<u>\$ 140,226,201</u>	<u>\$ 142,387,682</u>	<u>\$ 151,574,515</u>	<u>\$ 161,591,952</u>
Debt service as a percentage of noncapital expenditures	0.15%	0.15%	0.14%	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					
2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
\$ 78,785,644	\$ 95,429,216	\$ 92,319,548	\$ 97,534,169	\$ 100,456,233	\$ 106,245,188
18,108,218	20,768,748	22,307,877	26,434,567	24,813,218	25,299,652
2,537,779	3,054,051	3,956,716	4,784,941	7,351,847	7,765,973
10,559,783	11,988,071	12,669,547	13,523,654	13,917,100	14,464,374
9,490,060	10,131,281	11,452,623	12,580,996	14,986,928	13,384,278
6,066,905	7,285,455	7,071,644	7,327,490	7,127,341	7,604,630
3,973,048	4,155,048	4,487,658	4,754,818	4,897,659	6,050,059
1,783,260	2,101,406	2,223,108	2,302,737	2,209,647	2,433,594
7,789,156	8,838,960	9,470,375	10,516,123	10,828,683	11,153,362
20,043,520	21,775,769	22,049,314	22,678,492	24,153,731	25,959,798
4,691,257	4,891,073	4,921,666	4,981,827	4,977,656	4,992,296
8,837,951	9,106,723	9,488,016	9,873,929	10,009,855	11,214,750
472		5,118	321		
4,280,890	4,719,021	4,829,664	5,252,103	5,361,214	5,519,986
		40,458	46,119	33,227	
	318,968	419,967	414,306	568,656	
259,075	165,733	3,969,640	186,110	713,647	80,028
<u>\$ 177,207,018</u>	<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>\$ 531,325</u>	<u>\$ 629,531</u>	<u>\$ 736,938</u>	<u>\$ 1,779,080</u>	<u>\$ 984,085</u>	<u>\$ 734,274</u>
<u>\$ 176,675,693</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>
0.00%	0.16%	0.22%	0.21%	0.26%	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			
	2002-03	2003-04	2004-05	2005-06
Excess (deficiency) of revenues over expenditures	\$ (210,155)	\$ (1,641,448)	\$ 4,149,322	\$ 959,147
Other financing sources (uses):				
Proceeds from sale of capital assets	6,300	15,647	6,802	24,407
Proceeds from insurance recovery				
Issuance of capital leases	533,943			
Transfers in	3,226,044	1,784,852	828,950	618,073
Transfers out	<u>(3,226,044)</u>	<u>(1,784,852)</u>	<u>(828,950)</u>	<u>(618,073)</u>
Total other financing sources (uses)	<u>540,243</u>	<u>15,647</u>	<u>6,802</u>	<u>24,407</u>
Net change in fund balances	<u>\$ 330,088</u>	<u>\$ (1,625,801)</u>	<u>\$ 4,156,124</u>	<u>\$ 983,554</u>

Fiscal Year					
2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
\$ (3,374,104)	\$ 1,129,578	\$ (3,843,186)	\$ (88,692)	\$ (368,928)	\$ (688,390)
8,373	31,960	11,260	5,280	4,500	3,414
1,049,081					
	1,193,724	528,173			
614,025	3,691,292	1,877,959	718,076	1,880,057	481,000
(614,025)	(3,691,292)	(1,877,959)	(718,076)	(1,880,057)	(481,000)
1,057,454	1,225,684	539,433	5,280	4,500	3,414
<u>\$ (2,316,650)</u>	<u>\$ 2,355,262</u>	<u>\$ (3,303,753)</u>	<u>\$ (83,412)</u>	<u>\$ (364,428)</u>	<u>\$ (684,976)</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
2001	\$ 2,587,074,209	\$ 589,404,786	\$ 632,107,765	\$ 277,581,520	\$ 254,297,594
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	4,595,949,320	943,261,759	767,721,675	369,500,480	367,089,029
2008	4,863,123,964	1,033,947,976	812,797,405	508,804,970	377,730,452
2009	4,904,177,806	1,084,908,136	925,518,536	694,077,720	373,581,218
2010	4,920,676,560	1,140,775,454	1,169,072,197	744,241,210	374,354,328

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.

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011. 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)
\$ 349,634,461	\$ 3,990,831,413	13.860	\$ 4,164,987,187	95.819%
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%

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
This Borough:										
Areawide	13.860	13.693	13.693	13.606	13.219	12.923	12.209	11.287	11.186	11.432
Non-Areawide	0.521	0.525	0.523	0.435	0.425	0.418	0.409	0.040	0.393	0.400
Solid Waste Collection District	1.162	1.187	1.187	1.183	1.167	1.150	1.126	1.103	1.121	1.141
Airway S.A.	1.259	1.251	1.214	1.210	1.173	1.120	1.089	1.089	1.207	1.256
Arctic Fox S.A.	2.283	2.325	2.167	2.272	2.089	1.944	1.864	1.804	1.861	1.787
Aztec S.A.	1.674	1.580	1.555	1.576	1.531	1.431	1.339	1.257	1.259	1.319
Ballaine Lake S.A.	8.797	11.744	11.543	11.758	13.268	13.775	12.828	12.413	12.671	13.162
Becker Ridge S.A.	1.542	1.527	1.490	1.500	1.412	1.359	1.346	1.376	1.450	1.486
Birch Hill S.A.	2.085	2.083	2.025	1.986	1.910	1.861	1.832	1.814	1.939	1.995
Bluebird Road S.A.	2.253	2.326	2.329	2.408	2.228	2.187	2.004	2.054	2.333	2.447
Borda Road S.A.	1.192	1.195	1.166	1.152	1.159	1.131	1.067	1.079	1.119	1.171
Brookside S.A.	0.488	0.487	0.495	0.482	0.465	0.457	0.435	0.437	0.479	0.498
Chena Goldstream Fire S.A.	1.674	1.639	1.627	1.615	1.544	1.483	1.434	1.473	1.547	1.603
Chena Hills Road S.A.	1.097	1.051	1.067	1.068	1.032	1.001	0.987	0.985	1.047	1.060
Chena Hot Springs II S.A.					2.991	0.681	0.888	0.698	0.713	0.732
Chena Marina S.A.		0.493	0.471	0.893	0.880	0.825	0.792	0.756	0.796	0.830
Chena Point Road S.A.	2.002	1.708	1.710	1.705	2.957	3.176	3.154	2.958	3.064	3.065
Chena Spur S.A.	0.945	0.893	0.893	0.897	1.729	2.354	2.407	2.329	2.606	2.671
Cleary Summit S.A.					0.365		0.189	0.183	0.190	0.191
College S.A.	1.476	1.480	1.418	1.391	1.342	1.292	1.249	1.257	1.391	1.437
College Hills S.A.	0.919	0.927	0.923	0.922	0.881	0.789	0.754	0.785	0.835	0.871
Cooper Estates S.A.	3.291	3.149	2.927	3.045	3.040	2.709	2.717	2.614	2.821	2.899
Cordes Drive S.A.	1.338	1.338	1.403	1.337	1.232	1.150	1.060	1.074	1.112	1.201
Cripple Creek S.A.	1.875	1.868	1.835	1.754	1.691	1.679	1.477	1.520	1.601	1.636
Deep Forest S.A. (a)		0.865	0.944	6.229	6.017	0.759	0.714	0.707	0.724	0.743
Diane Subdivision S.A.	0.359	0.359	0.362	0.351	0.336	0.322	0.303	0.310	0.333	0.348
Drake Estates S.A. (b)			1.931	2.120	1.885	1.783	0.688	0.719	0.762	0.760
Edanella Heights Road S.A.	1.027	0.984	0.945	0.977	1.292	1.281	1.273	1.249	1.388	1.425
Ester Lump Road S.A.	2.016	2.000	2.053	2.021	1.922	1.881	1.710	1.741	1.773	3.093
Ester Volunteer Fire S.A.	2.580	2.634	2.657	2.590	2.492	2.501	2.270	2.384	2.444	2.568
Fairfields S.A.	0.887	0.861	0.824	0.812	0.762	0.707	0.683	0.675	0.713	0.752
Fairhill S.A.	1.296	1.332	1.295	1.211	1.173	1.170	1.163	1.093	1.188	2.255
Fairwest S.A.	2.007	2.024	1.999	1.971	1.393	1.878	1.850	1.789	1.896	1.948
Garden S.A.	1.225	1.205	1.116	1.158	1.136	1.103	1.074	1.035	1.089	1.126
Golden Valley Road S.A.	3.427	3.224	2.728	2.618	2.565	2.695	2.665	4.285	4.483	4.555
Goldstream Alaska S.A.	1.567	1.536	1.498	1.512	1.430	2.294	2.109	2.171	2.246	2.333
Goldstream Moose Creek S.A. (c)	2.057	2.064	1.988	1.873	1.763	1.723	1.586	1.635	1.598	1.682
Gordon S.A.	1.303	1.289	1.281	1.245	1.199	1.167	1.112	1.028	1.096	1.143
Granola Estates S.A.	1.207	1.253	1.216	1.210	1.298	1.323	1.117	1.089	1.239	1.281
Grieme Road S.A.	3.617	3.542	3.137	3.144	3.466	3.486	3.418	3.466	3.780	3.833
Haystack S.A.	1.664	3.175	3.309	3.285	3.219	3.106	2.875	2.901	3.231	3.324
Herning Hills S.A.	1.495	1.469	1.511	1.482	1.376	1.382	1.318	1.258	1.368	1.394
Hopeless S.A.						0.869	0.833	0.838	0.889	0.941
Horseshoe Downs S.A.	1.486	1.577	2.633	2.591	2.522	2.384	2.278	2.297	2.447	3.376
Jennifer Drive S.A.	0.578	0.575	0.571	0.500	1.745	1.695	1.533	1.554	1.654	1.742
Jones Road S.A.	1.798	1.820	1.762	1.697	1.641	1.570	1.447	1.470	1.522	1.630
Joy Road S.A.	1.517	1.508	1.424	1.401	1.355	1.274	1.186	1.189	1.265	1.271
Keeney Road S.A.	0.681	0.706	0.670	0.646	0.676	0.549	0.552	0.545	0.561	0.616
Kendall S.A.	1.001	0.993	0.941	0.958	0.958	0.939	0.874	0.854	0.903	0.957
Keystone S.A.	3.283	3.373	3.166	2.976	3.203	3.125	3.065	3.002	3.088	3.184
Kris Kringle S.A.	1.916	3.719	3.942	2.077	2.053	1.938	1.871	1.911	2.023	2.091

Tax Levies (In 000's)									
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
\$58,314	\$60,682	\$64,568	\$69,324	\$74,094	\$79,537	\$82,628	\$82,551	\$86,102	\$92,077
1,412	1,496	1,588	1,424	1,543	1,672	1,812	1,921	1,991	2,126
3,436	3,683	3,916	4,194	4,536	4,912	5,319	5,636	6,038	6,422
8	9	9	10	10	11	12	12	14	14
4	4	4	5	5	5	5	5	5	6
13	13	14	16	17	19	18	20	21	23
13	18	18	19	22	25	26	26	28	29
55	59	64	70	82	90	98	105	113	116
55	59	63	68	75	87	100	104	111	116
5	5	5	6	6	6	6	7	7	8
14	16	19	21	23	25	27	28	29	30
6	6	7	7	7	8	8	9	9	10
479	521	572	637	710	779	853	933	1,007	1,057
35	39	45	54	63	71	80	88	95	100
				1	1	1	1	1	1
	7	7	15	17	19	20	21	22	24
11	15	18	24	48	60	86	90	95	99
9	9	10	10	23	35	38	39	43	45
						1	1	1	7
341	356	370	390	419	447	474	493	530	544
19	20	21	22	21	22	23	25	27	28
12	12	13	16	18	20	23	24	26	28
13	13	15	17	18	20	21	24	26	27
27	29	32	37	41	46	52	55	62	66
	11	15	46	46	17	18	19	20	21
3	3	3	3	3	3	3	3	4	4
		10	12	13	15	7	7	8	8
15	16	16	17	26	27	29	31	34	34
12	13	14	14	15	15	17	18	20	35
182	195	207	228	255	277	318	344	379	401
13	13	14	14	14	14	15	15	16	17
9	10	10	10	11	11	12	12	13	25
16	17	17	18	19	21	23	24	26	26
9	10	10	12	20	26	32	36	39	4
3	4	4	5	6	7	7	12	13	15
8	9	9	11	11	22	23	24	26	27
12	12	30	33	36	40	42	45	49	52
24	25	26	29	35	39	47	50	54	57
3	3	3	4	4	4	5	5	6	6
5	6	7	9	11	13	15	16	19	20
7	15	16	18	19	21	27	34	37	38
16	17	19	20	21	23	25	26	28	28
					19	20	22	23	24
4	5	9	10	10	11	11	12	13	19
1	1	1	1	4	4	5	5	5	6
35	36	37	37	44	49	53	57	61	64
4	5	5	5	6	6	6	7	8	8
2	2	2	2	2	2	2	2	2	2
7	7	7	9	10	10	10	12	12	13
7	8	8	8	10	11	11	11	12	15
7	16	17	10	11	11	12	12	13	14

(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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Lakloey Hill S.A.	1.176	1.173	1.172	1.130	1.074	1.030	0.992	0.933	1.003	1.036
Lee Lane S.A.	1.678	1.701	1.650	1.649	1.684	1.598	1.615	1.561	1.623	1.673
Loose Moose S.A.	1.004	0.981	0.926	0.918	0.901	0.875	0.786	0.808	0.905	1.002
Martin S.A.	5.946	6.094	6.267	5.934	5.857	7.714	8.034	8.555	8.190	8.588
McCloud S.A.	8.992	9.164	8.620	8.237	14.807	14.746	14.787	15.075	15.055	9.972
McGrath Estates S.A.	1.336	1.322	1.440	1.431	1.231	1.207	1.176	1.212	1.302	1.342
McKinley View S.A.	2.532	2.510	2.191	2.055	1.910	1.808	1.644	1.692	1.590	2.831
Mellow Woods Road S.A.	1.297	1.275	1.360	1.330	1.303	1.253	1.161	1.194	1.242	1.329
Miller Hill Extension S.A.	2.569	2.493	2.516	5.597	4.829	4.607	4.354	4.400	4.481	4.808
Moose Creek S.A.	0.390	0.394	0.559	0.572	0.475	0.421	0.434	0.373	0.350	0.344
Moose Meadows S.A.				0.886	0.856	0.818	0.784	0.774	0.829	0.869
Mt. View S.A.	1.276	1.278	1.262	1.247	1.137	1.143	1.083	1.119	1.191	1.297
Murphy S.A.	1.744	1.761	1.647	1.593	1.622	1.571	1.456	1.506	1.564	1.618
Musk Ox S.A.	1.357	1.369	1.344	1.320	1.239	1.174	1.133	1.163	1.290	1.337
Newby Park S.A.	0.459	0.459	0.495	0.477	0.435	0.722	0.656	0.676	0.710	0.758
North Ridge S.A.	4.075	4.446	3.858	3.921	4.552	4.534	4.500	4.009	4.298	4.423
North Star Fire S.A.	1.382	1.374	1.488	1.462	1.316	1.257	1.205	1.153	1.198	1.241
O'Connor Creek S.A.	14.670	15.176	15.693	16.029	16.419	12.475	13.939	9.770	7.831	7.389
Old Wood Road S.A.	1.794	1.813	2.045	1.988	1.666	1.672	1.619	1.733	1.771	1.786
Our S.A.	0.983	0.970	1.015	0.986	0.887	0.929	0.860	0.838	0.828	1.092
Parksridge S.A.	1.579	1.600	1.600	1.584	1.538	1.558	1.428	1.446	1.552	1.576
Peede Country Estates S.A.	1.585	1.554	1.499	1.475	1.488	1.402	1.345	1.287	1.409	1.482
Pine Stream S.A.	1.039	1.028	0.989	0.975	0.955	0.902	0.911	0.928	0.981	1.022
Pleasureland S.A.	1.096	1.090	1.047	0.998	0.989	0.976	0.916	0.881	0.962	0.995
Polar Heights S.A.	1.095	1.081	1.172	1.166	1.110	1.027	1.014	0.926	0.926	0.952
Potlatch S.A. (d)	2.595	2.496	2.430	3.514	3.260	2.374	2.277	2.436	4.553	2.705
Prospect Park S.A.	0.892	0.891	0.961	0.891	0.737	1.142	1.083	1.095	1.121	1.140
Reed Acres Road S.A.	1.411	1.371	1.380	1.359	1.302	1.259	1.145	1.146	1.206	1.260
Ridgecrest S.A.	1.028	0.938	0.928	0.887	0.907	0.899	0.890	0.840	0.975	1.078
Salchaket Heights S.A.	4.589	4.543	4.668	4.292	4.444	4.590	4.806	4.966	5.162	3.863
Scenic Heights S.A.	1.701	1.573	1.584	1.527	1.395	1.377	1.370	1.415	1.497	1.589
Seavy S.A.	0.448	0.446	0.444	0.418	0.366	0.349	0.335	0.294	0.299	0.303
Secluded Acres S.A.	1.583	1.585	1.431	1.442	1.428	1.451	1.416	1.310	1.365	1.396
Serendipity Hill S.A.	2.674	3.377	3.287	3.153	3.077	3.029	2.716	2.998	3.069	3.154
Six-Mile Village Road S.A.	1.526	1.378	1.408	1.354	1.280	1.226	1.223	1.167	1.234	1.255
Smallwood Trail Road S.A.	0.688	0.680	0.787	0.743	0.625	0.613	0.600	0.596	0.673	0.742
Smith Ranch S.A.								1.299	1.372	1.417
Spring Glade S.A.	1.056	1.041	1.008	0.893	0.827	0.826	0.779	0.813	0.850	0.877
Spruce Acres S.A.	1.712	1.665	1.647	1.698	1.633	1.568	1.515	1.470	1.614	1.692
Steamboat Landing S.A.	1.315	1.260	1.251	1.317	1.237	1.171	1.176	1.192	1.307	1.386
Steese Volunteer Fire S.A	1.494	1.937	1.861	1.809	1.733	1.693	1.628	1.600	1.690	1.739
Straight Creek S.A.	3.376	3.373	3.444	3.315	3.155	3.393	2.963	3.926	3.776	3.867
Summerwood S.A.	4.683	2.716	2.658	2.506	2.357	2.340	2.185	2.258	2.395	2.470
Summit Drive S.A.	1.079	1.085	1.060	1.037	1.483	1.450	1.375	1.381	1.447	1.496
Sunny Hills Terrace S.A.	2.484	2.378	2.377	2.432	2.380	2.355	2.249	2.367	2.498	2.702
Sunrise S.A.	2.501	2.467	2.357	2.349	2.069	2.078	1.865	1.926	2.031	2.136
Tan Terra S.A.	1.027	0.970	0.977	0.926	0.859	1.624	1.559	1.559	1.478	1.553
Thomas S.A.	1.272	1.284	1.297	1.209	2.538	2.442	2.485	2.460	2.759	2.842
Timberlane Road S.A.	1.589	1.556	1.470	1.485	1.420	1.347	1.251	1.274	1.371	1.485
Tungsten S.A.	2.797	2.752	2.778	2.737	2.681	2.687	2.682	2.648	2.814	2.875
Twenty Three Mile Slough S.A.	2.847	2.455	2.445	2.489	3.718	3.887	3.698	3.986	3.977	4.587
Ullrhaven S.A.	1.928	1.926	1.916	1.835	1.758	1.910	1.787	1.658	1.827	1.714

Tax Levies (In 000's)										
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
\$ 22	\$ 23	\$ 25	\$ 26	\$ 28	\$ 31	\$ 33	\$ 36	\$ 39	\$ 39	
4	4	4	4	5	5	5	5	6	6	
5	5	5	5	5	6	6	7	7	8	
7	7	7	9	11	16	21	22	23	29	
9	9	9	11	23	24	25	29	31	20	
44	46	53	58	55	58	61	65	69	72	
4	4	4	4	5	5	5	5	5	8	
12	12	14	15	15	16	16	18	18	19	
15	16	16	37	41	44	49	51	57	61	
10	10	13	14	13	13	14	15	15	16	
			48	53	59	65	69	74	77	
20	21	22	23	24	26	27	28	30	32	
5	5	6	7	9	10	11	12	12	14	
18	19	20	21	22	23	24	25	41	42	
6	7	8	9	9	15	16	17	17	18	
3	4	4	5	8	8	10	10	11	11	
815	867	1,019	1,110	1,135	1,269	1,387	1,484	1,596	1,739	
81	83	85	87	90	95	106	107	112	118	
7	7	9	9	8	8	10	11	12	13	
2	2	2	2	3	3	3	4	4	4	
4	5	5	5	7	8	9	10	11	12	
3	4	4	4	4	5	5	5	5	6	
14	14	14	15	18	19	21	22	23	24	
5	5	5	6	6	7	7	7	8	8	
13	13	14	15	16	17	17	18	19	20	
9	9	9	7	11	9	10	15	16	12	
4	4	5	5	4	7	8	8	8	8	
5	5	6	6	6	7	8	8	8	9	
1	1	2	2	2	2	2	2	2	3	
2	2	2	2	2	2	2	2	2	4	
14	14	15	16	16	17	18	18	19	20	
7	7	8	9	8	9	9	9	10	10	
5	5	6	6	7	7	7	8	8	8	
4	5	6	6	6	6	6	7	7	7	
4	4	5	5	8	8	8	9	9	10	
3	3	4	5	5	5	5	5	6	7	
							36	40	45	
16	18	20	20	22	24	26	27	29	31	
4	4	5	5	5	6	6	6	7	7	
8	8	9	10	12	13	15	17	18	19	
516	736	800	862	935	1,018	1,097	1,172	1,279	1,380	
8	8	8	9	9	10	13	18	19	18	
13	21	23	26	28	30	32	34	38	39	
38	42	45	48	79	89	99	108	115	121	
20	20	21	23	25	27	28	30	33	35	
8	8	9	9	10	11	11	12	12	13	
7	8	8	9	9	19	19	20	27	29	
4	4	4	4	10	10	11	11	12	13	
6	6	6	7	7	7	7	8	8	9	
10	13	17	22	25	26	29	32	42	43	
8	9	10	12	19	23	24	29	41	52	
2	3	3	3	3	3	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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
University Fire S.A.	2.319	2.326	2.300	2.285	2.215	2.163	2.108	2.138	2.301	2.370
University Heights S.A.	1.684	1.697	1.652	1.600	1.550	1.533	1.475	1.520	1.617	1.725
University West Street Lights S.A.	0.527	0.528	0.500	0.485	0.468	0.443	0.418	0.419	0.447	0.467
Vienna Woods S.A.	1.179	1.148	0.960	0.904	0.878	0.856	0.815	0.772	0.794	0.815
Viewpointe S.A.	1.055	1.076	1.069	1.021	0.972	0.971	0.956	0.982	1.019	1.056
Violet Drive S.A.	2.264	2.203	2.191	2.118	2.780	2.711	2.667	2.572	2.798	2.912
Vista Gold Road S.A.	2.943	2.959	2.883	2.733	2.580	2.459	2.298	2.390	2.377	2.462
Vue Crest, S.A.	1.550	1.510	1.467	1.463	1.418	1.389	1.310	1.303	1.429	1.479
Whitman S.A.	1.742	1.625	1.616	1.623	1.553	1.485	1.424	1.369	1.442	1.428
Wildview S.A.	3.142	3.021	3.078	2.896	2.776	2.790	2.579	2.651	2.898	2.999
Woodland S.A.	1.246	1.222	1.204	1.189	1.089	0.999	0.980	0.964	1.036	1.073
Yak Road S.A.	0.983	0.956	0.965	0.934	0.900	0.888	0.889	0.900	0.976	0.984
City of Fairbanks	6.426	6.511	6.516	7.171	6.804	6.700	5.594	5.991	5.927	5.803
City of North Pole	2.400	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 preceding year per FNSB 3.08.145.

- (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, 2011. 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)									
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
\$ 1,355	\$ 1,432	\$ 1,519	\$ 1,609	\$ 1,727	\$ 1,866	\$ 2,020	\$ 2,135	\$ 2,337	\$ 2,434
38	40	42	44	46	49	52	55	58	62
43	44	46	49	52	57	60	62	66	68
10	11	12	14	16	19	20	21	23	25
13	14	14	15	15	16	17	18	18	19
24	26	27	29	44	48	53	57	61	64
21	23	26	28	29	31	33	35	38	40
19	20	21	22	23	25	27	30	32	33
3	2	3	3	3	3	3	4	4	4
89	97	109	120	131	145	158	171	184	193
2	2	2	2	2	2	2	2	2	2
37	43	48	56	62	66	70	73	78	81
8,033	8,648	9,227	11,113	11,688	12,619	13,477	13,210	13,701	14,876
591	759	789	813	770	815	883	924	959	938

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	2010			2001		
		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	\$ 739,610,090	1	8.86%	\$ 263,366,140	1	6.07%
Fairbanks Gold Mining, Inc. ^c	gold mining	359,369,918	2	4.30%	241,508,273	2	5.56%
Doyon Utilities, LLC	utilities	197,633,608	3	2.37%			
Flint Hills Resources, LLC ^d	oil refining	144,453,018	4	1.73%	163,081,617	3	3.76%
Alaska Communications Systems	communications	49,016,352	5	0.59%	39,308,292	5	0.91%
GCI Cable Fairbanks, Inc.	utilities	38,162,431	6	0.46%			
Wal-Mart	shopping center	33,590,745	7	0.40%			
Westmark Hotel	hotel	33,251,338	8	0.40%			
Alaska Hotel Properties, Inc. ^e	hotel	27,753,848	9	0.33%	25,663,660	7	0.59%
Fred Meyer Stores, Inc. (east)	shopping center	23,409,275	10	0.28%			
HEBL Housing (Eielson AFB)	military housing				48,881,719	4	1.13%
North Star Alaska Housing Corp.	military housing				27,114,198	6	0.62%
Fred Meyer Stores, Inc. (west)	shopping center				18,118,841	8	0.42%
Jillian Square/Whimmy Real Estate	apartment complex				14,168,416	9	0.33%
Bentley Mall/Barsa Association	shopping center				12,674,916	10	0.29%
		<u>\$ 1,646,250,623</u>		<u>19.72%</u>	<u>\$ 853,886,072</u>		<u>19.68%</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 \$8,349,119,749

^b \$4,340,465,874

^c Fort Knox

^d MAPCO Petroleum, Inc. in 2001

^e Fairbanks Princess Riverside Lodge

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011. 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
2001-02	\$ 58,313,709	\$ 55,223,773	\$ 54,516,342	98.72%	\$ 619,955	\$ 55,136,297	99.84%
2002-03	60,682,005	57,377,304	56,643,449	98.72%	652,851	57,296,300	99.86%
2003-04	64,568,352	60,900,931	60,228,158	98.90%	587,822	60,815,981	99.86%
2004-05	69,324,447	65,291,295	64,576,590	98.91%	616,346	65,192,935	99.85%
2005-06	74,094,284	69,496,812	68,689,017	98.84%	753,434	69,442,452	99.92%
2006-07 ^c	79,536,709	74,858,658	73,722,859	98.48%	724,339	74,447,199	99.45%
2007-08	82,627,871	77,824,971	76,656,864	98.50%	1,144,384	77,801,248	99.97%
2008-09	82,550,860	77,549,577	76,854,056	98.75%	930,833	77,514,899	99.96%
2009-10	86,102,429	80,813,908	79,548,208	98.43%	715,897	80,264,105	99.32%
2010-11	92,077,064	86,709,188	85,555,956	98.67%		85,555,956	98.67%

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 2006-07 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.

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011. 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	
2002-03	\$ 1,907,619	\$	\$	30%
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%

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>
2002-03	\$ 389,046	0.02%	\$ 4.59
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			

Note:

- ^a See page 184, 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)
2000	82,769	\$ 2,352,634	\$ 28,424	6.0%
2001	85,233	2,427,508	28,481	5.8%
2002	87,329	2,558,537	29,298	6.4%
2003	89,198	2,646,374	29,669	6.9%
2004	92,301	2,795,293	30,285	6.4%
2005	94,451	3,049,235	32,284	5.8%
2006	94,803	3,306,539	34,878	5.6%
2007	97,952	3,561,463	36,359	5.3%
2008	98,351	3,886,528	39,517	5.8%
2009	98,660	3,837,427	38,895	7.1%

(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 2011 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 2010 is not available until April 2012.

Source:

Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011. 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

Principal Employers
Current Year and Nine Years Ago

Employer	2010		2001		Percentage of Total Borough Employment ^b
	Rank	Average Monthly Employment ^a	Employees	Rank	
Federal Government ^c	1	1,000 - 3,500	3,361	1	8.61%
University of Alaska Fairbanks ^d	2	1,000 - 3,500	2,114	2	5.42%
Fairbanks North Star Borough School District	3	1,000 - 3,500	1,982	3	5.08%
State Government ^e	4	1,000 - 3,500	1,622	4	4.16%
Banner Health ^f	5	1,000 - 3,500	1,098	5	2.81%
Sam's Club/Wal-Mart	6	500 - 749			
Fred Meyer Stores, Inc.	7	500 - 749	606	7	1.55%
ASRC Energy Services - Houston Contracting Co., Inc.	8	250 - 499	506	8	1.30%
Fairbanks North Star Borough (FNSB)	9	250 - 499	415	9	1.06%
Fairbanks Gold Mining, Inc. (Ft. Knox)	10	250 - 499	341	10	0.87%
Tanana Chiefs Conference			632	6	1.62%
			<u>12,677</u>		<u>32.48%</u>

Notes: Data based on calendar year.

Federal regulations prohibit the public release of employment data for individual private-sector employers without each employer's consent. Due to the time involved in obtaining consent, DOLWD now releases the range of employees for each employer. The ranking system has not changed, it is based on the specific employment number for each employer.

^a 43,268 Total Borough employment in 2009.

^b 39,035 Total Borough employment in 2000.

^c Excludes military uniformed personnel; for 2010, includes civilian employees at Fort Wainwright Army Post 1,060 and civilian employees at Eielson Air Force Base 738.

^d Student employment not included: 2010 - 691, 2001 not available.

^e State government is total state government excluding the University of Alaska.

^f Fairbanks Memorial Hospital (Lutheran Health Services in 2001)

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011. 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					
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Personnel by Department						
Board / Superintendent	7.20	7.50	7.50	7.50	8.50	8.50
Research & Accountability ^a	3.00	3.00	3.00	3.00	3.50	4.50
Administrative Services	39.00	37.00	38.04	39.04	39.04	39.04
Human Resources	9.50	9.00	10.50	18.00	16.50	16.50
Facilities Management	189.00	185.00	189.60	189.60	189.60	189.60
Instruction and Supervision	62.25	62.85	41.25	43.20	46.20	27.60
Student Support Services						15.20
Instructional Technology Services						5.00
Curriculum	7.00	3.50	3.00	4.50	4.50	5.50
Special Education	265.60	261.20	254.20	251.20	247.39	249.82
Technology and Information Systems	29.00	29.00	23.80	29.80	31.00	31.00
Non-Departmental ^b						
Elementary Schools	476.50	478.50	465.74	469.64	509.64	503.14
Middle Schools	164.50	154.00	144.80	142.30	133.00	136.00
Junior/Senior High School	48.00	49.00	48.50	50.50	48.50	49.60
Senior High Schools	269.16	268.50	271.00	275.00	277.50	276.40
Charter Schools ^c			25.50	48.58	45.70	46.70
Total Personnel	<u>1,569.71</u>	<u>1,548.05</u>	<u>1,526.43</u>	<u>1,571.86</u>	<u>1,600.57</u>	<u>1,604.10</u>
Personnel by Employee Type						
Districtwide Administration	4.00	4.00	4.00	4.00	4.00	4.00
Professional Staff	49.95	49.75	49.59	61.04	65.54	67.54
Principals / Assistant Principals	44.66	44.00	43.00	43.00	43.00	43.00
Certified Staff	933.60	913.20	880.70	897.20	894.69	902.12
Support Staff	537.50	537.10	549.14	567.62	593.34	587.44
Total Personnel	<u>1,569.71</u>	<u>1,548.05</u>	<u>1,526.43</u>	<u>1,572.86</u>	<u>1,600.57</u>	<u>1,604.10</u>

Notes:

School-term employees of the district work between 190 and 200 days at seven to seven and a half hours per day. All other district employees are based on 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 2012-13.

2008-09	2009-10	2010-11	2011-12	Budgeted Positions 2012-13
8.50	9.50	8.50	8.50	8.50
4.50	3.50	3.50	3.50	3.50
39.50	38.50	38.50	38.50	35.50
16.50	15.50	9.00	10.00	10.00
189.60	187.60	187.60	187.60	172.60
33.30	38.80	37.85	36.85	36.85
15.20	13.65	14.40	19.40	18.80
12.00				
5.50	5.00	15.25	16.50	14.00
259.32	270.50	343.73	343.73	366.50
35.00	39.50	33.00	32.00	32.00
		7.00	7.00	6.00
488.14	494.14	535.14	519.14	526.14
142.00	152.00	157.00	158.00	149.20
47.10	47.00	47.00	45.50	45.50
274.40	273.00	270.00	259.80	267.10
47.00	55.00	56.25	55.00	59.02
<u>1,617.56</u>	<u>1,643.19</u>	<u>1,763.72</u>	<u>1,741.02</u>	<u>1,751.21</u>

5.00	5.00	5.00	5.00	5.00
68.00	69.65	70.65	66.65	66.85
43.00	43.00	43.00	43.00	43.00
903.42	920.95	951.03	931.83	950.93
598.14	604.59	694.04	694.54	685.43
<u>1,617.56</u>	<u>1,643.19</u>	<u>1,763.72</u>	<u>1,741.02</u>	<u>1,751.21</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Operating Statistics Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Employer's Contribution to PERS / TRS</u>	<u>State of Alaska's Contribution to PERS/TRS on Behalf of the School District</u>
2002-03	15,142	\$ 141,151,544	\$ 9,322	4.93%	\$ 8,202,012	
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

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: Enrollment and Average Class Size: Fairbanks North Star Borough School District 2011-12 Approved Budget & 2011-12 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	
\$	542	3.71%	22.9	24.7	24.6	30%
	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%

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
2002-03	\$ 34,222	\$ 64,680	\$ 53,322	49%
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%

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	Global
2001-02	22.4	21.3	20.8	1,052	1,035	1,020	3.00
2002-03	22.1	21.1	20.8	1,062	1,036	1,026	2.96
2003-04	22.4	21.3	20.9	1,055	1,032	1,026	2.96
2004-05	21.8	21.3	20.9	1,049	1,042	1,028	2.90
2005-06	21.9	21.1	21.1	1,553	1,527	1,518	2.90
2006-07	21.8	21.2	21.2	1,542	1,527	1,511	2.89
2007-08	21.8	21.2	21.1	1,524	1,533	1,511	2.85
2008-09	22.3	21.0	21.1	1,548	1,528	1,509	2.89
2009-10	21.9	21.1	21.0	1,541	1,524	1,509	2.84
2010-11	21.9	21.2	21.1	1,507	1,513	1,500	2.86

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, 2012

Number of Personnel ^a

Districtwide administration	5.00
Professional staff	66.65
Principals and assistant principals	43.00
Certified staff	931.83
Support staff	694.54
Number of schools	35

Enrollment ^b

Elementary Schools - District	
Anne Wien	385.13
Badger Road	513.79
Barnette	404.00
Chinook Charter School	156.00
Denali	365.30
Hunter	392.13
Joy	423.13
Ladd	496.34
Nordale	343.85
North Pole Elementary	412.68
Pearl Creek	484.26
Salcha	83.00
Ticasuk Brown	510.20
Two Rivers	88.20
University Park	525.05
Watershed Charter School	194.60
Weller	539.80
Woodriver	436.29
Secondary Schools - District	
Effie Kokrine Charter School	153.25
Hutchison High	362.70
Lathrop Senior High	1,184.33
North Pole Middle	651.80
North Pole Senior High	720.59
Randy Smith Middle	312.55
Ryan Middle	395.85
Star of the North Charter	196.38
Tanana Middle	500.95
West Valley Senior High	1,034.65
Alternative Learning System	114.35
Elementary Schools - On-Base	
Anderson	282.81
Arctic Light	569.53
Crawford	297.05
Secondary Schools - On-Base	
Ben Eielson Junior/Senior High	436.28
B.E.S.T. (Correspondence)	273.03
Fairbanks Youth Facility	20.40
Total	<u><u>14,260.25</u></u>

Sources:

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

^b 2011-12 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																				
97-98	128	1,268	1,359	1,361	1,366	1,245	1,296	1,307	9,330	1,324	1,207	2,531	1,659	1,169	895	847	4,570	16,431	109	0.7%
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%
2012-13 Projected Enrollment																				
12-13	135	1,137	1,177	1,176	1,118	1,188	1,032	1,060	8,023	1,197	1,067	2,264	955	1,048	1,196	858	4,057	14,344	84	0.6%

Source:
Fairbanks North Star Borough School District Financial Plan document for fiscal year 2012-13.
2011-12 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			
	2002-03	2003-04	2004-05	2005-06
Capital Assets by Type				
Building improvements	\$	\$	\$	\$
Machinery & Equipment	10,270,934	10,516,707	11,135,339	11,212,351
Intangible assets (software)	139,420	205,056	205,056	205,056
Total by type	<u>\$ 10,410,354</u>	<u>\$ 10,721,763</u>	<u>\$ 11,340,395</u>	<u>\$ 11,417,407</u>
Capital Assets by Function				
Instruction	3,400,457	3,686,892	3,988,655	3,351,793
Special education instruction	70,836	72,197	76,100	117,075
Special education support services-students	29,322	29,322	29,322	29,322
Support services-students	53,464	53,464	53,464	58,730
Support services-instruction	926,760	1,031,521	1,126,093	1,356,760
School administration	89,820	86,741	79,568	76,915
School administration support services	61,247	66,707	66,707	66,707
District administration	98,189	95,531	83,284	83,284
District administration support services	2,131,977	2,052,866	2,032,780	1,954,587
Operations and maintenance of plant	2,750,917	2,749,159	2,938,062	3,399,281
Student activities	21,299	21,299	42,062	49,850
Student transportation service	4,801	4,801	8,868	8,868
Adult and continuing education	2,749	2,749	2,749	2,749
Community services	2,855	2,855	2,855	2,855
Food services	765,661	765,659	809,826	858,631
Total by function	<u>\$ 10,410,354</u>	<u>\$ 10,721,763</u>	<u>\$ 11,340,395</u>	<u>\$ 11,417,407</u>

Source:

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

Fiscal Year					
2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
\$ 318,102	\$ 318,102	\$	\$	\$	\$
11,558,422	11,670,579	8,756,504	9,256,859	8,947,432	9,415,625
205,056	205,056	190,993	1,121,733	1,236,923	1,313,593
<u>\$ 12,081,580</u>	<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>
3,322,276	3,429,971	1,830,758	1,915,692	1,901,665	1,969,249
107,066	85,634	53,922	585,295	584,895	579,708
29,322	38,257	25,795	25,795	25,795	25,795
61,717	65,440	30,802	12,721	12,721	12,722
1,521,488	1,659,872	1,325,365	1,810,679	1,579,500	1,783,764
76,915	43,915	16,268	5,615		
77,226	69,306	56,625	56,625	56,625	69,334
86,037	99,496	43,200	40,229	28,130	28,130
2,435,480	2,223,433	1,600,649	1,969,133	2,041,017	2,211,557
3,473,084	3,545,608	3,332,217	3,361,248	3,334,777	3,377,305
49,850	78,149	22,006	22,006	45,676	64,324
4,067	4,067				
2,749	2,749				
2,855	2,855				
831,448	844,985	609,890	573,554	573,554	607,330
<u>\$ 12,081,580</u>	<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>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years

	Fiscal Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
		^a			
School					
Elementary					
Anderson Elementary					
Square Feet	43,996	43,996	43,996	43,996	43,996
Capacity	387	372	372	372	372
Enrollment	420	409	404	361	348
Anne Wien Elementary					
Square Feet	63,532	63,532	63,532	63,532	63,532
Capacity	574	553	553	553	553
Enrollment	435	402	388	447	467
Arctic Light Elementary					
Square Feet	68,272	68,272	68,272	68,272	68,272
Capacity	618	596	596	596	596
Enrollment	703	504	499	416	508
Badger Road Elementary					
Square Feet	61,686	61,686	61,686	61,686	61,686
Capacity	557	537	537	537	537
Enrollment	357	456	509	559	577
Barnette Elementary ^b					
Square Feet	52,625	52,625	52,625	52,625	52,625
Capacity	471	454	396	396	396
Enrollment	360	314	295	330	370
Crawford Elementary					
Square Feet	63,532	63,532	63,532	63,532	63,532
Capacity	574	553	553	553	553
Enrollment	534	497	447	409	378
Denali Elementary ^c					
Square Feet	48,421	48,421	49,210	49,210	49,210
Capacity	410	414	422	422	422
Enrollment	384	386	376	390	398
Hunter Elementary					
Square Feet	57,047	57,047	57,047	57,047	57,047
Capacity	513	494	494	494	494
Enrollment	340	341	341	339	317
Joy Elementary					
Square Feet	60,642	60,642	60,642	60,642	60,642
Capacity	547	527	527	527	527
Enrollment	365	357	328	369	372
Ladd Elementary					
Square Feet	63,455	63,455	63,455	63,455	63,455
Capacity	573	553	553	553	553
Enrollment	487	468	455	371	333
Nordale Elementary ^c					
Square Feet	51,071	51,071	49,210	49,210	49,210
Capacity	443	439	422	422	422
Enrollment	400	359	326	382	378
North Pole Elementary					
Square Feet	57,154	57,154	57,154	57,154	57,154
Capacity	514	495	495	495	495
Enrollment	480	505	465	458	516

Fiscal Year				
2007-08	2008-09	2009-10	2010-11	2011-12
43,996	43,996	43,996	43,996	43,996
372	372	372	372	372
294	310	328	328	283
63,532	63,532	63,532	63,532	63,532
553	553	553	553	553
470	431	398	372	385
68,272	68,272	68,272	68,272	68,272
596	596	596	596	596
533	531	524	475	570
61,686	61,686	61,686	61,686	61,686
537	537	537	537	537
591	565	550	593	514
52,625	54,895	54,895	54,895	54,895
417	417	417	417	417
379	392	403	408	404
63,532	63,532	63,532	63,532	63,532
553	553	553	553	553
309	280	306	292	297
49,210	49,210	49,210	49,210	49,210
422	422	422	422	422
379	395	370	375	365
57,047	57,047	57,047	57,047	57,047
494	494	494	494	494
313	321	350	387	392
60,642	60,642	60,642	60,642	60,642
527	527	527	527	527
355	368	384	379	423
63,455	63,455	63,455	63,455	63,455
553	553	553	553	553
305	381	542	499	496
49,210	49,210	49,210	49,210	49,210
422	422	422	422	422
365	396	333	342	344
57,154	57,154	57,154	57,154	57,154
495	495	495	495	495
531	533	532	482	413

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information
Last Ten Fiscal Years

	Fiscal Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
		^a			
School					
Elementary (cont.)					
Pearl Creek Elementary					
Square Feet	62,982	62,982	62,982	62,982	62,982
Capacity	569	548	548	548	548
Enrollment	483	453	477	448	420
Salcha Elementary					
Square Feet	13,608	13,608	13,608	13,608	13,608
Capacity	79	76	76	76	76
Enrollment	71	85	98	89	100
Ticasuk Brown Elementary					
Square Feet	63,761	63,761	63,761	63,761	63,761
Capacity	576	556	556	556	556
Enrollment	362	495	516	545	525
Two Rivers Elementary ^b					
Square Feet	22,200	22,200	22,200	22,200	22,200
Capacity	158	99	98	98	98
Enrollment	99	96	122	113	91
University Park Elementary					
Square Feet	64,699	64,699	64,699	64,699	64,699
Capacity	585	564	564	564	564
Enrollment	513	515	532	543	533
Weller Elementary					
Square Feet	65,259	65,259	65,259	65,259	65,259
Capacity	590	569	569	569	569
Enrollment	515	497	479	510	474
Woodriver Elementary					
Square Feet	64,408	64,408	64,408	64,408	64,408
Capacity	582	561	561	561	561
Enrollment	444	420	447	465	470
Secondary					
Ben Eielson Jr. Sr. High					
Square Feet	103,200	103,200	103,200	103,200	103,200
Capacity	649	616	616	616	616
Enrollment	621	607	580	572	597
Howard Luke ^d					
Square Feet	30,856	30,856	30,856	30,856	30,856
Capacity	107	102	102	-	-
Enrollment	116	109	111	-	-
Hutchison High ^e					
Square Feet	-	-	87,190	87,190	87,190
Capacity	-	-	510	510	510
Enrollment	-	-	275	317	348
Lathrop High					
Square Feet	234,412	234,412	234,412	234,412	234,412
Capacity	1,493	1,421	1,421	1,421	1,421
Enrollment	1,460	1,338	1,249	1,304	1,278

Fiscal Year				
2007-08	2008-09	2009-10	2010-11	2011-12
62,982	62,982	62,982	62,982	62,982
548	548	548	548	548
410	406	443	479	484
13,608	13,608	13,608	13,608	13,608
76	76	76	76	76
87	97	101	88	83
63,761	63,761	63,761	63,761	63,761
556	556	556	556	556
501	516	554	548	510
22,200	22,200	22,200	22,200	22,200
98	98	98	98	98
109	99	93	93	88
64,699	64,699	64,699	64,699	64,699
564	564	564	564	564
515	489	460	474	525
65,259	65,259	65,259	65,259	65,259
569	569	569	569	569
489	502	520	542	540
64,408	64,408	64,408	64,408	64,408
561	561	561	561	561
443	440	414	446	436
103,200	103,200	103,200	103,200	103,200
616	616	616	616	616
547	512	474	472	436
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
349	362	358	363	363
234,412	234,412	234,412	234,412	234,412
1,421	1,421	1,421	1,421	1,421
1,146	1,186	1,199	1,125	1,184

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information Last Ten Fiscal Years

	Fiscal Year				
	2002-03	2003-04 ^a	2004-05	2005-06	2006-07
School					
Secondary (cont.)					
North Pole Middle					
Square Feet	113,306	113,306	113,306	113,306	113,306
Capacity	798	717	680	680	680
Enrollment	728	566	530	511	442
North Pole High					
Square Feet	156,362	156,362	156,362	156,362	156,362
Capacity	995	946	946	946	946
Enrollment	930	891	892	883	885
Randy Smith Middle					
Square Feet	74,589	74,589	74,589	74,589	74,589
Capacity	448	422	422	422	422
Enrollment	482	478	455	410	392
Ryan Middle					
Square Feet	99,880	99,880	99,880	99,880	99,880
Capacity	626	594	594	594	594
Enrollment	528	505	462	342	374
Tanana Middle					
Square Feet	101,069	101,069	101,069	101,069	101,069
Capacity	634	602	602	602	602
Enrollment	565	563	601	558	505
West Valley High					
Square Feet	216,884	216,884	216,884	216,884	216,884
Capacity	1,381	1,314	1,314	1,314	1,314
Enrollment	1,298	1,356	1,253	1,219	1,221

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				
2007-08	2008-09	2009-10	2010-11	2011-12
113,306	113,306	113,306	113,306	113,306
680	680	680	680	680
509	599	633	585	652
156,362	156,362	156,362	156,362	156,362
946	946	946	946	946
834	823	814	781	721
74,589	74,589	74,589	74,589	74,589
422	422	422	422	422
408	366	335	293	313
99,880	99,880	99,880	99,880	99,880
594	594	594	594	594
391	361	375	390	396
101,069	101,069	101,069	101,069	101,069
602	602	602	602	602
467	503	523	514	501
216,884	216,884	216,884	216,884	216,884
1,314	1,314	1,314	1,314	1,314
1,190	1,095	1,080	1,070	1,035

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SINGLE AUDIT

FEDERAL SINGLE AUDIT

Reports on Federal Single Audit Requirements

Schedule of Expenditures of Federal Awards

Notes to Schedule of Expenditures of Federal Awards

Schedule of Findings and Questioned Costs

Summary Schedule of Prior Audit Findings

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November 9, 2012

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 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, 2012, 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, 2012, 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, 2012, and have issued our report thereon dated November 9, 2012. 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.

Internal Control Over Financial Reporting

The management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of 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*.

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 federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cook + Haugeberg LLC

Fairbanks, Alaska
November 9, 2012

November 9, 2012

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

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

Compliance

We have audited the compliance of the Fairbanks North Star Borough School District (School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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 State, 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. Our audit does not provide a legal determination of the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

119 North Cushman Street, Suite 300 • Fairbanks, Alaska 99701 • 907-456-7762
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

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cook + Haugeberg LLC

Fairbanks, Alaska
November 9, 2012

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

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	MA1201601	\$ 3,213,931
<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	MA1233401	9,242
Total U. S. Department of Agriculture			3,223,173
<u>U. S. Department of Defense</u>			
<i>Invitational Grants for Military-Connected Schools</i>			
Direct Program:			
DoDEA Invitational Grant Program	12.557	HE12540910017	412,221
Total U. S. Department of Defense			412,221
<u>U. S. Department of Education</u>			
<u>Title I, Part A Cluster</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	CD1201601	121,564
Title I, School Improvement (1003)a	84.010	CA1201601	15,559
Title IA, 20% Choice/Supplemental Education Services	84.010 I-A	IP1201601	524,995
Title IA, 10% Professional Development	84.010 I-A	IP1201601	367,900
Title IA Parent Involvement 1%	84.010 I-A	IP1201601	34,415
Title IA, Basic	84.010 I-A	IP1101601	579
Title IA, Basic	84.010 I-A	IP1201601	2,712,801
Subtotal 84.010			3,777,813
<i>ARRA Title I Grants to Local Educational Agencies, Recovery Act</i>			
Passed through the State of Alaska Department of Education and Early Development:			
ARRA Title I-A, Basic	84.389	IP1201601	30,001
ARRA Title I-A 1% Parent Involvement	84.389	IP1201601	27,300
Subtotal 84.389			57,301
Total Title I, Part A Cluster			3,835,114
<i>Migrant Education State Grant Program</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Migrant Ed Parent Advisory Council	84.011	MP1201601	678
Migrant Ed Book Program	84.011 A	MB1101601	(113)
Migrant Ed Book Program	84.011 A	MB1201601	4,263
Migrant Summer	84.011 A	MS1201601	14,748
Title IC, Migrant Education	84.011 I-C	IP1201601	200,627
Subtotal 84.011			220,203

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2012

Federal Agency/ CFDA Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Title I Program for Neglected and Delinquent Children</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title I, Part D	84.013 A	CO1101601	\$ 106
Title I, Part D	84.013 A	CO1201601	21,206
Subtotal 84.013			<u>21,312</u>
<i>Special Education Cluster (IDEA)</i>			
<i>Special Education Grants to States</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title VI-B (P.L. 94-142)	84.027 A	SE1101601	156
Title VI-B (P.L. 94-142)	84.027 A	SE1201601	3,216,901
Subtotal 84.027			<u>3,217,057</u>
<i>Special Education Preschool Grants</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Preschool Disabled	84.173 A	SE1201601	148,663
<i>Education for Homeless Children and Youth</i>			
Passed through the State of Alaska Department of Education and Early Development			
McKinney-Vento Homeless Assistance	84.196 A	FR1201601	15,253
<i>ARRA Special Education Grants to States, Recovery Act</i>			
Passed through the State of Alaska Department of Education and Early Development:			
ARRA Title VI-B, Part B, Special Education	84.391	SE1201601	47,676
<i>ARRA Special Education - Preschool Grants, Recovery Act</i>			
Passed through the State of Alaska Department of Education and Early Development:			
ARRA Section 619, Preschool Disabled Services	84.392	SE1201601	7,328
Total Special Education Cluster (IDEA)			<u>3,435,977</u>
<i>Impact Aid</i>			
Passed through the State of Alaska Department of Education and Early Development			
Title VIII Impact Aid	84.041	N/A	14,468,227
Title VIII Impact Aid for Construction	84.041	N/A	40,028
Subtotal 84.041			<u>14,508,255</u>
<i>Vocational Education Basic Grants to States</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Carl Perkins Basic Grant	84.048 A	EK1101601	11,786
Carl Perkins Basic Grant	84.048 A	EK1201601	302,236
Subtotal 84.048			<u>314,022</u>
<i>Indian Education Grants to Local Educational Agencies</i>			
Direct Program:			
Indian Education	84.060 A	S060A11496	714,945

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Agency/ CFDA Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Safe and Drug-Free Schools and Communities State Grants</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title IV-A, Safe & Drug Free Schools	84.186 IV-A	IP1201601	\$ 4,703
<i>Fund for the Improvement of Education</i>			
Direct Program:			
LTHS Smaller Learning Communities Project	84.215 L	S215L100008	288,341
<i>Twenty-First Century Community Learning Centers</i>			
Passed through the State of Alaska Department of Education and Early Development:			
AK Community Learning Centers Program	84.287 C	AC1201601	1,436,234
<i>Education Technology State Grants Cluster</i>			
<i>Education Technology State Grants</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title II-D, Enhancing Education through Technology	84.318 II-D	IP1201601	6,668
<i>ARRA Education Technology State Grants, Recovery Act</i>			
Passed through the State of Alaska Department of Education and Early Development:			
ARRA Title II-D Enhance Education	84.386 A	IP1201601	13,163
<i>Total Education Technology State Grants Cluster</i>			<u>19,831</u>
<i>English Language Acquisition Grants</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title III-A, English Language Acquisition	84.365 III-A	IP1201601	28,362
<i>Improving Teacher Quality State Grants</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title IIA, Teacher & Principal Training & Recruitment	84.367 II-A	IP1201601	1,231,418
<i>ARRA State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act</i>			
Passed through the State of Alaska Department of Education and Early Development:			
ARRA State Fiscal Stabilization Fund	84.394 A	SF1201601	1,096,072
<i>Education Jobs Fund</i>			
Passed through the State of Alaska Department of Education and Early Development			
Education Jobs Fund	84.410 A	EJ1101601	<u>2,131,553</u>
Total U. S. Department of Education			<u><u>29,286,342</u></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	<u>1,188</u>
Total U. S. Department of Health and Human Services			<u>1,188</u>
Grand Total - Expenditures of Federal Awards			<u><u>\$ 32,922,924</u></u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards June 30, 2012

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, 2012. 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 assets 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 2012 was \$225,969.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

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: Unqualified

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>
10.555	National School Lunch Program
84.060	Indian Education_ Grants to Local Educational Agencies
84.215	Fund for the Improvement of Education
84.287	Twenty-First Century Community Learning Centers
84.394	ARRA State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
84.410	Education Jobs Fund

Dollar threshold used to distinguish between type A and type B programs: \$ 987,688

Auditee qualified as low-risk auditee? Yes ☒ ☐ No

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2012

FINDING:

11-01: 10.555 U.S. Department of Agriculture National School Lunch Program grant, passed through the State of Alaska Department of Education and Early Development (DEED).

According to the U.S. Department of Agriculture, children belonging to households meeting nationwide income eligibility requirements may participate in the free and reduced lunch program if specific household income and reporting requirements are met. Guidelines for verification of eligibility as set forth in 7 CFR Ch. II, Section 245.6(c) include retention of documentation of the process for determining why applicants are deemed eligible or ineligible to participate in the program. Guidelines for recordkeeping requirements as set forth in 7 CFR Ch. II, Section 245.6(a) require retention of all relevant correspondence between the household selected for verification and the school. Single audit sampling procedures performed to determine compliance with eligibility requirements identified three instances where documentation for the year ended June 30, 2011 indicating the process for determining the applicant was eligible to participate in the program was incomplete. Due to the lack of retention of documentation in the files, the eligibility assessments could not be verified and it was recommended the Fairbanks North Star Borough School District develop and implement a process to ensure that all required documentation is maintained in the verification files, to include information received from and notes about discussions held with applicants that can provide support for eligibility determinations made by Food Service personnel.

CORRECTIVE ACTION TAKEN AND COMPLETED:

Upon learning that eligibility verification notes written by office staff were not sufficient to enable our auditors to re-create the documentation process and determine eligibility for three applicants, the Nutrition Services department director and secretary assumed responsibility for the documentation process to ensure information is documented accurately and completely. Notes are being written which clearly identify what occurred and why. We continue to utilize a tracking document which records notification dates, income documentation (i.e. paystubs and military leave earnings statements), verification results, and action documentation including reason for any changes. All documentation received during the verification process is date stamped when received by the Nutrition Services department.

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 9, 2012

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 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, 2012, 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, 2012, 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, 2012, and have issued our report thereon dated November 9, 2012. 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.

Internal Control Over Financial Reporting

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of 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*.

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, and is not intended to be and should not be used by anyone other than these specified parties.

Cook + Haugeberg LLC

November 9, 2012

November 9, 2012

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH STATE OF ALASKA AUDIT GUIDE AND
COMPLIANCE SUPPLEMENT FOR STATE SINGLE AUDITS

INDEPENDENT AUDITORS' REPORT

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

Compliance

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, 2012. The School District's major state programs are identified in the accompanying schedule of state financial assistance. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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. Our audit does not provide a legal determination of the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 and is not intended to be and should not be used by anyone other than these specified parties.

Cook + Haugeberg LLC

November 9, 2012

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of State Financial Assistance
For the Year Ended June 30, 2012

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	\$ 113,227,755
Supplemental Aid *	N/A	2,162,030
On-Base Schools *	N/A	1,450,000
Quality Schools *	N/A	421,134
Pupil Transportation *	N/A	11,440,941
Youth in Detention	EY0901601	111,008
Total State of Alaska Department of Education and Early Development		128,812,868
<u>State of Alaska Department of Administration</u>		
Direct Program:		
Alaska Teachers' Retirement System (TRS) On-Behalf Funding *	N/A	22,767,876
Alaska Public Employees' Retirement System (PERS) On-Behalf Funding *	N/A	4,003,866
Total State of Alaska Department of Administration		26,771,742
<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:		
School District Central Kitchen Replacement	07-DC-291	92,333
District 7 & 8 Schools Classroom Performance Systems	08-DC-274	5,488
Hutchison High School Security Upgrades	09-DC-459	960
After School Program	11-DC-213	9,035
Hutchison HS Distance Learning	11-DC-217	4,109
North Pole ES Classroom Furniture Replacement	11-DC-218	6,845
North Pole HS Physical Ed/Athletic Equipment Replacement	11-DC-219	20,731
North Pole MS Classroom Tech/Equip Upgrade	11-DC-221	45,327
Pearl Creek Elementary School Classroom Upgrade	11-DC-222	3,022
Two Rivers ES Classroom Improvements	11-DC-226	13,645
University Park ES Mobile computer	11-DC-227	728
West Valley HS Distance Learning Systems	11-DC-229	6,619
Total State of Alaska Department of Commerce, Community and Economic Development		208,842
<u>State of Alaska Department of Labor & Workforce Development</u>		
<u>Division of Business Partnerships</u>		
Direct Program:		
Youth First Initiative Program	11-1306	79,183
Passed through the Construction Education Foundation, Inc.		
Alaska Construction Academy FY11	N/A	(551)
Alaska Construction Academy FY12	N/A	135,877
		135,326
<u>Alaska Workforce Investment Board</u>		
Direct Program:		
Alaska Career & Technical Education (CTE) FY12	N/A	31,231
Total State of Alaska Department of Labor & Workforce Development		245,740
Grand Total - State Financial Assistance		\$ 156,039,192

* State Major Program-FY12

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to Schedule of State Financial Assistance June 30, 2012

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, 2012. 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 assets 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, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

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:

Unqualified

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 AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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SUPPLEMENTAL REPORTS

SUPPLEMENTAL REPORTS

Statements of Compliance

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November 9, 2012

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, 2012, 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, 2012, 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, 2012. 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, 2012

Total General Fund Balance (All Classifications): **\$ 20,230,301**

Items Deducted in 4 AAC 09.160:

Encumbrances	\$ 4,415,125	
Inventory	575,753	
Prepaid items	27,051	
Impact Aid	<u>13,024,724</u>	
		18,042,653

Remaining General Fund Balance Subject to 10% Limit:

\$ 2,187,648

(AS 14.17.505 - "unreserved")

General fund balance as a percentage of current year expenditures:

General fund balance subject to 10%	=	\$ 2,187,648	=	1.06%
Current year general fund expenditures		<u>\$ 206,921,053</u>		

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November 9, 2012

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, 2012, 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, 2012, 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, 2012 and have issued our report thereon dated November 9, 2012. Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

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

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

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

Cook & Haugeberg LLC

119 North Cushman Street, Suite 300 • Fairbanks, Alaska 99701 • 907-456-7762
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

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SUPPLEMENTAL REPORTS

Other Reports

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November 9, 2012

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, 2012. 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, 2012.

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, 2012**
For the Fairbanks North Star Borough School District

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

Bond Issue	Payor	Principal	Interest	Total

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

Bond Issue	Payor	Principal	Interest	Total

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

DOE Project #	Amount Authorized	Prior Year Expenditures	Current Exp. Claim for Reimb.	Total
05-90-125	4,526,000	2,602,819	898,480	3,501,299

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	367,380	92,508	459,888

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	119,280	30,035	149,315
05-99-141 to 144, 146, 147, 150	2000 C	Wells Fargo Bank NA	0	87,791	87,791
05-99-141 to 144, 146, 147, 150	2001 D	Wells Fargo Bank NA	345,000	213,248	558,248
05-99-141 to 144, 146, 147, 150; 05-03-102 to 104	2002 E	Wells Fargo Bank NA	620,000	390,662	1,010,662
05-03-102 to 104	2003 F	JP Morgan Trst Co NA	615,000	310,516	925,516
05-03-102 to 104	2004 G	US Bank NA	620,000	376,951	996,951
DR-05-101	2005 H	Wells Fargo Bank NA	585,000	424,229	1,009,229
DR-05-101	2006 I	US Bank NA	210,000	181,438	391,438
DR-07-103 to 104	2007 J	US Bank NA	465,000	441,988	906,988
DR-07-105	2008 L	US Bank NA	415,000	392,519	807,519
DR-10-103 to 106	2010 M	US Bank NA	835,000	944,175	1,779,175
05-96-102 to 110,114	N Refunding	US Bank NA	1,972,482	556,117	2,528,599
05-96-102 to 110,114	O Refunding	Bank of New York Mellon Trust	1,310,265	465,818	1,776,083
05-99-141 to 144, 146, 147, 150	P Refunding	Bank of New York Mellon Trust	470,000	100,957	570,957
05-96-102 to 110,114	Q Refunding	Bank of New York Mellon Trust	0	253,698	253,698

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November 9, 2012

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, 2012. 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 (2011-2012 fiscal year). However, in our opinion, except for the average daily membership described in the preceding sentence and the resulting tuition rate (2011-2012 fiscal year), the accompanying report presents fairly, in all material respects, the information required in the related instructions from the State of Alaska, Department of Education and Early Development.

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

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STATE OF ALASKA
Department of Education and Early Development (DEED)
Tuition Rate Report
2012-13 Fiscal Year

Fairbanks North Star Borough School District

Local revenues for support of schools:	
Borough contribution to school district general fund	\$ 46,586,695
Expenditures by borough for school purposes:	
From: <i>Summary Report of Reimbursable Expenditures</i>	
Capital outlay	642,802
Bond redemption	14,212,057
Less: State aid for school construction	<u>(10,135,543)</u>
Total expenditures from local sources	<u>51,306,011</u>
Plus:	
Title VIII Impact Aid	14,051,688
On-base tuition	<u>1,450,000</u>
	<u>15,501,688</u>
Total local cost for tuition purposes	<u><u>\$ 66,807,699</u></u>
Average daily membership as approved by the DEED for foundation support in FY 2011-12 (Form No. 05-00-033)	14,260.25
Tuition Rate	<u><u>\$ 4,684.89</u></u>

Auditor's Certification
See Accountant's Report

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