

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR JULY 1, 2007 - JUNE 30, 2008



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, 2008**

**Nancy Wagner, Ed.D.
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 99701-4756 www.northstar.k12.ak.us

October 27, 2008

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, 2008, 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, 2008 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, 2008, 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 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 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 14,100 students attend the thirty-one schools and the guided independent study program in our district. Our schools range in size from an elementary school of 98 students to a 1,190-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 2008 district-wide average was 22.1 students per class at the elementary level, 21.7 at the middle school level (grades 7 and 8), and 21.4 at the secondary level (grades 9 through 12). A higher percentage of district students are proficient on the State of Alaska Standards-Based Assessments at nearly every grade level and subject area than the percent of students statewide.

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 three approved charter schools: Chinook Montessori Charter School (grades K-8), Star of the North Secondary Charter School (grades 9-12), and Effie Kokrine Charter School (grades 9-12). All operate under ten year charters with terms expiring in 2011, 2014, and 2015 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 School District 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, and on the whole, the economic "health" of the community is fairly steady. The Borough's economy has experienced a healthy real estate market, rather than one driven by speculation, so although sluggish compared to 2007, our real estate market is reasonably stable. While job growth over the last five years has averaged just under two percent per year, this past year was essentially flat. The state as a whole has made very modest job growth. While the School District has no authority to levy taxes, a steady economy provides the Borough the wherewithal to fund its local contribution to education.

The Borough's local contribution represents about 25% of operating fund revenues. The local contribution has increased \$9.7 million or 28% over the last five years, with about \$6.1 million of that representing the direct offset to loss of state funding provided for in the state foundation formula. When a community's assessed property values and the ability of local taxpayers to fund education increases, the state reduces its support.

Projected Enrollment

Student enrollments generate a majority of district revenues and also dictate personnel needs, which represent over 85% 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 no later than ten days after the end of the official student count period for the current year, which ends on the fourth Friday each October. School District enrollment declined less than 1 percent over the three years prior to 2007-08, but in 2007-

08, enrollment declined 2.5 percent. Preliminary estimates indicate that 2008-09 enrollments are steady. Because of a stable local economy, enrollments are expected to remain steady over the next few years.

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. Ft. Wainwright was transformed into a Stryker Brigade Combat Team in 2001. The second quarter of 2008 saw an increase in military staffing and dependents at both Eielson and Ft. Wainwright. In September 2008, approximately 4,000 Stryker Brigade troops and support personnel deployed to Iraq for twelve months. It appears that most dependents remained in Fairbanks.

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 45 years old. No new school construction projects are currently proposed for the near future. Construction and relocation of a new \$12 million Central Kitchen Facility is currently underway, and is expected to open in the fall of 2009.

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.

School District Initiatives

The No Child Left Behind Act, signed into law in 2002, has expanded the federal role in education and set requirements in place that affect every public school in America, including those in Alaska. At the core of No Child Left Behind (NCLB) are measures designed to close achievement gaps between different groups of students. The School Board has established several initiatives to meet the goals of NCLB.

The School Board establishes primary performance goals and initiatives to improve student performance on an annual basis. The five initiatives approved for the next three-year time frame include:

- Review the strengths, weaknesses, and effectiveness of secondary education and develop recommendations to address identified needs;
- Implement Phase I of the Technology Blueprint, including adoption of administrative and K-12 instructional technology standards, purchase of classroom technologies, development of digital curricula, staff technology integration training, and recommendation of comprehensive technology policies;
- Expand Career Technical Education opportunities at secondary schools through the establishment of engineering and other career academies, participation in the construction academy, and implementation of the six-year career Technical Education Strategic Plan;
- Update and implement the next phase of the Program and Facilities Plan to address secondary school needs and a possible fall 2008 bond election; and
- Ensure the district operates smoothly and effectively while transitioning to new leadership.

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 grantor agreements, all interest earnings are retained by the Borough.

There are state statutes and local ordinances limiting the district's ability to retain fund balances or establish reserves. State statute limits an accumulation of unreserved fund balance to less than ten

percent of current year expenditures. Alaska Administrative Code narrowly defines what may be classified as a reservation of fund balance. Local ordinance limits unreserved 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% of the budget. Other examples impacting financial planning and decision making include reliance on the district's award winning preventive maintenance and energy monitoring program, and implementation of lease financing for a 1,000 teacher laptop refresh initiative.

Pension and Postemployment Healthcare Benefits

Pension and postemployment healthcare benefits for School District employees are provided through either the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS). Prior to fiscal year 2007 both the PERS and TRS were strictly defined benefit plans. PERS was an agent multiple-employer plan and TRS a cost sharing multiple-employer plan. New defined contribution tiers in the plans were created by the State Legislature for all employees first hired on or after July 1, 2006, effectively closing the defined benefit portions of the plans to new entrants. See note 13 to the basic financial statements for information about the School District's retirement plans and the schedule of PERS funding progress (displayed as required supplementary information, immediately following the notes to the budgetary schedules).

Across the systems, funding ratios decreased dramatically in actuarial valuation year 2002, primarily due to a new asset valuation method (fully recognizing previous investment losses in years 2001 and 2002), changes to more realistic healthcare cost trend assumptions, and a change in the funding method from an open period to a fixed period. The result was increased contribution rates, which first took effect in fiscal year 2005, for all PERS and TRS employers over the entire state.

The State legislature first took action to tackle the increasing actuarial liabilities and contribution rates of both plans in the 2006 legislative session by creating the defined contribution tiers and effectively closing the defined benefit tiers effective July 1, 2006. Then during the 2007 legislative session a law was passed providing for one-time contributions on behalf of all participating employers to both plans equal to the difference between the actuarial rates and the effective rates with the intention of setting the effective employer contribution rates for the PERS and TRS at 22% and 12.56%, respectively, for fiscal year 2008. Finally, in the 2008 legislative session a law was passed establishing permanent employer contribution rates for the PERS and TRS at 22% and 12.56%, respectively, and continuing the on-behalf payments equal to the difference between the actuarial rates and the effective rates. This same law also changed the defined benefit tiers of the PERS from an agent multiple-employer plan to a cost sharing multiple-employer plan effective July 1, 2008.

Although the plans still face challenges due to the increasing actuarial liability, participating employers' contribution rates are capped at a more affordable level for the time being.

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, 2007.

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, 2007.

This was the seventeenth consecutive year that the School District has received 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 are submitting it to the ASBO and the GFOA to determine its eligibility for another certificate.

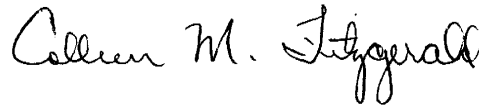
Acknowledgments

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, 2008)

Fairbanks, Alaska

BOARD OF EDUCATION

Leslie Hajdukovich, President
Sharon McConnell, Vice-President
Jennifer Schmidt, Treasurer
Wendy Dominique, Clerk
Sue Hull, Member
Kristina Brophy, Member
Howard Thies, Member
LTC Michael Fitzgerald, Base Representative
LTC Ron Johnson, Post Representative
Ken Sample, Student Representative

ADMINISTRATION

Nancy Wagner, Ed.D.
Superintendent of Schools

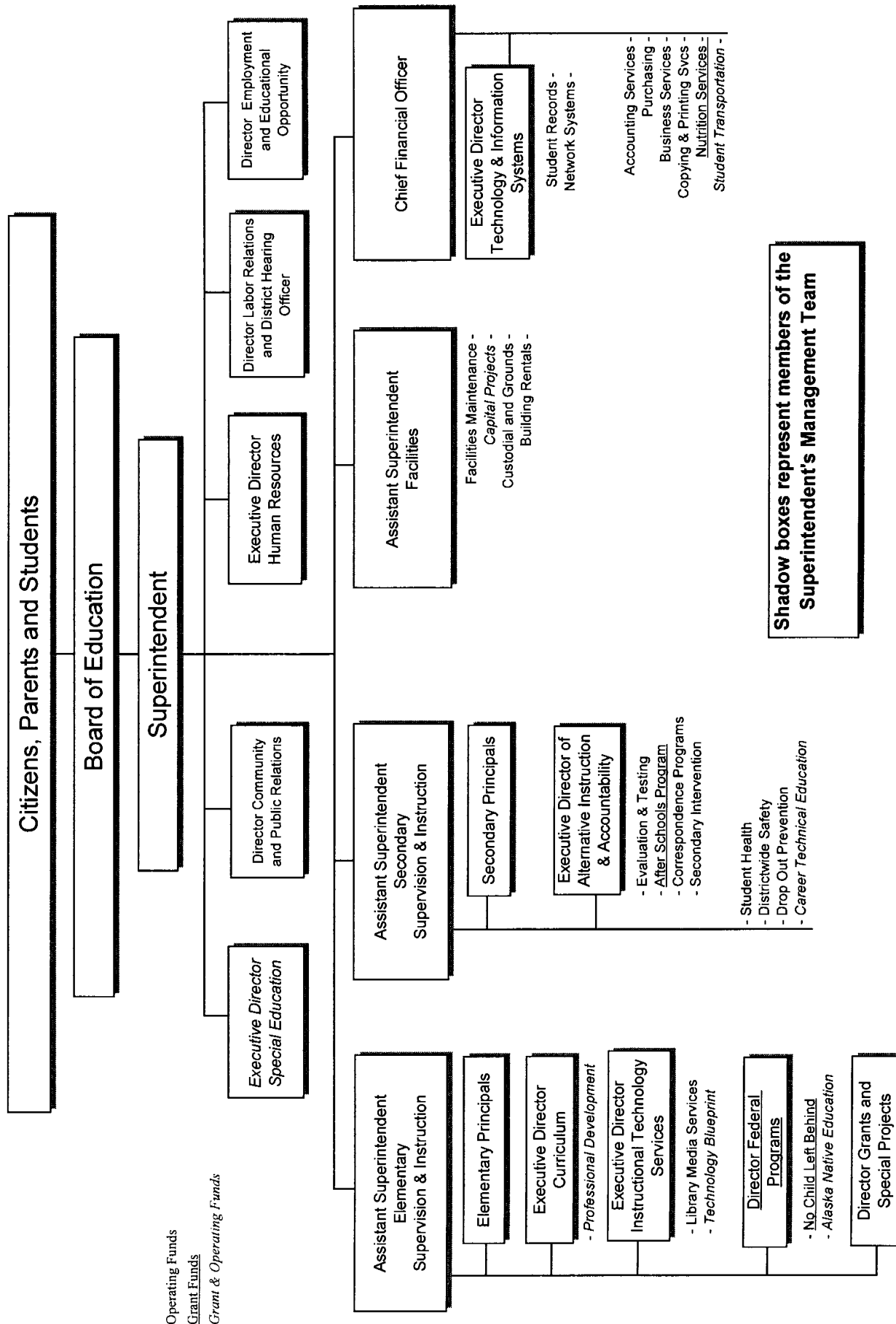
Wayne Gerke
Assistant Superintendent
Secondary Supervision & Instruction

Roxa Hawkins
Assistant Superintendent
Elementary Supervision & Instruction

David Ferree
Assistant Superintendent
Facilities Management

Michael Fisher
Chief Financial Officer

Fairbanks North Star Borough School District Organization Chart



Operating Funds
Grant Funds
Grant & Operating Funds

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2007

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Grona E. Brendel

President

John D. Mueser

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, 2007

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.



Charles S. Cox

President

Jeffrey R. Emery

Executive Director

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FINANCIAL SECTION

October 27, 2008

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, a component unit of the Fairbanks North Star Borough, as of and for the year ended June 30, 2008, 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 Fairbanks North Star Borough School District, as of and for the year ended June 30, 2008, 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 Fairbanks North Star Borough School District's nonmajor governmental funds in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements and schedules are the responsibility of the management of Fairbanks North Star Borough School District. 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, 2007 financial statements, and, in our report dated October 29, 2007 we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, the aggregate remaining fund information, proprietary 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 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 of the Fairbanks North Star Borough School District, as of June 30, 2008, 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 above present fairly, in all material respects, the respective financial position of the proprietary and fiduciary fund type and each nonmajor governmental fund of the Fairbanks North Star Borough School District, as of June 30, 2008, and the respective changes in financial position, and where applicable,

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FAX 907-452-6184

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 October 27, 2008, on our consideration of the Fairbanks North Star Borough 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.

The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying required supplementary information, which includes management's discussion and analysis, budgetary comparison information and related note disclosures, and the schedule of funding progress for pension and post employment health care benefits, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairbanks North Star Borough School District's basic financial statements. The accompanying introductory section, statistical section, and supplemental reports section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2008, taken as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States, the Fairbanks North Star Borough School District's basic financial statements for the year ended June 30, 2007, which are not presented with the accompanying financial statements. In our report dated October 29, 2007, we expressed unqualified opinions on the respective financial statements and schedules of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the June 30, 2007 nonmajor governmental funds are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2007, taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cook & Haugeberg LLC

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2008

INTRODUCTION

This section of 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, 2008. 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 2008 include the following:

- The School District's assets exceeded its liabilities at June 30, 2008 by \$22.5 million (net assets). Of this \$18.5 million is unrestricted and available to pay obligations of the district. Included in unrestricted net assets is \$10.2 million of federal impact aid revenue for fiscal year 2009 received in advance in fiscal year 2008.
- Revenues and expenses saw large increases in fiscal year 2008 due to payments made by the State of Alaska on behalf of the School District (State on-behalf payments) for contributions to the State Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) in the amount of \$2,181,753 and \$26,641,081, respectively. These payments are recorded as revenue (other state aid) and expense in the accompanying financial statements. For much of the analysis in this section of our report the District ignores the State on-behalf revenue and expense in order to facilitate meaningful comparison between current year and prior year results.
- The School District's total net assets of governmental activities decreased \$30,851 or 0.1% from the prior fiscal year. This modest change was due to increases in the Fairbanks North Star Borough's local contribution to education (\$2.2 million or 5.5 percent) and net aid from the State of Alaska (\$2.1 million or 2.3 percent) which almost covered expenses for the year.
- All functional expense categories saw increases in the current year. Ignoring the expense related to State on-behalf payments, operations and maintenance of plant saw the largest dollar increase (\$1.1 million or 5.3%) due to higher fuel and electricity costs and food services saw the largest percentage increase (\$0.5 million or 10.1%) due to higher food and freight costs.
- Among major funds, the general fund had \$177 million in current year revenues and \$175.1 million in expenditures. Again, ignoring State on-behalf revenue and expense, general fund revenues increased \$3.9 million and expenditures decreased \$1.8 million from fiscal year 2007.

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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (continued) June 30, 2008

- 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.
- 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 cash flows. 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, adult and continuing education instruction and food services.

The government-wide financial statements can be found on pages 20 and 21 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the School District's most significant or "major" funds. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net 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 24 through 31 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 32 through 34 of this report.

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The School

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (continued) June 30, 2008

District's only fiduciary fund is an agency fund used to account for various School District related organizations.

The basic fiduciary fund financial statement can be found on page 35 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 37 through 55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* including the budgetary schedules for the major funds, the notes to the budgetary schedules, and the School District's progress in funding its obligation to provide pension benefits to its employees who participate in the State of Alaska Public Employees' Retirement System. Required supplementary information can be found on pages 58 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 173 of this report.

Results of the state and federally mandated *Single Audit* which include auditor's opinions, schedules of state and federal awards, and schedules of findings and questioned costs can be found on pages 217 through 240 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 \$22.5 million as of June 30, 2008. By far the largest portion of the District's net assets is unrestricted and includes \$10.2 million of fiscal year 2009 impact aid received in fiscal year 2008. Net assets invested in capital assets of \$3.9 million reflects the School District's investment in furniture, equipment, software and building improvements. The School District uses these capital assets to provide services to its 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

	2008	2007	Increase (Decrease)	Percentage Change
Assets				
Current and other assets	\$ 34,262,404	\$ 32,249,078	\$ 2,013,326	6.2%
Capital assets	3,967,368	4,080,319	(112,951)	-2.8%
Total assets	38,229,772	36,329,397	1,900,375	5.2%
Liabilities				
Long-term liabilities	14,218,428	12,249,717	1,968,711	16.1%
Other liabilities	1,508,116	1,545,601	(37,485)	-2.4%
Total liabilities	15,726,544	13,795,318	1,931,226	14.0%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (continued) June 30, 2008

Table 1
Net Assets (continued)
Governmental Activities

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Net assets				
Invested in capital assets	\$ 3,967,368	\$ 4,080,319	\$ (112,951)	-2.8%
Unrestricted	18,535,860	18,453,760	82,100	0.4%
Total net assets	<u><u>\$ 22,503,228</u></u>	<u><u>\$ 22,534,079</u></u>	<u><u>\$ (30,851)</u></u>	<u><u>-0.1%</u></u>

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

- An increase in cash of \$1.6 million due to a \$2 million excess of revenues over expenditures in the general fund.
- A \$0.5 million increase in accounts receivable due to an increase in the employees' contribution to health care costs to be collected in fiscal year 2009 (see note 15 on page 55 regarding subsequent event).
- An increase of \$0.9 million in capital lease liabilities for the purchase of noncapitalized laptops and projectors for district teachers.
- An increase of \$1.4 million in reserve liabilities for health and worker's compensation claims.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities on page 21 of this report. Table 2 provides condensed information from the Statement of Activities.

Table 2
Changes in Net Assets
Governmental Activities

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues:				
Program revenues:				
Charges for services	\$ 2,162,538	\$ 2,034,531	\$ 128,007	6.3%
Operating grants and contributions	26,352,963	27,084,712	(731,749)	-2.7%
Capital grants and contributions	511,057	676,148	(165,091)	-24.4%
General revenues:				
Borough direct appropriation	42,222,700	40,022,700	2,200,000	5.5%
Foundation program	85,688,097	88,513,723	(2,825,626)	-3.2%
Other state aid	36,742,103	2,965,437	33,776,666	1139.0%
Federal impact aid	11,118,081	11,405,933	(287,852)	-2.5%
Other	1,270,615	2,369,360	(1,098,745)	-46.4%
Total revenues	<u><u>206,068,154</u></u>	<u><u>175,072,544</u></u>	<u><u>30,995,610</u></u>	<u><u>17.7%</u></u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

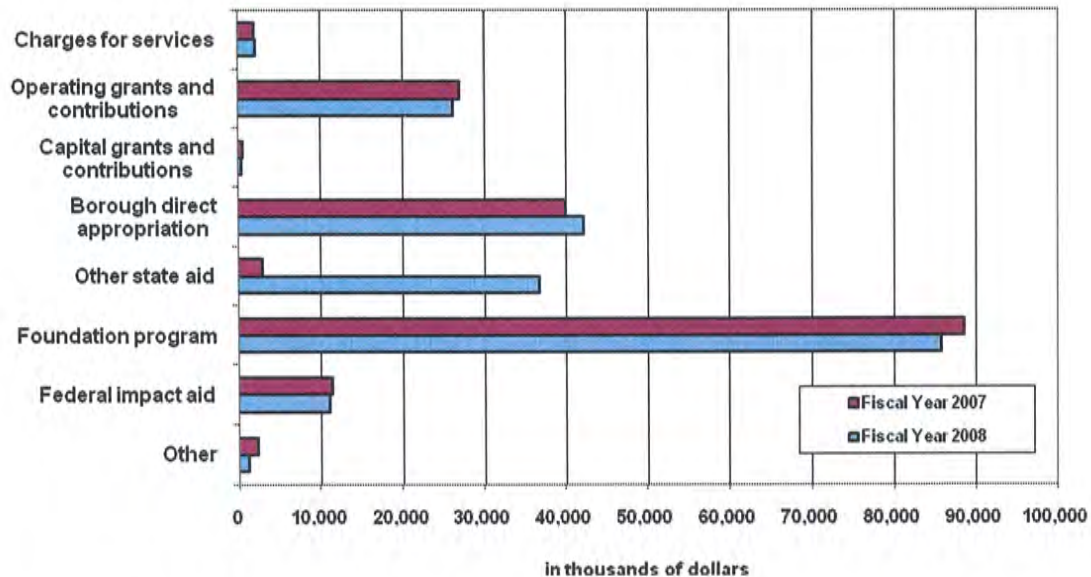
Management's Discussion and Analysis (continued) June 30, 2008

Table 2
Changes in Net Assets (continued)
Governmental Activities

	2008	2007	Increase (Decrease)	Percentage Change
Expenses:				
Instruction	\$ 96,385,094	\$ 77,094,883	\$ 19,290,211	25.0%
Special education instruction	20,936,726	17,657,599	3,279,127	18.6%
Special education instruction-support services	3,053,826	2,516,909	536,917	21.3%
Support services-students	12,056,303	10,385,708	1,670,595	16.1%
Support services-instruction	10,205,791	9,185,674	1,020,117	11.1%
School administration	7,354,532	5,915,223	1,439,309	24.3%
School administration support services	4,164,728	3,989,781	174,947	4.4%
District administration	2,055,996	1,757,915	298,081	17.0%
District administration support services	8,989,152	8,440,362	548,790	6.5%
Operations and maintenance of plant	21,913,361	20,266,837	1,646,524	8.1%
Student activities	4,889,861	4,665,546	224,315	4.8%
Student transportation service	9,113,672	8,841,162	272,510	3.1%
Adult and continuing education instruction		567	(567)	-100.0%
Food services	4,979,963	4,522,847	457,116	10.1%
Interest				
Total expenses	\$ 206,099,005	\$ 175,241,013	\$ 30,857,992	17.6%
Decrease in net assets	\$ (30,851)	\$ (168,469)	\$ 137,618	-81.7%
Ending net assets	\$ 22,503,228	\$ 22,534,079	\$ (30,851)	-0.1%

Figure A-1 presents a comparative chart of governmental activities revenues for fiscal year 2008 and 2007.

Figure A-1, Governmental Activities Revenues for Fiscal Year 2008 and 2007



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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (continued)
June 30, 2008

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

Figure A-2, Sources of Governmental Activities Revenues

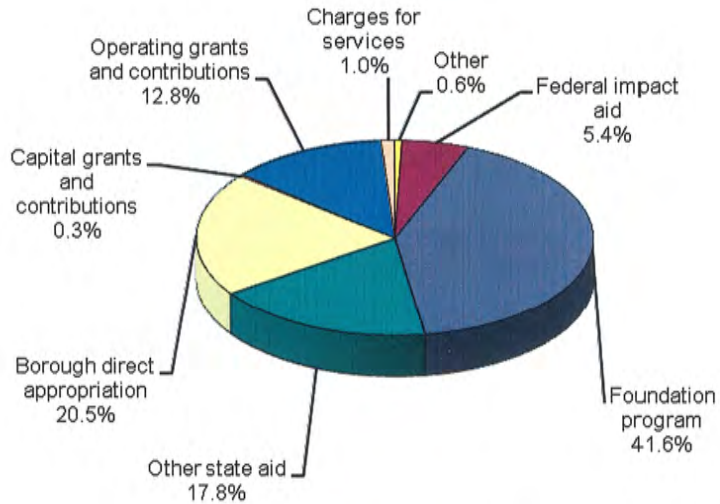
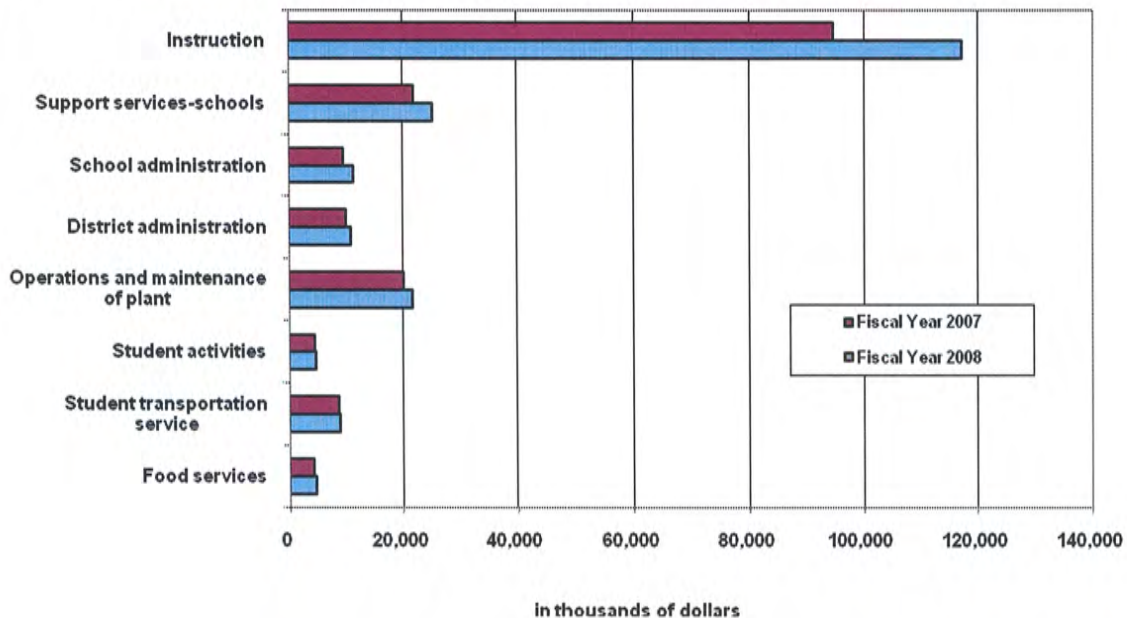


Figure A-3 presents a comparative chart of governmental activities expenses for fiscal year 2008 and 2007.

Figure A-3, Governmental Activities Expenses for Fiscal Year 2008 and 2007



FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (continued) June 30, 2008

The cost of all governmental activities in the current year was \$206.1 million, a 17.6 percent increase over the prior year. Key elements of the increase in expenses are:

- In fiscal year 2008 employers participating in the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) were facing large increases to their actuarially determined employer contribution rates. In response the state legislature enacted a law setting the effective employer contribution rates at 22 percent for PERS and 12.56 percent for TRS and providing for payments to be made by the State on behalf of employers equal to the difference between actuarial rates and the effective rates. These payments, recorded as revenue and expense in these financial statements, equaled \$2.1 million for PERS and \$26.6 million for TRS. This accounts for 93 percent of the total dollar increase over prior year and affects all functional areas.
- Expenses of the risk management internal service fund increased \$3.8 million or 18.7 percent due mainly to increases in health costs. As a result the fund incurred a \$1.6 million loss for the year (see note 15 on page 55 regarding a subsequent event) versus a \$3.8 million surplus in fiscal year 2007.
- Operations and maintenance of plant expenses increased \$1 million or 5.3 percent from fiscal year 2007 due to increases in fuel oil and electricity costs.
- Food service expenses increased \$0.5 million or 10.1 percent from fiscal year 2007 due to increases in food prices and freight costs.

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

Figure A-4, Governmental Activities Expenses by Function

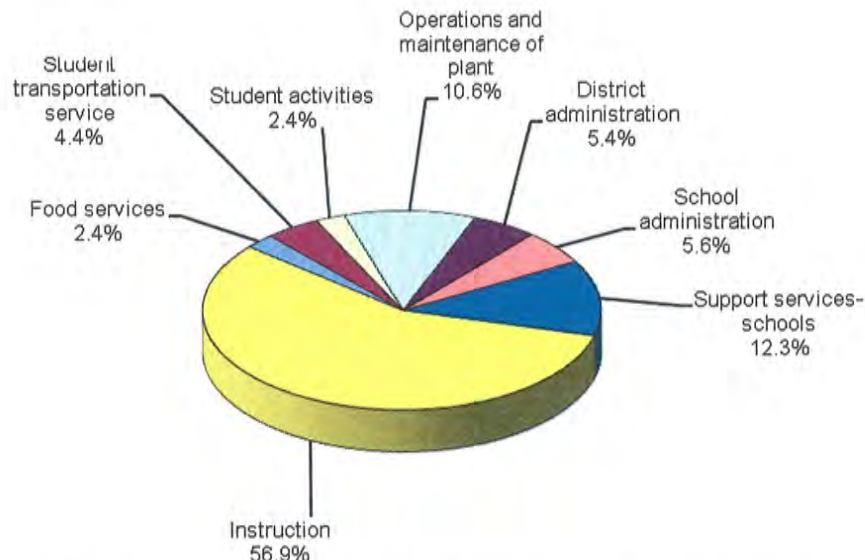


Table 3 condenses the total expenses of the School District's main functional categories – instruction, support services - schools, school administration, district administration, operations and maintenance of plant, student activities, student transportation service, adult and continuing education instruction,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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (continued) June 30, 2008

funding, other state aid, 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.

Table 3
Net Cost of Governmental Activities

	2008		2007	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 117,321,820	\$ 108,774,531	\$ 94,752,482	\$ 87,258,121
Support services - schools	25,315,920	20,623,250	22,088,291	16,923,070
School administration	11,519,260	11,518,260	9,905,004	9,898,004
District administration	11,045,148	11,045,148	10,198,277	8,986,997
Operations & maintenance of plant	21,913,361	21,901,965	20,266,837	20,261,887
Student activities	4,889,861	2,446,838	4,665,546	2,100,787
Student transportation service	9,113,672	521,876	8,841,162	46,690
Adult and continuing education instruction			567	567
Food services	4,979,963	240,579	4,522,847	(30,501)
Total	<u>\$ 206,099,005</u>	<u>\$ 177,072,447</u>	<u>\$ 175,241,013</u>	<u>\$ 145,445,622</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 \$28.9 million, an increase of \$2.4 million or 8.9 percent from the prior year combined fund balance. Approximately 56.5 percent of this combined fund balance (\$16.3 million) constitutes *unreserved fund balance*, which is available for spending at the School District's discretion. However, management has designated \$5.5 million of this *unreserved fund balance* to balance the fiscal year 2009 budget. The remaining \$12.5 million of fund balance is *reserved* to indicate that it is not available for spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1.6 million), 2) for inventory to be used in School District operations (\$0.8 million), and 3) for the fiscal year 2009 annual federal impact aid payment received in advance in fiscal year 2008 (\$10.2 million). Table 4 reconciles total ending fund balances for the governmental funds with total net assets on the government-wide statement of net assets.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (continued) June 30, 2008

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

	2008
Total fund balances - governmental funds - at June 30, 2008	<u>\$ 28,877,059</u>
Fair market value of food commodity inventory	43,940
Cost of capital assets (net of accumulated depreciation/amortization)	3,967,368
Net pension obligation	(4,901,534)
Internal service fund net assets	(1,551,943)
Long-term liabilities (compensated absences and capital leases)	<u>(3,931,662)</u>
Total net assets at June 30, 2008	<u>\$ 22,503,228</u>

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

- At the end of the current fiscal year, unreserved fund balance of the general fund was \$12 million, up \$2.6 million or 27.5 percent from last fiscal year while total fund balance was \$23.9 million, up \$2.8 million or 9 percent from last fiscal year. If you ignore the PERS and TRS on-behalf revenue and expenditures, general fund revenues in the current year increased \$3.9 million or 2.8 percent and expenditures decreased \$1.8 million or 1.2 percent resulting in a net increase to fund balance of \$2 million. Additional revenue came from the local borough appropriation (\$2 million) and one time state supplemental funding (\$4.9 million) offset by a decrease in state foundation funding (\$2.8 million). The net decrease in expenditures resulted from increases in electricity and fuel costs (\$.8 million), a transfer to the technology special revenue fund for phase I of the technology blueprint (\$1.6 million) offset by a decrease in retirement benefit costs due to a 13.44 percent decrease in the effective employer rate for the TRS (\$4.7 million).
- The federal programs special revenue fund accounts for all federal grant programs not required to be located in the general fund. Revenue in this fund is recognized to the extent eligible expenditures have been incurred with the exception of small amounts of program income and revenue of the JR ROTC program. Fund balance in this fund at June 30, 2008 is comprised mostly of federal monies for the JR ROTC programs in the high schools. The change from prior year was a modest \$5,457.
- 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. Transportation services not covered by state funding are subsidized with a general fund transfer when necessary. Fund balance in this fund decreased \$2,377 or 1.0 percent from the prior year.

Table 5 presents a summary of general fund revenues.

Table 5
General Fund Revenues

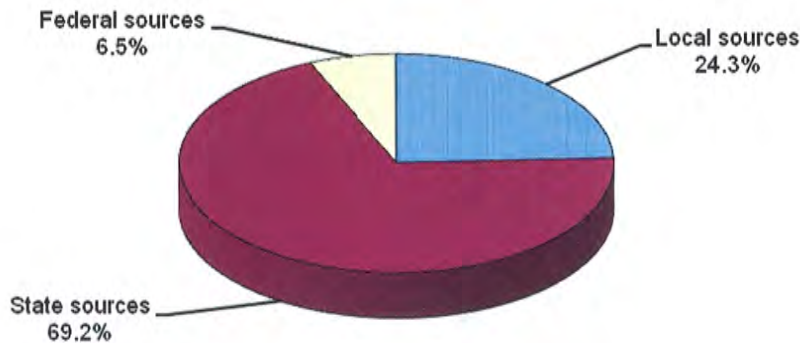
	2008	2007	Increase (Decrease)	Percent Increase (Decrease)
Local sources	\$ 43,068,685	\$ 40,963,357	\$ 2,105,328	5.1%
State sources	122,430,200	91,479,160	30,951,040	33.8%
Federal sources	11,530,171	11,777,182	(247,011)	-2.1%
Total	<u>\$ 177,029,056</u>	<u>\$ 144,219,699</u>	<u>\$ 32,809,357</u>	22.7%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (continued) June 30, 2008

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 \$43.1 million in fiscal year 2008, a \$2 million increase over last year. Revenue from state sources increased \$31 million or 33.8 percent in fiscal year 2008. This was mostly due to \$28.8 million of State on-behalf payments made to the PERS and TRS as noted earlier. State foundation funding actually decreased \$2.8 million but this was offset by \$2.3 million in one-time state school improvement initiative funding, \$1.6 million in state supplemental aid funding, and \$2.1 million in state energy relief funding. Revenue from federal sources decreased a modest \$0.2 million due mainly to a drop in revenue for the current year federal impact aid application. Increases in local and state aid were aimed at covering increases in salary and benefit costs discussed in more detail below.

Table 6 presents a summary of general fund expenditures.

Table 6
General Fund Expenditures

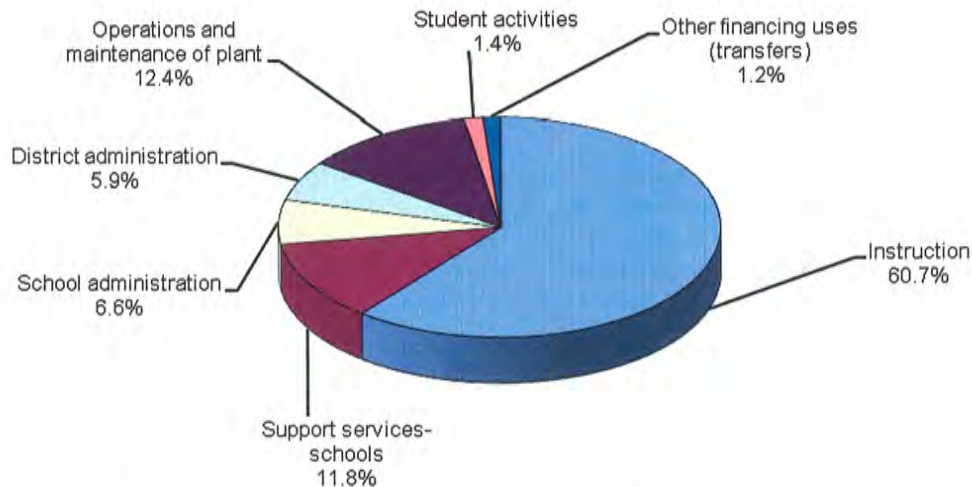
	2008	2007	Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 106,336,057	\$ 88,801,574	\$ 17,534,483	19.7%
Support services - schools	20,666,177	16,933,089	3,733,088	22.0%
School administration	11,401,573	9,984,364	1,417,209	14.2%
District administration	10,322,946	9,564,893	758,053	7.9%
Operations and maintenance of plant	21,775,769	20,039,480	1,736,289	8.7%
Student activities	2,405,649	2,204,195	201,454	9.1%
Transfers to other funds	2,180,858	586,365	1,594,493	271.9%
Total	<u>\$ 175,089,029</u>	<u>\$ 148,113,960</u>	<u>\$ 26,975,069</u>	<u>18.2%</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (continued) June 30, 2008

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



Overall expenditures increased in all functional areas due to the following:

- As discussed earlier, in fiscal year 2008 employers participating in the PERS and the TRS were facing large increases to their actuarially determined employer contribution rates. In response the state legislature enacted a law setting the effective employer contributions rates at 22 percent for PERS and 12.56 percent for TRS and providing for payments to be made by the State on behalf of employers equal to the difference between actuarial rates and the effective rates. These payments, recorded as revenue and expenditure in the general fund only, equaled \$2.1 million for PERS and \$26.6 million for TRS. The resulting increase to employee benefit expense was offset by a decrease in the effective TRS rate from 26 percent in fiscal year 2007 to 12.56 percent in fiscal year 2008.
- Operations and maintenance of plant expenditures (ignoring the PERS on-behalf payments) increased \$1.2 million or 5.8 percent from fiscal year 2007 due to increases in fuel oil and electricity costs.

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, 2008 of \$1.5 million, a decrease of \$1.7 million from fiscal year 2007 where the fund ended the year with a surplus of \$0.2 million. Operating expenses of the fund increased \$3.8 million or 18.7 percent from the prior year due primarily to an increase in claims experience. Operating revenues decreased \$1.7 million or 7 percent due primarily to a one time additional charge for service in fiscal year 2007 to cover not only fiscal year 2007 claims but the deficit carried forward from fiscal year 2006. See note 15 for discussion of a subsequent event affecting the risk management internal service fund.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (continued) June 30, 2008

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.
- Purchase orders outstanding at June 30 of the previous year were carried forward to the current year as adjustments to the final budget (\$1.5 million).
- Contract adjustments for exempt employees which were approved by the Board after the original budget had been adopted.
- 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 for fiscal year 2008 were \$32.3 million more than the final budget. Actual expenditures (excluding transfers to other funds) on the budgetary basis for fiscal year 2008 were \$25.6 million more than the final budget.

Significant budget to actual variances of note were:

- Revenues - state sources – were over budget by \$30.5 million. Most of this variance (\$28.8 million) was due to the fact that the District did not budget for the PERS and TRS State on-behalf payments for fiscal year 2008. In addition, the District received \$2.1 million in one-time state energy relief funding to offset higher than expected fuel and electricity costs.
- Revenues - federal sources – were over budget by \$1.8 million. Most of this was due to federal impact aid revenues which are comprised of monies for the year under application and previous years' applications after final Federal allocation adjustments. We typically budget just for the year under application. Federal funding for the fiscal year 2008 application was under budgeted by \$1.5 million. The remaining favorable variance is due to amounts received from prior year applications.
- Total expenditures – were over budget by \$25.6 million. Most of this variance (\$28.8 million) was due to the fact that the District did not budget for employee benefit expenditures related to the State On-Behalf payments for fiscal year 2008. The \$28.8 unfavorable variance for employee benefit expenditures was offset by a \$3.3 million dollar positive variance spread across all functions, most notably instruction and support services.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis (continued) June 30, 2008

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School District's investment in capital assets for its governmental activities was \$3.9 million as of June 30, 2008 (net of accumulated depreciation and amortization). This investment in capital assets includes building improvements, furniture, equipment and software. The Borough (primary government) owns the land and buildings. The School District's investment in capital assets for the current fiscal year decreased 2.8 percent. Table 7 details capital assets by asset type:

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

	2008	2007	Increase (Decrease)	Percent Increase (Decrease)
Building improvements	\$ 291,594	\$ 304,318	\$ (12,724)	-4.2%
Furniture and equipment	3,632,895	3,719,267	(86,372)	-2.3%
Intangibles (software)	42,879	56,734	(13,855)	-24.4%
Total	<u>\$ 3,967,368</u>	<u>\$ 4,080,319</u>	<u>\$ (112,951)</u>	<u>-2.8%</u>

Additional information on the School District's capital assets can be found in Note 6 on pages 45 through 46 of this report.

Debt Administration

The School District's long-term obligations include \$3.1 million for compensated absences, an increase of \$64,967 or 2.2 percent from the prior year. We would expect to see modest increases in compensated absences as long as salaries are increasing. Long-term obligations also include \$5.4 million for claims and judgments, an increase of \$1.4 million or 36.1 percent over prior year. Claims and judgments include such items as claims payable and accrued self-insurance reserves. Most of the increase in claims and judgments is due to a revised estimate of incurred but not reported health claims and workers' compensation reserves as reported in the risk management internal service fund. Additional information about long-term obligations can be found in Note 9 and Note 11 on pages 48 through 50 of this report and in the risk management internal service fund financial statements on pages 32 through 34.

In January 2008, the Borough issued \$11,128,000 of general obligation bonds, 2008 Series L for school improvements. 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. All \$11,128,000 of these bonds are insured.

ECONOMIC FACTORS AND SUBSEQUENT YEARS' BUDGETS

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

- Revenues from State sources are largely dependent on student enrollment. Fiscal year 2009 budgeted State revenues are based on 14,227 projected students. The official count period for State funding is not complete, and although student enrollments may meet projections, the count of students qualifying for supplemental intensive needs funding may be less than projected.
- 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. The Education Support Staff

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis June 30, 2008

Association contract expires June 30, 2009, the Fairbanks Principals' Association contract expires June 30, 2010, and the Fairbanks Education Association (teachers') contract expires June 30, 2011. Members of exempt management sign individual annual employee contracts.

- The Twenty-fifth Alaska State Legislature established a Joint Legislative Education Funding Task Force (JLETF) for the purpose of examining school district cost differentials and the existing formula for distributing state aid for education, and recommending improvements or additions to the laws providing for education funding. Although only advisory in nature, those recommendations include increased funding for geographical funding differentials, intensive special needs children, pupil transportation, and an increase to the basic per student allocation.
- As discussed earlier, in fiscal year 2008 employers participating in the PERS and the TRS were facing large increases to their actuarially determined employer contribution rates. In response the state legislature enacted a law setting the effective employer contributions rates at 22 percent for PERS and 12.56 percent for TRS and providing for payments to be made by the State on behalf of employers equal to the difference between actuarial rates and the effective rates. Budgets for pension benefits will be stable going into the future as the employer contribution rates are now capped at amounts lower than the rising actuarial rates.

In addition, this same legislation changed the PERS defined benefit tiers from an agent multiple-employer plan to a cost sharing multiple-employer plan. Effective July 1, 2008 this has the effect of removing the \$4.9 million net pension obligation from the statement of net assets, adding it as a special item to the statement of activities, and increasing net assets by the same amount.

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, 2008

(With comparative totals for 2007)

	Governmental Activities	
	2008	2007
 <u>ASSETS</u>		
Equity in central treasury cash	\$ 24,245,344	\$ 22,607,445
Restricted equity in central treasury cash	34,137	24,150
Accounts receivable	9,112,316	8,839,916
Due from Fairbanks North Star Borough	27,749	37,136
Inventories	836,949	715,252
Prepaid items	5,909	25,179
Building improvements	318,102	318,102
Furniture and equipment	11,670,579	11,558,422
Less accumulated depreciation	(8,064,192)	(7,852,939)
Intangible assets, net of amortization	42,879	56,734
Total assets	<u>\$ 38,229,772</u>	<u>\$ 36,329,397</u>
 <u>LIABILITIES</u>		
Accounts payable	\$ 708,370	\$ 1,140,738
Accrued payroll and liabilities	666,114	380,100
Unearned revenue	34,137	24,150
Due to external groups and agencies		613
Due to Fairbanks North Star Borough	99,495	
Long-term liabilities (See Note 9):		
Due within one year	6,193,381	4,892,483
Due in more than one year	8,025,047	7,357,234
Total liabilities	<u>15,726,544</u>	<u>13,795,318</u>
 <u>NET ASSETS</u>		
Invested in capital assets	3,967,368	4,080,319
Unrestricted	18,535,860	18,453,760
Total net assets	<u>\$ 22,503,228</u>	<u>\$ 22,534,079</u>

See accompanying notes to the basic financial statements.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2008

(With comparative totals for 2007)

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	\$ 96,385,094	\$ 39,225	\$ 4,407,007	\$ 500,753	\$ (91,438,109)
Special education instruction	20,936,726		3,600,304		(17,336,422)
Special education support services - students	3,053,826				(3,053,826)
Support services - students	12,056,303	62,002	1,292,090		(10,702,211)
Support services - instruction	10,205,791	69,246	3,269,332		(6,867,213)
School administration	7,354,532		1,000		(7,353,532)
School administration support services	4,164,728				(4,164,728)
District administration	2,055,996				(2,055,996)
District administration support services	8,989,152				(8,989,152)
Operations and maintenance of plant	21,913,361		1,092	10,304	(21,901,965)
Student activities	4,889,861		2,443,023		(2,446,838)
Student transportation service	9,113,672	18,450	8,573,346		(521,876)
Adult and continuing education instruction					(46,690)
Food services					(567)
	4,979,963	1,973,615	2,765,769		(240,579)
Total governmental activities	\$ 206,099,005	\$ 2,162,538	\$ 26,352,963	\$ 511,057	(177,072,447)
General revenues:					
Grants and contributions not restricted to specific programs:					
Borough direct appropriation					42,222,700
Foundation program					85,688,097
Other state revenue					36,742,103
Federal impact aid					11,118,081
Other					709,756
Miscellaneous					560,859
					177,041,596
Total general revenues					145,277,153
Change in net assets					(30,851)
Net assets - beginning					22,534,079
Net assets - ending					\$ 22,503,228
					\$ 22,534,079

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, 2008
 (With comparative totals for 2007)

	<u>General</u>	<u>Federal Programs Special Revenue</u>	<u>Student Transportation Special Revenue</u>
<u>ASSETS</u>			
Equity in central treasury cash	\$ 19,459,509	\$ 17,188	\$ 241,135
Accounts receivable:			
Local	146,685	10,610	
State		2,975,636	
Federal	225,773	289,553	
Due from other funds	4,688,195		
Due from Fairbanks North Star Borough	14,609		
Inventories	499,887		
Prepaid items	5,909		
	<u>\$ 25,040,567</u>	<u>\$ 3,292,987</u>	<u>\$ 241,135</u>
Total assets			
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 470,909	\$ 84,422	\$ 9,215
Accrued payroll and liabilities	666,114		
Deferred revenue	10,052	1,000	
Due to other funds		3,179,270	
Due to external groups and agencies			
Due to Fairbanks North Star Borough			
	<u>1,147,075</u>	<u>3,264,692</u>	<u>9,215</u>
Total liabilities			
Fund balances:			
Reserved for:			
Encumbrances	1,271,128	213,699	3,584
Inventories	499,887		
Prepayments	5,909		
Impact aid advance	10,162,549		
Unreserved:			
Designated for:			
Subsequent year's expenditures	5,525,200		
Undesignated, reported in:			
General fund	6,428,819		
Special revenue funds		(185,404)	228,336
Capital projects funds			
	<u>23,893,492</u>	<u>28,295</u>	<u>231,920</u>
Total fund balances			
Total liabilities and fund balances	<u>\$ 25,040,567</u>	<u>\$ 3,292,987</u>	<u>\$ 241,135</u>

See accompanying notes to the basic financial statements.

Other Governmental	Total Governmental Funds	
	2008	2007
\$ 4,561,649	\$ 24,279,481	\$ 22,631,595
420	157,715	160,909
198,368	3,174,004	3,465,297
36,321	551,647	449,547
	4,688,195	4,348,060
13,140	27,749	37,136
293,122	793,009	667,141
	5,909	25,179
<u>\$ 5,103,020</u>	<u>\$ 33,677,709</u>	<u>\$ 31,784,864</u>

\$ 48,373	\$ 612,919	\$ 1,046,743
	666,114	380,100
23,085	34,137	24,150
208,715	3,387,985	3,811,461
		613
<u>99,495</u>	<u>99,495</u>	
<u>379,668</u>	<u>4,800,650</u>	<u>5,263,067</u>

107,383	1,595,794	1,816,662
293,122	793,009	667,141
	5,909	25,179
	10,162,549	10,562,000
	5,525,200	3,206,414
	6,428,819	6,169,099
2,278,044	2,320,976	2,317,062
<u>2,044,803</u>	<u>2,044,803</u>	<u>1,758,240</u>
<u>4,723,352</u>	<u>28,877,059</u>	<u>26,521,797</u>
<u>\$ 5,103,020</u>	<u>\$ 33,677,709</u>	<u>\$ 31,784,864</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, 2008

Total fund balances for governmental funds \$ 28,877,059

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

Commodities to be used in the District's Food Service Program are purchased at a nominal price from the U.S. Department of Agriculture through the State of Alaska's USDA Commodity Program. However, commodity inventory in the Statement of Net Assets is valued at fair market value.

Adjust commodity inventory to fair market value. 43,940

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.

Building improvements	\$ 318,102	
Furniture and equipment	11,670,579	
Accumulated depreciation to date	(8,064,192)	
Intangible assets, net of amortization	42,879	
		3,967,368

Since FY05 increases to the School District's employer actuarial contribution rate for the State of Alaska Public Employees' Retirement System have been capped by State statute. As a result the effective contribution rate has been less than the actuarial rate. The difference between the actuarially required contribution and the actual contribution made, called the *net pension obligation*, is by nature a long-term liability and is not reported as a liability in the governmental funds. (4,901,534)

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 assets (1,551,943)

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, 2008 are:

Compensated absences		(3,056,906)
Capital leases		(874,756)

Total net assets of governmental activities \$ 22,503,228

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, 2008
(With comparative totals for 2007)

	<u>General</u>	<u>Federal Programs Special Revenue</u>	<u>Student Transportation Special Revenue</u>
Revenues:			
Local sources	\$ 43,068,685	\$ 62,062	\$ 18,450
State sources	122,430,200		8,573,346
Federal sources	<u>11,530,171</u>	<u>11,455,235</u>	
Total revenues	<u>177,029,056</u>	<u>11,517,297</u>	<u>8,591,796</u>
Expenditures:			
Current:			
Instruction	88,963,183	3,567,493	
Special education instruction	17,372,874	3,395,874	
Special education support services - students	3,054,051		
Support services - students	10,707,424	1,276,308	
Support services - instruction	6,904,702	2,671,425	
School administration	7,246,525		
School administration support services	4,155,048		
District administration	2,101,406		
District administration support services	8,221,540	611,640	
Operations and maintenance of plant	21,775,769		
Student activities	2,405,649		
Student transportation service			9,106,723
Adult and continuing education instruction			
Food services			
Total current	<u>172,908,171</u>	<u>11,522,740</u>	<u>9,106,723</u>
Debt service:			
Principal			
Capital outlay			
Total expenditures	<u>172,908,171</u>	<u>11,522,740</u>	<u>9,106,723</u>
Excess (deficiency) of revenues over expenditures	<u>4,120,885</u>	<u>(5,443)</u>	<u>(514,927)</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	31,960		
Issuance of capital leases			
Proceeds from insurance recovery			
Transfers in			512,550
Transfers out	<u>(2,180,858)</u>	<u>(14)</u>	
Total other financing sources (uses)	<u>(2,148,898)</u>	<u>(14)</u>	<u>512,550</u>
Net change in fund balances	1,971,987	(5,457)	(2,377)
Fund balances - beginning	<u>21,921,505</u>	<u>33,752</u>	<u>234,297</u>
Fund balances - ending	<u>\$ 23,893,492</u>	<u>\$ 28,295</u>	<u>\$ 231,920</u>

See accompanying notes to the basic financial statements.

Other Governmental	Total Governmental Funds	
	2008	2007
\$ 4,610,851	\$ 47,760,048	\$ 45,990,356
1,068,351	132,071,897	101,001,244
3,041,750	26,027,156	26,841,314
8,720,952	205,859,101	173,832,914
2,898,540	95,429,216	78,615,365
	20,768,748	17,909,418
	3,054,051	2,537,779
4,339	11,988,071	10,486,557
555,154	10,131,281	9,326,725
38,930	7,285,455	6,066,905
	4,155,048	3,973,048
	2,101,406	1,783,260
5,780	8,838,960	8,394,796
	21,775,769	20,043,520
2,485,424	4,891,073	4,691,257
	9,106,723	8,837,951
		472
4,719,021	4,719,021	4,280,890
10,707,188	204,244,822	176,947,943
318,968	318,968	
165,733	165,733	259,075
11,191,889	204,729,523	177,207,018
(2,470,937)	1,129,578	(3,374,104)
	31,960	8,373
1,193,724	1,193,724	
		1,049,081
3,178,742	3,691,292	614,025
(1,510,420)	(3,691,292)	(614,025)
2,862,046	1,225,684	1,057,454
391,109	2,355,262	(2,316,650)
4,332,243	26,521,797	28,838,447
\$ 4,723,352	\$ 28,877,059	\$ 26,521,797

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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, 2008

Net change in fund balances - total governmental funds		\$ 2,355,262
The change in net assets reported for governmental activities in the statement of activities is different because:		
Commodities to be used in the District's Food Service Program are purchased at a nominal price from the U.S. Department of Agriculture through the State of Alaska's USDA Commodity Program. Cost of goods sold and commodity revenue are valued in the Statement of Activities at fair market value.		
Adjust revenue and expenditures to market value for USDA commodities purchased.		(4,171)
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	\$ 629,531	
Less current year depreciation/amortization	<u>(721,205)</u>	
		(91,674)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets.		(21,277)
Underfunding of our actuarial accrued plan liability in the State of Alaska Public Employees' Retirement System (PERS) gives rise to a <i>net pension obligation</i> . Changes in the net pension obligation as well as interest on the beginning balance and other adjustments result in increases/decreases in pension cost. However, changes to pension cost do not require the use of current financial resources so they are not recorded in the governmental funds.		
		399,223
The issuance of long-term debt (e.g. capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Issuance of capital leases	(1,193,724)	
Repayment of principal on capital leases	<u>318,968</u>	
		(874,756)
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.		
		(64,967)
An internal service fund is used by management to charge the costs of self-insurance and risk management to individual funds. The change in net assets of the internal service fund is reported with governmental activities.		
		<u>(1,728,491)</u>
Change in net assets of governmental activities		<u>\$ (30,851)</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Statement of Net Assets
Proprietary Fund
June 30, 2008
(With comparative totals for 2007)

	Governmental Activities - Risk Management Internal Service Fund Totals	
	2008	2007
<u>ASSETS</u>		
Current assets:		
Accounts receivable - local	<u>\$ 5,228,950</u>	<u>\$ 4,764,163</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 95,451	\$ 93,995
Due to other funds	1,300,210	536,599
Current portion of long-term liabilities:		
Claims payable	<u>3,066,543</u>	<u>2,105,310</u>
Total current liabilities	<u>4,462,204</u>	<u>2,735,904</u>
Noncurrent liabilities:		
Noncurrent portion of long-term liabilities:		
Claims payable	33,480	26,780
Accrued self-insurance reserves	1,935,209	1,474,931
Accrued contingent liabilities	<u>350,000</u>	<u>350,000</u>
Total noncurrent liabilities	<u>2,318,689</u>	<u>1,851,711</u>
Total liabilities	<u>6,780,893</u>	<u>4,587,615</u>
<u>NET ASSETS</u>		
Unrestricted	<u>(1,551,943)</u>	<u>176,548</u>
Total net assets	<u>\$ (1,551,943)</u>	<u>\$ 176,548</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, 2008
(With comparative totals for 2007)

	Governmental Activities - Risk Management Internal Service Fund Totals	
	2008	2007
Operating revenues:		
Revenue from local sources:		
Charges for services	<u>\$ 22,462,558</u>	<u>\$ 24,164,091</u>
Operating expenses:		
Health and life insurance	21,752,108	18,333,538
Workers' compensation insurance	1,636,205	1,249,829
Property / auto insurance	508,279	531,797
General liability / other insurance	<u>294,457</u>	<u>265,061</u>
Total operating expenses	<u>24,191,049</u>	<u>20,380,225</u>
Change in net assets	(1,728,491)	3,783,866
Total net assets - beginning	<u>176,548</u>	<u>(3,607,318)</u>
Total net assets - ending	<u><u>\$ (1,551,943)</u></u>	<u><u>\$ 176,548</u></u>

See accompanying notes to the basic financial statements.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2008

(With comparative totals for 2007)

	Governmental Activities - Risk Management Internal Service Fund Total	
	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 22,324,229	\$ 23,993,190
Receipts from employees	4,628,333	3,944,279
Payments to suppliers	(1,235,245)	(1,194,188)
Payments to employees	(906,223)	(926,309)
Payments to Fairbanks North Star Borough	<u>(25,574,705)</u>	<u>(22,485,452)</u>
Net cash provided (used) by operating activities	(763,611)	3,331,520
Cash flows from noncapital financing activities:		
Transfers (to) from other funds	<u>763,611</u>	<u>(3,331,520)</u>
Net increase (decrease) in equity in central treasury cash	<u> </u>	<u> </u>
Equity in central treasury cash - beginning	<u> </u>	<u> </u>
Equity in central treasury cash - ending	<u><u>\$</u></u>	<u><u>\$</u></u>
Reconciliation of change in net assets to net cash provided (used)		
by operating activities:		
Change in net assets	<u>\$ (1,728,491)</u>	<u>\$ 3,783,866</u>
Adjustments to reconcile change in net assets to net cash		
provided (used) by operating activities:		
Increase in accounts receivable - local	(464,787)	(748,978)
Increase in accounts payable	1,456	9,393
Increase in claims payable, current portion	961,233	262,125
Increase (decrease) in claims payable, non-current portion	6,700	(27,080)
Increase in self-insurance reserves	<u>460,278</u>	<u>52,194</u>
Total adjustments	<u>964,880</u>	<u>(452,346)</u>
Net cash provided (used) by operating activities	<u><u>\$ (763,611)</u></u>	<u><u>\$ 3,331,520</u></u>

See accompanying notes to the basic financial statements.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
 School District Agency Fund
 Statement of Fiduciary Assets and Liabilities
 June 30, 2008
 (With comparative totals for 2007)

	Totals	
	2008	2007
<u>ASSETS</u>		
Equity in central treasury cash	\$ 34,373	\$ 36,595
<u>LIABILITIES</u>		
Due to external groups	\$ 34,373	\$ 36,595

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, 2008

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 Assembly remains responsible for approving the School District's total budget and may, during the year, change the appropriation for local support. Any unreserved fund balance arising from local contributions in excess of 7% of the local appropriation to the School District is required to be shown as revenue in the following year's budget and designated for subsequent year's expenditures in the current year fund balance. The Borough issues bonds to finance school construction, levies taxes and collects and disburses the funds, and has responsibility for funding any deficits.

School construction bond proceeds to purchase furnishings and equipment for new schools are accounted for in the School District's various capital projects funds. The School District receives reimbursement from the Borough for these capital project 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. 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 legally restricted to expenditures for specified purposes. The School District maintains a separate cost center for each

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued)

June 30, 2008

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 to be used 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 projects related to acquisition of furnishings and equipment for new or remodeled buildings.

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.

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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued) June 30, 2008

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 60 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.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use unrestricted resources first, then restricted resources as they are needed.

The School District reports the following major governmental funds:

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

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

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 funds of the School District on a cost reimbursement basis.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued) June 30, 2008

Agency fund – The school district agency fund accounts for the 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, equipment or utilities 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 construction costs related to the Central Kitchen construction project.

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 in the risk management internal service fund.

H. Inventories

Inventories are recorded in the general fund and the food service special revenue fund. General fund central stores inventory consists of school supplies valued at cost using the weighted average cost method. General fund print shop inventory consists of printing supplies which are valued at cost. Food service special revenue fund inventory of food and related supplies is valued at cost using the weighted average cost method. The cost of inventory is recorded as an expenditure when consumed rather than when purchased. A portion of fund balance is reserved for inventory to indicate that inventory does not represent available, spendable resources even though it is a component of assets. Food commodities received from the U.S. Department of Agriculture (USDA) for use in the school lunch program are not considered a flow of current *financial* resources and as such are not recorded in the food service special revenue fund. Instead, they are recorded at fair market value in the government-wide financial statements. Revenue related to food service commodities is recognized at the time of receipt.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued) June 30, 2008

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.

J. General Capital Assets

The Borough owns and accounts for all land and school buildings, and most improvements other than buildings, which are provided to School District schools without charge. 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 furniture and equipment, building improvements 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 \$2,500 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:

Building improvements	25 years
Furniture 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. Accrued Self-Insurance Losses and Contingencies Payable

Amounts reported as claims payable and contingent liabilities in the risk management internal service fund include estimates for all known amounts for workers compensation, health claims, and contingencies, as well as estimates for incurred but not reported claims.

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.

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.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued) June 30, 2008

N. Net Pension Obligation

Tiers I through III of the Alaska Public Employees Retirement System (PERS) are a defined benefit, agent multiple-employer public employee retirement system established by the State of Alaska to provide pension, postemployment healthcare, death, and disability benefits to eligible employees. A statutory cap limiting changes to the PERS employer contribution rate to no more than five percentage points annually caused the mandatory PERS rate to be less than the actuarially determined rate resulting in a net pension obligation. This cap was repealed effective July 1, 2007. Newly passed State legislation, applicable to fiscal year 2008, again kept the effective employer rate below the actuarially determined rate. However, 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. The PERS on-behalf payments were taken into consideration in calculating the change to the net pension obligation in fiscal year 2008.

Because a net pension obligation is not considered a financial obligation, it is not reported as a liability in the governmental fund financial statements. Instead, it is reported as a liability in the government-wide financial statements. See also Note 13.

O. Other Long-Term Liabilities

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net 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.

P. Fund Balances of Fund Financial Statements

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The reserve for impact aid advance is a statutory reserve created to acknowledge the way Title VIII Impact Aid payments received by the School District are included in the subsequent year's foundation formula by the State of Alaska. Designated fund balances indicate tentative management plans for future uses of financial resources that are subject to change. Fund balances designated for subsequent year's expenditures represent commitments for expenditures in excess of anticipated revenues for the following year and are reported in accordance with Alaska Department of Education and Early Development regulations.

Q. Contract for Operating On-Base Schools

In 1992 the State of Alaska Department of Education and Early Development (DEED) entered into an agreement with the United States Department of Education that required a change in the handling of Impact Aid (formerly PL-874) revenues for the students living on Fort Wainwright Army Post and Eielson Air Force Base. Revenues that had previously gone to the DEED and were used to partially fund the foundation program and tuition in lieu of local taxes were required to be passed on directly to the School District. The increase in federal revenue through the State of Alaska was offset by the equalization deduction in foundation revenue as provided in Alaska Statute section 14.17.410 and a reduction in tuition in lieu of taxes. An agreement was reached between the School District and the DEED that the change in the treatment of revenue would not result in an adverse impact on the

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued) June 30, 2008

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 2008.

R. On-Behalf Pension Benefit Payments

As discussed in note 1N, effective July 1, 2007 new State regulation set the effective contribution rates to the Alaska Public Employees' Retirement System and the Teachers' Retirement System 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.

S. Comparative Data / Reclassifications

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, 2007, from which the partial information was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. Activities previously recorded in the pupil activity agency fund were reclassified to two separate special revenue funds. Curriculum staff development activity was reclassified to the local programs special revenue fund and the remaining pupil activity was reclassified to the new school activities special revenue fund. The former pupil activity agency fund was renamed the school district agency fund. All prior year balances in the combining and individual fund statements and the basic financial statements have been changed to reflect these reclassifications.

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes 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 \$21,277 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 fixed assets	\$ (31,960)
Net gain on the disposal of fixed assets	<u>10,683</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>\$ (21,277)</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued) June 30, 2008

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 unreserved local appropriation fund balance and unreserved state appropriation fund balance not exceeding 7 percent, respectively, of total unreserved fund balance. Unreserved local or state appropriation fund balance over 7 percent is required to be shown as revenue in the following fiscal year's budget. At June 30, 2008 combined unreserved fund balance originating from the local contribution to education and from State of Alaska revenues was 6.8 percent or \$411,504 under the 7 percent limit.

Title 14 of Alaska State Statutes states that unreserved fund balance in a school operating fund in excess of 10 percent of expenditures will reduce the subsequent year's state foundation aid. See *Report of Independent Certified Public Accountants on Fund Balance Compliance Requirements* in the Supplemental Reports Section of this comprehensive annual financial report.

NOTE 4: EQUITY IN CENTRAL TREASURY CASH AND INVESTMENTS

The School District is not authorized to secure direct investments. All cash funds of the School District are maintained in a central cash treasury by the Borough. Chapter 3.04 of the Borough Code of Ordinances describes the objectives, policies, and procedures for the investment of Borough funds and applies to the investment of all Borough monies, unless otherwise provided expressly by ordinance.

Banking services are provided to the Borough under a contract with Wells Fargo Bank Alaska N.A (WFB). These services are paid for with a restricted, non-interest bearing compensating balance. WFB is required to 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 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 not considered to have any credit risk, and to the highest-rated debt securities where the credit risk is low.

The Borough also invests in the Alaska Municipal League Investment Pool (the pool). The pool is not SEC-registered, but is a 2a7-like pool, operating in a manner consistent with that rule. 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, 2008, the fair value of the investments in the pool approximates the amortized cost at which the investments were reported. The pool is not rated.

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, 2008 is as follows:

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued) June 30, 2008

	Carrying Value of Equity in Central Treasury	Due To (From) Other Funds	Reported Equity in Central Treasury
General fund	\$ 24,147,704	\$ (4,688,195)	\$ 19,459,509
Federal programs special revenue fund	(3,162,082)	3,179,270	17,188
Student transportation special revenue fund	241,135		241,135
Non-major governmental funds	4,352,934	208,715	4,561,649
Total governmental funds	25,579,691	(1,300,210)	24,279,481
Risk management internal service fund	(1,300,210)	1,300,210	
Total governmental activities	\$ 24,279,481	\$	\$ 24,279,481
 School district agency fund	 \$ 34,373	 \$	 \$ 34,373

Of total reported equity in central treasury in the statement of net assets at June 30, 2008, \$24,245,344 is unrestricted and \$34,137 is restricted.

NOTE 5: RECEIVABLES

Receivables reported in the statement of net assets at June 30, 2008 were as follows:

	General Fund	Federal Programs Special Revenue Fund	Non-major Governmental Funds	Risk Management Internal Service Fund	Totals
Governmental activities:					
Local	\$ 146,685	\$ 10,610	\$ 420	\$ 5,228,950	\$ 5,386,665
State		2,975,636	198,368		3,174,004
Federal	225,773	289,553	36,321		551,647
Total receivables	\$ 372,458	\$ 3,275,799	\$ 235,109	\$ 5,228,950	\$ 9,112,316

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, as recorded in the School District's financial records, consist of minor improvements other than buildings and furniture and equipment. The changes in capital assets by major class for year ended June 30, 2008, were as follows:

	July 1, 2007 Balance	Additions	Deductions	June 30, 2008 Balance
Governmental activities:				
Building improvements	\$ 318,102	\$	\$	\$ 318,102
Furniture and equipment	11,558,422	629,531	(517,374)	11,670,579
Less accumulated depreciation	(7,852,939)	(707,350)	496,097	(8,064,192)
Total, net of accumulated depreciation	4,023,585	(77,819)	(21,277)	3,924,489
Intangible assets (software)	205,056			205,056
Less accumulated amortization	(148,322)	(13,855)		(162,177)
Total, net of accumulated amortization	56,734	(13,855)		42,879
Governmental activities capital assets, net	\$ 4,080,319	\$ (91,674)	\$ (21,277)	\$ 3,967,368

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued)
June 30, 2008

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

Instruction	\$ 176,515
Special education instruction	8,662
Special education support services - students	2,870
Support services - students	5,615
Support services - instruction	146,542
School administration support services	4,735
District administration	1,727
District administration support services	139,835
Operations and maintenance of plant	174,500
Student activities	6,255
Student transportation service	813
Food services	53,136
Total depreciation/amortization expense	<u>\$ 721,205</u>

NOTE 7: LEASES

Operating Leases

The School District is obligated under three operating leases; a noncancelable building lease for a small school facility for the H.I.R.E. program and two copier leases for all district facilities. Operating leases do not give rise to property rights or lease obligations; and therefore, the results of the lease agreements are not reflected as assets or liabilities. Operating lease expense for fiscal year 2008 was \$385,900. The future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2009	\$ 134,387
2010	104,714
2011	104,714
2012	89,559
Total	<u>\$ 433,374</u>

Capital Leases

The School District has acquired teacher computers and peripherals under the provisions of long-term lease agreements. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded in the statement of net assets at the present value of their future minimum lease payments as of the inception date. The equipment purchased has not been capitalized as it does not meet the School District's asset capitalization threshold.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued) June 30, 2008

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2009	\$ 278,510
2010	291,388
2011	304,858
Total	<u>\$ 874,756</u>

NOTE 8: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2008 was as follows:

Due To / From Other Funds

Receivable Fund:	Payable Fund:	Amount
General fund	Federal projects special revenue fund	\$ 3,179,270
General fund	Nonmajor governmental funds	208,715
General fund	Risk management internal service fund	1,300,210
Total interfund receivables/payables		<u>\$ 4,688,195</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:			
	Federal Programs Special Revenue Fund	Student Transportation Special Revenue Fund	Nonmajor Governmental Funds	Total
Transfers Out:				
General fund	\$	\$ 512,550	\$ 1,668,308	\$ 2,180,858
Nonmajor governmental funds	14		1,510,420	1,510,434
Total transfers	<u>\$ 14</u>	<u>\$ 512,550</u>	<u>\$ 3,178,728</u>	<u>\$ 3,691,292</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 Primary Government

Receivable Entity:	Payable Entity:	Amount
Component unit - School District	Primary government	<u>\$ 27,749</u>
Primary government	Component unit - School District	<u>\$ 99,495</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued) June 30, 2008

Amounts due from the primary government 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 and equipment reimbursable from proceeds of Borough bonds issued for school district facilities. Amounts due to the primary government are comprised of payments for the new central kitchen project payable out of School District Title VIII monies.

NOTE 9: GENERAL LONG-TERM LIABILITIES

Long-term liabilities for governmental activities for the year ended June 30, 2008 were as follows:

	July 1, 2007 Balance	Additions	Reductions	June 30, 2008 Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 2,991,939	\$ 3,072,798	\$ (3,007,831)	\$ 3,056,906	\$ 2,848,328
Capital leases		1,193,724	(318,968)	874,756	278,510
Claims and judgments	3,957,021	26,324,637	(24,896,426)	5,385,232	3,066,543
Net pension obligation	5,300,757	1,782,530	(2,181,753)	4,901,534	
Governmental activity long-term liabilities	<u>\$ 12,249,717</u>	<u>\$ 32,373,689</u>	<u>\$ (30,404,978)</u>	<u>\$ 14,218,428</u>	<u>\$ 6,193,381</u>

The risk management internal service fund serves the governmental funds. Accordingly, long-term liabilities related to claims and judgments are included as part of the above totals for governmental activities. Also, for governmental activities, claims and judgments 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, 2007 Balance	Additions	Reductions	June 30, 2008 Balance	Due Within One Year
1993, Refunding, Series S	\$ 3,035,000	\$	\$ (3,035,000)	\$	\$
1997, Series A	23,631,205		(1,639,716)	21,991,489	1,736,169
1999, Series B	18,610,000		(1,190,000)	17,420,000	1,245,000
2000, Series C	7,315,000		(375,000)	6,940,000	390,000
2001, Series D	7,165,000		(370,000)	6,795,000	385,000
2002, Series E	12,165,000		(520,000)	11,645,000	545,000
2003, Series F	12,055,000		(515,000)	11,540,000	540,000
2004, Series G	12,545,000		(560,000)	11,985,000	570,000
2005, Series H	12,820,000		(530,000)	12,290,000	540,000
2006, Series I	9,530,000		(335,000)	9,195,000	350,000
2007, Series J	12,000,000		(290,000)	11,710,000	415,000
2007, Series K	10,460,000		(745,000)	9,715,000	875,000
2008, Series L		11,128,000		11,128,000	248,000
	<u>\$ 141,331,205</u>	<u>\$ 11,128,000</u>	<u>\$ (10,104,716)</u>	<u>\$ 142,354,489</u>	<u>\$ 7,839,169</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued) June 30, 2008

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2009	\$ 7,839,169	\$ 6,220,142
2010	8,312,624	5,733,970
2011	8,684,078	5,352,328
2012	9,080,532	4,971,769
2013	9,476,986	4,575,083
2014-2018	53,241,100	16,184,424
2019-2023	33,575,000	6,171,271
2024-2028	12,145,000	979,856
Total	<u>\$ 142,354,489</u>	<u>\$ 50,188,843</u>

During the year, the Borough paid total principal and interest of \$16,479,170 for school-related debt service.

NOTE 11: 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, depending upon the type of risk. Commercial insurance, with zero or small deductibles, is secured for the following coverages: employee life insurance and employee disability insurance. The program self-insures 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 designated fund balance in the amount of \$1,500,000 to provide resources for catastrophic losses up to self-retention limits, as well as to demonstrate financial responsibility to insurance carriers of excess coverage. The adequacy of this designated amount is re-evaluated periodically.

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

Self-insurance liabilities are accrued when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Self-insurance liabilities include estimates for expected future development on claims already reported, as well as considering known and unknown events that might create claims, but for which none have been reported. Based on the type of claim, estimates of the ultimate cost of settling these claims are made by using a case-by-case review of claims or by extrapolating historical experience, and may include specific, incremental claim adjustment expenditures, net of any recoveries. Both methods adjust for current trends and other information and the estimates include the effects of inflation and other economic and social factors.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued) June 30, 2008

Changes in the risk management internal service fund liability amounts in fiscal years 2008 and 2007 were:

	Claims Liability 2007-08	Claims Liability 2006-07
July 1	\$ 3,957,021	\$ 3,669,782
Current year claims	25,194,359	21,763,163
Changes in estimates for claims of prior periods	1,130,278	37,194
Claims payments	(24,896,426)	(21,513,118)
June 30	<u>\$ 5,385,232</u>	<u>\$ 3,957,021</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, 2008 and 2007 was \$5,228,950 and \$4,764,163, respectively.

NOTE 12: 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 2007-08	Allocated Services 2006-07
Risk management overhead	\$ 574,663	\$ 489,418
Auto/general liability, property and other insurance premiums	807,668	801,078
Workers' compensation insurance premiums	116,759	108,440
Health and workers' compensation claims paid	24,361,640	21,242,556
General/auto liabilities claims paid	10,435	6,706
Audit	44,500	33,700
	<u>\$ 25,915,665</u>	<u>\$ 22,681,898</u>

NOTE 13: RETIREMENT PLANS

As of June 30, 2008, 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 contacting the Alaska Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203, or by calling 1-800-821-2251. The financial statements are also available on the web at www.state.ak.us/dr/b. Effective July 1, 1993, the Borough and the School District participate in the PERS under separate agreements. Prior to that date, they participated under a joint agreement.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued)
June 30, 2008

A. Alaska Public Employees' Retirement System

Plan Description

The Public Employees' Retirement System (PERS) is established and administered by the State of Alaska (State) to provide pension, postemployment healthcare, death, 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). Tiers I through III of the PERS are a defined benefit, agent multiple-employer plan. Tier IV of the PERS, adopted for new hires first enrolled on or after July 1, 2006, is a defined contribution plan. Effective July 1, 2008 a new State regulation converts the defined benefit tiers of the PERS from an agent multiple-employer plan to a cost sharing multiple-employer plan.

Funding Policy

Defined Benefit Plan (Tiers I through III)

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 periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the funds necessary to meet both pension and postemployment healthcare benefit obligations when due. Prior to July 1, 2007 State regulation limited the maximum change in the employer's contribution rate from one year to the next to no more than five percentage points. Effective July 1, 2007 new State regulation repealed the rate limitation and set the effective employer rate at 22.00 percent with the difference between the effective rate and the actuarially determined rate (if greater than 22.00 percent) to be paid by the State on behalf of the employer. The School District's actuarially determined total rate for fiscal year 2008 was 30.13 percent (14.28 percent for pension and 15.85 percent for postemployment healthcare), an increase of 4.4 percent from fiscal year 2007.

Defined Contribution Plan (Tier IV)

Employee contribution rates for the defined contribution plan are 8.00 percent of eligible compensation. Fiscal year 2008 employer contributions rates are 22.00 percent, the same as the defined benefit tiers. The rate is comprised of five elements: 5.00 percent to each member's individual pension account, 0.99 percent into the retiree medical plan, 0.58 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 to pay down the defined benefit plan unfunded liability. The flat dollar per employee amount for fiscal year 2008 was \$58.89 per pay period for all full-time employees and \$0.98 per hour for all part-time employees.

During the years ended June 30, 2008 and 2007 employer contributions to the plan were \$372,725 and \$164,835, respectively, and employee contributions to the plan were \$250,476 and \$104,911, respectively. During fiscal year 2008 the residual employer contribution to the defined benefit plan unfunded liability was \$316,358.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued) June 30, 2008

Annual Pension Cost and Net Pension Obligation

Actuarial Valuation

Actuarial valuations are required to be performed at least biennially. Generally, PERS actuarial valuations are performed annually, as of June 30 of each year. The actuarial methods and significant actuarial assumptions used to determine annual required contributions for pension and postemployment healthcare for fiscal year 2008 were those listed in the actuarial valuation as of June 30, 2005. The actuarial cost method used for computing liabilities and contributions is the projected unit credit method of funding. The initial unfunded accrued liability and future gains or losses are amortized over a 25-year fixed (closed) period as a level percentage of pay based on a 4.25 percent payroll growth. Significant actuarial assumptions are as follows:

Investment return	8.25%
Projected salary increases:	
Inflation	3.50%
Productivity and merit	2.00%
Total inflation rate	3.50%
Health cost trend - initial rate (medical / Rx)	9.50% / 14.00%
Health cost trend - ultimate rate (medical / Rx)	5.00% / 5.00%

All assets are valued at market value. Valuation assets cannot be outside a range of 80 percent to 120 percent of the market value of assets.

Annual Pension Cost and Net Pension Obligation

Beginning in fiscal year 2005 (actuarial valuation year 2002) the average employer contribution rate increased 18.14 percentage points due to: changing the asset valuation method (immediately recognizing all prior deferred losses and eliminating corridor adjustments), increasing the health cost trend assumptions, and resetting the assumed medical premium to equal the actual fiscal year 2003 premium. Additional average contribution rate increases in fiscal years 2006 and 2007 (actuarial valuation year 2003 and 2004) brought the total increase over a three year period to 21.42 percentage points. In 2007 the State passed legislation that capped all participating employers' fiscal year 2008 contribution rates at 22.00 percent with a provision that the State pay, on behalf of the employers, the difference between the actuarially determined rate and the effective rate. During fiscal year 2008 the PERS on-behalf payment made by the State of Alaska for the School District was \$2,181,753.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued) June 30, 2008

The components of the School District's annual pension cost and net pension obligation in the PERS for the year ended June 30, 2008 were as follows:

	Pension	Postemployment Healthcare	Total
Annual required contribution	\$ 3,524,742	\$ 3,909,761	\$ 7,434,503
Interest on net pension obligation	207,333	229,979	437,312
Adjustment to annual required contribution	(163,325)	(181,164)	(344,489)
Annual pension cost	3,568,750	3,958,576	7,527,326
Contributions made:			
By the School District	2,723,642	3,021,154	5,744,796
By the State of Alaska	1,034,382	1,147,371	2,181,753
Total contributions made	3,758,024	4,168,525	7,926,549
Decrease in net pension obligation	(189,274)	(209,949)	(399,223)
Net pension obligation, beginning of year	3,104,061	2,196,696	5,300,757
Net pension obligation, end of year	\$ 2,914,787	\$ 1,986,747	\$ 4,901,534

Annual pension cost (APC), percentage of APC contributed, and net pension obligation information as of June 30, 2008, 2007 and 2006 follows for pension benefits and postemployment healthcare benefits:

Pension Benefits

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2006	\$ 3,730,311	67.8%	\$ 2,328,435
June 30, 2007	3,947,854	80.4%	3,104,061
June 30, 2008	3,568,750	105.3%	2,914,787

Postemployment Healthcare Benefits

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2006	\$ 2,493,184	67.8%	\$ 1,649,786
June 30, 2007	2,783,708	80.4%	2,196,696
June 30, 2008	3,958,576	105.3%	1,986,747

A schedule of funding progress for the most recent actuarial valuations is included in this report as required supplementary information, which follows these notes to the financial statements. As noted earlier, effective July 1, 2008, a new State regulation converts the defined benefit tiers of the PERS from an agent multiple-employer plan to a cost sharing multiple-employer plan. As a result, the actuary for the PERS was not required to provide funding progress information for fiscal year ended June 30, 2007.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements (continued)
June 30, 2008

B. Alaska Teachers' Retirement System

Plan Description

Tier I and II of the Alaska Teachers' Retirement System (TRS) are a defined benefit, cost-sharing multiple-employer plan. Tier III of the TRS, adopted for new hires first enrolled on or after July 1, 2006, is a defined contribution plan. The TRS retirement system is created and administered by the State of Alaska (State) to provide pension, postemployment healthcare, death 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 plan 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.

Funding Policy

Defined Benefit Plan (Tier I and II)

Employee contribution rates for the defined benefit plan are 8.65 percent of eligible compensation. The TRS's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay both pension and postemployment healthcare benefits when due. The TRS plan actuarially determined rate for fiscal year 2008 was 42.26 percent, an increase of 16.26 percent from fiscal year 2007. As with the PERS, however, prior to July 1, 2007 State regulation limited the maximum change in the employer's contribution rate from one year to the next to no more than five percentage points. Effective July 1, 2007 new State regulation repealed the rate limitation and set the effective employer rate at 12.56 percent with the difference between the effective rate and the actuarially determined rate (if greater than 12.56 percent) to be paid by the State on behalf of the employer.

The amounts contributed to TRS by the School District during the years ended June 30, 2008, 2007, and 2006 were \$7,533,121, \$15,402,736 and \$12,716,069, respectively, equal to the mandatory employer contributions for each year. During fiscal year 2008 the TRS on-behalf payment made by the State for the School District was \$26,641,081.

Defined Contribution Plan (Tier III)

Employee contribution rates for the defined contribution plan are 8.00 percent of eligible compensation. Fiscal year 2008 employer contributions rates are 12.56 percent, the same as the defined benefit tiers. The rate is comprised of five elements: 7.00 percent to each member's individual pension account, 0.99 percent into the retiree medical plan, 0.62 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 to pay down the defined benefit plan unfunded liability. The flat dollar per employee amount for fiscal year 2008 was \$58.89 per pay period for all full-time employees and \$0.98 per hour for all part-time employees.

During the years ended June 30, 2008 and 2007 employer contributions to the plan were \$473,005 and \$228,167, respectively, and employee contributions to the plan were \$315,657 and \$150,536, respectively. During fiscal year 2008 the residual employer contribution to the defined benefit plan unfunded liability was \$25,552.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2008

NOTE 14: 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.

NOTE 15: SUBSEQUENT EVENT

On October 17, 2008 the Board of Education approved a new negotiated agreement between the School District and the Fairbanks Education Association (FEA) retroactive to July 1, 2008. Included in this agreement is a change to the employee cost sharing mechanism for health costs that has been in place for a number of years. As discussed in note 11, 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 the total amount expected to be collected in the following fiscal year. When the negotiated agreement was finalized the effect on the employee dollar share receivable recorded in the risk management internal service fund at June 30, 2008 was a decrease from \$5,228,950 to \$3,743,520, a difference of \$1,485,430 which will be recorded as an expense in fiscal year 2009.

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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

**Schedule of PERS Funding Progress – Pension and
Postemployment Healthcare Benefits**

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, 2008

	<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	\$ 43,008,350	\$ 43,008,350	\$ 43,068,685	\$ 43,068,685	\$ 60,335
State sources	91,967,146	91,967,146	122,430,200	122,430,200	30,463,054
Federal sources	9,712,140	9,712,140	11,530,171	11,530,171	1,818,031
Total revenues	144,687,636	144,687,636	177,029,056	177,029,056	32,341,420
Expenditures:					
Current:					
Instruction	71,202,325	70,605,556	88,963,183	88,775,792	(18,170,236)
Special education instruction	14,312,737	14,477,757	17,372,874	17,375,088	(2,897,331)
Special education support services - students	2,169,913	2,655,321	3,054,051	3,051,591	(396,270)
Support services - students	9,102,799	9,412,539	10,707,424	10,700,676	(1,288,137)
Support services - instruction	5,929,796	6,296,773	6,904,702	6,918,634	(621,861)
School administration	5,310,586	5,621,246	7,246,525	7,246,525	(1,625,279)
School administration support services	4,242,539	4,308,987	4,155,048	4,150,007	158,980
District administration	1,891,909	1,964,566	2,101,406	2,067,319	(102,753)
District administration support services	8,041,146	8,181,455	8,221,540	8,153,135	28,320
Operations and maintenance of plant	21,335,841	21,307,356	21,775,769	21,846,622	(539,266)
Student activities	2,041,389	2,256,709	2,405,649	2,408,453	(151,744)
Total expenditures	145,580,980	147,088,265	172,908,171	172,693,842	(25,605,577)
Excess (deficiency) of revenues over expenditures	(893,344)	(2,400,629)	4,120,885	4,335,214	6,735,843
Other financing sources (uses):					
Proceeds from sale of capital assets			31,960	31,960	31,960
Transfers out	(2,313,070)	(2,313,135)	(2,180,858)	(2,180,858)	132,277
Total other financing sources (uses)	(2,313,070)	(2,313,135)	(2,148,898)	(2,148,898)	164,237
Net change in fund balance	\$ (3,206,414)	\$ (4,713,764)	1,971,987	\$ 2,186,316	\$ 6,900,080
Fund balance - beginning			21,921,505		
Fund balance - ending			\$ 23,893,492		

See accompanying notes to the budgetary comparison schedules.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Federal Programs Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget -</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Local sources	\$	\$	\$ 62,062	\$ 62,062
Federal sources	<u>11,620,682</u>	<u>13,175,104</u>	<u>11,455,235</u>	<u>(1,793,152)</u>
Total revenues	<u>11,620,682</u>	<u>13,175,104</u>	<u>11,517,297</u>	<u>(1,731,090)</u>
Expenditures:				
Current:				
Instruction	3,438,221	3,898,683	3,567,493	406,416
Special education instruction	2,893,876	3,407,342	3,395,874	12,868
Support services - students	1,214,037	1,427,522	1,276,308	112,854
Support services - instruction	3,184,057	3,727,294	2,671,425	1,090,886
District administration support services	<u>624,648</u>	<u>714,822</u>	<u>611,640</u>	<u>103,182</u>
Total expenditures	<u>11,354,839</u>	<u>13,175,663</u>	<u>11,522,740</u>	<u>1,726,206</u>
Excess (deficiency) of revenues over expenditures	<u>265,843</u>	<u>(559)</u>	<u>(5,443)</u>	<u>(4,884)</u>
Other financing uses:				
Transfers out			(14)	(14)
Net change in fund balance	<u>\$ 265,843</u>	<u>\$ (559)</u>	<u>(5,457)</u>	<u>\$ (4,898)</u>
Fund balance - beginning			<u>33,752</u>	
Fund balance - ending			<u>\$ 28,295</u>	

See accompanying notes to the budgetary comparison schedules.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Student Transportation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget -</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Local sources	\$	\$	\$ 18,450	\$ 18,450
State sources	<u>8,787,770</u>	<u>8,785,531</u>	<u>8,573,346</u>	<u>(210,840)</u>
Total revenues	<u>8,787,770</u>	<u>8,785,531</u>	<u>8,593,141</u>	<u>(192,390)</u>
Expenditures:				
Current:				
Student transportation service	<u>9,300,320</u>	<u>9,298,081</u>	<u>9,106,723</u>	<u>190,013</u>
Deficiency of revenues over expenditures	<u>(512,550)</u>	<u>(512,550)</u>	<u>(514,927)</u>	<u>(2,377)</u>
Other financing sources:				
Transfers in	<u>512,550</u>	<u>512,550</u>	<u>512,550</u>	
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>(2,377)</u>	<u>\$ (2,377)</u>
Fund balance - beginning			<u>234,297</u>	
Fund balance - ending			<u>\$ 231,920</u>	

See accompanying notes to the budgetary comparison schedules.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to Budgetary Comparison Schedules June 30, 2008

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, 2008, 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 (continued) June 30, 2008

accounting period when goods or services are received as required by generally accepted accounting principles. Encumbrances outstanding at year-end are reported as reservations of fund balance and 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	\$ 177,029,056	\$ 11,444,014	\$ 8,593,141
Basis difference		73,283	(1,345)
Revenues reported on the basis of GAAP	<u>\$ 177,029,056</u>	<u>\$ 11,517,297</u>	<u>\$ 8,591,796</u>
Expenditures reported on the basis of budgeting	\$ 172,693,842	\$ 11,449,457	\$ 9,108,068
Add expenditures on prior year encumbrances	1,485,457	286,982	2,239
Deduct current year encumbrances	(1,271,128)	(213,699)	(3,584)
Expenditures reported on the basis of GAAP	<u>\$ 172,908,171</u>	<u>\$ 11,522,740</u>	<u>\$ 9,106,723</u>

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2008, expenditures exceeded budget, in annually approved budgets, for the following major fund:

General Fund:

Instruction	\$ 18,170,236
Special education instruction	2,897,331
Special education support services - students	396,270
Support services - students	1,288,137
Support services - instruction	621,861
School administration	1,625,279
District administration	102,753
Operations and maintenance of plant	539,266
Student activities	151,744

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to Budgetary Comparison Schedules June 30, 2008

As discussed in note 13 to the financial statements, effective July 1, 2007, new State regulations set the effective employer contribution rates for the defined benefit tiers of the Alaska Public Employees' Retirement System and the Teachers' Retirement System at amounts lower than the actuarially determined rate with the difference between the effective rate and the actuarially determined rate to be paid by the State of Alaska on behalf of the employer. As required by generally accepted accounting principles the payments made by the State on behalf of the School District were recorded as revenue and expenditures in the general fund. The School District did not amend its fiscal year 2008 budget for these on-behalf payments so expenditures in all functional areas listed above exceeded budget. In addition, expenditures for operations and maintenance of plant exceeded budget because of increases in the cost of fuel oil and electricity.

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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Alaska Public Employee Retirement System (PERS) Funding Progress
 Pension and Postemployment Healthcare Benefits
 June 30, 2008

(In 000's)

	Actuarial Valuation Year ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Deficiency of Plan Assets over AAL	Funded Ratio	Covered Payroll	Deficiency of Plan Assets as a Percentage of Covered Payroll
Pension Benefits	2005	60,310	91,831	(31,521)	66%	27,423	(115%)
	2006	93,422	106,147	(12,725)	88%	28,872	(44%)
Postemployment Healthcare Benefits	2005	66,898	101,862	(34,964)	66%	27,423	(128%)
	2006	39,987	109,519	(69,532)	37%	28,872	(242%)
Totals	2005	127,208	193,693	(66,485)	66%	27,423	(242%)
	2006	133,409	215,666	(82,257)	62%	28,872	(285%)

Note: As discussed in Note 13 to the basic financial statements, effective July 1, 2008 a new State regulation converted all defined benefit tiers of the PERS from an agent multiple-employer plan to a cost sharing multiple-employer plan. As a result, the actuary for the PERS was not required to provide funding progress information for fiscal year ended June 30, 2007.

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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, 2008

(With comparative totals for 2007)

<u>ASSETS</u>	<u>Totals</u>	
	<u>2008</u>	<u>2007</u>
Equity in central treasury cash	\$ 19,459,509	\$ 18,154,698
Accounts receivable:		
Local	146,685	158,965
Federal	225,773	15,882
Due from other funds	4,688,195	4,348,060
Due from Fairbanks North Star Borough	14,609	8,838
Inventories	499,887	473,356
Prepaid expenses	5,909	25,179
Total assets	<u>\$ 25,040,567</u>	<u>\$ 23,184,978</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 470,909	\$ 883,373
Accrued payroll and liabilities	666,114	380,100
Deferred revenue	10,052	
Total liabilities	<u>1,147,075</u>	<u>1,263,473</u>
Fund balance:		
Reseved for:		
Encumbrances	1,271,128	1,485,457
Inventories	499,887	473,356
Prepayments	5,909	25,179
Impact aid advance	10,162,549	10,562,000
Unreserved:		
Designated for subsequent year's expenditures	5,525,200	3,206,414
Undesignated	6,428,819	6,169,099
Total fund balance	<u>23,893,492</u>	<u>21,921,505</u>
Total liabilities and fund balance	<u>\$ 25,040,567</u>	<u>\$ 23,184,978</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, 2008
(With comparative totals for 2007)

	Totals	
	2008	2007
Revenues:		
Revenue from local sources:		
Borough direct appropriation	\$ 42,222,700	\$ 40,022,700
E-rate revenue	297,666	263,343
Other local revenue	548,319	677,314
Total local sources	<u>43,068,685</u>	<u>40,963,357</u>
Revenue from state sources:		
Foundation program	85,688,097	88,513,723
QSI grant	342,123	345,636
Supplemental aid	6,127,146	1,169,801
TRS on-behalf	26,641,081	
PERS on-behalf	2,181,753	
On-base schools	1,450,000	1,450,000
Total state sources	<u>122,430,200</u>	<u>91,479,160</u>
Revenue from federal sources:		
Direct - impact aid	11,118,081	11,405,933
Through the State of Alaska - Medicaid reimbursement	412,090	371,249
Total federal sources	<u>11,530,171</u>	<u>11,777,182</u>
Total revenues	<u>177,029,056</u>	<u>144,219,699</u>
Expenditures - current:		
Instruction:		
Salaries and fringe benefits:		
Certificated salaries	44,312,175	42,559,740
Non-certificated salaries	3,791,088	3,547,266
Employee benefits	36,064,951	23,240,478
Total salaries and fringe benefits	<u>84,168,214</u>	<u>69,347,484</u>
Materials, supplies, services and other:		
Professional and technical services	306,640	27,060
Staff travel	45,614	58,270
Student travel	63,887	56,929
Other purchased services	964,721	856,694
Supplies, materials and media	3,339,920	4,061,467
Total materials, supplies, services and other	<u>4,720,782</u>	<u>5,060,420</u>
Capital outlay - equipment	74,187	39,502
Total instruction	<u>88,963,183</u>	<u>74,447,406</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, 2008

(With comparative totals for 2007)

	Totals	
	2008	2007
Special education instruction:		
Salaries and fringe benefits:		
Certificated salaries	\$ 6,959,808	\$ 6,463,649
Non-certificated salaries	2,586,776	2,553,041
Employee benefits	7,033,425	4,659,864
Total salaries and fringe benefits	<u>16,580,009</u>	<u>13,676,554</u>
Materials, supplies, services and other:		
Professional and technical services	535,513	525,315
Staff travel	223	
Student travel	231	88
Utility services	1,075	794
Other purchased services	56,032	30,595
Supplies, materials and media	199,791	120,822
Total materials, supplies, services and other	<u>792,865</u>	<u>677,614</u>
Total special education instruction	<u>17,372,874</u>	<u>14,354,168</u>
Special education support services - students:		
Salaries and fringe benefits:		
Certificated salaries	940,129	918,762
Non-certificated salaries	411,650	405,395
Employee benefits	931,615	672,582
Total salaries and fringe benefits	<u>2,283,394</u>	<u>1,996,739</u>
Materials, supplies, services and other:		
Professional and technical services	646,943	459,801
Staff travel	33,103	16,184
Student travel	625	
Other purchased services	22,113	12,049
Supplies, materials and media	58,938	53,006
Total materials, supplies, services and other	<u>761,722</u>	<u>541,040</u>
Capital outlay - equipment	8,935	
Total special education support services - students	<u>3,054,051</u>	<u>2,537,779</u>
Support services - students:		
Salaries and fringe benefits:		
Certificated salaries	3,018,746	2,987,075
Non-certificated salaries	3,164,988	2,899,151
Employee benefits	4,348,214	3,014,806
Total salaries and fringe benefits	<u>10,531,948</u>	<u>8,901,032</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, 2008
(With comparative totals for 2007)

	Totals	
	2008	2007
Support services - students (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 4,199	\$ 3,399
Staff travel	27,852	4,895
Student travel		35
Other purchased services	16,213	16,235
Supplies, materials and media	122,923	150,741
Other expenses	566	699
Total materials, supplies, services and other	171,753	176,004
Capital outlay - equipment	3,723	2,988
Total support services - students	10,707,424	9,080,024
Support services - instruction:		
Salaries and fringe benefits:		
Certificated salaries	1,211,069	943,228
Non-certificated salaries	1,923,563	1,906,976
Employee benefits	2,470,568	1,406,024
Total salaries and fringe benefits	5,605,200	4,256,228
Materials, supplies, services and other:		
Professional and technical services	34,073	7,514
Staff travel	67,482	57,579
Student travel	7,401	5,716
Other purchased services	401,535	273,021
Supplies, materials and media	664,116	553,480
Total materials, supplies, services and other	1,174,607	897,310
Capital outlay - equipment	124,895	161,748
Total support services - instruction	6,904,702	5,315,286
School administration:		
Salaries and fringe benefits:		
Certificated salaries	4,061,050	3,909,230
Employee benefits	3,155,581	2,075,418
Total salaries and fringe benefits	7,216,631	5,984,648
Materials, supplies, services and other:		
Staff travel	4,069	
Student travel	210	3,238
Supplies, materials and media	1,126	
Other expenses	24,489	23,430
Total materials, supplies, services and other	29,894	26,668
Total school administration	7,246,525	6,011,316

(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, 2008

(With comparative totals for 2007)

	Totals	
	2008	2007
School administration support services:		
Salaries and fringe benefits:		
Non-certificated salaries	\$ 2,376,729	\$ 2,313,618
Employee benefits	1,382,222	1,216,406
Total salaries and fringe benefits	3,758,951	3,530,024
Materials, supplies, services and other:		
Professional and technical services	9,716	2,007
Staff travel	1,579	156
Utility services	252,404	328,223
Other purchased services	3,851	13,282
Supplies, materials and media	128,547	96,757
Total materials, supplies, services and other	396,097	440,425
Capital outlay - equipment		2,599
Total school administration support services	4,155,048	3,973,048
District administration:		
Salaries and fringe benefits:		
Certificated salaries	493,052	389,130
Non-certificated salaries	569,458	584,083
Employee benefits	707,223	504,303
Total salaries and fringe benefits	1,769,733	1,477,516
Materials, supplies, services and other:		
Professional and technical services	112,118	65,298
Staff travel	36,716	29,609
Other purchased services	69,580	121,460
Supplies, materials and media	99,800	79,101
Total materials, supplies, services and other	318,214	295,468
Capital outlay - equipment	13,459	2,753
Total district administration	2,101,406	1,775,737
District administration support services:		
Salaries and fringe benefits:		
Certificated salaries	38,306	35,969
Non-certificated salaries	4,088,284	3,940,044
Employee benefits	2,470,864	2,148,169
Total salaries and fringe benefits	6,597,454	6,124,182

(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, 2008****(With comparative totals for 2007)**

	Totals	
	2008	2007
District administration support services (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 334,719	\$ 367,030
Staff travel	83,998	80,969
Utility services	185,022	237,937
Other purchased services	369,143	392,902
Insurance and bond premiums	961,002	853,389
Supplies, materials and media	232,555	221,988
Other expenses	10,920	18,724
Indirect cost	(616,273)	(670,439)
Total materials, supplies, services and other	1,561,086	1,502,500
Capital outlay - equipment	63,000	162,474
Total district administration support services	8,221,540	7,789,156
Operations and maintenance of plant:		
Salaries and fringe benefits:		
Non-certificated salaries	7,967,574	7,806,203
Employee benefits	4,409,326	3,993,861
Total salaries and fringe benefits	12,376,900	11,800,064
Materials, supplies, services and other:		
Professional and technical services	76,640	67,271
Staff travel	10,454	18,003
Utility services	859,347	832,750
Energy	5,658,279	4,841,662
Other purchased services	814,491	833,182
Insurance and bond premiums	415,932	432,157
Supplies, materials and media	1,371,781	1,176,027
Total materials, supplies, services and other	9,206,924	8,201,052
Capital outlay - equipment	191,945	38,364
Total operations and maintenance of plant	21,775,769	20,039,480
Student activities:		
Salaries and fringe benefits:		
Certificated salaries	657,202	619,179
Non-certificated salaries	490,280	504,469
Employee benefits	545,640	325,439
Total salaries and fringe benefits	1,693,122	1,449,087

(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, 2008
(With comparative totals for 2007)

	Totals	
	2008	2007
Student activities (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 173,252	\$ 173,377
Staff travel	3,796	
Student travel	344,061	395,041
Other purchased services	46,877	37,532
Supplies, materials and media	110,116	121,798
Other expenses	28,925	27,360
Total materials, supplies, services and other	707,027	755,108
Capital outlay - equipment	5,500	
Total student activities	2,405,649	2,204,195
Total expenditures	172,908,171	147,527,595
Excess (deficiency) of revenues over expenditures	4,120,885	(3,307,896)
Other financing sources (uses):		
Proceeds from sale of capital assets	31,960	8,373
Proceeds from insurance recovery		1,049,081
Transfers out	(2,180,858)	(586,365)
Total other financing sources (uses)	(2,148,898)	471,089
Net change in fund balance	1,971,987	(2,836,807)
Fund balance - beginning	21,921,505	24,758,312
Fund balance - ending	\$ 23,893,492	\$ 21,921,505

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, 2008

	<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:					
Borough direct appropriation	\$ 42,222,700	\$ 42,222,700	\$ 42,222,700	\$ 42,222,700	\$
E-rate revenue	250,000	250,000	297,666	297,666	47,666
Other local revenue	535,650	535,650	548,319	548,319	12,669
Total local sources	43,008,350	43,008,350	43,068,685	43,068,685	60,335
Revenue from state sources:					
Foundation program	86,183,310	86,183,310	85,688,097	85,688,097	(495,213)
QSI grant	344,460	344,460	342,123	342,123	(2,337)
Supplemental aid	3,989,376	3,989,376	6,127,146	6,127,146	2,137,770
TRS on-behalf			26,641,081	26,641,081	26,641,081
PERS on-behalf			2,181,753	2,181,753	2,181,753
On-base schools	1,450,000	1,450,000	1,450,000	1,450,000	
Total state sources	91,967,146	91,967,146	122,430,200	122,430,200	30,463,054
Revenue from federal sources:					
Direct - impact aid	9,437,290	9,437,290	11,118,081	11,118,081	1,680,791
Through the State of Alaska - Medicaid reimbursement	274,850	274,850	412,090	412,090	137,240
Total federal sources	9,712,140	9,712,140	11,530,171	11,530,171	1,818,031
Total revenues	144,687,636	144,687,636	177,029,056	177,029,056	32,341,420
Expenditures - current:					
Instruction:					
Salaries and fringe benefits:					
Certificated salaries	45,090,641	44,147,965	44,312,175	44,312,175	(164,210)
Non-certificated salaries	3,209,908	3,914,655	3,791,088	3,791,088	123,567
Employee benefits	17,412,732	17,257,381	36,064,951	36,064,951	(18,807,570)
Total salaries and fringe benefits	65,713,281	65,320,001	84,168,214	84,168,214	(18,848,213)
Materials, supplies, services and other:					
Professional and technical services	51,500	795,412	306,640	778,418	16,994
Staff travel	63,650	62,820	45,614	45,704	17,116
Student travel	60,160	100,341	63,887	64,287	36,054
Other purchased services	2,421,848	1,143,946	964,721	873,647	270,299
Supplies, materials and media	2,683,805	3,076,681	3,339,920	2,768,430	308,251
Other expenses	208,081	11,831			11,831
Total materials, supplies, services and other	5,489,044	5,191,031	4,720,782	4,530,486	660,545
Capital outlay - equipment		94,524	74,187	77,092	17,432
Total instruction	71,202,325	70,605,556	88,963,183	88,775,792	(18,170,236)

(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, 2008

	Budgeted Amounts			Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final	Actual		
Special education instruction:					
Salaries and fringe benefits:					
Certificated salaries	\$ 6,788,968	\$ 6,937,822	\$ 6,959,808	\$ 6,959,808	\$ (21,986)
Non-certificated salaries	2,515,143	2,547,415	2,586,776	2,586,776	(39,361)
Employee benefits	3,833,107	3,798,329	7,033,425	7,033,425	(3,235,096)
Total salaries and fringe benefits	13,137,218	13,283,566	16,580,009	16,580,009	(3,296,443)
Materials, supplies, services and other:					
Professional and technical services	516,200	536,200	535,513	536,713	(513)
Staff travel	1,500	1,500	223	223	1,277
Student travel		300	231	231	69
Utility services	1,500	1,500	1,075	1,075	425
Other purchased services	190,919	215,999	56,032	55,947	160,052
Supplies, materials and media	465,400	438,692	199,791	200,890	237,802
Total materials, supplies, services and other	1,175,519	1,194,191	792,865	795,079	399,112
Total special education instruction	14,312,737	14,477,757	17,372,874	17,375,088	(2,897,331)
Special education support services - students:					
Salaries and fringe benefits:					
Certificated salaries	991,973	1,005,919	940,129	940,129	65,790
Non-certificated salaries	347,113	405,433	411,650	411,650	(6,217)
Employee benefits	545,274	555,669	931,615	931,615	(375,946)
Total salaries and fringe benefits	1,884,360	1,967,021	2,283,394	2,283,394	(316,373)
Materials, supplies, services and other:					
Professional and technical services	180,453	558,153	646,943	643,772	(85,619)
Staff travel	19,600	32,600	33,103	33,643	(1,043)
Student travel			625	625	(625)
Other purchased services	20,000	25,020	22,113	22,113	2,907
Supplies, materials and media	65,500	62,132	58,938	59,109	3,023
Total materials, supplies, services and other	285,553	677,905	761,722	759,262	(81,357)
Capital outlay - equipment		10,395	8,935	8,935	1,460
Total special education support services - students	2,169,913	2,655,321	3,054,051	3,051,591	(396,270)
Support services - students:					
Salaries and fringe benefits:					
Certificated salaries	2,853,871	3,099,348	3,018,746	3,018,746	80,602
Non-certificated salaries	2,920,072	3,242,706	3,164,988	3,164,988	77,718
Employee benefits	2,499,220	2,693,064	4,348,214	4,348,214	(1,655,150)
Total salaries and fringe benefits	8,273,163	9,035,118	10,531,948	10,531,948	(1,496,830)

(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, 2008

	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	\$ 3,000	\$ 6,035	\$ 4,199	\$ 5,609	\$ 426
Staff travel	19,250	27,565	27,852	27,852	(287)
Student travel	1,000	1,000			1,000
Other purchased services	632,320	92,885	16,213	10,193	82,692
Supplies, materials and media	173,066	245,213	122,923	120,785	124,428
Other expenses	1,000	1,000	566	566	434
Total materials, supplies, services and other	829,636	373,698	171,753	165,005	208,693
Capital outlay - equipment		3,723	3,723	3,723	
Total support services - students	9,102,799	9,412,539	10,707,424	10,700,676	(1,288,137)
Support services - instruction:					
Salaries and fringe benefits:					
Certificated salaries	960,852	1,209,486	1,211,069	1,211,069	(1,583)
Non-certificated salaries	2,129,915	2,149,658	1,923,563	1,923,563	226,095
Employee benefits	1,328,712	1,442,546	2,470,568	2,470,568	(1,028,022)
Total salaries and fringe benefits	4,419,479	4,801,690	5,605,200	5,605,200	(803,510)
Materials, supplies, services and other:					
Professional and technical services	72,000	72,699	34,073	34,073	38,626
Staff travel	78,545	80,476	67,482	67,506	12,970
Student travel	10,000	10,000	7,401	7,401	2,599
Other purchased services	617,692	551,365	401,535	403,769	147,596
Supplies, materials and media	565,980	647,943	664,116	675,790	(27,847)
Total materials, supplies, services and other	1,344,217	1,362,483	1,174,607	1,188,539	173,944
Capital outlay - equipment	166,100	132,600	124,895	124,895	7,705
Total support services - instruction	5,929,796	6,296,773	6,904,702	6,918,634	(621,861)
School administration:					
Salaries and fringe benefits:					
Certificated salaries	3,857,273	4,080,828	4,061,050	4,061,050	19,778
Employee benefits	1,423,723	1,506,248	3,155,581	3,155,581	(1,649,333)
Total salaries and fringe benefits	5,280,996	5,587,076	7,216,631	7,216,631	(1,629,555)
Materials, supplies, services and other:					
Staff travel	6,500	6,500	4,069	4,069	2,431
Student travel		500	210	210	290
Supplies, materials and media		2,000	1,126	1,126	874
Other expenses	23,090	25,170	24,489	24,489	681
Total materials, supplies, services and other	29,590	34,170	29,894	29,894	4,276
Total school administration	5,310,586	5,621,246	7,246,525	7,246,525	(1,625,279)

(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, 2008

	Budgeted Amounts			Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final	Actual		
School administration support services:					
Salaries and fringe benefits:					
Non-certificated salaries	\$ 2,461,207	\$ 2,475,948	\$ 2,376,729	\$ 2,376,729	\$ 99,219
Employee benefits	1,267,118	1,271,272	1,382,222	1,382,222	(110,950)
Total salaries and fringe benefits	3,728,325	3,747,220	3,758,951	3,758,951	(11,731)
Materials, supplies, services and other:					
Professional and technical services	9,000	19,000	9,716	9,716	9,284
Staff travel	825	1,825	1,579	1,579	246
Utility services	372,160	374,160	252,404	250,462	123,698
Other purchased services	10,000	3,500	3,851	3,851	(351)
Insurance and bond premiums	5,000	7,500			7,500
Supplies, materials and media	117,229	154,782	128,547	125,448	29,334
Total materials, supplies, services and other	514,214	560,767	396,097	391,056	169,711
Capital outlay - equipment		1,000			1,000
Total school administration support services	4,242,539	4,308,987	4,155,048	4,150,007	158,980
District administration:					
Salaries and fringe benefits:					
Certificated salaries	383,148	484,428	493,052	493,052	(8,624)
Non-certificated salaries	681,643	613,223	569,458	569,458	43,765
Employee benefits	497,308	498,630	707,223	707,223	(208,593)
Total salaries and fringe benefits	1,562,099	1,596,281	1,769,733	1,769,733	(173,452)
Materials, supplies, services, and other:					
Professional and technical services	62,900	111,592	112,118	113,962	(2,370)
Staff travel	38,600	35,244	36,716	36,782	(1,538)
Other purchased services	119,775	84,650	69,580	63,144	21,506
Supplies, materials and media	52,050	66,855	99,800	70,239	(3,384)
Other expenses	56,485	56,485			56,485
Total materials, supplies, services, and other	329,810	354,826	318,214	284,127	70,699
Capital outlay - equipment		13,459	13,459	13,459	
Total district administration	1,891,909	1,964,566	2,101,406	2,067,319	(102,753)
District administration support services:					
Salaries and fringe benefits:					
Certificated salaries	31,150	37,779	38,306	38,306	(527)
Non-certificated salaries	4,090,903	4,191,634	4,088,284	4,088,284	103,350
Employee benefits	2,191,401	2,271,370	2,470,864	2,470,864	(199,494)
Total salaries and fringe benefits	6,313,454	6,500,783	6,597,454	6,597,454	(96,671)

(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, 2008

	<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	\$ 409,500	\$ 354,770	\$ 334,719	\$ 317,358	\$ 37,412
Staff travel	143,070	129,960	83,998	86,681	43,279
Utility services	286,000	286,000	185,022	184,855	101,145
Other purchased services	405,052	411,438	369,143	344,626	66,812
Insurance and bond premiums	955,000	955,000	961,002	961,002	(6,002)
Supplies, materials and media	288,820	283,418	232,555	203,512	79,906
Other expenses		490	10,920	10,920	(10,430)
Indirect costs	(820,000)	(820,000)	(616,273)	(616,273)	(203,727)
Total materials, supplies, services and other	1,667,442	1,601,076	1,561,086	1,492,681	108,395
Capital outlay - equipment	60,250	79,596	63,000	63,000	16,596
Total district administration support services	8,041,146	8,181,455	8,221,540	8,153,135	28,320
Operations and maintenance of plant:					
Salaries and fringe benefits:					
Certificated salaries					
Non-certificated salaries	8,386,469	8,169,237	7,967,574	7,967,574	201,663
Employee benefits	4,270,377	4,155,225	4,409,326	4,409,326	(254,101)
Total salaries and fringe benefits	12,656,846	12,324,462	12,376,900	12,376,900	(52,438)
Materials, supplies, services and other:					
Professional and technical services	73,400	73,400	76,640	68,580	4,820
Staff travel	21,400	21,400	10,454	10,454	10,946
Utility services	934,505	884,956	859,347	892,494	(7,538)
Energy	5,143,736	5,252,236	5,658,279	5,751,555	(499,319)
Other purchased services	795,554	819,395	814,491	810,774	8,621
Insurance and bond premiums	461,000	476,000	415,932	415,932	60,068
Supplies, materials and media	1,166,550	1,317,549	1,371,781	1,393,315	(75,766)
Total materials, supplies, services and other	8,596,145	8,844,936	9,206,924	9,343,104	(498,168)
Capital outlay - equipment	82,850	137,958	191,945	126,618	11,340
Total operations and maintenance of plant	21,335,841	21,307,356	21,775,769	21,846,622	(539,266)
Student activities:					
Salaries and fringe benefits:					
Certificated salaries	1,083,530	781,995	657,202	657,202	124,793
Non-certificated salaries	147,303	472,401	490,280	490,280	(17,879)
Employee benefits	253,586	269,673	545,640	545,640	(275,967)
Total salaries and fringe benefits	1,484,419	1,524,069	1,693,122	1,693,122	(169,053)

(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, 2008

	<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>		
Student activities (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 110,892	\$ 175,862	\$ 173,252	\$ 173,092	\$ 2,770
Staff travel	5,000	5,000	3,796	3,796	1,204
Student travel	250,400	350,900	344,061	346,754	4,146
Other purchased services	45,000	47,000	46,877	47,277	(277)
Supplies, materials and media	118,678	119,418	110,116	109,987	9,431
Other expenses	27,000	28,960	28,925	28,925	35
Total materials, supplies, services and other	556,970	727,140	707,027	709,831	17,309
Capital outlay - equipment		5,500	5,500	5,500	
Total student activities	2,041,389	2,256,709	2,405,649	2,408,453	(151,744)
Total expenditures	145,580,980	147,088,265	172,908,171	172,693,842	(25,605,577)
Excess (deficiency) of revenues over expenditures	(893,344)	(2,400,629)	4,120,885	4,335,214	6,735,843
Other financing sources (uses):					
Proceeds from sale of capital assets			31,960	31,960	31,960
Transfers out	(2,313,070)	(2,313,135)	(2,180,858)	(2,180,858)	132,277
Total other financing sources (uses)	(2,313,070)	(2,313,135)	(2,148,898)	(2,148,898)	164,237
Net change in fund balance	<u>\$ (3,206,414)</u>	<u>\$ (4,713,764)</u>	1,971,987	<u>\$ 2,186,316</u>	<u>\$ 6,900,080</u>
Fund balance - beginning			21,921,505		
Fund balance - ending			<u>\$ 23,893,492</u>		

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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2008
(With comparative totals for 2007)

	<u>Alaska Native Education</u>	<u>Title IA Basic Program</u>	<u>Title 1D State Operated</u>	<u>Title IC Migrant Education</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
Local		405		
State		764,427	710	68,875
Federal	132,357			
Total assets	<u>\$ 132,357</u>	<u>\$ 764,832</u>	<u>\$ 710</u>	<u>\$ 68,875</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$ 5,816	\$ 202	\$ 742
Deferred revenue				
Due to other funds	132,357	759,016	508	68,133
Due to external groups and agencies				
Total liabilities	<u>132,357</u>	<u>764,832</u>	<u>710</u>	<u>68,875</u>
Fund balances:				
Reserved for:				
Encumbrances	1,243	18,978		290
Unreserved	<u>(1,243)</u>	<u>(18,978)</u>		<u>(290)</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 132,357</u>	<u>\$ 764,832</u>	<u>\$ 710</u>	<u>\$ 68,875</u>

<u>Drug Free Schools</u>	<u>Carl Perkins Basic Grant</u>	<u>Title V Chapter II</u>	<u>Air Force ROTC - North Pole HS</u>	<u>Air Force ROTC- Ben Eielson Jr/Sr</u>	<u>Title IIIA English Language</u>
\$	\$	\$	\$ 10,186	\$ 5,739	\$
27,541	124,338	1,736	3,164	7,943	12,404
<u>\$ 27,541</u>	<u>\$ 124,338</u>	<u>\$ 1,736</u>	<u>\$ 13,350</u>	<u>\$ 13,682</u>	<u>\$ 12,404</u>
\$ 1,705	\$ 7,807	\$	\$	\$	\$
25,836	116,531	1,736			12,404
<u>27,541</u>	<u>124,338</u>	<u>1,736</u>			<u>12,404</u>
742 (742)	31,809 (31,809)		13,350	13,682	
			13,350	13,682	
<u>\$ 27,541</u>	<u>\$ 124,338</u>	<u>\$ 1,736</u>	<u>\$ 13,350</u>	<u>\$ 13,682</u>	<u>\$ 12,404</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2008
(With comparative totals for 2007)

	<u>At Risk Youth Transitions</u>	<u>Title IA 20% Choice & Supplemental</u>	<u>IDEA, Part B Title VI-B</u>	<u>IDEA, Part B Preschool Disabled</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
Local				
State	30,197	59,106	792,834	19,925
Federal				
Total assets	<u>\$ 30,197</u>	<u>\$ 59,106</u>	<u>\$ 792,834</u>	<u>\$ 19,925</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$	\$ 1,540	\$
Deferred revenue				
Due to other funds	30,197	59,106	791,294	19,925
Due to external groups and agencies				
Total liabilities	<u>30,197</u>	<u>59,106</u>	<u>792,834</u>	<u>19,925</u>
Fund balances:				
Reserved for:				
Encumbrances				
Unreserved				
Total fund balances				
Total liabilities and fund balances	<u>\$ 30,197</u>	<u>\$ 59,106</u>	<u>\$ 792,834</u>	<u>\$ 19,925</u>

<u>Options Child Care Grant</u>	<u>Alaska Community Learning Centers</u>	<u>Mentoring for Success</u>	<u>Title II Math/Science</u>	<u>Training for All Teachers</u>	<u>Title IID Technology</u>
\$ 1,263	\$	\$	\$	\$	\$
	316,570		323,283		16,475
		39,734		4,063	
<u>\$ 1,263</u>	<u>\$ 316,570</u>	<u>\$ 39,734</u>	<u>\$ 323,283</u>	<u>\$ 4,063</u>	<u>\$ 16,475</u>
\$	\$ 3,772	\$ 24,898	\$ 80	\$	\$
	1,000				
	311,798	14,836	323,203	4,063	16,475
	<u>316,570</u>	<u>39,734</u>	<u>323,283</u>	<u>4,063</u>	<u>16,475</u>
	738	39,483			
1,263	(738)	(39,483)			
1,263					
<u>\$ 1,263</u>	<u>\$ 316,570</u>	<u>\$ 39,734</u>	<u>\$ 323,283</u>	<u>\$ 4,063</u>	<u>\$ 16,475</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Federal Programs Special Revenue
Combining Balance Sheet
For the Year Ended June 30, 2008
(With comparative totals for 2007)

	<u>Learning Styles Center</u>	<u>Alaska Reading First</u>	<u>Title IA District Improvement 10%</u>	<u>Title I School Improvement</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
Local	10,205			
State		282,140	127,850	7,225
Federal				
Total assets	<u>\$ 10,205</u>	<u>\$ 282,140</u>	<u>\$ 127,850</u>	<u>\$ 7,225</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$ (245)	\$ 28,027	\$
Deferred revenue				
Due to other funds	10,205	282,385	99,823	7,225
Due to external groups and agencies				
Total liabilities	<u>10,205</u>	<u>282,140</u>	<u>127,850</u>	<u>7,225</u>
Fund balances:				
Reserved for:				
Encumbrances			21	805
Unreserved			(21)	(805)
Total fund balances			<u>(21)</u>	<u>(805)</u>
Total liabilities and fund balances	<u>\$ 10,205</u>	<u>\$ 282,140</u>	<u>\$ 127,850</u>	<u>\$ 7,225</u>

Project ARTiculate	Teaching American History	Totals	
		2008	2007
\$	\$	\$ 17,188	\$ 54,308
		10,610	1,944
		2,975,636	3,248,928
48,455	53,837	289,553	433,665
<u>\$ 48,455</u>	<u>\$ 53,837</u>	<u>\$ 3,292,987</u>	<u>\$ 3,738,845</u>
\$ 10,078	\$	\$ 84,422	\$ 94,460
		1,000	21,042
38,377	53,837	3,179,270	3,588,978
			613
<u>48,455</u>	<u>53,837</u>	<u>3,264,692</u>	<u>3,705,093</u>
119,590		213,699	286,982
(119,590)		(185,404)	(253,230)
		28,295	33,752
<u>\$ 48,455</u>	<u>\$ 53,837</u>	<u>\$ 3,292,987</u>	<u>\$ 3,738,845</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund

Federal Programs Special Revenue

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

For the Year Ended June 30, 2008

(With comparative totals for 2007)

	<u>Alaska Native Education</u>	<u>Title IA Basic Program</u>	<u>Title ID State Operated</u>	<u>Title IC Migrant Education</u>
Revenues:				
Revenue from local sources:				
Earnings on investments	\$	\$	\$	\$
Other local revenue				
Total local sources				
Revenue from federal sources:				
Direct	564,553			
Through the State of Alaska		2,275,917	25,806	177,256
Other intermediate agencies				
Total federal sources	564,553	2,275,917	25,806	177,256
Total revenues	564,553	2,275,917	25,806	177,256
Expenditures:				
Instruction	532,497	2,146,969	24,341	167,191
Special education instruction				
Support services - students				
Support services - instruction				
District administration				
District administration support services	32,056	128,948	1,465	10,065
Total expenditures	564,553	2,275,917	25,806	177,256
Excess (deficiency) of revenues over expenditures				
Other financing sources:				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Drug Free Schools	Carl Perkins Basic Grant	Title V Chapter II	Migrant Education Summer	Air Force ROTC - North Pole HS	Air Force ROTC- Ben Eielson Jr/Sr
\$	\$	\$	\$	\$	\$
				60	
				60	
108,485	315,663	20,290	9,443	4,825	9,031
108,485	315,663	20,290	9,443	4,825	9,031
108,485	315,663	20,290	9,443	4,885	9,031
106,358	301,797	19,138	8,943	10,311	9,752
2,127	13,866	1,152	500		
108,485	315,663	20,290	9,443	10,311	9,752
				(5,426)	(721)
				(5,426)	(721)
				18,776	14,403
\$	\$	\$	\$	\$ 13,350	\$ 13,682

(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, 2008

(With comparative totals for 2007)

	<u>Nat'l Science Foundation - University Park Elementary</u>	<u>Nat'l Science Foundation - Barnette Elementary</u>	<u>Title IIIA English Language</u>	<u>At Risk Youth Transitions</u>
Revenues:				
Revenue from local sources:				
Earnings on investments	\$	\$	\$	\$
Other local revenue				
Total local sources				
Revenue from federal sources:				
Direct				
Through the State of Alaska			15,937	102,544
Other intermediate agencies				
Total federal sources			15,937	102,544
Total revenues			15,937	102,544
Expenditures:				
Instruction		301	15,625	96,721
Special education instruction				
Support services - students				
Support services - instruction				
District administration				
District administration support services			312	5,823
Total expenditures		301	15,937	102,544
Excess (deficiency) of revenues				
over expenditures		(301)		
Other financing sources:				
Transfers in				
Transfers out	(14)			
Total other financing sources (uses)	(14)			
Net change in fund balances	(14)	(301)		
Fund balances - beginning	14	301		
Fund balances - ending	\$	\$	\$	\$

Title IA 20% Choice & Supplemental	IDEA, Part B Title VI-B	IDEA, Part B Preschool Disabled	Options Child Care Grant	Alaska Community Learning Centers	Safe Schools / Healthy Students Grant
\$	\$	\$	\$	\$	\$
				62,002	
				62,002	
					9,150
135,204	3,488,346	111,959	2,206	1,188,979	
135,204	3,488,346	111,959	2,206	1,188,979	9,150
135,204	3,488,346	111,959	2,206	1,250,981	9,150
127,549					
	3,290,272	105,602			
			1,201	1,183,469	9,150
7,655	198,074	6,357		67,512	
135,204	3,488,346	111,959	1,201	1,250,981	9,150
			1,005		
			1,005		
			258		
\$	\$	\$	\$ 1,263	\$	\$

(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, 2008

(With comparative totals for 2007)

	Mentoring for Success	Title II Math/Science	Training for All Teachers	Title IID Technology
Revenues:				
Revenue from local sources:				
Earnings on investments	\$	\$	\$	\$
Other local revenue				
Total local sources				
Revenue from federal sources:				
Direct	87,454		30,530	
Through the State of Alaska		1,018,047		51,375
Other intermediate agencies				
Total federal sources	87,454	1,018,047	30,530	51,375
Total revenues	87,454	1,018,047	30,530	51,375
Expenditures:				
Instruction				
Special education instruction				
Support services - students	82,488			
Support services - instruction		960,241	28,980	48,458
District administration				
District administration support services	4,966	57,806	1,550	2,917
Total expenditures	87,454	1,018,047	30,530	51,375
Excess (deficiency) of revenues over expenditures				
Other financing sources:				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Learning Styles Center	Alaska Reading First	Title IA District Improvement 10%	Title I School Improvement	Effie Kokrine Implementation Grant	4 R Children II
\$	\$	\$	\$	\$	\$
					10,039
13,946	945,817	314,851	16,901	1,793	
13,946	945,817	314,851	16,901	1,793	10,039
13,946	945,817	314,851	16,901	1,793	10,039
13,946	913,753	296,982	15,941	1,698	9,454
	32,064	17,869	960	95	585
13,946	945,817	314,851	16,901	1,793	10,039
\$	\$	\$	\$	\$	\$

(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, 2008

(With comparative totals for 2007)

	<u>Project ARTiculate</u>	<u>Teaching American History</u>	<u>Enhancing Education thru Technology IV</u>
Revenues:			
Revenue from local sources:			
Earnings on investments	\$	\$	\$
Other local revenue			
Total local sources			
Revenue from federal sources:			
Direct	201,446	177,300	
Through the State of Alaska			20,142
Other intermediate agencies			
Total federal sources	<u>201,446</u>	<u>177,300</u>	<u>20,142</u>
Total revenues	<u>201,446</u>	<u>177,300</u>	<u>20,142</u>
Expenditures:			
Instruction			
Special education instruction			
Support services - students			
Support services - instruction	194,865	166,965	20,142
District administration			
District administration support services	<u>6,581</u>	<u>10,335</u>	
Total expenditures	<u>201,446</u>	<u>177,300</u>	<u>20,142</u>
Excess (deficiency) of revenues over expenditures			
Other financing sources:			
Transfers in			
Transfers out			
Total other financing sources (uses)			
Net change in fund balances			
Fund balances - beginning			
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>

Totals	
2008	2007
\$	\$
62,062	16
62,062	69,638
	69,654
1,080,472	1,415,535
10,346,961	10,686,046
27,802	25,682
11,455,235	12,127,263
11,517,297	12,196,917
3,567,493	3,196,124
3,395,874	3,555,250
1,276,308	1,403,164
2,671,425	3,457,181
	7,523
611,640	605,640
11,522,740	12,224,882
(5,443)	(27,965)
	27,660
(14)	
(14)	27,660
(5,457)	(305)
33,752	34,057
\$ 28,295	\$ 33,752

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, 2008

(With comparative totals for 2007)

	Alaska Native Education	Title IA Basic Program	Title ID State Operated	Title IC Migrant Education
Revenues:				
Revenue from local sources:				
Earnings on investments	\$	\$	\$	\$
Other local revenue				
Total local sources				
Revenue from federal sources:				
Direct	564,553			
Through the State of Alaska		2,275,917	25,806	177,256
Other intermediate agencies				
Total federal sources	564,553	2,275,917	25,806	177,256
Total revenues	564,553	2,275,917	25,806	177,256
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	82,399	524,466		
Non-certificated salaries	267,399	712,953	15,472	72,828
Employee benefits	162,432	386,564	8,200	32,989
Total salaries and fringe benefits	512,230	1,623,983	23,672	105,817
Materials, supplies, services and other:				
Professional and technical services		71,622		1,117
Staff travel	9,971	58,540		1,407
Student travel		7,536		14,092
Utility services				
Other purchased services	702			
Supplies, materials and media	9,594	378,438	669	22,733
Tuition and stipends				
Other expenses		6,850		22,025
Indirect costs	32,056	128,948	1,465	10,065
Total materials, supplies, services and other	52,323	651,934	2,134	71,439
Capital outlay - equipment				
Total expenditures	564,553	2,275,917	25,806	177,256
Excess (deficiency) of revenues over expenditures				
Other financing sources:				
Transfers in				
Transfers out				
Total other financing sources				
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Drug Free Schools	Carl Perkins Basic Grant	Title V Chapter II	Migrant Education Summer	Air Force ROTC - North Pole HS	Air Force ROTC- Ben Eielson Jr/Sr
\$	\$	\$	\$	\$	\$
				60	
				60	
108,485	315,663	20,290	9,443	4,825	9,031
108,485	315,663	20,290	9,443	4,825	9,031
108,485	315,663	20,290	9,443	4,885	9,031
	8,695	1,600			
1,343	65,106		603		
334	33,828	38	84		
1,677	107,629	1,638	687		
13,003	40,858	17,500			
5,992	23,886		35	(2)	
1,254	7,284			4,870	5,793
17,268					
67,164	97,660		7,734	5,443	3,959
			487		
2,127	13,866	1,152	500		
106,808	183,554	18,652	8,756	10,311	9,752
	24,480				
108,485	315,663	20,290	9,443	10,311	9,752
				(5,426)	(721)
				(5,426)	(721)
				18,776	14,403
\$	\$	\$	\$	\$ 13,350	\$ 13,682

(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, 2008

(With comparative totals for 2007)

	<u>Nat'l Science Foundation - University Park Elementary</u>	<u>Nat'l Science Foundation - Barnette Elementary</u>	<u>Title IIIA English Language</u>	<u>At Risk Youth Transitions</u>
Revenues:				
Revenue from local sources:				
Earnings on investments	\$	\$	\$	\$
Other local revenue				
Total local sources				
Revenue from federal sources:				
Direct				
Through the State of Alaska			15,937	102,544
Other intermediate agencies				
Total federal sources			15,937	102,544
Total revenues			15,937	102,544
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries				3,000
Non-certificated salaries			10,202	60,450
Employee benefits			2,941	31,017
Total salaries and fringe benefits			13,143	94,467
Materials, supplies, services and other:				
Professional and technical services				
Staff travel		301	2,482	792
Student travel				
Utility services				
Other purchased services				
Supplies, materials and media				412
Tuition and stipends				
Other expenses				1,050
Indirect costs			312	5,823
Total materials, supplies, services and other		301	2,794	8,077
Capital outlay - equipment				
Total expenditures		301	15,937	102,544
Excess (deficiency) of revenues over expenditures		(301)		
Other financing sources:				
Transfers in				
Transfers out	(14)			
Total other financing sources	(14)			
Net change in fund balances	(14)	(301)		
Fund balances - beginning	14	301		
Fund balances - ending	\$	\$	\$	\$

Title IA 20% Choice & Supplemental	IDEA, Part B Title VI-B	IDEA, Part B Preschool Disabled	Options Child Care Grant	Alaska Community Learning Centers	Safe Schools / Healthy Students Grant
\$	\$	\$	\$	\$	\$
				62,002	
				62,002	
					9,150
135,204	3,488,346	111,959	2,206	1,188,979	
135,204	3,488,346	111,959	2,206	1,188,979	9,150
135,204	3,488,346	111,959	2,206	1,250,981	9,150
	309,641			214,025	
	1,656,799	69,644		583,875	5,766
	819,293	35,958		244,772	3,384
	2,785,733	105,602		1,042,672	9,150
101,850	477,435			1,750	
	15,350			32,698	
25,699				25,299	
				14,353	
	11,754		1,201	66,597	
				100	
7,655	198,074	6,357		67,512	
135,204	702,613	6,357	1,201	208,309	
135,204	3,488,346	111,959	1,201	1,250,981	9,150
			1,005		
			1,005		
			258		
\$	\$	\$	\$ 1,263	\$	\$

(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, 2008

(With comparative totals for 2007)

	Mentoring for Success	Title II Math/Science	Training for All Teachers	Title IID Technology
Revenues:				
Revenue from local sources:				
Earnings on investments	\$	\$	\$	\$
Other local revenue				
Total local sources				
Revenue from federal sources:				
Direct	87,454		30,530	
Through the State of Alaska		1,018,047		51,375
Other intermediate agencies				
Total federal sources	87,454	1,018,047	30,530	51,375
Total revenues	87,454	1,018,047	30,530	51,375
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries		621,009	60	30,204
Non-certificated salaries	6,114	52,215	6,265	
Employee benefits	3,221	254,327	2,563	11,088
Total salaries and fringe benefits	9,335	927,551	8,888	41,292
Materials, supplies, services and other:				
Professional and technical services		13,368		
Staff travel	3,554	13,877	19,274	4,336
Student travel				
Utility services				
Other purchased services	69,078			
Supplies, materials and media	521	85	818	2,830
Tuition and stipends				
Other expenses		5,360		
Indirect costs	4,966	57,806	1,550	2,917
Total materials, supplies, services and other	78,119	90,496	21,642	10,083
Capital outlay - equipment				
Total expenditures	87,454	1,018,047	30,530	51,375
Excess (deficiency) of revenues over expenditures				
Other financing sources:				
Transfers in				
Transfers out				
Total other financing sources				
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Learning Styles Center	Alaska Reading First	Title IA District Improvement 10%	Title I School Improvement	Effie Kokrine Implementation Grant	4 R Children II
\$	\$	\$	\$	\$	\$
					10,039
13,946	945,817	314,851	16,901	1,793	
13,946	945,817	314,851	16,901	1,793	10,039
13,946	945,817	314,851	16,901	1,793	10,039
9,447	348,457	33,955	6,660		
4,227	281,655	92,054			907
272	207,806	34,545	154		311
13,946	837,918	160,554	6,814		1,218
	10,131	69,213			
	46,563	19,959			534
	70	4,504			
	19,071	16,733	9,127	1,698	7,702
		26,019			
	32,064	17,869	960	95	585
	107,899	154,297	10,087	1,793	8,821
13,946	945,817	314,851	16,901	1,793	10,039
\$	\$	\$	\$	\$	\$

(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, 2008

(With comparative totals for 2007)

	<u>Project ARTiculate</u>	<u>Teaching American History</u>	<u>Enhancing Education thru Technology IV</u>
Revenues:			
Revenue from local sources:			
Earnings on investments	\$	\$	\$
Other local revenue			
Total local sources			
Revenue from federal sources:			
Direct	201,446	177,300	
Through the State of Alaska			20,142
Other intermediate agencies			
Total federal sources	201,446	177,300	20,142
Total revenues	201,446	177,300	20,142
Expenditures - current:			
Salaries and fringe benefits:			
Certificated salaries	30,930	5,700	
Non-certificated salaries	21,468	41,303	
Employee benefits	10,119	20,803	
Total salaries and fringe benefits	62,517	67,806	
Materials, supplies, services and other:			
Professional and technical services	103,531	93,127	
Staff travel	10,084	3,217	(75)
Student travel			
Utility services			
Other purchased services		1,060	
Supplies, materials and media	18,733	1,755	20,217
Tuition and stipends			
Other expenses			
Indirect costs	6,581	10,335	
Total materials, supplies, services and other	138,929	109,494	20,142
Capital outlay - equipment			
Total expenditures	201,446	177,300	20,142
Excess (deficiency) of revenues over expenditures			
Other financing sources:			
Transfers in			
Transfers out			
Total other financing sources			
Net change in fund balances			
Fund balances - beginning			
Fund balances - ending	\$	\$	\$

Totals	
2008	2007
\$	\$
62,062	16
62,062	69,638
	69,654
1,080,472	1,415,535
10,346,961	10,686,046
27,802	25,682
11,455,235	12,127,263
11,517,297	12,196,917
2,230,248	2,416,722
4,028,648	4,234,301
2,307,043	2,610,546
8,565,939	9,261,569
1,014,505	931,444
272,775	316,722
91,827	59,750
	117
107,035	135,676
760,894	811,346
11,754	12,771
61,891	47,686
611,640	605,640
2,932,321	2,921,152
24,480	42,161
11,522,740	12,224,882
(5,443)	(27,965)
	27,660
(14)	
(14)	27,660
(5,457)	(305)
33,752	34,057
\$ 28,295	\$ 33,752

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Major Governmental Fund
Federal Programs Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2008

	<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:					
Other local revenue	\$	\$	\$ 62,062	\$ 62,062	\$ 62,062
Revenue from federal sources:					
Direct	1,051,916	1,218,548	1,080,472	1,089,096	(129,452)
Through the State of Alaska	10,550,152	11,941,898	10,346,961	10,269,010	(1,672,888)
Other intermediate agencies	18,614	14,658	27,802	23,846	9,188
	<u>11,620,682</u>	<u>13,175,104</u>	<u>11,455,235</u>	<u>11,381,952</u>	<u>(1,793,152)</u>
Total revenues	<u>11,620,682</u>	<u>13,175,104</u>	<u>11,517,297</u>	<u>11,444,014</u>	<u>(1,731,090)</u>
Expenditures - current:					
Salaries and fringe benefits:					
Certificated salaries	3,132,633	2,473,830	2,230,248	2,230,248	243,582
Non-certificated salaries	3,254,266	4,398,955	4,028,648	4,028,648	370,307
Employee benefits	2,422,026	2,531,379	2,307,043	2,307,043	224,336
Total salaries and fringe benefits	<u>8,808,925</u>	<u>9,404,164</u>	<u>8,565,939</u>	<u>8,565,939</u>	<u>838,225</u>
Materials, supplies, services and other:					
Professional and technical services	746,590	1,084,282	1,014,505	947,327	136,955
Staff travel	246,289	407,988	272,775	272,775	135,213
Student travel	259,592	103,302	91,827	96,580	6,722
Other purchased services	109,788	164,126	107,035	146,336	17,790
Supplies, materials and media	442,681	1,071,037	760,894	704,650	366,387
Tuition and stipends	9,000	12,800	11,754	11,754	1,046
Other expenses	78,328	154,166	61,891	62,031	92,135
Indirect costs	624,648	714,822	611,640	611,640	103,182
Total materials, supplies, services and other	<u>2,516,916</u>	<u>3,712,523</u>	<u>2,932,321</u>	<u>2,853,093</u>	<u>859,430</u>
Capital outlay - equipment	<u>28,998</u>	<u>58,976</u>	<u>24,480</u>	<u>30,425</u>	<u>28,551</u>
Total expenditures	<u>11,354,839</u>	<u>13,175,663</u>	<u>11,522,740</u>	<u>11,449,457</u>	<u>1,726,206</u>
Excess (deficiency) of revenues over expenditures	265,843	(559)	(5,443)	(5,443)	(4,884)
Other financing uses:					
Transfers out			(14)	(14)	(14)
Net change in fund balance	<u>\$ 265,843</u>	<u>\$ (559)</u>	<u>(5,457)</u>	<u>\$ (5,457)</u>	<u>\$ (4,898)</u>
Fund balance - beginning			33,752		
Fund balance - ending			<u>\$ 28,295</u>		.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Major Governmental Fund
Student Transportation Special Revenue
Balance Sheet
June 30, 2008
(With comparative totals for 2007)

	Totals	
	2008	2007
<u>ASSETS</u>		
Equity in central treasury cash	<u>\$ 241,135</u>	<u>\$ 241,566</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	<u>\$ 9,215</u>	<u>\$ 7,269</u>
Fund balances:		
Reserved for:		
Encumbrances	3,584	2,239
Unreserved	<u>228,336</u>	<u>232,058</u>
Total fund balance	<u>231,920</u>	<u>234,297</u>
Total liabilities and fund balance	<u>\$ 241,135</u>	<u>\$ 241,566</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, 2008
(With comparative totals for 2007)

	Totals	
	2008	2007
Revenues:		
Revenue from local sources:		
Other local revenue	\$ 18,450	\$
Revenue from state sources	8,573,346	8,794,472
Total revenues	8,591,796	8,794,472
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	181,712	173,679
Employee benefits	95,833	86,637
Total salaries and fringe benefits	277,545	260,316
Materials, supplies, services and other:		
Professional and technical services	13,174	6,465
Staff travel	4,036	3,283
Other purchased services	8,806,778	8,565,537
Supplies, materials and media	5,040	2,350
Other expenses	150	
Total materials, supplies, services and other	8,829,178	8,577,635
Total expenditures	9,106,723	8,837,951
Deficiency of revenues over expenditures	(514,927)	(43,479)
Other financing sources:		
Transfers in	512,550	
Net change in fund balance	(2,377)	(43,479)
Fund balance - beginning	234,297	277,776
Fund balance - ending	\$ 231,920	\$ 234,297

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Revenue from local sources:					
Other local revenue	\$	\$	\$ 18,450	\$ 18,450	\$ 18,450
Revenue from state sources	8,787,770	8,785,531	8,573,346	8,574,691	(210,840)
Total revenues	8,787,770	8,785,531	8,591,796	8,593,141	(192,390)
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	177,124	177,124	181,712	181,712	(4,588)
Employee benefits	93,875	93,875	95,833	95,833	(1,958)
Total salaries and fringe benefits	270,999	270,999	277,545	277,545	(6,546)
Materials, supplies, services and other:					
Professional and technical services	6,500	6,500	13,174	13,523	(7,023)
Staff travel	4,700	4,700	4,036	4,036	664
Other purchased services	9,014,921	9,012,682	8,806,778	8,807,774	204,908
Supplies, materials and media	3,200	3,200	5,040	5,040	(1,840)
Other expenses			150	150	(150)
Total materials, supplies, services and other	9,029,321	9,027,082	8,829,178	8,830,523	196,559
Total expenditures	9,300,320	9,298,081	9,106,723	9,108,068	190,013
Deficiency of revenues over expenditures	(512,550)	(512,550)	(514,927)	(514,927)	(2,377)
Other financing sources:					
Transfers in	512,550	512,550	512,550	512,550	
Net change in fund balance	\$	\$	(2,377)	\$ (2,377)	\$ (2,377)
Fund balance - beginning			234,297		
Fund balance - ending			\$ 231,920		

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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, 2008
(With comparative totals for 2007)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>	
			<u>2008</u>	<u>2007</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$ 2,377,406	\$ 2,184,243	\$ 4,561,649	\$ 4,181,023
Accounts receivable:				
Local	420		420	
State	198,368		198,368	216,369
Federal		36,321	36,321	
Due from Fairbanks North Star Borough	13,140		13,140	28,298
Inventories	293,122		293,122	193,785
Total assets	<u>\$ 2,882,456</u>	<u>\$ 2,220,564</u>	<u>\$ 5,103,020</u>	<u>\$ 4,619,475</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 48,154	\$ 219	\$ 48,373	\$ 61,641
Deferred revenue	23,085		23,085	3,108
Due to other funds	208,715		208,715	222,483
Due to Fairbanks North Star Borough		99,495	99,495	
Total liabilities	<u>279,954</u>	<u>99,714</u>	<u>379,668</u>	<u>287,232</u>
Fund balances:				
Reserved for:				
Encumbrances	31,336	76,047	107,383	41,984
Inventories	293,122		293,122	193,785
Unreserved	2,278,044	2,044,803	4,322,847	4,096,474
Total fund balances	<u>2,602,502</u>	<u>2,120,850</u>	<u>4,723,352</u>	<u>4,332,243</u>
Total liabilities and fund balances	<u>\$ 2,882,456</u>	<u>\$ 2,220,564</u>	<u>\$ 5,103,020</u>	<u>\$ 4,619,475</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 20, 2008

(With comparative totals for 2007)

	Special Revenue	Capital Projects	Total	
			2008	2007
Revenues:				
Revenue from local sources:				
Food service	\$ 1,973,615	\$	\$ 1,973,615	\$ 1,863,410
Other local revenue	2,589,701	47,535	2,637,236	3,093,935
Total local sources	<u>4,563,316</u>	<u>47,535</u>	<u>4,610,851</u>	<u>4,957,345</u>
Revenue from state sources	<u>1,068,351</u>		<u>1,068,351</u>	<u>727,612</u>
Revenue from federal sources:				
Direct		10,304	10,304	910
Through the State of Alaska	2,578,228	453,218	3,031,446	2,931,084
Other intermediate agencies				4,875
Total federal sources	<u>2,578,228</u>	<u>463,522</u>	<u>3,041,750</u>	<u>2,936,869</u>
Total revenues	<u>8,209,895</u>	<u>511,057</u>	<u>8,720,952</u>	<u>8,621,826</u>
Expenditures:				
Current:				
Instruction	2,898,540		2,898,540	971,835
Support services - students	4,339		4,339	3,369
Support services - instruction	555,154		555,154	554,258
School administration	38,930		38,930	55,589
District administration support services	5,780		5,780	
Student activities	2,485,424		2,485,424	2,487,062
Operations and maintenance of plant				4,040
Adult and continuing education instruction				472
Food services	<u>4,719,021</u>		<u>4,719,021</u>	<u>4,280,890</u>
Total current	<u>10,707,188</u>		<u>10,707,188</u>	<u>8,357,515</u>
Debt service:				
Principal	318,968		318,968	
Capital outlay		165,733	165,733	259,075
Total expenditures	<u>11,026,156</u>	<u>165,733</u>	<u>11,191,889</u>	<u>8,616,590</u>
Excess (deficiency) of revenues over expenditures	<u>(2,816,261)</u>	<u>345,324</u>	<u>(2,470,937)</u>	<u>5,236</u>
Other financing sources (uses):				
Issuance of capital leases	1,193,724		1,193,724	
Transfers in	1,668,324	1,510,418	3,178,742	586,365
Transfers out	<u>(2)</u>	<u>(1,510,418)</u>	<u>(1,510,420)</u>	<u>(27,660)</u>
Total other financing sources (uses)	<u>2,862,046</u>		<u>2,862,046</u>	<u>558,705</u>
Net change in fund balances	<u>45,785</u>	<u>345,324</u>	<u>391,109</u>	<u>563,941</u>
Fund balances - beginning	<u>2,556,717</u>	<u>1,775,526</u>	<u>4,332,243</u>	<u>3,768,302</u>
Fund balances - ending	<u>\$ 2,602,502</u>	<u>\$ 2,120,850</u>	<u>\$ 4,723,352</u>	<u>\$ 4,332,243</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Charter Schools – accounts for operations of Chinook Charter school.

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

Community Schools – accounts for the costs of organizing and coordinating programs for community education.

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, 2008
(With comparative totals for 2007)

	<u>Local Programs</u>	<u>Community Schools</u>	<u>State Programs</u>
<u>ASSETS</u>			
Equity in central treasury cash	\$ 622,622	\$ 6,385	\$ 905
Accounts receivable:			
Local	420		
State			198,368
Due from Fairbanks North Star Borough			13,140
Inventories			
Total assets	<u>\$ 623,042</u>	<u>\$ 6,385</u>	<u>\$ 212,413</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 427	\$	\$ 4,118
Deferred revenue	23,085		
Due to other funds	<u>420</u>		<u>208,295</u>
Total liabilities	<u>23,932</u>		<u>212,413</u>
Fund balances:			
Reserved for:			
Encumbrances	338		6,881
Inventories			
Unreserved	<u>598,772</u>	<u>6,385</u>	<u>(6,881)</u>
Total fund balances	<u>599,110</u>	<u>6,385</u>	
Total liabilities and fund balances	<u>\$ 623,042</u>	<u>\$ 6,385</u>	<u>\$ 212,413</u>

Food Service	School Activities	Totals	
		2008	2007
\$ 67,653	\$ 1,679,841	\$ 2,377,406	\$ 2,402,610
		420	
		198,368	213,972
		13,140	4,873
293,122		293,122	193,785
<u>\$ 360,775</u>	<u>\$ 1,679,841</u>	<u>\$ 2,882,456</u>	<u>\$ 2,815,240</u>

\$ 3,204	\$ 40,405	\$ 48,154	\$ 41,211
		23,085	3,108
		208,715	214,204
<u>3,204</u>	<u>40,405</u>	<u>279,954</u>	<u>258,523</u>

24,117		31,336	24,698
293,122		293,122	193,785
40,332	1,639,436	2,278,044	2,338,234
<u>357,571</u>	<u>1,639,436</u>	<u>2,602,502</u>	<u>2,556,717</u>
<u>\$ 360,775</u>	<u>\$ 1,679,841</u>	<u>\$ 2,882,456</u>	<u>\$ 2,815,240</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, 2008
(With comparative totals for 2007)

	<u>Local Programs</u>	<u>Community Schools</u>	<u>State Programs</u>
Revenues:			
Revenue from local sources:			
Food service	\$ 146,993	\$	\$ 135
Other local revenue	146,993		135
Total local sources	146,993		135
Revenue from state sources	9,750		1,058,601
Revenue from federal sources:			
Through the State of Alaska	8,972		
Other intermediate agencies			
Total federal sources	8,972		
Total revenues	165,715		1,058,736
Expenditures:			
Current:			
Instruction	1,948,326		950,214
Support services - students	4,339		
Support services - instruction	121,304		433,850
School administration	38,930		
District administration support services			5,780
Student activities	450		
Operations and maintenance of plant			
Adult and continuing education instruction			
Food services			
Total current	2,113,349		1,389,844
Debt service:			
Principal	318,968		
Total expenditures	2,432,317		1,389,844
Deficiency of revenues over expenditures	(2,266,602)		(331,108)
Other financing sources (uses):			
Issuance of capital leases	1,193,724		
Transfers in	1,339,416		328,908
Transfers out			(2)
Total other financing sources (uses)	2,533,140		328,906
Net change in fund balances	266,538		(2,202)
Fund balances - beginning	332,572	6,385	2,202
Fund balances - ending	\$ 599,110	\$ 6,385	\$

Food Service	School Activities	Totals	
		2008	2007
\$ 1,973,615	\$ 2,442,573	\$ 1,973,615	\$ 1,863,410
		2,589,701	2,845,537
1,973,615	2,442,573	4,563,316	4,708,947
		1,068,351	724,094
2,569,256		2,578,228	2,507,762
			4,875
2,569,256		2,578,228	2,512,637
4,542,871	2,442,573	8,209,895	7,945,678
		2,898,540	971,835
		4,339	3,369
		555,154	554,258
		38,930	55,589
		5,780	
	2,484,974	2,485,424	2,487,062
			4,040
			472
4,719,021		4,719,021	4,280,890
4,719,021	2,484,974	10,707,188	8,357,515
		318,968	
4,719,021	2,484,974	11,026,156	8,357,515
(176,150)	(42,401)	(2,816,261)	(411,837)
		1,193,724	
		1,668,324	586,365
		(2)	(27,660)
		2,862,046	558,705
(176,150)	(42,401)	45,785	146,868
533,721	1,681,837	2,556,717	2,409,849
\$ 357,571	\$ 1,639,436	\$ 2,602,502	\$ 2,556,717

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Charter Schools

Balance Sheet

June 30, 2008

(With comparative totals for 2007)

	Totals	
	2008	2007
<u>ASSETS</u>		
Equity in central treasury cash	\$	\$ 14
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$	\$ 14

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Nonmajor Special Revenue Fund
Charter Schools
Statement of Revenues, Expenditures and Changes in Fund Balance - by Function
For the Year Ended June 30, 2008
(With comparative totals for 2007)

	Totals	
	2008	2007
Expenditures:		
Current:		
Instruction	\$	\$ 77,426
Net change in fund balance		(77,426)
Fund balance - beginning		77,426
Fund balance - ending	\$	\$

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Charter Schools

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

For the Year Ended June 30, 2008

(With comparative totals for 2007)

	Totals	
	2008	2007
Expenditures:		
Current:		
Materials, supplies, services and other -		
Supplies, materials and media	\$	\$ 74,369
Capital outlay - equipment		3,057
Total current		77,426
Net change in fund balance		(77,426)
Fund balance - beginning		77,426
Fund balance - ending	\$	\$

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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Local Programs

Combining Balance Sheet

June 30, 2008

(With comparative totals for 2007)

	<u>Options Day Care</u>	<u>TILT Grant: Caribou Mysteries</u>	<u>Miscellaneous Local Grants</u>	<u>One-to-One Digital Initiative</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$ 16,882	\$ 995	\$ 321	\$ 73,296
Accounts receivable:				
Local				
Total assets	<u>\$ 16,882</u>	<u>\$ 995</u>	<u>\$ 321</u>	<u>\$ 73,296</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$	\$	\$
Deferred revenue		995		
Due to other funds				
Total liabilities		<u>995</u>		
Fund balances:				
Reserved for:				
Encumbrances				
Unreserved	<u>16,882</u>		<u>321</u>	<u>73,296</u>
Total fund balances	<u>16,882</u>		<u>321</u>	<u>73,296</u>
Total liabilities and fund balances	<u>\$ 16,882</u>	<u>\$ 995</u>	<u>\$ 321</u>	<u>\$ 73,296</u>

<u>Technology Fund</u>	<u>Melinda Gray Ardia Foundation</u>	<u>Partners in Science (Murdock)</u>	<u>Curriculum Staff Development</u>	<u>Engineering Career Academy Exploration</u>	<u>Engineering Career Academy Exploration & Implementation</u>
\$ 267,101	\$ 1,000	\$ 14,708	\$ 177,408	\$ 1,832	\$
					420
<u>\$ 267,101</u>	<u>\$ 1,000</u>	<u>\$ 14,708</u>	<u>\$ 177,408</u>	<u>\$ 1,832</u>	<u>\$ 420</u>
\$ 127	\$ 1,000	\$ 14,708	\$	\$ 1,832	\$
					420
<u>127</u>	<u>1,000</u>	<u>14,708</u>		<u>1,832</u>	<u>420</u>
266,974		36 (36)	177,408		302 (302)
<u>266,974</u>			<u>177,408</u>		
<u>\$ 267,101</u>	<u>\$ 1,000</u>	<u>\$ 14,708</u>	<u>\$ 177,408</u>	<u>\$ 1,832</u>	<u>\$ 420</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Local Programs

Combining Balance Sheet

June 30, 2008

(With comparative totals for 2007)

	Leadership Development	Saucony Run For Good	Totals	
			2008	2007
<u>ASSETS</u>				
Equity in central treasury cash	\$ 64,229	\$ 4,850	\$ 622,622	\$ 343,284
Accounts receivable:				
Local			420	
Total assets	<u>\$ 64,229</u>	<u>\$ 4,850</u>	<u>\$ 623,042</u>	<u>\$ 343,284</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$ 300	\$ 427	\$ 7,885
Deferred revenue		4,550	23,085	2,827
Due to other funds			420	
Total liabilities		<u>4,850</u>	<u>23,932</u>	<u>10,712</u>
Fund balances:				
Reserved for:				
Encumbrances			338	356
Unreserved	64,229		598,772	332,216
Total fund balances	<u>64,229</u>		<u>599,110</u>	<u>332,572</u>
Total liabilities and fund balances	<u>\$ 64,229</u>	<u>\$ 4,850</u>	<u>\$ 623,042</u>	<u>\$ 343,284</u>

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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Local Programs

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

For the Year Ended June 30, 2008

(With comparative totals for 2007)

	<u>Options Day Care</u>	<u>Unsung Heroes Award - Salcha Elementary</u>	<u>TILT Grant: Caribou Mysteries</u>	<u>Miscellaneous Local Grants</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 39,225	\$ 1	\$ 1,426	\$
Revenue from state sources				
Revenue from federal sources:				
Through the State of Alaska	8,972			
Other intermediate agencies				
Total federal sources	8,972			
Total revenues	48,197	1	1,426	
Expenditures - current				
Current:				
Instruction	56,089	1	1,426	1
Support services - students				
Support services - instruction				
School administration				
Student activities				
Total Current	56,089	1	1,426	1
Debt Service:				
Principal				
Total expenditures	56,089	1	1,426	1
Excess (deficiency) of revenues over expenditures	(7,892)			(1)
Other financing sources (uses):				
Issuance of capital leases				
Transfers in				16
Transfers out				
Total other financing sources (uses)				16
Net change in fund balances	(7,892)			15
Fund balances - beginning	24,774			306
Fund balances - ending	\$ 16,882	\$	\$	\$ 321

M.J. Murdock Trust Grant	Charlotte Martin Foundation	One-to-One Digital Initiative	Technology Fund	Partners in Science (Murdock)	United Way Red Ribbon Week Campaign
<u>\$ 267</u>	<u>\$ 150</u>	<u>\$</u>	<u>\$</u>	<u>\$ 6,292</u>	<u>\$</u>
<u>267</u>	<u>150</u>			<u>6,292</u>	
267	150	(3,082)	1,887,182	6,292	39
<u>267</u>	<u>150</u>	<u>(3,082)</u>	<u>1,887,182</u>	<u>6,292</u>	<u>39</u>
			318,968		
<u>267</u>	<u>150</u>	<u>(3,082)</u>	<u>2,206,150</u>	<u>6,292</u>	<u>39</u>
		<u>3,082</u>	<u>(2,206,150)</u>		<u>(39)</u>
			1,193,724		
			1,279,400		
			<u>2,473,124</u>		
		3,082	266,974		(39)
		<u>70,214</u>			<u>39</u>
<u>\$</u>	<u>\$</u>	<u>\$ 73,296</u>	<u>\$ 266,974</u>	<u>\$</u>	<u>\$</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, 2008

(With comparative totals for 2007)

	United Way Keep it Real	District Math Professional Development	Art Excursion	Artist in Schools Program
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 4,300	\$ 16	\$	\$ 5,250
Revenue from state sources				9,750
Revenue from federal sources:				
Through the State of Alaska				
Other intermediate agencies				
Total federal sources				
Total revenues	4,300	16		15,000
Expenditures - current				
Current:				
Instruction				
Support services - students	4,300			
Support services - instruction		16	96	15,000
School administration				
Student activities				
Total Current	4,300	16	96	15,000
Debt Service:				
Principal				
Total expenditures	4,300	16	96	15,000
Excess (deficiency) of revenues over expenditures			(96)	
Other financing sources (uses):				
Issuance of capital leases				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances			(96)	
Fund balances - beginning			96	
Fund balances - ending	\$	\$	\$	\$

<u>Tech-athlon Middle School Camp</u>	<u>Curriculum Staff Development</u>	<u>Engineering Career Academy Exploration</u>	<u>Literacy for Life Makeover</u>	<u>Engineering Career Academy Exploration & Implementation</u>	<u>Leadership Development</u>
<u>\$ 8,282</u>	<u>\$ 69,246</u>	<u>\$ 8,168</u>	<u>\$ 2,500</u>	<u>\$ 420</u>	<u>\$ 1,000</u>
<u>8,282</u>	<u>69,246</u>	<u>8,168</u>	<u>2,500</u>	<u>420</u>	<u>1,000</u>
8,282	86,822	8,168	2,500	420	38,930
<u>8,282</u>	<u>86,822</u>	<u>8,168</u>	<u>2,500</u>	<u>420</u>	<u>38,930</u>
<u>8,282</u>	<u>86,822</u>	<u>8,168</u>	<u>2,500</u>	<u>420</u>	<u>38,930</u>
	<u>(17,576)</u>				<u>(37,930)</u>
					60,000
					<u>60,000</u>
	<u>(17,576)</u>				22,070
	<u>194,984</u>				<u>42,159</u>
<u>\$</u>	<u>\$ 177,408</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 64,229</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, 2008

(With comparative totals for 2007)

	Saucony Run for Good	Totals	
		2008	2007
Revenues:			
Revenue from local sources:			
Other local revenue	\$ 450	\$ 146,993	\$ 280,778
Revenue from state sources		9,750	4,875
Revenue from federal sources:			
Through the State of Alaska		8,972	
Other intermediate agencies			4,875
Total federal sources		8,972	4,875
Total revenues	450	165,715	290,528
Expenditures - current			
Current:			
Instruction		1,948,326	291,523
Support services - students		4,339	3,369
Support services - instruction		121,304	87,127
School administration		38,930	55,589
Student activities	450	450	
Total Current	450	2,113,349	437,608
Debt Service:			
Principal		318,968	
Total expenditures	450	2,432,317	437,608
Excess (deficiency) of revenues over expenditures		(2,266,602)	(147,080)
Other financing sources (uses):			
Issuance of capital leases		1,193,724	
Transfers in		1,339,416	231,527
Transfers out			(27,660)
Total other financing sources (uses)		2,533,140	203,867
Net change in fund balances		266,538	56,787
Fund balances - beginning		332,572	275,785
Fund balances - ending	\$	\$ 599,110	\$ 332,572

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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, 2008

(With comparative totals for 2007)

	Options Day Care	Unsung Heroes Award - Salcha Elementary	TILT Grant: Caribou Mysteries	Miscellaneous Local Grants
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 39,225	\$ 1	\$ 1,426	\$
Revenue from state sources				
Revenue from federal sources:				
Through the State of Alaska	8,972			
Other intermediate agencies				
Total federal sources	8,972			
Total revenues	48,197	1	1,426	
Expenditures:				
Current				
Salaries and fringe benefits:				
Certificated salaries				
Non-certificated salaries	23,206		263	
Employee benefits	7,157		24	
Total salaries and fringe benefits	30,363		287	
Materials, supplies, services and other:				
Professional and technical services				
Staff travel	5,259		1,139	
Student travel	423			
Other purchased services	4,407			
Insurance and bond premiums				
Supplies, materials and media	15,637	1		1
Other expenses				
Total materials, supplies, services and other	25,726	1	1,139	1
Capital outlay - equipment				
Debt service - principal				
Total expenditures	56,089	1	1,426	1
Excess (deficiency) of revenues over expenditures	(7,892)			(1)
Other financing sources (uses):				
Issuance of capital leases				
Transfers in				16
Transfers out				
Total other financing sources (uses)				16
Net change in fund balances	(7,892)			15
Fund balances - beginning	24,774			306
Fund balances - ending	\$ 16,882	\$	\$	\$ 321

M.J. Murdock Trust Grant	Charlotte Martin Foundation	One-to-One Digital Initiative	Technology Fund	Partners in Science (Murdock)	United Way Red Ribbon Week Campaign
\$ 267	\$ 150	\$	\$	\$ 6,292	\$
267	150			6,292	
			292,044		
		262	39,762		
		139	107,467		
		401	439,273		
			35,450		
267	150	(3,483)	1,412,459	3,573	39
267	150	(3,483)	1,447,909	3,573	39
				2,719	
			318,968		
267	150	(3,082)	2,206,150	6,292	39
		3,082	(2,206,150)		(39)
			1,193,724		
			1,279,400		
			2,473,124		
		3,082	266,974		(39)
		70,214			39
\$	\$	\$ 73,296	\$ 266,974	\$	\$

(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, 2008

(With comparative totals for 2007)

	<u>United Way Keep it Real</u>	<u>District Math Professional Development</u>	<u>Art Excursion</u>	<u>Artist in Schools Program</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 4,300	\$ 16	\$	\$ 5,250
Revenue from state sources				9,750
Revenue from federal sources:				
Through the State of Alaska				
Other intermediate agencies				
Total federal sources				
Total revenues	4,300	16		15,000
Expenditures:				
Current				
Salaries and fringe benefits:				
Certificated salaries				
Non-certificated salaries				
Employee benefits				
Total salaries and fringe benefits				
Materials, supplies, services and other:				
Professional and technical services				15,000
Staff travel				
Student travel	195		96	
Other purchased services				
Insurance and bond premiums				
Supplies, materials and media	4,105	16		
Other expenses				
Total materials, supplies, services and other	4,300	16	96	15,000
Capital outlay - equipment				
Debt service - principal				
Total expenditures	4,300	16	96	15,000
Excess (deficiency) of revenues over expenditures			(96)	
Other financing sources (uses):				
Issuance of capital leases				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances			(96)	
Fund balances - beginning			96	
Fund balances - ending	\$	\$	\$	\$

Tech-athlon Middle School Camp	Curriculum Staff Development	Engineering Career Academy Exploration	Literacy for Life Makeover	Engineering Career Academy Exploration & Implementation	Leadership Development
<u>\$ 8,282</u>	<u>\$ 69,246</u>	<u>\$ 8,168</u>	<u>\$ 2,500</u>	<u>\$ 420</u>	<u>\$ 1,000</u>
<u>8,282</u>	<u>69,246</u>	<u>8,168</u>	<u>2,500</u>	<u>420</u>	<u>1,000</u>
4,822	18,448				
682	9,627				
<u>5,504</u>	<u>29,422</u>				
158		3,806		420	36,788
					1,462
2,620			2,500		131
	57,400				549
<u>2,778</u>	<u>57,400</u>	<u>3,806</u>	<u>2,500</u>	<u>420</u>	<u>38,930</u>
		4,362			
<u>8,282</u>	<u>86,822</u>	<u>8,168</u>	<u>2,500</u>	<u>420</u>	<u>38,930</u>
	(17,576)				(37,930)
					60,000
					60,000
	(17,576)				22,070
	194,984				42,159
<u>\$</u>	<u>\$ 177,408</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 64,229</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, 2008

(With comparative totals for 2007)

	Saucony Run for Good	Totals	
		2008	2007
Revenues:			
Revenue from local sources:			
Other local revenue	\$ 450	\$ 146,993	\$ 280,778
Revenue from state sources		9,750	4,875
Revenue from federal sources:			
Through the State of Alaska		8,972	
Other intermediate agencies			4,875
Total federal sources		8,972	4,875
Total revenues	450	165,715	290,528
Expenditures:			
Current			
Salaries and fringe benefits:			
Certificated salaries		315,314	
Non-certificated salaries		73,120	35,538
Employee benefits		116,816	6,489
Total salaries and fringe benefits		505,250	42,027
Materials, supplies, services and other:			
Professional and technical services		15,000	129,624
Staff travel		47,412	51,622
Student travel		872	453
Other purchased services	150	41,469	11,763
Insurance and bond premiums			5,665
Supplies, materials and media	300	1,438,316	194,510
Other expenses		57,949	1,944
Total materials, supplies, services and other	450	1,601,018	395,581
Capital outlay - equipment		7,081	
Debt service - principal		318,968	
Total expenditures	450	2,432,317	437,608
Excess (deficiency) of revenues over expenditures		(2,266,602)	(147,080)
Other financing sources (uses):			
Issuance of capital leases		1,193,724	
Transfers in		1,339,416	231,527
Transfers out			(27,660)
Total other financing sources (uses)		2,533,140	203,867
Net change in fund balances		266,538	56,787
Fund balances - beginning		332,572	275,785
Fund balances - ending	\$	\$ 599,110	\$ 332,572

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, 2008

	<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	\$ 124,378	\$ 123,935	\$ 146,993	\$ 146,975	\$ 23,040
Revenue from state sources	9,750	9,750	9,750	9,750	
Revenue from federal sources:					
Through the State of Alaska			8,972	8,972	8,972
Total revenues	<u>134,128</u>	<u>133,685</u>	<u>165,715</u>	<u>165,697</u>	<u>32,012</u>
Expenditures - current:					
Current					
Salaries and fringe benefits:					
Certificated salaries	369,218	369,218	315,314	315,314	53,904
Non-certificated salaries	111,506	127,797	73,120	73,120	54,677
Employee benefits	<u>146,622</u>	<u>151,349</u>	<u>116,816</u>	<u>116,816</u>	<u>34,533</u>
Total salaries and fringe benefits	<u>627,346</u>	<u>648,364</u>	<u>505,250</u>	<u>505,250</u>	<u>143,114</u>
Materials, supplies, services and other:					
Professional and technical services	130,409	128,689	15,000	15,000	113,689
Staff travel	115,045	117,012	47,412	47,412	69,600
Student travel	2,212	2,709	872	872	1,837
Other purchased services	149,500	149,310	41,469	41,469	107,841
Supplies, materials and media	777,287	755,269	1,438,316	1,438,298	(683,029)
Tuition and stipends	1,000	1,000			1,000
Other expenses	<u>3,000</u>	<u>3,000</u>	<u>57,949</u>	<u>57,949</u>	<u>(54,949)</u>
Total materials, supplies, services and other	<u>1,178,453</u>	<u>1,156,989</u>	<u>1,601,018</u>	<u>1,601,000</u>	<u>(444,011)</u>
Capital outlay:					
Equipment			7,081	7,081	(7,081)
Debt service - principal			<u>318,968</u>	<u>318,968</u>	<u>(318,968)</u>
Total expenditures	<u>1,805,799</u>	<u>1,805,353</u>	<u>2,432,317</u>	<u>2,432,299</u>	<u>(626,946)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,671,671)</u>	<u>(1,671,668)</u>	<u>(2,266,602)</u>	<u>(2,266,602)</u>	<u>(594,934)</u>
Other financing sources:					
Issuance of capital leases			1,193,724	1,193,724	1,193,724
Transfers in	<u>1,339,400</u>	<u>1,339,400</u>	<u>1,339,416</u>	<u>1,339,416</u>	<u>16</u>
Total other financing sources	<u>1,339,400</u>	<u>1,339,400</u>	<u>2,533,140</u>	<u>1,339,416</u>	<u>16</u>
Net change in fund balance	<u>\$ (332,271)</u>	<u>\$ (332,268)</u>	<u>266,538</u>	<u>\$ (927,186)</u>	<u>\$ (594,918)</u>
Fund balance - beginning			<u>332,572</u>		
Fund balance - ending			<u>\$ 599,110</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Community Schools

Balance Sheet

June 30, 2008

(With comparative totals for 2007)

	Totals	
	2008	2007
<u>ASSETS</u>		
Equity in central treasury cash	<u>\$ 6,385</u>	<u>\$ 6,385</u>
<u>FUND BALANCE</u>		
Fund balance - unreserved	<u>\$ 6,385</u>	<u>\$ 6,385</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Community Schools

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

For the Year Ended June 30, 2008

(With comparative totals for 2007)

	Totals	
	2008	2007
Expenditures - current:		
Adult and continuing education instruction	\$	\$ 472
Net change in fund balance		(472)
Fund balance - beginning	6,385	6,857
Fund balance - ending	\$ 6,385	\$ 6,385

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Community Schools

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

For the Year Ended June 30, 2008

(With comparative totals for 2007)

	Totals	
	2008	2007
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	\$	\$ 292
Employee benefits		150
Total salaries and fringe benefits		442
Materials, supplies, services and other:		
Other purchased services		30
Total expenditures		472
Net change in fund balance		(472)
Fund balance - beginning	6,385	6,857
Fund balance - ending	<u>\$ 6,385</u>	<u>\$ 6,385</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Nonmajor Special Revenue Fund
Community Schools
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual - by Object
For the Year Ended June 30, 2008

	<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>
Expenditures - current:					
Materials, supplies, services and other:					
Supplies, materials and media	\$	\$ 6,385	\$	\$	\$ 6,385
Net change in fund balance	\$	\$ (6,385)		\$	\$ 6,385
Fund balance - beginning			6,385		
Fund balance - ending			\$ 6,385		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

State Programs

Combining Balance Sheet

June 30, 2008

(With comparative totals for 2007)

	Alaska Railroad Youth Summer Employment	Youth in Detention	Staff Development Mini-grants	Youth First
<u>ASSETS</u>				
Equity in central treasury cash	\$	\$ 905	\$	\$
Accounts receivable:				
State	25,549		4,756	6,525
Due from Fairbanks North Star Borough				
Total assets	<u>\$ 25,549</u>	<u>\$ 905</u>	<u>\$ 4,756</u>	<u>\$ 6,525</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$ 905	\$ 1,002	\$ 240
Deferred revenue				
Due to other funds	25,549		3,754	6,285
Total liabilities	<u>25,549</u>	<u>905</u>	<u>4,756</u>	<u>6,525</u>
Fund balances:				
Reserved for:				
Encumbrances		1,769		
Unreserved		(1,769)		
Total fund balances				
Total liabilities and fund balances	<u>\$ 25,549</u>	<u>\$ 905</u>	<u>\$ 4,756</u>	<u>\$ 6,525</u>

Legislative Small Grants	Alaska Construction Academy	DCCED Small Grants List	Statewide Alaska Mentorship Program	Ryan Headbolt Power
\$	\$	\$	\$	\$
	20,783		140,755	
12,393		474		273
<u>\$ 12,393</u>	<u>\$ 20,783</u>	<u>\$ 474</u>	<u>\$ 140,755</u>	<u>\$ 273</u>
\$	\$	\$	\$	\$
	1,971			
12,393	18,812	474	140,755	273
<u>12,393</u>	<u>20,783</u>	<u>474</u>	<u>140,755</u>	<u>273</u>
1,640	3,472			
<u>(1,640)</u>	<u>(3,472)</u>			
<u>\$ 12,393</u>	<u>\$ 20,783</u>	<u>\$ 474</u>	<u>\$ 140,755</u>	<u>\$ 273</u>

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

State Programs

Combining Balance Sheet

June 30, 2008

(With comparative totals for 2007)

Totals**2008****2007****ASSETS**

Equity in central treasury cash	\$ 905	\$ 2,812
Accounts receivable:		
State	198,368	213,972
Due from Fairbanks North Star Borough	13,140	4,873
Total assets	<u>\$ 212,413</u>	<u>\$ 221,657</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 4,118	\$ 4,970
Deferred revenue		281
Due to other funds	208,295	214,204
Total liabilities	<u>212,413</u>	<u>219,455</u>

Fund balances:

Reserved for:		
Encumbrances	6,881	12,810
Unreserved	(6,881)	(10,608)
Total fund balances	<u></u>	<u>2,202</u>

Total liabilities and fund balances	<u>\$ 212,413</u>	<u>\$ 221,657</u>
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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

State Programs

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

For the Year Ended June 30, 2008

(With comparative totals for 2007)

	Alaska Railroad Youth Summer Employment	Youth in Detention	Staff Development Mini-grants	Youth First
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$ 135	\$	\$
Revenue from state sources	25,549	115,330	35,685	101,793
Total revenues	25,549	115,465	35,685	101,793
Expenditures:				
Current:				
Instruction	25,549	444,308	35,750	96,013
Support services - instruction				
District administration support services				5,780
Operations and maintenance of plant				
Total expenditures	25,549	444,308	35,750	101,793
Deficiency of revenues over expenditures		(328,843)	(65)	
Other financing sources:				
Transfers in		328,843	65	
Transfers out				
Total other financing sources		328,843	65	
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Oasis Program	Legislative Small Grants	Alaska Construction Academy	DCCED Small Grants List	Assessment Expert	Chinook State Charter School
\$	\$	\$	\$	\$	\$
	307,341	39,053	3,710		281
	307,341	39,053	3,710		281
2,200	307,341	39,053	3,710		281
2,200	307,341	39,053	3,710		281
(2,200)					
				(2)	
				(2)	
(2,200)				(2)	
2,200				2	
\$	\$	\$	\$	\$	\$

(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, 2008

(With comparative totals for 2007)

	Statewide Alaska Mentorship Program	North Pole Middle Security System	North Pole High Mobile Labs	Ryan Headbolt Power
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from state sources	397,594	12,991	18,182	1,092
Total revenues	397,594	12,991	18,182	1,092
Expenditures:				
Current:				
Instruction				
Support services - instruction	397,594	12,991	18,182	1,092
District administration support services				
Operations and maintenance of plant				
Total expenditures	397,594	12,991	18,182	1,092
Deficiency of revenues over expenditures				
Other financing sources:				
Transfers in				
Transfers out				
Total other financing sources				
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Totals	
2008	2007
\$ 135	\$
1,058,601	719,219
1,058,736	719,219
950,214	598,790
433,850	467,131
5,780	4,096
	4,040
1,389,844	1,074,057
(331,108)	(354,838)
328,908	354,838
(2)	
328,906	354,838
(2,202)	
2,202	2,202
\$	\$ 2,202

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, 2008

(With comparative totals for 2007)

	Alaska Railroad Youth Summer Employment	Youth in Detention	Staff Development Mini-grants	Youth First
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$ 135	\$	\$
Revenue from state sources	25,549	115,330	35,685	101,793
Total revenues	25,549	115,465	35,685	101,793
Expenditures:				
Current:				
Salaries and fringe benefits:				
Certificated salaries	21,858	260,730		
Non-certificated salaries		54,761	4,160	57,466
Employee benefits	3,085	114,421	373	29,812
Total salaries and fringe benefits	24,943	429,912	4,533	87,278
Materials, supplies, services and other:				
Professional and technical services				
Staff travel			31,217	1,961
Student travel				1,435
Utility services		1,151		
Other purchased services	108	1,502		
Supplies, materials and media	498	11,743		5,339
Indirect costs				5,780
Total materials, supplies, services and other	606	14,396	31,217	14,515
Capital outlay - equipment				
Total expenditures	25,549	444,308	35,750	101,793
Deficiency of revenues over expenditures		(328,843)	(65)	
Other financing sources (uses):				
Transfers in		328,843	65	
Transfers out				
Total other financing sources (uses)		328,843	65	
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Oasis Program	Legislative Small Grants	Alaska Construction Academy	DCCED Small Grants List	Assessment Expert	Chinook State Charter School
\$	\$	\$	\$	\$	\$
	307,341	39,053	3,710		281
	307,341	39,053	3,710		281
		13,764			
		7,975			
		3,117			
		24,856			
		17			
2,200	259,389	14,180	3,710		281
2,200	259,389	14,197	3,710		281
	47,952				
2,200	307,341	39,053	3,710		281
(2,200)					
				(2)	
				(2)	
(2,200)				(2)	
2,200				2	
\$	\$	\$	\$	\$	\$

(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, 2008

(With comparative totals for 2007)

	Statewide Alaska Mentorship Program	North Pole Middle Security System	North Pole High Mobile Labs	Ryan Headbolt Power
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from state sources	397,594	12,991	18,182	1,092
Total revenues	397,594	12,991	18,182	1,092
Expenditures:				
Current:				
Salaries and fringe benefits:				
Certificated salaries	207,722			
Non-certificated salaries	73,438			
Employee benefits	116,434			
Total salaries and fringe benefits	397,594			
Materials, supplies, services and other:				
Professional and technical services				
Staff travel				
Student travel				
Utility services				
Other purchased services				1,092
Supplies, materials and media		7,692	18,182	
Indirect costs				
Total materials, supplies, services and other		7,692	18,182	1,092
Capital outlay - equipment		5,299		
Total expenditures	397,594	12,991	18,182	1,092
Deficiency of revenues over expenditures				
Other financing sources (uses):				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

Totals	
2008	2007
\$ 135	\$
1,058,601	719,219
1,058,736	719,219
504,074	481,176
197,800	174,792
267,242	308,462
969,116	964,430
33,195	28,655
1,435	872
1,151	(390)
4,902	5,618
321,014	74,604
5,780	4,096
367,477	113,455
53,251	(3,828)
1,389,844	1,074,057
(331,108)	(354,838)
328,908	354,838
(2)	
328,906	354,838
(2,202)	
2,202	2,202
\$	\$ 2,202

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, 2008

	<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:					
Other local revenue	\$	\$	\$ 135	\$ 135	\$ 135
Revenue from state sources	1,216,316	1,243,076	1,058,601	1,052,785	(190,291)
Total revenues	<u>1,216,316</u>	<u>1,243,076</u>	<u>1,058,736</u>	<u>1,052,920</u>	<u>(190,156)</u>
Expenditures:					
Current					
Salaries and fringe benefits:					
Certificated salaries	543,068	544,777	504,074	504,074	40,703
Non-certificated salaries	228,386	220,482	197,800	197,800	22,682
Employee benefits	286,687	284,099	267,242	267,242	16,857
Total salaries and fringe benefits	<u>1,058,141</u>	<u>1,049,358</u>	<u>969,116</u>	<u>969,116</u>	<u>80,242</u>
Materials, supplies, services and other:					
Staff travel	9,084	38,966	33,195	33,195	5,771
Student travel		1,435	1,435	1,435	
Utility services	2,500	2,500	1,151	1,151	1,349
Other purchased services	13,181	7,384	4,902	4,840	2,544
Supplies, materials and media	512,568	564,944	321,014	315,147	249,797
Other expenses	13,500	15,000			15,000
Indirect cost	7,211	5,780	5,780	5,780	
Total materials, supplies, services and other	<u>558,044</u>	<u>636,009</u>	<u>367,477</u>	<u>361,548</u>	<u>274,461</u>
Capital outlay - equipment	11,501	19,212	53,251	53,251	(34,039)
Total expenditures	<u>1,627,686</u>	<u>1,704,579</u>	<u>1,389,844</u>	<u>1,383,915</u>	<u>320,664</u>
Deficiency of revenues over expenditures	<u>(411,370)</u>	<u>(461,503)</u>	<u>(331,108)</u>	<u>(330,995)</u>	<u>130,508</u>
Other financing sources (uses):					
Transfers in	461,120	459,303	328,908	328,795	(130,508)
Transfers out			(2)	(2)	(2)
Total other financing sources (uses)	<u>461,120</u>	<u>459,303</u>	<u>328,906</u>	<u>328,793</u>	<u>(130,510)</u>
Net change in fund balance	<u>\$ 49,750</u>	<u>\$ (2,200)</u>	<u>(2,202)</u>	<u>\$ (2,202)</u>	<u>\$ (2)</u>
Fund balance, July 1			2,202		
Fund balance, June 30			<u>\$</u>		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

Food Service

Balance Sheet

June 30, 2008

(With comparative totals for 2007)

	Totals	
	2008	2007
<u>ASSETS</u>		
Equity in central treasury cash	\$ 67,653	\$ 341,415
Inventories	293,122	193,785
Total assets	<u>\$ 360,775</u>	<u>\$ 535,200</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	<u>\$ 3,204</u>	<u>\$ 1,479</u>
Fund balance:		
Reserved for:		
Encumbrances	24,117	11,532
Inventories	293,122	193,785
Unreserved	<u>40,332</u>	<u>328,404</u>
Total fund balance	<u>357,571</u>	<u>533,721</u>
Total liabilities and fund balance	<u>\$ 360,775</u>	<u>\$ 535,200</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, 2008

(With comparative totals for 2007)

	Totals	
	2008	2007
Revenues:		
Revenue from local sources:		
Food service	\$ 1,973,615	\$ 1,863,410
Revenue from federal sources:		
Through the State of Alaska	2,569,256	2,507,762
Total revenues	4,542,871	4,371,172
Expenditures - current:		
Food services	4,719,021	4,280,890
Net change in fund balance	(176,150)	90,282
Fund balance - beginning	533,721	443,439
Fund balance - ending	\$ 357,571	\$ 533,721

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, 2008

(With comparative totals for 2007)

	Totals	
	2008	2007
Revenues:		
Revenue from local sources:		
Food service	\$ 1,973,615	\$ 1,863,410
Revenue from federal sources:		
Through the State of Alaska	2,569,256	2,507,762
Total revenues	4,542,871	4,371,172
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	1,603,357	1,565,545
Employee benefits	757,795	690,348
Total salaries and fringe benefits	2,361,152	2,255,893
Materials, supplies, services and other:		
Professional and technical services	3,846	16,057
Staff travel	14,092	10,251
Utility services	887	709
Other purchased services	3,195	4,462
Supplies, materials and media	2,320,151	1,933,349
Other expenses	2,160	169
Indirect costs		60,000
Total materials, supplies, services and other	2,344,331	2,024,997
Capital outlay - equipment	13,538	
Total expenditures	4,719,021	4,280,890
Net change in fund balance	(176,150)	90,282
Fund balance - beginning	533,721	443,439
Fund balance - ending	\$ 357,571	\$ 533,721

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, 2008

	<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	\$ 2,108,694	\$ 2,221,840	\$ 1,973,615	\$ 1,973,615	\$ (248,225)
Revenue from federal sources:					
Through the State of Alaska	2,150,000	2,462,448	2,569,256	2,581,841	119,393
Total revenues	4,258,694	4,684,288	4,542,871	4,555,456	(128,832)
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	1,630,102	1,790,108	1,603,357	1,603,357	186,751
Employee benefits	608,830	739,019	757,795	757,795	(18,776)
Total salaries and fringe benefits	2,238,932	2,529,127	2,361,152	2,361,152	167,975
Materials, supplies, services and other:					
Professional and technical services	12,058	13,000	3,846	3,846	9,154
Staff travel	2,800	13,200	14,092	14,467	(1,267)
Utility services	1,440	1,500	887	887	613
Other purchased services	7,500	12,500	3,195	3,195	9,305
Supplies, materials and media	1,822,964	2,033,461	2,320,151	2,333,455	(299,994)
Other expenses			2,160	2,160	(2,160)
Indirect costs	60,000	60,000			60,000
Total materials, supplies, services and other	1,906,762	2,133,661	2,344,331	2,358,010	(224,349)
Capital outlay - equipment	113,000	21,500	13,538	12,444	9,056
Total expenditures	4,258,694	4,684,288	4,719,021	4,731,606	(47,318)
Net change in fund balance	\$	\$	(176,150)	\$ (176,150)	\$ (176,150)
Fund balance - beginning			533,721		
Fund balance - ending			\$ 357,571		

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

School Activities

Balance Sheet

June 30, 2008

(With comparative totals for 2007)

	Totals	
	2008	2007
<u>ASSETS</u>		
Equity in central treasury cash	<u>\$ 1,679,841</u>	<u>\$ 1,708,700</u>
<u>FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 40,405	\$ 26,863
Fund balances:		
Unreserved	<u>1,639,436</u>	<u>1,681,837</u>
Total liabilities and fund balances	<u>\$ 1,679,841</u>	<u>\$ 1,708,700</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, 2008
(With comparative totals for 2007)

	Totals	
	2008	2007
Revenues:		
Revenue from local sources:		
Other local revenue	<u>\$ 2,442,573</u>	<u>\$ 2,564,759</u>
Expenditures - current:		
Student activities	<u>2,484,974</u>	<u>2,487,062</u>
Net change in fund balance	<u>(42,401)</u>	<u>77,697</u>
Fund balance - beginning	<u>1,681,837</u>	<u>1,604,140</u>
Fund balance - ending	<u><u>\$ 1,639,436</u></u>	<u><u>\$ 1,681,837</u></u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Special Revenue Fund

School Activity

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

For the Year Ended June 30, 2008

(With comparative totals for 2007)

	Totals	
	2008	2007
Revenues:		
Revenue from local sources:		
Other local revenue	\$ 2,442,573	\$ 2,564,759
Expenditures - current:		
Salaries and fringe benefits:		
Certificated salaries	25,232	2,324
Non-certificated salaries	41,826	53,310
Employee benefits	6,114	7,726
Total salaries and fringe benefits	73,172	63,360
Materials, supplies, services and other:		
Professional and technical services	54,004	49,895
Staff travel	5,632	613
Student travel	696,506	720,533
Other purchased services	8,167	3,894
Supplies, materials and media	1,623,681	1,648,767
Other expenses	1,013	
Total materials, supplies, services and other	2,389,003	2,423,702
Capital outlay - equipment	22,799	
Total expenditures	2,484,974	2,487,062
Net change in fund balance	(42,401)	77,697
Fund balance - beginning	1,681,837	1,604,140
Fund balance - ending	\$ 1,639,436	\$ 1,681,837

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NONMAJOR CAPITAL PROJECTS FUNDS

**Denali Elementary
Nordale Elementary
Anderson Elementary
Title VIII Construction
Hutchison High School
Central Kitchen
Ryan Facility Planning
Other Capital Projects**

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Nonmajor Capital Projects Funds

Combining Balance Sheet

June 30, 2008

(With comparative totals for 2007)

	<u>Denali Elementary</u>	<u>Title VIII Construction</u>	<u>Hutchison High School</u>	<u>Central Kitchen</u>
<u>ASSETS</u>				
Equity in central treasury cash	\$ 219	\$ 427,201	\$ 175,851	\$ 1,500,114
Accounts receivable:				
State				
Federal		26,017		10,304
Due from Fairbanks North Star Borough				
Total assets	<u>\$ 219</u>	<u>\$ 453,218</u>	<u>\$ 175,851</u>	<u>\$ 1,510,418</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 219	\$	\$	\$
Due to other funds				
Due to Fairbanks North Star Borough				99,495
Total liabilities	<u>219</u>			<u>99,495</u>
Fund balances:				
Reserved for:				
Encumbrances				547
Unreserved		453,218	175,851	1,410,376
Total fund balances		<u>453,218</u>	<u>175,851</u>	<u>1,410,923</u>
Total liabilities and fund balances	<u>\$ 219</u>	<u>\$ 453,218</u>	<u>\$ 175,851</u>	<u>\$ 1,510,418</u>

Ryan Facility Planning	Other Capital Projects	Totals	
		2008	2007
\$	\$ 80,858	\$ 2,184,243	\$ 1,778,413
			2,397
		36,321	
			23,425
<u>\$</u>	<u>\$ 80,858</u>	<u>\$ 2,220,564</u>	<u>\$ 1,804,235</u>
\$	\$	\$ 219	\$ 20,430
			8,279
		99,495	
		99,714	28,709
75,500		76,047	17,286
(75,500)	80,858	2,044,803	1,758,240
	80,858	2,120,850	1,775,526
<u>\$</u>	<u>\$ 80,858</u>	<u>\$ 2,220,564</u>	<u>\$ 1,804,235</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008
(With comparative totals for 2007)

	<u>Denali Elementary</u>	<u>Nordale Elementary</u>	<u>Anderson Elementary</u>	<u>Title VIII Construction</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 7,968	\$ 8,762	\$ 30,805	\$
Revenue from state sources				
Revenue from federal sources:				
Direct				
Through the state of Alaska				453,218
Total federal sources				453,218
Total revenues	7,968	8,762	30,805	453,218
Expenditures:				
Capital outlay:				
Staff travel				
Other purchased services				
Supplies, materials and media	7,968	8,762	8,067	
Indirect costs				
Equipment			22,738	
Buildings and improvements purchased				
Total expenditures	7,968	8,762	30,805	
Excess (deficiency) of revenues over expenditures				453,218
Other financing sources (uses):				
Transfers in				
Transfers out				(1,510,418)
Total other financing sources (uses)				(1,510,418)
Net change in fund balances				(1,057,200)
Fund balances - beginning				1,510,418
Fund balances - ending	\$	\$	\$	\$ 453,218

Hutchison High School	Central Kitchen	Other Capital Projects	Totals	
			2008	2007
\$	\$	\$	\$ 47,535	\$ 248,398
				3,518
	10,304		10,304	910
			453,218	423,322
	10,304		463,522	424,232
	10,304		511,057	676,148
				858
	11,453		11,453	
		8,399	33,196	178,009
	(1,149)		(1,149)	700
			22,738	2,887
	99,495		99,495	76,621
	109,799	8,399	165,733	259,075
	(99,495)	(8,399)	345,324	417,073
	1,510,418		1,510,418	
			(1,510,418)	
	1,510,418			
	1,410,923	(8,399)	345,324	417,073
175,851		89,257	1,775,526	1,358,453
\$ 175,851	\$ 1,410,923	\$ 80,858	\$ 2,120,850	\$ 1,775,526

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**Nonmajor Capital Projects Funds****Project Length Schedule of Revenues and Expenditures**

Beginning of Projects to June 30, 2008

	Denali Elementary	Nordale Elementary	Anderson Elementary	Title VIII Construction
Project Authorizations:	<u>\$ 672,000</u>	<u>\$ 673,525</u>	<u>\$ 32,000</u>	<u>\$</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 670,647	\$ 673,525	\$ 30,805	\$
Revenue from state sources				
Revenue from federal sources:				
Direct				
Through the state of Alaska				2,581,676
Transfers from other funds				
Total revenues	<u>670,647</u>	<u>673,525</u>	<u>30,805</u>	<u>2,581,676</u>
Expenditures:				
Capital outlay:				
Professional and technical services				
Staff travel				
Other purchased services				
Supplies, materials and media	474,716	490,954	8,067	
Indirect costs				
Equipment	75,931	58,445	22,738	
Buildings and improvements purchased	120,000	124,126		
Other capital outlay				
Transfers to other funds				2,128,458
Total expenditures	<u>670,647</u>	<u>673,525</u>	<u>30,805</u>	<u>2,128,458</u>
Excess of revenues over expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 453,218</u>

Hutchison High School	Central Kitchen	Other Capital Projects	Project To Date Totals
<u>\$ 1,932,269</u>	<u>\$ 3,991,468</u>	<u>\$ 431,820</u>	<u>\$ 7,733,082</u>
\$ 812,950	\$	\$	\$ 2,187,927
	56,302		56,302
			2,581,676
<u>1,245,637</u>	<u>1,510,418</u>	<u>431,820</u>	<u>3,187,875</u>
<u>2,058,587</u>	<u>1,566,720</u>	<u>431,820</u>	<u>8,013,780</u>
	42,516	27,198	69,714
	858		858
989,393	11,453		1,000,846
564,858		20,893	1,559,488
	1,475		1,475
190,370		2,887	350,371
126,318	99,495	318,102	788,041
11,797			11,797
			2,128,458
<u>1,882,736</u>	<u>155,797</u>	<u>369,080</u>	<u>5,911,048</u>
<u>\$ 175,851</u>	<u>\$ 1,410,923</u>	<u>\$ 62,740</u>	<u>\$ 2,102,732</u>

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AGENCY FUND

AGENCY FUND

School District Agency Fund

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FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School District Agency Fund

Statement of Changes in Assets and Liabilities

Year Ended June 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>ASSETS</u>				
Equity in central treasury cash	<u>\$ 36,595</u>	<u>\$ 61,754</u>	<u>\$ 63,976</u>	<u>\$ 34,373</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 36,595	\$ 63,976	\$ 63,976	\$ 34,373
Due to external groups	<u>36,595</u>	<u>61,754</u>	<u>63,976</u>	<u>34,373</u>
Total liabilities	<u>\$ 36,595</u>	<u>\$ 125,730</u>	<u>\$ 127,952</u>	<u>\$ 34,373</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 176-187

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

Revenue Capacity – pages 188-198

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

Debt Capacity – page 199

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

Demographic and Economic Information – pages 200-201

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

Operating Information – pages 202-214

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 Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2001-02	2002-03	2003-04	2004-05
Governmental activities:				
Invested in capital assets, net of related debt	\$ 3,851,369	\$ 3,501,604	\$ 3,613,084	\$ 3,918,778
Net pension asset restricted for future contributions		958,054	960,355	
Unrestricted	<u>23,825,074</u>	<u>21,362,399</u>	<u>19,756,987</u>	<u>22,426,155</u>
Total Net Assets	<u>\$ 27,676,443</u>	<u>\$ 25,822,057</u>	<u>\$ 24,330,426</u>	<u>\$ 26,344,933</u>

Note: The district began reporting accrual information when it implemented GASB Statement 34 in fiscal year 2001-02.

Fiscal Year		
2005-06	2006-07	2007-08
\$ 4,235,371	\$ 4,080,319	\$ 3,967,368
16,687,930	18,453,760	18,535,860
<u>\$ 20,923,301</u>	<u>\$ 22,534,079</u>	<u>\$ 22,503,228</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2001-02	2002-03	2003-04	2004-05
Expenses				
Governmental activities:				
Instruction	\$ 66,171,759	\$ 67,453,075	\$ 67,660,701	\$ 68,023,960
Special education instruction	13,382,204	14,787,650	13,877,212	16,865,673
Special education support services - students	1,681,525	2,078,285	2,582,804	2,063,501
Support services - students	6,552,628	6,522,775	7,312,011	9,350,844
Support Services - instruction	5,081,273	6,498,343	6,974,143	9,209,619
School administration	4,799,454	4,936,782	4,774,139	5,154,874
School administration support services	2,911,294	3,454,402	3,276,869	3,818,035
District administration	1,320,843	1,399,353	1,416,391	1,528,370
District administration support services	5,319,599	5,660,384	5,871,070	6,316,689
Operations and maintenance of plant	14,704,252	15,382,626	15,231,101	17,873,136
Student activities	1,427,340	1,497,650	1,335,887	1,554,640
Student transportation service	8,487,332	9,004,576	8,923,006	8,745,633
Adult and continuing education instruction	178,035	130,498	84,038	53,217
Food services	4,222,604	4,077,988	3,945,655	4,284,462
Interest expense		63,089	42,359	18,658
Total expenses	136,240,142	142,947,476	143,307,386	154,861,311
Program Revenues				
Governmental activities:				
Charges for Services:				
Instruction	125,591	67,575	51,971	32,787
Support services - students			4,679	2,145
Support services - instruction				
District administration support services	816,838			
Student transportation service				
Adult and continuing education instruction	133,025	140,050	46,577	12,141
Food services	1,785,408	1,907,619	1,835,140	1,839,814
Operating grants and contributions	20,191,021	21,809,523	22,496,034	27,208,171
Capital grants and contributions	234,991	1,049,171	2,708,367	1,640,256
Total program revenues	23,286,874	24,973,938	27,142,768	30,735,314
Net expense - governmental activities	(112,953,268)	(117,973,538)	(116,164,618)	(124,125,997)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Grants and contributions not restricted to specific programs:				
Borough direct appropriation	32,555,700	33,545,700	34,545,700	36,545,700
Foundation program	66,522,720	68,097,408	65,676,616	73,052,157
Other state revenue				
Federal impact aid	13,425,434	11,144,790	11,943,538	14,267,731
Other	2,530,417	2,611,399	2,045,539	1,805,004
Miscellaneous	325,097	719,855	461,594	469,912
Total general revenue	115,359,368	116,119,152	114,672,987	126,140,504
Change in Net Assets	\$ 2,406,100	\$ (1,854,386)	\$ (1,491,631)	\$ 2,014,507

Note: The district began reporting accrual information when it implemented GASB Statement 34 in fiscal year 2001-02.

Fiscal Year		
2005-06	2006-07	2007-08
\$ 74,278,540	\$ 77,265,162	\$ 96,385,094
18,431,818	17,856,399	20,936,726
2,299,016	2,516,909	3,053,826
10,346,229	10,458,934	12,056,303
10,253,369	9,349,009	10,205,791
5,357,561	5,915,223	7,354,532
3,950,664	3,989,781	4,164,728
1,714,097	1,757,915	2,055,996
7,330,027	7,834,722	8,989,152
19,346,287	20,266,837	21,913,361
2,227,743	4,665,546	4,889,861
9,160,416	8,841,162	9,113,672
17,333	567	
4,598,738	4,522,847	4,979,963
<u>169,311,838</u>	<u>175,241,013</u>	<u>206,099,005</u>
22,835	28,827	39,225
39,610	55,650	62,002
	86,644	69,246
		18,450
1,832,119	1,863,410	1,973,615
27,354,672	27,084,712	26,352,963
1,544,726	676,148	511,057
<u>30,793,962</u>	<u>29,795,391</u>	<u>29,026,558</u>
<u>(138,517,876)</u>	<u>(145,445,622)</u>	<u>(177,072,447)</u>
38,022,700	40,022,700	42,222,700
80,045,140	88,513,723	85,688,097
	2,965,437	36,742,103
12,257,249	11,405,933	11,118,081
1,831,103	634,592	709,756
940,052	1,734,768	560,859
<u>133,096,244</u>	<u>145,277,153</u>	<u>177,041,596</u>
<u>\$ (5,421,632)</u>	<u>\$ (168,469)</u>	<u>\$ (30,851)</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	1998-99	1999-2000 ^a	2000-01	2001-02
General fund				
Reserved	\$ 1,559,569	\$ 10,328,283	\$ 9,830,675	\$ 11,348,640
Unreserved	3,610,755	4,279,985	8,756,129	10,272,208
Total general fund	<u>5,170,324</u>	<u>14,608,268</u>	<u>18,586,804</u>	<u>21,620,848</u>
All other governmental funds				
Reserved	1,270,415	1,369,280	497,855	468,955
Unreserved, reported in:				
Special revenue funds	1,190,756	1,111,242	814,215	674,863
Capital projects funds	(644,984)	(740,215)	411,975	450,569
Total all other governmental funds	<u>\$ 1,816,187</u>	<u>\$ 1,740,307</u>	<u>\$ 1,724,045</u>	<u>\$ 1,594,387</u>

Note:

^a Beginning in FY 1999-2000 timing of the School District's Title VIII Impact Aid payment changed. Payment for the subsequent fiscal year was received in the current fiscal year and reserved in fund balance in accordance with the *Alaska Department of Education and Early Development Uniform Chart of Accounts and Account Code Descriptions for Public School Districts, 2000 edition*.

Fiscal Year					
2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
\$ 12,234,963	\$ 12,537,659	\$ 13,011,879	\$ 13,728,824	\$ 12,545,992	\$ 11,939,473
8,579,741	7,066,592	10,825,614	11,029,488	9,375,513	11,954,019
<u>20,814,704</u>	<u>19,604,251</u>	<u>23,837,493</u>	<u>24,758,312</u>	<u>21,921,505</u>	<u>23,893,492</u>
474,455	921,493	738,533	482,925	524,990	617,788
1,085,639	926,818	592,387	561,167	2,317,062	2,320,976
1,170,525	466,960	907,233	1,256,796	1,758,240	2,044,803
<u>\$ 2,730,619</u>	<u>\$ 2,315,271</u>	<u>\$ 2,238,153</u>	<u>\$ 2,300,888</u>	<u>\$ 4,600,292</u>	<u>\$ 4,983,567</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	1998-99	1999-2000	2000-01	2001-02
Revenues from local sources:				
Borough direct appropriation	\$ 30,690,780	\$ 30,690,780	\$ 32,045,700	\$ 32,555,700
E-rate reimbursement	49,014	244,786	220,433	25,489
Food services	362,149	384,376	364,958	323,058
Earnings on investments	286,702	16,747	10,015	324
Other local revenue	1,738,219	1,859,183	2,556,832	2,737,088
Tuition from students	13,275	57,865	48,420	185,997
Total revenue from local sources	<u>33,140,139</u>	<u>33,253,737</u>	<u>35,246,358</u>	<u>35,827,656</u>
Revenue from state sources:				
Foundation program	65,997,508	66,557,417	64,696,850	64,742,484
QSI grant				357,066
LOG grant				1,423,170
Supplemental aid				
Tuition	263,665	596,762	697,596	847,097
TRS on-behalf				
PERS on-behalf				
On-base schools	1,450,000	1,450,000	1,450,000	1,450,000
Other state revenue	8,202,135	9,364,282	10,683,446	8,745,741
Total revenue from state sources	<u>75,913,308</u>	<u>77,968,461</u>	<u>77,527,892</u>	<u>77,565,558</u>
Revenue from federal sources:				
Direct	1,354,006	2,316,511	14,329,290	16,216,716
Through the State of Alaska and other intermediate agencies ^a	<u>14,900,497</u>	<u>26,189,133</u>	<u>9,065,171</u>	<u>8,785,569</u>
Total revenue from federal sources	<u>16,254,503</u>	<u>28,505,644</u>	<u>23,394,461</u>	<u>25,002,285</u>
Other sources	<u>54,134</u>	<u>6,576</u>	<u>12,814</u>	<u>27,805</u>
Total revenues	<u>\$ 125,362,084</u>	<u>\$ 139,734,418</u>	<u>\$ 136,181,525</u>	<u>\$ 138,423,304</u>

Note:

^a Beginning in fiscal year 1999-2000 timing of the School District's Title VIII Impact Aid payment changed. Payment for fiscal year 2000-01 was received in fiscal year 1999-2000 along with the fiscal year 1999-2000 payment.

Fiscal Year					
2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
\$ 33,545,700	\$ 34,545,700	\$ 36,545,700	\$ 38,022,700	\$ 40,022,700	\$ 42,222,700
244,595	251,090	255,646	250,778	263,343	297,666
284,170	1,835,140	1,837,593	1,829,036	1,863,410	1,973,615
236	61	23	11	16	
2,405,696	518,316	1,428,281	1,720,043	3,840,887	3,266,067
141,913	41,093	12,141			
36,622,310	37,191,400	40,079,384	41,822,568	45,990,356	47,760,048
64,439,501	65,329,167	72,703,693	80,045,140	88,513,723	85,688,097
356,140	347,449	348,464	347,525	345,636	342,123
2,667,315					
634,452				1,169,801	6,127,146
667,967	97,864				
					26,641,081
					2,181,753
1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
10,483,696	9,487,159	9,514,268	9,724,556	9,522,084	9,641,697
80,699,071	76,711,639	84,016,425	91,567,221	101,001,244	132,071,897
13,655,404	16,249,574	17,200,286	14,901,229	12,822,378	12,208,857
9,922,633	11,345,823	15,194,658	15,352,315	14,018,936	13,818,299
23,578,037	27,595,397	32,394,944	30,253,544	26,841,314	26,027,156
41,971	86,732	114,196			
\$ 140,941,389	\$ 141,585,168	\$ 156,604,949	\$ 163,643,333	\$ 173,832,914	\$ 205,859,101

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	1998-99	1999-2000	2000-01	2001-02
Instruction	\$ 64,662,826	\$ 63,900,738	\$ 63,338,177	\$ 65,858,858
Special education instruction	10,571,123	12,265,871	12,734,020	13,363,432
Special education support services - students	1,383,790	1,640,581	1,459,317	1,676,261
Support services - students	4,212,571	5,472,435	6,045,824	6,536,088
Support services - instruction	3,041,258	3,662,597	4,590,331	5,005,634
School administration	7,131,197	7,611,407	7,377,956	4,791,419
School administration support services				2,904,251
District administration	1,208,150	1,352,499	1,208,287	1,340,829
District administration support services	6,210,680	6,029,307	5,705,129	5,185,172
Operations and maintenance of plant	13,690,690	14,364,228	14,393,763	14,665,825
Student activities	1,523,947	1,742,970	1,477,402	1,425,684
Student transportation service	6,485,002	7,144,762	7,900,429	8,485,824
Adult and continuing education instruction	144,264	119,395	155,437	180,376
Food services	3,270,090	3,712,398	4,368,909	4,079,614
Capital outlay	1,267,552	2,158,791	1,464,270	187,651
Debt service:				
Contribution to debt service fund				
Principal retirement				
Interest				
Total expenditures	<u>\$ 124,803,140</u>	<u>\$ 131,177,979</u>	<u>\$ 132,219,251</u>	<u>\$ 135,686,918</u>
Capital expenditures ^a	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 456,858</u>
Noncapital expenditures ^b	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 135,230,060</u>
Debt service as a percentage of noncapital expenditures ^b				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 for fiscal years 2001-02 through 2007-08.
Capital expenditures for governmental funds not readily available until fiscal year 2001-02 when the School District implemented GASB Statement 34.

^b Noncapital expenditures for governmental funds not readily available until fiscal year 2001-02 when the School District implemented GASB Statement 34.

Fiscal Year					
2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
\$ 66,171,884	\$ 64,574,677	\$ 66,766,094	\$ 70,789,698	\$ 78,785,644	\$ 95,429,216
14,586,791	13,891,957	16,562,850	17,600,175	18,108,218	20,768,748
2,031,842	2,593,004	2,026,832	2,189,892	2,537,779	3,054,051
6,422,978	7,346,447	9,006,169	9,781,117	10,559,783	11,988,071
6,347,659	6,963,972	9,079,305	9,955,245	9,490,060	10,131,281
4,854,888	4,795,942	5,184,832	5,162,345	6,066,905	7,285,455
3,418,105	3,271,186	3,567,137	3,662,612	3,973,048	4,155,048
1,348,953	1,365,456	1,483,126	1,626,251	1,783,260	2,101,406
5,420,372	5,933,888	5,757,343	6,678,883	7,789,156	8,838,960
15,174,695	15,108,739	16,896,566	18,309,436	20,043,520	21,775,769
1,483,249	1,333,434	1,544,539	2,148,068	4,691,257	4,891,073
9,000,647	8,925,429	8,730,549	9,135,639	8,837,951	9,106,723
126,191	99,620	49,539	15,469	472	
3,836,273	3,683,433	3,910,627	4,266,661	4,280,890	4,719,021
719,031	3,131,446	1,682,134	1,362,695	259,075	165,733
144,897	165,627	189,327			318,968
63,089	42,359	18,658			
<u>\$ 141,151,544</u>	<u>\$ 143,226,616</u>	<u>\$ 152,455,627</u>	<u>\$ 162,684,186</u>	<u>\$ 177,207,018</u>	<u>\$ 204,729,523</u>
<u>\$ 925,343</u>	<u>\$ 838,934</u>	<u>\$ 881,112</u>	<u>\$ 1,092,234</u>	<u>\$ 531,325</u>	<u>\$ 629,531</u>
<u>\$ 140,226,201</u>	<u>\$ 142,387,682</u>	<u>\$ 151,574,515</u>	<u>\$ 161,591,952</u>	<u>\$ 176,675,693</u>	<u>\$ 204,099,992</u>
0.15%	0.15%	0.14%	0.00%	0.00%	0.16%

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			
	1998-99	1999-2000	2000-01	2001-02 ^a
Excess (deficiency) of revenues over expenditures	\$ 558,944	\$ 8,556,439	\$ 3,962,274	\$ 2,736,386
Other financing sources (uses):				
Proceeds from sale of capital assets				
Proceeds from insurance recovery				
Issuance of capital leases				
Transfers in	1,983,291	2,037,338	1,366,045	1,831,975
Transfers out	(1,983,291)	(2,037,338)	(1,366,045)	(3,431,975)
Total other financing sources (uses)				(1,600,000)
Net change in fund balances	\$ 558,944	\$ 8,556,439	\$ 3,962,274	\$ 1,136,386

Note:

^a In fiscal year 2001-02 the School District transferred \$1,600,000 in start up funds to the new Risk Management Internal Service fund.

Fiscal Year					
2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
\$ (210,155)	\$ (1,641,448)	\$ 4,149,322	\$ 959,147	\$ (3,374,104)	\$ 1,129,578
6,300	15,647	6,802	24,407	8,373	31,960
				1,049,081	
533,943					1,193,724
3,226,044	1,784,852	828,950	618,073	614,025	3,691,292
(3,226,044)	(1,784,852)	(828,950)	(618,073)	(614,025)	(3,691,292)
540,243	15,647	6,802	24,407	1,057,454	1,225,684
<u>\$ 330,088</u>	<u>\$ (1,625,801)</u>	<u>\$ 4,156,124</u>	<u>\$ 983,554</u>	<u>\$ (2,316,650)</u>	<u>\$ 2,355,262</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	Vacant Land
1997	\$ 2,056,375,121	\$ 370,022,264	\$ 558,528,406	\$ 300,004,500	\$ 253,395,116
1998	2,204,283,283	426,460,821	587,341,821	286,560,750	258,224,970
1999	2,361,729,135	488,193,989	617,550,101	303,577,810	255,285,201
2000	2,511,729,194	539,178,081	625,087,790	258,225,360	259,596,172
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	4,118,775,754	875,014,529	733,298,427	377,817,080	312,650,776

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

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2007. 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)
\$ 276,913,787	\$ 3,261,411,620	13.390	\$ 3,429,265,162	95.105%
291,291,298	3,471,580,347	13.775	3,556,634,978	97.609%
308,363,625	3,717,972,611	14.480	3,856,205,349	96.415%
331,043,832	3,862,772,765	13.662	3,991,843,960	96.767%
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%

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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
This Borough:										
Areawide	13.390	13.775	14.480	13.662	13.860	13.693	13.693	13.606	12.923	12.209
Non-Areawide	0.552	0.511	0.516	0.522	0.521	0.525	0.523	0.435	0.418	0.409
Solid Waste Collection District	1.159	1.166	1.188	1.159	1.162	1.187	1.187	1.183	1.150	1.126
Airway S.A.	1.234	1.177	1.201	1.175	1.259	1.251	1.214	1.210	1.120	1.089
Arctic Fox S.A.	0.862	0.865	1.184	2.158	2.283	2.325	2.167	2.272	1.944	1.864
Aztec S.A.	1.621	1.623	1.647	1.622	1.674	1.580	1.555	1.576	1.431	1.339
Ballaine Lake S & W S.A.	7.813	8.134	8.085	8.411	8.797	11.744	11.543	11.758	13.775	12.828
Becker Ridge S.A.	1.521	1.495	1.517	1.490	1.542	1.527	1.490	1.500	1.359	1.346
Birch Hill S.A.	2.146	2.130	2.146	2.080	2.085	2.083	2.025	1.986	1.861	1.832
Bluebird		1.977	1.967	2.195	2.253	2.326	2.329	2.408	2.187	2.004
Borda Road S.A.	1.192	1.216	1.240	1.177	1.192	1.195	1.166	1.152	1.131	1.067
Brookside S.A.	0.469	0.462	0.493	0.484	0.488	0.487	0.495	0.482	0.457	0.435
Chena-Goldstream										
Volunteer Fire S.A.	1.700	1.672	1.678	1.632	1.674	1.639	1.627	1.615	1.483	1.434
Chena Hills Road S.A.	1.057	1.038	1.059	1.046	1.097	1.051	1.067	1.068	1.001	0.987
Chena Hot Springs II (a)									0.681	0.888
Chena Marina S.A.						0.493	0.471	0.893	0.825	0.792
Chena Point		1.863	1.974	1.997	2.002	1.708	1.710	1.705	3.176	3.154
Chena Spur		0.943	0.934	0.930	0.945	0.893	0.893	0.897	2.354	2.407
Cleary Summit S.A. (b)										0.189
College S.A.	1.537	1.508	1.502	1.469	1.476	1.480	1.418	1.391	1.292	1.249
College Hills S.A.	0.956	0.935	0.941	0.917	0.919	0.927	0.923	0.922	0.789	0.754
Cooper Estates S.A.	2.108	2.094	2.089	3.233	3.291	3.149	2.927	3.045	2.709	2.717
Cordes Drive S.A.	1.305	1.264	1.230	1.306	1.338	1.338	1.403	1.337	1.150	1.060
Cripple Creek S.A.	1.931	1.974	1.923	1.835	1.875	1.868	1.835	1.754	1.679	1.477
Deep Forest S.A. (c)						0.865	0.944	6.229	0.759	0.714
Diane Subdivision S.A.	0.387	0.384	0.377	0.362	0.359	0.359	0.362	0.351	0.322	0.303
Drake Estates S.A. (d)							1.931	2.120	1.783	0.688
Edanella Heights Road S.A.	1.064	1.035	1.033	1.013	1.027	0.984	0.945	0.977	1.281	1.273
Ester Lump Road S.A.	2.083	2.027	2.031	2.000	2.016	2.000	2.053	2.021	1.881	1.710
Ester Volunteer Fire S.A.	2.633	2.611	2.577	2.545	2.580	2.634	2.657	2.590	2.501	2.270
Fairfields S.A.	0.892	0.871	0.894	0.870	0.887	0.861	0.824	0.812	0.707	0.683
Fairhill S.A.	1.347	1.311	1.328	1.305	1.296	1.332	1.295	1.211	1.170	1.163
Fairwest S.A.	2.095	2.029	2.015	2.030	2.007	2.024	1.999	1.971	1.878	1.850
Garden S.A.		1.255	1.250	1.203	1.225	1.205	1.116	1.158	1.103	1.074
Golden Valley Road S.A.	3.612	3.553	3.541	3.362	3.427	3.224	2.728	2.618	2.695	2.665
Goldstream Alaska S.A.	1.657	1.612	1.609	1.524	1.567	1.536	1.498	1.512	2.294	2.109
Goldstream Moose Creek S.A. (e)			2.022	1.971	2.057	2.064	1.988	1.873	1.723	1.586
Gordon S.A.	1.331	1.314	1.312	1.267	1.303	1.289	1.281	1.245	1.167	1.112
Granola Estates S.A.	1.233	1.230	1.173	1.164	1.207	1.253	1.216	1.210	1.323	1.117
Grieme Road S.A.	2.657	2.892	3.016	2.855	3.617	3.542	3.137	3.144	3.486	3.418
Haystack S.A.	1.651	1.670	1.675	1.672	1.664	3.175	3.309	3.285	3.106	2.875
Herning Hills S.A.	1.414	1.397	1.480	1.465	1.495	1.469	1.511	1.482	1.382	1.318
Hopeless S.A. (a)									0.869	0.833
Horseshoe Downs S.A.	1.379	1.384	1.459	1.447	1.486	1.577	2.633	2.591	2.384	2.278
Jennifer Drive S.A.	0.595	0.568	0.567	0.563	0.578	0.575	0.571	0.500	1.695	1.533
Jones Road S.A.	1.104	1.075	1.078	1.825	1.798	1.820	1.762	1.697	1.570	1.447
Joy Road S.A.	1.465	1.439	1.440	1.389	1.517	1.508	1.424	1.401	1.274	1.186
Keeney Road S.A.	0.664	0.673	0.683	0.668	0.681	0.706	0.670	0.646	0.549	0.552
Kendall S.A.	0.508	0.494	0.975	0.960	1.001	0.993	0.941	0.958	0.939	0.874
Keystone S.A.	3.786	4.105	3.268	3.247	3.283	3.373	3.166	2.976	3.125	3.065

Tax Levies (In 000's)									
1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
\$45,813	\$50,177	\$56,487	\$55,566	\$58,314	\$60,682	\$64,568	\$69,324	\$74,094	\$79,537
1,213	1,189	1,290	1,356	1,412	1,496	1,588	1,424	1,543	1,672
2,743	2,932	3,260	3,295	3,436	3,683	3,916	4,194	4,536	4,912
7	8	8	8	8	9	9	10	10	11
1	1	2	4	4	4	4	5	5	5
11	11	12	13	13	13	14	16	17	19
11	11	12	13	13	18	18	19	22	25
46	48	50	52	55	59	64	70	82	90
38	45	50	53	55	59	63	68	75	87
	4	4	4	5	5	5	6	6	6
8	11	13	14	14	16	19	21	23	25
5	5	6	6	6	6	7	7	7	8
349	384	414	449	479	521	572	637	710	779
17	19	24	30	35	39	45	54	63	71
					7	7	15	17	19
	2	5	9	11	15	18	24	48	60
	8	8	9	9	9	10	10	23	35
300	312	322	330	341	356	370	390	419	447
16	17	17	18	19	20	21	22	21	22
6	7	7	12	12	12	13	16	18	20
4	4	5	12	13	13	15	17	18	20
16	18	21	24	27	29	32	37	41	46
					11	15	46	46	17
2	3	3	3	3	3	3	3	3	3
						10	12	13	15
13	13	14	14	15	16	16	17	26	27
10	11	12	12	12	13	14	14	15	15
134	144	155	166	182	195	207	228	255	277
12	12	12	12	13	13	14	14	14	14
8	8	8	8	9	10	10	10	11	11
14	15	15	16	16	17	17	18	19	21
	8	8	9	9	10	10	12	20	26
3	3	3	3	3	4	4	5	6	7
6	6	7	7	8	9	9	11	11	22
		10	11	12	12	30	33	36	40
18	21	22	22	24	25	26	29	35	39
3	3	3	3	3	3	3	4	4	4
2	2	3	5	5	6	7	9	11	13
5	6	7	7	7	15	16	18	19	21
13	13	15	16	16	17	19	20	21	23
									19
3	4	4	4	4	5	9	10	10	11
1	1	1	1	1	1	1	1	4	4
17	18	19	33	35	36	37	37	44	49
3	3	4	4	4	5	5	5	6	6
1	1	1	2	2	2	2	2	2	2
3	3	7	7	7	7	7	9	10	10
5	6	7	7	7	8	8	8	10	11

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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Kris Kringle S.A.	1.903	1.923	1.924	1.883	1.916	3.719	3.942	2.077	1.938	1.871
Lakloey Hill S.A.	1.191	1.173	1.160	1.144	1.176	1.173	1.172	1.130	1.030	0.992
Lee Lane S.A.	1.663	1.646	1.696	1.655	1.678	1.701	1.650	1.649	1.598	1.615
Loose Moose S.A.	1.084	1.073	1.049	1.015	1.004	0.981	0.926	0.918	0.875	0.786
Martin S.A.	8.627	8.520	6.283	5.813	5.946	6.094	6.267	5.934	7.714	8.034
McCloud S.A.	11.204	11.163	9.301	9.190	8.992	9.164	8.620	8.237	14.746	14.787
McGrath Estates S.A.	1.305	1.300	1.315	1.308	1.336	1.322	1.440	1.431	1.207	1.176
McKinley View S.A.	1.536	1.523	1.725	2.842	2.532	2.510	2.191	2.055	1.808	1.644
Mellow Woods Road S.A.	0.879	0.869	0.897	1.236	1.297	1.275	1.360	1.330	1.253	1.161
Miller Hill Extension S.A.	2.669	2.560	2.641	2.507	2.569	2.493	2.516	5.597	4.607	4.354
Moose Creek Road S.A.	0.357	0.361	0.372	0.390	0.390	0.394	0.559	0.572	0.421	0.434
Moose Meadows S.A.								0.886	0.818	0.784
Mountain View S.A.	1.279	1.243	1.269	1.272	1.276	1.278	1.262	1.247	1.143	1.083
Murphy S.A.	1.969	1.833	1.773	1.708	1.744	1.761	1.647	1.593	1.571	1.456
Musk Ox S.A.	1.315	1.300	1.305	1.288	1.357	1.369	1.344	1.320	1.174	1.133
Newby Park S.A.	0.462	0.456	0.456	0.453	0.459	0.459	0.495	0.477	0.722	0.656
North Ridge S.A.					4.075	4.446	3.858	3.921	4.534	4.500
North Star Volunteer Fire S.A.	1.369	1.362	1.377	1.359	1.382	1.374	1.488	1.462	1.257	1.205
O'Connor Creek S.A.	12.814	13.550	14.005	15.006	14.670	15.176	15.693	16.029	12.475	13.939
Old Wood Road S.A.	1.615	1.621	1.638	1.603	1.794	1.813	2.045	1.988	1.672	1.619
Our S.A.	1.028	1.004	1.012	0.975	0.983	0.970	1.015	0.986	0.929	0.860
Parkside S.A.	1.508	1.494	1.507	1.479	1.579	1.600	1.600	1.584	1.558	1.428
Peede Country Estates S.A.	1.639	1.587	1.683	1.558	1.585	1.554	1.499	1.475	1.402	1.345
Pinestream S.A.	1.022	1.009	1.064	1.041	1.039	1.028	0.989	0.975	0.902	0.911
Pleasureland S.A.	1.152	1.119	1.152	1.112	1.096	1.090	1.047	0.998	0.976	0.916
Polar Heights S.A.	1.052	1.064	1.088	1.091	1.095	1.081	1.172	1.166	1.027	1.014
Potlatch S.A.	2.706	2.655	2.594	2.551	2.595	2.496	2.430	3.514	2.374	2.277
Prospect Park S.A.	0.838	0.836	0.858	0.850	0.892	0.891	0.961	0.891	1.142	1.083
Reed Acres Road S.A.	1.376	1.373	1.374	1.381	1.411	1.371	1.380	1.359	1.259	1.145
Ridgecrest S.A.			1.044	1.015	1.028	0.938	0.928	0.887	0.899	0.890
Salchaket Heights S.A.	4.429	4.393	4.475	4.465	4.589	4.543	4.668	4.292	4.590	4.806
Scenic Heights S.A.	1.687	1.652	1.664	1.698	1.701	1.573	1.584	1.527	1.377	1.370
Seavy S.A.	0.438	0.433	0.444	0.447	0.448	0.446	0.444	0.418	0.349	0.335
Secluded Acres				1.739	1.583	1.585	1.431	1.442	1.451	1.416
Serendipity Hill S.A.	2.624	2.590	2.605	2.661	2.674	3.377	3.287	3.153	3.029	2.716
Six-Mile Village Road S.A..	1.408	1.387	1.400	1.525	1.526	1.378	1.408	1.354	1.226	1.223
Smallwood Trail Road S.A.	0.697	0.685	0.694	0.674	0.688	0.680	0.787	0.743	0.613	0.600
Spring Glade S.A.	1.059	1.024	1.024	1.011	1.056	1.041	1.008	0.893	0.826	0.779
Spruce Acres S.A.	1.934	1.855	1.725	1.613	1.712	1.665	1.647	1.698	1.568	1.515
Steamboat Landing S.A.	1.334	1.318	1.356	1.334	1.315	1.260	1.251	1.317	1.171	1.176
Steese Volunteer Fire S.A	1.482	1.465	1.469	1.466	1.494	1.937	1.861	1.809	1.693	1.628
Straight Creek S.A.				3.472	3.376	3.373	3.444	3.315	3.393	2.963
Summerwood S.A.	1.736	1.719	1.735	1.657	4.683	2.716	2.658	2.506	2.340	2.185
Summit Drive S.A.	1.102	1.069	1.074	1.065	1.079	1.085	1.060	1.037	1.450	1.375
Sunny Hills Terrace S.A.	0.905	2.278	2.317	2.422	2.484	2.378	2.377	2.432	2.355	2.249
Sunrise S.A.	2.607	2.478	2.543	2.430	2.501	2.467	2.357	2.349	2.078	1.865
Tan Terra S.A.	1.071	1.041	1.079	1.023	1.027	0.970	0.977	0.926	1.624	1.559
Thomas S.A.	1.557	1.537	1.455	1.381	1.272	1.284	1.297	1.209	2.442	2.485
Timberlane Road S.A.	1.666	1.626	1.639	1.577	1.589	1.556	1.470	1.485	1.347	1.251
Tungsten S.A.	2.438	2.471	2.560	2.606	2.797	2.752	2.778	2.737	2.687	2.682
Twenty Three Mile Slough S.A.		2.925	3.120	2.912	2.847	2.455	2.445	2.489	3.887	3.698
Ullrhaven A.A.	2.266	2.062	1.958	1.897	1.928	1.926	1.916	1.835	1.910	1.787

Tax Levies (In 000's)										
1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
\$ 5	\$ 6	\$ 6	\$ 7	\$ 7	\$ 16	\$ 17	\$ 10	\$ 11	\$ 11	
20	20	21	22	22	23	25	26	28	31	
3	3	3	3	4	4	4	4	5	5	
4	4	5	5	5	5	5	5	5	6	
5	5	6	6	7	7	7	9	11	16	
5	7	7	8	9	9	9	11	23	24	
34	38	40	42	44	46	53	58	55	58	
2	2	2	4	4	4	4	4	5	5	
6	7	7	11	12	12	14	15	15	16	
11	12	13	14	15	16	16	37	41	44	
9	8	9	10	10	10	13	14	13	13	
							48	53	59	
18	19	19	20	20	21	22	23	24	26	
3	4	4	5	5	5	6	7	9	10	
15	15	16	17	18	19	20	21	22	23	
6	6	6	6	6	7	8	9	9	15	
				3	4	4	5	8	8	
624	666	709	770	815	867	1,019	1,110	1,135	1,269	
72	73	78	79	81	83	85	87	90	95	
5	5	6	6	7	7	9	9	8	8	
1	2	2	2	2	2	2	2	3	3	
3	4	4	4	4	5	5	5	7	8	
3	3	3	3	3	4	4	4	4	5	
10	10	12	13	14	14	14	15	18	19	
3	4	4	4	5	5	5	6	6	7	
11	12	12	13	13	13	14	15	16	17	
6	7	7	8	9	9	9	7	11	9	
3	3	3	3	4	4	5	5	4	7	
4	4	4	5	5	5	6	6	6	7	
		1	1	1	1	2	2	2	2	
1	1	1	2	2	2	2	2	2	2	
12	13	14	14	14	14	15	16	16	17	
5	6	6	6	7	7	8	9	8	9	
			5	5	5	6	6	7	7	
2	2	2	3	4	5	6	6	6	6	
3	3	3	4	4	4	5	5	8	8	
3	3	3	3	3	3	4	5	5	5	
12	13	15	15	16	18	20	20	22	24	
4	4	4	4	4	4	5	5	5	6	
7	7	7	8	8	8	9	10	12	13	
401	430	460	490	516	736	800	862	935	1,018	
			7	8	8	8	9	9	10	
4	4	4	5	13	21	23	26	28	30	
32	33	35	37	38	42	45	48	79	89	
7	18	19	19	20	20	21	23	25	27	
7	7	7	8	8	8	9	9	10	11	
6	7	7	7	7	8	8	9	9	19	
3	3	3	4	4	4	4	4	10	10	
5	6	6	6	6	6	6	7	7	7	
4	4	5	7	10	13	17	22	25	26	
	4	5	7	8	9	10	12	19	23	
2	2	2	2	2	3	3	3	3	3	

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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
University Fire S.A.	2.365	2.339	2.305	2.310	2.319	2.326	2.300	2.285	2.163	2.108
University Heights S.A.	1.694	1.704	1.706	1.700	1.684	1.697	1.652	1.600	1.533	1.475
University West Street Lights S.A.	0.551	0.545	0.541	0.529	0.527	0.528	0.500	0.485	0.443	0.418
Vienna Woods				1.151	1.179	1.148	0.960	0.904	0.856	0.815
Viewpointe S.A.	1.091	1.061	1.058	1.072	1.055	1.076	1.069	1.021	0.971	0.956
Violet Drive S.A.	2.344	2.315	2.356	2.244	2.264	2.203	2.191	2.118	2.711	2.667
Vista Gold Road S.A.	3.271	3.075	3.005	2.912	2.943	2.959	2.883	2.733	2.459	2.298
Vue Crest, S.A.	1.497	1.472	1.521	1.532	1.550	1.510	1.467	1.463	1.389	1.310
Whitman S.A.	4.078	4.057	1.897	1.863	1.742	1.625	1.616	1.623	1.485	1.424
Wildview S.A.	3.129	3.099	3.136	3.090	3.142	3.021	3.078	2.896	2.790	2.579
Woodland S.A.	1.571	1.420	1.332	1.233	1.246	1.222	1.204	1.189	0.999	0.980
Woodridge/Mark Acres Road S.A. (f)	3.066	3.016	3.016	2.802						
Yak Road S.A.	0.951	0.945	0.973	0.963	0.983	0.956	0.956	0.934	0.888	0.889
City of Fairbanks	5.966	5.999	6.000	6.442	6.426	6.511	6.516	7.171	6.804	6.700
City of North Pole	2.300	2.300	2.300	2.400	2.400	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 exception, the total amount of tax that can be levied during a year cannot exceed the preceding year per FNSB 3.08.145.

- (a) Chena Hot Springs II and Hopeless Road S.A. tax mill rate beginning in 2005.
- (b) Cleary Summit Road S.A. tax mill rate beginning in 2006.
- (c) Deep Forest Road S.A. starting in 2004 includes a two year road project under a differential tax zone.
- (d) Drake Estates Road S.A. established October 10, 2002 with tax mill rate beginning in 2003.
- (e) Goldstream Moose Creek Road S.A. formerly Spinach Creek Road S.A.
- (f) Woodridge/Mark Acres Road S.A. merged with Summerwood S.A. in fiscal year 2001-02.

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2007. 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)									
1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
\$ 1,055	\$ 1,116	\$ 1,172	\$ 1,266	\$ 1,355	\$ 1,432	\$ 1,519	\$ 1,609	\$ 1,727	\$ 1,866
29	33	33	36	38	40	42	44	46	49
38	40	41	41	43	44	46	49	52	57
			8	10	11	12	14	16	19
12	12	12	13	13	14	14	15	15	16
20	21	22	23	24	26	27	29	44	48
16	17	18	20	21	23	26	28	29	31
17	18	18	19	19	20	21	22	23	25
6	6	3	3	3	2	3	3	3	3
60	67	73	80	89	97	109	120	131	145
2	2	1	2	2	2	2	2	2	2
6	7	7	7						
13	15	31	35	37	43	48	56	62	66
6,285	6,628	6,883	7,861	8,033	8,648	9,227	11,113	11,688	12,619
389	431	562	589	591	759	789	813	770	815

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	2006			1997		
		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	\$ 377,817,080	1	5.89%	\$ 300,004,500	1	8.48%
Fairbanks Gold Mining, Inc. ^c	gold mining	222,276,672	2	3.46%	263,600,656	2	7.45%
Flint Hills Resources, LLC ^d	oil refining	142,680,325	3	2.22%	102,902,739	3	2.91%
Alaska Communications Systems	communications	40,954,247	4	0.64%			
HEBL Housing (Eielson)	military housing	34,123,129	5	0.53%			
Westmark Hotel	hotel	32,182,638	6	0.50%			
Alaska Hotel Properties, Inc. ^e	hotel	26,715,432	7	0.42%	15,494,434	7	0.44%
Wal-Mart ^f	shopping center	24,889,144	8	0.39%	13,572,898	8	0.38%
Fred Meyer Stores, Inc. (East)	shopping center	23,866,203	9	0.37%			
Fred Meyer Stores, Inc. (West)	shopping center	22,976,989	10	0.36%	17,416,496	5	0.49%
North Star Alaska Housing Corp	military housing				32,541,120	4	0.92%
Polar Star Alaska Housing Corp	military housing				16,046,729	6	0.45%
Dura Corporation	military housing				13,426,752	9	0.38%
Jillian Square	apartment complex				12,259,888	10	0.35%
		<u>\$ 948,481,859</u>		<u>14.78%</u>	<u>\$ 787,266,212</u>		<u>22.25%</u>

Notes:

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

^a \$6,417,556,566

^b \$3,538,325,407

^c Fort Knox

^d Mapco Petroleum, Inc. in 1997

^e Princess

^f Sam's Club in 1997

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2007. 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	Net Tax Levy	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
1997-98	\$ 45,812,934	\$ 43,678,619	\$ 43,006,607	98.46%	\$ 518,782	\$ 43,525,389	99.65%
1998-99	50,176,823	47,727,454	47,030,281	98.54%	484,539	47,514,820	99.55%
1999-00	56,487,428	53,750,770	52,965,407	98.54%	679,378	53,644,785	99.80%
2000-01	55,566,051	52,711,220	51,710,487	98.10%	742,605	52,453,092	99.51%
2001-02	58,313,709	55,223,773	54,516,342	98.72%	618,571	55,134,913	99.84%
2002-03	60,682,005	57,377,304	56,643,449	98.72%	656,492	57,299,941	99.87%
2003-04	64,568,352	60,900,931	60,228,158	98.90%	592,160	60,820,318	99.87%
2004-05	69,324,447	65,291,295	64,576,590	98.91%	599,847	65,176,437	99.82%
2005-06	74,094,284	69,496,812	68,689,017	98.84%	400,540	69,089,557	99.41%
2006-07	79,536,709	74,585,658	73,722,859	98.84%		73,722,859	98.84%

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.

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2007. 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

<u>Fiscal Year</u>	<u>Food Services Local Revenue</u>	<u>Cost of Full- Priced Meals ^a</u>		<u>Percentage of Students Eligible for Free or Reduced-Price Meals</u>
		<u>Breakfast</u>	<u>Lunch</u>	
1998-99	\$ 1,440,424			28%
1999-2000	1,574,843			28%
2000-01	1,630,463			28%
2001-02	1,784,955			28%
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%

Note:

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

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>
1998-99	\$		\$
1999-2000			
2000-01			
2001-02			
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	0.03%	9.23

Note:

^a See page 200, Demographic and Economic Statistics, for personal income and population data. These ratios are calculated using personal income and population from the prior calendar year. Data for calendar year 2007 and 2008, which is provided by the Fairbanks North Star Borough, was not available until after the publication of this CAFR. Therefore, personal income from the most recent available calendar year (2006) is used for fiscal year 2007-08.

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)
1997	82,483	\$2,008,671	\$ 24,353	7.6%
1998	83,299	2,097,376	25,179	5.6%
1999	83,390	2,158,843	25,889	5.9%
2000	82,727	2,303,272	27,842	6.0%
2001	83,795	2,408,390	28,741	5.8%
2002	84,722	2,521,539	29,763	6.5%
2003	85,172	2,584,043	30,339	7.0%
2004	86,769	2,745,498	31,641	6.4%
2005	87,555	2,939,012	33,568	5.8%
2006	94,803	3,291,707	34,722	5.6%

(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. Data for calendar year 2007 is not available until April 2009.

Source:

Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2007. 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	2006			1997		
	Employees	Rank	Percentage of Total Borough Employment ^a	Employees	Rank	Percentage of Total Borough Employment ^b
Federal Government ^c	3,380	1	7.99%	3,348	1	8.32%
University of Alaska Fairbanks ^d	2,526	2	5.97%	2,362	2	5.87%
Fairbanks North Star Borough School District	2,130	3	5.04%	1,706	3	4.24%
State Government ^e	1,798	4	4.25%	1,561	4	3.88%
Banner Health ^f	1,268	5	3.00%	1,028	5	2.55%
ASRC Energy Services (Houston/NANA)	751	6	1.78%			
Tanana Chiefs Conference				527	6	1.31%
Fred Meyer	633	7	1.50%	513	7	1.27%
Sam's Club/Wal-Mart	501	8	1.18%			
Fairbanks North Star Borough	445	9	1.05%	393	9	0.98%
Fairbanks Gold Mining, Inc. (Ft. Knox)	378	10	0.89%	250	10	0.62%
Local Government ^g				406	8	1.01%
	<u>13,810</u>		<u>32.65%</u>	<u>12,094</u>		<u>30.04%</u>

Note: Data based on calendar year.

^a 42,303

^b 40,258

^c Excludes military uniformed personnel. Includes 1,445 civilian employees at Fort Wainwright Army Base and 819 civilian employees at Eielson Air Force Base.

^d Excludes 891 student employees for 2006. Student employees for 1997 - not available.

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

^f Fairbanks Memorial Hospital (Lutheran Health Services in 1997)

^g Local government is total local government excluding FNSB School District, FNSB, and the City of North Pole.

Source: Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2007. 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 Seven Fiscal Years and Projected Next Year

	Actual as of June 30					
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Personnel by Department						
Board / Superintendent	7.50	7.20	7.50	7.50	7.50	8.50
Research & Accountability ^a	2.50	3.00	3.00	3.00	3.00	3.50
Administrative Services	31.00	39.00	37.00	38.04	39.04	39.04
Human Resources	6.50	9.50	9.00	10.50	18.00	16.50
Facilities Management	187.00	189.00	185.00	189.60	189.60	189.60
Instruction and Supervision	47.00	62.25	62.85	41.25	43.20	46.20
Student Support Services						
Instructional Technology Services						
Curriculum	4.50	7.00	3.50	3.00	4.50	4.50
Special Education	255.10	265.60	261.20	254.20	251.20	247.39
Technology and Information Systems	23.50	29.00	29.00	23.80	29.80	31.00
Elementary Schools	484.50	476.50	478.50	465.74	469.64	509.64
Middle Schools	166.50	164.50	154.00	144.80	142.30	133.00
Junior/Senior High School	49.50	48.00	49.00	48.50	50.50	48.50
Alternative Learning System ^b	40.00					
Senior High Schools	251.16	269.16	268.50	271.00	275.00	277.50
Charter Schools				25.50	48.58	45.70
Total Personnel	1,556.26	1,569.71	1,548.05	1,526.43	1,571.86	1,600.57
Personnel by Employee Type						
Districtwide Administration	4.00	4.00	4.00	4.00	4.00	4.00
Professional Staff	43.00	49.95	49.75	49.59	61.04	65.54
Principals / Assistant Principals	44.66	44.66	44.00	43.00	43.00	43.00
Certified Staff	941.60	933.60	913.20	880.70	897.20	894.69
Support Staff	523.00	537.50	537.10	549.14	567.62	593.34
Total Personnel	1,556.26	1,569.71	1,548.05	1,526.43	1,572.86	1,600.57

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 After fiscal year 2001-02, Alternative Learning System personnel were included with Senior High School personnel.

Source: Fairbanks North Star Borough School District Financial Plan documents for fiscal years 2003-04 through 2008-09. Comparable data for fiscal years prior to 2001-2002 are not available for presentation in this schedule.

	Budgeted Positions
2007-08	2008-09
8.50	8.50
4.50	4.50
39.04	39.50
16.50	16.50
189.60	189.60
27.60	33.30
15.20	15.20
5.00	12.00
5.50	5.50
249.82	259.32
31.00	35.00
503.14	488.14
136.00	142.00
49.60	47.10
276.40	274.40
46.70	47.00
<u>1,604.10</u>	<u>1,617.56</u>

4.00	5.00
67.54	68.00
43.00	43.00
902.12	903.42
587.44	598.14
<u>1,604.10</u>	<u>1,617.56</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>	<u>Total Cost of Contribution to PERS/TRS Per Pupil</u>
1998-99	16,154	\$ 124,803,140	\$ 7,726	8.95%	\$ 7,940,694	\$	\$ 492
1999-2000	15,804	131,177,979	8,300	7.44%	8,069,665		511
2000-01	15,553	132,219,251	8,501	2.42%	8,364,574		538
2001-02	15,274	135,686,918	8,884	4.50%	7,977,900		522
2002-03	15,142	141,151,544	9,322	4.93%	8,202,012		542
2003-04	14,593	143,226,616	9,815	5.29%	8,321,154		570
2004-05	14,576	152,455,627	10,459	6.57%	12,043,050		826
2005-06	14,516	162,684,186	11,207	7.15%	16,935,386		1,167
2006-07	14,466	177,207,018	12,250	9.31%	21,204,764		1,466
2007-08	14,103	204,729,523	14,517	18.51%	14,149,199	28,901,549	3,053

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: Information Systems Department. Also see page 208 in this section.
Average Class Size: Research and Accountability Department
Percentage of Students Eligible for Free or Reduced-Price Meals: Nutrition Services Department

Percentage Change	Average Class Size ^b			Percentage of Students Eligible for Free or Reduced-Price Meals
	Elementary Schools	Middle Schools	Senior High Schools	
9.25%	22.6	24.8	23.7	28%
3.87%	22.2	25.3	23.7	28%
5.33%	23.1	25.4	24.5	28%
-2.88%	22.8	24.5	24.5	28%
3.71%	22.9	24.7	24.6	30%
5.27%	22.8	22.4	23.7	30%
44.90%	23.4	22.9	23.7	33%
41.20%	23.4	21.8	23.5	32%
25.62%	22.6	22.9	23.8	32%
108.25%	22.1	21.7	21.4	36%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Teacher Salary Information
Last Nine 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
1999-2000	\$ 32,733	\$ 61,865	\$ 50,097	50%
2000-01	32,733	61,865	50,755	49%
2001-02	33,551	63,412	52,093	47%
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%

Notes:

- ^a Entry level salary represents a teacher with a bachelor degree and no experience.
- ^b Maximum salary represents a teacher with a masters degree, plus thirty-six additional credits, and at least 15 years of teaching experience.
- ^c Average teacher salary is based on a scattergram of contracted certificated salaries for that school year.
- ^d The teacher salary schedule has five 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.

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

Source: School District records. Information for years prior to school year 1999-2000 is not available for this schedule.

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
1997-98	22.9	21.3	21.0	1,062	1,041	1,017	3.03
1998-99	22.4	21.1	21.0	1,065	1,030	1,016	3.02
1999-2000	22.3	21.3	21.0	1,060	1,034	1,019	3.02
2000-01	22.6	21.0	21.0	1,029	1,024	1,020	2.97
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

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, 2008

Number of Personnel ^a

Districtwide administration	4
Professional staff	68
Principals and assistant principals	43
Certified staff	902
Support staff	587
Number of schools	34

Enrollment ^b

Elementary Schools - District	
Anne Wien	470
Badger Road	591
Barnette	379
Chinook Charter School	155
Denali	379
Hunter	313
Joy	355
Ladd	305
Nordale	365
North Pole Elementary	531
Pearl Creek	410
Salcha	87
Ticasuk Brown	501
Two Rivers	109
University Park	515
Weller	489
Woodriver	443
Secondary Schools - District	
Effie Kokrine Charter School	155
Hutchison High	349
Lathrop Senior High	1,146
North Pole Middle	509
North Pole Senior High	834
Randy Smith Middle	408
Ryan Middle	391
Star of the North Charter	187
Tanana Middle	467
West Valley Senior High	1,190
Alternative Learning System	75
Elementary Schools - On-Base	
Anderson	294
Arctic Light	533
Crawford	309
Secondary Schools - On-Base	
Ben Eielson Junior/Senior High	547
Guided Independent Study	284
Fairbanks Youth Facility	28
Total	<u>14,103</u>

Sources:

^a Fairbanks North Star Borough School District Financial Plan document for fiscal year 2007-08.

^b 2007-08 20 Day ADM Official Enrollment as reported to the State of Alaska Department of Education and Early Development.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Enrollment History by Grade Level
Last Fifteen Fiscal Years

Year	PK	KG	1	2	3	4	5	6	Elem	7	8	JR	9	10	11	12	SR	Total	Change	Percentage Change
15 Years Actual Enrollments																				
93-94	137	1,308	1,334	1,430	1,347	1,324	1,255	1,271	9,406	1,235	1,168	2,403	1,449	1,054	736	821	4,060	15,869		
94-95	145	1,308	1,333	1,330	1,399	1,304	1,303	1,207	9,329	1,186	1,173	2,359	1,484	1,059	753	732	4,028	15,716	(153)	-1.0%
95-96	116	1,401	1,369	1,287	1,313	1,350	1,292	1,273	9,401	1,195	1,151	2,346	1,595	1,165	831	718	4,309	16,056	340	2.2%
96-97	129	1,298	1,407	1,366	1,301	1,303	1,331	1,283	9,418	1,253	1,172	2,425	1,611	1,180	900	788	4,479	16,322	266	1.7%
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%
2008-09 Projected Enrollment																				
08-09	124	1,077	1,118	1,088	1,155	1,062	1,006	1,028	7,658	1,056	1,059	2,115	1,100	1,069	1,046	1,239	4,454	14,227	124	0.9%

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Capital Assets by Type and Function
Last Seven Fiscal Years

	Fiscal Year			
	2001-02 ^{a b}	2002-03	2003-04	2004-05
Capital Assets by Type				
Building improvements	\$	\$	\$	\$
Furniture and equipment	9,469,672	10,270,934	10,516,707	11,135,339
Intangible assets (software)	136,421	139,420	205,056	205,056
Total by type	<u>9,606,093</u>	<u>10,410,354</u>	<u>10,721,763</u>	<u>11,340,395</u>
Capital Assets by Function				
Instruction		3,400,457	3,686,892	3,988,655
Special education instruction		70,836	72,197	76,100
Special education support services-students		29,322	29,322	29,322
Support services-students		53,464	53,464	53,464
Support services-instruction		926,760	1,031,521	1,126,093
School administration		89,820	86,741	79,568
School administration support services		61,247	66,707	66,707
District administration		98,189	95,531	83,284
District administration support services		2,131,977	2,052,866	2,032,780
Operations and maintenance of plant		2,750,917	2,749,159	2,938,062
Student activities		21,299	21,299	42,062
Student transportation service		4,801	4,801	8,868
Adult and continuing education		2,749	2,749	2,749
Community services		2,855	2,855	2,855
Food services		765,661	765,659	809,826
Total by function	<u>\$</u>	<u>\$ 10,410,354</u>	<u>\$ 10,721,763</u>	<u>\$ 11,340,395</u>

Note:

^a The district began reporting capital assets by type and function when it implemented GASB Statement 34 in fiscal year 2001-02.

^b The district was not able to recreate capital asset data by function for fiscal year 2001-02.

Fiscal Year		
2005-06	2006-07	2007-08
\$	\$ 318,102	\$ 318,102
11,212,351	11,558,422	11,670,579
205,056	205,056	205,056
<u>11,417,407</u>	<u>12,081,580</u>	<u>12,193,737</u>
3,351,793	3,322,276	3,429,971
117,075	107,066	85,634
29,322	29,322	38,257
58,730	61,717	65,440
1,356,760	1,521,488	1,659,872
76,915	76,915	43,915
66,707	77,226	69,306
83,284	86,037	99,496
1,954,587	2,435,480	2,223,433
3,399,281	3,473,084	3,545,608
49,850	49,850	78,149
8,868	4,067	4,067
2,749	2,749	2,749
2,855	2,855	2,855
858,631	831,448	844,985
<u>\$ 11,417,407</u>	<u>\$ 12,081,580</u>	<u>\$ 12,193,737</u>

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information
Last Seven Fiscal Years

	Fiscal Year						
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
School							
Elementary							
Anderson Elementary							
Square Feet	43,996	43,996	43,996	43,996	43,996	43,996	43,996
Capacity	387	387	372	372	372	372	372
Enrollment	422	420	409	404	361	348	294
Anne Wien Elementary							
Square Feet	63,532	63,532	63,532	63,532	63,532	63,532	63,532
Capacity	574	574	553	553	553	553	553
Enrollment	464	435	402	388	447	467	470
Arctic Light Elementary							
Square Feet	68,272	68,272	68,272	68,272	68,272	68,272	68,272
Capacity	618	618	596	596	596	596	596
Enrollment	689	703	504	499	416	508	533
Badger Road Elementary							
Square Feet	61,686	61,686	61,686	61,686	61,686	61,686	61,686
Capacity	557	557	537	537	537	537	537
Enrollment	371	357	456	509	559	577	591
Barnette Elementary ^e							
Square Feet	52,625	52,625	52,625	52,625	52,625	52,625	52,625
Capacity	471	471	454	396	396	396	417
Enrollment	364	360	314	295	330	370	379
Crawford Elementary							
Square Feet	63,532	63,532	63,532	63,532	63,532	63,532	63,532
Capacity	574	574	553	553	553	553	553
Enrollment	545	534	497	447	409	378	309
Denali Elementary ^d							
Square Feet	46,349	48,421	48,421	49,210	49,210	49,210	49,210
Capacity	410	410	414	422	422	422	422
Enrollment	391	384	386	376	390	398	379
Hunter Elementary							
Square Feet	57,047	57,047	57,047	57,047	57,047	57,047	57,047
Capacity	513	513	494	494	494	494	494
Enrollment	370	340	341	341	339	317	313
Joy Elementary							
Square Feet	60,642	60,642	60,642	60,642	60,642	60,642	60,642
Capacity	547	547	527	527	527	527	527
Enrollment	384	365	357	328	369	372	355
Ladd Elementary							
Square Feet	63,455	63,455	63,455	63,455	63,455	63,455	63,455
Capacity	573	573	553	553	553	553	553
Enrollment	481	487	468	455	371	333	305
Nordale Elementary ^d							
Square Feet	49,744	51,071	51,071	49,210	49,210	49,210	49,210
Capacity	443	443	439	422	422	422	422
Enrollment	375	400	359	326	382	378	365
North Pole Elementary							
Square Feet	57,154	57,154	57,154	57,154	57,154	57,154	57,154
Capacity	514	514	495	495	495	495	495
Enrollment	450	480	505	465	458	516	531

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information
Last Seven Fiscal Years

	Fiscal Year						
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
			c				
<u>School</u>							
Elementary (cont.)							
Pearl Creek Elementary							
Square Feet	62,982	62,982	62,982	62,982	62,982	62,982	62,982
Capacity	569	569	548	548	548	548	548
Enrollment	498	483	453	477	448	420	410
Salcha Elementary							
Square Feet	13,608	13,608	13,608	13,608	13,608	13,608	13,608
Capacity	79	79	76	76	76	76	76
Enrollment	79	71	85	98	89	100	87
Ticasuk Brown Elementary							
Square Feet	63,761	63,761	63,761	63,761	63,761	63,761	63,761
Capacity	576	576	556	556	556	556	556
Enrollment	377	362	495	516	545	525	501
Two Rivers Elementary ^e							
Square Feet	22,200	22,200	22,200	22,200	22,200	22,200	22,200
Capacity	158	158	99	98	98	98	98
Enrollment	88	99	96	122	113	91	109
University Park Elementary							
Square Feet	64,699	64,699	64,699	64,699	64,699	64,699	64,699
Capacity	585	585	564	564	564	564	564
Enrollment	561	513	515	532	543	533	515
Weller Elementary							
Square Feet	65,259	65,259	65,259	65,259	65,259	65,259	65,259
Capacity	590	590	569	569	569	569	569
Enrollment	540	515	497	479	510	474	489
Woodriver Elementary							
Square Feet	64,408	64,408	64,408	64,408	64,408	64,408	64,408
Capacity	582	582	561	561	561	561	561
Enrollment	488	444	420	447	465	470	443
Secondary							
Ben Eielson Jr. Sr. High							
Square Feet	103,200	103,200	103,200	103,200	103,200	103,200	103,200
Capacity	649	649	616	616	616	616	616
Enrollment	636	621	607	580	572	597	547
Howard Luke ^a							
Square Feet	30,856	30,856	30,856	30,856	30,856	30,856	30,856
Capacity	107	107	102	102	-	-	-
Enrollment	118	116	109	111	-	-	-
Hutchison High ^b							
Square Feet	70,744	-	-	87,190	87,190	87,190	87,190
Capacity	418	-	-	510	510	510	510
Enrollment	120	-	-	275	317	348	349
Lathrop High							
Square Feet	234,412	234,412	234,412	234,412	234,412	234,412	234,412
Capacity	1,493	1,493	1,421	1,421	1,421	1,421	1,421
Enrollment	1,490	1,460	1,338	1,249	1,304	1,278	1,146

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

School Building Information
Last Seven Fiscal Years

	Fiscal Year						
	2001-02	2002-03	2003-04 ^c	2004-05	2005-06	2006-07	2007-08
<u>School</u>							
Secondary (cont.)							
North Pole Middle							
Square Feet	113,306	113,306	113,306	113,306	113,306	113,306	113,306
Capacity	798	798	717	680	680	680	680
Enrollment	749	728	566	530	511	442	509
North Pole High							
Square Feet	156,362	156,362	156,362	156,362	156,362	156,362	156,362
Capacity	995	995	946	946	946	946	946
Enrollment	919	930	891	892	883	885	834
Randy Smith Middle							
Square Feet	74,589	74,589	74,589	74,589	74,589	74,589	74,589
Capacity	448	448	422	422	422	422	422
Enrollment	484	482	478	455	410	392	408
Ryan Middle							
Square Feet	99,880	99,880	99,880	99,880	99,880	99,880	99,880
Capacity	626	626	594	594	594	594	594
Enrollment	537	528	505	462	342	374	391
Tanana Middle							
Square Feet	101,069	101,069	101,069	101,069	101,069	101,069	101,069
Capacity	634	634	602	602	602	602	602
Enrollment	572	565	563	601	558	505	467
West Valley High							
Square Feet	216,884	216,884	216,884	216,884	216,884	216,884	216,884
Capacity	1,381	1,381	1,314	1,314	1,314	1,314	1,314
Enrollment	1,277	1,298	1,356	1,253	1,219	1,221	1,190

Notes:

- ^a 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.
- ^b 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.
- ^c DEED regulation change reduced capacity by 4.7% (778) in 2003
- ^d Denali and Nordale Elementary Schools were entirely replaced with new buildings, opening in August, 2004.
- ^e 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.

Source:

School District Facilities & Maintenance Department. Information for fiscal years prior to 2001-02 was not readily available for this schedule.

SINGLE AUDIT

FEDERAL SINGLE AUDIT

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October 27, 2008

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 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, 2008, 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, 2008, as displayed in the School District's basic financial statements. In addition we also have audited the financial statements of each of the Fairbanks North Star Borough School District's nonmajor governmental funds in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, and have issued our report thereon dated October 27, 2008. 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

In planning and performing our audit, we considered the Fairbanks North Star Borough 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 *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School District's financial statements that is more than inconsequential will not be prevented or detected by the School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fairbanks North Star Borough 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*.

We noted certain matters that we reported to management of the Fairbanks North Star Borough School District in a separate letter dated October 27, 2008.

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

October 27, 2008

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

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 are applicable to each of its major federal programs for the year ended June 30, 2008. 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 States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School District's compliance with those requirements.

In our opinion, the Fairbanks North Star Borough School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 08-01.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not

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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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 08-01 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the School District's internal control that might be 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.

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use 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 NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2008

Federal Agency/ CFDA Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U. S. Department of Education</u>			
<i>Title I Grants to Local Educational Agencies *</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title I-D, Delinquent and At-Risk Youth	84.010	CD0801601	\$ 102,544
Title IA, 20% Choice/Supplemental Education Services	84.010 I-A	IP0701601	5,636
Title IA, 20% Choice/Supplemental Education Services	84.010 I-A	IP0801601	129,568
Title IA, District Improvement	84.010 I-A	IP0701601	2,320
Title IA, District Improvement	84.010 I-A	IP0801601	312,531
Title I, School Improvement	84.010	CA0701601	16,901
Title IA, Basic	84.010 I-A	IP0701601	73,615
Title IA, Basic	84.010 I-A	IP0801601	2,202,302
Subtotal 84.010			2,845,417
<i>Migrant Education_State Grant Program *</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title IC, Migrant Education	84.011 I-C	IP0801601	177,256
Migrant Ed Summer	84.011	MS0801601	9,443
Subtotal 84.011			186,699
<i>Title I Program for Neglected and Delinquent Children</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title ID, Delinquent	84.013A	CO0801601	25,806
<u>Special Education Cluster (IDEA)</u>			
<i>Special Education_Grants to States</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title VI-B (P.L. 94-142)	84.027A	SE0801601	3,488,346
<i>Special Education_Preschool Grants</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Preschool Disabled	84.173 A	SE0801601	111,959
Subtotal Special Education Cluster (IDEA)			3,600,305
<i>Impact Aid</i>			
Direct Program:			
Impact Aid Earmark (Central Kitchen)	84.041E	N/A	10,304
Passed through the State of Alaska Department of Education and Early Development:			
Title VIII Impact Aid	84.041	N/A	11,506,321
Title VIII Impact Aid for Construction	84.041	N/A	1,510,418
Subtotal 84.041			13,027,043

* Federal Major Program-FY08

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2008

Federal Agency/ CFDA Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Vocational Education_Basic Grants to States</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Carl Perkins Basic Grant	84.048A	EK0701601	35,501
Carl Perkins Basic Grant	84.048A	EK0801601	280,162
Subtotal 84.048			<u>315,663</u>
<i>Indian Education_Grants to Local Educational Agencies *</i>			
Direct Program:			
Indian Education	84.060A	N/A	564,553
<i>Safe and Drug-Free School and Communities_National Programs</i>			
Direct Program:			
Safe Schools/Healthy Students	84.184L	N/A	9,150
Mentoring for Success	84.184B	N/A	87,454
Subtotal 84.184			<u>96,604</u>
<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	IP0801601	108,485
<i>Bilingual Education-Professional Development</i>			
Direct Program:			
Training For All Teachers	84.195B	N/A	30,530
<i>Fund for the Improvement of Education</i>			
Direct Program:			
4 R Children II	84.215K	N/A	10,039
Teaching American History	84.215X	N/A	177,300
Passed through the Anchorage School District:			
Enhancing Education Through Technology (E2T2)	84.215K	U215K040158	20,142
Subtotal 84.215			<u>207,481</u>
<i>Charter Schools</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Effie Kokrine Charter School Implementation	84.282A	CS070162M	1,793
<i>Twenty-First Century Community Learning Centers</i>			
Passed through the State of Alaska Department of Education and Early Development:			
AK Community Centers Learning Program	84.287C	AC0801601	1,188,979
<i>State Grants for Innovative Programs</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Title V-A, Innovative Programs	84.298 V-A	IP0801601	20,290

* Federal Major Program-FY08

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2008

Federal Agency/ CFDA Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<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	IP0801601	51,375
<i>Arts in Education</i>			
Direct Program:			
Project ARTiculate	84.351D	N/A	201,446
<i>Alaska Native Educational Programs</i>			
Passed through the Association of Interior Native Educators:			
AINE Learning Styles Center	84.356A	N/A	13,946
<i>Reading First State Grants</i>			
Passed through the State of Alaska Department of Education and Early Development:			
Alaska Reading First	84.357A	RF0701601	2,434
Alaska Reading First	84.357A	RF0801601	943,383
<i>Subtotal 84.357</i>			<u>945,817</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	IP0701601	837
Title III-A, English Language Acquisition	84.365 III-A	IP0801601	15,100
<i>Subtotal 84.365</i>			<u>15,937</u>
<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	IP0801601	1,018,047
Total U. S. Department of Education			<u>24,466,216</u>
<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	MA0801601	2,569,256
<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	MA0733401	8,972
Total U. S. Department of Agriculture			<u>2,578,228</u>

* Federal Major Program-FY08

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2008

Federal Agency/ CFDA Title/ Pass-through Grantor/ Award Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<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	HCC90337	1,201
Total U. S. Department of Health and Human Services			<u>1,201</u>
<u>National Science Foundation</u>			
<i>National Science Foundation</i>			
Direct Program:			
Presidential Awardee Grant - Murphy	47.066	N/A	14
Presidential Awardee Grant - Schandelmeier	47.066	N/A	301
Total National Science Foundation			<u>315</u>
Grand Total - Expenditures of Federal Awards			<u>\$ 27,045,960</u>

* Federal Major Program-FY08

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards June 30, 2008

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Fairbanks North Star Borough School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: U.S. DEPARTMENT OF AGRICULTURE (USDA) DONATED FOOD PROGRAM

The USDA makes food commodities available to State agencies for donation to schools for the school lunch program. Because governmental funds are uniquely concerned with flows of *financial* resources, the receipt of commodities is not reported as revenue in governmental funds. They are, however, reported at fair market value in the government-wide financial statements. Food commodities are considered expended when consumed in the school lunch program. The fair market value of food commodities expended in fiscal year 2008 was \$200,684.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2008

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 deficiencies identified that are not considered to be material weaknesses? 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 deficiencies identified that are not considered to be material weaknesses? Yes ☒ ☐ None reported

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

Audit findings disclosed that are required to be reported in accordance with section 510 (a) of OMB Circular A-133? Yes ☒ ☐ No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.011	Migrant Education_State Grant Program
84.060	Indian Education_Grants to Local Educational Agencies
84.367	Improving Teacher Quality State Grants
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs: \$ 811,379

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

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

08-01: 84.060 U.S. Department of Education Indian Education Grant to Local Education Agencies

The U.S. Department of Education provides Indian Education Grants to local education agencies for the administration of comprehensive programs designed to meet the unique educational and culturally related academic needs of eligible Indian students. Grant funding is calculated based on the number of Indian students who are considered to be eligible according to information provided by each student's family. The U.S. Department of Education Subpart 1, Section 7117 specifies that grant recipients are required to maintain a file for each applicant and each file should contain a completed ED 506 Form setting forth information establishing the status of the student as an Indian child eligible for assistance under the grant. Single audit sampling procedures performed to determine compliance with this eligibility requirement identified three instances where the ED 506 Form was incomplete or incorrectly filled out by the student's family. Due to incomplete information in the files, verification of eligibility for these students was not possible. The Fairbanks North Star Borough School District has developed a corrective action plan for meeting this compliance requirement, including implementation of a program to educate families and other stakeholders about the necessity of providing complete documentation for purposes of determining eligibility. The School District is also modifying the instructions for the ED 506 Form to more clearly address Alaska's unique tribal situations.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Corrective Action Plan
For the Year Ended June 30, 2008

Finding number: 08-01

Responsible individual: Karen Eddy, Alaska Native Education (ANE) Coordinator

Management's view: Agree

Corrective action: The Fairbanks North Star Borough School District, along with many other districts in the State of Alaska, struggles with the issue of incomplete ED 506 Forms. One of the more difficult pieces of information to obtain on the form is the name and address of the tribe the child belongs to. Alaska is unique in that we have 41 percent of the total tribes in the United States to choose from (231 at last count). This makes it very difficult to obtain complete forms. We agree that many of our forms are incomplete because of this and have adopted the following corrective action plan to correct the situation:

- Review the 2,029 ED 506 Forms that were included in the fiscal year 2008 count period as well as the 1,917 ED 506 Forms included in the fiscal year 2009 count period for completeness and accuracy.
- Ask parents to complete/correct incomplete or inaccurate forms.
- Provide ED 506 Form completion training to appropriate district staff.
- Provide clarifying information and the name and addresses of the 231 federally recognized tribes in the State of Alaska to parents at the time they are requested to complete the form.
- Ensure the ANE Coordinator reviews all future forms in a timely manner to ensure accuracy and completeness.

Anticipated completion date: July 31, 2009.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2008

FINDING:

07-01: 10.555 U.S. Department of Agriculture National School Lunch Program grant, passed through the 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 ineligible to participate in the program. Results of single audit sampling procedures performed in fiscal year 2007 to determine compliance with these eligibility requirements identified four instances where documentation indicating the process for determining the applicants were ineligible to participate in the program was incomplete. Due to the lack of documentation in the application files, the ineligibility assessments could not be verified. Confirmation that those applicants identified above were correctly deemed ineligible could not be obtained. As of June 30, 2007, the Fairbanks North Star Borough School District has developed a corrective action plan for meeting this compliance requirement, and has implemented additional verification procedures, including modification to the program application and independent review of processed applications, to provide assurance that eligibility determination procedures are correctly applied and adequately documented in accordance with grant eligibility compliance requirements.

CORRECTIVE ACTION TAKEN AND COMPLETED:

Nutrition Services management became aware, after receipt of a letter from the State of Alaska DEED, that documentation improvements were needed for the National School Lunch Program verification process. In May 2007 DEED provided mandatory teleconference training, attended by many school districts throughout the State, with additional on-site training in August 2007 in Anchorage. Subsequent to the May 2007 training, Nutrition Services management began instituting changes to the document tracking required for the verification process. The meals application was edited with additional signature lines to improve internal accountability. Improvements were made in the tracking document including but not limited to notification dates, income documentation (i.e., paystubs, military leave earnings statements, verification results, and action documentation and reason for changes). All documents received during the verification process are now date stamped when received by the Nutrition Services central office. Nutrition Services management is confident these changes will ensure proper documentation is in place for all verifications.

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STATE SINGLE AUDIT

Reports on State Single Audit Requirements

Schedule of Expenditures of State Awards

Notes to Schedule of Expenditures of State Awards

Schedule of Findings and Questioned Costs

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October 27, 2008

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 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, 2008, 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, 2008, as displayed in the School District's basic financial statements. In addition, we also have audited the financial statements 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, 2008, and have issued our report thereon dated October 27, 2008. 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

In planning and performing our audit, we considered the Fairbanks North Star Borough 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 *control deficiency* 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 noncompliance on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fairbanks North Star Borough 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

October 27, 2008

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH STATE OF ALASKA AUDIT GUIDE AND
COMPLIANCE SUPPLEMENT FOR STATE SINGLE AUDITS

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 are applicable to each of its major state programs for the year ended June 30, 2008. The School District's major state programs are identified in the accompanying Schedule of Expenditures of State Awards. 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 Fairbanks North Star Borough School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2008.

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 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 in order to determine our auditing procedures for the purpose of expressing an opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered 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

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of Expenditures of State Awards

For the Year Ended June 30, 2008

State Agency/ Pass-through Grantor/ Program Title	Grant ID Number	Expenditures
<u>State of Alaska Department of Education and Early Development</u>		
Direct Program:		
Public School Foundation Funding Program *	N/A	\$ 85,688,097
Retirement System (TRS) Funding *	N/A	26,641,081
Retirement System (PERS) Funding *	N/A	2,181,753
Supplemental Aid - Energy Relief Grant *	N/A	6,127,146
On-Base Schools *	N/A	1,450,000
Pupil Transportation *	NA	8,573,346
Youth in Detention	EY0801601	115,330
State Charter School	SC0401601	281
Quality Schools *	N/A	342,123
Passed through the Alaska State Council on the Arts:		
Independent Artists in Schools Program	FY07-IAIS-02	9,750
Total State of Alaska Department of Education and Early Development		131,128,907
<u>Alaska State Railroad</u>		
Direct Program:		
Host/Hostess Program - FY08		25,549
Total Alaska State Railroad		25,549
<u>State of Alaska Department of Commerce, Community and</u>		
<u>Economic Development -</u>		
<u>Division of Community Advocacy</u>		
Passed through the Fairbanks North Star Borough:		
Designated Legislative Grant Program:		
Capital Projects on the School District Small Grants List	06-DC-349	3,710
North Pole Middle School Security System	07-DC-299	12,991
North Pole High School Mobil Computer Lab	07-DC-294	18,182
Bandwidth Upgrade at North Pole Schools	08-DC-265	12,393
Class Performance Systems for District 11 Schools	08-DC-267	10,996
Future Farmers of America Classroom Instruction Support	08-DC-268	10,000
North Pole High School and Middle School Texas Instrument Navigators	08-DC-269	7,000
North Pole High School Greenhouse Ventilation System	08-DC-270	9,197
North Pole Middle School Mobile Learning Labs	08-DC-271	89,708
Classroom Performance Systems for Public Schools in House Districts 7 & 8	08-DC-274	14,362
Network Switch Upgrades at Two Rivers and Pearl Creek Elementary Schools	08-DC-275	70,000
Woodriver Elementary School Mobile Computer Learning Lab	08-DC-276	83,685
Total State of Alaska Department of Commerce, Community and Economic Development		342,224

*State Major Program-FY08

(continued)

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2008

State Agency/ Pass-through Grantor/ Program Title	Grant ID Number	Expenditures
<u>State of Alaska Department of Transportation and Public Facilities</u>		
Passed through the Fairbanks North Star Borough: Ryan Middle School Headbolt Outlet Power	702462	\$ 1,092
<u>State of Alaska Department of Labor & Workforce Development</u>		
<u>Division of Business Partnerships</u>		
Direct Program: Youth First Initiative Program	8-1215	101,793
Passed through the Associated General Contractors of Alaska (AGC) Alaska (Fairbanks) Construction Academy	8-501	39,053
Total State of Alaska Department Labor & Workforce Development		<u>140,846</u>
Grand Total - Expenditures of State Awards		<u><u>\$ 131,638,618</u></u>

*State Major Program-FY08

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Notes to Schedule of Expenditures of State Awards June 30, 2008

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards includes the state grant activity of the Fairbanks North Star Borough School District and is presented on the modified accrual basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2008

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 deficiencies identified that are
not considered to be material weaknesses?

Yes ☐ ☒ None reported

Noncompliance material to financial statements noted?

Yes ☐ ☒ No

State Awards

Internal control over major programs:

Material weakness(es) identified?

Yes ☐ ☒ No

Significant deficiencies identified that are
not considered to be material weaknesses?

Yes ☐ ☒ None reported

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

unqualified

Dollar threshold used to distinguish a state major program:

\$ 300,000

Identification of major programs:

Name of State Program

State of Alaska Department of Education and Early Development:

Public School Foundation Funding Program

Retirement System (TRS) Funding

Retirement System (PERS) Funding

Supplemental Aid - Energy Relief Grant

On-Base Schools

Pupil Transportation

Quality Schools

SECTION II - FINANCIAL STATEMENT FINDINGS

The Fairbanks North Star Borough School District did not have any findings that relate to the financial statements that are required to be reported in accordance with GAGAS.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

SUPPLEMENTAL REPORTS

SUPPLEMENTAL REPORTS

Statements of Compliance

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October 27, 2008

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 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, 2008, 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, 2008, as displayed in the School District's basic financial statements. In addition we also have audited the financial statements of each of the Fairbanks North Star Borough School District's nonmajor governmental funds in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, and have issued our report thereon dated October 27, 2008. 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 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, 2008

	General Fund		
	Reserved Fund Balance	Unreserved Fund Balance	Total
Reserved:			
Reserve for encumbrances	\$ 1,271,128	\$	\$ 1,271,128
Reserve for inventory	499,887		499,887
Reserve for prepaid items	5,909		5,909
Reserve for impact aid advance	10,162,549		10,162,549
Unreserved:			
Designated for subsequent year's expenditures		5,525,200	5,525,200
Undesignated		6,428,819	6,428,819
	<u>\$ 11,939,473</u>	<u>\$ 11,954,019</u>	<u>\$ 23,893,492</u>

Unreserved fund balance as a percentage of current year expenditures:

Unreserved fund balance	=	\$ 11,954,019	=	6.91%
Current year expenditures		172,908,171		

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October 27, 2008

**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 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, 2008, 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, 2008, as displayed in the School District's basic financial statements. In addition we also have audited the financial statements of each of the Fairbanks North Star Borough School District's nonmajor governmental funds in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, and have issued our report thereon dated October 27, 2008. 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 causes 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 project 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

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Senior Consultant: James F. Dieringer, Jr., CPA

FAX 907-452-6184

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SUPPLEMENTAL REPORTS

Other Reports

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October 27, 2008

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 as of and for the year ended June 30, 2008. 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, 2008.

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, 2008**
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	2,298,061	99,816	2,397,877

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
S - Refunding	First Trust NA	3,035,000	166,925	3,201,925

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, 1995, to pay costs of school construction:

Bond Issue	Payor	Principal	Interest	Total
K - Refunding *	US Bank NA	267,022	175,864	442,886

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	86,697	57,099	143,796
05-96-102 to 110,114	1997 A	AK USA Trust Co	1,639,716	1,152,865	2,792,581
05-96-102 to 110,114	1999 B	Union Bank of CA NA	1,146,482	850,414	1,996,896
05-99-141 to 144, 146, 147, 150	2000 C	Wells Fargo Bank NA	375,000	356,813	731,813
05-99-141 to 144, 146, 147, 150	2001 D	Wells Fargo Bank NA	370,000	334,950	704,950
05-99-141 to 144, 146, 147, 150;	2002 E	Wells Fargo Bank NA	520,000	519,835	1,039,835
05-03-102 to 104	2003 F	JP Morgan Trst Co NA	515,000	499,406	1,014,406
05-03-102 to 104	2004 G	US Bank NA	560,000	452,101	1,012,101
05-03-102 to 104; DR-05-101	2005 H	Wells Fargo Bank NA	530,000	503,460	1,033,460
DR-05-101	2006 I	US Bank NA	180,000	214,588	394,588
DR-07-103 to 105	2007 J	US Bank NA	290,000	616,114	906,114

**SCHEDULE OF INTEREST PROCEEDS FOR BONDS APPROVED BY VOTERS
FOR SCHOOL CONSTRUCTION AFTER JULY 1, 1986
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

For the Fairbanks North Star Borough School District

1	2	3	4	5	6	7	8
Expenditures to Date							
Bond Issue	Election Date	Interest Earned	Interest Payments	Bond Redemption	Bond Sale Costs	Project Costs	DOE Project #
Series R, Series S Refunding	4/21/87 (Ord. 87-009)	\$ -	N/A	N/A	N/A	N/A	05-87-107
Series U, Series K Refunding	10/5/1993 (Ord. 93-041)	\$ - \$ -	N/A	N/A	N/A	N/A	05-94-112 05-94-114
Series U, Series K Refunding, Series A & B	5/7/1996 (Ord. 96-009)	\$ - \$ 402 \$ 32 \$ - \$ 32 \$ 32 \$ 170 \$ 32 \$ 170 \$ -	N/A	N/A	N/A	N/A	05-96-102 05-96-103 05-96-104 05-96-105 05-96-106 05-96-107 05-96-108 05-96-109 05-96-110 05-96-114
Series C, D, & E	10/3/2000 (Ord. 2000-37)	\$ 440 \$ 4,399 \$ 440 \$ 440 \$ 440 \$ 104 \$ 1,220	N/A	N/A	N/A	N/A	99-141 99-142 99-143 99-144 99-146 99-147 99-150
Series E, F, G, & H	10/8/2002 (Ord. 2002-34)	\$ 23,601 \$ 8,610 \$ 26,300	N/A	N/A	N/A	N/A	03-102 03-103 03-104
Series H & I	10/5/2004 (Ord 2004-23)	\$ 73,343	N/A	N/A	N/A	N/A	DR-05-101
Series J & L	10/3/2006 (Ord 2006-41)	\$ 345,846 \$ 234,951 \$ 32,562	N/A	N/A	N/A	N/A	DR-07-103 DR-07-104 DR-07-105

1. Identify the bond series.
2. Enter the date the bond election was held.
3. Enter the total interest earned on bond proceeds to date by the municipality or borough.
4. Enter the amount of interest proceeds use to pay accrued interest on the bond issue.
5. Enter the amount of interest proceeds used to redeem all or part of the bonds.
6. Enter the amount of interest proceeds used to pay the costs of the bond sale. (Fiscal agent fees, etc.)
7. Enter the amount of interest proceeds, individually by project, used to pay project costs.
8. Identify the DOE project numbers for which the amounts in column 7 were expended.

Note: 1. Use of interest proceeds is restricted according to 4 AAC 31.063.
2. According to 4 AAC 31.063 (d), for interest earned on bonds approved by voters after July 1, 1986, the accounts in which the proceeds of bonds are placed are subject to audit under 4 AAC 31.062 and the district shall report, in accordance with 4 AAC 31.060, on forms prescribed by the department.

October 27, 2008

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 as of and for the year ended June 30, 2008. 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 (2007-2008 fiscal year). However, in our opinion, except for the average daily membership described in the preceding sentence and the resulting tuition rate (2007-2008 fiscal year), the accompanying report presents fairly, in all material respects, the information required in the related instructions from the State of Alaska, Department of Education and Early Development.

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

Cook + Haugeberg LLC

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STATE OF ALASKA
Department of Education and Early Development (DEED)
Tuition Rate Report
2008-09 Fiscal Year

Fairbanks North Star Borough School District

Local revenues for support of schools:	
Borough contribution to school district general fund	\$ 42,222,700
Expenditures by borough for school purposes:	
From: <i>Summary Report of Reimbursable Expenditures</i>	
Capital outlay	99,816
Bond redemption	15,415,351
Less: State aid for school construction	<u>(11,451,800)</u>
Total expenditures from local sources	<u>46,286,067</u>
Plus:	
Title VIII Impact Aid	11,118,081
On-base tuition	<u>1,450,000</u>
	<u>12,568,081</u>
Total local cost for tuition purposes	<u><u>\$ 58,854,148</u></u>
Average daily membership as approved by the DEED for foundation support in FY 2007-08 (Form No. 05-00-014)	14,103
Tuition Rate	<u><u>\$ 4,173.17</u></u>

Auditor's Certification
See Accountant's Report

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