



**Cook & Haugeberg** LLC  
CERTIFIED PUBLIC ACCOUNTANTS

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

**COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS**

December 12, 2017



# **Cook & Haugeberg** LLC

## **CERTIFIED PUBLIC ACCOUNTANTS**

December 12, 2017

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

The Fairbanks North Star Borough School District (School District) has been awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International Certificate of Excellence in Financial Reporting for the June 30, 2016 financial statements. We commend management for their consistent efforts for maintaining the exemplary condition of their accounting records and systems in order to meet the various financial statement presentation and disclosure requirements specific to governmental agencies.

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough School District as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the second paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We noted other matters involving the School District's systems of internal control and their operation; the recommendations discussed below represent potential areas for improvement noted as a result of our observations and documentation of your systems.

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**Partners:** Gerald D. Haugeberg  
**Senior Consultants:**

Kara Moore  
James F. Dieringer, Jr.

Kathleen A.R. Thompson  
Michael T. Cook

### Current Year Recommendation

#### Cash Receipts at School Level

While performing tests of internal controls over cash receipts at the schools, we have noted there are no uniform procedures established for the schools related to processing of incoming cash receipts. We recommend the School District consider developing procedures for processing and handling of cash receipts to be applied in the schools district-wide, in order to provide uniformity and to strengthen internal controls over cash receipts at each school.

### Prior Year Recommendations

#### MUNIS Employee File Access

While performing audit procedures for the payroll transaction process during the 2016 fiscal year we noted that the Payroll department, Human Resources department, and the Director of Accounting Services had access ability within the MUNIS software which allowed them to make adjustments to pay rates and other information within the *Employee Job/Salary* file. We recommended the School District implement procedures for reviewing changes made to the job salaries and pay rates during processing of biweekly payroll to ensure they are appropriate and accurate, possibly with the aid of software capabilities for tracking and reporting changes made. New review procedures implemented during the 2017 fiscal year include regular review of the audit trail report of changes to payroll information each pay period by the Payroll department manager, and any changes made by a Payroll department employee must be reviewed by another Payroll department employee. In addition, the Director of Accounting Services no longer has the ability to modify information in the *Employee Job/Salary* file.

#### Risk Information

Previously while performing audit procedures for the 2015 fiscal year it was brought to our attention the School District was not regularly receiving information regarding new or ongoing insurance related claims filed against the School District. An important factor to consider relates to requirements for appropriate and adequate accrual and disclosure of contingent liabilities in accordance with generally accepted accounting principles (GAAP). Professional accounting personnel need to be aware of financial aspects of legal proceedings as they occur in order to ensure contingent liabilities incurred over time are correctly accrued, and disclosed as necessary, within the appropriate fiscal year in accordance with GAAP. We encouraged the School District to continue working with Fairbanks North Star Borough's (Borough) Risk Management department in order to determine the most effective way to communicate this information timely and in accordance with Health Insurance Portability and Accountability Act (HIPAA) requirements.

The School District and Borough have held multiple discussions regarding the exchange of information about risk management of ongoing School District legal matters. During the 2017 fiscal year a risk management committee was established, which includes designated School District representatives. The committee meets to discuss and determine financial and other information and objectives for effective risk management of the Borough and School District.

#### Year End Encumbrances

While performing audit procedures relating to encumbrances, we continue to note there were open purchase orders that should have been closed during the School District's year end procedures. The School District has established a process whereby the various departments are notified near year end to provide information about purchase orders that should remain open and carried into the following fiscal year. A review of long outstanding open purchase orders and follow up discussions with the

corresponding departments is performed to determine whether or not open purchase orders are for items still needed and not yet received. We encourage continued discussions and training of personnel within the various administrative departments regarding proper procedures for accounting for and processing of purchase orders.

\* \* \* \* \*

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

We enjoy working with School District personnel and will be happy to discuss any of these recommendations in greater detail at your convenience.

Sincerely,

*Cook & Haugeberg LLC*

Certified Public Accountants



**Cook & Haugeberg** <sup>LLC</sup>  
CERTIFIED PUBLIC ACCOUNTANTS

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

LETTER TO THE AUDIT COMMITTEE

December 12, 2017





# Cook & Haugeberg LLC

## CERTIFIED PUBLIC ACCOUNTANTS

December 12, 2017

Audit Committee Members  
Fairbanks North Star Borough School District

We have audited the financial statements and schedules of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough School District (School District) for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents of the Comprehensive Annual Financial Report. We also have audited the internal service and fiduciary funds as of and for the year ended June 30, 2017, as displayed in the School District's basic financial statements. In addition, we also have audited the financial statements and schedules of the School District's nonmajor governmental funds in the combining and individual fund financial statements as of and for the year ended June 30, 2017, and have issued our report thereon dated December 12, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* (Audit Guide), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to the School District dated May 18, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities Under Auditing Standards Generally Accepted in the United States of America, *Government Auditing Standards*, the Uniform Guidance, and the State of Alaska Audit Guide

As stated in our engagement letter dated May 18, 2017, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinions on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Alaska Audit Guide.

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with the Uniform Guidance and the State of Alaska Audit Guide, we examined, on a test basis, evidence about the School District's compliance with the types of compliance

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Partners: Gerald D. Haugeberg  
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Kara Moore  
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Kathleen A.R. Thompson  
Michael T. Cook

requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the State of Alaska Audit Guide applicable to each of its major federal and state programs for the purpose of expressing opinions on the School District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the School District's compliance with those requirements.

#### Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the School District and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the School District or to acts by management or employees acting on behalf of the School District. We have communicated any significant findings and recommendations as a result of the audit. We have also communicated any internal control related matters that are required to be communicated under professional standards.

Audit fieldwork procedures were performed according to the planned scope and timing previously communicated to you as a result of our meeting with Accounting Services personnel about audit matters on May 12, 2017. Kara Moore is the engagement partner and was responsible for supervising the engagement and signing the report. Due to turnover of managerial personnel within the Accounting Services Department, the audit and financial statement preparation process was not able to be completed within the scheduled timeframe.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School District are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions tested as part of our audit procedures have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The School District's portions of the Fairbanks North Star Borough's (Borough) self-insurance reserves for workers' compensation, estimated health claims and contingencies payable. Management of the School District and Borough have informed us that in determining the appropriateness of these amounts, the analyses were based on historical trends and other factors.

- Estimates involved in calculating the accounts receivable from employees for health costs. Newly negotiated employee collective bargaining agreements included changes in the methodology for determining employees' annual required health insurance contribution rate. Previously the annually determined employee contribution rate was calculated based on a three-year historical average of the annual cost for employee health insurance. Beginning for fiscal year 2017 the employees' contribution rate is determined based on actuarial projections for ongoing employee health related costs.
- Net pension liabilities and the related deferred inflows and outflows recognized by the School District to record its allocated proportional share of liabilities of the Public Employees' Retirement System (PERS) and the Alaska Teachers' Retirement System (TRS) pension plans are based on actuarially determined estimates of the State of Alaska Department of Administration, Division of Retirement and Benefits. The assumptions used in the actuarial valuations of the pension and other postemployment benefits plans are based on industry standards, in accordance with generally accepted actuarial principles and procedures.

We evaluated the key factors and assumptions used to develop these account balances and determined them to be reasonable in relation to the financial statements of the School District taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Additionally, during the course of our audit, management detected errors in the financial statements and informed us of these errors when found. The School District chose to correct some of these errors and to not correct others. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to each opinion unit's financial statements taken as a whole. In our judgment, none of the uncorrected misstatements were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Misstatements of significance which were identified and corrected by management for the year ended June 30, 2017 during the period audit procedures were being performed were:

- An adjustment was made in the general fund to record issuance of a capital lease for computer equipment in the amount of \$1,341,600, less the first annual principal payment on the four-year lease of \$340,272.
- Adjustments were made to record transfers of equity in central fund treasury cash to the Risk Management Internal Service Fund (RMISF), (\$1.7 million) and the Food Service special revenue fund (\$1.8 million). The transfer to the ISF resulted in an increase in general fund certificated and non-certificated salaries.
- Adjustments were made to increase accounts receivable - local in the RMISF at year end by \$2,327,407. The adjustment increased revenue from local sources and increased the fund's equity in central treasury cash by \$3,165,719 and \$838,312, respectively.



- An adjustment was made to reduce accounts payable and expenses for student transportation - to and from school to reflect the billing dispute settlement agreement between the School District and First Student in the amount of \$1,024,526.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 12, 2017.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, and schedules of pension liabilities and contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental reports accompanying the financial statements, the schedule of expenditures of federal awards, and the schedule of state financial assistance, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Sincerely,

Cook + Haugeberg LLC

Certified Public Accountants

**Fairbanks North Star Borough School District**  
**Summary of**  
**Uncorrected Financial Statement Misstatements**  
**For the Year Ended June 30, 2017**

<u>Account Number and Description</u>	<u>Net Position Effect Increase/ (Decrease)</u>	<u>Change in Fund Balance (Increase)/ Decrease</u>
<u>Governmental Fund - Transportation Fund:</u>		
Assigned - encumbrances	\$ 60,378	
Other purchased services		(60,378)
	60,378	(60,378)

Adjust an assigned encumbrance for a purchase order that should have been closed during the fiscal year ended June 30, 2017. This waived adjustment has no net effect on total ending net position.

Total Transportation Fund	\$ 60,378	\$ (60,378)
<u>Governmental Fund - General Fund:</u>		
Accounts Payable	\$ (82,141)	
Professional and Technical Services		76,716
Staff Travel		862
Other Purchased Services		2,022
Supplies, Materials and Media		242
Other Expenses		2,300
	(82,141)	82,141

Adjustment of accounts payable invoices that were received by the School District after the cut off deadline. Each was reviewed individually and as a whole before determining that the total amount of invoices was not considered necessary to accrue back.

Total General Fund	\$ (82,141)	\$ 82,141
GRAND TOTAL NET POSITION EFFECT	\$ (21,763)	\$ 21,763

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR JULY 1, 2016 - JUNE 30, 2017



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

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





**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF THE**

**FAIRBANKS NORTH STAR BOROUGH  
SCHOOL DISTRICT**

**FAIRBANKS, ALASKA**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

**Dr. Karen Gaborik  
Superintendent of Schools**

**Prepared by  
Accounting Services Department**

**Lisa Pearce  
Chief Financial Officer**

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

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# **INTRODUCTORY SECTION**





# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

(907) 452-2000

520 Fifth Avenue

Fairbanks, AK 99701-4718

www.k12.northstar.org

December 12, 2017

Members of the Board of Education and Citizens of the School District  
Fairbanks North Star Borough School District  
Fairbanks, Alaska

The comprehensive annual financial report of the Fairbanks North Star Borough School District (School District) for the fiscal year ended June 30, 2017, is submitted herewith. This report was prepared by the School District's accounting services department following the guidelines recommended by the Government Finance Officers Association of the United States and Canada, the Association of School Business Officials International, and U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The statutes of the State of Alaska and Fairbanks North Star Borough code of ordinances require that the School District Board of Education provide for an audit of all school accounts within ninety days following the close of the fiscal year, by an independent certified public accountant.

## **Introduction to the Comprehensive Annual Financial Report (CAFR)**

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with School District management. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the School District's financial affairs have been included.

## **Internal Control**

In developing and evaluating the School District's accounting system, consideration is given to the adequacy of internal accounting controls. Management of the School District has established a comprehensive internal control framework that is designed both to protect the School District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the School District's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the School District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the School District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

## **Independent Financial Statement Audit**

The School District's basic financial statements and the financial statements of each nonmajor governmental fund (financial statements) have been audited by Cook & Haugeberg LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the School District for the fiscal year ended June 30, 2017 are free of material misstatement. The independent audit involved consideration of internal control in assessing the risks of material misstatement of the financial statements; evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the School District's financial statements for the fiscal year ended

June 30, 2017 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the *financial section* of this report.

## **Management's Discussion and Analysis**

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The School District's MD&A can be found immediately following the report of the independent auditors in the *financial section* of this report.

## **Single Audits of State and Federal Awards**

The independent audit of the financial statements of the School District was part of a broader, state and federally mandated "Single Audit" designed to meet the special needs of state and federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited School District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of state and federal awards. These reports are available in the *single audit* section of this report.

## **Profile of the School District**

The School District was established on January 1, 1964, the date of incorporation of the Fairbanks North Star Borough, the primary government. A borough is most similar to the county form of government used in much of the rest of the United States. The School District, serving grades K through 12, encompasses an area of 7,361 square miles...roughly the size of Rhode Island, Delaware and Connecticut combined.

## **Reporting Entity**

Based on criteria developed by the Governmental Accounting Standards Board, the School District is a component unit of the Fairbanks North Star Borough (Borough). Audited financial statements for the Borough are available upon request from its administrative offices. The School District has elected to issue a separate comprehensive financial report pursuant to Alaska statutes.

Pursuant to Alaska Statute section 14.12.020(c), the Borough Assembly provides the money which must be raised from local sources to maintain and operate the School District. Alaska Statute section 14.14.060 states a borough can establish a centralized treasury and is responsible for major rehabilitation, all construction and major repair of school buildings. The Borough provides for new construction, major repair of school buildings and a centralized treasury. Therefore, bonded debt, capital improvement funds for school construction, tax levies, and tax collection are reflected in the *notes of the basic financial statements* and the *statistical section* of this report but are accounted for by the Borough.

Alaska Statute sections 14.12.010 - 115 provide for the creation of school districts in the State of Alaska and establish school boards as the governing body for each district. The seven voting members of the School District Board of Education determine policy for operation and management of the School District. Each member serves for three years, elected each year for overlapping terms.

## **Services Provided by the School District**

Nearly 13,753 students attend the thirty-one schools and the Building Education Success Together (B.E.S.T) program in our district. Our schools range in size from an elementary school of 73 students to a 971 student high school.



Our diverse student body includes children from over 59 different language backgrounds. Each child in the district is offered a comprehensive general educational program. High school students have available a comprehensive career technical education curriculum. Special needs are met with the assistance of programs and services such as Alaska Native Education, Extended Learning (formerly Gifted/Talented), English Language Learners, Title I, Migrant Education, and Special Education for Students with Disabilities.

Class size varies, but the fiscal year 2017 district-wide average was 15.35 students per teacher.

### **Charter Schools**

Charter Schools in Alaska must be approved by both the local School Board and the State Board of Education, and operate under the guidance of Academic Policy Committees of their own selection. School charters may be up to ten years in duration, and the majority of funding is provided through the State's foundation funding formula similar to that of per capita small school funding. The School District has five approved charter schools: Watershed Charter School (grades K-8), Chinook Montessori Charter School (grades K-8), Star of the North Secondary Charter School (grades 7-12), Effie Kokrine Early College Charter School (grades 7-12) and Boreal Sun Charter School (grades K-7). All operate under ten year charters with terms expiring in 2019, 2021, 2024, 2026 and 2027, respectively. Boreal Sun Charter School was approved in fiscal year 2017 to begin operations in fiscal year 2017-2018.

### **Budgetary Control**

The objective of the School District's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Resources are allocated to and accounted for in individual funds, based upon the purposes for which those funds were created. Transfers between programs in excess of \$20,000 or any transfer in excess of \$25,000 are authorized by the Board of Education. Therefore, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the object level. All other transfers are authorized by the superintendent and reported monthly to the Board of Education. The budgetary process is explained in Note A in the notes to the required supplementary information in the *required supplementary information* section of this CAFR.

### **Economic Condition Information**

#### **Local Economy**

Located near the center of the state, the School District encompasses the state's second largest urban area. The Borough serves as the economic hub for interior and northern Alaska. Although the impacts of economic downturn continue to be felt in the interior, they are still somewhat mild compared to what the nation has experienced. Over the last five years, all industry sectors have maintained fairly constant rates of employment. Of particular importance to the interior is the success in retaining Eielson's F-16 Aggressor Squadron and Eielson being named as the favored site to station the new F-35 Joint Strike Fighter. Both decisions affirm the critical long-term and strategic value of Eielson Air Force Base.

The Borough's June 2017 unemployment rate was 6.2 percent, an increase of 0.5 percentage points from a year ago, compared to the national average of 4.4 percent which decreased 0.5 percentage points. Tourism, retail trade and construction industries still struggle somewhat to cope with national trends of reluctant consumer spending, but overall have remained fairly stable.

While the School District has no authority to levy taxes, a fairly steady economy provides the Borough the wherewithal to fund its local contribution to education. The Borough's full and true assessed valuations have increased approximately \$1.118 billion over the last five years. The local contribution to education represents about 26.0 percent of operating fund revenues for the year ended June 30, 2017, and has

increased \$7.97 million or 17.2 percent over five years. When a community's assessed property values and the ability of local taxpayers to fund education increases, the state's foundation formula reduces education funding. The reduction in state revenues over the last five years due to increased assessed values has been mitigated by legislative action providing for a graduated rise in the base student allocation.

### **Projected Enrollment**

Student enrollments generate a majority of district revenues and also dictate personnel needs, which represent over 87.0 percent of the School District's 2016-17 operating budget. The State of Alaska requires that student enrollment projections for the following school year be reported to them within one week after the end of the official student count period for the current year, which ends on the fourth Friday each October. School District enrollments decreased by 98 students leaving a reduction of 0.7% over the five year period ending in 2016-17. Student enrollment projections for 2017-18 have decreased by about 53 students.

### **Military Installations**

There are two large military installations within the Borough, Fort Wainwright Army Post and Eielson Air Force Base. These installations account for over one-fifth of the Borough's population. Fort Wainwright was transformed into a Stryker Brigade Combat Team in 2001, and is therefore subject to periodic deployment. Although it appears that most dependents remain in Fairbanks, deployment is often a suspected cause of declining and fluctuating enrollments.

### **Facilities**

The Borough owns all school facilities. While district-wide school enrollments have declined slightly over the last ten years, enrollments in the North Pole area are increasing, putting the three North Pole school facilities near capacity.

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

By local ordinance the Borough now requires that 25 percent of any annual lapse of district funds be returned to the Borough in support of a school facilities major maintenance reserve fund (capped at \$1,000,000 annually). Previous to fiscal year 2017 the local ordinance required that 28.5 percent be returned with a cap at \$800,000 annually. It should be noted that for the year ending June 30, 2016 the Borough Assembly waived Borough Code 7.04.120E *Lapsing of Funds* which allowed \$800,000 of year-end unassigned fund balance to remain with the School District each year for operating expense. This was in direct response to the fiscal challenge of the School District based on a significant State budget decline.

## **School District Initiatives**

The School Board establishes a list of primary performance goals and on-going commitments to improve student performance on an annual basis. The primary performance goals approved for 2016-2017 focus on four major areas:

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

## **Long-Term Financial Planning**

By state statute, district decisions are designed to focus on annual operations rather than long range planning in a fiscal sense. By state statute, the Borough (primary) government is responsible for maintaining a centralized treasury. The School District does not own school facilities nor is it responsible for major maintenance. The School District has no authority to issue bonds or manage and invest district funds. Unless required by grant agreements, all interest earnings are retained by the Borough.

There are state statutes and local ordinances limiting the district's ability to retain excess fund balance in the operating fund. State statute limits an accumulation of fund balance to less than ten percent of current year expenditures. Alaska Administrative Code defines six items that are not subject to the fund balance accumulation threshold. A *statement of compliance* required by the code to be included in this report can be found on page 245. Local ordinances require 25 percent of the district's annual lapse of funds be returned to the Borough in support of a school facilities major maintenance reserve fund (capped at \$1,000,000 annually) and limits unassigned fund balance to no more than seven percent of the local contribution to education amount.

However, we do accomplish long range planning from a fiscal perspective based on how we develop and implement instructional programs. A key objective in district financial planning is developing sustainable instructional programs and efficient and cost effective initiatives that support the instructional process. Establishing reasonable but steady class size targets (or pupil-teacher ratios) is paramount, since personnel costs represent over 88.0 percent of the budget. Another example impacting financial planning and decision making includes reliance on the district's preventive maintenance and energy monitoring program.

## **Awards and Acknowledgements**

### ***Certificate of Excellence/Certificate of Achievement***

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the School District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016.

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, 2016.

This was the twenty sixth consecutive year that the School District has achieved these prestigious awards. In order to be awarded a Certificate of Excellence and a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Excellence and a Certificate of Achievement are valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Excellence and Certificate of Achievement Program requirements, and we are submitting it to the ASBO and the GFOA to determine its eligibility for another certificate.

### ***Acknowledgments***

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the accounting and administrative services departments. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the members of the Fairbanks North Star Borough School District Board of Education for their unfailing support for maintaining the highest standards of professionalism in the management of the School District's finances.

Respectfully submitted,



Lisa Pearce, SFO  
Chief Financial Officer



Nicole "Nico" Herbert, CPA  
Director of Accounting Services

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FAIRBANKS NORTH STAR BOROUGH  
SCHOOL DISTRICT

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(As of July 1, 2017)

Fairbanks, Alaska

BOARD OF EDUCATION

Heidi Haas, President  
Michael O'Brien, Vice-President  
Allyson Lambert, Treasurer  
Sharon McConnell, Clerk  
Thomas Bartels, Member  
Wendy Dominique, Member  
Sean Rice, Member  
Colonel Richard Cole, Base Representative  
Colonel Sean Williams, Post Representative  
Michelle Kougl, Student Representative

ADMINISTRATION

Dr. Karen Gaborik  
Superintendent of Schools

Shaun Kraska  
Assistant Superintendent

Sandra Kowalski  
Assistant Superintendent

Lisa Pearce  
Chief Financial Officer





# Superintendent Dr. Karen Gaborik

Communications, Development,  
and Engagement

## INSTRUCTION

Assistant Superintendent  
Sandy Kowalski

- Elementary Schools
- Federal Programs
  - 21<sup>st</sup> Century Learning
  - AK Native Education
  - English Language Learners
  - McKinney-Vento
  - Migrant
  - Title I
- Special Education
  - 504 Plan Management
  - Assistive Technology
  - Extended Learning Program
- Teaching and Learning
  - Art Center
  - Assessment & Intervention
  - Career & Technical Education
  - Counselors
  - Curriculum
  - Instructional Technology
  - Library Media Services
  - Multi-Tiered Systems of Support
  - Professional Development

## SUPPORT

Assistant Superintendent  
Shaun Kraska

- Secondary Schools
- Activities
- School Options
  - BEST
  - Charter Schools
  - eLearning Labs
  - Golden Heart Academy
- Policy and Administrative Regulations
- OSHS/ SMART/ DW PASS
- Wellness
  - Nursing Services
  - Safety
    - Agency Partnerships
    - District-wide
    - Schools / Sites
  - Social Workers

## OPERATIONS

Chief Financial Officer  
Lisa Pearce

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



**ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**

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

**Fairbanks Northstar Borough School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2016.**

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



**Anthony N. Dragona, Ed.D., RSBA**  
President

**John D. Musso, CAE**  
Executive Director

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Fairbanks North Star Borough  
School District, Alaska**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

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# **FINANCIAL SECTION**



# Cook & Haugeberg LLC

## CERTIFIED PUBLIC ACCOUNTANTS

December 12, 2017

### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements and schedules of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough School District (School District), a component unit of the Fairbanks North Star Borough, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents. We also have audited the financial statements and schedules of the aggregate nonmajor governmental funds, internal service fund type, and the fiduciary fund type of the School District as of and for the year ended June 30, 2017, as displayed in the School District's basic financial statements. In addition we also have audited the financial statements and schedules of the School District's nonmajor governmental funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating

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Partners: Gerald D. Haugeberg  
Senior Consultants:

Kara Moore  
James F. Dieringer, Jr.

Kathleen A.R. Thompson  
Michael T. Cook



the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information, as well as the aggregate nonmajor governmental funds, the internal service fund type, and the fiduciary fund type of the School District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements and schedules referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the School District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

Our audit for the year ended June 30, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairbanks North Star Borough School District's basic financial statements. The accompanying supplemental reports section; the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the schedule of state financial assistance as required by *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplemental reports section, the schedule of expenditures of federal awards, and the



schedule of state financial assistance have been subjected to the auditing procedures applied in the audits of the basic financial statements for the year ended June 30, 2017, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental reports section, the schedule of expenditures of federal awards, and the schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the School District's basic financial statements and schedules as of and for the year ended June 30, 2016, (not presented herein), and have issued our report thereon dated January 12, 2017, which contained unmodified opinions on the respective financial statements and schedules of the governmental activities, each major fund, the aggregate remaining fund information, and the financial statements and schedules of each of the School District's nonmajor governmental, internal service, and fiduciary funds presented as supplementary information. The accompanying supplementary information for the year ended June 30, 2016, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2016 financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the June 30, 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016. The June 30, 2016 introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them.

#### *Prior Year Comparative Information*

We have previously audited the School District's June 30, 2016 financial statements, and we expressed unmodified opinions on the respective financial statements and schedules of the governmental activities, each major fund, the aggregate remaining fund information, the internal service and fiduciary funds, and the combining and individual nonmajor fund financial statements and schedules in our report dated January 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School District's financial statements for the year ended June 30, 2016, from which such partial information was derived.

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

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 12, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Cook + Haugeberg LLC

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Management's Discussion and Analysis June 30, 2017

### INTRODUCTION

This section of the Fairbanks North Star Borough School District's (School District) comprehensive annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year that ended on June 30, 2017. 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 2017 include the following:

- The net deficit increased \$27.4 million or 34.6 percent from fiscal year 2016. The increase is due to the various decreases in revenue sources, various increases in expenses, a fund balance decrease in the general fund (\$1.0 million) and net operating income in the risk management internal service fund (\$7.2 million). A discussion of these fluctuations can be found later in the Management's Discussion and Analysis (MD&A).
- Revenues saw a net decrease of \$5.9 million. Operating grants and contributions decreased \$6.5 million due to a net decrease in pension on-behalf payments and other postemployment benefit (OPEB) nonemployer on-behalf payments to the Public Employee' Retirement System (PERS) and Teachers' Retirement System (TRS) of \$6.5 million. On-behalf payments are comprised of two components: pension and OPEB. The decrease in OPEB nonemployer on-behalf payments is a result of legislation enacted by the State of Alaska (State) reducing the total OPEB legislative relief (employer on-behalf contribution) rate by 2.3 percent. The local contribution to education from the Fairbanks North Star Borough (Borough) decreased \$1.2 million. State Foundation funding decreased \$2.0 million.
- Expenses saw a net increase of \$2.6 million due to several factors. Although OPEB nonemployer on-behalf expense decreased \$4.4 million, total pension expense increased \$3.6 million due to the change in allocation methodology discussed above. If you remove the effect of OPEB nonemployer on-behalf expense and pension expense, expenses decreased \$4.4 million. A discussion of this decrease can be found in the *Government-wide Financial Analysis* later in the MD&A.
- Among major funds, the general fund saw a decrease in fund balance of \$1.0 million or 2.7 percent. General fund revenues were \$206.5 million and expenditures and other financing uses were \$202.8 million.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Management's Discussion and Analysis June 30, 2017 (cont.)

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### Government-wide Financial Statements

The *government-wide financial statements* provide both short-term and long-term information about the School District's overall financial status, in a manner similar to a private-sector business.

- The *statement of net position* presents information on all of the School District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
- The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cashflows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused annual/personal leave).

Both of the government-wide financial statements present functions of the School District as *governmental activities*, that is, functions principally supported by taxes and intergovernmental revenues. The governmental activities of the School District include instruction, support services, school administration, district administration, operations and maintenance, student activities, student transportation – to and from school, and food services. The government-wide financial statements can be found on pages 24 and 25 of this report.

#### Fund Financial Statements

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

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is described in the reconciliations accompanying the Governmental Funds Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balances. The governmental funds financial statements can be found on pages 28 through 35 of this report.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Management's Discussion and Analysis June 30, 2017 (cont.)

#### Proprietary Fund

The School District maintains a proprietary type internal service fund which is an accounting device used to accumulate and allocate costs internally among the School District's various functions. The internal service fund is used to account for the School District's risk management activities and provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found on pages 36 through 38 of this report.

#### Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The School District's only fiduciary fund is an agency fund used to account for various School District-related organizations. The basic fiduciary fund financial statement can be found on page 39 of this report.

#### Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 41 through 71 of this report.

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents as *required supplementary information* the budgetary schedules for the major funds, the schedules of the School District's proportionate share of the net pension liability and pension contributions for both PERS and TRS and the notes to the required supplementary information. Required supplementary information can be found on pages 74 through 84 of this report.

Combining schedules for major and nonmajor funds are presented immediately following the required supplementary information. Combining fund schedules can be found on pages 86 through 173 of this report.

Results of the state and federally mandated *Single Audit* which include auditor's opinions, schedule of expenditures of federal awards, schedule of state financial assistance and schedules of findings and questioned costs can be found on pages 223 through 241 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. The School District's change in net position for fiscal year 2017 was (\$27.4) million, an increase of \$8.5 million over last year. The School District's total liabilities and deferred inflows *exceeded* assets and deferred outflows by \$106.5 million. Of this amount (\$111.6) million was unrestricted, \$0.8 million was restricted for correspondence study student allotments and grant-funded programs and \$4.3 million was invested in the School District's capital assets. The net investment in capital assets reflects the School District's investment in machinery, equipment and software. The School District uses these capital assets to provide services to its parents and students; consequently, these assets are not available for future spending.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Management's Discussion and Analysis June 30, 2017 (cont.)

The analysis that follows focuses on net position (table 1) and changes in net position (table 2) for the School District's governmental activities.

**Table 1**  
Net Position - Governmental Activities

	2017	2016	Increase (Decrease)	Percentage Change
<b>Assets</b>				
Current and other assets	\$ 59,508,855	\$ 45,785,964	\$ 13,722,891	30.0%
Capital assets	4,299,337	4,580,174	(280,837)	-6.1%
<b>Total assets</b>	<b>63,808,192</b>	<b>50,366,138</b>	<b>13,442,054</b>	<b>26.7%</b>
<b>Deferred outflows of resources</b>	<b>39,942,584</b>	<b>34,332,671</b>	<b>5,609,913</b>	<b>16.3%</b>
<b>Liabilities</b>				
Long-term liabilities	196,893,556	158,516,780	38,376,776	24.2%
Other liabilities	7,320,688	2,397,540	4,923,148	205.3%
<b>Total liabilities</b>	<b>204,214,244</b>	<b>160,914,320</b>	<b>43,299,924</b>	<b>26.9%</b>
<b>Deferred inflows of resources</b>	<b>6,078,699</b>	<b>2,927,869</b>	<b>3,150,830</b>	<b>107.6%</b>
<b>Net position</b>				
Investment in capital assets	4,299,337	4,580,174	(280,837)	-6.1%
Restricted	803,111	1,759,630	(956,519)	
Unrestricted	(111,644,615)	(85,483,184)	(26,161,431)	30.6%
<b>Total net position</b>	<b>\$ (106,542,167)</b>	<b>\$ (79,143,380)</b>	<b>\$ (27,398,787)</b>	<b>34.6%</b>

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

- A \$13.6 million increase in equity in central treasury cash due to a net increase in governmental funds fund balance of \$0.3 million, a \$7.2 million increase in net position of the risk management internal service fund and a \$4.6 million outstanding payable to First Student in the student transportation special revenue fund.

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

**Table 2**  
Changes in Net Position  
Governmental Activities

	2017	2016	Increase (Decrease)	Percentage Change
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 1,573,230	\$ 1,618,358	\$ (45,128)	-2.8%
Operating grants and contributions	45,805,824	52,262,056	(6,456,232)	-12.4%
Capital grants and contributions	1,135,763	220,410	915,353	415.3%

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Management's Discussion and Analysis  
June 30, 2017 (cont.)

**Table 2**  
Changes in Net Position (continued)  
Governmental Activities

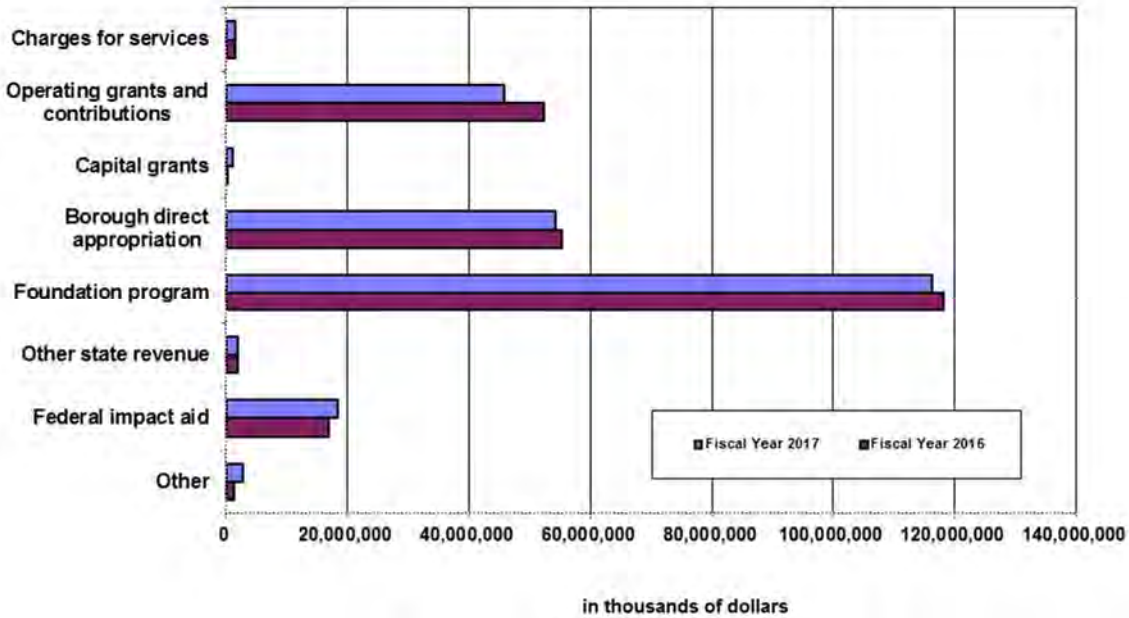
	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Revenues (cont.):</b>				
General revenues:				
Borough direct appropriation	\$ 54,169,000	\$ 55,369,000	\$ (1,200,000)	-2.2%
Foundation program	116,214,852	118,214,578	(1,999,726)	-1.7%
Other state revenue	1,984,382	1,982,685	1,697	0.1%
Federal impact aid	18,353,834	17,012,673	1,341,161	7.9%
Other	2,867,397	1,329,789	1,537,608	115.6%
<b>Total revenues</b>	<b><u>242,104,282</u></b>	<b><u>248,009,549</u></b>	<b><u>(5,905,267)</u></b>	<b>-2.4%</b>
<b>Expenses:</b>				
Instruction	\$ 111,640,903	\$ 107,399,957	\$ 4,240,946	3.9%
Special education instruction	34,256,340	33,322,750	933,590	2.8%
Special education instruction-support services	11,056,197	11,205,400	(149,203)	-1.3%
Support services-students	14,252,727	16,503,860	(2,251,133)	-13.6%
Support services-instruction	15,580,406	14,110,870	1,469,536	10.4%
School administration	8,933,366	8,555,778	377,588	4.4%
School administration support services	6,805,796	7,154,047	(348,251)	-4.9%
District administration	2,372,557	2,170,832	201,725	9.3%
District administration support services	13,431,721	14,310,514	(878,793)	-6.1%
Operations and maintenance of plant	27,579,992	28,728,249	(1,148,257)	-4.0%
Student activities	5,043,266	4,969,652	73,614	1.5%
Student transportation - to and from school	12,149,994	11,891,808	258,186	2.2%
Food service	6,399,804	6,591,827	(192,023)	-2.9%
<b>Total expenses</b>	<b><u>\$ 269,503,069</u></b>	<b><u>\$ 266,915,544</u></b>	<b><u>\$ 2,587,525</u></b>	<b>1.0%</b>
<b>Increase (decrease) in net position</b>	<b><u>\$ (27,398,787)</u></b>	<b><u>\$ (18,905,995)</u></b>	<b><u>\$ (8,492,792)</u></b>	<b>44.9%</b>
<b>Ending net position</b>	<b><u>\$ (106,542,167)</u></b>	<b><u>\$ (79,143,380)</u></b>	<b><u>\$ (27,398,787)</u></b>	<b>34.6%</b>

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Management's Discussion and Analysis June 30, 2017 (cont.)

Figure A-1 presents a comparative chart of governmental activities revenues for fiscal year 2017 and 2016.

**Figure A-1, Governmental Activities Revenues for Fiscal Year 2017 and 2016**



Governmental activities revenues were \$242.1 million, a decrease of \$5.9 million or 2.4 percent over the prior fiscal year. The following significant increases and decreases are worth noting:

- Decrease in operating grants and contributions of \$6.5 million due to a net decrease in pension on-behalf payments and other postemployment benefit (OPEB) nonemployer on-behalf payments to the PERS and TRS of \$1.6 million and \$4 million, respectively. On-behalf payments are comprised of two components: pension and OPEB. The decrease is a result of legislation enacted by the State of Alaska (State) reducing the total OPEB legislative relief (employer on-behalf contribution) rate by 2.3 percent.
- Net decrease in general revenues of \$0.3 million across all categories. Changes in general revenues are discussed in more detail in the *Financial Analysis of the School District's Funds* section later in the MD&A.



## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

Management's Discussion and Analysis  
June 30, 2017 (cont.)

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

**Figure A-2, Revenues by Source – Governmental Activities**

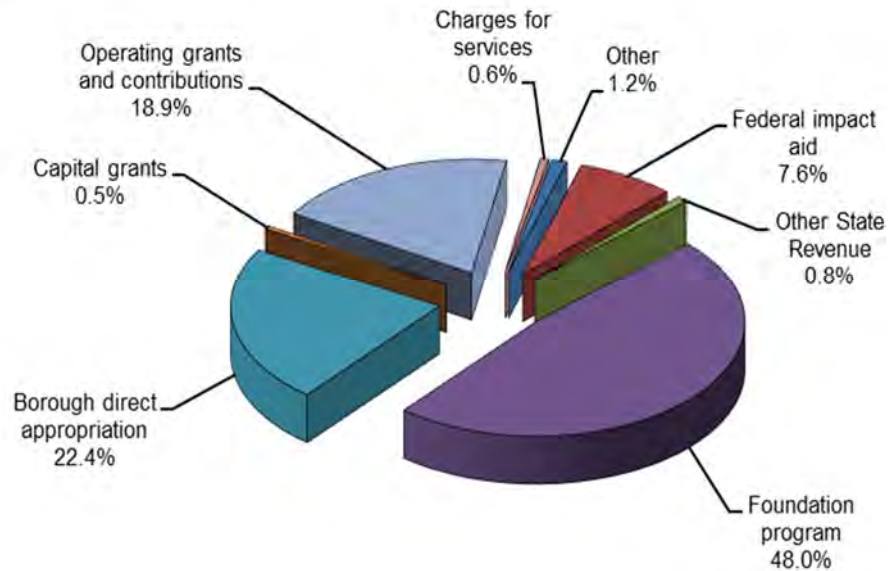
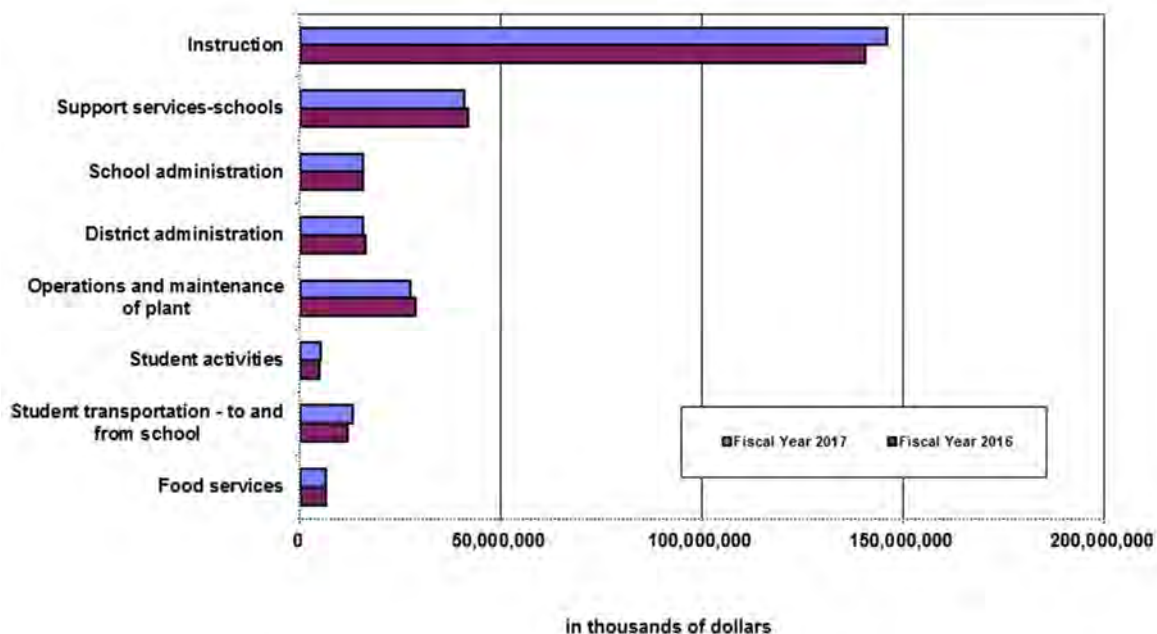


Figure A-3 presents a comparative chart of governmental activities expenses for fiscal year 2017 and 2016.

**Figure A-3, Governmental Activities Expenses for Fiscal Year 2017 and 2016**



## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

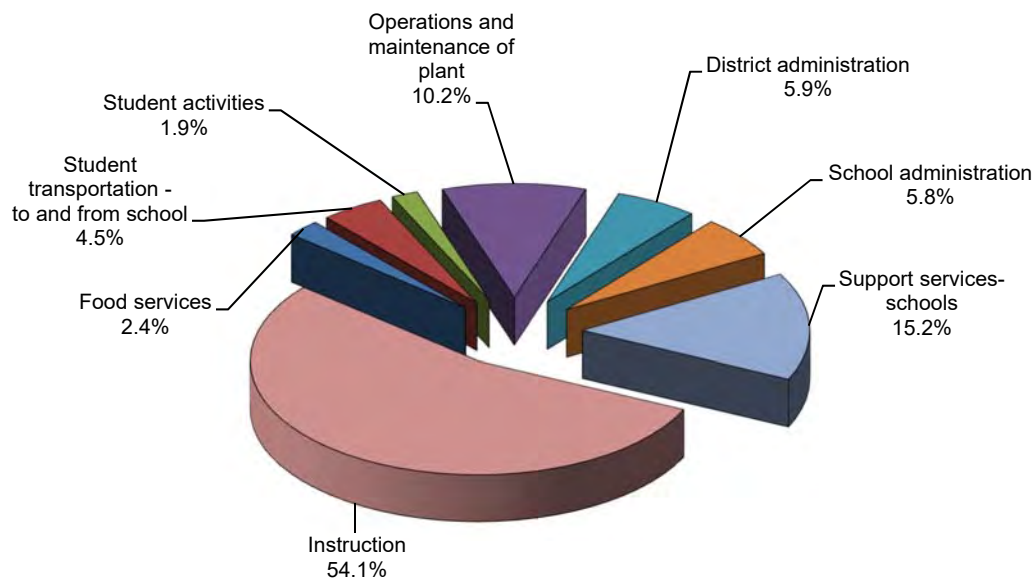
### Management's Discussion and Analysis June 30, 2017 (cont.)

The cost of all governmental activities in the current year was \$269.5 million, an increase of \$2.6 million and 1.4 percent over the prior year. The following significant increases and decreases are worth noting:

- OPEB nonemployer on-behalf expense decreased \$4.4 million. On-behalf payments are comprised of two components: pension and other postemployment benefits (OPEB). The decrease is a result of legislation enacted by the State of Alaska (State) reducing the total OPEB legislative relief (employer on-behalf contribution) rate by 2.3 percent.
- Total pension expense increased \$3.6 million due to the \$114.7 million increase in the State Division of Retirement and Benefits PERS and TRS pension expense and the change in allocation methodology for the proportional share of the PERS and TRS net pension liability, related deferred inflows/outflows related to pensions and pension expense. The amounts for fiscal year 2017 were allocated based on the present value of contributions for fiscal year 2018 to the projected fully funded year of fiscal year 2039. The change in allocation methodology increased the School District's allocation percentage by 0.6 percent.
- If you remove the effect of OPEB on-behalf expense and pension expense, expenses increased \$4.4 million. In addition to the increase in general fund expenditures of \$6.6 million described later in the MD&A, the School District also saw a \$1.3 million increase in expenditures of the special revenue and capital projects funds. Much of that increase is related to the new bussing contract with First Student, which now charges the School District for vehicle gas. Lastly, the operating income of \$7.2 million in the risk management internal service fund served to decrease governmental activities expenses.

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

**Figure A-4, Expenses by Function – Governmental Activities**



# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Management's Discussion and Analysis June 30, 2017 (cont.)

Table 3 condenses the total expenses of the School District's main functional categories – instruction, support services - schools, school administration, district administration, operations and maintenance of plant, student activities, student transportation - to and from school, and food services, as well as each program's *net* cost. To arrive at net cost, the total cost of providing services is reduced by charges for those services as well as operating and capital grants and contributions designated for specific programs. Net cost shows the amount to be supported for each of these functions by the local taxpayers contribution to education, state foundation funding, other state revenue, and federal impact aid. Providing this information allows the users of this report to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**Table 3**  
Net Cost of Governmental Activities

	2017		2016	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction	\$ 145,897,243	\$ 125,887,897	\$ 140,722,707	\$ 116,325,857
Support services - schools	40,889,330	34,480,534	41,820,130	35,238,689
School administration	15,739,162	14,708,452	15,709,825	14,295,707
District administration	15,804,278	15,166,070	16,481,346	15,514,427
Operations and maintenance of plant	27,579,992	26,233,010	28,728,249	27,836,881
Student activities	5,043,266	2,338,978	4,969,652	2,372,496
Student transportation - to and from school	12,149,994	941,125	11,891,808	(381,323)
Food services	6,399,804	1,232,186	6,591,827	1,611,986
Total	<b>\$ 269,503,069</b>	<b>\$ 220,988,252</b>	<b>\$ 266,915,544</b>	<b>\$ 212,814,720</b>

## 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 \$39.6 million, an increase of \$1.3 million or 3.4 percent from the prior year combined fund balance. The School District's fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned. Definitions for these categories can be found in Note 1.P. on pages 46 and 47 of this report.

Approximately \$3.2 million of this combined fund balance is considered to be 1) nonspendable because it is invested in inventory and prepaid items at year-end, 2) restricted for specific programs or 3) committed to specific programs (school activities). The remaining \$36.4 million is either assigned to specific purposes (\$23.6 million) or unassigned (\$12.8 million). Fund balance in the general fund is assigned 1) for the purpose of liquidating fiscal year 2017 contracts and purchase orders in fiscal year 2018 (\$1.9 million), 2) for the fiscal year 2018 annual federal impact aid payment received in advance in fiscal year 2017 (\$10.9 million) and 3) for that portion of fund balance included as a budgetary resource in the subsequent year's budget to eliminate the projected excess of expected expenditures over expected revenues (\$7.5 million). Fund balance in the student transportation special revenue fund is assigned for student transportation funding shortfalls expected in subsequent years (\$2.7 million). Fund balance in the state programs special revenue fund is restricted for a student safety and security capital grant received from the State of Alaska (\$0.4 million).

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Management's Discussion and Analysis June 30, 2017 (cont.)

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

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

	<b>2017</b>
Total fund balances - governmental funds - at June 30, 2017	\$ 39,593,049
Cost of capital assets (net of accumulated depreciation/amortization)	4,299,337
Internal service fund net position	7,906,374
Long-term liabilities:	
Compensated absences	(4,050,845)
Capital lease	(1,001,328)
Net pension liability	(187,152,639)
Deferred outflows/inflows related to pensions	33,863,885
Total net position at June 30, 2017	<b>\$ (106,542,167)</b>

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

- At the end of the current fiscal year, total fund balance of the general fund was \$33.7 million, down \$1.0 million or 2.7 percent from last fiscal year. Revenues in the general fund decreased \$0.7 million or 0.3 percent and expenditures increased \$9.9 million or 5.0 percent. An analysis of the changes follows later in the MD&A.
- The student transportation special revenue fund accounts for revenues and expenditures of providing transportation to and from schools. The State of Alaska provides the funding for these state approved student transportation services through a grant based on a per student formula. Annual general fund transfers, when needed, subsidize transportation services not covered by state funding. Fund balance in this fund increased \$0.5 million or 21.3 percent from the prior year due to the \$1.0 million settlement agreement between First Student, Inc. and the School District that is discussed in more detail in the *Notes to the Basic Financial Statements* section later in Note 16: Contingencies.

Table 5 presents a summary of general fund revenues.

**Table 5**  
General Fund Revenues

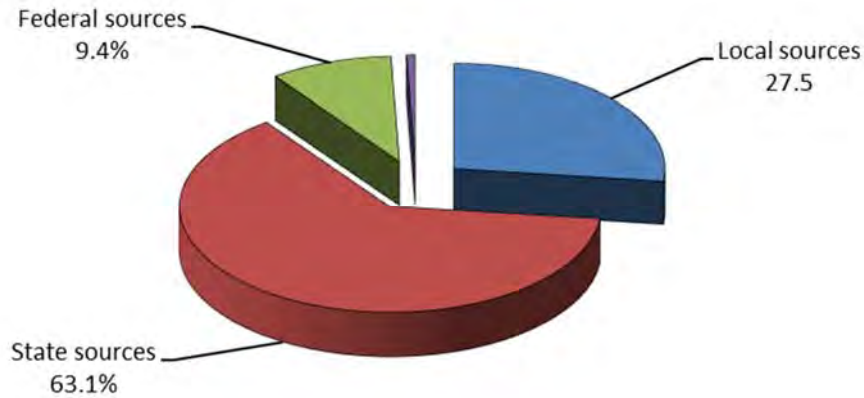
	<b>2017</b>	<b>2016</b>	<b>Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
Local sources	\$ 55,921,240	\$ 56,432,022	\$ (510,782)	-0.9%
State sources	131,123,836	134,804,170	(3,680,334)	-2.7%
Federal sources	19,453,177	17,326,772	2,126,405	12.3%
Other financing sources	1,341,600		1,341,600	100.0%
Total	<b>\$ 207,839,853</b>	<b>\$ 208,562,964</b>	<b>\$ (723,111)</b>	<b>-0.3%</b>

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Management's Discussion and Analysis June 30, 2017 (cont.)

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

**Figure A-5, General Fund Revenues**



Revenue from local sources is comprised mainly of the appropriation from the Fairbanks North Star Borough (Borough) for general school operations. The School District requested and received \$54.2 million in fiscal year 2017, a \$1.2 million decrease from last year. The net decrease in revenues from state sources was due to a decrease in foundation funding (\$2 million) and a decrease in nonemployer on-behalf payments made to our PERS and TRS defined benefit plans (\$1.6 million). The decrease in foundation funding was due to the lower student enrollment as reported to the State of Alaska during the 2016-17 20 Day Average Daily Membership Official Enrollment. The decrease in State on-behalf payments was due to legislation enacted by the State reducing the total OPEB legislative relief (employer on-behalf contribution) rate by 2.3 percent. The increase in revenues from federal sources was due to an increase of \$1.3 million in impact aid resulting primarily from a 1) a decrease to the annual application payment (\$1.9 million) offset by an increase in payments related to prior year applications (\$1.5 million) and 2) Medicaid reimbursements of \$0.8 million in our first year of billing the State of Alaska for Medicaid eligible expenditures.

Table 6 presents a summary of general fund expenditures.

**Table 6**  
General Fund Expenditures

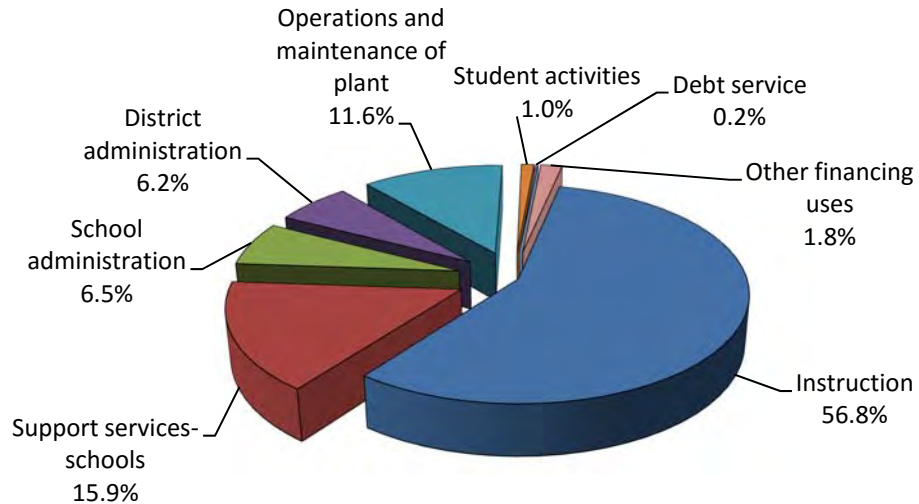
	2017	2016	Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 118,747,611	\$ 114,893,115	\$ 3,854,496	3.4%
Support services - schools	33,217,851	32,084,653	1,133,198	3.5%
School administration	13,553,325	13,075,997	477,328	3.7%
District administration	12,852,977	12,702,498	150,479	1.2%
Operations and maintenance of plant	24,231,111	23,616,160	614,951	2.6%
Student activities	2,189,380	2,202,643	(13,263)	-0.6%
Debt service	340,272		340,272	100.0%
Other financing uses	3,658,508	351,196	3,307,312	941.7%
Total	<u>\$ 208,791,035</u>	<u>\$ 198,926,262</u>	<u>\$ 9,864,773</u>	<u>5.0%</u>

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Management's Discussion and Analysis June 30, 2017 (cont.)

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

**Figure A-6, General Fund Expenditures**



As Table 6 shows, all functional areas, except student activities, incurred increases in expenditures even though nonemployer on-behalf payments to the PERS and TRS defined benefit plans in fiscal year 2017 decreased \$0.4 million and \$1.3 million, respectively. Instruction, support services – schools and school administration saw the largest decreases because these functional areas have the highest number of TRS members. If you remove the effect of the on-behalf payments, expenditures increased in fiscal year 2017 by \$11.5 million or 6.3 percent. The largest increases occurred in instruction (\$4.9 million), other financing uses (\$3.3 million) and support services-schools (\$1.5 million). The increase in the instruction function was due to increases in employee wages through negotiated contract step increases and an increase in the fringe benefit rate of 2 percent. The increase in other financing uses was due to transfers into the Student Transportation and Food Service funds and the increase to support services-schools was due to the purchase of software to develop and manage the District's personalized learning strategy, design and support plan.

The largest categorical increase in the general fund was in transfer to other funds (\$3.3 million) due to transfers into the Student Transportation and Food Service funds.

#### **Proprietary Fund**

The risk management internal service fund is used by the School District to account for its self-insurance and risk management program. An internal service fund is simply a means of accumulating costs related to a given activity on an accrual basis so that the costs can subsequently be allocated to the benefiting funds in the form of fees and charges. Any surplus or deficit in this fund is taken into account when setting future benefit rates with the idea that the fund should "break even". The internal service fund had a positive net position at June 30, 2017 of \$7,906,375, an increase of \$7,183,427 from fiscal year 2016. Operating revenues increased \$4.1 million or 11.3 percent from the prior year due to 1) a 2 percent increase in the fringe benefit rate and 2) an additional \$1.7 million allocation from the General Fund to capture the remaining employee benefit budget. Operating expenses related to health care costs, decreased \$2.5 million or 6.9 percent from the prior year.

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

### **Management's Discussion and Analysis June 30, 2017 (cont.)**

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

- The original budget includes the cost for all substitutes for teachers, counselors, and library personnel in one appropriated line item in the instruction function. However, actual substitute costs for counselors and library personnel are charged to either support services-students or support services-instruction as incurred. As those costs are known, the budget is adjusted accordingly.
- In the original budget an average salary amount is used to budget for certificated positions. However for some functions, such as special education instruction and support services-students, actual salaries for certain teaching, guidance counselor and librarian positions can be considerably higher than the average. The final budget is adjusted for these differences.

Actual revenues on the budgetary basis (excluding other financing sources) for fiscal year 2017 were \$2.1 million more than the final budget. Actual expenditures on the budgetary basis (excluding other financing uses) for fiscal year 2017 were \$0.3 million less than the final budget.

Significant budget to actual variances of note were:

- Revenues - federal sources – were \$1.7 million over budget due to higher than anticipated impact aid payments for fiscal year 2017 (\$0.9 million) and initiation of billing for Medicaid eligible expenditures (\$0.8 million).
- Total expenditures – were under budget by \$0.3 million. The two major components of the positive budget variance were in employee benefits (\$1.2 million) and supplies, materials and media (\$0.9 million). The positive employee benefits variance occurred because the benefit rate was set too high relative to final health costs for the year, including the additional \$1.7 million additional charge to employee benefits. Supplies, material and media negative variance was due to the acquisition of equipment purchased through a capital lease.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Management's Discussion and Analysis June 30, 2017 (cont.)

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

The School District's investment in capital assets for its governmental activities was \$4.3 million as of June 30, 2017 (net of accumulated depreciation and amortization). This investment in capital assets includes machinery, equipment and software. The Borough owns the land and buildings. Table 7 details capital assets by asset type.

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

	<b>2017</b>	<b>2016</b>	<b>Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
Machinery and equipment	\$ 3,736,047	\$ 3,927,906	\$ (191,859)	-4.9%
Intangibles (software)	563,290	652,268	(88,978)	-13.6%
Total	<u><b>\$ 4,299,337</b></u>	<u><b>\$ 4,580,174</b></u>	<u><b>\$ (280,837)</b></u>	<b>-6.1%</b>

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

##### Debt Administration

The School District's long-term obligations include \$4.1 million for compensated absences, a decrease of \$50,298 or 1.2 percent from the prior year due to the payout and use of leave outpacing the value of leave earned. Long-term obligations also include \$4.7 million for insurance claims and reserves, an increase of \$0.3 million or 7.6 percent from prior year. Claims and reserves include such items as claims payable and accrued self-insurance reserves. The increase in claims and reserves, reported in the risk management internal service fund, is due to the addition of health reimbursement accounts. Finally, the PERS and TRS net pension liability increased \$37.1 million or 24.7 percent with the largest increase occurring in the TRS net pension liability (\$32.6 million or 44.9 percent). The change in allocation methodology for the proportional share of the PERS and TRS net pension liability, related deferred inflows/outflows related to pensions and pension expense. The amounts for fiscal year 2017 were allocated based on the present value of contributions for fiscal year 2018 to the projected fully funded year of fiscal year 2039. The change in allocation methodology increased the School District's allocation percentage by 0.6 percent. Additional information about long-term obligations can be found in Note 9 on page 54, Note 12 on pages 55 through 56 and Note 14 on pages 57 through 71 of this report, respectively, and in the risk management internal service fund financial statements on pages 36 through 38.

Debt related to general obligation bonds for school construction is the responsibility of the Borough. The School District has no liability for repayment of general obligation bonds. For informational purposes, debt related to general obligation bonds for school construction can be found in Note 10 on page 54 through 55 of this report.



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

### **Management's Discussion and Analysis June 30, 2017**

#### **ECONOMIC FACTORS AND SUBSEQUENT YEARS' BUDGETS**

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

- The Fairbanks North Star Borough School District Board of Education adopted a fund balance policy during FY17 and has made a concerted effort to increase the existing fund balance to offset anticipated loss of revenue and expenditure increases over the next few years. It is expected that the board will deliberately and structurally reduce the level of fund balance over the next three to four years. This reduction in fund balance will be reflected in the district's balance sheet in subsequent years.
- The District will be establishing an Equipment Replacement Internal Service Fund in the FY18 year. This fund will act as a depreciation fund and will provide for a predictable resource for Instructional Equipment. It is anticipated that the fund will futuristically carry a balance in excess of \$1M and should provide budgetary relief to the district by leveling off the annual costs of equipment replacement.
- As noted in the prior year economic factors section of the MD&A, the restructure of the plan designs in the District's Health Plan will continue to provide financial relief during the District's budgeting processes for future years. It is anticipated that the District will be able to reduce its health benefit rate by 2% for the FY19 budget. This will generate savings of over \$2 million for the FY19 year. The School District will continue to analyze the plan performance to quantify the financial impact of the design changes.
- The announcement of the arrival of two squadrons of F-35's to Eielson Air Force Base by 2022 was made in FY17. Initial estimates of population growth came in around 3,000 to the Fairbanks area. The District anticipates an increase of approximately 500 students within the next two to three budget years. There will also likely be an increase in taxable valuation to the local borough, which will have an effect on the borough's ability to provide additional funding to the School District. These factors are all anxiously being tracked by the District and we will continue to analyze and share information in order to prepare for and maximize the benefits of Eielson growth for the School District.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the School District finances and shows the School District's accountability for the money it receives. Questions concerning information provided in this report or requests for additional information should be addressed to:

Lisa Pearce  
Chief Financial Officer  
Fairbanks North Star Borough School District  
Department of Administrative Services  
520 5<sup>th</sup> Avenue  
Fairbanks, Alaska 99701  
Phone (907) 452-2000  
[lisa.pearce@k12northstar.org](mailto:lisa.pearce@k12northstar.org)

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# **BASIC FINANCIAL STATEMENTS**

# **BASIC FINANCIAL STATEMENTS**

**Government-wide Financial Statements**

**Fund Financial Statements**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Statement of Net Position**

**Statement of Activities**

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Statement of Net Position

June 30, 2017

(With comparative totals for 2016)

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
 <b><u>ASSETS</u></b>		
Equity in central treasury cash	\$ 50,252,089	\$ 36,643,094
Accounts receivable	8,198,796	8,155,965
Due from Fairbanks North Star Borough	186,720	66,138
Inventories	828,410	918,697
Prepaid items	42,840	2,070
Machinery and equipment	11,421,951	11,022,535
Less accumulated depreciation	(7,685,904)	(7,094,629)
Intangible assets, net of amortization	563,290	652,268
Total assets	<u>63,808,192</u>	<u>50,366,138</u>
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred outflows related to pensions	<u>39,942,584</u>	<u>34,332,671</u>
 <b><u>LIABILITIES</u></b>		
Accounts payable	5,700,576	895,947
Accrued payroll and liabilities	1,188,062	1,055,823
Unearned revenue	404,794	415,142
Due to Fairbanks North Star Borough		30,628
Due to external groups and agencies	27,256	
Long-term liabilities (See Note 9):		
Due within one year	8,462,637	7,758,266
Due in more than one year	188,430,919	150,758,514
Total liabilities	<u>204,214,244</u>	<u>160,914,320</u>
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred inflows related to pensions	<u>6,078,699</u>	<u>2,927,869</u>
 <b><u>NET POSITION</u></b>		
Investment in capital assets	4,299,337	4,580,174
Restricted for:		
Grant-funded programs	700,964	1,670,850
Student allotments	102,147	88,780
Unrestricted deficit	<u>(111,644,615)</u>	<u>(85,483,184)</u>
Total net position	<u><u>\$(106,542,167)</u></u>	<u><u>\$(79,143,380)</u></u>

See accompanying notes to the basic financial statements

# **FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

## Statement of Activities

For the Year Ended June 30, 2017  
(With comparative totals for 2016)

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 111,640,903	\$ 9,686	\$ 14,369,788	\$ 127,068	\$ (89,434,386)
Special education instruction	34,256,340		5,502,804		(26,891,471)
Special education support services - students	11,056,197		733,260		(10,180,155)
Support services - students	14,252,727	185,255	3,233,631		(13,260,757)
Support services - instruction	15,580,406	9,050	2,247,600		(11,797,777)
School administration	8,933,366		913,912		(7,422,002)
School administration support services	6,805,796		116,798		(6,873,705)
District administration	2,372,557		112,982		(2,010,073)
District administration support services	13,431,721		525,226		(13,504,354)
Operations and maintenance of plant	27,579,992		338,287	1,008,695	(27,836,881)
Student activities	5,043,266		2,704,288		(2,372,496)
Student transportation - to and from school	12,149,994		11,208,869		381,323
Food services	6,399,804	1,369,239	3,798,379		(1,611,986)
Total governmental activities	\$ 269,503,069	\$ 1,573,230	\$ 45,805,824	\$ 1,135,763	\$ (212,814,720)
<b>General revenues:</b>					
Grants and contributions not restricted to specific programs:					
Borough direct appropriation				54,169,000	55,369,000
Foundation program				116,214,852	118,214,578
Other state revenue				1,984,382	1,982,685
Federal impact aid				18,353,834	17,012,673
Other				1,325,280	721,453
Miscellaneous				1,542,117	608,336
Total general revenues				193,589,465	193,908,725
Change in net position				(27,398,787)	(18,905,995)
Net position - beginning				(79,143,380)	(60,237,385)
Net position - ending				(106,542,167)	\$ (79,143,380)

See accompanying notes to the basic financial statements



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# **FUND FINANCIAL STATEMENTS**

## **Governmental Funds:**

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

## **Proprietary Fund:**

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

## **Fiduciary Fund:**

- Statement of Fiduciary Assets and  
Liabilities**

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Balance Sheet  
Governmental Funds  
June 30, 2017

(With comparative totals for 2016)

	<u>General</u>	<u>Federal Programs Special Revenue</u>	<u>Student Transportation Special Revenue</u>	<u>State Programs Special Revenue</u>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$ 30,595,083	\$ 1,881	\$ 7,560,381	\$ 767,410
Accounts receivable:				
Local	401,591	41,577		
State		3,381,481		110,338
Federal	8,013	515,570		
Due from other funds	4,243,185			
Due from Fairbanks North Star Borough	7,690			38,852
Inventories	414,262			
Prepaid items	42,840			
	<u>\$ 35,712,664</u>	<u>\$ 3,940,509</u>	<u>\$ 7,560,381</u>	<u>\$ 916,600</u>
Total assets				
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 853,400	\$ 41,300	\$ 4,527,786	\$ 300
Accrued payroll and liabilities	1,188,062			
Unearned revenue				400,081
Due to other funds		3,884,038		145,353
Due to Fairbanks North Star Borough				
Due to external groups and agencies	10,429	13,290		3,537
	<u>\$ 2,051,891</u>	<u>\$ 3,938,628</u>	<u>\$ 4,527,786</u>	<u>\$ 549,271</u>
Total liabilities				
Fund balances:				
Nonspendable	\$ 457,102	\$	\$	\$
Restricted	102,147	1,881	331,754	367,329
Committed				
Assigned	20,340,970		2,700,841	
Unassigned	12,760,554			
	<u>\$ 33,660,773</u>	<u>\$ 1,881</u>	<u>\$ 3,032,595</u>	<u>\$ 367,329</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 35,712,664</u>	<u>\$ 3,940,509</u>	<u>\$ 7,560,381</u>	<u>\$ 916,600</u>

See accompanying notes to the basic financial statements

Nonmajor Governmental	Total Governmental Funds	
	2017	2016
\$ 1,926,749	\$ 40,851,504	\$ 35,560,415
86,931	530,099	257,469
277,235	3,769,054	3,496,930
	523,583	326,872
	4,243,185	5,338,611
140,178	186,720	66,138
414,148	828,410	918,697
	42,840	2,070
<u>\$ 2,845,241</u>	<u>\$ 50,975,395</u>	<u>\$ 45,967,202</u>

\$ 96,263	\$ 5,519,049	\$ 819,469
	1,188,062	1,055,823
4,713	404,794	415,142
213,794	4,243,185	5,338,611
	27,256	30,628
<u>\$ 314,770</u>	<u>\$ 11,382,346</u>	<u>\$ 7,659,673</u>

\$ 414,148	\$ 871,250	\$ 920,767
	803,111	1,759,630
1,563,189	1,563,189	1,576,893
553,134	23,594,945	20,084,914
	12,760,554	13,965,325
<u>\$ 2,530,471</u>	<u>\$ 39,593,049</u>	<u>\$ 38,307,529</u>
<u>\$ 2,845,241</u>	<u>\$ 50,975,395</u>	<u>\$ 45,967,202</u>

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**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2017

Total fund balances for governmental funds \$ 39,593,049

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

The cost of capital assets purchased is reported as an expenditure in governmental funds. Conversely, the fair market value of capital assets donated is not reported in governmental funds. The statement of net position includes purchased and donated capital assets among the assets of the School District as a whole. The cost (or fair market value, if donated) of those capital assets is allocated over their estimated useful lives (as depreciation/amortization expense) to the various functions reported as governmental activities in the statement of activities.

Machinery and equipment	\$ 11,421,951	
Accumulated depreciation to date	(7,685,904)	
Intangible assets, net of accumulated amortization	<u>563,290</u>	4,299,337

An internal service fund is used by management to charge the costs of self-insurance and risk management to individual funds. The assets and liabilities of the internal service fund are reported with governmental activities in the statement of net position.

Internal service fund net position	7,906,374
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Long-term liabilities applicable to the School District's governmental funds are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances at June 30, 2017 are:

Compensated absences	(4,050,845)	
Capital lease	(1,001,328)	
Net pension liability	<u>(187,152,639)</u>	(192,204,812)

Deferred outflows related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	39,942,584
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Deferred inflows related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	<u>(6,078,699)</u>
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Total net position of governmental activities	<u>\$ (106,542,167)</u>
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See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2017  
(With comparative totals for 2016)

	<u>General</u>	<u>Federal Programs Special Revenue</u>	<u>Student Transportation Special Revenue</u>	<u>State Programs Special Revenue</u>
Revenues:				
Local sources	\$ 55,921,240	\$ 7,047	\$	\$
State sources	131,123,836		11,201,544	235,755
Federal sources	19,453,177	11,857,809		
Total revenues	<u>206,498,253</u>	<u>11,864,856</u>	<u>11,201,544</u>	<u>235,755</u>
Expenditures:				
Current:				
Instruction	93,658,655	3,716,236		96,142
Special education instruction	25,088,956	4,826,395		
Special education support services - students	9,814,352			
Support services - students	11,171,195	664,681		150,977
Support services - instruction	12,232,304	1,656,825		
School administration	7,786,833			
School administration support services	5,766,492			
District administration	2,060,746			
District administration support services	10,792,231	909,373		8,236
Operations and maintenance of plant	24,231,111			869
Student activities	2,189,380			
Student transportation - to and from school			12,141,538	
Food services		90,585		10,184
Total current	<u>204,792,255</u>	<u>11,864,095</u>	<u>12,141,538</u>	<u>266,408</u>
Debt service - principal	340,272			
Capital outlay				
Total expenditures	<u>205,132,527</u>	<u>11,864,095</u>	<u>12,141,538</u>	<u>266,408</u>
Excess (deficiency) of revenues over expenditures	<u>1,365,726</u>	<u>761</u>	<u>(939,994)</u>	<u>(30,653)</u>
Other financing sources (uses):				
Issuance of capital lease	1,341,600			
Transfers in			1,472,000	
Transfers out	(3,658,508)			
Total other financing sources (uses)	<u>(2,316,908)</u>		<u>1,472,000</u>	
Net change in fund balances	(951,182)	761	532,006	(30,653)
Fund balances - beginning	34,611,955	1,120	2,500,589	397,982
Fund balances - ending	<u>\$ 33,660,773</u>	<u>\$ 1,881</u>	<u>\$ 3,032,595</u>	<u>\$ 367,329</u>

See accompanying notes to the basic financial statements

Nonmajor Governmental	Total Governmental Funds	
	2017	2016
\$ 4,913,497	\$ 60,841,784	\$ 60,634,525
	142,561,135	147,346,486
3,999,265	35,310,251	32,322,556
8,912,762	238,713,170	240,303,567
2,500	97,473,533	94,867,175
	29,915,351	27,997,201
	9,814,352	9,756,127
157,777	12,144,630	13,677,384
33,298	13,922,427	12,050,673
	7,786,833	7,523,471
	5,766,492	5,552,526
	2,060,746	1,821,104
98	11,709,938	11,729,962
	24,231,980	23,622,168
2,599,810	4,789,190	4,682,307
	12,141,538	11,785,369
5,551,942	5,652,711	5,478,326
8,345,425	237,409,721	230,543,793
	340,272	
1,019,257	1,019,257	407,717
9,364,682	238,769,250	230,951,510
(451,920)	(56,080)	9,352,057
	1,341,600	
2,187,851	3,659,851	353,556
(1,343)	(3,659,851)	(353,556)
2,186,508	1,341,600	
1,734,588	1,285,520	9,352,057
795,883	38,307,529	28,955,472
\$ 2,530,471	\$ 39,593,049	\$ 38,307,529



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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, 2017

Net change in fund balances - total governmental funds \$ 1,285,520

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Expenditures for capital assets	\$ 523,376	
Less current year depreciation/amortization	<u>(825,967)</u>	
		(302,591)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals and donations) is to increase net position.	21,754
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The issuance of long-term debt (e.g. capital lease) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Issuance of capital lease	(1,341,600)	
Repayment of principal on capital lease	<u>340,272</u>	
		(1,001,328)

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.	50,298
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Pension contributions made during the year are reported as expenditures in the governmental funds. However, in the statement of activities contributions made during the year are deferred and not reflected as expenses because they were made after the June 30, 2016 measurement date. Contributions made in the fiscal year ending June 30, 2016 are reflected as expenses in the statement of activities in the current year. These consist of:

Contributions subsequent to the measurement date	7,782,916
Employer contribution expense	(7,166,350)

Net pension liability related items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of:

Pension expense	(35,252,432)
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An internal service fund is used by management to charge the costs of self-insurance and risk management to individual funds. The operating income of the internal service fund is reported with governmental activities.

Change in net position of governmental activities	<u>\$ (27,398,787)</u>
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See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

## Statement of Net Position

## Proprietary Fund

June 30, 2017

(With comparative totals for 2016)

	<b>Governmental Activities - Risk Management Internal Service Fund Totals</b>	
	<b>2017</b>	<b>2016</b>
<b><u>ASSETS</u></b>		
Current assets:		
Equity in central treasury cash	\$ 9,400,585	\$ 1,082,679
Accounts receivable - local	3,376,060	4,074,694
Total assets	<u>\$ 12,776,645</u>	<u>\$ 5,157,373</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	\$ 181,527	\$ 76,478
Current portion of long-term liabilities:		
Claims payable	4,276,569	3,865,589
Total current liabilities	<u>4,458,096</u>	<u>3,942,067</u>
Noncurrent liabilities:		
Noncurrent portion of long-term liabilities:		
Claims payable	41,257	47,515
Accrued self-insurance reserves	370,918	444,843
Total noncurrent liabilities	<u>412,175</u>	<u>492,358</u>
Total liabilities	<u>4,870,271</u>	<u>4,434,425</u>
<b><u>NET POSITION</u></b>		
Unrestricted	<u>7,906,374</u>	<u>722,948</u>
Total net position	<u>\$ 7,906,374</u>	<u>\$ 722,948</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended June 30, 2017  
(With comparative totals for 2016)

	<b>Governmental Activities - Risk Management Internal Service Fund Totals</b>	
	<b>2017</b>	<b>2016</b>
Operating revenues:		
Revenue from local sources:		
Charges for services	\$ 39,866,715	\$ 35,804,338
Operating expenses:		
Health and life insurance	31,064,455	33,471,228
Workers' compensation insurance	729,144	797,447
Property and other insurance	423,513	452,039
Auto and general liability insurance	466,177	415,605
Total operating expenses	32,683,289	35,136,319
Operating income	7,183,426	668,019
Total net position - beginning	722,948	54,929
Total net position - ending	\$ 7,906,374	\$ 722,948

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, 2017  
(With comparative totals for 2016)

	<b>Governmental Activities - Risk Management Internal Service Fund Total</b>	
	<b>2017</b>	<b>2016</b>
Cash flows from operating activities:		
Receipts from interfund services provided	\$ 39,828,231	\$ 35,752,811
Receipts from employees	3,961,862	4,167,937
Payments to suppliers	(683,213)	(1,000,043)
Payments to employees	(391,136)	(110,122)
Payments to Fairbanks North Star Borough	<u>(34,397,838)</u>	<u>(38,219,272)</u>
Net cash provided by operating activities	8,317,906	591,311
Equity in central treasury cash - beginning	<u>1,082,679</u>	<u>491,368</u>
Equity in central treasury cash - ending	<u><u>\$ 9,400,585</u></u>	<u><u>\$ 1,082,679</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 7,183,426</u>	<u>\$ 668,019</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease in accounts receivable - local	698,634	200,834
Increase (decrease) in accounts payable	105,049	(7,649)
Increase (decrease) in claims payable, current portion	410,980	(291,943)
Decrease in claims payable, non-current portion	(6,258)	(5,973)
Increase (decrease) in accrued self-insurance reserves	<u>(73,925)</u>	<u>28,023</u>
Total adjustments	<u>1,134,480</u>	<u>(76,708)</u>
Net cash provided by operating activities	<u><u>\$ 8,317,906</u></u>	<u><u>\$ 591,311</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, 2017  
(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
<b><u>ASSETS</u></b>		
Equity in central treasury cash	<u>\$ 29,928</u>	<u>\$ 25,947</u>
<b><u>LIABILITIES</u></b>		
Due to external groups	<u>\$ 29,928</u>	<u>\$ 25,947</u>

See accompanying notes to the basic financial statements

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# **NOTES TO THE BASIC FINANCIAL STATEMENTS**



## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fairbanks North Star Borough School District (School District) operates a public school system under an elected school board, as permitted by Alaska Statutes 14.14.060 and 29.35.160. The financial statements of the School District have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

##### A. Reporting Entity

These financial statements include all the activities of the School District, a component unit and an integral part of the reporting entity of the Fairbanks North Star Borough (Borough), the primary government. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The School District is reported in a separate column in the Borough's government-wide financial statements, to emphasize that the School District is legally separate from the Borough. Pursuant to Alaska Statutes, Title 29.35.160, the Borough has the responsibility of establishing, maintaining and operating a system of public schools. The Borough has delegated the administrative responsibilities for compliance with the statutes to the Fairbanks North Star Borough School District Board of Education (Board of Education), while retaining certain responsibilities. The Borough issues bonds to finance school construction, levies taxes and collects and disburses the funds, and has responsibility for funding any deficits. The Borough Assembly remains responsible for approving the School District's total budget and is also responsible for providing a minimum level of local support per State statutes.

Borough Ordinance 7.04.120E requires the first 25 percent of the School District's annual general fund lapse (defined as the net change in unassigned general fund fund balance as calculated on a fund-level GAAP basis) be returned to the Borough. The amount of the annual lapse is capped at \$1,000,000. The School District nets any amounts returned to the Borough against the current year local appropriation. In fiscal year 2016 the Borough granted a one-time waiver of the lapse provision of Borough Ordinance 7.04.120E in response to anticipated large School District budget shortfalls for fiscal year 2016. In addition to the lapse provision of 7.04.120E, the School District may not carry over from one year to the next unassigned local appropriation fund balance exceeding seven percent of the local contribution to education for that fiscal year. Any amount in excess of seven percent shall be returned to the Borough except for any portion formally assigned by the School Board to be used for expenditures in the immediately subsequent fiscal year.

School construction bond proceeds to purchase furnishings and equipment for new schools are accounted for in the School District's various capital project and special revenue funds. The School District receives reimbursement from the Borough for these expenditures on an as-needed basis. The operational services provided directly by the Borough have been included in the general fund, special revenue funds and internal service fund, where appropriate, as expenditures.

Complete financial statements of the Borough can be obtained from the Borough Clerk's Office at 809 Pioneer Road, PO Box 71267, Fairbanks, Alaska 99707-1267; phone number (907) 459-1000 or on the web at <http://co.fairbanks.ak.us/fs/Pages/Comprehensive-Annual-Financial-Reports.aspx>.

##### B. Basis of Presentation – Government-wide Financial Statements

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

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are copier and printing charges between the School District's district administration support services function and various other functions of the district. Elimination of these charges would distort the direct costs reported for the various functions concerned.

#### **C. Basis of Presentation – Fund Financial Statements**

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid School District management in demonstrating compliance with finance-related legal and contractual provisions.

The fund financial statements provide information about the School District's funds including its fiduciary fund. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

##### Governmental Funds

The School District has four major governmental funds:

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

Federal Programs Special Revenue Fund – the federal programs special revenue fund accounts for federal grants received directly from the federal government, passed through the State of Alaska or passed through other funding entities.

Student Transportation Special Revenue Fund – the student transportation special revenue fund accounts for activities related to student transportation to and from school and other State-approved student transportation. Revenues include State student transportation revenue and any necessary transfers from the School District general fund.

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

In addition, the School District has eleven nonmajor governmental funds. The nonmajor special revenue funds are local programs, food service and school activities. The nonmajor capital project funds are Title VIII construction, districtwide school projects, administrative center infrastructure,

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

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

#### Proprietary Fund

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

#### Fiduciary Fund

The School District's agency fund accounts for the assets held by the School District as an agent for various school-related employee groups. The activities of the groups are mostly philanthropic in nature for the benefit of District employees and students. The fund is custodial in nature and does not involve the measurement of results of operations.

#### **D. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Entitlements and shared revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenue for expenditure-driven grants is recognized when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the School District.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District's risk management internal service fund are charges to other funds for services. Operating expenses include insurance premiums, risk self-retention costs, risk management administration provided by the Borough, and third party claims administrator costs. All revenues and expenses are reported as operating revenues and expenses.

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

#### **E. Equity in Central Treasury Cash – Deposits and Investments**

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

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

### **Notes to the Basic Financial Statements June 30, 2017 (cont.)**

cash flow requirements, and achieve a reasonable market rate of return. Borough central treasury investments are reported at fair value. See Note 4.

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

#### **F. Statement of Cash Flows**

For purposes of the statement of cash flows, the cash and cash equivalents of the internal service fund is its equity in central treasury cash.

#### **G. Receivables and Payables**

Activity between funds, resulting from individual funds' overdrafts of pooled cash in the central treasury, is referred to as "due to/from other funds." Certain receivables and payables between the School District and the primary government are referred to as "due to/from Fairbanks North Star Borough." Receivables from the Fairbanks North Star Borough are comprised of office rental space in the School District's Administrative Center, services provided to the Borough by the School District EEO officer and charges for equipment and supplies reimbursable from proceeds of Borough bonds issued for School District facilities or miscellaneous pass-through grants. Payables to the Fairbanks North Star Borough are for the return of a portion of the Borough direct appropriation pursuant to Borough Ordinance 7.04.120E. Because of anticipated budget shortfalls for fiscal years ended June 30, 2016, the Borough granted one-time waivers of the \$800,000 required lapse for fiscal year ended June 30 2016 (see also Note 1A).

Through various negotiated agreements with employees, the School District has put in place a cost sharing mechanism for health costs. At June 30 of each year, total health costs for the fiscal year are used to calculate an amount expected to be collected from employees in the following calendar year through payroll deductions. The School District records an employee dollar share receivable at June 30 of each year in the risk management internal service fund.

#### **H. Inventories**

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

#### **I. Prepaid Items**

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

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

#### J. General Capital Assets

The Borough owns and provides to the School District without charge all school buildings and associated land. The Borough also owns all four on-base schools located at Fort Wainwright Army Post and Eielson Air Force Base. General capital assets, which consist of machinery and equipment (including commissioned works of art installed in school buildings) and certain intangible assets, are reported in the governmental activities column in the government-wide financial statements. General capital assets are defined by the School District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. General capital assets are valued at cost or estimated historical cost when the original cost is not available and depreciated/amortized over their estimated useful lives. Donated capital assets are valued at their acquisition value on the date received. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Straight line depreciation/amortization is used based on the following estimated useful lives:

Machinery and equipment	5 – 25 years
Intangible assets (software)	5 – 10 years

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the assets' lives are not capitalized.

#### K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has five items in this category, all related to pension expense. They are 1) the difference between expected and actual experience, 2) the change in actuarial assumptions, 3) the net difference between projected and actual earnings on pension plan investments, 4) changes in proportion and differences between School District contributions and proportionate share of contributions and 5) pension contributions made subsequent to the net pension liability measurement date of June 30, 2016.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three items in this category, all related to pension expense. They are 1) the difference between expected and actual experience, 2) the net difference between projected and actual earnings on pension plan investments, and 3) changes in proportion and differences between School District contributions and proportionate share of contributions.

#### L. Claims Payable and Accrued Self-Insurance Reserves

Amounts reported as claims payable and accrued self-insurance reserves in the risk management internal service fund include estimates for expected future development on claims already reported, as well as consideration for known and unknown events that might create claims, but for which none have been reported.

#### M. Unearned Revenue

Unearned revenue arises when resources are received before the School District has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

subsequent periods, when there is a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

#### **N. Compensated Absences**

It is the School District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Personal/annual leave is subject to certain restrictions and maximum accumulations. Employees earning personal/annual leave are paid for any accumulated leave upon use. At termination accumulated annual leave is paid, accumulated personal leave is forfeited. Sick leave, which may accumulate indefinitely, is charged to expenditures when used. Upon resignation, unused sick leave is forfeited. However, retiring employees who are members of the Public Employees' Retirement System receive full pay for unused sick leave on a sliding scale, based on years of service, ranging from thirty (30) days to a maximum of ninety (90) days. Retiring employees who are members of the Alaska Teachers' Retirement System may use unused sick leave as an increase in service credit. All personal/annual leave is reported when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of impending employee resignations and retirements.

#### **O. Other Long-Term Liabilities**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Long-term obligations of the risk management internal service fund (the School District's only proprietary fund type) are reported as governmental activities in the government-wide financial statements as this fund serves only governmental funds.

Debt incurred for the construction of school facilities is the obligation of the Borough; therefore it is not included on the School District's government-wide statement of net position. It is, however, disclosed in Note 10 for informational purposes.

#### **P. Fund Equity**

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

##### Fund Balance

Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

*Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are not expected to be converted to cash, i.e., inventories and prepaid items.

*Restricted* – Fund balances are reported as restricted when constraints are placed on their use through external restrictions imposed by creditors, grantors, donors, or laws or regulations of other governments.

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

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

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

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

#### Flow Assumptions

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, unassigned.

#### **Q. Contract for Operating On-Base Schools**

In 1992 the State of Alaska Department of Education and Early Development (DEED) entered into an agreement with the United States Department of Education that required a change in the handling of Impact Aid revenues for the students living on Fort Wainwright Army Post and Eielson Air Force Base. Revenues that had previously gone to the DEED and were used to partially fund the foundation program and tuition in lieu of local taxes were required to be passed on directly to the School District. The increase in federal revenue through the State of Alaska was offset by the equalization deduction in foundation revenue as provided in Alaska Statute section 14.17.410 and a reduction in tuition in lieu of taxes. An agreement was reached between the School District and the DEED that the change in the treatment of revenue would not result in an adverse impact on the operating revenue of the School District. This agreement is still in place and resulted in the State of Alaska making a \$1,450,000 payment for on-base schools in fiscal year 2017.

#### **R. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Alaska Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/deductions from PERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by PERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

#### **S. On-Behalf Pension and Postemployment Healthcare Benefit Payments**

Effective July 1, 2007 new State regulation set the effective contribution rates of the Alaska Public Employees' Retirement System and the Teachers' Retirement System defined benefit plan tiers below the actuarially determined rates. This legislation also provided that payments be made by the State on behalf of employers to make up the difference between the effective rate and the actuarially determined rate. As required by the *Alaska Department of Education and Early Development*, the on-behalf payments for all funds of the School District are recorded as revenue in the general fund. The corresponding pension expenditures are also recorded in the general fund in amounts equal to the on-behalf payments.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

In the government-wide financial statements the pension on-behalf payments and related revenue are replaced with nonemployer pension expense as of the measurement date of June 30, 2016 and revenue equal to the nonemployer pension expense.

#### T. Comparative Data

The financial statements include certain prior-year summarized comparative information in order to provide an understanding of the changes in the financial position and operation of the School District's funds. Such comparative information does not include the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the School District's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Certain amounts presented in prior year data, which have no effect on change in net position or net change in fund balances, have been reclassified in order to be consistent with the current year's presentation. In fiscal year 2017, it was determined that the food service special revenue fund was misclassified as a nonmajor fund in 2016. Therefore the June 30, 2016 balances have been reclassified to show food service as a major fund. This change in classification does not affect the Fund Financial Statements or Government-wide Financial Statements for June 30, 2016.

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

The governmental fund statement of revenues, expenditures, and changes in fund balances include reconciliation between *net change in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "the net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals and donations) is to increase net position." The details of this \$21,754 increase are as follows:

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

Net loss on the disposal of capital assets	\$ (3,746)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>25,500</u>
Net adjustment to increase <i>net change in fund balance - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i> .	<u><u>\$ 21,754</u></u>



# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2017 (cont.)

### NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### Fund Balance Compliance

The Borough code of ordinances allows the School District to carry over from one year to the next local appropriation fund balance not exceeding seven percent of the local contribution to education for that fiscal year. Any amount in excess of seven percent shall be returned to the Borough except for any portion formally assigned by the School Board to be used for expenditures in the immediately subsequent fiscal year. At June 30, 2017 local appropriation fund balance was \$8,077,417 under the seven percent limit.

Title 14 of Alaska State Statutes limits an accumulation of fund balance in the general fund to less than ten percent of current year expenditures. Any amount in excess of this limit will reduce the subsequent year's state foundation aid. Alaska Administrative Code defines six items that are not subject to the fund balance accumulation threshold. A *statement of compliance* required by the Code can be found in the Supplemental Reports section of this comprehensive annual financial report.

#### Fund Balance Detail

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

General fund:

Inventories	\$	414,262
Prepaid items		42,840
Total general fund		<u>457,102</u>

Nonmajor governmental funds:

Food service special revenue fund - inventories		414,148
Total <i>nonspendable</i>	\$	<u><u>871,250</u></u>

*Restricted* - the following fund balances are restricted for:

General fund - student allotments	\$	102,147
Federal programs special revenue fund		1,881
Student transportation special revenue fund		331,754
State programs special revenue fund		367,329
Total <i>restricted</i>	\$	<u><u>803,111</u></u>

*Committed* - the following fund balances are committed to:

Nonmajor governmental funds:

Local programs special revenue fund:

Community Collaborate Woodriver	\$	500
National Rifle Association		3,631
Options Child Care		17,326
Barnette Magnet After School Program		47,387
University Park After School Program		9,878
Nike N7		374
Community Grant Program - Walmart		756
Community Grant Program - Walmart SPED		159
Bridge Walmart Community Grant		1,000
Views on Learning		24,993
Curriculum Staff Development		15,954
Community Donations		71,572
School activities special revenue fund		1,369,659
Total <i>committed</i>	\$	<u><u>1,563,189</u></u>

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

*Assigned* - the following fund balances are assigned to:

General fund:

Encumbrances - purchase orders outstanding at June 30, 2017	\$ 1,881,451
Impact aid advance	10,884,519
Subsequent year's expenditures	7,575,000
Total general fund	<u>20,340,970</u>

Student transportation special revenue fund

2,700,841

Nonmajor governmental funds:

Food service special revenue fund 199,173

Capital projects funds:

Title VIII Construction 349,114

Districtwide School Projects 4,847

Total capital projects funds 353,961

Total *assigned* \$ 23,594,945

#### NOTE 4: EQUITY IN CENTRAL TREASURY CASH AND INVESTMENTS

The School District is not authorized to secure direct investments. All cash funds of the School District are maintained in a central cash treasury by the Borough. Chapter 7.16 of the Borough Code of Ordinances describes the objectives, policies, and procedures for the investment of Borough funds and applies to the investment of all Borough moneys, unless otherwise provided expressly by ordinance.

Banking services are provided to the Borough under a contract with Wells Fargo Bank Alaska N.A (WFB). These services are being paid monthly through a fee based structure.

The Borough's investments are subject to "interest rate risk" – the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough's policies to manage the interest rate risk of its investments include limiting their time to maturity at the date of purchase. In addition, the Borough's entire investment portfolio cannot have an average maturity exceeding three years. Further, at the time of purchasing an investment, not more than 30 percent of the prior 12-month moving average value of the portfolio may be in the three- to five-year range.

The Borough's investments in debt securities are also subject to "credit risk" – the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured by nationally recognized statistical rating agencies, such as Standard & Poor's, Moody's, and Fitch in the form of credit quality ratings. The Borough's policies limit its investments in debt securities to obligations of the U.S. government, which are to be considered free of any credit risk in accordance with GAAP, and to the highest-rated debt securities where the credit risk is low.

The Borough also invests in the Alaska Municipal League Investment Pool, Inc. (Pool). The Pool is not SEC-registered, but is a 2a7-like money market fund, operating in a manner consistent with that rule. In February 2017, Standard & Poor's affirmed its AAAM principal stability fund rating to the Pool. Regulatory oversight of the Pool is established by Alaska Statue 37.23. The Pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. As of June 30, 2107, the fair value of the investments in the Pool approximates the amortized cost at which the investments were reported. The fair value of the Borough's investments in the Pool is the same as the value of the Pool units.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2017 (cont.)

The School District's carrying value of the equity in the central treasury varies from the balances reported in the various funds by the amount that individual funds have overdrawn their share of the pooled cash. A reconciliation of the carrying value to the reported value in the fund financial statements at June 30, 2017 is as follows:

	Carrying Value of Equity in Central Treasury	Due To/From Other Funds	Reported Equity in Central Treasury
General fund	\$ 34,838,268	\$ (4,243,185)	\$ 30,595,083
Federal programs special revenue fund	(3,882,157)	3,884,038	1,881
Student transportation special revenue fund	7,560,381		7,560,381
State programs special revenue fund	622,057	145,353	767,410
Non-major governmental funds	1,712,955	213,794	1,926,749
Total governmental funds	40,851,504		40,851,504
Risk management internal service fund	9,400,585		9,400,585
Total governmental activities	\$ 50,252,089	\$	\$ 50,252,089
School District agency fund	\$ 29,928	\$	\$ 29,928

### NOTE 5: RECEIVABLES

Detail of accounts receivable reported in the statement of net position at June 30, 2017 were as follows:

	General Fund	Federal Programs Special Revenue Fund	State Programs Special Revenue Fund	Nonmajor Governmental Funds	Risk Management Internal Service Fund	Totals
Governmental activities:						
Local	\$ 401,591	\$ 41,577	\$	\$ 86,931	\$ 3,376,060	\$ 3,906,159
State		3,381,481	110,338	277,235		3,769,054
Federal	8,013	515,570				523,583
Total receivables	\$ 409,604	\$ 3,938,628	\$ 110,338	\$ 364,166	\$ 3,376,060	\$ 8,198,796

### NOTE 6: CAPITAL ASSETS

The Borough owns and accounts for all land, school buildings and improvements other than buildings, which are provided to School District schools without charge. Capital assets recorded in the School District's financial records consist of machinery, equipment and software. Included in the machinery and equipment category are commissioned works of art installed in school buildings.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2017 (cont.)

The changes in capital assets by major class for the year ended June 30, 2017, were as follows:

	July 1, 2016 Balance	Additions	Deductions	June 30, 2017 Balance
<b>Governmental activities:</b>				
Machinery and equipment	\$ 11,022,535	\$ 473,371	\$ (73,955)	\$ 11,421,951
Less accumulated depreciation	(7,094,629)	(661,484)	70,209	(7,685,904)
Total, net of accumulated depreciation	<u>3,927,906</u>	<u>(188,113)</u>	<u>(3,746)</u>	<u>3,736,047</u>
 Intangible assets (software)	 1,567,337	 75,505		 1,642,842
Less accumulated amortization	(915,069)	(164,483)		(1,079,552)
Total, net of accumulated amortization	<u>652,268</u>	<u>(88,978)</u>		<u>563,290</u>
Governmental activities capital assets, net	<u>\$ 4,580,174</u>	<u>\$ (277,091)</u>	<u>\$ (3,746)</u>	<u>\$ 4,299,337</u>

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

Instruction	\$ 146,749
Special education instruction	60,888
Special education support services - students	1,135
Support services - students	26,410
Support services - instruction	159,749
School administration support services	2,683
District administration support services	199,409
Operations and maintenance of plant	192,498
Student activities	9,245
Student transportation service	487
Food services	26,714
Total depreciation/amortization expense	<u>\$ 825,967</u>

### NOTE 7: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2017 was as follows:

#### Due To/From Other Funds

Receivable Fund:	Payable Fund:	Amount
General fund	Federal programs special revenue fund	\$ 3,884,038
General fund	State programs special revenue fund	145,353
General fund	Nonmajor governmental funds	213,794
Total interfund receivables/payables		<u>\$ 4,243,185</u>

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

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2017 (cont.)

### Interfund Transfers

Transfers Out:	Transfers In:		
	Nonmajor Governmental Funds	Student Transportation Special Revenue Fund	Total
General fund	\$ 2,186,508	\$ 1,472,000	\$ 3,658,508
Nonmajor governmental funds	1,343		1,343
Total transfers	<u>\$ 2,187,851</u>	<u>\$ 1,472,000</u>	<u>\$ 3,659,851</u>

Transfers are made to use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### Due To / From Fairbanks North Star Borough (Borough)

Receivable Entity:	Payable Entity:	Amount
Component unit - School District	Primary government (Borough)	<u>\$ 7,690</u>

Amounts due from the Borough are comprised of office rental space in the School District's Administrative Center, services provided to the Borough by the School District EEO officer and charges for equipment and supplies reimbursable from various grants passed through the Borough or proceeds of Borough bonds issued for School District facilities.

## **NOTE 8: LEASES**

### Operating Lease

The School District is obligated under a building operating lease for a small school facility for the B.R.I.D.G.E. program. The lease terminates August 14, 2024 unless terminated earlier by mutual written consent of both parties or by the School District if there is insufficient or other lack of funds lawfully appropriated for its performance. Operating leases do not give rise to property rights or lease obligations and therefore, the lease agreement is not reflected as an asset or liability. Operating lease expense for fiscal year 2017 was \$307,027.

### Capital Lease

The School District has acquired equipment under the provisions of a long-term lease agreement. Based on the terms of the lease agreement the lease qualifies as a capital lease for accounting purposes and, therefore, the liabilities associated with the capital lease have been recorded in the statement of net position. The equipment purchased has not been capitalized as it does not meet the School District's asset capitalization threshold.

The future minimum lease obligations as of June 30, 2017 were as follows:

<u>Year Ending June 30</u>	
2018	\$ 340,272
2019	340,272
2020	340,272
Total	<u>\$ 1,020,816</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
June 30, 2017 (cont.)

**NOTE 9: GENERAL LONG-TERM LIABILITIES**

Long-term liabilities for governmental activities for the year ended June 30, 2017 were as follows:

	July 1, 2016			June 30, 2017	Due Within
	Balance	Additions	Reductions	Balance	One Year
Governmental activities:					
Compensated absences	\$ 4,101,143	\$ 4,777,645	\$ (4,827,943)	\$ 4,050,845	\$ 3,855,509
Capital lease		1,341,600	(340,272)	1,001,328	330,559
Claims and reserves	4,357,947	33,665,070	(33,334,273)	4,688,744	4,276,569
Net pension liability	150,057,690	37,094,949		187,152,639	
Governmental activity long-term liabilities	<u>\$ 158,516,780</u>	<u>\$ 76,879,264</u>	<u>\$ (38,502,488)</u>	<u>\$ 196,893,556</u>	<u>\$ 8,462,637</u>

The risk management internal service fund serves the governmental funds. Accordingly, long-term liabilities related to claims and reserves are included as part of the above totals for governmental activities. Also, for governmental activities, claims and reserves are generally liquidated by the risk management internal service fund and compensated absences are generally liquidated by the general fund.

**NOTE 10: DEBT ON SCHOOL CONSTRUCTION**

A summary of general obligation bonds issued for school related debt, for which the School District has no liability either primary or secondary, is included in the Borough financial statements as follows:

	July 1, 2016			June 30, 2017	Due Within
	Balance	Additions	Reductions	Balance	One Year
2006, Series I	\$ 5,985,000	\$	\$ (480,000)	\$ 5,505,000	\$ 505,000
2007, Series J	7,875,000		(570,000)	7,305,000	600,000
2007, Series K	1,320,000		(1,320,000)		
2008, Series L	7,855,000		(505,000)	7,350,000	525,000
2010, Series M	9,190,000		(510,000)	8,680,000	530,000
2010, Series N	4,644,256		(2,281,135)	2,363,121	2,363,121
2011, Series O	5,030,000		(1,595,000)	3,435,000	1,675,000
2012, Series P	3,010,000		(560,000)	2,450,000	580,000
2012, Series Q	14,130,000		(1,900,000)	12,230,000	1,995,000
2012, Series R	9,530,000		(500,000)	9,030,000	510,000
2012, Series S	12,750,000		(1,360,000)	11,390,000	1,390,000
2016, Series T	57,300,000		(1,530,000)	55,770,000	1,875,000
	<u>\$ 138,619,256</u>	<u>\$</u>	<u>\$ (13,111,135)</u>	<u>\$ 125,508,121</u>	<u>\$ 12,548,121</u>

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	12,548,121	4,999,812
2019	10,605,000	4,505,150
2020	9,215,000	4,047,998
2021	9,620,000	3,646,507
2022	8,710,000	3,238,284
2023-2027	36,120,000	10,762,931
2028-2032	23,195,000	4,560,852
2033-2036	15,495,000	947,175
Total	<u>\$ 125,508,121</u>	<u>\$ 36,708,709</u>

During the year, the Borough paid total principal and interest of \$18,922,379 for school-related debt service.

#### NOTE 11: COMMITMENTS

As of June 30, 2017 the School District has encumbered amounts that they intend to honor in the subsequent year for the following governmental funds:

Major Governmental funds:

General Fund	\$ 1,881,451
Federal Programs Special Revenue Fund	25,000
Student Transportation Special Revenue Fund	67,852
	<u>\$ 1,974,303</u>

Nonmajor Governmental Funds:

Special Revenue Funds	\$ 3,819
Capital Projects Funds	369,137
	<u>\$ 372,956</u>

#### NOTE 12: RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to, and illnesses of, employees and their dependents; and natural disasters. The Borough's risk management program includes both the Borough and the School District. The program employs various combinations of insurance policies provided by commercial carriers and self-insured retention amounts, depending upon the type of risk. Commercial insurance, with zero or small deductibles, is secured for the following coverages: employee life insurance, employee fidelity bonds and employee disability insurance. The program self-insures some portion of the following risk exposures: employee and dependent medical, auto and general liability, workers' compensation, errors and omissions/public officials, property, and employment practices. Commercial insurance has also been obtained for excess coverage above self-retention limits for all risk exposures except environmental. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The Borough has committed fund balance in the amount of \$1,500,000 to provide resources for catastrophic losses up to self-retention limits and for contractual indemnification purposes, as well as to

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2017 (cont.)

demonstrate financial responsibility to insurance carriers of excess coverage. The adequacy of this committed amount is re-evaluated periodically.

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

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

Changes in the risk management internal service fund liability amounts in fiscal years 2017 and 2016 were:

	Claims Liability 2016-17	Claims Liability 2015-16
July 1	\$ 4,357,947	\$ 4,627,840
Current year claims	34,143,072	36,902,973
Changes in estimates	(478,002)	(569,284)
Claims payments	(33,334,273)	(36,603,582)
June 30	<u>\$ 4,688,744</u>	<u>\$ 4,357,947</u>

Through various negotiated agreements with employees, the School District has put in place a cost sharing mechanism for health costs. At June 30 of each year, total health costs for the fiscal year are used to calculate an amount expected to be collected from employees in the following calendar year through payroll deductions. The School District records an employee receivable at June 30 of each year for this amount. The employee receivable at June 30, 2017 and 2016 was \$3,376,060 and \$4,074,694, respectively.

### NOTE 13: BOROUGH IN-KIND AND ALLOCATED SERVICES

During the year, certain services are provided by the Borough to the School District. These include use of various Borough facilities, debt service on school facilities, certain administrative functions and major facility maintenance. The costs of these services have not been charged to the School District. Other services provided by the Borough during the year are allocated and charged to School District operations as follows:

	Allocated Services 2016-17	Allocated Services 2015-16
Risk management overhead	\$ 628,723	\$ 541,321
Auto/general liability, property and other insurance premiums	863,407	865,792
Workers' compensation insurance premiums	235,505	232,412
Health and workers' compensation claims paid	33,394,825	36,855,962
General/auto liabilities, errors & omissions claims paid	84,177	23,175
Audit	64,208	68,359
	<u>\$ 35,270,845</u>	<u>\$ 38,587,021</u>



# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2017 (cont.)

### NOTE 14: RETIREMENT PLANS

Substantially all regular employees of the School District are either members of the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS). Stand-alone financial statements for either plan can be obtained by writing to the Alaska Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203, by calling 1-800-821-2251, or by sending an email request to [doa.drb.accountingsection@alaska.gov](mailto:doa.drb.accountingsection@alaska.gov). The financial statements are also available on the web at [doa.alaska.gov/drb/resources/publications.html](http://doa.alaska.gov/drb/resources/publications.html). The Borough and the School District participate in the PERS under separate agreements. The following aggregate amounts for the PERS and TRS Defined Benefit Pension Plans as of June 30, 2017 are described in detail later in this note:

	PERS	TRS	Total
Deferred outflows related to pensions	\$ 13,533,404	\$ 26,409,180	\$ 39,942,584
Net pension liability	81,965,649	105,186,990	187,152,639
Deferred inflows related to pensions	4,722,582	1,356,117	6,078,699
Pension expense	16,316,185	34,597,969	50,914,154

#### A. Alaska Public Employees' Retirement System

##### Plan Description

The Alaska Public Employees' Retirement System (PERS) was established and is administered by the State of Alaska (State) to provide pension, postemployment healthcare, survivor, and disability benefits to eligible employees. The PERS is governed by the Alaska Retirement Management Board (ARMB). Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. Membership in the PERS is mandatory for permanent employees scheduled to work at least 15 hours a week and who are not covered by the Alaska Teachers' Retirement System (TRS). PERS consists of a defined benefit plan (Tiers I, II, and III) and a defined contribution plan with a component of defined benefit postemployment healthcare (Tier IV). The defined benefit plan is closed to new members. Eligible employees who first enter PERS after June 30, 2006 participate in the defined contribution hybrid plan (Tier IV). Effective July 1, 2008, state legislation changed the defined benefit plan from an agent multiple-employer plan to a cost sharing multiple-employer plan.

The PERS consists of the following:

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

\* OPEB = Other Postemployment Benefits

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

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

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

##### *Benefits Provided*

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

##### *Contribution Rates*

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

The rates for fiscal year ended June 30, 2017 were:

	Employer Statutory Rate	Actuarially Determined Rate		
		Normal Cost Rate	Past Service Rate	Total Rate
Pension	14.96%	3.06%	16.44%	19.50%
Other postemployment healthcare	7.04%	2.70%	3.94%	6.64%
Total PERS contribution rate	22.00%	5.76%	20.38%	26.14%

Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the Defined Contribution Hybrid (DCH) Plan payroll. The DBUL amount is computed as the difference between the statutory employer contribution rate of 22 percent for fiscal year 2017, less the total of the employer contributions for DCH Plan employees for the Defined Contribution Retirement Trust, the Health Reimbursement Arrangement Plan, the Retiree Medical Plan, and the Occupational Death and Disability Plan. The difference is deposited, based on an actuarial allocation, into the DB Plan's pension and healthcare funds. The employer DBUL pension contributions for fiscal year 2017 and 2016, applied as a payment to the PERS DB Plan's unfunded liability, were \$1,270,476, and \$965,981, respectively.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2017 (cont.)

### Contributions

School District and nonemployer on-behalf pension contributions to the PERS DB Pension Plan for fiscal years ended June 30, 2017 and 2016 were as follows:

	Fiscal Year	
	2017	2016
Employer contributions	\$ 3,967,085	\$ 3,576,532
Nonemployer contributions (on-behalf)	1,612,416	1,406,537
	<u>\$ 5,579,501</u>	<u>\$ 4,983,069</u>

The on-behalf nonemployer contribution rate for fiscal year 2017 was 4.14 percent (4.14 percent to pension and 0 percent to healthcare). The on-behalf nonemployer contribution rate for fiscal year 2016 was 5.19 percent (3.63 percent to pension and 1.56 percent to healthcare).

On-behalf pension and other postemployment health contributions are recorded in the general fund as revenues from state sources and as expenditures. On the government-wide statement of activities the on-behalf *pension* expenditures and revenue are replaced with nonemployer pension expense as of the measurement date of June 30, 2016 and revenue equal to the nonemployer pension expense.

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

At June 30, 2017 and 2016, the School District reported a liability for its proportionate share of the PERS net pension liability that reflected a reduction for State pension support provided to the School District. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Alaska support, and the total portion of the net pension liability that was associated with the School District were as follows:

	Fiscal Year	
	2017	2016
School District's proportionate share of the net pension liability	\$ 81,965,649	\$ 77,485,110
State of Alaska's proportionate share of the net pension liability associated with the School District	10,328,585	20,753,489
Total	<u>\$ 92,294,234</u>	<u>\$ 98,238,599</u>

The net pension liability for fiscal year 2017 was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 which was rolled forward to June 30, 2016. The School District's proportion of the net pension liability for fiscal year 2017 was based on the ratio of the present value of projected future contributions of all participating PERS employers and the State of Alaska to the total present value of projected future contributions for the fiscal years 2018 to 2039 to the plan.

At the measurement date of June 30, 2016 the School District's proportion was 1.46640 percent, which was a decrease of 8.2 percent from its proportion of 1.59763 percent measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized total pension expense of \$16,316,185 and revenue of \$1,392,304 equal to the nonemployer portion of total pension expense.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
June 30, 2017 (cont.)

At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,536	\$
Change in actuarial assumptions	378,044	
Net difference between projected and actual earnings on pension plan investments	8,056,829	913,646
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,123,910	3,808,936
School District contributions subsequent to the measurement date	3,967,085	
	<u>\$ 13,533,404</u>	<u>\$ 4,722,582</u>

The School District reported \$3,967,085 as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (1,465,592)
2019	888,849
2020	3,293,655
2021	2,126,826
	<u>\$ 4,843,738</u>

*Actuarial Assumptions*

The total net pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation prepared by Conduent Human Resource Services Retirement Services as of June 30, 2015 which was rolled forward to June 30, 2016. The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the ARMB to better reflect expected future experience.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.12%
Salary increases	Graded by age and service, from 8.55% to 4.34%
Investment rate of return	8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Rates based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post- termination rates. Deaths are assumed to be occupational 50% of the time. Post-termination mortality rates were based on 95% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

#### *Long-term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the PERS current and expected asset allocation are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.35%
Global equity (non-US)	5.55
Private equity	6.25
Fixed income composite	0.80
Real estate	3.65
Alternative equity	4.70

#### *Discount Rate*

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the PERS fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

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

The following presents the PERS net pension liability and the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 8.00 percent, as well as what the PERS and the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Proportionate Share	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
PERS net pension liability	100%	\$ 7,199,118,000	\$ 5,589,598,000	\$ 4,232,040,000
School District's proportionate share of the net pension liability	1.46640%	\$ 105,567,603	\$ 81,965,649	\$ 62,058,486

#### *Pension Plan Fiduciary Net Position*

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

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

##### *Benefits*

Employees hired on or after July 1, 2006 participate in the PERS Defined Contribution Hybrid Plan (DCH Plan). The PERS DCH Plan provides pension, healthcare, occupational disability and death benefits. The Defined Contribution Retirement Trust is a defined contribution plan. Employees immediately vest 100 percent in their own contributions and vest 25.00 percent in School District contributions with two years of service, plus an additional 25.00 percent per year thereafter for full vesting at five years of service. Contributions to the DCH Plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. Alaska Statutes require that forfeitures be used to reduce employer contributions and cannot be used to increase the benefits of any member.

##### *Contribution Rates*

Employee contribution rates for the PERS DCH Plan are set by Alaska Statute at 8.00 percent of eligible compensation. The employer contribution rate is set by Alaska Statute at the same rate as the PERS DB Plan. That rate is the greater of 22.00 percent or the actuarially determined normal cost rate of the PERS DB Plan. The 22.00 percent rate for the PERS DCH Plan for fiscal year ended June 30, 2017 is comprised of five elements: 5.00 percent to each member's individual pension account, 1.18 percent into the retiree medical plan, 0.17 percent for occupational death and disability benefits, a flat dollar amount per employee based on 3.00 percent of the average annual compensation of all employees of all employers in the plan (into the employee's Health Reimbursement Arrangement account), and a residual contribution applied as a payment to the PERS DB Plan's unfunded liability. The flat dollar amount per employee for fiscal year 2017 was \$78.82 per bi-weekly pay period for full-time employees and \$1.31 per hour for part-time employees.

##### *Contributions*

School District pension contributions to the PERS DCH Plan for years ended June 30, 2017 and 2016 were \$878,861 and \$798,856, respectively and employee contributions to the plan were \$1,406,154 and \$1,278,150, respectively.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

#### Defined Benefit Other Postemployment Benefit (OPEB) Plan

##### *Benefits*

As part of its participation in the PERS DB Plan (Tiers I, II, and III), the School District participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the PERS. Major medical benefits are provided to retirees without cost for all members hired before July 1, 1986 (Tier I). Members hired on or after July 1, 1986 (Tier II) with five years of credited service (or ten years of credited service for those first hired on or after July 1, 1996 (Tier III)) may pay the full monthly premium if they are under age 60 (or over age 60 with less than ten years of service for those first hired on or after July 1, 1996), and receive benefits at no premium cost if they are over age 60 or are receiving disability benefits.

Active members who become totally and permanently disabled from either occupational or nonoccupational causes may be eligible to receive a monthly disability benefit. Survivor beneficiaries receive benefits when a member dies from either occupational or nonoccupational causes before a member's retirement. The PERS DB OPEB Plan is administered by the State of Alaska, Department of Administration.

##### *Contribution Rates*

Employer contribution rates for the PERS DB OPEB Plan are established in concert with the PERS DB Pension Plan rates described earlier in this note. The employer rate for the PERS ARHCT is 7.04% of eligible compensation. Employees do not contribute to the PERS DB OPEB plan.

##### *Contributions*

School District contributions to the PERS DB OPEB Plan for fiscal years ended June 30, 2017, 2016 and 2015 were \$1,867,140, \$2,362,911 and \$2,654,200, respectively, equal to the required employer contributions each year. The employer PERS Defined Benefit Unfunded Liability (DBUL) healthcare contributions levied against the PERS Defined Contribution Hybrid (DCH) Plan payroll for fiscal year 2017, 2016 and 2015 were \$597,907, \$638,617, and \$652,736, respectively. On-behalf nonemployer contributions for PERS OPEB for fiscal years ended June 30, 2017, 2016 and 2015 were -0-, \$602,318, and -\$0-, respectively. The on-behalf nonemployer OPEB payments are recorded in the general fund as revenues from state sources and as expenditures. On the government-wide statement of activities they are recorded as expense and program revenue.

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

PERS DCH OPEB plan participants (Tier IV) participate in the Retiree Medical Plan (cost-sharing defined benefit OPEB), the Healthcare Reimbursement Arrangement (HRA) Plan (defined contribution OPEB) and the Occupational Death and Disability (ODD) Plan (cost-sharing defined benefit OPEB). Members became eligible for the healthcare benefits of the Retiree Medical Plan beginning in June 2016. No plan members are eligible to use the Retiree Medical Plan until they have at least ten years of service. The HRA allows medical expenses to be reimbursed from individual savings accounts established for eligible participants. Active members who become totally and permanently disabled from occupational causes may be eligible to receive a monthly benefit. Survivor beneficiaries receive benefits when an employee dies from occupational causes before retirement.

##### *Contribution Rates*

Employer contribution rates to the Retiree Medical Plan and the ODD Plan are 1.18 percent and 0.17 percent, respectively. For the HRA Plan, the employer contribution is a flat dollar amount per

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2017 (cont.)

employee based on 3.00 percent of the average annual compensation of all employees of all employers in the plan. The flat dollar amount for fiscal year 2016 was \$78.82 per pay period for full-time employees and \$1.31 per hour for part-time employees. Employees do not contribute to the PERS DCH OPEB plan.

### Contributions

School District contributions to the PERS DC OPEB plan for fiscal years ended June 30, 2017, 2016 and 2015 were as follows:

	Fiscal Year		
	2017	2016	2015
Defined Contribution OPEB-HRA	\$ 892,829	\$ 814,379	\$ 687,970
Defined Benefit OPEB-Retiree Medical Plan	207,419	268,382	242,315
Defined Benefit OPEB-ODD and Other	29,882	35,148	32,117
	<u>\$ 1,130,130</u>	<u>\$ 1,117,909</u>	<u>\$ 962,402</u>

## B. Alaska Teachers' Retirement System

### Plan Description

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

The TRS consists of the following:

#### Defined Benefit Plan Tiers I, II (DB Plan):

	Plan Type	Benefits
Defined Benefit Pension Plan	Cost-sharing, Defined Benefit Pension	Pension, Disability and Death
Alaska Retiree Health Care Trust (ARHCT)	Cost-sharing, Defined Benefit OPEB *	Healthcare

#### Defined Contribution Hybrid Plan Tier III (DCH Plan):

Defined Contribution Retirement Trust	Defined Contribution Pension	Pension
Health Reimbursement Arrangement Plan	Defined Contribution OPEB	Healthcare
Retiree Medical Plan	Cost-sharing, Defined Benefit OPEB	Healthcare
Occupational Death and Disability Plan	Cost-sharing, Defined Benefit OPEB	Disability and Death

\* OPEB = Other Postemployment Benefits

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



## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

#### Defined Benefit Plan Tiers I and II (DB Plan)

##### *Benefits Provided*

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

##### *Contribution Rates*

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

The rates for fiscal year ended June 30, 2017 were:

	Employer Statutory Rate	Actuarially Determined Rate		
		Normal Cost Rate	Past Service Rate	Total Rate
Pension	7.58%	2.44%	19.12%	21.56%
Other postemployment healthcare	4.98%	2.19%	4.27%	6.46%
Total TRS contribution rate	12.56%	4.63%	23.39%	28.02%

Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the Defined Contribution Hybrid (DCH) Plan payroll. The DBUL amount is computed as the difference between the statutory employer contribution rate of 12.56 percent for fiscal year 2017, less the total of the employer contributions for DCH Plan employees for the Defined Contribution Retirement Trust, the Health Reimbursement Arrangement Plan, the Retiree Medical Plan, and the Occupational Death and Disability Plan. The difference is deposited, based on an actuarial allocation, into the DB Plan's pension and healthcare funds. The employer DBUL pension contributions for fiscal year 2017 and 2016, applied as a payment to the TRS DB Plan's unfunded liability, were \$319,919, and \$150,291, respectively.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2017 (cont.)

### Contributions

School District and nonemployer on-behalf pension contributions to the TRS DB Pension Plan for fiscal years ended June 30, 2017 and 2016 were as follows:

	Fiscal Year	
	2017	2016
Employer contributions	\$ 3,815,829	\$ 3,589,818
Nonemployer contributions (on-behalf)	11,312,186	8,771,467
	<u>\$ 15,128,015</u>	<u>\$ 12,361,285</u>

The on-behalf contribution rate for fiscal year 2017 was 15.46 percent (15.46 percent for pension and 0 percent for healthcare). The on-behalf contribution rate for fiscal year 2016 was 16.71 percent (11.63 percent for pension and 5.08 percent for healthcare).

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

At June 30, 2017 and 2016, the School District reported a liability for its proportionate share of the TRS net pension liability that reflected a reduction for State pension support provided to the School District. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Alaska support, and the total portion of the net pension liability that was associated with the School District were as follows:

	Fiscal Year	
	2017	2016
School District's proportionate share of the net pension liability	\$ 105,186,990	\$ 72,572,580
State of Alaska's proportionate share of the net pension liability associated with the School District	125,022,680	115,994,452
Total	<u>\$ 230,209,670</u>	<u>\$ 188,567,032</u>

The net pension liability for fiscal year 2017 was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 which was rolled forward to June 30, 2016. The School District's proportion of the net pension liability for fiscal year 2017 was based on the ratio of the present value of projected future contributions of all participating TRS employers and the State of Alaska to the total present value of projected future contributions for the fiscal years 2018 to 2039 to the plan.

At the measurement date of June 30, 2016 the School District's proportion was 4.60671 percent, which was an increase of 18.0 percent from its proportion of 3.90081 percent measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized total pension expense of \$34,597,969 and revenue of \$14,885,984 equal to the nonemployer portion of total pension expense.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2017 (cont.)

At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$	\$ 1,356,117
Change in actuarial assumptions	344,086	
Net difference between projected and actual earnings on pension plan investments	16,072,989	
Changes in proportion and differences between School district contributions and proportionate share of contributions	6,176,276	
School District contributions subsequent to the measurement date	3,815,829	
	<u>\$ 26,409,180</u>	<u>\$ 1,356,117</u>

The School District reported \$3,815,829 as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

### Year ended June 30:

2018	\$ 7,757,980
2019	3,358,151
2020	6,059,470
2021	4,061,633
	<u>\$ 21,237,234</u>

### Actuarial Assumptions

The total net pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015, prepared by Conduent Human Resource Services Retirement Services which was rolled forward to June 30, 2016. The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the ARMB to better reflect expected future experience.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

This actuarial valuation used the following actuarial assumptions:

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

#### *Long-term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TRS current and expected asset allocation are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.35%
Global equity (non-US)	5.55
Private equity	6.25
Fixed income composite	0.80
Real estate	3.65
Alternative equity	4.70

#### *Discount Rate*

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the TRS fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

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

The following presents the TRS net pension liability and the School District's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the TRS and the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Proportionate Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
TRS net pension liability	100%	\$ 3,111,338,000	\$ 2,283,344,000	\$ 1,589,141,000
School District's proportionate share of the net pension liability	4.60671%	\$ 143,330,302	\$ 105,186,990	\$ 73,207,131

#### *Pension Plan Fiduciary Net Position*

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

#### Defined Contribution Hybrid Plan Tier III (DCH Plan)

##### *Benefits*

Employees hired on or after July 1, 2006 participate in the TRS Defined Contribution Hybrid Plan (DCH Plan). The TRS DCH Plan provides pension, healthcare, occupational disability and death benefits. The Defined Contribution Retirement Trust is a defined contribution plan. Employees immediately vest 100 percent in their own contributions and vest 25.00 percent in School District contributions with two years of service, plus an additional 25.00 percent per year thereafter for full vesting at five years of service. Contributions to the DCH Plan consist solely of employers and employee contributions with no special funding or other nonemployer contributions. Alaska Statutes require that forfeitures be used to reduce employer contributions and cannot be used to increase the benefits of any one member.

##### *Contribution Rates*

Employee contribution rates for the TRS DCH Hybrid Plan are set by Alaska Statute at 8.00 percent of eligible compensation. The employer contribution rate is set by Alaska Statute at the same rate as the TRS DB Plan. That rate is the greater of 12.56 percent or the actuarially determined normal cost rate of the TRS DB Plan. The 12.56 percent rate for the TRS DCH Plan for fiscal year ended June 30, 2017 is comprised of five elements: 7.00 percent to each member's individual pension account, 1.05 percent into the retiree medical plan, 0.0 percent for occupational death and disability benefits, a flat dollar amount per employee based on 3.00 percent of the average annual compensation of all employees of all employers in the plan (into the employee's Health Reimbursement Arrangement account), and a residual contribution applied as a payment to the TRS DB Plan's unfunded liability. The flat dollar amount per employee for fiscal year 2017 was \$78.82 per pay period for full-time employees. The rate for part-time employees is based on the contract percentage worked multiplied by the flat dollar amount per bi-weekly pay period for full-time employees.

##### *Contributions*

School District pension contributions to the TRS DCH Plan for years ended June 30, 2017 and 2016 were \$2,018,758 and \$1,819,076, respectively and employee contributions to the plan were \$2,307,153 and \$2,078,946, respectively.

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Basic Financial Statements June 30, 2017 (cont.)

#### Defined Benefit Other Postemployment Benefit (OPEB) Plan

As part of its participation in the TRS (Tiers I and II), the School District participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the TRS. Major medical benefits are provided to retirees without cost for all members hired before July 1, 1990 (Tier I). Members hired on or after July 1, 1990 (Tier II) with eight years of credited service may pay the full monthly premium if they are under age 60, and receive benefits at no premium cost if they are over age 60 or are receiving disability benefits.

Active members who become totally and permanently disabled from either occupational or nonoccupational causes may be eligible to receive a monthly disability benefit. Survivor beneficiaries receive benefits when a member dies from either occupational or nonoccupational causes before a member's retirement. The TRS DB OPEB Plan is administered by the State of Alaska, Department of Administration.

#### *Contribution Rates*

Employer contribution rates for the TRS DB OPEB Plan are established in concert with the TRS DB Pension Plan rates described earlier in this note. The employer rate for the TRS ARHCT is 4.98% of eligible compensation. Employees do not contribute to the PERS DB OPEB plan.

#### *Contributions*

School District contributions to the TRS DB OPEB Plan for fiscal years ended June 30, 2017, 2016 and 2015 were \$2,506,963, \$2,843,739, and \$2,876,731, respectively, equal to the required employer contributions each year. The employer Defined Benefit Unfunded Liability (DBUL) TRS healthcare contributions levied against the TRS Defined Contribution Hybrid (DCH) Plan payroll for fiscal year 2017, 2016 and 2015 were \$210,096, \$118,944, and \$91,322, respectively. On-behalf nonemployer contributions for TRS OPEB for fiscal years ended June 30, 2017, 2016 and 2015 were \$-0-, \$3,826,856, and \$32,951,841, respectively. The on-behalf nonemployer OPEB payments are recorded in the general fund as revenues from state sources and as expenditures. On the government-wide statement of activities they are recorded as expense and program revenue.

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

TRS DCH OPEB plan participants (Tier III) participate in the Retirement Medical Plan (cost-sharing defined benefit OPEB), the Healthcare Reimbursement Arrangement (HRA) Plan (defined contribution OPEB) and the Occupational Death and Disability (ODD) Plan (cost sharing defined benefit OPEB). Members became eligible for the health care benefits of the Retiree Medical Plan beginning in June 2016. No plan members are eligible to use the Retiree Medical Plan until they have at least ten years of service. The HRA allows medical expenses to be reimbursed from individual savings accounts established for eligible participants. Active members who become totally and permanently disabled from occupational causes may be eligible to receive a monthly benefit. Survivor beneficiaries receive benefits when an employee dies from occupational causes before retirement.

#### *Contribution Rates*

Employer contribution rates to the Retiree Medical Plan and the ODD Plan are 1.05 percent and 0.00 percent, respectively. For the HRA Plan, the employer contribution is a flat dollar amount per employee based on 3.00 percent of the average annual compensation of all employees of all employers in the plan. The flat dollar amount per employee for fiscal year 2016 was \$78.82 per pay period for full-time employees. The rate for part-time employees is based on the contract percentage worked multiplied by the flat dollar amount per bi-weekly pay period for full-time employees. Employees do not contribute to the TRS DC OPEB plan.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Basic Financial Statements June 30, 2017

### *Contributions*

School District contributions to the TRS DC OPEB plan for fiscal years ended June 30, 2017, 2016 and 2015 were as follows:

	Fiscal Year		
	2017	2016	2015
Defined Contribution OPEB-HRA	\$ 774,538	\$ 656,327	\$ 608,508
Defined Benefit OPEB-Retiree Medical Plan	302,829	530,129	470,185
	<u>\$ 1,077,367</u>	<u>\$ 1,186,456</u>	<u>\$ 1,078,693</u>

### **NOTE 15: CHANGE IN ACCOUNTING ESTIMATE**

In fiscal year 2017, the School District signed newly negotiated employee collective bargaining agreements with the Education Support Staff Association, Fairbanks Education Association, and the Fairbanks Principals Association. The newly negotiated agreements included changes in the methodology for determining the employees' annual required health insurance contribution rate. Accordingly, the School District no longer calculates the required employee contribution rate based on a three-year historical average of the annual cost for employee health insurance; instead, the calculation is based on actuality determined projections for ongoing employee health related costs supplied annually by the School District's health plan consultant.

### **NOTE 16: CONTINGENCIES**

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

At June 30, 2017, the School District was in a dispute regarding First Student, Inc.'s (First Student) invoices, totaling \$5.5 million, for the home to school transportation services provided. During October 2017, the School District issued a \$3 million check to First Student, in good faith, as a partial payment for the home to school transportation services. In early December 2017, a settlement was agreed upon by the School District and First Student. The settlement will result in another \$1.5 million payment to First Student and a write-off of \$1.0 million of charges for the home to school transportation services provided in fiscal year 2017.

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# **REQUIRED SUPPLEMENTARY INFORMATION**

# **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

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

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

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

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

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

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

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

**Notes to the Required Supplementary Information**

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2017

	<b>Budgeted Amounts</b>			<b>Actual on</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Final Budget</b>
				<b>Basis</b>	
Revenues:					
Local sources	\$ 55,236,000	\$ 55,236,000	\$ 55,921,240	\$ 55,921,240	\$ 685,240
State sources	136,075,970	131,422,939	131,123,836	131,123,836	(299,103)
Federal sources	13,732,513	17,732,513	19,453,177	19,453,177	1,720,664
Total revenues	<u>205,044,483</u>	<u>204,391,452</u>	<u>206,498,253</u>	<u>206,498,253</u>	<u>2,106,801</u>
Expenditures:					
Current:					
Instruction	94,622,698	93,544,700	93,658,655	93,350,106	194,594
Special education instruction	25,446,320	25,643,452	25,088,956	25,100,281	543,171
Special education support services - students	9,503,554	10,037,816	9,814,352	9,818,644	219,172
Support services - students	11,436,482	10,986,178	11,171,195	11,185,323	(199,145)
Support services - instruction	10,234,331	11,206,776	12,232,304	12,322,968	(1,116,192)
School administration	7,641,041	7,714,299	7,786,833	7,787,428	(73,129)
School administration support services	5,772,864	5,708,814	5,766,492	5,767,244	(58,430)
District administration	2,402,889	2,170,353	2,060,746	2,202,789	(32,436)
District administration support services	11,622,330	11,568,583	10,792,231	10,804,669	763,914
Operations and maintenance of plant	23,949,857	24,253,329	24,231,111	24,330,098	(76,769)
Student activities	2,382,024	2,353,473	2,189,380	2,192,580	160,893
Total current	<u>205,014,390</u>	<u>205,187,773</u>	<u>204,792,255</u>	<u>204,862,130</u>	<u>325,643</u>
Debt service - principal		340,272	340,272	340,272	
Total expenditures	<u>205,014,390</u>	<u>205,528,045</u>	<u>205,132,527</u>	<u>205,202,402</u>	<u>325,643</u>
Excess (deficiency) of revenues over expenditures	<u>30,093</u>	<u>(1,136,593)</u>	<u>1,365,726</u>	<u>1,295,851</u>	<u>2,432,444</u>
Other financing sources (uses):					
Issuance of capital lease			1,341,600	1,341,600	1,341,600
Transfers out	(1,851,196)	(1,858,508)	(3,658,508)	(3,658,508)	(1,800,000)
Total other financing sources (uses)	<u>(1,851,196)</u>	<u>(1,858,508)</u>	<u>(2,316,908)</u>	<u>(2,316,908)</u>	<u>(458,400)</u>
Net change in fund balance	<u>\$ (1,821,103)</u>	<u>\$ (2,995,101)</u>	<u>(951,182)</u>	<u>\$ (1,021,057)</u>	<u>\$ 1,974,044</u>
Fund balance - beginning			34,611,955		
Fund balance - ending			<u>\$ 33,660,773</u>		

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Federal Programs Special Revenue  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Actual on</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budgetary</u>	<u>Variance with</u>
				<u>Basis</u>	<u>Final Budget</u>
Revenues:					
Local sources	\$	\$	\$ 7,047	\$ 7,047	\$ 7,047
Federal sources	16,012,030	17,491,519	11,857,809	11,881,260	(5,610,259)
Total revenues	16,012,030	17,491,519	11,864,856	11,888,307	(5,603,212)
Expenditures:					
Current:					
Instruction	3,876,209	4,179,211	3,716,236	3,714,687	464,524
Special education instruction	5,555,532	5,555,532	4,826,395	3,339,497	2,216,035
Support services - students	4,270,525	4,418,509	664,681	2,176,579	2,241,930
Support services - instruction	1,338,013	2,103,952	1,656,825	1,635,168	468,784
District administration support services	892,831	1,143,730	909,373	931,030	212,700
Food services	72,692	90,585	90,585	90,585	
Total expenditures	16,005,802	17,491,519	11,864,095	11,887,546	5,603,973
Net change in fund balance	\$ 6,228	\$	761	\$ 761	\$ 761
Fund balance - beginning			1,120		
Fund balance - ending			\$ 1,881		

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Student Transportation Special Revenue  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Actual on</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budgetary</u>	<u>Variance with</u>
				<u>Basis</u>	<u>Final Budget</u>
Revenues:					
State sources	<u>\$ 12,207,668</u>	<u>\$ 11,457,668</u>	<u>\$ 11,201,544</u>	<u>\$ 11,148,640</u>	<u>\$ (309,028)</u>
Expenditures:					
Current:					
Student transportation - to and from school	<u>14,709,731</u>	<u>14,231,731</u>	<u>12,141,538</u>	<u>12,088,634</u>	<u>2,143,097</u>
Excess (deficiency) of revenues over expenditures	<u>(2,502,063)</u>	<u>(2,774,063)</u>	<u>(939,994)</u>	<u>(939,994)</u>	<u>1,834,069</u>
Other financing sources - transfers in	<u>1,500,000</u>	<u>1,472,000</u>	<u>1,472,000</u>	<u>1,472,000</u>	
Net change in fund balance	<u><u>\$ (1,002,063)</u></u>	<u><u>\$ (1,302,063)</u></u>	<u>532,006</u>	<u><u>\$ 532,006</u></u>	<u><u>\$ 1,834,069</u></u>
Fund balance - beginning			<u>2,500,589</u>		
Fund balance - ending			<u><u>\$ 3,032,595</u></u>		

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
State Programs Special Revenue  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Actual on</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budgetary</u>	<u>Variance with</u>
				<u>Basis</u>	<u>Final Budget</u>
Revenues:					
State sources	<u>\$ 701,146</u>	<u>\$ 710,411</u>	<u>\$ 235,755</u>	<u>\$ 235,755</u>	<u>\$ (474,656)</u>
Expenditures:					
Current:					
Instruction	108,606	116,371	96,142	96,142	20,229
Support services - students	548,410	575,478	150,977	150,977	424,501
District administration support services	8,669	10,301	8,236	8,236	2,065
Operations and maintenance of plant	869	869	869	869	
Food services	<u>405,374</u>	<u>405,374</u>	<u>10,184</u>	<u>10,184</u>	<u>395,190</u>
Total expenditures	<u>1,071,928</u>	<u>1,108,393</u>	<u>266,408</u>	<u>266,408</u>	<u>841,985</u>
Net change in fund balance	<u>\$ (370,782)</u>	<u>\$ (397,982)</u>	<u>(30,653)</u>	<u>\$ (30,653)</u>	<u>\$ 367,329</u>
Fund balance - beginning			<u>397,982</u>		
Fund balance - ending			<u>\$ 367,329</u>		

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

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

	<b>Fiscal Year <sup>b</sup></b>		
	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
School District's proportion of the net pension liability	0.83535%	1.59763%	1.46640%
School District's proportionate share of the net pension liability	\$ 38,961,973	\$ 77,485,110	\$ 81,965,649
State of Alaska's proportionate share of the net pension liability associated with the School District	34,637,437	20,753,489	10,328,585
Total	<u>\$ 73,599,410</u>	<u>\$ 98,238,599</u>	<u>\$ 92,294,234</u>
School District's covered payroll <sup>c</sup>	\$ 21,055,300	\$ 19,703,788	\$ 18,026,510
School District's proportionate share of the net pension liability as a percentage of its covered payroll	185.05%	393.25%	454.70%
Plan fiduciary net position as a percentage of the total pension liability	62.37%	63.96%	59.55%

**Notes:**

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

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

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

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

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

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

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

**Note:**

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

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

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



# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year <sup>b</sup>		
	2014-15	2015-16	2016-17
School District's proportion of the net pension liability	1.58672024%	3.90080580%	4.60671000%
School District's proportionate share of the net pension liability	\$ 47,586,729	\$ 72,572,580	\$ 105,186,990
State of Alaska's proportionate share of the net pension liability associated with the School District	249,903,789	115,994,452	125,022,680
Total	<u>\$ 297,490,518</u>	<u>\$ 188,567,032</u>	<u>\$ 230,209,670</u>
School District's covered payroll <sup>c</sup>	\$ 52,103,588	\$ 49,079,783	\$ 46,120,887
School District's proportionate share of the net pension liability as a percentage of its covered payroll	91.33%	147.87%	228.07%
Plan fiduciary net position as a percentage of the total pension liability	55.70%	73.82%	68.40%

### Notes:

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

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

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

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

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

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

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

**Note:**

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

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

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

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Required Supplementary Information June 30, 2017

#### A. Budgetary Comparison Schedules

##### General Budget Policies

The School District follows these procedures for adoption of the budget for the general fund and special revenue funds:

1. Approval by the Fairbanks North Star Borough School District Board of Education (Board of Education), with community input.
2. Submission to the Fairbanks North Star Borough Assembly (Borough Assembly) for approval of the total budget and appropriation of the local contribution. The deadline for submitting the budget to the Borough Assembly is May 1, in accordance with Alaska Statute section 14.14.060(c) Compiled School Laws. Borough ordinance 7.12.020 however, requires the Board of Education to submit their formally adopted budget to the Borough Assembly by April 1 of each year. The Borough Assembly must furnish the Board of Education with a statement of the local appropriation not more than thirty days after the date on which it first receives the education budget. After the Borough Assembly has set the local appropriation, the Board of Education will again review the budget to make any changes necessitated by the Assembly's action. An opportunity for a public hearing on proposed changes will be provided and at least 24 hours' notice will be given of the meeting at which action is proposed.
3. Submission to the Commissioner of the State of Alaska, Department of Education and Early Development by July 15, in accordance with Alaska Statute section 14.07.170(2) Compiled School Laws.

The original adopted budget for the year ended June 30, 2017, was prepared on the "program" level of budgetary control for information purposes. The budget in these financial statements was approved by the Board of Education by fund and function to comply with the *Alaska Department of Education and Early Development Uniform Chart of Accounts and Account Code Descriptions for Public School Districts, (2014 edition)*.

Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, and capital project funds. An annual budget is legally adopted for the general fund. Annual budgets are legally adopted for all special revenue funds except the School Activity special revenue fund. Capital projects are controlled through project budgets. Adopted project budgets provide authorization to complete projects that extend beyond one fiscal year. Multi-fiscal year projects are controlled by comparing project-to-date expenditures with project budgets. Differences in accounting for encumbrances, as described later, exist between the basis of accounting used for budgetary purposes and that used for reporting in accordance with U.S. generally accepted accounting principles (GAAP).

The objective of the School District's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Resources are allocated to and accounted for in individual funds, based upon the purposes for which those funds were created. Transfers between programs in excess of \$20,000 or any transfer in excess of \$25,000 are authorized by the Board of Education. Therefore, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the object level. All other transfers are authorized by the superintendent and reported monthly to the Board of Education.

##### Encumbrances

For budgetary purposes, annual appropriations lapse at year-end, except for that portion related to encumbered amounts. District policy requires recording of an encumbrance as a charge against appropriation in the accounting period in which a purchase order is issued, rather than in the

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Notes to the Required Supplementary Information June 30, 2017 (cont.)

accounting period when goods or services are received as required by generally accepted accounting principles (GAAP). Encumbrances outstanding at year-end are reported as assigned fund balance in the general fund only. All other encumbrances are disclosed in the notes to the basic financial statements. All encumbrances are automatically carried forward to the new fiscal year budget. Appropriations for those capital projects funds with project budgets do not lapse until the purpose of the appropriation has been accomplished.

### Basis of Budgeting

Because such encumbrances constitute the equivalent of expenditures for budgetary purposes, the accompanying schedules present comparisons of actual results to the annual budgets of the governmental funds on the basis of budgeting. Adjustments to convert *actual* expenditures to the basis of budgeting are reflected in the *actual on budgetary basis* column in the accompanying Budget (Non-GAAP Basis) and Actual Comparison Schedules for each major fund. The adjustment includes the addition for current year encumbrances and the deduction for expenditures on prior year encumbrances. The same adjustment is reflected in the revenue portion of those special revenue funds where State and Federal grant revenues are considered unearned until actual expenditures are incurred. The *original budget* column is that adopted by the School Board in its annual appropriation. The *final budget* column combines the *original budget* column, a deduction for expenditures on prior year encumbrances, and budget amendments made during the current fiscal year.

The following schedule reconciles revenues and expenditures on the *Statement of Revenues, Expenditures and Changes in Fund Balances* to revenues and expenditures on the *Budget (Non-GAAP Basis) and Actual Comparison Schedules* for each major governmental fund:

	General Fund	Federal Programs Special Revenue Fund	Student Transportation Special Revenue Fund	State Programs Special Revenue Fund
Revenues reported on the basis of budgeting	\$ 206,498,253	\$ 11,888,307	\$ 12,620,640	\$ 235,755
Basis difference		(23,451)	52,904	
Revenues reported on the basis of GAAP	<u>\$ 206,498,253</u>	<u>\$ 11,864,856</u>	<u>\$ 12,673,544</u>	<u>\$ 235,755</u>
Expenditures reported on the basis of budgeting	\$ 207,519,310	\$ 11,887,546	\$ 12,088,634	\$ 266,408
Add expenditures on prior year encumbrances	1,814,874	1,549	60,378	
Deduct current year encumbrances	(1,884,749)	(25,000)	(7,474)	
Expenditures reported on the basis of GAAP	<u>\$ 207,449,435</u>	<u>\$ 11,864,095</u>	<u>\$ 12,141,538</u>	<u>\$ 266,408</u>

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Required Supplementary Information June 30, 2017

#### Expenditures in Excess of Appropriations

For the year ended June 30, 2017, expenditures exceeded budget, in annually approved budgets, for the following major fund:

**General Fund:**

Support services - students	\$	199,145
Support services - instruction		1,116,192
School administration		73,129
School administration support services		58,430
District administration		32,436
Operations and maintenance of plant		76,769

Expenditures exceeded budget in the support services – students functional area due mainly to use of average salary to budget for certificated positions. The number of employees with annual salaries in excess of the average was particularly high in this function.

Expenditures exceeded budget in the support services – instruction functional area due to a \$1.3 million capital lease entered into by the School District.

Expenditures exceeded budget in the school administration and school administration support services functions due to additional time needed to interview and hire personnel to fill vacant positions during the summer, which resulted in an extra pay for all principals.

Expenditures exceeded budget in the district administration and the operations and maintenance of plant functions due to the retroactive pay owed to employees after the negotiated agreements were settled mid-year.

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

# **MAJOR GOVERNMENTAL FUNDS**

# MAJOR GOVERNMENTAL FUNDS

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

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

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

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



**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

General Fund

Balance Sheet

June 30, 2017

(With comparative totals for 2016)

<u><b>ASSETS</b></u>	<u><b>Totals</b></u>	
	<u><b>2017</b></u>	<u><b>2016</b></u>
Equity in central treasury cash	\$ 30,595,083	\$ 30,244,553
Accounts receivable:		
Local	401,591	211,955
Federal	8,013	11,747
Due from other funds	4,243,185	5,338,611
Due from Fairbanks North Star Borough	7,690	14,539
Inventories	414,262	441,937
Prepaid items	42,840	2,070
Total assets	<u>\$ 35,712,664</u>	<u>\$ 36,265,412</u>
 <u><b>LIABILITIES AND FUND BALANCE</b></u>		
Liabilities:		
Accounts payable	\$ 853,400	\$ 570,093
Accrued payroll and liabilities	1,188,062	1,055,823
Due to Fairbanks North Star Borough		
Due to external groups and agencies	10,429	27,541
Total liabilities	<u>2,051,891</u>	<u>1,653,457</u>
Fund balance:		
Nonspendable:		
Inventories	414,262	441,937
Prepaid items	42,840	2,070
Restricted:		
Student allotments	102,147	88,780
Assigned to:		
Encumbrances	1,881,451	1,926,213
Impact aid advance	10,884,519	14,906,614
Subsequent year's expenditures	7,575,000	1,821,103
Unassigned	12,760,554	15,425,238
Total fund balance	<u>33,660,773</u>	<u>34,611,955</u>
Total liabilities and fund balance	<u>\$ 35,712,664</u>	<u>\$ 36,265,412</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

## Major Governmental Fund

## General Fund

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
Revenues:		
Revenue from local sources:		
Borough direct appropriation	\$ 54,169,000	\$ 55,369,000
E-rate revenue	1,043,416	407,354
Other local revenue	699,138	608,336
Tuition from students	9,686	47,332
Total local sources	<u>55,921,240</u>	<u>56,432,022</u>
Revenue from state sources:		
Foundation program	116,214,852	118,214,578
QSI grant	414,026	419,888
TRS on-behalf	11,312,186	12,598,052
PERS on-behalf	1,612,416	2,008,855
On-base schools	1,450,000	1,450,000
Other state revenue	120,356	112,797
Total state sources	<u>131,123,836</u>	<u>134,804,170</u>
Revenue from federal sources:		
Direct	392,087	421,556
Medicaid revenue	817,479	
Total federal sources	<u>19,453,177</u>	<u>17,326,772</u>
Total revenues	<u>206,498,253</u>	<u>208,562,964</u>
Expenditures - current:		
Instruction:		
Salaries and fringe benefits:		
Certificated salaries	53,050,331	51,060,788
Non-certificated salaries	3,673,196	3,402,254
Employee benefits	33,119,577	32,409,956
Total salaries and fringe benefits	<u>89,843,104</u>	<u>86,872,998</u>
Materials, supplies, services and other:		
Professional and technical services	515,349	580,286
Staff travel	22,673	19,420
Student travel	160,374	154,318
Utility services	18,993	9,376
Other purchased services	246,021	268,367
Supplies, materials and media	2,813,396	2,240,970
Other expenses	6,303	7,725
Total materials, supplies, services and other	<u>3,783,109</u>	<u>3,280,462</u>
Capital outlay - equipment	<u>32,442</u>	<u>230,807</u>
Total instruction	<u>93,658,655</u>	<u>90,384,267</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

## Major Governmental Fund

## General Fund

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
Special education instruction:		
Salaries and fringe benefits:		
Certificated salaries	\$ 8,158,354	\$ 7,918,638
Non-certificated salaries	5,669,671	5,465,422
Employee benefits	8,472,359	8,275,408
Total salaries and fringe benefits	22,300,384	21,659,468
Materials, supplies, services and other:		
Professional and technical services	1,869,611	1,948,404
Staff travel	1,213	234
Student travel	1,924	2,329
Utility services	5,235	5,229
Other purchased services	413,812	308,264
Supplies, materials and media	441,487	511,519
Tuition and stipends	55,290	32,712
Other expenses		10
Total materials, supplies, services and other	2,788,572	2,808,701
Capital outlay - other		40,679
Total special education instruction	25,088,956	24,508,848
Special education support services - students:		
Salaries and fringe benefits:		
Certificated salaries	3,608,679	3,727,055
Non-certificated salaries	1,547,459	1,439,100
Employee benefits	2,979,524	3,046,073
Total salaries and fringe benefits	8,135,662	8,212,228
Materials, supplies, services and other:		
Professional and technical services	1,489,459	1,285,964
Staff travel	48,313	52,448
Student travel	10,736	11,390
Other purchased services	3,688	7,022
Supplies, materials and media	124,559	181,635
Other expenses	1,935	5,440
Total materials, supplies, services and other	1,678,690	1,543,899
Total special education support services - students	9,814,352	9,756,127

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

General Fund

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
Support services - students:		
Salaries and fringe benefits:		
Certificated salaries	\$ 3,344,197	\$ 3,440,049
Non-certificated salaries	3,275,563	3,496,876
Employee benefits	4,201,212	4,448,345
Total salaries and fringe benefits	<u>10,820,972</u>	<u>11,385,270</u>
Materials, supplies, services and other:		
Professional and technical services	216,069	89,180
Staff travel	9,754	4,612
Student travel	13,247	2,359
Other purchased services	7,838	13,447
Supplies, materials and media	100,997	148,688
Other expenses	2,318	2,551
Total materials, supplies, services and other	<u>350,223</u>	<u>260,837</u>
Total support services - students	<u>11,171,195</u>	<u>11,646,107</u>
Support services - instruction:		
Salaries and fringe benefits:		
Certificated salaries	1,506,858	2,034,975
Non-certificated salaries	2,853,684	2,790,472
Employee benefits	2,778,505	3,036,673
Total salaries and fringe benefits	<u>7,139,047</u>	<u>7,862,120</u>
Materials, supplies, services and other:		
Professional and technical services	2,422,308	757,900
Staff travel	139,565	116,881
Utility services	185,130	264,259
Other purchased services	9,082	9,411
Supplies, materials and media	2,266,281	1,374,637
Other expenses	721	502
Total materials, supplies, services and other	<u>5,023,087</u>	<u>2,523,590</u>
Capital outlay:		
Equipment	53,050	266,700
Other capital outlay	17,120	30,009
Total capital outlay	<u>70,170</u>	<u>296,709</u>
Total support services - instruction	<u>12,232,304</u>	<u>10,682,419</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

General Fund

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
School administration:		
Salaries and fringe benefits:		
Certificated salaries	\$ 4,778,132	\$ 4,608,598
Employee benefits	2,895,548	2,832,064
Total salaries and fringe benefits	<u>7,736,589</u>	<u>7,474,545</u>
Materials, supplies, services and other:		
Professional and technical services	2,380	75
Staff travel	23,930	24,163
Supplies, materials and media	1,724	1,452
Other expenses	22,210	23,236
Total materials, supplies, services and other	<u>50,244</u>	<u>48,926</u>
Total school administration	<u>7,786,833</u>	<u>7,523,471</u>
School administration support services:		
Salaries and fringe benefits:		
Non-certificated salaries	3,100,917	2,928,077
Employee benefits	1,995,836	1,902,843
Total salaries and fringe benefits	<u>5,096,753</u>	<u>4,830,920</u>
Materials, supplies, services and other:		
Professional and technical services		2,041
Staff travel	6,759	2,091
Student travel	417	882
Utility services	560,762	534,925
Other purchased services	14,058	18,989
Supplies, materials and media	82,288	154,663
Other expenses	5,455	8,015
Total materials, supplies, services and other	<u>669,739</u>	<u>721,606</u>
Total school administration support services	<u>5,766,492</u>	<u>5,552,526</u>
District administration:		
Salaries and fringe benefits:		
Certificated salaries	495,052	472,721
Non-certificated salaries	513,870	505,391
Employee benefits	605,851	589,452
Total salaries and fringe benefits	<u>1,614,773</u>	<u>1,567,564</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

## Major Governmental Fund

## General Fund

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
District administration (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 284,355	\$ 124,722
Staff travel	21,493	20,169
Other purchased services	45,276	30,094
Supplies, materials and media	62,745	43,425
Other expenses	27,210	30,256
Total materials, supplies, services and other	445,973	253,540
Total district administration	2,060,746	1,821,104
District administration support services:		
Salaries and fringe benefits:		
Certificated salaries	49,378	46,604
Non-certificated salaries	4,952,784	4,907,280
Employee benefits	3,273,747	3,234,125
Total salaries and fringe benefits	8,275,909	8,188,009
Materials, supplies, services and other:		
Professional and technical services	956,436	796,911
Staff travel	72,584	59,598
Utility services	121,349	96,565
Other purchased services	190,493	180,557
Insurance and bond premiums	1,144,266	1,001,862
Supplies, materials and media	413,222	611,374
Other expenses	93,339	199,207
Indirect costs	(636,385)	(566,883)
Total materials, supplies, services and other	2,355,304	2,379,191
Capital outlay:		
Equipment	161,018	254,859
Other capital outlay		59,335
Total capital outlay	161,018	314,194
Total district administration support services	10,792,231	10,881,394
Operations and maintenance of plant:		
Salaries and fringe benefits:		
Non-certificated salaries	8,963,609	8,936,245
Employee benefits	5,773,169	5,781,725
Total salaries and fringe benefits	14,736,778	14,717,970

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Major Governmental Fund  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance - by Object  
For the Year Ended June 30, 2017  
(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
Operations and maintenance of plant (continued):		
Materials, supplies, services and other:		
Professional and technical services	\$ 45,369	\$ 47,135
Staff travel	3,200	5,838
Utility services	829,206	834,029
Energy	5,417,309	4,798,677
Other purchased services	1,349,928	1,246,053
Insurance and bond premiums	370,045	400,300
Supplies, materials and media	1,428,063	1,296,552
Other expenses	4,805	1,898
Total materials, supplies, services and other	<u>9,447,925</u>	<u>8,630,482</u>
Capital outlay - equipment	<u>46,408</u>	<u>267,708</u>
Total operations and maintenance of plant	<u>24,231,111</u>	<u>23,616,160</u>
Student activities:		
Salaries and fringe benefits:		
Certificated salaries	644,645	633,286
Non-certificated salaries	606,705	607,613
Employee benefits	<u>390,139</u>	<u>406,114</u>
Total salaries and fringe benefits	<u>1,641,489</u>	<u>1,647,013</u>
Materials, supplies, services and other:		
Professional and technical services	171,314	174,011
Staff travel	5,959	6,282
Student travel	164,557	170,964
Other purchased services	86,256	78,088
Supplies, materials and media	57,127	61,196
Other expenses	<u>62,678</u>	<u>65,089</u>
Total materials, supplies, services and other	<u>547,891</u>	<u>555,630</u>
Total student activities	<u>2,189,380</u>	<u>2,202,643</u>
Total expenditures	<u>205,132,527</u>	<u>198,575,066</u>
Excess of revenues over expenditures	<u>1,365,726</u>	<u>9,987,898</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

General Fund

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
Other financing sources (uses):		
Issuance of capital lease	\$ 1,341,600	\$
Transfers out	(3,658,508)	(351,196)
Total other financing sources (uses)	(2,316,908)	(351,196)
Net change in fund balance	(951,182)	9,636,702
Fund balance - beginning	34,611,955	24,975,253
Fund balance - ending	\$ 33,660,773	\$ 34,611,955

See accompanying notes to the basic financial statements



**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Major Governmental Fund  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual - by Object  
For the Year Ended June 30, 2017

	<b>Budgeted Amounts</b>			<b>Actual on</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Variance with</b>
				<b>Basis</b>	<b>Final Budget</b>
Revenues:					
Revenue from local sources:					
Borough direct appropriation	\$ 54,169,000	\$ 54,169,000	\$ 54,169,000	\$ 54,169,000	\$
E-rate revenue	500,000	500,000	1,043,416	1,043,416	543,416
Other local revenue	542,000	542,000	699,138	699,138	157,138
Tuition from students	25,000	25,000	9,686	9,686	(15,314)
Total local sources	55,236,000	55,236,000	55,921,240	55,921,240	685,240
Revenue from state sources:					
Foundation program	120,954,600	116,301,569	116,214,852	116,214,852	(86,717)
QSI grant	417,220	417,220	414,026	414,026	(3,194)
TRS on-behalf	11,793,214	11,793,214	11,312,186	11,312,186	(481,028)
PERS on-behalf	1,325,936	1,325,936	1,612,416	1,612,416	286,480
On-base schools	1,450,000	1,450,000	1,450,000	1,450,000	
Other state revenue	135,000	135,000	120,356	120,356	(14,644)
Total state sources	136,075,970	131,422,939	131,123,836	131,123,836	(299,103)
Revenue from federal sources:					
Direct	304,560	304,560	392,087	392,087	87,527
Medicaid revenue			817,479	817,479	817,479
Total revenues	205,044,483	204,391,452	206,498,253	206,498,253	2,106,801
Expenditures - current:					
Instruction:					
Salaries and fringe benefits:					
Certificated salaries	52,341,267	52,257,795	53,050,331	53,050,331	(792,536)
Non-certificated salaries	3,450,483	3,674,653	3,673,196	3,673,196	1,457
Employee benefits	34,188,134	33,568,784	33,119,577	33,119,577	449,207
Total salaries and fringe benefits	89,979,884	89,501,232	89,843,104	89,843,104	(341,872)
Materials, supplies, services and other:					
Professional and technical services	452,120	609,891	515,349	567,722	42,169
Staff travel	52,605	26,469	22,673	22,673	3,796
Student travel	159,062	189,220	160,374	160,374	28,846
Utility services	15,000	19,000	18,993	18,993	7
Other purchased services	567,462	429,475	246,021	246,420	183,055
Supplies, materials and media	3,356,295	2,714,965	2,813,396	2,453,414	261,551
Other expenses	270	6,739	6,303	6,303	436
Total materials, supplies, services and other	4,602,814	3,995,759	3,783,109	3,475,899	519,860
Capital outlay - equipment	40,000	47,709	32,442	31,103	16,606
Total instruction	94,622,698	93,544,700	93,658,655	93,350,106	194,594

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Major Governmental Fund  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual - by Object  
For the Year Ended June 30, 2017

	<b>Budgeted Amounts</b>			<b>Actual on</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Variance with</b>
				<b>Basis</b>	<b>Final Budget</b>
Special education instruction:					
Salaries and fringe benefits:					
Certificated salaries	\$ 8,297,466	\$ 7,990,124	\$ 8,158,354	\$ 8,158,354	\$ (168,230)
Non-certificated salaries	5,880,998	5,962,960	5,669,671	5,669,671	293,289
Employee benefits	8,931,731	8,853,273	8,472,359	8,472,359	380,914
Total salaries and fringe benefits	23,110,195	22,806,357	22,300,384	22,300,384	505,973
Materials, supplies, services and other:					
Professional and technical services	1,428,200	1,873,707	1,869,611	1,867,091	6,616
Staff travel	1,350	1,200	1,213	1,213	(13)
Student travel	1,620	2,406	1,924	1,924	482
Utility services	6,825	6,825	5,235	5,235	1,590
Other purchased services	306,957	421,957	413,812	420,978	979
Supplies, materials and media	591,173	475,740	441,487	448,166	27,574
Total materials, supplies, services and other	2,336,125	2,837,095	2,788,572	2,799,897	37,198
Total special education instruction	25,446,320	25,643,452	25,088,956	25,100,281	543,171
Special education support services - students:					
Salaries and fringe benefits:					
Certificated salaries	4,283,186	3,537,586	3,608,679	3,608,679	(71,093)
Non-certificated salaries	1,209,044	1,528,424	1,547,459	1,547,459	(19,035)
Employee benefits	3,522,588	3,134,184	2,979,524	2,979,524	154,660
Total salaries and fringe benefits	9,014,818	8,200,194	8,135,662	8,135,662	64,532
Materials, supplies, services and other:					
Professional and technical services	198,572	1,640,284	1,489,459	1,496,959	143,325
Staff travel	50,400	57,750	48,313	48,313	9,437
Student travel	5,400	12,400	10,736	10,963	1,437
Other purchased services	21,600	3,888	3,688	3,688	200
Supplies, materials and media	204,664	121,365	124,559	121,124	241
Other expenses	8,100	1,935	1,935	1,935	
Total materials, supplies, services and other	488,736	1,837,622	1,678,690	1,682,982	154,640
Total special education support services - students	9,503,554	10,037,816	9,814,352	9,818,644	219,172
Support services - students:					
Salaries and fringe benefits:					
Certificated salaries	3,133,633	3,278,054	3,344,197	3,344,197	(66,143)
Non-certificated salaries	3,525,341	3,226,919	3,275,563	3,275,563	(48,644)
Employee benefits	4,217,154	4,093,086	4,201,212	4,201,212	(108,126)
Total salaries and fringe benefits	10,876,128	10,598,059	10,820,972	10,820,972	(222,913)

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Major Governmental Fund  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual - by Object  
For the Year Ended June 30, 2017

	<b>Budgeted Amounts</b>			<b>Actual on</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Variance with</b>
				<b>Basis</b>	<b>Final Budget</b>
Support services - students (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 355,770	\$ 240,679	\$ 216,069	\$ 232,305	\$ 8,374
Staff travel	5,040	8,031	9,754	9,754	(1,723)
Student travel	2,250	13,376	13,247	15,631	(2,255)
Other purchased services	6,750	9,850	7,838	7,838	2,012
Supplies, materials and media	186,885	112,485	100,997	96,505	15,980
Other expenses	3,659	3,698	2,318	2,318	1,380
Total materials, supplies, services and other	560,354	388,119	350,223	364,351	23,768
Total support services - students	11,436,482	10,986,178	11,171,195	11,185,323	(199,145)
Support services - instruction:					
Salaries and fringe benefits:					
Certificated salaries	1,591,297	1,513,695	1,506,858	1,506,858	6,837
Non-certificated salaries	3,229,257	2,865,905	2,853,684	2,853,684	12,221
Employee benefits	3,042,862	2,829,374	2,778,505	2,778,505	50,869
Total salaries and fringe benefits	7,863,416	7,208,974	7,139,047	7,139,047	69,927
Materials, supplies, services and other:					
Professional and technical services	844,539	2,703,591	2,422,308	2,567,268	136,323
Staff travel	31,095	143,931	139,565	139,565	4,366
Utility services	183,200	183,200	185,130	185,130	(1,930)
Other purchased services	8,550	9,773	9,082	9,082	691
Supplies, materials and media	1,303,261	886,268	2,266,281	2,211,985	(1,325,717)
Other expenses	270	869	721	721	148
Total materials, supplies, services and other	2,370,915	3,927,632	5,023,087	5,113,751	(1,186,119)
Equipment		53,050	53,050	53,050	
Total support services - instruction	10,234,331	11,206,776	12,232,304	12,322,968	(1,116,192)
School administration:					
Salaries and fringe benefits:					
Certificated salaries	4,650,803	4,684,303	4,778,132	4,778,132	(93,829)
Employee benefits	2,914,730	2,905,245	2,895,548	2,895,548	9,697
Total salaries and fringe benefits	7,565,533	7,656,548	7,736,589	7,736,589	(80,041)
Materials, supplies, services and other:					
Professional and technical services	1,800	2,395	2,380	2,975	(580)
Staff travel	47,520	24,981	23,930	23,930	1,051
Other purchased services		1,599			1,599
Supplies, materials and media	4,500	4,500	1,724	1,724	2,776
Other expenses	21,688	24,276	22,210	22,210	2,066
Total materials, supplies, services and other	75,508	57,751	50,244	50,839	6,912
Total school administration	7,641,041	7,714,299	7,786,833	7,787,428	(73,129)

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Major Governmental Fund  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual - by Object  
For the Year Ended June 30, 2017

	<b>Budgeted Amounts</b>			<b>Actual on</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Variance with</b>
				<b>Basis</b>	<b>Final Budget</b>
School administration support services:					
Salaries and fringe benefits:					
Non-certificated salaries	\$ 3,045,855	\$ 3,038,223	\$ 3,100,917	\$ 3,100,917	\$ (62,694)
Employee benefits	2,000,090	2,000,852	1,995,836	1,995,836	5,016
Total salaries and fringe benefits	5,045,945	5,039,075	5,096,753	5,096,753	(57,678)
Materials, supplies, services and other:					
Professional and technical services	6,180	180			180
Staff travel	1,980	6,829	6,759	6,759	70
Student travel		417	417	417	
Utility services	583,956	554,523	560,762	560,762	(6,239)
Other purchased services	10,350	16,846	14,058	14,058	2,788
Supplies, materials and media	118,835	86,237	82,288	83,040	3,197
Other expenses	5,618	4,575	5,455	5,455	(880)
Total materials, supplies, services and other	726,919	669,607	669,739	670,491	(884)
Total school administration support services	5,772,864	5,708,814	5,766,492	5,767,244	(58,430)
District administration:					
Salaries and fringe benefits:					
Certificated salaries	459,093	481,693	495,052	495,052	(13,359)
Non-certificated salaries	492,761	495,511	513,870	513,870	(18,359)
Employee benefits	617,786	595,186	605,851	605,851	(10,665)
Total salaries and fringe benefits	1,569,640	1,572,390	1,614,773	1,614,773	(42,383)
Materials, supplies, services, and other:					
Professional and technical services	173,220	357,042	284,355	353,717	3,325
Staff travel	28,575	31,675	21,493	21,493	10,182
Other purchased services	30,346	50,218	45,276	51,245	(1,027)
Supplies, materials and media	570,958	96,890	62,745	101,971	(5,081)
Other expenses	24,750	28,388	27,210	27,210	1,178
Total materials, supplies, services, and other	833,249	569,613	445,973	560,530	9,083
Total district administration	2,402,889	2,170,353	2,060,746	2,202,789	(32,436)
District administration support services:					
Salaries and fringe benefits:					
Certificated salaries	38,145	42,947	49,378	49,378	(6,431)
Non-certificated salaries	5,220,810	5,141,340	4,952,784	4,952,784	188,556
Employee benefits	3,489,162	3,481,551	3,273,747	3,273,747	207,804
Total salaries and fringe benefits	8,748,117	8,665,838	8,275,909	8,275,909	389,929

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Major Governmental Fund  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual - by Object  
For the Year Ended June 30, 2017

	<b>Budgeted Amounts</b>			<b>Actual on</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Variance with</b>
				<b>Basis</b>	<b>Final Budget</b>
District administration support services (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 1,174,372	\$ 1,105,341	\$ 956,436	\$ 974,279	\$ 131,062
Staff travel	34,290	95,132	72,584	72,584	22,548
Utility services	334,164	231,721	121,349	121,349	110,372
Other purchased services	229,851	236,177	190,493	188,274	47,903
Insurance and bond premiums	1,209,702	1,209,702	1,144,266	1,144,266	65,436
Supplies, materials and media	294,445	444,678	413,222	396,061	48,617
Other expenses	19,922	36,530	93,339	107,314	(70,784)
Indirect costs	(663,533)	(663,533)	(636,385)	(636,385)	(27,148)
Total materials, supplies, services and other	2,633,213	2,695,748	2,355,304	2,367,742	328,006
Capital outlay - equipment	241,000	206,997	161,018	161,018	45,979
Total district administration support services	11,622,330	11,568,583	10,792,231	10,804,669	763,914
Operations and maintenance of plant:					
Salaries and fringe benefits:					
Non-certificated salaries	9,001,360	8,713,488	8,963,609	8,963,609	(250,121)
Employee benefits	5,995,298	5,744,389	5,773,169	5,773,169	(28,780)
Total salaries and fringe benefits	14,996,658	14,457,877	14,736,778	14,736,778	(278,901)
Materials, supplies, services and other:					
Professional and technical services	37,800	58,252	45,369	51,129	7,123
Staff travel	5,400	5,400	3,200	3,200	2,200
Utility services	782,099	829,174	829,206	829,206	(32)
Energy	5,361,498	5,479,898	5,417,309	5,417,309	62,589
Other purchased services	1,101,384	1,424,959	1,349,928	1,376,300	48,659
Insurance and bond premiums	431,957	403,648	370,045	370,045	33,603
Supplies, materials and media	1,212,656	1,478,179	1,428,063	1,435,937	42,242
Other expenses	405	7,905	4,805	4,805	3,100
Total materials, supplies, services and other	8,933,199	9,687,415	9,447,925	9,487,931	199,484
Capital outlay - equipment	20,000	108,037	46,408	105,389	2,648
Total operations and maintenance of plant	23,949,857	24,253,329	24,231,111	24,330,098	(76,769)
Student activities:					
Salaries and fringe benefits:					
Certificated salaries	1,145,778	680,566	644,645	644,645	35,921
Non-certificated salaries	169,354	616,882	606,705	606,705	10,177
Employee benefits	489,724	490,825	390,139	390,139	100,686
Total salaries and fringe benefits	1,804,856	1,788,273	1,641,489	1,641,489	146,784

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Major Governmental Fund  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual - by Object  
For the Year Ended June 30, 2017

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>			
Student activities (continued):					
Materials, supplies, services and other:					
Professional and technical services	\$ 136,703	\$ 166,513	\$ 171,314	\$ 171,314	\$ (4,801)
Staff travel	4,050	5,870	5,959	5,959	(89)
Student travel	206,436	163,176	164,557	164,557	(1,381)
Other purchased services	48,423	89,717	86,256	86,256	3,461
Supplies, materials and media	122,946	75,107	57,127	60,327	14,780
Other expenses	58,610	64,817	62,678	62,678	2,139
Total materials, supplies, services and other	577,168	565,200	547,891	551,091	14,109
Total student activities	2,382,024	2,353,473	2,189,380	2,192,580	160,893
Total expenditures	205,014,390	205,528,045	205,132,527	205,202,402	325,643
Excess (deficiency) of revenues over expenditures	30,093	(1,136,593)	1,365,726	1,295,851	2,432,444
Other financing sources (uses):					
Transfers out	(1,851,196)	(1,858,508)	(3,658,508)	(3,658,508)	(1,800,000)
Total other financing sources (uses)	(1,851,196)	(1,858,508)	(2,316,908)	(2,316,908)	(458,400)
Net change in fund balance	<u>\$ (1,821,103)</u>	<u>\$ (2,995,101)</u>	(951,182)	<u>\$ (1,021,057)</u>	<u>\$ 1,974,044</u>
Fund balance - beginning			34,611,955		
Fund balance - ending			<u>\$ 33,660,773</u>		

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund  
Federal Programs Special Revenue  
Combining Balance Sheet  
For the Year Ended June 30, 2017  
(With comparative totals for 2016)

	<b>Alaska Native Education</b>	<b>Title I-A Basic Grant</b>	<b>Title I-C Migrant Regular</b>	<b>Title III-A English Language Acquisition</b>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
Local				
State		658,472	103,713	8,577
Federal	201,579			
Total assets	<u>\$ 201,579</u>	<u>\$ 658,472</u>	<u>\$ 103,713</u>	<u>\$ 8,577</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$	\$ 9,541	\$ 6,235	\$
Due to other funds	201,579	648,905	95,777	8,577
Due to external groups and agencies		26	1,701	
Total liabilities	<u>201,579</u>	<u>658,472</u>	<u>103,713</u>	<u>8,577</u>
Fund balances:				
Restricted				
Total liabilities and fund balances	<u>\$ 201,579</u>	<u>\$ 658,472</u>	<u>\$ 103,713</u>	<u>\$ 8,577</u>

See accompanying notes to the basic financial statements

<b>Title I-D Golden Heart Academy</b>	<b>Title I-A Neglected &amp; Delinquent</b>	<b>Migrant DATA</b>	<b>Carl Perkins Secondary</b>	<b>Air Force ROTC- Ben Eielson Jr/Sr</b>	<b>Air Force ROTC - North Pole HS</b>
\$	\$	\$	\$	\$	\$
6,451	16,640	2,581	86,902	381	246
<u>\$ 6,451</u>	<u>\$ 16,640</u>	<u>\$ 2,581</u>	<u>\$ 86,902</u>	<u>\$ 381</u>	<u>\$ 246</u>
\$	\$	\$	\$	\$	\$
6,451	16,640	2,581	86,902	381	246
<u>6,451</u>	<u>16,640</u>	<u>2,581</u>	<u>86,902</u>	<u>381</u>	<u>246</u>
<u>\$ 6,451</u>	<u>\$ 16,640</u>	<u>\$ 2,581</u>	<u>\$ 86,902</u>	<u>\$ 381</u>	<u>\$ 246</u>



**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund  
 Federal Programs Special Revenue  
 Combining Balance Sheet  
 For the Year Ended June 30, 2017  
 (With comparative totals for 2016)

	<b>Marines ROTC - West Valley HS</b>	<b>Success Through Education &amp; Cultural Connections</b>	<b>Title VI-B</b>	<b>Preschool Disabled Section 619</b>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$ 761	\$	\$	\$
Accounts receivable:				
Local		1,782		
State			924,751	19,169
Federal				
Total assets	<u>\$ 761</u>	<u>\$ 1,782</u>	<u>\$ 924,751</u>	<u>\$ 19,169</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$	\$	\$ 4,917	\$
Due to other funds		1,782	915,182	19,169
Due to external groups and agencies			4,652	
Total liabilities		<u>1,782</u>	<u>924,751</u>	<u>19,169</u>
Fund balances:				
Restricted	761			
Total liabilities and fund balances	<u>\$ 761</u>	<u>\$ 1,782</u>	<u>\$ 924,751</u>	<u>\$ 19,169</u>

See accompanying notes to the basic financial statements

<b>Title I-A Parent Involvement</b>	<b>Alaska Community Learning Centers</b>	<b>Migrant Education Book Program</b>	<b>Options Child Care Grant</b>	<b>McKinney Vento Homeless Education</b>	<b>Department of Defense Education Activity 2016</b>
\$	\$	\$	\$ 1,120	\$	\$
12,059	494,993	4,495		8,875	266,472
<u>\$ 12,059</u>	<u>\$ 494,993</u>	<u>\$ 4,495</u>	<u>\$ 1,120</u>	<u>\$ 8,875</u>	<u>\$ 266,472</u>
\$	\$ 9,905	\$	\$	\$	\$
12,059	478,177	4,495		8,875	266,472
	6,911				
<u>12,059</u>	<u>494,993</u>	<u>4,495</u>		<u>8,875</u>	<u>266,472</u>
			1,120		
<u>\$ 12,059</u>	<u>\$ 494,993</u>	<u>\$ 4,495</u>	<u>\$ 1,120</u>	<u>\$ 8,875</u>	<u>\$ 266,472</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund  
Federal Programs Special Revenue  
Combining Balance Sheet  
For the Year Ended June 30, 2017  
(With comparative totals for 2016)

	<b>Department of Defense Education Activity 2017</b>	<b>Title II-A Teacher &amp; Principal Training</b>	<b>Statewide Mentor Urban Growth Project</b>	<b>ESEA Consolidated Administration Pool</b>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$	\$	\$	\$
Accounts receivable:				
Local			39,795	
State		826,785		188,198
Federal	46,892			
Total assets	<u>\$ 46,892</u>	<u>\$ 826,785</u>	<u>\$ 39,795</u>	<u>\$ 188,198</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$	\$ 10,702	\$	\$
Due to other funds	46,892	816,083	39,795	188,198
Due to external groups and agencies				
Total liabilities	<u>46,892</u>	<u>826,785</u>	<u>39,795</u>	<u>188,198</u>
Fund balances:				
Restricted				
Total liabilities and fund balances	<u>\$ 46,892</u>	<u>\$ 826,785</u>	<u>\$ 39,795</u>	<u>\$ 188,198</u>

See accompanying notes to the basic financial statements

Fresh Fruit & Vegetable Program	Totals	
	2017	2016
\$	\$ 1,881	\$ 2,158
	41,577	43,347
18,820	3,381,481	3,388,634
	515,570	315,125
<u>\$ 18,820</u>	<u>\$ 3,940,509</u>	<u>\$ 3,749,264</u>

\$	\$ 41,300	\$ 29,745
18,820	3,884,038	3,717,361
	13,290	1,038
<u>18,820</u>	<u>3,938,628</u>	<u>3,748,144</u>

	1,881	1,120
<u>\$ 18,820</u>	<u>\$ 3,940,509</u>	<u>\$ 3,749,264</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, 2017

(With comparative totals for 2016)

	<b>Alaska Native Education</b>	<b>Title I-A Basic Grant</b>	<b>Title I-C Migrant Regular</b>	<b>Title III-A English Language Acquisition</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	822,547			
Through the State of Alaska		2,432,700	277,329	32,043
Other intermediate agencies				
Total federal sources	<u>822,547</u>	<u>2,432,700</u>	<u>277,329</u>	<u>32,043</u>
Total revenues	<u>822,547</u>	<u>2,432,700</u>	<u>277,329</u>	<u>32,043</u>
Expenditures - current:				
Instruction	775,768	2,294,351	261,557	31,415
Special education instruction				
Support services - students				
Support services - instruction				
District administration support services	46,779	138,349	15,772	628
Food services				
Total expenditures	<u>822,547</u>	<u>2,432,700</u>	<u>277,329</u>	<u>32,043</u>
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

<b>Title I-D Golden Heart Academy</b>	<b>Title I-A Neglected &amp; Delinquent</b>	<b>Migrant DATA</b>	<b>Carl Perkins Secondary</b>	<b>Air Force ROTC- Ben Eielson Jr/Sr</b>	<b>Air Force ROTC - North Pole HS</b>
\$	\$	\$	\$	\$	\$
22,875	77,538	2,581	237,358	2,892	7,295
<u>22,875</u>	<u>77,538</u>	<u>2,581</u>	<u>237,358</u>	<u>2,892</u>	<u>7,295</u>
<u>22,875</u>	<u>77,538</u>	<u>2,581</u>	<u>237,358</u>	<u>2,892</u>	<u>7,295</u>
21,574	73,128	2,581	226,055	2,892	7,295
1,301	4,410		11,303		
<u>22,875</u>	<u>77,538</u>	<u>2,581</u>	<u>237,358</u>	<u>2,892</u>	<u>7,295</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

Federal Programs Special Revenue

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Marines ROTC - West Valley HS</b>	<b>Success Through Education &amp; Cultural Connections</b>	<b>Title VI-B</b>	<b>Preschool Disabled Section 619</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	1,714			
Through the State of Alaska			3,450,039	90,743
Other intermediate agencies		19,793		
Total federal sources	1,714	19,793	3,450,039	90,743
Total revenues	1,714	19,793	3,450,039	90,743
Expenditures - current:				
Instruction	953	18,667		
Special education instruction			3,253,833	85,664
Support services - students				
Support services - instruction				
District administration support services		1,126	196,206	5,079
Food services				
Total expenditures	953	19,793	3,450,039	90,743
Net change in fund balances	761			
Fund balances - beginning				
Fund balances - ending	\$ 761	\$	\$	\$

See accompanying notes to the basic financial statements

<b>Title I-A Parent Involvement</b>	<b>Alaska Community Learning Centers</b>	<b>Migrant Education Book Program</b>	<b>Options Child Care Grant</b>	<b>McKinney Vento Homeless Education</b>	<b>Department of Defense Education Activity 2016</b>
\$	\$ 7,047	\$	\$	\$	\$
30,005	1,529,868	8,689		27,151	520,862
30,005	1,529,868	8,689		27,151	520,862
30,005	1,536,915	8,689		27,151	520,862
28,299	1,449,910	8,689		25,607	520,862
1,706	87,005			1,544	
30,005	1,536,915	8,689		27,151	520,862
			1,120		
\$	\$	\$	\$ 1,120	\$	\$



**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

Federal Programs Special Revenue

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Department of Defense Education Activity 2017</b>	<b>Title II-A Teacher &amp; Principal Training</b>	<b>Statewide Mentor Urban Growth Project</b>	<b>ESEA Consolidated Administration Pool</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	118,212			
Through the State of Alaska		1,205,706		702,284
Other intermediate agencies			147,000	
Total federal sources	118,212	1,205,706	147,000	702,284
Total revenues	118,212	1,205,706	147,000	702,284
Expenditures - current:				
Instruction				
Special education instruction				
Support services - students	118,212			
Support services - instruction		1,137,137	138,640	381,048
District administration support services		68,569	8,360	321,236
Food services				
Total expenditures	118,212	1,205,706	147,000	702,284
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

Fresh Fruit & Vegetable Program	Totals	
	2017	2016
\$	\$ 7,047	\$ 11,268
	1,473,522	963,164
90,585	10,217,494	10,436,756
	166,793	155,016
90,585	11,857,809	11,554,936
90,585	11,864,856	11,566,204
	3,716,236	4,295,779
	4,826,395	3,488,353
	664,681	1,605,024
	1,656,825	1,314,489
	909,373	840,431
90,585	90,585	22,306
90,585	11,864,095	11,566,382
	761	(178)
	1,120	1,298
\$	\$ 1,881	\$ 1,120

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

Federal Programs Special Revenue

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Alaska Native Education</b>	<b>Title I-A Basic Grant</b>	<b>Title I-C Migrant Regular</b>	<b>Title III-A English Language Acquisition</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	822,547			
Through the State of Alaska		2,432,700	277,329	32,043
Other intermediate agencies				
Total federal sources	822,547	2,432,700	277,329	32,043
Total revenues	822,547	2,432,700	277,329	32,043
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	82,153	493,724	2,625	2,376
Non-certificated salaries	399,095	810,749	123,881	6,512
Employee benefits	286,401	692,782	74,650	2,197
Total salaries and fringe benefits	767,649	1,997,255	201,156	11,085
Materials, supplies, services and other:				
Professional and technical services	2,955	23,392	22,538	9,000
Staff travel	1,699	115,022	988	1,980
Student travel	79	20,462	584	
Utility services				
Other purchased services	672	1,380	665	25
Supplies, materials and media	2,714	136,840	35,626	9,325
Other expenses				
Indirect costs	46,779	138,349	15,772	628
Total materials, supplies, services and other	54,898	435,445	76,173	20,958
Total expenditures	822,547	2,432,700	277,329	32,043
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

<b>Title I-D Golden Heart Academy</b>	<b>Title I-A Neglected &amp; Delinquent</b>	<b>Migrant DATA</b>	<b>Carl Perkins Secondary</b>	<b>Air Force ROTC- Ben Eielson Jr/Sr</b>	<b>Air Force ROTC - North Pole HS</b>
\$	\$	\$	\$	\$	\$
22,875	77,538	2,581	237,358	2,892	7,295
22,875	77,538	2,581	237,358	2,892	7,295
22,875	77,538	2,581	237,358	2,892	7,295
10,910	41,778		4,251		
6,608	26,908		1,638		
17,518	68,686		670		
4,056	3,431		76,866		
			60,280		
				2,892	7,004
	1,011	2,581	2,000		
			80,350		291
1,301	4,410		11,303		
5,357	8,852	2,581	230,799	2,892	7,295
22,875	77,538	2,581	237,358	2,892	7,295
\$	\$	\$	\$	\$	\$

**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, 2017

(With comparative totals for 2016)

	<b>Marines ROTC - West Valley HS</b>	<b>Success Through Education &amp; Cultural Connections</b>	<b>Title VI-B</b>	<b>Preschool Disabled Section 619</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	1,714			
Through the State of Alaska			3,450,039	90,743
Other intermediate agencies		19,793		
Total federal sources	1,714	19,793	3,450,039	90,743
Total revenues	1,714	19,793	3,450,039	90,743
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries			826,173	
Non-certificated salaries		11,411	968,961	50,298
Employee benefits		7,226	978,888	31,873
Total salaries and fringe benefits		18,637	2,774,022	82,171
Materials, supplies, services and other:				
Professional and technical services			298,903	3,493
Staff travel			108,884	
Student travel	953		6,365	
Utility services				
Other purchased services			2,553	
Supplies, materials and media		30	63,106	
Other expenses				
Indirect costs		1,126	196,206	5,079
Total materials, supplies, services and other	953	1,156	676,017	8,572
Total expenditures	953	19,793	3,450,039	90,743
Net change in fund balances	761			
Fund balances - beginning				
Fund balances - ending	\$ 761	\$	\$	\$

See accompanying notes to the basic financial statements

<b>Title I-A Parent Involvement</b>	<b>Alaska Community Learning Centers</b>	<b>Migrant Education Book Program</b>	<b>Options Child Care Grant</b>	<b>McKinney Vento Homeless Education</b>	<b>Department of Defense Education Activity 2016</b>
\$	\$ 7,047	\$	\$	\$	\$
30,005	1,529,868	8,689		27,151	520,862
30,005	1,529,868	8,689		27,151	520,862
30,005	1,536,915	8,689		27,151	520,862
7,202	259,660				15,569
4,521	663,812			23,350	56,495
1,295	328,877			2,055	27,608
13,018	1,252,349			25,405	99,672
	58,466				24,713
	32,092			51	2,756
	64,927				
	2,420				
50	450				
15,231	39,206	8,689		151	393,721
1,706	87,005			1,544	
16,987	284,566	8,689		1,746	421,190
30,005	1,536,915	8,689		27,151	520,862
			1,120		
\$	\$	\$	\$ 1,120	\$	\$

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

Federal Programs Special Revenue

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Department of Defense Education Activity 2017</b>	<b>Title II-A Teacher &amp; Principal Training</b>	<b>Statewide Mentor Urban Growth Project</b>	<b>ESEA Consolidated Administration Pool</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$
Revenue from federal sources:				
Direct	118,212			
Through the State of Alaska		1,205,706		702,284
Other intermediate agencies			147,000	
Total federal sources	118,212	1,205,706	147,000	702,284
Total revenues	118,212	1,205,706	147,000	702,284
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries		432,676	102,084	83,285
Non-certificated salaries	54,137	113,213	14,662	305,157
Employee benefits	29,733	274,573	10,273	235,516
Total salaries and fringe benefits	83,870	820,462	127,019	623,958
Materials, supplies, services and other:				
Professional and technical services	24,854	10,283		
Staff travel	4,256	297,596	11,233	28,864
Student travel				
Utility services				
Other purchased services				1,635
Supplies, materials and media	5,232	7,796	388	7,529
Other expenses		1,000		384
Indirect costs		68,569	8,360	39,914
Total materials, supplies, services and other	34,342	385,244	19,981	78,326
Total expenditures	118,212	1,205,706	147,000	702,284
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

Fresh Fruit & Vegetable Program	Totals	
	2017	2016
\$	\$ 7,047	\$ 11,268
	1,473,522	963,164
90,585	10,217,494	10,436,756
	166,793	155,016
90,585	11,857,809	11,554,936
90,585	11,864,856	11,566,204
	2,311,778	2,594,946
	3,660,580	3,602,711
	3,018,133	2,995,407
	8,990,491	9,193,064
	562,950	508,894
	665,701	560,341
	103,266	98,944
	2,420	1,456
	9,430	11,960
90,585	900,402	631,481
	1,384	1,498
	628,051	558,744
90,585	2,873,604	2,373,318
90,585	11,864,095	11,566,382
	761	(178)
	1,120	1,298
\$	\$ 1,881	\$ 1,120



**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

Federal Programs Special Revenue

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>ESEA Consolidated Administration Pool *</b>			
	<b>Support Services - Instruction</b>	<b>District Administration Support Services</b>	<b>Totals</b>	
			<b>2017</b>	<b>2016</b>
Revenues:				
Revenue from federal sources:				
Through the State of Alaska	\$ 381,048	\$ 321,236	\$ 702,284	\$ 662,779
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries	58,789	24,496	83,285	81,771
Non-certificated salaries	165,771	139,386	305,157	306,743
Employee benefits	134,831	100,685	235,516	226,564
Total salaries and fringe benefits	359,391	264,567	623,958	615,078
Materials, supplies, services and other:				
Professional and technical services				
Staff travel		28,864	28,864	6,172
Other purchased services		1,635	1,635	187
Supplies, materials and media		7,529	7,529	8,203
Other expenses		384	384	498
Indirect costs	21,657	18,257	39,914	32,641
Total materials, supplies, services and other	21,657	56,669	78,326	47,701
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

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

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Major Governmental Fund  
Federal Programs Special Revenue  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual - by Object  
For the Year Ended June 30, 2017

	<b>Budgeted Amounts</b>			<b>Actual on</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Final Budget</b>
Revenues:					
Revenue from local sources:					
Other local revenue	\$	\$	\$ 7,047	\$ 7,047	\$ 7,047
Revenue from federal sources:					
Direct	3,726,639	3,726,639	1,473,522	1,473,522	(2,253,117)
Through the State of Alaska	12,070,539	13,550,028	10,217,494	10,240,945	(3,309,083)
Other intermediate agencies	214,852	214,852	166,793	166,793	(48,059)
	<u>16,012,030</u>	<u>17,491,519</u>	<u>11,857,809</u>	<u>11,881,260</u>	<u>(5,610,259)</u>
Total revenues	<u>16,012,030</u>	<u>17,491,519</u>	<u>11,864,856</u>	<u>11,888,307</u>	<u>(5,603,212)</u>
Expenditures - current:					
Salaries and fringe benefits:					
Certificated salaries	2,722,717	2,735,922	2,311,778	2,311,778	424,144
Non-certificated salaries	4,582,552	4,861,588	3,660,580	3,660,580	1,201,008
Employee benefits	<u>3,651,433</u>	<u>3,762,988</u>	<u>3,018,133</u>	<u>3,018,133</u>	<u>744,855</u>
Total salaries and fringe benefits	<u>10,956,702</u>	<u>11,360,498</u>	<u>8,990,491</u>	<u>8,990,491</u>	<u>2,370,007</u>
Materials, supplies, services and other:					
Professional and technical services	1,644,276	1,737,144	562,950	587,950	1,149,194
Staff travel	617,988	1,036,577	665,701	665,701	370,876
Student travel	116,865	135,813	103,266	103,266	32,547
Utility services		2,800	2,420	2,420	380
Other purchased services	13,874	18,644	9,430	9,430	9,214
Supplies, materials and media	1,875,052	2,336,248	900,402	898,853	1,437,395
Other expenses	43,097	43,390	1,384	1,384	42,006
Indirect costs	<u>737,948</u>	<u>820,405</u>	<u>628,051</u>	<u>628,051</u>	<u>192,354</u>
Total materials, supplies, services and other	<u>5,049,100</u>	<u>6,131,021</u>	<u>2,873,604</u>	<u>2,897,055</u>	<u>3,233,966</u>
Total expenditures	<u>16,005,802</u>	<u>17,491,519</u>	<u>11,864,095</u>	<u>11,887,546</u>	<u>5,603,973</u>
Net change in fund balance	<u>\$ 6,228</u>	<u>\$</u>	<u>761</u>	<u>\$ 761</u>	<u>\$ 761</u>
Fund balance - beginning			1,120		
Fund balance - ending			<u>\$ 1,881</u>		

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund  
Student Transportation Special Revenue  
Balance Sheet  
June 30, 2017  
(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
<b><u>ASSETS</u></b>		
Equity in central treasury cash	<u>\$ 7,560,381</u>	<u>\$ 2,712,168</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable	<u>\$ 4,527,786</u>	<u>\$ 211,579</u>
Fund balance:		
Restricted	331,754	1,271,748
Assigned	<u>2,700,841</u>	<u>1,228,841</u>
Total fund balance	<u>3,032,595</u>	<u>2,500,589</u>
Total liabilities and fund balance	<u>\$ 7,560,381</u>	<u>\$ 2,712,168</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Major Governmental Fund  
Student Transportation Special Revenue  
Statement of Revenues, Expenditures and Changes in Fund Balance - by Object  
For the Year Ended June 30, 2017  
(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
Revenues:		
Revenue from state sources	\$ 11,201,544	\$ 12,259,136
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	221,271	175,083
Employee benefits	122,784	107,455
Total salaries and fringe benefits	344,055	282,538
Materials, supplies, services and other:		
Professional and technical services	15,893	4,499
Utility services	1,078	
Other purchased services	10,800,900	11,492,990
Supplies, materials and media	921,227	5,342
Total materials, supplies, services and other	11,739,098	11,502,831
Capital outlay - other capital outlay	58,385	
Total expenditures	12,141,538	11,785,369
Excess (deficiency) of revenues over expenditures	(939,994)	473,767
Other financing sources:		
Transfers in	1,472,000	
Net change in fund balance	532,006	473,767
Fund balance - beginning	2,500,589	2,026,822
Fund balance - ending	\$ 3,032,595	\$ 2,500,589

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Major Governmental Fund  
Student Transportation Special Revenue  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual - by Object  
For the Year Ended June 30, 2017

	<b>Budgeted Amounts</b>			<b>Actual on</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Variance with</b>
				<b>Basis</b>	<b>Final Budget</b>
Revenues:					
Revenue from state sources	\$ 12,207,668	\$ 11,457,668	\$ 11,201,544	\$ 11,148,640	\$ (309,028)
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	224,619	267,936	221,271	221,271	46,665
Employee benefits	142,633	143,333	122,784	122,784	20,549
Total salaries and fringe benefits	367,252	411,269	344,055	344,055	67,214
Materials, supplies, services and other:					
Professional and technical services	7,000	15,893	15,893	15,893	
Staff travel	4,200	4,200			4,200
Utility services		1,000	1,078	1,078	(78)
Other purchased services	13,722,079	12,693,169	10,800,900	10,740,522	1,952,647
Supplies, materials and media	609,200	1,047,700	921,227	928,701	118,999
Total materials, supplies, services and other	14,342,479	13,761,962	11,739,098	11,686,194	2,075,768
Capital outlay - other capital outlay		58,500	58,385	58,385	115
Total expenditures	14,709,731	14,231,731	12,141,538	12,088,634	2,143,097
Excess (deficiency) of revenues over expenditures	(2,502,063)	(2,774,063)	(939,994)	(939,994)	1,834,069
Other financing sources:					
Transfers in	1,500,000	1,472,000	1,472,000	1,472,000	
Net change in fund balance	\$ (1,002,063)	\$ (1,302,063)	532,006	\$ 532,006	\$ 1,834,069
Fund balance - beginning			2,500,589		
Fund balance - ending			\$ 3,032,595		

See accompanying notes to the basic financial statements

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**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund  
State Programs Special Revenue  
Combining Balance Sheet  
For the Year Ended June 30, 2017  
(With comparative totals for 2016)

	<u>Staff Development Mini-grants</u>	<u>Legislative Small Grants FY13</u>	<u>Classroom Technology Upgrade FY13</u>	<u>Classroom Digital Technology Upgrade</u>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$	\$ 141	\$	\$
Accounts receivable:				
Local				
State	2,151			
Due from Fairbanks North Star Borough			1,961	4,957
Total assets	<u>\$ 2,151</u>	<u>\$ 141</u>	<u>\$ 1,961</u>	<u>\$ 4,957</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$	\$	\$	\$
Unearned revenue		141		
Due to other funds	2,151		1,961	4,957
Due to external groups and agencies				
Total liabilities	<u>2,151</u>	<u>141</u>	<u>1,961</u>	<u>4,957</u>
Fund balances:				
Restricted				
Total liabilities and fund balances	<u>\$ 2,151</u>	<u>\$ 141</u>	<u>\$ 1,961</u>	<u>\$ 4,957</u>

See accompanying notes to the basic financial statements

<u>Two Rivers Classroom Upgrades</u>	<u>Legislative Small Grants FY15</u>	<u>Youth Risk Behavior Survey</u>	<u>Student Safety and Security</u>	<u>Capacity Bldg Suicide Prevention</u>	<u>Alaska Pre- Elementary</u>
\$	\$	\$ 4,751	\$ 367,329	\$	\$
	10,121			21,133	76,933
31,934					
<u>\$ 31,934</u>	<u>\$ 10,121</u>	<u>\$ 4,751</u>	<u>\$ 367,329</u>	<u>\$ 21,133</u>	<u>\$ 76,933</u>
\$	\$	\$ 4,751	\$	\$ 300	\$
31,934	10,121			20,833	73,396
					3,537
<u>31,934</u>	<u>10,121</u>	<u>4,751</u>		<u>21,133</u>	<u>76,933</u>
			367,329		
<u>\$ 31,934</u>	<u>\$ 10,121</u>	<u>\$ 4,751</u>	<u>\$ 367,329</u>	<u>\$ 21,133</u>	<u>\$ 76,933</u>



**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund  
State Programs Special Revenue  
Combining Balance Sheet  
For the Year Ended June 30, 2017  
(With comparative totals for 2016)

	Nutritional AK Foods for Schools FY13 thru FY15	Totals	
		2017	2016
<b><u>ASSETS</u></b>			
Equity in central treasury cash	\$ 395,189	\$ 767,410	\$ 811,438
Accounts receivable:			
Local			1,932
State		110,338	102,887
Due from Fairbanks North Star Borough		38,852	25,093
Total assets	<u>\$ 395,189</u>	<u>\$ 916,600</u>	<u>\$ 941,350</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$ 300	\$
Unearned revenue	395,189	400,081	411,456
Due to other funds		145,353	129,912
Due to external groups and agencies		3,537	2,000
Total liabilities	<u>395,189</u>	<u>549,271</u>	<u>543,368</u>
Fund balances:			
Restricted		367,329	397,982
Total liabilities and fund balances	<u>\$ 395,189</u>	<u>\$ 916,600</u>	<u>\$ 941,350</u>

See accompanying notes to the basic financial statements

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**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

State Programs Special Revenue

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Staff Development Mini-grants</b>	<b>Legislative Small Grants FY13</b>	<b>Classroom Technology Upgrade FY13</b>	<b>Classroom Digital Technology Upgrade</b>
Revenues:				
Revenue from state sources	\$ 8,457	\$ 5,940	\$ 1,961	\$ 4,957
Expenditures - current:				
Instruction	8,457	5,713	1,961	4,957
Support services - students				
District administration support services		227		
Operations and maintenance of plant				
Food service				
Total expenditures	8,457	5,940	1,961	4,957
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

<b>Two Rivers Classroom Upgrades</b>	<b>Lathrop Technology &amp; Equipment</b>	<b>Legislative Small Grants FY15</b>	<b>Safe Children's Act</b>	<b>Youth Risk Behavior Survey</b>	<b>Student Safety and Security</b>
<u>\$ 31,934</u>	<u>\$ 9,473</u>	<u>\$ 14,643</u>	<u>\$ 19,757</u>	<u>\$ 4,231</u>	<u>\$</u>
31,934	9,473	13,890	19,757	3,990	30,653
		753		241	
<u>31,934</u>	<u>9,473</u>	<u>14,643</u>	<u>19,757</u>	<u>4,231</u>	<u>30,653</u>
					(30,653)
					397,982
<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$ 367,329</u></u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

State Programs Special Revenue

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Capacity Bldg Suicide Prevention</b>	<b>Big Brothers Big Sisters Mentoring</b>	<b>Alaska Pre- Elementary</b>	<b>WVHS/NPHS Headbolt Plug-In O&amp;M</b>
Revenues:				
Revenue from state sources	<u>\$ 24,942</u>	<u>\$ 17,499</u>	<u>\$ 80,908</u>	<u>\$ 869</u>
Expenditures - current:				
Instruction				
Support services - students	23,523	16,504	76,307	
District administration support services	1,419	995	4,601	
Operations and maintenance of plant				869
Food service				
Total expenditures	<u>24,942</u>	<u>17,499</u>	<u>80,908</u>	<u>869</u>
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

See accompanying notes to the basic financial statements

Nutritional AK Foods for Schools FY13 thru FY15	Totals	
	2017	2016
<u>\$ 10,184</u>	<u>\$ 235,755</u>	<u>\$ 263,180</u>
	96,142	186,149
	150,977	261,617
	8,236	8,137
	869	6,008
<u>10,184</u>	<u>10,184</u>	<u>20,527</u>
<u>10,184</u>	<u>266,408</u>	<u>482,438</u>
	(30,653)	(219,258)
	<u>397,982</u>	<u>617,240</u>
<u><u>\$</u></u>	<u><u>\$ 367,329</u></u>	<u><u>\$ 397,982</u></u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

State Programs Special Revenue

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Staff Development Mini-grants</b>	<b>Legislative Small Grants FY13</b>	<b>Classroom Technology Upgrade FY13</b>	<b>Classroom Digital Technology Upgrade</b>
Revenues:				
Revenue from state sources	\$ 8,457	\$ 5,940	\$ 1,961	\$ 4,957
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries				
Non-certificated salaries	266			
Employee benefits	23			
Total salaries and fringe benefits	289			
Materials, supplies, services and other:				
Professional and technical services				
Staff travel	8,168			
Student travel				
Energy				
Other purchased services				
Supplies, materials and media		5,713	1,961	4,957
Indirect costs		227		
Total materials, supplies, services and other	8,168	5,940	1,961	4,957
Capital outlay:				
Equipment				
Total expenditures	8,457	5,940	1,961	4,957
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements





**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Major Governmental Fund

State Programs Special Revenue

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Capacity Bldg Suicide Prevention</b>	<b>Big Brothers Big Sisters Mentoring</b>	<b>Alaska Pre- Elementary</b>	<b>WVHS/NPHS Headbolt Plug-In O&amp;M</b>
Revenues:				
Revenue from state sources	\$ 24,942	\$ 17,499	\$ 80,908	\$ 869
Expenditures - current:				
Salaries and fringe benefits:				
Certificated salaries			6,451	
Non-certificated salaries		10,037	29,891	
Employee benefits		6,368	5,334	
Total salaries and fringe benefits		16,405	41,676	
Materials, supplies, services and other:				
Professional and technical services			22,500	
Staff travel	586	69	1,438	
Student travel	1,739			
Energy				869
Other purchased services	10,325			
Supplies, materials and media	10,873	30	10,693	
Indirect costs	1,419	995	4,601	
Total materials, supplies, services and other	24,942	1,094	39,232	869
Capital outlay:				
Equipment				
Total expenditures	24,942	17,499	80,908	869
Net change in fund balances				
Fund balances - beginning				
Fund balances - ending	\$	\$	\$	\$

See accompanying notes to the basic financial statements

Nutritional AK Foods for Schools FY13 thru FY15	Totals	
	2017	2016
\$ 10,184	\$ 235,755	\$ 263,180
	6,451	8,849
	40,194	5,124
	11,725	4,252
	58,370	18,225
	22,500	67,749
	10,261	11,802
	1,739	155
	869	6,008
	22,348	9,612
10,184	142,085	311,748
	8,236	8,137
10,184	208,038	415,211
		49,002
10,184	266,408	482,438
	(30,653)	(219,258)
	397,982	617,240
\$	\$ 367,329	\$ 397,982

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Major Governmental Fund  
State Programs Special Revenue  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual - by Object  
For the Year Ended June 30, 2017

	<b>Budgeted Amounts</b>			<b>Actual on</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Budgetary</b>	<b>Variance with</b>
				<b>Basis</b>	<b>Final Budget</b>
Revenues:					
Revenue from state sources	\$ 701,146	\$ 710,411	\$ 235,755	\$ 235,755	\$ (474,656)
Expenditures-current:					
Salaries and fringe benefits:					
Certificated salaries	18,755	13,504	6,451	6,451	7,053
Non-certificated salaries	53,488	52,697	40,194	40,194	12,503
Employee benefits	24,740	21,718	11,725	11,725	9,993
Total salaries and fringe benefits	96,983	87,919	58,370	58,370	29,549
Materials, supplies, services and other:					
Professional and technical services	28,449	28,449	22,500	22,500	5,949
Staff travel	7,250	10,541	10,261	10,261	280
Student travel		1,596	1,739	1,739	(143)
Energy	869	869	869	869	
Other purchased services	7,000	19,185	22,348	22,348	(3,163)
Supplies, materials and media	823,808	850,633	142,085	142,085	708,548
Indirect cost	8,669	10,301	8,236	8,236	2,065
Total materials, supplies, services and other	876,045	921,574	208,038	208,038	713,536
Capital outlay:					
Equipment	98,900	98,900			98,900
Total expenditures	1,071,928	1,108,393	266,408	266,408	841,985
Net change in fund balance	\$ (370,782)	\$ (397,982)	(30,653)	\$ (30,653)	\$ 367,329
Fund balance - beginning			397,982		
Fund balance - ending			\$ 367,329		

See accompanying notes to the basic financial statements

# **NONMAJOR GOVERNMENTAL FUNDS**

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

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Governmental Funds  
Combining Balance Sheet - by Fund Type  
June 30, 2017  
(With comparative totals for 2016)

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>	
			<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$ 1,569,087	\$ 357,662	\$ 1,926,749	\$ 1,790,098
Accounts receivable:				
Local	138	86,793	86,931	235
State	277,235		277,235	
Due from Fairbanks North Star Borough		140,178	140,178	26,506
Inventories	414,148		414,148	
Total assets	<u>\$ 2,260,608</u>	<u>\$ 584,633</u>	<u>\$ 2,845,241</u>	<u>\$ 1,816,839</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 2,021	\$ 94,242	\$ 96,263	\$ 7,424
Unearned revenue	4,713		4,713	3,686
Due to other funds	77,364	136,430	213,794	26,644
Due to external groups and agencies				49
Total liabilities	<u>84,098</u>	<u>230,672</u>	<u>314,770</u>	<u>37,803</u>
Fund balances:				
Nonspendable - inventories	414,148		414,148	
Committed	1,563,189		1,563,189	1,576,893
Assigned	199,173	353,961	553,134	202,143
Unassigned				
Total fund balances	<u>2,176,510</u>	<u>353,961</u>	<u>2,530,471</u>	<u>1,779,036</u>
Total liabilities and fund balances	<u>\$ 2,260,608</u>	<u>\$ 584,633</u>	<u>\$ 2,845,241</u>	<u>\$ 1,816,839</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Governmental Funds

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>	
			<b>2017</b>	<b>2016</b>
Revenues:				
Revenue from local sources:				
Food service	\$ 1,369,239	\$	\$ 1,369,239	\$
Other local revenue	2,781,122	763,136	3,544,258	2,838,712
Total local sources	4,150,361	763,136	4,913,497	2,838,712
Revenue from state sources				20,000
Revenue from federal sources:				
Through the State of Alaska	3,626,638	372,627	3,999,265	2,833
Total revenues	7,776,999	1,135,763	8,912,762	2,861,545
Expenditures:				
Current:				
Instruction	2,500		2,500	980
Support services - students	157,777		157,777	164,636
Support services - instruction	33,298		33,298	53,765
District administration support services	98		98	
Student activities	2,599,810		2,599,810	2,479,664
Food services	5,551,942		5,551,942	
Total current	8,345,425		8,345,425	2,699,045
Capital outlay		1,019,257	1,019,257	407,717
Total expenditures	8,345,425	1,019,257	9,364,682	3,106,762
Excess (deficiency) of revenues over expenditures	(568,426)	116,506	(451,920)	(245,217)
Other financing sources (uses):				
Transfers in	2,152,539	35,312	2,187,851	2,360
Transfers out	(1,343)		(1,343)	(2,360)
Total other financing sources (uses)	2,151,196	35,312	2,186,508	
Net change in fund balances	1,582,770	151,818	1,734,588	(245,217)
Fund balances - beginning	593,740	202,143	795,883	2,024,253
Fund balances - ending	\$ 2,176,510	\$ 353,961	\$ 2,530,471	\$ 1,779,036

See accompanying notes to the basic financial statements

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# NONMAJOR SPECIAL REVENUE FUNDS

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

**Food Service** – accounts for the operations of the School District's Student Nutrition program. Financing is provided by user fees and proceeds received under the National School Lunch and Breakfast programs.

**School Activities** – accounts for transactions of district controlled school activity programs. School activity funds are not budgeted and are non-lapsing.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2017

(With comparative totals for 2016)

	<u>Local Programs</u>	<u>Food Service</u>	<u>School Activities</u>	<u>Totals</u>	
				<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>					
Equity in central treasury cash	\$ 198,243	\$	\$ 1,370,844	\$ 1,569,087	\$ 1,587,955
Accounts receivable:					
Local	138			138	235
State		277,235		277,235	
Inventories		414,148		414,148	
Total assets	<u>\$ 198,381</u>	<u>\$ 691,383</u>	<u>\$ 1,370,844</u>	<u>\$ 2,260,608</u>	<u>\$ 1,588,190</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Accounts payable	\$	\$ 836	\$ 1,185	\$ 2,021	\$ 7,424
Unearned revenue	4,713			4,713	3,686
Due to other funds	138	77,226		77,364	138
Due to external groups and agencies					49
Total liabilities	<u>4,851</u>	<u>78,062</u>	<u>1,185</u>	<u>84,098</u>	<u>11,297</u>
Fund balances:					
Nonspendable - inventories		414,148		414,148	
Committed	193,530		1,369,659	1,563,189	1,576,893
Assigned		199,173		199,173	
Unassigned					
Total fund balances	<u>193,530</u>	<u>613,321</u>	<u>1,369,659</u>	<u>2,176,510</u>	<u>1,576,893</u>
Total liabilities and fund balances	<u>\$ 198,381</u>	<u>\$ 691,383</u>	<u>\$ 1,370,844</u>	<u>\$ 2,260,608</u>	<u>\$ 1,588,190</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**  
Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2017  
(With comparative totals for 2016)

	<b>Local Programs</b>	<b>Food Service</b>	<b>School Activities</b>	<b>Totals</b>	
				<b>2017</b>	<b>2016</b>
Revenues:					
Revenue from local sources:					
Food service	\$	\$ 1,369,239	\$	\$ 1,369,239	
Other local revenue	211,426		2,569,696	2,781,122	2,638,302
Total local sources	211,426	1,369,239	2,569,696	4,150,361	2,638,302
Revenue from federal sources:					
Through the State of Alaska		3,626,638		3,626,638	2,833
Total revenues	211,426	4,995,877	2,569,696	7,776,999	2,641,135
Expenditures:					
Current:					
Instruction	2,500			2,500	980
Support services - students	157,777			157,777	164,636
Support services - instruction	33,298			33,298	53,765
District administration support services	98			98	
Student activities			2,599,810	2,599,810	2,479,664
Food services		5,551,942		5,551,942	
Total expenditures	193,673	5,551,942	2,599,810	8,345,425	2,699,045
Excess (deficiency) of revenues over expenditures	17,753	(556,065)	(30,114)	(568,426)	(57,910)
Other financing sources (uses):					
Transfers in		2,152,539		2,152,539	2,360
Transfers out	(1,343)			(1,343)	(2,360)
Total other financing sources	(1,343)	2,152,539		2,151,196	
Net change in fund balances	16,410	1,596,474	(30,114)	1,582,770	(57,910)
Fund balances - beginning	177,120	(983,153)	1,399,773	593,740	1,634,803
Fund balances - ending	\$ 193,530	\$ 613,321	\$ 1,369,659	\$ 2,176,510	\$ 1,576,893

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

Local Programs

Combining Balance Sheet

June 30, 2017

(With comparative totals for 2016)

	<b>Cultural Collaboration Woodriver</b>	<b>National Rifle Association</b>	<b>Options Child Care</b>	<b>Barnette Magnet After School Program</b>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$ 500	\$ 3,631	\$ 17,326	\$ 47,692
Accounts receivable:				
Local				
Total assets	<u>\$ 500</u>	<u>\$ 3,631</u>	<u>\$ 17,326</u>	<u>\$ 47,692</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Unearned revenue	\$	\$	\$	\$ 305
Due to other funds				
Total liabilities				<u>305</u>
Fund balances:				
Restricted				
Total fund balances	<u>500</u>	<u>3,631</u>	<u>17,326</u>	<u>47,387</u>
Total liabilities and fund balances	<u>\$ 500</u>	<u>\$ 3,631</u>	<u>\$ 17,326</u>	<u>\$ 47,692</u>

See accompanying notes to the basic financial statements

<u>University Park After School Program</u>	<u>Nike N7</u>	<u>Walmart Community Grant - Joy</u>	<u>Walmart Community Grant - SpEd Dept.</u>	<u>Walmart Community Grant - Bridge</u>	<u>Views On Learning</u>
\$ 14,286	\$ 374	\$ 756	\$ 159	\$ 1,000	\$ 24,993
<u>\$ 14,286</u>	<u>\$ 374</u>	<u>\$ 756</u>	<u>\$ 159</u>	<u>\$ 1,000</u>	<u>\$ 24,993</u>
\$ 4,408	\$	\$	\$	\$	\$
<u>4,408</u>					
<u>9,878</u>	<u>374</u>	<u>756</u>	<u>159</u>	<u>1,000</u>	<u>24,993</u>
<u>\$ 14,286</u>	<u>\$ 374</u>	<u>\$ 756</u>	<u>\$ 159</u>	<u>\$ 1,000</u>	<u>\$ 24,993</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

Local Programs

Combining Balance Sheet

June 30, 2017

(With comparative totals for 2016)

	<u>Curriculum Staff Development</u>	<u>Rose Urban Rural Exchange</u>	<u>Community Donations</u>
<b><u>ASSETS</u></b>			
Equity in central treasury cash	\$ 15,954	\$	\$ 71,572
Accounts receivable:			
Local		138	
Total assets	<u>\$ 15,954</u>	<u>\$ 138</u>	<u>\$ 71,572</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Unearned revenue	\$	\$	\$
Due to other funds		138	
Total liabilities		<u>138</u>	
Fund balances:			
Restricted			
Total fund balances	<u>15,954</u>		<u>71,572</u>
Total liabilities and fund balances	<u>\$ 15,954</u>	<u>\$ 138</u>	<u>\$ 71,572</u>

See accompanying notes to the basic financial statements

Totals	
2017	2016
\$ 198,243	\$ 180,855
138	138
<u>\$ 198,381</u>	<u>\$ 180,993</u>

\$ 4,713	\$ 3,686
138	138
<u>4,851</u>	<u>3,873</u>

193,530	177,120
<u>\$ 198,381</u>	<u>\$ 180,993</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

Local Programs

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>STEM After School Innovation Grant</b>	<b>Cultural Collaboration Woodriver</b>	<b>National Rifle Association</b>	<b>Options Child Care</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$      2,000	\$      1,000	\$      3,631	\$
Revenue from federal sources:				
Through the State of Alaska	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total revenues	<u>          2,000</u>	<u>          1,000</u>	<u>          3,631</u>	<u>                  </u>
Expenditures				
Current:				
Instruction	2,000	500		
Support services - students				
Support services - instruction				
District administration support services	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total expenditures	<u>          2,000</u>	<u>          500</u>	<u>                  </u>	<u>                  </u>
Excess (deficiency) of revenues over expenditures	<u>                  </u>	<u>          500</u>	<u>          3,631</u>	<u>                  </u>
Other financing uses - transfers out	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>          (1,343)</u>
Net change in fund balances		500	3,631	(1,343)
Fund balances - beginning	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>          18,669</u>
Fund balances - ending	<u><u>          \$          </u></u>	<u><u>          \$      500</u></u>	<u><u>          \$      3,631</u></u>	<u><u>          \$     17,326</u></u>

See accompanying notes to the basic financial statements



<b>Barnette Magnet After School Program</b>	<b>University Park After School Program</b>	<b>Nike N7</b>	<b>NFL 2015 Super Bowl High School Honor Roll</b>	<b>Walmart Community Grant - Joy</b>	<b>Sam's Club Community Grant - Joy</b>
\$ 85,049	\$ 74,703	\$	\$ 5,000	\$ 2,000	\$ 2,000
<u>85,049</u>	<u>74,703</u>		<u>5,000</u>	<u>2,000</u>	<u>2,000</u>
66,684	80,375	1,633	5,000	1,244	2,000
		98			
<u>66,684</u>	<u>80,375</u>	<u>1,731</u>	<u>5,000</u>	<u>1,244</u>	<u>2,000</u>
<u>18,365</u>	<u>(5,672)</u>	<u>(1,731)</u>		<u>756</u>	
18,365	(5,672)	(1,731)		756	
<u>29,022</u>	<u>15,550</u>	<u>2,105</u>			
<u>\$ 47,387</u>	<u>\$ 9,878</u>	<u>\$ 374</u>	<u>\$</u>	<u>\$ 756</u>	<u>\$</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

Local Programs

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Walmart Community Grant - SpEd Dept.</b>	<b>Walmart Community Grant - Bridge</b>	<b>Views On Learning</b>	<b>Curriculum Staff Development</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 1,000	\$ 1,000	\$ 24,993	\$ 9,050
Revenue from federal sources:				
Through the State of Alaska				
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>24,993</u>	<u>9,050</u>
Expenditures				
Current:				
Instruction				
Support services - students	841			
Support services - instruction				27,669
District administration support services				
Total expenditures	<u>841</u>			<u>27,669</u>
Excess (deficiency) of revenues over expenditures	<u>159</u>	<u>1,000</u>	<u>24,993</u>	<u>(18,619)</u>
Other financing uses - transfers out				
Net change in fund balances	159	1,000	24,993	(18,619)
Fund balances - beginning				<u>34,573</u>
Fund balances - ending	<u>\$ 159</u>	<u>\$ 1,000</u>	<u>\$ 24,993</u>	<u>\$ 15,954</u>

See accompanying notes to the basic financial statements

Community Donations	Totals	
	2017	2016
\$	\$ 211,426	\$ 224,248
		2,833
	211,426	227,081
	2,500	980
	157,777	164,636
5,629	33,298	53,765
	98	
5,629	193,673	219,381
(5,629)	17,753	7,700
	(1,343)	(2,360)
(5,629)	16,410	5,340
77,201	177,120	171,780
\$ 71,572	\$ 193,530	\$ 177,120

**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, 2017

(With comparative totals for 2016)

	<b>STEM After School Innovation Grant</b>	<b>Cultural Collaboration Woodriver</b>	<b>National Rifle Association</b>	<b>Options Child Care</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 2,000	\$ 1,000	\$ 3,631	\$
Revenue from federal sources:				
Through the State of Alaska				
Total revenues	<u>2,000</u>	<u>1,000</u>	<u>3,631</u>	
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		500		
Staff travel				
Student travel				
Utility services				
Other purchased services				
Supplies, materials and media	2,000			
Indirect costs				
Total materials, supplies, services and other	<u>2,000</u>	<u>500</u>		
Total expenditures	<u>2,000</u>	<u>500</u>		
Excess (deficiency) of revenues over expenditures		<u>500</u>	<u>3,631</u>	
Other financing uses - transfers out				<u>(1,343)</u>
Net change in fund balances		500	3,631	<u>(1,343)</u>
Fund balances - beginning				<u>18,669</u>
Fund balances - ending	<u>\$</u>	<u>\$ 500</u>	<u>\$ 3,631</u>	<u>\$ 17,326</u>

See accompanying notes to the basic financial statements

<b>Barnette Magnet After School Program</b>	<b>University Park After School Program</b>	<b>Nike N7</b>	<b>NFL 2015 Super Bowl High School Honor Roll</b>	<b>Walmart Community Grant - Joy</b>	<b>Sam's Club Community Grant - Joy</b>
\$ 85,049	\$ 74,703	\$	\$ 5,000	\$ 2,000	\$ 2,000
<u>85,049</u>	<u>74,703</u>		<u>5,000</u>	<u>2,000</u>	<u>2,000</u>
4,126	10,663				
37,212	39,615	1,500			
20,828	21,865	133			
<u>62,166</u>	<u>72,143</u>	<u>1,633</u>			
500	3,067				
455	98				
	300				
254	254				
3,309	4,513		5,000	1,244	2,000
		98			
<u>4,518</u>	<u>8,232</u>	<u>98</u>	<u>5,000</u>	<u>1,244</u>	<u>2,000</u>
<u>66,684</u>	<u>80,375</u>	<u>1,731</u>	<u>5,000</u>	<u>1,244</u>	<u>2,000</u>
<u>18,365</u>	<u>(5,672)</u>	<u>(1,731)</u>		<u>756</u>	
18,365	(5,672)	(1,731)		756	
29,022	15,550	2,105			
<u>\$ 47,387</u>	<u>\$ 9,878</u>	<u>\$ 374</u>	<u>\$</u>	<u>\$ 756</u>	<u>\$</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

Local Programs

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Walmart Community Grant - SpEd Dept.</b>	<b>Walmart Community Grant - Bridge</b>	<b>Views On Learning</b>	<b>Curriculum Staff Development</b>
Revenues:				
Revenue from local sources:				
Other local revenue	\$ 1,000	\$ 1,000	\$ 24,993	\$ 9,050
Revenue from federal sources:				
Through the State of Alaska				
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>24,993</u>	<u>9,050</u>
Expenditures:				
Current:				
Salaries and fringe benefits:				
Certificated salaries				9,850
Non-certificated salaries				
Employee benefits				<u>347</u>
Total salaries and fringe benefits				<u>10,197</u>
Materials, supplies, services and other:				
Professional and technical services				17,472
Staff travel				
Student travel				
Utility services				
Other purchased services				
Supplies, materials and media	841			
Indirect costs				
Total materials, supplies, services and other	<u>841</u>			<u>17,472</u>
Total expenditures	<u>841</u>			<u>27,669</u>
Excess (deficiency) of revenues over expenditures	<u>159</u>	<u>1,000</u>	<u>24,993</u>	<u>(18,619)</u>
Other financing uses - transfers out				
Net change in fund balances	<u>159</u>	<u>1,000</u>	<u>24,993</u>	<u>(18,619)</u>
Fund balances - beginning				<u>34,573</u>
Fund balances - ending	<u>\$ 159</u>	<u>\$ 1,000</u>	<u>\$ 24,993</u>	<u>\$ 15,954</u>

See accompanying notes to the basic financial statements

Community Donations	Totals	
	2017	2016
\$	\$ 211,426	\$ 224,248
		2,833
	211,426	227,081
	24,639	44,336
	78,327	77,258
	43,173	43,487
	146,139	165,081
	21,539	35,412
	553	264
	300	68
	508	69
5,629	24,536	18,487
	98	
5,629	47,534	54,300
5,629	193,673	219,381
(5,629)	17,753	7,700
	(1,343)	(2,360)
(5,629)	16,410	5,340
77,201	177,120	171,780
\$ 71,572	\$ 193,530	\$ 177,120

**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, 2017

	<u>Budgeted Amounts</u>			<u>Actual on</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budgetary</u>	<u>Variance with</u>
				<u>Basis</u>	<u>Final Budget</u>
Revenues:					
Revenue from local sources:					
Other local revenue	\$ 194,477	\$ 216,139	\$ 211,426	\$ 211,426	\$ (4,713)
Expenditures:					
Current					
Salaries and fringe benefits:					
Certificated salaries	13,500	25,600	24,639	24,639	961
Non-certificated salaries	70,100	79,724	78,327	78,327	1,397
Employee benefits	48,600	49,608	43,173	43,173	6,435
Total salaries and fringe benefits	132,200	154,932	146,139	146,139	8,793
Materials, supplies, services and other:					
Professional and technical services	23,717	38,026	21,539	21,539	16,487
Staff travel	700	750	553	553	197
Student travel	500	500	300	300	200
Utility services	150	300	508	508	(208)
Supplies, materials and media	110,883	197,288	24,536	24,536	172,752
Indirect costs		120	98	98	22
Total materials, supplies, services and other	135,950	236,984	47,534	47,534	189,450
Total expenditures	268,150	391,916	193,673	193,673	198,243
Excess (deficiency) of revenues over expenditures	(73,673)	(175,777)	17,753	17,753	193,530
Other financing uses - transfer out		(1,343)	(1,343)	(1,343)	
Net change in fund balance	\$ (73,673)	\$ (177,120)	16,410	\$ 16,410	\$ 193,530
Fund balance - beginning			177,120		
Fund balance - ending			\$ 193,530		

See accompanying notes to the basic financial statements



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**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Funds

Food Service

Balance Sheet

June 30, 2017

(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
<b><u>ASSETS</u></b>		
Accounts receivable:		
State	\$ 277,235	\$ 5,409
Inventories	414,148	476,760
Total assets	<u>\$ 691,383</u>	<u>\$ 482,169</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable	\$ 836	\$ 628
Due to other funds	77,226	1,464,694
Total liabilities	<u>78,062</u>	<u>1,465,322</u>
Fund balance:		
Nonspendable - inventories	414,148	476,760
Assigned	199,173	
Unassigned		(1,459,913)
Total fund balance (deficit)	<u>613,321</u>	<u>(983,153)</u>
Total liabilities and fund balance	<u>\$ 691,383</u>	<u>\$ 482,169</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Funds

Food Service

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
Revenues:		
Revenue from local sources:		
Food service	\$ 1,369,239	\$ 1,352,523
Revenue from federal sources:		
Through the State of Alaska	3,626,638	3,438,015
Total revenues	4,995,877	4,790,538
Expenditures - current:		
Food services	5,551,942	5,435,493
Deficiency of revenues over expenditures	(556,065)	(644,955)
Other financing sources - transfers in	2,152,539	351,196
Net change in fund balance	1,596,474	(293,759)
Fund deficit - beginning	(983,153)	(689,394)
Fund balance (deficit) - ending	\$ 613,321	\$ (983,153)

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Funds

Food Service

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
Revenues:		
Revenue from local sources:		
Food service	\$ 1,369,239	\$ 1,352,523
Revenue from federal sources:		
Through the State of Alaska	3,626,638	3,438,015
Total revenues	4,995,877	4,790,538
Expenditures - current:		
Salaries and fringe benefits:		
Non-certificated salaries	1,948,050	1,957,479
Employee benefits	1,150,465	1,117,711
Total salaries and fringe benefits	3,098,515	3,075,190
Materials, supplies, services and other:		
Professional and technical services	30,266	23,491
Staff travel	4,431	2,788
Utility services	14,530	13,402
Energy	178,994	165,479
Other purchased services	1,014	1,007
Supplies, materials and media	2,223,966	2,145,497
Other expenses	226	271
Total materials, supplies, services and other	2,453,427	2,351,935
Capital outlay - equipment		8,368
Total expenditures	5,551,942	5,435,493
Deficiency of revenues over expenditures	(556,065)	(644,955)
Other financing sources - transfers in	2,152,539	351,196
Net change in fund balance	1,596,474	(293,759)
Fund deficit - beginning	(983,153)	(689,394)
Fund balance (deficit) - ending	\$ 613,321	\$ (983,153)

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

Food Service

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual - by Object  
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Actual on</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Budgetary</u>	<u>Variance with</u>
				<u>Basis</u>	<u>Final Budget</u>
Revenues:					
Revenue from local sources:					
Food Service	\$ 1,727,487	\$ 1,727,487	\$ 1,369,239	\$ 1,369,239	\$ (358,248)
Revenue from federal sources:					
Through the State of Alaska	3,421,317	3,421,317	3,626,638	3,626,638	205,321
Total revenues	5,148,804	5,148,804	4,995,877	4,995,877	(152,927)
Expenditures - current:					
Salaries and fringe benefits:					
Non-certificated salaries	1,926,163	1,926,163	1,948,050	1,948,050	(21,887)
Employee benefits	1,191,547	1,191,547	1,150,465	1,150,465	41,082
Total salaries and fringe benefits	3,117,710	3,117,710	3,098,515	3,098,515	19,195
Materials, supplies, services and other:					
Professional and technical services	20,000	20,000	30,266	30,266	(10,266)
Staff travel	8,000	8,000	4,431	4,431	3,569
Utility services	12,000	12,000	14,530	14,530	(2,530)
Energy	210,000	210,000	178,994	178,994	31,006
Other purchased services	1,500	1,500	1,014	1,014	486
Supplies, materials and media	2,120,390	2,120,390	2,223,966	2,223,966	(103,576)
Other expenses	400	400	226	226	174
Total materials, supplies, services and other	2,372,290	2,372,290	2,453,427	2,453,427	(81,137)
Capital outlay - equipment	10,000	10,000			10,000
Total expenditures	5,500,000	5,500,000	5,551,942	5,551,942	(51,942)
Deficiency of revenues over expenditures	(351,196)	(351,196)	(556,065)	(556,065)	(204,869)
Other financing sources - transfers in	351,196	351,196	2,152,539	2,152,539	1,801,343
Net change in fund balance	\$	\$	1,596,474	\$ 1,596,474	\$ 1,596,474
Fund balance - beginning			(983,153)		
Fund deficit - ending			\$ 613,321		

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

School Activities

Balance Sheet

June 30, 2017

(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
<b><u>ASSETS</u></b>		
Equity in central treasury cash	\$ 1,370,844	\$ 1,407,100
Accounts receivable:		
Local		97
Total assets	<u>\$ 1,370,844</u>	<u>\$ 1,407,197</u>
<b><u>LIABILITIES &amp; FUND BALANCE</u></b>		
Liabilities:		
Accounts payable	\$ 1,185	\$ 7,424
Fund balance:		
Committed	<u>1,369,659</u>	<u>1,399,773</u>
Total liabilities and fund balance	<u>\$ 1,370,844</u>	<u>\$ 1,407,197</u>

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

School Activities

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
Revenues:		
Revenue from local sources:		
Other local revenue	\$ 2,569,696	\$ 2,414,054
Expenditures - current:		
Student activities	2,599,810	2,479,664
Deficiency of revenues over expenditures	(30,114)	(65,610)
Other financing sources - transfers in		2,360
Net change in fund balance	(30,114)	(63,250)
Fund balance - beginning	1,399,773	1,463,023
Fund balance - ending	\$ 1,369,659	\$ 1,399,773

See accompanying notes to the basic financial statements

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Special Revenue Fund

School Activities

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

For the Year Ended June 30, 2017

(With comparative totals for 2016)

	<b>Totals</b>	
	<b>2017</b>	<b>2016</b>
Revenues:		
Revenue from local sources:		
Other local revenue	\$ 2,569,696	\$ 2,414,054
Expenditures - current:		
Salaries and fringe benefits:		
Certificated salaries	1,299	8,963
Non-certificated salaries	25,594	23,742
Employee benefits	2,710	5,212
Total salaries and fringe benefits	29,603	37,917
Materials, supplies, services and other:		
Professional and technical services	63,305	67,122
Staff travel	4,107	1,850
Student travel	1,126,980	1,050,460
Other purchased services	50,523	39,563
Supplies, materials and media	1,251,043	1,237,750
Other expenses	74,249	45,002
Total materials, supplies, services and other	2,570,207	2,441,747
Total expenditures	2,599,810	2,479,664
Deficiency of revenues over expenditures	(30,114)	(65,610)
Other financing sources - transfers in		2,360
Net change in fund balance	(30,114)	(63,250)
Fund balance - beginning	1,399,773	1,463,023
Fund balance - ending	\$ 1,369,659	\$ 1,399,773

See accompanying notes to the basic financial statements



# **NONMAJOR CAPITAL PROJECTS FUNDS**

**Title VIII Construction  
Districtwide School Projects  
Administrative Center Infrastructure  
Woodriver Gym Upgrades  
Ryan 1% for Art  
Ryan 1% for Art MS Replacement  
Ryan Middle School Replacement  
Two Rivers Interior Renovation**

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Capital Projects Funds

Combining Balance Sheet

June 30, 2017

(With comparative totals for 2016)

	<u>Title VIII Construction</u>	<u>Districtwide School Projects</u>	<u>Ryan 1% for Art</u>	<u>Ryan 1% for Art MS Replacement</u>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	\$ 350,773	\$ 4,847	\$ 2,042	\$
Accounts receivable:				
Local				
Due from Fairbanks North Star Borough			458	43,568
Total assets	<u>\$ 350,773</u>	<u>\$ 4,847</u>	<u>\$ 2,500</u>	<u>\$ 43,568</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 1,659	\$	\$ 2,500	\$
Due to other funds				43,568
Total liabilities	<u>1,659</u>		<u>2,500</u>	<u>43,568</u>
Fund balances:				
Assigned	<u>349,114</u>	<u>4,847</u>		
Total liabilities and fund balances	<u>\$ 350,773</u>	<u>\$ 4,847</u>	<u>\$ 2,500</u>	<u>\$ 43,568</u>

See accompanying notes to the basic financial statements

Ryan Midde School Replacement	Totals	
	2017	2016
\$	\$ 357,662	\$ 202,143
86,793	86,793	
96,152	140,178	26,506
<u>\$ 182,945</u>	<u>\$ 584,633</u>	<u>\$ 228,649</u>

\$ 90,083	\$ 94,242	\$
92,862	136,430	26,506
<u>182,945</u>	<u>230,672</u>	<u>26,506</u>

	353,961	202,143
<u>\$ 182,945</u>	<u>\$ 584,633</u>	<u>\$ 228,649</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, 2017

(With comparative totals for 2016)

	<u>Title VIII Construction</u>	<u>Districtwide School Projects</u>	<u>Administrative Center Infrastructure</u>	<u>Woodriver Gym Upgrades</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$	\$ 5,579
Revenue from state sources				
Revenue from federal sources:				
Through the State of Alaska	<u>372,627</u>			
Total revenues	<u>372,627</u>			<u>5,579</u>
Expenditures:				
Capital outlay:				
Professional and technical services				
Other purchased services	159,354		1,950	
Supplies, materials and media	71,658		18,621	
Equipment			4,538	5,579
Buildings and improvements purchased				
Total expenditures	<u>231,012</u>		<u>25,109</u>	<u>5,579</u>
Excess (deficiency) of revenues over expenditures	<u>141,615</u>		<u>(25,109)</u>	
Other financing sources - transfers in	<u>35,312</u>			
Net change in fund balances	176,927		(25,109)	
Fund balances - beginning	<u>172,187</u>	<u>4,847</u>	<u>25,109</u>	
Fund balances - ending	<u>\$ 349,114</u>	<u>\$ 4,847</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

Ryan 1% for Art	Ryan 1% for Art MS Replacement	Ryan Middle School Replacement	Two Rivers Interior Renovation	Totals	
				2017	2016
\$ 458	\$ 126,610	\$ 624,524	\$ 5,965	\$ 763,136	\$ 200,410
					20,000
				372,627	
458	126,610	624,524	5,965	1,135,763	220,410
458		606,298	5,965	161,304	114,173
		18,226		703,000	248,684
				28,343	24,860
	126,610			126,610	20,000
458	126,610	624,524	5,965	1,019,257	407,717
				116,506	(187,307)
				35,312	
				151,818	(187,307)
				202,143	389,450
\$	\$	\$	\$	\$ 353,961	\$ 202,143

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Nonmajor Capital Projects Funds  
Project Length Schedule of Revenues and Expenditures  
Beginning of Projects to June 30, 2017

	<b>Title VIII Construction</b>	<b>Administrative Center Infrastructure</b>	<b>Woodriver Gym Upgrades</b>	<b>Ryan 1% for Art</b>
Project Authorizations:	<u>\$ 844,880</u>	<u>\$ 431,520</u>	<u>\$ 61,364</u>	<u>\$ 76,154</u>
Revenues:				
Revenue from local sources:				
Other local revenue	\$	\$	\$ 61,364	\$ 458
Revenue from state sources				
Revenue from federal sources:				
Through the State of Alaska	1,321,215			
Transfers from other funds	<u>35,312</u>			
Total revenues	<u>1,356,527</u>		<u>61,364</u>	<u>458</u>
Expenditures:				
Capital outlay:				
Professional and technical services	18,669			
Other purchased services	586,679	1,950		
Supplies, materials and media	214,758	18,621	45,785	458
Equipment		4,538	15,579	
Buildings and improvements purchased				
Other capital outlay				
Total expenditures	<u>820,106</u>	<u>25,109</u>	<u>61,364</u>	<u>458</u>
Excess of revenues over expenditures	<u>\$ 536,421</u>	<u>\$ (25,109)</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to the basic financial statements

Ryan Middle School Replacement Art	Ryan Middle School Replacement	Two Rivers Interior Renovation	Project To Date Totals
<u>\$ 294,737</u>	<u>\$ 600,000</u>	<u>\$ 12,356</u>	<u>\$ 2,321,011</u>
\$ 126,610	\$ 762,193	\$ 9,257	\$ 959,882
			1,321,215
			35,312
<u>126,610</u>	<u>762,193</u>	<u>9,257</u>	<u>2,316,409</u>
			18,669
			588,629
	736,607	9,257	1,025,486
	25,586		45,703
126,610			126,610
<u>126,610</u>	<u>762,193</u>	<u>9,257</u>	<u>1,805,097</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 511,312</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, 2017

	<b>Balance July 1, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2017</b>
<b><u>ASSETS</u></b>				
Equity in central treasury cash	<u>\$ 25,947</u>	<u>\$ 30,201</u>	<u>\$ 26,220</u>	<u>\$ 29,928</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$	\$ 26,220	\$ 26,220	\$
Due to external groups	<u>25,947</u>	<u>30,201</u>	<u>26,220</u>	<u>29,928</u>
Total liabilities	<u>\$ 25,947</u>	<u>\$ 56,421</u>	<u>\$ 52,440</u>	<u>\$ 29,928</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 178-189**

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 190-200**

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 201**

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 202-203**

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 203-219**

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

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

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2007-08	2008-09 <sup>a</sup>	2009-10	2010-11
Governmental activities:				
Investment in capital assets	\$ 3,967,368	\$ 2,941,680	\$ 4,180,344	\$ 4,449,676
Restricted for:				
Grant-funded programs				
Student allotments				
Unrestricted	18,535,860	20,059,660	20,954,280	20,747,031
Total net position	<u>\$ 22,503,228</u>	<u>\$ 23,001,340</u>	<u>\$ 25,134,624</u>	<u>\$ 25,196,707</u>

## Note:

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

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



Fiscal Year					
2011-12	2012-13	2013-14	2014-15 <sup>b</sup>	2015-16	2016-17
\$ 4,391,797	\$ 4,169,278	\$ 4,001,914	\$ 4,112,494	\$ 4,580,174	\$ 4,299,337
			1,416,526	1,670,850	700,964
			35,108	88,780	102,147
17,380,499	19,123,971	20,941,096	(65,801,513)	(85,483,184)	(111,644,615)
<u>\$ 21,772,296</u>	<u>\$ 23,293,249</u>	<u>\$ 24,943,010</u>	<u>\$ (60,237,385)</u>	<u>\$ (79,143,380)</u>	<u>\$ (106,542,167)</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

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

	<b>Fiscal Year</b>			
	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 96,385,094	\$ 92,008,786	\$ 96,924,540	\$ 100,600,464
Special education instruction	20,936,726	21,632,095	25,847,781	24,870,238
Special education support services - students	3,053,826	3,882,736	4,787,664	7,376,804
Support services - students	12,056,303	12,016,292	13,485,882	13,959,359
Support Services - instruction	10,205,791	10,973,700	12,292,803	15,414,500
School administration	7,354,532	7,066,719	7,283,846	7,164,900
School administration support services	4,164,728	4,084,016	4,774,903	4,908,392
District administration	2,055,996	2,150,747	2,326,390	2,205,571
District administration support services	8,989,152	9,013,588	10,161,958	10,700,442
Operations and maintenance of plant	21,913,361	24,692,687	22,831,870	24,374,735
Student activities	4,889,861	4,869,918	4,969,303	4,959,591
Student transportation - to and from school	9,113,672	9,475,472	9,856,507	10,010,640
Adult and continuing education instruction		5,118	321	
Community services				
Food services	4,979,963	4,823,175	5,386,119	5,399,896
Interest expense		40,458	46,119	33,227
Total expenses	<u>206,099,005</u>	<u>206,735,507</u>	<u>220,976,006</u>	<u>231,978,759</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for Services:				
Instruction	39,225	42,227	61,343	43,895
Support services - students	62,002	73,749	66,813	116,542
Support services - instruction	69,246	69,971	77,079	41,850
Student transportation - to and from school	18,450	17,300		
Food services	1,973,615	2,162,348	2,010,908	1,926,416
Operating grants and contributions	55,175,797	50,760,894	52,835,590	54,664,159
Capital grants and contributions	<u>511,057</u>	<u>2,515,129</u>	<u>369,871</u>	<u>69,000</u>
Total program revenues	<u>57,849,392</u>	<u>55,641,618</u>	<u>55,421,604</u>	<u>56,861,862</u>
Net expense - governmental activities	<u>(148,249,613)</u>	<u>(151,093,889)</u>	<u>(165,554,402)</u>	<u>(175,116,897)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Grants and contributions not restricted to specific programs:				
Borough direct appropriation	42,222,700	44,222,700	43,339,901	45,299,502
Foundation program	85,688,097	96,001,077	109,730,232	112,387,761
Other state revenue	7,919,269	1,821,871	1,856,765	1,974,562
Federal impact aid	11,118,081	9,596,676	12,005,572	14,428,645
Other	709,756	295,993	386,120	739,636
Miscellaneous	<u>560,859</u>	<u>384,270</u>	<u>369,096</u>	<u>348,874</u>
Total general revenues	<u>148,218,762</u>	<u>152,322,587</u>	<u>167,687,686</u>	<u>175,178,980</u>
Change in net position	<u>\$ (30,851)</u>	<u>\$ 1,228,698</u>	<u>\$ 2,133,284</u>	<u>\$ 62,083</u>

Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 107,518,432	\$ 111,205,333	\$ 109,531,681	\$ 122,257,659	\$ 107,399,957	\$ 111,640,903
25,693,963	29,783,855	29,236,637	31,589,337	33,322,750	34,256,340
7,840,679	10,087,672	10,551,365	11,614,210	11,205,400	11,056,197
14,645,274	15,353,243	16,554,098	16,113,199	16,503,860	14,252,727
13,656,552	12,899,352	12,079,620	12,093,473	14,110,870	15,580,406
7,683,508	8,384,189	8,712,544	9,734,249	8,555,778	8,933,366
6,109,394	5,645,704	5,724,618	5,627,274	7,154,047	6,805,796
2,460,180	2,415,563	2,125,738	2,368,596	2,170,832	2,372,557
11,302,391	10,394,306	10,503,523	10,876,471	14,310,514	13,431,721
26,259,233	25,334,946	25,259,547	27,052,784	28,728,249	27,579,992
5,004,579	5,182,117	5,293,009	3,052,086	4,969,652	5,043,266
11,222,482	11,382,622	11,785,326	11,974,378	11,891,808	12,149,994
		5,000			
5,510,680	5,400,980	5,418,264	5,910,012	6,591,827	6,399,804
244,907,347	253,469,882	252,780,970	270,263,728	266,915,544	269,503,069
51,492	69,392	62,715	44,280	47,332	9,686
112,795	19,703	188,850	222,709	189,497	185,255
65,844	145,416	38,540	34,860	29,006	9,050
1,897,853	1,598,281	1,492,538	1,353,596	1,352,523	1,369,239
59,782,158	66,613,379	68,202,040	81,118,672	52,262,056	45,805,824
378,803	69,419	126,935	911,562	220,410	1,135,763
62,288,945	68,515,590	70,111,618	83,685,679	54,100,824	48,514,817
(182,618,402)	(184,954,292)	(182,669,352)	(186,578,049)	(212,814,720)	(220,988,252)
46,586,695	46,200,000	47,560,000	49,906,000	55,369,000	54,169,000
113,227,755	119,814,989	117,038,885	117,696,672	118,214,578	116,214,852
4,144,172	4,705,752	4,691,698	6,498,660	1,982,685	1,984,382
14,051,688	14,758,858	13,979,892	17,420,489	17,012,673	18,353,834
643,721	595,346	508,827	953,584	721,453	1,325,280
539,960	400,300	539,811	554,027	608,336	1,542,117
179,193,991	186,475,245	184,319,113	193,029,432	193,908,725	193,589,465
\$ (3,424,411)	\$ 1,520,953	\$ 1,649,761	\$ 6,451,383	\$ (18,905,995)	\$ (27,398,787)

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11 <sup>a</sup>
General fund				
Nonspendable			\$ 966,466	\$ 555,592
Restricted				
Assigned			20,712,010	21,080,111
Unassigned			743,899	
Total general fund			<u>\$ 22,422,375</u>	<u>\$ 21,635,703</u>
All other governmental funds				
Nonspendable			\$ 676,166	\$ 499,732
Restricted			25,736	2,954
Committed			2,430,074	1,760,378
Assigned			700,444	1,315,325
Unassigned			(764,901)	(88,626)
Total all other governmental funds			<u>\$ 3,067,519</u>	<u>\$ 3,489,763</u>
General fund				
Reserved	\$ 11,939,473	\$ 10,824,456		
Unreserved	<u>11,954,019</u>	<u>10,674,176</u>		
Total general fund	<u>\$ 23,893,492</u>	<u>\$ 21,498,632</u>		
All other governmental funds				
Reserved	\$ 617,788	\$ 669,418		
Unreserved, reported in:				
Special revenue funds	2,320,976	2,894,987		
Capital projects funds	<u>2,044,803</u>	<u>510,269</u>		
Total all other governmental funds	<u>\$ 4,983,567</u>	<u>\$ 4,074,674</u>		

<sup>a</sup> In fiscal year 2010-11, the School District implemented Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and restated fiscal year 2009-10 balances. Balances prior to fiscal year 2009-10 reflect fund balance terminology in place at that time.

Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 602,804	\$ 573,283	\$ 518,791	\$ 624,652	\$ 444,007	\$ 457,102
			35,108	88,780	102,147
19,556,139	18,552,099	15,719,300	19,972,736	18,653,930	20,340,970
71,358	1,372,848	3,616,590	4,342,757	15,425,238	12,760,554
<u>\$ 20,230,301</u>	<u>\$ 20,498,230</u>	<u>\$ 19,854,681</u>	<u>\$ 24,975,253</u>	<u>\$ 34,611,955</u>	<u>\$ 33,660,773</u>
\$ 432,994	\$ 443,788	\$ 625,306	\$ 480,711	\$ 476,760	\$ 414,148
377,814	662,773	1,864,874	1,416,526	1,670,850	700,964
1,796,551	1,794,550	1,726,030	1,634,796	1,576,893	1,563,189
1,614,100	1,643,638	1,414,676	1,618,291	1,430,984	3,253,975
(11,270)	(77,502)	(500,032)	(1,170,105)	(1,459,913)	
<u>\$ 4,210,189</u>	<u>\$ 4,467,247</u>	<u>\$ 5,130,854</u>	<u>\$ 3,980,219</u>	<u>\$ 3,695,574</u>	<u>\$ 5,932,276</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Revenues from local sources:				
Borough direct appropriation	\$ 42,222,700	\$ 44,222,700	\$ 43,339,901	\$ 45,299,502
E-rate revenue	297,666	295,993	369,002	725,861
Food services	1,973,615	2,162,348	2,010,908	1,926,416
Other local revenue	3,266,067	3,137,102	3,102,069	3,020,007
Tuition from students				
Total revenue from local sources	<u>47,760,048</u>	<u>49,818,143</u>	<u>48,821,880</u>	<u>50,971,786</u>
Revenue from state sources:				
Foundation program	85,688,097	96,001,077	109,730,232	112,387,761
QSI grant	342,123	371,871	406,765	412,969
Supplemental aid	6,127,146			
TRS on-behalf	26,641,081	19,640,125	16,615,652	18,728,033
PERS on-behalf	2,181,753	3,753,051	1,750,178	2,772,197
On-base schools	1,450,000	1,450,000	1,450,000	1,450,000
Other state revenue	9,641,697	10,169,267	10,576,761	10,964,714
Total revenue from state sources	<u>132,071,897</u>	<u>131,385,391</u>	<u>140,529,588</u>	<u>146,715,674</u>
Revenue from federal sources:				
Direct	12,208,857	13,141,295	13,105,128	15,710,159
Through the State of Alaska and other intermediate agencies	<u>13,818,299</u>	<u>13,494,924</u>	<u>20,647,414</u>	<u>18,640,095</u>
Total revenue from federal sources	<u>26,027,156</u>	<u>26,636,219</u>	<u>33,752,542</u>	<u>34,350,254</u>
Total revenues	<u>\$ 205,859,101</u>	<u>\$ 207,839,753</u>	<u>\$ 223,104,010</u>	<u>\$ 232,037,714</u>

<sup>a</sup> Prior to fiscal year 2014-15 all Federal Impact Aid revenue was coded as revenue from federal sources - direct. However, a large portion of this revenue was passed through the State of Alaska. Beginning in fiscal year 2014-15 that portion of Federal Impact Aid passed through the State of Alaska was recorded as such.

Fiscal Year					
2011-12	2012-13	2013-14	2014-15 <sup>a</sup>	2015-16 <sup>a</sup>	2016-17
\$ 46,586,695	\$ 46,200,000	\$ 47,560,000	\$ 49,906,000	\$ 55,369,000	\$ 54,169,000
643,721	595,346	508,827	635,436	407,354	1,043,416
1,897,853	1,598,281	1,492,538	1,353,596	1,352,523	1,369,239
3,180,689	2,907,469	3,229,576	3,667,163	3,458,316	4,250,443
30,961	37,936	24,529	44,280	47,332	9,686
52,339,919	51,339,032	52,815,470	55,606,475	60,634,525	60,841,784
113,227,755	119,814,989	117,038,885	117,696,672	118,214,578	116,214,852
421,134	431,321	426,169	419,961	419,888	414,026
2,162,030	2,711,634	2,671,187	4,479,736		
22,767,876	30,229,983	31,150,634	195,386,281	12,598,052	11,312,186
4,003,866	5,041,243	5,034,322	16,140,721	2,008,855	1,612,416
1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
12,293,304	12,799,187	15,408,956	12,855,852	12,655,113	11,557,655
156,325,965	172,478,357	173,180,153	348,429,223	147,346,486	142,561,135
15,475,729	15,929,448	14,921,469	1,349,145	1,384,720	1,865,609
17,337,965	15,240,598	13,510,686	32,187,078	30,937,836	33,444,642
32,813,694	31,170,046	28,432,155	33,536,223	32,322,556	35,310,251
<u>\$ 241,479,578</u>	<u>\$ 254,987,435</u>	<u>\$ 254,427,778</u>	<u>\$ 437,571,921</u>	<u>\$ 240,303,567</u>	<u>\$ 238,713,170</u>

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Instruction	\$ 95,429,216	\$ 92,319,548	\$ 97,534,169	\$ 100,456,233
Special education instruction	20,768,748	22,307,877	26,434,567	24,813,218
Special education support services - students	3,054,051	3,956,716	4,784,941	7,351,847
Support services - students	11,988,071	12,669,547	13,523,654	13,917,100
Support services - instruction	10,131,281	11,452,623	12,580,996	14,986,928
School administration	7,285,455	7,071,644	7,327,490	7,127,341
School administration support services	4,155,048	4,487,658	4,754,818	4,897,659
District administration	2,101,406	2,223,108	2,302,737	2,209,647
District administration support services	8,838,960	9,470,375	10,516,123	10,828,683
Operations and maintenance of plant	21,775,769	22,049,314	22,678,492	24,153,731
Student activities	4,891,073	4,921,666	4,981,827	4,977,656
Student transportation - to and from school	9,106,723	9,488,016	9,873,929	10,009,855
Adult and continuing education instruction		5,118	321	
Community services				
Food services	4,719,021	4,829,664	5,252,103	5,361,214
Debt service:				
Interest		40,458	46,119	33,227
Principal	318,968	419,967	414,306	568,656
Capital outlay	165,733	3,969,640	186,110	713,647
Total expenditures	<u>\$ 204,729,523</u>	<u>\$ 211,682,939</u>	<u>\$ 223,192,702</u>	<u>\$ 232,406,642</u>
Capital expenditures <sup>a</sup>	<u>\$ 629,531</u>	<u>\$ 736,938</u>	<u>\$ 1,779,080</u>	<u>\$ 984,085</u>
Noncapital expenditures	<u>\$ 204,099,992</u>	<u>\$ 210,946,001</u>	<u>\$ 221,413,622</u>	<u>\$ 231,422,557</u>
Debt service as a percentage of noncapital expenditures	0.16%	0.22%	0.21%	0.26%

### Notes:

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



Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 106,245,188	\$ 111,908,220	\$ 110,458,367	\$ 223,441,209	\$ 94,867,175	\$ 97,473,533
25,299,652	29,874,926	29,374,914	50,484,786	27,997,201	29,915,351
7,765,973	10,116,540	10,616,448	19,726,865	9,756,127	9,814,352
14,464,374	15,436,738	16,745,156	26,237,222	13,677,384	12,144,630
13,384,278	12,741,319	12,024,263	17,963,049	12,050,673	13,922,427
7,604,630	8,452,142	8,798,346	18,710,099	7,523,471	7,786,833
6,050,059	5,666,342	5,767,625	6,880,327	5,552,526	5,766,492
2,433,594	2,396,461	2,223,703	3,680,703	1,821,104	2,060,746
11,153,362	10,381,157	10,586,356	13,057,446	11,729,962	11,709,938
25,959,798	25,455,301	24,931,722	27,781,546	23,622,168	24,231,980
4,992,296	5,185,421	5,312,989	7,130,687	4,682,307	4,789,190
11,214,750	11,377,599	11,793,857	11,968,995	11,785,369	12,141,538
		5,000			
5,519,986	5,433,831	5,416,030	5,836,841	5,478,326	5,652,711
					340,272
80,028	39,881	355,897	707,947	407,717	1,019,257
<u>\$ 242,167,968</u>	<u>\$ 254,465,878</u>	<u>\$ 254,410,673</u>	<u>\$ 433,607,722</u>	<u>\$ 230,951,510</u>	<u>\$ 238,769,250</u>
<u>\$ 734,274</u>	<u>\$ 607,782</u>	<u>\$ 638,774</u>	<u>\$ 869,935</u>	<u>\$ 1,252,326</u>	<u>\$ 523,376</u>
<u>\$ 241,433,694</u>	<u>\$ 253,858,096</u>	<u>\$ 253,771,899</u>	<u>\$ 432,737,787</u>	<u>\$ 229,699,184</u>	<u>\$ 238,245,874</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.14%

**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			
	2007-08	2008-09	2009-10	2010-11
Excess (deficiency) of revenues over expenditures	\$ 1,129,578	\$ (3,843,186)	\$ (88,692)	\$ (368,928)
Other financing sources (uses):				
Proceeds from sale of capital assets	31,960	11,260	5,280	4,500
Issuance of capital leases	1,193,724	528,173		
Transfers in	3,691,292	1,877,959	718,076	1,880,057
Transfers out	<u>(3,691,292)</u>	<u>(1,877,959)</u>	<u>(718,076)</u>	<u>(1,880,057)</u>
Total other financing sources (uses)	<u>1,225,684</u>	<u>539,433</u>	<u>5,280</u>	<u>4,500</u>
Net change in fund balances	<u>\$ 2,355,262</u>	<u>\$ (3,303,753)</u>	<u>\$ (83,412)</u>	<u>\$ (364,428)</u>

Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ (688,390)	\$ 521,557	\$ 17,105	\$ 3,964,199	\$ 9,352,057	\$ (56,080)
3,414	3,430	2,953	5,738		1,341,600
481,000	394,136	237,100	196,808	353,556	3,659,851
<u>(481,000)</u>	<u>(394,136)</u>	<u>(237,100)</u>	<u>(196,808)</u>	<u>(353,556)</u>	<u>(3,659,851)</u>
<u>3,414</u>	<u>3,430</u>	<u>2,953</u>	<u>5,738</u>		<u>1,341,600</u>
<u>\$ (684,976)</u>	<u>\$ 524,987</u>	<u>\$ 20,058</u>	<u>\$ 3,969,937</u>	<u>\$ 9,352,057</u>	<u>\$ 1,285,520</u>

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

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

Calendar Year of Assessed Value	Residential Property	Commercial Property	Industrial Property	Pipeline and Personal Property (a)	Vacant Land
2006	\$ 4,118,775,754	\$ 875,014,529	\$ 733,298,427	\$ 377,817,080	\$ 312,650,776
2007	4,595,949,320	943,261,759	767,721,675	369,500,480	367,089,029
2008	4,863,123,964	1,033,947,976	812,797,405	508,804,970	377,730,452
2009	4,904,177,806	1,084,908,136	925,518,536	694,077,720	373,581,218
2010	4,920,676,560	1,140,775,454	1,169,072,197	739,610,090	374,354,328
2011	5,092,908,211	1,219,689,461	1,220,419,599	706,617,790	377,340,540
2012	5,537,719,131	1,171,130,143	1,028,359,940	669,165,790	366,769,285
2013	5,161,733,840	1,308,735,243	1,297,245,790	947,537,770	363,078,718
2014	5,282,718,724	1,376,423,527	1,459,477,396	869,679,750	372,149,228
2015	5,430,005,080	1,411,411,448	1,471,191,632	832,745,270	363,029,926

**Note:** Property taxes are assessed on a calendar year basis. Estimated actual values are derived using the State-confirmed sales ratio plus State-assessed trans-Alaska pipeline system (TAPS) value. Assessed values are from certified assessment rolls of the Fairbanks North Star Borough. All values are for real property only unless otherwise noted.

(a) TAPS assessments, for all calendar years, are based on State Assessment Review Board (SARB) values. Valuations were disputed beginning in 2006. See Note 17.C (of the Fairbanks North Star Borough CAFR).

(b) This column is the areawide mill rate.

(c) This column includes tax-exempt property.

**Source:** Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016. Historically, information for the most recent fiscal year is not available until after the publication date of the School District's CAFR.

<b>Less: Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
		(b)		(c)
\$ 652,965,644	\$ 5,764,590,922	12.923	\$ 6,102,033,479	94.470%
691,802,402	6,351,719,861	12.209	6,732,886,695	94.339%
721,729,006	6,874,675,761	11.287	7,410,674,986	92.767%
769,391,011	7,212,872,405	11.186	7,705,203,789	93.610%
810,393,521	7,534,095,108	11.432	7,976,571,504	94.453%
847,484,868	7,769,490,733	11.294	8,245,058,799	94.232%
878,253,061	7,894,891,228	11.216	8,325,157,990	94.832%
904,270,216	8,174,061,145	11.216	9,235,983,336	88.502%
916,033,858	8,444,414,767	11.356	8,886,714,578	95.023%
993,369,979	8,515,013,377	11.599	8,904,050,278	95.631%

**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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Direct:										
Borough areawide	12.923	12.209	11.287	11.186	11.432	11.294	11.216	11.216	11.356	11.599
Overlapping special Borough taxing jurisdictions except service areas										
Non-Areawide	0.418	0.409	0.400	0.393	0.400	0.511	0.525	0.523	0.493	0.507
Solid Waste Collection Distric	1.150	1.126	1.103	1.121	1.141	1.194	1.229	1.232	1.300	1.350
Borough direct and overlapping except service areas total (a)	14.491	13.744	12.790	12.700	12.973	12.999	12.970	12.971	13.149	13.456
Airway S.A.	1.120	1.089	1.089	1.207	1.256	1.287	1.324	1.387	1.436	1.489
Arctic Fox S.A.	1.944	1.864	1.804	1.861	1.787	1.708	1.850	1.945	1.967	2.168
Aztec S.A.	1.431	1.339	1.257	1.259	1.319	1.342	1.406	1.469	1.533	1.592
Ballaine Lake S.A.	13.775	12.828	12.413	12.671	13.162	14.920	16.054	17.222	17.670	18.209
Bear's Den Road S.A.								0.329	0.356	0.357
Becker Ridge S.A.	1.359	1.346	1.376	1.450	1.486	1.496	1.440	1.509	1.612	1.666
Birch Hill S.A.	1.861	1.832	1.814	1.939	1.995	2.023	2.101	2.195	2.292	2.356
Bluebird Road S.A.	2.187	2.004	2.054	2.333	2.447	2.792	2.883	3.138	3.378	3.362
Borda Road S.A.	1.131	1.067	1.079	1.119	1.171	1.157	1.204	1.253	1.349	1.383
Brookside S.A.	0.457	0.435	0.437	0.479	0.498	0.503	0.526	0.546	0.559	0.571
Chena Goldstream Fire S.A.	1.483	1.434	1.473	1.547	1.603	1.644	2.142	2.241	2.340	2.377
Chena Hills Road S.A.	1.001	0.987	0.985	1.047	1.060	1.076	1.115	1.152	1.197	1.219
Chena Hot Springs II S.A.	0.681	0.888	0.698	0.713	0.732	0.746	0.412	0.312		
Chena Marina S.A.	0.825	0.792	0.756	0.796	0.830	0.857	0.880	0.966	1.001	0.976
Chena Point Road S.A.	3.176	3.154	2.958	3.064	3.065	3.128	3.247	3.352	3.488	3.550
Chena Spur S.A.	2.354	2.407	2.329	2.606	2.671	2.679	2.837	2.957	3.052	3.232
Cleary Summit S.A.		0.189	0.183	0.190	0.191	0.158	0.132			
College S.A.	1.292	1.249	1.257	1.391	1.437	1.427	1.457	1.216	1.269	1.303
College Hills S.A.	0.789	0.754	0.785	0.835	0.871	0.912	0.950	1.016	1.011	1.053
Cooper Estates S.A.	2.709	2.717	2.614	2.821	2.899	2.915	3.048	3.087	3.313	3.397
Cordes Drive S.A.	1.150	1.060	1.074	1.112	1.201	1.232	1.283	1.374	1.431	1.423
Cripple Creek S.A.	1.679	1.477	1.520	1.601	1.636	1.668	1.717	1.814	1.904	1.946
Deep Forest S.A. (a)	0.759	0.714	0.707	0.724	0.743	0.758	0.795	0.977	1.026	1.050
Diane Subdivision S.A.	0.322	0.303	0.310	0.333	0.348	0.345	0.357	0.374	0.391	0.405
Drake Estates S.A. (b)	1.783	0.688	0.719	0.762	0.760	0.753	0.777	0.792	0.831	0.844
Edanella Heights Road S.A.	1.281	1.273	1.249	1.388	1.425	1.457	1.485	2.130	2.284	2.316
Ester Lump Road S.A.	1.881	1.710	1.741	1.773	3.093	3.160	3.333	3.550	3.765	4.109
Ester Volunteer Fire S.A.	2.501	2.270	2.384	2.444	2.568	2.619	2.726	2.887	3.033	3.140
Fairfields S.A.	0.707	0.683	0.675	0.713	0.752	0.750	0.789	0.834	0.867	0.898
Fairhill S.A.	1.170	1.163	1.093	1.188	2.255	2.294	2.315	1.156	1.213	1.245
Fairwest S.A.	1.878	1.850	1.789	1.896	1.948	1.903	1.989	2.082	2.119	2.155
Garden S.A.	1.103	1.074	1.035	1.089	1.126	1.099	1.135	1.188	1.244	1.275
Golden Valley Road S.A.	2.695	2.665	4.285	4.483	4.555	4.704	4.945	5.085	5.410	5.404
Goldstream Alaska S.A.	2.294	2.109	2.171	2.246	2.333	2.422	2.435	2.591	2.835	2.839
Goldstream Moose Creek S.A.(c)	1.723	1.586	1.635	1.598	1.682	1.694	1.720	1.758	1.831	1.887
Gordon S.A.	1.167	1.112	1.028	1.096	1.143	1.135	1.158	1.238	1.280	1.309
Granola Estates S.A.	1.323	1.117	1.089	1.239	1.281	1.321	1.441	1.534	1.587	1.647
Grieme Road S.A.	3.486	3.418	3.466	3.780	3.833	3.852	3.899	4.067	4.153	4.234
Haystack S.A.	3.106	2.875	2.901	3.231	3.324	3.615	3.767	3.815	3.974	4.128

Tax Levies (In 000's)									
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
\$79,537	\$82,628	\$82,551	\$86,102	\$92,077	\$93,726	\$94,876	\$98,349	\$103,053	\$106,434
1,672	1,812	1,921	1,991	2,126	2,773	2,910	3,053	2,987	3,135
4,912	5,319	5,636	6,038	6,422	6,870	7,214	7,562	8,272	8,682
11	12	12	14	14	15	15	16	17	18
5	5	5	5	6	5	6	6	7	7
19	18	20	21	23	26	28	30	31	38
25	26	26	28	29	34	37	38	41	42
							1	1	1
90	98	105	113	116	122	128	135	145	152
87	100	104	111	116	122	129	143	151	160
6	6	7	7	8	9	9	10	12	12
25	27	28	29	30	30	32	33	36	38
8	8	9	9	10	10	10	11	11	12
779	853	933	1,007	1,057	1,111	1,498	1,579	1,678	1,756
71	80	88	95	100	103	109	114	121	129
1	1	1	1	1	1	1			
19	20	21	22	24	25	26	30	32	34
60	86	90	95	99	112	124	137	149	155
35	38	39	43	45	47	51	52	56	60
	1	1	1	7	1	1			
447	474	493	530	544	561	586	481	514	533
22	23	25	27	28	29	31	32	34	35
20	23	24	26	28	29	32	33	35	36
20	21	24	26	27	28	30	31	33	33
46	52	55	62	66	70	74	81	86	89
17	18	19	20	21	21	22	29	30	31
3	3	3	4	4	4	4	4	4	5
15	7	7	8	8	8	9	9	9	9
27	29	31	34	34	36	37	53	57	59
15	17	18	20	35	38	40	42	46	49
277	318	344	379	401	427	457	487	522	550
14	15	15	16	17	17	18	19	20	21
11	12	12	13	25	25	27	13	14	15
21	23	24	26	26	26	27	28	29	30
26	32	36	39	4	43	45	48	51	55
7	7	12	13	15	16	17	18	19	19
22	23	24	26	27	29	30	32	35	36
40	42	45	49	52	54	58	61	65	71
39	47	50	54	57	60	62	66	68	70
4	5	5	6	6	6	8	8	9	9
13	15	16	19	20	22	24	25	25	27
21	27	34	37	38	41	43	46	47	50

**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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Herning Hills S.A.	1.382	1.318	1.258	1.368	1.394	1.441	1.501	1.506	1.571	1.618
Hopeless S.A.	0.869	0.833	0.838	0.889	0.941	0.940	0.970	1.014	1.080	1.114
Horseshoe Downs S.A.	2.384	2.278	2.297	2.447	3.376	3.315	3.462	3.745	4.351	4.687
Jennifer Drive S.A.	1.695	1.533	1.554	1.654	1.742	1.816	2.019	2.202	2.328	2.404
Jones Road S.A.	1.570	1.447	1.470	1.522	1.630	1.689	1.737	1.815	1.905	1.889
Joy Road S.A.	1.274	1.186	1.189	1.265	1.271	1.271	1.314	1.313	1.329	1.345
Keeney Road S.A.	0.549	0.552	0.545	0.561	0.616	0.657	0.671	0.714	0.743	0.746
Kendall S.A.	0.939	0.874	0.854	0.903	0.957	1.021	1.045	1.073	1.165	1.197
Keystone S.A.	3.125	3.065	3.002	3.088	3.184	3.328	3.440	3.861	4.065	4.039
Kris Kringle S.A.	1.938	1.871	1.911	2.023	2.091	2.139	2.211	2.315	2.393	2.540
Lakloey Hill S.A.	1.030	0.992	0.933	1.003	1.036	1.059	1.110	1.177	1.214	1.263
Lee Lane S.A.	1.598	1.615	1.561	1.623	1.673	1.641	1.738	1.806	1.888	1.959
Loose Moose S.A.	0.875	0.786	0.808	0.905	1.002	0.982	1.034	1.042	1.086	1.128
Martin S.A.	7.714	8.034	8.555	8.190	8.588	8.833	9.417	9.943	10.323	10.359
McCloud S.A.	14.746	14.787	15.075	15.055	9.972	10.458	10.481	11.409	12.208	12.486
McGrath Estates S.A.	1.207	1.176	1.212	1.302	1.342	1.381	1.431	1.528	1.556	1.609
McKinley View S.A.	1.808	1.644	1.692	1.590	2.831	2.847	2.979	2.969	2.995	3.032
Mellow Woods Road S.A.	1.253	1.161	1.194	1.242	1.329	1.271	1.273	1.346	1.403	1.420
Miller Hill Extension S.A.	4.607	4.354	4.400	4.481	4.808	4.945	4.995	5.357	5.725	5.740
Moose Creek S.A.	0.421	0.434	0.373	0.350	0.344	0.380	0.387	0.344	0.383	0.390
Moose Meadows S.A.	0.818	0.784	0.774	0.829	0.869	0.877	0.910	0.923	0.968	0.993
Mt. View S.A.	1.143	1.083	1.119	1.191	1.297	1.358	1.399	1.504	1.520	1.475
Murphy S.A. (d)	1.571	1.456	1.506	1.564	1.618	1.642	1.692	1.784	1.844	1.829
Musk Ox S.A.	1.174	1.133	1.163	1.290	1.337	1.354	1.390	1.462	1.450	1.490
Newby Park S.A.	0.722	0.656	0.676	0.710	0.758	0.797	0.823	0.853	0.884	0.900
North Ridge S.A.	4.534	4.500	4.009	4.298	4.423	4.507	4.830	4.889	5.120	5.289
North Star Fire S.A.	1.257	1.205	1.153	1.198	1.241	1.258	1.306	1.329	1.399	1.432
O'Connor Creek S.A.	12.475	13.939	9.770	7.831	7.389	8.875	8.893	6.641	7.822	7.969
Old Wood Road S.A.	1.672	1.619	1.733	1.771	1.786	1.790	2.039	2.194	2.328	2.417
Our S.A.	0.929	0.860	0.838	0.828	1.092	1.087	1.209	1.329	1.337	1.359
Parkside S.A.	1.558	1.428	1.446	1.552	1.576	1.602	1.674	1.736	1.784	1.803
Peede Country Estates S.A.	1.402	1.345	1.287	1.409	1.482	1.326	1.357	1.446	1.485	1.500
Pine Stream S.A.	0.902	0.911	0.928	0.981	1.022	1.001	1.034	1.070	1.105	1.152
Pleasureland S.A.	0.976	0.916	0.881	0.962	0.995	0.970	0.998	1.023	1.078	1.170
Polar Heights S.A.	1.027	1.014	0.926	0.926	0.952	1.016	1.027	0.964	1.045	1.055
Potlatch S.A. (d)	2.374	2.277	2.436	4.553	2.705	2.665	2.755	2.885	3.354	3.547
Prospect Park S.A.	1.142	1.083	1.095	1.121	1.140	1.258	1.281	1.371	1.374	1.481
Reed Acres Road S.A.	1.259	1.145	1.146	1.206	1.260	1.355	1.382	1.476	1.521	1.573
Ridgecrest S.A.	0.899	0.890	0.840	0.975	1.078	1.099	1.129	1.172	1.199	1.219
Salchaket Heights S.A.	4.590	4.806	4.966	5.162	3.863	3.972	4.357	4.472	4.690	4.750
Scenic Heights S.A.	1.377	1.370	1.415	1.497	1.589	1.600	1.707	1.759	1.764	1.856
Seavy S.A.	0.349	0.335	0.294	0.299	0.303	0.311	0.320	0.316	0.341	0.351
Secluded Acres S.A.	1.451	1.416	1.310	1.365	1.396	1.452	1.495	1.567	2.190	1.783
Serendipity Hill S.A.	3.029	2.716	2.998	3.069	3.154	2.901	2.976	3.162	3.315	3.321
Six-Mile Village Road S.A..	1.226	1.223	1.167	1.234	1.255	1.232	1.262	1.412	1.495	1.528
Smallwood Trail Road S.A.	0.613	0.600	0.596	0.673	0.742	0.751	0.756	0.794	0.831	0.864
Smith Ranch S.A.			1.299	1.372	1.417	1.343	0.249	0.267	0.274	0.278
Spring Glade S.A.	0.826	0.779	0.813	0.850	0.877	0.898	0.926	0.981	1.570	1.600



Tax Levies (In 000's)										
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
\$ 23	\$ 25	\$ 26	\$ 28	\$ 28	\$ 30	\$ 32	\$ 33	\$ 35	\$ 37	
19	20	22	23	24	25	27	28	30	31	
11	11	12	13	19	20	26	29	32	34	
4	5	5	5	6	6	6	7	7	8	
49	53	57	61	64	67	71	75	80	83	
6	6	7	8	8	9	9	9	10	10	
2	2	2	2	2	3	3	3	3	3	
10	10	12	12	13	14	14	15	16	17	
11	11	11	12	15	16	17	18	19	20	
11	12	12	13	14	15	15	16	17	18	
31	33	36	39	39	41	44	46	48	62	
5	5	5	6	6	7	7	8	9	9	
6	6	7	7	8	8	9	8	9	9	
16	21	22	23	29	34	39	42	43	46	
24	25	29	31	20	21	23	26	29	31	
58	61	65	69	72	74	77	81	86	90	
5	5	5	5	8	8	9	9	9	9	
16	16	18	18	19	19	19	20	21	21	
44	49	51	57	61	64	67	69	73	75	
13	14	15	15	16	17	17	17	18	19	
59	65	69	74	77	81	86	88	93	96	
26	27	28	30	32	34	35	36	37	37	
10	11	12	12	14	15	16	16	17	17	
23	24	25	41	42	43	45	47	48	49	
15	16	17	17	18	19	21	21	22	23	
8	10	10	11	11	13	15	16	16	17	
1,269	1,387	1,484	1,596	1,739	1,831	1,940	2,030	2,146	2,241	
95	106	107	112	118	130	125	128	133	135	
8	10	11	12	13	14	16	17	18	19	
3	3	4	4	4	4	5	5	6	6	
8	9	10	11	12	13	13	14	15	16	
5	5	5	5	6	6	8	9	10	11	
19	21	22	23	24	25	26	35	37	40	
7	7	7	8	8	8	8	9	9	10	
17	17	18	19	20	21	21	22	24	24	
9	10	15	16	12	12	13	14	16	17	
7	8	8	8	8	9	9	10	10	11	
7	8	8	8	9	10	10	11	11	12	
2	2	2	2	3	3	3	3	3	4	
2	2	2	2	4	5	5	5	5	5	
17	18	18	19	20	21	23	24	25	26	
9	9	9	10	10	10	11	11	12	12	
7	7	8	8	8	8	13	14	19	16	
6	6	7	7	7	8	8	8	9	9	
8	8	9	9	10	10	10	11	11	12	
5	5	5	6	7	7	8	8	8	9	
		36	40	45	47	9	9	10	10	
24	26	27	29	31	32	34	35	58	60	

**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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Spruce Acres S.A.	1.568	1.515	1.470	1.614	1.692	1.610	1.562	1.573	1.629	1.714
Steamboat Landing S.A.	1.171	1.176	1.192	1.307	1.386	1.339	1.385	1.490	1.589	1.643
Steese Volunteer Fire S.A.	1.693	1.628	1.600	1.690	1.739	1.789	1.849	1.893	1.973	2.015
Straight Creek S.A.	3.393	2.963	3.926	3.776	3.867	4.096	3.701	4.050	4.217	4.285
Summerwood S.A.	2.340	2.185	2.258	2.395	2.470	2.560	2.662	2.819	2.922	3.051
Summit Drive S.A.	1.450	1.375	1.381	1.447	1.496	1.542	1.603	1.690	1.710	1.756
Sunny Hills Terrace S.A.	2.355	2.249	2.367	2.498	2.702	2.772	2.946	3.120	3.224	3.278
Sunrise S.A.	2.078	1.865	1.926	2.031	2.136	2.171	2.198	2.381	2.419	2.494
Tan Terra S.A.	1.624	1.559	1.559	1.478	1.553	1.592	1.754	1.885	1.883	1.935
Thomas S.A.	2.442	2.485	2.460	2.759	2.842	2.791	2.861	3.008	3.449	3.660
Timberlane Road S.A.	1.347	1.251	1.274	1.371	1.485	1.464	1.448	1.594	1.642	1.616
Tungsten S.A.	2.687	2.682	2.648	2.814	2.875	2.921	2.992	3.165	3.320	3.384
Twenty Three Mile Slough S.A.	3.887	3.698	3.986	3.977	4.587	3.424	3.557	3.652	3.889	2.983
Ullrhaven S.A.	1.910	1.787	1.658	1.827	1.714	1.706	1.858	2.076	2.153	2.192
University Fire S.A.	2.163	2.108	2.138	2.301	2.370	2.464	2.510	2.643	2.689	2.756
University Heights S.A.	1.533	1.475	1.520	1.617	1.725	1.742	1.755	1.848	1.865	1.887
University West Street Lights S.A.	0.443	0.418	0.419	0.447	0.467	0.472	0.485	0.512	0.527	0.535
Vienna Woods S.A.	0.856	0.815	0.772	0.794	0.815	0.836	0.860	0.809	0.858	0.873
Viewpointe S.A.	0.971	0.956	0.982	1.019	1.056	1.104	1.129	1.201	1.192	1.193
Violet Drive S.A.	2.711	2.667	2.572	2.798	2.912	2.990	3.075	3.265	3.399	3.480
Vista Gold Road S.A.	2.459	2.298	2.390	2.377	2.462	2.549	2.622	2.758	2.888	2.924
Vue Crest, S.A.	1.389	1.310	1.303	1.429	1.479	1.497	1.517	1.587	1.657	1.686
Whitman S.A.	1.485	1.424	1.369	1.442	1.428	1.385	1.562	1.625	1.787	1.811
Wildview S.A.	2.790	2.579	2.651	2.898	2.999	2.975	3.052	3.215	3.359	3.471
Woodland S.A.	0.999	0.980	0.964	1.036	1.073	1.068	1.097	1.152	1.189	1.293
Yak Road S.A.	0.888	0.889	0.900	0.976	0.984	1.009	1.035	1.077	1.117	1.132

Overlapping Separate

City Governments

City of Fairbanks	6.700	6.594	5.991	5.927	5.803	5.843	5.734	5.716	5.549	5.678
Borough areawide	12.923	12.209	11.287	11.186	11.432	11.294	11.216	11.216	11.356	11.599
City of Fairbanks total (a)	<u>19.623</u>	<u>18.803</u>	<u>17.278</u>	<u>17.113</u>	<u>17.235</u>	<u>17.137</u>	<u>16.950</u>	<u>16.932</u>	<u>16.905</u>	<u>17.277</u>
City of North Pole	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.500	3.500	3.500
Borough areawide	12.923	12.209	11.287	11.186	11.432	11.294	11.216	11.216	11.356	11.599
Borough Solid Waste Collection District	1.150	1.126	1.103	1.121	1.141	1.194	1.229	1.232	1.300	1.350
City of North Pole total (a)	<u>17.073</u>	<u>16.335</u>	<u>15.390</u>	<u>15.307</u>	<u>15.573</u>	<u>15.488</u>	<u>15.445</u>	<u>15.948</u>	<u>16.156</u>	<u>16.449</u>

**Note:** Alaska Statute 29.45.090 limits the amount of taxes levied to 3% of the assessed value of the property within the municipality. Furthermore, no municipality, or combination of municipalities occupying the same geographic area, may levy taxes which result in tax revenues from all sources exceeding \$1,500 a year for each person residing in the Borough or which exceed the product of 225% of the average per capita full and true value in the state multiplied by the number of residents of the taxing municipality. However, there is no taxing limitation for debt service per Alaska Statute 29.45.100. With some exceptions, the total amount of tax that can be levied during a year cannot exceed the total amount approved for the preceding year by more than a percentage determined by adding the percentage increase in the Consumer Price index for Fairbanks from the preceding year per FNSBC 8.04.290.

Air Park S.A., Chena Hot Springs II S.A. and Cleary Summit S.A. do not levy taxes.

Tax Levies (In 000's)									
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
\$ 6	\$ 6	\$ 6	\$ 7	\$ 7	\$ 7	\$ 7	\$ 8	\$ 8	\$ 9
13	15	17	18	19	20	21	23	24	26
1,018	1,097	1,172	1,279	1,380	1,452	1,536	1,619	1,709	1,779
10	13	18	19	18	19	19	20	21	21
30	32	34	38	39	42	44	46	50	52
89	99	108	115	121	129	137	145	155	162
27	28	30	33	35	36	40	41	43	44
11	11	12	12	13	13	14	15	16	16
19	19	20	27	29	31	35	39	40	42
10	11	11	12	13	13	14	14	15	16
7	7	8	8	9	9	9	10	10	10
26	29	32	42	43	46	49	53	57	59
23	24	29	41	52	43	50	52	59	50
3	4	4	4	4	4	5	5	6	6
1,866	2,020	2,135	2,337	2,434	2,590	2,724	2,871	3,005	3,160
49	52	55	58	62	63	65	67	69	71
57	60	62	66	68	70	72	75	78	81
19	20	21	23	25	25	26	27	28	29
16	17	18	18	19	20	21	23	23	24
48	53	57	61	64	69	74	79	86	92
31	33	35	38	40	42	44	47	49	51
25	27	30	32	33	34	36	38	40	44
3	3	4	4	4	4	5	5	6	6
145	158	171	184	193	202	212	224	236	247
2	2	2	2	2	2	3	3	3	3
66	70	73	78	81	84	87	90	95	96
12,619	13,477	13,210	13,701	14,876	14,960	14,945	15,155	15,161	14,787
815	883	924	959	938	982	980	1,054	1,066	818

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

**Source:** Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016. Historically, information for the most recent fiscal year is not available until after the publication date of the School District's CAFR.

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

Principal Taxable Properties  
Current Year and Nine Years Ago

Taxpayer	Type of Business	2015			2006		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation <sup>a</sup>	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation <sup>b</sup>
Alyeska and related activities	oil transportation	\$ 832,745,270	1	10.99%	\$ 377,817,080	1	6.55%
Fairbanks Gold Mining, Inc. <sup>c</sup>	gold mining	560,533,869	2	7.40%	222,276,672	2	3.86%
Doyon Utilities, LLC	utilities	280,341,955	3	3.70%			0.00%
Corvias Military Living (Eielson AFB)	military housing	139,740,646	4	1.84%			0.00%
Alaska Communications Systems	communications	53,328,404	5	0.70%	40,954,247	4	0.71%
Flint Hills Resources, LLC <sup>d</sup>	oil refining	48,668,036	6	0.64%	142,680,325	3	2.48%
GCI Cable Fairbanks, Inc.	utilities	44,466,613	7	0.59%			0.00%
Wal-Mart	shopping center	33,912,185	8	0.45%	24,889,144	8	0.43%
Westmark Hotel	hotel	33,251,338	9	0.44%	32,182,628	6	0.56%
Fred Meyer Stores, Inc. (west)	shopping center	29,938,324	10	0.40%	22,976,989	10	0.40%
HEBL Housing (Eielson AFB)	military housing				34,123,129	5	0.59%
Alaska Hotel Properties, Inc. <sup>e</sup>	hotel				26,715,432	7	0.46%
Fred Meyer Stores, Inc. (east)	shopping center				23,866,203	9	0.41%
		<u>\$ 2,056,926,640</u>		<u>27.15%</u>	<u>\$ 948,481,849</u>		<u>16.45%</u>

**Notes:**

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

<sup>a</sup> \$7,575,875,954

<sup>b</sup> \$5,764,590,922

<sup>c</sup> Fort Knox

<sup>d</sup> Fairbanks Princess Riverside Lodge

**Source:** Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016. Historically, information for the most recent calendar year is not available until after the publication date of the School District's CAFR.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

As Reported by the Fairbanks North Star Borough

## Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year <sup>a,c</sup>	Net Tax Levy <sup>b</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Net Levy
2006-07	\$ 79,536,709	\$ 74,585,658	\$ 73,722,859	98.84%	\$ 581,937	\$ 74,304,796	99.62%
2007-08	82,627,871	77,824,971	76,752,199	98.62%	1,037,386	77,789,584	99.95%
2008-09	82,550,860	77,549,577	76,584,066	98.75%	842,168	77,426,233	99.84%
2009-10	86,102,429	80,813,908	79,648,773	98.56%	1,152,027	80,800,800	99.98%
2010-11	92,077,064	86,709,188	85,643,722	98.77%	1,015,215	86,658,937	99.94%
2011-12	93,725,808	87,756,597	86,666,871	98.76%	611,916	87,278,787	99.46%
2012-13	94,876,332	88,499,301	87,427,560	98.79%	1,043,133	88,470,693	99.97%
2013-14	98,348,591	91,667,611	90,579,521	98.81%	931,095	91,566,835	99.89%
2014-15	103,052,677	95,894,341	93,194,499	97.15%	505,855	93,700,354	97.71%
2015-16	106,433,578	98,559,732	95,768,091	97.17%			

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

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

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

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

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

<sup>c</sup> For the trans-Alaska pipeline system, taxes levied for a fiscal year are based on State Assessment Review Board (SARB) assessed values. Valuations do not reflect subsequent adjustments

**Source:** Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016. Historically, information for the most recent fiscal year is not available until after the publication date of the School District's CAFR.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Significant Own-Sourced Revenue  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Food Services Local Revenue</b>	<b>Cost of Full- Priced Meals</b>		<b>Percentage of Students Eligible for Free or Reduced-Price Meals</b>
		<b>Breakfast</b>	<b>Lunch</b>	
2007-08	\$ 1,973,615	\$ 1.25	\$ 2.50	36%
2008-09	2,162,348	1.75	3.00	31%
2009-10	2,010,908	1.75	3.00	31%
2010-11	1,926,416	1.75	3.00	33%
2011-12	1,897,853	2.00	3.50	34%
2012-13	1,598,281	2.00	3.50	35%
2013-14	1,492,538	2.00	3.50	36%
2014-15	1,353,596	2.00	3.50	35%
2015-16	1,352,523	2.00	3.50	37%
2016-17	1,369,239	2.00	3.50	37%

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

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Outstanding Debt by Type  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Capital Leases</b>	<b>Percentage of Personal Income<sup>a</sup></b>	<b>Per Capita<sup>a</sup></b>
2007-08	\$ 874,756	0.02%	\$ 9.35
2008-09	982,962	0.02%	10.40
2009-10	568,656	0.01%	5.97
2010-11			
2011-12			
2012-13			
2013-14			
2014-15			
2015-16			
2016-17	1,001,328	0.02%	10.08

**Note:**

<sup>a</sup> See page 202, Demographic and Economic Statistics, for personal income and population data. These ratios are calculated using personal income and population from the most recent calendar year available.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

As Reported by Fairbanks North Star Borough

Demographic and Economic Statistics  
Last Ten Calendar Years

<b>Year</b>	<b>Population</b>	<b>Personal Income in 000's</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
	(a)	(a)	(a)	(b)
2005	90,431	\$ 3,143,543	\$ 34,762	5.8%
2006	90,545	3,382,130	37,353	5.6%
2007	93,545	3,633,888	38,846	5.3%
2008	94,552	3,968,768	41,974	5.8%
2009	95,238	3,974,317	41,730	7.1%
2010	98,190	4,123,897	41,999	6.7%
2011	99,276	4,476,083	45,087	6.5%
2012	100,141	4,609,819	46,033	6.1%
2013	100,436	4,551,027	45,313	5.8%
2014	99,357	5,145,900	51,792	5.8%

(a) U.S. Department of Commerce: Bureau of Economic Analysis

(b) State of Alaska Department of Labor and Workforce Development: Research and Analysis Section.

**Note:**

Population data is available from multiple sources for the State of Alaska, and the numbers can vary widely. The source for this table has been selected because it also provides the personal income and per capita data.

Data for calendar year 2015 is not available until April 2017.

**Source:**

Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016. Historically, information for the most recent calendar year is not available until after the publication date of the School District's CAFR. However, data for the most recent two years was not available for this schedule.



# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

As Reported by the Fairbanks North Star Borough

Employment by Industry  
Current Year and Nine Years Ago

Employer	2015			2006		
	Rank	Annual Average Monthly Employment <sup>a</sup>	Percentage of Total Borough Employment	Rank	Annual Average Monthly Employment <sup>a</sup>	Percentage of Total Borough Employment
Government <sup>b</sup>	1	11,300	29.28%	1	11,700	30.79%
Trade, transportation, utilities	2	7,900	20.47%	2	7,800	20.53%
Educational and health services	3	5,300	13.73%	3	4,300	11.32%
Leisure and hospitality	4	4,300	11.14%	4	4,100	10.79%
Construction	5	3,200	8.29%	5	3,300	8.68%
Professional and business services	6	2,300	5.96%	6	2,200	5.79%
Information, other services	7	1,700	4.40%	7	2,000	5.26%
Financial activities	9	800	2.07%	8	500	1.32%
Mining and logging	8	1,200	3.11%	10	1,500	3.95%
Manufacturing	10	600	1.55%	9	600	1.58%
		<u>38,600</u>	<u>100.00%</u>		<u>38,000</u>	<u>100.00%</u>

**Notes:**

<sup>a</sup> for the 12 months ended December 31

<sup>b</sup> federal government 2,900  
state government 5,300  
local government 3,100

**Source:** Fairbanks North Star Borough Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016. Historically, information for the most recent calendar year is not available until after the publication date of the School District CAFR.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Full-time Equivalent Operating Fund Employees by Department and Type  
Last Ten Years and Projected Next Year

	<b>Actual as of June 30</b>					
	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
Personnel by Department						
Board / Superintendent	8.50	8.50	9.50	8.50	8.50	8.50
Administrative Services	39.04	39.50	38.50	38.50	38.50	35.50
Human Resources	16.50	16.50	15.50	9.00	10.00	10.00
Facilities Management	189.60	189.60	187.60	187.60	187.60	172.60
Instruction and Supervision	27.60	33.30	38.80	37.85	36.85	36.85
Personalized Learning <sup>a</sup>	15.20	15.20	13.65	14.40	19.40	18.80
Teaching and Learning <sup>b</sup>	5.50	5.50	5.00	15.25	16.50	14.00
Special Education	249.82	259.32	270.50	343.73	343.73	366.50
Information and Technology <sup>c</sup>	40.50	51.50	43.00	36.50	35.50	35.50
Non-Departmental <sup>d</sup>				7.00	7.00	6.00
Elementary Schools	503.14	488.14	494.14	535.14	519.14	526.14
Middle Schools	136.00	142.00	152.00	157.00	158.00	149.20
Junior/Senior High School	49.60	47.10	47.00	47.00	45.50	45.50
Senior High Schools	276.40	274.40	273.00	270.00	259.80	267.10
Charter Schools <sup>e</sup>	46.70	47.00	55.00	56.25	55.00	59.02
Total Personnel	<u>1,604.10</u>	<u>1,617.56</u>	<u>1,643.19</u>	<u>1,763.72</u>	<u>1,741.02</u>	<u>1,751.21</u>
Personnel by Employee Type						
Districtwide Administration	4.00	5.00	5.00	5.00	5.00	5.00
Professional Staff	67.54	68.00	69.65	70.65	66.65	66.85
Principals / Assistant Principals	43.00	43.00	43.00	43.00	43.00	43.00
Certified Staff	902.12	903.42	920.95	951.03	931.83	950.93
Support Staff	587.44	598.14	604.59	694.04	694.54	685.43
Total Personnel	<u>1,604.10</u>	<u>1,617.56</u>	<u>1,643.19</u>	<u>1,763.72</u>	<u>1,741.02</u>	<u>1,751.21</u>

**Notes:**

School-term employees of the district work between 190 and 200 days at seven to seven and a half hours per day.  
All other district employees are based on 260 days at seven and a half to eight hours per day.

<sup>a</sup> Prior to fiscal year 2016-17 Personalized Learning was known as Student Support Services.

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

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

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

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

**Source:** Fairbanks North Star Borough School District Approved Budget for fiscal years 2017-08 through 2017-18.

				Budgeted Positions
2013-14	2014-15	2015-16	2016-17	2017-18
5.00	5.00	5.00	5.00	10.00
32.50	32.50	33.00	31.00	24.00
12.50	13.50	17.50	18.50	17.50
168.60	172.80	171.80	173.80	161.80
35.85	36.05	27.05	27.05	40.05
19.80	19.80	20.85	24.35	18.95
15.00	15.00	42.50	33.00	14.00
381.90	381.40	380.20	377.20	376.20
32.00	33.00	30.00	36.00	35.00
3.00	1.00	1.00	1.00	1.00
519.64	518.64	471.19	478.19	499.19
144.00	139.20	136.20	136.00	125.50
39.50	39.50	37.70	40.00	34.00
245.00	241.50	235.60	233.00	215.70
60.77	61.37	63.79	63.79	76.79
<u>1,715.06</u>	<u>1,710.26</u>	<u>1,673.38</u>	<u>1,677.88</u>	<u>1,649.68</u>

4.00	4.00	4.00	4.00	6.00
64.05	68.05	69.65	70.15	73.15
44.00	43.00	41.00	41.00	42.00
915.40	905.00	890.95	895.95	874.15
687.61	690.21	667.78	666.78	654.38
<u>1,715.06</u>	<u>1,710.26</u>	<u>1,673.38</u>	<u>1,677.88</u>	<u>1,649.68</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Operating Statistics  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures<sup>a</sup></b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>Employer's Contribution to PERS / TRS</b>	<b>State of Alaska's Contribution to PERS/TRS on Behalf of the School District</b>
2007-08	14,103	\$ 204,729,523	\$ 14,517	18.51%	\$ 14,149,199	\$ 28,822,834
2008-09	14,132	211,682,939	14,979	3.13%	14,497,208	23,393,176
2009-10	14,397	223,192,702	15,503	3.49%	15,782,536	18,365,830
2010-11	14,218	232,406,642	16,346	5.44%	16,696,996	21,500,230
2011-12	14,260	242,167,968	16,982	3.89%	17,049,613	26,771,742
2012-13	14,256	254,465,878	17,850	5.05%	17,303,835	35,271,226
2013-14	14,041	254,410,673	18,119	1.51%	17,370,572	36,184,956
2014-15	13,762	433,607,722	31,508	73.89%	17,303,899	211,527,002
2015-16	13,851	230,951,510	16,674	-47.08%	17,295,092	14,606,907
2016-17	13,753	238,769,250	17,361	4.58%	17,262,133	12,924,602

**Notes:**

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

**Source:** Enrollment: 2016-17 20 Day ADM Official Enrollment as reported to the State of Alaska

Percentage of Students Eligible for Free or Reduced-Price Meals: Nutrition Services Department

Total Cost of Contribution to PERS/TRS Per Pupil		Percentage Change	Pupil - Teacher Ratio	Percentage of Students Eligible for Free or Reduced-Price Meals
\$	3,047	108.25%	15.63	36%
	2,681	-12.04%	15.64	31%
	2,372	-11.56%	15.63	31%
	2,687	13.28%	14.95	33%
	3,073	14.36%	15.30	34%
	3,688	19.56%	14.99	35%
	3,814	3.09%	15.34	36%
	16,628	335.94%	15.21	35%
	2,303	-86.15%	15.55	37%
	2,195	-4.70%	15.35	37%

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Teacher Salary Information Last Ten School Years

School Year	Entry Level Salary <sup>a</sup>	Maximum Teacher Salary <sup>b</sup>	Average Teacher Salary <sup>c</sup>	Percent of Teachers at Maximum on Column(s) <sup>d</sup>
2007-08	\$ 37,969	\$ 75,558	\$ 61,431	41%
2008-09	41,110	80,537 <sup>e</sup>	63,979	42%
2009-10	42,961	83,571	66,398	44%
2010-11	44,679	86,914	68,992	45%
2011-12	45,349	88,218	70,188	44%
2012-13	46,244	89,864	71,977	46%
2013-14	46,891	91,122	73,258	49%
2014-15	47,478	92,261	74,143	49%
2015-16	48,308	93,876	75,637	52%
2016-17	48,308	96,116	77,478	47%

### Notes:

- <sup>a</sup> Entry level salary represents a teacher with a bachelor's degree and no experience.
- <sup>b</sup> Maximum teacher salary represents teachers filling a position which requires a master's degree and a certification for a therapist or psychologist position, or teachers who hold a master's degree with National Board Certification.
- <sup>c</sup> Average teacher salary is based on a scattergram of contracted certificated salaries for that school year.
- <sup>d</sup> The teacher salary schedule has six columns:
  1. Bachelor's
  2. Bachelor's plus 18 credits
  3. Master's or Bachelor's plus 36 credits
  4. Master's plus 18 credits
  5. Master's plus 36 credits
  6. Master's plus specified certification

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

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

**Source:** School District records.

# FAIRBANKS NORTH BOROUGH SCHOOL DISTRICT

## Comparative Results from College Entrance and Advance Placement (AP) Exams Last Ten School Years

School Year	American College Test (ACT)			Scholastic Assessment Test (SAT)			AP Exam results		
	Fairbanks	Alaska	Nation	Fairbanks	Alaska	Nation	Fairbanks	Alaska	Global
2006-07	21.8	21.2	21.2	1,542	1,527	1,511	3.08	3.05	2.89
2007-08	21.8	21.2	21.1	1,524	1,533	1,511	2.94	2.97	2.85
2008-09	22.3	21.0	21.1	1,548	1,528	1,509	3.03	3.01	2.89
2009-10	21.9	21.1	21.0	1,541	1,524	1,509	2.97	3.06	2.84
2010-11	21.9	21.2	21.1	1,507	1,513	1,500	3.02	3.05	2.86
2011-12	22.3	21.2	21.1	1,556	1,504	1,498	3.14	3.02	2.91
2012-13	21.9	21.1	20.9	1,494	1,495	1,498	3.18	2.96	2.89
2013-14	22.2	21.0	21.0	1,505	1,485	1,497	3.17	2.95	2.89
2014-15	22.5	21.1	21.0	1,521	1,494	1,490	2.91	2.87	2.82
2015-16	21.0	20.0	20.8	1,444	1,424	1,484	2.94	2.90	2.85

### Source:

Results of the American College Test (ACT), the Scholastic Assessment Test (SAT), and Advanced Placement (AP) Exams, prepared by the Information and Technology Department.

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## Miscellaneous Statistical Data

June 30, 2017

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

Districtwide administration	4.00
Professional staff	70.15
Principals and assistant principals	41.00
Certified staff	895.95
Support staff	666.78
Number of schools	35

### Enrollment <sup>b</sup>

Elementary Schools - District	
Anne Wien	385
Midnight Sun Elementary	476
Barnette	420
Chinook Charter School	153
Denali	370
Hunter	358
Joy	389
Ladd	496
Nordale	353
North Pole Elementary	489
Pearl Creek	506
Salcha	73
Ticasuk Brown	496
Two Rivers	95
University Park	503
Watershed Charter School	197
Weller	452
Woodriver	465
Secondary Schools - District	
Effie Kokrine Charter School	157
Hutchison High	410
Lathrop Senior High	945
North Pole Middle	656
North Pole Senior High	736
Randy Smith Middle	336
Ryan Middle	390
Star of the North Charter	211
Tanana Middle	432
West Valley Senior High	971
Alternative Learning System	119
Elementary Schools - On-Base	
Anderson	244
Arctic Light	535
Crawford	298
Secondary Schools - On-Base	
Ben Eielson Junior/Senior High	335
B.E.S.T. (Correspondence)	289
Golden Heart Academy	13
Total	13,753

#### Sources:

<sup>a</sup> Fairbanks North Star Borough School District Approved Budget for fiscal year 2017-18.

<sup>b</sup> 2016-17 20 Day ADM Official Enrollment as reported to the State of Alaska.



**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Enrollment History by Grade Level  
Last Fifteen Fiscal Years

Year	PK	KG	1	2	3	4	5	6	Total Elem	7	8	Total JR	9	10	11	12	Total SR	Grand Total	Change	Percentage Change
<b>15 Years Actual Enrollments</b>																				
02-03	84	1,032	1,086	1,131	1,161	1,145	1,200	1,276	8,115	1,195	1,221	2,416	1,528	1,181	959	945	4,613	15,144	(130)	-0.9%
03-04	86	1,037	1,079	1,070	1,095	1,096	1,107	1,171	7,741	1,227	1,139	2,366	1,486	1,175	951	874	4,486	14,593	(551)	-3.6%
04-05	87	1,104	1,082	1,074	1,076	1,089	1,069	1,123	7,704	1,160	1,167	2,327	1,504	1,202	964	875	4,545	14,576	(17)	-0.1%
05-06	72	1,195	1,108	1,046	1,066	1,058	1,089	1,054	7,688	1,105	1,133	2,238	1,233	1,157	1,138	1,062	4,590	14,516	(60)	-0.4%
06-07	101	1,080	1,230	1,081	1,027	1,049	1,052	1,083	7,703	1,071	1,060	2,131	1,167	1,212	1,057	1,196	4,632	14,466	(50)	-0.3%
07-08	124	1,077	1,080	1,146	1,060	1,008	1,025	1,032	7,552	1,062	1,040	2,102	1,075	1,131	1,104	1,139	4,449	14,103	(363)	-2.5%
08-09	115	1,131	1,143	1,101	1,133	1,050	1,031	1,023	7,727	1,023	1,054	2,077	1,057	1,066	1,235	970	4,328	14,132	29	0.2%
09-10	142	1,121	1,242	1,144	1,147	1,160	1,086	1,046	8,088	1,044	1,045	2,089	1,073	1,018	1,199	930	4,220	14,397	265	1.9%
10-11	125	1,140	1,144	1,227	1,088	1,078	1,150	1,067	8,019	1,037	1,036	2,073	1,040	1,059	1,167	860	4,126	14,218	(179)	-1.2%
11-12	132	1,153	1,191	1,128	1,210	1,059	1,082	1,128	8,083	1,081	1,014	2,095	1,028	1,057	1,189	808	4,082	14,260	42	0.3%
12-13	132	1,162	1,182	1,151	1,142	1,194	1,053	1,062	8,078	1,110	1,083	2,193	1,010	945	1,184	846	3,985	14,256	(4)	0.0%
13-14	116	1,219	1,205	1,134	1,105	1,097	1,130	1,020	8,026	1,015	1,075	2,090	1,040	980	1,045	860	3,925	14,041	(215)	-1.5%
14-15	113	1,122	1,227	1,160	1,077	1,053	1,055	1,081	7,888	995	983	1,978	1,040	987	1,066	803	3,896	13,762	(279)	-2.0%
15-16	110	1,057	1,200	1,222	1,176	1,080	1,028	1,026	7,899	1,089	974	2,063	996	1,013	1,025	855	3,889	13,851	89	0.6%
16-17	136	1,088	1,129	1,174	1,195	1,157	1,064	983	7,926	1,023	1,028	2,051	949	951	1,075	801	3,776	13,753	(98)	-0.7%
<b>2017-18 Projected Enrollment</b>																				
17-18	139	1,075	1,122	1,101	1,141	1,155	1,121	985	7,839	1,036	993	2,029	955	903	1,160	814	3,832	13,700	(53)	-0.4%

**Source:**  
Actual Enrollments: Historic 20 Day ADM Official Enrollment as reported to the State of Alaska.  
Projected Enrollment: 2017-18 Approved Budget

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Capital Assets by Type and Function  
Last Ten Fiscal Years

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
<b>Capital Assets by Type</b>				
Building improvements	\$ 318,102	\$	\$	\$
Machinery and equipment	11,670,579	8,756,504	9,256,859	8,947,432
Intangible assets (software)	205,056	190,993	1,121,733	1,236,923
Total by type	<u>\$ 12,193,737</u>	<u>\$ 8,947,497</u>	<u>\$ 10,378,592</u>	<u>\$ 10,184,355</u>
<b>Capital Assets by Function</b>				
Instruction	\$ 3,429,971	\$ 1,830,758	\$ 1,915,692	\$ 1,901,665
Special education instruction	85,634	53,922	585,295	584,895
Special education support services-students	38,257	25,795	25,795	25,795
Support services-students	65,440	30,802	12,721	12,721
Support services-instruction	1,659,872	1,325,365	1,810,679	1,579,500
School administration	43,915	16,268	5,615	
School administration support services	69,306	56,625	56,625	56,625
District administration	99,496	43,200	40,229	28,130
District administration support services	2,223,433	1,600,649	1,969,133	2,041,017
Operations and maintenance of plant	3,545,608	3,332,217	3,361,248	3,334,777
Student activities	78,149	22,006	22,006	45,676
Student transportation - to and from school	4,067			
Adult and continuing education	2,749			
Community services	2,855			
Food services	844,985	609,890	573,554	573,554
Total by function	<u>\$ 12,193,737</u>	<u>\$ 8,947,497</u>	<u>\$ 10,378,592</u>	<u>\$ 10,184,355</u>

**Source:**

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

Fiscal Year					
2011-12	2012-13	2013-14	2014-15	2015-2016	2016-2017
\$	\$	\$	\$	\$	\$
9,415,625	9,455,391	9,563,787	10,080,596	11,022,535	11,421,951
1,313,593	1,322,438	1,400,107	1,477,993	1,567,337	1,642,842
<u>\$ 10,729,218</u>	<u>\$ 10,777,829</u>	<u>\$ 10,963,894</u>	<u>\$ 11,558,589</u>	<u>\$ 12,589,872</u>	<u>\$ 13,064,793</u>
\$ 1,969,249	\$ 1,822,714	\$ 1,833,217	\$ 1,928,436	\$ 2,093,184	\$ 2,090,161
579,708	612,072	612,072	606,877	647,556	647,556
25,795	11,316	17,742	17,742	17,742	17,742
12,722	12,722	97,143	171,852	220,854	220,854
1,783,764	1,811,941	1,965,755	2,101,124	2,252,772	2,322,371
69,334	12,709	12,709	21,385	21,385	21,385
28,130	22,000				
2,211,557	2,229,457	2,116,549	2,448,399	2,783,673	2,922,787
3,377,305	3,516,293	3,556,733	3,650,730	3,932,294	4,143,140
64,324	69,419	82,917	82,917	82,917	82,917
					58,385
607,330	657,186	669,057	529,127	537,495	537,495
<u>\$ 10,729,218</u>	<u>\$ 10,777,829</u>	<u>\$ 10,963,894</u>	<u>\$ 11,558,589</u>	<u>\$ 12,589,872</u>	<u>\$ 13,064,793</u>

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

School Building Information  
Last Ten Fiscal Years

	Fiscal Year				
	2007-08	2008-09	2009-10	2010-11	2011-12
<b>School</b>					
<b>Elementary</b>					
Anderson Elementary					
Square Feet	43,996	43,996	43,996	43,996	43,996
Capacity	372	372	372	372	372
Enrollment	294	310	328	328	283
Anne Wien Elementary					
Square Feet	63,532	63,532	63,532	63,532	63,532
Capacity	553	553	553	553	553
Enrollment	470	431	398	372	385
Arctic Light Elementary					
Square Feet	68,272	68,272	68,272	68,272	68,272
Capacity	596	596	596	596	596
Enrollment	533	531	524	475	570
Midnight Sun Elementary					
Square Feet	61,686	61,686	61,686	61,686	61,686
Capacity	537	537	537	537	537
Enrollment	591	565	550	593	514
Barnette Elementary <sup>a</sup>					
Square Feet	52,625	54,895	54,895	54,895	54,895
Capacity	417	417	417	417	417
Enrollment	379	392	403	408	404
Crawford Elementary					
Square Feet	63,532	63,532	63,532	63,532	63,532
Capacity	553	553	553	553	553
Enrollment	309	280	306	292	297
Denali Elementary					
Square Feet	49,210	49,210	49,210	49,210	49,210
Capacity	422	422	422	422	422
Enrollment	379	395	370	375	365
Hunter Elementary					
Square Feet	57,047	57,047	57,047	57,047	57,047
Capacity	494	494	494	494	494
Enrollment	313	321	350	387	392
Joy Elementary					
Square Feet	60,642	60,642	60,642	60,642	60,642
Capacity	527	527	527	527	527
Enrollment	355	368	384	379	423
Ladd Elementary					
Square Feet	63,455	63,455	63,455	63,455	63,455
Capacity	553	553	553	553	553
Enrollment	305	381	542	499	496
Nordale Elementary					
Square Feet	49,210	49,210	49,210	49,210	49,210
Capacity	422	422	422	422	422
Enrollment	365	396	333	342	344
North Pole Elementary					
Square Feet	57,154	57,154	57,154	57,154	57,154
Capacity	495	495	495	495	495
Enrollment	531	533	532	482	413

2012-13	2013-14	2014-15	2015-16	2016-17
43,996	43,996	43,996	43,996	43,996
372	372	372	372	372
269	252	235	240	244
63,532	63,532	63,532	63,532	63,532
553	553	553	553	553
401	412	411	385	385
68,272	68,272	68,272	68,272	68,272
596	596	596	596	596
569	530	525	536	535
61,686	61,686	61,686	61,686	61,686
537	537	537	537	537
505	496	474	501	476
54,895	54,895	54,895	54,895	54,895
417	417	417	417	417
412	413	409	412	420
63,532	63,532	63,532	63,532	63,532
553	553	553	553	553
301	297	266	291	298
49,210	49,210	49,210	49,210	49,210
422	422	422	422	422
397	402	393	383	370
57,047	57,047	57,047	57,047	57,047
494	494	494	494	494
353	352	324	327	358
60,642	60,642	60,642	60,642	60,642
527	527	527	527	527
443	464	443	386	389
63,455	63,455	63,455	63,455	63,455
553	553	553	553	553
497	539	508	508	496
49,210	49,210	49,210	49,210	49,210
422	422	422	422	422
359	316	312	337	353
57,154	57,154	57,154	57,154	57,154
495	495	495	495	495
453	459	515	502	489

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

School Building Information  
Last Ten Fiscal Years

	Fiscal Year				
	2007-08	2008-09	2009-10	2010-11	2011-12
<b>School</b>					
<b>Elementary (cont.)</b>					
Pearl Creek Elementary					
Square Feet	62,982	62,982	62,982	62,982	62,982
Capacity	548	548	548	548	548
Enrollment	410	406	443	479	484
Salcha Elementary					
Square Feet	13,608	13,608	13,608	13,608	13,608
Capacity	76	76	76	76	76
Enrollment	87	97	101	88	83
Ticasuk Brown Elementary					
Square Feet	63,761	63,761	63,761	63,761	63,761
Capacity	556	556	556	556	556
Enrollment	501	516	554	548	510
Two Rivers Elementary <sup>a</sup>					
Square Feet	22,200	22,200	22,200	22,200	22,200
Capacity	98	98	98	98	98
Enrollment	109	99	93	93	88
University Park Elementary					
Square Feet	64,699	64,699	64,699	64,699	64,699
Capacity	564	564	564	564	564
Enrollment	515	489	460	474	525
Weller Elementary					
Square Feet	65,259	65,259	65,259	65,259	65,259
Capacity	569	569	569	569	569
Enrollment	489	502	520	542	540
Woodriver Elementary					
Square Feet	64,408	64,408	64,408	64,408	64,408
Capacity	561	561	561	561	561
Enrollment	443	440	414	446	436
<b>Secondary</b>					
Ben Eielson Jr. Sr. High					
Square Feet	103,200	103,200	103,200	103,200	103,200
Capacity	616	616	616	616	616
Enrollment	547	512	474	472	436
Howard Luke <sup>b</sup>					
Square Feet	30,856	30,856	30,856	30,856	30,856
Capacity	-	-	-	-	-
Enrollment	-	-	-	-	-
Hutchison High <sup>c</sup>					
Square Feet	87,190	87,190	87,190	87,190	87,190
Capacity	510	510	510	510	510
Enrollment	349	362	358	363	363
Lathrop High					
Square Feet	234,412	234,412	234,412	234,412	234,412
Capacity	1,421	1,421	1,421	1,421	1,421
Enrollment	1,146	1,186	1,199	1,125	1,184

2012-13	2013-14	2014-15	2015-16	2016-17
62,982	62,982	62,982	62,982	62,982
548	548	548	548	548
470	479	482	493	506
13,608	13,608	13,608	13,608	13,608
76	76	76	76	76
84	76	68	78	73
63,761	63,761	63,761	63,761	63,761
556	556	556	556	556
545	514	504	491	496
22,200	22,200	22,200	22,200	22,200
98	98	98	98	98
88	97	87	99	95
64,699	64,699	64,699	64,699	64,699
564	564	564	564	564
528	502	503	494	503
65,259	65,259	65,259	65,259	65,259
569	569	569	569	569
485	477	464	466	452
64,408	64,408	64,408	64,408	64,408
561	561	561	561	561
444	438	450	473	465
103,200	103,200	103,200	103,200	103,200
616	616	616	616	616
403	399	353	344	335
30,856	30,856	30,856	30,856	30,856
-	-	-	-	-
-	-	-	-	-
87,190	87,190	87,190	87,190	87,190
510	510	510	510	510
372	362	386	400	410
234,412	234,412	234,412	234,412	234,412
1,421	1,421	1,421	1,421	1,421
1,101	1,074	1,037	1,032	945

# FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

## School Building Information Last Ten Fiscal Years

	Fiscal Year				
	2007-08	2008-09	2009-10	2010-11	2011-12
<b>School</b>					
<b>Secondary (cont.)</b>					
North Pole Middle					
Square Feet	113,306	113,306	113,306	113,306	113,306
Capacity	680	680	680	680	680
Enrollment	509	599	633	585	652
North Pole High					
Square Feet	156,362	156,362	156,362	156,362	156,362
Capacity	946	946	946	946	946
Enrollment	834	823	814	781	721
Randy Smith Middle					
Square Feet	74,589	74,589	74,589	74,589	74,589
Capacity	422	422	422	422	422
Enrollment	408	366	335	293	313
Ryan Middle					
Square Feet	99,880	99,880	99,880	99,880	99,880
Capacity	594	594	594	594	594
Enrollment	391	361	375	390	396
Tanana Middle					
Square Feet	101,069	101,069	101,069	101,069	101,069
Capacity	602	602	602	602	602
Enrollment	467	503	523	514	501
West Valley High					
Square Feet	216,884	216,884	216,884	216,884	216,884
Capacity	1,314	1,314	1,314	1,314	1,314
Enrollment	1,190	1,095	1,080	1,070	1,035

**Notes:**

- <sup>a</sup> Barnette and Two Rivers are K-8 schools. Capacities will vary from year to year depending on the mix of elementary and secondary (grades 7 & 8) students.
- <sup>b</sup> During fiscal year 2005-06, Howard Luke became home to Effie Kokrine Charter School. The District leases the Howard Luke building to the Charter School; therefore, square footage information is included after this date, but capacity and enrollment data are not.
- <sup>c</sup> Hutchison is a joint-use facility with University of Alaska Fairbanks, Tanana Valley Campus. Total building size is 137,524 square feet. Hutchison High comprises 63.4% of the building, or 87,190 square feet.

**Source:**

School District Facilities & Maintenance Department.



2012-13	2013-14	2014-15	2015-16	2016-17
113,306	113,306	113,306	113,306	113,306
680	680	680	680	680
679	655	664	655	656
156,362	156,362	156,362	156,362	156,362
946	946	946	946	946
729	752	758	721	736
74,589	74,589	74,589	74,589	74,589
422	422	422	422	422
326	338	326	328	336
99,880	99,880	99,880	99,880	99,880
594	594	594	594	594
394	386	350	366	390
101,069	101,069	101,069	101,069	101,069
602	602	602	602	602
513	472	462	471	432
216,884	216,884	216,884	216,884	216,884
1,314	1,314	1,314	1,314	1,314
1,019	967	989	1,023	971

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# **SINGLE AUDIT**

# **FEDERAL SINGLE AUDIT**

**Reports on Federal Single Audit Requirements**

**Schedule of Expenditures of Federal Awards**

**Notes to Schedule of Expenditures of Federal Awards**

**Schedule of Findings and Questioned Costs**

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# Cook & Haugeberg LLC

## CERTIFIED PUBLIC ACCOUNTANTS

December 12, 2017

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements and schedules of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough School District (School District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We also have audited the financial statements and schedules of each of the School District's nonmajor governmental funds, the internal service fund type, and the fiduciary fund type as of and for the year ended June 30, 2017, as displayed in the School District's basic financial statements. In addition, we also have audited the financial statements and schedules of the School District's nonmajor governmental funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017, and have issued our report thereon dated December 12, 2017.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Senior Consultants:

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Michael T. Cook

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cook + Haugeberg LLC

Fairbanks, Alaska  
December 12, 2017





# Cook & Haugeberg LLC

## CERTIFIED PUBLIC ACCOUNTANTS

December 12, 2017

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

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

**Report on Compliance for Each Major Federal Program**

We have audited Fairbanks North Star Borough School District's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2017. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

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Kathleen A.R. Thompson  
Michael T. Cook



### ***Opinion on Each Major Federal Program***

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Cook - Haugeberg LLC*

Fairbanks, Alaska  
December 12, 2017

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

<b>Federal Grantor/ CFDA Program or Cluster Title/ Pass-through Grantor/ Award Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b><u>U. S. Department of Agriculture</u></b>			
<b><u>Child Nutrition Cluster</u></b>			
<b><u>School Breakfast Program</u></b>			
Passed through the State of Alaska Department of Education and Early Development:			
School Breakfast	10.553		\$ 817,892
<b><u>National School Lunch Program</u></b>			
Passed through the State of Alaska Department of Education and Early Development:			
School Lunch	10.555		2,772,114
USDA Foods Entitlement (noncash)	10.555		234,216
<b>Subtotal 10.555</b>			<b>3,006,330</b>
<b><u>Summer Food Service Program for Children</u></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Summer Food Service	10.559	MA17FNSD01	21,597
<b>Total Child Nutrition Cluster</b>			<b>3,845,819</b>
<b><u>State Administrative Expenses for Child Nutrition</u></b>			
Passed through the State of Alaska Department of Education and Early Development:			
State Administrative Expenses for Child Nutrition	10.560	FD17FNSD01	15,034
<b><u>Fresh Fruit &amp; Vegetable Program</u></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Fresh Fruit & Vegetable	10.582	FF17FNSD01	14,494
Fresh Fruit & Vegetable	10.582	FF17FNSD02	76,091
<b>Subtotal 10.582</b>			<b>90,585</b>
<b>Total U.S. Department of Agriculture</b>			<b>\$ 3,951,438</b>
<b><u>U. S. Department of Defense</u></b>			
<b><u>Student Achievement at Military-Connected Schools</u></b>			
Direct Program:			
DoDEA Student Achievement Grant Program	12.556	HE1254-15-1-0012	\$ 520,862
DoDEA Student Achievement Grant Program	12.556	HE1254-16-1-0012	118,212
<b>Total U. S. Department of Defense</b>			<b>\$ 639,074</b>
<b><u>U. S. Department of Education</u></b>			
<b><u>Title I Grants to Local Educational Agencies</u></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Title I-A Consolidated Administration	84.010	IP17FNSD01	\$ 690,205
Title I-A Basic Grant	84.010	IP17FNSD01	2,432,700
Title I-A Neglected & Delinquent	84.010	ND17FNSD01	77,538
Title I-A Parent Involvement	84.010	IP17FNSD01	30,005
<b>Subtotal 84.010</b>			<b>3,230,448</b>

See accompanying notes to the schedule of expenditures of federal awards

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

<b>Federal Grantor/ CFDA Program or Cluster Title/ Pass-through Grantor/ Award Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b><i>Migrant Education_State Grant Program</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Title I-C Consolidated Administration	84.011	IP17FNSD01	\$ 11,517
Title I-C Migrant Education	84.011	IP17FNSD01	277,329
Migrant Ed Book Program	84.011	MB17FNSD01	8,689
<b>Subtotal 84.011</b>			<b>297,535</b>
<b><i>Title I Program for Neglected and Delinquent Children</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Title I-D Youth Facility	84.013	IP17FNSD01	22,875
<b><i>Special Education Cluster (IDEA)</i></b>			
<b><i>Special Education_Grants to States</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Title VI-B	84.027	SE17FNSD01	3,450,039
<b><i>Special Education_Preschool Grants</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Preschool Disabled Section 619	84.173	SE17FNSD01	90,743
<b>Total Special Education Cluster (IDEA)</b>			<b>3,540,782</b>
<b><i>Impact Aid</i></b>			
Direct Program:			
Title VIII Impact Aid	84.041	N/A	109,159
Passed through the State of Alaska Department of Education and Early Development:			
Title VIII Impact Aid	84.041	N/A	18,467,529
Title VIII Impact Aid for Construction	84.041	N/A	256,121
<b>Subtotal 84.041</b>			<b>18,832,809</b>
<b><i>Vocational Education_Basic Grants to States</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Carl Perkins Secondary	84.048	EK17FNSD01	237,358
<b><i>Indian Education_Grants to Local Educational Agencies</i></b>			
Direct Program:			
Indian Education	84.060	S06A150496	822,547
<b><i>Migrant Education_Coordination Program</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Migrant DATA	84.144	MD17FNSD01	2,581
<b><i>Education for Homeless Children and Youth</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
McKinney-Vento Homeless Education	84.196	FR17FNSD01	27,151

See accompanying notes to the schedule of expenditures of federal awards

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2017

<b>Federal Grantor/ CFDA Program or Cluster Title/ Pass-through Grantor/ Award Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b><i>Twenty-First Century Community Learning Centers</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
AK Community Learning Centers Program	84.287	AC17FNSD01	\$ 1,529,868
<b><i>Alaska Native Educational Programs</i></b>			
Passed through the Big Brothers and Big Sisters of Alaska			
Success through Education and Cultural Connections	84.356	NA	19,793
<b><i>English Language Acquisition Grants</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Title III-A Consolidated Administration	84.365	IP17FNSD01	562
Title III-A English Language Acquisition	84.365	IP17FNSD01	32,043
<b><i>Subtotal 84.365</i></b>			<u>32,605</u>
<b><i>Improving Teacher Quality State Grants</i></b>			
Passed through the State of Alaska Department of Education and Early Development:			
Title II-A Teacher & Principal Training	84.367	IP17FNSD01	1,205,706
<b><i>Investing in Innovation (i3) Fund</i></b>			
Passed through the University of Alaska Fairbanks Office of Academic Affairs			
Alaska Statewide Mentor Project Urban Growth	84.411	UAF-13-0029	147,000
Total U. S. Department of Education			<u>\$ 29,949,058</u>
<b>Grand Total - Expenditures of Federal Awards</b>			<u><u>\$ 34,539,570</u></u>

See accompanying notes to the schedule of expenditures of federal awards

## FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2017

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

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Fairbanks North Star Borough School District (School District) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grantor identifying numbers are presented where available.

#### **NOTE 3: INDIRECT COST RATE**

The Alaska Department of Education & Early Development (DEED) has been delegated the authority, by the U.S. Department Education, to approve *Restricted Federal Indirect Cost Rate Proposals* pursuant to delegation agreement number 2014-180, effective until June 30, 2017. The School District received a restricted Federal indirect cost rate from DEED for fiscal year 2017. As a result, the School District elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

#### **NOTE 4: U.S. DEPARTMENT OF AGRICULTURE (USDA) FOODS ENTITLEMENT**

The USDA provides States with a USDA Foods entitlement, at a nominal cost, and fresh fruit and vegetable entitlement, at no cost, for use in preparing school lunches. The USDA utilizes the U.S. Department of Defense as a procurement agent for the fresh fruit and vegetable entitlement program. Because governmental funds are uniquely concerned with flows of *financial* resources, USDA food entitlements are recorded at cost rather than fair market value in governmental funds. Food entitlements are considered expended when consumed in the school lunch program. However, the noncash value of food entitlements received in fiscal year 2017 is listed as an expenditure on the schedule of federal awards.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of report the auditor issued on whether the financial statements  
audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes ☐ ☒ No

Significant deficiency(ies) identified?

Yes ☐ ☒ None reported

Noncompliance material to financial statements noted?

Yes ☐ ☒ No

*Federal Awards*

Internal control over major federal programs:

Material weakness(es) identified?

Yes ☐ ☒ No

Significant deficiency(ies) identified?

Yes ☐ ☒ None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in  
accordance with 2 CFR 200.516(a)?

Yes ☐ ☒ No

Identification of major federal programs:

CFDA Numbers

Name of Federal Program or Cluster

10.553, 10.555, 10.559	Child Nutrition Cluster
12.556	Student Achievement at Military-Connected Schools
84.011	Migrant Education_State Grant Program
84.060	Indian Education_Grants to Local Educational Agencies
84.367	Improving Teacher Quality State Grants
84.411	Investing in Innovation (i3) Fund

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

\$ 1,036,190

Auditee qualified as low-risk auditee?

Yes ☒ ☐ No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

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# **STATE SINGLE AUDIT**

**Reports on State Single Audit Requirements**

**Schedule of State Financial Assistance**

**Notes to Schedule of State Financial Assistance**

**Schedule of Findings and Questioned Costs**



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# Cook & Haugeberg LLC

## CERTIFIED PUBLIC ACCOUNTANTS

December 12, 2017

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements and schedules of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough School District (School District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We also have audited the financial statements and schedules of each of the School District's nonmajor governmental funds, the internal service fund type, and the fiduciary fund type of the School District as of and for the year ended June 30, 2017, as displayed in the School District's basic financial statements. In addition we also have audited the financial statements and schedules of the School District's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017, and have issued our report thereon dated December 12, 2017.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Senior Consultants:

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James F. Dieringer, Jr.

Kathleen A.R. Thompson  
Michael T. Cook

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cook & Haugeberg LLC

December 12, 2017  
Fairbanks, Alaska





# Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

December 12, 2017

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

Independent Auditor's Report

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

**Report on Compliance for Each Major State Program**

We have audited Fairbanks North Star Borough School District's (School District) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the School District's major state programs for the year ended June 30, 2017. The School District's major state programs are identified in the accompanying schedule of state financial assistance.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However our audit does not provide a legal determination of the School District's compliance.

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### Opinion on Each Major State Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

### Report on Internal Control over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

Cook & Haugeberg LLC

December 12, 2017  
Fairbanks, Alaska

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of State Financial Assistance

For the Year Ended June 30, 2017

<b>State Grantor/ Pass-through Grantor/ Award Title</b>	<b>Grant ID Number</b>	<b>State Expenditures</b>
<b><u>State of Alaska Department of Education and Early Development</u></b>		
Direct Program:		
Public School Foundation Funding Program *	N/A	\$ 116,214,852
On-Base Schools *	N/A	1,450,000
Quality Schools *	N/A	414,026
Pupil Transportation *	N/A	11,201,544
Youth in Detention	EY17FNSD01	120,356
Youth Risk Behavior Survey	YR17FNSD01	4,231
Student Safety & Security	NA	30,653
Suicide Awareness, Prevention and Postvention	SP17FNSD01	24,942
Alaska Pre-Elementary Development	PK17FNSD01	80,908
Safe Children's Act	SC17FNSD01	19,757
<b>Total State of Alaska Department of Education and Early Development</b>		<b>\$ 129,561,269</b>
<b><u>State of Alaska Department of Administration</u></b>		
Direct Program:		
Alaska Teachers' Retirement System (TRS) On-Behalf Funding *	N/A	\$ 11,312,186
Alaska Public Employees' Retirement System (PERS) On-Behalf Funding *	N/A	1,612,416
<b>Total State of Alaska Department of Administration</b>		<b>\$ 12,924,602</b>
<b><u>State of Alaska Department of Commerce, Community and Economic Development-</u></b>		
<b><u>Division of Community Advocacy</u></b>		
Passed through the Fairbanks North Star Borough:		
Designated Legislative Grant Program:		
Senate District D Classroom Technology Upgrade	13-DC-279 160DCT	\$ 1,961
Classroom Digital Technology Upgrade	13-DC-339 160CDT	4,957
Two Rivers ES Classroom Improvements	14-RR-008 S18TCU	31,934
Lathrop High School Classroom Technology & PE Equipment	14-DC-052 S18LSS	9,473
Headbolt Electric Plug-in WVH & NPH	AKSAS-61041	869
		<u>49,194</u>
<b><u>Division of Community and Regional Affairs</u></b>		
Passed through Big Brothers Big Sisters of Alaska:		
Big Brothers, Big Sisters of Alaska (MES)	N/A	<u>17,499</u>
Direct Program:		
Designated Legislative Grants:		
Badger Road Elementary School Equipment & Improvements	13-DM-107	721
North Pole Elementary School Classroom Technology Upgrades	13-DM-108	3,293
Ticasuk Brown Elementary School Classroom & Facility Upgrades	13-DM-112	1,926
Nutritional Alaskan Foods in Schools (FY13 Carryover)	13-NAFS-016	10,184
Hutchison High School Digital Technology & Safety Upgrades	15-DC-381	14,643
		<u>30,767</u>
<b>Total State of Alaska Department of Commerce, Community, and Economic Development</b>		<b>\$ 97,460</b>
<b>Grand Total - State Financial Assistance</b>		<b>\$ 142,583,331</b>

\* State Major Program-FY17

See accompanying notes to the schedule of state financial assistance

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

### **Notes to the Schedule of State Financial Assistance For the Year Ended June 30, 2017**

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

The accompanying schedule of state financial assistance (the "Schedule") includes the state grant activity of the Fairbanks North Star Borough School District under programs of the State of Alaska for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the schedule presents only a selected portion of the operations of Fairbanks North Star Borough School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Fairbanks North Star Borough School District.

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Grantor's identifying numbers are presented where available.

**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Significant deficiency(ies) identified? Yes ☐ ☒ No

Material weakness(es) identified? Yes ☐ ☒ No

Noncompliance material to financial statements? Yes ☐ ☒ No

State Financial Assistance

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

Internal control over major programs:

Significant deficiency(ies) identified? Yes ☐ ☒ No

Material weakness(es) identified? Yes ☐ ☒ No

Dollar threshold used to distinguish a state major program: \$ 300,000

**SECTION II - FINANCIAL STATEMENT FINDINGS**

The Fairbanks North Star Borough School District did not have any findings that relate to the financial statements.

**SECTION III - STATE AWARDS FINDINGS AND QUESTIONED COSTS**

No matters were reported.



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# **SUPPLEMENTAL REPORTS**

# **SUPPLEMENTAL REPORTS**

**Statements of Compliance**

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# Cook & Haugeberg LLC

## CERTIFIED PUBLIC ACCOUNTANTS

December 12, 2017

### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON FUND BALANCE COMPLIANCE REQUIREMENTS

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

We have audited the financial statements and schedules of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough School District (School District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents. We also have audited the financial statements and schedules of the aggregate nonmajor governmental funds, internal service fund type, and the fiduciary fund type of the School District as of and for the year ended June 30, 2017, as displayed in the School District's basic financial statements. In addition, we also have audited the financial statements and schedules of the School District's nonmajor governmental funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017. Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, as presented in the Statement of Compliance - AS 14.17.505, nothing came to our attention which caused us to believe that the School District had failed to comply with the accumulated fund balance restriction in AS 14.17.505 as interpreted by the State of Alaska, Department of Education and Early Development. However, it should be noted that our audit was not directed primarily toward obtaining knowledge of noncompliance with such requirements.

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

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**FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT**

Statement of Compliance - AS 14.17.505

Year Ended June 30, 2017

**Total General Fund Balance (All Classifications):** \$ 33,661,729

**Items Deducted in 4 AAC 09.160:**

Encumbrances	\$ 1,881,451	
Inventory	414,262	
Prepaid Expenses	42,840	
Impact Aid	10,884,519	
Student Allotments	102,147	
		13,325,219

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

\$ 20,336,510

(AS 14.17.505 - "unreserved")

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

General fund balance subject to 10%	=	\$ 20,336,510	=	9.91%
Current year general fund expenditures		\$ 205,132,527		

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# Cook & Haugeberg LLC

## CERTIFIED PUBLIC ACCOUNTANTS

December 12, 2017

### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON CERTAIN STATE COMPLIANCE REQUIREMENTS

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

We have audited the financial statements and schedules of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough School District (School District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents. We also have audited the financial statements and schedules of the aggregate nonmajor governmental funds, internal service fund type, and the fiduciary fund type of the School District as of and for the year ended June 30, 2017, as displayed in the School District's basic financial statements. In addition, we also have audited the financial statements and schedules of the School District's nonmajor governmental funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017 and have issued our report thereon dated December 12, 2017. Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

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

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

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

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# **SUPPLEMENTAL REPORTS**

**Other Reports**

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# Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

December 12, 2017

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON  
THE SUMMARY REPORT OF REIMBURSABLE EXPENDITURES

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

We have audited the accompanying Summary Report of Reimbursable Expenditures of the Fairbanks North Star Borough School District (School District) as of and for the year ended June 30, 2017. 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, 2017.

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, 2017**  
For the Fairbanks North Star Borough School District

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

Bond Issue	Payor	Principal	Interest	Total

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

Bond Issue	Payor	Principal	Interest	Total

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

DOE Project #	Amount Authorized	Prior Year Expenditures	Current Exp. Claim for Reimb.	Total
05-90-125	4,526,000	4,097,052	-	4,097,052

4. Payments made for retirement of principal and interest on outstanding bonds incurred after December 31, 1981, and authorized by the qualified voters before July 1, 1983, to pay costs of school construction:

Bond Issue	Payor	Principal	Interest	Total

5. Payments made for retirement of principal and interest on outstanding bonds authorized by the qualified voters after June 30, 1983, and before March 31, 1990, to pay costs of school construction:

Bond Issue	Payor	Principal	Interest	Total

6. Payments made for the retirement of principal and interest on outstanding bonds authorized by the qualified voters after March 31, 1990 and before June 30, 1996 to pay costs of school construction:

Bond Issue	Payor	Principal	Interest	Total
K-Refunding*	US Bank NA	473,113	9,462	482,575

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	153,610	3,072	156,682
DR-05-101	2006 I	US Bank NA	260,000	131,925	391,925
DR-07-103 to 105	2007 J	US Bank NA	570,000	332,388	902,388
DR-07-103 to 105	2008 L	US Bank NA	505,000	311,622	816,622
DR-10-103 to 106	2010 M	US Bank NA	510,000	449,230	959,230
05-96-102 to 110,114	N Refunding	US Bank NA	2,281,135	175,184	2,456,319
05-96-102 to 110,114	O Refunding	Bank of New York Mellon Trust	1,536,671	242,303	1,778,974
05-99-141 to 144, 146, 147, 150	P Refunding	Bank of New York Mellon Trust	560,000	81,900	641,900
05-96-102 to 110,114	Q Refunding	Bank of New York Mellon Trust	1,900,000	659,000	2,559,000
DR-12-102 to 106	2012 R	US Bank NA	500,000	287,340	787,340
05-03-102 to 104; DR-05-101	S Refunding	US Bank NA	1,360,000	409,050	1,769,050
DR-14-102 to DR-14-108	2016 T	Bank of New York Mellon Trust	1,530,000	2,582,750	4,112,750

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# Cook & Haugeberg LLC

## CERTIFIED PUBLIC ACCOUNTANTS

December 12, 2017

### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON THE TUITION RATE REPORT

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

We have audited the accompanying Tuition Rate Report of the Fairbanks North Star Borough School District (School District) as of and for the year ended June 30, 2017. 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 (2016-2017 fiscal year). However, in our opinion, except for the average daily membership described in the preceding sentence and the resulting tuition rate (2016-2017 fiscal year), the accompanying report presents fairly, in all material respects, the information required in the related instructions from the State of Alaska, Department of Education and Early Development.

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

*Cook & Haugeberg LLC*

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

**Fairbanks North Star Borough School District**

Local Revenues for Support of Schools:	
Borough contribution to school district general fund	\$ 54,169,000
Direct Expenditures by Borough for School Purposes:	
From: <i>Summary Report of Reimbursable Expenditures</i>	
Bond redemption	17,814,755
Less: State aid for school construction	<u>(9,915,240)</u>
Total expenditures from local sources	<u>62,068,515</u>
Plus:	
Title VIII Impact Aid	18,353,833
On-base tuition	<u>1,450,000</u>
	<u>19,803,833</u>
Total local cost for tuition purposes	<u><u>\$ 81,872,348</u></u>
 Average daily membership as approved by the DEED for foundation support in FY 2016-17.	 13,753.38
 Tuition Rate	 <u><u>\$ 5,952.89</u></u>

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Auditor's Certification  
See Report of Independent Certified Public Accountant

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