



NORTH SLOPE BOROUGH, ALASKA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

NORTH SLOPE BOROUGH, ALASKA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2008

EDWARD S. ITTA

Mayor

RANDALL J. HOFFBECK

Director of Administration and Finance

BEVERLY PATKOTAK

GRINAGE

President, Ilisagvik College

TRENT BLANKENSHIP

Superintendent of Schools

PREPARED BY:

Department of Administration and Finance

NORTH SLOPE BOROUGH, ALASKA

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INTRODUCTORY SECTION

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January 30, 2009

Members of the Assembly
North Slope Borough, Alaska:

State of Alaska statutes and local charter provisions require that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the North Slope Borough (Borough) for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of the Borough. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Borough has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Borough's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Borough'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, this financial report is complete and reliable in all material respects.

The Borough's financial statements have been audited by KPMG LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Borough for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Borough's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Borough was part of broader state and federally mandated "Single Audits" 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 financial statements, but also on the audited government'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 Borough's separately issued Single Audit Report.

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 Borough's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Borough encompasses an area of approximately 94,000 square miles in northern Alaska, north of the Arctic Circle. It extends 650 miles east from Point Hope on the Chukchi Sea to the Canadian Border and 225 miles south from Point Barrow, the most northern point in the state. Prudhoe Bay, the largest oil field in the United States, is located in the northeastern portion of the Borough. It is also the origination point of the 800-mile Trans-Alaskan pipeline, which terminates at the City of Valdez on Prince William Sound.

Most of the Borough's 6,750 permanent residents live in eight communities, the largest of which is Barrow, which also serves as the Borough seat of government. Another 8,800 people are counted as residents because they work at least half of the calendar year in the North Slope oil fields.

The Borough was incorporated on July 1, 1972, and on April 30, 1974, it adopted its Home Rule Charter, which allows it to exercise any legal governmental power in addition to its mandatory powers of taxation, property assessment, education, and planning and zoning services. The legislative power of the Borough is vested in a seven-member assembly body, elected to staggered three-year terms. The Borough's executive and administrative powers are vested in a mayor, limited to two consecutive three-year terms.

The Borough provides a full range of services including police and fire protection, search and rescue services, the construction and maintenance of roads and other infrastructure, sewers and sewage treatment, light, power and heat, health services and clinic facilities, fuel storage, water, and garbage and solid waste collection and disposal. The Borough also is financially accountable for a legally separate school district and a legally separate college, both of which are reported separately within the Borough's financial statements. Additional information on these legally separate entities can be found in the basic financial statements.

The annual budget serves as the foundation for the Borough's financial planning and control. All departments of the Borough are required to submit requests for appropriation to the Borough Mayor. The Mayor uses these requests as the starting point for developing a proposed budget. The Mayor then presents this proposed budget to the Assembly for review prior to March 1. The Assembly is required to hold public hearings on the proposed budget and to adopt a final budget by no later than May 1. The appropriated budget is prepared by fund and department. The Mayor may make transfers of appropriations within a department and transfers of appropriations between departments; however transfers to the education function and debt service or for cash deficits require the special approval of the Assembly. Budget-to-actual comparisons are provided in this report for the general fund. This comparison is presented as part of the required supplementary information.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Borough operates.

Local economy – Since 1968, oil and gas exploration and development on Alaska's North Slope has become the principal industry in the the Borough and the employer of the bulk of the Borough's

workforce. The other service providers, including the government sector, exist primarily due to the presence of the oil and gas industry.

The Borough has an employed labor force of approximately 12,000 which is growing due to increased activity in the oil and gas industry.

Long-term financial planning – Since 1993 the Borough has used a sophisticated projection model to create a 12 year forecast of property tax revenues. This forecast is used to plan for future operating and capital expenditures as well as to insure adequate resources are available to repay bonded debt. Fiscal year 2007-2008 assessed property values of \$12.9 billion are forecasted to increase for fiscal year 2008-2009 due to increased activity in the oil and gas industry. After 2009 the Borough forecasts a gradual decline in future assessed values.

Cash management policies and practices – Operating funds of the Borough, which includes proceeds from the sale of general obligation bonds, are invested in interest producing instruments in accordance with the Borough's investment code. Cash forecasts are prepared to enhance investment income and reduce market risk by matching investment maturities to anticipated cash flows. Investment income includes appreciation or depreciation in the fair value of investments.

Risk management – The Borough continues to administer a risk management program with protection of people and property as its cornerstone. Safety is actively promoted with employees. A risk review of property including an evaluation of relevant policies and procedures is conducted on an annual basis. Several years ago, the Borough established a self-insurance account within the General Fund in response to conditions in the insurance industry which adversely affected coverage and rates. The balance in this account at June 30, 2008 and June 30, 2007 is \$5.5 million and \$5.5 million, respectively.

Pension and other postemployment benefits – The Borough participates in the Alaska Public Employees Retirement System (PERS), a multiple employer public employee retirement system. PERS was established and is administered by the State of Alaska to provide pension, postemployment healthcare, death, and disability benefits to eligible participants. At June 30, 2005 (date of most recent actuarial analysis), the actuarial value of assets exceeded the actuarial value of liabilities by \$5 million. The Borough also administers a defined contribution employee thrift plan and a Section 457 deferred compensation arrangement for eligible Borough employees.

Additional information on the Borough's pension arrangements and postemployment benefits can be found in notes 8 and 9 in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Borough for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the twenty-fifth consecutive year that the Borough has received this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the administration and finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the Assembly for their unfailing support for maintaining the highest standards of professionalism in the management of the Borough's finances.

Respectfully submitted,



Edward S. Itta
Mayor



Randall J. Hoffbeck
Director of Administration & Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Slope Borough
Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Oliver S. Cox

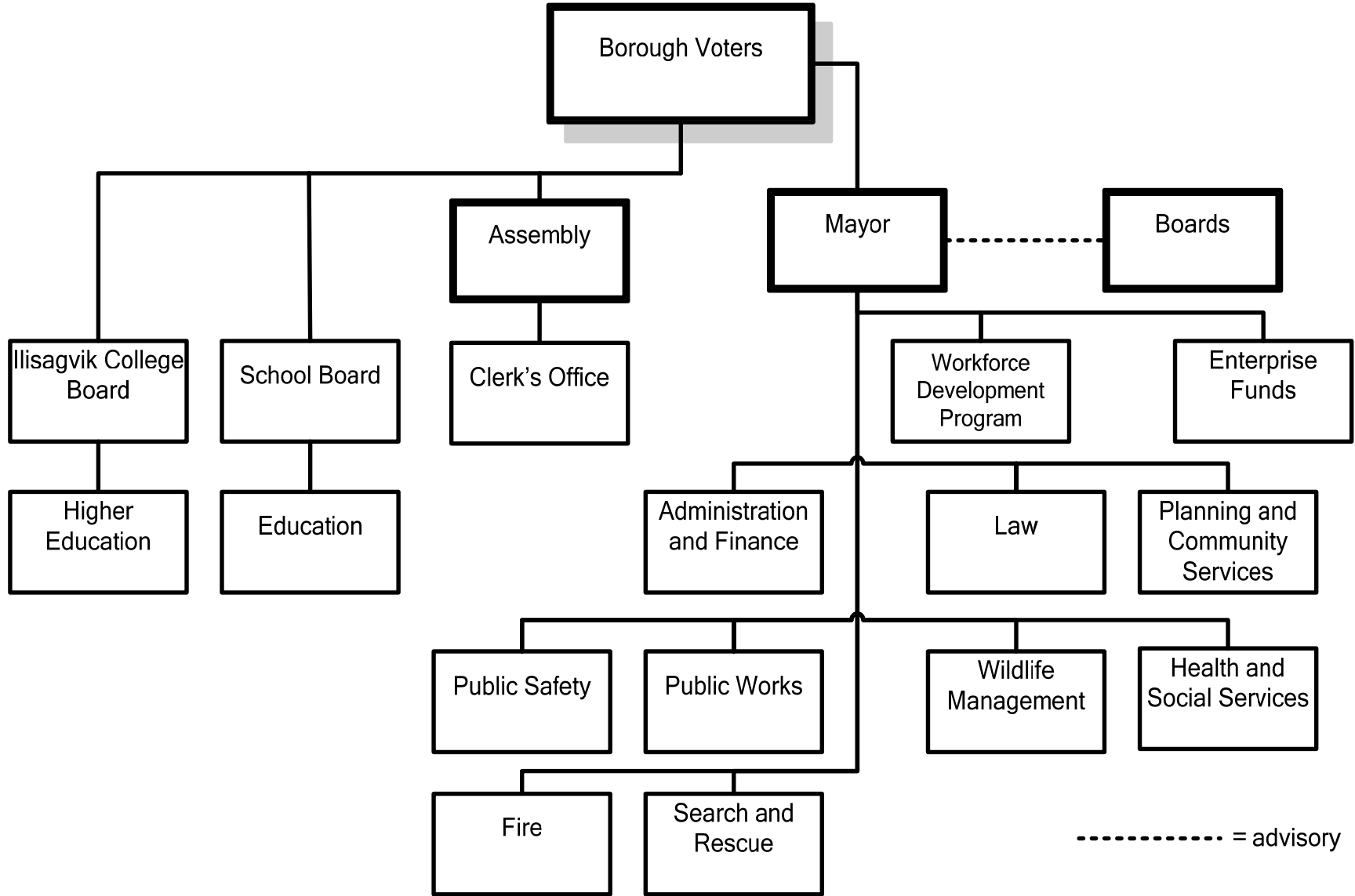
President

Jeffrey R. Egan

Executive Director

NORTH SLOPE BOROUGH, ALASKA

ORGANIZATIONAL CHART



----- = advisory

NORTH SLOPE BOROUGH

The Principal Officials

Assembly

President	C. Eugene Brower
Vice President	Rex Allen Rock, Sr.
	Forrest "Deano" Olemaun
	Adeline R. Hopson
	Mike Aamodt
	Fenton O. Rexford
	George T. Agnasagga

General Government

Mayor	Edward S. Itta
Chief Administrative Officer	Harold Curran
Borough Attorney	Ruth E. O'Rourke
Director of Administration and Finance	Randall J. Hoffbeck
Borough Clerk	Sheila H. Burke

Superintendent of Schools

Trent Blankenship

School Board

President	Arnold Brower, Jr.
Clerk	Eva Kinneeveauk
	Harold L. Ivanoff
	Anna Nageak
	Charlotte Brower
	Mary Sage
	Debby Edwardson

President of Ilisagvik College

Beverly Patkotak Grinage

Ilisagvik College Board

Chairperson	Jack M. Smith, Jr.
Vice Chairperson	Harold L. Ivanoff
Treasurer	Charlotte Brower
Secretary	Lydia Agnasagga
	Rainey Higbee
	Crawford Patkotak
	Amos Agnasagga
	Rhoda Bennett
	Ida Angasan
	Lillian Lane
	Homer Mekiana

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FINANCIAL SECTION

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KPMG LLP
Suite 600
701 West Eighth Avenue
Anchorage, AK 99501

Independent Auditors' Report

The Honorable Mayor and Members of the Assembly
North Slope Borough, Alaska:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the North Slope Borough (Borough), Alaska, as of and for the year ended June 30, 2008, which collectively comprise the Borough's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of the North Slope Borough, Alaska, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 3 through 15, the schedule of funding progress for PERS on page 57 and the budgetary comparison information on page 58 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's basic financial statements. The accompanying supplementary information, including the introductory section, supplementary information and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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.

KPMG LLP

January 30, 2009

NORTH SLOPE BOROUGH

Management's Discussion and Analysis

June 30, 2008

As management of the North Slope Borough, we offer readers of the North Slope Borough's financial statements this narrative overview and analysis of the financial activities of the North Slope Borough for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which begins on page i of this report, and the financial statements that begin on page 16.

Financial Highlights

- The Borough's total net assets decreased by \$27,529,902 to \$1,551,456,449 for FY 2008.
- At the end of FY 2008, the Borough's governmental funds reported combined ending fund balances of \$696,497,402, a decrease of \$52,183,719 in comparison with the prior year. The decrease is due primarily to market value adjustments in the Permanent Fund of \$(90) million, offset by investment earnings of \$33 million.
- At the end of FY 2008, unreserved fund balance for the general fund was \$67,632,616, or 26 percent of total general fund expenditures.
- The Borough's long-term liabilities decreased by approximately \$21.3 million during FY 2008. This is primarily due to a net decrease in General Obligation bonds outstanding of \$11.4 million, a net decrease in accreted principle on capital appreciation bonds of \$14.7 million and a \$5.5 million increase in closure and post closure costs for Barrow and village landfills.

Overview of the Financial Statements

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the North Slope Borough's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the North Slope Borough's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets is one indicator of whether the financial position of the North Slope Borough is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the North Slope Borough that are principally supported by taxes and intergovernmental revenues (intergovernmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the North Slope Borough include general government, public safety, municipal services, housing, wildlife management, health and social services, and primary and secondary education. The business-type activities of the North Slope Borough include a solid waste disposal and treatment facility, a revolving loan program, a real property management program and an electric utility.

NORTH SLOPE BOROUGH

Management's Discussion and Analysis

June 30, 2008

The government-wide financial statements include not only the North Slope Borough itself (known as the primary government), but also a legally separate school district and a legally separate college for which the North Slope Borough is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16 - 18 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 North Slope Borough, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the North Slope Borough 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 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The North Slope Borough maintains twenty-two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the permanent fund, which are both considered to be major funds. Data from the other non-major funds are combined into a single, aggregated presentation.

The North Slope Borough adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental financial statements can be found on pages 19 - 22 of this report.

Proprietary funds - The North Slope Borough maintains four different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The North Slope Borough uses enterprise funds to account for a Prudhoe Bay solid waste disposal and treatment facility (SA10 - Industrial Development), a revolving loan fund (Home Assistance Loan), an electric utility (Power & Light), and the real property management fund.

NORTH SLOPE BOROUGH

Management's Discussion and Analysis

June 30, 2008

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the solid waste disposal and treatment facility, the revolving loan program, the electric utility, and the real property management fund.

The basic proprietary fund financial statements can be found on pages 23 - 25 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the North Slope Borough's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The North Slope Borough has only one fiduciary fund, the Pension Trust fund, whose basic fiduciary fund financial statements can be found on pages 26 - 27 of this report.

Notes to the 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 financial statements can be found on pages 28 - 56 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The North Slope Borough's progress in funding its obligation to provide pension and other postretirement benefits to its employees can be found on page 57 of this report. Also, the North Slope Borough's budgetary comparison schedule for the general fund can be found on page 58.

NORTH SLOPE BOROUGH

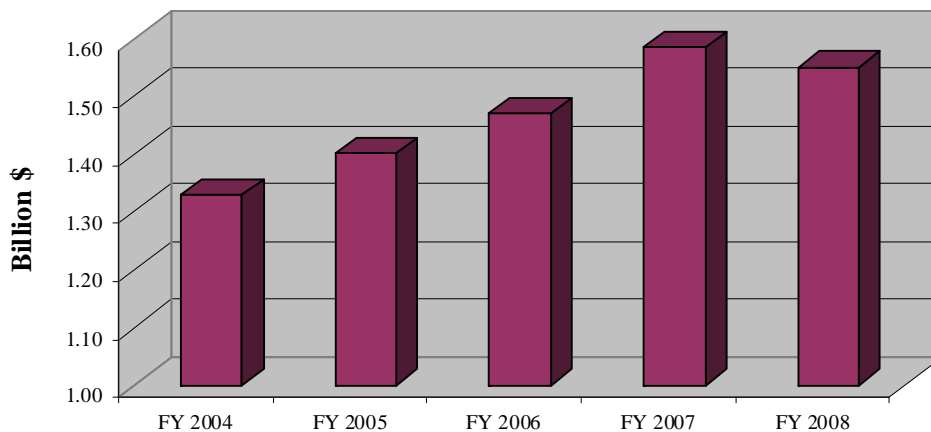
Management's Discussion and Analysis

June 30, 2008

Government-wide Financial Analysis

Statement of Net Assets

As noted earlier, changes in net assets over time may serve as a useful indicator of a government's financial position. In the case of the North Slope Borough, net assets declined slightly, shrinking by \$27.5 million in FY 2008 to a total of \$1.55 billion.



The loss in net asset value was the first decline since 2001 and was caused by market value adjustments in the Permanent Fund of \$(90) million, offset by investment earnings of \$33 million. The Permanent Fund was established in 1984 as a trust fund governed by the Assembly and administered by the Mayor, to provide a savings account for the future when property taxes on oil and gas properties decline. Up to 8% of the 3 year rolling average total value of the fund is available to be transferred to the general fund on an annual basis. The principal amount of contributions and growth of the fund in excess of annual transfer to the general fund remain in the fund in perpetuity. The overall fund performance was (10.5)% for FY 2008 a loss of \$57 million. The Assembly set the FY 2008 transfer at 5.5% or \$24.7 million. The combination of market declines and the transfer resulted in an \$81.8 million decrease in value of the Permanent Fund.

Even with the \$81.8 million decrease in value during FY08 the Permanent Fund had a value \$462 million at fiscal year end.

Absent the effects of the declines in the global equity markets which reduced the value of the Permanent Fund investments, the net asset value of the North Slope Borough would have grown by \$29.5 million in FY08. The continued upward pressure on net asset value is driven by a robust capital improvement program fueled by the North Slope Borough's use of tax revenues not available for operations.

To understand the significance of the capital program it is critical to understand the unique financial and tax structure of the North Slope Borough. The legal right of the North Slope Borough to levy taxes for operations is limited by Alaska Statute to a maximum of 225% of the average statewide per capita assessed value multiplied by the statutory maximum rate of 30 mills. For FY 2008 the operating tax cap was calculated as follows.

NORTH SLOPE BOROUGH

Management's Discussion and Analysis

June 30, 2008

Calculation of Operating Tax Cap

Per Capita Average Full Property Tax Value	\$113,213
Average Value Multiplier Per Alaska Statutes	225%
Maximum Taxable Per Capita Full Value	<u>\$254,729</u>
NSB Population	14,210
Equivalent Tax Base	<u>\$3,619,702,634</u>
Maximum Operating Mill rate per statute	30.00
Maximum Operating Budget Levy Allowed	<u>\$108,591,079</u>

When the limit is applied to the actual full and true value of property within the North Slope Borough of \$11.6 billion the result is an effective tax rate of 9.36 mills allowable for operations.

Statutory provisions, however, exempt tax revenues collected for the repayment of debt from the cap limitations. In order to take advantage of these tax revenues the North Slope Borough systematically sells and repays General Obligation bonds on a ten-year repayment schedule. This allowed the Borough to levy an additional 9.14 mills for debt reimbursement in FY 2008. Because revenues collected for debt reimbursement cannot be used for any other purpose, and the proceeds of the General Obligation bonds must be used for capital improvements, the Borough has established a program of capital improvements that has offset depreciation and resulted in continual growth in net assets, even in years where the operating budget has been held stable or reduced.

The largest portion of the North Slope Borough's net assets (70%) reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure). The North Slope Borough uses these capital assets to provide services to citizens; consequently, these capital assets are not available for future spending. Although the Borough's investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Borough's net assets is restricted for permanent fund investments (30%).

NORTH SLOPE BOROUGH
Management's Discussion and Analysis
June 30, 2008

The following reflects the condensed statement of net assets.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 974,578,900	1,095,961,337	9,934,657	9,930,658	984,513,557	1,105,891,995
Capital assets	1,363,751,571	1,362,553,737	60,536,865	58,379,524	1,424,288,436	1,420,933,261
Total Assets	<u>\$ 2,338,330,471</u>	<u>2,458,515,074</u>	<u>70,471,522</u>	<u>68,310,182</u>	<u>2,408,801,993</u>	<u>2,526,825,256</u>
Long-term liabilities	\$ 572,671,891	594,284,737	3,174,328	2,818,633	575,846,219	597,103,370
Other liabilities	275,138,090	348,165,271	6,361,235	2,570,264	281,499,325	350,735,535
Total liabilities	<u>\$ 847,809,981</u>	<u>942,450,008</u>	<u>9,535,563</u>	<u>5,388,897</u>	<u>857,345,544</u>	<u>947,838,905</u>
Net Assets:						
Invested in capital assets						
net of related debt	\$ 1,042,943,709	951,967,630	58,614,045	58,379,524	1,101,557,754	1,010,347,154
Restricted	462,158,849	543,913,229	—	—	462,158,849	543,913,229
Unrestricted	(14,582,068)	20,184,207	2,321,914	4,541,761	(12,260,154)	24,725,968
Total net assets	<u>\$ 1,490,520,490</u>	<u>1,516,065,066</u>	<u>60,935,959</u>	<u>62,921,285</u>	<u>1,551,456,449</u>	<u>1,578,986,351</u>

For more detailed information see page 16 of the statement of net assets.

NORTH SLOPE BOROUGH

Management's Discussion and Analysis

June 30, 2008

Statement of Activities

The following condensed table of changes in net assets displays the revenues and expenses for the current year.

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 6,857,848	5,506,701	18,954,880	18,565,873	25,812,728	24,072,574
Operating grants and contributions	18,388,587	23,362,228	—	—	18,388,587	23,362,228
Capital grants	12,365,544	12,159,655	—	—	12,365,544	12,159,655
General revenues:						
Property taxes	212,964,677	203,217,204	—	—	212,964,677	203,217,204
Investment earnings	(44,462,973)	103,357,349	293,418	318,654	(44,169,555)	103,676,003
Proceeds from settlement	—	3,083	—	—	—	3,083
Economic impact assistance	5,000,000	5,000,000	—	—	5,000,000	5,000,000
Grants and entitlements not restricted to specific programs	634,466	2,195,814	—	—	634,466	2,195,814
Other	5,605,025	2,137,184	—	—	5,605,025	2,137,184
Total revenues	<u>217,353,174</u>	<u>356,939,218</u>	<u>19,248,298</u>	<u>18,884,527</u>	<u>236,601,472</u>	<u>375,823,745</u>
Expenses:						
General government	38,243,959	41,740,931	—	—	38,243,959	41,740,931
Public safety	22,292,972	20,049,567	—	—	22,292,972	20,049,567
Public works	85,487,559	86,591,126	—	—	85,487,559	86,591,126
Wildlife management	3,679,550	3,902,951	—	—	3,679,550	3,902,951
Health and social services	16,669,761	13,673,657	—	—	16,669,761	13,673,657
Primary and secondary education	31,695,358	32,143,232	—	—	31,695,358	32,143,232
Higher education	6,485,427	6,047,517	—	—	6,485,427	6,047,517
Interest on long-term debt	26,850,112	29,189,484	—	—	26,850,112	29,189,484
Service Area 10	—	—	12,372,320	9,046,057	12,372,320	9,046,057
Home Assistance Loan	—	—	—	606	—	606
Real Property Management	—	—	183,652	38,968	183,652	38,968
Power & Light	—	—	20,170,704	16,396,398	20,170,704	16,396,398
Total expenses	<u>231,404,698</u>	<u>233,338,465</u>	<u>32,726,676</u>	<u>25,482,029</u>	<u>264,131,374</u>	<u>258,820,494</u>
Changes in net assets before transfers	(14,051,524)	123,600,753	(13,478,378)	(6,597,502)	(27,529,902)	117,003,251
Special item - donation of capital assets	—	(12,267,152)	—	—	—	(12,267,152)
Capital contributions	(4,458,170)	(184,673)	4,458,170	184,673	—	—
Transfers	(7,034,882)	(5,580,309)	7,034,882	5,580,309	—	—
Changes in net assets	(25,544,576)	105,568,619	(1,985,326)	(832,520)	(27,529,902)	104,736,099
Net assets, beginning of year	<u>1,516,065,066</u>	<u>1,410,496,447</u>	<u>62,921,285</u>	<u>63,753,805</u>	<u>1,578,986,351</u>	<u>1,474,250,252</u>
Net assets, end of year	<u>\$ 1,490,520,490</u>	<u>1,516,065,066</u>	<u>60,935,959</u>	<u>62,921,285</u>	<u>1,551,456,449</u>	<u>1,578,986,351</u>

The overall operating costs for governmental activities decreased by \$2 million in FY 2008 due primarily to an aggressive policy of limiting the size of operations to a long term sustainable level. In addition operating grant revenues decreased by \$5 million while property tax revenues increased by \$9.7 million. The operational savings and the net increase in operating revenues was overshadowed by investment losses of \$44.5 million. The

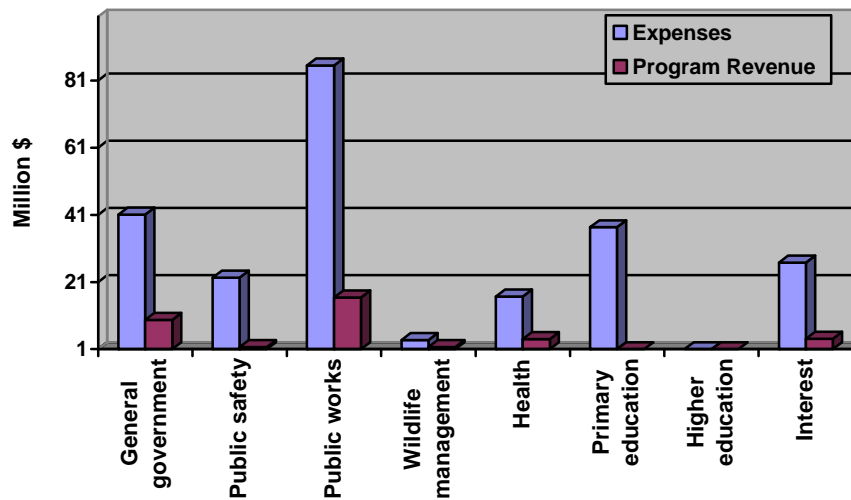
NORTH SLOPE BOROUGH

Management's Discussion and Analysis

June 30, 2008

cumulative impact of these changes was a decrease in the North Slope Borough's governmental activities net assets of \$25.5 million in FY 2008.

Business-type revenues grew by \$0.3 million in FY 2008. This however was not sufficient to offset the effects of rising fuel costs, primarily in the Power and Light fund, resulting in a loss of \$13.5 million before transfers and capital contributions.



For more detailed information see pages 17 - 18 of the statement of activities.

NORTH SLOPE BOROUGH

Management's Discussion and Analysis

June 30, 2008

Financial Analysis of the Government's Funds

The North Slope Borough uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the North Slope Borough's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the North Slope Borough's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the North Slope Borough's governmental funds reported combined ending fund balance of \$696,497,402 a decrease of \$52,183,719 in comparison to the beginning of the year. Approximately \$184 million of this total amount constitutes unreserved fund balance, about 60% of which is designated for capital projects.

The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed, primarily to liquidate contracts and purchase orders for the prior period and for investments in the Permanent Fund.

The general fund is the main operating fund of the North Slope Borough. At the end of the fiscal year, unreserved fund balance of the general fund was \$67,632,616, while total fund balance was \$78,751,810. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 26% of total general fund expenditures, while total fund balance represents 30% of that same amount.

In order to take advantage of seasonal advantages to construction in the arctic, \$24.3 million was transferred from the operational reserve into the capital reserve to pre-fund capital projects prior to the October 2008 bond sale. Because of this transfer, the fund balance of the North Slope Borough's general fund decreased by \$4.3 million during FY08.

The permanent fund had a total fund balance of \$462,100,282, all of which is reserved investments. Net assets in the permanent fund decreased \$81,760,658, due to investment earnings for the fiscal year of 10.5% and the decision to limit the withdrawal for operations to 5.5% rather than the allowable 8%.

Proprietary funds - The North Slope Borough's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

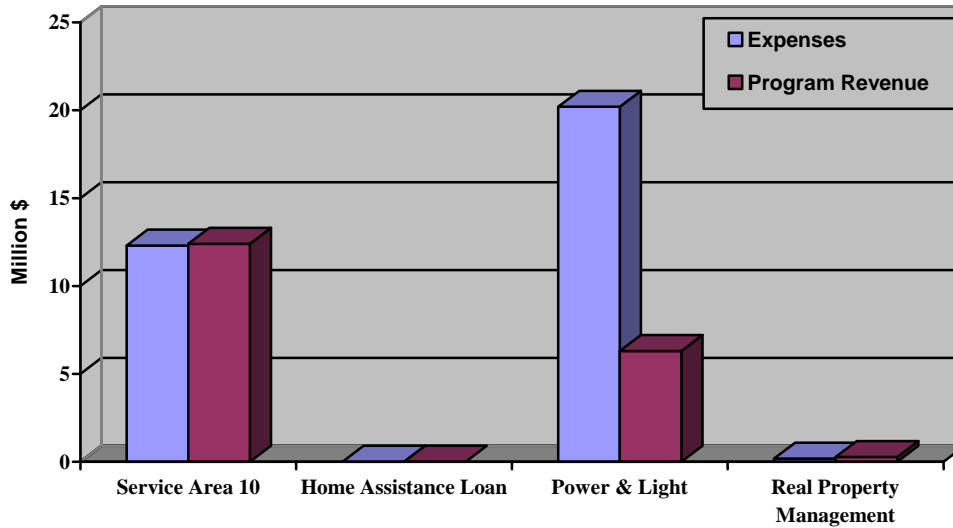
Unrestricted net assets for Power and Light fund decreased by \$3,319,338 to \$(4,775,324), invested in capital assets increased by \$951,250 to \$46,261,734, resulting in a total decrease in fund equity of \$2,368,088 from FY 2007 and FY 2008. The electric utility decrease was due to an increase in operating costs driven by increased fuel costs.

NORTH SLOPE BOROUGH

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Other factors concerning the finances of these four funds have already been addressed in the discussion of the North Slope Borough's business-type activities.



General Fund Budgetary Highlights

The budget process was predicated on holding the line on spending in order to preserve the long term financial stability of the North Slope Borough; it became clear prior to finalizing the budget, that the additional revenues would be available for government operations. The resultant budget was an increase from the prior year of \$6.7 million, or about 3%. The differences in the budget, both increases and decreases, were spread across all departments with the largest increases being:

- \$6 million in increases in general government
- \$5 million in increases in Health and Social Services

Differences between the final budget and actual can be briefly summarized as follows:

- Intergovernmental revenues were \$14.8 million under budget due to timing of related expenditures
- Property Tax revenues were \$2.1 million dollars less than budgeted due to adjustments in assessed values made by the State of Alaska Department of Revenue
- Expenditures were \$34.7 million under budget
- Other financing sources had a significant variance due to the final budget not reflecting the transfer of funds from the operational reserve to the capital reserve during FY08. The majority of those funds were returned to the operational reserve after the October 2008 general obligation bond sale

None of these variances will have a significant impact on the Borough's future services or liquidity.

NORTH SLOPE BOROUGH

Management's Discussion and Analysis

June 30, 2008

Capital Asset and Debt Administration

Capital Assets – The North Slope Borough's investment in capital assets for its governmental and business type activities as of June 30, 2008 amounts to \$1,424,288,436 (net of accumulated depreciation). This investment in capital assets includes land, gas fields, buildings and improvements, equipment, construction work-in-progress, sewer and water treatment facilities, and roads. The total net increase in the North Slope Borough's investments in capital assets for the fiscal year was \$3,355,175.

Major capital asset events during the fiscal year included the following:

- Increased staffing within the capital projects division to facilitate completion of planned projects and construction work in progress.

The following table displays the capital assets (net of depreciation).

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 31,645,759	31,642,400	12,279,979	12,279,979	43,925,738	43,922,379
Construction work-in-progress	47,150,353	71,418,607	—	—	47,150,353	71,418,607
Gas fields	58,964,020	60,376,326	—	—	58,964,020	60,376,326
Buildings and improvements	598,845,571	583,267,100	34,953,460	32,457,910	633,799,031	615,725,010
Improvements other than buildings	42,886,186	37,388,477	—	—	42,886,186	37,388,477
Equipment	30,774,270	31,836,067	13,303,426	13,641,635	44,077,696	45,477,702
Infrastructure	553,485,412	546,624,760	—	—	553,485,412	546,624,760
	<u>\$ 1,363,751,571</u>	<u>1,362,553,737</u>	<u>60,536,865</u>	<u>58,379,524</u>	<u>1,424,288,436</u>	<u>1,420,933,261</u>

Additional information on the North Slope Borough's capital assets can be found in note 5 on pages 39 - 41 of this report.

Long-Term Debt – At the end of the fiscal year, the North Slope Borough had total bonded debt outstanding of \$512,851,996. All of this amount is debt backed by the full faith and credit of the Borough and includes \$87,227,814 of accreted principal on capital appreciation bonds. The remainder of the North Slope Borough's debt represents capital leases, landfill post closure care costs, compensated absences, and health claims incurred but not reported.

NORTH SLOPE BOROUGH

Management's Discussion and Analysis

June 30, 2008

The following table displays the long-term debt.

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation bonds	\$ 425,624,182	440,108,127	—	—	425,624,182	440,108,127
Plus (less) deferred amounts:						
For issuance premiums	7,253,354	4,328,160	—	—	7,253,354	4,328,160
On refunding	(592,155)	(710,608)	—	—	(592,155)	(710,608)
Total bonds payable	432,285,381	443,725,679	—	—	432,285,381	443,725,679
Accreted principal on capital appreciation bonds	87,227,814	101,910,012	—	—	87,227,814	101,910,012
Capital lease obligations	7,374,983	8,350,490	—	—	7,374,983	8,350,490
Landfill post closure care costs	35,854,491	30,739,237	3,174,328	2,818,633	39,028,819	33,557,870
Compensated absences	3,541,104	3,290,428	160,706	154,278	3,701,810	3,444,706
General Liability Claims Reserve	502,569	965,833	—	—	502,569	965,833
Health claims	1,411,477	687,138	—	—	1,411,477	687,138
	<u>\$ 568,197,819</u>	<u>589,668,817</u>	<u>3,335,034</u>	<u>2,972,911</u>	<u>571,532,853</u>	<u>592,641,728</u>

The North Slope Borough's total debt decreased by \$21.5 million during the fiscal year. The primary factors in the decrease were a decrease in general obligation bond debt of \$15 million and a reduction of \$14 million in accreted principle on capital appreciation bonds. These reductions were partially offset by a \$5 million increase in closure and post closure obligations for landfill operations and the addition of \$3 million in deferred obligations for bond issuance premiums.

Major long-term debt activity during the year included the following:

- On October 30, 2007, the North Slope Borough issued \$51,360,000 of general obligation bonds to finance various capital projects.
- During FY08 the North Slope Borough received upgrades in its ratings for its general obligation bonds as follows:
 - Standard & Poor Corporation A
 - Fitch Investors Service A-
 - Moody's Investor Service A2

Currently, general obligation bonds are insured to an AAA rating at the time of issuance. There is no general obligation debt limit imposed on the North Slope Borough by the State Constitution or statutes or the Borough's charter or code.

Additional information on the North Slope Borough's long-term debt can be found in note 7 on pages 43 - 49 of this report.

NORTH SLOPE BOROUGH

Management's Discussion and Analysis

June 30, 2008

Economic Factors and Next Year's Budgets and Rates

The principal source of property tax revenues historically has been, and is expected to continue to be, taxes upon oil-and gas-related property. Currently the oil and gas related taxes account for 98% of the property tax revenue. Because of the decline in production of the Alaska North Slope oil fields, the property tax revenues are projected to continue their moderate decline in future years. However, in the short term, it is anticipated that the increased level of development and exploration activity currently occurring will result in a temporary stabilization in assessed values. Because of the tax cap formula discussed earlier, this increased activity will affect both the operating budget, which is restricted by the Statutory tax cap, and the overall budget including debt reimbursement.

Despite retaining the tax levy at 18.50 mills, the FY2009 general fund budget revenues from taxes are expected to grow by \$25 million to a total of \$239.2 million. This increase in property tax revenues will allow the NSB to reduce the transfer rate from the Permanent Fund by 0.5% to 5.0% to offset the impact on the market value of the Permanent Fund holdings during a period of declining equity investment values.

The net result is that additional general operating funds are available to address fixed cost increases including, salary increases, fringe rate increases, insurance costs, and fuel price increases without impacting government services. In addition, a portion of the revenues will be used for funding critical new programs, increasing support for education, paying down debt, and increasing savings.

Requests for Information

This financial report is designed to provide a general overview of the North Slope Borough's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the North Slope Borough Department of Administration and Finance, P.O Box 69, Barrow, Alaska 99723.

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BASIC FINANCIAL STATEMENTS

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NORTH SLOPE BOROUGH

Statement of Net Assets

June 30, 2008

Assets	Primary government			Component units	
	Governmental activities	Business-type activities	Total	School District	Ilisagvik College
Imprest cash	\$ 12,250	—	12,250	—	—
Cash and investments with central treasury	461,375,498	7,944,633	469,320,131	—	—
Other cash and investments	481,876,546	—	481,876,546	5,582,210	2,002,358
Accounts receivable:					
Property taxes, net	3,214,750	—	3,214,750	—	—
Intergovernmental	13,737,403	—	13,737,403	618,782	1,502,992
Trade	—	1,990,024	1,990,024	—	595,101
Other	429,642	—	429,642	904,680	—
Receivable from unsettled investment trades	655,119	—	655,119	—	—
Accrued interest	4,654,952	—	4,654,952	—	—
Due from component unit	1,567,440	—	1,567,440	—	—
Prepays and deposits	1,274,351	—	1,274,351	304,044	—
Inventory	5,209,145	—	5,209,145	10,547	154,377
Loans receivable, net	571,804	—	571,804	—	—
Capital assets:					
Not being depreciated	78,796,112	12,279,979	91,076,091	—	—
Being depreciated, net	1,284,955,459	48,256,886	1,333,212,345	647,895	492,551
Total	\$ 2,338,330,471	70,471,522	2,408,801,993	8,068,158	4,747,379
Liabilities and Net Assets					
Liabilities:					
Accounts payable	\$ 19,058,673	1,196,371	20,255,044	468,994	233,764
Payable from unsettled investment trades	1,030,945	—	1,030,945	—	—
Arbitrage payable	6,227,806	—	6,227,806	—	—
Accrued payroll and related benefits	3,948,059	304,819	4,252,878	275,294	679,278
Matured bonds and interest payable	5,988,188	—	5,988,188	—	—
Unearned revenue:					
Property taxes	237,751,972	—	237,751,972	—	—
Economic impact assistance	5,000,000	—	5,000,000	—	—
Intergovernmental	446,183	—	446,183	509,650	149,614
Deposits payable and other liabilities	49,868	496,441	546,309	1,028,518	—
Due (from) to other funds	(4,363,604)	4,363,604	—	—	—
Due to primary government	—	—	—	2,738,610	—
Noncurrent liabilities:					
Due within one year	140,428,567	—	140,428,567	250,557	—
Due in more than one year	427,769,252	3,174,328	430,943,580	71,392	—
Net pension and OPEB obligation	4,474,072	—	4,474,072	903,143	120,757
Total liabilities	847,809,981	9,535,563	857,345,544	6,246,158	1,183,413
Net assets:					
Invested in capital assets, net of related debt	1,042,943,709	58,614,045	1,101,557,754	535,162	492,551
Restricted for:					
Permanent fund, nonexpendable	462,116,077	—	462,116,077	—	—
Museum purchases, expendable	42,772	—	42,772	—	—
Unrestricted	(14,582,068)	2,321,914	(12,260,154)	1,286,838	3,071,415
Net assets	1,490,520,490	60,935,959	1,551,456,449	1,822,000	3,563,966
Total	\$ 2,338,330,471	70,471,522	2,408,801,993	8,068,158	4,747,379

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH

Statement of Activities
Year ended June 30, 2008

Functions/programs	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants
Primary government:				
Governmental activities:				
General government	\$ 38,243,959	3,029,207	6,705,630	—
Public works	85,487,559	3,807,977	341,352	12,365,544
Public safety	22,292,972	—	1,557,356	—
Health and social services	16,669,761	20,664	4,065,593	—
Wildlife management	3,679,550	—	1,661,853	—
Primary and secondary education	31,695,358	—	—	—
Higher education	6,485,427	—	—	—
Interest on long-term debt	26,850,112	—	4,056,803	—
Total governmental activities	<u>231,404,698</u>	<u>6,857,848</u>	<u>18,388,587</u>	<u>12,365,544</u>
Business-type activities:				
Service area 10	12,372,320	12,370,634	—	—
Home assistance loan	—	6,961	—	—
Real property management	183,652	267,721	—	—
Power & Light	20,170,704	6,309,564	—	—
Total business-type activities	<u>32,726,676</u>	<u>18,954,880</u>	<u>—</u>	<u>—</u>
Total primary government	<u>\$ 264,131,374</u>	<u>25,812,728</u>	<u>18,388,587</u>	<u>12,365,544</u>
Component units:				
School district	\$ 55,899,977	2,627,512	4,234,871	837,834
Ilisagvik college	12,096,527	970,579	2,373,471	—
Total component units	<u>\$ 67,996,504</u>	<u>3,598,091</u>	<u>6,608,342</u>	<u>837,834</u>
General revenues:				
Property taxes				
Grants and entitlements not restricted to specific programs				
Economic impact assistance				
Investment earnings (losses)				
Support from primary government				
Other				
Contribution of capital assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

See accompanying notes to financial statements.

Net (expense) revenue and changes in net assets

Primary government			Component units	
Governmental activities	Business-type activities	Total	School district	Ilisagvik college
(28,509,122)	—	(28,509,122)	—	—
(68,972,686)	—	(68,972,686)	—	—
(20,735,616)	—	(20,735,616)	—	—
(12,583,504)	—	(12,583,504)	—	—
(2,017,697)	—	(2,017,697)	—	—
(31,695,358)	—	(31,695,358)	—	—
(6,485,427)	—	(6,485,427)	—	—
(22,793,309)	—	(22,793,309)	—	—
<u>(193,792,719)</u>	<u>—</u>	<u>(193,792,719)</u>	<u>—</u>	<u>—</u>
—	(1,686)	(1,686)	—	—
—	6,961	6,961	—	—
—	84,069	84,069	—	—
—	(13,861,140)	(13,861,140)	—	—
<u>—</u>	<u>(13,771,796)</u>	<u>(13,771,796)</u>	<u>—</u>	<u>—</u>
<u>(193,792,719)</u>	<u>(13,771,796)</u>	<u>(207,564,515)</u>	<u>—</u>	<u>—</u>
			(48,199,760)	—
			—	(8,752,477)
			<u>(48,199,760)</u>	<u>(8,752,477)</u>
\$ 212,964,677	—	212,964,677	—	—
634,466	—	634,466	27,441,207	968,813
5,000,000	—	5,000,000	—	—
(44,462,973)	293,418	(44,169,555)	119,035	(88,683)
—	—	—	21,253,358	6,954,940
5,605,025	—	5,605,025	861,102	613,233
(4,458,170)	4,458,170	—	—	—
(7,034,882)	7,034,882	—	—	—
<u>168,248,143</u>	<u>11,786,470</u>	<u>180,034,613</u>	<u>49,674,702</u>	<u>8,448,303</u>
(25,544,576)	(1,985,326)	(27,529,902)	1,474,942	(304,174)
<u>1,516,065,066</u>	<u>62,921,285</u>	<u>1,578,986,351</u>	<u>347,058</u>	<u>3,868,140</u>
<u>\$ 1,490,520,490</u>	<u>60,935,959</u>	<u>1,551,456,449</u>	<u>1,822,000</u>	<u>3,563,966</u>

NORTH SLOPE BOROUGH

Balance Sheet

Governmental Funds

June 30, 2008

Assets	General	Permanent	Other governmental funds	Total governmental funds
Imprest cash	\$ 12,250	—	—	12,250
Cash and investments with central treasury	301,263,819	—	160,111,679	461,375,498
Other cash and investments	—	481,876,546	—	481,876,546
Accounts receivable:				
Property taxes, net	3,214,750	—	—	3,214,750
Intergovernmental	7,469,630	—	6,267,773	13,737,403
Other	429,642	—	—	429,642
Receivable from unsettled investment trades	—	655,119	—	655,119
Loans receivable, net	37,890	—	533,914	571,804
Accrued interest	2,785,534	1,869,418	—	4,654,952
Due from other funds	25,633,460	—	—	25,633,460
Due from primary government/ component unit	1,567,440	—	—	1,567,440
Prepays and deposits	1,238,422	—	35,929	1,274,351
Inventory	5,209,145	—	—	5,209,145
Total	\$ 348,861,982	484,401,083	166,949,295	1,000,212,360
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 8,357,036	—	10,701,637	19,058,673
Payable from unsettled investment trades	—	1,030,945	—	1,030,945
Arbitrage payable	5,384,660	—	—	5,384,660
Accrued payroll	2,021,541	—	—	2,021,541
Payroll taxes withheld	1,926,518	—	—	1,926,518
General obligation bonds and supplemental coupons payable	5,988,188	—	—	5,988,188
Unearned revenue:				
Property taxes	240,966,722	—	—	240,966,722
Economic impact assistance	5,000,000	—	—	5,000,000
Intergovernmental	377,749	—	68,434	446,183
Deferred loans	37,890	—	533,914	571,804
Deposits payable	49,868	—	—	49,868
Due to other funds	—	21,269,856	—	21,269,856
Total liabilities	270,110,172	22,300,801	11,303,985	303,714,958
Fund balances:				
Reserved:				
Encumbrances	11,119,194	—	39,535,904	50,655,098
Investments	—	462,100,282	15,795	462,116,077
Unreserved, reported in, designated for:				
General fund:				
Self insurance	5,500,000	—	—	5,500,000
Litigation	1,500,000	—	—	1,500,000
Capital projects	5,070,000	—	—	5,070,000
Future operations	55,562,616	—	—	55,562,616
Capital project funds:				
Authorized projects	—	—	104,663,878	104,663,878
Unreserved, undesignated reported in:				
Special revenue funds	—	—	11,429,733	11,429,733
Total fund balances	78,751,810	462,100,282	155,645,310	696,497,402
Total	\$ 348,861,982	484,401,083	166,949,295	1,000,212,360

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH

Reconciliation of Net Assets between the Government-Wide and Fund Financial Statements

June 30, 2008

Amount reported as fund balance on the governmental funds balance sheet		\$ 696,497,402
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,363,751,571
Deferred amounts related to issuance premiums and on refundings to governmental activities are not financial resources; therefore, are not reported in the funds.		(6,661,199)
Long-term receivables, delinquent property taxes and loans are not available to pay for current-period expenditures, and therefore, are deferred in the funds:		
Property taxes	\$ 3,214,750	
Loans receivable	571,804	3,786,554
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds payable	(425,624,182)	
Accreted principal on general obligation bonds	(87,227,814)	
Landfill post closure care costs	(35,854,491)	
Capital lease obligation	(7,374,983)	
Arbitrage payable	(843,146)	
Compensated absences	(3,541,104)	
Net pension and OPEB obligation	(4,474,072)	
General liability insurance claims	(502,569)	
Health claims incurred but not reported	(1,411,477)	(566,853,838)
Net assets of governmental activities		<u>\$ 1,490,520,490</u>

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH

Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds

Year ended June 30, 2008

	<u>General</u>	<u>Permanent</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
Revenues:				
Property taxes	\$ 212,827,417	—	—	212,827,417
Intergovernmental	19,023,052	—	12,365,544	31,388,596
Charges for services	6,857,848	—	—	6,857,848
Investment earnings	10,751,861	32,674,395	612	43,426,868
Net increase (decrease) in the fair value of investments	1,832,476	(89,722,317)	—	(87,889,841)
Economic impact assistance	5,000,000	—	—	5,000,000
Other	2,175,445	—	3,491,432	5,666,877
Total revenues	<u>258,468,099</u>	<u>(57,047,922)</u>	<u>15,857,588</u>	<u>217,277,765</u>
Expenditures:				
Current:				
General government	39,345,956	—	—	39,345,956
Public works	45,267,537	—	—	45,267,537
Public safety	19,020,938	—	—	19,020,938
Health and social services	15,108,588	—	—	15,108,588
Wildlife management	3,623,478	—	—	3,623,478
Primary and secondary education	23,914,436	—	—	23,914,436
Higher education	6,844,801	—	—	6,844,801
Debt service:				
Principal retirement	65,843,946	—	—	65,843,946
Interest	41,312,477	—	—	41,312,477
Debt issuance costs	—	—	756,773	756,773
Capital projects	—	—	56,565,864	56,565,864
Total expenditures	<u>260,282,157</u>	<u>—</u>	<u>57,322,637</u>	<u>317,604,794</u>
Deficiency of revenues over expenditures	<u>(1,814,058)</u>	<u>(57,047,922)</u>	<u>(41,465,049)</u>	<u>(100,327,029)</u>
Other financing sources (uses):				
Transfers in from other governmental funds	29,039,736	—	24,580,612	53,620,348
Transfers out to other governmental funds	(24,580,000)	(24,712,736)	(4,327,612)	(53,620,348)
Transfer out to enterprise funds	(7,034,882)	—	—	(7,034,882)
Issuance of debt	—	—	51,360,000	51,360,000
Premium on issuance of debt	—	—	3,811,773	3,811,773
Proceeds from settlement	5,224	—	—	5,224
Proceeds from sale of capital assets	1,195	—	—	1,195
Total other financing sources (uses)	<u>(2,568,727)</u>	<u>(24,712,736)</u>	<u>75,424,773</u>	<u>48,143,310</u>
Net change in fund balances	<u>(4,382,785)</u>	<u>(81,760,658)</u>	<u>33,959,724</u>	<u>(52,183,719)</u>
Fund balances, beginning of year	83,134,595	543,860,940	121,685,586	748,681,121
Fund balances, end of year	\$ <u>78,751,810</u>	<u>462,100,282</u>	<u>155,645,310</u>	<u>696,497,402</u>

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH

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

Year ended June 30, 2008

Net change in fund balance – total governmental funds		\$ (52,183,719)
Amounts reported for governmental activities in the statement of activities are 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 expense:		
Capital outlay	\$ 44,531,180	
Transfer of completed projects to business-type activities	(4,458,170)	
The net effect of various transactions involving capital assets such as sales and other disposals	(26,332)	
Depreciation expense	<u>(38,848,845)</u>	1,197,833
Revenues in the statement of activities that do not provide current financial resources and are deferred in the funds:		
Property taxes	137,260	
Principal collections of loans receivable	<u>(66,875)</u>	70,385
The issuance of long-term debt 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. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Issuance of general obligation bonds	(55,171,773)	
Principal repayments on general obligation debt and capital leases	<u>66,819,453</u>	11,647,680
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Bad debt expense	(50,361)	
Postclosure care costs	(5,115,254)	
Arbitrage	3,808,439	
Net pension and OPEB obligation	141,848	
Compensated absences	(250,676)	
General liability insurance claims	463,264	
Health claims incurred but not reported	(724,339)	
Amortization of deferred amounts	768,126	
Accreted principal	<u>14,682,198</u>	<u>13,723,245</u>
Change in net assets of governmental activities		<u>\$ (25,544,576)</u>

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH
Balance Sheet
Proprietary Funds – Enterprise Funds
June 30, 2008

Assets	Business-type activities – Enterprise funds		
	Power & Light	Other enterprise funds	Total enterprise funds
Current assets:			
Cash and investments with central treasury	\$ —	7,944,633	7,944,633
Accounts receivable, net of allowance for uncollectibles	418,420	1,571,604	1,990,024
Total current assets	418,420	9,516,237	9,934,657
Capital assets, net	47,213,153	13,323,712	60,536,865
Total	\$ 47,631,573	22,839,949	70,471,522
Liabilities and Fund Equity			
Current liabilities:			
Accounts payable	\$ 220,651	975,720	1,196,371
Accrued leave and payroll	133,463	10,650	144,113
Other liabilities	361,885	134,556	496,441
Compensated absences	114,310	46,396	160,706
Due to other funds	4,363,604	—	4,363,604
Total current liabilities	5,193,913	1,167,322	6,361,235
Accrued postclosure care costs	—	3,174,328	3,174,328
Total liabilities	5,193,913	4,341,650	9,535,563
Fund equity:			
Invested in capital assets	47,212,984	11,401,061	58,614,045
Unrestricted	(4,775,324)	7,097,238	2,321,914
Total fund equity	42,437,660	18,498,299	60,935,959
Total	\$ 47,631,573	22,839,949	70,471,522

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH

Statement of Revenues, Expenses, and Changes in Fund Equity Proprietary Funds – Enterprise Funds

Year ended June 30, 2008

	Business-type activities – Enterprise funds		
	Power & Light	Other enterprise funds	Total enterprise funds
Operating revenues:			
Service Area 10 – oilfield support services revenue	\$ —	12,370,634	12,370,634
Home Assistance Loans – revolving loan fund interest	—	6,961	6,961
Real Property Management – rental revenues	—	267,721	267,721
North Slope Borough Power & Light – utility revenues	6,309,564	—	6,309,564
Total revenues	6,309,564	12,645,316	18,954,880
Operating expenses:			
Salaries and benefits	4,528,440	386,971	4,915,411
Depreciation	3,506,751	144,567	3,651,318
Contractual and professional fees	76,075	10,419,073	10,495,148
Closure and postclosure care costs	—	355,695	355,695
Other operating expenses	12,059,438	1,249,666	13,309,104
Total expenses	20,170,704	12,555,972	32,726,676
Operating (loss) income	(13,861,140)	89,344	(13,771,796)
Nonoperating revenue:			
Investment earnings	—	293,418	293,418
(Loss) income before transfers and capital contributions	(13,861,140)	382,762	(13,478,378)
Transfer in from governmental activities	7,034,882		7,034,882
Capital contributions received	4,458,170	—	4,458,170
Change in fund equity	(2,368,088)	382,762	(1,985,326)
Fund equity, beginning of year	44,805,748	18,115,537	62,921,285
Fund equity, end of year	\$ 42,437,660	18,498,299	60,935,959

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH

Statement of Cash Flows
Proprietary Funds – Enterprise Funds

Year ended June 30, 2008

	Business-type activities – Enterprise Funds		
	Power & Light	Other enterprise funds	Total enterprise funds
Cash flows from operating activities:			
Cash received from customers	\$ 6,123,505	12,320,182	18,443,687
Payments to suppliers	(11,905,853)	(11,409,052)	(23,314,905)
Payments to employees	(4,518,803)	(363,135)	(4,881,938)
Net cash provided (used) by operating activities	<u>(10,301,151)</u>	<u>547,995</u>	<u>(9,753,156)</u>
Cash flows from noncapital financing activities:			
Internal activity – payments to/from other funds	7,034,882	(1,350,489)	5,684,393
Borrowing from central treasury	3,266,269	—	3,266,269
Net cash provided by noncapital financing activities	<u>10,301,151</u>	<u>(1,350,489)</u>	<u>8,950,662</u>
Cash flows from investing activities:			
Investment earnings	—	293,418	293,418
Net cash provided by investing activities	<u>—</u>	<u>293,418</u>	<u>293,418</u>
Net increase in cash and cash equivalents	—	(509,076)	(509,076)
Balance, at beginning of year	—	8,453,709	8,453,709
Balance, at end of year	<u>\$ —</u>	<u>7,944,633</u>	<u>7,944,633</u>
Reconciliation of operating (loss) income to net cash provided (used) by operating activities:			
Operating (loss) income	\$ (13,861,140)	89,344	(13,771,796)
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:			
Depreciation	3,506,751	144,567	3,651,318
Bad debt expense	166,864	—	166,864
Changes in assets and liabilities that provided (used) cash:			
Accounts receivable	(354,806)	(325,133)	(679,939)
Inventory	—	—	—
Accounts payable	62,796	125,131	187,927
Accrued payroll and compensated absences	9,637	23,835	33,472
Other liabilities	168,747	134,556	303,303
Accrued closure and postclosure care costs	—	355,695	355,695
Net cash provided (used) by operating activities	<u>\$ (10,301,151)</u>	<u>547,995</u>	<u>(9,753,156)</u>
Noncash capital and related financing activities:			
Contribution of capital assets	\$ 4,458,170	—	4,458,170

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH
Statement of Fiduciary Net Assets
Fiduciary Fund – Pension Trust Fund
June 30, 2008

Assets

Investments, at fair value:	
Cash and cash equivalents	\$ 626,474
Mutual funds	<u>12,077,585</u>
Net assets held in trust for retirement benefits	<u>\$ 12,704,059</u>

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH

Statement of Changes in Fiduciary Net Assets
Fiduciary Fund – Pension Trust Fund

Year ended June 30, 2008

Additions:

Investment income:

Net appreciation in fair value of investments	\$ (167,184)
Interest and dividends	23,358
Total investment income	<u>(143,826)</u>

Contributions:

Participants	<u>544,975</u>
Total additions	<u>401,149</u>

Deductions:

Benefits paid directly to participants	1,083,793
Administrative expenses	6,543
Total deductions	<u>1,090,336</u>
Changes in net assets	(689,187)

Net assets held in trust for retirement benefits:

Beginning of year	<u>13,393,246</u>
End of year	<u>\$ 12,704,059</u>

See accompanying notes to financial statements.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Borough is a municipal corporation governed by an elected mayor and seven-member assembly. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units

The North Slope Borough School District (School District) is responsible for elementary and secondary education within the government's jurisdiction. The members of the School District's governing board are elected by the voters. However, the Borough is financially accountable for the School District because the responsibility for the budget, taxing, debt, and major capital project construction rests with the Borough. The School District is presented as a governmental fund type.

Ilisagvik College (College) is a public college that conducts post-secondary education. The affairs of the College are managed by a separate board of trustees, appointed by the Borough Assembly. The Borough provides 55% of the funding for the College. The College is presented as an enterprise fund type.

Complete financial statements of the School District component unit can be obtained by contacting the School District at the following address: North Slope Borough School District, P.O. Box 169, Barrow, Alaska 99723. Complete financial statements of Ilisagvik College can be obtained by contacting Ilisagvik College at the following address: Ilisagvik College, P.O. Box 749, Barrow, Alaska 99723.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net assets and the statements of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statements of activities demonstrate the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

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

(c) ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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 government considers revenues to be available if they are collected within 60 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.

Property taxes, grants, and interest associated with the fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

- The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Permanent fund* contains assets that are to be held in perpetuity. Funds may be appropriated to the Permanent fund from any source. Income of the fund is to be added to the corpus of the fund, except that an annual transfer is made to the General fund in an amount up to 8% of the average total fair value of the fund at the end of the three preceding fiscal years. The amount transferred may not be used to pay debt service on the Borough's debt.

The government reports the following major proprietary fund:

- The *Power & Light fund* includes the power-generating activities for the North Slope communities of Anaktuvuk Pass, Kaktovik, Nuiqsut, Point Hope, Point Lay, Wainwright, and Atkasuk.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

Additionally, the government reports the following fund type:

- The *Pension Trust fund* accounts for the activities of the North Slope Borough Employee Thrift Plan, which accumulates resources for employees before and after tax savings.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Borough has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's various utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 enterprise funds are charges to customers for sales and services. Power & Light also recognizes as operating revenue the portion of fees intended to recover the cost of connecting new customers. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

(d) *Assets, Liabilities, and Fund Equity*

Cash and Investments

Certain investments of the Permanent Fund are deposited or invested in individual segregated bank accounts. Monies of all other funds are maintained or invested in a common group of bank accounts. Collectively, these common bank accounts and investments represent the central treasury. Each fund whose monies are included in the central treasury has equity therein.

Imprest cash and certificates of deposits, and repurchase agreements with original maturities of ninety days or less are considered to be cash equivalents. For purposes of the statements of cash flows, cash and investments with central treasury held by enterprise funds are treated as cash equivalents.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

Investments are reported at fair value, except for money market funds, which are reported at amortized cost. Fair value is determined by quoted market prices. All investment income earned from central treasury investments is distributed to the General Fund, except for \$293,418 of interest allocated to Service Area 10. Approximately \$4,951,734 of the investment earnings from central treasury investments are associated with funds other than the general fund. Investment earnings of the Permanent Fund are reinvested in the Permanent Fund. Up to 8% of the prior three year average fair value of the Permanent Fund is transferred to the general fund in accordance with the Borough Code.

Receivables and Payables

Activity between funds that are representative of lending /borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds”. All amounts due to/from other funds are short-term in nature. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

All trade and property taxes receivable, including those for Service Area 10 and Power & Light, are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles, including those for Service Area 10 and Power & Light. The property taxes receivable allowance is equal to approximately 16% of outstanding property taxes at June 30, 2008.

Inventories and Prepaid Items

Inventory in the General Fund consists primarily of fuel. Inventories in the enterprise funds consist of supplies and materials. All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, utilidors, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extended assets lives are not capitalized.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the year.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	15–25 years
Treatment, general plant, and landfill	5–15 years
Utility plant	25–30 years
Power generators	14 years
Office equipment and vehicles	3–10 years
Infrastructure	10–100 years

Compensated Absences

It is the Borough's policy to permit employees to accumulate earned but unused annual leave benefits. All annual leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type balance sheets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred due to the insignificant amounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Tax Reform Act of 1986 requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five-year period that the debt is outstanding and at maturity. Arbitrage liabilities are recorded as a reduction in investment earnings in the general fund. At June 30, 2008, the Borough estimated the total arbitrage rebate liability to be \$6,227,806.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(e) Revenues, Expenditures, and Expenses

Property Taxes

Property taxes are levied on the assessed value of taxable property as of January 1, and are payable June 30, (June 30 and August 31 for residential property) for the subsequent year's appropriations. An enforceable lien is attached on all taxable property as of January 1. Deferred revenue is recorded in an amount equal to the property taxes due June 30, as significantly all such amounts are levied for the subsequent year's budget.

Property taxes billed and collected by the Borough include the portion attributable to the School District.

Sales Taxes/Economic Impact Assistance

Effective September 12, 1991, the Borough repealed its sales tax ordinance. At the same time, the Borough entered into an agreement with major property owners whereby the Borough would receive annual Economic Impact Assistance payments. In July 2007, a new agreement was negotiated with seven major property owners providing for annual payments of \$5,000,000 through 2012.

Grant Revenue

Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Lease Revenue

Leasing activities consist principally of leasing vacant land for oil and gas exploration. All of the leases agreements are classified as operating leases. Lease revenue is recognized when earned and lease payments received in advance are deferred and amortized to revenue over the life of the lease.

Insurance Recoveries

Insurance recoveries are recognized when realized.

(2) Stewardship, Compliance, and Accountability

(a) Budgets and Budgetary Accounting

In accordance with the North Slope Borough Code of Ordinances (Code), the Borough follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor submits to the Borough Assembly, by March 1, a proposed operating budget for all operations of the Borough for the following fiscal year and a capital improvements program

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

for the next six fiscal years. Proposed expenditures and the means of financing them are included in the operating budget and capital improvements program.

2. By May 1, a public hearing is conducted by the Assembly to obtain the comments of the residents of the Borough.
3. The Assembly, by ordinance, shall adopt an operating budget and capital improvements program by May 1 of the current fiscal year. If it fails to do so, the operating budget and capital improvements program submitted by the Mayor shall be deemed adopted by the Assembly.
4. The Assembly may, by ordinance, amend the appropriation during the year if available revenues exceed or are insufficient to meet the amount appropriated.

The Mayor may transfer part or all of any unencumbered balance between expenditure classifications within a department or from one department to another excluding the education function, debt service, or for cash deficits. Transfers may be made between Capital Projects Funds on projects utilizing general obligation bond proceeds only upon voter approval.

Budgeting for the General Fund is on a modified accrual basis in accordance with the Code. No other governmental funds have legally adopted annual budgets. The Borough's Power & Light and Service Area 10 enterprise funds have legally adopted annual budgets prepared on the accrual basis.

The books of the Borough remain open until such time as the Assembly authorizes their closure. As such, amendments to the appropriation may be made subsequent to June 30.

Expenditures may not legally exceed the total operating budget appropriation. Several supplementary appropriations were made during the year in accordance with the Code. Appropriations in governmental funds are encumbered upon issuance of purchase orders, contracts, or other forms of legal commitments. Even though goods and services have not been received, the transactions are accounted for as a reservation of fund balances in the year that the commitment is made. While appropriations lapse at the end of the fiscal year, the succeeding year's budget ordinance specifically provides for the reappropriation of year-end encumbrances, which have been approved for carryover by the Borough Administration and the Mayor. Appropriations for capital improvement programs and various governmental grants carry over at year-end.

(b) *Excess of Expenditures over Appropriations*

The Borough had no departments where the expenditures exceed the appropriation during the year.

(c) *Deficit Fund Equity*

The Borough had no individual funds with deficit fund equity at June 30, 2008.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

(3) Deposits and Investments

As of June 30, 2008, the Borough had the following investments:

Investment type	Fair value	Investment maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
Central treasury:					
Money market funds	\$ 180,994,894	—	—	—	180,994,894
Debt securities:					
U.S. Treasuries	34,038,536	17,154,688	13,226,758	3,657,090	—
U.S. agencies	153,313,597	60,243,182	55,110,665	15,326,613	22,633,137
Corporate bonds	97,005,932	40,847,153	30,131,496	13,317,359	12,709,924
	<u>465,352,959</u>	<u>118,245,023</u>	<u>98,468,919</u>	<u>32,301,062</u>	<u>216,337,955</u>
Permanent fund:					
Money market funds	3,741,183				3,741,183
Debt securities:					
U.S. Treasuries	14,138,979	5,501,495	5,052,792	594,938	2,989,754
U.S. agencies	40,554,333	—	—	2,395,208	38,159,125
Foreign governments	20,576,440	10,626,399	6,042,994	487,098	3,419,949
Domestic corporate bonds	49,753,239	561,509	17,722,872	9,019,164	22,449,694
Foreign corporate bonds	5,735,735	—	1,732,577	2,289,215	1,713,943
Equity securities:					
Common stocks	152,217,212	152,217,212	—	—	—
Mutual funds	194,907,029	194,907,029	—	—	—
	<u>481,624,150</u>	<u>363,813,644</u>	<u>30,551,235</u>	<u>14,785,623</u>	<u>72,473,648</u>
	<u>\$ 946,977,109</u>	<u>482,058,667</u>	<u>129,020,154</u>	<u>47,086,685</u>	<u>288,811,603</u>

Interest Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Borough Code authorizes investments in the following: U.S. Treasury Bills, Notes and Bonds; any debt instrument with a direct U.S. Government guarantee; U.S. Government agencies securities or agency sponsored securities; repurchase agreements, secured by obligations consisting only of those investment instruments authorized by Code; Banker's acceptances; commercial paper with a rating not less than A-1, P-1, or F-1; Certificates of Deposit; Bonds or other taxable yield debt instruments of this State, its agencies, municipalities, any other state, or domestic corporation which at the time of investment have an investment grade rating of a nationally recognized rating agency; any investment instrument authorized in terms of any trusts the Borough may administer; shares of mutual funds with portfolios consisting exclusively of assets which are direct obligations of the U.S. Government; government backed securities;

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

mortgage related securities; asset-backed securities having one of the two highest ratings of a nationally recognized rating agency; and investment pools as authorized by the Alaska Statutes.

In addition to the above, certain additional investments are authorized for the Permanent Fund only. They are as follows: common stock, preferred stock, interest bearing obligations of the corporation having an option to convert into common stock; bond, note, or other debt securities of nondomestic governments, agencies and corporations with a domestic rating of investment grade of a nationally recognized rating agency; securities of nondomestic corporations, including common and preferred stock; closed or opened end mutual funds whose assets are invested in similar obligations; and the sale (writing) and repurchase of call options, provided the Permanent Fund owns the security in which the options are written.

At June 30, 2008, the Borough's foreign currency denominated government bonds, and corporate bonds were rated as follows:

<u>Investment</u>	<u>Standard & Poor</u>	<u>Moody's Investor Service</u>
Foreign government bonds	AAA to A	Aaa to AA1
Domestic corporate bonds	AAA to BBB-	Aaa to B3
Foreign corporate bonds	AAA to BBB+	Aaa to Baa2

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer, however, no more than 20% of the Permanent Fund may be invested in nondomestic investments. The Borough has no investments from any one issuer that represents 5% or more of total investments other than U.S. government securities or mutual funds.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it. The Borough's deposit policy for custodial credit risk is to collateralize its primary demand deposit account for 100% of the uninsured balance. As of June 30, 2008, \$2,784,675 of the Borough's bank account balance of \$4,984,675 was exposed to custodial credit risk because it was uninsured and uncollateralized. Collateral, in the amount of \$2,000,000 is held by the Bank of New York, the pledging financial institution's agent, in the Borough's name.

Custodial Credit Risk – Investments

For an investment, this is a risk that, in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Borough had no debt securities exposed to custodial credit risk at June 30, 2008.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

Foreign Currency Risk

The Borough's exposure to foreign currency risk derives from its positions in foreign currency denominated debt and equity securities. The Borough's investment policy permits the permanent fund to invest up to 20% of total permanent fund investments in foreign denominated investments. The Borough invests in foreign currency denominated government and corporate bonds with a domestic rating of investment grade by a nationally recognized rating agency. The Borough's exposure to foreign currency risk is as follows:

<u>Currency</u>	<u>Foreign currency exposure</u>		
	<u>Debt securities</u>	<u>Equity securities</u>	<u>Total</u>
Australian Dollar	\$ —	449,532	449,532
Canadian Dollar	854,516	1,246,337	2,100,853
Danish Krone	—	110,680	110,680
Euro Currency	13,253,088	10,709,503	23,962,591
Hong Kong Dollar	—	2,686,568	2,686,568
Hungarian Forint	—	657,246	657,246
Japanese Yen	5,427,627	6,334,300	11,761,927
Malaysian Ringgit	—	375,183	375,183
Mexican Peso	—	142,497	142,497
New Zealand Dollar	20,520	—	20,520
Norwegian Krone	—	96,595	96,595
British Pound Sterling	6,788,524	9,300,214	16,088,738
Singapore Dollar	—	2,022,006	2,022,006
South African Rand	—	579,107	579,107
Swedish Krona	(32,100)	—	(32,100)
Swiss Franc	—	5,562,464	5,562,464
	<u>\$ 26,312,175</u>	<u>40,272,232</u>	<u>66,584,407</u>

Reconciliation to Statement of Net Assets

Deposits and investments are reported as follows on the statement of net assets, as of June 30, 2008:

	<u>Central treasury</u>	<u>Permanent fund</u>	<u>Total</u>
Cash and investments with central treasury:			
Cash	\$ 3,967,172	—	3,967,172
Investments	465,352,959	—	465,352,959
Other cash and investments:			
Cash	—	252,396	252,396
Investments	—	481,624,150	481,624,150
Total primary government	<u>\$ 469,320,131</u>	<u>481,876,546</u>	<u>951,196,677</u>

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

(4) Property Taxes, Loans, and Trade Accounts Receivables

Property taxes, loans settlement, and trade accounts receivables as of the year end for the Borough's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental</u>		<u>Business-type activities</u>		<u>Total</u>
	<u>General</u>	<u>Nonmajor</u>	<u>Power & Light</u>	<u>Nonmajor</u>	
Property taxes	\$ 3,814,750	—	—	—	3,814,750
Loans	37,890	2,953,914	—	158,160	3,149,964
Trade accounts	—	—	1,475,672	1,600,256	3,075,928
Other	864,402	—	—	—	864,402
	4,717,042	2,953,914	1,475,672	1,758,416	10,905,044
Allowance for uncollectible accounts	(1,034,760)	(2,420,000)	(707,245)	(197,348)	(4,359,353)
	<u>\$ 3,682,282</u>	<u>533,914</u>	<u>768,427</u>	<u>1,561,068</u>	<u>6,545,691</u>

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

(5) Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

(a) Primary Government

	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,642,400	3,359	—	31,645,759
Construction work-in- progress	<u>71,418,607</u>	<u>21,966,773</u>	<u>46,235,027</u>	<u>47,150,353</u>
Total	<u>103,061,007</u>	<u>21,970,132</u>	<u>46,235,027</u>	<u>78,796,112</u>
Capital assets, being depreciated:				
Gas fields	70,615,300	—	—	70,615,300
Buildings and improvements	852,410,190	36,009,271	—	888,419,461
Improvements other than buildings	47,870,090	7,213,315	—	55,083,405
Equipment	95,247,854	4,043,846	961,299	98,330,401
Infrastructure	<u>715,222,183</u>	<u>17,071,474</u>	<u>—</u>	<u>732,293,657</u>
Total	<u>1,781,365,617</u>	<u>64,337,906</u>	<u>961,299</u>	<u>1,844,742,224</u>
Less accumulated depreciation for:				
Gas fields	10,238,974	1,412,306	—	11,651,280
Buildings and improvements	269,143,090	20,430,800	—	289,573,890
Improvements other than buildings	10,481,613	1,715,606	—	12,197,219
Equipment	63,411,787	5,079,311	934,967	67,556,131
Infrastructure	<u>168,597,423</u>	<u>10,210,822</u>	<u>—</u>	<u>178,808,245</u>
Total	<u>521,872,887</u>	<u>38,848,845</u>	<u>934,967</u>	<u>559,786,765</u>
Total capital assets being depreciated	<u>1,259,492,730</u>	<u>25,489,061</u>	<u>26,332</u>	<u>1,284,955,459</u>
Total governmental activities, net	<u>\$ 1,362,553,737</u>	<u>47,459,193</u>	<u>46,261,359</u>	<u>1,363,751,571</u>

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 12,279,979	—	—	12,279,979
Capital assets, being depreciated:				
Property and plant	114,284,298	4,458,170	—	118,742,468
Equipment	<u>37,259,453</u>	<u>1,350,489</u>	<u>205,977</u>	<u>38,403,965</u>
Total	<u>151,543,751</u>	<u>5,808,659</u>	<u>205,977</u>	<u>157,146,433</u>
Less accumulated depreciation for:				
Property and plant	81,826,388	1,962,620	—	83,789,008
Equipment	<u>23,617,818</u>	<u>1,688,698</u>	<u>205,977</u>	<u>25,100,539</u>
Total	<u>105,444,206</u>	<u>3,651,318</u>	<u>205,977</u>	<u>108,889,547</u>
Total capital assets being depreciated	<u>46,099,545</u>	<u>2,157,341</u>	—	<u>48,256,886</u>
Total business-type activities, net	\$ <u>58,379,524</u>	<u>2,157,341</u>	—	<u>60,536,865</u>

Depreciation expense was charged to the departments and functions of the primary government as follows:

Governmental activities:	
General government	\$ 2,261,040
Public works	3,272,034
Public safety	23,070,086
Health and social services	56,072
Wildlife management	1,561,173
Primary and secondary education	7,780,922
Higher education	847,518
Total – governmental activities	<u>38,848,845</u>
Business-type activities:	
Service Area 10	144,567
Power & Light	<u>3,506,751</u>
Total – business-type activities	<u>3,651,318</u>
Total	\$ <u>42,500,163</u>

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

(b) Construction Commitments

The Borough has active construction projects as of year-end. At year-end the Borough's commitments with contractors are as follows:

	<u>Project authorization</u>	<u>Expended to June 30, 2008</u>	<u>Encumbered at June 30, 2008</u>
Education and service center facilities	\$ 32,854,000	27,929,926	2,759,407
Public roads, streets, watercourse, and flood control facilities	109,283,000	95,504,235	3,136,311
Public housing	3,130,000	2,108,551	179,981
Water facilities	36,121,000	30,780,022	1,383,329
Sewage treatment disposal facilities	34,951,000	28,759,456	1,534,909
Airport and airport terminal facilities	23,920,000	17,382,814	4,259,847
Light, power, and heating systems	90,805,000	68,828,327	3,574,371
Public safety facilities	33,367,000	27,134,431	1,688,495
Sanitary facilities	47,467,000	21,468,256	2,157,639
Communications	6,714,000	5,563,137	195,906
General capital projects	99,226,000	46,794,746	16,943,068
Health facilities	15,504,000	13,250,922	1,126,283
Library and cultural facilities	1,500,000	462,469	116,813
Administration facilities	3,047,000	1,280,915	479,545
Total	<u>\$ 537,889,000</u>	<u>387,248,207</u>	<u>39,535,904</u>

(6) Interfund Receivables, Payables, and Transfers

(a) Interfund Receivables and Payables

A summary of individual interfund receivables and payables is as follows:

	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 25,633,460	—
Permanent fund	—	21,269,856
Power & Light Enterprise fund	—	4,363,604
Total	<u>25,633,460</u>	<u>25,633,460</u>

All balances are expected to be settled within the next fiscal year.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

(b) Transfers

A summary of interfund transfers is as follows:

	Transfers out			
	General	Permanent	Nonmajor governmental funds	Total
Transfers in:				
General fund	\$ —	24,712,736	4,327,000	29,039,736
Nonmajor governmental funds	24,580,000	—	612	24,580,612
Major enterprise fund – Power & Light	7,034,882	—	—	7,034,882
	\$ 31,614,882	24,712,736	4,327,612	60,655,230

Significant operating transfers were as follows:

- General Fund transferred \$24,580,000 to Capital Projects Funds for the acquisition and construction of capital assets;
- General Fund transferred \$7,034,882 to Power & Light to subsidize operations;
- Capital Projects Funds transferred \$4,327,000 to the General Fund for advances awaiting bond proceeds received during the years ended June 30, 2008 and;
- Permanent Fund accrued a transfer of \$24,712,736 of investment earnings to the General Fund.

(c) Interfund Charges

In the governmental statements, the General Fund has charged an administration support fee to Service Area 10 and Power & Light based on estimated actual cost at June 30, 2008 in the amount of \$2,203,035.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

(7) Long-Term Debt

(a) General Obligation Bonds

The Borough issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Borough. These bonds generally are issued as 10-year capital appreciation bonds with amounts of principal maturing in varying increments. General obligation bonds currently outstanding are as follows:

	Bond principal
\$72,529,184 1998 Series A for construction of capital projects, consisting of remaining capital appreciation bonds of \$3,810,766 with a maturity value of \$6,280,000 due in final annual installments of \$6,280,000 on June 30, 2008, interest 4.60% to 4.70%	\$ 3,810,766
\$26,122,348 1999 Series A for construction of capital projects, consisting of remaining capital appreciation bonds of \$25,141,111 with a maturity value of \$44,415,000 due in final installment of \$44,415,000 on June 30, 2010, interest at 5.45%	25,141,111
\$43,400,000 2000 Series A for refund of general obligation bonds, consisting of the remaining single current interest bond of \$42,400,000 due in annual installments ranging from \$100,000 to \$42,300,000 on June 30, 2008 through June 30, 2010, plus interest payments due monthly, beginning on January 1, 2001 at a variable interest rate, 3.85% at June 30, 2008	42,400,000
\$91,997,215 2000 Series B for construction of capital projects consisting of remaining capital appreciation bonds of \$65,655,144 with a maturity value of \$110,030,000, due in annual installments ranging from \$24,745,000 to \$58,540,000 on June 30, 2008 through June 30, 2011, interest at 5.11% to 5.24%	65,655,144

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

	<u>Bond principal</u>
\$30,000,000 2000 Series R-1 for refund of general obligation bonds, consisting of the remaining single current interest bonds of \$5,965,906 due in two annual installments of \$2,989,953 on June 30, 2008 and June 30, 2009, interest at 1.50%	\$ 2,982,953
\$60,926,439 2001 Series A for construction of capital projects consisting of remaining capital appreciation bonds of \$51,140,275 with a maturity value of \$86,580,000 due in annual installments ranging from \$4,000,000 to \$58,580,000 on June 30, 2008 through June 30, 2012, interest at 4.13% to 4.58%	51,140,275
\$24,468,130 2002 Series A for construction of capital projects consisting of remaining capital appreciation bonds of \$19,117,804 with a maturity value of \$29,475,000, due in two annual installments of \$3,500,000 to \$25,975,000 on June 30, 2012 and June 30, 2013, respectively, interest at 4.05% to 4.15%	19,117,804
\$30,224,916 2003 Series A for construction of capital projects consisting of capital appreciation bonds of \$24,403,261 with a maturity value of \$35,120,000 due in annual installments ranging from \$2,800,000 to \$9,320,000 on June 30, 2008 through June 30, 2012, interest at 3.13% to 4.34%	24,403,261
\$24,250,000 2004 Series R-1 for refund of general obligation bonds, consisting of the remaining single current interest bond of \$13,887,567 due in annual installments ranging from \$2,695,429 to \$2,860,830 on June 30, 2009 through June 30, 2013, plus interest at 1.50%	13,887,567
\$75,808,318 2004 Series A for construction of capital projects consisting of remaining capital appreciation bonds of \$63,640,301 with a maturity value of \$93,005,000 due in annual installments ranging from \$800,000 to \$53,605,000, on June 30, 2009 through June 30, 2014, interest at 3.36% to 4.25%	63,640,301
\$28,405,000 2005 Series A for construction of capital projects and for refund of general obligation bonds consisting of a remaining single interest bond of \$28,405,000 due in one annual installment of \$28,405,000 on June 30, 2015, interest at 4.96%	28,405,000

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

	<u>Bond principal</u>
\$38,855,000 2006 Series A for construction of capital projects consisting of remaining current interest bonds of \$34,325,000 with a maturity value of \$47,196,050 due in annual installments ranging from \$380,000 to \$20,200,000 on June 31, 2013 through June 30, 2016, plus interest at 4.00% to 5.00%	\$ 34,325,000
\$51,360,000 2007 Series A for construction of capital projects consisting of remaining current interest bonds of \$50,715,000 with a maturity value of \$72,249,038 due in annual installments ranging from \$2,885,000 to \$30,875,000 on June 31, 2015 through June 30, 2017, plus interest at 4.25% to 5.00%	<u>50,715,000</u>
	425,624,182
Accreted principal on capital appreciation bonds	<u>87,227,814</u>
	<u>\$ 512,851,996</u>

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

	<u>General obligations bonds</u>	<u>Principal accretion on capital appreciation bonds</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending:				
2009	\$ 79,213,980	14,789,402	7,510,284	101,513,666
2010	55,859,031	33,456,829	5,796,982	95,112,842
2011	50,022,016	31,094,882	5,752,095	86,868,993
2012	46,864,336	26,034,215	5,710,442	78,608,993
2013	44,913,898	19,901,932	5,668,163	70,483,993
2014 – 2017	<u>148,750,921</u>	<u>17,919,079</u>	<u>16,130,550</u>	<u>182,800,550</u>
	<u>\$ 425,624,182</u>	<u>143,196,339</u>	<u>46,568,516</u>	<u>615,389,037</u>

(b) ADEC Loans

The Borough participates in the Alaska Clean Water Fund, a federally sponsored loan program administered by the Alaska Department of Environmental Conservation (ADEC). The Borough borrowed \$5,000,000 under this program in 2002 for four water and sewer projects and in 2004 a single issue general obligation bond was issued to ADEC which included the original loan of \$5,000,000 and additional funding of \$19,250,000.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

(c) **Capital Leases**

The Borough has a noncancelable 20-year lease for rental of certain buildings with a net book value of \$5,085,101 (\$17,411,316, less accumulated amortization of \$12,326,215). The Borough accounts for this lease as a capital lease in its governmental-type funds. Total amortization expense for the lease was \$847,517 during the year ended June 30, 2008.

Following is a schedule of future lease payments under the leases together with the present value of lease payments as of June 30, 2008:

Fiscal year ending June 30:	
2009	\$ 1,450,000
2010	1,450,000
2011	1,450,000
2012	1,450,000
2013 – 2015	<u>3,020,833</u>
Total lease payments	8,820,833
Less amount representing interest	<u>1,445,850</u>
Present value of required lease payments	<u>\$ 7,374,983</u>

(d) **Solid Waste Landfill Closure and Postclosure Care Costs**

State, and Federal laws and regulations require the Borough to place a final cover on all of the Borough's landfill sites, when they stop accepting waste and to perform certain maintenance and monitoring functions at each site for 5 to 15 years after closure depending upon the type of landfill. Although closure and postclosure care costs will be paid only near or after the date that each landfill stops accepting waste, the Borough reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

Governmental Activities

Barrow Landfill

The Borough stopped accepting solid waste for its Barrow landfill on June 30, 2008. The Borough has recorded a liability of \$25,937,815 in the government-wide financial statements for closure and 30 years of postclosure care costs. As owner and operator of the landfill, the Borough is required to provide the financial assurance for the full amount of the estimated costs of closure. In accordance with a Compliance Order by Consent with the Alaska Department of Environmental Conservation, the Borough has provided a financial assurance of \$15 million for the closure of the Barrow landfill. However, since agencies of the U.S. Government were the original owners of the landfill, the Borough negotiated with the Department of Defense (DOD) for assistance in funding the costs of the landfill closure. During 2005, a settlement was reached with the DOD whereby the Borough received \$15,930,000, in exchange for assuming all liabilities related to the cost of closure and postclosure care. The settlement proceeds were received in August 2005.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

Village Landfills

The Borough has seven village landfill sites—Anaktuvuk Pass, Atqasuk, Kaktovik, Nuiqsit, Point Hope, Point Lay and Wainwright—for which they are required to perform certain maintenance and monitoring functions at each site for 5 years after closure. The \$9,916,676 reported as village landfill closure and postclosure care liability at June 30, 2008, represents the total cumulative amount reported to date based on the use of the estimated capacity of the landfills as noted below:

<u>Village</u>	<u>Percentage of landfill capacity used at June 30, 2007</u>
Anaktuvuk Pass	7%
Atqasuk	53%
Kaktovik	44%
Nuiqsit	62%
Point Hope	86%
Point Lay	67%
Wainwright	60%

<u>Village</u>	<u>Percentage of landfill capacity used at June 30, 2008</u>
Anaktuvuk Pass	8%
Atqasuk	54%
Kaktovik	47%
Nuiqsit	63%
Point Hope	87%
Point Lay	68%
Wainwright	64%

The Borough will recognize the remaining estimated cost of closure and postclosure care of \$6,636,619 as the remaining estimated capacity of each landfill is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The Borough expects to begin closing these landfills in the year 2020.

Business-Type Activities – Service Area 10

The Borough has a landfill in Service Area 10 for which they are required to perform certain maintenance and monitoring functions at the site for 30 years after closure. The \$3,174,328 reported as landfill closure and postclosure care liability at June 30, 2008, represents the total cumulative amount reported to date based on the use of 57% of the estimated capacity of the landfill. The Borough will recognize the remaining estimated cost of closure and postclosure care of \$2,375,265 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. Actual costs may be higher due to inflation,

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

changes in technology, or changes in regulations. The Borough expects to close the landfill in the year 2017.

The Borough is required by state and federal laws and regulations to demonstrate financial assurance for closure, postclosure, and/or corrective action by satisfying the local government financial test and government guarantee. The Borough satisfies the financial and public notice components of this test.

(e) Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 440,108,128	51,360,000	65,843,946	425,624,182	101,513,665
Plus (less) deferred amounts:					
For issuance premiums	4,328,160	3,811,773	886,579	7,253,354	886,579
On refunding	(710,608)	—	(118,453)	(592,155)	(118,435)
Total bonds payable	443,725,680	55,171,773	66,612,072	432,285,381	102,281,809
Capital leases	8,350,490	—	975,507	7,374,983	975,507
Barrow Landfill closure and postclosure care costs	25,182,345	755,470	—	25,937,815	19,391,525
Village Landfill closure and postclosure care costs	5,556,892	4,359,784	—	9,916,676	—
Compensated absences	3,290,428	6,349,867	6,099,191	3,541,104	1,763,416
General liability claims reserve	965,833	—	463,264	502,569	502,569
Health claims incurred but not reported	687,138	10,640,722	9,916,383	1,411,477	724,339
Accreted principal on Capital appreciation Bonds	101,910,012	10,148,902	24,831,100	87,227,814	14,789,402
Total governmental activities	\$ 589,668,818	87,426,518	108,897,517	568,197,819	140,428,567
Business-type activities:					
Service Area 10 postclosure care costs	\$ 2,818,633	355,695	—	3,174,328	—
Compensated absences	154,278	283,228	276,800	160,706	91,443
Total business-type activities	\$ 2,972,911	638,923	276,800	3,335,034	91,443

For governmental activities, compensated absences and health claims incurred, but not reported are generally liquidated by the general fund.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

(f) Refunded Bond Issues

The Borough has issued various refunding bond issues for the purpose of redeeming certain general obligation bond issues as they become due or callable. The proceeds of the refunding bond issue have been placed in irrevocable escrow accounts and invested in U.S. Government obligations that together with interest earned thereon, will provide amounts sufficient for future payment of all interest, principal, and call premiums. Since payments of these advance refunded bond issues have been provided through funding as described above, neither the liability nor the assets irrevocably pledged are reflected in the basic financial statements. At June 30, 2008, the balances of the refunded bonds payable are as follows:

<u>Issue</u>	<u>2008</u>
1998 Series A	\$ 4,170,000
2000 Series B	9,765,000
2001 Series A	3,255,000
2002 Series A	3,260,000
	<u>\$ 20,450,000</u>

(g) Exempt Facility Industrial Revenue Bonds

On December 1, 2001, the Borough participated in the issuance of \$55,000,000 of exempt facility industrial revenue bonds on behalf of BP Exploration (Alaska) Inc. The proceeds were used to finance the cost of certain sewage and solid waste disposal facilities acquired and constructed at the Northstar Island drill site of BP Exploration (Alaska) Inc. The Borough had no direct involvement with the administration of these bonds except to allow their issuance under the name of the Borough. These revenue bonds were issued under provisions of state and federal law that provide that the bonds do not constitute an indebtedness of the Borough. At June 30, 2008 and 2007, \$55,000,000 of the bonds were outstanding.

(8) Retirement Commitments

(a) Alaska Public Employees' Retirement System (PERS)

Plan Description

Employees hired prior to July 1, 2006, and employees hired after July 2, 2006 who have PERS enrollment from prior employment, participate in PERS Tiers I-III, a defined benefit, agent multiple-employer public employee retirement system. Employees hired after July 1, 2006 who have no prior PERS participating employment participate in PERS Tier IV, a defined contribution plan. Both plans were established and are administered by the State of Alaska (State) to provide pension, post employment healthcare, death and disability benefits to eligible employees.

PERS acts as a common investment and administrative agent for political subdivisions within the State of Alaska. Benefit and contribution provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by state legislature. Employee participation in the plan is

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

mandatory for permanent employees scheduled to work at least 15 hours a week. There is no optional participation for other employees.

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0203 or by calling (907) 465-4460.

Benefits are vested after five years of credited service. Employees enrolled prior to July 1, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. For employees enrolled after June 30, 1986 the normal and early retirement ages are 60 and 55, respectively. Employees with 30 (20 for police and fire personnel) or more years of credited service may retire at any age and receive a normal benefit.

The system also provides death and disability benefits and major medical benefits. Major medical benefits are provided without cost to all members first enrolled before July 1, 1986. Members first enrolled after June 30, 1986 who have not reached age 60 may elect to pay for major medical benefits.

Funding Policy

Under state law, covered employees are required to contribute 6.75% (7.50% for police and fire personnel) of their annual covered payroll and the Borough is required to contribute an actuarially determined rate that, expressed as a percentage of annual covered payroll, is sufficient to accumulate assets to pay pension and other postemployment benefits (OPEB) when due. The 2008 actuarially determined employer contribution rate was 20.54% of applicable gross pay. The actual rate the Borough contributed at was 22.96% and was based on the minimum required contribution under Alaska Statute 39.35.270(b).

Annual Cost and Net Obligation

The Borough's annual costs (expense) are calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statements 27 and 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 23 years.

The Borough's annual pension cost, the percentage of annual pension cost contributed to the plan, and the net pension obligation for 2008 and the two preceding years were as follows:

<u>Year ended June 30</u>	<u>APC</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
2006	\$ 3,358,723	78	2,680,533
2007	3,854,541	102	2,616,530
2008	5,640,794	101	2,536,151

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the two preceding years were as follows:

<u>Year ended June 30</u>		<u>OPEB cost</u>	<u>Annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2006	\$	2,568,091	78	2,049,540
2007		3,020,274	102	1,999,390
2008		4,313,741	101	1,937,921

The following table shows the components of the Borough's annual cost, the amount actually contributed to the plan, and changes in the Borough's net obligation to PERS:

		<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
Annual required contribution	\$	5,721,173	4,375,209	10,096,382
Adjustments to annual cost:				
Interest		215,788	165,024	380,812
Rebilling		(296,169)	(226,492)	(522,661)
Annual cost		5,640,792	4,313,741	9,954,533
Contributions made		5,721,171	4,375,210	10,096,381
Decrease in obligation		(80,379)	(61,469)	(141,848)
Net obligation, beginning of year		2,616,530	1,999,390	4,615,920
Net obligation, end of year	\$	<u>2,536,151</u>	<u>1,937,921</u>	<u>4,474,072</u>

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

Significant actuarial methods and assumptions used in developing the ARC were as follows:

	Pension	OPEB
Contribution rates:		
Employee:		
Peace officers and firefighters	4.50%	3.00%
Other employees	4.05%	2.70%
Employer	13.01%	9.95%
Actuarial assumptions:		
Actuarial valuation date	June 30, 2005	June 30, 2005
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Percent of Pay, closed	Percent of Pay, closed
Equivalent single amortization period	23 years	23 years
Asset valuation method	5-year	5-year
Inflation rate	3.50%	3.50%
Investment return	8.25%	8.25%
Projected salary increase:		
Inflation	3.50%	3.50%
Productivity and merit:		
Peace officers and firefighters	2.50%	2.50%
Others	2.00%	2.00%
Health cost trend:		
Medical	N/A	5.00 – 9.00%
Prescription	N/A	5.00 – 13.00%

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2006, was as follows:

	Pension	OPEB
Actuarial accrued liability (AAL)	\$ 176,897,732	138,610,449
Actuarial value of plan assets	182,071,604	77,930,882
Unfunded (excess) actuarial accrued liability (UAAL)	\$ (5,173,872)	60,679,567
Funded ratio (actuarial value of plan assets/AAL)	102.9%	56.2%
Covered payroll (active plan members)	\$ 36,880,567	36,880,567
UAAL (excess) as a percentage of covered payroll	(14.0)%	164.5%

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

Significant actuarial methods and assumptions used in developing the funding status and funding progress were as follows:

	<u>Pension</u>	<u>OPEB</u>
Actuarial assumptions:		
Actuarial valuation date	June 30, 2006	June 30, 2006
Actuarial cost method	Entry Age Normal, Level Percentage of Pay	Level Dollar
Amortization method	Level Dollar, closed	Level Dollar, closed
Equivalent single amortization period	22 years	22 years
Asset valuation method	5-year	5-year
Inflation rate	3.50%	3.50%
Investment return	8.25%	4.50%
Projected salary increase:		
Inflation	3.50%	3.50%
Productivity and merit:		
Peace officers and firefighters	2.50%	2.50%
Others	1.50%	1.50%
Health cost trend:		
Medical	N/A	5.00 – 9.00%
Prescription	N/A	5.00 – 13.00%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Change in Plan

Effective July 1, 2008, Senate Bill 125 amended the structure of the plan changing it to a cost-sharing multiple-employer plan. As a result of this change, the NPO and OPEB liabilities were eliminated on July 1, 2008.

(b) Alaska Public Employees' Tier IV Defined Contribution Retirement Plan

During fiscal year 2007, the State of Alaska introduced the Public Employees' Tier IV Defined Contribution Retirement Plan. This plan is a hybrid plan that includes the defined contribution retirement account and benefits that are traditionally associated with defined benefit retirement plans, such as occupational death and disability benefits. These plans are intended to qualify under the Internal Revenue Code §401(a) and 414(k). Also included in the plan are a retiree medical insurance plan and a separate Health Reimbursement Arrangement (HRA) account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This plan is for employees of participating employers who enters service on or after July 1, 2006 and meets the participant criteria. For the year ended June 30, 2008, the Borough contributed

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

\$279,552 for retirement and retiree medical and it contributed \$166,644 for the health reimbursement arrangement and death/disability on behalf of its employees.

(9) Employee Savings Plans

(a) *Employee Thrift Plan*

The North Slope Borough has a defined contribution Employee Thrift Plan covering all Borough and School District employees. This plan is exempt from income tax under Internal Revenue Code Section 401(a). In accordance with this plan document, Borough employees that meet eligibility criteria and decide to participate in the plan must make a mandatory 4% before-tax contribution and may make voluntary after-tax contributions up to 10% of annual compensation. Permanent employees who are at least eighteen and have completed 90 days of employment are eligible to participate. Participants are immediately 100% vested in their employee contributions plus the actual earnings thereon. The Borough is the administrator of the Plan.

(b) *Deferred Compensation Plan*

The North Slope Borough has a deferred compensation plan created and amended in accordance with Internal Revenue Code Section 457. This plan is available to all Borough employees who have completed 30 days of service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Borough is the administrator of the Plan.

All amounts deferred under this plan are held in a trust that was established for the exclusive benefit of plan participants.

The Borough believes that the plan does not meet the reporting criteria for inclusion as a fiduciary fund.

(10) Risk Management and Self-Insurance

The Borough is self-insured for various risks with coverage in excess thereof provided by private carriers. The Borough retains risk of loss for up to a maximum of \$250,000 for general, auto, and professional liability claims, \$500,000 for each property damage claim, and \$1,000,000 lifetime per individual for health benefit claims. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

The self-insurance program is accounted for primarily in the General Fund. Health benefit and general liability expenditures are accrued in the government-wide statements, including estimates of losses incurred but not reported based on historical experience adjusted for current trends. Other losses incurred but not reported are not material. In addition, the Borough has designated \$5,500,000 of the unreserved fund balance in the General Fund to cover self-insured retention in the event of multiple losses. Changes in the balances for claims liabilities for the years are as follows:

	2008	2007
Claims liabilities, July 1	\$ 1,652,971	525,197
Incurred claims	10,177,458	8,651,566
Claims payments	(9,916,383)	(7,523,792)
Claims liabilities, June 30	\$ 1,914,046	1,652,971

(11) Commitments and Contingent Liabilities

(a) Litigation

There are various lawsuits pending in courts within the state to which the Borough is a party. In the opinion of management and the Borough attorney, no litigation is pending, or to their knowledge, threatened, which is likely to result, either individually or in the aggregate, in final judgments against the Borough which would have a material effect on its financial statements, other than noted below.

Outside counsel has been retained to represent the interests of the Borough in connection with the past practices of contractors and vendors. Several former contractors and vendors have filed suit against the Borough on a variety of theories seeking monies they claim to be due. In the opinion of management and counsel, the Borough has valid defenses against these claims and they are not expected to have a material adverse effect on the Borough's financial statements.

Outside counsel has been retained to provide legal representation on matters involving the annual assessed value of the Trans Alaska Pipeline System (TAPS). Beginning in 2005, the methodology used by the State of Alaska to determine the assessed value of TAPS was changed and resulted in an increased assessed value. The owner of TAPS and certain municipalities other than the Borough appealed the assessment as too high and as too low, respectively. If a higher valuation is determined then additional property taxes may be owed to the Borough. If a lower valuation is determined then the Borough may have to refund property taxes in an amount up to \$55 million. Management and legal counsel for the Borough believe that there is a high likelihood of success in maintaining the current methodology, however, the matter is in its early stages and the ultimate outcome is not presently determinable.

(b) Grants

The Borough receives numerous grants, which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement for expenditures disallowed under the terms of the grant. Management believes that such disallowances, if any, would not be material.

NORTH SLOPE BOROUGH

Notes to Financial Statements

June 30, 2008

(12) Related Parties

In the normal course of business, the Borough may contract for goods or services from corporations whose shareholders, officers, or employees may also be associated with the Borough as an official, assembly member or employee. Such purchases during 2008 and 2007 aggregate approximately \$35 million and \$42 million, respectively.

(13) Subsequent Events

Sale of General Obligation Bonds

In October 2008, the Borough issued \$44,485,000 of general obligation bonds to finance capital improvements. These bonds consisted of current interest term bonds maturing in six installments as follows:

<u>Maturity dates June 30</u>		<u>amounts</u>	<u>rate</u>
2009	\$	5,010,000	4.00%
2010		10,070,000	4.00
2018		18,445,000	5.50
2019		7,460,000	5.50
2019		3,500,000	5.75

The Borough also issued \$42,015,000 of general refunding obligation bonds to refund the Borough's general obligation variable rate refunding bonds, Series 2000A. These bonds consisted of current interest term bonds maturing one installment as follows:

<u>Maturity dates June 30</u>		<u>Principal amounts</u>	<u>Interest rate</u>
2009	\$	42,015,000	4.00%

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REQUIRED SUPPLEMENTARY INFORMATION

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NORTH SLOPE BOROUGH
 Required Supplementary Information
 Schedule of Funding Progress for PERS
 June 30, 2008

Three-year historical trend information presenting the Borough's progress in accumulating sufficient assets to pay pension and OPEB benefits under the PERS when due is presented as follows (dollar amounts in thousands):

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) (b)</u>	<u>Unfunded (UAAL) Funded excess (FE) (a-b)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>UAAL/FE as a percentage of covered payroll ((a-b)/c)</u>
Pension:						
6/30/2005	\$ 134,074	152,641	(18,567)	88%	35,315	(52.6)
6/30/2006	182,072	176,898	5,174	103	36,880	14.0
6/30/2007	134,074	152,641	(18,567)	88	35,315	(52.6)
OPEB:						
6/30/2005	\$ 102,532	116,730	(14,198)	88%	35,315	(40.2)
6/30/2006	77,930	138,610	(60,680)	56	36,880	(164.5)
6/30/2007	102,532	116,730	(14,198)	88	35,315	(40.2)

NORTH SLOPE BOROUGH

Budgetary Comparison Schedule –
General Fund

Year ended June 30, 2008

	Budget		Actual	Variance with final budget – positive (negative)
	Original	Final		
Revenues:				
Property taxes	\$ 214,950,804	214,950,804	212,827,417	(2,123,387)
Intergovernmental	9,685,423	33,820,946	19,023,052	(14,797,894)
Charges for services	5,226,555	5,266,555	6,857,848	1,591,293
Investment earnings	10,005,000	9,952,888	10,751,861	798,973
Net increase in the fair value of investments	—	—	1,832,476	1,832,476
Economic impact assistance	5,000,000	5,000,000	5,000,000	—
Other revenues	—	4,081,587	2,175,445	(1,906,142)
Total revenues	244,867,782	273,072,780	258,468,099	(14,604,681)
Expenditures:				
Current:				
General government	41,603,244	59,250,638	39,345,956	19,904,682
Public works	44,857,754	47,187,489	45,267,537	1,919,952
Public safety	17,850,645	21,276,882	19,020,938	2,255,944
Health and social services	18,275,026	21,572,409	15,108,588	6,463,821
Wildlife management	2,523,401	7,340,975	3,623,478	3,717,497
Primary and secondary education	23,991,968	24,291,968	23,914,436	377,532
Higher education	6,954,910	6,954,910	6,844,801	110,109
Debt service:				
Principal retirement	65,814,136	65,814,136	65,843,946	(29,810)
Interest	41,293,772	41,293,772	41,312,477	(18,705)
Total expenditures	263,164,856	294,983,179	260,282,157	34,701,022
Excess (deficiency) of revenues over expenditures	(18,297,074)	(21,910,399)	(1,814,058)	20,096,341
Other financing sources (uses):				
Transfers in from other governmental funds	25,331,956	25,331,956	29,039,736	3,707,780
Transfers out to other governmental funds	—	—	(24,580,000)	(24,580,000)
Transfer out to enterprise funds	(7,034,882)	(7,034,882)	(7,034,882)	—
Proceeds from settlement	—	—	5,224	5,224
Proceeds from sale of capital assets	—	—	1,195	1,195
Appropriation of fund balance	—	3,613,325	—	(3,613,325)
Total other financing sources (uses)	18,297,074	21,910,399	(2,568,727)	(24,479,126)
Net change in fund balance	—	—	(4,382,785)	(4,382,785)
Fund balance, beginning of year	83,134,595	83,134,595	83,134,595	—
Fund balance, end of year	\$ 83,134,595	83,134,595	78,751,810	(4,382,785)

Note: Budgeting for the General Fund is on a modified accrual basis.

See accompanying independent auditors' report.

SUPPLEMENTARY INFORMATION

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NORTH SLOPE BOROUGH

Nonmajor Governmental Funds

June 30, 2008

Special Revenue

See special revenue section of report.

Capital Projects

See capital project section of report.

Permanent Fund

Museum Endowment Fund – Assets in this fund are to be held until December 31, 2025 at which time the principal and any reinvested income may be used at the discretion of the Hans Van Der Laan Brooks Range Library. Income derived from the assets of the Museum Endowment Fund is to be transferred to the Museum Special Revenue Fund.

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NORTH SLOPE BOROUGH

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2008

Assets	Special Revenue	Capital Projects	Permanent Fund Museum Endowment	Total Nonmajor Governmental Funds
Cash and investments with central treasury	\$ 11,429,733	148,666,151	15,795	160,111,679
Accounts receivable:				
Intergovernmental	—	6,267,773	—	6,267,773
Loans receivable, net of allowance	533,914	—	—	533,914
Prepays and deposits	—	35,929	—	35,929
Total	\$ 11,963,647	154,969,853	15,795	166,949,295
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ —	10,701,637	—	10,701,637
Unearned intergovernmental revenue	—	68,434	—	68,434
Unearned lease revenue	—	—	—	—
Deferred loans	533,914	—	—	533,914
Total liabilities	533,914	10,770,071	—	11,303,985
Fund balances:				
Reserved:				
Encumbrances	—	39,535,904	—	39,535,904
Investments	—	—	15,795	15,795
Unreserved:				
Designated:				
Authorized projects	—	104,663,878	—	104,663,878
Undesignated	11,429,733	—	—	11,429,733
Total fund balances	11,429,733	144,199,782	15,795	155,645,310
Total	\$ 11,963,647	154,969,853	15,795	166,949,295

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2008

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Fund Museum Endowment</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:				
Intergovernmental	\$ —	12,365,544	—	12,365,544
Investment earnings	—	—	612	612
Other	3,491,432	—	—	3,491,432
Total revenues	<u>3,491,432</u>	<u>12,365,544</u>	<u>612</u>	<u>15,857,588</u>
Expenditures:				
Capital projects	—	56,565,864	—	56,565,864
Total expenditures	<u>—</u>	<u>56,565,864</u>	<u>—</u>	<u>56,565,864</u>
Excess (deficiency) of revenues over expenditures	<u>3,491,432</u>	<u>(44,200,320)</u>	<u>612</u>	<u>(40,708,276)</u>
Other financing sources (uses):				
Transfers in from other governmental funds	612	24,580,000	—	24,580,612
Transfers out to other governmental funds	—	(4,327,000)	(612)	(4,327,612)
Proceeds from bond sale and issuance of debt	—	54,415,000	—	54,415,000
Total other financing sources (uses)	<u>612</u>	<u>74,668,000</u>	<u>(612)</u>	<u>74,668,000</u>
Net change in fund balances	<u>3,492,044</u>	<u>30,467,680</u>	<u>—</u>	<u>33,959,724</u>
Fund balances, beginning of year	<u>7,937,689</u>	<u>113,732,102</u>	<u>15,795</u>	<u>121,685,586</u>
Fund balances, end of year	\$ <u><u>11,429,733</u></u>	<u><u>144,199,782</u></u>	<u><u>15,795</u></u>	<u><u>155,645,310</u></u>

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH

Special Revenue Funds

June 30, 2008

Special Revenue Funds are used to account for specific revenue sources which are designated for specified purposes.

Museum – This fund accounts for donations received from private organizations which are restricted for the purchase of artifacts and exhibit construction for the museum.

RELI Loan Program – This fund accounts for interest free loans made to homeowners for residential plumbing improvements, bedroom additions, and furnace upgrades.

Autaaqtuq – This fund accounts for donations from private organizations which are restricted for the purpose of providing grants to programs, schools, and non-profit organizations for the improvement of health, education, training, and the work place skills of North Slope Borough residents.

Walakpa – This fund accounts for lease income from certain lands in the Walakpa and Barrow Gas Fields which are restricted for the purpose of subsidizing the delivery of energy to North Slope Borough communities.

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NORTH SLOPE BOROUGH
Combining Balance Sheet – Special Revenue Funds
June 30, 2008

Assets	Museum	RELI Loan Program	Autaaqtuq Fund	Walakpa Lease	Totals
Cash and investments with central treasury	\$ 42,772	6,888,876	983,462	3,514,623	11,429,733
Loans receivable, net of allowance	—	533,914	—	—	533,914
Total	<u>\$ 42,772</u>	<u>7,422,790</u>	<u>983,462</u>	<u>3,514,623</u>	<u>11,963,647</u>
Liabilities and Fund Balances					
Liabilities:					
Unearned lease revenue	\$ —	533,914	—	—	533,914
	<u>—</u>	<u>533,914</u>	<u>—</u>	<u>—</u>	<u>533,914</u>
Fund balances:					
Unreserved	42,772	6,888,876	983,462	3,514,623	11,429,733
	<u>42,772</u>	<u>6,888,876</u>	<u>983,462</u>	<u>3,514,623</u>	<u>11,429,733</u>
Total	<u>\$ 42,772</u>	<u>7,422,790</u>	<u>983,462</u>	<u>3,514,623</u>	<u>11,963,647</u>

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Special Revenue Funds

Year ended June 30, 2008

	<u>Museum</u>	<u>RELI Loan Program</u>	<u>Autaaqtuq Fund</u>	<u>Walakpa Lease</u>	<u>Total</u>
Other revenues:					
Loan repayments	\$ —	159,069	—	—	159,069
Contributions	5,666	—	519,213	—	524,879
Lease income	—	—	—	2,807,484	2,807,484
Total other revenues	<u>5,666</u>	<u>159,069</u>	<u>519,213</u>	<u>2,807,484</u>	<u>3,491,432</u>
Excess of revenues over expenditures	5,666	159,069	519,213	2,807,484	3,491,432
Other financing sources:					
Transfers in from other governmental funds	<u>612</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>612</u>
Total other financing sources	<u>612</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>612</u>
Net change in fund balances	6,278	159,069	519,213	2,807,484	3,492,044
Fund balances, beginning of year	<u>36,494</u>	<u>6,729,807</u>	<u>464,249</u>	<u>707,139</u>	<u>7,937,689</u>
Fund balances, end of year	\$ <u><u>42,772</u></u>	<u><u>6,888,876</u></u>	<u><u>983,462</u></u>	<u><u>3,514,623</u></u>	<u><u>11,429,733</u></u>

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH

Capital Projects Funds

June 30, 2008

The Capital Projects Funds account for the receipt and disbursement of monies used for the acquisition or construction of capital facilities other than those acquired or constructed by the Enterprise Funds. These Capital Projects Funds are as follows:

- Education and Service Center Facilities Fund
- Public Roads, Streets, Watercourse, and Flood Control Facilities Fund
- Public Housing Fund
- Water Facilities Fund
- Sewage Treatment Disposal Facilities Fund
- Airport and Airport Terminal Facilities Fund
- Urban Development Projects Fund
- Light, Power, and Heating Systems Fund
- Public Safety Facilities Fund
- Sanitary Facilities Fund
- Industrial Parks Fund
- Communications Fund
- General Capital Projects Fund
- Health Facilities Fund
- Library/Cultural Facilities Fund
- Administration Facilities Fund

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NORTH SLOPE BOROUGH

Combining Balance Sheet – Capital Projects Funds

June 30, 2008

Assets	Education and Service Center Facilities Fund	Public Roads, Streets, Watercourse, and Flood Control Facilities Fund	Public Housing Fund
	<u> </u>	<u> </u>	<u> </u>
Cash and investments with central treasury	\$ 4,853,765	12,784,394	858,416
Accounts receivable:			
Intergovernmental	—	11,028	—
Prepays and deposits	35,929	—	—
Total	<u>\$ 4,889,694</u>	<u>12,795,422</u>	<u>858,416</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 11,684	170,904	—
Unearned intergovernmental revenue	—	—	—
	<u>11,684</u>	<u>170,904</u>	<u>—</u>
Fund balances:			
Reserved for encumbrances	2,759,407	3,136,311	179,981
Unreserved:	—	—	—
Designated for authorized projects	2,118,603	9,488,207	678,435
	<u>4,878,010</u>	<u>12,624,518</u>	<u>858,416</u>
Total	<u>\$ 4,889,694</u>	<u>12,795,422</u>	<u>858,416</u>

Water Facilities Fund	Sewage Treatment Disposal Facilities Fund	Airport and Airport Terminal Facilities Fund	Urban Development Projects Fund	Light, Power, and Heating Systems Fund
7,520,236	5,770,440	915,492	53,769	20,382,737
—	68,552	5,451,135	—	319,004
—	—	—	—	—
<u>7,520,236</u>	<u>5,838,992</u>	<u>6,366,627</u>	<u>53,769</u>	<u>20,701,741</u>
1,625,841	297,231	792,349	—	256,198
—	—	—	—	58,325
<u>1,625,841</u>	<u>297,231</u>	<u>792,349</u>	<u>—</u>	<u>314,523</u>
1,383,329	1,534,909	4,259,847	—	3,574,371
—	—	—	—	—
<u>4,511,066</u>	<u>4,006,852</u>	<u>1,314,431</u>	<u>53,769</u>	<u>16,812,847</u>
<u>5,894,395</u>	<u>5,541,761</u>	<u>5,574,278</u>	<u>53,769</u>	<u>20,387,218</u>
<u>7,520,236</u>	<u>5,838,992</u>	<u>6,366,627</u>	<u>53,769</u>	<u>20,701,741</u>

NORTH SLOPE BOROUGH
Combining Balance Sheet – Capital Projects Funds
June 30, 2008

Assets	Public Safety Facilities Fund	Sanitary Facilities Fund	Industrial Parks Fund
Cash and investments with central treasury	\$ 6,772,409	27,015,815	74,211
Accounts receivable:			
Intergovernmental	18,644	40,962	—
Prepays and deposits	—	—	—
Total	<u>\$ 6,791,053</u>	<u>27,056,777</u>	<u>74,211</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 905,996	589,188	—
Unearned intergovernmental revenue	10,109	—	—
	<u>916,105</u>	<u>589,188</u>	<u>—</u>
Fund balances:			
Reserved for encumbrances	1,688,495	2,157,639	—
Unreserved:	—	—	—
Designated for authorized projects	4,186,453	24,309,950	74,211
	<u>5,874,948</u>	<u>26,467,589</u>	<u>74,211</u>
Total	<u>\$ 6,791,053</u>	<u>27,056,777</u>	<u>74,211</u>

See accompanying independent auditors' report.

Communi- cations Fund	General Capital Projects Fund	Health Facilities Fund	Library/ Cultural Facilities Fund	Administration Facilities Fund	Total
1,524,241	53,489,945	3,324,670	1,515,001	1,810,610	148,666,151
—	358,448	—	—	—	6,267,773
—	—	—	—	—	35,929
<u>1,524,241</u>	<u>53,848,393</u>	<u>3,324,670</u>	<u>1,515,001</u>	<u>1,810,610</u>	<u>154,969,853</u>
222,448	4,596,634	1,233,115	49	—	10,701,637
—	—	—	—	—	68,434
<u>222,448</u>	<u>4,596,634</u>	<u>1,233,115</u>	<u>49</u>	<u>—</u>	<u>10,770,071</u>
195,906	16,943,068	1,126,283	116,813	479,545	39,535,904
—	—	—	—	—	—
<u>1,105,887</u>	<u>32,308,691</u>	<u>965,272</u>	<u>1,398,139</u>	<u>1,331,065</u>	<u>104,663,878</u>
<u>1,301,793</u>	<u>49,251,759</u>	<u>2,091,555</u>	<u>1,514,952</u>	<u>1,810,610</u>	<u>144,199,782</u>
<u>1,524,241</u>	<u>53,848,393</u>	<u>3,324,670</u>	<u>1,515,001</u>	<u>1,810,610</u>	<u>154,969,853</u>

NORTH SLOPE BOROUGH

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Capital Projects Funds

Year ended June 30, 2008

	Education and Service Center Facilities Fund	Public Roads, Streets, Watercourse, and Flood Control Facilities Fund	Public Housing Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ —	51,907	—
Expenditures:			
Capital projects	<u>6,625,350</u>	<u>579,658</u>	<u>101,738</u>
Excess (deficiency) of revenues over expenditures	<u>(6,625,350)</u>	<u>(527,751)</u>	<u>(101,738)</u>
Other financing sources (uses):			
Transfers in:			
General Fund	—	—	—
Capital Projects funds	—	—	—
Transfers out:			
General Fund	—	(3,761,000)	—
Capital Projects Funds	—	—	—
Proceeds from bond sale and issuance of debt	<u>5,074,000</u>	<u>2,091,000</u>	<u>—</u>
Total other financing sources	<u>5,074,000</u>	<u>(1,670,000)</u>	<u>—</u>
Net change in fund balances	(1,551,350)	(2,197,751)	(101,738)
Fund balances, beginning of year	<u>6,429,360</u>	<u>14,822,269</u>	<u>960,154</u>
Fund balances, end of year	<u><u>\$ 4,878,010</u></u>	<u><u>12,624,518</u></u>	<u><u>858,416</u></u>

Water Facilities Fund	Sewage Treatment Disposal Facilities Fund	Airport and Airport Terminal Facilities Fund	Urban Development Projects Fund	Light, Power, and Heating Systems Fund
547,298	1,028,981	9,317,663	—	744,393
<u>8,736,447</u>	<u>4,875,204</u>	<u>7,345,766</u>	<u>—</u>	<u>6,179,352</u>
<u>(8,189,149)</u>	<u>(3,846,223)</u>	<u>1,971,897</u>	<u>—</u>	<u>(5,434,959)</u>
1,000,000	—	—	—	2,900,000
—	—	—	—	—
—	—	—	—	—
<u>3,610,000</u>	<u>3,000,000</u>	<u>—</u>	<u>—</u>	<u>5,942,000</u>
<u>4,610,000</u>	<u>3,000,000</u>	<u>—</u>	<u>—</u>	<u>8,842,000</u>
(3,579,149)	(846,223)	1,971,897	—	3,407,041
<u>9,473,544</u>	<u>6,387,984</u>	<u>3,602,381</u>	<u>53,769</u>	<u>16,980,177</u>
<u><u>5,894,395</u></u>	<u><u>5,541,761</u></u>	<u><u>5,574,278</u></u>	<u><u>53,769</u></u>	<u><u>20,387,218</u></u>

NORTH SLOPE BOROUGH

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances – Capital Projects Funds

Year ended June 30, 2008

	Public Safety Facilities Fund	Sanitary Facilities Fund	Industrial Parks Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 59,037	167,253	—
Expenditures:			
Capital projects	<u>3,000,034</u>	<u>2,697,516</u>	<u>—</u>
Excess (deficiency) of revenues over expenditures	<u>(2,940,997)</u>	<u>(2,530,263)</u>	<u>—</u>
Other financing sources (uses):			
Transfers in:			
General fund	—	15,930,000	—
Capital projects funds	—	—	—
Transfers out:			
General fund	(335,000)	(231,000)	—
Capital projects funds	—	—	—
Proceeds from bond sale and issuance of debt	<u>3,840,000</u>	<u>231,000</u>	<u>—</u>
Total other financing sources	<u>3,505,000</u>	<u>15,930,000</u>	<u>—</u>
Net change in fund balances	564,003	13,399,737	—
Fund balances, beginning of year	<u>5,310,945</u>	<u>13,067,852</u>	<u>74,211</u>
Fund balances, end of year	<u>\$ 5,874,948</u>	<u>26,467,589</u>	<u>74,211</u>

See accompanying independent auditors' report.

Communications Fund	General Capital Projects Fund	Health Facilities Fund	Library/ Cultural Facilities Fund	Administration Facilities Fund	Total
75,106	373,906	—	—	—	12,365,544
<u>368,455</u>	<u>10,178,156</u>	<u>5,125,327</u>	<u>351,462</u>	<u>401,399</u>	<u>56,565,864</u>
<u>(293,349)</u>	<u>(9,804,250)</u>	<u>(5,125,327)</u>	<u>(351,462)</u>	<u>(401,399)</u>	<u>(44,200,320)</u>
—	2,900,000	1,500,000	—	350,000	24,580,000
—	—	—	—	—	—
—	—	—	—	—	(4,327,000)
—	—	—	—	—	—
<u>830,000</u>	<u>25,022,000</u>	<u>2,130,000</u>	<u>950,000</u>	<u>1,695,000</u>	<u>54,415,000</u>
<u>830,000</u>	<u>27,922,000</u>	<u>3,630,000</u>	<u>950,000</u>	<u>2,045,000</u>	<u>74,668,000</u>
536,651	18,117,750	(1,495,327)	598,538	1,643,601	30,467,680
<u>765,142</u>	<u>31,134,009</u>	<u>3,586,882</u>	<u>916,414</u>	<u>167,009</u>	<u>113,732,102</u>
<u>1,301,793</u>	<u>49,251,759</u>	<u>2,091,555</u>	<u>1,514,952</u>	<u>1,810,610</u>	<u>144,199,782</u>

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NORTH SLOPE BOROUGH

Nonmajor Enterprise Funds

June 30, 2008

The Enterprise Funds, which account for all activities necessary for the operation of each entity, are financed and operated in a manner similar to private business enterprise. These Nonmajor Enterprise Funds are:

Service Area 10 Fund

Prudhoe Bay solid waste disposal and treatment facility

Home Assistance Loan Fund

Loan fund for down payments on residential property

Real Property Management Fund

Management and disposition of revenues associated with real property

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NORTH SLOPE BOROUGH
Combining Balance Sheet – Nonmajor Enterprise Funds
June 30, 2008

Assets	Service Area 10	Home Assistance Loan	Real Property Management	Total
Current assets:				
Cash and investments with central treasury	\$ 6,375,881	1,069,590	499,162	7,944,633
Accounts receivable, net of allowance for doubtful accounts	<u>1,571,604</u>	<u>—</u>	<u>—</u>	<u>1,571,604</u>
Total current assets	7,947,485	1,069,590	499,162	9,516,237
Capital assets:				
Land, plant, and equipment in service, net of accumulated depreciation	<u>1,922,651</u>	<u>—</u>	<u>11,401,061</u>	<u>13,323,712</u>
Total	<u>\$ 9,870,136</u>	<u>1,069,590</u>	<u>11,900,223</u>	<u>22,839,949</u>
Liabilities and Fund Equity				
Current liabilities:				
Accounts payable	\$ 956,399	606	18,715	975,720
Accrued payroll	7,303	—	3,347	10,650
Compensated absences	38,075	—	8,321	46,396
Deferred Lease Income	<u>—</u>	<u>—</u>	<u>134,556</u>	<u>134,556</u>
Total current liabilities	1,001,777	606	164,939	1,167,322
Accrued closure and postclosure care costs	<u>3,174,328</u>	<u>—</u>	<u>—</u>	<u>3,174,328</u>
Total liabilities	<u>4,176,105</u>	<u>606</u>	<u>164,939</u>	<u>4,341,650</u>
Fund equity:				
Invested in capital assets	—	—	11,401,061	11,401,061
Unrestricted	<u>5,694,031</u>	<u>1,068,984</u>	<u>334,223</u>	<u>7,097,238</u>
Total fund equity	<u>5,694,031</u>	<u>1,068,984</u>	<u>11,735,284</u>	<u>18,498,299</u>
Total	<u>\$ 9,870,136</u>	<u>1,069,590</u>	<u>11,900,223</u>	<u>22,839,949</u>

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH

Combining Statement of Revenues, Expenses, and Changes in
Fund Equity – Nonmajor Enterprise Funds

Year ended June 30, 2008

	Service Area 10	Home Assistance Loan	Real Property Management	Total
Operating revenues	\$ 12,370,634	6,961	267,721	12,645,316
Operating expenses:				
Salaries and benefits	278,484	—	108,487	386,971
Depreciation	144,567	—		144,567
Contractual and professional fees	10,381,673	—	37,400	10,419,073
Closure and postclosure care costs	355,695	—		355,695
Other operating expenses	1,211,901	—	37,765	1,249,666
Total operating expenses	12,372,320	—	183,652	12,555,972
Operating income (loss)	(1,686)	6,961	84,069	89,344
Nonoperating revenue:				
Investment earnings	293,418	—	—	293,418
Change in fund equity	291,732	6,961	84,069	382,762
Fund equity, beginning of year	5,402,299	1,062,023	11,651,215	18,115,537
Fund equity, end of year	\$ 5,694,031	1,068,984	11,735,284	18,498,299

See accompanying independent auditors' report.

NORTH SLOPE BOROUGH

Combining Statement of Cash Flows – Nonmajor Enterprise Funds

Year ended June 30, 2008

	<u>Service Area 10</u>	<u>Home Assistance Loan</u>	<u>Real Property Management</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from customers	\$ 12,045,500	6,961	267,721	12,320,182
Payments to suppliers	(11,469,514)	606	59,856	(11,409,052)
Payments to employees	(261,984)	—	(101,151)	(363,135)
Net cash provided (used) by operating activities	<u>314,002</u>	<u>7,567</u>	<u>226,426</u>	<u>547,995</u>
Cash flows from noncapital financing activities:				
Internal activity – payments to/from other funds	(1,350,489)	—	—	(1,350,489)
Borrowing from central treasury	—	—	—	—
Net cash provided (used) by noncapital financing activities	<u>(1,350,489)</u>	<u>—</u>	<u>—</u>	<u>(1,350,489)</u>
Cash flows from investing activities:				
Investment earnings	293,418	—	—	293,418
Net cash provided by investing activities	<u>293,418</u>	<u>—</u>	<u>—</u>	<u>293,418</u>
Net increase in cash and cash equivalents	(743,069)	7,567	226,426	(509,076)
Balances, at beginning of year	<u>7,118,950</u>	<u>1,062,023</u>	<u>272,736</u>	<u>8,453,709</u>
Balances, at end of year	\$ <u><u>6,375,881</u></u>	<u><u>1,069,590</u></u>	<u><u>499,162</u></u>	<u><u>7,944,633</u></u>
Reconciliation of operating loss to net cash provided by operating activities:				
Operating income (loss)	\$ (1,686)	6,961	84,069	89,344
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	144,567	—	—	144,567
Changes in assets and liabilities that provided (used) cash:				
Accounts and other receivable	(325,133)	—	—	(325,133)
Inventory	—	—	—	—
Accounts payable	124,060	606	465	125,131
Accrued payroll and compensated absences	16,499	—	7,336	23,835
Other Liabilities	—	—	134,556	134,556
Accrued closure and postclosure care costs	355,695	—	—	355,695
Net cash provided (used) by operating activities	\$ <u><u>314,002</u></u>	<u><u>7,567</u></u>	<u><u>226,426</u></u>	<u><u>547,995</u></u>

See accompanying independent auditors' report.

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SUPPLEMENTARY SCHEDULE

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NORTH SLOPE BOROUGH
Schedule of Cash and Investments
June 30, 2008

Description	Stated interest	Maturity date	Par value	Fair value
Central treasury cash and investments:				
WELLS FARGO CHECKING	—%	Open	\$ 3,227,932	3,227,932
CASH	—%	Open	739,240	739,240
MONEY MARKET FUND	2.372%	Open	158,945,042	158,945,042
MONEY MARKET FUND	2.218%	Open	5,404,784	5,404,784
MONEY MARKET FUND	2.373%	Open	397,811	397,811
MONEY MARKET FUND	2.218%	Open	1,155,789	1,155,789
MONEY MARKET FUND	2.218%	Open	559,883	559,883
MONEY MARKET FUND	2.218%	Open	180,618	180,618
MONEY MARKET FUND	2.218%	Open	2,759,446	2,759,446
MONEY MARKET FUND	2.218%	Open	821,186	821,186
MONEY MARKET FUND	2.373%	Open	3,199,192	3,199,192
MONEY MARKET FUND	2.372%	Open	135,352	135,352
MONEY MARKET FUND	2.218%	Open	2,940,161	2,940,161
MONEY MARKET FUND	2.373%	Open	4,495,630	4,495,630
FED HM LN PC POOL A16028	6.000%	11/1/2033	1,281,834	1,301,812
FED HM LN PC POOL B17355	5.000%	12/1/2019	631,574	631,007
FED HM LN PC POOL G03807	5.500%	1/1/2038	1,877,743	1,852,804
FED HOME LN MTGE CORP	4.250%	7/15/2009	2,000,000	2,029,250
FEDERAL HOME LN BK	4.500%	10/9/2009	3,000,000	3,057,124
FEDERAL HOME LN BK CONS DSC NT	0.010%	8/6/2008	5,000,000	4,977,397
FEDERAL HOME LN BKS	5.550%	4/30/2018	1,295,000	1,291,946
FEDERAL HOME LN BKS	5.125%	7/30/2008	2,000,000	2,004,458
FEDERAL HOME LN BKS	5.000%	2/4/2009	1,625,000	1,646,893
FEDERAL HOME LN BKS	5.000%	2/4/2009	2,000,000	2,026,945
FEDERAL HOME LN BKS	4.250%	2/25/2010	2,000,000	2,000,757
FEDERAL HOME LN BKS	4.250%	2/18/2010	2,150,000	2,150,818
FEDERAL HOME LN BKS	4.250%	5/15/2009	3,000,000	3,036,246
FEDERAL HOME LN BKS	3.875%	6/14/2013	2,000,000	1,974,377
FEDERAL HOME LN BKS	3.875%	2/13/2009	1,000,000	1,006,988
FEDERAL HOME LN BKS	3.875%	2/13/2009	750,000	755,241
FEDERAL HOME LN BKS	3.875%	2/13/2009	1,000,000	1,006,988
FEDERAL HOME LN BKS	3.875%	2/13/2009	1,000,000	1,006,988
FEDERAL HOME LN BKS	3.875%	2/13/2009	2,215,000	2,230,478
FEDERAL HOME LN BKS	3.250%	2/22/2011	1,000,000	996,158
FEDERAL HOME LN BKS	3.250%	2/22/2011	1,000,000	996,158
FEDERAL HOME LN BKS	3.250%	2/22/2011	1,000,000	996,158
FEDERAL HOME LN BKS	2.625%	4/30/2009	2,000,000	1,996,365
FEDERAL HOME LN MTG CORP	5.750%	6/27/2016	4,000,000	4,037,737
FEDERAL HOME LN MTG CORP	5.650%	2/23/2017	2,000,000	2,034,324
FEDERAL HOME LN MTG CORP	5.150%	5/21/2018	3,000,000	2,965,485
FEDERAL HOME LN MTG CORP	5.050%	10/15/2012	1,700,000	1,723,039
FEDERAL HOME LN MTG CORP	5.000%	6/11/2009	500,000	510,160
FEDERAL HOME LN MTG CORP	5.000%	6/11/2009	1,000,000	1,020,321
FEDERAL HOME LN MTG CORP	5.000%	6/11/2009	1,000,000	1,020,321
FEDERAL HOME LN MTG CORP	5.000%	6/11/2009	1,000,000	1,020,321
FEDERAL HOME LN MTG CORP	5.000%	6/11/2009	3,000,000	3,060,962
FEDERAL HOME LN MTG CORP	5.000%	11/5/2012	3,900,000	3,918,525
FEDERAL HOME LN MTG CORP	4.750%	3/5/2009	1,000,000	1,013,714
FEDERAL HOME LN MTG CORP	4.750%	3/5/2009	2,000,000	2,027,428
FEDERAL HOME LN MTG CORP	4.625%	8/15/2008	2,000,000	2,005,979

NORTH SLOPE BOROUGH
Schedule of Cash and Investments
June 30, 2008

Description	Stated interest	Maturity date	Par value	Fair value
FEDERAL HOME LN MTG CORP	4.125%	10/18/2010	3,000,000	3,052,856
FEDERAL HOME LN MTG CORP	3.940%	11/20/2008	1,617,000	1,625,918
FEDERAL HOME LN MTG CORP	3.920%	7/8/2010	2,000,000	2,000,676
FEDERAL HOME LN MTG CORP	3.920%	7/8/2010	1,000,000	1,000,338
FEDERAL HOME LN MTG CORP	3.920%	7/8/2010	1,000,000	1,000,338
FEDERAL HOME LN MTG CORP	3.920%	7/8/2010	2,450,000	2,450,828
FEDERAL HOME LN MTG CORP	3.750%	2/15/2013	2,739,891	2,699,946
FEDERAL HOME LN MTG DISC NTS	0.010%	9/5/2008	5,000,000	4,968,643
FEDERAL HOME LN MTG DISC NTS	0.010%	9/15/2008	5,000,000	4,971,199
FEDERAL HOME LOAN BANK	4.500%	11/13/2009	1,000,000	1,006,948
FEDERAL HOME LOAN BANK	4.500%	11/13/2009	1,000,000	1,006,948
FEDERAL HOME LOAN BANK	4.500%	11/13/2009	1,000,000	1,006,948
FEDERAL HOME LOAN BANK	4.250%	11/20/2009	500,000	508,402
FEDERAL HOME LOAN BANK	4.250%	11/20/2009	1,000,000	1,016,804
FEDERAL HOME LOAN BANK	4.250%	11/20/2009	1,500,000	1,525,206
FEDERAL HOME LOAN BANK	4.250%	11/20/2009	1,000,000	1,016,804
FEDERAL NATL MTG ASSN	6.250%	2/1/2011	1,500,000	1,572,192
FEDERAL NATL MTG ASSN	5.300%	8/6/2009	2,000,000	2,006,235
FEDERAL NATL MTG ASSN	5.125%	9/2/2008	1,000,000	1,004,379
FEDERAL NATL MTG ASSN	5.125%	9/2/2008	2,000,000	2,008,758
FEDERAL NATL MTG ASSN	5.125%	9/2/2008	1,000,000	1,004,379
FEDERAL NATL MTG ASSN	5.125%	9/2/2008	1,000,000	1,004,379
FEDERAL NATL MTG ASSN	5.125%	1/2/2014	5,000,000	4,997,121
FEDERAL NATL MTG ASSN	5.000%	9/15/2008	2,000,000	2,009,978
FEDERAL NATL MTG ASSN	4.625%	12/15/2009	1,000,000	1,022,553
FEDERAL NATL MTG ASSN	4.625%	12/15/2009	2,000,000	2,045,106
FEDERAL NATL MTG ASSN	3.875%	7/15/2008	2,200,000	2,201,318
FEDERAL NATL MTG ASSN	3.125%	2/26/2010	1,000,000	1,000,241
FEDERAL NATL MTG ASSN	3.125%	2/26/2010	2,000,000	2,000,482
FEDERAL NATL MTG ASSN	3.125%	2/26/2010	2,000,000	2,000,482
FEDERAL NATL MTG ASSN	2.750%	4/16/2010	1,000,000	989,700
FEDERAL NATL MTG ASSN	2.750%	4/16/2010	1,000,000	989,700
FEDERAL NATL MTG ASSN MTN	4.200%	12/15/2009	500,000	508,369
UNITED STATES TREAS NTS	5.000%	7/31/2008	1,000,000	1,002,891
UNITED STATES TREAS NTS	4.875%	5/15/2009	3,000,000	3,064,453
UNITED STATES TREAS NTS	4.375%	12/15/2010	1,000,000	1,039,141
UNITED STATES TREAS NTS	4.250%	8/15/2014	3,500,000	3,657,090
UNITED STATES TREAS NTS	4.125%	8/15/2008	2,000,000	2,005,859
UNITED STATES TREAS NTS	4.000%	11/15/2012	3,000,000	3,101,367
UNITED STATES TREAS NTS	3.375%	11/30/2012	3,000,000	3,013,594
UNITED STATES TREAS NTS	3.375%	12/15/2008	3,000,000	3,019,219
UNITED STATES TREAS NTS	3.250%	8/15/2008	3,000,000	3,006,328
UNITED STATES TREAS NTS	3.125%	11/30/2009	2,000,000	2,020,625
UNITED STATES TREAS NTS	3.000%	2/15/2009	1,000,000	1,005,000
US TREAS NTS	4.875%	1/31/2009	2,000,000	2,032,109
US TREASURY NTS	4.875%	10/31/2008	2,000,000	2,018,828
US TREASURY NTS	3.500%	8/15/2009	1,000,000	1,013,008
US TREASURY NTS	3.500%	8/15/2009	1,000,000	1,013,008
US TREASURY NTS	3.500%	8/15/2009	2,000,000	2,026,016
FNMA POOL 255352	3.500%	7/1/2011	1,396,982	1,348,437
FNMA POOL 255912	4.500%	9/1/2025	383,599	358,950
FNMA POOL 745863	5.837%	8/1/2036	1,160,284	1,187,962

NORTH SLOPE BOROUGH
Schedule of Cash and Investments
June 30, 2008

Description	Stated interest	Maturity date	Par value	Fair value
FNMA POOL 790225	5.500%	8/1/2034	2,948,933	2,919,444
FNMA POOL 819924	4.500%	4/1/2020	710,244	695,429
FNMA POOL 820607	5.141%	3/1/2035	1,004,829	1,020,904
FNMA POOL 826090	4.721%	7/1/2035	750,528	752,039
FNMA POOL 835754	5.000%	8/1/2035	575,877	554,057
FNMA POOL 852389	6.000%	1/1/2036	1,749,248	1,770,157
FNMA POOL 880102	5.485%	4/1/2036	1,213,279	1,235,893
FNMA POOL 905856	6.013%	1/1/2037	1,624,089	1,657,203
FNMA POOL 960637	5.500%	1/1/2038	3,424,885	3,378,863
AMERICAN EXP CRT CP	4.600%	7/15/2008	4,000,000	3,989,556
AMERICAN GEN FIN INC	2.790%	7/24/2008	4,000,000	3,986,008
AMERICAN HONDA FINAN	0.010%	8/13/2008	5,000,000	4,982,813
AMERICAN INTL GROUP INC	4.250%	5/15/2013	1,282,000	1,169,369
ASSET BACKED SECS TR	2.753%	10/25/2035	1,208,695	1,140,894
ASSOCIATES CORP NORTH AMER	6.250%	11/1/2008	1,000,000	1,006,681
ASTRAZENECA PLC	5.400%	9/15/2012	2,000,000	2,040,874
AT&T WIRELESS	8.125%	5/1/2012	1,000,000	1,092,932
BANK AMER CORP	5.625%	10/14/2016	2,000,000	1,927,018
BANK NEW YORK INC	7.300%	12/1/2009	2,000,000	2,087,731
BANKAMERICA CORP	0.010%	8/18/2008	5,000,000	4,978,583
BEAR STEARNS COML MTG SEC TR	5.518%	9/11/2041	2,000,000	1,936,030
BEAR STEARNS COML MTG SECS INC	4.674%	6/11/2041	750,000	700,653
CARGILL INC	5.200%	1/22/2013	2,000,000	1,965,854
CHUGACH ELEC ASSN INC	6.550%	3/15/2011	2,000,000	2,057,286
COMPUTER SCIENCES CORP	5.500%	3/15/2013	1,500,000	1,470,708
CONOCOPHILLIPS CDA FDG CO I	5.625%	10/15/2016	2,000,000	2,049,042
CREDIT SUISSE FIRST BOSTON	4.691%	4/15/2037	1,000,000	967,661
DEERE JOHN CAP CORP	4.400%	7/15/2009	2,000,000	2,010,973
EUROPEAN INVT BK	4.625%	9/15/2010	2,000,000	2,061,009
FREDDIE MAC	5.250%	1/12/2009	2,000,000	2,026,517
FREDDIE MAC	5.250%	1/12/2009	2,000,000	2,026,517
GENERAL ELEC CAP CORP MTN	5.250%	10/19/2012	2,000,000	2,012,618
GNMA POOL 434035	7.500%	10/15/2028	65,944	70,258
GNMA POOL 608981	5.000%	7/15/2036	1,570,275	1,523,903
GNMA POOL 617115	5.500%	6/15/2036	1,728,326	1,722,453
GOLDMAN SACHS GROUP INC	5.625%	1/15/2017	2,000,000	1,848,606
GS MTG SECS CORP II	4.751%	7/10/2039	525,000	493,302
HARLEY DAVIDSON MOTORCYCLE TR	2.690%	4/15/2011	864,167	854,985
HONDA AUTO RECEIVABLES	4.150%	10/15/2010	669,421	670,781
HONDA AUTO RECVBLS OWNER TR	5.300%	7/21/2010	1,180,889	1,188,639
HSBC FIN CORP	5.500%	1/19/2016	1,500,000	1,443,655
HSBC FINANCE CORP	1.000%	7/28/2008	5,000,000	4,976,667
INTL LEASE FIN CORP	2.980%	7/2/2008	4,000,000	3,992,200
JOHNSON & JOHNSON	5.150%	7/15/2018	2,500,000	2,527,664
JPMORGAN CHASE & CO	4.750%	3/1/2015	1,250,000	1,170,652
MERRILL LYNCH & CO INC	6.400%	8/28/2017	2,000,000	1,848,522
MORGAN STANLEY	3.050%	9/29/2008	2,000,000	1,984,473
MORGAN STANLEY	0.010%	9/2/2008	2,000,000	1,989,000
ONTARIO PROV CDA	5.500%	10/1/2008	2,000,000	2,017,007
ONTARIO PROV CDA	3.500%	7/15/2013	1,500,000	1,471,799
PROVINCE OF ONT	2.750%	2/22/2011	500,000	491,766
PRUDENTIAL FNDG LLC	2.000%	8/25/2008	5,000,000	4,969,333
REPUBLIC SVCS INC	6.750%	8/15/2011	500,000	523,392

NORTH SLOPE BOROUGH

Schedule of Cash and Investments

June 30, 2008

<u>Description</u>	<u>Stated interest</u>	<u>Maturity date</u>	<u>Par value</u>	<u>Fair value</u>
SOUTHWEST AIRLS	6.150%	8/1/2022	1,965,354	1,862,767
TOYOTA MOTOR CREDIT	3.940%	7/9/2008	4,000,000	3,991,840
U S BK NATL ASSN MINNEAPOLIS	6.375%	8/1/2011	2,075,000	2,190,763
UNITED PARCEL SVC INC	4.500%	1/15/2013	2,000,000	1,997,594
VERIZON VA INC	4.625%	3/15/2013	1,000,000	974,533
WACHOVIA BK COML MTG TR	6.657%	4/15/2042	1,000,000	989,202
WACHOVIA BK COML MTG TR	5.929%	6/15/2049	2,200,000	2,091,751
WACHOVIA CORP	5.750%	2/1/2018	1,700,000	1,558,067
WAL MART STORES INC	4.125%	7/1/2010	2,000,000	2,017,320
WELLS FARGO CO NEW	5.300%	8/26/2011	1,725,000	1,744,124
Total central treasury cash and investments			\$ <u>469,097,956</u>	<u>469,320,131</u>
Other cash and investments:				
Permanent Fund:				
Cash				252,396
Money Market Funds				3,741,183
Government securities				75,269,752
Corporate obligations				55,488,974
Equity securities				<u>347,124,241</u>
Total primary government investments				\$ <u>951,196,677</u>
Reconciliation to statement of net assets:				
Cash and investments with central treasury			\$ 469,320,131	
Other cash and investments				<u>481,876,546</u>
			\$ <u>951,196,677</u>	

Note: For equity securities the fair value was used for par value.

See accompanying independent auditors' report.

STATISTICAL SECTION

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NORTH SLOPE BOROUGH

Statistical Section

This part of the North Slope Borough’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Borough’s overall financial health.

Contents	Pages
Financial trends: These schedules contain trend information to help the reader understand how the Borough’s financial performance and well being have changed over time.	78-81
Revenue capacity: These schedules contain information to help the reader assess the Borough’s most significant local revenue source, the property tax.	82-87
Debt capacity: These schedules present information to help the reader assess the affordability of the Borough’s current levels of outstanding debt and the Borough’s ability to issue additional debt in the future.	88-92
Demographic and economic information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the Borough’s financial activities take place.	93-94
Operating information: These schedules contain service and infrastructure data to help the reader understand how the information in the Borough’s financial report relates to the services the Borough provides and the activities it performs.	95-97

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The Borough implemented GASB Statement 34 in the fiscal year ending June 30, 2002; schedules presenting borough-wide information include information beginning in that year.

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FINANCIAL TRENDS

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NORTH SLOPE BOROUGH

Net Assets by Component

Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal year ended June 30				
	2004	2005	2006	2007	2008
Governmental activities:					
Invested in capital assets, net of related debt	\$ 812,084,556	840,787,183	659,580,307	951,967,630	1,042,943,709
Restricted	440,752,113	457,993,184	483,087,216	543,913,229	462,158,849
Unrestricted	19,340,811	42,728,656	267,828,924	20,184,207	(14,582,068)
Total governmental activities net assets	<u>1,272,177,480</u>	<u>1,341,509,023</u>	<u>1,410,496,447</u>	<u>1,516,065,066</u>	<u>1,490,520,490</u>
Business-type activities:					
Invested in capital assets, net of related debt	51,743,406	53,165,253	61,654,370	58,379,524	58,614,045
Unrestricted	4,545,766	4,428,035	2,099,435	4,541,761	2,321,914
Total business-type activities net assets	<u>56,289,172</u>	<u>57,593,288</u>	<u>63,753,805</u>	<u>62,921,285</u>	<u>60,935,959</u>
Borough-wide:					
Invested in capital assets, net of related debt	863,827,962	893,952,436	721,234,677	1,010,347,154	1,101,557,754
Restricted	440,752,113	457,993,184	483,087,216	543,913,229	462,158,849
Unrestricted	23,886,577	47,156,691	269,928,359	24,725,968	(12,260,154)
Total borough net assets	<u>\$ 1,328,466,652</u>	<u>1,399,102,311</u>	<u>1,474,250,252</u>	<u>1,578,986,351</u>	<u>1,551,456,449</u>

NORTH SLOPE BOROUGH

Changes in Net Assets

Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal year ended June 30				
	2004	2005	2006	2007	2008
Expenses:					
Primary government					
Governmental activities:					
General government	\$ 43,581,521	42,340,701	37,021,906	41,740,931	38,243,959
Public safety	15,984,258	16,289,307	17,494,957	20,049,567	85,487,559
Public works *	57,601,620	76,756,503	68,566,382	86,591,126	22,292,972
Wildlife management	3,745,385	3,634,679	12,778,518	3,902,951	16,669,761
Health and social services	15,094,487	14,981,108	3,926,456	13,673,657	3,679,550
Primary and secondary education	29,746,867	30,527,799	30,541,574	32,143,232	31,695,358
Higher education	6,693,615	6,347,517	6,498,668	6,047,517	6,485,427
Interest on long-term debt	40,952,165	35,794,023	32,668,222	29,189,484	26,850,112
Total governmental activities expenses	<u>213,399,918</u>	<u>226,671,637</u>	<u>209,496,683</u>	<u>233,338,465</u>	<u>231,404,698</u>
Business type activities:					
Service area 10	5,767,904	5,210,838	6,039,261	9,046,057	12,372,320
Home assistance loan	—	—	87,766	606	—
Real Property Management	—	—	—	38,968	183,652
Power and light	10,952,870	12,624,146	15,260,393	16,396,398	20,170,704
Total business-type activities expenses	<u>16,720,774</u>	<u>17,834,984</u>	<u>21,387,420</u>	<u>25,482,029</u>	<u>32,726,676</u>
Total primary government expenses	<u>\$ 230,120,692</u>	<u>244,506,621</u>	<u>230,884,103</u>	<u>258,820,494</u>	<u>264,131,374</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	\$ 3,275,656	1,804,718	1,900,232	2,544,119	3,029,207
Public works*	4,852,065	3,036,661	3,005,661	2,939,016	3,807,977
Health and social services	30,348	20,771	24,239	23,566	20,664
Operating grants and contributions	9,986,435	11,899,905	16,080,428	23,362,228	18,388,587
Capital grants and contributions	8,632,405	9,648,290	3,896,975	12,159,655	12,365,544
Total governmental activities program revenues	<u>26,776,909</u>	<u>26,410,345</u>	<u>24,907,535</u>	<u>41,028,584</u>	<u>37,611,979</u>
Business-type activities:					
Charges for services:					
Service area 10	5,228,288	5,622,531	5,748,681	11,385,462	12,370,634
Home assistance loan	3,067	2,076	173	7	6,961
Real Property Management	—	—	85,063	204,059	267,721
Power & light	7,270,258	7,420,043	6,891,584	6,976,345	6,309,564
Total business-type activities program revenues	<u>12,501,613</u>	<u>13,044,650</u>	<u>12,725,501</u>	<u>18,565,873</u>	<u>18,954,880</u>
Total primary government program revenues	<u>\$ 39,278,522</u>	<u>39,454,995</u>	<u>37,633,036</u>	<u>59,594,457</u>	<u>56,566,859</u>
Net (expense)/revenue:					
Governmental activities	\$ (186,623,009)	(200,261,292)	(184,589,148)	(192,309,881)	(193,792,719)
Business-type activities	(4,219,161)	(4,790,334)	(8,661,919)	(6,916,156)	(13,771,796)
Total primary government net expense	<u>\$ (190,842,170)</u>	<u>(205,051,626)</u>	<u>(193,251,067)</u>	<u>(199,226,037)</u>	<u>(207,564,515)</u>
General revenues and other changes in net assets:					
Property taxes	\$ 198,859,201	198,039,385	198,391,387	203,217,204	212,964,677
Grants and entitlements not restricted to specific programs	2,075,287	1,687,125	1,810,438	2,195,814	634,466
Gain/(Loss) on sale of capital asset	67,507	5,050,008	(1,611,927)	—	—
Payment in lieu of taxes	4,400,000	4,400,000	4,400,000	5,000,000	5,000,000
Proceeds from settlement	—	15,935,763	62,301	3,083	—
Investment earnings	75,849,229	47,547,710	51,741,463	103,357,349	(44,462,973)
Other	506,688	179,757	1,953,303	2,137,184	5,605,025
Special item - Donation of capital assets to TNHA	—	—	—	(12,267,152)	—
Capital contributions	(4,388,407)	—	(788,078)	(184,673)	(4,458,170)
Transfers	(411,925)	(5,979,790)	(2,382,315)	(5,580,309)	(7,034,882)
Total governmental activities	<u>276,957,580</u>	<u>266,859,958</u>	<u>253,576,572</u>	<u>297,878,500</u>	<u>168,248,143</u>
Business-type activities:					
Investment earnings	40,181	114,660	250,982	318,654	293,418
Capital contributions	4,388,407	—	12,189,139	184,673	4,458,170
Transfers	411,925	5,979,790	2,382,315	5,580,309	7,034,882
Total business-type activities	<u>4,840,513</u>	<u>6,094,450</u>	<u>14,822,436</u>	<u>6,083,636</u>	<u>11,786,470</u>
Total primary government	<u>\$ 281,798,093</u>	<u>272,954,408</u>	<u>268,399,008</u>	<u>303,962,136</u>	<u>180,034,613</u>
Change in net assets:					
Governmental activities	90,334,571	69,331,543	68,987,424	105,568,619	(25,544,576)
Business-type activities	621,352	1,304,116	6,160,517	(832,520)	(1,985,326)
Total primary government	<u>\$ 90,955,923</u>	<u>70,635,659</u>	<u>75,147,941</u>	<u>104,736,099</u>	<u>(27,529,902)</u>

* Prior to 2005, Public Works was Municipal Services and Housing.

NORTH SLOPE BOROUGH

Fund Balances, Governmental Funds

Last Five Fiscal Years
(modified accrual basis of accounting)

	Fiscal year ended June 30				
	2004	2005	2006	2007	2008
General fund:					
Reserved	\$ 1,326,234	1,524,717	5,095,320	3,474,308	11,119,194
Unreserved	<u>20,462,126</u>	<u>43,264,428</u>	<u>53,440,286</u>	<u>79,660,287</u>	<u>67,632,616</u>
Total general fund	<u>21,788,360</u>	<u>44,789,145</u>	<u>58,535,606</u>	<u>83,134,595</u>	<u>78,751,810</u>
All other governmental funds:					
Reserved	463,757,006	485,113,109	518,725,658	570,087,823	501,651,981
Unreserved, reported in:					
Special revenue funds	5,864,568	6,214,764	6,554,303	7,937,689	11,429,733
Capital projects funds	<u>85,508,729</u>	<u>114,949,456</u>	<u>85,837,503</u>	<u>87,521,014</u>	<u>104,663,878</u>
Total all other governmental funds	<u>\$ 555,130,303</u>	<u>606,277,329</u>	<u>611,117,464</u>	<u>665,546,526</u>	<u>617,745,592</u>

NORTH SLOPE BOROUGH
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal year ended June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Property taxes	\$ 211,512,156	201,223,579	201,963,157	199,543,800	199,653,165	199,804,529	197,493,466	198,473,498	202,990,894	212,827,417
Intergovernmental	12,341,867	14,383,651	15,836,206	21,082,784	21,504,375	20,694,127	23,235,320	21,787,842	37,717,697	31,388,596
Charges for services	10,842,076	6,638,270	7,170,578	8,974,606	7,916,582	8,158,069	4,862,150	4,930,131	5,506,701	6,857,848
Investment earnings	28,234,141	21,141,103	19,095,238	35,908,353	16,049,594	19,347,688	33,966,253	40,915,700	51,536,782	43,426,868
Net increase (decrease) in the fair value of investments	(2,784,411)	(3,632,873)	6,936,515	(25,758,400)	(4,181,164)	56,501,541	13,581,457	14,988,908	51,820,567	(87,889,841)
Economic impact assistance	4,700,000	4,600,000	4,500,000	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000	5,000,000	5,000,000
Proceeds from litigation	—	—	—	9,119,564	—	—	—	—	—	—
Other	2,079,544	2,416,772	13,318,335	2,326,790	2,049,365	856,531	719,037	2,283,840	2,330,831	5,666,877
Total revenues	266,925,373	246,770,502	268,820,029	255,597,497	247,391,917	309,762,485	278,257,683	287,779,919	356,903,472	217,277,765
Expenditures:										
Current:										
General government	54,500,977	44,955,576	46,892,965	40,937,134	41,289,515	43,105,518	36,366,809	34,425,841	37,380,504	39,345,956
Public works	33,667,982	28,788,834	34,750,058	33,581,498	33,298,824	31,591,728	35,410,424	36,394,099	41,457,450	45,267,537
Public safety	16,412,693	15,835,464	14,695,997	13,610,127	13,230,877	13,370,162	13,908,343	14,788,859	17,073,751	19,020,938
Health and social services	19,107,610	18,790,115	18,978,609	17,330,871	16,253,984	13,839,115	13,659,766	11,326,276	12,207,050	15,108,588
Wildlife management	3,527,347	3,435,738	3,643,117	3,115,754	3,276,584	3,703,440	3,588,362	3,874,554	3,845,456	3,623,478
Primary and secondary education	23,836,467	26,925,370	26,595,403	25,574,257	24,491,968	22,958,123	23,555,878	22,991,968	24,051,680	23,914,436
Higher education	10,375,800	9,875,800	9,108,270	9,046,900	7,116,608	7,116,608	6,816,608	6,516,608	6,516,608	6,844,801
Debt service:										
Principal retirement	116,405,712	129,920,835	100,993,782	88,114,233	85,003,882	88,389,230	60,852,889	63,682,384	68,843,158	65,843,946
Interest	36,091,060	17,049,005	40,572,717	44,993,854	43,859,380	54,984,326	54,359,431	48,842,425	43,695,809	42,069,250
Capital projects	132,020,320	140,038,880	82,851,987	74,109,982	56,682,936	43,161,635	55,661,408	54,033,520	58,319,789	56,565,864
Total expenditures	445,945,968	435,615,617	379,082,905	350,414,610	324,504,558	322,219,885	304,179,918	296,876,534	313,391,255	317,604,794
Excess (deficiency) of revenues over (under) expenditures	(179,020,595)	(188,845,115)	(110,262,876)	(94,817,113)	(77,112,641)	(12,457,400)	(25,922,235)	(9,096,615)	43,512,217	(100,327,029)
Other financing sources (uses):										
Transfers in from other governmental funds	39,950,262	45,796,276	32,931,338	30,924,634	30,432,897	29,094,355	32,961,984	33,712,841	42,751,739	53,620,348
Transfers in from component units	5,616,713	7,964,304	—	—	—	—	—	—	—	—
Transfers out to other governmental funds	(19,112,325)	(22,616,000)	(8,242,000)	(30,924,634)	(30,432,897)	(29,094,355)	(32,961,984)	(33,712,841)	(42,751,739)	(53,620,348)
Transfer out to enterprise funds	—	—	—	—	—	(411,925)	(1,105,769)	(2,382,315)	(5,580,309)	(7,034,882)
Proceeds from loans	—	—	—	5,000,000	—	—	—	—	—	—
Issuance of debt, net	72,530,512	56,125,000	135,397,215	60,926,439	24,471,000	73,725,000	75,811,000	30,609,566	41,063,000	55,171,773
Payment to refunded bond escrow agent	—	(29,929,829)	(45,943,215)	(3,939,439)	—	—	—	(3,078,410)	—	—
Premium on issuance of debt	—	—	—	—	—	—	—	—	—	—
Proceeds from insurance	—	—	—	—	499,999	(24,170,470)	2,732,877	2,465,400	—	—
Proceeds from settlement	—	—	—	—	—	—	15,935,763	62,301	3,083	5,224
Proceeds from sale of assets	435,157	276,746	164,037	255,621	242,667	105,650	6,696,175	6,669	30,060	1,195
Total other financing sources (uses)	99,420,319	57,616,497	114,307,375	62,242,621	25,213,666	49,248,255	100,070,046	27,683,211	35,515,834	48,143,310
Net change in fund balances	\$ (79,600,276)	(131,228,618)	4,044,499	(32,574,492)	(51,898,975)	36,790,855	74,147,811	18,586,596	79,028,051	(52,183,719)
Debt service as a percentage of noncapital expenditures	48.58%	49.72%	47.79%	48.17%	48.12%	51.38%	46.36%	46.34%	44.12%	41.34%

Source: North Slope Borough records

Note: Noncapital expenditures are total expenditures less capital outlay.

Public works account classification was added beginning with year end June 30, 2005.

Prior to June 30, 2005, Public works was reported as Municipal services and Housing.

Prior to June 30, 2003 Expenditures for Primary and secondary education and Higher education were reflected as Operating Transfers Out

REVENUE CAPACITY

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NORTH SLOPE BOROUGH

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal year ended June 30</u>	<u>Land</u>	<u>Improvements</u>	<u>Appraised value of land and improvements</u>	<u>Less exemptions</u>	<u>Total taxable assessed value of land and improvements</u>	<u>Plus personal property</u>	<u>Plus oil and gas property</u>	<u>Total assessed property value</u>	<u>Total direct tax rate</u>
1999	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	\$ 10,882,750,748	1.850
2000	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	10,851,753,205	1.859
2001	\$ 146,812,238	\$ 743,294,950	\$ 890,107,188	\$ 744,543,437	\$ 145,563,751	\$ 118,359,500	\$ 10,218,090,950	10,482,014,201	1.889
2002	136,498,168	690,055,510	826,553,678	670,117,227	156,436,451	122,542,080	10,523,897,740	10,802,876,271	1.850
2003	136,581,068	693,195,210	829,776,278	683,664,027	146,112,251	104,813,240	10,463,867,400	10,714,792,891	1.856
2004	136,487,168	690,198,210	826,685,378	685,127,327	141,558,051	105,024,580	10,341,992,820	10,588,575,451	1.865
2005	137,051,168	671,373,210	808,424,378	680,172,427	128,251,951	64,774,030	10,132,394,975	10,325,420,956	1.903
2006	137,051,168	660,833,310	797,884,478	673,182,227	124,702,251	72,700,840	10,452,842,364	10,650,245,455	1.905
2007	136,452,968	651,318,610	787,771,578	667,354,527	120,417,051	84,900,820	11,415,662,280	11,620,980,151	1.850
2008	136,607,268	645,752,510	782,359,778	657,763,927	124,595,851	94,297,590	12,712,957,462	12,931,850,903	1.850

Source: Municipal Tax Assessor

Note: Property in the Borough is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

NORTH SLOPE BOROUGH

Property Tax Rates

Last Ten Fiscal Years
(rate per \$100 of assessed value)

(1) Fiscal year	North Slope Borough General Fund		
	Operating	Debt service	Total
1999	\$ 0.501	1.349	1.850
2000	0.547	1.312	1.859
2001	0.602	1.287	1.889
2002	0.647	1.203	1.850
2003	0.732	1.124	1.856
2004	0.766	1.099	1.865
2005	0.809	1.094	1.903
2006	0.865	1.040	1.905
2007	0.936	0.914	1.850
2008	0.986	0.864	1.850

(1) Represents fiscal year in which taxes were assessed (assessed January 1, due June 30).

Note: There are no overlapping governmental units.

NORTH SLOPE BOROUGH

Principal Taxpayers

Current Year and Nine Years Ago
(modified accrual basis of accounting)

	2008			1999		
	Assessed value	Tax levy	Percent of total tax levy	Assessed value	Tax levy	Percent of total tax levy
State assessed/received in fiscal year 2008:						
BP Companies	\$ 6,413,685,450	118,653,181	49.60%	3,056,850,649	56,551,737	26.72%
ConocoPhillips & Subsidiaries	3,315,645,230	61,339,437	25.64	—	—	—
Alyeska Pipeline Company	1,105,710,890	20,455,651	8.55	749,646,378	13,868,458	6.55
Nabors Alaska Drilling	78,794,210	1,457,693	0.61	45,726,270	845,936	0.40
VECO Equipment	62,636,490	1,158,775	0.48	—	—	—
Atlantic Richfield Company (ARCO)	—	—	—	6,511,651,838	120,465,559	56.91
Doyon Drilling	—	—	—	15,519,027	287,102	0.14
Total of state assessed	<u>10,976,472,270</u>	<u>203,064,737</u>	<u>84.88</u>	<u>10,379,394,162</u>	<u>192,018,792</u>	<u>90.72</u>
Locally assessed/received in fiscal year 2008:						
Ukpeagvik Inupiat Corporation	23,236,850	429,882	0.18	20,268,865	374,974	0.18
Alaska Interstate Construction, LLC	12,877,870	238,241	0.10	9,864,973	182,502	0.09
Alascom	12,065,500	223,212	0.09	—	—	—
Eskimo's Inc.	8,656,720	160,149	0.07	18,438,865	341,119	0.16
Arctic Slope Regional Corp.	8,227,630	152,211	0.06	36,337,514	672,244	0.32
Natchiq, Inc.	—	—	—	4,883,892	90,352	0.04
British Petroleum Exploration	—	—	—	—	—	—
Total of locally assessed	<u>65,064,570</u>	<u>1,203,695</u>	<u>0.50</u>	<u>89,794,109</u>	<u>1,661,191</u>	<u>0.79</u>
	<u>\$ 11,041,536,840</u>	<u>204,268,432</u>	<u>85.38%</u>	<u>10,469,188,271</u>	<u>193,679,983</u>	<u>91.51%</u>

ARCO was acquired by Conoco Phillips Alaska in 2002.

NORTH SLOPE BOROUGH
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal year	Taxes Levied for the fiscal year	Collected within the fiscal year of the Levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of Levy		Total tax collections	Percentage of Levy
1999	\$ 211,667,029	211,241,154	99.80%	\$ 168,637	211,409,791	99.88%
2000	201,330,889	201,082,923	99.88	80,091	201,163,014	99.92
2001	198,005,248	196,208,743	99.09	576,349	196,785,092	99.38
2002	199,853,211	197,609,335	98.88	1,399,331	199,008,666	99.58
2003	198,858,664	197,363,066	99.25	313,745	197,676,811	99.41
2004	197,343,798	196,560,222	99.60	1,109,464	197,669,686	100.17
2005	196,489,017	195,416,337	99.45	328,832	195,745,169	99.62
2006	202,887,176	201,798,788	99.46	1,363,257	203,162,045	100.14
2007	214,988,133	214,070,660	99.57	1,485,401	215,556,061	100.26
2008	239,239,242	237,751,972	99.38	780,748	238,532,720	99.70

Note: Penalties, interest, legal fees, and receipts arising from property tax audits of prior years' returns are not included in the tax amounts presented above.

NORTH SLOPE BOROUGH

Water Sold by Type of Customer

Last Ten Fiscal Years
(in gallons)

	Fiscal year ended June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Type of customer:										
Residential	552,991	1,902,222	2,703,201	7,294,045	12,990,117	14,803,257	16,362,186	16,789,978	16,035,559	17,086,919
Commercial	927,386	3,985,262	8,391,903	8,093,127	6,819,828	6,446,763	7,786,456	7,057,778	6,524,019	7,458,757
Total	<u>1,480,377</u>	<u>5,887,484</u>	<u>11,095,104</u>	<u>15,387,172</u>	<u>19,809,945</u>	<u>21,250,020</u>	<u>24,148,642</u>	<u>23,847,756</u>	<u>22,559,578</u>	<u>24,545,676</u>

Total direct rate per 1,000 gallons

Note that the gallons sold increase steadily as additional villages were added to the water utilidor.

Source: North Slope Borough, Power and Light

Calendar year data.

NORTH SLOPE BOROUGH

Water and Electric Rates

Last Ten Fiscal Years

	Water		Electricity-residential		Electricity-commercial	
	Delivered rate per gallon	Utilidor flat rate up to 3,000 gallons ¹	Rate per KW hours 1-600 ²	Rate per KW hours over 601 ³	Rate per KW hours 1-1,000 ⁴	Rate per KW hours over 1,001 ⁵
2008	\$ 0.08	69.00	0.15	0.35	0.20	0.35
2007	0.08	69.00	0.15	0.35	0.20	0.35
2006	0.08	69.00	0.15	0.35	0.20	0.35
2005	0.08	69.00	0.15	0.35	0.20	0.35
2004	0.08	69.00	0.15	0.35	0.20	0.35
2003	0.08	69.00	0.15	0.35	0.20	0.35
2002	0.08	69.00	0.15	0.35	0.20	0.35
2001	0.08	69.00	0.15	0.35	0.20	0.35
2000	0.08	69.00	Not Available	Not Available	Not Available	Not Available
1999	0.08	69.00	Not Available	Not Available	Not Available	Not Available

Notes: Rates are based on 5/8" meter, which is the standard household meter size. The authority charges an excess-use rate above normal demand.

¹ Utilidor flat rate for seniors is \$14.00 per month.

² There is a minimum charge of \$15.00 for residential useage less than 100 KW hours.

³ The differential for residential useage greater than 601 KW hours per month applies to all villages except Barrow.

⁴ There is a minimum charge of \$15.00 for commercial useage less than 75 KW hours.

⁵ The differential for commercial useage greater than 1,001 KW hours per month applies to all villages except Barrow.

DEBT CAPACITY

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NORTH SLOPE BOROUGH
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal year ended June 30	Governmental Activities			Total	Percentage of personal income ^a	Per capita ^a
	General obligation bonds	ADEC loans	Capital leases			
1999	\$ 717,301,979	—	13,285,624	730,587,603	205.0	\$ 56,147
2000	575,206,512	27,340,000	11,995,130	614,541,642	154.0	45,786
2001	573,404,932	23,915,222	13,345,900	610,666,054	140.0	48,916
2002	560,506,800	20,925,819	13,006,104	594,438,723	126.0	45,160
2003	502,960,452	17,936,416	12,038,086	532,934,954	109.0	39,947
2004	453,426,250	39,197,013	11,007,110	503,630,373	97.0	37,970
2005	473,807,162	33,771,530	10,134,781	517,713,473	94.0	39,517
2006	442,019,053	28,077,232	9,269,325	479,365,610	*	36,269
2007	417,604,504	22,503,623	8,350,490	448,458,617	*	31,559
2008	408,753,661	16,870,520	7,374,983	432,999,164	*	27,844

Notes: Details regarding the Borough's outstanding debt can be found in the notes to the financial statements.

^a See Exhibit E-1 for personal income and population data.

* Information not available.

NORTH SLOPE BOROUGH

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal year ended June 30	General obligation bonds	Percentage of actual taxable value ^a of property	Per capita ^b
1999	\$ 717,301,979	6.59%	\$ 55,126
2000	602,546,512	5.55	44,892
2001	597,320,154	5.70	47,847
2002	581,432,619	5.38	44,172
2003	520,896,868	4.86	39,045
2004	492,623,263	4.65	37,140
2005	507,578,692	4.92	38,744
2006	470,096,285	4.41	35,568
2007	440,108,127	3.79	30,972
2008	425,624,181	3.29	27,370

Note: Details regarding the Borough's outstanding debt can be found in the notes to the financial statements.

^a See Exhibit C-1 for property tax data.

^b Population data can be found in Exhibit E-1.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

NORTH SLOPE BOROUGH

Governmental Activities Debt

June 30, 2008

Jurisdiction	Debt outstanding	Percentage applicable to North Slope Borough	Amount applicable to North Slope Borough
Direct:			
North Slope Borough	\$ 425,624,181	100%	\$ 425,624,181

Note: There are no overlapping governmental units.

NORTH SLOPE BOROUGH
Legal Debt Margin Information
Last Ten Fiscal Years

There is no legal debt margin for municipalities in the State of Alaska.

NORTH SLOPE BOROUGH

Pledged Revenue Coverage

Last Ten Fiscal Years

There is no nongeneral obligation debt that is secured by a pledge of a specific revenue stream.

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DEMOGRAPHIC AND ECONOMIC INFORMATION

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NORTH SLOPE BOROUGH
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population		Total Personal Income (3)		Per capita income (3)		School enrollment (4)	Unemployment rate (5)	
	(1) North Slope Borough	(2) State of Alaska	North Slope Borough	State of Alaska	North Slope Borough	State of Alaska			
1999	13,012	619,500	\$ 356,619,884	17,451,315,000	\$ 27,407	28,170	2,101	6.4	%
2000	13,422	627,601	400,337,994	18,802,925,960	29,827	29,960	2,131	8.3	
2001	12,484	634,892	435,816,440	19,698,794,084	34,910	31,027	2,187	7.9	
2002	13,163	643,786	472,617,515	20,698,363,686	35,905	32,151	2,165	7.6	
2003	13,341	648,818	488,454,033	21,549,192,234	36,613	33,213	2,115	9.3	
2004	13,264	655,435	521,938,400	22,128,141,035	39,350	33,761	2,065	11.0	
2005	13,101	663,661	552,980,109	24,313,884,396	42,209	36,636	1,938	10.0	
2006	13,217	670,053	686,715,669	25,554,481,314	51,957	38,138	1,941	9.1	
2007	14,210	676,987	*	*	*	*	1,859	5.2	
2008	15,551	*	*	*	*	*	1,864	4.7	

* Information not available.

* A change in the way the labor force statistics are calculated for boroughs and census areas makes data prior to 2000 not comparable with data from 2000 forward.

Sources:

- (1) State of Alaska, Department of Community and Economic Development
- (2) U.S. Census Bureau
- (3) U.S. Department of Commerce, Bureau of Economic Analysis
- (4) Alaska Department of Education and Early Development, Office of Data Management
- (5) Alaska Department of Labor, Employment Security Division

NORTH SLOPE BOROUGH

25 Largest Employers

Firm Name	Average Employment
ASRC Energy Services	1,797
CH2MHILL (formerly VECO)	1,280
BP Exploration Alaska	1,192
North Slope Borough	790
Doyon/Universal Ogden, Joint Venture	653
Nabors Alaska Drilling	513
ConocoPhillips	505
NANA Management Services	501
North Slope Borough School	471
Schlumberger Technologies	420
Udelhoven Oilfield System Services	396
Doyon Drilling	335
Peak Oilfield	283
Halliburton Energy Services	226
Norcon	191
Ice Services	140
Arctic Slope Native Association	130
Iisagvik College	125
Ukpeagvik Inupiat Corporation	121
Little Red Services	119
Kakivik Asset Management	114
Alaska Commercial Company	106
Colville Environmental Services	79
Harpoon Construction Group	68
Alaska Clean Seas	66

Source: Alaska Department of Labor & Workforce Development Research & Analysis Section.
The most recent data available is 2007, information from nine years ago is not available.

OPERATING INFORMATION

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NORTH SLOPE BOROUGH

Full-time Equivalent Borough Employees by Function/Program

Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Primary government:										
General government	*	*	*	*	*	*	*	175	176	220
Public Works	*	*	*	*	*	*	*	247	275	228
Public Safety:										
Fire	*	*	*	*	*	*	*	27	27	48
Police	*	*	*	*	*	*	*	58	58	65
Search and Rescue	*	*	*	*	*	*	*	18	18	18
Health and social services	*	*	*	*	*	*	*	132	141	115
Wildlife management	*	*	*	*	*	*	*	16	16	20
Total	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>673</u>	<u>711</u>	<u>714</u>

* Information is either not available for this year or the records are not readily attainable.

Source: Borough departmental records.

NORTH SLOPE BOROUGH
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police:										
Arrests	*	*	*	*	*	334	300	325	313	499
Fire:										
Fire Responses	87	81	54	32	98	77	146	171	171	250
Emergency Responses	1,598	1,511	1,408	1,850	2,042	1,447	2,169	2,268	2,359	2,459
Aeromedical Responses	310	269	331	285	314	254	265	318	358	254
Search and Rescue:										
Medevac (# of flights)	*	*	*	*	*	*	*	284	325	245
Search and Rescue (# of flights)	*	*	*	*	*	*	*	34	40	52
Training (# of flights)	*	*	*	*	*	*	*	67	25	42
Other-incl training and maintenance (# of flights)	*	*	*	*	*	*	*	85	99	141
Landfill:										
Barrow Landfill-Tons per year	*	*	342	345	314	311	325	341	5,896	3,339
Public Works:										
Roads maintained-all villages	*	*	*	*	*	*	*	103	103	103
Water:										
Water/Sewer hookups	*	*	*	*	*	*	*	2,196	2,221	2,256
Health and Social Services :										
Arctic Women in Crisis (AWIC) Program:										
Safe Shelter placements	*	*	*	*	*	*	*	2,836 nights	2,043 nights	1,833 nights
Emergency client air transportation	*	*	*	*	*	*	*	28	25	17
Crisis calls	*	*	*	*	*	*	*	257	265	247
Integrated Behavioral Services:										
Adult/Adolescent outpatient substance abuse treatment	*	*	*	*	*	*	*	1,058	1,723	1,906
Psychiatric emergency services	*	*	*	*	*	*	*	1,809	1,738	2,565
Women, Infants & Children (WIC) Program:										
Contacts	*	*	*	*	*	*	*	5,362	4,980	5,551
Childrens Youth Services (CYS) Program:										
Placements	*	*	*	*	*	*	*	2,795 nights	2,105 nights	1,973 nights
Senior Citizens Programs:										
Number of congregate meals served	*	*	*	*	*	*	*	8,138	10,041	8,694
Number of Meals on Wheels delivered	*	*	*	*	*	*	*	10,508	26,660	15,509
Total number of rides in Senior Vans	*	*	*	*	*	*	*	31,842	44,228	36,183
Assisted living: number of bed nights	*	*	*	*	*	*	*	1,979	—	—
Veterinary Clinic :										
Rabies vaccinations	*	*	*	*	*	*	*	699	807	773
Spays/Neuters	*	*	*	*	*	*	*	176	137	57
Appointments	*	*	*	*	*	*	*	1,126	750	717
Stray impounds	*	*	*	*	*	*	*	314	266	258
Animal control calls	*	*	*	*	*	*	*	1,330	1,025	773
Rabies testing (Arctic Fox)	*	*	*	*	*	*	*	6	19	14
Euthanasias	*	*	*	*	*	*	*	69	107	81
Community Health Aides (CHAP) Program:										
Clinic visits	*	*	*	*	*	*	*	12,851	11,306	12,004
Medevacs	*	*	*	*	*	*	*	480	474	483
Public Health Nursing (PHN) Program:										
Immunizations (flu, pneumovax, Td, childhood)	*	*	*	*	*	*	*	4,348	4,677	4,115
TB screenings	*	*	*	*	*	*	*	1,896	1,627	2,811
STI screenings	*	*	*	*	*	*	*	338	303	523
Child health screenings including EPSDT	*	*	*	*	*	*	*	660	518	364
Community education/classes/trainings	*	*	*	*	*	*	*	52	41	28

* Information is either not available for this year or the records are not readily attainable.

Source: North Slope Borough Department records.

NORTH SLOPE BOROUGH
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police:										
Stations	*	*	*	*	*	*	*	8	8	8
Patrol Units	*	*	*	*	*	*	*	40	41	43
Fire:										
Stations	*	*	*	*	*	*	*	9	9	9
Fire Trucks	*	*	*	*	*	*	*	18	18	19
Search and Rescue:										
Helicopters	*	*	*	*	*	*	*	2	2	2
King Air plane	*	*	*	*	*	*	*	1	1	1
Lear Jet	*	*	*	*	*	*	*	1	1	1
Public Works:										
Streets-miles	*	*	*	*	*	*	*	103	103	103
Water line-linear feet	*	*	*	*	*	*	*	122,984	122,984	122,984
Water tank storage-gallons	*	*	*	*	*	*	*	35,753,161	36,723,330	36,788,066
Power:										
Grids	*	*	*	*	*	*	*	7	7	7
Generators	*	*	*	*	*	*	*	37	37	37
Power Lines (miles)	*	*	*	*	*	*	*	35	35	35
Health and Social Services:										
Clinics & Shelters	*	*	*	*	*	*	*	17	17	17
Primary and Secondary Education:										
Schools	*	*	*	*	*	*	*	12	12	12

Source: Borough departmental records

* Information is either not available for this year or the records are not readily attainable.

¹ Including four-wheelers and snow machines.