FAIRBANKS NORTH STAR BOROUGH

809 Pioneer Road P.O. Box 71267 Fairbanks, Alaska 99707-1267 www.co.fairbanks.ak.us

Comprehensive Annual Financial Report
For the Year Ended June 30, 2006

Commemorating the 50th anniversary of the signing of the Alaska Constitution 1956—2006

Signer's Hall, University of Alaska, Fairbanks

FAIRBANKS NORTH STAR BOROUGH

Fairbanks, Alaska

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

Jim Whitaker, Borough Mayor

Prepared by
Financial Services Department:

Michael E. Lamb, Chief Financial Officer
Debra L. R. Brady, Controller

FAIRBANKS NORTH STAR BOROUGH

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

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THE FAIRBANKS NORTH STAR BOROUGH HONORS
THE DELEGATES TO THE ALASKA CONSTITUTIONAL CONVENTION
(Listed alphabetically)

R. Roland Armstrong, Juneau
Dorothy Awes, Anchorage
Frank Barr, Fairbanks
John Boswell, Fairbanks
Seaborn Buckalew, Anchorage
Jack Coghill, Nenana
E. B. Collins, Fairbanks
George Cooper, Fairbanks
John Cross, Kotzebue
Edward Davis, Anchorage
James Doogan, Fairbanks
William Egan, Valdez
Truman Emberg, Dillingham
Helen Fischer, Anchorage
Victor Fischer, Anchorage
Douglas Gray, Juneau
Thomas Harris, Valdez
John Hellenthal, Anchorage
Mildred Hermann, Juneau
Herb Hilscher, Anchorage
Jack Hinckel, Kodiak
Jim Hurley, Palmer
Maurice Johnson, Fairbanks
Yule Kilcher, Homer
Leonard King, Haines
William Knight, Sitka
W. W. Laws, Nome
Eldor Lee, Petersburg
Maynard Londborg, Unalakleet
Marvin “Muktuk” Marston, Anchorage
Steve McCutcheon, Anchorage
George McLaughlin, Anchorage
Robert McNealy, Fairbanks
John McNees, Nome
Irwin Metcalf, Seward
Leslie Nerland, Fairbanks
James Noland, Wrangell
Katherine Nordale, Juneau
Frank Peratrovich, Klawock
Chris Poulsen, Anchorage
Peter Reader, Nome
Burke Riley, Haines
Ralph Rivers, Fairbanks
Victor Rivers, Anchorage
R. E. Robertson, Juneau
John Rossway, Cordova
W. O. Smith, Ketchikan
B. D. Stewart, Sitka
George Sundborg, Juneau
Dora Sweeney, Juneau
Warren Taylor, Fairbanks
H. R. Vanderleest, Juneau
M. J. Walsh, Nome
Barrie White, Anchorage
Ada Wien, Fairbanks

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INTRODUCTORY SECTION

General Information about the Borough
Vicinity Map
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GENERAL INFORMATION ABOUT THE BOROUGH

The Fairbanks North Star Borough is a second-class Borough incorporated on January 1, 1964 under the provisions of the State of Alaska Borough Act (1963), as amended. The Borough covers 7,361 square miles within the Tanana River Valley of the interior region of Alaska. The Borough population is 87,650 and has an assessed valuation of $6.42 billion, of which $377.8 million is related to the trans-Alaska oil pipeline. There are two first-class cities located within the Borough's boundaries; North Pole with 1,595 residents and Fairbanks with a population of 31,182. North Pole was incorporated in 1953. Fairbanks was incorporated by E.T. Barnette in 1903 following the nearby discovery of gold by Felix Pedro. There are also two large military installations within the Borough, Fort Wainwright Army Post and Eielson Air Force Base.

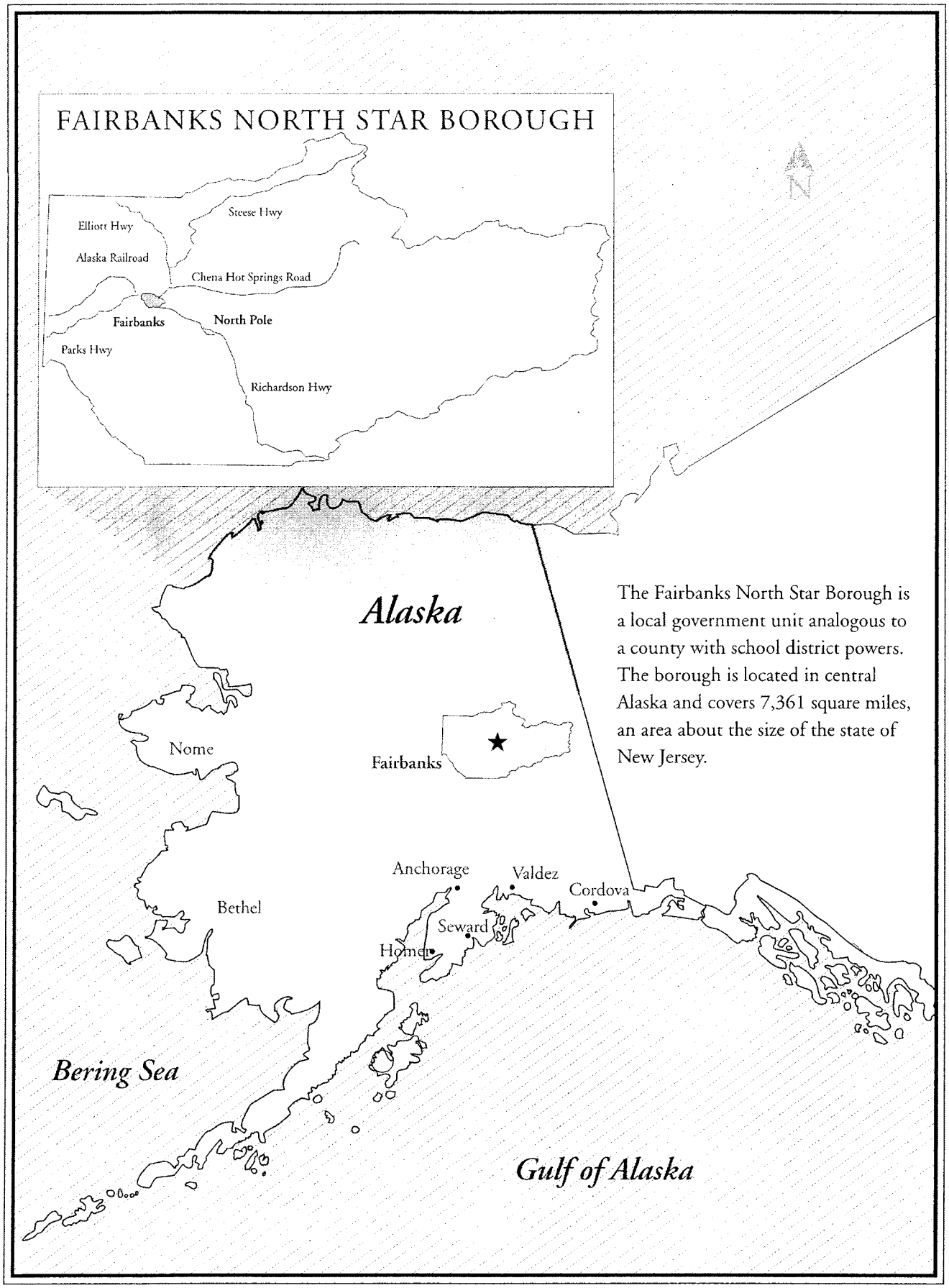
Fairbanks' climate is extreme. Annual precipitation averages just over ten inches. However, the winter snow averages almost six feet per year. It generally melts around the end of April. By July, the average high temperature is 73° Fahrenheit, with over 20 hours of daylight for most of the month. The nights are really only twilight. Temperatures often reach into the 80s and can occasionally reach 90° during the short summer. By the first part of October, there is snow on the ground again. At winter solstice, the sun is up for less than four hours. It is not uncommon for the temperature to get down to -40° Fahrenheit a few times each winter and even down to -60° Fahrenheit some winters. However, the average low and high temperatures in January are -19° and -3° Fahrenheit.

From Fairbanks International Airport, it is 50 minutes by air to Anchorage, four hours to Seattle, eight hours to Tokyo, eight and a half hours to New York, and nine and a half hours to London. All major highways in interior Alaska converge on Fairbanks. The Parks Highway connects the interior with Denali National Park and Anchorage. The Steese, Elliott, and Dalton Highways extend north and east to the Yukon River at Circle, north and west to the Tanana River at Manley Hot Springs, and north to the Arctic Ocean and the North Slope oil fields. The Richardson and Alaska Highways link Fairbanks to Valdez to the south and southeast past the Canadian border to Dawson Creek, British Columbia. Fairbanks is the northern terminus of the Alaska Railroad, which carries freight and passengers to and from Denali National Park, Wasilla, Anchorage, Whittier, and Seward.

The University of Alaska Fairbanks (UAF) is the flagship campus of the State university system. UAF employs 2,238 regular full- and part-time faculty and staff. Fall 2006 enrollment reached 8,341 students (3,976 full-time and 4,365 part-time), and currently has 1,067 students enrolled in graduate studies. In fiscal year 2006, 1,034 students graduated from an academic program. UAF expended $114.1 million in research in fiscal year 2006. The university has an exceptional museum which received 96,016 visitors in fiscal year 2006. UAF's excellent research facilities include the Geophysical Institute's Poker Flat Rocket Range, the only university-owned and operated sounding rocket launch facility in the world.

The Borough has over 80 parks. A major attraction among these is the 44-acre Pioneer Park -- a look at yesteryear -- with historic buildings, a stern-wheeler riverboat, and small shops. The largest of the Borough parks is the 2,178-acre Chena Lakes Recreation Area with 80 campsites, swimming, and boating. The Borough's parks and recreational facilities include over 60 miles of summer and winter trails, playgrounds, picnic areas and pavilions, indoor and outdoor ice rinks, a community activity and convention center, numerous athletic fields, and three indoor swimming pools.

There are 12 hotels and motels in the Borough. In addition, there are 45 bed and breakfasts, 7 lodges, and several recreational vehicle parks and campgrounds accommodating the area.



The Fairbanks North Star Borough is a local government unit analogous to a county with school district powers. The borough is located in central Alaska and covers 7,361 square miles, an area about the size of the state of New Jersey.

Fairbanks North Star Borough

809 Pioneer Road P.O. Box 71267 Fairbanks, Alaska 99707-1267 907/459-1000
www.co.fairbanks.ak.us

December 21, 2006

To the Honorable Mayor,
Members of the Assembly, and Citizens
Fairbanks North Star Borough
Fairbanks, Alaska

We present to you the Comprehensive Annual Financial Report (CAFR) of the Fairbanks North Star Borough (Borough) for the fiscal year ended June 30, 2006. The CAFR includes financial statements and other information that were prepared and audited in accordance with the Borough's Code of Ordinances, FNSBC 3.01.200, and with Alaska Statutes, A.S. 29.35.120.

INTRODUCTION TO THE REPORT

Responsibility

The Borough is responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, changes in financial position, and disclosures of the various activity groupings and funds of the Borough in accordance with generally accepted accounting principles (GAAP).

Internal Control

In accepting responsibility for the financial statements, management of the Borough relies on its establishment and maintenance of a comprehensive framework of internal control. Internal control is designed to provide reasonable, but not absolute, assurance regarding the achievement of:

- reliability of financial records for preparing financial statements that are fairly presented in conformity with GAAP,
- effectiveness and efficiency of operations, and
- compliance with applicable laws and regulations.

The concept of reasonable assurance recognizes that:

- the cost of a control should not exceed the benefits likely to be derived; and
- evaluation of costs and benefits requires both quantitative and qualitative estimates and judgments by management of the Borough.

Furthermore, internal control, no matter how well designed and operated, has inherent limitations. Breakdowns in internal control can result from faulty human judgment in decision-making, collusion of two or more people, management override, or simple human error or mistake.

Independent Financial Audit

Cook & Haugeberg LLC, a licensed certified public accounting firm, audited the Borough's fiscal year 2005-06 financial statements. Cook & Haugeberg LLC rendered "clean" opinions, called unqualified opinions, on those financial statements. Their opinions assert that the financial statements of the Borough are fairly presented in conformity with GAAP. Cook & Haugeberg's report is the first item in the FINANCIAL SECTION of this CAFR.

Single Audits of State and Federal Awards

Annually, in addition to the financial audit described above, the Borough is required to undergo both a federal single audit and a state single audit. Single audits are designed to provide grantors with assurances regarding grants to the Borough, with the independent auditor conducting the single audit work concurrent with their work on the Borough's financial statements. The federal single audit was performed in conformity with the provisions of the federal Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996, and of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The state single audit was performed under the State of Alaska's single audit regulations, 02 AAC 45.010.

The results of the Borough's single audits for the fiscal year ended June 30, 2006 provided no instances of material weaknesses in internal control or any violations of applicable laws and regulations. Information related to these single audits, including the auditor's reports on internal control and compliance with applicable laws and regulations, and the schedules of expenditures of federal awards and of state awards, are included in a report, under separate cover, entitled "Fairbanks North Star Borough Reports on Single Audit Requirements for the Year Ended June 30, 2006."

Management's Discussion and Analysis

The narrative introduction, overview, and analysis accompanying the basic financial statements, entitled Management's Discussion and Analysis (MD&A), provides an objective and easy-to-read analysis of noteworthy Borough financial activities based on currently known facts, decisions, and conditions. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. MD&A is located after the independent auditor's report in the FINANCIAL SECTION of this CAFR.

PROFILE OF THE FAIRBANKS NORTH STAR BOROUGH

The Fairbanks North Star Borough was incorporated on January 1, 1964, as a second-class borough. Geographically, it covers an area about the size of the state of New Jersey. A borough is most similar to the county form of government used in much of the rest of the United States. Two first-class cities are situated within the Borough's boundaries, Fairbanks and North Pole. The first page under the INTRODUCTORY SECTION tab provides some general and miscellaneous information about the Borough. The second page under the tab shows a vicinity map.

Form of Government

The Borough operates under a Mayor-Assembly form of government and is classified as a strong mayor system. The elected full-time Mayor serves as the Borough's chief executive officer for a three-year term. The Mayor can introduce legislation, has veto power, and manages the everyday operations of the Borough. Legislative powers are vested in the Assembly. The Assembly's nine members are elected at-large, on a nonpartisan basis, for overlapping three-year terms.

Powers of the Borough and Services Provided by the Borough

Initially, the Borough exercised three mandatory powers: assessment and tax collection; primary and secondary education; and platting, planning and zoning. Additional powers have been assumed by the voters or added by Alaska Statutes. The Borough currently provides the following services across the entire Borough (i.e., areawide): property assessment and collection of taxes; public schools; platting, planning and zoning; animal control; flood control; library; air pollution control; disaster and civil defense; emergency communication services (enhanced 911); solid waste disposal (landfill); parks and recreation; public transportation system; child care assistance pursuant to a grant from the State of Alaska; limited health and social services; and tourism marketing funded by hotel-motel room taxes.

Non-areawide powers are exercised in the geographic area of the Borough outside the cities of Fairbanks and North Pole. Those powers are emergency medical services, fireworks control, and economic development. The collection of solid waste is exercised in the geographic area of the Borough outside the City of Fairbanks. In addition, the Borough is also responsible for more than one hundred active service areas. Service areas are smaller units within the Borough's boundaries that provide certain specific services, such as roads, fire protection, sewer and water, or streetlights. The Mayor appoints volunteer Commissioners, who are confirmed by the Borough Assembly, to oversee the affairs of each service area. This CAFR includes the financial data for these service areas.

Taxes levied on an areawide basis may only be expended on areawide functions. Likewise, taxes levied on a non-areawide basis or within a service area may only be expended on a non-areawide basis or within that service area, respectively. However, in accordance with a statutory exception, the Borough expends some areawide taxes on economic development (a non-areawide power) in conformity with an agreement between the Borough and the Cities of Fairbanks and North Pole.

The Borough and the School District

Component units are legally separate entities for which the primary government (the Borough) is financially accountable. The Fairbanks North Star Borough School District is the Borough's only component unit and as such, summary information for the School District is included in separate columns of the Borough's basic financial statements. The School District provides areawide primary and secondary education to the children of the Borough. The School District has no taxing authority and cannot borrow funds. The Borough owns and has responsibility for all school facilities.

The School District has about 30 schools serving approximately 14,500 students. For more information about the Borough and School District's relationship, see Note 1. A. to the financial statements. The School District publishes separate, complete audited financial statements which can be obtained from the School District Department of Administrative Services, 520 Fifth Avenue, Fairbanks, Alaska 99701; phone number 907-452-2000.

Budgetary Control and Accounting

In early April, the Borough Mayor is required to submit an annual budget to the Borough Assembly for the upcoming fiscal year beginning July 1. After at least one public hearing, the Assembly must adopt a budget by May 31. As with most governments, the Borough budget is law and provides the Assembly with expenditure control over the Borough Administration. For management purposes, the Accounting division of the Financial Services department maintains object-level control over all appropriated budgets of the Borough. However, the legal level of budgetary control for operating funds is, generally, the department within a fund. The budgetary process is explained in Note 1. D. to the financial statements. This note includes a budget calendar and describes in more detail the legal level at which the Administration cannot overspend budgets without supplemental authorization from the Assembly.

ECONOMIC CONDITION INFORMATION

The basic financial statements focus on the Borough's financial position. In MD&A, the Borough's financial position and the changes in that position are discussed and analyzed. The focus of financial position is on the Borough's existing resources and the claims on those resources. Economic condition is a broader concept than financial position. Economic condition encompasses both the Borough's current financial position and the future possibilities for an improving, deteriorating, or stable financial position. Additional information to further help you, the reader, in your assessment of the Borough's economic condition is provided in this section of the transmittal letter.

Economy

Located near the center of the state, and as Alaska's second largest urban area, the Borough serves as the economic hub for interior and northern Alaska, including the oil-rich North Slope. The Borough continues to maintain steady growth.

Employment and Industries

Job growth in the Interior of Alaska has slowed. However, the Borough still added 275 jobs during the twelve months ended September 2006. Job growth over the last five years has averaged just under two percent per year, with all sectors maintaining fairly constant percentages relative to total employment. Expectations are for continued steady, small growth.

Fairbanks employment is dominated by the services-providing domain. Eighty-eight percent of the Borough workforce is employed in the services. Twelve percent is employed in the goods-producing domain.

Government remains the largest employment sector at 31 percent of total Borough employment (9 percent federal, 14 percent state, 8 percent local). The federal government (excluding uniformed military personnel) is the largest employer in the Borough. The University of Alaska, based in Fairbanks, is the second largest employer in the Borough. The other large government employers are the School District (third), the State of Alaska (non-University, fourth), and the Borough (ninth).

The first site work for the multi-phase Terminal Area Development Project (TADP) at the State's Fairbanks International Airport (FIA) began in May 2006. The project entails the expansion, renovation, and demolition of various parts of the terminal building, along with major reconfigurations of both the airside and landside facilities. The entire project is expected to be complete in the summer of 2009. In addition, the FIA received a $21.7 million federal grant to construct a new cargo apron for the one being displaced by the TADP.

Trade, transportation, and utilities is the next largest employment sector in the Borough, accounting for 20 percent of total employment. Fred Meyer is the sixth largest employer in the Borough. Wal-Mart and Sam's Club together are the eighth largest employer in the Borough. Wal-Mart and Fred Meyer are currently the eighth and tenth largest Borough property taxpayers, respectively.

In the transportation subsector, Alyeska Pipeline Service Company (Alyeska) is the consortium of oil companies operating the trans-Alaska pipeline system (TAPS) that transports oil from the North Slope to the Gulf of Alaska. Federal and State rights-of-way for TAPS are valid through 2034. Alyeska is the Borough's largest property taxpayer.

Eleven percent of total Borough employment is in the educational and health services sector. The Borough's largest private employer, with over 1,200 employees, is Fairbanks Memorial Hospital/ Denali Center, operated by Banner Health. The hospital facilities are owned by the non-profit Greater Fairbanks Community Hospital Foundation, Inc. and are exempt from property taxes in accordance with Alaska Statutes and Borough Code. A $20 million construction and renovation project for the Hospital's emergency department began this summer.

Approximately eleven percent of the Borough workforce is employed in the leisure and hospitality sector. The Westmark Fairbanks Hotel and the Fairbanks Princess Riverside Lodge are the sixth and seventh largest Borough property taxpayers, respectively. A new $26 million interagency visitors center is expected to break ground next year, downtown on the Chena River. Completion of the Morris Thompson Cultural and Visitors Center is anticipated in 2008.

The natural resources and mining, construction, and manufacturing sectors comprise the goods-producing domain, and represent 2.5 percent, 7.5 percent, and 1.7 percent of total employment, respectively. Natural resources are an important part of the Borough's economy. There are two oil refineries in the Borough. Flint Hills Resources owns the larger of the two and is the Borough's third largest property taxpayer.

Fairbanks Gold Mining, operating at Fort Knox, is one of the Borough's largest private employers (tenth overall) and its second largest property taxpayer. Production at Fort Knox is currently expected to

continue through 2010 to 2012. The Pogo gold mine, just seven miles outside the Borough's southern boundary, has a 10-year projected operating life. The mine was substantially completed in late 2005 and poured its first gold bar in February 2006. The small Fairbanks headquarters moved to the mine site at that time. Teck Cominco Limited is the project operator and a 40 percent owner, employing approximately 230 people.

In addition to the construction projects previously mentioned, the Borough has several projects underway (see MD&A) and a new $25 million State fish hatchery is to be built on Borough land. Per its agreement with the State, the Borough demolished the long-abandoned City sewage treatment plant on the site in June 2006. The Borough will lease the land to the State for $1. Construction should begin in 2007, with operations beginning in 2009. A multitude of other construction projects are underway on the two military bases, on roads within the Borough, and in the Johansen Expressway area.

Military Installations

There are two large military installations within the Borough, Fort Wainwright Army Post and Eielson Air Force Base. Fort Wainwright is expected to bring in about 1,000 additional troops, and their dependents, by 2010, along with new housing, training, and other support facilities. In addition, 3,500 troops have returned from Iraq in the last several weeks, after an extended sixteen-month deployment.

City of Fairbanks

Voters in the City of Fairbanks approved two ballot propositions in October 2006 causing an estimated $10 million shortfall in the City's 2007 budget. The City's 2006 budget is $26 million. Voters capped the property tax rate at 1.5 mills (Proposition 3) and require any sales tax to be approved by the voters at a regular general election. The City has approved an unbalanced, maintenance-level 2007 budget while it continues to work on a variety of tax revenue options. The City Council is also considering holding a special election to repeal Proposition 3.

Natural Gas Pipeline

For several years, Alaskans have been pushing for commercialization of the state's vast natural gas reserves, believed to be well over 100 trillion cubic feet, of which 35 trillion cubic feet are known reserves. There are several different proposals in various stages of development and different routes are being advocated. Every proposed route goes through the Borough. All of the proposals are enormous, multi-year undertakings, with international, federal, and state regulatory and environmental hurdles to overcome. Key federal incentives were obtained in October 2004 when Congress passed legislation providing for up to $18 billion in loan guarantees, accelerated depreciation, tax credits, and expedited permitting and judicial review.

Unemployment Rate

The average monthly unemployment rate for the twelve months ended September 30, 2006 was 5.9 percent, unchanged from the same period last year. 2005 and 2006 saw the lowest monthly unemployment rates since 2001. Unemployment in the Borough remains consistently a bit better than the state rate and higher than the national rate.

Real Property Values

Total property value exemptions increased by $160 million from tax year 2005 to tax year 2006. In October 2005, voters approved a doubling of the residential property value exemption from $10,000 to $20,000. Despite this increase in exemptions, net taxable assessed values have increased 6.6 percent annually, on average, since 1997.

During the same time period, the value of TAPS has both increased and decreased, ranging from a high of 8.5 percent of total assessed value (in 1997) to a low of 4.8 percent (in 2005). For the 2006 tax year, TAPS is 5.9 percent of total assessed value. TAPS is valued by the State of Alaska for all governments which encompass its route. See Note 18 to the financial statements for information about the disputed 2006 valuation.

Borough Community Research Center

The Borough's Community Research Center compiles socio-economic data from a variety of sources, and on a quarterly basis publishes a review of those compilations. Electronic copies of the current and past publications are available at http://www.co.fairbanks.ak.us/CommunityPlanning/CRC.

Local Tax Limit

The Borough has an ordinance, which has been in effect since 1987 and reconfirmed by voters in the intervening years, that limits the amount of tax revenue that may be levied by the Borough government. Under this tax cap, the total amount of tax levied during fiscal year 2005-06 could not exceed the total amount levied for fiscal year 2004-05 adjusted for inflation, with certain defined exclusions. For computation purposes, the fiscal year 2004-05 tax levy was adjusted for new construction and voter-approved services. Furthermore, the limitation applies to all taxing authorities, but does not apply to any levy used for payments on bonds. By State statute, reconfirmation by the voters bars the Assembly from overriding or otherwise changing the cap for a two-year time period.

In October 2003, voters approved a five percent tax on the retail sale of alcohol which took effect on July 1, 2004. Additionally, an eight percent tobacco distribution excise tax was approved by the Assembly in April 2004, effective July 1, 2004. Both of these new taxes are subject to the tax limitation, thus reducing the tax burden of property owners and providing a broader tax base.

In October 2003, voters modified the cap to exclude two additional items:

- certain hotel-motel taxes transferred to the hotel-motel room tax fund, and
- the amount withdrawn from the general fund's fund balance, in the preceding year, if designated by the Assembly as a reduction to the property tax levy.

These modifications were effective in October 2004. The first transfer to the hotel-motel room tax fund was made in fiscal year 2004-05, affecting the fiscal year 2005-06 tax cap computation. Transfers have been made annually since then. The first tax reduction designation occurred in fiscal year 2004-05, was used to reduce taxes in 2005-06, and increases the fiscal year 2006-07 tax cap. Fund balance was again used and designated to reduce property taxes in fiscal year 2006-07.

State and Federal Funding to the Borough and School District

The State of Alaska has a debt service and cash payments reimbursement program for school construction. The vast majority of the Borough's debt service on general obligation school bonds is partially reimbursed by the State of Alaska at 70 to 90 percent. The Borough received $12.1 million in fiscal year 2006. The State has historically funded this program at 100 percent of the entitlement amount.

All other major programs of shared revenue from the State were eliminated beginning in fiscal year 2003-04. However, the Borough received a one-time "fiscal relief" payment of $988,000 from the State in that year. The Alaska Municipal League's local government membership approved resolutions in November 2006 urging the State to share its revenue excesses, particularly given the State's elimination of the state shared revenue, safe communities, and municipal capital matching grants programs. High oil prices resulted in a $1.4 billion State surplus for fiscal year 2006 and so far, a $2.9 billion surplus is already expected for fiscal year 2007. (Oil tax and royalty revenues comprise well over 80 percent of the State's budget.)

The Borough receives various recurring amounts from the State and federal governments. The largest of these revenues in fiscal year 2006 were for federal and State payments in lieu of taxes ($945,500), child care assistance program administration ($577,600), operations of the Borough's mass transit system ($550,000), the State's Health & Human Services Community Matching Grants ($241,600), transportation planning ($216,100), and various library programs ($195,500).

The Borough also receives numerous State and federal non-recurring grants. In fiscal year 2006, some of the larger receipts included $2.2 million for a new transit hub building, paratransit vans, and other related mass transit assets; $1.4 million for a variety of capital grants from the State; $1.0 million for Homeland Security; $920,000 for several air quality initiatives; $675,000 to replace the region's enhanced 911 system; and $650,000 for acquisitions of flood-prone land in the Borough.

The School District's major State revenues are the public school foundation funding program, at about $80 million for fiscal year 2006, and pupil transportation at almost $9 million. Federal impact aid is received for educating student-dependents of the uniformed military and totaled over $12 million in fiscal year 2006.

Long-Term Financial Planning

Reserves

The Borough has established a number of reserves for a variety of purposes. The increases, decreases, and balances for most of these reserves are reported in MD&A. Further details follow here.

Information on the Borough's $5.6 million voluntary landfill closure and postclosure care reserve can be found in Note 12 to the financial statements.

The Borough established a facilities maintenance reserve (FMR) in March 1999, specifically to accumulate funds for major maintenance, repairs, and upgrades to its 90-plus major facilities. This reserve provides steady funding to preserve these facilities, valued in excess of $650 million. The

Assembly has set aside over $16 million in the FMR through June 30, 2006, of which $12.4 million has been allocated to fund 103 projects, leaving $3.7 million still available for future projects. In calendar year 2006, the Borough completed an FMR-funded $3 million project to replace the 25-year-old refrigeration system at the Big Dipper Ice Arena. In October 2005, effective following publication of the fiscal year 2005 audited financial statements, the Assembly adopted an ordinance requiring a transfer of two-thirds of each year's net general fund lapse (with certain limitations) to the FMR. The first transfer under this provision was made in fiscal year 2006 in the amount of $680,978.
Information on the Borough's $2.1 million health care contingency reserve can be found in Note 16 to the financial statements.

In July 2004, the Borough created an asset replacement reserve (ARF) to 1) enable the prompt replacement of any needed equipment not anticipated and appropriated as part of the annual budget, and 2) purchase host-based software that meets the Borough's capitalization criteria and for related hardware. Assembly intent is to annually appropriate five percent of lapsing general fund appropriations to the ARF. Almost $650,000 has been deposited to the ARF and about $41,000 has been set aside for purchases, for a balance remaining of over $600,000.

Since the 1990 opening of the Carlson Center, the contract with the firm that manages the Center has required that five percent of gross revenues be deposited monthly into the Carlson Community Activity Center reserve account (CAC Reserve). The replacement of building systems, major equipment, and renovations or improvements to the Center can be funded from the CAC Reserve. In fiscal year 2006, $150,000 from the CAC Reserve was used to supplement State grants and general fund contributions to fund a $1.4 million project to purchase and install a video scoreboard at the Carlson Center. The scoreboard was operational this fall. The CAC Reserve had a balance of approximately $120,000 at June 30, 2006.

Pension Benefits

Pension and postemployment healthcare benefits for Borough and School District employees are provided through either the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS), both defined benefit, multiple employer plans. New, defined contribution tiers in the PERS and TRS were created by the State Legislature for all employees hired on or after July 1, 2006, effectively closing the defined benefit portions of the PERS and TRS. See Note 17 to the financial statements for information about the Borough's and School District's retirement plans, the schedule of PERS funding progress (displayed as required supplementary information, immediately following the notes to the financial statements), and the discussion of the Borough's increased contribution rates and its increasing net pension obligation in MD&A.

Across the systems, the funding ratios decreased dramatically in actuarial valuation year 2002, primarily due to a new asset valuation method (fully recognizing previous investment losses in years 2001 and 2002), changes to more realistic healthcare cost trend assumptions, and a change in the funding method from an open period to a fixed period. The result was increased contribution rates, which first took effect in fiscal year 2005, for all PERS and TRS employers over the entire state. The Borough's fiscal year 2007 actuarially determined rate is 22.24 percent, but that rate is capped to a mandatory contribution rate of 20.93 percent in accordance with State regulation. In 2006, those rates were 21.55 percent and 15.93 percent, respectively; and in 2005, the rates were 22.44 percent and 10.93 percent, respectively.

From its 2006 surplus of $1.4 billion, the State appropriated over $18 million for local government pension costs and made deposits directly into the local governments' pension accounts for fiscal year 2007. The Borough's share was $929,000. The State made a similar deposit on the Borough's behalf in the amount of $868,000 for fiscal year 2006.

The Borough's actuarially determined rate for fiscal year 2008 is 25.56 percent. However, the Alaska Retirement Management Board has set the mandatory contribution rate for 2008 at 29.98 percent, an increase adopted to adjust for the effects of the closure of the defined contribution portion of PERS as of June 30, 2006. (The rate-limiting regulation has been repealed.)

In November 2006, the Alaska Municipal League membership (AML) approved a policy statement and a resolution concerning the State's retirement systems. These documents assert that the State had the responsibility for, and the members had no control over, the factors leading to the systems' serious underfundings; and recognize the State's vastly superior resources compared to the municipal governments and school districts. The AML requests that the State fully fund the 2008 rate increases, commit to funding 85 percent of the existing unfunded liability on an ongoing basis, stabilize the individual employer costs by discontinuing the hybrid allocation method now used for past service rates, and establish options for employers to finance their unfunded liability at a rate lower than the systems' 8.25 percent.

Capital Projects

Although a large portion of the expenditures in the capital projects funds are capitalizable, most are for replacement facilities or extend the useful life of existing facilities. As a result, operating and maintenance costs usually remain flat, or fall slightly due to updated building systems and equipment. Furthermore, in the case of new parks, user groups provide most of the ongoing maintenance.

See the capital assets section of the MD&A for information about the various capital projects of the Borough.

Borough Initiatives

Please see MD&A for information about ongoing Borough initiatives and the **Economy** section above for information about the Borough's involvement in the State's new Fairbanks fish hatchery. Further details about some of the following initiatives can be found through the Borough's web site at www.co.fairbanks.ak.us.

Areawide Economic Development

In accordance with the statutory exception described in the **Powers and Services** section above, the Borough appropriated $150,000 for areawide economic development for the first time in fiscal year 2006 and appropriated this same amount for fiscal year 2007.

Alaska Gasline Port Authority

In 1999, voters in the Fairbanks North Star Borough, the City of Valdez, and the North Slope Borough approved the creation of the Alaska Gasline Port Authority (AGPA) for the purpose of construction and operation of an 800-mile natural gas pipeline from the North Slope of Alaska to the Port of Valdez.

Construction would be financed by the issuance of tax-exempt revenue bonds, with the bondholders assuming all risk for the project, leaving no financial risk for the municipalities. This is one of several competing proposals for bringing Alaska's vast natural gas reserves to market (see the **Economy** section above). The Borough Mayor and the Assembly's Presiding Officer are on the AGPA board of directors. For further information about the AGPA, please visit their web site at http://www.allalaskagasline.com/.

Parks & Recreation

The Borough and the State both own lands on the north bank of the Tanana River, south of Fairbanks. The Borough plans to turn the area into a new recreation area and wildlife preserve, named the Tanana Lakes Recreation Area (TLRA). The Borough has a permit to extract gravel from the State land for use at the Borough's landfill. In September 2005, the Borough and State entered into an agreement diverting the gravel extraction fees from the State to the Borough for the purposes of cleaning up the hundreds of junked vehicles and other trash and debris illegally dumped in the area. The Borough has also appropriated local funds to conduct a master planning process and has four grant agreements underway, from several agencies, for various development activities at TLRA.

In the Cripple Creek subdivision west of Fairbanks, the Borough is planning a trail-focused recreation area, called the Isberg Recreation Area. The area was rezoned for outdoor recreation in early 2005. As with TLRA, a master planning process was started this fall.

Chena Riverbend

In October 2004, the Mayor presented a concept plan to the Assembly for development of an area designated as Chena Riverbend. The area includes the Carlson Center, Pioneer Park, and Growden Park. The objective of the project is to create a multi-use community nexus, with links to the downtown area, for public recreation and economic development via public/private partnerships.

OTHER INFORMATION

Awards

The Borough received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report for the fiscal year ended June 30, 2005, its eighteenth such award. The Certificate of Achievement is a prestigious national award recognizing conformity with the highest standards for preparation of state and local government financial reports. In order to be awarded the Certificate, the Borough published an easily readable and efficiently organized comprehensive financial report, whose contents conformed to program standards. The report satisfied both generally accepted accounting principles and applicable legal requirements. We believe our current report also conforms to the Certificate of Achievement technical requirements and plan to submit it for review.

The Borough also received GFOA's prestigious national Award for Distinguished Budget Presentation for its annual operating budget for the fiscal years beginning July 1, 2005 and July 1, 2006, its seventeenth consecutive award. In order to receive the Award, the Borough published a budget document that met program criteria as a policy document, as a financial plan, as an operations guide, and as a communication medium. Each award is valid for a period of one year only.

Acknowledgments

We extend our special thanks to all members of the Accounting, Treasury/Budget, and Administration divisions of the Financial Services department, of the Applications Support division of the Computer Services department, and of the Human Resources department, especially Diane Thomas, who assisted

and contributed to the preparation of this report. Our appreciation is also expressed to the Mayor, Assembly members, and department directors and to their staffs for their cooperation and assistance throughout the year in matters pertaining to the financial affairs of the Fairbanks North Star Borough.

Respectfully submitted,

Michael E. Lamb, CPA, CGFM
Chief Financial Officer

Debra L. R. Brady, CPA
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fairbanks North Star Borough, Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.

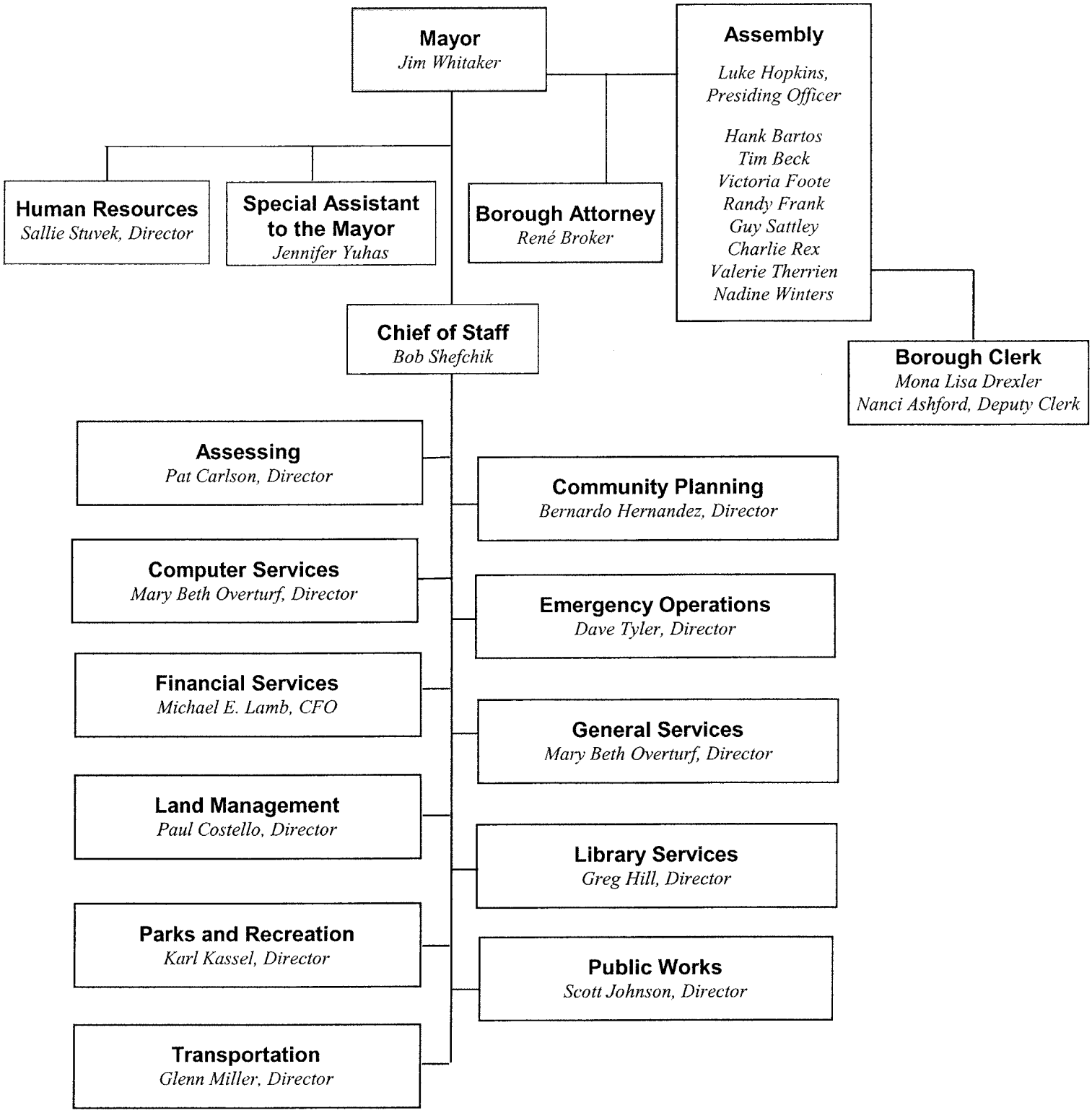
President

Executive Director

Fairbanks North Star Borough

Organization

As of June 30, 2006



Fairbanks North Star Borough

LIST OF PRINCIPAL OFFICIALS

as of June 30, 2006

Borough Assembly

Luke Hopkins, Presiding Officer
Charlie Rex, Deputy Presiding Officer
Hank Bartos
Tim Beck
Victoria Foote
Randy Frank
Guy Sattley
Valerie Therrien
Nadine Winters

Board of Education

Jennifer Schmidt, President
Royce Chapman, Vice President
Sue Hull, Treasurer
Leslie Hajdukovich, Clerk
Wendy Dominique, Member
Anna Huntington-Kriska, Member
Sharon McConnell Gillis, Member
David Martinson, Base Representative
Ron Johnson, Post Representative
Andrew Hopp, Student Representative

Borough Mayor

Jim Whitaker

Administration

Borough Clerk	Mona Lisa Drexler
Borough Attorney	René Broker
Chief of Staff	Bob Shefchik
Director Assessing	Pat Carlson
Director Community Planning	Bernardo Hernandez
Director Computer Services	Mary Beth Overturf
Director Emergency Operations	Dave Tyler
Chief Financial Officer	Michael E. Lamb
Director General Services	Mary Beth Overturf
Director Human Resources	Sallie Stuvek
Director Land Management	Paul Costello
Director Library Services	Greg Hill
Director Parks and Recreation	Karl Kassel
Director Public Works	Scott Johnson
Director Transportation	Glenn Miller

School District

Superintendent of Schools, Ann Shortt
Assistant Superintendent, Secondary Education, Wayne Gerke
Assistant Superintendent, Elementary Education, Roxa Hawkins
Chief Financial Officer, Mike Fisher

FINANCIAL SECTION

Independent Auditor's Report

Basic Financial Statements and Required Supplementary Information

Combining and Individual Fund Statements and Schedules

Additional Information

Cook & Haugeberg LLC
CERTIFIED PUBLIC ACCOUNTANTS

November 10, 2006

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Assembly
Fairbanks North Star Borough

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough, as of and for the year ended June 30, 2006, which collectively comprise the Borough's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Borough's nonmajor governmental and fiduciary funds presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements and schedules are the responsibility of the management of the Fairbanks North Star Borough. Our responsibility is to express opinions on these financial statements and schedules based on our audit. The prior year partial comparative information has been derived from the Borough's June 30, 2005 financial statements and, in our report dated November 10, 2005, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and on each of the Borough's nonmajor governmental and fiduciary funds.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Fairbanks North Star Borough, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds with annual budgets for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements and schedules referred to above present fairly, in all material respects, the respective financial position of each

119 North Cushman Street, Suite 300 • Fairbanks, Alaska 99701 • 907-456-7762
www.ch-cpa.com e-mail: contact@ch-cpa.com

Senior Consultant: James F. Dieringer, Jr., CPA FAX 907-452-6184

nonmajor governmental and fiduciary fund of the Fairbanks North Star Borough, as of June 30, 2006, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our reports dated November 10, 2006, on our consideration of the Fairbanks North Star Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairbanks North Star Borough's basic financial statements. The accompanying schedules listed as additional information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The June 30, 2006 additional information schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2006, taken as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States, the Borough's basic financial statements for the year ended June 30, 2005, which are not presented with the accompanying financial statements. In our report dated November 10, 2005, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. In our opinion, the June 30, 2005 additional information schedules are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2005, taken as a whole. The accompanying introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cook + Haugeberg LLC

BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis (RSI)

Basic Financial Statements:

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information:

Schedule of PERS Funding Progress

MANAGEMENT'S DISCUSSION AND ANALYSIS

(part of the Required Supplementary Information)

This narrative provides an overview and analysis of the financial activities of the Borough.

FAIRBANKS NORTH STAR BOROUGH

Management's Discussion and Analysis
For the Year Ended June 30, 2006

As management of the Fairbanks North Star Borough, we offer readers of the Borough's financial statements this narrative overview and analysis of the financial activities of the Borough for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the additional information in our letter of transmittal in the Introductory Section of this report and with the Borough's financial statements, in the Financial Section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

- The statement of activities presents information showing how the Borough's net assets changed during the fiscal year. Changes in net assets are reported when 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 (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Borough that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that recover some portion of their costs through user fees and charges (business-type activities). The governmental activities of the Borough include general government, community planning, public works, parks and recreation, library, road and other service areas, support to education, emergency operations, and fire service areas. The business-type activities of the Borough include providing public transportation, managing Borough-owned lands, overseeing operations of the John A. Carlson Community Activity Center, and providing solid waste disposal services at the Borough landfill.

The government-wide financial statements include not only the Borough itself (known as the primary government), but also the Fairbanks North Star Borough School District for which the Borough is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. Complete financial information for the component unit can be found in the School District's separately issued financial statements.

The government-wide financial statements immediately follow this narrative in the Basic Financial Statements and Required Supplementary Information (RSI) section 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 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 Borough can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for most of the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements and in preparing and adopting an annual operating budget.

The focus of governmental funds is narrower than that of the government-wide financial statements. Therefore, 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances each provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Borough maintains sixteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the six major funds: the general fund, the service areas special revenue fund, the federal grants special revenue fund, the debt service fund, and the bond and local capital projects funds. Data from the ten nonmajor governmental funds are combined into a single, aggregated presentation (column) in the governmental funds financial statements.

The Borough adopts an annual appropriated budget for its general fund and other operating funds. Budgetary comparison statements have been provided for the general fund and all service areas in the service areas special revenue fund, to demonstrate compliance with their budgets.

The basic governmental funds financial statements follow the government-wide financial statements in the Basic Financial Statements and Required Supplementary Information (RSI) section.

Proprietary funds

The Borough maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The Borough uses enterprise funds to account for its transit, land, Carlson Center, and solid waste disposal activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions. The Borough uses an internal service fund to account for the acquisition and financing of its vehicle and equipment fleet. Because this service predominantly benefits governmental rather than business-type functions, it is included within governmental activities in the government-wide financial statements.

The proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the transit, land, Carlson Center, and solid waste disposal enterprise funds, all of which are considered to be major funds of the Borough. The vehicle and equipment fleet internal service fund is also presented in the proprietary funds financial statements.

The basic proprietary funds financial statements follow the governmental funds financial statements in the Basic Financial Statements and Required Supplementary Information (RSI) section.

Fiduciary funds

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

The basic fiduciary fund financial statement follows the proprietary funds financial statements in the Basic Financial Statements and Required Supplementary Information (RSI) section.

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 follow the fund financial statements in the Basic Financial Statements and Required Supplementary Information (RSI) section.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI). The Borough's schedule of progress in funding its obligation to provide pension and postemployment healthcare benefits to its employees, is the last item in the Basic Financial Statements and Required Supplementary Information (RSI) section.

Combining, individual fund, and comparative data for the Borough's funds is provided in the Combining and Individual Fund Statements and Schedules section of this report, which is in the next section after the required supplementary information on pensions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets exceeded liabilities by $551 million at the close of the most recent fiscal year.

Net Assets
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Current and other assets	$88,037	$75,269	$33,167	$34,636	$121,203	$109,905
Capital assets	582,135	586,649	30,713	27,397	612,848	614,046
Total assets	670,172	661,918	63,879	62,033	734,051	723,951
Long-term liabilities	145,325	144,848	21,659	21,580	166,983	166,428
Other liabilities	15,065	12,340	930	909	15,995	13,250
Total liabilities	160,390	157,188	22,588	22,489	182,978	179,678
Net assets:						
Invested in capital assets, net of related debt	472,363	471,998	24,831	19,757	497,194	491,754
Restricted	29,113	23,064	307	449	29,420	23,513
Unrestricted	8,305	9,668	16,153	19,339	24,459	29,006
Total net assets	$509,782	$504,730	$41,291	$39,544	$551,073	$544,274

By far the largest portion of the Borough's net assets (90.2 percent) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment); less any related debt used to acquire those assets that is still outstanding. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough's investment in its capital assets is reported net of related 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 (5.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($24.4 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Borough is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. This was also true at the end of the prior fiscal year.

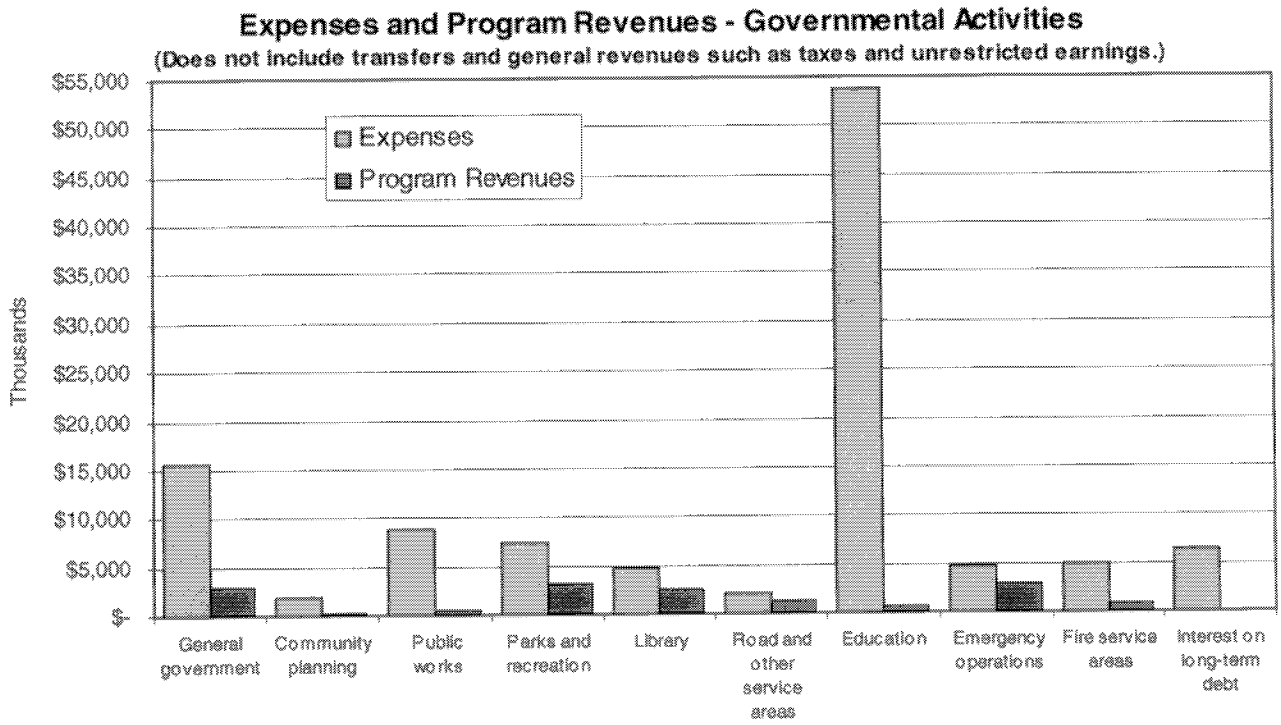
Changes in Net Assets
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	$2,766	$2,719	$8,432	$7,300	$11,198	$10,019
Operating grants and contributions	6,041	2,445	2,206	1,321	8,248	3,765
Capital grants and contributions	5,687	45,146	2,224	262	7,911	45,408
General revenues:						
Property taxes	82,605	77,032			82,605	77,032
Other taxes	3,799	3,767			3,799	3,767
Grants and contributions not restricted to specific programs	13,776	12,228	115	51	13,890	12,279
Other	4,370	2,590	854	449	5,224	3,039
Total revenues	119,044	145,927	13,831	9,382	132,875	155,309
Expenses:						
General government	15,583	13,596			15,583	13,596
Community planning	1,880	1,624			1,880	1,624
Public works	8,843	7,328			8,843	7,328
Parks and recreation	7,478	6,661			7,478	6,661
Library	4,777	4,393			4,777	4,393
Road and other service areas	2,011	2,140			2,011	2,140
Education	53,694	49,460			53,694	49,460
Emergency operations	4,797	5,739			4,797	5,739
Fire service areas	4,855	4,539			4,855	4,539
Interest on long-term debt	6,437	6,532			6,437	6,532
Transit			6,053	5,387	6,053	5,387
Land			2,010	1,114	2,010	1,114
Carlson Center			1,571	1,400	1,571	1,400
Solid waste disposal			6,088	8,851	6,088	8,851
Total expenses	110,355	102,013	15,721	16,753	126,076	118,765
Changes in net assets before transfers	8,689	43,914	(1,890)	(7,371)	6,799	36,543
Transfers	(3,637)	(3,167)	3,637	3,167		
Changes in net assets	5,052	40,747	1,747	(4,203)	6,799	36,543
Net assets – July 1, 2005	504,730	463,983	39,544	43,747	544,274	507,730
Net assets – June 30, 2006	$509,782	$504,730	$41,291	$39,544	$551,073	$544,274

The Borough's net assets increased by $6.8 million during the current fiscal year. Borough-wide investment earnings increased by $2.9 million from the prior fiscal year.

The decrease in capital contributions is related to the prior year donations to the Borough of two schools valued at $39.9 million. Other significant Borough-wide differences from the prior fiscal year include increases in costs and expenses including education-related expenses, salaries expense, the Public Employees' Retirement System (PERS) net pension expense, contributions to the PERS system, healthcare costs, and energy costs. All of these issues are discussed in various sections later in this Management's Discussion and Analysis (MD&A).

Governmental activities



Governmental activities increased the Borough's net assets by $5.1 million. Key elements of this increase are as follows:

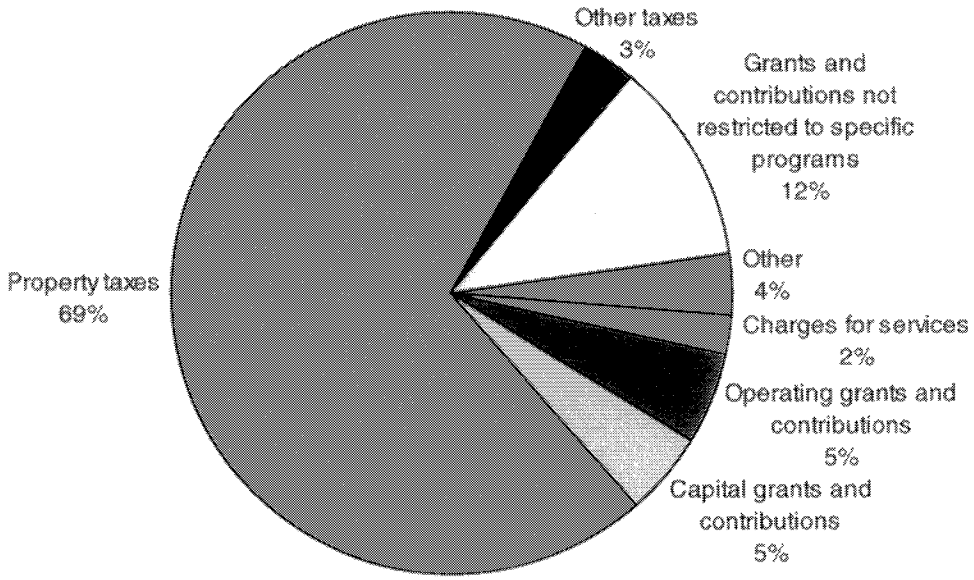
- Property tax revenues for governmental activities increased by $5.6 million from the prior fiscal year. This was accomplished despite the fact that the areawide mill rate decreased by an additional .387 mills, continuing a trend which has seen a total mill rate decrease of .641 mills since fiscal year 2001-02. The property tax revenue increase is due largely to taxes on new construction and property improvements plus a 2.6 percent cost of living adjustment, as allowed by the Borough's tax cap.

- Education expenses again represent the largest single functional expense increase in the Borough's budget, increasing by $4.2 million from the prior fiscal year to $53.7 million. $1.5 million of this is an increase in the local appropriation to the School District for education. Another $1.5 million of the increase is for major maintenance of school facilities, financed predominately with general obligation

bonds. In addition, depreciation on school facilities increased by $1.3 million due to the completion of two more school replacements, and the second year of depreciation (first full-year of depreciation using the half-year convention) on schools capitalized in the prior fiscal year.

- The majority of the decrease in capital grants and contributions for education relates to the prior year transfer of title to the Borough for two schools located on a military installation, valued at $39.9 million.

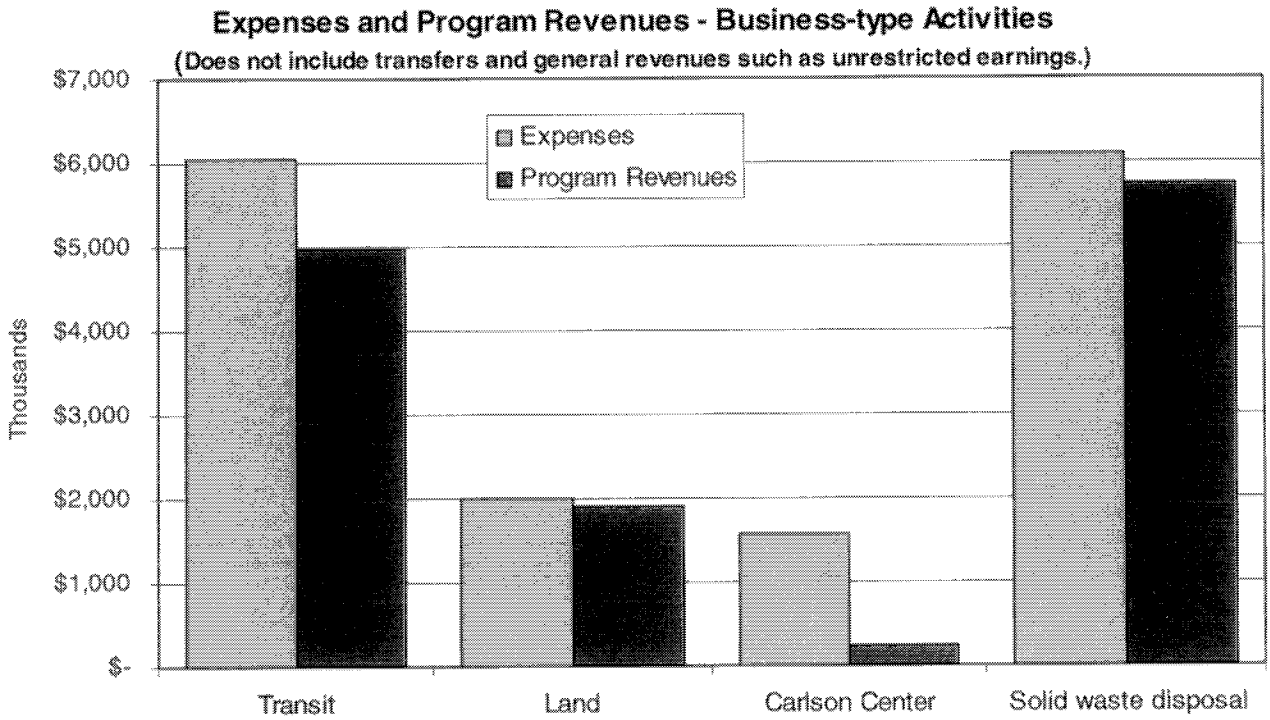
All Revenues by Source - Governmental Activities
(Does not include transfers.)



- Although fiscal year 2005-06 experienced a slight decrease in the actuarially determined PERS rate from 22.44 percent in the prior year to 21.55 percent, the Borough's net pension obligation for governmental activities grew by $1.0 million.
  - The increase in the net pension obligation reflects the difference between the actuarially determined rate of 21.55 percent and the actual State-set employer contribution rate of 15.93 percent. The reason for this difference is that the fiscal year 2005-06 contribution rate was limited to a 5.00 percentage point increase over the prior year rate of 10.93 percent. Beginning in fiscal year 2004-05, the actuarially determined PERS rate has been increasing; the rate increases are needed to increase PERS funding to counter a decrease in the PERS funding ratio, due primarily to the PERS system's change to more realistic healthcare cost trend assumptions and new asset valuation methods.
  - In fiscal year 2005-06, the State transferred funds to the State Department of Retirement and Benefits to help cover the fiscal year 2005-06 contribution rate increase; the Borough's account received $868,000, $753,000 of which was allocated to governmental activities.
  - Effective July 1, 2006, the State created PERS Tier IV as a defined contribution pension plan with some hybrid components, resulting in a different set of employer contribution rates from the PERS Tiers I, II, and III defined benefit employer contribution rate.

- Additional information on the Borough's and School District's retirement plans can be found in Note 17 to the financial statements, and in the letter of transmittal.

Business-type activities

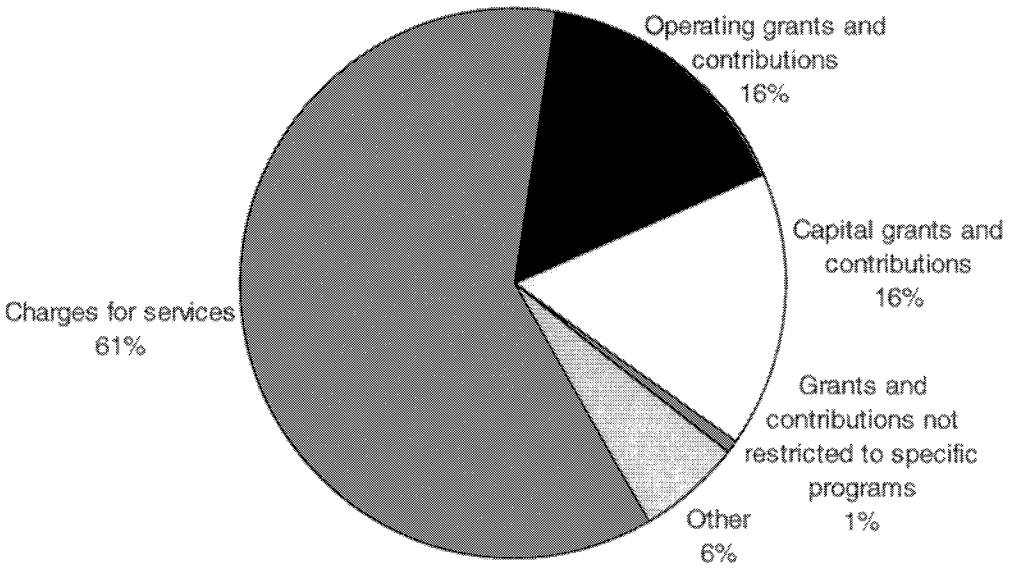


Business-type activities increased the Borough's net assets by $1.7 million, which compares favorably to the $4.2 million decrease in the prior fiscal year. Key elements of the current year increase are as follows:

- Transit enterprise fund revenue from federal grants increased by $2.3 million over the prior fiscal year. $1.3 million of this increase was for the construction of the new Max C. Lyon Transit Center, $445,000 of the increase is for air quality related grants, and another $271,000 is for increased spending on equipment such as paratransit vans and routing software.

- Proceeds from land sales in the land enterprise fund were $1,434,000 in the current fiscal year, compared to $175,000 in the prior fiscal year, an increase of $1,259,000; related cost of goods sold increased by $1,006,000. A land auction was held October 15, 2005 at which 29 parcels of land were sold. No land auction was held in fiscal year 2004-05. The real estate market in interior Alaska has been very active in the last couple of years, with record prices being received for sales of property. The October 2005 land auction was no exception. Most of the properties offered for sale sold for over 30 percent above appraised value. The 29 parcels that were sold were State municipal entitlement land received by the Borough and developed.

All Revenues by Source - Business-type Activities
(Does not include transfers.)



- The solid waste disposal enterprise fund's liability accrual for landfill closure and postclosure care costs was $1.3 million in the current year compared to $4.0 million in the prior year. The fiscal year 2004-05 estimate was based on a complete analysis of the Borough's landfill closure and postclosure care costs done by an outside consulting firm. The analysis included increases for inflation and adjustment for other factors not previously considered, and caused the fiscal year 2004-05 accrual to be larger than usual.

- Depreciation expense for the solid waste disposal enterprise fund decreased by $765,000 from the previous fiscal year. The final depreciation on cell 1 at the landfill was taken during fiscal year 2004-05. Cell 2 was substantially completed and capitalized during fiscal year 2005-06, but it had not been placed in service as of June 30, 2006, so no depreciation was taken in the current fiscal year.

- Investment income for all of the enterprise funds increased from the prior fiscal year, primarily due to improved market conditions and an increase in the average rate of return on the Borough's investments to 4.05 percent compared to 1.99 percent in the prior fiscal year. The largest increases were $288,000 in the solid waste disposal enterprise fund and $96,000 in the land enterprise fund.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds

The focus of the 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 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. This amount is also intended to cover cash flow requirements, normal variances in revenue and expenditure estimates, abnormal variances in State revenue estimates versus actual State appropriations, advance funding of reimbursable debt service payments, advance funding of reimbursable grant expenditures, unforeseen litigation costs and judgments, and expenditures of an emergency nature, for the Borough and the School District component unit.

As of the end of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of $70.3 million, an increase of $9.5 million from the prior year. Approximately 82 percent of the ending fund balances ($57.6 million) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period ($10.5 million), or 2) as a non-interest-bearing compensating balance to pay for the Borough's banking services contract ($2.2 million).

The most significant reason for the fund balance increase during the current fiscal year is that fund balance of the bond capital projects fund increased by $4.0 million as a result of issuing $9.8 million of new bonds. In addition, the library special revenue fund received $1.9 million of income from the Bentley trust of which the Borough Public Library was a beneficiary.

In general, fund balance reported in the governmental project funds (special revenue [SR] grants and local programs funds, and capital projects [CP] grants, bond, and local projects funds) has already been appropriated for specific projects. Certain appropriations, however, have been made to accumulate funds for future needs (generally included in unreserved, undesignated fund balance) as follows:

Purpose	Fund	Beginning Balance	Increases (b)	Decreases (c)	Ending Balance
Facilities maintenance	CP local projects	$6,576,464	$2,431,382	($5,323,671)	$3,684,175
Health care contingency (a)	SR local programs	1,851,585	271,582		2,123,167
Asset replacement	SR local programs	480,531	149,535	(21,911)	608,155
Tourism marketing (from hotel-motel room tax)	SR local programs	33,850	975,000	(975,000)	33,850
Labor management relations	SR local programs	9,645	7,427	(4,342)	12,730

(a) Information on the health care contingency reserve can be found in Note 16 to the financial statements.
(b) New contributions, lapses from completed projects, and interest earnings on health care contingency funds.
(c) Appropriations out for specific projects/purposes.

Except for the general fund, some appropriations to the special revenue local programs fund, and most appropriations to the capital projects local projects fund, fund balances in the Borough's governmental funds

are restricted by agreements or understandings with the resource providers (taxpayers, grantors, or others) to be spent for specific jurisdictions or purposes.

The general fund is the chief operating fund of the Borough. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was $12.3 million and unreserved fund balance was $16.3 million, while total fund balance reached $18.7 million. As a measure of the general fund's liquidity, it may be useful to compare these balances to total fund expenditures and transfers. Undesignated fund balance represents 13.3 percent of total general fund expenditures and transfers, and unreserved fund balance represents 17.7 percent of that same amount, while total fund balance represents 20.3 percent.

The total fund balance of the Borough's general fund increased by $613,000 during the current fiscal year, compared to a $1,750,000 increase in the prior year. Key factors in this increase are as follows:

- Property tax revenue of the general fund, including related interest and penalties, increased by over $4.1 million as allowed by the Borough's tax cap, although the areawide mill rate decreased by .387 mills. A large contributing factor was the $260 million assessed value of new construction and property improvements added to the tax rolls in calendar year 2005.

- Investment income increased by almost $1,823,000 from last fiscal year, due to improved market conditions and an increase in the average rate of return on the Borough's investments to 4.05 percent compared to 1.99 percent in the prior fiscal year.

- In fiscal year 2005-06, the State transferred funds to the State Department of Retirement and Benefits to help cover the PERS contribution rate increase; the Borough's account received $868,000 of this retirement system funding, $601,000 of which was allocated to the general fund.

These factors were offset by decreases to general fund fund balance as follows:

- Personnel and benefit costs have increased by $2,090,000 from the prior fiscal year, spread across most general fund functions, despite various position vacancies. This is due to a number of factors including a 2.6 percent cost-of-living adjustment, normal union and management longevity increases, a 5.0 percentage point increase in the PERS contribution rate, and increased healthcare costs. Salaries increased by $471,000 from the prior fiscal year, the PERS contribution increased by $650,000, and healthcare costs increased by $991,000.

- Expenditures for energy costs increased by $342,000 (23.2 percent) from the prior fiscal year, due to the increased cost of fuel and utilities.

- The local contribution to the School District increased by $1,477,000. The Borough's support for education continues to increase as a result of the School District's increasing costs and other factors. As prescribed by Statute, increased assessed values in the Borough have a negative impact on the State foundation formula for the School District's funding.

- General fund transfers to the facilities maintenance reserve increased by $1,814,000 from the prior fiscal year. The original budget appropriation from the general fund to the reserve was $1,633,000 in

the current year compared to $500,000 in the prior year. Pursuant to an ordinance adopted in October 2005, two-thirds of each fiscal year's net general fund lapse (with certain limitations) will be transferred to the facilities maintenance reserve. In fiscal year 2005-06, $681,000 (which represents two-thirds of the fiscal year 2004-05 net general fund lapse) was transferred from the general fund fund balance to the reserve.

- The general fund transfer to the debt service fund increased by $1,013,000 from the prior fiscal year. Principal and interest payments on $13.75 million of school bond debt issued in fiscal year 2004-05 (Series H) amounts to $1,053,000 in the current fiscal year. The Series H bonds are eligible for 70 percent reimbursement under the State's school construction program, and most of the $780,000 increase in State aid for school construction is reimbursement for these bonds.

Revenue received by the library special revenue fund from a trust increased by $1,575,000, from $300,000 in the prior fiscal year to $1,875,000. The remaining Bentley trust of which the Borough Public Library was a 15 percent beneficiary mandated that distribution in full of all trust assets be completed by September 10, 2005. In September 2005 the library received $1,875,000 from the trust, but the trust still owned substantial acreage of undeveloped real property, contract rights, and financial assets. For this reason, the beneficiaries of the trust agreed to establish a new trust and transfer all of the remaining trust assets into the new trust. Additional information on the library special revenue fund, which accounts for donations received from the trusts, can be found in Note 15 to the financial statements.

Bond projects expenditures were $6.4 million in the current fiscal year compared to $29.3 million in the prior year. $23.8 million of the prior year amount was for the replacement of Denali and Nordale Elementary Schools which were substantially completed in July 2005.

In the local projects capital projects fund, the biggest change from the prior fiscal year is in transfers in and out. Significant transfers in include $2.3 million from the general fund to the facilities maintenance reserve (was $500,000 in prior year), $1.2 million from the general fund to demolish an abandoned sewer treatment plant, and $950,000 from the Steese fire service area as partial funding to replace one of its existing fire stations. In addition, transfers out from the facilities maintenance reserve increased by $4.3 million, and related transfers in from the reserve to specific local capital projects fund facilities maintenance projects increased by $4.1 million; the rest was transferred out to specific projects in the local programs special revenue fund. Over 93 percent of the current year transfers to specific facilities maintenance projects are for parks and recreation facilities, with almost $3.0 million appropriated to replace the refrigeration system at the Big Dipper Ice Arena.

It should be noted that although fund balance of the governmental funds increased by $9.5 million from the prior fiscal year, governmental activities net assets increased by only $5.1 million, for a net difference of $4.4 million. Key differences between governmental funds and governmental activities relate to the accounting for capital assets, long-term liabilities, internal service fund activity, and various deferrals and accruals. For example, capital outlay expenditures reduce governmental fund balance but have no immediate effect on governmental activities total net assets. In governmental activities, capital outlays result in capital assets and reduce net assets over time as depreciation expense. In addition, capital asset dispositions and donations received are recorded only in governmental activities. In the current year, depreciation expense exceeded capital outlay expenditures and the net effect of other capital asset transactions by $4.9 million.

Reconciliations between governmental funds and governmental activities are included as the last page of the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, in the Basic Financial Statements and Required Supplementary Information (RSI) section of this report.

Proprietary funds

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

Unrestricted net assets of the transit enterprise fund, at the end of the fiscal year amounted to almost $1.3 million, those for the land enterprise fund amounted to almost $14.4 million, Carlson Center enterprise fund was over $333,000, solid waste disposal enterprise fund was more than $245,000, and the vehicle and equipment fleet internal service fund was almost $475,000. The total increase in net assets for the enterprise funds was $1.7 million, and net assets of the internal service fund increased by more than $218,000.

Over $8.2 million of the land fund's $14.4 million of unrestricted net assets represents land inventory; another $1.0 million represents the long-term portion of contracts receivable for land sales, net of related unrealized gains. Current assets of the fund are $5.3 million, with $4.8 million of this amount representing equity in central treasury cash (cash).

Although the solid waste disposal fund has $14.6 million in cash, its unrestricted net assets are only $245,000. This difference is mostly due to the $14.0 million accrued liability for landfill closure and postclosure care. The Borough established the voluntary landfill closure reserve in fiscal year 1994-95, which is included in unrestricted net assets of the solid waste disposal fund as follows:

Purpose	Beginning Balance	Increases	Decreases	Ending Balance
Landfill closure and postclosure care (a)	$4,940,548	$656,257		$5,596,805

(a) Information on landfill closure and postclosure care can be found in Note 12 to the financial statements.

Other factors concerning the finances of these funds have already been addressed in the discussion of the Borough's business-type activities. Reconciliations between enterprise funds and business-type activities are included as the last page of the proprietary funds statement of net assets and the proprietary funds statement of revenues, expenses, and changes in net assets, in the Basic Financial Statements and Required Supplementary Information (RSI) section of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the general fund's original budget and the final amended budget appropriations were $3.1 million and are briefly summarized as follows:

- $289,000 increase to public works facilities maintenance and other general fund functions and $100,000 transfer to the Carlson Center enterprise fund, to cover significant increases in the cost of fuel and utilities.

- $145,000, which represents five (5) percent of the fiscal year 2004-05 net general fund lapse, appropriated to the special revenue fund asset replacement reserve.

- $195,000 transfer to the special revenue fund for the development of master plans and site assessments for the proposed Tanana Lakes and Isberg Recreation Areas.

- As required by Borough code, two-thirds of the fiscal year 2004-05 net general fund lapse (with certain limitations), $681,000, was transferred to the capital projects fund facilities maintenance reserve.

- $1,225,000 transfer to the capital projects fund for demolition of the abandoned sewer treatment plant so that construction of a new State fish hatchery can begin on the site.

- $225,000 as partial funding for a video scoreboard system at the John A. Carlson Community Activity Center (Carlson Center).

- $300,000 appropriation to provide a funding mechanism to utilize a master lease program for the acquisition of computers. The initial capital outlay was reimbursed to the Borough by the financing company and as a result, no actual capital outlay expenditures or long-term debt proceeds are recorded for this transaction.

The above increases, except the $300,000 to provide a funding mechanism for the acquisition of computers, were budgeted from general fund fund balance. In addition, during fiscal year 2005-06, $500,000 of general fund fund balance was designated for tax reduction. In the fiscal year 2006-07 original budget, that same $500,000 was again designated as a tax reduction and appropriated from the general fund fund balance in order to reduce the amount of property taxes levied on the taxpayer. Because of the fiscal year 2006-07 original budget designation and appropriation, the Borough's tax cap does not apply to that $500,000, and the next year's (fiscal year 2007-08's) tax cap may be increased to include that $500,000.

During the current fiscal year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates. These differences reduced the net change in fund balance by $3.6 million, from the budgeted $3.1 million use of fund balance to the actual addition of $505,000 to fund balance. The most significant budget-to-actual differences follow:

- Revenues from current year property taxes were $584,000 more than budgeted. The Borough uses a 2.0 percent delinquency rate to set the budget amount, but actual collections have historically been greater than 98.0 percent. In fiscal year 2005-06, actual collections were 98.8 percent of the taxable levy.

- Investment income was $1,333,000 more than budgeted, largely due to improved market conditions and an actual average rate of return on the Borough's investments of 4.05 percent, compared to the 2.90 percent used for the budget projection. In addition, average cash and investment balances

during the year were higher than those used in the investment income calculation for the budget projections, due to a variety of reasons.

- The general fund lapsed almost $2.5 million from the expenditure budget in the current fiscal year. All general fund departments and functions lapsed funds in most expenditure categories, roughly in line with past years' experiences.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Borough's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to $613 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements such as service area roadbeds and the Tanana River levee, buildings, park facilities and other improvements, vehicles, machinery, equipment, furniture, works of art, library materials, computer software, and construction in progress. The total net decrease in the Borough's investment in capital assets for the current fiscal year was 0.2 percent (a 0.8 percent decrease for governmental activities and a 12.1 percent increase for business-type activities).

Capital Assets
(net of depreciation)
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Land and land improvements	$229,207	$228,031	$2,244	$1,952	$231,451	$229,982
Buildings	294,490	277,556	15,621	14,606	310,111	292,161
Improvements other than buildings	43,969	42,740	10,249	1,950	54,218	44,690
Equipment	6,911	6,802	2,029	1,832	8,940	8,634
Works of art	134	134	121	121	255	255
Library materials	1,854	1,801			1,854	1,801
Intangible assets – software	567	666	173	13	740	679
Construction in progress	5,003	28,919	276	6,924	5,279	35,843
Total	$582,135	$586,649	$30,713	$27,397	$612,848	$614,046

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

Governmental Activities:

- Building and improvement projects substantially completed during the fiscal year included:
  - $14.5 million Denali Elementary School replacement, financed with general obligation bonds. It was placed in service for the 2005-06 school year.

- $14.5 million Nordale Elementary School replacement, financed with general obligation bonds. It was placed in service for the 2005-06 school year.
- $2.0 million Tanana Valley Railroad Museum, built on the Pioneer Park grounds by the Alaska Department of Transportation with State funds and a match from the Borough's general fund; the State donated the building to the Borough.

- Work continued on the following facilities/projects:
  - $1.2 million rehabilitation and upgrade of Bernice Allridge Park, financed by a combination of local, federal, and state sources.
  - Development and construction of South Davis Park continued, with $1.1 million contributed from local funds and almost $1.2 million of capital development contributed by user groups project-to-date.
  - $890,000 to buy out landowners in the Tanana River flood plain, Pile Driver Slough area, which has experienced a number of flooding events in recent years. This project is being implemented through an $850,000 cooperative grant from the U. S. Department of Agriculture, Natural Resource Conservation Service, which will receive an easement for the protection of the flood plain. The Borough is funding the staffing costs for this project. A total of five parcels of property were purchased during fiscal year 2005-06.

- Planning, design, or construction began on the following facilities:
  - $3.9 million Anderson Elementary School upgrade and improvements, financed with general obligation bonds. The project will consist of upgrades to fire, mechanical, lighting and electrical systems, improvements to classroom and administrative facilities, as well as other building and site improvements.
  - $3.0 million replacement of the Big Dipper Ice Arena's refrigeration system and hot and cold water piping, appropriated from local funds.
  - Design and construction of a new fire station facility to replace the existing Steese Fire Station #1 on Farmers Loop Road. The project is estimated at over $2 million, funded with a combination of Steese fire service area funds and state grants.
  - Implementation and installation of a new enhanced 911 system to replace the current system. The $970,000 cost of this project is funded with a grant from the U. S. Department of Justice.
  - $595,000 was appropriated from local funds to replace the existing telephone system for the Borough's offices; the new system will utilize more-current telephone technology.
  - $427,000 for the acquisition of a site to build a replacement for the North Pole Branch Library. The site acquisition is financed by the library special revenue fund, which accounts for donations received from several trusts of which the Borough Public Library is a 15 percent beneficiary.

- Governmental activities construction in progress exceeded $5 million at fiscal year end.

Business-type activities:

- Construction was substantially completed on the new $2.2 million Max C. Lyon Transit Center. This new facility is financed with a combination of federal and state grants and transit enterprise fund net assets.

- Construction was substantially completed on the $6.9 million landfill expansion, cell 2. The landfill expansion was financed with an Alaska Department of Environmental Conservation loan (originating with the U.S. Environmental Protection Agency) and solid waste disposal enterprise fund net assets. Operation of cell 2 began in September 2006.

- Work was substantially completed for the $1.9 million leachate sewer line connection from the landfill facilities to the municipal sanitary sewer system. This project was funded with solid waste disposal enterprise fund net assets and a grant from the U.S. Environmental Protection Agency.

- Construction continued on the $1.6 million project to expand the landfill's household hazardous waste facility, financed with solid waste disposal enterprise fund net assets.

- Work began on the design, purchase, and installation of a new video scoreboard system at the Carlson Center. This $1.4 million project is financed with a combination of state grants, Carlson Center enterprise fund net assets, and local funding.

Additional information on the Borough's capital assets can be found in Note 7 to the financial statements.

Long-term Debt

At the end of the current fiscal year, the Borough had total long-term debt outstanding of $146.8 million. The Borough's total long-term debt decreased by $2.4 million (1.6 percent) during the current fiscal year.

Outstanding Debt
(shown in 000's)

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
General obligation bonds	$139,430	$140,325	$	$	$139,430	$140,325
Solid waste disposal loan			5,865	7,586	5,865	7,586
Capital leases payable	1,478	1,270	16	54	1,494	1,325
Total	$140,908	$141,595	$5,882	$7,640	$146,790	$149,236

The decrease in governmental activities long-term debt is due largely to the net reduction in general obligation bonds. Although $9.8 million of new bonds were issued for construction, renovation, and upgrade of Borough schools, $10.7 million of bond principal was retired, for a net reduction of $0.9 million. In business-type activities, the final $1.7 million was repaid on the cell 1 portion of the Alaska Department of Environmental Conservation loan with no new loan draw downs.

Additional information on the Borough's long-term debt can be found in Notes 10 and 11 to the financial statements.

Economic Factors and Next Year's Budget

- In October 2006, voters approved $23.1 million of bond propositions for district-wide capital maintenance and upgrades at Borough schools and for renovation projects at two schools.

- In October 2006, voters reaffirmed the Borough's tax cap ordinance. Under the tax cap, the total amount of taxes levied for a year cannot exceed the total amount levied for the previous year plus inflation, with certain defined exclusions.

- The employer contribution rate for Borough Tier I, II, and III employees covered by the Public Employees' Retirement System (PERS) increased by another 5.00 percentage points to 20.93 percent in fiscal year 2006-07. Because the increase in the employer rate was limited to 5.00 percentage points, the actual rate is still less than the actuarially determined rate of 22.24 percent; the difference will be recorded as net pension expense and an increase to the net pension obligation. Employer contribution rates for School District employees covered by the PERS and the Teachers' Retirement System (TRS) have also increased by 5.00 percentage points for fiscal year 2006-07 and are also still less than their actuarially determined rates. In addition to the rate increases, both the Borough and School District and most other PERS employers in the state have huge unfunded actuarial accrued liabilities which first occurred in the 2002 actuarial valuation year. Additional information on the retirement plans can be found in Note 17 to the financial statements, in the Schedule of PERS Funding Progress which is presented as required supplementary information immediately following the notes to the financial statements, and in the letter of transmittal.

- Future funding for the financially dependent School District continues to be an issue. Revenues from the State are largely dependent on student enrollment, which is less than projected for the 2006-07 school year. In addition, increases in assessed values in the Borough have a negative impact on the State foundation formula for school funding. Further, the School District's costs for salaries, benefits, and other expenses show increases in its fiscal year 2006-07 budget.

- The Borough's fiscal year 2006-07 budget for fuel and utilities was increased by $875,000 Borough-wide over the fiscal year 2005-06 original budget; this is in addition to the $280,000 increase over the fiscal year 2004-05 original budget.

Requests for Information

This financial report is designed to provide a general overview of the Borough's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Financial Services, Fairbanks North Star Borough, 809 Pioneer Road, Fairbanks, Alaska 99707.

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements consolidate and report on all of the Borough's nonfiduciary financial activities on an accrual basis of accounting. These statements have separate columns for the Borough's governmental activities, its business-type activities, and its component unit, the School District.

Fund Financial Statements

The fund financial statements report the Borough's financial position and operations of the governmental funds and proprietary funds, and the financial position of the Borough's fiduciary fund. Governmental funds and the fiduciary fund are accounted for on a modified accrual basis of accounting. Proprietary funds are accounted for on an accrual basis of accounting. In addition, the governmental fund statements are reconciled to the governmental activities columns of the government-wide financial statements.

Notes to Financial Statements

The notes to the financial statements provide a summary of significant accounting policies and other disclosures required for a fair presentation of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FAIRBANKS NORTH STAR BOROUGH

Statement of Net Assets
June 30, 2006

	Primary Government	
	Governmental Activities	Business-type Activities
Assets		
Equity in central treasury cash	$35,808,333	$21,578,101
Restricted equity in central treasury cash	41,969,818	488,249
Taxes receivable (net of allowance for uncollectibles 2006 - $143,389; 2005 - $649,442)	2,446,764	153,342
Restricted taxes receivable	250,553	
Accounts receivable (net of allowance for uncollectibles 2006 - $40,443; 2005 - $7,712)	49,507	425,243
Restricted accounts receivable (net of allowance for uncollectibles 2006 - $45,491; 2005 - $30,168)	391,672	6,860
Accrued interest receivable	399,510	12,410
Restricted accrued interest receivable	44,745	
Internal balances (payable from restricted assets: governmental activites $35,755; business-type activities $679,416)	552,581	(552,581)
Due from Borough		
Restricted due from School District	28,578	
Due from governmental agencies	508,274	
Restricted due from governmental agencies	2,239,352	729,848
Inventories		8,376,559
Other assets	3,347,195	
Land contracts receivable		1,948,554
Long-term receivable (net of allowance for uncollectibles 2006 - none; 2005 - $124,218)		
Capital assets (See Note 7):		
Non-depreciable	235,353,940	2,634,195
Depreciable, net of accumulated depreciation	346,781,092	28,078,397
Assets total	670,171,913	63,879,176

See accompanying notes to financial statements.

Primary Government Totals		Component Unit
2006	2005	School District
$57,386,434	$55,944,812	$18,996,612
42,458,067	34,555,392	19,296
2,600,106	2,499,305	
250,553	228,986	
474,750	1,031,424	8,885,257
398,532	341,741	
411,920	377,081	
44,745	6,527	
		227,158
28,578	99,868	
508,274	576,496	
2,969,200	1,390,686	
8,376,559	9,534,329	599,762
3,347,195	2,006,648	26,040
1,948,554	1,249,832	
	62,109	
237,988,135	267,059,164	317,044
374,859,489	346,986,847	3,918,327
734,051,090	723,951,245	32,989,496

FAIRBANKS NORTH STAR BOROUGH

Statement of Net Assets
June 30, 2006

	Primary Government	
	Governmental Activities	Business-type Activities
Liabilities		
Advance tax payments	$5,697,691	$
Accounts payable	1,904,243	244,455
Due to Borough		
Due to School District		
Wages and payroll taxes	676,447	143,253
Payable from restricted assets:		
Accounts payable	2,742,370	84,337
Due to School District	214,546	
Unearned revenues	2,082,436	154,317
Deposits from others	9,461	
Due to governmental agencies		
Accrued interest payable	1,565,896	284,602
Deposits from others	172,341	18,559
Long-term liabilities (See Note 11):		
Due within one year	11,499,572	466,076
Due in more than one year	133,825,134	21,192,564
Liabilities total	160,390,137	22,588,163
Net Assets		
Invested in capital assets, net of related debt	472,363,319	24,830,906
Restricted for:		
Employee healthcare and labor relations	2,135,897	
Special revenue funds	20,960,535	
Capital projects funds	6,010,439	
Proprietary fund grants and asset replacement	6,163	306,887
Unrestricted	8,305,423	16,153,220
Net assets total	$509,781,777	$41,291,013

See accompanying notes to financial statements.

Primary Government Totals		Component Unit
2006	2005	School District
$5,697,691	$4,356,570	$
2,148,697	1,264,996	1,144,636
		28,578
	1,921	
819,700	704,642	360,576
2,826,706	3,342,769	
214,546	207,933	
2,236,753	1,168,461	19,296
9,461	9,461	
		38,440
1,850,498	2,023,983	
190,901	168,994	
11,965,649	14,734,730	4,486,795
155,017,698	151,693,090	5,987,874
182,978,300	179,677,549	12,066,195
497,194,225	491,754,304	4,235,371
2,135,897	1,861,230	
20,960,535	16,994,856	
6,010,439	4,202,105	
313,050	454,878	
24,458,643	29,006,323	16,687,930
$551,072,789	$544,273,696	$20,923,301

FAIRBANKS NORTH STAR BOROUGH

Statement of Activities
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:					
Governmental activities:					
General government	$17,974,315	($2,391,069)	$640,713	$1,616,702	$702,609
Community planning	1,879,426	247		272,033	
Public works	10,073,106	(1,230,448)	119,708		321,699
Parks and recreation	7,469,228	9,150	1,003,199	64,103	2,003,209
Library	4,776,712	247	28,995	2,330,947	24,576
Road and other service areas	1,699,683	311,660		268,058	971,508
Education	53,694,197			16,425	505,167
Emergency operations	4,666,234	130,415	973,475	1,308,313	577,714
Fire service areas	4,842,353	12,273		164,678	580,517
Interest on long-term debt	6,437,366				
Total governmental activities	113,512,620	(3,157,525)	2,766,089	6,041,259	5,687,000
Business-type activities:					
Transit	5,454,882	598,058	1,206,101	2,118,529	1,657,866
Land	1,887,904	121,600	1,894,329		20,915
Carlson Center	1,145,975	424,834		87,932	140,477
Solid waste disposal	5,407,751	679,981	5,331,961		404,520
Total business-type activities	13,896,511	1,824,474	8,432,392	2,206,461	2,223,778
Total primary government	$127,409,131	($1,333,051)	$11,198,480	$8,247,720	$7,910,778
Component units:					
School District	$167,978,787	$1,333,051	$1,894,564	$27,354,672	$1,544,726

General revenues:
- Property taxes
- Hotel-motel taxes
- Alcoholic beverage taxes
- Tobacco excise taxes
- Grants and contributions not restricted to specific programs
- Foundation program
- Other federal and state aid
- Unrestricted investment earnings
- Borough direct appropriation
- Other

Transfers

Total general revenues and transfers

Net assets, beginning

Net assets, ending

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				Component Unit
Governmental Activities	Business-type Activities	Totals 2006	Totals 2005	School District
($12,623,222)	$	($12,623,222)	($11,816,850)	$
(1,607,640)		(1,607,640)	(1,485,652)	
(8,401,250)		(8,401,250)	(7,005,430)	
(4,407,868)		(4,407,868)	(5,428,937)	
(2,392,441)		(2,392,441)	(3,848,825)	
(771,777)		(771,777)	(900,373)	
(53,172,605)		(53,172,605)	(8,581,486)	
(1,937,147)		(1,937,147)	(1,767,697)	
(4,109,431)		(4,109,431)	(4,335,291)	
(6,437,366)		(6,437,366)	(6,532,239)	
(95,860,748)		(95,860,748)	(51,702,780)	
	(1,070,444)	(1,070,444)	(2,621,962)	
	(94,260)	(94,260)	(459,526)	
	(1,342,400)	(1,342,400)	(1,316,880)	
	(351,250)	(351,250)	(3,471,690)	
	(2,858,354)	(2,858,354)	(7,870,059)	
(95,860,748)	(2,858,354)	(98,719,102)	(59,572,839)	
				(138,517,876)
82,605,092		82,605,092	77,031,587	
1,551,623		1,551,623	1,531,027	
1,233,545		1,233,545	1,247,562	
1,013,728		1,013,728	988,813	
13,775,527	114,509	13,890,036	12,278,529	
				80,045,140
				12,257,249
3,968,731	852,984	4,821,715	2,485,334	
				38,022,700
401,295	1,161	402,456	553,317	2,771,155
(3,636,875)	3,636,875			
100,912,665	4,605,530	105,518,195	96,116,169	133,096,244
5,051,918	1,747,177	6,799,093	36,543,331	(5,421,632)
504,729,859	39,543,836	544,273,696	507,730,366	26,344,933
$509,781,777	$41,291,013	$551,072,789	$544,273,696	$20,923,301

FUND FINANCIAL STATEMENTS

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FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

Balance Sheet
June 30, 2006

	General	Service Areas	Federal Grants Special Revenue
Assets			
Equity in central treasury cash	$20,209,282	$8,863,064	$1,753,805
Taxes receivable (net of allowance for uncollectibles - $143,389)			
Taxes receivable	2,446,764	125,700	
Accounts receivable (net of allowance for uncollectibles - $57,406)	49,507		
Accrued interest receivable	399,510		
Interfund receivable	2,297,550		
Due from School District			
Due from governmental agencies	508,274		395,468
Other assets	2,361,817		
Assets total	$28,272,703	$8,988,764	$2,149,273
Liabilities and Fund Balances (Deficit)			
Liabilities			
Accounts payable	$590,932	$221,921	$290,573
Wages and payroll taxes	692,207		
Accrued self-insurance losses	590,613		
Interfund payable		190,531	109,133
Due to School District			
Deposits from others	159,241		
Deferred revenues	1,804,718	118,436	
Unearned revenues			1,735,382
Advance tax payments	5,697,691		
Liabilities total	9,535,402	530,887	2,135,088
Fund balances (deficit)			
Reserved			
Reserved for encumbrances	223,860	695,000	257,455
Reserved for deposit	2,221,672		
Unreserved, designated for			
Compensated absences	1,534,592		
Subsequent year's expenditures	1,000,000	180,970	
Self-insurance losses	1,500,000		
Reported in special revenue funds			
Undesignated, reported in			
General fund	12,257,177		
Special revenue funds		7,581,907	(243,271)
Debt service fund			
Capital projects funds			
Fund balances (deficit) total	18,737,301	8,457,877	14,185
Liabilities and fund balances (deficit) total	$28,272,703	$8,988,764	$2,149,273

See accompanying notes to financial statements.

Debt Service	Bond Projects	Local Projects	Other Governmental Funds	Total Governmental Funds
$13,600	$16,780,725	$12,574,697	$17,070,736	$77,265,911
			124,853	2,697,317
			391,672	441,179
	44,702	43		444,255
				2,297,550
		28,578		28,578
			1,843,884	2,747,626
				2,361,817
$13,600	$16,825,427	$12,603,319	$19,431,146	$88,284,233
$	$1,687,130	$1,335,249	$520,807	$4,646,612
				692,207
				590,613
			1,493,469	1,793,134
	141,969		72,577	214,546
			9,461	168,702
			168,902	2,092,056
			328,854	2,064,236
				5,697,691
	1,829,099	1,335,249	2,594,071	17,959,797
	3,383,337	3,762,188	2,134,711	10,456,551
				2,221,672
				1,534,592
		210,000		1,390,970
				1,500,000
			7,623,220	7,623,220
				12,257,177
			7,817,102	15,155,738
13,600				13,600
	11,612,991	7,295,882	(737,957)	18,170,915
13,600	14,996,328	11,268,070	16,837,075	70,324,436
$13,600	$16,825,427	$12,603,319	$19,431,146	$88,284,233

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

Reconciliation of Balance Sheet to the Statement of Net Assets June 30, 2006

Total fund balances of governmental funds		$ 70,324,436
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.		578,646,916
Deferred bond issuance costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		985,378
An internal service fund is used by management to charge the costs of vehicle and equipment fleet acquisitions and financing to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		2,539,081
Earned revenues that are not available to pay current period expenditures are reported as deferred revenues in the funds.		2,092,056
Long-term and related liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation bonds payable	($139,430,000)	
Deferred bond issuance premiums	(620,406)	
Accrued interest payable on bonds	(1,565,896)	
Accrued compensated absences	(1,534,592)	
Net pension obligation	(1,655,196)	
		(144,806,090)
Net assets of governmental activities		$509,781,777

See accompanying notes to financial statements.

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FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended June 30, 2006

	General	Service Areas	Federal Grants Special Revenue
Revenues			
Taxes	$73,746,922	$6,803,407	$
Intergovernmental revenues	13,676,229	9,327	933,819
Charges for services	1,314,225		
Other revenues	3,873,637	777,870	(7,543)
Revenues total	92,611,013	7,590,603	926,276
Expenditures			
Current			
General government	10,822,721		89,609
Community planning	1,529,291		125,091
Public works	3,686,299		
Parks and recreation	5,156,001		
Library	3,733,846		
Road and other service areas		1,920,314	
Education	38,022,700		
Emergency operations	1,524,988		32,905
Fire service areas		4,008,295	
Capital outlay	363,635	257,754	699,760
Debt service			
Principal retirement			
Interest and fiscal agent fees			
Expenditures total	64,839,481	6,186,364	947,365
Excess (deficiency) of revenues over expenditures	27,771,532	1,404,240	(21,089)
Other financing sources (uses)			
Transfers in	150,000	1,959	
Transfers out	(27,308,176)	(1,706,981)	
Bond issuance			
Premium on bond debt			
Other financing sources (uses) total	(27,158,176)	(1,705,022)	
Net change in fund balances	613,356	(300,782)	(21,089)
Fund balances, beginning (General fund as restated)	18,123,945	8,758,659	35,274
Fund balances, ending	$18,737,301	$8,457,877	$14,185

See accompanying notes to financial statements.

Debt Service	Bond Projects	Local Projects	Other Governmental Funds	Total Governmental Funds
$	$	$	$5,710,606	$86,260,935
			5,148,013	19,767,388
			1,346,858	2,661,083
	508,230	128,878	2,502,377	7,783,449
	508,230	128,878	14,707,854	116,472,855
		161,852	3,614,399	14,688,581
			158,349	1,812,730
		1,063,056	4,000,662	8,750,017
		558,399	100,349	5,814,749
		82,492	228,342	4,044,681
		6,190	92,685	2,019,189
	4,888,878	3,345	472,071	43,386,995
		288,772	2,695,975	4,542,640
		234,047	72,131	4,314,473
	1,509,642	1,746,147	1,895,108	6,472,046
10,645,000				10,645,000
6,591,969				6,591,969
17,236,969	6,398,521	4,144,300	13,330,072	113,083,071
(17,236,969)	(5,890,290)	(4,015,422)	1,377,782	3,389,784
17,136,440		10,378,969	4,353,329	32,020,697
		(5,323,671)	(1,459,027)	(35,797,855)
	9,750,000			9,750,000
	110,458			110,458
17,136,440	9,860,458	5,055,298	2,894,302	6,083,300
(100,529)	3,970,168	1,039,876	4,272,084	9,473,084
114,129	11,026,160	10,228,194	12,564,991	60,851,352
$13,600	$14,996,328	$11,268,070	$16,837,075	$70,324,436

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Governmental Funds

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances To the Statement of Activities For the Year Ended June 30, 2006

Net change in fund balances - total governmental funds		$9,473,084
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. This is the amount by which depreciation expense exceeded capital outlay in the current period.		
Capital outlay	$6,472,046	
Depreciation expense	(13,498,263)	
		(7,026,217)
The net effect of other transactions involving capital assets (i.e., dispositions, trade-ins, and donations) is to increase (decrease) net assets.		2,154,602
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,195,941
Tax revenues that were reported as resources in the funds but were earned in prior fiscal years are not reported in the statement of activities.		(2,041,568)
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 effect 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt proceeds	(9,750,000)	
Premium on debt	(110,458)	
Deferred bond issuance costs	277,955	
Debt principal payments	10,645,000	
Accrued interest and amortization	69,822	
		1,132,319
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.		(1,055,062)
An internal service fund is used by management to charge the cost of vehicle and equipment fleet acquisition and financing to individual funds. The change in net assets of the internal service fund is reported with governmental activities.		218,322
The internal service fund lookback adjustment results in a balance between governmental and business-type activities.		496
Change in net assets of governmental activities		$5,051,918

See accompanying notes to financial statements.

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FAIRBANKS NORTH STAR BOROUGH

General Fund

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property tax	$68,767,430	$68,767,430	$69,344,073	$576,643
Hotel-motel and sales taxes	1,600,000	1,600,000	1,552,897	(47,103)
Alcoholic beverage tax	1,200,000	1,200,000	1,222,016	22,016
Tobacco excise tax	1,100,000	1,100,000	1,016,190	(83,810)
Interest and penalties on taxes	550,000	550,000	611,746	61,746
Taxes total	73,217,430	73,217,430	73,746,922	529,492
Intergovernmental revenues				
State of Alaska				
Aid for school construction	12,068,790	12,068,790	12,076,610	7,820
Retirement system funding	626,280	626,280	601,036	(25,244)
Other shared revenue	313,250	313,250	332,412	19,162
Grants	50,000	50,000	55,270	5,270
Federal government				
Payment in lieu of taxes	605,000	605,000	610,901	5,901
Intergovernmental revenues total	13,663,320	13,663,320	13,676,229	12,909
Charges for services	1,439,180	1,439,180	1,314,225	(124,955)
Charges to School District	1,520,130	1,520,130	1,333,051	(187,079)
Other revenues				
Charges to other funds	3,057,310	3,057,310	2,534,110	(523,200)
Investment income, including net unrealized investment gains/losses	2,127,980	2,127,980	3,460,812	1,332,832
Indirect charges to grants	255,000	255,000	357,020	102,020
Various	95,000	99,325	55,805	(43,520)
Other revenues total	5,535,290	5,539,615	6,407,747	868,132
Revenues total	95,375,350	95,379,675	96,478,174	1,098,499

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Expenditures				
Current				
General government				
Non-departmental	$800,390	$542,899	$264,587	$278,312
Mayor	949,350	918,125	840,932	77,193
Assembly	1,259,090	1,271,510	1,225,935	45,575
Legal	816,910	810,467	755,970	54,497
Computer services	2,499,210	2,500,664	2,175,605	325,060
Financial services	2,525,770	2,525,770	2,376,748	149,022
Assessing	2,265,900	2,260,901	2,103,094	157,807
General services	1,324,430	1,324,430	1,231,367	93,063
Human resources	2,530,870	2,527,570	2,356,866	170,704
General government total	14,971,920	14,682,335	13,331,102	1,351,233
Community planning	1,633,940	1,634,740	1,531,068	103,672
Public works	4,944,700	5,202,829	5,007,131	195,699
Parks and recreation	5,301,130	5,328,819	5,151,555	177,263
Library	3,732,380	3,734,034	3,571,807	162,227
Emergency operations	1,712,760	1,721,860	1,567,490	154,370
Capital outlay	648,210	975,084	632,575	342,509
Expenditures total	32,945,040	33,279,702	30,792,728	2,486,974

See accompanying notes to financial statements.

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over expenditures	$62,430,310	$62,099,973	$65,685,446	$3,585,473
Other financing sources (uses)				
Transfers in				
Enterprise funds	150,000	150,000	150,000	
Transfers out				
Special revenue funds	(2,333,990)	(2,866,565)	(2,592,119)	274,446
Debt service fund	(17,136,440)	(17,136,440)	(17,136,440)	
Capital projects funds	(1,448,000)	(3,463,413)	(3,463,413)	
Enterprise funds	(3,639,180)	(4,116,631)	(4,116,204)	427
School District	(38,022,700)	(38,022,700)	(38,022,700)	
Long-term debt proceeds				
Long-term debt proceeds		300,000		(300,000)
Other financing sources (uses) total	(62,430,310)	(65,155,749)	(65,180,876)	(25,127)
Net change in fund balance	$	($3,055,777)	$504,570	$3,560,346

See accompanying notes to financial statements.

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Air Park				
Total revenues and transfers in	$480	$480	$510	$30
Total expenditures and transfers out	$13,090	$13,090	$2,110	$10,980
Airway				
Total revenues and transfers in	$10,340	$10,340	$10,765	$425
Total expenditures and transfers out	$23,717	$26,717	$9,071	$17,647
Arctic Fox				
Total revenues and transfers in	$4,470	$4,470	$4,517	$47
Total expenditures and transfers out	$18,101	$18,101	$1,370	$16,731
Aztec				
Total revenues and transfers in	$17,610	$17,610	$17,614	$4
Total expenditures and transfers out	$83,601	$87,601	$6,611	$80,990
Ballaine Lake Sewer & Water				
Total revenues and transfers in	$20,730	$20,730	$20,059	($671)
Total expenditures and transfers out	$20,730	$20,730	$13,630	$7,100
Bear's Den Road				
Total revenues and transfers in	$190	$190	$152	($38)
Total expenditures and transfers out	$2,166	$4,166	$1,727	$2,439
Becker Ridge				
Total revenues and transfers in	$77,590	$77,590	$79,003	$1,413
Total expenditures and transfers out	$113,788	$113,788	$51,134	$62,654
Birch Hill				
Total revenues and transfers in	$73,340	$73,340	$73,508	$168
Total expenditures and transfers out	$78,773	$78,773	$67,706	$11,067
Bluebird Road				
Total revenues and transfers in	$5,080	$5,080	$5,229	$149
Total expenditures and transfers out	$9,248	$16,748	$9,198	$7,550

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Borda Road				
Total revenues and transfers in	$22,860	$22,860	$23,939	$1,079
Total expenditures and transfers out	$58,660	$58,660	$5,482	$53,178
Brookside				
Total revenues and transfers in	$7,660	$7,660	$7,873	$213
Total expenditures and transfers out	$35,059	$33,904	$20,435	$13,469
Chena Goldstream Volunteer Fire				
Total revenues and transfers in	$684,300	$684,300	$697,777	$13,477
Total expenditures and transfers out	$890,341	$891,341	$596,420	$294,921
Chena Hills Road				
Total revenues and transfers in	$61,440	$61,440	$62,781	$1,341
Total expenditures and transfers out	$74,074	$74,074	$56,961	$17,112
Chena Hot Springs II				
Total revenues and transfers in	$1,000	$1,000	$1,008	$8
Total expenditures and transfers out	$1,000	$1,000	$1,000	$
Chena Marina				
Total revenues and transfers in	$15,090	$15,090	$15,502	$412
Total expenditures and transfers out	$18,732	$18,732	$5,577	$13,154
Chena Point Road				
Total revenues and transfers in	$48,380	$223,380	$51,731	($171,649)
Total expenditures and transfers out	$79,744	$257,850	$232,324	$25,526
Chena Spur				
Total revenues and transfers in	$22,520	$22,520	$22,515	($5)
Total expenditures and transfers out	$31,827	$51,827	$26,262	$25,565
Cleary Summit				
Total revenues and transfers in	$1,140	$1,140	$1,081	($59)
Total expenditures and transfers out	$1,580	$1,580	$1,090	$490

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
College				
Total revenues and transfers in	$427,400	$427,400	$454,675	$27,275
Total expenditures and transfers out	$1,799,968	$1,799,968	$264,224	$1,535,744
College Hills				
Total revenues and transfers in	$21,940	$21,940	$22,390	$450
Total expenditures and transfers out	$32,590	$37,590	$22,490	$15,099
Cooper Estates				
Total revenues and transfers in	$18,650	$18,650	$18,216	($434)
Total expenditures and transfers out	$54,029	$54,029	$6,489	$47,541
Cordes Drive				
Total revenues and transfers in	$17,170	$17,170	$17,453	$283
Total expenditures and transfers out	$30,994	$31,994	$14,454	$17,540
Cripple Creek				
Total revenues and transfers in	$42,630	$42,630	$43,780	$1,150
Total expenditures and transfers out	$110,941	$110,941	$28,749	$82,192
Deep Forest				
Total revenues and transfers in	$15,080	$15,080	$15,249	$169
Total expenditures and transfers out	$19,870	$19,870	$5,021	$14,848
Deep Forest Conifer & Dagan				
Total revenues and transfers in	$26,590	$26,590	$26,893	$303
Total expenditures and transfers out	$26,590	$40,062	$40,062	$
Diane Subdivision				
Total revenues and transfers in	$4,040	$4,040	$4,622	$582
Total expenditures and transfers out	$43,872	$43,872	$1,110	$42,762
Drake Estates				
Total revenues and transfers in	$13,540	$13,540	$14,539	$999
Total expenditures and transfers out	$29,180	$28,840	$20,230	$8,611

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Edanella Heights Road				
Total revenues and transfers in	$24,700	$24,700	$25,430	$730
Total expenditures and transfers out	$56,028	$56,028	$16,438	$39,591
Ester Lump Road				
Total revenues and transfers in	$15,320	$15,320	$16,239	$919
Total expenditures and transfers out	$82,127	$81,527	$13,342	$68,185
Ester Volunteer Fire				
Total revenues and transfers in	$242,710	$242,710	$251,786	$9,076
Total expenditures and transfers out	$325,322	$327,822	$228,905	$98,917
Fairfields				
Total revenues and transfers in	$14,090	$14,090	$14,352	$262
Total expenditures and transfers out	$39,098	$39,098	$8,017	$31,081
Fairhill				
Total revenues and transfers in	$10,350	$10,350	$10,414	$64
Total expenditures and transfers out	$17,664	$17,264	$8,660	$8,604
Fairwest				
Total revenues and transfers in	$19,790	$19,790	$22,057	$2,267
Total expenditures and transfers out	$141,568	$141,568	$6,507	$135,061
Garden				
Total revenues and transfers in	$18,560	$18,560	$19,302	$742
Total expenditures and transfers out	$30,670	$30,670	$5,771	$24,899
Golden Valley Road				
Total revenues and transfers in	$6,130	$6,130	$6,066	($64)
Total expenditures and transfers out	$13,537	$12,737	$6,261	$6,476
Goldstream Alaska				
Total revenues and transfers in	$11,350	$11,350	$10,982	($368)
Total expenditures and transfers out	$19,565	$24,565	$14,594	$9,971

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Goldstream Moose Creek				
Total revenues and transfers in	$36,540	$38,040	$37,187	($853)
Total expenditures and transfers out	$57,652	$63,902	$40,183	$23,719
Gordon				
Total revenues and transfers in	$35,740	$35,740	$38,863	$3,123
Total expenditures and transfers out	$165,241	$165,241	$1,925	$163,316
Granola Estates				
Total revenues and transfers in	$4,640	$4,640	$4,983	$343
Total expenditures and transfers out	$38,802	$39,102	$3,198	$35,904
Grieme Road				
Total revenues and transfers in	$11,960	$11,960	$12,397	$437
Total expenditures and transfers out	$34,734	$39,734	$6,212	$33,522
Haystack				
Total revenues and transfers in	$18,550	$18,550	$19,580	$1,030
Total expenditures and transfers out	$23,162	$23,162	$16,020	$7,142
Herning Hills				
Total revenues and transfers in	$19,630	$19,630	$20,474	$844
Total expenditures and transfers out	$33,213	$34,733	$12,549	$22,185
Hopeless				
Total revenues and transfers in	$760	$760	$613	($147)
Total expenditures and transfers out	$15,676	$15,676	$2,422	$13,254
Horseshoe Downs				
Total revenues and transfers in	$9,110	$9,110	$8,759	($351)
Total expenditures and transfers out	$12,168	$12,168	$9,880	$2,288
Jennifer Drive				
Total revenues and transfers in	$3,840	$3,840	$3,933	$93
Total expenditures and transfers out	$5,284	$5,284	$1,760	$3,524

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Jones Road				
Total revenues and transfers in	$43,100	$43,100	$44,003	$903
Total expenditures and transfers out	$67,808	$64,008	$46,806	$17,202
Joy Road				
Total revenues and transfers in	$5,780	$5,780	$5,516	($264)
Total expenditures and transfers out	$13,537	$16,537	$3,965	$12,572
Keeney Road				
Total revenues and transfers in	$1,720	$1,720	$1,787	$67
Total expenditures and transfers out	$2,481	$4,481	$1,110	$3,371
Kendall				
Total revenues and transfers in	$8,960	$8,960	$9,579	$619
Total expenditures and transfers out	$35,589	$35,589	$3,327	$32,263
Keystone				
Total revenues and transfers in	$10,890	$10,890	$11,598	$708
Total expenditures and transfers out	$39,203	$40,203	$6,967	$33,236
Kris Kringle				
Total revenues and transfers in	$12,490	$12,490	$12,114	($376)
Total expenditures and transfers out	$37,852	$47,124	$9,213	$37,912
Lakloey Hill				
Total revenues and transfers in	$27,640	$27,640	$29,112	$1,472
Total expenditures and transfers out	$84,213	$109,213	$29,156	$80,058
Lee Lane				
Total revenues and transfers in	$4,930	$4,930	$5,142	$212
Total expenditures and transfers out	$20,081	$30,081	$8,490	$21,591
Loose Moose				
Total revenues and transfers in	$5,450	$5,450	$5,316	($134)
Total expenditures and transfers out	$9,372	$23,372	$17,953	$5,420

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Martin				
Total revenues and transfers in	$11,190	$11,190	$10,585	($605)
Total expenditures and transfers out	$21,546	$20,946	$12,158	$8,787
McCloud				
Total revenues and transfers in	$24,160	$24,160	$23,957	($203)
Total expenditures and transfers out	$54,592	$54,592	$18,186	$36,407
McGrath Estates				
Total revenues and transfers in	$54,770	$54,770	$57,544	$2,774
Total expenditures and transfers out	$108,778	$108,778	$41,586	$67,192
McKinley View				
Total revenues and transfers in	$3,850	$3,850	$4,080	$230
Total expenditures and transfers out	$15,184	$15,184	$2,100	$13,084
Mellow Woods Road				
Total revenues and transfers in	$13,410	$13,410	$13,597	$187
Total expenditures and transfers out	$23,961	$23,961	$3,739	$20,222
Miller Hill Extension				
Total revenues and transfers in	$40,530	$40,530	$40,423	($107)
Total expenditures and transfers out	$51,083	$51,083	$31,888	$19,194
Moose Creek				
Total revenues and transfers in	$13,380	$13,380	$13,460	$80
Total expenditures and transfers out	$49,733	$49,733	$3,777	$45,955
Moose Meadows				
Total revenues and transfers in	$48,660	$48,660	$50,576	$1,916
Total expenditures and transfers out	$73,365	$73,365	$8,409	$64,956
Mt. View				
Total revenues and transfers in	$21,620	$21,620	$22,849	$1,229
Total expenditures and transfers out	$61,878	$61,878	$8,152	$53,726

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Murphy				
Total revenues and transfers in	$9,280	$9,280	$9,482	$202
Total expenditures and transfers out	$19,903	$22,903	$6,565	$16,338
Musk Ox				
Total revenues and transfers in	$20,340	$20,340	$21,122	$782
Total expenditures and transfers out	$71,335	$71,335	$14,301	$57,034
Newby Park				
Total revenues and transfers in	$8,370	$8,370	$8,220	($150)
Total expenditures and transfers out	$13,169	$13,169	$3,107	$10,062
North Ridge				
Total revenues and transfers in	$6,280	$6,280	$6,281	$1
Total expenditures and transfers out	$8,053	$10,053	$6,682	$3,370
North Star Volunteer Fire				
Total revenues and transfers in	$1,065,980	$1,065,980	$1,082,240	$16,260
Total expenditures and transfers out	$1,191,933	$1,233,665	$959,459	$274,206
O'Connor Creek				
Total revenues and transfers in	$91,060	$91,060	$93,950	$2,890
Total expenditures and transfers out	$154,894	$144,255	$87,071	$57,184
Old Wood Road				
Total revenues and transfers in	$8,110	$8,110	$8,257	$147
Total expenditures and transfers out	$10,734	$21,734	$14,476	$7,259
Our				
Total revenues and transfers in	$2,670	$2,670	$2,798	$128
Total expenditures and transfers out	$8,564	$8,444	$2,282	$6,162
Parksridge				
Total revenues and transfers in	$7,180	$7,180	$7,566	$386
Total expenditures and transfers out	$20,223	$30,223	$3,722	$26,501

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Peede Country Estates				
Total revenues and transfers in	$4,240	$4,240	$4,770	$530
Total expenditures and transfers out	$4,240	$28,882	$20,148	$8,734
Pine Stream				
Total revenues and transfers in	$17,870	$17,870	$18,703	$833
Total expenditures and transfers out	$71,051	$70,971	$24,683	$46,288
Pleasureland				
Total revenues and transfers in	$7,030	$7,030	$7,539	$509
Total expenditures and transfers out	$34,726	$42,726	$2,717	$40,009
Polar Heights				
Total revenues and transfers in	$15,570	$15,570	$15,792	$222
Total expenditures and transfers out	$30,923	$35,423	$8,148	$27,275
Potlatch				
Total revenues and transfers in	$11,110	$11,110	$11,309	$199
Total expenditures and transfers out	$15,683	$15,683	$4,042	$11,641
Prospect Park				
Total revenues and transfers in	$4,340	$4,340	$4,416	$76
Total expenditures and transfers out	$18,646	$20,646	$10,038	$10,608
Reed Acres Road				
Total revenues and transfers in	$7,310	$7,310	$7,966	$656
Total expenditures and transfers out	$49,010	$52,010	$6,630	$45,380
Ridgecrest				
Total revenues and transfers in	$1,860	$1,860	$1,844	($16)
Total expenditures and transfers out	$2,052	$4,552	$3,440	$1,112
Salchaket Heights				
Total revenues and transfers in	$2,000	$2,000	$2,136	$136
Total expenditures and transfers out	$7,939	$7,939	$1,000	$6,939

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Scenic Heights				
Total revenues and transfers in	$16,370	$16,370	$17,000	$630
Total expenditures and transfers out	$70,217	$70,217	$9,666	$60,551
Seavy				
Total revenues and transfers in	$8,980	$8,980	$9,335	$355
Total expenditures and transfers out	$36,743	$36,242	$5,514	$30,728
Secluded Acres				
Total revenues and transfers in	$6,990	$6,990	$7,391	$401
Total expenditures and transfers out	$24,386	$24,386	$5,710	$18,676
Serendipity Hill				
Total revenues and transfers in	$5,820	$5,820	$6,287	$467
Total expenditures and transfers out	$24,931	$24,931	$2,290	$22,641
Six Mile Village Road				
Total revenues and transfers in	$6,980	$6,980	$7,291	$311
Total expenditures and transfers out	$19,144	$19,144	$4,470	$14,674
Smallwood Trail Road				
Total revenues and transfers in	$4,610	$4,610	$4,965	$355
Total expenditures and transfers out	$20,391	$20,391	$1,900	$18,491
Smith Ranch				
Total revenues and transfers in	$1,560	$1,560	$1,860	$300
Total expenditures and transfers out	$47,498	$47,498	$6,184	$41,314
Spring Glade				
Total revenues and transfers in	$22,760	$22,760	$23,933	$1,173
Total expenditures and transfers out	$68,934	$73,934	$11,238	$62,696
Spruce Acres				
Total revenues and transfers in	$5,210	$5,210	$5,600	$390
Total expenditures and transfers out	$27,549	$27,549	$2,991	$24,557

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Steamboat Landing				
Total revenues and transfers in	$11,270	$11,270	$11,670	$400
Total expenditures and transfers out	$33,075	$31,475	$2,730	$28,745
Steese Volunteer Fire				
Total revenues and transfers in	$901,360	$1,601,360	$938,576	($662,784)
Total expenditures and transfers out	$1,634,451	$2,431,304	$2,400,839	$30,465
Straight Creek				
Total revenues and transfers in	$8,700	$8,700	$9,144	$444
Total expenditures and transfers out	$10,337	$10,337	$5,795	$4,542
Summerwood				
Total revenues and transfers in	$27,880	$27,880	$28,516	$636
Total expenditures and transfers out	$58,056	$58,056	$17,638	$40,417
Summit Drive				
Total revenues and transfers in	$78,240	$78,240	$80,471	$2,231
Total expenditures and transfers out	$244,652	$244,652	$59,555	$185,098
Sunny Hills Terrace				
Total revenues and transfers in	$24,370	$24,370	$25,888	$1,518
Total expenditures and transfers out	$77,129	$77,129	$7,591	$69,538
Sunrise				
Total revenues and transfers in	$10,220	$10,220	$11,187	$967
Total expenditures and transfers out	$55,860	$55,860	$3,397	$52,463
Tan Terra				
Total revenues and transfers in	$8,670	$8,670	$8,939	$269
Total expenditures and transfers out	$14,350	$19,350	$6,392	$12,958
Thomas				
Total revenues and transfers in	$8,680	$8,680	$8,064	($616)
Total expenditures and transfers out	$11,179	$14,879	$13,355	$1,523

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Timberlane Road				
Total revenues and transfers in	$7,900	$7,900	$8,673	$773
Total expenditures and transfers out	$60,346	$60,346	$1,764	$58,582
Tungsten				
Total revenues and transfers in	$24,560	$24,560	$25,416	$856
Total expenditures and transfers out	$29,391	$28,810	$27,464	$1,346
Twenty Three Mile Slough				
Total revenues and transfers in	$20,020	$20,020	$20,495	$475
Total expenditures and transfers out	$104,781	$104,781	$7,053	$97,727
Ullrhaven				
Total revenues and transfers in	$3,540	$3,540	$3,869	$329
Total expenditures and transfers out	$20,976	$20,976	$1,965	$19,011
University Fire				
Total revenues and transfers in	$1,630,840	$1,630,840	$1,966,030	$335,190
Total expenditures and transfers out	$2,019,456	$2,475,356	$1,988,874	$486,483
University Heights				
Total revenues and transfers in	$44,590	$44,590	$46,152	$1,562
Total expenditures and transfers out	$105,378	$105,378	$31,889	$73,489
University West Street Light				
Total revenues and transfers in	$51,180	$51,180	$54,161	$2,981
Total expenditures and transfers out	$173,353	$172,953	$18,295	$154,658
Vienna Wood				
Total revenues and transfers in	$16,750	$16,750	$17,392	$642
Total expenditures and transfers out	$43,481	$43,481	$13,358	$30,123
Viewpointe				
Total revenues and transfers in	$17,410	$17,410	$17,388	($22)
Total expenditures and transfers out	$88,275	$88,275	$3,541	$84,734

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Statement of Revenues and Expenditures
Budget and Actual
Year Ended June 30, 2006

	Budgeted Amounts		Actual on Budgetary Basis	Variance from Final Budget-Positive (Negative)
	Original	Final		
Violet Drive				
Total revenues and transfers in	$42,800	$42,800	$44,189	$1,389
Total expenditures and transfers out	$58,086	$58,086	$29,543	$28,543
Vista Gold Road				
Total revenues and transfers in	$29,800	$29,800	$29,930	$130
Total expenditures and transfers out	$34,499	$33,715	$22,410	$11,305
Vue Crest				
Total revenues and transfers in	$23,710	$23,710	$25,401	$1,691
Total expenditures and transfers out	$110,906	$110,906	$15,400	$95,506
Whitman				
Total revenues and transfers in	$3,260	$3,260	$3,561	$301
Total expenditures and transfers out	$14,832	$14,832	$1,631	$13,201
Wildview				
Total revenues and transfers in	$142,570	$142,570	$143,881	$1,311
Total expenditures and transfers out	$544,335	$526,335	$219,557	$306,778
Woodland				
Total revenues and transfers in	$1,990	$1,990	$2,021	$31
Total expenditures and transfers out	$3,162	$3,162	$1,830	$1,332
Yak Road				
Total revenues and transfers in	$62,850	$62,850	$65,460	$2,610
Total expenditures and transfers out	$146,485	$146,485	$18,909	$127,576
Total All Service Areas				
Total revenues and transfers in	$7,090,600	$7,967,100	$7,592,563	($374,537)
Total expenditures and transfers out	$13,353,730	$15,012,079	$8,319,811	$6,692,268

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Net Assets
June 30, 2006

	Business-type Activities -	
	Transit	Land
Assets		
Current assets		
Equity in central treasury cash	$1,785,067	$4,835,859
Restricted equity in central treasury cash	25,639	
Taxes receivable - foreclosure reimbursement		153,342
Accounts receivable (net of allowance for uncollectibles - $28,528)		60,032
Restricted accounts receivable		
Accrued interest receivable		12,410
Land contracts receivable, current portion		260,244
Interfund receivable		
Restricted due from governmental agencies	634,763	860
Inventories	150,567	53
Current assets total	2,596,036	5,322,799
Noncurrent assets		
Land inventory - long-term		8,225,938
Land contracts receivable		1,688,310
Capital assets - non-depreciable		
Retained land		296,148
Land and land improvements	595,234	
Works of art		
Construction work in progress		
Capital assets - depreciable		
Land		
Buildings	3,941,791	314,927
Improvements other than buildings	261,774	
Equipment	2,577,065	
Intangible assets - software	170,171	18,864
Accumulated depreciation	(2,865,094)	(262,165)
Noncurrent assets (net) total	4,680,941	10,282,023
Assets total	$7,276,977	$15,604,823

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
$314,800	$14,642,375	$21,578,101	$487,877
462,610		488,249	24,363
		153,342	
26,323	338,888	425,243	
6,860		6,860	
		12,410	
		260,244	
	175,000	175,000	
73,998	20,226	729,848	
		150,620	
884,591	15,176,489	23,979,916	512,240
		8,225,938	
		1,688,310	
		296,148	
509,032	836,876	1,941,142	
120,790		120,790	
140,377	135,737	276,115	
	255,171	255,171	
14,815,299	4,542,614	23,614,630	
1,608,028	16,918,998	18,788,800	
230,845	2,495,606	5,303,516	6,371,084
		189,035	
(5,046,805)	(11,898,691)	(20,072,754)	(2,882,968)
12,377,567	13,286,310	40,626,841	3,488,116
$13,262,158	$28,462,799	$64,606,757	$4,000,356

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Net Assets
June 30, 2006

	Business-type Activities -	
	Transit	Land
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$55,761	$707
Wages and payroll taxes	83,963	18,143
Accrued interest payable		
Accrued compensated absences	151,024	35,335
Accrued self-insurance losses	22,324	
Deposits from others	3,280	15,279
Payable from restricted assets		
Accounts payable	49,170	
Interfund payable	585,819	860
Unearned revenues	13,136	
Capital leases payable		
Unrealized gain on land contracts, current portion		96,966
Current liabilities total	964,476	167,290
Long-term liabilities		
Accrued compensated absences	63,564	4,260
Accrued self-insurance losses	31,988	
Unrealized gain on land contracts		661,512
Capital leases payable		
Loans payable		
Landfill closure and postclosure care		
Net pension obligation	251,369	53,426
Long-term liabilities total	346,922	719,197
Liabilities total	1,311,397	886,488
Net assets		
Invested in capital assets, net of related debt	4,680,941	367,774
Restricted for:		
Asset replacement		
Grants	12,277	
Unrestricted	1,272,362	14,350,561
Net assets total	5,965,580	14,718,335
Liabilities and net assets total	$7,276,977	$15,604,823

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
$	$187,987	$244,455	$
1,465	39,682	143,253	
	284,602	284,602	
2,453	25,401	214,212	
	116,313	138,637	
		18,559	13,100
35,167		84,337	
72,511	20,226	679,416	
141,180		154,316	18,200
	16,261	16,261	411,428
		96,966	
252,777	690,473	2,075,016	442,728
2,089	8,924	78,837	
	157,766	189,754	
		661,512	
			1,066,712
	5,865,425	5,865,425	
	13,997,470	13,997,470	
1,802	92,968	399,566	
3,892	20,122,554	21,192,564	1,066,712
256,668	20,813,027	23,267,580	1,509,440
12,377,567	7,404,624	24,830,906	2,009,976
294,610		294,610	
		12,277	6,163
333,313	245,149	16,201,384	474,777
13,005,490	7,649,773	41,339,177	2,490,917
$13,262,158	$28,462,799	$64,606,757	$4,000,356

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Reconciliation of Net Assets Between the Government-wide and Fund Financial Statements
June 30, 2006

Total net assets of enterprise funds	$41,339,177
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds.	(48,164)
Net assets of business-type activities	$41,291,013

See accompanying notes to financial statements.

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FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2006

	Business-type Activities -	
	Transit	Land
Operating revenues		
Fares	$183,657	$
Land sales, net of cost		392,721
Land leases		37,829
Interest on land contracts receivable		147,339
Advertising	2,681	
Charges for services	1,019,763	275,082
Retirement system funding	59,911	20,292
Other revenues		1
Operating revenues total	1,266,012	873,265
Operating expenses		
Wages and benefits	3,460,500	731,788
Fuels, lubricants, and parts	460,952	34
Other commodities	2,444	
Contractual services	546,406	76,443
Utilities	91,972	
Professional services	258,914	61,198
Depreciation	253,644	7,242
Training, dues and professional expenses	20,943	10,333
Repairs and maintenance	68,425	750
Supplies	37,613	9,891
Management contractor fee		
Landfill closure and postclosure care costs		
Interest expense - capital leases		
Intragovernmental charges	597,316	121,353
Operating expenses total	5,799,129	1,019,030
Operating income (loss)	(4,533,116)	(145,766)

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
$	$	$183,657	$
		392,721	
		37,829	
		147,339	
		2,681	
87,932	5,331,961	6,714,739	511,220
936	33,370	114,509	
		1	
88,868	5,365,332	7,593,477	511,220
34,997	1,369,248	5,596,532	
	162,797	623,783	
47,222	27,078	76,744	
435,330	1,286,967	2,345,147	
	90,557	182,528	
1,232	294,499	615,843	
339,507	361,529	961,921	481,692
	14,379	45,655	
5,000	324,493	398,668	7,949
135,909	146,164	329,578	
146,998		146,998	
	1,274,625	1,274,625	
			7,585
424,587	676,519	1,819,775	24,730
1,570,783	6,028,855	14,417,798	521,956
(1,481,916)	(663,523)	(6,824,321)	(10,736)

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2006

	Business-type Activities -	
	Transit	Land
Non-operating revenues (expenses)		
Interest expense	$	$
Grants revenue	3,552,717	20,915
Fares from grants	223,677	
Investment income	47,521	179,707
Gain (loss) on sales of capital assets	(253,732)	
Miscellaneous revenue (expense)	329	
Increase in market value of land inventory		50,910
Non-operating revenues (expenses) total	3,570,512	251,531
Income (loss) before contributions and transfers	(962,604)	105,766
Capital contributions		
Transfers in	2,653,250	101,573
Transfers out	(125,947)	(30,851)
Change in net assets	1,564,699	176,488
Net assets total, beginning	4,400,881	14,541,847
Net assets total, ending	$5,965,580	$14,718,335

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
$	($51,826)	($51,826)	$
140,477	404,520	4,118,629	
		223,677	
21,058	604,698	852,984	
	(6,685)	(260,417)	26,726
34	799	1,161	540
		50,910	
161,569	951,506	4,935,119	27,266
(1,320,347)	287,983	(1,889,202)	16,530
16,515		16,515	201,792
1,316,381		4,071,204	
(150,000)	(144,046)	(450,844)	
(137,450)	143,937	1,747,673	218,322
13,142,940	7,505,836	39,591,504	2,272,595
$13,005,490	$7,649,773	$41,339,177	$2,490,917

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Reconciliation of Statement of Revenues, Expenses, and Changes in Net Assets To the Statement of Activities For the Year Ended June 30, 2006

Change in net assets - total enterprise funds	$1,747,673
Amounts reported for business-type activities in the statement of activities are different because:	
The internal service fund lookback adjustment results in a balance between governmental and business-type activities.	(496)
Change in net assets of business-type activities	$1,747,177

See accompanying notes to financial statements.

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FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Cash Flows
Increases (Decreases) in Equity in Central Treasury Cash
Year Ended June 30, 2006

	Business-type Activities -	
	Transit	Land
Cash flows from operating activities		
Cash received from customers	$1,206,101	$1,630,598
Cash payments to suppliers for goods and services	(2,051,515)	(516,883)
Cash payments to employees for services	(3,199,654)	(697,611)
Net cash provided by (used for) operating activities	(4,045,068)	416,104
Cash flows from noncapital financing activities		
Grants received	1,441,903	
Transfers from other funds	2,653,250	100,000
Transfers to other funds		
Proceeds from interfund financing activity	147,742	
Net cash provided by (used for) noncapital financing activities	4,242,895	100,000
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(2,288,863)	
Capital grants received	1,858,170	
Capital lease payments		
Interest on capital lease payments		
Proceeds from sale of capital assets		
Proceeds from surplus sale	329	
Proceeds from interfund financing activity	248,985	
Proceeds from capital lease		
Payments on loan		
Net cash provided by (used for) capital and related financing activities	(181,379)	
Cash flows from investing activities		
Investment income allocation from central treasury	47,521	179,707
Loans to other funds		
Net cash provided by investing activities	47,521	179,707
Net increases (decreases) in equity in central treasury cash	63,970	695,811
Equity in central treasury cash at beginning of year	1,746,737	4,140,048
Equity in central treasury cash at end of year	$ 1,810,706	$ 4,835,859

See accompanying notes to financial statements.

Enterprise Funds			Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
$63,566	$5,781,084	$8,681,349	$511,220
(1,196,279)	(2,963,020)	(6,727,697)	(33,214)
(30,312)	(1,310,814)	(5,238,391)	
(1,163,026)	1,507,250	(3,284,740)	478,006
		1,441,903	
1,316,381		4,069,631	
(150,000)	(144,046)	(294,046)	
		147,742	
1,166,381	(144,046)	5,365,230	
(159,985)	(2,031,929)	(4,480,776)	(8,995)
180,123	404,520	2,442,813	18,200
			(407,516)
			(51,571)
	5,108	5,108	26,726
34	799	1,162	540
72,511		321,496	
			197,500
	(1,720,520)	(1,720,520)	
92,683	(3,342,022)	(3,430,718)	(225,116)
21,058	604,698	852,984	
	(175,000)	(175,000)	
21,058	429,698	677,984	
117,097	(1,549,120)	(672,243)	252,890
660,313	16,191,495	22,738,593	259,350
$ 777,410	$ 14,642,375	$ 22,066,350	$ 512,240

FAIRBANKS NORTH STAR BOROUGH

Proprietary Funds

Statement of Cash Flows
Increases (Decreases) in Equity in Central Treasury Cash
Year Ended June 30, 2006

	Business-type Activities -	
	Transit	Land
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating income (loss)	($4,533,116)	($145,766)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	253,644	7,242
Interest expense for capital leases		
Change in assets and liabilities		
(Increase) decrease in receivables		(587,814)
Decrease (Increase) in inventories	21,307	861,946
Increase in net pension obligation	137,185	29,829
Increase (decrease) in accounts payable	12,093	(66,547)
Increase (decrease) in deposits from others	71	(8,100)
Increase in wages and payroll taxes	16,388	1,952
Increase (decrease) in compensated absences	28,809	(7,249)
Increase (decrease) in accrued self-insurance losses	18,553	
Increase in unrealized gain on land contracts		330,611
Increase in landfill closure and postclosure care liability		
Adjustments total	488,049	561,870
Net cash provided by (used for) operating activities	($4,045,068)	$416,104
Noncash investing, capital and financing activities		
Capital leases		
Accrued interest payable		
Capital asset transfers to other funds		$30,851
Reconciliation of equity in central treasury cash to Statement of Net Assets Accounts		
Equity in central treasury cash	$ 1,785,067	$ 4,835,859
Restricted equity in central treasury cash	25,639	
Equity in central treasury cash at end of year	$ 1,810,706	$ 4,835,859

See accompanying notes to financial statements.

Enterprise Funds			Governmental Activities - Internal Service Fund
Carlson Center	Solid Waste Disposal	Total	Vehicle and Equipment Fleet
($1,481,916)	($663,523)	($6,824,321)	($10,736)
339,507	361,529	961,922	481,692
			7,585
(24,366)	449,123	(163,058)	
		883,253	
1,803	52,037	220,854	
	60,433	5,979	(534)
		(8,029)	
635	3,020	21,995	
1,312	(5,191)	17,681	
	(24,803)	(6,250)	
		330,611	
	1,274,625	1,274,625	
318,890	2,170,773	3,539,582	488,742
($1,163,026)	$1,507,250	($3,284,740)	$478,006
			$615,298
	($284,602)	($284,602)	
$16,515		$47,366	
$ 314,800	$ 14,642,375	21,578,101	$ 487,877
462,610		488,249	24,363
$ 777,410	$ 14,642,375	$ 22,066,350	$ 512,240

FAIRBANKS NORTH STAR BOROUGH

Fiduciary Fund

Statement of Net Assets
June 30, 2006

	Taxes Agency Fund
Assets	
Equity in central treasury cash	$26,596
Property tax liens receivable	289,007
Sales tax receivable	44,445
Assets total	$360,048
Liabilities	
Due to other governmental agencies for collected taxes	$6,484
Due to other governmental agencies for uncollected taxes	333,451
Advance tax payments	20,113
Liabilities total	$360,048

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FAIRBANKS NORTH STAR BOROUGH

Notes to Financial Statements
June 30, 2006

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Fairbanks North Star Borough (the Borough) was incorporated January 1, 1964 as a Second Class Borough under the provisions of the State of Alaska Borough Act (1963), as amended. The Borough operates under a Mayor-Assembly form of government and provides the following services:

Areawide: assessment and collection of taxes, public schools, planning and zoning, animal control, flood control, library, air pollution control, disaster and civil defense, solid waste disposal (landfill), parks and recreation, transportation system, child care assistance, health and social services (limited), and emergency communication services (enhanced 911). These services are provided throughout the entire Borough. The Borough also has hospital and housing financing powers, neither of which are exercised.

Non-areawide: emergency medical services, economic development, and fireworks control. These activities service the area of the Borough outside the two cities of Fairbanks and North Pole.

Service area: road construction and maintenance, fire protection, water supply, sewage disposal, and streetlights. These services are currently provided to 114 neighborhoods and regions.

Solid Waste Collection District: solid waste collection and transfer to the landfill. The District services the area of the Borough outside the City of Fairbanks.

The accompanying financial statements present the Borough (primary government) and its discretely presented component unit, the Fairbanks North Star Borough School District (School District). The School District is the Borough's only component unit.

Although the School District is governed by an independently elected school board, it is included in these financial statements because it is financially accountable to the Borough in the following ways:

Any year-end fund balance surplus in excess of seven percent of the local appropriation to the School District lapses back to the Borough's general fund.

The Borough Assembly is responsible for approving and appropriating the amount for local support to the School District for education.

The Borough has responsibility for funding any deficits of the School District.

The Borough is responsible for the levying and collecting of taxes. The School District has no taxing authority.

The School District cannot borrow funds, but the Borough may and does issue bonds to finance school construction, renovation, and major maintenance.

All land, buildings, and improvements other than buildings, used by the School District, are owned by the Borough and provided to the School District at no charge. School buildings located on

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

Fort Wainwright army post and on Eielson air force base are owned by the Borough; the land is leased through agreements with the Secretary of the Army and the Secretary of the Air Force.

The School District is required to deposit all school money in the Borough's central treasury.

The School District is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Borough. Complete financial statements of the School District can be obtained from the School District's Department of Administrative Services at 520 Fifth Avenue, Fairbanks, Alaska 99701-4756; telephone number (907) 452-2000.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

There are two government-wide financial statements, the statement of net assets and the statement of activities. These statements report information on all of the nonfiduciary activities of the Borough as a primary government and its component unit, the School District. 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 Borough is reported separately from the School District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expense allocations made in the funds are reversed and presented in a separate column. 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 program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported as general revenues.

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 are reported as separate columns in the fund financial statements. All non-major governmental funds are combined into a single, aggregated column.

The Borough reports the following major governmental funds:

The General Fund is the government's primary operating fund. It is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

The Service Areas Fund is used to account for the revenues and expenditures of the Borough's four service area activities: road maintenance and construction, fire protection, streetlights, and sewer and water. There are 107 active road service areas, five fire service areas, one streetlights service area, and one sewer and water service area.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

The Federal Grants Special Revenue Fund is used to account for programs that are funded by federal sources received directly from the federal government or passed through the State of Alaska.

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The Bond Capital Projects Fund is used to account for all bond-funded capital projects.

The Local Capital Projects Fund is used to account for Assembly appropriations for multi-fiscal year capital projects not funded by grants or bonds.

The Borough reports the following major enterprise funds (proprietary fund-type):

The Transit Enterprise Fund is used to account for the activities of the public transportation system (the MACS Metropolitan Area Commuter System and Van Tran), the air quality function, and maintenance of the Borough's vehicle fleet.

The Land Enterprise Fund is used to account for the acquisition, development, and management of all Borough lands, including those received under the State of Alaska Municipal Land Act. It also accounts for the Chena Riverfront Trust.

The Carlson Center Enterprise Fund is used to account for the operations of the John A. Carlson Community Activity Center.

The Solid Waste Disposal Enterprise Fund is used to account for the activities of the Borough's solid waste disposal function, which includes operation of the landfill, household hazardous waste disposal, and recycling of paper and other materials.

Additionally, the Borough has one internal service fund (proprietary fund-type):

The Vehicle and Equipment Fleet Fund is used to account for the acquisition and financing of Borough vehicles and equipment.

The Borough also has one fiduciary fund:

The Taxes Agency Fund is used to account for real property taxes collected by the Borough as an agent for other governmental units.

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 transit enterprise fund, the land enterprise fund, the Carlson Center enterprise fund, the solid waste disposal enterprise fund, and the Borough's internal service fund are charges to customers for sales and services. Operating expenses for

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

enterprise funds and the internal service fund 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.

Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, requires that enterprise activities follow all GASB pronouncements. It also allows for the option of either following Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 that are not in conflict with GASB pronouncements, or following all FASB pronouncements that are not in conflict with GASB pronouncements. The Borough and School District have both elected to follow FASB pronouncements issued on or before November 30, 1989 that are not in conflict with GASB pronouncements.

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements, as well as the financial statements of the proprietary funds, are reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund uses the accrual basis of accounting. Revenues are recognized when earned, except for revenue from land disposals, which is recognized on the installment method. Expenditures are recognized when they are incurred, except for estimated landfill closure and postclosure care costs which are recognized based on landfill usage.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include interfund goods and services provided and used between Borough functions. Elimination of these charges would distort direct costs and program revenues for the various functions concerned.

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 Borough considers revenues to be available if they are collected within 45 days of the end of the current fiscal period.

Property taxes are levied by June 15 but not accrued until July 1 of the succeeding fiscal year when they are available to finance expenditures of that period. Taxes collected prior to July 1 are recorded as advance tax payments. State entitlements and shared revenues are recorded as revenue in the period of allocation. Certain other grant revenues are dependent upon expenditures or other criteria, and revenues from these grants are recognized when the expenditures are made, or the criteria are met. Revenues from other grants are recognized on the cash basis. Interest income is accrued when earned. For investments with maturities greater than one year, unrealized gains and losses are recorded at the end of the reporting period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt as well as expenditures related to compensated absences which are recognized when due and payable.

The School District reports district-wide information using the economic resources measurement focus and the accrual basis of accounting. As a general rule, the effect of interfund activity has been eliminated from the district-wide information.

D. BUDGETARY PROCESS

The budgetary data presented in the financial statements are established by the following procedures:

1) On or before the first Thursday following April 1, the Mayor submits to the Borough Assembly a proposed operating budget for the following fiscal year. The annual operating budget includes proposed expenditures and the means of financing them. In accordance with Alaska Statutes 14.14.060(c) and Fairbanks North Star Borough Code of Ordinances (FNSB) 3.03.010A, the School District's Board of Education is required to adopt and submit its annual budget to the Borough Assembly by April 1 for approval of the amount of local support for education.

2) At least one public hearing is held.

3) By May 31, the budget is legally enacted through the passage of an appropriating ordinance, including the local support share of School District funding.

4) The Mayor is authorized to transfer budgeted amounts within a department or within a service area. Transfers between departments, between service areas, or between funds require Borough Assembly approval.

Formal budgetary integration is employed as a management control device, during the year, for the general fund; certain special revenue funds: enhanced 911, non-areawide, solid waste collection district, and service areas; debt service fund; enterprise funds; and internal service fund. In addition, formal budgetary integration is employed as a management control device in the remaining special revenue funds and all the capital projects funds for the life of the related grants, projects, or programs.

Annual budgets are legally adopted for the general, certain special revenue (enhanced 911, non-areawide, solid waste collection district, and service areas), and debt service funds. Differences in accounting for encumbrances, as described below, exist between the basis of accounting used for budgetary purposes and that used for reporting in accordance with generally accepted accounting principles. The remaining special revenue funds and all the capital projects funds are controlled through project budgets. Adopted project budgets provide authorization to complete projects that extend beyond one fiscal year. Multi-fiscal year projects are controlled by comparing project-to-date expenditures with project budgets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY PROCESS (continued)

Annual budgets are also adopted for the enterprise funds and the internal service fund. However, generally accepted accounting principles do not require the adoption of budgets for enterprise funds and internal service funds, and budgetary comparisons are not included for these funds because the measurement focus is upon determination of net income and financial position.

Appropriations are authorized by ordinance at the department level for the general, enhanced 911 special revenue, non-areawide special revenue, solid waste collection district special revenue, enterprise funds, and internal service fund; at the service area level in the service areas special revenue fund; and at the project level for the capital projects and the remaining special revenue funds. All other appropriations are at the fund level. Expenditures may not exceed these appropriations which are the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed, object-level budgets.

E. EQUITY IN CENTRAL TREASURY CASH - DEPOSITS AND INVESTMENTS

Cash resources of all Borough funds, and of the School District component unit, are combined and invested with the following objectives: ensure safety of principal, maintain sufficient liquidity to meet cash flow requirements, and achieve a reasonable market rate of return. Central treasury investments are reported at fair value.

Investment income is allocated to the following funds and accounts based upon their cumulative, month-end cash equity balances: enhanced 911 special revenue fund, service areas special revenue fund, health care contingency reserve special revenue program, any Alaska Department of Education grants to the Borough and to the School District, federal grants in all funds and of the School District plus certain State grants matching some of those federal grants, capital projects to renovate the Mary Siah tennis courts funded by a donation, the library special revenue fund and any capital projects funded by the library fund, enterprise funds, and the pupil activities agency fund of the School District. For bond-funded projects authorized since September 1993, investment income is allocated back to the respective projects authorized. The balance of investment income is allocated to the general fund.

F. STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the cash and cash equivalents of the enterprise funds and the internal service fund are their Equity in Central Treasury Cash.

G. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, interfund receivables and payable transactions arise. On the statement of net assets, the internal balances represent the amounts that are receivable or payable between business-type activities and governmental activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. INVENTORIES

Inventories of the transit enterprise fund are stated at cost. An average cost method is used for parts and the first-in, first-out method is used for fuel. Inventories of the School District are valued at cost, using the weighted average cost method, except for School District inventories of the U.S. Department of Agriculture food commodities. Food commodities are recorded at fair market value. All inventories are recorded as expenditures when used (consumption method).

I. LAND INVENTORIES

Entitlement land received by the Borough under the State of Alaska Municipal Land Act is recorded as a donation in the land enterprise fund. The land donated by the State is valued at $1 per acre when tentative approval for the land is received from the State until such time as the estimated fair value is readily determinable. When the fair value of the land can be determined, it is back-trended to the date of donation and that portion exceeding $1 per acre is then recorded as donation revenue.

All land inventory of the land enterprise fund is valued at the lower of cost (specific identification method) or market. Cost includes the donated value described above, plus development expenses recorded at cost.

Lands that are ready for sale or being developed for sale are recorded as a current asset, Inventories. Lands that are not currently for sale, whether they are undeveloped, being withheld from sale, leased or otherwise managed by the land management department, are recorded as a long-term asset, Land inventory - long-term.

Lands retained for a public purpose within the governmental functions are reflected as capital assets on the government-wide statement of net assets.

J. CAPITAL ASSETS

Capital assets, which include land, buildings, improvements, machinery and equipment, library materials, artwork, software, and construction in progress, 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 tangible or intangible property for use in operations with an initial, individual cost of more than $5,000 for machinery and equipment and artwork and more than $50,000 for all other assets except library materials, and an estimated useful life of over one year. Such assets are recorded at cost at the time of acquisition or construction. If the cost of an asset was not readily available, the historical cost was estimated. This was done using the current replacement cost of the asset and using an applicable index to back-trend this amount to the date of acquisition or construction. Donated capital assets are recorded at estimated fair market value at the date of donation.

Included in the amount of land and land improvements is the cost of the road service areas' rights-of-way and roadbeds. Due to its road service powers, the Borough manages and maintains the roads on rights-of-way located on public land. Roadbeds are considered a non-exhaustible land improvement. Also included in the amount of land and land improvements is the cost of the Tanana River levee. The Tanana River levee includes the levee itself, drainage channels, and protective groins and is considered to be a permanent land improvement. As a second class borough, the Borough has no major general infrastructure assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. CAPITAL ASSETS (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. 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, if any, is included as part of the capitalized value of the assets constructed. (See Note 7.)

Most capital assets of the Borough are depreciated and amortized over their estimated useful lives using the straight-line method, half-year convention. Land improvements, works of art, and construction in progress are not depreciated. In addition, the following categories of library materials are non-circulating permanent collections that are appreciating in value and as such, they are not depreciated: microfilm, Alaskana materials, and the antiquarian collection. Estimated useful lives are as follows:

	Years
Land - solid waste disposal	tied to cell's life
Buildings	15-50
Improvements	20-50
Equipment	5-35
Library materials-books and media	6
Software	5-20

The capital assets of the School District consist only of furniture, equipment, and certain intangible assets. Capital assets are defined by the School District as assets with an initial, individual cost of $2,500 or more and an estimated useful life in excess of two years. School District equipment is valued at cost or estimated historical cost when original cost is not available. Donated equipment is valued at its estimated fair market value on the date received. The Borough owns and provides to the School District all school land, buildings, and improvements, except for certain land that is leased. (See Note 9.)

The School District records straight-line depreciation and amortization over the following estimated useful lives:

	Years
Furniture and equipment	5-25
Intangible assets	5-10

K. ACCRUED COMPENSATED ABSENCES

It is the Borough's policy to permit employees to accumulate earned but unused annual leave. Annual leave is subject to certain restrictions and maximum accumulations. Employees are paid for any accumulated annual leave upon use or at termination. All annual leave 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. The governmental funds have no liabilities for accrued compensated absences at June 30.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. DEFERRED AND UNEARNED REVENUES

In the financial statements of the governmental funds, deferred revenues arise when a legal claim exists, but the resources are not available to pay liabilities of the current period, as when property taxes are levied but not collected within the availability period.

Unearned revenues arise when resources are received before the Borough or School District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Borough or School District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

M. UNREALIZED GAIN ON LAND CONTRACTS

In accordance with FASB Statement No. 66, retail land sales of the land enterprise fund are accounted for using the installment method because the extended length of the collection period casts doubt on the collectibility of the land contracts receivable. The unrealized gain on land contracts represents that portion of the gross profit that has not been recovered through collections of the receivables.

N. OTHER LONG-TERM LIABILITIES

In the government-wide financial statements and the fund financial statements of the proprietary funds, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental funds 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.

O. ENVIRONMENTAL LIABILITIES

Environmental liabilities are recorded when assessments and/or remedial efforts are probable and the costs can be reasonably estimated. Generally, the timing of these accruals coincides with the commitment of the Borough to a formal plan of action. The Borough has no environmental liabilities at June 30.

P. FUND EQUITY

Reserved fund balances indicate that a portion of fund equity is not available for expenditure, as in the case of reserves for encumbrances, or a portion of fund equity is legally segregated for a specific future use.

Designated fund balances indicate tentative plans for future use. Fund balances designated for subsequent year's expenditures represent commitments for expenditures in excess of anticipated revenues for the following year. Undesignated fund balances indicate that a portion of fund equity is available for budgeting in a future period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. IN-KIND SUPPORT TO THE SCHOOL DISTRICT

Certain services are provided by the Borough to the School District. These include use of various Borough facilities, debt service on school facilities, certain administrative functions, major facility maintenance, and certain equipment purchases. The costs of these services have not been charged to the School District.

The School District operates school facilities at Fort Wainwright army post and Eielson air force base. Prior to fiscal year 2004-05 two of these schools were owned and financed by the United States government, through the State of Alaska, in their entirety and no Borough funds or appropriations had been used to fund their operation. In fiscal year 2004-05, ownership of the remaining two post/base schools was individually transferred to the Borough. At this time, the Borough owns all four of these schools.

R. COMPARATIVE DATA/RECLASSIFICATION

The basic financial statements include partial prior-year comparative information in order to provide an understanding of the changes in the financial position and operations of the Borough's funds. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Borough's financial statements for the year ended June 30, 2005, from which such partial information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

S. ROUNDING

Each amount in the financial statements is rounded to its natural whole number. As a result, some subtotals and totals may not equal the sum of the detail amounts.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. RECONCILIATION OF BUDGETARY BASIS WITH GAAP BASIS

The following schedule reconciles revenues and expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balances presented in accordance with generally accepted accounting principles (GAAP) to revenues and expenditures on the Schedule of Revenues and Expenditures-Budget and Actual for the general fund and all service areas:

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. RECONCILIATION OF BUDGETARY BASIS WITH GAAP BASIS (continued)

	General Fund	Service Areas
Revenues reported on the basis of budgeting	$96,478,174	$7,590,603
Adjustment for intragovernmental cost plan revenues	(3,867,161)	
Revenues reported on the basis of GAAP	$92,611,013	$7,590,603
Expenditures reported on the basis of budgeting	$30,792,728	$6,612,830
Expenditures on prior year encumbrances	124,985	276,334
Current year encumbrances	(162,140)	(702,800)
Adjustment for intragovernmental cost plan expenditures	(3,867,161)	
Adjustment for accrued compensated absences	(71,632)	
Adjustment for School District appropriation	38,022,700	
Expenditures reported on the basis of GAAP	$64,839,481	$6,186,364

Since encumbrances constitute the equivalent of expenditures for budgetary purposes, the accompanying schedules present comparisons of actual results to the annual budgets of the general fund and all service areas on the basis of budgeting. Adjustments to convert actual expenditures to the basis of budgeting are reflected in the actual on budgetary basis column in the accompanying statements. The adjustment includes the addition for current year encumbrances and the deduction for expenditures of prior year encumbrances. The original budget column is that adopted by the assembly in its annual appropriation. The final budget column combines the original budget column, and budget amendments made during the current fiscal year.

The intragovernmental cost plan revenues and expenditures are both reflected for budgetary purposes as a revenue and an expenditure in the applicable cost pool. For financial statement purposes, the actual intragovernmental cost plan revenues are subtracted from the actual intragovernmental cost plan expenditures and the net amount is shown as an expenditure for the corresponding cost pool.

For budgetary purposes, the accrual basis of accounting is used and the entire amount of the accrued compensated absences that was earned is reported as a liability. For financial statement reporting, the modified basis of accounting is used and only that portion of the accrued compensated absences that is due and payable is shown as a liability.

The School District's appropriation is shown as a transfer for budgetary purposes and as an expenditure for financial statement purposes.

The threshold for capitalizing machinery and equipment is $5,000. However, for control purposes, assets with a cost of greater than $750 are tracked and referred to as "controlled" assets. These "controlled" assets are included as part of capital outlay for budgeting purposes, but they are included as a current expenditure in the actual expenditures for the financial statements.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no excesses of actual expenditures over appropriations for the year ended June 30, 2006.

C. SUPPLEMENTAL APPROPRIATIONS TO ANNUAL BUDGETS

Supplemental appropriations were made during the year as follows:

Fund/Purpose	Amount
General fund:	
Demolition of sewage treatment plant	$1,225,000
Facilities maintenance reserve	680,978
Additional funds to cover fuel costs	389,060
Video scoreboard at the Carlson Center	225,176
Tanana Lakes master plan and site assessment	195,000
Offset accounts payable and accounts receivable between the City of Fairbanks and the Borough	182,074
Asset replacement reserve	144,573
Other	13,915
	$3,055,776

D. DEFICIT FUND EQUITY

There was a deficit fund balance at June 30, 2006 in Chena Point road service area of $139,553, resulting from expenditures made in fiscal year 2006 to pave 1.75 miles of road within the service area. The project was funded by a $175,000 ten-year loan from the Solid Waste disposal landfill closure reserve.

E. TAXES LEVIED IN EXCESS OF MAXIMUM TAX COMPUTATION

Forty-five service areas and the Solid Waste Collection District levied a total of $3,876 of taxes in excess of the maximum tax computation. (See Note 4.)

F. SCHOOL DISTRICT FUND BALANCE LIMIT

In accordance with Alaska Statutes 14.14.060(c) and Fairbanks North Star Borough Code of Ordinances (FNSB) 3.03.040, the Assembly annually appropriates the amount of local support for school purposes, while FNSB 3.01.060 E limits the amount of the School District's unreserved local appropriation fund balance. Unreserved local appropriation fund balance not exceeding seven percent may carry over to the next fiscal year. This carry-over fund balance is not required to show as revenues for the following fiscal year's budget. At June 30, 2006, unreserved fund balance originating from all revenue sources, including local support, exceeded seven percent of fiscal year 2005-06 expenditures and other financing uses. However, unreserved fund balance includes a $5,868,940 designation for fiscal year 2006-07 expenditures. (See Note 14.) This amount adequately covers the excess over the seven percent limit.

3. DEPOSITS AND INVESTMENTS

Equity in central treasury cash is composed of deposits and investments for all Borough funds and all funds of the School District component unit.

Deposits – Banking services are provided to the Borough under a contract with Wells Fargo Bank Alaska N.A. These services are paid for with a restricted, non-interest bearing compensating balance of $2,221,672 that is recorded as an other asset in the general fund. The contract requires that WFB sweep the Borough's central treasury accounts daily and invest all available funds in an overnight investment.

Investments – FNSB 3.04 (Code) describes the objectives, policies, and procedures for the investment of funds. Borough moneys may be invested only in the following instruments, with the listed maximum maturities from date of purchase: 1) U.S. Treasuries – 5 years; 2) other obligations guaranteed by the United States government or its agencies and instrumentalities – 5 years; 3) repurchase agreements of securities specified in 1) and 2) above, subject to qualifications of the financial institution and specified margin requirements – 5 years; 4) collateralized certificates of deposits and other deposits – 5 years; 5) bank deposits insured by FDIC, NCUA, or FSLIC – 5 years; 6) bonds or notes of any state or political subdivision thereof, rated A or higher – 5 years; 7) prime commercial paper graded A1/P1 or higher – 270 days; 8) prime bankers acceptances of the fifty largest international banks – 180 days; 9) money market mutual funds consisting entirely of instruments specified in 1), 2), and 3) above – maturity date not applicable; and 10) the Alaska Municipal League Investment Pool, Inc.

The Borough's investments are subject to "interest rate risk" – the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough's policies to manage the interest rate risk of its investments include limiting their time to maturity at the date of purchase, as noted above. In addition, the Borough's entire investment portfolio cannot have an average maturity exceeding three years. Further, at the time of purchasing an investment, not more than 30 percent of the prior 12-month moving average value of the portfolio may be in the three- to five-year range. Call options increase the sensitivity of the fair value of an investment to interest rate changes. The Borough held no call options investments at June 30.

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

The Alaska Municipal League Investment Pool (AMLIP) is not SEC-registered, but is a 2a7-like pool, operating in a manner consistent with that rule. Stand-alone financial statements can be obtained by writing to the Investment Advisor, AML Investment Pool, Alaska Permanent Capital Management Co., 900 West Fifth Avenue, Suite 601, Anchorage, Alaska 99501. Regulatory oversight of the pool is established by Alaska Statutes 37.23. The law sets forth numerous requirements regarding authorized investments and reporting. The pool is incorporated in the State of Alaska as a nonprofit corporation and reports to a board of directors. Alaska Statutes 37.23.050 require the retention of an investment manager. The manager is required to produce monthly disclosure statements on the pool. The pool also has retained an investment adviser who monitors the

3. DEPOSITS AND INVESTMENTS (continued)

performance of the investment manager to ensure compliance with investment policies. All participation in the pool is voluntary. The pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the pool are reviewed for fair value by an independent pricing service. As of June 30, 2006, the fair value of the investments in the pool approximates the amortized cost at which the investments were reported. The fair value of the Borough's investments in AMLIP is the same as the value of its pool units.

The Borough's investments, by investment type, at June 30, 2006 are:

Investment Type	Fair Value	Maturity	Ratings
Overnight investment			
Wells Fargo Bank Alaska N.A.	$ 6,439,117		n/a
Government securities money market funds			
Fidelity Institutional Money Market - Treasury Portfolio Class I	26,888,071		AAAm/Aaa
BNY Hamilton Money Fund	89,732		AAAm/Aaa
External investment pool			
Alaska Municipal League Investment Pool	40,013,793		unrated
U.S. securities and agencies			
Federal National Mortgage Association Discount Note	4,958,574	28 August 2006	AAA/Aaa
Commercial paper			
Lockhart Funding, LLC discount	4,923,238	14 July 2006	P1/F1
Prudential Funding, LLC discount	4,923,778	17 July 2006	A1/P1
AIG Funding, Inc. discount	5,930,741	17 July 2006	P1/F1
Centrica, PLC discount	4,922,747	17 July 2006	P1/F1
General Electric Capital Corporation discount	4,973,008	21 August 2006	A1/P1/F1
General Electric Capital Corporation discount	4,973,008	21 August 2006	A1/P1/F1
General Electric Capital Corporation discount	4,976,168	29 August 2006	A1/P1/F1
Lockhart Funding, LLC discount	4,972,649	29 August 2006	P1/F1
Lockhart Funding, LLC discount	4,972,649	29 August 2006	P1/F1
	$123,957,274		

4. PROPERTY AND OTHER TAXES, AND PRIOR PERIOD ADJUSTMENT

During the preceding fiscal year, property was assessed as of January 1 and taxes were levied by June 15. During the current fiscal year, these taxes attached on property as an enforceable lien on July 1 and were payable in two installments on September 1 and November 1. Property tax revenues were accrued on July 1 when they became available to finance expenditures of the current fiscal year.

4. PROPERTY AND OTHER TAXES, AND PRIOR PERIOD ADJUSTMENT (continued)

Property taxes receivable, including associated penalties and interest receivable, are shown net of an allowance for doubtful accounts. The vast majority of property taxes are ultimately collectible through the lien and foreclosure process. The allowance is based on an estimate of those delinquent properties not subject to that process.

All penalties and interest on delinquent property taxes of the Borough belong to the general fund. Under the modified accrual basis of accounting used by the general fund, these penalties and interest are recognized when they are both measurable and available to finance expenditures of the fiscal year. The Borough's availability period extends for 45 days after the end of its fiscal year (see Note 1C). Prior to fiscal year 2006, the Borough inadvertently recognized these penalties and interest on the accrual basis. Given that the government-wide financial statements are presented on the accrual basis, this error and its correction have no affect on those statements. The beginning fund balance of the general fund for fiscal year 2005 has been adjusted and the fiscal year 2005 financial statements have been restated to reflect the proper amounts had the error not occurred. The effects of the correction on the fiscal year 2005 financial statements are as follows:

	As Originally Reported	Adjustment	As Restated.
June 30, 2005:			
Deferred revenues	$1,287,121	$400,469	$1,687,590
Total liabilities	$7,581,776	$400,469	$7,982,245
For the year ended June 30, 2005:			
Interest and penalties on taxes	$382,192	$189,374	$571,566
Total revenues	$84,927,243	$189,374	$85,116,617

	As Originally Reported	Adjustment	As Restated.
Net change in fund balance	$1,560,643	$189,374	$1,750,017
June 30, 2004 ending fund balance	16,963,772	(589,843)	
July 1, 2004 beginning fund balance			16,373,929
June 30, 2005 ending fund balance	$18,524,414	($400,469)	$18,123,945

Alaska Statutes 29.45.090 limits the amount of taxes levied to three percent of the assessed value of the property within the Borough. Furthermore, no Borough, or combination of municipalities occupying the same geographical area, may levy taxes which will result in tax revenues from all sources exceeding $1,500 a year for each person residing in the Borough or which exceeds the product of 225 percent of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the Borough. However, there is no taxing limitation for debt service per Alaska Statutes 29.45.100.

FNSB 3.08.145 (Code) limits the Borough's taxing authority. The total amount of tax that can be levied during a year cannot exceed the total amount levied for the preceding year (see Note 2E). For computation purposes, the

4. PROPERTY AND OTHER TAXES, AND PRIOR PERIOD ADJUSTMENT (continued)

preceding year's tax levy is adjusted for inflation, new construction, additional voter-approved services, new judgments against the Borough, special appropriations necessary on an emergency basis, and any appropriations from fund balance designated by the Borough Assembly as a tax reduction. The limitation does not apply to any appropriation for payments on bonds. The Code requires inclusion of both property tax and other tax revenues within the tax cap computation and requires publication of tax cap computations by May 31 of each year. In October of 2004, the voters reconfirmed the Code provision limiting the Borough's taxing authority.

5. DEEDS OF TRUST AND CONTRACTS RECEIVABLE

Deeds of Trust Receivable - All real estate sales of the Borough using secured indebtedness are sold as deeds of trust. In addition, the Borough gave prior contract buyers an option to convert to deeds of trust. Annual installments are due over a period of ten years from the time of conversion or sale with a stated interest rate of 7.25 percent to 10.00 percent and a weighted average interest rate of 9.19 percent. The annual installments of principal due for the next five years on contracts converted to deeds of trust and parcels originally sold as deeds of trust are as follows:

Year Ending June 30	Annual Installments
2007	$260,244
2008	249,810
2009	250,653
2010	229,297
2011	224,685

No allowances for uncollectible receivables are recorded as the Borough does not transfer title of the land to contract buyers until the contract is paid in full and the revenue related to all land sale receivables is only recognized on the installment method. As of June 30, 2006, the total receivable for delinquent accounts amounted to $95,978.

6. LAND INVENTORIES

Under provisions of the State of Alaska Municipal Land Act, the Borough was granted an entitlement of 112,000 acres. The Borough has received title (patent or tentative approval) to about 99 percent of those acres. Of this acreage, about nine percent has been sold into private ownership. Over five percent has been dedicated for recreation, public use or other activities. A small portion is being leased. The remaining acreage and currently leased land is recorded as land inventory, current and long-term, in the land enterprise fund.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and land improvements	$228,030,931	$1,717,059	($540,939)	$229,207,051
Works of art	134,200			134,200
Library materials	989,110	20,459		1,009,569
Construction in progress	28,919,249	7,457,644	(31,373,773)	5,003,120
Total capital assets, not being depreciated	258,073,489	9,195,162	(31,914,712)	235,353,940
Capital assets, being depreciated:				
Buildings	397,673,208	27,604,618	(2,310,784)	422,967,041
Improvements other than buildings	60,651,594	3,092,822	(128,377)	63,616,040
Equipment	15,282,422	1,335,972	(552,088)	16,066,307
Library materials	1,497,018	287,767	(220,980)	1,563,805
Intangible assets - software	1,286,895			1,286,895
Total capital assets, being depreciated	476,391,137	32,321,179	(3,212,229)	505,500,087
Less accumulated depreciation for:				
Buildings	(120,117,442)	(10,670,181)	2,310,784	(128,476,839)
Improvements other than buildings	(17,912,019)	(1,863,439)	128,377	(19,647,081)
Equipment	(8,480,162)	(1,098,546)	422,920	(9,155,788)
Library materials	(685,208)	(255,069)	220,980	(719,296)
Intangible assets - software	(620,643)	(99,349)		(719,992)
Total accumulated depreciation	(147,815,473)	(13,986,584)	3,083,061	(158,718,996)
Total capital assets, being depreciated, net	328,575,664	18,334,596	(129,168)	346,781,092
Governmental activities capital assets, net	$586,649,153	$27,529,758	($32,043,879)	$582,135,032

The increase in governmental activities accumulated depreciation includes $6,629 of accumulated depreciation on two vehicles transferred from business-type activities.

7. CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Retained land	$	$296,148	$	$296,148
Land and land improvements	1,941,142			1,941,142
Works of art	120,790			120,790
Construction in progress	6,923,742	3,624,572	(10,272,200)	276,115
Total capital assets, not being depreciated	8,985,674	3,920,720	(10,272,200)	2,634,195
Capital assets, being depreciated:				
Land and land improvements	255,171			255,171
Buildings	22,353,628	1,730,877	(469,875)	23,614,630
Improvements other than buildings	10,387,284	8,401,516		18,788,800
Equipment	5,012,227	701,529	(410,241)	5,303,516
Intangible assets - software	18,864	170,171		189,035
Total capital assets, being depreciated	38,027,174	11,004,093	(880,115)	48,151,151
Less accumulated depreciation for:				
Land and land improvements	(244,760)	(4,164)		(248,925)
Buildings	(7,748,012)	(462,163)	216,142	(7,994,033)
Improvements other than buildings	(8,437,022)	(102,669)		(8,539,691)
Equipment	(3,180,065)	(383,473)	289,015	(3,274,524)
Intangible assets - software	(6,131)	(9,452)		(15,583)
Total accumulated depreciation	(19,615,990)	(961,921)	505,158	(20,072,754)
Total capital assets, being depreciated, net	18,411,184	10,042,171	(374,958)	28,078,397
Business-type activities capital assets, net	$27,396,858	$13.962,891	($10,647,157)	$30,712,592

Capitalized interest costs for business-type activities construction in progress increased by $4,599 in fiscal year 2006. (See Note 11B.)

7. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$242,126
Community planning	3,264
Public works	87,038
Parks and recreation	1,385,972
Library	603,687
Education	10,498,289
Emergency operations	195,418
Fire service areas	482,470
In addition, depreciation on capital assets held by the Borough's internal service fund is charged to the various functions on their usage of the assets	481,692
Total depreciation expense – governmental activities	$13,979,955
Business-type activities:	
Transit	$253,644
Land	7,242
Carlson Center	339,507
Solid waste disposal	361,529
Total depreciation expense – business-type activities	$961,921

Component Unit - School District

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	$	$317,044	$	$317,044
Total capital assets, not being depreciated		317,044		317,044
Capital assets, being depreciated:				
Furniture and equipment	11,135,339	775,190	(698,178)	11,212,351
Intangible assets - software	205,056			205,056
Total capital assets, being depreciated	11,340,395	775,190	(698,178)	11,417,407
Less accumulated depreciation for:				
Furniture and equipment	(7,392,512)	(665,889)	681,125	(7,377,276)
Intangible assets - software	(90,605)	(31,199)		(121,804)
Total accumulated depreciation	(7,483,117)	(697,088)	681,125	(7,499,080)
Total capital assets, being depreciated, net	3,857,278	78,102	(17,053)	3,918,327
Component unit capital assets, net	$3,857,278	$395,146	($17,053)	$4,235,371

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances for the purpose of the entity-wide statements have been eliminated with the exception of internal balances that represent the amounts that are receivables or payables between business-type activities and governmental activities. The composition of interfund balances in the fund-level statements as of June 30, 2006, is as follows:

Receivable Fund	Payable Fund	Amount
General	Service areas special revenue	$15,531
General	Federal grants special revenue	109,133
General	Nonmajor governmental funds	1,309,961
General	Local capital projects	183,508
General	Transit enterprise	585,819
General	Land enterprise	860
General	Carlson Center enterprise	72,511
General	Solid waste disposal enterprise	20,226
Solid waste disposal enterprise	Service areas special revenue	175,000
Total interfund receivables and payables		$2,472,550

The $15,531 represents outstanding loans that Ballaine Lake sewer and water service area has from the general fund for the repair of their sewage disposal system. The first loan has a five-year payback with interest at 5 percent. The second loan has a six-year payback with interest at 5 percent. The remaining amount due to the general fund is a result from individual funds' overdrafts of pooled cash in the central treasury. The $175,000 represents a loan from the solid waste disposal enterprise fund landfill closure reserve to Chena Point road service area for a resurfacing project. The loan has a 10-year payback with a variable interest rate calculated on the Bond Buyer's 20-Bond G.O. Index.

Transfers are indicative of funding of capital projects, debt service, and subsidies for various Borough operations accounted for in other funds in accordance with budgetary authorizations.

Transfers for the year ended June 30, 2006, were as follows:

	Transfers In	Transfers Out
Major governmental funds		
General	$150,000	$27,308,176
Service areas special revenue	1,959	1,706,981
Debt service	17,136,440	
Local capital projects	10,378,969	5,323,671
Nonmajor governmental funds	4,353,329	1,459,027
	32,020,697	35,797,855

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

	Transfers In	Transfers Out
Major business-type funds		
Transit enterprise	2,653,250	125,947
Land enterprise	101,573	30,851
Carlson Center enterprise	1,316,381	150,000
Solid waste disposal enterprise		144,046
	4,071,204	450,844
Total - all funds	$36,091,901	$36,248,699

In the fund-level financial statements, total transfers in of $36,091,901 are less than transfers out of $36,248,699 by $156,798 because of capital asset transactions between governmental and business-type activities. Specifically, the Land enterprise fund transferred property in the amount of $30,851 to general capital assets, and the Transit enterprise fund transferred assets in the amount of $125,947 to the Vehicle and Equipment Fleet internal service fund.

9. OPERATING LEASES

The Borough is obligated under certain site and equipment leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations; and therefore, the results of the lease agreements are not reflected as assets or liabilities. Operating lease expenditures for the year ended June 30, 2006 were $619,999.

The Borough has several significant operating leases:

- land lease for West Valley High School. In fiscal year 1995-96, the Borough paid a one-time lease payment to the University of Alaska for an extension of the West Valley lease to the year 2043.
- land lease for Hutchison High School which is housed within the Hutchison Institute of Technology. In fiscal year 1999-2000, the Borough paid a one dollar, one-time lease payment to the University of Alaska. The lease expires in the year 2043.
- five land leases for the following school sites: Crawford Elementary School, Anderson Elementary School, Arctic Light Elementary School, Ben Eielson High School, and Ladd Elementary School/Tanana Middle School. All land lease agreements are for twenty-five years expiring in 2021, 2023, 2028, 2030, and 2024 respectively, and are revocable at will by either the Secretary of the Army or the Secretary of the Air Force. Payment is made through ongoing maintenance, repairs, operations, protection and improvement of the schools, except for Ladd Elementary School/Tanana Middle School for which a $25 annual lease payment is made by the School District. Ladd and Tanana are located on land owned by the military, but are not on post.
- Chena Lakes Recreation Area. Fifty-year lease expires in 2034. Payment is made through ongoing operation and management for park and recreation purposes.
- biathlon range and certain ski trails at the Birch Hill Recreation Area. Long-term lease expires in January 2008, but is revocable at will by the Secretary of the Army. Payment is made through trail construction and ongoing maintenance for public use.

9. OPERATING LEASES (continued)

The future minimum lease payments for all operating leases are as follows:

Year Ending June 30,	Amount
2007	$323,440
2008	205,593
2009	93,139
2010	1,603
2011	350
2012-2016	1,750
Total	$625,875

There are no other operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2006.

The School District has two operating leases for a small facility for the H.I.R.E. program and for copiers District-wide. Future minimum lease payments, ending in fiscal year 2009, total $491,892.

10. CAPITAL LEASES

The Borough has entered into a master lease agreement as lessee for financing the acquisition of vehicles and equipment. The leases from this agreement qualify as capital leases for accounting purposes. The leased assets and their related obligations are all accounted for in the proprietary funds. The assets acquired through capital leases are as follows:

	Proprietary Funds
Asset:	
Machinery and equipment	$3,041,345
Less: Accumulated depreciation	(741,124)
Total	$2,300,221

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006, were as follows:

Year Ending June 30	Proprietary Funds
2007	$481,245
2008	404,131
2009	361,837
2010	278,375
2011	100,616
Total minimum lease payments	1,626,204
Less: Amount representing interest	(131,803)
Present value of minimum lease payments	$1,494,401

11. LONG-TERM LIABILITIES AND SUBSEQUENT EVENT

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 have been issued for governmental activities only.

On October 3, 2000, the voters of the Fairbanks North Star Borough approved bond propositions totaling $29,450,000 for renovations and upgrades to Hutchison Institute of Technology and to five other schools, plus improvements to playgrounds at several elementary schools. On December 7, 2000, the Borough sold the first $9,000,000 of these bonds. On January 11, 2001, the Borough sold an additional $9,050,000 of these bonds. On December 11, 2002, the final $11,400,000 was sold.

On October 8, 2002, the voters approved bond propositions totaling $42,264,000 to replace two elementary schools and for capital maintenance and upgrades to school facilities throughout the School District. The first $2,600,000 of these bonds were sold on December 11, 2002. On March 27, 2003, March 17, 2004, and January 12, 2005, an additional $13,500,000, $14,164,000, and $12,000,000 of these bonds were sold, respectively.

On October 5, 2004 the voters approved bond propositions totaling $11,500,000 for school district-wide capital maintenance and upgrades and capital improvements to Anderson Elementary and Ben Eielson Junior-Senior High School. The first $1,750,000 of these bonds were sold on January 12, 2005 and the remaining $9,750,000 of these bonds were sold on January 11, 2006.

On October 3, 2006, the voters approved bond propositions totaling $23,128,000 for district-wide capital maintenance and for renovations to Barnette Elementary and Ryan Middle School. The Borough plans to sell $12,000,000 of these bonds in January of 2007.

General obligation bonds are direct obligations and pledge the full faith and credit of the Borough. These bonds generally are issued as 20-year serial bonds. General obligation bonds currently outstanding are as follows:

	Amount
$42,615,000 1993 Refunding Series S bonds due in annual installments of $2,830,000 to $3,035,000 through March 1, 2008 at 5.50% interest	$5,865,000
$16,320,000 1996 Series U school facilities bonds due in annual installments of $750,000 to $1,350,000 through November 1, 2016 at 5.0 to 5.5% interest	11,125,000
$35,250,000 1997 Series A school facilities and library bonds due in annual installments of $1,600,000 to $2,800,000 through November 1, 2017 at 5.0 to 6.5% interest	26,100,000
$26,210,000 1999 Series B school facilities bonds due in annual installments of $1,140,000 to $1,990,000 through April 1, 2019 at 4.25 to 6.25% interest	19,750,000

11. LONG-TERM LIABILITIES AND SUBSEQUENT EVENT (continued)

A. GENERAL OBLIGATION BONDS (continued)

$9,000,000 2000 Series C school facilities bonds due in annual installments of $355,000 to $710,000 through December 1, 2020 at 4.5 to 7.5% interest	7,670,000
$9,050,000 2001 Series D school facilities bonds due in annual installments of $355,000 to $695,000 through February 1, 2021 at 4.125 to 7.125% interest	$7,520,000
$14,000,000 2002 Series E school facilities bonds due in annual installments of $500,000 to $1,085,000 through August 1, 2022 at 4.0 to 4.8% interest	12,665,000
$13,500,000 2003 Series F school facilities bonds due in annual installments of $500,000 to $1,075,000 through October 1, 2022 at 3.75 to 4.75% interest	12,555,000
$14,164,000 2004 Series G school facilities bonds due in annual installments of $550,000 to $1,005,000 through October 1, 2023 at 3.125 to 4.250% interest	13,095,000
$13,750,000 2005 Series H school facilities bonds due in annual installments of $515,000 to $985,000 through October 1, 2024 at 3.500 to 4.375% interest	13,335,000
$9,750,000 2006 Series I school facilities bonds due in annual installments of $220,000 to $735,000 through November 1, 2025 at 4.25 to 4.30% interest	9,750,000
	$139,430,000

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2007	$9,315,000	$6,428,034
2008	9,905,000	5,809,433
2009	7,190,000	5,304,614
2010	7,525,000	4,952,689
2011	7,870,000	4,591,426
2012-2016	45,385,000	17,193,458
2017-2021	38,120,000	6,912,532
2022-2026	14,120,000	1,088,368
Total	$139,430,000	$52,280,554

11. LONG-TERM LIABILITIES AND SUBSEQUENT EVENT (continued)

B. SOLID WASTE DISPOSAL ENTERPRISE FUND

The long-term debt in the solid waste disposal enterprise fund at June 30, 2006 is as follows:

Loan payable	
$5,865,425 of Alaska Clean Water Fund loan drawdowns. Interest accrual of 2.5 percent commenced May 1999 on project-to-date borrowings. Interest accrual was reduced to 1.5 percent for balances owed as of April 28, 2005. Payments due in nine annual installments beginning January 1, 2003.	$5,865,425

In 1997, the Borough negotiated a $10 million Alaska Clean Water Fund loan with the Alaska Department of Environmental Conservation (ADEC) for construction of a 36-acre solid waste landfill expansion (cell 1 and cell 2). In 2001, ADEC made an additional $2.5 million of loan funds available to the Borough for cell 2 completion. Interest accrual of 2.5 percent commenced one year from the date of the first loan drawdown, in May 1999. Interest was reduced to 1.5 percent on the balances outstanding as of April 28, 2005. Repayment is due in annual installments beginning one year after substantial completion and initiation of operations for each cell. Substantial completion and initiation of operations for cell 1 occurred December 31, 2001; the initial repayment for cell 1 was due January 1, 2003. Cell 2 is substantially complete and operations were initiated in September 2006.

Although one loan agreement governs drawdowns for both cell 1 and cell 2, repayment terms are separately negotiated and are different for each cell. The repayment terms for cell 1 were negotiated and finalized in fiscal year 2003 to include increasing principal payments. The repayment terms for cell 2 were initiated and finalized in fiscal year 2006 to include equal total payments.

At June 30, 2006, cell 2 principal balance is equal to the amount of the drawdowns only and the interest is being accrued separately. At September 30, 2006, the total principal owed will consist of the total drawdowns plus accrued interest through that date. The payments are to be made in five equal payments over 5 years, the first of which is to begin October 1, 2007.

The annual requirements for the loan are as follows:

Year Ending	Business-Type Activities	
June 30	Principal	Interest
2008	$1,173,085	$395,004
2009	1,173,085	70,385
2010	1,173,085	52,789
2011	1,173,085	35,193
2012	1,173,085	17,596
Total	$5,865,425	$570,967

11. LONG-TERM LIABILITIES AND SUBSEQUENT EVENT (continued)

C. SCHOOL DISTRICT COMPONENT UNIT

The School District has $2,826,666 in liabilities for compensated absences at June 30, 2006. The current portion of this balance is $2,643,610.

D. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	$140,325,000	$9,750,000	($10,645,000)	$139,430,000	$9,315,000
Plus deferred amounts:					
For issuance premiums	565,843	110,458	(55,894)	620,407	
Capital leases	1,270,358	614,837	(407,055)	1,478,140	411,428
Self-insurance losses	513,366	4,936,766	(4,859,520)	590,613	546,449
Accrued compensated absences	1,487,591	2,170,867	(2,108,106)	1,550,352	1,226,695
Governmental activity Long-term liabilities	$144,162,158	$17,582,928	($18,075,575)	$143,669,512	$11,499,572

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Unrealized gain on land contracts	$427,867	$723,333	($392,722)	$758,478	$96,966
Loans payable	7,585,945		(1,720,520)	5,865,425	
Landfill closure and postclosure care	12,722,845	1,274,625		13,997,470	
Capital leases	54,305		(38,044)	16,261	16,261
Self-insurance losses	334,643	200,910	(207,161)	328,392	138,637
Accrued compensated absences	275,367	487,847	(470,165)	293,049	214,212
Business-type activity Long-term liabilities	$21,400,972	$2,686,715	($2,828,612)	$21,259,075	$466,076

The internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for it are included as part of the above totals for governmental activities. At year-end, $1,478,140 for capital leases were included in the above amounts. Also, for the governmental activities, self-insurance losses, accrued compensated absences and net pension obligation are generally liquidated by the general fund.

12. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the Borough to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Landfill closure and postclosure care costs, and their related liability, are recognized in the solid waste disposal enterprise fund and are based on the amount of landfill capacity used during the year. As of June 30, 2006, the estimated liability for landfill closure and postclosure care costs was $13,997,470, which was based on 81.41 percent of the landfill used (filled) to date. It is estimated an additional $3,195,627 will be recognized as closure and postclosure expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2015). The estimated total cost for future landfill closure and postclosure care ($17,193,097) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2006. However, the actual cost of closure and postclosure care may be higher or lower due to inflation or deflation, changes in technology, or changes in landfill laws and regulations.

The Borough is required by state and federal laws and regulations to demonstrate financial responsibility for future closure and postclosure care costs by meeting the requirements of a specially designed local government financial test. This test includes a financial component, a public notice component, and a record-keeping component. The Borough is in compliance with these requirements at June 30, 2006.

While not required by state or federal laws and regulations, the borough assembly established a landfill closure reserve fund account in 1994. Beginning in fiscal year 1994-95, $440,000 has been contributed annually to this account. The landfill closure reserve is accounted for as a separate cost center within the solid waste disposal enterprise fund and has a balance of $5,596,805 at June 30, 2006. Additional yearly contributions are anticipated. It is also anticipated that future inflation costs will be financed in part from earnings on these contributions. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in postclosure care requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

13. COMMITMENTS

The Borough's capital improvement and other multi-year programs in effect at June 30, 2006 contain authorizations for hundreds of projects in five active capital projects funds and four enterprise funds.

The projects undertaken in the capital projects funds include Borough facilities, fire and emergency medical services, public athletic and recreational sites, roads, School District projects, and sewer and utilities. In the enterprise funds, projects include facilities and major equipment, air quality initiatives and mass transit assistance, development of real property for sale, and solid waste landfill expansion.

The Borough has hundreds of commitments for architectural, engineering, and construction services under various continuing contracts that are recorded as encumbrances. Funding sources for the capital improvement and other programs include general obligation bonds, state revenues, federal revenues, contributions from the general and special revenue operating funds, and net assets of the enterprise funds.

14. FUND BALANCE – SCHOOL DISTRICT COMPONENT UNIT

The School District's governmental funds financial statements can be obtained from the District's Department of Administrative Services (see Note 1A). These statements reported combined ending fund balance of $27,059,200, an increase of $983,554 over the prior year. Of the total combined ending fund balance, $2,222,821 is reserved for encumbrances, $558,827 is reserved for inventories, $26,040 is reserved for prepayments, and $11,404,061 is reserved impact aid funding received in advance for fiscal year 2006-07. The remaining $12,844,451 of fund balance is unreserved.

15. LIBRARY SPECIAL REVENUE FUND

The Fairbanks North Star Borough Public Library was a 15 percent beneficiary of two trusts. One of the trusts was dissolved in March 2000. The remaining trust provided that, for a period of 15 years beginning September 10, 1987, income after administrative expenses would be distributed. From the 15th year after September 10, 1987, income and principal may be distributed to the beneficiaries. The trust mandated that distribution in full be completed no later than September 10, 2005 (18 years later). In September 2005 the beneficiaries agreed that the remaining assets of the Bentley Family Trust should be transferred to a new trust called the Bentley Beneficiaries Trust. The new trust was formed so the remaining assets can continue to be managed and sold and the proceeds distributed. The Fairbanks North Star Borough Public Library retains a 15 percent beneficial interest in the trust. Income received from both trusts is recorded as donations in the library special revenue fund and $7,555,542 had been received as of June 30, 2006. The Library's share of the carrying value and market value of the remaining trust's net assets yet to be distributed to the Borough was $1,263,081 and $3,611,081, respectively, at June 30, 2006, as reported by the trust's trustee.

16. RISK MANAGEMENT

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

The Borough was a member of the Alaska Municipal League Joint Insurance Association (AML/JIA), a public entity risk pool formed to provide pooled property and liability insurance coverage to AML members at lower costs than would be available if the members obtained coverage on their own, from July 2000 through June 2004. The AML/JIA has the option of requiring supplemental contributions from its members if annual contributions and income earned thereon are not sufficient to cover AML/JIA's aggregate pooled losses and

16. RISK MANAGEMENT (continued)

expenses for any coverage year. Due to the Borough's high self-insurance threshold levels, which were higher than most other pooled members' self-insurance threshold levels, the Borough had limited exposure to any supplemental contributions. No supplemental contributions have been required of members during the last four fiscal years that the Borough was a member of AML/JIA.

In addition, the Borough has designated fund balance in the amount of $1,500,000 to provide resources for catastrophic losses up to self-retention limits, as well as to demonstrate financial responsibility to insurance carriers of excess coverage. The adequacy of this designated amount is re-evaluated periodically.

Furthermore, in conjunction with employee union contracts and in accordance with Assembly ordinance, the Borough instituted a health care contingency reserve (HCCR) in September 1997. The purpose of the HCCR is to smooth employee healthcare benefit costs over time. Contributions from employee payroll deductions of $10 per pay period, along with an equal match from the Borough and interest earnings, are deposited into the HCCR. When annual actual costs are less than budgeted costs, the savings are deposited into the HCCR. Withdrawals are made when healthcare costs exceed 105 percent of budgeted costs, for the amount that exceeds the 105 percent. The contracts also outline provisions for capping the balance, above which no savings are deposited. The cap at June 30, 2006 was $2,004,140. The undesignated fund balance of the HCCR at June 30, 2006 is $2,123,167.

The joint Borough/School District risk management program is accounted for within the Borough's general fund with charge backs to the School District and other funds. Self-insurance losses are accrued when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Accrued self-insurance losses include estimates for expected future development on claims already reported, as well as considering known and unknown events that might create claims, but for which none have been reported. Based on the type of claim, estimates of the ultimate cost of settling these claims are made by using a case-by-case review of claims or by extrapolating historical experience, and may include specific, incremental claim adjustment expenditures, net of any recoveries. Both methods adjust for current trends and other information and the estimates include the effects of inflation and other economic and social factors.

Changes in the self-insured claims liabilities for fiscal years 2006 and 2005 follow:

	2005-06 Accrued Self-Insurance Losses	2004-05 Accrued Self-Insurance Losses
Borough		
July 1	$848,009	$709,243
Current year claims and changes in estimates	5,137,676	4,133,387
Claims payments	(5,066,681)	(3,994,621)
June 30	$919,004	$848,009

16. RISK MANAGEMENT (continued)

	2005-06 Accrued Self-Insurance Losses	2004-05 Accrued Self-Insurance Losses
School District		
July 1	$4,309,771	$4,215,901
Current year claims and changes in estimates	22,795,622	20,429,320
Claims payments	(23,435,611)	(20,335,451)
June 30	$3,669,781	$4,309,771

17. RETIREMENT PLANS AND SUBSEQUENT EVENTS

As of June 30, 2006, substantially all employees of the Borough and of the School District component unit are either members of the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS). Stand-alone financial statements for either plan can be obtained by writing to the Alaska Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0203, or by calling (907) 465-4460. The financial statements are also available on the web at www.state.ak.us/drb. Effective July 1, 1993, the Borough and the School District participate in the PERS under separate agreements. Prior to that date, they participated under a joint agreement.

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan description

The Alaska Public Employees' Retirement System (PERS) is a defined benefit, agent, multiple-employer public employee retirement system established and administered by the State of Alaska (State) to provide pension, postemployment healthcare, death and disability benefits to eligible employees. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. Local government participation in PERS is optional. Employee participation in the PERS is mandatory for permanent employees scheduled to work at least 20 hours a week. There is no optional participation for other employees.

The State Legislature has created a new tier in the PERS for all employees hired on or after July 1, 2006. The new Tier IV is a defined contribution plan. Employees are required to contribute 8.00 percent of their eligible compensation and employers contribute 5.00 percent. Employers also are required to pay 1.75 percent into the retiree medical plan and a flat dollar amount per employee, based on 3.00 percent of the employer's average annual employee compensation, into the employee's Health Reimbursement Arrangement account.

Funding policy

Employees are required to contribute 6.75 percent of their compensation (firefighters contribute 7.50 percent). Employee contributions are deducted before federal income tax is withheld. The PERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the funds necessary to meet all expected future obligations to pay both pension and postemployment healthcare benefits to participants when due. However, State regulation

17. RETIREMENT PLANS AND SUBSEQUENT EVENTS (continued)

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Funding policy (continued)

limits the maximum change in the employer's contribution rate from one year to the next, whether an increase or a decrease, to no more than five percentage points.

The Borough's actuarially determined total rate for fiscal year 2006 was 21.55 percent (12.92 percent for pension, 8.63 percent for postemployment healthcare), a decrease of 0.89 percent from fiscal year 2005. The Borough's mandatory rate, as limited, was 15.93 percent (9.55 percent for pension, 6.38 percent for postemployment healthcare). The School District's actuarially determined total rate for fiscal year 2006 was 23.31 percent (13.97 percent for pension, 9.34 percent for postemployment healthcare). The School District's mandatory rate for 2006, as limited, was 15.91 percent (9.54 percent for pension, 6.37 percent for postemployment healthcare.)

Fiscal year 2005 was the first year that both the Borough's and the School District's contribution rates were limited by the regulation. Effective July 20, 2006, this regulation was repealed.

Annual pension cost and net pension obligation (asset)

Actuarial Valuation

Actuarial valuations are generally performed annually, as of June 30 of each year. The actuarial methods and significant actuarial assumptions used to determine annual required contributions (ARC) for pension and postemployment healthcare for fiscal year 2006 were those listed in the actuarial valuation as of June 30, 2003.

Valuation of Liabilities - The actuarial cost method used for computing liabilities and contributions is the projected unit credit method of funding. The initial unfunded accrued liability and future gains or losses are amortized over a 25-year fixed (closed) period, level percentage of pay. Significant actuarial assumptions are as follows:

Investment return	8.25%
Projected salary increases:	
Inflation	3.50%
Productivity and merit	2.00%
Total inflation rate	3.50%
Health cost trend - ultimate rate	5.00%
Automatic post-retirement pension adjustment, age 65 & older	75% of inflation rate

Valuation of Assets - Effective June 30, 2002, the asset valuation method was changed. All prior losses were immediately recognized and the corridor adjustments were eliminated. Investment gains and losses are now recognized 20 percent per year over five years, phased in through June 30, 2007. All assets are valued at

17. RETIREMENT PLANS AND SUBSEQUENT EVENTS (continued)

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Annual pension cost and net pension obligation (asset) (continued)

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

Annual Pension Cost and Net Pension Obligation

Through fiscal year 2004, both the Borough and the School District had net pension assets as a result of past years' contributions in excess of the annual required contributions. These excess contributions were made while, and immediately after, the two entities participated in the PERS under a joint agreement. As noted earlier, the Borough and the School District have participated in the PERS under separate agreements since July 1, 1993.

Beginning in fiscal year 2005 (actuarial valuation year 2002), the average employer contribution rate increased 18.14 percentage points due to: changing the asset valuation method (immediately recognizing deferred losses from 2001 and 2002, and eliminating the corridor adjustments), increasing the health cost trend assumptions, resetting the assumed medical premium to equal the actual fiscal year 2003 premium, and changing the actuarial cost (funding) method. As noted earlier, however, each employer's increase is capped at 5.00 percentage points, resulting in annual required contributions in excess of actual contributions made, and a net pension obligation.

The components of the Borough's and School District's annual pension cost and net pension obligation for the year ended June 30, 2006 were as follows:

	Pension	Postemployment Healthcare	Total
Borough			
Annual required contribution	$2,351,487	$1,571,670	$3,923,157
Interest on net pension obligation	42,758	28,579	71,337
Adjustment to annual required contribution	31,900	21,321	53,221
Annual pension cost	2,426,146	1,621,569	4,047,715
Contributions made	1,712,833	1,144,811	2,857,644
Increase in net pension obligation	713,313	476,759	1,190,071
Net pension obligation, beginning of year	418,795	445,896	864,691
Net pension obligation, end of year	$1,132,108	$922,655	$2,054,762

17. RETIREMENT PLANS AND SUBSEQUENT EVENTS (continued)

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Annual pension cost and net pension obligation (asset) (continued)

	Pension	Postemployment Healthcare	Total
School District			
Annual required contribution	$3,705,523	$2,476,616	$6,182,139
Interest on net pension obligation	97,616	65,242	162,858
Adjustment to annual required contribution	(72,828)	(48,674)	(121,502)
Annual pension cost	3,730,311	2,493,184	6,223,495
Contributions made	2,529,024	1,690,293	4,219,317
Increase in net pension obligation	1,201,287	802,891	2,004,178
Net pension obligation, beginning of year	1,127,148	846,895	1,974,043
Net pension obligation, end of year	$2,328,435	$1,649,786	$3,978,221

Three-Year Trend Information

Annual pension cost (APC), percentage of APC contributed, and net pension obligation (asset) information as of June 30, 2004, 2005, and 2006 are as follows:

	Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Borough				
Pension benefits	2004	$694,414	99%	($822,781)
	2005	2,434,718	49	418,795
	2006	2,426,146	71	1,132,108
Postemployment healthcare benefits	2004	$294,023	99%	($308,469)
	2005	1,479,300	49	445,896
	2006	1,621,569	71	922,655
School District				
Pension benefits	2004	$994,017	100%	($698,208)
	2005	3,511,911	48	1,127,148
	2006	3,730,311	68	2,328,435
Postemployment healthcare benefits	2004	$420,868	100%	($262,147)
	2005	2,133,756	48	846,895
	2006	2,493,184	68	1,649,786

17. RETIREMENT PLANS AND SUBSEQUENT EVENTS (continued)

A. ALASKA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

Funding status

A schedule of funding progress for the most recent actuarial valuations is included in this report as required supplementary information, which follows these notes to financial statements.

B. ALASKA TEACHERS' RETIREMENT SYSTEM

Plan description

The Alaska Teachers' Retirement System (TRS) is a defined benefit, cost-sharing, multiple-employer retirement system created and administered by the State of Alaska (State) to provide pension, postemployment healthcare, death and disability benefits for eligible employees. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. Membership in the TRS is compulsory for each certificated employee scheduled to work at least 17.5 hours a week in positions that require teaching certificates as a condition of employment.

As with the PERS, the State Legislature has created a new tier in the TRS for all employees hired on or after July 1, 2006. The new TRS Tier III is a defined contribution plan with provisions similar to the PERS Tier IV defined contribution plan.

Funding policy

Employee contribution rates are 8.65 percent of base salary as required by State statute. The TRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the funds necessary to meet all expected future obligations to pay both pension and postemployment healthcare benefits to participants when due. As with the PERS, however, State regulation limits the maximum change in the contribution rate from one year to the next, whether an increase or a decrease, to no more than five percentage points. As noted earlier, this regulation was repealed effective July 20, 2006.

During the year ended June 30, 2006, the actuarially determined employer contribution rate was 38.85 percent. The mandatory rate, as limited, was 21.00 percent. The amounts contributed to TRS by the School District during the years ended June 30, 2006, 2005, and 2004 were $12,716,069, $9,331,781 and $6,903,968, respectively, equal to the mandatory, as limited, employer contributions for each year.

Funding status

The funding ratio as of June 30, 2005 (the most recent actuarial valuation), for the TRS as a whole was 60.9 percent.

18. CONTINGENCIES

A. LITIGATION

The Borough and the School District, in the normal course of their activities, are involved in various claims, litigation, environmental matters, and tax assessment disputes and have accrued amounts they consider sufficient to cover settlements that may be payable as a result of unfavorable outcomes. An accrual is generally made when a potential loss is probable and the loss can be estimated, and for environmental matters, when the Borough has committed to a formal plan of action. Depending upon the circumstances and amount of a potential loss, an accrual may be made when the potential loss is only reasonably possible.

Advance tax payments at June 30, 2006, for fiscal year 2007, include amounts which have been paid in protest by Alyeska Pipeline Service Company due to the assessed valuation of the Trans-Alaska Pipeline System (TAPS) and related properties. The Alaska Department of Revenue is responsible for the valuation. The Department's valuation was appealed by the pipeline owners as being too high and by certain affected municipalities, including the Borough, as being too low. The State Assessment Review Board heard the appeals and sided with the municipalities when establishing the valuation. The owners have appealed the Board's decision to the courts, and certain municipalities, including the Borough, have cross-appealed.

In the opinion of management and the Borough Attorney, the disposition of these matters is not expected to have a material positive or adverse effect on the Borough's financial statements. Accruals for claims and litigation covered by the Borough's risk management program, excluding environmental claims, are recorded as accrued self-insurance losses. Any environmental matters, and all other accrued claims and litigation, are recorded in accounts payable or estimated claims, judgments, and settlements payable.

B. GRANTS AND OTHER FINANCIAL ASSISTANCE

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, would become a liability of the general or other applicable funds. Disallowances, if any, cannot be determined at this time; but, in the Borough's opinion, any such disallowances would be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

Schedule of PERS Funding Progress

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

Schedule of PERS Funding Progress

FAIRBANKS NORTH STAR BOROUGH

Required Supplementary Information
Schedule of PERS Funding Progress
Pension and Postemployment Healthcare Benefits
June 30, 2006

(In 000's)

	Actuarial Valuation year ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) – Projected Unit Credit	Excess (Deficiency) of Plan Assets over AAL	Funded Ratio	Covered Payroll	Excess (Deficiency) as a Percentage of Covered Payroll
Borough							
Pension benefits	1999	$43,984	$39,625	$4,359	111%	$14,025	31%
	2001	49,906	49,068	838	102	15,063	6
	2002	43,047	57,210	(14,163)	75	15,354	(92)
	2003	47,674	60,217	(12,543)	79	15,923	(79)
	2004	51,039	64,406	(13,367)	79	16,522	(81)
	2005	49,435	65,124	(15,689)	76	17,972	(87)
Postemployment healthcare benefits	1999	$17,832	$16,064	$1,768	111%	$14,025	13%
	2001	21,131	20,776	355	102	15,063	2
	2002	26,155	34,760	(8,605)	75	15,354	(56)
	2003	31,864	40,247	(8,383)	79	15,923	(53)
	2004	35,989	45,414	(9,425)	79	16,522	(57)
	2005	46,659	61,466	(14,807)	76	17,972	(82)
Totals	1999	$61,816	$55,689	$6,127	111%	$14,025	44%
	2001	71,037	69,844	1,193	102	15,063	8
	2002	69,202	91,970	(22,768)	75	15,354	(148)
	2003	79,538	100,464	(20,926)	79	15,923	(131)
	2004	87,028	109,820	(22,792)	79	16,522	(138)
	2005	96,094	126,590	(30,496)	76	17,972	(170)
School District							
Pension benefits	2003	$67,568	$89,859	($22,291)	75%	$23,234	(96%)
	2004	68,199	95,642	(27,443)	71	24,096	(114)
	2005	60,310	91,831	(31,521)	66	27,423	(115)
Postemployment healthcare benefits	2003	$45,160	$60,058	($14,898)	75%	$23,234	(64%)
	2004	48,088	67,439	(19,351)	71	24,096	(80)
	2005	66,898	101,862	(34,964)	66	27,423	(128)
Totals	2003	$112,728	$149,917	($37,189)	75%	$23,234	(160%)
	2004	116,287	163,081	(46,794)	71	24,096	(194)
	2005	127,208	193,693	(66,485)	66	27,423	(242)

June 30, 2000:

- there was a system-wide actuarial valuation as of June 30, 2000, but no actuarial valuation for individual employers;
- the demographic and non-health economic assumptions were changed as a result of an experience study; and
- under the smooth market asset valuation method, investment gains outside the 5% corridor were recognized.

June 30, 2001: PERS experienced a negative investment return of (5.25%) for fiscal year 2001.

June 30, 2002:

- PERS experienced a negative investment return of (5.48%) for fiscal year 2002;
- the asset valuation method was changed; all prior losses were immediately recognized and the corridor adjustments were eliminated; future investment gains and losses will be recognized 20% per year over five years, phased in over five years;
- the health cost trend assumptions were changed, from a range of 5.5% for FY03 to 4.0% for FY14 and later, to a range of 12% for FY03 to 5.0% for FY17 and later;
- the assumed medical premium was reset to equal the actual fiscal year 2003 medical premium; and
- the actuarial cost method was changed from a rolling 25-year period (open) to a 25-year fixed period (closed).

June 30, 2005:

- revaluation of plan liabilities at June 30, 2004

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Governmental Funds:

Combining Statements for Nonmajor Funds
General Fund
Special Revenue Funds
Debt Service Fund
Capital Projects Funds

Proprietary Funds:

Enterprise Funds
Internal Service Fund

Fiduciary Fund:

Agency Fund

GOVERNMENTAL FUNDS

Combining Statements

General Fund

Special Revenue Funds

Debt Service Fund

Capital Projects Funds

COMBINING STATEMENTS

These statements combine the **non-major governmental funds**.

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Governmental Funds

Combining Balance Sheet
June 30, 2006

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Assets			
Equity in central treasury cash	$16,689,152	$381,585	$17,070,736
Taxes receivable	124,853		124,853
Accounts receivable (net of allowance for uncollectibles - $45,491)	391,672		391,672
Due from governmental agencies	1,001,259	842,625	1,843,884
Assets total	$18,206,936	$1,224,210	$19,431,146
Liabilities and Fund Balances (Deficit)			
Liabilities			
Accounts payable	$337,406	$183,401	$520,807
Interfund payable	952,466	541,004	1,493,469
Due to School District		72,577	72,577
Deposits from others	9,461		9,461
Deferred revenues	168,902		168,902
Unearned revenues	13,663	315,191	328,854
Liabilities total	1,481,898	1,112,173	2,594,071
Fund balances (deficit)			
Reserved			
Reserved for encumbrances	1,284,716	849,995	2,134,711
Unreserved			
Designated for subsequent year's expenditures	150,480		150,480
Designated for capital replacement and repairs	1,266,907		1,266,907
Designated for library endowment	6,205,834		6,205,834
Undesignated	7,817,102	(737,957)	7,079,144
Fund balances (deficit) total	16,725,038	112,037	16,837,075
Liabilities and fund balances (deficit) total	$18,206,936	$1,224,210	$19,431,146

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
Revenues			
Taxes	$5,710,606	$	$5,710,606
Intergovernmental revenues	2,892,843	2,255,169	5,148,013
Charges for services	1,346,858		1,346,858
Other revenues	2,502,377		2,502,377
Revenues total	12,452,685	2,255,169	14,707,854
Expenditures			
Current			
General government	3,439,489	174,910	3,614,399
Community planning	158,349		158,349
Public works	3,972,258	28,404	4,000,662
Parks and recreation	97,971	2,378	100,349
Library	203,766	24,576	228,342
Road and other service areas		92,685	92,685
Education		472,071	472,071
Emergency operations	2,695,975		2,695,975
Fire service areas		72,131	72,131
Capital outlay	326,199	1,568,910	1,895,109
Expenditures total	10,894,007	2,436,065	13,330,072
Excess (deficiency) of revenues over expenditures	1,558,678	(180,896)	1,377,782
Other financing sources (uses)			
Transfers in	4,353,329		4,353,329
Transfers out	(1,459,027)		(1,459,027)
Other financing sources (uses) total	2,894,302		2,894,302
Net change in fund balances	4,452,980	(180,896)	4,272,084
Fund balances (deficit), beginning	12,272,058	292,933	12,564,991
Fund balances (deficit), ending	$16,725,038	$112,037	$16,837,075

GENERAL FUND

The **General Fund** is always considered a major fund and is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

FAIRBANKS NORTH STAR BOROUGH

General Fund

Comparative Balance Sheet
June 30, 2006 and 2005

	2006	2005 Restated
Assets		
Equity in central treasury cash	$20,209,282	$20,295,791
Taxes receivable (net of allowance for uncollectibles 2006 - $143,389; 2005 - $649,442)	2,446,764	2,300,767
Accounts receivable (net of allowance for uncollectibles 2006 - $11,915; 2005 - $7,188)	49,507	25,095
Accrued interest receivable	399,510	337,163
Interfund receivable	2,297,550	1,359,168
Due from governmental agencies	508,274	576,496
Other assets	2,361,817	1,211,712
Assets total	$28,272,703	$26,106,191
Liabilities and Fund Balance (Deficit)		
Liabilities		
Accounts payable	$590,932	$658,466
Wages and payroll taxes	692,207	622,226
Accrued self-insurance losses	590,613	513,367
Due to School District		1,620
Deposits from others	159,241	142,406
Deferred revenues	1,804,718	1,687,590
Advance tax payments	5,697,691	4,356,570
Liabilities total	9,535,402	7,982,245
Fund balance (deficit)		
Reserved		
Reserved for encumbrances	223,860	247,848
Reserved for deposit	2,221,672	1,060,880
Unreserved		
Designated for compensated absences	1,534,592	1,487,591
Designated for subsequent year's expenditures	1,000,000	833,000
Designated for self-insurance losses	1,500,000	1,500,000
Undesignated	12,257,177	12,994,626
Fund balance (deficit) total	18,737,301	18,123,945
Liabilities and fund balance (deficit) total	$28,272,703	$26,106,191

FAIRBANKS NORTH STAR BOROUGH

General Fund

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2006 and 2005

	2006	2005 Restated
Revenues		
Taxes		
Property tax	$69,344,073	$65,254,892
Hotel-motel and sales taxes	1,552,897	1,526,252
Alcoholic beverage tax	1,222,016	1,230,495
Tobacco excise tax	1,016,190	982,644
Interest and penalties on taxes	611,746	571,566
Taxes total	73,746,922	69,565,848
Intergovernmental revenues		
State of Alaska		
Aid for school construction	12,076,610	11,297,081
Retirement system funding	601,036	
Other shared revenue	332,412	326,771
Grants	55,270	104,181
Federal government		
Payment in lieu of taxes	610,901	600,708
Intergovernmental revenues total	13,676,229	12,328,741
Charges for services	1,314,225	1,340,993
Other revenues		
Investment income, including net unrealized investment gains/losses	3,460,812	1,637,942
Indirect charges to grants	357,020	196,440
Various	55,805	46,652
Other revenues total	3,873,637	1,881,034
Revenues total	92,611,013	85,116,617

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
June 30, 2006 and 2005

	2006	2005 Restated
Expenditures		
Current		
General government		
Non-departmental	$238,673	$148,186
Mayor	774,415	633,778
Assembly	1,205,972	1,090,984
Legal	545,101	477,191
Computer services	1,571,175	1,449,151
Financial services	1,755,489	1,539,491
Assessing	2,125,885	1,869,344
General services	895,460	859,911
Human resources	1,710,550	1,610,596
General government total	10,822,721	9,678,631
Community planning	1,529,291	1,348,512
Public works	3,686,299	3,284,743
Parks and recreation	5,156,001	4,726,082
Library	3,733,846	3,385,302
Education	38,022,700	36,545,700
Emergency operations	1,524,988	1,438,477
Capital outlay	363,635	363,367
Expenditures total	64,839,481	60,770,815

(Continued)

FAIRBANKS NORTH STAR BOROUGH

General Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
June 30, 2006 and 2005

	2006	2005 Restated
Excess (deficiency) of revenues over expenditures	$27,771,532	$24,345,802
Other financing sources (uses)		
Transfers in		
Enterprise funds	150,000	
Transfers out		
Special revenue funds	(2,592,119)	(1,625,976)
Debt service fund	(17,136,440)	(16,123,540)
Capital projects funds	(3,463,413)	(1,332,343)
Enterprise funds	(4,116,204)	(3,513,926)
Other financing sources (uses) total	(27,158,176)	(22,595,785)
Net change in fund balances	613,356	1,750,017
Fund balance, beginning as restated for 2005	18,123,945	16,373,929
Fund balance, ending	$18,737,301	$18,123,945

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

NONMAJOR SPECIAL REVENUE FUNDS

State Grants Fund - This fund is used to account for grants received directly from the State of Alaska.

* * * * *

Federal Pass-Through Grants Fund - This fund is used to account for grants received from the federal government through the State of Alaska.

* * * * *

Local Programs Fund - This fund is used to account for Assembly appropriations for multi-fiscal year projects.

* * * * *

Enhanced 911 Fund - This fund is used to account for the revenues and expenditures of the Fairbanks North Star Borough's enhanced emergency communications service.

* * * * *

Non-Areawide Fund - This fund is used to account for the revenues and expenditures of the Fairbanks North Star Borough's non-areawide activities: emergency medical services and economic development. Non-areawide activities service the area of the Borough outside the two cities, Fairbanks and North Pole.

* * * * *

Solid Waste Collection District Fund - This fund is used to account for the revenues and expenditures of the Fairbanks North Star Borough's solid waste collection activities, which include servicing the solid waste transfer sites in the area of the Borough outside the City of Fairbanks.

* * * * *

Library Fund - This fund is used to account for donations received by the Fairbanks North Star Public Library from two trusts and one successor trust.

MAJOR SPECIAL REVENUE FUNDS

Federal Grants - This fund is used to account for grants received directly from the federal government.

* * * * *

Service Areas Fund - This fund is used to account for the revenues and expenditures of the Fairbanks North Star Borough's four service area activities: road maintenance and construction, fire protection, street lights, and sewer and water. There are 107 active road service areas, five fire service areas, one street lights service area, and one sewer and water service area.

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Special Revenue Funds

Combining Balance Sheet
June 30, 2006

	State Grants	Federal Pass-Through	Local Programs
Assets			
Equity in central treasury cash	$23,375	$1,777	$6,738,885
Taxes receivable			
Accounts receivable (net of allowance for uncollectibles - $45,491)			
Due from governmental agencies	37,838	963,421	
Assets total	$61,213	$965,197	$6,738,885
Liabilities and Fund Balances (Deficit)			
Liabilities			
Accounts payable	$41,889	$10,325	$58,466
Interfund payable		952,466	
Deposits from others			9,461
Deferred revenues			
Unearned revenues	12,963	700	
Liabilities total	54,853	963,491	67,927
Fund balances (deficit)			
Reserved			
Reserved for encumbrances	18,629	135,700	1,126,251
Unreserved			
Designated for subsequent year's expenditures			
Designated for capital replacements and repairs			
Designated for library endowment			
Undesignated	(12,269)	(133,994)	5,544,707
Fund balances (deficit) total	6,360	1,706	6,670,958
Liabilities and fund balances (deficit) total	$61,213	$965,197	$6,738,885

Enhanced 911	Non-Areawide	Solid Waste Collection District	Library	Total Nonmajor Special Revenue Funds
$1,200,908	$692,726	$1,705,647	$6,325,834	$16,689,152
	33,370	91,483		124,853
155,425	236,248			391,672
				1,001,259
$1,356,333	$962,344	$1,797,130	$6,325,834	$18,206,936
$	$17,739	$208,987	$	$337,406
				952,466
				9,461
52,124	31,590	85,188		168,902
				13,663
52,124	49,329	294,175		1,481,898
	2,500	1,636		1,284,716
11,530	18,950		120,000	150,480
1,266,907				1,266,907
			6,205,834	6,205,834
25,772	891,565	1,501,319		7,817,102
1,304,209	913,015	1,502,955	6,325,834	16,725,038
$1,356,333	$962,344	$1,797,130	$6,325,834	$18,206,936

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006

	State Grants	Federal Pass-Through Grants	Local Programs
Revenues			
Taxes	$	$	$
Intergovernmental revenues	967,095	1,920,764	
Charges for services			
Other revenues	(1,727)		339,459
Revenues total	965,368	1,920,764	339,459
Expenditures			
Current			
General government	1,086,200	577,600	1,474,281
Community planning		158,311	38
Public works			63,924
Parks and recreation		25,984	71,988
Library	22,023	158,633	23,109
Emergency operations	2,624	927,761	6,278
Capital outlay	26,972	83,109	216,118
Expenditures total	1,137,819	1,931,399	1,855,735
Excess (deficiency) of revenues over expenditures	(172,451)	(10,634)	(1,516,276)
Other financing sources (uses)			
Transfers in	165,047		4,188,282
Transfers out		(494)	(975,000)
Other financing sources (uses) total	165,047	(494)	3,213,282
Net change in fund balances	(7,404)	(11,128)	1,697,006
Fund balances (deficit), beginning	13,765	12,834	4,973,952
Fund balances (deficit), ending	$6,360	$1,706	$6,670,958

Enhanced 911	Non-Areawide	Solid Waste Collection District	Library	Total Nonmajor Special Revenue Funds
$	$1,447,265	$4,263,341	$	$5,710,606
772	1,274	2,938		2,892,843
809,279	537,579			1,346,858
38,935			2,125,710	2,502,377
848,986	1,986,118	4,266,280	2,125,710	12,452,685
	301,408			3,439,489
				158,349
		3,908,335		3,972,258
				97,971
				203,766
311,716	1,447,596			2,695,975
				326,199
311,716	1,749,004	3,908,335		10,894,007
537,271	237,114	357,945	2,125,710	1,558,678
				4,353,329
	(57,771)		(425,762)	(1,459,027)
	(57,771)		(425,762)	2,894,302
537,271	179,343	357,945	1,699,948	4,452,980
766,938	733,672	1,145,010	4,625,886	12,272,058
$1,304,208	$913,015	$1,502,955	$6,325,834	$16,725,038

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - State Grants

Program-Length Schedule of Revenues and Expenditures
Budget and Actual
From Inception and for Year Ended June 30, 2006

	Actual			Program Budgets	Variance from Program Budgets
	2006	Prior Years	Total		
Revenues					
Intergovernmental - state	$967,095	$1,469,249	$2,436,344	$2,408,550	$27,794
Other revenues	(1,727)	11,972	10,245	21,750	(11,505)
Revenues total	965,368	1,481,221	2,446,589	2,430,300	16,289
Expenditures					
Current expenditures	1,110,847	1,706,825	2,817,671	2,811,109	(6,562)
Capital outlay	26,972	151,098	178,070	186,209	8,139
Expenditures total	1,137,819	1,857,922	2,995,741	2,997,318	1,576
Excess (deficiency) of revenues over expenditures	(172,451)	(376,701)	(549,152)	(567,018)	17,865
Other financing sources (uses)					
Transfers in	165,047	390,466	555,513	567,018	(11,505)
Net change in fund balances	($7,404)	$13,765	$6,360	$	$6,360

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Federal Pass-Through Grants

Program-Length Schedule of Revenues and Expenditures
Budget and Actual
From Inception and for Year Ended June 30, 2006

	Actual			Program Budgets	Variance from Program Budgets
	2006	Prior Years	Total		
Revenues					
Intergovernmental - state	$1,920,764	$2,618,722	$4,539,486	$4,934,214	($394,728)
Other revenues		32	32		32
Revenues total	1,920,764	2,618,754	4,539,518	4,934,214	(394,696)
Expenditures					
Current expenditures	1,848,290	1,982,546	3,830,836	4,092,732	261,896
Capital outlay	83,109	644,734	727,842	862,842	135,000
Expenditures total	1,931,399	2,627,279	4,558,678	4,955,574	396,896
Excess (deficiency) of revenues over expenditures	(10,634)	(8,526)	(19,160)	(21,360)	2,200
Other financing sources (uses)					
Transfers in		21,360	21,360	21,360	
Transfers out	(494)		(494)		(494)
Other financing sources (uses) total	(494)	21,360	20,866	21,360	(494)
Net change in fund balances	($11,128)	$12,834	$1,706	$	$1,706

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Federal Grants

Program-Length Schedule of Revenues and Expenditures
Budget and Actual
From Inception and for Year Ended June 30, 2006

	Actual			Program Budgets	Variance from Program Budgets
	2006	Prior Years	Total		
Revenues					
Intergovernmental - federal	$933,819	$301,684	$1,235,503	$3,691,593	($2,456,090)
Other revenues	(7,543)	8,068	525		525
Revenues total	926,276	309,752	1,236,028	3,691,593	(2,455,565)
Expenditures					
Current expenditures	247,605	251,985	499,590	2,758,896	2,259,306
Capital outlay	699,760	49,756	749,516	959,960	210,444
Expenditures total	947,365	301,741	1,249,106	3,718,856	2,469,750
Excess (deficiency) of revenues over expenditures	(21,089)	8,011	(13,078)	(27,263)	14,185
Other financing sources (uses)					
Transfers in		27,263	27,263	27,263	
Net change in fund balances	($21,089)	$35,274	$14,185	$	$14,185

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Local Programs

Program-Length Schedule of Revenues and Expenditures
Budget and Actual
From Inception and for Year Ended June 30, 2006

	Actual			Program Budgets	Variance from Program Budgets
	2006	Prior Years	Total		
Revenues					
Taxes	$	$663,000	$663,000	$663,000	$
Other revenues	339,459	2,817,834	3,157,293	3,151,751	5,541
Revenues total	339,459	3,480,834	3,820,293	3,814,751	5,541
Expenditures					
Current expenditures	1,639,617	3,469,992	5,109,609	11,398,210	6,288,601
Capital outlay	216,118	639,980	856,098	1,586,322	730,224
Expenditures total	1,855,735	4,109,973	5,965,708	12,984,532	7,018,825
Excess (deficiency) of revenues over expenditures	(1,516,276)	(629,139)	(2,145,415)	(9,169,781)	7,024,366
Other financing sources (uses)					
Transfers in	4,188,282	7,232,591	11,420,873	11,808,131	(387,258)
Transfers out	(975,000)	(1,629,500)	(2,604,500)	(2,604,500)	
Other financing sources (uses) total	3,213,282	5,603,091	8,816,373	9,203,631	(387,258)
Net change in fund balances	$1,697,006	$4,973,952	$6,670,958	$33,850	$6,637,108

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Enhanced 911

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30, 2006 and 2005

	2006	2005
Revenues		
Intergovernmental - state	$772	$
Charges for services	809,279	726,084
Other revenues	38,935	10,754
Revenues total	848,986	736,838
Expenditures		
Current		
Emergency operations	311,716	333,248
Expenditures total	311,716	333,248
Excess (deficiency) of revenues over expenditures	537,271	403,590
Other financing sources (uses)		
Transfers out		(625,000)
Net change in fund balance	537,271	(221,410)
Fund balance, beginning	766,938	988,348
Fund balance, ending	$1,304,208	$766,938

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Enhanced 911

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2006

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget-Positive (Negative)
Revenues					
Intergovernmental - state	$780	$772	$	$772	($8)
Charges for services	585,000	809,279		809,279	224,279
Other revenues	18,790	38,935		38,935	20,145
Revenues total	604,570	848,986		848,986	244,416
Expenditures					
Current					
Emergency operations	442,700	311,716		311,716	130,984
Capital outlay	19,500				19,500
Expenditures total	462,200	311,716		311,716	150,484
Excess (deficiency) of revenues over expenditures	142,370	537,271		537,271	394,901
Other financing sources (uses)					
Net change in fund balance	$142,370	537,271	$	$537,271	$394,901
Fund balance, beginning		766,938			
Fund balance, ending		$1,304,208			

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Non-Areawide

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30, 2006 and 2005

	2006	2005
Revenues		
Taxes	$1,447,265	$1,344,397
Intergovernmental - state	1,274	
Charges for services	537,579	513,373
Revenues total	1,986,118	1,857,770
Expenditures		
Current		
General government		
Mayor	301,408	399,662
Emergency operations	1,447,596	1,369,673
Expenditures total	1,749,004	1,769,335
Excess (deficiency) of revenues over expenditures	237,114	88,435
Other financing sources (uses)		
Transfers out	(57,771)	(70,784)
Net change in fund balance	179,343	17,651
Fund balance, beginning	733,672	716,021
Fund balance, ending	$913,015	$733,672

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Non-Areawide

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2006

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget-Positive (Negative)
Revenues					
Taxes	$1,438,090	$1,447,265	$	$1,447,265	$9,175
Intergovernmental - state	2,340	1,274		1,274	(1,066)
Charges for services	573,810	537,579		537,579	(36,231)
Revenues total	2,014,240	1,986,118		1,986,118	(28,122)
Expenditures					
Current					
General government					
Mayor	389,130	301,408	(23,196)	278,212	110,918
Emergency operations	1,492,360	1,447,596		1,447,596	44,764
Expenditures total	1,881,490	1,749,004	(23,196)	1,725,808	155,682
Excess (deficiency) of revenues over expenditures	132,750	237,114	23,196	260,309	127,559
Other financing sources (uses)					
Transfers out	(60,000)	(57,771)		(57,771)	2,229
Net change in fund balance	$72,750	179,343	$23,196	$202,538	$129,788
Fund balance, beginning		733,672			
Fund balance, ending		$913,015			

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Solid Waste Collection District

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30, 2006 and 2005

	2006	2005
Revenues		
Taxes	$4,263,341	$3,965,842
Intergovernmental - state	2,938	
Revenues total	4,266,280	3,965,842
Expenditures		
Current		
Public works	3,908,335	3,697,579
Expenditures total	3,908,335	3,697,579
Excess (deficiency) of revenues over expenditures	357,945	268,263
Fund balance, beginning	1,145,010	876,747
Fund balance, ending	$1,502,955	$1,145,010

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Solid Waste Collection District

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2006

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget-Positive (Negative)
Revenues					
Taxes	$4,225,740	$4,263,341	$	$4,263,341	$37,601
Intergovernmental - state	3,120	2,938		2,938	(182)
Revenues total	4,228,860	4,266,280		4,266,280	37,420
Expenditures					
Current					
Public works	4,262,500	3,908,335	1,636	3,909,971	352,529
Expenditures total	4,262,500	3,908,335	1,636	3,909,971	352,529
Excess (deficiency) of revenues over expenditures	($33,640)	357,945	($1,636)	$356,309	$389,949
Fund balance, beginning		1,145,010			
Fund balance, ending		$1,502,955			

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - Library

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended June 30, 2006 and 2005

	2006	2005
Revenues		
Investment income	$250,710	$92,403
Donations	1,875,000	300,000
Revenues total	2,125,710	392,403
Expenditures		
Excess (deficiency) of revenues over expenditures	2,125,710	392,403
Other financing sources (uses)		
Transfers out	(425,762)	(263,900)
Net change in fund balance	1,699,947	128,503
Fund balance, beginning	4,625,886	4,497,383
Fund balance, ending	$6,325,834	$4,625,886

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FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	Air Park	Airway	Arctic Fox	Aztec
Assets				
Equity in central treasury cash	$11,706	$27,655	$17,671	$85,106
Taxes receivable			609	1,249
Accounts receivable				
Assets total	$11,706	$27,655	$18,281	$86,355
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	$	$6,915	$	$
Interfund payable				
Deferred revenues			609	1,039
Liabilities total		6,915	609	1,039
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures	2,620			
Undesignated	9,086	20,740	17,671	85,315
Fund balances (deficits) total	11,706	20,740	17,671	85,315
Liabilities and fund balances (deficits) total	$11,706	$27,655	$18,281	$86,355

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
$16,456	$3,044	$83,619	$35,252	$10,215
1,027		963	484	
$17,483	$3,044	$84,582	$35,736	$10,215
$	$	$4,034	$9,410	$
15,531				
1,027		963	424	
16,558		4,997	9,834	
	990			
925	2,054	79,585	25,902	10,215
925	3,044	79,585	25,902	10,215
$17,483	$3,044	$84,582	$35,736	$10,215

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
Assets				
Equity in central treasury cash	$61,828	$27,386	$429,461	$43,641
Taxes receivable	332	78	12,750	306
Accounts receivable				
Assets total	$62,161	$27,463	$442,210	$43,947
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	$	$9,619	$	$12,900
Interfund payable				
Deferred revenues	332	76	12,631	306
Liabilities total	332	9,695	12,631	13,206
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures	15,000			
Undesignated	46,828	17,769	429,580	30,741
Fund balances (deficits) total	61,829	17,769	429,580	30,741
Liabilities and fund balances (deficits) total	$62,161	$27,463	$442,210	$43,947

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
$8	$16,584	$38,023	$34,063	$657
	656	308	266	49
$8	$17,240	$38,331	$34,329	$706

$	$	$2,576	$	$
		175,000		
	656	308	266	47
	656	177,884	266	47

				600
8	16,584	(139,553)	34,063	59
8	16,584	(139,553)	34,063	659
$8	$17,240	$38,331	$34,329	$706

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	College	College Hills	Cooper Estates	Cordes Drive
Assets				
Equity in central treasury cash	$1,648,819	$20,937	$53,155	$21,457
Taxes receivable	5,937		178	
Accounts receivable				
Assets total	$1,654,756	$20,937	$53,333	$21,457
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	$692	$	$318	$
Interfund payable				
Deferred revenues	5,563		178	
Liabilities total	6,256		496	
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures		6,000		
Undesignated	1,648,500	14,937	52,837	21,457
Fund balances (deficits) total	1,648,500	20,937	52,837	21,457
Liabilities and fund balances (deficits) total	$1,654,756	$20,937	$53,333	$21,457

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
$101,565	$20,420	$44,151	$32,708	$45,260
979		116		
$102,544	$20,420	$44,267	$32,708	$45,260
$9,698	$2,090	$	$19,050	$
979		116		
10,677	2,090	116	19,050	
91,868	18,330	44,151	13,658	45,260
91,868	18,330	44,151	13,658	45,260
$102,544	$20,420	$44,267	$32,708	$45,260

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
Assets				
Equity in central treasury cash	$72,767	$154,772	$34,161	$11,138
Taxes receivable		3,493	178	
Accounts receivable				
Assets total	$72,767	$158,265	$34,339	$11,138
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	$	$	$	$
Interfund payable				
Deferred revenues		3,452	178	
Liabilities total		3,452	178	
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	72,768	154,813	34,161	11,138
Fund balances (deficits) total	72,768	154,813	34,161	11,138
Liabilities and fund balances (deficits) total	$72,768	$158,265	$34,339	$11,138

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
$141,286	$29,348	$8,399	$12,873	$32,219
	5	244	243	521
$141,286	$29,352	$8,642	$13,116	$32,740
$	$	$	$	$795
		204	243	521
		204	243	1,316
141,286	29,352	8,438	12,873	31,424
141,286	29,352	8,438	12,873	31,424
$141,286	$29,352	$8,642	$13,116	$32,740

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	Gordon	Granola Estates	Grieme Road	Haystack
Assets				
Equity in central treasury cash	$173,587	$37,235	$37,351	$11,882
Taxes receivable	513	456	734	1,180
Accounts receivable				
Assets total	$174,100	$37,691	$38,085	$13,062
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	$	$	$	$
Interfund payable				
Deferred revenues	513	456	734	1,180
Liabilities total	513	456	734	1,180
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	173,587	37,235	37,351	11,882
Fund balances (deficits) total	173,587	37,235	37,351	11,882
Liabilities and fund balances (deficits) total	$174,100	$37,691	$38,085	$13,062

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
$35,882	$14,659	$3,959	$4,386	$32,462
331		1,140		966
$36,213	$14,659	$5,100	$4,386	$33,428
$8,047	$	$	$	$1,937
331		1,140		966
8,378		1,140		2,903
		1,400		
27,835	14,659	2,559	4,386	30,525
27,835	14,659	3,959	4,386	30,525
$36,213	$14,659	$5,100	$4,386	$33,428

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	Joy Road	Keeney Road	Kendall	Keystone
Assets				
Equity in central treasury cash	$14,059	$4,182	$35,273	$36,440
Taxes receivable	759	71	56	453
Accounts receivable				
Assets total	$14,818	$4,252	$35,328	$36,893
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	$	$	$	$
Interfund payable				
Deferred revenues	754	71	54	453
Liabilities total	754	71	54	453
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	14,064	4,182	35,274	36,440
Fund balances (deficits) total	14,064	4,182	35,274	36,440
Liabilities and fund balances (deficits) total	$14,818	$4,252	$35,328	$36,893

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
$43,085	$92,058	$24,789	$9,095	$10,932
	479	86	80	278
$43,085	$92,536	$24,875	$9,175	$11,209

$323	$	$	$	$
	479	86		189
323	479	86		189

42,761	92,058	24,789	9,175	11,020
42,761	92,058	24,789	9,175	11,020
$43,085	$92,536	$24,875	$9,175	$11,209

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
Assets				
Equity in central treasury cash	$41,756	$81,989	$14,085	$23,091
Taxes receivable	1,114	229		
Accounts receivable				
Assets total	$42,869	$82,218	$14,085	$23,091
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	$720	$1,080	$	$
Interfund payable				
Deferred revenues	1,114	218		
Liabilities total	1,834	1,298		
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	41,036	80,920	14,085	23,091
Fund balances (deficits) total	41,036	80,920	14,085	23,091
Liabilities and fund balances (deficits) total	$42,869	$82,218	$14,085	$23,091

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
$28,004	$48,651	$76,377	$59,445	$18,995
1,042	820	1,152	36	144
$29,045	$49,471	$77,529	$59,481	$19,140

$810	$	$	$	$
1,042	760	925	202	144
1,852	760	925	202	144

27,194	48,711	76,604	59,279	18,995
27,194	48,711	76,604	59,279	18,995
$29,045	$49,471	$77,529	$59,481	$19,140

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
Assets				
Equity in central treasury cash	$61,884	$11,586	$5,027	$491,213
Taxes receivable	64	28		31,043
Accounts receivable				
Assets total	$61,948	$11,614	$5,027	$522,256
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	$	$	$	$
Interfund payable				
Deferred revenues	64	28		28,605
Liabilities total	64	28		28,605
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	61,884	11,586	5,027	493,651
Fund balances (deficits) total	61,884	11,586	5,027	493,651
Liabilities and fund balances (deficits) total	$61,948	$11,614	$5,027	$522,256

O'Connor Creek	Old Wood Road	Our	Parksridge	Peede Country Estates
$129,770	$11,791	$6,944	$30,324	$33,468
1,535				321
$131,306	$11,791	$6,944	$30,324	$33,789
$41,732	$564	$	$	$18,428
650				321
42,381	564			18,749
88,925	11,227	6,944	30,324	15,040
88,925	11,227	6,944	30,324	15,040
$131,306	$11,791	$6,944	$30,324	$33,789

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	Pine Stream	Pleasureland	Polar Heights	Potlatch
Assets				
Equity in central treasury cash	$53,775	$43,524	$31,511	$13,829
Taxes receivable	55	798	452	463
Accounts receivable				
Assets total	$53,830	$44,322	$31,963	$14,291
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	$	$	$	$
Interfund payable				
Deferred revenues	55	798	452	230
Liabilities total	55	798	452	230
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures			10,000	
Undesignated	53,775	43,524	21,511	14,062
Fund balances (deficits) total	53,775	43,524	31,511	14,062
Liabilities and fund balances (deficits) total	$53,830	$44,322	$31,963	$14,291

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
$13,530	$50,497 101	$1,968	$7,475	$64,454 186
$13,530	$50,598	$1,968	$7,475	$64,640

$378	$	$	$	$
	101			186
378	101			186

	10,000			
13,152	40,497	1,968	7,475	64,454
13,152	50,497	1,968	7,475	64,454
$13,530	$50,598	$1,968	$7,475	$64,640

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
Assets				
Equity in central treasury cash	$33,380	$20,475	$24,273	$16,370
Taxes receivable	43	25		394
Accounts receivable				
Assets total	$33,423	$20,500	$24,273	$16,764
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	$	$	$	$
Interfund payable				
Deferred revenues	43	25		383
Liabilities total	43	25		383
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures	10,000	5,000	360	
Undesignated	23,380	15,475	23,913	16,381
Fund balances (deficits) total	33,380	20,475	24,273	16,381
Liabilities and fund balances (deficits) total	$33,423	$20,500	$24,273	$16,764

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
$21,028	$43,926	$70,259	$25,990	$32,975
				1,217
$21,028	$43,926	$70,259	$25,990	$34,192
$660	$	$838	$	$
				1,193
660		838		1,193
4,000	10,000			
16,368	33,926	69,421	25,990	32,999
20,368	43,926	69,421	25,990	32,999
$21,028	$43,926	$70,259	$25,990	$34,192

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	Steese Volunteer Fire	Straight Creek	Summerwood	Summit Drive
Assets				
Equity in central treasury cash	$203,258	$6,725	$47,968	$202,837
Taxes receivable	14,237		1,011	259
Accounts receivable				
Assets total	$217,496	$6,725	$48,979	$203,096
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	$	$	$1,380	$
Interfund payable				
Deferred revenues	13,089		971	119
Liabilities total	13,089		2,351	119
Fund balances (deficit)				
Reserved for encumbrances	695,000			
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	(490,593)	6,725	46,629	202,976
Fund balances (deficits) total	204,407	6,725	46,629	202,976
Liabilities and fund balances (deficits) total	$217,496	$6,725	$48,979	$203,096

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
$77,430	$55,679	$15,961	$3,744	$60,935
	306	301	660	34
$77,430	$55,985	$16,261	$4,404	$60,969
$1,500	$205	$	$	$
	306	301	660	34
1,500	511	301	660	34
75,930	55,474	15,961	3,744	60,935
75,930	55,474	15,961	3,744	60,935
$77,430	$55,985	$16,261	$4,404	$60,969

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
Assets				
Equity in central treasury cash	$26,675	$102,108	$20,048	$1,142,228
Taxes receivable		2,118		25,233
Accounts receivable				
Assets total	$26,675	$104,225	$20,048	$1,167,462
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	$18,981	$	$	$7,800
Interfund payable				
Deferred revenues		2,019		24,465
Liabilities total	18,981	2,019		32,265
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				
Undesignated	7,694	102,206	20,048	1,135,197
Fund balances (deficits) total	7,695	102,206	20,048	1,135,197
Liabilities and fund balances (deficits) total	$26,675	$104,225	$20,048	$1,167,462

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
$83,969	$169,253	$38,975	$88,195	$38,492
177	172			65
$84,146	$169,425	$38,975	$88,195	$38,557
$	$	$4,860	$	$
177	150			65
177	150	4,860		65
	5,000			
83,969	164,275	34,115	88,195	38,492
83,969	169,275	34,115	88,195	38,492
$84,146	$169,425	$38,975	$88,195	$38,557

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Balance Sheet
June 30, 2006
With Comparative Totals for June 30, 2005

	Vista Gold Road	Vue Crest	Whitman	Wildview
Assets				
Equity in central treasury cash	$18,179	$109,284	$14,155	$397,023
Taxes receivable	677	105	86	450
Accounts receivable				
Assets total	$18,856	$109,389	$14,241	$397,473
Liabilities and Fund Balances (Deficits)				
Liabilities				
Accounts payable	$	$7,450	$	$23,611
Interfund payable				
Deferred revenues	677		86	258
Liabilities total	677	7,450	86	23,869
Fund balances (deficit)				
Reserved for encumbrances				
Unreserved				
Designated for subsequent year's expenditures				100,000
Undesignated	18,179	101,939	14,155	273,603
Fund balances (deficits) total	18,179	101,939	14,155	373,603
Liabilities and fund balances (deficits) total	$18,856	$109,389	$14,241	$397,473

		Totals	
Woodland	Yak Road	2006	2005
$1,901	$145,279	$8,863,064	$8,909,979
		125,700	114,959
			2,013
$1,901	$145,279	$8,988,764	$9,026,950
$	$2,522	$221,921	$144,708
		190,531	20,741
		118,436	102,842
	2,522	530,887	268,291
		695,000	276,334
		180,970	495,730
1,901	142,757	7,581,907	7,986,596
1,901	142,757	8,457,877	8,758,659
$1,901	$145,279	$8,988,764	$9,026,950

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006
With Comparative Totals for June 30, 2005

	Air Park	Airway	Arctic Fox	Aztec
Revenues				
Taxes	$	$9,706	$3,832	$14,280
Intergovernmental - state				
Other revenues	510	1,060	685	3,333
Revenues total	510	10,765	4,517	17,614
Expenditures				
Current				
Road and other service areas	2,110	9,071	1,370	6,611
Fire service areas				
Capital outlay				
Expenditures total	2,110	9,071	1,370	6,611
Excess (deficiency) of revenues over expenditures	(1,600)	1,695	3,147	11,002
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	(1,600)	1,695	3,147	11,002
Fund balances (deficit), beginning	13,306	19,045	14,525	74,313
Fund balances (deficit), ending	$11,706	$20,740	$17,671	$85,315

Ballaine Lake Sewer & Water	Bear's Den Road	Becker Ridge	Birch Hill	Bluebird Road
$19,297	$	$75,632	$71,762	$4,781
761	152	3,371	1,746	448
20,059	152	79,003	73,508	5,229
13,630	1,727	51,134	67,706	9,198
13,630	1,727	51,134	67,706	9,198
6,428	(1,574)	27,870	5,802	(3,969)
6,428	(1,574)	27,870	5,802	(3,969)
(5,503)	4,618	51,716	20,101	14,184
$925	$3,044	$79,585	$25,902	$10,215

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006
With Comparative Totals for June 30, 2005

	Borda Road	Brookside	Chena Goldstream Volunteer Fire	Chena Hills Road
Revenues				
Taxes	$21,603	$6,659	$670,361	$59,754
Intergovernmental - state				
Other revenues	2,335	1,214	27,416	3,026
Revenues total	23,939	7,873	697,777	62,781
Expenditures				
Current				
Road and other service areas	5,482	20,435		56,961
Fire service areas			596,420	
Capital outlay				
Expenditures total	5,482	20,435	596,420	56,961
Excess (deficiency) of revenues over expenditures	18,457	(12,562)	101,357	5,819
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	18,457	(12,562)	101,357	5,819
Fund balances (deficit), beginning	43,372	30,331	328,223	24,922
Fund balances (deficit), ending	$61,829	$17,769	$429,580	$30,741

Chena Hot Springs II	Chena Marina	Chena Point Road	Chena Spur	Cleary Summit
$1,000	$14,844	$47,398	$21,071	$1,045
8	657	4,333	1,444	36
1,008	15,502	51,731	22,515	1,081
1,000	5,577	7,325	26,262	1,090
1,000	5,577	7,325	26,262	1,090
8	9,924	44,407	(3,748)	(9)
		(225,000)		
		(225,000)		
8	9,924	(180,593)	(3,748)	(9)
	6,660	41,040	37,811	668
$8	$16,584	($139,553)	$34,063	$659

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006
With Comparative Totals for June 30, 2005

	College	College Hills	Cooper Estates	Cordes Drive
Revenues				
Taxes	$385,473	$21,467	$17,311	$16,530
Intergovernmental - state				
Other revenues	69,203	923	905	923
Revenues total	454,675	22,390	18,216	17,453
Expenditures				
Current				
Road and other service areas	264,224	22,490	6,489	14,454
Fire service areas				
Capital outlay				
Expenditures total	264,224	22,490	6,489	14,454
Excess (deficiency) of revenues over expenditures	190,452	(100)	11,728	3,000
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	190,452	(100)	11,728	3,000
Fund balances (deficit), beginning	1,458,048	21,038	41,109	18,458
Fund balances (deficit), ending	$1,648,500	$20,937	$52,837	$21,458

Cripple Creek	Deep Forest	Diane Subdivision	Drake Estates	Edanella Heights Road
$39,778	$41,166	$2,895	$13,330	$23,655
4,001	976	1,727	1,209	1,775
43,780	42,141	4,622	14,539	25,430
28,749	45,083	1,110	20,230	16,438
28,749	45,083	1,110	20,230	16,438
15,030	(2,942)	3,512	(5,690)	8,992
15,030	(2,942)	3,512	(5,690)	8,992
76,837	21,272	40,640	19,348	36,269
$91,868	$18,330	$44,151	$13,658	$45,260

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2006
With Comparative Totals for June 30, 2005

	Ester Lump Road	Ester Volunteer Fire	Fairfields	Fairhill
Revenues				
Taxes	$13,244	$240,501	$12,949	$9,880
Intergovernmental - state				
Other revenues	2,995	9,326	1,403	534
Revenues total	16,239	249,827	14,352	10,414
Expenditures				
Current				
Road and other service areas	13,342		8,017	8,660
Fire service areas		228,905		
Capital outlay				
Expenditures total	13,342	228,905	8,017	8,660
Excess (deficiency) of revenues over expenditures	2,897	20,922	6,335	1,754
Other financing sources (uses)				
Transfers in		1,959		
Transfers out				
Other financing sources (uses) total		1,959		
Net change in fund balances	2,897	22,881	6,335	1,754
Fund balances (deficit), beginning	69,871	131,932	27,826	9,384
Fund balances (deficit), ending	$72,768	$154,813	$34,161	$11,138

Fairwest	Garden	Golden Valley Road	Goldstream Alaska	Goldstream Moose Creek
$16,557	$18,188	$5,670	$10,322	$34,242
5,500	1,114	396	661	2,945
22,057	19,302	6,066	10,982	37,187
6,507	5,771	6,261	14,594	40,183
6,507	5,771	6,261	14,594	40,183
15,550	13,530	(194)	(3,612)	(2,996)
15,550	13,530	(194)	(3,612)	(2,996)
125,736	15,822	8,633	16,485	34,420
$141,286	$29,352	$8,438	$12,873	$31,424

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006
With Comparative Totals for June 30, 2005

	Gordon	Granola Estates	Grieme Road	Haystack
Revenues				
Taxes	$32,263	$3,501	$10,930	$18,962
Intergovernmental - state				
Other revenues	6,600	1,482	1,468	618
Revenues total	38,863	4,983	12,397	19,580
Expenditures				
Current				
Road and other service areas	1,925	3,198	6,213	16,020
Fire service areas				
Capital outlay				
Expenditures total	1,925	3,198	6,213	16,020
Excess (deficiency) of revenues over expenditures	36,938	1,785	6,185	3,560
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	36,938	1,785	6,185	3,560
Fund balances (deficit), beginning	136,649	35,450	31,166	8,322
Fund balances (deficit), ending	$173,587	$37,235	$37,351	$11,882

Herning Hills	Hopeless	Horseshoe Downs	Jennifer Drive	Jones Road
$19,120	$	$8,524	$3,751	$42,434
1,354	613	235	182	1,569
20,474	613	8,759	3,933	44,003
12,549	2,422	9,880	1,760	46,806
12,549	2,422	9,880	1,760	46,806
7,926	(1,809)	(1,121)	2,173	(2,802)
7,926	(1,809)	(1,121)	2,173	(2,802)
19,909	16,468	5,080	2,212	33,328
$27,835	$14,659	$3,959	$4,386	$30,525

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2006
With Comparative Totals for June 30, 2005

	Joy Road	Keeney Road	Kendall	Keystone
Revenues				
Taxes	$4,960	$1,616	$8,214	$10,107
Intergovernmental - state				
Other revenues	556	170	1,366	1,491
Revenues total	5,516	1,787	9,579	11,598
Expenditures				
Current				
Road and other service areas	3,965	1,110	3,327	6,967
Fire service areas				
Capital outlay				
Expenditures total	3,965	1,110	3,327	6,967
Excess (deficiency) of revenues over expenditures	1,551	677	6,253	4,631
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	1,551	677	6,253	4,631
Fund balances (deficit), beginning	12,513	3,505	29,021	31,809
Fund balances (deficit), ending	$14,064	$4,182	$35,274	$36,440

Kris Kringle	Lakloey Hill	Lee Lane	Loose Moose	Martin
$10,360	$25,260	$4,132	$4,860	$9,951
1,754	3,852	1,010	456	634
12,114	29,112	5,142	5,316	10,585
9,213	29,156	8,490	17,953	12,158
9,213	29,156	8,490	17,953	12,158
2,901	(44)	(3,348)	(12,637)	(1,573)
2,901	(44)	(3,348)	(12,637)	(1,573)
39,860	92,101	28,137	21,812	12,594
$42,761	$92,058	$24,789	$9,175	$11,020

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006
With Comparative Totals for June 30, 2005

	McCloud	McGrath Estates	McKinley View	Mellow Woods Road
Revenues				
Taxes	$22,184	$54,033	$3,509	$12,719
Intergovernmental - state				
Other revenues	1,773	3,511	571	879
Revenues total	23,957	57,544	4,080	13,597
Expenditures				
Current				
Road and other service areas	18,186	41,586	2,100	3,739
Fire service areas				
Capital outlay				
Expenditures total	18,186	41,586	2,100	3,739
Excess (deficiency) of revenues over expenditures	5,771	15,958	1,980	9,858
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	5,771	15,958	1,980	9,858
Fund balances (deficit), beginning	35,264	64,962	12,104	13,233
Fund balances (deficit), ending	$41,036	$80,920	$14,085	$23,091

Miller Hill Extension	Moose Creek	Moose Meadows	Mt. View	Murphy
$39,412	$11,573	$47,877	$20,479	$8,671
1,011	1,887	2,699	2,370	811
40,423	13,460	50,576	22,849	9,482
31,888	3,777	8,409	8,152	6,565
31,888	3,777	8,409	8,152	6,565
8,535	9,683	42,167	14,697	2,917
8,535	9,683	42,167	14,697	2,917
18,659	39,029	34,437	44,582	16,079
$27,194	$48,711	$76,604	$59,279	$18,995

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006
With Comparative Totals for June 30, 2005

	Musk Ox	Newby Park	North Ridge	North Star Volunteer Fire
Revenues				
Taxes	$18,559	$7,764	$6,033	$1,036,754
Intergovernmental - state				9,327
Other revenues	2,563	456	248	36,160
Revenues total	21,122	8,220	6,281	1,082,240
Expenditures				
Current				
Road and other service areas	14,301	3,107	6,683	
Fire service areas				959,459
Capital outlay				249,955
Expenditures total	14,301	3,107	6,683	1,209,413
Excess (deficiency) of revenues over expenditures	6,822	5,113	(402)	(127,173)
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	6,822	5,113	(402)	(127,173)
Fund balances (deficit), beginning	55,063	6,473	5,429	620,824
Fund balances (deficit), ending	$61,884	$11,586	$5,027	$493,651

O'Connor Creek	Old Wood Road	Our	Parksridge	Peede Country Estates
$88,326	$7,690	$2,494	$6,344	$3,453
5,624	567	304	1,222	1,317
93,950	8,257	2,798	7,567	4,770
87,071	14,476	2,282	3,722	20,148
87,071	14,476	2,282	3,722	20,148
6,878	(6,219)	516	3,845	(15,378)
6,878	(6,219)	516	3,845	(15,378)
82,046	17,446	6,428	26,479	30,419
$88,925	$11,227	$6,944	$30,324	$15,040

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006
With Comparative Totals for June 30, 2005

	Pine Stream	Pleasureland	Polar Heights	Potlatch
Revenues				
Taxes	$16,140	$5,843	$14,486	$10,786
Intergovernmental - state				
Other revenues	2,564	1,696	1,306	523
Revenues total	18,703	7,539	15,792	11,309
Expenditures				
Current				
Road and other service areas	24,683	2,717	8,148	4,042
Fire service areas				
Capital outlay				
Expenditures total	24,683	2,717	8,148	4,042
Excess (deficiency) of revenues over expenditures	(5,980)	4,822	7,645	7,267
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	(5,980)	4,822	7,645	7,267
Fund balances (deficit), beginning	59,755	38,702	23,867	6,795
Fund balances (deficit), ending	$53,775	$43,524	$31,511	$14,062

Prospect Park	Reed Acres Road	Ridgecrest	Salchaket Heights	Scenic Heights
$3,793	$5,958	$1,713	$1,840	$14,429
624	2,008	131	296	2,570
4,416	7,966	1,844	2,136	17,000
10,039	6,630	3,440	1,000	9,666
10,039	6,630	3,440	1,000	9,666
(5,622)	1,336	(1,596)	1,136	7,334
(5,622)	1,336	(1,596)	1,136	7,334
18,774	49,162	3,564	6,339	57,121
$13,152	$50,497	$1,968	$7,475	$64,454

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006
With Comparative Totals for June 30, 2005

	Seavy	Secluded Acres	Serendipity Hill	Six Mile Village Road
Revenues				
Taxes	$7,932	$6,556	$5,327	$6,647
Intergovernmental - state				
Other revenues	1,403	834	961	644
Revenues total	9,335	7,391	6,287	7,291
Expenditures				
Current				
Road and other service areas	5,514	5,710	2,290	4,470
Fire service areas				
Capital outlay				
Expenditures total	5,514	5,710	2,290	4,470
Excess (deficiency) of revenues over expenditures	3,821	1,681	3,997	2,821
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	3,821	1,681	3,997	2,821
Fund balances (deficit), beginning	29,559	18,794	20,275	13,560
Fund balances (deficit), ending	$33,380	$20,475	$24,273	$16,381

Smallwood Trail Road	Smith Ranch	Spring Glade	Spruce Acres	Steamboat Landing
$4,147	$	$21,151	$4,566	$10,417
818	1,860	2,782	1,035	1,253
4,965	1,860	23,933	5,600	11,670
1,900	6,184	11,238	2,991	2,730
1,900	6,184	11,238	2,991	2,730
3,065	(4,324)	12,696	2,609	8,940
3,065	(4,324)	12,696	2,609	8,940
17,303	48,250	56,726	23,381	24,059
$20,368	$43,926	$69,421	$25,990	$32,999

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006
With Comparative Totals for June 30, 2005

	Steese Volunteer Fire	Straight Creek	Summerwood	Summit Drive
Revenues				
Taxes	$869,870	$8,812	$26,598	$72,211
Intergovernmental - state				
Other revenues	68,705	332	1,918	8,260
Revenues total	938,576	9,144	28,516	80,471
Expenditures				
Current				
Road and other service areas		5,795	17,638	59,555
Fire service areas	694,839			
Capital outlay				
Expenditures total	694,839	5,795	17,638	59,555
Excess (deficiency) of revenues over expenditures	243,736	3,348	10,877	20,916
Other financing sources (uses)				
Transfers in				
Transfers out	(1,011,000)			
Other financing sources (uses) total	(1,011,000)			
Net change in fund balances	(767,264)	3,348	10,877	20,916
Fund balances (deficit), beginning	971,671	3,377	35,752	182,060
Fund balances (deficit), ending	$204,407	$6,725	$46,629	$202,976

Sunny Hills Terrace	Sunrise	Tan Terra	Thomas	Timberlane Road
$22,907	$9,021	$8,242	$7,865	$6,302
2,981	2,166	697	199	2,371
25,888	11,187	8,939	8,064	8,673
7,591	3,397	6,392	13,355	1,764
7,591	3,397	6,392	13,355	1,764
18,297	7,790	2,547	(5,291)	6,909
18,297	7,790	2,547	(5,291)	6,909
57,633	47,684	13,414	9,035	54,026
$75,930	$55,474	$15,961	$3,744	$60,935

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006
With Comparative Totals for June 30, 2005

	Tungsten	Twenty Three Mile Slough	Ullrhaven	University Fire
Revenues				
Taxes	$24,366	$16,538	$3,057	$1,599,043
Intergovernmental - state				
Other revenues	1,049	3,957	812	366,988
Revenues total	25,416	20,495	3,869	1,966,030
Expenditures				
Current				
Road and other service areas	27,464	7,053	1,965	
Fire service areas				1,528,672
Capital outlay				7,800
Expenditures total	27,464	7,053	1,965	1,536,472
Excess (deficiency) of revenues over expenditures	(2,048)	13,441	1,904	429,558
Other financing sources (uses)				
Transfers in				
Transfers out				(470,981)
Other financing sources (uses) total				(470,981)
Net change in fund balances	(2,048)	13,441	1,904	(41,423)
Fund balances (deficit), beginning	9,743	88,765	18,144	1,176,619
Fund balances (deficit), ending	$7,695	$102,206	$20,048	$1,135,197

University Heights	University West Street Light	Vienna Wood	Viewpointe	Violet Drive
$42,768	$47,532	$15,754	$13,964	$42,503
3,384	6,629	1,638	3,424	1,687
46,152	54,161	17,392	17,388	44,189
31,889	18,295	13,358	3,541	29,543
31,889	18,295	13,358	3,541	29,543
14,263	35,866	4,034	13,847	14,646
14,263	35,866	4,034	13,847	14,646
69,706	133,409	30,081	74,347	23,846
$83,969	$169,275	$34,115	$88,195	$38,492

FAIRBANKS NORTH STAR BOROUGH

Special Revenue Fund - All Service Areas

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006
With Comparative Totals for June 30, 2005

	Vista Gold Road	Vue Crest	Whitman	Wildview
Revenues				
Taxes	$29,054	$21,124	$3,008	$126,231
Intergovernmental - state				
Other revenues	876	4,277	553	17,650
Revenues total	29,930	25,401	3,561	143,881
Expenditures				
Current				
Road and other service areas	22,410	15,400	1,631	219,557
Fire service areas				
Capital outlay				
Expenditures total	22,410	15,400	1,631	219,557
Excess (deficiency) of revenues over expenditures	7,520	10,001	1,931	(75,676)
Other financing sources (uses)				
Transfers in				
Transfers out				
Other financing sources (uses) total				
Net change in fund balances	7,520	10,001	1,931	(75,676)
Fund balances (deficit), beginning	10,659	91,938	12,224	449,279
Fund balances (deficit), ending	$18,179	$101,939	$14,155	$373,603

		Totals	
Woodland	Yak Road	2006	2005
$1,929	$59,975	$6,803,407	$6,249,058
		9,327	
91	5,485	777,870	719,833
2,021	65,460	7,590,603	6,968,891
1,830	18,909	1,920,314	2,072,019
		4,008,295	3,768,560
		257,755	14,184
1,830	18,909	6,186,364	5,854,763
191	46,551	1,404,240	1,114,128
		1,959	30,544
		(1,706,981)	(128,369)
		(1,705,022)	(97,824)
191	46,551	(300,782)	1,016,303
1,710	96,205	8,758,659	7,742,356
$1,901	$142,757	$8,457,877	$8,758,659

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DEBT SERVICE FUND

The **Debt Service Fund** is a major fund and is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Comparative Balance Sheet
June 30, 2006 and 2005

	2006	2005
Assets		
Equity in central treasury cash	$13,600	$114,129
Assets total	$13,600	$114,129
Liabilities and Fund Balance (Deficit)		
Liabilities		
Fund balance (deficit)		
Unreserved		
Designated for subsequent year's expenditures	$	$102,320
Undesignated	13,600	11,809
Fund balance (deficit) total	13,600	114,129
Liabilities and fund balance (deficit) total	$13,600	$114,129

FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
June 30, 2006 and 2005

	2006	2005
Revenues	$	$
Expenditures		
Debt service		
Areawide		
Principal retirement of bonds	10,645,000	9,639,000
Interest on bonds	6,587,115	6,478,027
Fiscal agent fees and other costs	4,854	4,701
Expenditures total	17,236,969	16,121,728
Excess (deficiency) of revenues over expenditures	(17,236,969)	(16,121,728)
Other financing sources (uses)		
Transfers in	17,136,440	16,123,540
Net change in fund balance	(100,529)	1,812
Fund balance, beginning	114,129	112,317
Fund balance, ending	$13,600	$114,129

FAIRBANKS NORTH STAR BOROUGH

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2006

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance from Budget-Positive (Negative)
Revenues	$	$	$	$	$
Expenditures					
Debt service					
Areawide					
Principal retirement of bonds	10,645,000	10,645,000		10,645,000	
Interest on bonds	6,587,116	6,587,115		6,587,115	
Fiscal agent fees and other costs	6,644	4,854		4,854	1,791
Expenditures total	17,238,760	17,236,969		17,236,969	1,791
Excess (deficiency) of revenues over expenditures	(17,238,760)	(17,236,969)		(17,236,969)	(1,791)
Other financing sources (uses)					
Transfers in	17,136,440	17,136,440		17,136,440	
Excess (deficiency) of revenues other sources over expenditures	($102,320)	(100,529)	$	($100,529)	($1,791)
Fund balance, beginning		114,129			
Fund balance, ending		$13,600			

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition, construction, renovation, or major maintenance of significant capital items and capital facilities.

NONMAJOR CAPITAL PROJECTS FUNDS

State Grants Fund - This fund is used to account for all grants received directly from the State of Alaska for capital projects.

* * * * *

Federal Pass-Through Grants Fund - This fund is used to account for all grants received from the federal government through the State of Alaska and other entities for capital projects.

* * * * *

Federal Grants Fund - This fund is used to account for all grants received directly from the federal government for capital projects.

MAJOR CAPITAL PROJECTS FUNDS

Bond Projects Fund - This fund is used to account for all bond-funded capital projects.

* * * * *

Local Projects Capital Projects Fund - This fund is used to account for Assembly appropriations for multi-fiscal year capital projects.

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Capital Projects Funds

Combining Balance Sheet
June 30, 2006

	State Grants	Federal Pass-Through Grants	Federal Grants	Total Nonmajor Capital Projects Funds
Assets				
Equity in central treasury cash	$376,570	$5,015	$	$381,585
Due from governmental agencies	482,925	139,758	219,942	842,625
Assets total	$859,495	$144,773	$219,942	$1,224,210
Liabilities and Fund Balances (Deficit)				
Liabilities				
Accounts payable	$49,479	$131,425	$2,497	$183,401
Interfund payable	349,957	7,539	183,508	541,004
Due to School District	71,103	1,474		72,577
Unearned revenues	311,790	3,401		315,191
Liabilities total	782,329	143,839	186,005	1,112,173
Fund balances (deficit)				
Reserved for encumbrances	791,674	58,321		849,995
Unreserved - undesignated	(714,508)	(57,387)	33,937	(737,957)
Fund balances (deficit) total	77,166	934	33,937	112,037
Liabilities and fund balances (deficit) total	$859,495	$144,773	$219,942	$1,224,210

FAIRBANKS NORTH STAR BOROUGH

Nonmajor Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2006

	State Grants	Federal Pass-Through Grants	Federal Grants	Total Nonmajor Capital Project Funds
Revenues				
Intergovernmental revenues	$1,309,037	$289,664	$656,468	$2,255,169
Revenues total	1,309,037	289,664	656,468	2,255,169
Expenditures				
Current				
General government	174,910			174,910
Public works	28,404			28,404
Parks and recreation	2,378			2,378
Library			24,576	24,576
Road and other service areas	92,685			92,685
Education	465,722	6,349		472,071
Fire service areas	72,131			72,131
Capital outlay	648,173	282,782	637,955	1,568,910
Expenditures total	1,484,402	289,132	662,531	2,436,065
Excess (deficiency) of revenues over expenditures	(175,365)	532	(6,063)	(180,896)
Other financing sources (uses)				
Net change in fund balances	(175,365)	532	(6,063)	(180,896)
Fund balances (deficit), beginning	252,531	402	40,000	292,933
Fund balances (deficit), ending	$77,166	$934	$33,937	$112,037

FAIRBANKS NORTH STAR BOROUGH

Capital Projects Funds

Project-length Schedule of Revenues and Expenditures
Budget and Actual
Beginning of Projects to June 30, 2006

	Nonmajor Capital Projects Funds		
	State Grants	Federal Pass-Through Grants	Federal Grants
Total project budget	$8,658,303	$1,384,248	$3,490,000
Revenues and other financing sources			
Intergovernmental			
State	$4,451,431	$507,235	$
Federal			3,231,892
Local	4,397	529,000	
Transfers in and prior years' operating transfers in	1,402,839		40,000
Bond issuance and premium on bond debt			
Revenues and other financing sources total	$5,858,667	$1,036,235	$3,271,892
Expenditures and other financing uses	$5,781,500	$1,035,301	$3,237,955

Major Capital Projects Funds		
Bond Projects	Local Projects	2006 Project-to-Date Totals
$86,274,835	$59,685,330	$159,492,716
$	$	$4,958,666
		3,231,892
2,389,501	9,959,811	12,882,709
	35,181,279	36,624,118
84,198,200		84,198,200
$86,587,701	$45,141,090	$141,895,585
$71,591,373	$34,873,021	$116,519,150

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PROPRIETARY FUNDS

Enterprise Funds

Internal Service Fund

ENTERPRISE FUNDS

Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services.

MAJOR ENTERPRISE FUNDS

Transit Enterprise Fund - This fund is used to account for the activities of the public transportation system (Metropolitan Area Commuter System – MACS – for fixed route service and Van Tran for limited on-demand service with wheelchair lift-equipped vans), the air quality function, and maintenance of the Borough's vehicle fleet.

* * * * *

Land Enterprise Fund - This fund is used to account for the acquisition, development, and management of all Borough lands including those received under the State of Alaska Municipal Land Act. It also accounts for the Chena Riverfront Trust.

* * * * *

Carlson Center Enterprise Fund - This fund is used to account for the operations of the John A. Carlson Community Activity Center.

* * * * *

Solid Waste Disposal Enterprise Fund - This fund is used to account for the activities of the Borough's solid waste disposal function, which includes operation of the landfill, household hazardous waste disposal, and recycling of paper and other materials.

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Net Assets
June 30, 2006 and 2005

	2006	2005
Assets		
Current assets		
Equity in central treasury cash	$1,785,067	$1,635,719
Restricted equity in central treasury cash	25,639	111,018
Restricted due from governmental agencies	634,763	238,045
Inventories	150,567	171,874
Current assets total	2,596,036	2,156,655
Noncurrent assets		
Capital assets - non-depreciable		
Land and land improvements	595,234	595,234
Construction work in progress		93,162
Capital assets - depreciable		
Buildings	3,941,791	2,680,789
Improvements other than buildings	261,774	131,493
Equipment	2,577,065	2,358,944
Intangible assets - software	170,171	
Accumulated depreciation	(2,865,094)	(2,834,221)
Noncurrent assets (net) total	4,680,941	3,025,401
Assets total	$7,276,977	$5,182,056

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Net Assets
June 30, 2006 and 2005

	2006	2005
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$55,761	$43,668
Wages and payroll taxes	83,963	67,575
Accrued compensated absences	151,024	123,165
Accrued self-insurance losses	22,324	18,581
Deposits from others	3,280	3,209
Payable from restricted assets		
Accounts payable	49,170	57,416
Interfund payable	585,819	189,091
Unearned revenues	13,136	84,494
Current liabilities total	964,476	587,200
Long-term liabilities		
Accrued compensated absences	63,564	62,613
Accrued self-insurance losses	31,988	17,178
Net pension obligation	251,369	114,184
Long-term liabilities total	346,922	193,976
Liabilities total	1,311,397	781,175
Net assets		
Invested in capital assets	4,680,941	3,025,401
Restricted for:		
Grants	12,277	18,061
Unrestricted	1,272,362	1,357,419
Net assets total	5,965,580	4,400,881
Liabilities and net assets total	$7,276,977	$5,182,056

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2006 and 2005

	2006	2005
Operating revenues		
Fares	$183,657	$193,344
Advertising	2,681	
Charges for services	1,019,763	1,078,066
Retirement system funding	59,911	
Operating revenues total	1,266,012	1,271,411
Operating expenses		
Wages and benefits	3,460,500	3,251,851
Fuels, lubricants, and parts	460,952	429,167
Other commodities	2,444	101,923
Contractual services	546,406	415,023
Utilities	91,972	78,592
Professional services	258,914	90,487
Depreciation	253,644	199,453
Training, dues and professional expenses	20,943	90,705
Repairs and maintenance	68,425	95,820
Supplies	37,613	46,110
Intragovernmental charges	597,316	587,731
Operating expenses total	5,799,129	5,386,860
Operating income (loss)	(4,533,116)	(4,115,449)

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Transit

Comparative Statement of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2006 and 2005

	2006	2005
Non-operating revenues (expenses)		
Grants revenue	$3,552,717	$1,306,834
Fares from grants	223,677	191,373
Investment income	47,521	31,307
Gain (loss) on sales of capital assets	(253,732)	(7,672)
Miscellaneous revenue (expense)	329	1,656
Non-operating revenues (expenses) total	3,570,512	1,523,498
Income (loss) before contributions and transfers	(962,604)	(2,591,951)
Transfers in	2,653,250	2,520,590
Transfers out	(125,947)	
Change in net assets	1,564,699	(71,361)
Net assets, beginning	4,400,881	4,472,242
Net assets, ending	$5,965,580	$4,400,881

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Net Assets
June 30, 2006 and 2005

	2006	2005
Assets		
Current assets		
Equity in central treasury cash	$4,835,859	$4,140,047
Taxes receivable - foreclosure reimbursement	153,342	198,538
Accounts receivable	60,032	76,830
Accrued interest receivable	12,410	39,918
Land contracts receivable, current portion	260,244	202,303
Restricted due from governmental agencies	860	1,350
Inventories	53	873,579
Current assets total	5,322,799	5,532,566
Noncurrent assets		
Land inventory - long-term	8,225,938	8,488,876
Land contracts receivable	1,688,310	1,047,528
Capital assets - non-depreciable		
Retained land	296,148	
Capital assets - depreciable		
Buildings	314,927	314,927
Intangible assets - software	18,864	18,864
Accumulated depreciation	(262,165)	(254,923)
Noncurrent assets (net) total	10,282,023	9,615,272
Assets total	$15,604,823	$15,147,839

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Net Assets
June 30, 2006 and 2005

	2006	2005
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$707	$66,764
Wages and payroll taxes	18,143	16,191
Accrued compensated absences	35,335	35,382
Deposits from others	15,279	23,379
Payable from restricted assets		
Interfund payable	860	1,350
Unrealized gain on land contracts, current portion	96,966	63,971
Current liabilities total	167,290	207,038
Long-term liabilities		
Accrued compensated absences	4,260	11,461
Unrealized gain on land contracts	661,512	363,896
Net pension obligation	53,426	23,597
Long-term liabilities total	719,197	398,954
Liabilities total	886,488	605,992
Net assets		
Invested in capital assets	367,774	78,868
Unrestricted	14,350,561	14,462,979
Net assets total	14,718,335	14,541,847
Liabilities and net assets total	$15,604,823	$15,147,839

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2006 and 2005

	2006	2005
Operating revenues		
Land sales, net of cost	$392,721	$139,459
Land leases	37,829	77,763
Interest on land contracts receivable	147,339	151,222
Charges for services	275,082	249,963
Retirement system funding	20,292	
Other revenues	1	50,973
Operating revenues total	873,265	669,379
Operating expenses		
Wages and benefits	731,788	717,038
Fuels, lubricants, and parts	34	
Other commodities		4,233
Contractual services	76,443	103,852
Professional services	61,198	8,106
Depreciation	7,242	7,242
Training, dues and professional expenses	10,333	4,772
Repairs and maintenance	750	500
Supplies	9,891	8,253
Intragovernmental charges	121,353	133,887
Operating expenses total	1,019,030	987,884
Operating income (loss)	(145,766)	(318,505)

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Land

Comparative Statement of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2006 and 2005

	2006	2005
Non-operating revenues (expenses)		
Grants revenue	$20,915	$1,350
Investment income	179,707	83,972
Increase (decline) in market value of land inventory	50,910	(90,399)
Non-operating revenues (expenses) total	251,531	(5,077)
Income (loss) before contributions and transfers	105,766	(323,582)
Transfers in	101,573	
Transfers out	(30,851)	(100,000)
Capital contributions		72,433
Change in net assets	176,488	(351,149)
Net assets, beginning	14,541,847	14,892,996
Net assets, ending	$14,718,335	$14,541,847

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Assets
June 30, 2006 and 2005

	2006	2005
Assets		
Current assets		
Equity in central treasury cash	$314,800	$203,655
Restricted equity in central treasury cash	462,610	456,658
Accounts receivable	26,323	6,098
Restricted accounts receivable	6,860	2,718
Restricted due from governmental agencies	73,998	
Current assets total	884,591	669,128
Noncurrent assets		
Capital assets - non-depreciable		
Land and land improvements	509,032	509,032
Works of art	120,790	120,790
Construction work in progress	140,377	
Capital assets - depreciable		
Buildings	14,815,299	14,815,299
Improvements other than buildings	1,608,028	1,607,048
Equipment	230,845	161,723
Accumulated depreciation	(5,046,805)	(4,707,297)
Noncurrent assets (net) total	12,377,567	12,506,595
Assets total	$13,262,158	$13,175,724

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Net Assets
June 30, 2006 and 2005

	2006	2005
Liabilities and Net Assets		
Current liabilities		
Wages and payroll taxes	$1,465	$831
Accrued compensated absences	2,453	2,714
Payable from restricted assets		
Accounts payable	35,167	1,188
Interfund payable	72,511	
Unearned revenues	141,180	27,535
Current liabilities total	252,777	32,268
Long-term liabilities		
Accrued compensated absences	2,089	516
Net pension obligation	1,802	
Long-term liabilities total	3,892	516
Liabilities total	256,668	32,784
Net assets		
Invested in capital assets	12,377,567	12,506,595
Restricted for:		
Asset replacement	294,610	430,653
Unrestricted	333,313	205,692
Net assets total	13,005,490	13,142,940
Liabilities and net assets total	$13,262,158	$13,175,724

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2006 and 2005

	2006	2005
Operating revenues		
Charges for services	$87,932	$83,381
State retirement funding	936	
Operating revenues total	88,868	83,381
Operating expenses		
Wages and benefits	34,997	34,013
Other commodities	47,222	
Contractual services	435,330	507,018
Professional services	1,232	4,261
Depreciation	339,507	337,318
Training, dues and professional expenses		2
Repairs and maintenance	5,000	5,000
Supplies	135,909	1,315
Management contractor fee	146,998	150,403
Intragovernmental charges	424,587	360,843
Operating expenses total	1,570,783	1,400,174
Operating income (loss)	(1,481,916)	(1,316,793)

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Carlson Center

Comparative Statement of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2006 and 2005

	2006	2005
Non-operating revenues (expenses)		
Grants revenue	$140,477	$52
Investment income	21,058	13,490
Miscellaneous revenue (expense)	34	979
Non-operating revenues (expenses) total	161,569	14,520
Income (loss) before contributions and transfers	(1,320,347)	(1,302,273)
Capital contributions	16,515	
Transfers in	1,316,381	848,110
Transfers out	(150,000)	(303,000)
Change in net assets	(137,450)	(757,163)
Net assets, beginning	13,142,940	13,900,103
Net assets, ending	$13,005,490	$13,142,940

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Net Assets
June 30, 2006 and 2005

	2006	2005
Assets		
Current assets		
Equity in central treasury cash	$14,642,375	$16,191,495
Accounts receivable (net of allowance for uncollectibles 2006 - $28,528; 2005 - $524)	338,888	725,902
Interfund receivable	175,000	
Restricted due from governmental agencies	20,226	
Current assets total	15,176,489	16,917,396
Noncurrent assets		
Long-term receivable (net of allowance for uncollectibles 2006 - none; 2005 - $124,218)		62,109
Capital assets - non-depreciable		
Land and land improvements	836,876	836,876
Construction work in progress	135,737	6,830,580
Capital assets - depreciable		
Land	255,171	255,171
Buildings	4,542,614	4,542,614
Improvements other than buildings	16,918,998	8,648,743
Equipment	2,495,606	2,491,560
Accumulated depreciation	(11,898,691)	(11,819,549)
Noncurrent assets (net) total	13,286,310	11,848,103
Assets total	$28,462,799	$28,765,500

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Net Assets
June 30, 2006 and 2005

	2006	2005
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$187,987	$167,916
Wages and payroll taxes	39,682	36,662
Accrued interest payable	284,602	312,661
Accrued compensated absences	25,401	26,080
Accrued self-insurance losses	116,313	161,453
Payable from restricted assets		
Interfund payable	20,226	
Capital lease payable	16,261	38,044
Loans payable		1,720,520
Current liabilities total	690,473	2,463,336
Long-term liabilities		
Accrued compensated absences	8,924	13,435
Accrued self-insurance losses	157,766	137,430
Capital lease payable		16,261
Loans payable	5,865,425	5,865,425
Landfill closure and postclosure care	13,997,470	12,722,845
Net pension obligation	92,968	40,931
Long-term liabilities total	20,122,554	18,796,327
Liabilities total	20,813,027	21,259,664
Net assets		
Invested in capital assets, net of related debt	7,404,624	4,145,745
Unrestricted	245,149	3,360,092
Net assets total	7,649,773	7,505,836
Liabilities and net assets total	$28,462,799	$28,765,500

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2006 and 2005

	2006	2005
Operating revenues		
Charges for services	$5,331,961	$5,383,976
Retirement system funding	33,370	
Operating revenues total	5,365,332	5,383,976
Operating expenses		
Wages and benefits	1,369,248	1,600,881
Fuels, lubricants, and parts	162,797	126,168
Other commodities	27,078	15,242
Contractual services	1,286,967	756,013
Utilities	90,557	73,784
Professional services	294,499	141,158
Depreciation	361,529	1,126,109
Training, dues and professional expenses	14,379	19,839
Repairs and maintenance	324,493	188,707
Supplies	146,164	140,003
Landfill closure and postclosure care costs	1,274,625	4,025,346
Intragovernmental charges	676,519	560,246
Operating expenses total	6,028,855	8,773,496
Operating income (loss)	(663,523)	(3,389,520)

(Continued)

FAIRBANKS NORTH STAR BOROUGH

Enterprise Fund - Solid Waste Disposal

Comparative Statement of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2006 and 2005

	2006	2005
Non-operating revenues (expenses)		
Interest expense	($51,826)	($75,517)
Grants revenue	404,520	
Investment income	604,698	316,250
Gain (loss) on sales of capital assets	(6,685)	(1,885)
Miscellaneous revenue (expense)	799	552
Non-operating revenues (expenses) total	951,506	239,399
Income (loss) before contributions and transfers	287,983	(3,150,121)
Transfers in		129,226
Transfers out	(144,046)	
Change in net assets	143,937	(3,020,895)
Net assets, beginning	7,505,836	10,526,731
Net assets, ending	$7,649,773	$7,505,836

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INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost-reimbursement basis.

Vehicle and Equipment Fleet Internal Service Fund – This fund is used to account for the acquisition and financing of Borough vehicles and equipment.

FAIRBANKS NORTH STAR BOROUGH

Internal Service Fund - Vehicle and Equipment Fleet

Comparative Statement of Net Assets
June 30, 2006 and 2005

	2006	2005
Assets		
Current assets		
Equity in central treasury cash	$487,877	$253,187
Accounts receivable		197,500
Restricted equity in central treasury cash	24,363	6,163
Current assets total	512,240	456,850
Noncurrent assets		
Capital assets - depreciable		
Equipment	6,371,084	5,698,746
Accumulated depreciation	(2,882,968)	(2,568,124)
Noncurrent assets (net) total	3,488,116	3,130,623
Assets total	$4,000,356	$3,587,473
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$	$534
Accrued interest payable		43,986
Deposits from others	13,100	
Payable from restricted assets		
Unearned revenues	18,200	
Capital leases payable	411,428	375,522
Current liabilities total	442,728	420,043
Long-term liabilities		
Capital leases payable	1,066,712	894,836
Long-term liabilities total	1,066,712	894,836
Liabilities total	1,509,440	1,314,878
Net assets		
Invested in capital assets, net of related debt	2,009,976	1,860,265
Restricted for:		
Grants	6,163	6,163
Unrestricted	474,777	406,166
Net assets total	2,490,917	2,272,595
Liabilities and net assets total	$4,000,356	$3,587,473

FAIRBANKS NORTH STAR BOROUGH

Internal Service Fund - Vehicle and Equipment Fleet

Comparative Statement of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2006 and 2005

	2006	2005
Operating revenues		
Charges for services	$511,220	$468,480
Operating revenues total	511,220	468,480
Operating expenses		
Other commodities		6,249
Contractual services		302
Depreciation	481,692	445,646
Repairs and maintenance	7,949	6,987
Interest expense - capital leases	7,585	52,805
Intragovernmental charges	24,730	23,979
Operating expenses total	521,956	535,968
Operating income (loss)	(10,736)	(67,488)
Non-operating revenues (expenses)		
Gain (loss) on sales of capital assets	26,726	20,052
Miscellaneous revenue (expense)	540	765
Non-operating revenues (expenses) total	27,266	20,817
Income (loss) before contributions and transfers	16,530	(46,671)
Capital contributions	201,792	
Change in net assets	218,322	(46,671)
Net assets, beginning	2,272,595	2,319,266
Net assets, ending	$2,490,917	$2,272,595

FIDUCIARY FUND

Agency Fund

AGENCY FUND

Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds.

FAIRBANKS NORTH STAR BOROUGH

Agency Fund - Taxes

Statement of Changes in Assets and Liabilities
Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Assets				
Equity in central treasury cash	$28,100	$11,672,403	$11,673,906	$26,596
Property tax liens receivable	261,005	11,677,214	11,649,212	289,007
Sales tax receivable	44,445			44,445
Assets total	$333,550	$23,349,616	$23,323,118	$360,048
Liabilities				
Due to other governmental agencies for collected taxes	$4,619	$11,652,290	$11,650,425	$6,484
Due to other governmental agencies for uncollected taxes	305,450	11,677,214	11,649,212	333,451
Advance tax payments	23,481	20,113	23,481	20,113
Liabilities total	$333,550	$23,349,616	$23,323,118	$360,048

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ADDITIONAL INFORMATION

These schedules provide additional fiscal data considered valuable in meeting other informational needs and in providing a better understanding of the finances of the Borough.

FAIRBANKS NORTH STAR BOROUGH

Schedule 1

Cash and Investment Balances Classified by Depository
All Funds and School District
June 30, 2006
With Comparative Totals for June 30, 2005

	Fair Value of Cash Invested (a)	Checking and Cash on Hand	Totals 2006	Totals 2005
Change and petty cash funds	$	$39,360	$39,360	$36,349
Hamilton Money Fund (b)	89,732		89,732	331,987
Fidelity Treasury Money Market Fund	26,888,071		26,888,071	30,155,522
U.S. securities and agencies	4,958,574		4,958,574	33,354,804
Commercial paper	45,567,987		45,567,987	16,756,711
Wells Fargo Bank Alaska	6,439,117	(3,236,482)	3,202,635	1,042,853
Alaska Municipal League Investment Pool	40,013,793		40,013,793	33,629,934
Cash and temporary investments	123,957,274	(3,197,121)	120,760,153	115,308,160
Less: Fiduciary Fund - Borough	(26,596)		(26,596)	(28,100)
Less: Fiduciary Fund - School District	(1,873,145)		(1,873,145)	(1,893,843)
Cash and temporary investments total	$122,057,533	($3,197,121)	$118,860,412	$113,386,218

(a) Excludes investment in deferred compensation plan and the restricted compensating balance of $ 2,221,672. Investments are presented at fair value.

(b) These funds are invested by the Borough's custodial bank, Bank of New York, BNY Western Trust.

FAIRBANKS NORTH STAR BOROUGH Schedule 2

Enterprise Funds
Cash Balances
June 30, 2006

Enterprise Fund	Operating	Project Appropriations	Total
Transit	$1,464,661	$346,045	$1,810,706
Land	3,891,881	943,978	4,835,859
Carlson Center	49,574	727,836	777,410
Solid waste disposal	6,167,872	8,474,503	14,642,375
Enterprise funds total	$11,573,988	$10,492,362	$22,066,350

Each of the Borough's four enterprise funds are comprised of operating cost centers for which annual budgets are adopted, and project cost centers for appropriations for specific projects that extend beyond one fiscal year.

FAIRBANKS NORTH STAR BOROUGH **Schedule 3**

Combined Schedule of Investments
All Funds and School District
June 30, 2006

	Maturity Dates	Interest (Coupon/ Discount)	Principal	Fair Value
Overnight Investment				
Wells Fargo Bank Alaska N.A.	Open	4.97%	$6,439,117	$6,439,117
Government Securities Money Market Funds				
Fidelity Institutional Money Market Treasury Portfolio Class I		4.79	26,888,071	26,888,071
BNY Hamilton Money Fund		4.76	89,732	89,732
Government securities money market funds total			89,732	89,732
External Investment Pool				
Alaska Municipal League Investment Pool		4.96	40,013,793	40,013,793
U.S. Securities and Agencies				
Federal National Home Mortgage Discount Note	08/28/06	5.22	4,957,225	4,958,574
Commercial Paper				
Lockhart Funding, LLC discount	07/14/06	4.84	4,920,006	4,923,238
Prudential Funding, LLC discount	07/17/06	4.73	4,919,853	4,923,778
AIG Funding, Inc. discount	07/17/06	4.88	5,925,987	5,930,741
Centrica, PLC discount	07/17/06	4.80	4,918,667	4,922,747
General Electric Capital Corporation discount	08/21/06	5.24	4,955,606	4,973,008
General Electric Capital Corporation discount	08/21/06	5.21	4,955,860	4,973,008
General Electric Capital Corporation discount	08/29/06	5.28	4,956,000	4,976,168
Lockhart Funding, LLC discount	08/29/06	5.29	4,949,304	4,972,649
Lockhart Funding, LLC discount	08/29/06	5.35	4,955,417	4,972,649
Commercial paper total			45,456,698	45,567,987
Investments total			$96,956,564	$97,069,203

FAIRBANKS NORTH STAR BOROUGH

Schedule 4

Combined Schedule of Delinquent Taxes Receivable
By Fund Type
June 30, 2006

Delinquent Taxes by Calendar Year	Total	General Fund	Special Revenue Funds	Agency Fund
Delinquent property taxes				
2002 and prior	$308,043	$250,076	$32,910	$25,057
2003	74,284	57,274	9,458	7,552
2004	428,584	321,385	53,489	53,710
Delinquent taxes total	$810,911	$628,735	$95,858	$86,319

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FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2006 and 2005

	Remaining Interest Rates	Payment Dates	Bond Date	Final Maturity Date
General Obligation Bonds Payable:				
1993 Refunding Series S	5.500%	09-01/03-01	06-01-93	03-01-08
1996 Series U - school facilities	5.000 - 5.500	05-01/11-01	11-01-96	11-01-16
1997 Series A - school facilities - library	5.000 - 6.500	05-01/11-01	11-01-97	11-01-17

Remaining Annual Serial Payments (a)	Authorized	Issued	Retired	June 30, 2006 Outstanding	June 30, 2005 Outstanding
$4,755,000 (06)	$42,615,000	$42,615,000	$36,750,000	$5,865,000	$10,620,000
2,830,000 (07)					
3,035,000 (08)					
700,000 (05)	16,320,000	16,320,000	5,195,000	11,125,000	11,825,000
750,000 (06)					
775,000 (07)					
825,000 (08)					
875,000 (09)					
925,000 (10)					
1,000,000 (11)					
1,050,000 (12)					
1,125,000 (13)					
1,175,000 (14)					
1,275,000 (15)					
1,350,000 (16)					
1,500,000 (05)	34,000,000	34,000,000	8,825,532	25,174,468	26,621,276
1,600,000 (06)	1,250,000	1,250,000	324,468	925,532	978,724
1,700,000 (07)					
1,800,000 (08)					
1,900,000 (09)					
2,000,000 (10)					
2,100,000 (11)					
2,200,000 (12)					
2,350,000 (13)					
2,450,000 (14)					
2,500,000 (15)					
2,700,000 (16)					
2,800,000 (17)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2006 and 2005

	Remaining Interest Rates	Payment Dates	Bond Date	Final Maturity Date
1999 Series B - school facilities	4.250 - 6.250%	04-01/10-01	04-01-99	04-01-19
2000 Series C - school facilities	4.500 - 7.500	12-01/06-01	12-19-00	12-01-20
2001 Series D - school facilities	4.125 - 7.125	08-01/02-01	02-01-01	02-01-21

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2006 Outstanding	June 30, 2005 Outstanding
(a)					
$1,090,000 (06)	$26,210,129	$26,210,000	$6,460,000	$19,750,000	$20,840,000
1,140,000 (07)					
1,190,000 (08)					
1,245,000 (09)					
1,300,000 (10)					
1,360,000 (11)					
1,425,000 (12)					
1,490,000 (13)					
1,565,000 (14)					
1,640,000 (15)					
1,715,000 (16)					
1,800,000 (17)					
1,890,000 (18)					
1,990,000 (19)					
340,000 (05)	9,000,000	9,000,000	1,330,000	7,670,000	8,010,000
355,000 (06)					
375,000 (07)					
390,000 (08)					
410,000 (09)					
430,000 (10)					
450,000 (11)					
475,000 (12)					
495,000 (13)					
525,000 (14)					
550,000 (15)					
580,000 (16)					
610,000 (17)					
640,000 (18)					
675,000 (19)					
710,000 (20)					
340,000 (06)	9,050,000	9,050,000	1,530,000	7,520,000	7,860,000
355,000 (07)					
370,000 (08)					
385,000 (09)					
405,000 (10)					
425,000 (11)					
445,000 (12)					
465,000 (13)					
485,000 (14)					
510,000 (15)					
540,000 (16)					
565,000 (17)					
595,000 (18)					
625,000 (19)					
655,000 (20)					
695,000 (21)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2006 and 2005

	Remaining Interest Rates	Payment Dates	Bond Date	Final Maturity Date
2002 Series E - school facilities	4.000-4.800%	08-01/02-01	12-23-02	08-01-22
2003 Series F - school facilities	3.750-4.750	10-01/04-01	04-15-03	10-01-22

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2006 Outstanding	June 30, 2005 Outstanding
(a)					
$485,000 (05)	$14,000,000	$14,000,000	$1,335,000	$12,665,000	$13,150,000
500,000 (06)					
520,000 (07)					
545,000 (08)					
565,000 (09)					
595,000 (10)					
620,000 (11)					
650,000 (12)					
680,000 (13)					
715,000 (14)					
755,000 (15)					
790,000 (16)					
835,000 (17)					
880,000 (18)					
925,000 (19)					
975,000 (20)					
1,030,000 (21)					
1,085,000 (22)					
480,000 (05)	13,500,000	13,500,000	945,000	12,555,000	13,035,000
500,000 (06)					
515,000 (07)					
540,000 (08)					
565,000 (09)					
590,000 (10)					
615,000 (11)					
645,000 (12)					
675,000 (13)					
710,000 (14)					
745,000 (15)					
785,000 (16)					
825,000 (17)					
870,000 (18)					
915,000 (19)					
965,000 (20)					
1,020,000 (21)					
1,075,000 (22)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2006 and 2005

	Remaining Interest Rates	Payment Dates	Bond Date	Final Maturity Date
2004 Series G - school facilities	3.125-4.250%	10-01/04-01	03-29-04	10-01-23
2005 Series H - school facilities	3.500-4.3750	10-01/04-01	01-25-05	10-01-24

Remaining Annual Serial Payments	Authorized	Issued	Retired	June 30, 2006 Outstanding	June 30, 2005 Outstanding
(a)					
$540,000 (05)	$14,164,000	$14,164,000	$1,069,000	$13,095,000	$13,635,000
550,000 (06)					
560,000 (07)					
570,000 (08)					
585,000 (09)					
600,000 (10)					
620,000 (11)					
640,000 (12)					
660,000 (13)					
685,000 (14)					
710,000 (15)					
740,000 (16)					
770,000 (17)					
805,000 (18)					
840,000 (19)					
880,000 (20)					
915,000 (21)					
960,000 (22)					
1,005,000 (23)					
415,000 (05)	13,750,000	13,750,000	415,000	13,335,000	13,750,000
515,000 (06)					
530,000 (07)					
540,000 (08)					
555,000 (09)					
570,000 (10)					
585,000 (11)					
605,000 (12)					
625,000 (13)					
650,000 (14)					
675,000 (15)					
700,000 (16)					
730,000 (17)					
755,000 (18)					
790,000 (19)					
825,000 (20)					
860,000 (21)					
900,000 (22)					
940,000 (23)					
985,000 (24)					

FAIRBANKS NORTH STAR BOROUGH

Combined Schedule of Long-Term Debt
June 30, 2006 and 2005

	Remaining Interest Rates	Payment Dates	Bond Date	Final Maturity Date
2006 Series I - school facilities	4.250-4.300%	11-01/05-01	01-31-06	11-01-25
General obligation bonds payable total				
Proprietary Long-Term Debt:				
Solid Waste Disposal loan payable				
Cell 1 - substantial completion at 12/31/01	1.500	Annual	09-24-97	01-01-06
Cell 2 - substantial completion est 9/30/06	1.500	Annual	09-24-97	10-01-11
Capital leases payable	3.420-5.990	Various	Various	Various
Proprietary long-term debt total				
Long-term debt total				

(a) Years shown are calendar years.

Remaining Payments	Authorized	Issued	Retired	June 30, 2006 Outstanding	June 30, 2005 Outstanding
(a)					
$220,000 (06)	$9,750,000	$9,750,000	$	$9,750,000	$
335,000 (07)					
350,000 (08)					
365,000 (09)					
375,000 (10)					
390,000 (11)					
405,000 (12)					
425,000 (13)					
440,000 (14)					
460,000 (15)					
480,000 (16)					
505,000 (17)					
525,000 (18)					
550,000 (19)					
580,000 (20)					
605,000 (21)					
635,000 (22)					
670,000 (23)					
700,000 (24)					
735,000 (25)					
	203,609,129	203,609,000	64,179,000	139,430,000	140,325,000
	6,634,575	6,634,575	6,634,575		1,720,520
1,173,085 (07)	5,865,425	5,865,425		5,865,425	5,865,425
1,173,085 (08)					
1,173,085 (09)					
1,173,085 (10)					
1,173,085 (11)					
	12,500,000	12,500,000	6,634,575	5,865,425	7,585,945
Various		3,041,345	1,546,944	1,494,401	1,324,663
	12,500,000	15,541,345	8,181,519	7,359,826	8,910,608
	$216,109,129	$219,150,345	$72,360,519	$146,789,826	$149,235,608

Library Special Revenue Fund
Selected Financial Information
As of and for the Fiscal Years Ended June 30, 2006 and 2005

	2006	2005
Unreserved fund balance designated for library endowment	$6,205,834	$4,625,886
Unreserved, undesignated fund balance	-	-
Donations	1,875,000	300,000
Interest revenue	250,710	92,403

The library fund was established April 30, 1990 to account for the donations received from two trusts, of which the Fairbanks North Star Borough Public Library was a 15 percent beneficiary. One of the trusts was dissolved in March 2000. The remaining trust was mandated to fully distribute all trust assets by September 10, 2005. In September 2005, the Library received $1,875,000, but the trust still owned substantial acreage of undeveloped real property, contract rights, and financial assets. For this reason, the beneficiaries of the trust agreed to establish a new trust and transferred all of the remaining trust assets into the new trust. The Fairbanks North Star Borough Public Library remains a 15 percent beneficiary of this new trust.

Under FNSBC 3.01.045, the donations from the trusts shall be deemed fund principal. Furthermore, the fund may not spend the principal nor may it spend more than 50 percent of any income earned on this principal. Notwithstanding the provisions of FNSBC 3.01.045, the Assembly appropriated $1,000,000 from the library fund in 1996 and 1997 to partially finance an expansion at the Noel Wien Public Library; $370,000 in 2002 and 2003 for the creation and construction of the Cheryl Bidwell Story Garden on the library grounds; $65,000 in 2004-2005 to plan for a remodel/addition of the Noel Wien Library, $75,000 for a library materials security system; $424,979 in 2005-2006 to search and acquire a new site for the North Pole branch, $120,000 designated for subsequent years expenditures for upgrading compact shelving.

FAIRBANKS NORTH STAR BOROUGH **Schedule 7**

John A. Carlson Community Activity Center
Contractor Operations
Fiscal Years Ended June 30, 2006 and 2005

	2005-06	2004-05
Operating revenues:		
Vending and concession, net of cost	$500,273	$460,221
Arena rental	299,136	311,498
Self-promoted events	175,384	182,038
Signage	116,913	122,155
Equipment rental and service	58,732	48,344
Other	166,446	175,970
	1,316,884	1,300,226
Operating expenses:		
Concession supplies and fees	102,688	35,878
Conferences and meetings	17,943	24,779
Contractual services	45,116	25,804
Insurance	38,352	43,636
Contractor management fee	72,000	72,000
Contractor incentive fees	74,998	77,539
Office and operating supplies	45,428	42,165
Professional services	11,460	23,388
Repairs and maintenance	74,134	85,379
Self-promoted events	40,229	63,453
Utilities	392,571	363,423
Wages and benefits - event labor	239,566	227,432
Wages and benefits - operations	647,113	624,814
	1,801,598	1,709,690
Operating loss	(484,714)	(409,464)
Non-operating revenues (expenses):		
Provision for asset replacement	(87,932)	(83,381)
Net loss	($572,646)	($492,845)

The Carlson Center can seat over 5,000 and is available for sports, concerts, trade shows, banquets, and meetings. An outside contractor, whose activities are audited by independent certified public accountants, manages the Center's operations. The Center operates at a loss and under the contract, the Borough provides the contractor with the subsidy funds necessary to operate the Center.

Risk Management
Coverage for Largest Exposures
Year Ended June 30, 2006

	Self-Insured Retention/ Deductible	Upper Coverage Limit of Excess Insurance Policies
Employee/dependent medical	$ (a)	$ (a)
Auto and general liability:		
Road and fire service areas	0	15,500,000
All other	250,000	15,000,000
Workers' compensation:		
Fire service areas	0	(b)
All other	500,000	(b)
Errors and omissions / public officials / employment practices (c)	20,000	15,250,000
Property:		
Flood	100,000	25,000,000
All other	50,000	500,000,000
Employee Dishonesty & Faithful Performance Bond	10,000	1,000,000

(a) The specific stop loss amount per covered individual is $125,000 and $250,000 per year for the Borough and School District, respectively. The annual aggregate stop loss is computed by formula at the end of the fiscal year. The maximum claim liability per employee per month for fiscal year 2005-2006 is $1,103 and $1,085 for the Borough and School District, respectively. Medical coverage offered to employees is limited to a lifetime maximum of $1,000,000 per individual covered.

(b) Covered to statutory limits.

(c) Employment practices are covered up to $5,250,000.

Miscellaneous Additional Data
June 30, 2006

Authority of Incorporation:	State of Alaska Borough Act of 1963, as amended
Date of Incorporation:	January 1, 1964
Form of Government:	Second Class Borough, Mayor-Assembly. The Borough Mayor is elected for a three-year term. The Assembly is composed of nine Assembly members elected at large for staggered three-year terms.
Areawide Powers/Activities:	Assessment and Collection of Taxes, Education, Elections, Library, Planning and Zoning, Air Pollution Control, Solid Waste Disposal (landfill), Animal Control, Parks and Recreation, Flood Control, Hospital (not exercised), Transit, Disaster and Civil Defense, Child Care Assistance, Housing Financing, Emergency Communication Services (enhanced 911), and limited Health and Social Services
Non-Areawide Powers/Activities:	Fireworks Control, Emergency Medical Services, Economic Development, and Debt Service for Solid Waste Transfer Station Bonds, for the area of the Borough outside the two cities of Fairbanks and North Pole
Service Area Powers/Activities:	Sewer and Water, Street Lights, Fire Protection, and Road Maintenance and Construction for 114 neighborhoods and communities
Solid Waste District Powers/ Activities:	Solid Waste Collection for the area of the Borough outside the City of Fairbanks.

Elections Information

Number of registered voters:	
Last general election (Districts 7-12; 2004)	70,329
Last Borough election (2005)	65,740
Number of votes cast in:	
Last general election (Districts 7-12; 2004)	56,754
Last Borough election (2005)	10,171
Percentage of regular voters in:	
Last general election (2004)	80.70%
Last Borough election (2005)	15.50%

Note: Last State general election was in November 2004.
Last Borough regular election was in October 2005.

Annual Salaries of Principal Officials of the Borough Government

Borough Mayor	$92,500
Borough Clerk	92,085
Chief of Staff	98,526
Borough Attorney	101,279

Annual Salaries of Principal Officials of the School District

Superintendent of Schools	$142,000
Assistant Superintendent, Secondary Education	112,630
Assistant Superintendent, Elementary Education	112,630
Chief Financial Officer	112,630

Miscellaneous Additional Data
June 30, 2006

Schools

School District Information

Number of School District administrative personnel	4
Principals and assistant principals	43
Teachers (includes librarians and counselors)	897
Support staff	567
Professional and technical	61
Number of schools	34

	Enrollment*
Elementary Schools – District	
Anderson	361
Anne Wien	447
Arctic Light	416
Badger Road	559
Barnette	330
Crawford	409
Denali	390
Hunter	339
Joy	369
Ladd	371
Nordale	382
North Pole	458
Pearl Creek	448
Salcha	89
Ticasuk Brown	545
Two Rivers	113
University Park	543
Weller	510
Woodriver	465
Secondary Schools – District	
Alternative Learning System	65
Ben Eielson Junior/Senior High	572
Effie Kokrine Charter	169
Hutchison Senior High	317
Lathrop Senior High	1,304
North Pole Middle	511
North Pole Senior High	883
Randy Smith Middle	410
Ryan Middle	342
Tanana Middle	558
West Valley Senior High	1,219
Guided Independent Study	245
Chinook Charter	157
Star of the North Charter	188
Fairbanks Youth Facility	32
Total School Enrollment	14,516

* 2005 20-Day ADM Official Enrollment as reported to the Department of Education and Early Development.

STATISTICAL SECTION

This part of the Fairbanks North Star 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.

STATISTICAL SECTION

	Table Numbers
Financial Trends - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	I - IV

* * * * *

Revenue Capacity - These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	V - VIII

* * * * *

Debt Capacity - These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	IX - X

The Borough is not subject to debt limitation requirements and does not have pledged revenue; consequently, these tables are not presented.

* * * * *

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	XI - XII

* * * * *

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	XIII - XV

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Borough implemented GASB Statement 34 in fiscal year 2003.

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FAIRBANKS NORTH STAR BOROUGH **Table I**

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

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
Governmental activities				
Invested in capital assets, net of related debt	$421,012,489	$429,254,442	$471,997,696	$472,363,319
Restricted	23,426,412	22,423,938	23,064,355	29,113,034
Unrestricted	8,790,866	12,304,937	9,667,809	8,305,423
Total governmental activities net assets	$453,229,767	$463,983,317	$504,729,859	$509,781,777
Business-type activities				
Invested in capital assets, net of related debt	$18,727,057	$20,814,761	$19,756,608	$24,830,906
Restricted	754,787	671,285	448,714	306,887
Unrestricted	24,938,614	22,261,002	19,338,514	16,153,220
Total business-type activities net assets	$44,420,458	$43,747,048	$39,543,836	$41,291,013
Primary government				
Invested in capital assets, net of related debt	$439,739,547	$450,069,203	$491,754,304	$497,194,225
Restricted	24,181,199	23,095,224	23,513,069	29,419,921
Unrestricted	33,729,480	34,565,939	29,006,323	24,458,643
Total primary government net assets	$497,650,225	$507,730,366	$544,273,696	$551,072,789
Component Unit: School District				
Invested in capital assets, net of related debt	$3,501,604	$3,613,084	$3,918,778	$4,235,371
Restricted	958,054	960,355		
Unrestricted	21,362,399	19,756,987	22,426,155	16,687,930
Total Component Unit net assets	$25,822,057	$24,330,426	$26,344,933	$20,923,301

Note: Due to changes in the Borough's account structure initiated when GASB Statement 34 was implemented, the net assets by component information is only available beginning in fiscal year 2003.

FAIRBANKS NORTH STAR BOROUGH

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

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
Expenses			(a)	
Governmental Activities:				
General government	$13,893,304	$11,548,950	$13,596,394	$15,583,246
Community planning	1,500,120	1,462,714	1,624,308	1,879,673
Public works	6,439,381	6,520,291	7,328,230	8,842,658
Parks and recreation	6,908,554	7,325,198	6,660,529	7,478,378
Library	3,931,771	4,131,145	4,393,299	4,776,959
Direct services	1,711,839	1,712,564		
Road and other service areas	2,017,469	2,068,273	2,140,423	2,011,343
Education	43,971,771	44,421,662	49,459,962	53,694,197
Emergency operations	1,819,191	2,144,597	5,738,694	4,796,649
Fire service areas	3,724,833	4,110,260	4,538,706	4,854,626
Interest on long-term debt	6,092,230	6,468,535	6,532,239	6,437,366
Total governmental activities expense	92,010,463	91,914,188	102,012,783	110,355,095
Business-type activities:				
Transit	3,837,677	4,313,750	5,387,277	6,052,940
Land	1,312,753	1,332,310	1,114,019	2,009,504
Carlson Center	1,328,056	1,301,112	1,400,313	1,570,809
Solid Waste Disposal	6,081,306	5,799,063	8,850,961	6,087,732
Total business-type activities expense	12,559,793	12,746,234	16,752,570	15,720,985
Total primary government expense	$104,570,256	$104,660,422	$118,765,354	$126,076,080
Component units:				
School district expenses	$142,947,476	$143,307,386	$154,861,311	$169,311,838
Program Revenues				
Governmental Activities:				
Charges for Services				
General government	$472,039	$473,530	$615,595	$640,713
Public works	85,005	104,357	108,732	119,708
Parks and recreation	904,023	1,028,517	1,023,574	1,003,199
Library	31,510	44,592	32,522	28,995
Direct services	188,945	158,240		
Emergency operations	377,849	374,016	938,942	973,475
Operating grants and contributions	9,374,227	3,898,701	2,444,643	6,041,259
Capital grants and contributions	3,677,239	12,276,934	45,145,996	5,687,000
Total governmental activities program revenues	15,110,837	18,358,888	50,310,004	14,494,348
Business-type activities:				
Charges for services				
Transit	1,179,823	1,216,183	1,267,108	1,206,101
Land Management	1,023,703	1,079,834	653,142	1,894,329
Carlson Activity Center	20,000			
Solid Waste Disposal	4,886,820	4,826,157	5,379,272	5,331,961
Operating grants and contributions	420,810	794,314	1,320,715	2,206,461
Capital grants and contributions	18,986	270,008	262,275	2,223,778
Total business-type activities program revenues	7,550,142	8,186,496	8,882,512	12,862,631
Total primary government program revenues	$22,660,978	$26,545,384	$59,192,514	$27,356,978
Component unit: School District				
Charges for services				
School district program revenues	$2,115,244	$1,938,367	$1,886,887	$1,894,564
Operating grants and contributions	21,809,523	22,496,034	27,208,171	27,354,672
Capital grants and contributions	1,049,171	2,708,367	1,640,256	1,544,726
Total component unit program revenues	$24,973,938	$27,142,768	$30,735,314	$30,793,962

Table II

	Fiscal Year			
	2002-03	2003-04	2004-05 (a)	2005-06
Net revenues (expenses)				
Governmental activities	($76,899,626)	($73,555,300)	($51,702,779)	($95,860,748)
Business-type activities	(5,009,651)	(4,559,739)	(7,870,059)	(2,858,354)
Total primary government net expense	($81,909,277)	($78,115,039)	($59,572,839)	($98,719,102)
Component unit: School District net expense	($117,973,538)	($116,164,618)	($124,125,997)	($138,517,876)
General Revenues and Other Changes in Net Assets				
Governmental activities				
Taxes				
Property taxes	$68,043,555	$72,805,069	$77,031,587	$82,605,092
Hotel-motel taxes	1,377,641	1,483,708	1,531,027	1,551,623
Alcoholic beverage taxes			1,247,562	1,233,545
Tobacco excise taxes			988,813	1,013,728
Unrestricted grants and contributions	11,529,986	12,106,377	12,227,556	13,775,527
Other federal and state aid	1,683,384			
Unrestricted investment earnings	317,601	994,096	2,040,316	3,968,731
Other		143,957	549,821	401,295
Transfers	(2,748,240)	(3,224,357)	(3,167,359)	(3,636,875)
Total governmental activities	$80,203,929	$84,308,849	$92,449,322	$100,912,665
Business-type activities				
Unrestricted grants and contributions	$263,640	$446,012	$50,973	$114,509
Unrestricted investment earnings	452,269	209,102	445,019	852,984
Other	3,013	6,858	3,496	1,161
Transfers	2,748,240	3,224,357	3,167,359	3,636,875
Total business-type activities	$3,467,161	$3,886,329	$3,666,847	$4,605,530
Component unit: School District				
Foundation program	$68,097,408	$65,676,616	$73,052,157	$80,045,140
Other federal and state aid	11,144,790	11,943,538	14,267,731	12,257,249
Borough direct appropriation	33,545,700	34,545,700	36,545,700	38,022,700
Other	3,331,254	2,507,133	2,274,916	2,771,155
Total component unit	$116,119,152	$114,672,987	$126,140,504	$133,096,244
Change in Net Assets				
Governmental activities	$3,304,302	$10,753,550	$40,746,542	$5,051,918
Business-type activities	(1,542,490)	(673,410)	(4,203,212)	1,747,176
Total primary government	$1,761,812	$10,080,140	$36,543,331	$6,799,093
Component Unit: School District	($1,854,386)	($1,491,631)	$2,014,507	($5,421,632)

Note: Due to changes in the Borough's account structure initiated when GASB Statement 34 was implemented, the net assets by component information is only available beginning in fiscal year 2003.

(a) Beginning in fiscal year 2005, the Direct Services function was dissolved and moved to the Public Works function and the Emergency Operations function, respectively.

FAIRBANKS NORTH STAR BOROUGH

Fund Balances, Governmental Funds, Last Ten Fiscal Years

(modified accrual basis of accounting)

	1996-97	1997-98 (a)	1998-99	1999-00 (b)	Fiscal 2000-01
General Fund					
Reserved	$285,555	$322,649	$252,059	$370,787	$286,112
Unreserved, designated	1,500,000	1,935,450	1,550,000	2,000,000	2,306,315
Unreserved, undesignated	9,066,793	9,431,505	11,104,409	12,720,564	13,650,339
Total general fund	$10,852,348	$11,689,604	$12,906,468	$15,091,351	$16,242,766
All Other Governmental Funds					
Reserved	$14,522,764	$43,124,133	$20,264,384	$4,851,246	$4,937,126
Unreserved, reported in:					
Annual special revenue funds	7,798,304	8,647,665	10,386,484	12,156,081	9,474,801
Other special revenue funds	1,405,202	1,825,355	2,550,636	3,618,628	1,175,990
Debt service funds	413,947	818,148	113,054	(256,614)	100,133
Capital projects funds	(2,726,760)	(11,570,227)	3,717,302	12,970,892	22,476,005
Total all other governmental funds	$21,413,457	$42,845,074	$37,031,860	$33,340,233	$38,164,055

Note: Information above is for the governmental funds including general fund, enhanced 911, non-areawide, solid waste collection district, solid waste disposal through fiscal year 2000, service areas special revenue funds, debt service fund, and the child care portion of the federal pass-through grants special revenue fund.

(a) The increase in fiscal year 1998 governmental funds reserved balance was caused by encumbrances in capital projects funds. The Borough had committments for major renovations and additions to several schools and the public library.

(b) The $256,614 deficit resulted from the timing of state legislation that discontinued the sharing of state tobacco tax revenue with local governments.

(c) Beginning in fiscal year 2003, the library trust is reported with special revenue funds.

Table III

Year				
2001-02	2002-03 (c)	2003-04	2004-05	2005-06
$231,960	$316,869	$1,345,345	$1,308,728	$2,445,532
3,526,749	3,760,820	2,904,310	3,820,591	4,034,592
14,103,801	13,711,517	12,714,117	13,395,095	12,257,177
$17,862,510	$17,789,206	$16,963,772	$18,524,414	$18,737,301
$11,978,468	$25,707,427	$27,481,832	$4,920,774	$10,232,691
9,446,099	13,032,304	14,675,852	15,820,582	18,014,755
1,914,255	2,929,846	3,175,386	4,388,926	5,155,174
23,009	8,606	112,317	114,129	13,600
13,675,541	15,591,940	9,260,685	17,482,996	18,170,915
$37,037,372	$57,270,123	$54,706,072	$42,727,407	$51,587,135

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FAIRBANKS NORTH STAR BOROUGH **Table IV**

Changes in Fund Balances, Governmental Funds,
Last Four Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
Revenues				
Taxes	$69,311,055	$73,888,994	$81,125,145	$86,260,935
Intergovernmental revenues	19,745,905	15,338,100	15,504,905	19,767,388
Charges for services	1,966,643	2,069,176	2,580,450	2,661,083
Other revenues	4,601,887	12,383,871	4,647,584	7,783,449
Revenues total	95,625,490	103,680,141	103,858,084	116,472,855
Expenditures				
Current				
General government	13,640,156	11,328,660	12,459,675	14,688,581
Community planning	1,495,477	1,453,595	1,503,538	1,812,730
Public works	6,453,081	6,508,813	7,074,498	8,750,017
Parks and recreation	5,609,152	5,981,705	5,066,744	5,814,749
Library	3,408,590	3,613,451	3,575,982	4,044,681
Direct Services	1,677,568	1,679,730		
Road and other service areas	2,017,469	2,068,273	2,140,423	2,019,189
Education	36,372,671	36,495,627	40,394,679	43,386,995
Emergency operations	1,750,861	1,954,598	3,818,549	4,542,640
Fire service areas	3,171,411	3,589,662	4,014,101	4,314,473
Capital outlay	14,091,370	29,274,457	28,747,744	6,472,046
Debt service				
Principal retirement	7,390,000	8,290,000	9,639,000	10,645,000
Interest and fiscal agent fees	5,740,463	6,512,649	6,482,728	6,591,969
Expenditures total	102,818,269	118,751,220	124,917,661	113,083,071
Excess (deficiency) of revenues over expenditures	(7,192,779)	(15,071,079)	(21,059,577)	3,389,784
Other financing sources (uses)				
Transfers in	18,225,240	19,831,265	22,473,615	32,020,697
Transfers out	(21,270,250)	(23,061,662)	(25,568,541)	(35,797,855)
Bond issuance	27,812,638	14,164,000	13,750,000	9,750,000
Premium on bond debt		158,149	175,853	110,458
Other financing sources (uses) total	24,767,628	11,091,752	10,830,927	6,083,300
Net change in fund balances	17,574,849	(3,979,327)	(10,228,650)	9,473,084
Fund balances (deficit), beginning	57,484,479	75,059,328	71,080,001	60,851,352
Fund balances (deficit), ending	$75,059,328	$71,080,001	60,851,352	$70,324,436
Debt service as a percentage of noncapital expenditures	17.37%	19.82%	20.14%	19.29%

Note: Due to changes in the Borough's account structure initiated when GASB Statement 34 was implemented, the changes in fund balance information is only available beginning in fiscal year 2003.

FAIRBANKS NORTH STAR BOROUGH

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

Calendar Year	Residential Property	Commercial Property	Industrial Property	Pipeline
1996	$1,868,046,842	$435,723,566	$310,344,982	$306,557,080
1997	2,056,375,121	370,022,264	558,528,406	300,004,500
1998	2,204,283,283	426,460,821	587,341,821	286,560,750
1999	2,361,729,135	488,193,989	617,550,101	303,577,810
2000	2,511,729,194	539,178,081	625,087,790	258,225,360
2001	2,587,074,209	589,404,786	632,107,765	277,581,520
2002	2,751,675,089	617,545,662	658,750,150	263,366,140
2003	2,963,148,571	653,082,170	685,991,689	270,805,700
2004	3,265,296,769	686,178,389	703,988,463	271,188,340
2005	3,690,431,430	757,571,240	699,161,448	275,302,600

Source: Borough Assessing Department.

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

(a) Includes tax-exempt property

Table V

Vacant Land	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value (a)
$266,315,209	$259,828,065	$2,927,159,614	13.495	$2,943,376,051	99.449%
253,395,116	276,913,787	3,261,411,620	13.390	3,429,265,162	95.105
258,224,970	291,291,298	3,471,580,347	13.775	3,556,634,978	97.609
255,285,201	308,363,625	3,717,972,611	14.480	3,856,205,349	96.415
259,596,172	331,043,832	3,862,772,765	13.662	3,991,843,960	96.767
254,297,594	349,634,461	3,990,831,413	13.860	4,164,987,187	95.819
277,175,320	375,715,896	4,192,796,465	13.693	4,317,501,674	97.112
281,742,922	402,570,639	4,452,200,413	13.693	4,588,376,599	97.032
312,728,247	438,116,409	4,801,263,799	13.606	5,020,392,059	95.635
317,147,285	479,593,358	5,260,020,645	13.219	5,522,981,852	95.239

FAIRBANKS NORTH STAR BOROUGH

Direct and Overlapping Property Tax Rates
Last Ten Calendar Years

	Tax Rates - Millage									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
This Borough:										
Areawide	13.495	13.390	13.775	14.480	13.662	13.860	13.693	13.693	13.606	12.923
Non-areawide	0.543	0.552	0.511	0.516	0.522	0.521	0.525	0.523	0.435	0.418
Solid Waste Collection District	1.136	1.159	1.166	1.188	1.159	1.162	1.187	1.187	1.183	1.150
Airway Service Area	1.238	1.234	1.177	1.201	1.175	1.259	1.251	1.214	1.210	1.120
Arctic Fox S.A.	0.911	0.862	0.865	1.184	2.158	2.283	2.325	2.167	2.272	1.944
Aztec S.A.	1.596	1.621	1.623	1.647	1.622	1.674	1.580	1.555	1.576	1.431
Ballaine Lake S & W S.A.	7.382	7.813	8.134	8.085	8.411	8.797	11.744	11.543	11.758	13.775
Becker Ridge S.A.	1.524	1.521	1.495	1.517	1.490	1.542	1.527	1.490	1.500	1.359
Birch Hill S.A.	2.106	2.146	2.130	2.146	2.080	2.085	2.083	2.025	1.986	1.861
Bluebird			1.977	1.967	2.195	2.253	2.326	2.329	2.408	2.187
Borda Road S.A.	1.179	1.192	1.216	1.240	1.177	1.192	1.195	1.166	1.152	1.131
Brookside S.A.	0.464	0.469	0.462	0.493	0.484	0.488	0.487	0.495	0.482	0.457
Chena-Goldstream Vol Fire S.A.	2.000	1.700	1.672	1.678	1.632	1.674	1.639	1.627	1.615	1.483
Chena Hills Road S.A.	0.602	1.057	1.038	1.059	1.046	1.097	1.051	1.067	1.068	1.001
Chena Hot Springs II (a)										0.681
Chena Marina S.A.							0.493	0.471	0.893	0.825
Chena Point			1.863	1.974	1.997	2.002	1.708	1.710	1.705	3.176
Chena Spur			0.943	0.934	0.930	0.945	0.893	0.893	0.897	2.354
College S.A.	1.505	1.537	1.508	1.502	1.469	1.476	1.480	1.418	1.391	1.292
College Hills S.A.	0.938	0.956	0.935	0.941	0.917	0.919	0.927	0.923	0.922	0.789
Cooper Estates S.A.	2.181	2.108	2.094	2.089	3.233	3.291	3.149	2.927	3.045	2.709
Cordes Drive S.A.	1.287	1.305	1.264	1.230	1.306	1.338	1.338	1.403	1.337	1.150
Cripple Creek S.A.	1.893	1.931	1.974	1.923	1.835	1.875	1.868	1.835	1.754	1.679
Deep Forest S.A. (b)							0.865	0.944	6.229	0.759
Diane Subdivision S.A.	0.380	0.387	0.384	0.377	0.362	0.359	0.359	0.362	0.351	0.322
Drake Estates S.A. (c)								1.931	2.120	1.783
Edanella Heights Road S.A.	1.051	1.064	1.035	1.033	1.013	1.027	0.984	0.945	0.977	1.281
Ester Lump Road S.A.	2.062	2.083	2.027	2.031	2.000	2.016	2.000	2.053	2.021	1.881
Ester Volunteer Fire S.A.	2.565	2.633	2.611	2.577	2.545	2.580	2.634	2.657	2.590	2.501
Fairfields S.A.	0.892	0.892	0.871	0.894	0.870	0.887	0.861	0.824	0.812	0.707
Fairhill S.A.	1.329	1.347	1.311	1.328	1.305	1.296	1.332	1.295	1.211	1.170
Fairwest S.A.	2.013	2.095	2.029	2.015	2.030	2.007	2.024	1.999	1.971	1.878
Garden S.A.			1.255	1.250	1.203	1.225	1.205	1.116	1.158	1.103
Golden Valley Road S.A.	3.684	3.612	3.553	3.541	3.362	3.427	3.224	2.728	2.618	2.695
Goldstream Alaska S.A.	1.641	1.657	1.612	1.609	1.524	1.567	1.536	1.498	1.512	2.294
Goldstream Moose Creek S.A. (d)				2.022	1.971	2.057	2.064	1.988	1.873	1.723
Gordon S.A.	1.328	1.331	1.314	1.312	1.267	1.303	1.289	1.281	1.245	1.167
Granola Estates S.A.	1.321	1.233	1.230	1.173	1.164	1.207	1.253	1.216	1.210	1.323
Grieme Road S.A.	2.582	2.657	2.892	3.016	2.855	3.617	3.542	3.137	3.144	3.486
Haystack S.A.	1.597	1.651	1.670	1.675	1.672	1.664	3.175	3.309	3.285	3.106
Herning Hills S.A.	1.375	1.414	1.397	1.480	1.465	1.495	1.469	1.511	1.482	1.382
Hopeless S.A. (a)										0.869
Horseshoe Downs S.A.	1.326	1.379	1.384	1.459	1.447	1.486	1.577	2.633	2.591	2.384
Jennifer Drive S.A.	0.588	0.595	0.568	0.567	0.563	0.578	0.575	0.571	0.500	1.695

See notes on Sheet 3 of 3

Tax Levies (in 000's)									
1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
$42,765	$45,813	$50,177	$56,487	$55,566	$58,314	$60,682	$64,568	$69,324	$74,094
1,079	1,213	1,189	1,290	1,356	1,412	1,496	1,588	1,424	1,543
2,435	2,743	2,932	3,260	3,295	3,436	3,683	3,916	4,194	4,536
7	7	8	8	8	8	9	9	10	10
1	1	1	2	4	4	4	4	5	5
11	11	11	12	13	13	13	14	16	17
11	11	11	12	13	13	18	18	19	22
45	46	48	50	52	55	59	64	70	82
34	38	45	50	53	55	59	63	68	75
		4	4	4	5	5	5	6	6
8	8	11	13	14	14	16	19	21	23
5	5	5	6	6	6	6	7	7	7
395	349	384	414	449	479	521	572	637	710
9	17	19	24	30	35	39	45	54	63
									1
						7	7	15	17
		2	5	9	11	15	18	24	48
		8	8	9	9	9	10	10	32
287	300	312	322	330	341	356	370	390	419
16	16	17	17	18	19	20	21	22	21
6	6	7	7	12	12	12	13	16	18
4	4	4	5	12	13	13	15	17	18
15	16	18	21	24	27	29	32	37	41
						11	15	46	46
2	2	3	3	3	3	3	3	3	3
							10	12	13
12	13	13	14	14	15	16	16	17	26
10	10	11	12	12	12	13	14	14	15
125	134	144	155	166	182	195	207	228	255
11	12	12	12	12	13	13	14	14	14
8	8	8	8	8	9	10	10	10	11
14	14	15	15	16	16	17	17	18	19
		8	8	9	9	10	10	12	20
3	3	3	3	3	3	4	4	5	6
5	6	6	7	7	8	9	9	11	19
			10	11	12	12	30	33	36
13	18	21	22	22	24	25	26	29	35
3	3	3	3	3	3	3	3	4	4
1	2	2	3	5	5	6	7	9	11
5	5	6	7	7	7	15	16	18	19
12	13	13	15	16	16	17	19	20	21
									18
3	3	4	4	4	4	5	9	10	10
1	1	1	1	1	1	1	1	1	4

FAIRBANKS NORTH STAR BOROUGH

Direct and Overlapping Property Tax Rates
Last Ten Calendar Years

	Tax Rates - Millage									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Jones Road S.A.	1.075	1.104	1.075	1.078	1.825	1.798	1.820	1.762	1.697	1.570
Joy Road S.A.	1.517	1.465	1.439	1.440	1.389	1.517	1.508	1.424	1.401	1.274
Keeney Road S.A.	0.635	0.664	0.673	0.683	0.668	0.681	0.706	0.670	0.646	0.549
Kendall S.A.	0.498	0.508	0.494	0.975	0.960	1.001	0.993	0.941	0.958	0.939
Keystone S.A.	3.533	3.786	4.105	3.268	3.247	3.283	3.373	3.166	2.976	3.125
Kris Kringle S.A.	1.892	1.903	1.923	1.924	1.883	1.916	3.719	3.942	2.077	1.938
Lakloey Hill S.A.	1.158	1.191	1.173	1.160	1.144	1.176	1.173	1.172	1.130	1.030
Lee Lane S.A.	1.666	1.663	1.646	1.696	1.655	1.678	1.701	1.650	1.649	1.598
Loose Moose S.A.	1.065	1.084	1.073	1.049	1.015	1.004	0.981	0.926	0.918	0.875
Martin S.A.	8.726	8.627	8.520	6.283	5.813	5.946	6.094	6.267	5.934	7.714
McCloud S.A.	10.925	11.204	11.163	9.301	9.190	8.992	9.164	8.620	8.237	14.746
McGrath Estates S.A.	1.271	1.305	1.300	1.315	1.308	1.336	1.322	1.440	1.431	1.207
McKinley View S.A.	1.506	1.536	1.523	1.725	2.842	2.532	2.510	2.191	2.055	1.808
Mellow Woods Road S.A.	0.878	0.879	0.869	0.897	1.236	1.297	1.275	1.360	1.330	1.253
Miller Hill Extension S.A.	2.547	2.669	2.560	2.641	2.507	2.569	2.493	2.516	5.597	4.607
Moose Creek Road S.A.	0.341	0.357	0.361	0.372	0.390	0.390	0.394	0.559	0.572	0.421
Moose Meadows S.A.									0.886	0.818
Mt. View S.A.	1.217	1.279	1.243	1.269	1.272	1.276	1.278	1.262	1.247	1.143
Murphy S.A.	1.940	1.969	1.833	1.773	1.708	1.744	1.761	1.647	1.593	1.571
Musk Ox S.A.	1.294	1.315	1.300	1.305	1.288	1.357	1.369	1.344	1.320	1.174
Newby Park S.A.	0.455	0.462	0.456	0.456	0.453	0.459	0.459	0.495	0.477	0.722
North Ridge S.A.						4.075	4.446	3.858	3.921	4.534
North Star Volunteer Fire S.A.	1.344	1.369	1.362	1.377	1.359	1.382	1.374	1.488	1.462	1.257
O'Connor Creek S.A.	11.994	12.814	13.550	14.005	15.006	14.670	15.176	15.693	16.029	12.475
Old Wood Road S.A.	1.520	1.615	1.621	1.638	1.603	1.794	1.813	2.045	1.988	1.672
Our S.A	1.001	1.028	1.004	1.012	0.975	0.983	0.970	1.015	0.986	0.929
Parksridge S.A.	1.482	1.508	1.494	1.507	1.479	1.579	1.600	1.600	1.584	1.558
Peede Country Estates S.A.	1.637	1.639	1.587	1.683	1.558	1.585	1.554	1.499	1.475	1.402
Pinestream S.A.	1.002	1.022	1.009	1.064	1.041	1.039	1.028	0.989	0.975	0.902
Pleasureland S.A.	1.154	1.152	1.119	1.152	1.112	1.096	1.090	1.047	0.998	0.976
Polar Heights S.A.	1.017	1.052	1.064	1.088	1.091	1.095	1.081	1.172	1.166	1.027
Potlatch S.A.	2.692	2.706	2.655	2.594	2.551	2.595	2.496	2.430	3.514	2.374
Prospect Park S.A.	0.825	0.838	0.836	0.858	0.850	0.892	0.891	0.961	0.891	1.142
Reed Acres Road S.A.	1.333	1.376	1.373	1.374	1.381	1.411	1.371	1.380	1.359	1.259
Ridgecrest S.A.				1.044	1.015	1.028	0.938	0.928	0.887	0.899
Salchaket Heights S.A.	4.314	4.429	4.393	4.475	4.465	4.589	4.543	4.668	4.292	4.590
Scenic Heights S.A.	1.646	1.687	1.652	1.664	1.698	1.701	1.573	1.584	1.527	1.377
Seavy S.A.	0.424	0.438	0.433	0.444	0.447	0.448	0.446	0.444	0.418	0.349
Secluded Acres					1.739	1.583	1.585	1.431	1.442	1.451
Serendipity Hill S.A.	2.171	2.624	2.590	2.605	2.661	2.674	3.377	3.287	3.153	3.029
Six Mile Village Road S.A.	1.381	1.408	1.387	1.400	1.525	1.526	1.378	1.408	1.354	1.226
Smallwood Trail Road S.A.	0.687	0.697	0.685	0.694	0.674	0.688	0.680	0.787	0.743	0.613
Spring Glade S.A.	1.015	1.059	1.024	1.024	1.011	1.056	1.041	1.008	0.893	0.826
Spruce Acres S.A.	1.854	1.934	1.855	1.725	1.613	1.712	1.665	1.647	1.698	1.568

See notes on Sheet 3 of 3

Tax Levies (in 000's)									
1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
$16	$17	$18	$19	$33	$35	$36	$37	$37	$44
3	3	3	4	4	4	5	5	5	6
1	1	1	1	2	2	2	2	2	2
3	3	3	7	7	7	7	7	9	10
4	5	6	7	7	7	8	8	8	10
5	5	6	6	7	7	16	17	10	11
19	20	20	21	22	22	23	25	26	28
3	3	3	3	3	4	4	4	4	5
4	4	4	5	5	5	5	5	5	5
4	5	5	6	6	7	7	7	9	15
4	5	7	7	8	9	9	9	11	23
32	34	38	40	42	44	46	53	58	55
2	2	2	2	4	4	4	4	4	5
5	6	7	7	11	12	12	14	15	15
11	11	12	13	14	15	16	16	37	41
8	9	8	9	10	10	10	13	14	13
								48	53
17	18	19	19	20	20	21	22	23	24
3	3	4	4	5	5	5	6	7	9
14	15	15	16	17	18	19	20	21	22
6	6	6	6	6	6	7	8	9	14
					3	4	4	5	8
592	624	666	709	770	815	867	1,019	1,110	1,135
70	72	73	78	79	81	83	85	87	90
4	5	5	6	6	7	7	9	9	8
1	1	2	2	2	2	2	2	2	3
3	3	4	4	4	4	5	5	5	7
3	3	3	3	3	3	4	4	4	4
9	10	10	12	13	14	14	14	15	18
3	3	4	4	4	5	5	5	6	6
11	11	12	12	13	13	13	14	15	16
5	6	7	7	8	9	9	9	7	11
3	3	3	3	3	4	4	5	5	7
4	4	4	4	5	5	5	6	6	6
			1	1	1	1	2	2	2
1	1	1	1	2	2	2	2	2	2
12	12	13	14	14	14	14	15	16	16
4	5	6	6	6	7	7	8	9	8
				5	5	5	6	6	7
2	2	2	2	3	4	5	6	6	6
3	3	3	3	4	4	4	5	5	8
3	3	3	3	3	3	3	4	5	5
12	12	13	15	15	16	18	20	20	22
4	4	4	4	4	4	4	5	5	5

FAIRBANKS NORTH STAR BOROUGH

Direct and Overlapping Property Tax Rates
Last Ten Calendar Years

	Tax Rates - Millage									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Steamboat Landing S.A.	1.322	1.334	1.318	1.356	1.334	1.315	1.260	1.251	1.317	1.171
Steese Volunteer Fire S.A.	1.444	1.482	1.465	1.469	1.466	1.494	1.937	1.861	1.809	1.693
Straight Creek S.A					3.472	3.376	3.373	3.444	3.315	3.393
Summerwood S.A.	1.743	1.736	1.719	1.735	1.657	4.683	2.716	2.658	2.506	2.340
Summit Drive S.A.	1.073	1.102	1.069	1.074	1.065	1.079	1.085	1.060	1.037	1.45
Sunny Hills Terrace S.A.	0.846	0.905	2.278	2.317	2.422	2.484	2.378	2.377	2.432	2.355
Sunrise S.A.	2.548	2.607	2.478	2.543	2.430	2.501	2.467	2.357	2.349	2.078
Tan Terra S.A.	1.026	1.071	1.041	1.079	1.023	1.027	0.970	0.977	0.926	1.624
Thomas S.A.		1.557	1.537	1.455	1.381	1.272	1.284	1.297	1.209	2.442
Timberlane Road S.A.	1.641	1.666	1.626	1.639	1.577	1.589	1.556	1.470	1.485	1.347
Tungsten S.A.	2.450	2.438	2.471	2.560	2.606	2.797	2.752	2.778	2.737	2.687
Twenty Three Mile Slough S.A.			2.925	3.120	2.912	2.847	2.455	2.445	2.489	3.887
Ullrhaven S.A.	2.084	2.266	2.062	1.958	1.897	1.928	1.926	1.916	1.835	1.91
University Fire S.A.	2.317	2.365	2.339	2.305	2.310	2.319	2.326	2.300	2.285	2.163
University Heights S.A.	1.644	1.694	1.704	1.706	1.700	1.684	1.697	1.652	1.600	1.533
University West Steet Light S.A.	0.538	0.551	0.545	0.541	0.529	0.527	0.528	0.500	0.485	0.443
Vienna Woods S.A.					1.151	1.179	1.148	0.960	0.904	0.856
Viewpointe S.A.	1.066	1.091	1.061	1.058	1.072	1.055	1.076	1.069	1.021	0.971
Violet Drive S.A.	2.304	2.344	2.315	2.356	2.244	2.264	2.203	2.191	2.118	2.711
Vista Gold Road S.A.	3.156	3.271	3.075	3.005	2.912	2.943	2.959	2.883	2.733	2.459
Vue Crest S.A.	1.468	1.497	1.472	1.521	1.532	1.550	1.510	1.467	1.463	1.389
Whitman S.A.	4.009	4.078	4.057	1.897	1.863	1.742	1.625	1.616	1.623	1.485
Wildview S.A.	3.073	3.129	3.099	3.136	3.090	3.142	3.021	3.078	2.896	2.79
Woodland S.A.	1.432	1.571	1.420	1.332	1.233	1.246	1.222	1.204	1.189	0.999
Woodridge/Mark Acres Road S.A.(e)	2.987	3.066	3.016	3.016	2.802					
Yak Road S.A.	0.939	0.951	0.945	0.973	0.963	0.983	0.956	0.965	0.934	0.888
City of Fairbanks	4.964	5.966	5.999	6.000	6.442	6.426	6.511	6.516	7.171	6.804
City of North Pole	2.300	2.300	2.300	2.300	2.400	2.400	3.000	3.000	3.000	3.000

Source: Borough Treasury and Budget division.

Note: Alaska Statue 29.45.090 limits the amount of taxes levied to 3% of the assessed value of the property within the municipality. Furthermore, no municipality, or combination of municipalities occupying the same geographic area, may levy taxes which result in tax revenues from all sources exceeding $1,500 a year for each person residing in the Borough or which exceed the product of 225% of the average per capita full and true value in the state multiplied by the number of residents of the taxing municipality. However, there is no taxing limitation for debt service per Alaska Statute 29.45.100. With some exception, the total amount of tax that can be levied during a year cannot exceed the preceding year per FNSB 3.08.145.

(a) Chena Hot Springs II and Hopeless Road S.A. tax mil rate beginning in 2005.

(b) Deep Forest Road S.A. starting in 2004 includes a two year road project under a differential tax zone.

(c) Drake Estates Road S.A. established October 10, 2002 with tax mil rate beginning in 2003.

Tax Levies (in 000's)									
1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
$6	$7	$7	$7	$8	$8	$8	$9	$10	$12
377	401	430	460	490	516	736	800	862	935
				7	8	8	8	9	9
3	4	4	4	5	13	21	23	26	28
30	32	33	35	37	38	42	45	48	79
6	7	18	19	19	20	20	21	23	25
6	7	7	7	8	8	8	9	9	10
6	6	7	7	7	7	8	8	9	16
	3	3	3	4	4	4	4	4	10
5	5	6	6	6	6	6	6	7	7
3	4	4	5	7	10	13	17	22	25
		4	5	7	8	9	10	12	19
2	2	2	2	2	2	3	3	3	3
1,003	1,055	1,116	1,172	1,266	1,355	1,432	1,519	1,609	1,727
27	29	33	33	36	38	40	42	44	46
37	38	40	41	41	43	44	46	49	52
				8	10	11	12	14	16
11	12	12	12	13	13	14	14	15	15
19	20	21	22	23	24	26	27	29	44
14	16	17	18	20	21	23	26	28	29
16	17	18	18	19	19	20	21	22	23
5	6	6	3	3	3	2	3	3	3
56	60	67	73	80	89	97	109	120	131
1	2	2	1	2	2	2	2	2	2
6	6	7	7	7					
6	13	15	31	35	37	43	48	56	62
5,087	6,285	6,628	6,883	7,861	8,033	8,648	9,227	11,113	11,688
361	389	431	562	589	591	759	789	813	770

(d) Goldstream Moose Creek Road S.A. formerly Spinach Creek Road S.A.

(e) Woodridge/Mark Acres Road S.A. merged with Summerwood S.A. in fiscal year 2001-02.

FAIRBANKS NORTH STAR BOROUGH **Table VII**

Principal Taxable Properties
Current Year and Nine Years Ago

		2005			1996		
Property/Taxpayer	Type of Business	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation (a)	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation (b)
Alyeska and related activities	oil transportation	$275,302,600	1	4.80%	$306,557,080	1	9.34%
Fort Knox	gold mining	230,374,288	2	4.01	95,773,546	2	2.92
Flint Hills Resources, LLC (c)	oil refining	141,162,159	3	2.46	93,262,599	3	2.84
Alaska Communications Systems	communications	37,923,601	4	0.66			
HEBL Housing (Eielson)	military housing	37,107,710	5	0.65			
Westmark Hotel	hotel	31,674,072	6	0.55			
Alaska Hotel Properties, Inc. (d)	hotel	26,303,374	7	0.46	13,700,087	8	0.42
Wal-Mart	shopping center	22,362,412	8	0.39			
North Star Alaska Housing	military housing	21,670,713	9	0.38	33,894,830	4	1.03
Fred Meyer of Alaska, Inc.	shopping center	21,277,457	10	0.37	17,416,497	5	0.53
Polar Star Alaska Housing	military housing				17,189,768	6	0.52
Dura Corporation	military housing				13,823,291	7	0.42
Sam's Club (e)	shopping center				13,480,445	9	0.41
Jillian Square	apartment complex				12,259,888	10	0.37
		$845,158,386		14.73%	$617,358,031		18.80%

Source: Borough Treasury and Budget Division and Assessing Department.

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

(a) $5,739,614,003
(b) $3,282,761,225
(c) Mapco Petroleum, Inc. in 1996
(d) Princess
(e) Wal-Mart in 1996

FAIRBANKS NORTH STAR BOROUGH **Table VIII**

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Net Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Net Levy
1996-97	$ 42,764,765	$ 40,765,857	$ 40,100,706	98.37%	644,987	$40,745,693	99.95%
1997-98	45,812,934	43,679,703	43,006,607	98.46	670,238	43,676,845	99.99
1998-99	50,176,823	47,143,017	47,030,281	99.76	685,577	47,715,858	101.22
1999-2000	56,487,428	53,617,787	52,965,407	98.78	566,620	53,532,027	99.84
2000-01	55,566,051	52,599,980	51,710,487	98.31	772,536	52,483,023	99.78
2001-02	58,313,709	55,267,748	54,516,342	98.64	818,868	55,335,210	100.12
2002-03	60,682,005	57,373,161	56,643,449	98.73	735,136	57,378,585	100.01
2003-04	64,568,352	60,902,054	60,228,158	98.89	759,415	60,987,573	100.14
2004-05	69,324,447	65,289,393	64,576,590	98.91	635,124	65,211,714	99.88
2005-06	74,094,284	69,506,281	68,689,017	98.82	681,207	69,370,224	99.80

Source: Borough Treasury and Budget Division, Assessing Department.

Notes: This table has been restated to conform to GASB Statement 44; as a result, the percentage of net levy for fiscal years 1999, and 2001 through 2004 exceed 100%. The transaction detail for the affected years will be analyzed and the table updated accordingly.

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

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

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FAIRBANKS NORTH STAR BOROUGH

Table IX

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities		Business-Type Activities				
Fiscal Year	General Obligation Bonds	Capital Leases	Loans Payable	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita (a)
1996-97	$64,790,000	$	$	$	$64,790,000	3.37%	$787
1997-98	94,215,000				94,215,000	4.69	1,145
1998-99	113,335,000				113,335,000	5.40	1,350
1999-2000	104,985,000	499,039			105,484,039	4.89	1,259
2000-01	117,005,000	1,034,577	6,717,278		124,756,855	5.42	1,506
2001-02	110,230,000	1,073,885	5,260,185	160,543	116,724,613	4.85	1,397
2002-03	130,340,000	989,038	5,930,095	126,399	137,385,532	5.45	1,620
2003-04	136,214,000	861,029	6,249,509	91,002	143,415,540	5.48	1,744
2004-05	140,325,000	1,270,358	7,585,945	54,305	149,235,608	5.43	1,756
2005-06	139,430,000	1,478,140	5,865,425	16,261	146,789,826		

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

(a) See Table XI, Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Data for calendar year 2005 is not available until April 2007.

FAIRBANKS NORTH STAR BOROUGH

Ratio of Net Bonded Debt
To Assessed Value and Net General Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Assessment January 1	Assessed Value	Population Calendar Year (a)
1995-96	1995	$3,090,824,209	81,797
1996-97	1996	3,186,987,679	82,289
1997-98	1997	3,538,325,407	82,278
1998-99	1998	3,762,871,645	83,928
1999-2000	1999	4,026,336,236	83,773
2000-01	2000	4,193,816,597	82,840
2001-02	2001	4,340,465,874	83,530
2002-03	2002	4,568,512,361	84,791
2003-04	2003	4,854,771,052	82,214
2004-05	2004	5,239,380,208	84,979

Source: Borough Assessing Department.

(a) See Table XI. Population statistics may vary on an annual basis as adjusted by the State of Alaska. Data for calendar year 2005 is not available until April 2007.

(b) Debt includes only long-term general obligation bonds.

Table X

Gross Bonded Debt (b)	Debt Service Fund	Net General Bonded Debt	Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
$54,495,000	$144,179	$54,350,821	1.76%	$664
64,790,000	413,947	64,376,053	2.02	782
94,215,000	818,148	93,396,852	2.64	1,135
113,335,000	115,924	113,219,076	3.01	1,349
104,985,000		104,985,000	2.61	1,253
117,005,000	100,133	116,904,867	2.79	1,411
110,230,000	23,009	110,206,991	2.54	1,319
130,340,000	8,606	130,331,394	2.85	1,537
136,214,000	112,317	136,101,683	2.80	1,655
140,325,000	114,129	140,210,871	2.68	1,650

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income in 000's	Per Capita Personal Income	Unemployment Rate
1995	81,797	$1,878,174	$22,961	7.5%
1996	82,289	1,923,210	23,371	7.6
1997	82,278	2,008,671	24,413	7.6
1998	83,928	2,097,376	24,990	5.6
1999	83,773	2,158,843	25,770	5.9
2000	82,840	2,303,272	27,804	6.0
2001	83,530	2,408,390	28,833	5.8
2002	84,791	2,521,539	29,737	6.5
2003	82,214	2,614,946	31,807	7.0
2004	84,979	2,747,714	32,334	6.6

Source: State of Alaska Department of Labor and Workforce Development, Bureau of Economic Analysis, and U.S. Department of Commerce.

Note: Data for calendar year 2005 is not available until April 2007.

FAIRBANKS NORTH STAR BOROUGH

Principal Employers
Current Year and Nine Years Ago

Employer	2005 Employees	2005 Rank	2005 Percentage of Total Borough Employment (a)	1996 Employees	1996 Rank	1996 Percentage of Total Borough Employment (b)
Federal government (c)	3,353	1	7.98%	3,201	1	8.43%
University of Alaska Fairbanks (d)	2,500	2	5.95	2,432	2	6.40
Fairbanks North Star Borough School District	2,128	3	5.07	1,650	4	4.34
State Government (e)	1,747	4	4.16	1,848	3	4.86
Banner Health System (f)	1,245	5	2.96	1,012	5	2.66
Tanana Chiefs Conference				525	6	1.38
Fred Meyer	662	6	1.58	500	7	1.32
Houston/NANA Joint Venture	617	7	1.47			
Sam's Club/Walmart	551	8	1.31			
Fairbanks North Star Borough	437	9	1.04	383	9	1.01
Fairbanks Gold Mining Company (Ft. Knox)	423	10	1.01			
Local Government (g)				397	8	1.04
Fairbanks Municipal Utilities System				306	10	0.81
	13,663		32.52%	12,254		32.25%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section.

Note: Data based on calendar year.

(a) 42,012
(b) 37,993
(c) Excludes military uniformed personnel
(d) Student employment not included: 2005-950, 1996 - not available
(e) State government is total state government excluding the University of Alaska
(f) Fairbanks Memorial Hospital (Lutheran Health Services in 1996)
(g) Local government is total local government excluding FNSB School District, FNSB, City of North Pole, and FMUS in 1996 only.

Full-time Equivalent Borough Government Employees by Function
Last Four Fiscal Years

	Full-time Equivalent Employees as of June 30			
	2003	2004	2005	2006
General government	124.00	122.00	126.00	120.00
Community planning	19.00	20.00	20.00	20.00
Public works (a)	35.66	33.32	40.32	38.32
Parks and recreation	60.75	59.75	61.75	63.75
Library	59.00	56.00	56.00	56.00
Direct services	22.00	23.00	0.00	0.00
Emergency operations (a)	3.00	3.00	20.00	21.00
Fire service areas	5.00	5.00	5.00	5.00
Transit	46.00	48.00	50.00	50.00
Land	9.00	9.00	9.00	9.00
Carlson Center	0.25	0.25	0.25	0.25
Solid waste disposal	16.34	16.68	16.68	16.68
Total	400.00	396.00	405.00	400.00

Source: Borough Treasury and Budget Division.

Note: Employee by function data is available beginning with fiscal year 2003 when the Borough implemented GASB Statement 34.

(a) In fiscal year 2005 the Direct services function was merged into Public works and Emergency operations.

Operating Indicators by Function/Program
Last Four Fiscal Years

Function/Program	Fiscal Year 2002-03	2003-04	2004-05	2005-06
General government				
Annual operating budget	$101,787,690	$106,437,380	$112,772,767	$121,996,319
Community planning				
Platting applications processed	230	357	338	326
Zoning and related permits issued	273	247	333	240
Public works				
Average annual dollar value of projects completed	$21 million	$11 million	$23 million	$33 million
Facilities maintenance work orders	2,650	2,940	3,108	3,230
Parks and recreation				
Aquatic facility attendance	243,900	212,126	222,675	225,000
Chena Lakes annual visitors	66,099	108,117	76,131	80,294
Ice arena average daily attendance	423	430	443	450
Pioneer Park annual visitors	257,581	252,920	237,829	255,000
Library				
Items borrowed and used by patrons	518,293	556,747	577,424	561,979
Number of library visits by patrons	301,866	355,483	347,297	363,663
Road and other service areas				
Number of volunteer commissioners	240	259	273	278
Education				
Local support to school district	$33,545,700	$34,545,700	$36,545,700	$38,022,700
Emergency operations				
Ambulance responses	1,589	1,610	1,625	1,632
Animal control call responses	4,415	4,033	4,327	3,910
E-911 calls received	44,966	47,628	46,300	45,900
Fire service areas				
Call outs (calendar year)	829	874	943	(a)
Transit				
Total ridership	375,201	382,000	399,215	392,024
Paratransit van rides provided	26,196	31,360	20,175	21,014
Vehicle emission tests performed	39,525	39,525	35,940	37,500
Land				
Number of acres sold	440	444	80	568
Gross sales	$484,935	$649,720	$150,500	$1,764,690
Carlson Center				
Event tickets sold	57,290	61,873	62,000	102,064
Solid waste disposal				
Number of tons into the landfill	102,789	106,625	111,602	116,066
Tons of waste paper recycled	1,700	1,179	(a)	1,400

Source: Various Borough departments, State of Alaska Department of Public Safety.

Note: This table provides function and program detail that became available when the Borough implemented GASB Statement 34 in fiscal year 2003.

(a) Data not available.

Capital Asset Statistics by Function
Last Four Fiscal Years

Function / Program	Fiscal Year 2002-03	2003-04	2004-05	2005-06
General government				
Administration square footage	21,216	21,216	21,127	21,216
Public works				
Re-use areas	5	5	5	5
Transfer sites	14	14	14	14
Parks and recreation				
Ball fields	45	45	45	45
Campgrounds	5	5	5	5
Ice Rinks	8	8	8	8
Parks	128	130	131	133
Picnic facilities	28	28	28	28
Pools	3	3	3	3
Soccer fields	8	8	8	8
Square feet of playground equipment	43,240	44,000	44,000	44,000
Basketball, tennis and volleyball courts	27	27	27	27
Library				
Items in collection	297,571	311,626	319,692	337,639
Public computers and printers	119	68	70	63
Road and other service areas				
Miles of road	445	447	460	466
Education				
Primary schools	19	19	19	19
Secondary schools	10	10	10	10
Emergency operations				
Animal control vehicles	6	6	6	6
Emergency response vehicles	6	4	6	6
Fire service areas				
Emergency response vehicles	53	54	51	51
Fire stations	13	13	13	13
Transit				
Buses	10	10	9	9
Paratransit vans	7	7	6	18
Carbon monoxide analyzers	3	3	3	4
Carlson Center				
Community activity center	1	1	1	1
Solid waste disposal				
Landfill cells	1	1	1	2
Recycling collection totes	30	30	31	31

Source: Various Borough departments.