

Fairbanks North Star Borough



Reports On Single Audit Requirements

For the Year Ended June 30, 2006

November 10, 2006

FAIRBANKS NORTH STAR BOROUGH
REPORTS ON SINGLE AUDIT REQUIREMENTS
For The Year Ended June 30, 2006

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**FEDERAL
SINGLE AUDIT**

Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the 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. We also have audited the financial statements of each of the Borough's nonmajor governmental and fiduciary funds presented in the combining and individual fund financial statements and schedules as of and for the year ended June 30, 2006 and have issued our report thereon dated November 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fairbanks North Star Borough's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fairbanks North Star Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Fairbanks North Star Borough Assembly, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cook & Haugeberg LLC

November 10, 2006

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

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS

Compliance

We have audited the compliance of the Fairbanks North Star Borough with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The Fairbanks North Star Borough's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Fairbanks North Star Borough's management. Our responsibility is to express an opinion on the Fairbanks North Star Borough's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Fairbanks North Star Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Fairbanks North Star Borough's compliance with those requirements.

In our opinion, the Fairbanks North Star Borough complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control over Compliance

The management of the Fairbanks North Star Borough is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Fairbanks North Star Borough's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the 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. We also have audited the financial statements of each of the Borough's nonmajor governmental and fiduciary funds presented in the combining and individual fund financial statements and schedules as of and for the year ended June 30, 2006 and have issued our report thereon dated November 10, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Fairbanks North Star Borough's basic financial statements and combining and individual fund financial statements and schedules. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Fairbanks North Star Borough Assembly, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cede + Haugeberg LLC

November 10, 2006

FAIRBANKS NORTH STAR BOROUGH
Schedule of Expenditures of Federal Awards ¹
For the Year Ended June 30, 2006

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
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U.S. DEPARTMENT OF AGRICULTURE

Direct Programs

State and Community Fire Assistance FFY05	10.664		\$ 38,618
Tanana River Floodplain Acquisition Project *	10.904	68-0150-4-022	631,892

Passed through State of Alaska

Department of Natural Resources:

Urban Forestry Program	10.664	#10393311	9,539
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Total U.S. Department of Agriculture

\$ 680,049

U.S. DEPARTMENT OF DEFENSE

Direct Programs

Joint Land Use Study -- Fort Wainwright and EAFB	12.610	EN0419-05-01	\$ 82,816
Military Base Economic Adjustment Assistance	12.614	AP0556-05-01	58,646

Total U.S. Department of Defense

\$ 141,462

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Direct Programs

Noel Wien Library Purchase Furnishings	14.YYY	B-99-SP-AK-0002	\$ 24,576
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Total U.S. Department of Housing and Urban Development

\$ 24,576

U.S. DEPARTMENT OF THE INTERIOR

Direct Programs

Payment in Lieu of Taxes FY06 *	15.226		\$ 610,901
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Bureau of Land Management

Chena River Greenbelt Land Acquisition	15.225	LAA 000003	2,850
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Passed through State of Alaska

Department of Natural Resources:

GIS Data Internet Availability	15.DDD	LAA-02-0021-03	34,628
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National Park Service

Passed through State of Alaska

Department of Natural Resources:

Allridge Park Renovation and Development *	15.916	02-00382	273,239
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Riverboat Nenana Hazardous Materials Survey	15.904	#04429	14,033
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Total U.S. Department of the Interior

\$ 935,651

*Federal Mayor Program

FAIRBANKS NORTH STAR BOROUGH
Schedule of Expenditures of Federal Awards ¹
For the Year Ended June 30, 2006
(continued)

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
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U.S. DEPARTMENT OF JUSTICE

Direct Programs

Community Oriented Policing *	16.710	2001CKWX 0006	\$ 694,047
Total U.S. Department of Justice			\$ 694,047

U.S. DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

Passed through Federal Transit Administration:

Coordinated Transportation Program	20.205	AK-90-X029 -01	\$ 621,263
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Passed through State of Alaska

Department of Transportation and Public Facilities:

FHWA-PL Highway Planning & Research FFY04-05	20.205	ACPL1260 (2)75975	50,026
FHWA-PL Highway Planning & Research FFY05-06	20.205	ACPL1260 (2)75975	116,220
Hutchison Vo-Tech HS Electrical Plug-In Operations	20.205	CM-0668 (11) 62406	6,349
Ryan Middle School Electrical Plug-In Operations	20.205	CM0002(102)/CMOA45(21	10,076
Oxygen Sensor Replacement Program	20.205	#62624	77,700

Federal Transit Administration

Transit Facility Replacement and Equipment	20.500	AK-03-0045-00	1,213,273
Section 5307 Operating Assistance	20.507	AK-90-X025-02	550,012

Passed through State of Alaska

Department of Transportation and Public Facilities:

FTA 5303 Highway Planning and Research FFY03-04	20.514	ACPL1260 (1) 04-TORA	8,400
FTA 5303 Highway Planning and Research FFY05-06	20.514	ACPL1260 (2) 05-TORA	41,507

Total U.S. Department of Transportation			\$ 2,694,826
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INSTITUTE OF MUSEUM AND LIBRARY SERVICES

Passed through Alaska State Library:

Alaska Project FY06	45.310	ILC-06-733-103	\$ 7,390
Regional Library Services FY06	45.310	RS-06-733-100	164,232
Total Institute of Museum and Library Services			\$ 171,622

U.S. ENVIRONMENTAL PROTECTION AGENCY

Direct Programs

Old City Landfill Environmental Site Assessment	66.818	BF-96015 5-01-0	\$ 2,303
Universal Recycling Environmental Site Assessment	66.818	BF-97092 2-01-0	22,761

FAIRBANKS NORTH STAR BOROUGH
Schedule of Expenditures of Federal Awards ¹
For the Year Ended June 30, 2006
(continued)

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Solid Waste Landfill Sewer Main Construction	66.606	XP-96000 5-01-0	404,520
Reduce Carbon Monoxide in Non-Attainment Area	66.606	X-97071 5-01-3	826,239
Passed through State of Alaska			
Department of Environmental Conservation:			
Air Quality Program FY 2005-06	66.001		72,500
Total U.S. Environmental Protection Agency			\$ 1,328,323
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed through State of Alaska			
Department of Military and Veterans Affairs:			
Federal Emergency Management FFY05	83.534		\$ 12,500
Federal Emergency Management FFY06	83.534		37,500
Total Federal Emergency Management Agency			\$ 50,000
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through State of Alaska			
Department of Health and Social Services:			
Child Care Assistance -- FY2004-05	93.575	604-05-903	\$ 580
Child Care Assistance -- FY2005-06 ²	93.575	604-06-903	442,300
Child Care Information Resource and Referral FY06	93.575	06MOA PLAYNLEARN	134,720
Total U.S. Department of Health and Human Services			\$ 577,600
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through State of Alaska			
Department of Military and Veteran's Affairs:			
Domestic Preparedness Equipment Support FFY04	97.004	FY04SHSP #35549	\$ 445,401
Homeland Security Equipment Purchases FFY04	97.004	SHSGP II 03-08	503,871
Mobile, Diesel Powered Air Filling Station	97.004	1/4/06 MOA AFD	68,255
State Homeland Security Program FFY05	97.073	05SHSP 16.16C10	44,108
Sewell Drive Floodplain Acquisition Assessment	97.039	1440.0008	18,065
Total U.S. Department of Homeland Security			\$ 1,079,700
Grand Total - Federal Financial Assistance			\$ 8,377,856

¹Federal Mayor Program

FAIRBANKS NORTH STAR BOROUGH
Schedule of Expenditures of Federal Awards ¹
For the Year Ended June 30, 2006
(continued)

¹ Basis of Presentation

This Schedule of Expenditures of Federal Awards includes the federal grant activity of the Fairbanks North Star Borough and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

² Budget to Actual Comparison

A schedule of budgeted and actual revenues and expenditures for the Day Care Assistance -- FY2005-06 grant from the U.S. Department of Health and Human Services, passed through the State of Alaska Department of Health and Social Services (DHSS) follows:

	Final Budget	Actual Expenditures	Variance with Final Budget
Revenues from State of Alaska	\$ 443,000	\$ 443,000	\$ -
Expenditures			
Personal Services	420,440	422,201	(1,761)
Travel	-	-	-
Facility Expense	13,500	12,951	549
Supplies	4,000	3,701	299
Equipment	1,850	1,565	285
Other Direct Expense	3,210	1,882	1,328
Total Direct Expense	<u>443,000</u>	<u>442,300</u>	<u>700</u>
Indirect Costs	-	-	-
Total Expenditures	<u>443,000</u>	<u>442,300</u>	<u>700</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ (700)</u>

The \$700 excess of revenue over expenditures is in Other Direct Expense and represents an encumbrance for a required program audit, to be completed and invoiced after June 30, 2006 in conjunction with the Fairbanks North Star Borough's annual audit. Per DHSS instructions, the Borough is to bill for all amounts expended and encumbered at June 30, 2006, show all encumbered amounts as expended on the final Cumulative Fiscal Report, and footnote any outstanding encumbrances.

Loan Outstanding

The Fairbanks North Star Borough has the following loan balance outstanding at June 30, 2006. The balance outstanding includes federal expenditures incurred in prior fiscal years. No federal expenditures were incurred in FY 2005-06. One loan agreement governs amounts borrowed to pay for the construction of two landfill cells. Repayment terms are distinct for each cell. At June 30, 2006, there is no amount outstanding for the first cell. During FY 2005-06, the loan terms for the second cell were renegotiated to roll the remaining balance of accrued interest in to the amount of principal outstanding, then to amortize the combined balance over five years at a reduced interest rate. The renegotiated terms, however, do not take effect until FY 2006-07. At June 30, 2006, the principal amount outstanding includes only the remaining unpaid loan funds that were drawn down in prior fiscal years to pay for project expenditures and does not include the accrued interest.

<u>Program Title</u>	<u>Number</u>	<u>Available</u>	<u>Outstanding</u>
Solid Waste Landfill Cell Expansion Loan	66.458	\$12,500,000	\$5,865,425

**FAIRBANKS NORTH STAR BOROUGH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Reportable conditions identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Reportable conditions identified that are not considered to be material weaknesses? Yes None reported

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

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

Identification of major programs:

CFDA No.	Name of Federal Program or Cluster
10.904	Tanana River Floodplain Acquisition Project
15.226	Payment in Lieu of Taxes FY06
15.916	Allridge Park Renovation and Development
16.710	Community Oriented Policing

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as low-risk auditee? Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reportable.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reportable.

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**STATE
SINGLE AUDIT**

Cook & Haugeberg LLC

CERTIFIED PUBLIC ACCOUNTANTS

To the Honorable Mayor and
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Fairbanks North Star Borough

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the 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. We also have audited the financial statements of each of the Borough's nonmajor governmental and fiduciary funds presented in the combining and individual fund financial statements and schedules as of and for the year ended June 30, 2006 and have issued our report thereon dated November 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fairbanks North Star Borough's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fairbanks North Star Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Fairbanks North Star Borough Assembly, management, and the State of Alaska and is not intended to be and should not be used by anyone other than these specified parties.

Cook & Haugeberg LLC

November 10, 2006

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To the Honorable Mayor and
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Fairbanks North Star Borough

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

Compliance

We have audited the compliance of the Fairbanks North Star Borough with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that are applicable to each of its major state programs for the year ended June 30, 2006. The Fairbanks North Star Borough's major state programs are identified in the accompanying schedule of expenditures of state awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Fairbanks North Star Borough's management. Our responsibility is to express an opinion on the Fairbanks North Star Borough's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Fairbanks North Star Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Fairbanks North Star Borough's compliance with those requirements.

In our opinion, the Fairbanks North Star Borough complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Fairbanks North Star Borough is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the Fairbanks North Star Borough's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

Schedule of Expenditures of State Awards

We have audited the 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. We also have audited the financial statements of each of the Borough's nonmajor governmental and fiduciary funds presented in the combining and individual fund financial statements and schedules as of and for the year ended June 30, 2006 and have issued our report thereon dated November 10, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Fairbanks North Star Borough's basic financial statements and combining and individual fund financial statements and schedules. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Fairbanks North Star Borough Assembly, management, and the State of Alaska and is not intended to be and should not be used by anyone other than these specified parties.

Cook & Haugberg LLC

November 10, 2006

FAIRBANKS NORTH STAR BOROUGH
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2006

Name of Award	Grantor's Number	State Expenditures
STATE OF ALASKA DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT		
Alaska Regional Development ARDOR -- FY 2005-06	DCED ENC #860256	\$ 64,337
Arctic Winter Games Planning *	03-DC100	19,806
Birch Hill Timing Building and Maintenance *	03-DC101	1,602
Capital Projects *	05-MGR-004	144,267
Capital Projects on the School District Small Grants List *	06-DC349	251,497
Carlson Center Electronics Upgrade *	03-DC102	106,797
Carlson Center Scoreboard *	06-DC179	33,680
Chena Hot Springs Road Public Safety Radio Upgrade *	06-MGR001	5,587
Chena River Park -- Development of Urban Greenbelt *	01-MG286	5,434
Community Projects and Improvements *	05-MG014	19,882
Ester Fire Service Area - Fire Station Addition *	03-DC110	2,297
Farmers Loop New Fire Station Facility Construction *	06-DC182	422,689
Fire/Life/Safety Grant -- FY 2001-02 *	02-MG040	4,766
Fire/Life/Safety Grant -- FY 2002-03 *	03-MG077	89,885
Graehl River Landing Improvements and Upgrades *	03-DC103	50,993
Haystack Drive Ice Overflow Repair and Prevention *	05-DC045	23,064
House District 11 Road Service Area Improvements *	06-RR023	57,857
House District 12 Road Service Area Improvements *	06-RR024	11,293
Joy Elementary School Clerestory Window Repairs *	02-MG044	90
Lathrop High School Technical Upgrades *	05-CD046	12,957
Mass Transit Buses and Transit Facilities Improvements *	03-DC104	292,175
North Pole High School HVAC Direct Digital Controls *	01-MG054	89,768
North Star Volunteer Fire Department #1 Exhaust System *	03-MGR009	11,715
Pearl Creek Elementary School Skylight Repair/Remodel *	02-MG046	585
Playground Surfacing and Equipment Upgrades *	04-MGR008	30,594
Retirement System (PERS) Relief *		867,894
Road Service Areas in Senate District Q *	03-DC106	471
Ryan Middle School Kitchen Upgrades *	02-MG205	155
Total Alaska Department of Commerce, Community and Economic Development		\$ 2,622,137

*State Major Program

FAIRBANKS NORTH STAR BOROUGH
 Schedule of Expenditures of State Awards
 For the Year Ended June 30, 2006
 (continued)

Name of Award	Grantor's Number	State Expenditures
---------------	---------------------	-----------------------

ALASKA HOUSING FINANCE CORPORATION

State Payments in Lieu of Taxes -- FY 2005-06		\$ 14,040
Total Alaska Housing Finance Corporation		\$ 14,040

ALASKA DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

State Aid for Debt Service -- FY 2005-06 *		\$ 12,076,781
Net Lender Reimbursement Program -- FY 2004-05	ILC-05-733-108	3,428
Net Lender Reimbursement Program -- FY 2005-06	ILC-06-733-106	3,978
Public Library Assistance -- FY 2004-05	PLA-05-733-22	1,425
Public Library Assistance -- FY 2005-06	PLA-06-733-23	12,400
Library Hardware and Software Enhancement	ILC-06-733-155	2,600
Total Alaska Department of Education and Early Development		\$ 12,100,612

ALASKA DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Human Services Community Matching Grant -- FY 2005-06 ^{1*}	60506111	\$ 242,070
Human Services Community Matching Grant -- FY 2004-05 ²	60505111	545
Justice, Youth Courts/Community Panels -- FY 2004-05 ³	60505082	35
Total Alaska Department of Health and Social Services		\$ 242,650

ALASKA DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Base Realignment and Closure (BRAC) Response *	DMVA 6-15-05	\$ 551,089
Total Alaska Department of Military and Veterans Affairs		\$ 551,089

INTERIOR REGIONAL HOUSING AUTHORITY

Interior Regional Housing Authority -- FY 2005-06		\$ 12,020
Total Interior Regional Housing Authority		\$ 12,020

ALASKA DEPARTMENT OF REVENUE

State Telephone and Electric Co-op -- FY 2005-06 *		\$ 306,352
Total Alaska Department of Revenue		\$ 306,352

*State Major Program

FAIRBANKS NORTH STAR BOROUGH
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2006
 (continued)

Name of Award	Grantor's Number	State Expenditures
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ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
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FNSB Coordinated Transit Program	MOA# 61283	\$ <u>61,669</u>
Total Alaska Department of Transportation and Public Facilities		\$ <u>61,669</u>
Grand Total - State Financial Assistance		\$ <u>15,910,569</u>

¹ **BUDGET TO ACTUAL COMPARISON**

Human Services Community Matching Grant -- FY 2005-06
 Alaska Department of Health and Social Services

A schedule of budgeted and actual revenues and expenditures for the Human Services Community Matching Grant from the State of Alaska Department of Health and Social Services (DHSS) follows:

	Final Budget	Actual Expenditures	Variance with Final Budget
Revenues from State of Alaska	\$ 242,650	\$ 242,650	\$ -
Expenditures			
Other Direct Expense	231,095	230,515	580
Indirect Costs	11,555	11,555	-
Total Expenditures	<u>242,650</u>	<u>242,070</u>	<u>580</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ 580</u>	<u>\$ (580)</u>

The \$580 excess of revenue over expenditures in Other Direct Expense represents an encumbrance for a required program audit, to be completed and invoiced after June 30, 2006 in conjunction with the Fairbanks North Star Borough's annual audit. Per DHSS instructions, the Borough is to bill for all amounts expended and encumbered at June 30, 2006, show all encumbered amounts as expended on the final Cumulative Fiscal Report, and footnote any outstanding encumbrances.

FAIRBANKS NORTH STAR BOROUGH
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2006
(continued)

² BUDGET TO ACTUAL COMPARISON

Human Services Community Matching Grant -- FY 2004-05
Alaska Department of Health and Social Services

A schedule of budgeted and actual revenues and expenditures for the Human Services Community Matching Grant from the State of Alaska Department of Health and Social Services (DHSS) follows:

	Final Budget	Actual Expenditures	Variance with Final Budget
Revenues from State of Alaska	\$ 224,951	\$ 224,951	\$ -
Expenditures			
Other Direct Expense	214,239	213,785	454
Indirect Costs	10,712	10,712	-
Total Expenditures	<u>224,951</u>	<u>224,497</u>	<u>454</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ 454</u>	<u>\$ (454)</u>

The \$454 excess of revenue over expenditures in Other Direct Expense represents the excess of amounts encumbered (\$999) over amounts paid (\$545) for a required program audit, which was completed and invoiced after June 30, 2005 in conjunction with the Fairbanks North Star Borough's annual audit. Per DHSS instructions, the Borough billed for amounts expended and encumbered at June 30, 2005. Following payment of the \$545 invoice for auditing services, the Borough returned \$454 in excess reimbursement to DHSS during the current fiscal year.

³ BUDGET TO ACTUAL COMPARISON

Human Services Community Matching Grant -- FY 2004-05
Alaska Department of Health and Social Services, Division of Juvenile Justice
Youth Courts/Community Panels

A schedule of budgeted and actual revenues and expenditures for the Human Services Community Matching Grant from the State of Alaska Department of Health and Human Services (DHSS), Division of Juvenile Justice, follows:

	Final Budget	Actual Expenditures	Variance with Final Budget
Revenues from State of Alaska	\$ 14,749	\$ 14,749	\$ -
Expenditures			
Other Direct Expense	14,047	14,017	30
Indirect Costs	702	702	-
Total Expenditures	<u>14,749</u>	<u>14,719</u>	<u>30</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ (30)</u>

The \$30 excess of revenue over expenditures in Other Direct Expense represents the excess of amounts encumbered (\$65) over amounts paid (\$35) for a required program audit, which was completed and invoiced after June 30, 2005 in conjunction with the Fairbanks North Star Borough's annual audit. Per DHSS instructions, the Borough billed for amounts expended and encumbered at June 30, 2005. Following payment of the \$35 invoice for auditing services, the Borough returned \$30 in excess reimbursement to DHSS during the current fiscal year.

**FAIRBANKS NORTH STAR BOROUGH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Reportable conditions identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

State Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Reportable conditions identified that are not considered to be material weaknesses? Yes None reported

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

Identification of major programs:

Department of Commerce, Community and Economic Development
Program #04 - Capital Project Matching Grant Program
Program #23 - Municipal Grant Program
Retirement System (PERS) Relief

Department of Education and Early Development
Program #04 - Debt Retirement Program

Department of Health and Social Services
Program #31 - Human Services Community Matching Grant

Department of Military and Veterans Affairs
Base Realignment and Closure Response

Department of Revenue
Program #03 - Shared Taxes

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reportable.

SECTION III - STATE AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reportable.

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