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# [PROPOSED] CAPITAL PROJECT FUND FINANCIAL POLICY

The City of Fairbanks Capital Project Fund is essential to ensuring that funds are available for major equipment purchases, facility upgrades, road improvements, and other significant projects. To ensure funding is available the City of Fairbanks will strive to maintain an unassigned fund balance of \$5 million in the Capital Fund through the following:

- 1. Transfer from the permanent fund per Fairbanks General Code Article VIII Section 8.8 (b) (2).
- 2. Interest income generated from the capital fund account balance.
- 3. Sale of capital assets purchased with capital funds.
- 4. Lease payments from property developed with capital funds. For example: the city uses capital funds to develop a property and leases the property to another entity; the lease payments will be applied to the capital fund.
- 5. Transfers from the general fund as approved by the City Council.



# CITY OF FAIRBANKS CAPITAL PROJECT FUND OVERVIEW

#### Description

City voters approved amendment of the City Charter in October 2006 to establish a capital project fund (Capital Fund) to designate funds for capital use. All funds appropriated to the capital fund remain in the fund until expended on capital projects as approved by the City Council. Capital Fund projects are proposed during the budgeting process by Department Heads for approval by Mayor and/or Council.

#### **Definitions**

<u>Capital Project</u>: Any major expenditure relating to the acquisition, expansion, or rehabilitation of the City's infrastructure and major equipment purchases which generally falls into one of the following categories: land purchase; new structures; structural and non-structural improvements; major repairs; and major equipment.

<u>Capital Project Threshold:</u> Any major expenditure exceeding **\$10,000** for equipment and machinery with a useful life of two years or **\$25,000** for physical government facilities with a useful life of five years or more such as costs for acquisition of land or interests in land; construction of buildings or other structures, including additions or major alterations; construction of streets or utility lines; and major landscaping and similar expenditures, including associated planning and design work related directly to an individual project.

<u>Capital Assets Threshold:</u> Any major expenditure with an initial, individual cost of more than \$10,000 for machinery and equipment with an estimated useful life of two years, \$250,000 for buildings with an estimated useful life of five years, and \$1,000,000 for infrastructure with an estimated useful life of five years.

#### Revenues

The Capital Fund main source of funding is transfers from the General Fund and an annual transfer from the Permanent Fund. The City Code allows not more than one half of one percent of the Permanent Fund five-year market value to be used for capital needs. The city code prohibits the transfer of resources from the capital fund to other funds.

GENERAL FLIND	LINIASSIGNED	FIIND BAL	ANCE 2015 TO 2024
GENERAL FUND.	· UNASSIGNED	FUND DAL	AINCE ZUID TU ZUZ4

DESCRIPTION	2019	5 ACTUAL	2	016 ACTUAL	2	017 ACTUAL	2	2018 ACTUAL	2	2019 ACTUAL	2	2020 ACTUAL	2	2021 ACTUAL	2	022 ACTUAL	;	2023 ACTUAL		2024 YTD
UNASSIGNED WITHOUT TRSF	\$ 12	2,821,593	\$	11,032,918	\$	13,422,993	\$	15,053,748	\$	14,518,540	\$	13,075,819	\$	16,753,830	\$	19,521,835	\$	23,581,862 \$	2	27,251,246
LESS MINIMUM \$5 MILLION	\$ 7	7,821,593	\$	6,032,918	\$	8,422,993	\$	10,053,748	\$	9,518,540	\$	8,075,819	\$	11,753,830	\$	14,521,835	\$	18,581,862 \$	2	22,251,246

# **CAPITAL FUND - INTEREST INCOME 2015 TO 2024**

	201	5 ACTUAL	201	6 ACTUAL	201	17 ACTUAL	20	018 ACTUAL	20	19 ACTUAL	20	20 ACTUAL	2	021 ACTUAL	2	2022 ACTUAL	20	023 ACTUAL	2024 YTD	
CF INTEREST INCOME	\$	22,046	\$	20,578	\$	52,021	\$	118,360	\$	234,917	\$	52,138	\$	2,483	\$	167,181	\$	728,813 \$	668,634	
[TOTAL \$2,067,170]																				

# **CAPITAL FUND - SALE OF CAPITAL ASSETS 2015 TO 2024**

	201	5 ACTUAL	201	6 ACTUAL	20	17 ACTUAL	2	018 ACTUAL	20	019 ACTUAL	20	20 ACTUAL	2	021 ACTUAL	2	022 ACTUAL	- 2	2023 ACTUAL	2024	4 YTD
SALE OF CAPITAL ASSETS	\$	13,922	\$	11,775	\$	67,176	\$	27,956	\$	121,166	\$	83,751	\$	22,346	\$	41,500	\$	205,200	25	5,024
[TOTAL \$849,815]																				

# **CAPITAL FUND - ACTUAL EXPENDITURES 2015 TO 2024**

	2	015 ACTUAL	2	016 ACTUAL	2	2017 ACTUAL	2	2018 ACTUAL	2	2019 ACTUAL	2	2020 ACTUAL	2	021 ACTUAL	2	022 ACTUAL	2023 ACTUAL		2024 YTD
ACTUAL EXPENDITURES	\$	3,128,915	\$	4,634,386	\$	3,048,175	\$	1,221,106	\$	2,488,135	\$	3,501,306	\$	3,479,099	\$	1,542,200	\$ 3,178,132 \$	2	2,920,310
[AVG 9 YRS \$2.9M]																			

# **CAPITAL FUND - PROJECTED EXPENDITURES 2025 TO 2034**

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
PROJECTED EXPENDITURES	8,477,000	6,491,000	4,251,000	3,638,500	4,634,000	5,589,500	6,285,000	5,620,000	7,621,000	5,991,000
[AVG \$5.6M]										