

THE ANNUAL COMPREHENSIVE FINANCIAL REPORT  
OF THE  
CITY OF FAIRBANKS, ALASKA



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

David Pruhs  
Mayor

Prepared by  
City of Fairbanks Finance Department



# CITY OF FAIRBANKS, ALASKA

Annual Comprehensive Financial Report  
For the Fiscal Year Ended December 31, 2023

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## **INTRODUCTORY SECTION**

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Organizational Chart  
List of Principal Officials







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May 22, 2024

To the Honorable Mayor, Members of the City Council, and the Citizens of Fairbanks:

It is my pleasure to submit the Annual Comprehensive Financial Report of the City of Fairbanks (City) for the fiscal year ended December 31, 2023. Charter Section 8.7 requires that the City publish an annual report on its financial position and activity presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

## INTRODUCTION

### Responsibility and Internal Controls

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

To provide a reasonable basis for making these representations, the management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

### Independent Financial Audit

The City's financial statements have been audited by Alliance CPAs, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unmodified opinion on the City's financial statements for the fiscal year ended December 31, 2023. Their opinion asserts that the financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

The City is also required to undergo an audit in conformity with the provisions of Alaska State Regulation 2 AAC 45.010 and Audit Guide and Compliance Supplement for State Single Audits. A schedule of state financial assistance, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are available in the Single Audit section of this report.

## Management’s Discussion and Analysis

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). The MD&A provides an objective and easy-to-read analysis of the City’s financial activities based on currently known facts, decisions, and conditions. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

### PROFILE OF THE CITY OF FAIRBANKS

The City, incorporated in 1903, is in Alaska’s interior. It is located some 360 road miles north of Anchorage and 120 miles south of the Arctic Circle. The City has a land area of 33.8 square miles and a population of approximately 31,706. It is located within the bounds of the Fairbanks North Star Borough; the Borough has a land area of 7,361 square miles and a population of approximately 95,972, which includes City residents. There are two major military installations in the area. Fort Wainwright is an Army post located within City limits and Eielson Air Force base is located 23 miles Southeast of the City. The main University of Alaska Fairbanks (UAF) campus is adjacent to City limits. The City levies a property tax on real property located within its boundaries. The City has the power to extend its corporate limits by annexations in accordance with state law.



#### Form of Government

The City operates under a “Council-Mayor” form of government. Policymaking and legislative authority are vested in the seven-member City Council, of which the Mayor is a member. The Council is responsible, among other things, for passing ordinances, adopting the budget, and hiring the City Attorney and City Clerk. The Mayor is responsible for carrying out the policies and ordinances of the Council, overseeing the day-to-day operations, and supervising the department heads. The Council is elected at large on a non-partisan basis. Council members and the Mayor are elected to three-year terms and cannot serve more than two consecutive terms.

#### General Government Services and Proprietary Fund Operations

The City provides a variety of local government services and operations as follows:

- **Public Safety:** Police, fire, emergency medical services, emergency dispatch, and emergency management.
- **Public Works:** Street maintenance, refuse collection, storm drain management, and public improvements.
- **Building Inspections:** Building and fire code enforcement.
- **General Government:** Economic development funding, social services, and general administrative services.
- **Proprietary Operations:** Municipal Utilities System Fund (MUS) and Fairbanks Transportation Center (FTC).

#### Budgetary Control

The annual budget serves as the foundation for the City’s financial planning and control. Budgets for the general fund and the capital fund are adopted on an annual basis. The Council is required to adopt a budget for the general fund no later than December 15<sup>th</sup> of the fiscal year. The budget is prepared by function level (departments). The Mayor may approve intradepartmental transfers of appropriated funds, except for transfers from non-wage accounts to salaries and benefits accounts and capital funds which require Council approval. All interdepartmental transfers of appropriated funds require Council approval. Expenditures may exceed appropriations on the object level, but not on the function level.

## FACTORS AFFECTING FINANCIAL CONDITION

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

### Local Economy

The City of Fairbanks is the major transportation hub for the interior of the State. It is the northern terminus for the Alaska Railroad. Of the four major highways in the State, three pass through Fairbanks, connecting it to south and central Alaska. The Dalton Highway, which extends north to Prudhoe Bay, parallel to the oil pipeline, furthers Fairbanks' role as a transportation center. The Fort Knox Gold Mine, located about 20 miles northeast of the City, is one of the world's largest open pit mines. The mine produces about 291,000 ounces of gold annually. Fairbanks serves as a major center for petroleum-related activity. Alyeska Pipeline Service Company, operator of the Trans-Alaska pipeline system, has a significant presence in the City. Petro Star Inc. operates refineries nearby in the borough. The area supports the oil and defense industries through services, distribution, and transportation.

According to the Fairbanks North Star Borough Assessing Department and the Alaska Department of Labor and Workforce Development Research and Analysis Section, the City had the following economic factors:

<b>Economic Indicators</b>	2023	2022	Change (%)
Population	31,706	31,843	-0.4%
Unemployment rates	3.7%	3.8%	-0.1%
Annual average employment	37,000	36,800	0.5%
Building permits	1,072	1,121	-4.4%
Assessed value	3,051,840,666	3,290,683,838	-7.3%

The City had the following changes in our top employment sectors:

<b>Nonfarm Employment</b>	2023	2022	Change (%)
Education & health services	5,500	5,300	3.8%
Retail trade	4,600	4,600	0.0%
Leisure & hospitality	4,500	4,400	2.3%
State government	4,400	4,300	2.3%
Federal government	3,300	3,300	0.0%
Local government	2,600	2,800	-7.1%

The population continues to decline due to migration; however, the major employers within and adjacent to the city boost population and employment. Major employers within and adjacent to the city include the following: University of Alaska Fairbanks campus employs over 3,000 people with enrollment of more than 7,400 students; Fort Wainwright employs 7,200 service members and 2,400 civilians and contractors; and Fairbanks Memorial Hospital employs over 1,390 employees.

The City anticipates a slightly slower growth in employment than the state with the opening of the Manh Choh gold mine and increased federal funds for infrastructure projects. One of the largest constraints is a labor shortage due to the population loss and aging.

The fiscal health of the State is important to the City because we rely on the State to provide community assistance program proceeds, funding for capital projects, and on-behalf funding of the Public Employees Retirement System (PERS). The changes in oil prices have an impact on the State's revenue since the State relies heavily on taxes assessed to oil companies operating in the state. The city anticipates that support from the State will remain the same.

Like many communities, the City is experiencing the pressures of inflation and struggles with personnel recruitment and retention.

## Long-Term Financial Planning

The budget process is the catalyst for the long-term financial planning. This process includes input from the departments, Mayor, City Council, and citizens. As part of the budget process, departments also submit capital plans for review and approval based on available funding. Revenue forecasts are updated annually to determine long-term funding availability. As a result of the removal of the 4.9 mill levy cap and continued recovery from the pandemic's impact to the local economy, the City anticipates a moderate increase in overall revenues for the next fiscal year with a continued focus on efficient spending to maintain essential City services.

Other key factors in long-term planning are as follows:

- **Reserves:** City ordinances require the general fund unassigned fund balance to be the greater of 20% of budgeted operational expenditures or \$10,000,000. On December 31, 2023, the unassigned fund balance was \$20,081,862 and 20% of budgeted operational expenditures was \$9,089,486.
- **Debt:** City long-term debt is incurred for and reimbursed by other entities. Therefore, the city has no existing debt except for subscription-based information technology arrangements. Capital projects are forecasted, and an estimated amount is transferred to the capital fund on an annual basis, reducing the need for bonds for major capital projects.
- **Revenue:** The City maintains a permanent investment fund. On December 31, 2023, the fund balance was \$141,699,850. The city code allows four percent of the five-year average of the market value to be transferred to the general fund to support city operations and one half of a percent of the five-year average for capital needs.

## Relevant Financial Policies

Comprehensive financial policies are reviewed annually and provide the basic framework for the overall fiscal management of the City. The policies are designed to operate independently of changing circumstances and conditions to safeguard assets, promote effective and efficient operations, and support the achievement of the City's goals.

## Major Initiatives

The City continues to focus on the mission of providing quality essential services to all City residents to ensure Fairbanks is a vibrant place to live, work, thrive, and visit. To accomplish this mission, the Mayor in consultation with each operating department, coordinates the development of strategies and plans that align City resources with the priorities identified by the City Council to achieve desired outcomes. City Council has identified the following goals:

 <p><b>Goal 1: Provide quality customer service with operational efficiency</b></p>	 <p><b>Goal 2: Strive for a safe and clean community</b></p>	 <p><b>Goal 3: Engage community through effective communication</b></p>	 <p><b>Goal 4: Maintain and ensure strong financial management</b></p>
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The City accomplished the following major initiatives:

- Replaced \$2.1 million in public works and public safety equipment to improve snow removal, garbage collection, and emergency services (Goals 1 & 2).
- Provide funding for the Emergency Services Patrol (ESP), a program that provides chronic inebriates/incapacitated persons with safe medical assessment and transport without engaging police officers and firefighters (Goal 2).
- Provide support for the Crisis Now Coordinator who manages a program to provide support for individuals in crisis; Homeless Coordinator, a liaison between the City, Fairbanks Housing and Homeless Coalition, and organizations to reduce homelessness in Fairbanks; and Reentry Coalition Coordinator who manages a program that works with organizations to reduce recidivism (Goal 2).
- Provide timely information to the citizens through social media by improving information technology (Goal 3).

The City also continues to focus on infrastructure improvements by assisting the Alaska Department of Transportation in preparing designs and providing construction administration for road reconstruction projects. These projects are funded by both grant and local revenues and are as follows:

- Chena Riverwalk, Phase III: Project will construct approximately 5,500 linear feet of pathway and up to three pedestrian bridges.
- Old Steese Highway Upgrades: Project will reconstruct Old Steese Highway from Wendell Avenue Bridge to the intersection at the Johansen Expressway.
- Minnie Street Improvements: Project will reconstruct Minnie Street from Illinois Street to Old Steese Highway to include drainage, utility, and ADA improvements.
- Fifth Avenue Reconstruction: Project will reconstruct 5<sup>th</sup> Avenue between Barnette Street and Noble Street to include ADA improvements, intersection improvements, drainage improvements, roadside hardware, and utilities.
- Cowles Street Reconstruction: Project will reconstruct Cowles Street from First Avenue to East Cowles Street, to include sidewalk, drainage, and illumination improvements.
- Third Street Widening: Project will reconstruct Third Street between Old Steese Highway and Hamilton intersections.

### **AWARD**

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairbanks for its annual comprehensive financial report for the fiscal year ended December 31, 2022. This was the twenty-first consecutive year that the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

### **ACKNOWLEDGEMENTS**

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

Respectfully submitted,

*Margarita Bell*

Margarita Bell, CPA  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Fairbanks  
Alaska**

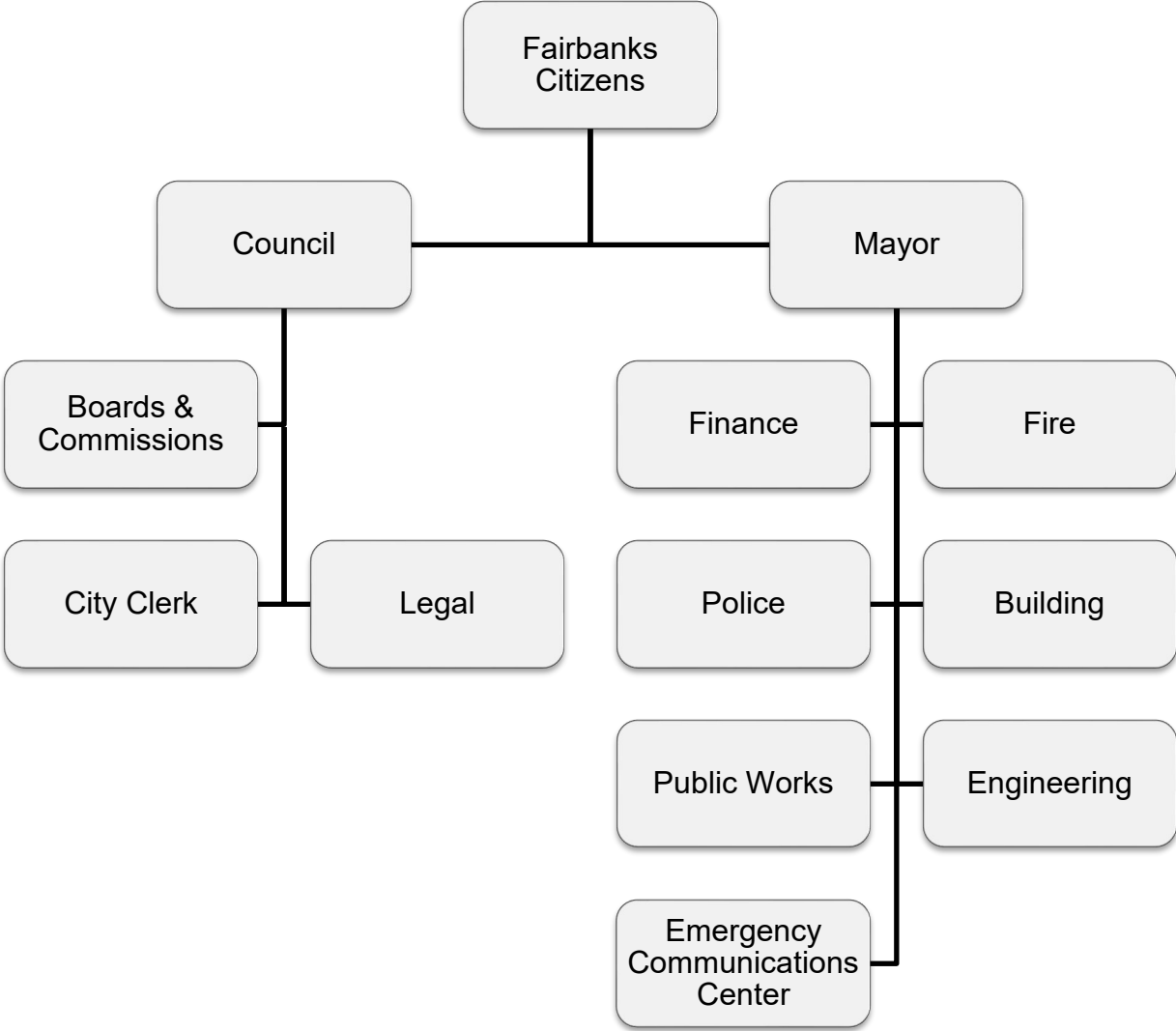
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morill*

Executive Director/CEO

# CITY OF FAIRBANKS, ALASKA ORGANIZATIONAL CHART



# **CITY OF FAIRBANKS, ALASKA**

## **LIST OF PRINCIPAL OFFICIALS**

For the Fiscal Year Ended December 31, 2023

### MAYOR

David Pruhs

### CITY COUNCIL MEMBERS

Jerry Cleworth, Seat A  
June Rogers, Seat B  
Susan Sprinkle, Seat C  
Crystal Tidwell, Seat D  
Lonny Marney, Seat E  
John Ringstad, Seat F

### APPOINTED OFFICIALS

Danyielle Snider, City Clerk  
Thomas Chard, City Attorney

### ADMINISTRATION

David Pruhs, Mayor  
Michael Sanders, Chief of Staff  
Margarita Bell, Chief Financial Officer  
Andrew Coccaro, Fire Chief  
Ron Dupee, Police Chief  
Clem Clouten, Building Official  
Jeff Jacobson, Public Works Director  
Robert Pristash, City Engineer  
Kristi Merideth, Fairbanks Emergency Communications Center Manager



## **FINANCIAL SECTION**

Independent Auditors' Report  
Management's Discussion and Analysis  
Basic Financial Statements and Required Supplementary Information (RSI)





**Alliance**  
CPAs | LLC

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of the City Council  
City of Fairbanks, Alaska

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairbanks, Alaska (City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Changes in Accounting Principles***

As discussed in Note 1.D. to the financial statements, in 2023 the City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, which established new guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections. Our opinion is not modified with respect to this matter.

As discussed in Note 1.D. to the financial statements, in 2023 the City implemented GASB Statement No. 101, *Compensated Absences*, which established new guidance by updating the recognition and measurement for compensated absences. The adoption of this standard required an adjustment to opening fund balance. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other postemployment liabilities and contribution information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of

financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and supplementary information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, supplementary information, and the schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions in the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Prior Year Comparative Information***

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended December 31, 2022, which are not presented with the accompanying financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the year ended December 31, 2022, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information was subjected to the audit procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2022, from which such partial information was derived.

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

In accordance with *Government Auditing Standards*, we have also issued our reports dated May 17, 2024, on our consideration of the City'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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Alliance CPAs LLC*

May 17, 2024  
Fairbanks, Alaska

## CITY OF FAIRBANKS, ALASKA

### Management's Discussion and Analysis For the Year Ended December 31, 2023

As management of the City of Fairbanks (City), we offer readers this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section of this report.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$315,258,657 (net position). Of this amount, \$27,613,040 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The net position increased by \$10,524,689 during the fiscal year compared to a decrease of \$9,531,971 in the prior year due to decreases in the fair market value of the permanent fund portfolio.
- The combined ending fund balance for **governmental funds** in the amount of \$180,692,434 is an increase of \$15,431,152 in comparison with the prior year due to unrealized gains in the permanent fund portfolio.
- The unassigned fund balance for the **general fund** was \$20,081,862, an increase of \$2,560,027 or 14.6% in comparison with the prior year due to a transfer from the permanent fund and position vacancies.
- The **permanent fund** earnings were \$16,835,548 compared to -\$20,759,766 in the prior year due to changes in the fair market value of the portfolio.
- The city received community assistance in the amount of \$486,455, on-behalf payments to the City's Public Employees' Retirement System in the amount of \$297,236, and supplemental emergency medical transport (SEMT) revenue in the amount of \$1,354,891 from the State of Alaska.
- The beginning net position was restated in accordance with GASB 101 in the amount of \$65,225.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City'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 to furnish additional detail to support the basic financial statements.

##### Government-wide Financial Statements

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

The **statement of net position** presents information on all the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and building inspection. The major business-type activities of the City include the Fairbanks Transportation Center (FTC) and the Municipal Utilities System (MUS).

The government-wide financial statements can be found in the Basic Financial Statements and Required Supplementary Information (RSI) subsection 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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Fairbanks can be divided into two categories: governmental funds and proprietary funds.

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

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

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, permanent fund, grants & contracts fund, capital fund, and risk fund which are considered major funds.

The City of Fairbanks adopts annual budgets for its general fund and capital fund. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with the budgets. The basic governmental fund financial statements and budgetary comparison schedule for the general fund and capital fund can be found in the Basic Financial Statements and RSI subsection of this report.

**Proprietary funds** are used to account for the City's ongoing operations, which are similar to those often found in the private sector. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund categories include enterprise and internal service funds.

Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the remaining MUS assets and operations of the FTC. The compensated absences internal service fund accounts for the City's liability for accrued personal and compensatory leave and salary related benefits. Each enterprise fund and the internal service fund are reported as a major fund in the basic financial statements.

The proprietary fund financial statements can be found in the Basic Financial Statements subsection of this report.



**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the Basic Financial Statements and RSI subsection of this report.

**Other Information**

In addition to the Basic Financial Statements and accompanying notes, this report also presents certain other RSI including budget comparisons for the general fund. Required supplementary information can be found in the Basic Financial Statements and RSI subsection of this report.



## FINANCIAL ANALYSIS OF GOVERNMENT-WIDE STATEMENTS

### Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, total assets and deferred outflows exceeded liabilities and deferred inflows by \$315,258,657 on December 31, 2023.

Net Position						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and other assets	\$ 192,003,061	\$ 177,893,117	692,818	740,332	192,695,879	178,633,449
Capital assets, net	130,081,310	131,755,578	7,820,408	8,122,988	137,901,718	139,878,566
Other noncurrent assets	9,379,747	8,110,693	7,014,372	7,751,581	16,394,119	15,862,274
Total assets	<u>331,464,118</u>	<u>317,759,388</u>	<u>15,527,598</u>	<u>16,614,901</u>	<u>346,991,716</u>	<u>334,374,289</u>
<b>Deferred outflows of resources</b>						
	<u>1,772,632</u>	<u>1,822,931</u>	<u>-</u>	<u>-</u>	<u>1,772,632</u>	<u>1,822,931</u>
<b>Liabilities</b>						
<b>Long-term liabilities</b>						
outstanding	19,616,241	16,410,224	2,138,125	2,478,434	21,754,366	18,888,658
Other liabilities	10,817,535	11,358,929	394,138	578,150	11,211,673	11,937,079
Total liabilities	<u>30,433,776</u>	<u>27,769,153</u>	<u>2,532,263</u>	<u>3,056,584</u>	<u>32,966,039</u>	<u>30,825,737</u>
<b>Deferred inflows of resources</b>						
	<u>539,652</u>	<u>713,483</u>	<u>-</u>	<u>-</u>	<u>539,652</u>	<u>713,483</u>
<b>Net position</b>						
<b>Net investment in capital assets</b>						
	130,081,310	131,755,578	7,820,408	8,122,988	137,901,718	139,878,566
Restricted	149,743,899	137,037,663	-	-	149,743,899	137,037,663
Unrestricted	22,438,113	22,306,442	5,174,927	5,576,522	27,613,040	27,882,964
Total net position	<u>\$ 302,263,322</u>	<u>291,099,683</u>	<u>12,995,335</u>	<u>13,699,510</u>	<u>315,258,657</u>	<u>304,799,193</u>

**Net investment in capital assets net position** in the amount of **\$137,901,718** represents investment in capital assets (land, buildings, equipment, infrastructure, and subscriptions), less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and are not available for future spending. Although the investment in 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. In 2023, net investment in capital assets is 43.7% of total net position.

**Restricted net position** represents resources restricted for investments in the amount of \$135,325,504, net OPEB asset in the amount of \$7,979,747, subsequent year transfers in the amount of \$6,374,346, and law enforcement in the amount of \$64,302 for a total of **\$149,743,899**. In 2023, restricted net position is 47.5% of total net position.

**Unrestricted net position** represents the remaining portion of **\$27,613,040** that may be used to meet the government's ongoing obligations to citizens and creditors. In 2023, unrestricted net position is 8.8% of total net position.

At the end of the current and previous fiscal year the City reported positive balances in total net position, both for the government and for its separate governmental activities and business-type activities.

## Analysis of Changes in Net Position

Overall, the total change in net position increased by \$10,524,689 or 3.5%. In 2022, the net position decreased by \$9,531,971. The reasons are discussed below for governmental activities and business-type activities.

Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 11,136,955	10,693,699	208,425	209,564	11,345,380	10,903,263
Operating grants and contributions	1,515,966	4,487,733	-	-	1,515,966	4,487,733
Capital grants and contributions	4,440,663	10,464,328	-	-	4,440,663	10,464,328
General revenues:						
Property taxes	18,859,326	17,257,721	-	-	18,859,326	17,257,721
Other taxes	10,452,109	10,210,628	-	-	10,452,109	10,210,628
Investment gain (loss)	16,835,774	(20,759,723)	-	-	16,835,774	(20,759,723)
Other	3,658,339	2,325,471	956	19	3,659,295	2,325,490
Total revenues	<u>66,899,132</u>	<u>34,679,857</u>	<u>209,381</u>	<u>209,583</u>	<u>67,108,513</u>	<u>34,889,440</u>
Expenses:						
General government	24,369,130	22,845,490	-	-	24,369,130	22,845,490
Public safety	19,200,047	15,098,100	-	-	19,200,047	15,098,100
Public works	11,863,032	11,341,879	-	-	11,863,032	11,341,879
Building Inspections	631,109	644,104	-	-	631,109	644,104
Interest - subscriptions	3,850	3,284	-	-	3,850	3,284
Fairbanks Transportation Center	-	-	439,771	478,617	439,771	478,617
Municipal Utilities System	-	-	76,885	76,884	76,885	76,884
Total expenses	<u>56,067,168</u>	<u>49,932,857</u>	<u>516,656</u>	<u>555,501</u>	<u>56,583,824</u>	<u>50,488,358</u>
Increase (decrease) in net position before special item and transfers	10,831,964	(15,253,000)	(307,275)	(345,918)	10,524,689	(15,598,918)
Special item - sale of capital asset	-	-	-	6,066,947	-	6,066,947
Transfers	396,900	396,900	(396,900)	(396,900)	-	-
Increase (decrease) in net position	11,228,864	(14,856,100)	(704,175)	5,324,129	10,524,689	(9,531,971)
Net position - beginning restated	<u>291,034,458</u>	<u>305,955,783</u>	<u>13,699,510</u>	<u>8,375,381</u>	<u>304,733,968</u>	<u>314,331,164</u>
Net position - ending	<u>\$ 302,263,322</u>	<u>291,099,683</u>	<u>12,995,335</u>	<u>13,699,510</u>	<u>315,258,657</u>	<u>304,799,193</u>

**Governmental activities** increased the City's net position by \$11,228,864. Key elements of the changes in net position are as follows:

- Permanent Fund investment earnings of \$16,835,548 due to an increase in the fair market value of the permanent fund portfolio compared to -\$20,759,766 in the prior year.
- Decrease in operating and capital grants and contributions in the amount of \$8,995,432 and increase in expenses in the amount of \$6,134,311 reduced the impact of the increases in investment earnings.
- Increase in property taxes of \$1,601,605 due to voter approval to remove the 4.9 mils tax cap.

**Business-type activities** decreased the City's net position by \$704,175. Key elements of the changes in net position are a transfer of \$396,900 from MUS Fund to the Permanent Fund for investment and FTC Fund expenses of \$439,771 for the parking garage. In comparison to last year, the MUS Fund had an asset sale of \$6,066,947 that increased net position.

## FINANCIAL ANALYSIS OF GOVERNMENTAL FUND STATEMENTS

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

### Governmental Funds

City **governmental funds** provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a specific purpose by either an external party, City itself or City Council.

City governmental funds include the general fund, permanent fund, grants and contracts fund, capital fund, and risk fund. On December 31, 2023, the City's governmental funds had an increase of \$15,431,152 of **combined ending fund balances**. The unassigned fund balance in the amount of \$18,800,843 is available for spending at the government's discretion. The combined ending fund balances are comprised of the following:

Governmental Funds - Fund Balance			
Purpose	Type	Amount	Percentage
Unassigned	Unassigned	\$ 18,800,843	10.40%
Prepaid assets	Nonspendable	687,422	0.38%
Investments	Restricted	141,699,850	78.42%
Law enforcement	Restricted	64,302	0.04%
Snow removal	Committed	250,000	0.14%
Capital projects	Committed	4,642,137	2.57%
Contractual obligations	Assigned	3,370,749	1.87%
Capital projects uncommitted	Assigned	11,177,131	6.19%
Total		<u>\$ 180,692,434</u>	<u>100.00%</u>

The **general fund** is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$20,081,862 while total fund balance was \$20,501,247. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 49.0% of total general fund expenditures, while total fund balance represents 51% of total general fund expenditures.

General Fund - Fund Balance				
	2023	2022	Changes	Percentage
Nonspendable	\$ 13,425	51,827	(38,402)	-74.1%
Committed	250,000	250,000	-	0.0%
Assigned	155,960	229,747	(73,787)	-32.1%
Unassigned	<u>20,081,862</u>	<u>17,521,835</u>	<u>2,560,027</u>	<u>14.6%</u>
Total	<u>\$ 20,501,247</u>	<u>18,053,409</u>	<u>2,447,838</u>	<u>13.6%</u>

The general fund's fund balance increased by \$2,447,838 or 13.6% due to the transfer from the permanent fund and position vacancies.

Significant changes in the general fund's revenues and expenditures are as follows:

<b>General Fund - Revenues</b>				
	2023	2022	Changes	Percentage
Taxes	\$ 27,383,501	25,590,782	1,792,719	7.0%
Charges for services	6,481,196	6,081,515	399,681	6.6%
Intergovernmental	2,979,492	3,836,719	(857,227)	-22.3%
Licenses and permits	2,402,595	2,259,354	143,241	6.3%
Fines and forfeitures	431,266	554,450	(123,184)	-22.2%
Other revenues	2,033,052	843,385	1,189,667	141.1%
<b>Total</b>	<b>\$ 41,711,102</b>	<b>39,166,205</b>	<b>2,544,897</b>	<b>6.5%</b>

- Property taxes increased due to voter approval to remove the 4.9 mil tax cap and room rental taxes continued to recover from the pandemic.
- Intergovernmental revenues from the State of Alaska decreased for the community assistance program, on-behalf PERS payment, and other cooperative programs.
- Other revenues reflect increases in investment income due to the interest rate hikes in 2022 and 2023.

<b>General Fund - Expenditures</b>				
	2023	2022	Changes	Percentage
General government	\$ 11,066,414	10,711,378	355,036	3.3%
Public safety	18,944,516	17,937,132	1,007,384	5.6%
Public works	10,303,234	10,017,800	285,434	2.8%
Building inspections	623,256	636,251	(12,995)	-2.0%
Principal - subscriptions	30,674	31,240	(566)	-1.8%
Interest - subscriptions	3,850	3,284	566	17.2%
<b>Total</b>	<b>\$ 40,971,944</b>	<b>39,337,085</b>	<b>1,634,859</b>	<b>4.2%</b>

- General government expenditures increased because of additional room rental taxes distributed to tourism agencies and higher operating costs due to inflation.
- Public safety expenditures increased for salaries and benefits primarily due to overtime costs necessary to cover position vacancies and changes in collective bargaining agreements.
- Public works expenditures increased for salaries and benefits due to changes in the collective bargaining agreements.

The **permanent fund** has a total fund balance of \$141,699,850 that is restricted for investments. Certain earnings from the investments are intended to replace the payments in lieu of taxes previously provided by the MUS to the general fund. The fund balance of the permanent fund increased by \$11,209,501 in 2023; this was due to increases in the fair market value of the portfolio. Detailed information about the permanent fund is in Note 3.P. in the basic financial statements.

The **grants and contracts special revenue fund** has a total fund balance of \$64,302 that is restricted for law enforcement expenditures. The fund balance increased by \$27,681 due to receipt of asset forfeiture funds.

The **capital fund** has a total fund balance of \$19,034,057 for equipment purchases totaling \$10,000 and capital projects totaling over \$25,000. The fund balance increased by \$2,281,294 due to additional transfers from the general fund.

The **risk special revenue fund** has a negative fund balance of \$607,022. Expenditures of the risk fund are levied in the following year. The risk fund had expenditures totaling \$2,588,321, an increase of \$562,593 in comparison with the prior year.

### Proprietary Funds

The City's proprietary funds provide the same type of information found in government-wide financial statements.

The net position of the MUS and the FTC at the end of the fiscal year was \$7,254,232 and \$5,741,103 respectively. The total decrease in net position of \$473,785 for the MUS fund was due to a transfer to the permanent fund. The \$230,390 decrease for the FTC fund was due to depreciation expenses.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The council's intent is that the budget accurately reflects revenues and expenditures. Budget variances are reviewed by staff and the Finance Committee to identify changes in expected revenue and expenditures. If considered necessary, amendments to the budget are proposed for the City Council's consideration to accurately reflect the current state of operations.

The difference between the **original budget** and final amended budget for **total revenues** is an increase of \$2,491,800; this amount excludes inter-fund transfers. Significant differences are summarized as follows:

- \$ 600,000 increase in charges for services associated with ambulance services and building permits.
- \$ 1,400,000 increase in interest and penalties for interest income due to higher interest rates.

The difference between the **original budget** and final amended budget for **total expenditures** is an increase of \$2,049,087. Significant differences are briefly summarized as follows:

- \$ 792,861 increase in general government for utilities and room rental distributions.
- \$ 346,293 increase for public safety for salaries and benefits associated with changes in the collective bargaining agreement and overtime due to position vacancies.
- \$ 909,933 increase for public works for salaries and benefits associated with changes in the collective bargaining agreement and overtime due to position vacancies.

Revenues were greater than **budgetary estimates** by \$24,526. Expenditures and encumbrances were less than **budgetary estimates** by \$4,549,275. The most significant differences were as follows:

- Expenditures were less than anticipated for salaries and benefits due to position vacancies and conservative spending.

City Code states that in no case shall unassigned general fund balance be less than the greater of 20% of budgeted operational expenditures or \$10,000,000. Twenty percent of the budgeted operational expenditures are \$9,089,486, which is \$10,992,376 less than the 2023 unassigned fund balance. The City is in compliance with this minimum fund balance requirement.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

Information regarding the capitalization policy and other information is contained in Note 1.D.5 in the basic financial statements.

The City's investment in capital assets for its governmental and business type activities is \$137,901,718 (net of accumulated depreciation/amortization). The investment in capital assets includes land, buildings, construction in progress, equipment, infrastructure, and subscriptions. The total decrease in the City's investment in capital assets for the current fiscal year was \$1,976,848, approximately -1.4%.

<b>Capital Assets (net of depreciation/amortization)</b>						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and land improvements	\$ 9,478,647	9,478,647	454,356	454,356	9,933,003	9,933,003
Construction in progress	10,416,603	5,757,641	-	-	10,416,603	5,757,641
Buildings	14,673,689	15,456,402	5,613,327	5,617,858	20,287,016	21,074,260
Equipment	8,806,324	8,630,384	1,003,925	1,270,774	9,810,249	9,901,158
Infrastructure	86,603,576	92,297,481	748,800	780,000	87,352,376	93,077,481
Subscription arrangements	102,471	135,023	-	-	102,471	135,023
Total	<u>\$ 130,081,310</u>	<u>131,755,578</u>	<u>7,820,408</u>	<u>8,122,988</u>	<u>137,901,718</u>	<u>139,878,566</u>

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

- Equipment purchases totaled \$2,067,136; however, depreciation costs and disposals resulted in a net decrease from the prior year.
- The capitalization threshold for machinery and equipment was increased from \$5,000 with an estimated useful life greater than one year to \$10,000 with an estimated useful life greater than two years, resulting in a decrease in equipment and accumulated depreciation in the amount of \$1,242,583 and \$1,092,347, respectively.

### Long-Term Liabilities

At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$21,754,366. The total increase in long-term liabilities in the amount of 2,865,708 is due to an increase in net pension liability and self-insurance claims. Additional information on the City's long-term liabilities can be found in Note 3.J. of the basic financial statements.

<b>Long Term Liabilities</b>						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Alaska clean water loans	\$ -	-	2,138,125	2,478,434	2,138,125	2,478,434
Compensated absences	187,185	-	-	-	187,185	-
Subscription liability	69,338	100,148	-	-	69,338	100,148
Self-Insurance losses	2,761,224	737,609	-	-	2,761,224	737,609
Net pension liability	16,598,494	15,572,467	-	-	16,598,494	15,572,467
Total	<u>\$ 19,616,241</u>	<u>16,410,224</u>	<u>2,138,125</u>	<u>2,478,434</u>	<u>21,754,366</u>	<u>18,888,658</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

On December 11, 2023, *Ordinance No. 6268 As Amended* adopting the 2024 budget for the general fund and capital fund was passed. The original budget projects revenues and other financing sources to be \$47,532,563 and expenditures in the amount of \$46,093,007 increasing fund balance by \$1,439,556. This ordinance also adopted the 2024 capital fund budget with revenues and other financing sources to be \$2,494,792 and expenditures in the amount of \$6,893,060 decreasing fund balance by \$4,398,268.

On February 26, 2024, *Ordinance No. 6275 As Amended* was passed. This ordinance amended the 2024 operating budget for the general fund by decreasing other financing sources by \$5,500,000 and increasing expenditures in the amount of \$215,961. This ordinance also amended the 2024 capital fund budget by increasing other financing sources by \$5,500,000 and increasing expenditures in the amount of \$7,934,896.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Fairbanks finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Finance Department, City of Fairbanks, 800 Cushman Street, Fairbanks, Alaska 99701-4615.



# **BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

## **Basic Financial Statements**

Government-wide Financial Statements  
Fund Financial Statements  
Notes to Financial Statements

## **Required Supplementary Information (RSI)**

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual  
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual  
Schedule of Proportionate Share of Net Pension Liability  
Schedule of Contributions – Public Employees Retirement System - Defined Benefit Plan  
Schedule of Proportionate Share of Net OPEB Liability  
Schedule of Contributions- Public Employees Retirement System - OPEB Plan  
Schedule of Contributions  
Notes to Required Supplementary Information



## **BASIC FINANCIAL STATEMENTS**

### **Government-wide Financial Statements**

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

### **Fund Financial Statements**

The fund financial statements report the City's financial position and operations by governmental funds and proprietary funds. Governmental funds 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 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.



## CITY OF FAIRBANKS, ALASKA

### Statement of Net Position

December 31, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Equity in central treasury	\$ 44,095,185	3,388	44,098,573
Restricted cash and cash equivalents	4,403,730	-	4,403,730
Investments, restricted	137,124,226	-	137,124,226
Accounts receivable (net)	3,703,856	860,477	4,564,333
Internal balances	171,047	(171,047)	-
Inventory	1,817,595	-	1,817,595
Prepaid expenses	687,422	-	687,422
Noncurrent receivables	1,400,000	7,014,372	8,414,372
Capital assets			
Non-depreciable	9,478,647	454,356	9,933,003
Construction in progress	10,416,603	-	10,416,603
Depreciable, net of accumulated depreciation (amortization)	110,186,060	7,366,052	117,552,112
Net OPEB asset	7,979,747	-	7,979,747
Total assets	331,464,118	15,527,598	346,991,716
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	1,772,632	-	1,772,632
Total assets and deferred outflows of resources	\$ 333,236,750	15,527,598	348,764,348
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	\$ 2,687,638	5,693	2,693,331
Unearned revenue	4,711,476	1,358	4,712,834
Pollution remediation obligation	1,083,135	-	1,083,135
Other liabilities			
Due within one year	2,335,286	387,087	2,722,373
Due in more than one year	19,616,241	2,138,125	21,754,366
Total liabilities	30,433,776	2,532,263	32,966,039
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	539,652	-	539,652
<b>NET POSITION</b>			
Net Investment in capital assets	130,081,310	7,820,408	137,901,718
Expendable restricted for:			
Law enforcement	64,302	-	64,302
Subsequent year transfers	6,374,346	-	6,374,346
Nonexpendable restricted for:			
Permanent fund investment	135,325,504	-	135,325,504
OPEB asset	7,979,747	-	7,979,747
Unrestricted	22,438,113	5,174,927	27,613,040
Total net position	302,263,322	12,995,335	315,258,657
Total liabilities, deferred inflows of resources and net position	\$ 333,236,750	15,527,598	348,764,348

See accompanying notes to the basic financial statements



**CITY OF FAIRBANKS, ALASKA**

Statement of Activities

For the Year Ended December 31, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 24,369,130	2,308,878	1,227,195	3,175,098	(17,657,959)	-	(17,657,959)
Public safety	19,200,047	5,333,221	158,975	591,526	(13,116,325)	-	(13,116,325)
Public works	11,863,032	2,467,816	129,796	674,039	(8,591,381)	-	(8,591,381)
Building inspections	631,109	1,027,040	-	-	395,931	-	395,931
Interest on long-term debt	3,850	-	-	-	(3,850)	-	(3,850)
Total governmental activities	<u>56,067,168</u>	<u>11,136,955</u>	<u>1,515,966</u>	<u>4,440,663</u>	<u>(38,973,584)</u>	<u>-</u>	<u>(38,973,584)</u>
Business-type activities:							
Municipal Utilities System	76,885	-	-	-	-	(76,885)	(76,885)
Fairbanks Transportation Center	439,771	208,425	-	-	-	(231,346)	(231,346)
Total business-type activities	<u>516,656</u>	<u>208,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(308,231)</u>	<u>(308,231)</u>
<b>Total</b>	<u>\$ 56,583,824</u>	<u>11,345,380</u>	<u>1,515,966</u>	<u>4,440,663</u>	<u>(38,973,584)</u>	<u>(308,231)</u>	<u>(39,281,815)</u>
General Revenues:							
Property tax					18,859,326	-	18,859,326
Room rental tax					4,712,073	-	4,712,073
Alcohol beverage tax					2,582,351	-	2,582,351
Tobacco tax					1,066,223	-	1,066,223
Marijuana tax					1,574,952	-	1,574,952
Gasoline tax					516,510	-	516,510
Unrestricted shared revenue					1,327,365	-	1,327,365
Investment income					16,835,774	-	16,835,774
Interest income					1,622,141	956	1,623,097
Miscellaneous					708,833	-	708,833
Transfers - internal activity					396,900	(396,900)	-
Total general revenues and transfers					<u>50,202,448</u>	<u>(395,944)</u>	<u>49,806,504</u>
Change in net position					11,228,864	(704,175)	10,524,689
Net position - beginning, as restated (Note 1D. 16)					291,034,458	13,699,510	304,733,968
Net position- ending					<u>\$ 302,263,322</u>	<u>12,995,335</u>	<u>315,258,657</u>

See accompanying notes to the basic financial statements





**CITY OF FAIRBANKS, ALASKA**  
Governmental Funds  
Balance Sheet  
December 31, 2023

	<u>General</u>	<u>Permanent</u>	<u>Grants &amp; Contracts</u>	<u>Capital Fund</u>	<u>Risk</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Equity in central treasury	\$ 23,306,588	-	-	19,089,336	-	42,395,924
Restricted cash and cash equivalents	52,000	4,287,428	64,302	-	-	4,403,730
Restricted investments	-	137,124,226	-	-	-	137,124,226
Receivables (net of allowance for uncollectibles)	3,748,939	295,279	1,052,138	-	-	5,096,356
Prepaid assets	13,425	-	-	-	673,997	687,422
Due from other funds	1,616,447	-	-	-	-	1,616,447
Total assets	<u>\$ 28,737,399</u>	<u>141,706,933</u>	<u>1,116,440</u>	<u>19,089,336</u>	<u>673,997</u>	<u>191,324,105</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,576,928	7,083	-	55,279	12,214	2,651,504
Deposits	36,134	-	-	-	-	36,134
Unearned revenue	3,835,933	-	875,543	-	-	4,711,476
Due to other funds	187,157	-	176,595	-	1,268,805	1,632,557
Total liabilities	<u>6,636,152</u>	<u>7,083</u>	<u>1,052,138</u>	<u>55,279</u>	<u>1,281,019</u>	<u>9,031,671</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	<u>1,600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,600,000</u>
<b>FUND BALANCES</b>						
Nonspendable	13,425	-	-	-	673,997	687,422
Restricted	-	141,699,850	64,302	-	-	141,764,152
Committed	250,000	-	-	4,642,137	-	4,892,137
Assigned	155,960	-	-	14,391,920	-	14,547,880
Unassigned	20,081,862	-	-	-	(1,281,019)	18,800,843
Total fund balances	<u>20,501,247</u>	<u>141,699,850</u>	<u>64,302</u>	<u>19,034,057</u>	<u>(607,022)</u>	<u>180,692,434</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 28,737,399</u>	<u>141,706,933</u>	<u>1,116,440</u>	<u>19,089,336</u>	<u>673,997</u>	<u>191,324,105</u>

See accompanying notes to the basic financial statements



**CITY OF FAIRBANKS, ALASKA**  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 December 31, 2023

Amounts reported for governmental activities in the statement of net position (page 5) are different because:

Total fund balances of governmental funds (page 9)	<u>\$ 180,692,434</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land and land improvements	9,478,647
Construction/Development in progress	10,416,603
Infrastructure	536,522,898
Buildings	33,634,565
Equipment	33,572,418
Subscription arrangements (amortized)	162,848
Accumulated depreciation (amortization)	<u>(493,706,669)</u>
	<u>130,081,310</u>
OPEB assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
	<u>7,979,747</u>
Inventories are reported under the purchases method within the funds and under the consumption method on the government-wide statements.	
	<u>1,817,595</u>
Deferred outflows represent costs incurred at the fund level, but future costs in the Statement of Net Position.	
Related to OPEB costs	1,084,566
Related to pension costs	<u>688,066</u>
	<u>1,772,632</u>
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds.	
Pollution remediation obligation	(1,083,135)
Self-insurance losses	(3,358,181)
Subscription-based information technology arrangements	(100,934)
Net pension liability	<u>(16,598,494)</u>
	<u>(21,140,744)</u>
Certain deferred inflows represent resources or benefits received at the fund level but future resources in the Statement of Net Position.	
Related to OPEB costs	<u>(539,652)</u>
Revenues related to notes receivable were deferred in the governmental funds because they were not collected within 180 days after year end in prior years. The accrual basis recognizes these revenues as earned in prior years.	
Deferred Techite note receivable	<u>1,600,000</u>
Net position of governmental activities (page 5)	<u><u>\$ 302,263,322</u></u>

See accompanying notes to the basic financial statements



**CITY OF FAIRBANKS, ALASKA**  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2023

	General	Permanent	Grants & Contracts	Capital Fund	Risk	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 27,383,501	-	-	-	1,927,934	29,311,435
Charges for services	6,481,196	-	-	-	-	6,481,196
Intergovernmental	2,979,492	-	4,881,499	-	-	7,860,991
Licenses and permits	2,402,595	-	-	-	-	2,402,595
Fines and forfeitures	431,266	-	-	-	-	431,266
Investment earnings	-	16,835,548	226	-	-	16,835,774
Other revenues	2,033,052	-	394,226	1,137,000	-	3,564,278
<b>Total revenues</b>	<b>41,711,102</b>	<b>16,835,548</b>	<b>5,275,951</b>	<b>1,137,000</b>	<b>1,927,934</b>	<b>66,887,535</b>
<b>Expenditures</b>						
Current						
General government	11,066,414	101,797	936,743	462,171	2,588,321	15,155,446
Public safety	18,944,516	-	152,110	9,887	-	19,106,513
Public works	10,303,234	-	129,796	283,249	-	10,716,279
Building inspections	623,256	-	-	-	-	623,256
Debt service						
Principal - Subscriptions	30,674	-	-	-	-	30,674
Interest - Subscriptions	3,850	-	-	-	-	3,850
Capital outlay						
General government	-	-	3,175,098	603,837	-	3,778,935
Public safety	-	-	591,526	863,308	-	1,454,834
Public works	-	-	262,997	955,680	-	1,218,677
<b>Total expenditures</b>	<b>40,971,944</b>	<b>101,797</b>	<b>5,248,270</b>	<b>3,178,132</b>	<b>2,588,321</b>	<b>52,088,464</b>
Excess (deficiency) of revenues over expenditures	739,158	16,733,751	27,681	(2,041,132)	(660,387)	14,799,071
<b>Other financing sources (uses)</b>						
Transfers in	5,485,467	646,900	-	4,322,426	60,000	10,514,793
Transfers out	(3,946,743)	(6,171,150)	-	-	-	(10,117,893)
Sale of capital assets	235,181	-	-	-	-	235,181
<b>Total other financing sources (uses)</b>	<b>1,773,905</b>	<b>(5,524,250)</b>	<b>-</b>	<b>4,322,426</b>	<b>60,000</b>	<b>632,081</b>
<b>Net change in fund balances</b>	<b>2,513,063</b>	<b>11,209,501</b>	<b>27,681</b>	<b>2,281,294</b>	<b>(600,387)</b>	<b>15,431,152</b>
Fund balances - beginning, as restated	17,988,184	130,490,349	36,621	16,752,763	(6,635)	165,261,282
Fund balances - ending	<b>\$ 20,501,247</b>	<b>141,699,850</b>	<b>64,302</b>	<b>19,034,057</b>	<b>(607,022)</b>	<b>180,692,434</b>

See accompanying notes to the basic financial statements



**CITY OF FAIRBANKS, ALASKA**  
 Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances to the Statement of Activities  
 For the year ended December 31, 2023

Amounts reported for governmental activities in the statement of activities (page 7) are different because:

Net change in fund balances - total governmental funds (page 13)	<u>\$ 15,431,152</u>
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	
Capital outlays and expenditures	6,452,446
Depreciation (amortization) expense	<u>(8,199,258)</u>
	<u>(1,746,812)</u>
Gains or losses from disposal of capital assets are not reported on the governmental fund financial statements and proceeds from sales are reported as revenue. Under full accrual accounting, gains or losses on disposal are reported and proceeds from sales are not reported as revenue.	
Proceeds from the sale of assets	(202,000)
Loss on Disposal	892
	<u>(201,108)</u>
Assets purchased in the prior year are not reported in governmental funds. In the statement of activities, revenue is recorded for the amount of purchase and recorded as an increase in capitalized equipment.	273,652
Inventories are reported under the purchase method in the governmental funds, and under the consumption method in the statement of activities.	149,706
Collections on receivables provide current financial resources to governmental funds. However, the collection on notes receivable decreases the notes receivable balance in the statement of net position. In the current period, proceeds were received from:	
Techite note receivable	<u>(200,000)</u>
Subscription-based information technology arrangements represent the value of future lease payments and are recorded as other financing sources in the governmental funds. Under the full accrual accounting method, the present value of future lease payments are recorded as a liability, net of payment.	<u>30,674</u>
Certain items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities consist of:	
Change in reserve for self-insurance losses	(2,219,110)
Change in pollution remediation obligation	(855,849)
Net decrease in net OPEB liability and related deferred accounts	1,583,233
Net increase in net pension liability and related deferred accounts	<u>(1,016,674)</u>
	<u>(2,508,400)</u>
Change in net position of governmental activities (page 7)	<u>\$ 11,228,864</u>

See accompanying notes to the basic financial statements





**CITY OF FAIRBANKS, ALASKA**

Proprietary Funds  
Statement of Net Position  
December 31, 2023

	Business-type Activities Enterprise Funds		Total	Governmental Activities- Internal Service Fund
	MUS	FTC		
<b>ASSETS</b>				
Current assets				
Cash	\$ -	3,388	3,388	1,699,261
Accounts receivable	-	76,490	76,490	7,500
Lease receivable	396,900	-	396,900	-
GHU Clean Water loan receivable	387,087	-	387,087	-
Due from other funds	-	-	-	187,157
Total current assets	<u>783,987</u>	<u>79,878</u>	<u>863,865</u>	<u>1,893,918</u>
Noncurrent assets				
Lease receivable	4,876,247	-	4,876,247	-
GHU Clean Water loan receivable	2,138,125	-	2,138,125	-
Capital assets				
Land and land improvements	185,356	269,000	454,356	-
Infrastructure	1,560,000	-	1,560,000	-
Buildings	-	9,626,085	9,626,085	-
Equipment	1,370,525	-	1,370,525	-
Less accumulated depreciation	<u>(1,134,796)</u>	<u>(4,055,762)</u>	<u>(5,190,558)</u>	-
Total noncurrent assets	<u>8,995,457</u>	<u>5,839,323</u>	<u>14,834,780</u>	-
Total assets	<u>\$ 9,779,444</u>	<u>5,919,201</u>	<u>15,698,645</u>	<u>1,893,918</u>
<b>LIABILITIES</b>				
Current liabilities				
Alaska Clean Water loan payable	\$ 387,087	-	387,087	-
Accounts payable	-	5,693	5,693	-
Due to general fund	-	171,047	171,047	-
Compensated absences	-	-	-	1,706,733
Unearned revenue	-	1,358	1,358	-
Total current liabilities	<u>387,087</u>	<u>178,098</u>	<u>565,185</u>	<u>1,706,733</u>
Noncurrent liabilities				
Alaska Clean Water loan payable	2,138,125	-	2,138,125	-
Compensated absences	-	-	-	187,185
Total noncurrent liabilities	<u>2,138,125</u>	<u>-</u>	<u>2,138,125</u>	<u>187,185</u>
Total liabilities	<u>2,525,212</u>	<u>178,098</u>	<u>2,703,310</u>	<u>1,893,918</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,981,085	5,839,323	7,820,408	-
Unrestricted	<u>5,273,147</u>	<u>(98,220)</u>	<u>5,174,927</u>	-
Total net position	<u>7,254,232</u>	<u>5,741,103</u>	<u>12,995,335</u>	-
Total liabilities and net position	<u>\$ 9,779,444</u>	<u>5,919,201</u>	<u>15,698,645</u>	<u>1,893,918</u>

See accompanying notes to the basic financial statements



**CITY OF FAIRBANKS, ALASKA**  
Proprietary Funds  
Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended December 31, 2023

	<b>Business-type Activities Enterprise Funds</b>		<b>Total</b>	<b>Governmental Activities- Internal Service Fund</b>
	<b>MUS</b>	<b>FTC</b>		
<b>Operating revenues</b>				
Rental income	\$ -	208,425	208,425	-
Other revenue	-	-	-	1,887,093
Total operating revenues	<u>-</u>	<u>208,425</u>	<u>208,425</u>	<u>1,887,093</u>
<b>Operating expenses</b>				
Employee benefits	-	-	-	1,887,093
Management fees	-	211,806	211,806	-
Operating expenses	-	2,270	2,270	-
Depreciation	-	225,695	225,695	-
Total operating expenses	<u>-</u>	<u>439,771</u>	<u>439,771</u>	<u>1,887,093</u>
Operating income (loss)	<u>-</u>	<u>(231,346)</u>	<u>(231,346)</u>	<u>-</u>
<b>Nonoperating revenues (expenses)</b>				
Interest income	-	956	956	-
Rental depreciation	(76,885)	-	(76,885)	-
Total nonoperating revenue (expenses)	<u>(76,885)</u>	<u>956</u>	<u>(75,929)</u>	<u>-</u>
<b>Income (loss) before contributions and transfers</b>	<u>(76,885)</u>	<u>(230,390)</u>	<u>(307,275)</u>	<u>-</u>
Transfers to permanent fund	(396,900)	-	(396,900)	-
Total contributions and transfers	<u>(396,900)</u>	<u>-</u>	<u>(396,900)</u>	<u>-</u>
Change in net position	(473,785)	(230,390)	(704,175)	-
Total net position - beginning	<u>7,728,017</u>	<u>5,971,493</u>	<u>13,699,510</u>	<u>-</u>
Total net position - ending	<u>\$ 7,254,232</u>	<u>5,741,103</u>	<u>12,995,335</u>	<u>-</u>

See accompanying notes to the basic financial statements



**CITY OF FAIRBANKS, ALASKA**  
Proprietary Funds  
Statement of Cash Flows  
For the year ended December 31, 2023

	<b>Business-type Activities</b>			<b>Governmental Activities- Internal Service Fund</b>
	<b>Enterprise Funds</b>			
	<b>MUS</b>	<b>FTC</b>	<b>Total</b>	
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ -	205,370	205,370	-
Receipts for interfund services provided	-	-	-	2,010,366
Payments for interfund services provided	-	-	-	(1,887,093)
Payments to management	-	(203,420)	(203,420)	-
Net cash provided (used) by operating activities	-	1,950	1,950	123,273
<b>Cash flows from noncapital financing activities</b>				
Transfer to permanent fund	(396,900)	-	(396,900)	-
Net cash provided (used) by noncapital financing activities	(396,900)	-	(396,900)	-
<b>Cash flows from capital and other related financing activities</b>				
Payment to Alaska DEC for plant upgrade loans	(423,754)	-	(423,754)	-
Receipt from Golden Heart Utilities plant upgrade loans	423,754	-	423,754	-
Receipt from Golden Heart Utilities lease receivable	396,900	-	396,900	-
Net cash provided (used) by capital and other related financing activities	396,900	-	396,900	-
<b>Cash flows from investing activities</b>				
Interest received	-	956	956	-
Net cash provided by investing activities	-	956	956	-
Net increase (decrease) in cash	-	2,906	2,906	123,273
Cash at beginning of the year	-	482	482	1,575,988
Cash at end of the year	\$ -	3,388	3,388	1,699,261
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ -	(231,346)	(231,346)	-
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	-	225,695	225,695	-
(Increase) decrease in assets				
Accounts receivable	-	(26,214)	(26,214)	(2,353)
(Decrease) increase in liabilities				
Accounts payable	-	3,839	3,839	-
Prepaid rent	-	119	119	-
Compensated absences	-	-	-	267,315
Due to/from other funds	-	29,857	29,857	(141,689)
Net cash provided (used) by operating activities	\$ -	1,950	1,950	123,273

See accompanying notes to the basic financial statements



**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
December 31, 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Reporting Entity
- B. Basis of Presentation – Basic Financial Statements
- C. Measurement Focus and Basis of Accounting
- D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
  - 1. Equity in central treasury, cash, and investments
  - 2. Restricted assets
  - 3. Receivables and payables
  - 4. Inventory and prepaid items
  - 5. Capital assets
  - 6. Deferred outflows of resources
  - 7. Unearned revenue
  - 8. Long-term obligations
  - 9. Deferred inflows of resources
  - 10. Fund equity
  - 11. Interfund transfers
  - 12. Encumbrances
  - 13. Use of estimates
  - 14. Comparative data/reclassifications
  - 15. Rounding
  - 16. Change in accounting principles
  - 17. Change in accounting estimates
- E. Revenues and Expenditures/Expenses
  - 1. Program revenues
  - 2. Property taxes
  - 3. Compensated absences
  - 4. Proprietary funds operating and nonoperating revenues and expenses

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

- A. Minimum Fund Balance Requirement
- B. Audit Requirement
- C. Deficit Fund Equity

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

- A. Cash Deposits
- B. Investments
- C. Interfund Receivables, Payables, and Transfers
- D. Capital Assets
- E. Union Pension Obligations
- F. PERS Pension and Other Postemployment Benefits (OPEB) Obligations
- G. Deferred Compensation Plan
- H. Deferred Outflows/Inflows of Resources
- I. Fund Balance Detail – Governmental Funds
- J. Other Liabilities
- K. Leases
- L. Subscription-Based Information Technology Arrangements
- M. Risk Management
- N. Pollution Remediation Obligation
- O. Contingent Liabilities
- P. Permanent Fund

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
December 31, 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Fairbanks, Alaska (the “City”) was incorporated on November 10, 1903. The City is a home rule city under the laws of the State of Alaska; home rule municipalities operate under a charter approved by the voters. The City's charter provides for a Council-Mayor form of government. The City provides a variety of local government services, including police and fire protection, emergency medical, emergency dispatch, street maintenance, refuse collection, public improvements, building and fire code enforcement, storm drain management, funding of economic development, and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The more significant accounting policies of the City are described below.

**A. Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. A primary government consists of all funds, departments, boards, and agencies that are not legally separate from the City. The primary government of the City includes departments that provide public safety, public works, building, and general government services. The operation of these departments are directly controlled by the Council through the budgetary process. Component units are legally separate organizations for which the City is financially accountable; the City does not have any component units.

**B. Basis of Presentation – Basic Financial Statements**

The **government-wide financial statements** (statement of net position and statement of activities) report information on all activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements except for the government's compensated absences function and various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported. 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.

The statement of net position reports the financial condition of the governmental and business-type activities at year-end. The City's net position is reported in three parts as net investment in capital assets, restricted net position, and unrestricted net position. The statement of activities reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

The **fund financial statements** report information about the City's funds. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and enterprise funds (type of proprietary fund) are reported as separate columns in the statements.



**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating 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.

The **Permanent Fund**, which is governed by provisions in the City Charter and Code of Ordinances, generates income to help fund operations of the City.

The **Grants and Contracts Special Revenue Fund** accounts for receipts and expenditures of grants and contracts which provide for operations, equipment, and capital activities. This fund also accounts for proceeds of specific revenue sources which are legally or otherwise restricted to expenditures for specific purposes.

The **Capital Fund** accounts for financial resources to be used for the acquisition of capital assets or construction of major capital facilities other than those financed by proprietary funds.

The **Risk Special Revenue Fund** accounts for dedicated property tax collections and payments associated with claims, judgments, and mitigation insurance.

The City reports the following major enterprise funds:

The **Municipal Utilities System Fund (MUS)** accounts for receipts of operating revenue from the rental of the remaining assets of the former Municipal Utilities System, which was sold in phases in 1997 and 1998.

The **Fairbanks Transportation Center (FTC) Fund** accounts for provisions of parking spaces in the downtown area. All activities necessary to provide such services are accounted for in this fund.

The City also reports the following fund type:

The **Internal Service Fund** accounts for the activity related to the City's compensated absences.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Governmental fund financial statements** are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual, which is when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" is defined as collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if collected within 180 days of the end of the current fiscal period. Property, room rental, alcohol, tobacco, marijuana, and gasoline taxes are considered available if collected within 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Issuance of subscription-based information technology arrangements are reported as other financing sources.

Property, room rental, alcohol, tobacco, marijuana, gasoline taxes, charges for services, rent, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Licenses, permits, fines, and forfeitures are not susceptible to accrual because generally they are not measurable until received in cash. Long-term receivables and notes receivable are susceptible to accrual, but the associated revenue is deferred until collected. If the susceptible to accrual criteria are met, expenditure-driven grants allow revenue recognition when qualified expenditures are incurred and all other eligibility requirements have been met. Other grants and intergovernmental revenues are recognized when all eligibility requirements are met and they are measurable and available. Interest income is accrued when earned. All other revenues are measurable and available only when cash is received by the City.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Equity in central treasury, cash, and investments**

Cash resources of the City are combined to form a central treasury of cash and investments. A participating fund's share in the central treasury is displayed in the accompanying financial statements as equity in central treasury. Excluded from the central treasury are certain restricted cash and cash equivalents and restricted investments. Sources of revenue outside the general government do not participate in the central treasury. The central treasury provides short-term loans to those funds which are displayed as an interfund receivable or payable.

Investment earnings are recorded in the general fund, except for the earnings of the permanent fund, enterprise funds, and other funds whose earnings are required to provide funding for a program or project. Investment earnings are reported at fair value. See Note 3.B.

Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less from the date of acquisition.

For purposes of the statement of cash flows the enterprise funds consider their equity in central treasury to be cash equity.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**2. Restricted assets**

Restricted cash in the general fund consists of cash advanced by grantors to fund specific projects or programs. Restricted cash and investments in the permanent fund are restricted for investment. Restricted cash in the grants and contracts special revenue fund consists of cash received from the United States Department of Justice (DOJ) Asset Forfeiture Program. The DOJ distributes asset forfeitures involving federal controlled substance cases. Federal regulations require those portions of forfeited assets distributed to the City be restricted for police use and are not to supplant normally budgeted amounts.

**3. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other fund" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds as reported in the fund financial statements are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The governmental funds statement reports accounts and property tax receivables net of an allowance for uncollectible accounts. Individual fund statements report receivables at full value with a reduction for the allowance.

**4. Inventory and prepaid items**

Inventory is located and maintained at public works. It consists of parts and fuel required to keep the City's equipment fleet operational. The inventory valuation is a weighted average of the price paid for each unit spread over the units on hand. Inventory is recorded as expenditures when used (consumption method) in the government-wide statements. The City's governmental funds record expenditures when inventory is purchased (purchase method). Prepaid items consist of payments to vendors for costs applicable to future accounting periods. These items are recorded as prepaid items in both the government-wide and fund financial statements and are recorded as expenditures when used (consumption method).

**5. Capital assets**

The City reports capital assets, including, property, plant, equipment, subscription-based information technology arrangements, and infrastructure (e.g., roads, sidewalks, and similar items), in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$10,000 for machinery and equipment, \$250,000 for buildings, and \$1,000,000 for infrastructure, and an estimated useful life of greater than two years or five years, respectively. Leases with annual payments exceeding \$100,000 for infrastructure, \$10,000 for equipment, and \$25,000 for subscription-based information technology arrangements are capitalized.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Initially the City recorded its infrastructure at estimated cost. As the City constructs or acquires additional capital assets, including infrastructure, they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Donated capital assets are recorded at acquisition value, the price that would be paid to acquire an asset with equivalent service potential.

Infrastructure is depreciated using the straight-line method over the useful lives of the assets with a full year of depreciation in the year of acquisition and disposal. Other capital assets are depreciated using the straight-line method over the useful lives of the assets.

<u>Description</u>	<u>Governmental Activities Useful Life (Years)</u>	<u>Business Activities Useful Life (Years)</u>
Buildings	50	50
Infrastructure	30	50
Equipment	3-20	N/A
Plant in service (includes equipment)	N/A	15-40

Subscription-based information technology arrangements assets are amortized over the life of the associated contract.

**6. Deferred outflows of resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City had deferred outflows related to pension and other postemployment benefit plans. See Note 3.F.

**7. Unearned revenue**

Unearned revenue is recorded when resources are received by the City before it has a legal claim to them, as when cash from grants are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, or cash is received from long-term receivables, the liability or deferred inflow of resources is removed and revenue is recognized.

**8. Long-term obligations**

In **government-wide financial statements**, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. For the purposes of measuring the net pension and net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension and OPEB pension expense, information about the fiduciary net position of the Public Employees Retirement System (PERS), and additions to/from PERS fiduciary net position have been determined on the same basis as they are reported by PERS.

In **fund financial statements**, governmental fund types recognize payables and accrued liabilities that will be paid from current financial resources.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**9. Deferred inflows of resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City had deferred inflows related to pension and other postemployment benefit plans. In governmental funds balance sheet, deferred inflows of resources are recorded when assets are recognized before the revenue recognition criteria are met. The City budgets receipts from long-term receivables on the cash basis and defers revenue which has not been collected by year-end.

**10. Fund equity**

In the government-wide financial statements net position is displayed in three components as follows:

**Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any.

**Restricted** for law enforcement - includes federal asset forfeiture funds restricted by the United States Department of Justice for law enforcement purpose.

**Restricted** for subsequent year transfers - includes the Permanent Fund five-year average market value available for General Fund and Capital Fund appropriations. See Note 3.P.

**Restricted** for permanent fund investment - includes net position restricted for permanent fund investment.

**Restricted** for OPEB assets – includes the nonexpendable assets for other postemployment benefits.

**Unrestricted** - includes all other amounts that do not meet the definition of “net investment in capital assets” or “restricted”.

In the governmental fund statements, fund equity is classified as “fund balance”. The five classifications of fund balance based on constraints imposed on the use of these resources are as follows:

**Nonspendable** – includes amounts that cannot be spent because they are not in spendable form, long-term loans and notes receivable, property held for resale or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example prepaid amounts and inventories.

**Restricted** – includes amounts that are restricted when constraints are imposed on their use either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation.

**Committed** – includes amounts that can only be used for specific purposes imposed by formal action of the City Council – the government’s highest level of decision-making authority. The City Council may remove or modify the commitment by taking the same formal action that imposed the constraint originally. This can occur, via ordinance, during the budgeting process. Ordinances are the highest level of action the City Council may take and are considered legislative in nature. Each ordinance is subject to two public hearings before passage.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Assigned** – includes amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The City Council has the authority to assign amounts to be used for specific purposes.

**Unassigned** – includes the residual amount for the general fund. The general fund always reports positive unassigned fund balance, but it may be necessary to report negative unassigned fund balance in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to spend restricted fund balance as external party restrictions are satisfied. Commitments will be spent as the conditions for the commitment are present and require satisfaction; assignments are spent when the circumstances creating the assignment are ready to be fulfilled. Unassigned fund balance may only be spent after the resources for the other fund balance classifications are not available.

**11. Interfund transfers**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental funds and transfers between enterprise funds are eliminated on the government-wide statements.

**12. Encumbrances**

Encumbrance accounting is employed as an extension of formal budgetary integration in the City’s governmental funds. Encumbrances are purchase orders, contracts, and other commitments for the expenditure of monies that are recorded to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as appropriate restraints of fund balance if they meet the criteria and definitions outlined in the fund balance section of these notes. Encumbrances do not lapse at year-end.

The City had the following amounts reported as encumbrances on December 31, 2023:

General Fund	\$ 155,960
Grants & Contracts Fund*	9,344,062
Capital Fund	<u>3,214,789</u>
Total	<u>\$ 12,714,811</u>

\*Encumbrances are funded with next year’s revenues and are not included in fund balance.

**13. Use of estimates**

The preparation of basic financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses/expenditures, and the disclosure of contingent assets and liabilities at the date of the basic financial statements. Actual results could differ from those estimates.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**14. Comparative data/reclassifications**

Comparative total data for the prior year have been presented. Reclassifications are made periodically to previously issued financial statements to conform to the current year's presentation.

**15. 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 detail amounts.

**16. Change in accounting principles**

During 2023, the City adopted GASB Statement No. 100 *Accounting Changes and Error Corrections* and GASB Statement No. 101 *Compensated Absences*. GASB Statement No. 100 established new guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections. GASB Statement 101 *Compensated Absences* established new guidance by updating the recognition and measurement for compensated absences by including salary-related payments that are directly and incrementally associated with leave liabilities. The City restated the beginning balances to show the cumulative effect of including salary related payments for prior years in the amount of \$65,225. As a result of the implementation of GASB Statement 101, the City recorded opening balance adjustments to increase liabilities and to decrease opening net position as follows:

	Governmental Activities	Business Activities	Total	General Fund
Opening net position, as originally presented	\$ 291,099,683	13,699,510	304,799,193	18,053,409
Change in accounting principle adjustment	(65,225)	-	(65,225)	(65,225)
Opening net position, as restated	<u>\$ 291,034,458</u>	<u>13,699,510</u>	<u>304,733,968</u>	<u>17,988,184</u>

**17. Change in accounting estimates**

On January 1, 2023, the City increased the capitalization threshold for machinery and equipment from \$5,000 with an estimated useful life greater than one year to \$10,000 with an estimated useful life greater than two years. This change was made to reflect inflation since the amount had not been adjusted for over twenty years. The capitalization threshold resulted in a decrease in equipment and accumulated depreciation in the amount of \$1,242,583 and \$1,092,347, respectively. The capitalization threshold for buildings decreased from \$1,000,000 to \$250,000 to incorporate the cost of major improvements to buildings in capital asset balances.

**E. Revenues and Expenditures/Expenses**

**1. Program revenues**

Program revenue reported on the government-wide financial statements include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**2. Property taxes**

The City's taxing authority is limited by the terms of the City Charter. The total amount of tax that can be levied during a year cannot exceed the total amount levied for the preceding year except as provided in the Charter. The limitation does not apply to appropriations for payments on bonds. Any excess of tax levied over 2% of the maximum allowable tax is to be applied to the following year's formula as a reduction in the maximum allowable tax. For computation purposes, the preceding year's tax levy is adjusted for inflation, new construction, additional voter approved services, new judgments against the City, and special appropriations necessary on an emergency basis. Property is assessed in February and taxes are levied before June 15. Property taxes attach as an enforceable lien on the property on July 1 and are payable in two installments on September 1 and November 1. The Fairbanks North Star Borough bills and collects its own property taxes as well as the taxes for the City.

**3. Compensated absences**

City employees accumulate earned but unused annual and compensatory leave under the terms of collective bargaining agreements and City code for non-union employees. All employees are paid accumulated eligible leave upon termination. All leave is accrued when incurred in the government-wide financial statements. The compensated absences internal service fund reports the governmental funds' liability and salary-related benefits on an accrual basis.

**4. Proprietary funds operating and nonoperating revenues and expenses**

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 FTC enterprise fund are charges to customers for parking services. The MUS enterprise fund charges customers for rental of the facility. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Minimum Fund Balance Requirement**

City ordinances require that the unassigned general fund balance be set at 20% of budgeted annual expenditures but not less than \$10,000,000. On December 31, 2023, 20% of annual budgeted expenditures were \$9,089,486. The unassigned fund balance in the general fund financial statement was \$20,081,862.

**B. Audit Requirement**

The City Charter requires an independent audit to be performed annually and submitted to City Council within 180 days. The council may extend due to regulatory changes beyond the City's control. The audit was issued prior to the deadline of June 30, 2024.

**C. Deficit Fund Equity**

The Risk Special Revenue Fund reported an overall negative unassigned balance in the amount of \$1,281,019 on December 31, 2023. Property taxes will be levied in July 2024 to offset this deficit.



**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Cash Deposits**

On December 31, 2023, the carrying amount of the City's cash and deposits was \$3,165,371 and the bank balances totaled \$3,962,903. The bank balance was covered by federal depository insurance or collateral held by the City's agents in the City's name. Banking services are provided to the City under agreements with KeyBank, Mt. McKinley Bank, and US Bank. Mt. McKinley provides lock box services for the collection of garbage service accounts and ambulance billings. See Supplementary Information Section.

**B. Investments**

Fairbanks General Code Sections 2-676 to Section 2-688 describe the objectives, policies, and procedures for investing City funds, except for assets accounted for in the permanent fund. The primary goal is to have long-term investment of funds while considering the probable safety of capital and income. Investments include demand deposits; U.S. treasury bills; treasury notes or bonds maturing within one year; insured or fully collateralized certificates of deposit of banks and savings and loan associations maturing within one year; repurchase agreements collateralized by U.S. treasury securities and market-to-market; money market mutual funds whose portfolios consist entirely of U.S. government securities; obligations of any agency or instrumentality of the federal government; and Alaska Municipal League Investment Pool.

Fairbanks General Code Section 2-260 describes the policies, procedures, and governance of the permanent fund's assets. The purpose of the permanent fund is to maximize income for capital and operating expenses of the City and preserve trust assets for present and future generations. The principal goal is to preserve principal and maintain purchasing power. Investments include:

- a) Obligations of or obligations insured or guaranteed by the United States or agencies or instrumentalities of the United States;
- b) Bonds or other taxable yield U.S. dollar denominated debt instruments of this state, its agencies, municipalities, any other state, or corporation which at the time of investment have an investment grade rating of a nationally recognized rating agency (if the rating of a bond becomes less than investment grade and has a maturity greater than one year, it must be sold in an orderly manner within 90 days of down grading);
- c) Bank certificates of deposit which are insured or secured as to the payment of principal and interest;
- d) Corporate obligations of investment grade quality as recognized by a nationally recognized rating organization. If, after purchase, these obligations are downgraded below investment grade, they shall be sold in an orderly manner within 90 days of down grading. In no circumstance shall any bonds be purchased after January 1, 2009 with a yield to maturity that exceeds 600 basis points above a comparable duration treasury note/bond at the date of purchase;
- e) Short-term investment funds (STIF) which are limited to investments set forth in sections (2) (A)-(D) of this section or the Alaska Municipal League Investment Pool as set forth in state statute;
- f) Domestic equities, which taken as a whole, attempt to replicate the Standard & Poor's 500 Index, or a substantially similar index, including both mutual funds and exchange traded funds (ETFs);
- g) International equities, which taken as a whole, attempt to replicate the FTSE Developed ex North American Index or Morgan Stanley Capital International Europe, Australasia, and Far East (MSCI EAFE) or a substantially similar index, including both mutual funds and ETFs;
- h) Equities, which taken as a whole, attempt to replicate the universe of domestic real-estate investment trusts or a substantially similar index, including both mutual funds and ETFs;

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**B. Investments, Continued**

- i) Emerging markets equity index funds, which taken as a whole, attempt to replicate the FTSE Emerging Market Index or Morgan Stanley Capital International Europe, Australasia, and Far East (MSCI EMERGING) or a substantially similar index, including both mutual funds and ETFs;
- j) International Bond index funds, which taken as a whole attempt to replicate Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index, or a substantially similar index, including both mutual funds and ETFs;
- k) Domestic equities, which taken as a whole, attempt to replicate the Standard & Poor's Small Cap 600 Index, or a substantially similar index, including both mutual funds and ETFs;
- l) Global infrastructure equities, which taken as a whole, attempt to replicate the STOXX Global Broad Infrastructure Index, or a substantially similar index, including both mutual funds and ETFs; and
- m) Diversifying alternative beta funds, which taken as a whole, attempt to provide systematic exposure to trading strategies that emphasize return sources not found in traditional stock and bond portfolios.
- n) U.S. high yield corporate bond funds, which taken as a whole, attempt to replicate the Bloomberg Barclays U.S. Corporate High Yield Very Liquid Index, or a substantially similar index, including both mutual funds and exchange traded funds (ETFs).
- o) Domestic equities, which taken as a whole, attempt to replicate the S & P 400 Midcap Index, or a substantially similar index, including both mutual funds and ETFs;
- p) Commodities, which taken as a whole, attempt to replicate a broad-based commodity index, such as the Bloomberg Commodity Index or a substantially similar index, including mutual funds, ETFs, and exchange traded notes (ETNs);

*External Investment Pool*

The Alaska Municipal League Investment Pool (AMLIP) provides a means for eligible political subdivisions in the State of Alaska (Public Entities) to secure the maximum investment return consistent with preservation of capital and liquidity by pooling money temporarily available for investment. The Pool's membership is limited to Public Entities, including municipalities and their subdivisions, school districts and regional educational attendance areas. AMLIP is not SEC-registered, but is a 2a7-like pool, operating in a manner consistent with that rule. Standard & Poor's Rating Services affirmed its AAA principal stability fund rating to AMLIP.

Regulatory oversight of the pool is established by Alaska Statute 37.23. The law sets forth numerous requirements regarding authorized investments and reporting. 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 or through the internet at [www.amlip.org](http://www.amlip.org) and selecting the document link at the bottom of the website.

As of December 31, 2023, the fair value of the investments in the pool were reported in the amount of \$41,049,504. Fair value was determined by reference to quoted market prices. The fair value of the City's investment in AMLIP is the same as the value of its pool units.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**B. Investments, Continued**

*Fair Value Measurements*

Investments are measured at fair value on a recurring basis. Fair value measurements are categorized by the valuation inputs used to measure an asset's fair value in accordance with generally accepted accounting principles. Categories are as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

City Level 2 investments are valued using a matrix pricing technique that values securities on a summary basis and not on an individual basis; however, the external investment pool is valued using amortized cost which approximates the current fair value. As of December 31, 2023, the City had the following recurring fair value measurements:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
External investment pool	\$ 41,049,504	-	41,049,504	-
Mutual funds equity	93,862,007	93,862,007	-	-
Mutual funds fixed income	16,507,962	9,679,299	6,828,663	-
Mutual funds balanced	6,476,155	-	6,476,155	-
Government securities	15,536,746	8,339,162	7,197,584	-
Corporate bonds	3,283,790	-	3,283,790	-
Foreign bonds	1,396,765	-	1,396,765	-
Municipal bonds	60,801	-	60,801	-
	<u>\$ 178,173,730</u>	<u>111,880,468</u>	<u>66,293,262</u>	<u>-</u>

*Investment Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to losses arising from changes in interest rates by limiting investment maturities in all funds except the permanent fund.

As of December 31, 2023, the City had the following investments and maturities subject to interest rate risk:

Investment Type	Fair Value	Investments and Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More Than 10
External investment pool	\$ 41,049,504	41,049,504	-	-	-
Government securities	15,536,746	649,817	5,118,684	3,214,946	6,553,299
Corporate bonds	3,283,790	198,924	860,833	805,763	1,418,270
Foreign bonds	1,396,765	-	910,500	270,022	216,243
Municipal bonds	60,801	-	-	-	60,801
	<u>\$ 61,327,606</u>	<u>41,898,245</u>	<u>6,890,017</u>	<u>4,290,731</u>	<u>8,248,613</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy limits investments in debt securities in the permanent fund to a rating issued by a nationally recognized agency of Baa or higher. The City has no other investment policy that would further limit the ratings of its investment choices.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**B. Investments, Continued**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City requires all investment securities held by third parties to be issued a safekeeping receipt listing the specific instrument, rate, maturity and other pertinent information. Deposit-type securities (i.e., certificates of deposit, repurchase agreements) are collateralized at 102% of the invested amount for any amount exceeding Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Corporation (FSLIC) coverage. Other investments are collateralized by the actual security held in safekeeping.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy limits exposure to concentration risk in the permanent fund but has no other investment policy that would further limit its concentration of credit risk. GAAP requires disclosure of any investment in a single issuer of 5% or more except for investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments.

On December 31, 2023, the City's exposure to credit and concentration risk is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard &amp; Poor's Rating</u>	<u>Percentage of total Investments</u>
External investment pool	\$ 41,049,504	N/A	23.0%
Mutual funds equity	93,862,007	N/A	52.7%
Mutual funds fixed income	16,507,962	N/A	9.3%
Mutual funds fixed balanced	6,476,155	N/A	3.6%
Government securities	15,536,746	N/A	8.7%
Corporate bonds	100,136	A+	
Corporate bonds	244,800	A	
Corporate bonds	1,284,896	A-	
Corporate bonds	659,760	BBB+	
Corporate bonds	821,898	BBB	
Corporate bonds	172,300	BBB-	
Total Corporate bonds	<u>3,283,790</u>		1.8%
Foreign bonds	168,781	AA-	
Foreign bonds	500,087	A+	
Foreign bonds	116,767	A	
Foreign bonds	224,651	A-	
Foreign bonds	159,215	BBB+	
Foreign bonds	227,264	BBB	
Total Foreign bonds	<u>1,396,765</u>		0.8%
Municipal bonds	60,801	A+	0.0%
	<u>\$ 178,173,730</u>		<u>100.0%</u>

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**C. Interfund Receivables, Payables, and Transfers**

Interfund balances are short-term loans to provide interim financing of construction projects, programs, or other purposes. All outstanding balances are expected to be repaid within one year. The composition of interfund balances on December 31, 2023 was as follows:

<u>Receivable Fund (Due From)</u>	<u>Payable Fund (Due To)</u>	<u>Amount</u>
General Fund	Grants and Contract Fund	\$ 176,595
General Fund	Risk Fund	1,268,805
General Fund	Fairbanks Transportation Center	171,047
		<u>\$ 1,616,447</u>

Interfund transfers are used for funding capital projects, general operations, or authorized transactions in accordance with the City code. The composition of interfund transfers on December 31, 2023 was as follows:

<u>Transfers In:</u>	<u>Transfers Out:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Permanent Fund</u>	<u>MUS Enterprise Fund</u>	
General fund	\$ -	5,485,467	-	5,485,467
Permanent fund	250,000	-	396,900	646,900
Capital fund	3,636,743	685,683	-	4,322,426
Risk fund	60,000	-	-	60,000
Total	<u>\$ 3,946,743</u>	<u>6,171,150</u>	<u>396,900</u>	<u>10,514,793</u>

The General Fund transfer of \$3,636,743 to the capital fund as authorized in accordance with City code and council approval included \$107,743 for ambulance replacement, \$279,000 for garbage equipment replacement, and \$3,250,000 for other capital projects. The General Fund also had transfers of \$250,000 to the permanent fund and \$60,000 to the risk fund for a total of \$3,946,743.

The Permanent Fund transfer of \$6,171,150 is authorized annually in accordance with the City Charter. The amount transferred to the general fund for operations was \$5,485,467 and to the capital fund for capital acquisitions was \$685,683.

The MUS fund transferred \$396,900 to the permanent fund from plant lease payments received in accordance with the City code.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land and land improvements	\$ 9,478,647	-	-	9,478,647
Construction/Development in progress	5,757,641	4,658,962	-	10,416,603
Total capital assets, not being depreciated	<u>15,236,288</u>	<u>4,658,962</u>	<u>-</u>	<u>19,895,250</u>
Capital assets, being depreciated (amortized)				
Infrastructure	536,522,898	-	-	536,522,898
Buildings	33,634,565	-	-	33,634,565
Equipment	34,377,304	2,067,136	(2,872,022)	33,572,418
Subscription arrangements (amortized)	162,848	-	-	162,848
Total capital assets, being depreciated	<u>604,697,615</u>	<u>2,067,136</u>	<u>(2,872,022)</u>	<u>603,892,729</u>
Less accumulated depreciation (amortization)				
Infrastructure	(444,225,417)	(5,693,905)	-	(449,919,322)
Buildings	(18,178,163)	(782,713)	-	(18,960,876)
Equipment	(25,746,920)	(1,690,088)	2,670,914	(24,766,094)
Subscription arrangements (amortization)	(27,825)	(32,552)	-	(60,377)
Total accumulated depreciation (amortization)	<u>(488,178,325)</u>	<u>(8,199,258)</u>	<u>2,670,914</u>	<u>(493,706,669)</u>
Total capital assets being depreciated (amortized), net	<u>116,519,290</u>	<u>(6,132,122)</u>	<u>(201,108)</u>	<u>110,186,060</u>
Governmental activities capital assets, net	<u>\$ 131,755,578</u>	<u>(1,473,160)</u>	<u>(201,108)</u>	<u>130,081,310</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land and land improvements	\$ 454,356	-	-	454,356
Total capital assets, not being depreciated	<u>454,356</u>	<u>-</u>	<u>-</u>	<u>454,356</u>
Capital assets, being depreciated				
Infrastructure	1,560,000	-	-	1,560,000
Buildings	9,626,085	-	-	9,626,085
Equipment	1,370,525	-	-	1,370,525
Total capital assets being depreciated	<u>12,556,610</u>	<u>-</u>	<u>-</u>	<u>12,556,610</u>
Less accumulated depreciation				
Infrastructure	(780,000)	(31,200)	-	(811,200)
Buildings*	(3,823,922)	(188,836)	-	(4,012,758)
Equipment*	(284,056)	(82,544)	-	(366,600)
Total accumulated depreciation	<u>(4,887,978)</u>	<u>(302,580)</u>	<u>-</u>	<u>(5,190,558)</u>
Total capital assets being depreciated, net	<u>7,668,632</u>	<u>(302,580)</u>	<u>-</u>	<u>7,366,052</u>
Business-type activities capital assets, net	<u>\$ 8,122,988</u>	<u>(302,580)</u>	<u>-</u>	<u>7,820,408</u>

Depreciation and amortization expense was charged to activities/programs of the primary government as follows:

<b>Governmental activities</b>	
General government	\$ 5,937,617
Public safety	957,329
Public works	1,296,459
Building Inspections	7,853
Total depreciation expense - governmental activities	<u>\$ 8,199,258</u>
Depreciation expense for business-type activities is allocated over the following programs:	
Fairbanks Transportation Center	\$ 225,695
Municipal Utility System	76,885
Total depreciation expense - business type activities	<u>\$ 302,580</u>

\*Beginning balance restated

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**E. Union Pension Obligations**

City employees are represented by the following recognized labor associations and unions: the International Brotherhood of Electrical Workers (IBEW), the Fairbanks AFL-CIO Joint Crafts Council (AFL-CIO), the International Fairbanks Fire Fighters Association (IFFA) and the Fairbanks Police Department Employees Association (FPDEA) which is affiliated with the Public Safety Employees Association.

A negotiated agreement is in effect with IFFA that expires on September 30, 2024; FPDEA that expires on December 31, 2024, and AFL-CIO that expires on December 31, 2025. The IBEW agreement expired on December 31, 2023 and has been negotiated.

City employees that are not represented by a labor association or union participate in the IBEW pension plan through a special agreement. The IFFA and FPDEA employees participate in the State of Alaska Public Employee's Retirement System (PERS). See Note 3.F.

*Plan Description*

The City has employees that participate in a cost-sharing multiple-employer pension plan that is not a state or local governmental pension plan through a collective bargaining or special agreement. The pension plans are administered by a joint labor management board of trustees that provide defined benefit pensions predominantly to non-government employers. Summary financial information for the plans can be obtained on the internet as follows:

- Alaska Electrical Pension Plan (AEPP) of the Alaska Electrical Pension Fund through the IBEW collective bargaining agreement - [www.aetf.com](http://www.aetf.com)
- Alaska Laborers-Employers Retirement Fund (AL-ERF) through the AFL-CIO collective bargaining agreement - [www.aklaborerstrust.com](http://www.aklaborerstrust.com)
- Locals 302 and 612 of the International Union of Operating Engineers-Employers Construction Industry Retirement Plan (IUOERP) through the AFL-CIO collective bargaining agreement - [www.EngineersTrust.com](http://www.EngineersTrust.com)
- Northern Alaska Carpenters Retirement Plan (NACRP) through the AFL-CIO collective bargaining agreement - [www.alaskacarpenterstrusts.com](http://www.alaskacarpenterstrusts.com)
- Alaska Plumbing and Pipefitting Industry Pension Fund (APPIPF) through the AFL-CIO collective bargaining agreement - [www.akpipetrades.com](http://www.akpipetrades.com)
- Alaska Teamster-Employer Pension Plan (ATEPP) through the AFL-CIO collective bargaining agreement - [www.959trusts.com](http://www.959trusts.com)

*Benefit Terms*

The pension plans provide several levels of retirement benefits, including early, normal, late, and disability retirement. The benefits are based on the hours of service and contributions during various time periods. The benefit terms are established and amended by the respective pension plan board of trustees. On December 31, 2023, the city had the following number of employees participating in the plan:

- Alaska Electrical Pension Plan (AEPP) – 37 permanent and 5 temporary employees
- Alaska Laborers-Employers Retirement Fund (AL-ERF) - 11 permanent and 24 temporary employees
- International Union of Operating Engineers-Employers Construction Industry Retirement Plan (IUOERP) – 19 permanent and 55 temporary employees
- Northern Alaska Carpenters Retirement Plan (NACRP) – 2 permanent employees and 3 temporary employees
- Alaska Plumbing and Pipefitting Industry Pension Fund (APPIPF) – 1 permanent employee
- Alaska Teamster-Employer Pension Plan (ATEPP) – 4 permanent employees and 1 temporary employee

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**E. Union Pension Obligations, Continued**

*Contribution Requirements*

The contribution rate paid by the City is determined by the collective bargaining process or special agreement and the City's obligation is limited to the amount paid under the agreement. All contributions are made by the employer. For the year ended December 31, 2023, the city had the following:

Staff	Plan	Employer Contribution Rates	City Contribution as of December 31	City Payable as of December 31
General	AEPP	Collective Bargaining: \$6.00 per compensable hour earning less than \$50,000 or \$7.00 per compensable hour earning more than \$50,000  Special Agreement: \$1,039.98 per month for exempt staff and \$5.50 or \$6.00 per compensable hour for non-exempt staff	\$534,555	\$28,376
Laborers	AL-ERF	\$14.22 per compensable hour, includes \$4.48 in supplemental funds	\$533,877	\$24,694
Operators	IUOERP	\$8.25 per compensable hour	\$500,246	\$25,271
Carpenters	NACRP	\$7.85 per compensable hour	\$35,082	\$2,630
Plumbers	APPIPF	\$10.25 per compensable hour	\$21,986	\$902
Teamsters	ATEPP	\$10.53 per compensable hour, includes \$3.60 in supplemental funds	\$83,683	\$4,038

**F. PERS Pension and Other Postemployment Benefit (OPEB) Obligations**

Defined Benefit (DB) Pension Plan - PERS

*Defined Benefit Plan Description*

On December 31, 2023, the City had 90 employees participating in the State of Alaska Public Employees' Retirement System (PERS). Stand-alone financial statements for the PERS plan can be obtained by contacting the Alaska Department of Administration, Division of Retirement and Benefits, PO Box 110203, Juneau, Alaska 99811-0203; by calling 907-465-4460 or by accessing the division's web site at [www.state.ak.us/drb](http://www.state.ak.us/drb). Employer contributions to the PERS are actuarially determined and have been paid or accrued by the City of Fairbanks.

The Defined Benefit (DB) Pension Plan is administered by the State of Alaska (State) and was established to provide pension, post-employment healthcare, survivor, and disability benefits to eligible employees. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. Tiers I, II, and III are a defined benefit plan. Effective July 1, 2006, the State Legislature (Senate Bill 141) closed the defined benefit plans of PERS to new members and new employees after that date participate in the Tier IV PERS Defined Contribution (DC) Plans described later in these notes. On July 1, 2008, the State Legislature (Senate Bill 125) converted the PERS plan from an agent multiple-employer to a cost sharing multiple-employer plan.



**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**F. PERS Pension and Other Postemployment Benefit (OPEB) Obligations, Continued**

*Employee Contribution Rates*

Employee contribution rates for the defined benefit pension plan are 7.5% of compensation for City police officers and firefighters. All other employees contributed 6.75% for the defined benefit pension plan. Employees do not contribute to the OPEB Plan.

*Employer and Other Contribution Rates*

There are several contribution rates associated with pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

**Employer Effective Rate** – This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

**ARM Board Adopted Rate** – This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2039. This resulted in lower ARM Board Adopted Rates for current and future years.

**State (On-behalf) Contribution Rate** – This is the rate paid by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenue and expenditure. In the government-wide financial statements, the on-behalf amounts are not included in revenue and expenses.

Defined Contribution (DC) Pension Plan - PERS

*Plan Description*

The Defined Contribution Pension Plan is also administered by the State of Alaska (State) and was established to provide individual pension accounts, retiree medical insurance plan, and a separate Health Reimbursement Arrangement account to provide additional resources for retired members to pay medical premiums and other eligible medical expenses not covered by the medical plan. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Employees hired after July 1, 2006 participate in PERS Tier IV, this defined contribution pension plan. This Plan is included in the annual comprehensive financial reports for PERS as described earlier in these notes.

*Employee Contribution Rates*

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account. Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting after five years of service.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**F. PERS Pension and Other Postemployment Benefit (OPEB) Obligations, Continued**

*Employer Contribution Rates*

For the year ended December 31, 2023, the City was required to contribute 5% of the covered salary into the plan. However, the total employer contribution must equal 22% of covered payroll. After subtracting, the defined contribution (DC) pension rates, Occupational Death and Disability Plan, Retiree Medical Plan, and the HRA contribution, any residual amount of the 22% is deposited into the defined benefit (DB) plan. Locally known as the defined benefit unfunded liability (DBUL) payment, this amount is intended to mitigate against the declining payroll base that resulted from the creation of the DC plan.

In 2018, the State started allowing the usage of forfeitures for employer contributions to non-vested, terminated employee DC plans. Forfeited contributions are only available to cover future payrolls related to employer contributions to the DC plan.

Other Post-Employment Benefit (OPEB) Plan - PERS

*Plan Description*

Defined Benefit Pension Plan participants (PERS DB Plan Tiers I, II, III) participate in the Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP), and Occupational Death and Disability Plan (ODD). The ARHCT is self-funded and provides major medical coverage to retirees. Benefits vary by Tier level. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS.

Defined Contribution Pension Plan participants (PERS DC Plan Tier IV) participate in the Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). In addition, PERS defined contribution members participate in the Health Reimbursement Agreement. State statute establishes the contribution amount for the Health Reimbursement Agreement as “three percent of the average annual employee compensation of all employees of all employers in the plan”; this amount is calculated as a flat rate for each full-time employee per pay period at \$93.21 as of June 30, 2023 and \$95.94 as of December 31, 2023.

*Employee Contribution Rates*

Employees do not contribute to the DC OPEB Plan.

*Employer Contribution Rates*

Employer contribution rates are described in the contribution section.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**F. PERS Pension and Other Postemployment Benefit (OPEB) Obligations, Continued**

*Contribution Rates and Contributions*

Contribution rates for the year ended December 31, 2023 are as follows:

<u>DB Plan</u>			
	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
January 1 through June 30, 2023			
Pension	22.00%	24.79%	2.79%
Postemployment healthcare	0.00%	0.00%	0.00%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>24.79%</b>	<b>2.79%</b>
	Employer Effective Rate	ARM Board Adopted Rate	State Contribution
July 1 through December 31, 2023			
Pension	22.00%	25.10%	3.10%
Postemployment healthcare	0.00%	0.00%	0.00%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>25.10%</b>	<b>3.10%</b>
<u>OPEB Plan</u>			
	Peace Officers/	All Others	State Contribution
January 1 through June 30, 2023			
ARHCT	0.00%	0.00%	0.00%
RMP	1.10%	1.10%	0.00%
ODD	0.68%	0.31%	0.00%
<b>Total Contribution Rates</b>	<b>1.78%</b>	<b>1.41%</b>	<b>0.00%</b>
	Peace Officers/	All Others	State Contribution
July 1 through December 31, 2023			
ARHCT	0.00%	0.00%	0.00%
RMP	1.01%	1.01%	0.00%
ODD	0.68%	0.30%	0.00%
<b>Total Contribution Rates</b>	<b>1.69%</b>	<b>1.31%</b>	<b>0.00%</b>

For the year ended December 31, 2023, the City and employee contributions to PERS for the **DB Pension Plan** were \$795,864 and \$166,081, respectively. The City contribution was as follows:

	December 31, 2023
Employer contributions (including DBUL)	\$ 498,628
Nonemployer contributions (on-behalf)	297,236
<b>Total</b>	<b>\$ 795,864</b>

The City and employee contributions for the **DC Pension Plan** were \$421,134 and \$673,814, respectively. The City had forfeitures in the amount of \$30,585. The City contribution, net of forfeitures, was recognized as pension expense.

The City contributed \$1,432,297 into the **OPEB Plan**. The amount was recognized as an expense.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**F. PERS Pension and Other Postemployment Benefit (OPEB) Obligations, Continued**

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

On December 31, 2023, the City reported a liability of \$16,598,494 for its proportionate share of the employer pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. On December 31, 2023, the City's proportion was .32011%, which was an increase of .01458% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the City recognized an increase in pension expense of \$1,016,674 in the government-wide financial statements.

	Beginning Balance	Ending Balance	Pension Expense
Net pension liability	\$ 15,572,467	16,598,494	1,026,027
Deferred outflows	(445,222)	(433,247)	11,975
Contribution after measurement date	(233,491)	(254,819)	(21,328)
<b>Total Obligations Related to Pensions</b>	<b>\$ 14,893,754</b>	<b>15,910,428</b>	<b>1,016,674</b>

On December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	433,247	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	254,819	-
<b>Total Deferred Outflows and Inflows Related to Pensions</b>	<b>\$ 688,066</b>	<b>-</b>

The \$254,819 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction in the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2024	\$ (164,316)
2025	(363,407)
2026	983,139
2027	(22,170)

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**F. PERS Pension and Other Postemployment Benefit (OPEB) Obligations, Continued**

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans*

On December 31, 2023, the City reported assets of \$7,979,747 for its proportionate share of the net OPEB asset. The total net OPEB liability for the City's proportionate share and State's proportionate support were as follows:

	December 31, 2023
City's proportionate share of net OPEB asset - ARHCT	\$ (7,350,036)
State's proportionate share of net OPEB asset- ARHCT	(2,473,582)
Total net OPEB asset - ARHCT	\$ (9,823,618)
City's proportionate share of net OPEB asset - RMP	\$ (222,157)
City's proportionate share of net OPEB asset - ODD	\$ (407,554)

The net OPEB asset was measured as of June 30, 2023 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. The City's proportion of the net OPEB asset was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. On December 31, 2023, the City's proportions and changes in proportion of the net OPEB assets were as follows:

	June 30, 2022 Measurement	June 30, 2023 Measurement	Change
ARHCT	0.30325%	0.31944%	0.01619%
RMP	0.50347%	0.46786%	-0.03561%
ODD	0.84214%	0.79439%	-0.04775%

For the year ended December 31, 2023, the City recognized a decrease in OPEB expense of \$1,583,233 in the government-wide financial statements.

	Beginning Balance	Ending Balance	OPEB Expense
Net OPEB asset - ARHCT	\$ (5,966,658)	(7,350,036)	(1,383,378)
Net OPEB asset - RMP	(174,854)	(222,157)	(47,303)
Net OPEB asset - ODD	(369,181)	(407,554)	(38,373)
Deferred outflows	(515,051)	(435,579)	79,472
Deferred inflows	713,483	539,652	(173,831)
Contribution after measurement date	(629,167)	(648,987)	(19,820)
Total Obligations Related to OPEB	\$ (6,941,428)	(8,524,661)	(1,583,233)

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**F. PERS Pension and Other Postemployment Benefit (OPEB) Obligations, Continued**

On December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		
ARHCT	\$ 15,261	-
RMP	6,772	7,171
ODD	-	114,514
Changes in assumptions		
ARHCT	-	135,257
RMP	23,889	180,654
ODD	-	1,696
Net difference between projected and actual earnings on OPEB plan investments		
ARHCT	334,538	-
RMP	18,616	-
ODD	9,409	-
Changes in proportion and differences between City contributions and proportionate share of contributions		
ARHCT	-	53,817
RMP	12,813	-
ODD	14,281	46,543
City contributions subsequent to the measurement date		
ARHCT	577,859	-
RMP	43,982	-
ODD	27,146	-
<b>Total deferred outflows and inflows related to OPEB</b>	<b>\$ 1,084,566</b>	<b>539,652</b>

The \$648,987 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	ARHCT	RMP	ODD
2024	\$ (319,348)	(25,739)	(33,948)
2025	(302,194)	(29,318)	(35,821)
2026	802,747	2,014	(20,198)
2027	(20,482)	(31,315)	(21,732)
2028	-	(22,100)	(16,169)
Thereafter	-	(19,277)	(11,194)

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**F. PERS Pension and Other Postemployment Benefit (OPEB) Obligations, Continued**

*Actuarial Assumptions*

The total Pension and OPEB liability were determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The actuarial valuation used the following actuarial assumptions:

Inflation rate	2.50 % per year
Salary increases	Graded by service, from 8.50% to 3.85% for peace officers/firefighters Graded by service, from 6.75% to 2.85% for all other
Investment rate of return	7.25%, net of pension plan and postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Cost Trend rates	Pre-65 medical; 6.7% grading down to 4.5% Post-65 medical; 5.5% grading down to 4.5% Prescription drug; 7.2% grading down to 4.5% Employer Group Waiver Plan: 7.2% grading down to 4.5% Initial trend rates are for FY 2024 Ultimate trend rates reached in FY 2050
Mortality Officer/Fire	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time for Peace Officers/Firefighter and 35% of the time for All Other. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Mortality All Other	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% male and 106% of female rates for pension liability and 101% of male and 110% of female rates for OPEB liability of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**F. PERS Pension and Other Postemployment Benefit (OPEB) Obligations, Continued**

Mortality All Other Post-commencement mortality rates for beneficiaries were based on 102% male and 108% female rates for pension liability and 101% of male and 108% female rates for OPEB liability of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The assumptions used in the June 30, 2022 actuarial valuation are the same as those used in the June 30, 2021 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from plan assets.

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component of 2.50%):

Asset class	Long-term expected real rate of return
Broad domestic equity	6.17 %
Global equity (non-U.S.)	6.55
Aggregate bonds	1.63
Real assets	4.87
Private equity	11.57
Cash equivalents	0.49

*Discount Rate*

The discount rate used to measure the total pension and OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and non-employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liability.



**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**F. PERS Pension and Other Postemployment Benefit (OPEB) Obligations, Continued**

*Discount Rate Sensitivity*

The following presents the City's proportionate share of the net Pension and OPEB liabilities calculated using the discount rate of 7.25%, as well as the City's proportionate share of the net Pension and OPEB liability if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	Proportional Share	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
City's proportionate share of the net pension liability	0.32011%	\$22,283,428	\$16,598,494	\$11,796,398
City's proportionate share of the net OPEB liabilities (assets):				
ARHCT	0.31944%	(\$4,885,521)	(\$7,350,036)	(\$9,420,364)
RMP	0.46786%	(\$7,720)	(\$222,157)	(\$385,967)
ODD	0.79439%	(\$382,936)	(\$407,554)	(\$426,715)

*Healthcare Cost Trend Rates Sensitivity*

The following presents the City's proportionate share of the net OPEB liabilities calculated using the healthcare cost trend rate, as well as the City's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
City's proportionate share of the net OPEB liabilities (assets):				
ARHCT	0.31944%	\$ (9,657,179)	(7,350,036)	(4,602,858)
RMP	0.46786%	(407,952)	(222,157)	27,407

*Plan Fiduciary Net Position*

Detailed information about the Pension and OPEB plan's fiduciary net position is available in the separately issued PERS annual comprehensive financial reports as described earlier in these notes.

**G. Deferred Compensation Plan**

The City maintains a deferred compensation plan adopted under the provisions of Internal Revenue Code (IRC) Section 457. The deferred compensation plan is optional and is available to all permanent employees of the City. Under the plan, employees are permitted to defer a portion of their salaries and the related federal income taxes until the withdrawal date. The deferred compensation is not available for withdrawal by employees until termination, retirement, death, or an emergency.

The deferred compensation plan assets are held in trust for the exclusive benefit of the participants. The choice of the investment options is made by participants. As part of its fiduciary role, the City has an obligation of due care in selecting the third-party administrators. MetLife was selected as the only deferred compensation plan. In the opinion of management, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**H. Deferred Outflows/Inflows of Resources**

On December 31, 2023, the City reported deferred outflows/inflows of resources in the **government-wide** financial statements related to pensions and OPEB. See Note 3.F.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net pension liability	\$ 688,066	-
Net OPEB liability (asset)	1,084,566	539,652
	\$ 1,772,632	539,652

On December 31, 2023, the City reported deferred inflows of resources in the **governmental funds** for a company settlement in the amount of \$1,600,000.

**I. Fund Balance Detail – Governmental Funds**

	General	Permanent	Grants & Contracts	Capital Fund	Risk
<b>Nonspendable</b>					
Prepayments	\$ 13,425	-	-	-	673,997
<b>Restricted</b>					
Investment	-	141,699,850	-	-	-
Federal Asset Forfeiture	-	-	64,302	-	-
Total Restricted	-	141,699,850	64,302	-	-
<b>Committed</b>					
Snow Removal	250,000	-	-	-	-
Capital Projects	-	-	-	4,642,137	-
Total Committed	250,000	-	-	4,642,137	-
<b>Assigned</b>					
Contractual Obligations	155,960	-	-	3,214,789	-
Capital Projects	-	-	-	11,177,131	-
Total Assigned	155,960	-	-	14,391,920	-
<b>Unassigned</b>	20,081,862	-	-	-	(1,281,019)
Total Fund Balance	\$20,501,247	141,699,850	64,302	19,034,057	(607,022)

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**J. Other Liabilities**

In 2012 and 2022, the council and voters approved pass-through Alaska Clean Water Fund (ACWF) loans to Golden Heart Utilities Inc. (GHU). The low interest financing of the loans reduce rates that citizens pay GHU for major upgrades on the wastewater plant. The loans are collateralized by the \$396,900 rental income recorded in the MUS enterprise fund and guaranteed by GHU's parent company Fairbanks Sewer and Water, Inc. All structures constructed with ACWF loans will remain the property of the City until the loan is paid in full by GHU. As an additional security measure to ensure repayment by GHU, the City legally assigned all its rights and privileges to the rental income to the State of Alaska Department of Environmental Conservation (DEC) as its successor and assignee in case of default, including the right to collect accelerated payments in certain circumstances.

On December 31, 2023, the City owes (DEC) and GHU owes the City the following:

ACWF Loans	Year Issued	Final Payment	Interest Rate	Total Loan	Loan Balance
Sodium Hypochloride Project	2010	2029	1.5%	\$ 708,700	\$ 212,610
Sludge Dewatering Project	2014	2028	1.5%	4,625,600	1,541,866
Clarifier Project	2016	2030	1.5%	649,170	302,946
Watermain Project	2022	2032	1.5%	467,790	467,790
<b>Total</b>					<b><u>\$ 2,525,212</u></b>

The following changes occurred during fiscal year 2023 for other liabilities:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year	Due in more than one year
<b>Governmental activities:</b>						
Compensated absences	\$ 1,626,597	267,321	-	1,893,918	1,706,733	187,185
Subscriptions liability	131,608	-	30,674	100,934	31,596	69,338
Self-Insurance losses	1,139,071	3,189,579	970,469	3,358,181	596,957	2,761,224
Net pension liability	15,572,467	1,026,027	-	16,598,494	-	16,598,494
Governmental activity Other liabilities	<u>\$ 18,469,743</u>	<u>4,482,927</u>	<u>1,001,143</u>	<u>21,951,527</u>	<u>2,335,286</u>	<u>19,616,241</u>
<b>Business-type activities:</b>						
<b>Alaska clean water loans</b>						
Dewatering Loan	\$ 1,850,240	-	308,374	1,541,866	308,374	1,233,492
Hypochlorite Loan	248,045	-	35,435	212,610	35,435	177,175
Clarifier Loan	346,224	-	43,278	302,946	43,278	259,668
Watermain Loan	467,790	-	-	467,790	-	467,790
Business-type activities Other liabilities	<u>\$ 2,912,299</u>	<u>-</u>	<u>387,087</u>	<u>2,525,212</u>	<u>387,087</u>	<u>2,138,125</u>

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**J. Other Liabilities, Continued**

The internal service fund (ISF) serves the governmental funds. Accordingly, the long-term liabilities for the ISF are included as part of the above totals for governmental activities and the amount due within one year is based on a three-year average of prior year expenditures. Compensated absences are liquidated by the ISF. Claims and judgments (self-insurance losses) are liquidated by the risk fund. Subscriptions liability and net pension liability are liquidated by the general fund.

**K. Leases**

Transfer of Ownership Lease

The MUS enterprise fund contains the proceeds from the lease of the wastewater treatment plant to Golden Heart Utilities Inc. (GHU) under the terms of a non-cancelable lease signed October 6, 1997. The lease provides for monthly rental payments to the City in the amount of \$33,075 for 30 years. A comprehensive lease security agreement was signed by the City with GHU for the plant and all subsequent additions and replacements. In November 2017, the lease was amended to extend the original term for an additional 25 years and to modify the option to purchase the plant. GHU may purchase the plant for \$5,200,000 by October 2027; if not exercised, the purchase price will be reduced by 5% each subsequent year but never less than \$400,000. GHU will also receive a credit of \$4,000,000 until October 2030; if not, the net purchase price shall be \$400,000. In accordance with GASB 87, this lease was recorded as a sale of capital asset with a net present value of \$6,066,947 in 2022. Lease receivable of \$396,900 was recognized in the **proprietary fund** for 2023.

GASB 87 Excluded Lease

The City signed an agreement to lease the utilidor to GHU, Golden Valley Electric Association, Inc., Alaska Communication Services, Inc., Aurora Energy LLC, GCI Cable, Inc., and Matanuska Telephone Association. The lease calls for \$80,000 per year in rent for 50 years with an option to renew for another 50 years. Rental income of \$80,000 was recognized in the **governmental fund** for 2023.

**L. Subscription-Based Information Technology Arrangements (SBITAs)**

In 2022, the City entered a subscription-based information technology arrangement (SBITA) for body-worn camera software. The arrangement was for five years with no option to extend. The total of the city's subscription assets are recorded with a net present value of \$162,848, less accumulated amortization of 60,377. Future subscription payments are as follows:

	Principal	Interest	Total
2024	31,596	2,928	34,524
2025	32,536	1,988	34,524
2026	33,518	1,006	34,524
Total for subscriptions	\$ 97,650	5,922	103,572

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**M. Risk Management**

The City is exposed to risks arising from general liability, automobile liability, property liability, workers compensation and employee health claims. The City's risk management program employs combinations of self-insurance and high deductible coverage through the Alaska Municipal League Joint Insurance Association, Inc. (AML/JIA). The AML/JIA policy provides high deductible coverage for property, general liability, auto liability, public official's liability, crimes, police professional liability, and full coverage for workers compensation claims. Public safety employees are insured for health care through the Public Safety Employees Association. All other City employees are covered for health through various union plans.

The City retains risk for the deductible portions of the policy and workers compensation claims incurred prior to July 1, 2004. Self-insurance losses are recorded when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Self-insurance losses include estimates for expected future developments 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 case-by-case review of claims or by extrapolating historical experience. Both methods adjust for current trends and other information and the estimates include the effects of inflation and other economic and social factors. A liability for incurred but not reported claims was based on historical experience. Settlements have not exceeded coverage in each of the last three years.

The City records liabilities for all known unpaid claims in the **government-wide financial statements** when they are reported to the risk manager. The balance of these claims was \$3,358,181 for self-insurance losses and \$1,083,135 for pollution remediation. Changes in the claims liabilities for fiscal years 2023 and 2022 are as follows:

	<u>Claims Liability</u> <u>December 31, 2023</u>	<u>Claims Liability</u> <u>December 31, 2022</u>
January 1	\$ 1,366,356	1,465,302
Current year claims	57,533	476,636
Changes in estimates for claims of the prior period	4,132,047	93,262
Claims payments	<u>(1,114,621)</u>	<u>(668,844)</u>
December 31	<u>\$ 4,441,315</u>	<u>1,366,356</u>

The City recorded expenditures for claims in the **governmental fund financial statements** in the amount of \$970,470 for self-insurance losses and \$144,151 for pollution remediation for a total of \$1,114,621.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**N. Pollution Remediation Obligation**

In 2016, the City was alerted to concentrations of Perfluorinated Compounds (PFCs) in the groundwater at the Regional Fire Training Center (RFTC). Firefighters from the City and other agencies used Aqueous Film Forming, a firefighting agent that contained PFCs, during training to extinguish petroleum fires in a burn pit at the RFTC from 1984 to 2004. Test results indicate that PFCs were present at concentrations above the health advisory level in drinking wells northwest of the RFTC. The City connected affected homes and businesses to the municipal water system. The City continues to work on a plan with the Alaska Department of Environmental Conservation and local consultants to remediate the contaminated soil at the burn pit. In 2023, the City paid \$144,151 in remediation costs. The current estimated pollution remediation obligation is \$1,083,135. Actual cost may vary due to inflation or deflation, changes in services, or changes in regulations.

**O. Contingent Liabilities**

The City, in the normal course of its activities, is involved in various claims and litigation and has recorded amounts it considers sufficient to cover settlements that may be payable because of unfavorable outcomes. For other claims and litigation, the outcomes are more uncertain and are not presently determinable. However, in the opinion of management and the City's attorney, the disposition of these matters is not expected to have a material positive or adverse effect on the City's financial statements. Adequate reserves for claims and litigation covered by the City's self-insurance program are recorded as reserved for self-insurance losses and pollution remediation. 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 fund or other applicable funds. Disallowances, if any, cannot be determined at this time. In the City's opinion, any such disallowances would be immaterial.

**P. Permanent Fund**

In October 1996, the voters of the City of Fairbanks approved amendment of the City Charter to establish a permanent fund using proceeds from the sale of the Municipal Utilities System. The net proceeds of most sales of land are also deposited in the fund. Appropriations from the permanent fund were limited to replacing the payments in lieu of taxes (PILOT) previously appropriated from the MUS enterprise fund to the general fund. The fund is managed by the City's Chief Financial Officer under the oversight of a Permanent Fund Review Board. Members of the review board are appointed by the Mayor and confirmed by the Council.

GAAP defines income from investments to include interest and dividend income, amortization of premiums paid, or discounts received at the time of purchase, realized gains and losses on the sale of investments, and changes in fair value of investments held. Investment income of the permanent fund consisted of:

	2023	2022
Interest income	\$ 1,048,879	1,282,271
Dividends	2,863,229	1,865,417
Net realized (losses) gains	1,890,167	2,086,606
Net unrealized (losses) gains	11,033,273	(25,994,060)
	\$ 16,835,548	(20,759,766)

**CITY OF FAIRBANKS, ALASKA**  
Notes to Financial Statements  
(Continued)

**NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED**

**P. Permanent Fund, Continued**

During 2002, the City passed Ordinance 5485 which placed before the voters an amendment to the City Charter's permanent fund. The amendment, which was approved by the voters in 2003, provides that the amount available for annual appropriation for general operations is limited to 4% of the average of the previous 5 years' fund market value, as defined by generally accepted accounting principles (base year = 1998). An additional 0.5% of the 5-year average fund market value of previous years can be made available for appropriation for capital expenditures.

The restricted amount for subsequent year transfers for general operations and capital expenditures in 2023 (based on an average of 2019-2023) and 2022 (based on an average of 2018-2022) is calculated as follows:

	2023	2022
Total average investments held in trust	\$ 141,586,800	137,039,058
Total average other assets	68,147	99,035
Total average liabilities	(2,833)	(1,417)
Total average fund value	\$ 141,652,114	137,136,676
Available for general operations	5,666,085	5,485,467
Available for capital expenditures	708,261	685,683
Subsequent year transfers	\$ 6,374,346	6,171,150





## **REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual  
Schedule of Proportionate Share of Net Pension Liability  
Schedule of Contributions – Public Employees Retirement System - Defined Benefit Plan  
Schedule of Proportionate Share of Net OPEB Liability  
Schedule of Contributions- Public Employees Retirement System - OPEB Plan  
Schedule of Contributions  
Notes to Required Supplementary Information

## CITY OF FAIRBANKS, ALASKA

### General Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual For the Year Ended December 31, 2023

	<u>Budget Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 26,849,410	27,225,210	27,383,501	158,291
Charges for services	5,875,618	6,475,618	6,481,196	5,578
Intergovernmental	3,204,080	3,038,380	2,979,492	(58,888)
Licenses and permits	2,006,050	2,367,550	2,402,595	35,045
Fines and forfeitures	526,000	426,000	431,266	5,266
Rental	148,618	151,818	156,163	4,345
Interest and penalties	365,000	1,765,000	1,622,141	(142,859)
Other	220,000	237,000	254,748	17,748
Total revenues	<u>39,194,776</u>	<u>41,686,576</u>	<u>41,711,102</u>	<u>24,526</u>
<b>Expenditures</b>				
General government				
Mayor	746,020	773,020	655,857	117,163
Legal	243,300	243,300	141,589	101,711
City clerk	474,455	477,255	439,838	37,417
Finance	979,990	979,990	887,188	92,802
Information technologies	2,598,576	2,683,612	2,471,142	212,470
General account	6,754,000	7,432,025	6,551,722	880,303
Total general government	<u>11,796,341</u>	<u>12,589,202</u>	<u>11,147,336</u>	<u>1,441,866</u>
Public safety				
Police	8,212,585	8,413,156	7,716,880	696,276
FECC	3,409,960	3,410,296	2,833,972	576,324
Fire	8,625,018	8,770,404	8,387,311	383,093
Total public safety	<u>20,247,563</u>	<u>20,593,856</u>	<u>18,938,163</u>	<u>1,655,693</u>
Public works				
Works	9,674,470	10,494,403	9,223,503	1,270,900
Engineering	954,350	1,044,350	965,898	78,452
Total public works	<u>10,628,820</u>	<u>11,538,753</u>	<u>10,189,401</u>	<u>1,349,352</u>
Building inspections	<u>725,620</u>	<u>725,620</u>	<u>623,256</u>	<u>102,364</u>
Total expenditures	<u>43,398,344</u>	<u>45,447,431</u>	<u>40,898,156</u>	<u>4,549,275</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,203,568)</u>	<u>(3,760,855)</u>	<u>812,946</u>	<u>4,573,801</u>

See accompanying notes to RSI

**CITY OF FAIRBANKS, ALASKA**

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ended December 31, 2023

	Budget Amounts		Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Other financing sources (uses)</b>				
Transfers in	\$ 5,463,496	5,485,467	5,485,467	-
Transfers out	(429,000)	(3,929,000)	(3,946,743)	(17,743)
Sale of capital assets	50,000	235,500	235,181	(319)
Total other financing sources (uses)	5,084,496	1,791,967	1,773,905	(18,062)
Net change in fund balances	<u>\$ 880,928</u>	<u>(1,968,888)</u>	2,586,851	<u>4,555,739</u>

**Explanation of differences between budgetary revenues  
and expenditures, and GAAP revenues and  
expenditures**

The City recognizes encumbrances as expenditures for budgetary purposes, but not for GAAP purposes.

(73,788)

Net changes in fund balance as reported on the statement  
of revenues, expenditures, and changes in fund balances  
governmental funds

\$ 2,513,063

**CITY OF FAIRBANKS, ALASKA**

Nonmajor Capital Projects Fund

Capital Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual  
For the year ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Asset replacement and repair charges	\$ 1,020,000	1,110,000	1,137,000	27,000
<b>Expenditures</b>				
Capital outlay				
General government	2,091,974	7,442,810	1,090,050	6,352,760
Public safety	406,698	2,024,455	840,096	1,184,359
Public works	1,469,000	2,382,758	1,746,550	636,208
Total expenditures	<u>3,967,672</u>	<u>11,850,023</u>	<u>3,676,696</u>	<u>8,173,327</u>
Excess deficiency of revenues over expenditures	<u>(2,947,672)</u>	<u>(10,740,023)</u>	<u>(2,539,696)</u>	<u>8,200,327</u>
<b>Other financing sources (uses)</b>				
Transfers in	<u>1,051,937</u>	<u>4,304,683</u>	<u>4,322,426</u>	<u>17,743</u>
Total other financing sources (uses)	<u>1,051,937</u>	<u>4,304,683</u>	<u>4,322,426</u>	<u>17,743</u>
Net change in fund balances	<u>\$ (1,895,735)</u>	<u>(6,435,340)</u>	<u>1,782,730</u>	<u>8,218,070</u>

**Explanation of differences between budgetary revenues  
and expenditures, and GAAP revenues and  
expenditures**

The city recognizes encumbrances as expenditures for budgetary purposes, but not for GAAP purposes

498,564

Net changes in fund balance as reported on the combining statement of revenues, expenditures, and changes in fund balances nonmajor capital projects funds

\$ 2,281,294

**CITY OF FAIRBANKS, ALASKA**  
 Required Supplementary Information  
 Schedule of Proportionate Share of Net Pension Liability  
 Public Employees Retirement System - Defined Benefit Plan  
 Last Nine Fiscal Years

Year Ended June 30	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.32011%	\$ 16,598,494	\$ 5,533,564	\$ 22,132,058	\$ 2,177,227	762.37%	68.23%
2022	0.30553%	\$ 15,572,467	\$ 4,310,772	\$ 19,883,239	\$ 2,629,260	592.28%	67.97%
2021	0.33181%	\$ 12,172,400	\$ 1,648,223	\$ 13,820,623	\$ 3,220,933	377.92%	76.46%
2020	0.28035%	\$ 16,544,163	\$ 6,846,757	\$ 23,390,920	\$ 4,097,593	403.75%	61.61%
2019	0.27452%	\$ 15,028,071	\$ 5,964,888	\$ 20,992,959	\$ 4,978,158	301.88%	63.42%
2018	0.30080%	\$ 14,946,734	\$ 4,327,541	\$ 19,274,275	\$ 5,548,677	269.37%	65.19%
2017	0.28093%	\$ 14,522,304	\$ 5,411,807	\$ 19,934,111	\$ 6,229,268	233.13%	63.37%
2016	0.36825%	\$ 20,583,532	\$ 2,594,007	\$ 23,177,539	\$ 6,536,228	314.91%	59.55%
2015	0.31620%	\$ 15,335,799	\$ 4,109,038	\$ 19,444,837	\$ 7,161,893	214.13%	63.96%

See accompanying notes to RSI

**CITY OF FAIRBANKS, ALASKA**  
 Required Supplementary Information  
 Schedule of Contributions  
 Public Employees Retirement System - Defined Benefit Plan  
 Last Nine Fiscal Years

Year Ended December 31	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 503,065	\$ 498,628	\$ 4,437	\$ 2,286,657	22.0%
2022	\$ 505,261	\$ 505,173	\$ 88	\$ 2,296,641	22.0%
2021	\$ 636,387	\$ 631,764	\$ 4,623	\$ 2,892,670	22.0%
2020	\$ 781,865	\$ 779,993	\$ 1,872	\$ 3,553,930	22.0%
2019	\$ 1,039,814	\$ 1,035,675	\$ 4,139	\$ 4,726,429	22.0%
2018	\$ 1,138,239	\$ 1,137,977	\$ 262	\$ 5,173,815	22.0%
2017	\$ 1,289,240	\$ 1,289,240	\$ -	\$ 5,860,180	22.0%
2016	\$ 1,414,662	\$ 1,414,662	\$ -	\$ 6,430,280	22.0%
2015	\$ 1,507,684	\$ 1,505,698	\$ 1,986	\$ 6,853,107	22.0%

See accompanying notes to RSI

**CITY OF FAIRBANKS, ALASKA**  
 Required Supplementary Information  
 Schedule of Proportionate Share of Net OPEB Liability  
 Public Employees Retirement System - OPEB Plan  
 Last Seven Fiscal Years

Year Ended June 30	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
<b>Alaska Retiree Healthcare Trust</b>							
2023	0.31944%	\$ (7,350,036)	\$ (2,473,582)	\$ (9,823,618)	\$ 8,307,514	-88.47%	133.96%
2022	0.30325%	\$ (5,966,658)	\$ (1,706,478)	\$ (7,673,136)	\$ 7,646,019	-78.04%	128.51%
2021	0.33304%	\$ (8,543,663)	\$ (1,117,994)	\$ (9,661,657)	\$ 6,127,000	-139.44%	135.54%
2020	0.28020%	\$ (1,268,913)	\$ (526,139)	\$ (1,795,052)	\$ 5,054,342	-25.11%	106.15%
2019	0.27447%	\$ 407,263	\$ 162,063	\$ 569,326	\$ 4,307,363	9.46%	98.13%
2018	0.30081%	\$ 3,087,219	\$ 894,642	\$ 3,981,861	\$ 3,453,182	89.40%	88.12%
2017	0.28100%	\$ 2,373,731	\$ 884,320	\$ 3,258,051	\$ 2,811,595	84.43%	89.68%
<b>Retiree Medical Plan</b>							
2023	0.46786%	\$ (222,157)	\$ -	\$ (222,157)	\$ 8,307,514	-2.67%	124.29%
2022	0.50347%	\$ (174,854)	\$ -	\$ (174,854)	\$ 7,646,019	-2.29%	120.08%
2021	0.41645%	\$ (111,784)	\$ -	\$ (111,784)	\$ 6,127,000	-1.82%	115.10%
2020	0.35814%	\$ 25,403	\$ -	\$ 25,403	\$ 5,054,342	0.50%	95.23%
2019	0.34493%	\$ 82,520	\$ -	\$ 82,520	\$ 4,307,363	1.92%	83.17%
2018	0.30434%	\$ 38,727	\$ -	\$ 38,727	\$ 3,453,182	1.12%	88.71%
2017	0.26483%	\$ 14,042	\$ -	\$ 14,042	\$ 2,811,595	0.50%	93.98%
<b>Occupational Death and Disability Plan</b>							
2023	0.79439%	\$ (407,554)	\$ -	\$ (407,554)	\$ 8,307,514	-4.91%	349.24%
2022	0.84214%	\$ (369,181)	\$ -	\$ (369,181)	\$ 7,646,019	-4.83%	348.80%
2021	0.71174%	\$ (313,686)	\$ -	\$ (313,686)	\$ 6,127,000	-5.12%	374.23%
2020	0.69897%	\$ (190,538)	\$ -	\$ (190,538)	\$ 5,054,342	-3.77%	283.80%
2019	0.68075%	\$ (165,047)	\$ -	\$ (165,047)	\$ 4,307,363	-3.83%	297.43%
2018	0.30434%	\$ (59,109)	\$ -	\$ (59,109)	\$ 3,453,182	-1.71%	270.62%
2017	0.26925%	\$ (38,204)	\$ -	\$ (38,204)	\$ 2,811,595	-1.36%	212.97%

See accompanying notes to RSI

**CITY OF FAIRBANKS, ALASKA**  
 Required Supplementary Information  
 Schedule of Contributions  
 Public Employees Retirement System - OPEB Plan  
 Last Seven Fiscal Years

Year Ended December 31	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b><i>Alaska Retiree Healthcare Trust</i></b>					
2023	\$ 181,647	\$ 181,647	\$ -	\$ 8,422,676	2.2%
2022	\$ 175,933	\$ 175,933	\$ -	\$ 8,364,741	2.1%
2021	\$ 159,396	\$ 159,396	\$ -	\$ 6,644,848	2.4%
2020	\$ 138,645	\$ 138,645	\$ -	\$ 5,534,813	2.5%
2019	\$ 123,595	\$ 123,595	\$ -	\$ 4,741,934	2.6%
2018	\$ 99,022	\$ 99,022	\$ -	\$ 3,873,234	2.6%
2017	\$ 83,925	\$ 83,925	\$ -	\$ 3,100,242	2.7%
<b><i>Retiree Medical Plan</i></b>					
2023	\$ 88,729	\$ 88,729	\$ -	\$ 8,422,676	1.1%
2022	\$ 90,771	\$ 90,771	\$ -	\$ 8,364,741	1.1%
2021	\$ 77,313	\$ 77,313	\$ -	\$ 6,644,848	1.2%
2020	\$ 71,601	\$ 71,601	\$ -	\$ 5,534,813	1.3%
2019	\$ 54,160	\$ 54,160	\$ -	\$ 4,741,934	1.1%
2018	\$ 37,891	\$ 37,891	\$ -	\$ 3,873,234	1.0%
2017	\$ 34,191	\$ 34,191	\$ -	\$ 3,100,242	1.1%
<b><i>Occupational Death and Disability Plan</i></b>					
2023	\$ 52,067	\$ 52,067	\$ -	\$ 8,422,676	0.6%
2022	\$ 51,151	\$ 51,151	\$ -	\$ 8,364,741	0.6%
2021	\$ 41,094	\$ 41,094	\$ -	\$ 6,644,848	0.6%
2020	\$ 34,800	\$ 34,800	\$ -	\$ 5,534,813	0.6%
2019	\$ 30,271	\$ 30,271	\$ -	\$ 4,741,934	0.6%
2018	\$ 19,883	\$ 19,883	\$ -	\$ 3,873,234	0.5%
2017	\$ 11,871	\$ 11,871	\$ -	\$ 3,100,242	0.4%

See accompanying notes to RSI



**CITY OF FAIRBANKS, ALASKA**

Required Supplementary Information

Schedule of Contributions

Alaska Electrical Pension Plan

Last Ten Fiscal Years

Year Ended December 31	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 534,555	\$ 534,555	\$ -	\$ 3,156,520	16.9%
2022	\$ 526,477	\$ 526,477	\$ -	\$ 3,112,596	16.9%
2021	\$ 550,551	\$ 550,551	\$ -	\$ 3,105,077	17.7%
2020	\$ 527,291	\$ 527,291	\$ -	\$ 2,993,894	17.6%
2019	\$ 521,418	\$ 521,418	\$ -	\$ 3,016,900	17.3%
2018	\$ 588,686	\$ 588,686	\$ -	\$ 3,333,762	17.7%
2017	\$ 632,716	\$ 632,716	\$ -	\$ 3,587,724	17.6%
2016	\$ 648,068	\$ 648,068	\$ -	\$ 3,469,521	18.7%
2015	\$ 695,301	\$ 695,301	\$ -	\$ 3,982,228	17.5%
2014	\$ 690,026	\$ 690,026	\$ -	\$ 3,809,823	18.1%

See accompanying notes to RSI

**CITY OF FAIRBANKS, ALASKA**  
 Required Supplementary Information  
 Schedule of Contributions  
 Alaska Laborers-Employers Retirement Fund  
 Last Ten Fiscal Years

Year Ended December 31	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 533,877	\$ 533,877	\$ -	\$ 1,078,596	49.5%
2022	\$ 474,872	\$ 474,872	\$ -	\$ 989,698	48.0%
2021	\$ 413,297	\$ 413,297	\$ -	\$ 938,073	44.1%
2020	\$ 430,038	\$ 430,038	\$ -	\$ 988,770	43.5%
2019	\$ 357,021	\$ 357,021	\$ -	\$ 760,966	46.9%
2018	\$ 356,776	\$ 356,776	\$ -	\$ 733,244	48.7%
2017	\$ 358,557	\$ 358,557	\$ -	\$ 775,069	46.3%
2016	\$ 365,143	\$ 365,143	\$ -	\$ 796,261	45.9%
2015	\$ 347,032	\$ 347,032	\$ -	\$ 790,272	43.9%
2014	\$ 318,973	\$ 318,973	\$ -	\$ 791,609	40.3%

See accompanying notes to RSI

**CITY OF FAIRBANKS, ALASKA**  
 Required Supplementary Information  
 Schedule of Contributions  
 Locals 302 and 612 of the International Union of Operating Engineers -  
 Employers Construction Industry Retirement Plan  
 Last Ten Fiscal Years

Year Ended December 31	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 500,246	\$ 500,246	\$ -	\$ 1,997,484	25.0%
2022	\$ 543,821	\$ 543,821	\$ -	\$ 2,191,231	24.8%
2021	\$ 470,826	\$ 470,826	\$ -	\$ 1,891,201	24.9%
2020	\$ 401,395	\$ 401,395	\$ -	\$ 1,648,718	24.3%
2019	\$ 383,386	\$ 383,386	\$ -	\$ 1,476,608	26.0%
2018	\$ 376,887	\$ 376,887	\$ -	\$ 1,584,585	23.8%
2017	\$ 443,116	\$ 443,116	\$ -	\$ 1,940,098	22.8%
2016	\$ 360,898	\$ 360,898	\$ -	\$ 1,535,525	23.5%
2015	\$ 412,078	\$ 412,078	\$ -	\$ 1,779,776	23.2%
2014	\$ 370,424	\$ 370,424	\$ -	\$ 1,629,693	22.7%

See accompanying notes to RSI

**CITY OF FAIRBANKS, ALASKA**  
 Required Supplementary Information  
 Schedule of Contributions  
 Northern Alaska Carpenters Retirement Plan  
 Last Ten Fiscal Years

Year Ended December 31	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 35,082	\$ 35,082	\$ -	\$ 160,714	21.8%
2022	\$ 32,111	\$ 32,111	\$ -	\$ 166,511	19.3%
2021	\$ 28,126	\$ 28,126	\$ -	\$ 140,497	20.0%
2020	\$ 38,498	\$ 38,498	\$ -	\$ 197,084	19.5%
2019	\$ 43,436	\$ 43,436	\$ -	\$ 205,320	21.2%
2018	\$ 34,455	\$ 34,455	\$ -	\$ 161,945	21.3%
2017	\$ 27,826	\$ 27,826	\$ -	\$ 122,249	22.8%
2016	\$ 22,405	\$ 22,405	\$ -	\$ 105,088	21.3%
2015	\$ 14,358	\$ 14,358	\$ -	\$ 63,271	22.7%
2014	\$ 14,311	\$ 14,311	\$ -	\$ 59,992	23.9%

See accompanying notes to RSI

**CITY OF FAIRBANKS, ALASKA**  
 Required Supplementary Information  
 Schedule of Contributions  
 Alaska Plumbing and Pipefitting Industry Pension Fund  
 Last Ten Fiscal Years

Year Ended December 31	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 21,986	\$ 21,986	\$ -	\$ 72,993	30.1%
2022	\$ 21,976	\$ 21,976	\$ -	\$ 68,772	32.0%
2021	\$ 21,797	\$ 21,797	\$ -	\$ 67,541	32.3%
2020	\$ 20,816	\$ 20,816	\$ -	\$ 71,491	29.1%
2019	\$ 21,441	\$ 21,441	\$ -	\$ 68,842	31.1%
2018	\$ 20,975	\$ 20,975	\$ -	\$ 65,666	31.9%
2017	\$ 21,440	\$ 21,440	\$ -	\$ 70,732	30.3%
2016	\$ 22,507	\$ 22,507	\$ -	\$ 85,712	26.3%
2015	\$ 21,737	\$ 21,737	\$ -	\$ 100,271	21.7%
2014	\$ 17,833	\$ 17,833	\$ -	\$ 83,794	21.3%

See accompanying notes to RSI

**CITY OF FAIRBANKS, ALASKA**  
 Required Supplementary Information  
 Schedule of Contributions  
 Alaska Teamster-Employer Pension Plan  
 Last Ten Fiscal Years

Year Ended December 31	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 83,683	\$ 83,683	\$ -	\$ 252,746	33.1%
2022	\$ 69,398	\$ 69,398	\$ -	\$ 206,459	33.6%
2021	\$ 66,447	\$ 66,447	\$ -	\$ 192,082	34.6%
2020	\$ 91,050	\$ 91,050	\$ -	\$ 277,556	32.8%
2019	\$ 72,941	\$ 72,941	\$ -	\$ 200,409	36.4%
2018	\$ 70,249	\$ 70,249	\$ -	\$ 189,281	37.1%
2017	\$ 65,997	\$ 65,997	\$ -	\$ 172,217	38.3%
2016	\$ 83,336	\$ 83,336	\$ -	\$ 479,517	17.4%
2015	\$ 66,768	\$ 66,768	\$ -	\$ 369,905	18.1%
2014	\$ 58,860	\$ 58,860	\$ -	\$ 351,846	16.7%

See accompanying notes to RSI

**CITY OF FAIRBANKS, ALASKA**  
Notes to Required Supplementary Information

**Note 1 – Schedule of Revenues, Expenditures and Changes in Fund Balance Budget**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to November 1, the Mayor submits to the Council a proposed balanced operating budget for the following fiscal year. The balanced operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain comments on the proposed annual budget.
3. Prior to December 15, the budget is legally enacted through the passage of an ordinance. The final budget adopted by the Council shall be a balanced budget. If no Council action is taken by December 15, the Mayor's budget becomes the actual budget.
4. The Mayor may approve intradepartmental transfers of appropriated funds, except for transfers from non-wage accounts to accounts used for wages and benefits, overtime, and capital funds which require Council approval. All interdepartmental transfers of appropriated funds require Council approval. Expenditures may exceed appropriations on the object level, but not on the function level.
5. The Council revises the adopted budget by ordinance as needed. All transfers between departments or capital projects require Council approval.

Budgets for the general and the capital fund were originally adopted by the City Council on December 12, 2022 and amended by ordinances during 2023. Budgets for the general and capital fund are annual appropriations that lapse at year-end to the extent that expenditures have not been encumbered. Budgets for the grants and contracts fund are adopted by projects which may extend over multiple years. Formal budgetary integration is employed as a management control device during the year.

The City is required to present budgetary comparison schedules for the general fund and each major special revenue fund for which a budget has been adopted. The City does not have an adopted budget for a major special revenue fund; therefore, budgetary information is presented for the general fund. Budgetary comparisons presented in this report are on a budgetary basis whereas budgets are adopted on a basis consistent with GAAP except that encumbrances are treated as budgeted expenditures in the year of the commitment to purchase.

**Note 2 – Schedule of Proportionate Share of Net Pension Liability**

The information presented in this schedule is based on the Plan measurement date of June 30, 2023. The City did not have changes in benefit terms, assumptions, or allocation methodology from the prior measurement period. This schedule will present 10 years of information as it becomes available.

**Note 3 – Schedule of Proportionate Share of Net OPEB Liability**

The information presented in this schedule is based on the Plan measurement date of June 30, 2023. The City did not have changes in benefit terms, assumptions, or allocation methodology from the prior measurement period. This schedule will present 10 years of information as it becomes available.

**CITY OF FAIRBANKS, ALASKA**  
Notes to Required Supplementary Information  
(Continued)

**Note 4 – Schedules of Contributions**

Public Employees' Retirement System (PERS) – Defined Benefit Plan

The information presented in this schedule is based on the City's contribution during the last nine years. A portion of these contributions are reported as deferred outflow on the December 31, 2023 basic financial statements. This schedule will present 10 years of information as it becomes available.

Public Employees' Retirement System (PERS) – OPEB Plan

The information presented in this schedule is based on the City's contribution during the last seven years. A portion of these contributions are reported as deferred outflow on the December 31, 2023 basic financial statements. This schedule will present 10 years of information as it becomes available.

Alaska Electrical Pension Plan

The information presented in this schedule is based on the City's contribution during the last 10 years. The city's covered employee payroll is defined as payroll on which contributions to the pension plan are based. The decrease in the City's covered employee payroll from 2016 to 2019 is due to decreases in positions.

Alaska Laborers-Employers Retirement Fund

The information presented in this schedule is based on the City's contribution during the last 10 years. The city's covered employee payroll is defined as payroll on which contributions to the pension plan are based. The City has contributed additional funds in a Funding Improvement Plan per collective bargaining agreement since 2016. The city's contribution will vary depending on the number of temporary workers.

Locals 302 and 612 of the International Union of Operating Engineers-Employers Construction Industry Retirement Plan

The information presented in this schedule is based on the City's contribution during the last 10 years. The city's covered employee payroll is defined as payroll on which contributions to the pension plan are based. The city's contribution will vary depending on the number of temporary workers and increases in health care costs.

Northern Alaska Carpenters Retirement Plan

The information presented in this schedule is based on the City's contribution during the last 10 years. The city's covered employee payroll is defined as payroll on which contributions to the pension plan are based. The City had an overlap in staffing as a staff member was promoted in 2016; the staff promoted was retained in 2017.

Alaska Plumbing and Pipefitting Industry Pension Fund

The information presented in this schedule is based on the City's contribution during the last 10 years. The city's covered employee payroll is defined as payroll on which contributions to the pension plan are based. In 2015, the City had an overlap in staffing as a staff member prepared for retirement.

Alaska Teamster-Employer Pension Plan

The information presented in this schedule is based on the City's contribution during the last 10 years. The city's covered employee payroll is defined as payroll on which contributions to the pension plan are based. In 2017, the City had one employee change from full-time status to part-time status. In 2023, the City added a position under this Union.



## **SUPPLEMENTARY INFORMATION SECTION**

### **General Fund**

Balance Sheet

Statement of Revenues, Expenditures and Changes in Fund Balance

### **Cash and Investment Additional Information**

Combined Schedule of Cash and Investments Classified by Depository – All Funds

Calculation of the Change in the Fair Value of Investment – Permanent Fund



## **General Fund**

### **General Fund**

The general fund is the city's primary operating 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.

## **Cash and Investment Additional Information**

### **Combined Schedule of Cash and Investments Classified by Depository – All Funds**

This schedule provides additional fiscal data considered valuable in meeting other informational needs and in providing a better understanding of the finances of the City.

### **Calculation of the Change in the Fair Value of Investments – Permanent Fund**

This schedule provides additional fiscal data considered valuable in meeting other informational needs and in providing a better understanding of the finances of the City.

# CITY OF FAIRBANKS, ALASKA

General Fund

Balance Sheet

December 31, 2023

(With comparative totals for 2022)

	<b>Totals</b>	
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Equity in central treasury	\$ 23,306,588	\$ 23,374,173
Restricted cash and cash equivalents	52,000	243,000
	23,358,588	23,617,173
Receivables		
Taxes	1,336,108	1,399,264
Accounts receivable	1,529,888	1,485,281
Interest and penalties	155,004	100,044
Techite	1,600,000	1,800,000
Less allowance for uncollectible receivables	(872,061)	(862,065)
	3,748,939	3,922,524
Prepaid assets	13,425	51,827
Due from other funds	1,616,447	758,412
	1,629,872	810,239
Total assets	\$ 28,737,399	\$ 28,349,936
<b>LIABILITIES</b>		
Accounts payable	\$ 2,576,928	\$ 2,427,549
Deposits	36,134	52,023
Unearned revenue	3,835,933	3,394,945
Due to other funds	187,157	2,622,010
	6,636,152	8,496,527
Total liabilities	6,636,152	8,496,527
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Assessments and long-term receivables	1,600,000	1,800,000
	1,600,000	1,800,000
<b>FUND BALANCE</b>		
Nonspendable	13,425	51,827
Committed	250,000	250,000
Assigned	155,960	229,747
Unassigned	20,081,862	17,521,835
	20,501,247	18,053,409
Total fund balance	20,501,247	18,053,409
Total liabilities, deferred inflows, and fund balance	\$ 28,737,399	\$ 28,349,936

**CITY OF FAIRBANKS, ALASKA**  
 General Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the year ended December 31, 2023  
 (With comparative totals for 2022)

	<b>Totals</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Taxes		
Real property	\$ 16,931,392	\$ 15,380,154
Room rental	4,712,073	4,279,586
Alcoholic beverages	2,582,351	2,607,121
Tobacco distribution	1,066,223	1,185,478
Marijuana	1,574,952	1,592,043
Gasoline	516,510	546,400
Charges for services	6,481,196	6,081,515
Intergovernmental		
PERS relief payments	297,236	588,154
Other	2,682,256	3,248,565
Licenses and permits	2,402,595	2,259,354
Fines and forfeitures	431,266	554,450
Other revenues		
Interest and penalties	1,622,141	436,794
Rental	156,163	143,869
Techite settlement	200,000	200,000
Other	54,748	62,722
Total revenues	41,711,102	39,166,205
<b>Expenditures</b>		
Current		
General government		
Mayor and city council		
Salaries and wages	526,838	539,746
Employee benefits	186,649	200,039
Other services	23,430	16,484
Inter-departmental	(81,060)	(79,300)
Total mayor and city council	655,857	676,969
City attorney		
Salaries and wages	273,963	289,520
Employee benefits	86,397	96,237
Other services	26,159	37,041
Inter-departmental	(244,930)	(210,890)
Total city attorney	141,589	211,908
City clerk		
Salaries and wages	290,261	286,337
Employee benefits	103,487	104,719
Other services	48,890	47,378
Total city clerk	442,638	438,434
Finance		
Salaries and wages	634,320	612,692
Employee benefits	244,783	254,575
Other services	8,085	7,810
Total finance	887,188	875,077

**CITY OF FAIRBANKS, ALASKA**  
 General Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the year ended December 31, 2023  
 (With comparative totals for 2022)

	<b>Totals</b>	
	<b>2023</b>	<b>2022</b>
<b>Expenditures - continued</b>		
General government, continued		
Information technology		
Other services	2,428,895	2,270,919
Total information technology	<u>2,428,895</u>	<u>2,270,919</u>
Non-departmental		
Department services	2,567,680	2,362,293
PERS relief payments	297,236	588,154
Room rental distributions	3,645,331	3,279,274
Total non-departmental	<u>6,510,247</u>	<u>6,229,721</u>
Total general government	<u>11,066,414</u>	<u>10,703,028</u>
Public safety		
Police		
Salaries and wages	4,815,099	4,587,370
Employee benefits	2,006,359	1,671,700
Other services	906,814	797,061
Total police	<u>7,728,272</u>	<u>7,056,131</u>
FECC		
Salaries and wages	1,793,798	1,564,279
Employee benefits	599,572	610,059
Other services	440,938	344,955
Total FECC	<u>2,834,308</u>	<u>2,519,293</u>
Fire		
Salaries and wages	5,456,025	5,442,611
Employee benefits	2,238,281	2,172,931
Other services	687,630	583,318
Total fire	<u>8,381,936</u>	<u>8,198,860</u>
Total public safety	<u>18,944,516</u>	<u>17,774,284</u>
Public works		
Works		
Salaries and wages	3,789,047	3,548,437
Employee benefits	2,285,414	2,166,868
Other services	3,262,875	3,350,489
Total works	<u>9,337,336</u>	<u>9,065,794</u>
Engineering		
Salaries and wages	658,631	607,872
Employee benefits	221,291	220,455
Other services	85,976	91,936
Total engineering	<u>965,898</u>	<u>920,263</u>
Total public works	<u>10,303,234</u>	<u>9,986,057</u>

**CITY OF FAIRBANKS, ALASKA**  
 General Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the year ended December 31, 2023  
 (With comparative totals for 2022)

	<b>Totals</b>	
	<b>2023</b>	<b>2022</b>
<b>Expenditures - continued</b>		
Building inspections		
Salaries and wages	447,873	443,328
Employee benefits	152,498	160,738
Other services	22,885	32,185
Total building inspections	623,256	636,251
Debt service		
Principal - Subscriptions	30,674	31,240
Interest - Subscriptions	3,850	3,284
Total debt service	34,524	34,524
Capital outlay		
General government		
Information Technology	-	8,350
Total general government	-	8,350
Public safety		
Police	-	162,848
Total public safety	-	162,848
Public works		
Works	-	31,743
Total public works	-	31,743
Total capital outlay	-	202,941
Total expenditures	40,971,944	39,337,085
Excess (deficiency) of revenues over expenditures	739,158	(170,880)
<b>Other financing sources (uses)</b>		
Transfers in	5,485,467	5,486,518
Transfers out	(3,946,743)	(2,751,145)
Subscription-based information technology arrangements	-	162,848
Sale of capital assets	235,181	41,500
Total other financing sources (uses)	1,773,905	2,939,721
Net change in fund balances	2,513,063	2,768,841
Fund balance - beginning, as restated (Note 1 D. 16)	17,988,184	15,284,568
Fund balance - ending	\$ 20,501,247	\$ 18,053,409

**CITY OF FAIRBANKS, ALASKA**  
 Combined Schedule of Cash and Investments  
 Classified by Depository - All Funds  
 December 31, 2023

	Fair Value of Cash Invested	Deposits and Cash on Hand	Total
Petty cash	\$ -	1,500	\$ 1,500
Mt. McKinley Bank	-	3,163,871	3,163,871
US Bank	-	4,287,428	4,287,428
<b>US Bank</b>			
Mutual funds equity	93,862,007	-	93,862,007
Mutual funds fixed income	16,507,962	-	16,507,962
Mutual funds balanced	6,476,155	-	6,476,155
Municipal bonds	60,801	-	60,801
Foreign bonds	1,396,765	-	1,396,765
Corporate bonds	3,283,790	-	3,283,790
Government securities	15,536,746	-	15,536,746
<b>Key Trust</b>			
Alaska Municipal League Investment Pool	41,049,504	-	41,049,504
 Total cash and investments	 <u>\$ 178,173,730</u>	 <u>7,452,799</u>	 <u>\$ 185,626,529</u>
 Reconciliation of cash and investments to governmental and proprietary funds			
 Governmental funds			
Equity in central treasury			\$ 42,395,924
Restricted cash and cash equivalents			4,403,730
Restricted investments			<u>137,124,226</u>
 Total governmental funds			 <u>183,923,880</u>
 Proprietary funds			
Enterprise funds			
Equity in central treasury			3,388
Internal service fund			
Cash			<u>1,699,261</u>
 Total proprietary funds			 <u>1,702,649</u>
 Total cash and investments			 <u>\$ 185,626,529</u>



## CITY OF FAIRBANKS, ALASKA

### Calculation of the Change in the Fair Value of Investments - Permanent Fund Aggregate Method December 31, 2023

#### Mutual Funds Equity

Fair value at December 31, 2023	\$ 93,862,007
Cost of investments sold in 2023	20,633,208
Cost of investments purchased in 2023	(18,820,373)
Fair value at December 31, 2022	<u>(85,125,349)</u>
Change in fair value of equity investments	<u>10,549,493</u>

#### Mutual Funds Fixed Income

Fair value at December 31, 2023	16,507,962
Cost of investments sold in 2023	5,924,851
Cost of investments purchased in 2023	(5,506,062)
Fair value at December 31, 2022	<u>(16,151,150)</u>
Change in fair value of real assets investments	<u>775,601</u>

#### Mutual Funds Balanced

Fair value at December 31, 2023	6,476,155
Cost of investments sold in 2023	5,437,492
Cost of investments purchased in 2023	(4,447,328)
Fair value at December 31, 2022	<u>(7,710,182)</u>
Change in fair value of alternative investments	<u>(243,863)</u>

#### Fixed Income

Fair value at December 31, 2023	20,278,102
Cost of investments sold in 2023	4,218,906
Cost of investments purchased in 2023	(6,135,068)
Fair value at December 31, 2022	<u>(16,519,731)</u>
Change in fair value of fixed-income investments	<u>1,842,209</u>

Total change in fair value of investments	<u>\$ 12,923,440</u>
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# STATISTICAL SECTION

This part of the City of Fairbanks annual comprehensive 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 City's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	ST-2
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	ST-12
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	ST-17
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	ST-21
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	ST-23
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

**CITY OF FAIRBANKS, ALASKA**

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

	Fiscal Year			
	2014	2015	2016	2017
<b>Governmental activities</b>				
Net investment in capital assets	\$ 123,621,505	\$ 126,445,168	\$ 127,230,310	\$ 122,541,390
Restricted	120,914,019	116,661,227	119,308,031	130,456,426
Unrestricted	<u>22,170,564</u>	<u>10,672,817</u>	<u>3,834,193</u>	<u>2,780,830</u>
Total governmental activities net position	<u>\$ 266,706,088</u>	<u>\$ 253,779,212</u>	<u>\$ 250,372,534</u>	<u>\$ 255,778,646</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 8,624,217	\$ 8,392,465	\$ 9,539,147	\$ 9,273,427
Unrestricted	<u>(64,055)</u>	<u>43,179</u>	<u>(87,569)</u>	<u>(121,071)</u>
Total business-type activities net position	<u>\$ 8,560,162</u>	<u>\$ 8,435,644</u>	<u>\$ 9,451,578</u>	<u>\$ 9,152,356</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 132,245,722	\$ 134,837,633	\$ 136,769,457	\$ 131,814,817
Restricted	120,914,019	116,661,227	119,308,031	130,456,426
Unrestricted	<u>22,106,509</u>	<u>10,715,996</u>	<u>3,746,624</u>	<u>2,659,759</u>
Total primary government net position	<u>\$ 275,266,250</u>	<u>\$ 262,214,856</u>	<u>\$ 259,824,112</u>	<u>\$ 264,931,002</u>

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 125,084,528	\$ 120,312,441	\$ 134,151,275	\$ 128,885,562	\$ 131,755,578	\$ 130,081,310
118,984,654	134,618,970	144,157,507	157,077,257	137,037,663	149,743,899
<u>9,401,364</u>	<u>14,832,234</u>	<u>15,651,943</u>	<u>19,992,964</u>	<u>22,306,442</u>	<u>22,438,113</u>
<u>\$ 253,470,546</u>	<u>\$ 269,763,645</u>	<u>\$ 293,960,725</u>	<u>\$ 305,955,783</u>	<u>\$ 291,099,683</u>	<u>\$ 302,263,322</u>
\$ 9,007,707	\$ 8,741,988	\$ 8,476,268	\$ 8,210,548	\$ 8,122,988	\$ 7,820,408
<u>(167,502)</u>	<u>(209,454)</u>	<u>(77,221)</u>	<u>164,833</u>	<u>5,576,522</u>	<u>5,174,927</u>
<u>\$ 8,840,205</u>	<u>\$ 8,532,534</u>	<u>\$ 8,399,047</u>	<u>\$ 8,375,381</u>	<u>\$ 13,699,510</u>	<u>\$ 12,995,335</u>
\$ 134,092,235	\$ 129,054,429	\$ 142,627,543	\$ 137,096,110	\$ 139,878,566	\$ 137,901,718
118,984,654	134,618,970	144,157,507	157,077,257	137,037,663	149,743,899
<u>9,233,862</u>	<u>14,622,780</u>	<u>15,574,722</u>	<u>20,157,797</u>	<u>27,882,964</u>	<u>27,613,040</u>
<u>\$ 262,310,751</u>	<u>\$ 278,296,179</u>	<u>\$ 302,359,772</u>	<u>\$ 314,331,164</u>	<u>\$ 304,799,193</u>	<u>\$ 315,258,657</u>

## CITY OF FAIRBANKS, ALASKA

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

	Fiscal Year			
	2014	2015	2016	2017
<b>EXPENSES</b>				
<i>Governmental activities</i>				
General government	\$ 18,534,706	\$ 17,684,053	\$ 20,663,070	\$ 19,703,633
Public safety	18,277,156	16,554,512	20,535,541	15,402,443
Public works	15,617,945	13,000,898	9,788,380	11,632,705
Building inspections	646,838	675,169	703,223	660,598
Interest on long-term debt	-	-	-	-
Total governmental activities expenses	<u>53,076,645</u>	<u>47,914,632</u>	<u>51,690,214</u>	<u>47,399,379</u>
<i>Business-type activities</i>				
Municipal Utilities	31,200	31,200	35,007	76,884
Fairbanks Transportation Center	384,291	424,153	497,436	412,944
Total business-type activities expenses	<u>415,491</u>	<u>455,353</u>	<u>532,443</u>	<u>489,828</u>
Total primary government expenses	<u>\$ 53,492,136</u>	<u>\$ 48,369,985</u>	<u>\$ 52,222,657</u>	<u>\$ 47,889,207</u>
<b>PROGRAM REVENUES</b>				
<i>Governmental activities</i>				
Charges for services				
General government	\$ 1,947,754	\$ 2,180,127	\$ 1,919,721	\$ 2,126,759
Public safety	2,956,695	3,323,851	3,016,870	3,017,808
Public works	1,966,209	2,037,256	1,961,288	2,058,351
Building inspections	505,065	1,086,506	775,911	474,492
Operating grants and contributions	10,676,943	4,826,073	4,859,777	2,434,298
Capital grants and contributions	6,729,479	9,245,556	6,215,414	1,603,851
Total governmental activities				
program revenues	<u>24,782,145</u>	<u>22,699,369</u>	<u>18,748,981</u>	<u>11,715,559</u>
<i>Business-type activities</i>				
Charges for services				
Municipal Utilities	396,900	396,900	396,900	396,900
Fairbanks Transportation Center	159,481	188,434	177,831	190,593
Total business-type activities				
program revenues	<u>556,381</u>	<u>585,334</u>	<u>574,731</u>	<u>587,493</u>
Total primary government				
program revenues	<u>\$ 25,338,526</u>	<u>\$ 23,284,703</u>	<u>\$ 19,323,712</u>	<u>\$ 12,303,052</u>

Fiscal Year

2018	2019	2020	2021	2022	2023
\$ 16,861,147	\$ 17,372,909	\$ 33,035,584	\$ 20,502,194	\$ 22,845,490	\$ 24,369,130
14,417,423	14,302,575	15,916,784	15,070,047	15,098,100	19,200,047
9,726,464	10,019,292	10,170,265	10,929,783	11,341,879	11,863,032
630,643	578,318	616,109	647,864	644,104	631,109
-	-	-	-	3,284	3,850
41,635,677	42,273,094	59,738,742	47,149,888	49,932,857	56,067,168
76,884	76,884	76,884	76,884	76,884	76,885
412,070	417,195	408,051	504,484	478,617	439,771
488,954	494,079	484,935	581,368	555,501	516,656
\$ 42,124,631	\$ 42,767,173	\$ 60,223,677	\$ 47,731,256	\$ 50,488,358	\$ 56,583,824
\$ 2,320,738	\$ 2,272,233	\$ 2,056,572	\$ 1,960,693	\$ 1,850,140	\$ 2,308,878
3,291,893	3,379,741	3,257,034	4,595,756	5,419,947	5,333,221
2,061,424	2,156,127	2,237,168	2,348,134	2,425,775	2,467,816
756,905	486,208	583,077	1,070,361	997,837	1,027,040
1,786,536	1,558,873	17,316,541	3,092,013	4,487,733	1,515,966
1,704,275	1,443,445	20,235,340	1,351,116	10,464,328	4,440,662
11,921,771	11,296,627	45,685,732	14,418,073	25,645,760	17,093,583
396,900	396,900	396,900	396,900	-	-
176,794	186,385	141,431	157,697	209,564	208,425
573,694	583,285	538,331	554,597	209,564	208,425
\$ 12,495,465	\$ 11,879,912	\$ 46,224,063	\$ 14,972,670	\$ 25,855,324	\$ 17,302,008

## CITY OF FAIRBANKS, ALASKA

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

	Fiscal Year			
	2014	2015	2016	2017
<b>NET (EXPENSE) REVENUE</b>				
<i>Governmental activities</i>	\$ (28,294,500)	\$ (25,215,261)	\$ (32,941,233)	\$ (35,683,820)
<i>Business-type activities</i>	140,890	129,981	42,288	97,665
Total primary government net expense	<u>\$ (28,153,610)</u>	<u>\$ (25,085,280)</u>	<u>\$ (32,898,945)</u>	<u>\$ (35,586,155)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
<i>Governmental activities</i>				
Property tax	\$ 14,270,470	\$ 14,875,855	\$ 14,966,473	\$ 15,924,815
Hotel motel tax	2,720,456	2,869,170	3,210,422	3,146,023
Alcohol beverage tax	2,247,924	2,309,214	2,293,100	2,275,898
Tobacco tax	911,185	938,026	930,924	973,944
Marijuana tax	-	-	32,338	442,821
Gasoline tax	-	-	-	-
Shared revenue	2,339,182	2,257,980	1,761,295	1,598,425
Investment income	8,358,472	269,253	6,949,838	15,762,858
Interest income	122,993	156,746	152,119	219,901
Miscellaneous	636,648	424,142	211,671	348,347
Transfers - internal activity	396,900	254,517	(973,625)	396,900
Total governmental activities	<u>32,004,230</u>	<u>24,354,903</u>	<u>29,534,555</u>	<u>41,089,932</u>
<i>Business-type activities</i>				
Interest income	25	18	21	13
Special item - gain on sale of capital assets	-	-	-	-
Transfers - internal activity	(396,900)	(254,517)	973,625	(396,900)
Total business-type activities	<u>(396,875)</u>	<u>(254,499)</u>	<u>973,646</u>	<u>(396,887)</u>
Total primary government	<u>\$ 31,607,355</u>	<u>\$ 24,100,404</u>	<u>\$ 30,508,201</u>	<u>\$ 40,693,045</u>
<b>CHANGE IN NET POSITION</b>				
<i>Governmental activities</i>	\$ 3,709,730	\$ (860,358)	\$ (3,406,678)	\$ 5,406,112
<i>Business-type activities</i>	<u>(255,985)</u>	<u>(124,518)</u>	<u>1,015,934</u>	<u>(299,222)</u>
Total primary government	<u>\$ 3,453,745</u>	<u>\$ (984,876)</u>	<u>\$ (2,390,744)</u>	<u>\$ 5,106,890</u>



Fiscal Year

2018	2019	2020	2021	2022	2023
\$ (29,713,906)	\$ (30,976,467)	\$ (14,053,010)	\$ (32,731,815)	\$ (24,287,097)	\$ (38,973,584)
84,740	89,206	53,396	(26,771)	(345,937)	(308,231)
<u>\$ (29,629,166)</u>	<u>\$ (30,887,261)</u>	<u>\$ (13,999,614)</u>	<u>\$ (32,758,586)</u>	<u>\$ (24,633,034)</u>	<u>\$ (39,281,815)</u>
\$ 18,976,356	\$ 16,170,339	\$ 15,698,033	\$ 16,188,090	\$ 17,257,721	\$ 18,859,326
3,379,900	3,445,847	1,473,829	3,148,807	4,279,586	4,712,073
2,273,948	2,333,130	2,346,009	2,557,257	2,607,121	2,582,351
810,972	878,288	850,381	1,008,021	1,185,478	1,066,223
989,569	1,168,278	1,440,964	1,576,731	1,592,043	1,574,952
-	-	105,973	450,473	546,400	516,510
1,439,637	1,256,663	823,208	999,904	1,687,874	1,327,365
(6,373,803)	20,752,182	14,830,100	18,441,689	(20,759,723)	16,835,774
328,163	496,522	209,749	134,463	436,794	1,622,141
8,761,312	371,417	284,944	224,538	200,803	708,833
396,900	396,900	186,900	(3,100)	396,900	396,900
<u>30,982,954</u>	<u>47,269,566</u>	<u>38,250,090</u>	<u>44,726,873</u>	<u>9,430,997</u>	<u>50,202,448</u>
9	23	17	5	19	956
-	-	-	-	6,066,947	-
<u>(396,900)</u>	<u>(396,900)</u>	<u>(186,900)</u>	<u>3,100</u>	<u>(396,900)</u>	<u>(396,900)</u>
<u>(396,891)</u>	<u>(396,877)</u>	<u>(186,883)</u>	<u>3,105</u>	<u>5,670,066</u>	<u>(395,944)</u>
<u>\$ 30,586,063</u>	<u>\$ 46,872,689</u>	<u>\$ 38,063,207</u>	<u>\$ 44,729,978</u>	<u>\$ 15,101,063</u>	<u>\$ 49,806,504</u>
\$ 1,269,048	\$ 16,293,099	\$ 24,197,080	\$ 11,995,058	\$ (14,856,100)	\$ 11,228,864
<u>(312,151)</u>	<u>(307,671)</u>	<u>(133,487)</u>	<u>(23,666)</u>	<u>5,324,129</u>	<u>(704,175)</u>
<u>\$ 956,897</u>	<u>\$ 15,985,428</u>	<u>\$ 24,063,593</u>	<u>\$ 11,971,392</u>	<u>\$ (9,531,971)</u>	<u>\$ 10,524,689</u>

# CITY OF FAIRBANKS, ALASKA

## Fund Balances, Governmental Funds

### Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 473,424	\$ 499,031	\$ 488,807	\$ 16,848
Committed	250,000	250,000	250,000	250,000
Assigned	1,002,385	1,018,800	3,173,880	351,737
Unassigned	<u>9,634,436</u>	<u>11,487,174</u>	<u>8,132,918</u>	<u>11,472,993</u>
Total general fund	<u>\$ 11,360,245</u>	<u>\$ 13,255,005</u>	<u>\$ 12,045,605</u>	<u>\$ 12,091,578</u>
All other governmental funds				
Nonspendable				
Special revenue funds	\$ -	\$ -	\$ -	\$ 455,899
Restricted				
Permanent funds	120,885,537	116,576,569	119,264,416	130,447,586
Special revenue funds	28,482	84,658	43,615	8,840
Committed				
Capital projects funds	807,552	877,552	1,027,552	2,185,404
Assigned				
Capital projects funds	5,827,289	6,079,754	5,624,487	5,161,637
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,606,439)</u>
Total all other governmental funds	<u>\$ 127,548,860</u>	<u>\$ 123,618,533</u>	<u>\$ 125,960,070</u>	<u>\$ 134,652,927</u>

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 2,491	\$ 5,612	\$ 39,559	\$ 7,963	\$ 51,827	\$ 13,425
250,000	250,000	250,000	250,000	250,000	250,000
586,285	413,257	382,563	272,775	229,747	155,960
11,603,748	10,618,540	12,875,819	14,753,830	17,521,835	20,081,862
<u>\$ 12,442,524</u>	<u>\$ 11,287,409</u>	<u>\$ 13,547,941</u>	<u>\$ 15,284,568</u>	<u>\$ 18,053,409</u>	<u>\$ 20,501,247</u>
\$ 475,964	\$ 552,120	\$ 539,234	\$ 542,806	\$ 620,565	\$ 673,997
118,968,223	134,568,000	144,120,958	157,040,679	130,490,349	141,699,850
16,431	50,970	36,549	36,578	36,621	64,302
3,883,055	4,563,509	4,555,589	5,632,240	5,890,111	4,642,137
7,615,144	10,585,638	9,339,896	8,790,763	10,862,652	14,391,920
<u>(590,352)</u>	<u>(254,420)</u>	<u>(558,574)</u>	<u>(791,280)</u>	<u>(627,200)</u>	<u>(1,281,019)</u>
<u>\$ 130,368,465</u>	<u>\$ 150,065,817</u>	<u>\$ 158,033,652</u>	<u>\$ 171,251,786</u>	<u>\$ 147,273,098</u>	<u>\$ 160,191,187</u>

**CITY OF FAIRBANKS, ALASKA**  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
<b>Revenues</b>				
Taxes	\$ 20,150,036	\$ 20,992,265	\$ 21,433,257	\$ 22,763,501
Charges for services	4,632,461	5,147,122	4,370,505	5,177,232
Intergovernmental	18,656,516	16,381,575	11,716,015	4,500,295
Licenses and permits	1,612,546	2,263,001	1,984,184	1,585,314
Fines and forfeitures	895,919	672,646	577,534	475,268
Special assessments	16,277	8,360	12,603	1,996
Investment earnings	8,358,470	269,252	6,949,838	15,762,858
Other revenues	1,851,311	3,399,020	2,879,705	2,547,972
<b>Total revenues</b>	<b>56,173,536</b>	<b>49,133,241</b>	<b>49,923,641</b>	<b>52,814,436</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	12,282,236	11,999,943	14,455,243	15,140,956
Public safety	17,018,011	15,954,520	16,281,037	15,517,064
Public works	14,600,343	11,979,771	8,820,045	10,522,680
Building inspections	636,884	666,241	700,485	660,598
Capital outlay	6,337,499	10,917,537	8,979,480	2,770,881
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
<b>Total expenditures</b>	<b>50,874,973</b>	<b>51,518,012</b>	<b>49,236,290</b>	<b>44,612,179</b>
<b>Other financing sources (uses)</b>				
Transfers in	10,041,759	6,973,847	8,650,261	7,920,824
Transfers out	(9,644,859)	(6,719,330)	(8,253,361)	(7,523,924)
Subscription-based IT arrangements	-	-	-	-
Sale of capital assets	419,535	94,687	47,886	139,673
<b>Total other financing sources (uses)</b>	<b>816,435</b>	<b>349,204</b>	<b>444,786</b>	<b>536,573</b>
<b>Net change in fund balances</b>	<b>\$ 6,114,998</b>	<b>\$ (2,035,567)</b>	<b>\$ 1,132,137</b>	<b>\$ 8,738,830</b>
<b>Capitalized expenditures</b>	<b>\$ 6,337,499</b>	<b>\$ 10,917,537</b>	<b>\$ 8,979,480</b>	<b>\$ 2,770,881</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 26,430,745	\$ 23,995,882	\$ 21,915,189	\$ 24,929,379	\$ 27,468,349	\$ 29,311,435
5,592,220	5,641,337	5,666,858	5,981,590	6,081,515	6,481,196
4,375,410	3,891,884	19,921,157	6,355,400	9,085,865	7,860,991
1,874,904	1,586,537	1,695,295	2,311,534	2,259,354	2,402,595
611,956	511,203	417,141	543,223	554,450	431,266
1,074	1,074	1,074	1,074	-	-
(6,373,803)	20,752,182	14,830,100	18,441,689	(20,759,723)	16,835,774
2,049,379	2,429,537	1,892,513	1,520,575	2,201,853	3,564,278
<u>34,561,885</u>	<u>58,809,636</u>	<u>66,339,327</u>	<u>60,084,464</u>	<u>26,891,663</u>	<u>66,887,535</u>
12,212,640	12,103,350	27,030,064	14,667,134	15,817,651	15,155,446
15,401,766	16,624,086	16,095,536	17,332,143	18,374,367	19,106,513
8,857,016	8,749,213	8,820,998	9,765,882	10,221,696	10,716,279
628,680	570,465	608,256	640,011	636,251	623,256
1,839,794	2,757,345	3,848,168	2,766,563	3,709,521	6,452,446
-	-	-	-	31,240	30,674
-	-	-	-	3,284	3,850
<u>38,939,896</u>	<u>40,804,459</u>	<u>56,403,022</u>	<u>45,171,733</u>	<u>48,794,010</u>	<u>52,088,464</u>
9,584,946	10,091,643	6,524,888	8,593,632	9,320,378	10,514,793
(9,188,046)	(9,694,743)	(6,337,988)	(8,596,732)	(8,923,478)	(10,117,893)
-	-	-	-	162,848	-
47,595	140,160	105,162	45,130	132,752	235,181
<u>444,495</u>	<u>537,060</u>	<u>292,062</u>	<u>42,030</u>	<u>692,500</u>	<u>632,081</u>
<u>\$ (3,933,516)</u>	<u>\$ 18,542,237</u>	<u>\$ 10,228,367</u>	<u>\$ 14,954,761</u>	<u>\$ (21,209,847)</u>	<u>\$ 15,431,152</u>
<u>\$ 1,839,794</u>	<u>\$ 2,757,345</u>	<u>\$ 3,848,168</u>	<u>\$ 2,766,563</u>	<u>\$ 3,709,521</u>	<u>\$ 6,452,446</u>
0.00%	0.00%	0.00%	0.00%	0.08%	0.08%

**CITY OF FAIRBANKS, ALASKA**  
 Assessed Value and Actual Value of Taxable Property  
 Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Farm Land	Vacant Land
2014	1,128,870,786	961,291,098	549,950,300	1,449,607	77,785,461
2015	1,128,811,911	1,004,604,771	568,654,549	2,112,250	67,768,887
2016	1,166,094,555	1,026,654,352	570,987,753	1,812,879	63,336,156
2017	1,187,381,837	1,051,647,262	576,434,429	1,809,487	71,172,928
2018	1,202,693,726	1,068,148,165	575,743,389	1,796,733	58,525,762
2019	1,197,478,749	1,089,733,430	587,558,257	2,062,650	56,982,094
2020	1,218,987,307	1,076,241,524	612,806,679	2,059,320	60,044,605
2021	1,275,817,028	1,059,217,877	624,845,208	2,055,994	60,458,441
2022	1,460,013,389	1,073,381,541	642,895,648	354,577	62,584,390
2023	1,594,164,404	1,065,295,943	656,806,803	350,005	57,712,800

**Notes:**

Property taxes are assessed on a calendar year basis. Alaska statutes require property to be assessed at its full and true value as of January 1 of the assessment year; therefore, the assessed values are equal to actual values. Farm Land is assessed on the basis of full and true value for farm use. Prior year totals are comparable to the current year. Tax rates are per \$1,000 of assessed value.

**Sources:** Fairbanks North Star Borough, Treasury and Budget Division and Assessing Department.

<u>Pipeline</u>	<u>Other</u>	<u>Assessed Full Value</u>	<u>Less Tax Exempt Property</u>	<u>Assessed Taxable Value</u>	<u>Total Direct Tax Rate</u>
68,771,830	3,544,251	2,791,663,333	217,109,235	2,574,554,098	5.549
48,349,420	5,455,473	2,825,757,261	220,700,185	2,605,057,076	5.678
50,254,990	4,353,675	2,883,494,360	227,161,794	2,656,332,566	5.651
54,943,220	4,359,973	2,947,749,136	235,849,102	2,711,900,034	5.874
59,497,950	4,322,381	2,970,728,106	262,861,194	2,707,866,912	6.979
46,339,740	4,314,427	2,984,469,347	271,681,592	2,712,787,755	5.871
50,021,290	6,411,167	3,026,571,892	281,349,069	2,745,222,823	5.684
44,583,880	6,296,280	3,073,274,708	289,489,961	2,783,784,747	5.761
44,917,640	6,536,653	3,290,683,838	308,775,611	2,981,908,227	5.754
47,869,540	5,804,667	3,428,004,162	376,163,496	3,051,840,666	6.178

**CITY OF FAIRBANKS, ALASKA**  
Property Tax Rates - Direct and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Year	Direct City Rates					Overlapping Rates	
	Voter Approved Services	Debt Service	Claims & Judgments	Operations	Total Direct	Fairbanks North Star Borough *	Total
2014	0.270		0.379	4.900	5.549	11.356	16.905
2015	0.267		0.511	4.900	5.678	11.599	17.277
2016	0.262		0.489	4.900	5.651	11.418	17.069
2017	0.256		0.718	4.900	5.874	11.913	17.787
2018	0.255		1.824	4.900	6.979	12.850	19.829
2019	0.254		0.717	4.900	5.871	13.892	19.763
2020	0.251		0.533	4.900	5.684	13.891	19.575
2021	0.247		0.614	4.900	5.761	13.799	19.560
2022	0.231		0.623	4.900	5.754	12.290	18.044
2023	0.228		0.631	5.319	6.178	10.441	16.619

**Notes:**

Alaska Statute 29.45.090 limits the amount of taxes levied to 3 percent 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 living within the municipal boundaries or which exceed the product of 225 percent 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 Fairbanks General Code Section 6.5.

\* The Fairbanks North Star Borough assesses an area-wide levy applied to all properties within the borough.

**Sources:** City of Fairbanks, Finance Department and Fairbanks North Star Borough, Finance Department



**CITY OF FAIRBANKS, ALASKA**  
Principal Taxable Properties  
Current Year and Nine Years Ago

Taxpayer	2023 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2014 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Doyon Utilities	\$ 311,423,859	1	9.08%	\$ 277,700,122	1	9.95%
Fred Meyer Stores	61,428,274	2	1.79%	53,074,109	2	1.90%
Westmark Hotel	36,009,798	3	1.05%	33,251,338	4	1.19%
Wal-Mart Stores Inc.	33,249,419	4	0.97%	33,939,477	3	1.22%
GCI Cable Fairbanks Inc.	30,708,307	5	0.90%	31,360,615	5	1.12%
Bentley Mall	27,805,900	6	0.81%	27,872,047	7	1.00%
Costco	26,765,494	7	0.78%			
Jillian Square Apartments LLC	26,727,680	8	0.78%	21,800,439	8	0.78%
Sophie Plaza	23,266,062	9	0.68%			
Fairbanks Community Hospital	20,266,809	10	0.59%			
Tanana Valley Clinic				28,807,585	6	1.03%
Safeway				19,602,018	10	0.70%
Sam's Club (Wal-Mart)				19,860,560	9	0.71%
	<u>\$ 597,651,602</u>		<u>17.43%</u>	<u>\$ 547,268,310</u>		<u>19.60%</u>

**Notes:**

This is a table of principal taxable properties rather than tax payers. Cumulative totals for individual taxpayers are not available. The total assessed valuation for 2023 was \$3,428,004,162 and the total assessed valuation for 2014 was \$2,791,663,333.

**Source:** Fairbanks North Star Borough, Assessing Department.

**CITY OF FAIRBANKS, ALASKA**  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	14,284,970	13,914,834	97.41%	274,573	14,189,407	99.33%
2015	14,878,279	14,514,761	97.56%	235,010	14,749,771	99.14%
2016	15,010,129	14,631,208	97.48%	377,654	15,008,862	99.99%
2017	15,930,965	15,538,834	97.54%	386,819	15,925,653	99.97%
2018	19,057,396	18,591,632	97.56%	452,399	19,044,031	99.93%
2019	16,067,471	15,588,637	97.02%	419,223	16,007,860	99.63%
2020	15,743,573	15,393,595	97.78%	258,480	15,652,075	99.42%
2021	16,190,835	15,866,631	98.00%	213,797	16,080,428	99.32%
2022	17,339,694	16,800,616	96.89%	228,525	17,029,141	98.21%
2023	18,853,126	16,981,018	90.07%	N/A	16,981,018	90.07%

**Notes:**

Current taxes are due and payable July 1 of each year, but may be paid in two equal installments without incurring penalties or interest. The first installment is due September 1 becoming delinquent September 2. The second installment is due November 1, becoming delinquent November 2. Delinquencies carry a graduated penalty up to 10 percent and 8 percent interest. The Fairbanks North Star Borough bills and collects taxes for the City of Fairbanks.

**Sources:** City of Fairbanks, Finance Department and the Fairbanks North Star Borough, Treasury and Budget Division.

## CITY OF FAIRBANKS, ALASKA

### Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Total	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Alaska Clean Water Loan	Capital Leases			
2014	-	-	5,055,215	-	5,055,215	0.35%	159
2015	-	-	4,801,991	-	4,801,991	0.29%	150
2016	-	-	4,810,305	-	4,810,305	0.28%	151
2017	-	-	4,379,941	-	4,379,941	0.26%	137
2018	-	-	3,992,854	-	3,992,854	0.23%	126
2019	-	-	3,605,768	-	3,605,768	0.21%	116
2020	-	-	3,218,682	-	3,218,682	0.17%	102
2021	-	-	2,831,595	-	2,831,595	0.14%	84
2022	-	131,608	3,380,088	-	3,511,696	0.16%	106
2023	-	100,934	2,525,212	-	2,626,146	0.12%	83

**Notes:**

Details regarding the City's outstanding debt can be found in the notes to the financial statements. See page ST-21 for personal income and population data.

**CITY OF FAIRBANKS, ALASKA**  
Ratios of General Net Bonded Debt Outstanding  
Last Ten Fiscal Years

General Bonded Debt Outstanding

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Cash With Fiscal Agents</u>	<u>Net General Bonded Debt</u>	<u>Assessed Value</u>	<u>Population</u>	<u>Net Bonded Debt to Assesed Value</u>	<u>Net Debt Per Capita</u>
2014	-	-	-	2,791,663,333	31,721	-	-
2015	-	-	-	2,825,757,261	32,116	-	-
2016	-	-	-	2,883,494,360	31,957	-	-
2017	-	-	-	2,947,749,136	31,905	-	-
2018	-	-	-	2,970,728,106	31,668	-	-
2019	-	-	-	2,984,469,347	30,955	-	-
2020	-	-	-	3,026,571,892	31,410	-	-
2021	-	-	-	3,073,274,708	33,522	-	-
2022	-	-	-	3,290,683,838	31,843	-	-
2023	-	-	-	3,428,004,162	31,706	-	-

**Notes:**

Details regarding the City's debt can be found in the notes to the financial statements.

**Sources:** Fairbanks North Star Borough, Assessing Department and Alaska Department of Labor and Workforce Development (ADOL), Research and Analysis Section.

**CITY OF FAIRBANKS, ALASKA**  
 Computation of Direct and Overlapping Debt  
 December 31, 2023

Jurisdiction	Net Debt Outstanding	Percentage Applicable to the City of Fairbanks	Amount Applicable to the City of Fairbanks
City of Fairbanks	\$ 100,934	100.00%	\$ 100,934
Fairbanks North Star Borough	71,175,000	29.48%	<u>20,980,861</u>
			<u>\$ 21,081,795</u>

**Notes:**

The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the Borough's total taxable assessed value.

**Sources:** Fairbanks North Star Borough, Treasury and Budget Division and Assessing Department.

**CITY OF FAIRBANKS, ALASKA**

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 376,214,627	\$383,827,565	\$391,797,187	\$398,664,484	\$403,804,976
Total debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 376,214,627</u>	<u>\$383,827,565</u>	<u>\$391,797,187</u>	<u>\$398,664,484</u>	<u>\$403,804,976</u>
Total debt applicable to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$ 406,627,735	\$408,293,875	\$412,089,766	\$425,545,790	\$440,876,682
Total debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 406,627,735</u>	<u>\$408,293,875</u>	<u>\$412,089,766</u>	<u>\$425,545,790</u>	<u>\$440,876,682</u>
Total debt applicable to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

**Computation of current year debt limit**

Assessed valuation 2021	\$ 2,783,784,747
Assessed valuation 2022	2,981,908,227
Assessed valuation 2023	<u>3,051,840,666</u>
Total three year assessed valuation	<u>\$ 8,817,533,640</u>
Divided by three; average assessed value	<u>\$ 2,939,177,880</u>
15% of average assessed value; Debt limit	\$ 440,876,682
General obligation bonds outstanding	-
Legal debt margin	<u>\$ 440,876,682</u>

**Notes:**

The total amount of General Obligation Bonds issued and outstanding at any one time shall not exceed 15 percent of the average assessed value of the property subject to taxation by the City as of the first day of January. In any one year, the average assessed value is determined by adding assessed valuations for the last three preceding years and dividing by three. Bonds in excess of the limit may be issued if 65 percent of the qualified voters vote in favor of the referendum.

**CITY OF FAIRBANKS, ALASKA**  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population	Per Capita Personal Income	Personal Income	Unemployment Rate
2014	31,721	45,313	1,437,373,673	5.7%
2015	32,116	51,792	1,663,351,872	5.4%
2016	31,957	54,185	1,731,590,045	5.7%
2017	31,905	53,647	1,711,607,535	6.3%
2018	31,668	54,497	1,725,810,996	6.0%
2019	30,955	56,606	1,752,238,730	5.5%
2020	31,410	59,958	1,883,280,780	6.8%
2021	33,522	62,254	2,086,878,588	5.0%
2022	31,843	65,314	2,079,793,702	3.8%
2023	31,706	67,790	2,149,349,740	3.7%

**Notes:**

Personal income data has been estimated using the most recent available information.

**Sources:** Alaska Department of Labor and Workforce Development (ADOL), Research and Analysis Section and U.S. Department of Commerce Bureau of Economic Analysis.

**CITY OF FAIRBANKS, ALASKA**  
Employment by Industry  
Current Year and Nine Years Ago

Type of Employer	2023			2014		
	Rank	Annual Average Monthly Employment	Percentage of Total Annual Average Monthly Employment	Rank	Annual Average Monthly Employment	Percentage of Total Annual Average Monthly Employment
Education & Health Services	1	5,500	14.86%	1	5,400	13.78%
Retail Trade	2	4,600	12.43%	3	4,800	12.24%
Leisure & Hospitality	3	4,500	12.16%	4	4,100	10.46%
State Government	4	4,400	11.89%	1	5,400	13.78%
Federal Government	5	3,300	8.92%	6	2,900	7.40%
Local Government	6	2,600	7.03%	5	3,200	8.16%
Construction	6	2,600	7.03%	8	2,600	6.63%
Professional & Business Services	8	2,500	6.76%	9	2,200	5.61%
Transportation/Warehouse/Utilities	9	2,000	5.41%	7	2,700	6.89%
Other Services	10	1,300	3.51%			
Mining & Lodging				10	1,600	4.08%
		33,300	90.00%		34,900	89.03%

**Notes:**

Data is for the Fairbanks Metropolitan Statistical Area. The total annual average monthly employment for 2023 was 37,000 and the amount for 2014 was 39,200.

**Source:** Alaska Department of Labor and Workforce Development, Research and Analysis Section



**CITY OF FAIRBANKS, ALASKA**  
 Full-time Equivalent City Government Employees by Function  
 Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of December 31									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Government</b>										
Mayor	4.0	4.0	6.0	7.0	7.0	7.0	7.0	7.0	9.0	9.0
City attorney	3.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3.0	3.0
City clerk	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance	8.0	7.0	8.0	7.0	7.0	6.0	8.0	7.0	7.0	7.0
Information systems	6.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Public Safety</b>										
Police										
Administration	9.5	8.0	7.0	8.0	7.0	6.0	6.0	7.0	9.0	8.0
Investigations	7.0	5.0	6.0	5.0	6.0	4.0	4.0	2.0	3.0	4.5
Patrol	34.0	34.0	28.0	31.0	31.0	32.0	28.0	30.0	27.0	23.0
Dispatch	19.0	16.0	16.0	14.0	14.5	16.0	18.0	16.0	17.0	13.5
Fire										
Administration	5.0	4.5	4.0	5.0	5.0	5.0	5.0	4.0	4.0	3.0
Suppression	39.0	38.0	37.0	38.0	37.0	40.0	42.0	38.0	42.0	39.0
<b>Public Works</b>										
Works	38.0	36.0	36.0	37.0	37.0	37.0	36.0	36.0	38.0	38.0
Engineering	11.0	10.0	12.0	10.0	9.0	9.0	9.0	9.0	9.0	9.0
FMATS	2.5	2.5	2.5	2.5	0.0	0.0	0.0	0.0	0.0	0.0
<b>Building Inspections</b>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>	<u>5.0</u>	<u>4.0</u>	<u>5.0</u>	<u>5.0</u>	<u>4.0</u>	<u>4.0</u>
<b>Total</b>	<u>195.0</u>	<u>182.5</u>	<u>174.0</u>	<u>176.0</u>	<u>171.0</u>	<u>171.5</u>	<u>173.5</u>	<u>166.5</u>	<u>175.0</u>	<u>164.0</u>

**Source:** City of Fairbanks, Finance Department.

**CITY OF FAIRBANKS, ALASKA**  
 Operating Indicators by Function/Program  
 Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2014	2015	2016	2017
<b>General Government</b>				
Annual final operating budget	\$ 34,663,777	\$ 36,111,546	\$ 36,482,001	\$ 36,727,187
<b>Public Safety</b>				
Dispatch				
Number of E-911 calls	30,822	42,777	37,217	37,363
Number of Dispatch Service calls	40,608	45,414	53,351	57,083
Police				
Number of law enforcement calls	40,491	27,037	24,274	22,553
Number of major crimes	1,957	1,738	1,942	2,055
Number of physical arrests	1,959	1,068	1,269	1,326
Number of traffic citations	2,208	1,873	1,440	1,122
Fire				
Number of fire calls	928	964	1,072	5,229
Number of emergency medical service calls	3,239	3,252	3,884	3,396
<b>Public Works</b>				
Works				
Refuse collected (tons)	5,352	5,279	5,299	5,225
Patching (tons)	252	759	747	1,222
Snow removal (cubic yards) <sup>(a)</sup>	327,953	365,173	270,113	646,940
Sand (tons spread) <sup>(a)</sup>	2,888	3,544	3,071	3,766
<b>Building Inspections</b>				
Number of permits issued	961	863	850	899

**Notes:**

<sup>(a)</sup> Amounts are available by season only.

**Sources:** City of Fairbanks

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 35,098,948	\$ 36,443,182	\$ 35,230,573	\$ 38,882,013	\$ 43,023,722	\$ 45,447,431
35,425	36,681	40,065	41,663	34,414	41,938
48,562	45,853	50,196	56,677	53,636	49,472
24,798	23,036	22,207	22,493	20,945	19,778
1,885	2,022	1,998	2,073	2,261	1,842
1,504	1,502	1,538	1,223	1,305	848
1,643	845	721	632	692	605
2,338	2,745	2,320	1,614	1,503	2,989
3,455	3,548	4,253	5,275	5,876	4,380
5,211	5,309	5,513	5,193	5,045	4,916
8,203	221	450	496	628	414
377,685	435,348	464,676	482,770	655,180	607,524
527	1,963	1,661	2,717	3,105	3,321
929	945	933	899	1,121	1,072

**CITY OF FAIRBANKS, ALASKA**  
 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2014	2015	2016	2017
<b>General Government</b>				
Administration square footage	65,000	65,000	65,000	65,000
<b>Public Safety</b>				
Police				
Stations	1	1	1	1
Vehicles	66	63	67	69
Fire				
Stations manned	2	2	2	2
Emergency response vehicles	19	21	24	24
<b>Public Works</b>				
Works				
Refuse trucks	9	11	11	9

**Sources:** City of Fairbanks

Fiscal Year

2018	2019	2020	2021	2022	2023
65,000	65,000	65,000	65,000	65,000	65,000
1 66	1 61	1 63	1 68	1 61	1 59
2 24	2 25	2 25	2 26	2 24	2 25
9	9	12	12	12	14



# **SINGLE AUDIT SECTION**

Reports on Federal Single Audit Requirements





# **FEDERAL SINGLE AUDIT**





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INDEPENDENT AUDITORS' 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

Honorable Mayor and  
Members of the City Council  
City of Fairbanks, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairbanks (City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 17, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alliance CPAs LLC

May 17, 2024  
Fairbanks, Alaska



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and  
Members of the City Council  
City of Fairbanks, Alaska

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Fairbanks (City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guideline are further described in the Auditors' Responsibilities for the Audit Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's Compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Governmental Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance we,

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Alliance CPAs LLC*

May 17, 2024  
Fairbanks, Alaska

**CITY OF FAIRBANKS, ALASKA**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>				
<b>Passed through Programs from:</b>				
Alaska Department of Commerce, Community, and Economic Development Community Development Block Grant (CDBG)	14.228	22-CDBG-03	\$	523,907
North Star Council on Aging FY2023 Community Project Funding Grant	14.251	B-23-CP-AK-0016		33,872
<b>Total Department of Housing &amp; Urban Development</b>				<b>557,779</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<b>Direct Programs:</b>				
Bureau of Justice Assistance FY2022 Edward Byrne Memorial Justice Assistance Grant	16.738			2,003
<b>Total U.S. Department of Justice</b>				<b>2,003</b>
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>				
<b>Passed through Programs from:</b>				
Alaska Department of Transportation and Public Facilities				
Wendell Ave Bridge Replacement	20.205	NFHWY00511		6,033
Chena River Walk Stage III Segment 1	20.205	NFHWY00280		1,025
FAST Advanced Project Definition	20.205	NFHWY00648		3,706
Third Street Widening Project	20.205	MGL-M-0670(1)		25,437
6th Ave ADA Improvements	20.205	NFHWY00551		1,794
Minnie Street Improvements	20.205	NFHWY00509		173,854
Cowles Street Reconstruction	20.205	NFHWY00126		185,515
5th Avenue Reconstruction	20.205	NFHWY00445		300,387
Cushman Street Bridge	20.205	Z622070000		1,785
Systemic Signal Upgrades	20.205	NFHWY00592		6,428
Steadman St Improvements	20.205	NFHWY00426		15,314
4th and 11th Ave ADA Improvements	20.205	NFHWY00426		95,588
<b>Total U.S. Department of Transportation</b>			<b>\$</b>	<b>816,866</b>

(continued)



Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				
<b>Direct Programs:</b>				
Polaris Building Demolition and Site Remediation	66.202			\$ 1,477,017
<b>Passed through Programs from:</b>				
Alaska Department of Environmental Conservation Brownfields Assessment and Clean Up	66.818	21.224		22,786
<b>Total Environmental Protection Agency</b>				<b>1,499,803</b>
<b>U.S. EXECUTIVE OFFICE OF THE PRESIDENT</b>				
<b>Passed through Programs from:</b>				
Alaska Department of Public Safety Alaska High Intensity Drug Trafficking Area	95.001	HIDTA-004		39,552
<b>Total Executive Office of the President</b>				<b>39,552</b>
<b>U. S. DEPARTMENT OF HOMELAND SECURITY</b>				
<b>Passed through Programs from:</b>				
Alaska Department of Military and Veterans Affairs 2022 Emergency Management Performance Grant	97.042	22EMPG-GY22		6,865
<b>Total U. S. Department of Homeland Security</b>				<b>6,865</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<b>Passed through Programs from:</b>				
Alaska Department of Health Division of Public Health Healthy and Equitable Communities Grant	93.391 56% 93.368 44%			9,808
<b>Total U. S. Department of Health and Human Services</b>				<b>9,808</b>
<b>U. S. DEPARTMENT OF TREASURY</b>				
<b>Direct Programs:</b>				
COVID-19-Coronavirus Local Fiscal Recovery Fund	21.027			984,019
<b>Total U. S. Department of Treasury</b>				<b>984,019</b>
<b>Grand Total - Federal Financial Assistance</b>				<b>\$ 3,916,695</b>

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF FAIRBANKS, ALASKA**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended December 31, 2023

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the City of Fairbanks, Alaska, under programs of the federal government for the year ended December 31, 2023. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the City of Fairbanks, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Fairbanks.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 – INDIRECT COST RATE**

The City of Fairbanks has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF FAIRBANKS, ALASKA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year ended December 31, 2023

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes  No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  No

*Federal Awards*

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ Yes  No

Significant deficiencies identified? \_\_\_\_\_ Yes  None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a): \_\_\_\_\_ Yes  No

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant
66.202	Polaris Building Demolition and Site Remediation

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  Yes  No

CITY OF FAIRBANKS, ALASKA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
Year ended December 31, 2023

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

## **STATE SINGLE AUDIT**





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INDEPENDENT AUDITOR'S 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

Honorable Mayor and  
Members of the City Council  
City of Fairbanks, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairbanks, Alaska as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Fairbanks, Alaska's (City) basic financial statements, and have issued our report thereon dated May 17, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alliance CPAs LLC

May 17, 2024  
Fairbanks, Alaska





**Alliance**  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE OF ALASKA  
AUDIT GUIDE AND COMPLIANCE SUPPLEMENT FOR STATE SINGLE AUDITS

Honorable Mayor and  
Members of the City Council  
City of Fairbanks, Alaska

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited the City of Fairbanks, Alaska's (City) compliance with the types of compliance requirements identified as subject to audit in *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the City's major state programs for the year ended December 31, 2023. The City's major state programs are identified in the accompanying schedule of state financial assistance.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2023.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements in the *State of Alaska Audit Guide*. Our responsibilities under those standards and the *State of Alaska Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's state programs.

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Fairbanks, Alaska's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *State of Alaska Audit Guide* requirements will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State of Alaska Audit Guide*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of Alaska requirements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in

internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

Alliance CPAs LLC

May 17, 2024  
Fairbanks, Alaska



**CITY OF FAIRBANKS, ALASKA**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
Year ended December 31, 2023

STATE AGENCY/PROGRAM TITLE	AWARD NUMBER	TOTAL AWARD AMOUNT	PASSED THROUGH TO SUBRECIPIENTS	STATE EXPENDITURES
<b><u>Department of Commerce, Community and Economic Development</u></b>				
*Designated Legislative Grant Program	24-DC-016	\$ 3,000,000	\$ -	\$ 476,385
Total Department of Commerce, Community and Economic Development		3,000,000	-	476,385
<b><u>Department of Public Safety</u></b>				
SART Reimbursement	N/A	134,926	-	134,926
Total Department of Public Safety		134,926	-	134,926
<b><u>Department of Transportation and Public Facilities</u></b>				
DOT Old Steese Upgrade Project	Z624870000	75,000	-	10,811
Total Department of Transportation and Public Facilities		75,000	-	10,811
<b><u>Department of Military and Veterans Affairs</u></b>				
State Disaster Public Assistance Grant	AK-22-278A	124,571	-	124,571
Total Department of Military and Veterans Affairs		124,571	-	124,571
<b><u>Alaska Mental Health Trust Authority</u></b>				
Crisis Now Community Coordinator	14708	100,000	-	60,434
Crisis Now Community Coordinator	14708.01	138,000	-	65,447
Alaska Prisoner Reentry Coordinator	6907.07	100,000	-	54,200
Alaska Prisoner Reentry Coordinator	6907.08	120,000	-	58,308
Alaska Mental Health Trust Authority Mini Grants Program	16216	1,920	-	1,764
Total Alaska Mental Health Trust Authority		459,920	-	240,153
<b>Total State Financial Assistance</b>		<b>\$ 3,794,417</b>	<b>\$ -</b>	<b>\$ 986,846</b>

\* Denotes a major program

**NOTE 1 – MAJOR PROGRAM NOTATION**

\* Denotes a major program.

**NOTE 2 – BASIS OF PRESENTATION**

The accompanying Schedule of State Financial Assistance (SSFA) includes the state award activity of the City of Fairbanks under programs of the State of Alaska for the year ended December 31, 2023. The information in the SSFA is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for the State Single Audits*. Because the SSFA presents only a selected portion of the operations of the City of Fairbanks, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Fairbanks.

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the SSFA are reported on the modified accrual basis of accounting.

CITY OF FAIRBANKS, ALASKA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year ended December 31, 2023

**SECTION 1 - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
Material weaknesses identified?	_____ Yes	___X___ No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	___X___ None reported
Noncompliance material to financial statements noted?	_____ Yes	___X___ No

*State Financial Assistance*

Type of auditor's report issued on compliance for major programs:		Unmodified
Internal control over major programs:		
Material weaknesses identified?	_____ Yes	___X___ No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	___X___ None reported
Dollar threshold used to distinguish a state major program:		\$750,000

**SECTION II - FINANCIAL STATEMENT FINDINGS**

The City of Fairbanks, Alaska did not have any findings that relate to the financial statements.

**SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS**

The City of Fairbanks, Alaska did not have any findings that are required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.