

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
CITY OF FAIRBANKS
ALASKA



JANUARY 1, 2021
TO
DECEMBER 31, 2021

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



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

Jim Matherly
Mayor

Prepared by
City of Fairbanks Finance Department

Margarita Bell, CPA, Chief Financial Officer
Katelyn McConnachie, CPA, Controller



CITY OF FAIRBANKS, ALASKA

Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2021

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INTRODUCTORY SECTION

Letter of Transmittal
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Organizational Chart
List of Principal Officials





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June 27, 2022

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, 2021. 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, 2021, 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, 2021. 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 was not 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.

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 located 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 33,522. 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 97,515, 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 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 15th 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 200,260 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:

	2020	2021	Change (%)
Population	31,410	33,522	6.7%
Unemployment rates	6.8%	5.0%	-1.8%
Annual average employment	35,100	35,600	1.4%
Building permits	933	899	-3.6%
Assessed value	3,026,571,892	3,073,274,708	1.5%

Population is expected to continue to increase due to military transfers. Unemployment continues to improve from the impacts of the pandemic. Employment has remained generally stable with increases in the health care industry and improvements in the leisure and hospitality industry.

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

Nonfarm Employment			
	2020	2021	Change (%)
Health care	4,900	5,500	12.2%
Retail trade	4,800	4,400	-8.3%
State government	4,400	4,300	-2.3%
Leisure & hospitality	3,400	3,700	8.8%
Federal government	3,300	3,200	-3.0%
Local government	2,700	2,700	0.0%

The University of Alaska Fairbanks campus employs over 2,400 people with enrollment of more than 7,400 students. Fort Wainwright employs 7,200 service members and 2,400 civilians and contractors and Eielson Air Force Base employs 2,981 service members and 1,682 civilians and contractors. Fairbanks Memorial Hospital is another primary employer with over 1,330 employees.

The fiscal health of the State is important to the City because we rely on the State to provide community assistance proceeds, funding for capital projects, administration, and on-behalf funding of the Public Employees Retirement System (PERS). The recent increase in oil prices has an impact on the State's revenue since the State relies heavily on taxes assessed to oil companies operating in the state. The City is anticipating an increase in community assistance program funds in 2022.

Like many communities, the City is experiencing the pressures of inflation brought on by the disruption of supply due to the pandemic and the war in Ukraine. The City has sufficient reserves to absorb the inflation, but the financial outlook will improve with the adoption of new sources of revenues and expansion of military installations.

Long Term Financial Planning

City ordinances require the general fund unassigned fund balance to be the greater of 20% of budgeted operational expenditures or \$4,000,000. In 2022, the ordinance was changed to raise the \$4,000,000 to \$10,000,000. On December 31, 2021, the unassigned fund balance was \$14,753,830 and the minimum required is \$7,776,403.

During the annual budget process, departments are encouraged to forecast future capital needs. Annually each department transfers an estimated amount to the capital fund to help pay for future capital needs. Funds transferred to the capital fund are accumulated and budgeted annually as capital needs become due. By Charter, funds may not be transferred out of the capital fund to pay for general fund operating expenditures.

The City maintains a permanent investment fund. The fund was originally established by the sale of the Municipal Utilities System. Proceeds from any sales of real property are deposited in the fund. A Permanent Fund Board reviews the performance of the investment fund and makes recommendations for changes to the City Council. On December 31, 2021, the fund balance was \$157,040,679. City code allows 4% 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 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 City Council to achieve desired outcomes. City Council has identified the following goals:

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

- Provide \$1,521,822 in Coronavirus Local Fiscal Recovery Funds to small businesses in tourism, travel, and hospitality sector (Goal 1).
- Replaced \$1.9 million in public works and public safety equipment (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 Homeless Coordinator, a liaison between the City, Fairbanks Housing and Homeless Coalition, the business community, and nonprofits to reduce homelessness in Fairbanks (Goal 2).
- Provide timely information to the citizens through social media during the pandemic 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:

Design Phase:

- Dunbar Surface Improvements: Project will resurface Dunbar Avenue between A Street and C Street to include roadside hardware, drainage, intersection, utilities, and ADA improvements.
- 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 5th Avenue between Barnette Street and Noble Street to include ADA improvements, intersection improvements, drainage improvements, roadside hardware, and utilities.

Construction Phase:

- 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.
- Wendell Avenue Bridge Replacement: Project will reconstruct the Wendell Avenue bridge.

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, 2020. This was the nineteenth consecutive year that the City has achieved this prestigious award. In order 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**

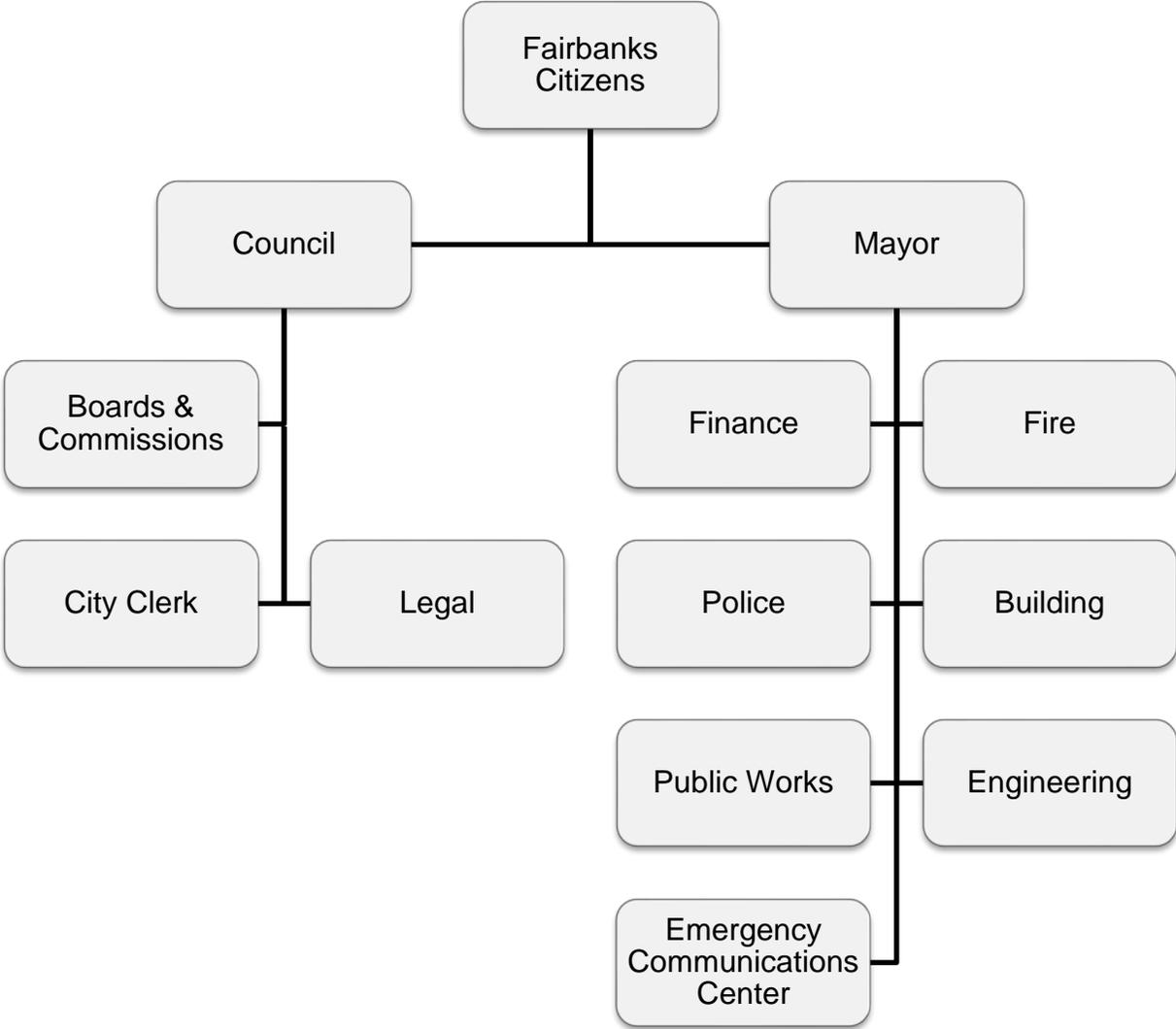
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

CITY OF FAIRBANKS, ALASKA ORGANIZATIONAL CHART



CITY OF FAIRBANKS, ALASKA

LIST OF PRINCIPAL OFFICIALS

For the Fiscal Year Ended December 31, 2021

MAYOR

Jim Matherly

CITY COUNCIL MEMBERS

Jerry Cleworth, Seat A
June Rogers, Seat B
Valerie Therrien, Seat C
Aaron Gibson, Seat D
Lonny Marney, Seat E
Jim Clark, Seat F

APPOINTED OFFICIALS

Diana Snider, City Clerk
Paul Ewers, City Attorney

ADMINISTRATION

Jim Matherly, Mayor
Michael Meeks, Chief of Staff
Margarita Bell, Chief Financial Officer
Tod Chambers, Fire Chief
Ron Dupee, Police Chief
Clem Clooten, Building Official
Jeff Jacobson, Public Works Director
Robert Pristash, City Engineer
Kristi Merideth, Fairbanks Emergency Communications Center Manager

FINANCIAL SECTION

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





Alliance
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INDEPENDENT AUDITOR'S 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 (City) as of and for the year ended December 31, 2021, 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 of Fairbanks as of December 31, 2021, 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 Auditor's 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.

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.

Auditor's 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 auditor's 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 is 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 is 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 is 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 auditor's 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, 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 that report 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. That report is 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

June 27, 2022
Fairbanks, Alaska



CITY OF FAIRBANKS, ALASKA

Management's Discussion and Analysis For the Year Ended December 31, 2021

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, 2021. 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 of the City exceeded its liabilities and deferred inflows on December 31, 2021 by \$314,331,164 (net position). Of this amount, \$20,157,797 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$11,971,392 during the fiscal year compared to an increase of \$24,063,593 in the prior year due to decreases in operating grants and contributions.
- As of December 31, 2021, the combined ending fund balance for **governmental funds** in the amount of \$186,536,354 is an increase of \$14,954,761 in comparison with the prior year due to investment earnings.
- As of December 31, 2021, unassigned fund balance for the **general fund** was \$14,753,830 or 41.1% of total general fund expenditures.
- During 2021, the City received community assistance and on-behalf payments to the City's Public Employees' Retirement System from the State of Alaska in the amount \$210,115 and \$760,956, respectively. The City also received new supplemental emergency medical transport (SEMT) revenue in the amount of \$906,290.
- During 2021, the City was awarded Coronavirus Local Fiscal Recovery Funds (CLFRF) in the amount of \$5,551,822; this is significantly less than the Coronavirus Relief Funds awarded in 2020 in the amount of \$15,692,668. The City distributed \$1,521,822 of CLFRF to small businesses in the tourism, travel, and hospitality sector.

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 similar to a private sector business.

The **statement of net position** presents information on all of 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.

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave).

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 of 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 six 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, and the grants & contracts fund, which are considered major funds. Data from the other three nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in a combined fund statement presented later in this report.

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 can be found in the Basic Financial Statements and RSI subsection of this report. The budgetary comparison schedule for the capital fund is located in the supplementary section.

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. 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.

The combining statements referred to earlier in connection with major and nonmajor funds are presented immediately after the basic financial statements. Combining fund statements can be found in the supplementary section 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 \$314,331,164 on December 31, 2021.

Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 194,532,489	178,236,192	573,061	330,850	195,105,550	178,567,042
Capital assets, net	128,885,562	134,151,275	8,210,548	8,476,268	137,096,110	142,627,543
Other noncurrent assets	10,769,133	3,459,451	2,444,509	2,831,596	13,213,642	6,291,047
Total assets	334,187,184	315,846,918	11,228,118	11,638,714	345,415,302	327,485,632
Deferred outflows of resources						
	1,195,365	2,076,225	-	-	1,195,365	2,076,225
Liabilities						
Long-term liabilities outstanding						
	12,971,506	17,125,824	2,444,509	2,831,596	15,416,015	19,957,420
Other liabilities	6,801,488	5,671,821	408,228	408,071	7,209,716	6,079,892
Total liabilities	19,772,994	22,797,645	2,852,737	3,239,667	22,625,731	26,037,312
Deferred inflows of resources						
	9,653,772	1,164,773	-	-	9,653,772	1,164,773
Net position						
Net investment in capital assets						
	128,885,562	134,151,275	8,210,548	8,476,268	137,096,110	142,627,543
Restricted	157,077,257	144,157,507	-	-	157,077,257	144,157,507
Unrestricted	19,992,964	15,651,943	164,833	(77,221)	20,157,797	15,574,722
Total net position	\$ 305,955,783	293,960,725	8,375,381	8,399,047	314,331,164	302,359,772

Net investment in capital assets net position represents investment in capital assets (land, buildings, equipment, and infrastructure), 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 2021, net investment in capital assets is 43.6% of total net position.

Restricted net position represents resources restricted for investments in the amount of \$150,868,346, subsequent year transfers in the amount of \$6,172,333, and law enforcement in the amount of \$36,578. In 2021, restricted net position is 50.0% of total net position.

Unrestricted net position represents the remaining portion of \$20,157,797 that may be used to meet the government's ongoing obligations to citizens and creditors. In 2021, unrestricted net position is 6.4% 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 \$11,971,392. In 2020, the net position increased by \$24,063,593. The reasons are discussed below for governmental activities and business-type activities.

Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 9,974,944	8,133,851	554,597	538,331	10,529,541	8,672,182
Operating grants and contributions	3,092,013	17,316,541	-	-	3,092,013	17,316,541
Capital grants and contributions	1,351,116	20,235,340	-	-	1,351,116	20,235,340
General revenues:						
Property taxes	16,188,090	15,698,033	-	-	16,188,090	15,698,033
Other taxes	8,741,289	6,217,156	-	-	8,741,289	6,217,156
Investment gain (loss)	18,441,689	14,830,100	-	-	18,441,689	14,830,100
Other	1,358,905	1,317,901	5	17	1,358,910	1,317,918
Total revenues	59,148,046	83,748,922	554,602	538,348	59,702,648	84,287,270
Expenses:						
General government	20,502,194	33,035,584	-	-	20,502,194	33,035,584
Public safety	15,070,047	15,916,784	-	-	15,070,047	15,916,784
Public works	10,929,783	10,170,265	-	-	10,929,783	10,170,265
Building Inspections	647,864	616,109	-	-	647,864	616,109
Fairbanks Transportation Center	-	-	504,484	408,051	504,484	408,051
Municipal Utilities System	-	-	76,884	76,884	76,884	76,884
Total expenses	47,149,888	59,738,742	581,368	484,935	47,731,256	60,223,677
Increase (decrease) in net position before transfers	11,998,158	24,010,180	(26,766)	53,413	11,971,392	24,063,593
Transfers	(3,100)	186,900	3,100	(186,900)	-	-
Increase (decrease) in net position	11,995,058	24,197,080	(23,666)	(133,487)	11,971,392	24,063,593
Net position - beginning	293,960,725	269,763,645	8,399,047	8,532,534	302,359,772	278,296,179
Net position - ending	\$ 305,955,783	293,960,725	8,375,381	8,399,047	314,331,164	302,359,772

Governmental activities decreased the City's net position by \$12,202,022 in comparison with the prior year. Key elements of the changes in net position are as follows:

- Decreases in revenues and expenses are due to reductions in operating grants and contributions; the City received and expended \$15,692,668 of Coronavirus Relief Funds in 2020. The City also received a road donation in the amount of \$18,235,873 in 2020.
- Recovery from the pandemic resulted in increases in the amount of \$1,841,093 in charges for services and \$2,524,133 for other taxes; these increases and reduction in departmental spending offset the decreases in operating grants and contributions.
- Increase in investment earnings of \$3,611,589, including net unrealized gains.
- OPEB expense decreased in the amount of \$2,069,554 to reflect obligations in accordance with GASB 75.
- Pension expense decreased in the amount of \$20,933 to reflect net pension liability in accordance with GASB 68.

Business-type activities increased the City's net position by \$109,821 in comparison with the prior year. Key elements of the increase are a transfer of \$396,900 from the MUS Fund to the Permanent Fund for investment and a General Fund transfer of \$400,000 to the FTC Fund for parking garage equipment.

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 they represent 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 & contracts fund, and other governmental funds (risk special revenue fund, asset forfeiture special revenue fund, and capital fund). On December 31, 2021, the City's governmental funds had an increase of \$14,954,761 of **combined ending fund balances**. The unassigned fund balance in the amount of \$13,962,550 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	\$ 13,962,550	7.49%
Prepaid assets	Nonspendable	550,769	0.30%
Investments	Restricted	157,040,679	84.19%
Law enforcement	Restricted	36,578	0.02%
Snow removal	Committed	250,000	0.13%
Capital projects	Committed	5,632,240	3.02%
Contractual obligations	Assigned	721,460	0.39%
Capital projects uncommitted	Assigned	8,342,078	4.47%
Total		<u>\$ 186,536,354</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 \$14,753,830 while total fund balance was \$15,284,568. 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 41.1% of total general fund expenditures, while total fund balance represents 42.6% of total general fund expenditures.

General Fund - Fund Balance			
	2021	2020	Changes
Nonspendable	\$ 7,963	\$ 39,559	\$ (31,596)
Committed	250,000	250,000	-
Assigned	272,775	382,563	(109,788)
Unassigned	<u>14,753,830</u>	<u>12,875,819</u>	<u>1,878,011</u>
Total	<u>\$ 15,284,568</u>	<u>\$ 13,547,941</u>	<u>\$ 1,736,627</u>

The general fund's fund balance increased by \$1,736,627 and unassigned fund balance increased by \$1,878,011 during the current fiscal year primarily due to recovery of revenues that were impacted by the pandemic.

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

General Fund - Revenues			
	2021	2020	Changes
Taxes	\$ 23,203,122	\$ 20,438,389	\$ 2,764,733
Charges for services	5,981,590	5,666,858	314,732
Intergovernmental	2,667,150	1,592,975	1,074,175
Licenses and permits	2,311,534	1,695,295	616,239
Fines and forfeitures	543,223	417,141	126,082
Special assessments	1,074	1,074	-
Other revenues	500,025	580,312	(80,287)
Total	\$ 35,207,718	\$ 30,392,044	\$ 4,815,674

- Room rental taxes and other sales taxes recovered from the effects of the pandemic, resulting in an increase of \$1,674,978 for room rental and other taxes in the amount of \$1,089,755.
- Revenues from the State of Alaska increased as follows: PERS on-behalf payment increased by \$49,734, community assistance program increased by \$124,701, and the new revenue source of the supplemental emergency medical transport (SEMT) program included \$906,290.
- Licenses and permits increased primarily due to a major construction project involving a medical facility.
- Other revenues include interest income that decreased due to decreases in interest rates.

General Fund - Expenditures			
	2021	2020	Changes
General government	\$ 9,771,917	\$ 8,186,714	\$ 1,585,203
Public safety	16,235,252	15,056,629	1,178,623
Public works	9,267,894	8,577,034	690,860
Building inspections	640,011	608,256	31,755
Total	\$ 35,915,074	\$ 32,428,633	\$ 3,486,441

- General government expenditures increased because of additional room rental taxes distributed to tourism agencies in the amount of \$1,282,948.
- Public safety expenditures increased by \$972,714 related to increases in salaries and benefits primarily due to overtime costs necessary to cover position vacancies and \$205,909 due to increases in operating and training costs.
- Public works expenditures increased by \$300,253 related to increases in salaries and benefits and \$390,607 of increases in operating costs. The department had significant salary savings until the final month of the year when the city experienced a severe winter storm that resulted in additional staffing and operating resources.

The **permanent fund** has a total fund balance of \$157,040,679 all of which 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 \$12,919,721 in 2021; this was attributable to investment earnings of \$18,441,470 and transfers to the general fund (\$5,185,115) and capital fund (\$648,139). Detailed information about the permanent fund is in Note 3.O. in the basic financial statements.

Proprietary Funds

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

The net position of the MUS and the FTC at the end of the fiscal year was \$2,134,854 and \$6,240,527 respectively, most of which is invested in capital assets. The total decrease in net position was \$76,884 for the MUS fund due to a \$396,900 transfer to the permanent fund. The \$53,218 increase for the FTC fund was due to a transfer of \$400,000 from the General Fund for parking garage equipment.

GENERAL FUND BUDGETARY HIGHLIGHTS

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, the committee recommends amendments to the budget for the City Council's consideration to reflect the current state of operations more accurately.

The difference between the **original budget** for total revenues and the final amended budget is an increase of \$3,249,955; this amount excludes inter-fund transfers. Significant differences are summarized as follows:

- \$ 1,547,805 increase in taxes
- \$ 1,022,150 increase in intergovernmental
- \$ 523,000 increase in licenses and permits
- \$ 60,000 decrease in interest and penalties

The difference between the **original budget** for total expenditures and the final amended budget is an increase of \$3,202,757. Significant differences are briefly summarized as follows:

- \$ 1,878,568 increase in general government and administrative activities
- \$ 681,182 increase for public safety
- \$ 626,932 increase for public works

During the year, revenues were greater than **budgetary estimates** by \$852,478. Expenditures and encumbrances were less than budgetary estimates by \$3,212,726. The most significant differences were as follows:

- Room rental taxes were more due to recovery from the pandemic. This also impacted general government and administrative activities in distributions to tourism agencies.
- Expenditures were less than anticipated due to salary and wages decreases caused by position vacancies and other operating expenditure savings.

City Code states that in no case shall unassigned general fund balance be less than the greater of 20% of budgeted operational expenditures or \$4,000,000. Twenty percent of the budgeted operational expenditures are \$7,776,403, which is \$6,977,427 less than the 2021 unassigned fund balance.

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 \$137,096,110 (net of accumulated depreciation). The investment in capital assets includes land, buildings, construction in progress, equipment, and infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was \$5,531,433, approximately 3.9%.

Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and land improvements	\$ 9,478,647	9,478,647	454,356	454,356	9,933,003	9,933,003
Construction in progress	6,656,416	5,965,289	-	-	6,656,416	5,965,289
Buildings	16,239,115	17,021,828	5,806,694	5,995,530	22,045,809	23,017,358
Equipment	8,888,506	8,542,651	1,138,298	1,183,982	10,026,804	9,726,633
Infrastructure	87,622,878	93,142,860	811,200	842,400	88,434,078	93,985,260
Total	<u>\$ 128,885,562</u>	<u>134,151,275</u>	<u>8,210,548</u>	<u>8,476,268</u>	<u>137,096,110</u>	<u>142,627,543</u>

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

- Equipment purchases totaled \$2,075,435; however, depreciation costs and disposals resulted in a decrease from the prior year in the amount of \$7,956,109.

Long-Term Liabilities

At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$15,416,015. The total decrease in long-term liabilities in the amount of \$4,541,405 is primarily due to the decrease in net pension liability. Additional information on the City's long-term liabilities can be found in Note 3.J. of the basic financial statements.

Long Term Liabilities						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Alaska clean water loans	\$ -	-	2,444,509	2,831,596	2,444,509	2,831,596
Compensated absences	54,748	-	-	-	54,748	-
Self-Insurance losses	744,358	556,258	-	-	744,358	556,258
Net OPEB liability	-	25,403	-	-	-	25,403
Net pension liability	12,172,400	16,544,163	-	-	12,172,400	16,544,163
Total	<u>\$ 12,971,506</u>	<u>17,125,824</u>	<u>2,444,509</u>	<u>2,831,596</u>	<u>15,416,015</u>	<u>19,957,420</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

On December 13, 2021, City Council passed *Ordinance No. 6187 As Amended* adopting the 2022 budget for the general fund. The original budget projects revenues and other financing sources to be \$38,396,852 and expenditures in the amount of \$37,687,087 increasing fund balance by \$709,765.

On January 17, 2022, City Council passed *Ordinance No. 6190* changing the minimum unassigned general fund balance from the greater of either 20 percent of budgeted operational expenditures or \$4,000,000 to the greater of either 20 percent of budgeted operational expenditures or \$10,000,000.

On February 14, 2022, City Council passed *Ordinance No. 6195* adding high yield corporate bonds in the City Permanent Fund investment policy.

On March 14, 2022, *Ordinance No. 6198* was passed. This ordinance ratified a collective bargaining agreement between the City of Fairbanks and the Public Safety Employee Association. This three-year contract had a total cost of \$1,251,880.

On March 14, 2022, *Ordinance No. 6199 As Amended* was passed. This ordinance amended the 2022 operating budget for the general fund by decreasing other financing sources by \$2,000,000 and increasing expenditures in the amount of \$1,000,735. This ordinance also amended the 2022 capital fund budget by increasing other financing sources by \$2,000,000 and increasing expenditures in the amount of \$2,092,331.

On April 25, 2022, City Council passed *Ordinance No. 6203* authorizing the lease of Golden Heart Plaza to Festival Fairbanks.

The City's greatest challenge is to remove a secondary tax cap that would allow collection of the total revenue allowed by the City's Charter. Any new or additional sales tax levied, other than room rental, alcohol, tobacco, and marijuana, must be approved by the voters in a general election.

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 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 of 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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in central treasury	\$ 31,731,101	173	31,731,274
Restricted cash and cash equivalents	12,329,695	-	12,329,695
Investments, restricted	144,525,008	-	144,525,008
Accounts receivable (net)	3,924,531	535,904	4,460,435
Internal balances	(36,984)	36,984	-
Inventory	1,508,369	-	1,508,369
Prepaid expenses	550,769	-	550,769
Noncurrent receivables	1,800,000	2,444,509	4,244,509
Capital assets			
Non-depreciable	9,478,647	454,356	9,933,003
Construction in progress	6,656,416	-	6,656,416
Depreciable, net of accumulated depreciation	112,750,499	7,756,192	120,506,691
Net OPEB asset	8,969,133	-	8,969,133
Total assets	334,187,184	11,228,118	345,415,302
DEFERRED OUTFLOWS OF RESOURCES			
	1,195,365	-	1,195,365
Total assets and deferred outflows of resources	\$ 335,382,549	11,228,118	346,610,667
LIABILITIES			
Accounts payable and other current liabilities	\$ 2,762,662	18,750	2,781,412
Unearned revenue	1,711,506	2,392	1,713,898
Pollution remediation obligation	362,783	-	362,783
Other liabilities			
Due within one year	1,964,537	387,086	2,351,623
Due in more than one year	12,971,506	2,444,509	15,416,015
Total liabilities	19,772,994	2,852,737	22,625,731
DEFERRED INFLOWS OF RESOURCES			
	9,653,772	-	9,653,772
NET POSITION			
Net Investment in capital assets	128,885,562	8,210,548	137,096,110
Expendable restricted for:			
Law enforcement	36,578	-	36,578
Subsequent year transfers	6,172,333	-	6,172,333
Nonexpendable restricted for:			
Permanent fund investment	150,868,346	-	150,868,346
Unrestricted	19,992,964	164,833	20,157,797
Total net position	305,955,783	8,375,381	314,331,164
Total liabilities, deferred inflows of resources and net position	\$ 335,382,549	11,228,118	346,610,667

See accompanying notes to the basic financial statements



CITY OF FAIRBANKS, ALASKA

Statement of Activities

For the Year Ended December 31, 2021

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	\$20,502,194	1,960,693	2,208,790	617,741	(15,714,970)	-	(15,714,970)
Public safety	15,070,047	4,595,756	647,960	13,709	(9,812,622)	-	(9,812,622)
Public works	10,929,783	2,348,134	235,263	719,666	(7,626,720)	-	(7,626,720)
Building inspections	647,864	1,070,361	-	-	422,497	-	422,497
Total governmental activities	<u>47,149,888</u>	<u>9,974,944</u>	<u>3,092,013</u>	<u>1,351,116</u>	<u>(32,731,815)</u>	<u>-</u>	<u>(32,731,815)</u>
Business-type activities:							
Municipal Utilities System	76,884	396,900	-	-	-	320,016	320,016
Fairbanks Transportation Center	504,484	157,697	-	-	-	(346,787)	(346,787)
Total business-type activities	<u>581,368</u>	<u>554,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,771)</u>	<u>(26,771)</u>
Total	<u><u>\$47,731,256</u></u>	<u><u>10,529,541</u></u>	<u><u>3,092,013</u></u>	<u><u>1,351,116</u></u>	<u><u>(32,731,815)</u></u>	<u><u>(26,771)</u></u>	<u><u>(32,758,586)</u></u>
General Revenues:							
Property tax					16,188,090	-	16,188,090
Room rental tax					3,148,807	-	3,148,807
Alcohol beverage tax					2,557,257	-	2,557,257
Tobacco tax					1,008,021	-	1,008,021
Marijuana tax					1,576,731	-	1,576,731
Gasoline tax					450,473	-	450,473
Unrestricted shared revenue					999,904	-	999,904
Investment income					18,441,689	-	18,441,689
Interest income					134,463	5	134,468
Miscellaneous					224,538	-	224,538
Transfers - internal activity					(3,100)	3,100	-
Total general revenues and transfers					<u>44,726,873</u>	<u>3,105</u>	<u>44,729,978</u>
Change in net position					11,995,058	(23,666)	11,971,392
Net position - beginning					<u>293,960,725</u>	<u>8,399,047</u>	<u>302,359,772</u>
Net position- ending					<u><u>\$ 305,955,783</u></u>	<u><u>8,375,381</u></u>	<u><u>314,331,164</u></u>

See accompanying notes to the basic financial statements



CITY OF FAIRBANKS, ALASKA

Governmental Funds

Balance Sheet

December 31, 2021

	<u>General</u>	<u>Permanent</u>	<u>Grants & Contracts</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Equity in central treasury	\$ 15,517,294	-	-	14,655,595	30,172,889
Restricted cash and cash equivalents	4,650	12,288,467	-	36,578	12,329,695
Restricted investments	-	144,525,008	-	-	144,525,008
Receivables (net of allowance for uncollectibles)	4,689,786	318,455	716,275	-	5,724,516
Prepaid assets	7,963	-	-	542,806	550,769
Due from other funds	89,150	-	554,304	-	643,454
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 20,308,843	157,131,930	1,270,579	15,234,979	193,946,331
LIABILITIES					
Accounts payable	\$ 2,474,549	-	12,500	240,534	2,727,583
Deposits	35,079	-	-	-	35,079
Unearned revenue	453,427	-	1,258,079	-	1,711,506
Due to other funds	-	-	-	783,338	783,338
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	2,963,055	-	1,270,579	1,023,872	5,257,506
DEFERRED INFLOWS OF RESOURCES					
	2,061,220	91,251	-	-	2,152,471
FUND BALANCES					
Nonspendable	7,963	-	-	542,806	550,769
Restricted	-	157,040,679	-	36,578	157,077,257
Committed	250,000	-	-	5,632,240	5,882,240
Assigned	272,775	-	-	8,790,763	9,063,538
Unassigned	14,753,830	-	-	(791,280)	13,962,550
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	15,284,568	157,040,679	-	14,211,107	186,536,354
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows, and fund balances	\$ 20,308,843	157,131,930	1,270,579	15,234,979	193,946,331

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, 2021

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>\$ 186,536,354</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Infrastructure	528,859,805
Land and land improvements	9,478,647
Construction in progress	6,656,416
Buildings	33,634,565
Equipment	33,416,337
Accumulated depreciation	<u>(483,160,208)</u>
	<u>128,885,562</u>
OPEB assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
	<u>8,969,133</u>
Inventories are reported under the purchases method within the funds and under the consumption method on the government-wide statements.	
	<u>1,508,369</u>
Deferred outflows represent costs incurred at the fund level, but future costs in the Statement of Net Position.	
Related to OPEB costs	577,158
Related to pension costs	<u>618,207</u>
	<u>1,195,365</u>
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds.	
Pollution remediation obligation	(362,783)
Self-insurance losses	(1,102,518)
Net pension liability	<u>(12,172,400)</u>
	<u>(13,637,701)</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	(4,799,690)
Related to pension costs	<u>(4,854,082)</u>
	<u>(9,653,772)</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 special assessments	20,523
Deferred sales tax, penalties and interest	40,699
Deferred Tract I and Tract II note receivable	91,251
Deferred Techite note receivable	<u>2,000,000</u>
	<u>2,152,473</u>
Net position of governmental activities (page 5)	<u>\$ 305,955,783</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, 2021

	General	Permanent	Grants & Contracts	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 23,203,122	-	-	1,726,257	24,929,379
Charges for services	5,981,590	-	-	-	5,981,590
Intergovernmental	2,667,150	-	3,688,250	-	6,355,400
Licenses and permits	2,311,534	-	-	-	2,311,534
Fines and forfeitures	543,223	-	-	-	543,223
Special assessments	1,074	-	-	-	1,074
Investment earnings	-	18,441,470	190	29	18,441,689
Other revenues	500,025	-	25,550	995,000	1,520,575
Total revenues	35,207,718	18,441,470	3,713,990	2,721,286	60,084,464
Expenditures					
Current					
General government	9,771,917	108,179	2,208,980	2,578,058	14,667,134
Public safety	16,206,712	-	639,371	486,060	17,332,143
Public works	9,267,894	-	235,263	262,725	9,765,882
Building inspections	640,011	-	-	-	640,011
Capital outlay					
General government	-	-	616,667	204,394	821,061
Public safety	28,540	-	13,709	863,375	905,624
Public works	-	-	-	1,039,878	1,039,878
Total expenditures	35,915,074	108,179	3,713,990	5,434,490	45,171,733
Excess (deficiency) of revenues over expenditures	(707,356)	18,333,291	-	(2,713,204)	14,912,731
Other financing sources (uses)					
Transfers in	5,185,115	396,900	-	3,011,617	8,593,632
Transfers out	(2,763,478)	(5,833,254)	-	-	(8,596,732)
Sale of capital assets	22,346	22,784	-	-	45,130
Total other financing sources (uses)	2,443,983	(5,413,570)	-	3,011,617	42,030
Net change in fund balances	1,736,627	12,919,721	-	298,413	14,954,761
Fund balances - beginning	13,547,941	144,120,958	-	13,912,694	171,581,593
Fund balances - ending	\$ 15,284,568	157,040,679	-	14,211,107	186,536,354

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, 2021

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>\$ 14,954,761</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	2,766,563
Depreciation expense	<u>(8,032,275)</u>
	<u>(5,265,712)</u>
Inventories are reported under the purchase method in the governmental funds, and under the consumption method in the statement of activities.	
	<u>55,202</u>
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:	
Tract I and Tract II receivable	(22,784)
Techite note receivable	<u>(200,000)</u>
	<u>(222,784)</u>
Collections increase for special assessments penalties and interest	<u>2,193</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	(186,354)
Change in pollution remediation obligation	120,763
Net decrease in net OPEB liability and related deferred accounts	3,411,417
Net increase in net pension liability and related deferred accounts	<u>(874,428)</u>
	<u>2,471,398</u>
Change in net position of governmental activities (page 7)	<u>\$ 11,995,058</u>

See accompanying notes to the basic financial statements



CITY OF FAIRBANKS, ALASKA

Proprietary Funds Statement of Net Position December 31, 2021

	Business-type Activities Enterprise Funds		Total	Governmental Activities- Internal Service Fund
	MUS	FTC		
ASSETS				
Current assets				
Cash	\$ -	173	173	1,558,212
Accounts receivable	-	148,818	148,818	13
GHU Clean Water loan receivable	387,086	-	387,086	-
Due from other funds	-	36,984	36,984	102,900
Total current assets	<u>387,086</u>	<u>185,975</u>	<u>573,061</u>	<u>1,661,125</u>
Noncurrent assets				
GHU Clean Water loan receivable	2,444,509	-	2,444,509	-
Capital assets				
Land	185,356	269,000	454,356	-
Plant in service	23,859,031	-	23,859,031	-
Buildings	-	9,550,693	9,550,693	-
Infrastructure	1,560,000	-	1,560,000	-
Less accumulated depreciation	<u>(23,469,533)</u>	<u>(3,743,999)</u>	<u>(27,213,532)</u>	<u>-</u>
Total noncurrent assets	<u>4,579,363</u>	<u>6,075,694</u>	<u>10,655,057</u>	<u>-</u>
Total assets	<u>\$ 4,966,449</u>	<u>6,261,669</u>	<u>11,228,118</u>	<u>1,661,125</u>
LIABILITIES				
Current liabilities				
Alaska Clean Water loan payable	\$ 387,086	-	387,086	-
Accounts payable	-	18,750	18,750	-
Compensated absences	-	-	-	1,661,125
Unearned revenue	-	2,392	2,392	-
Total current liabilities	<u>387,086</u>	<u>21,142</u>	<u>408,228</u>	<u>1,661,125</u>
Noncurrent liabilities				
Alaska Clean Water loan payable	<u>2,444,509</u>	<u>-</u>	<u>2,444,509</u>	<u>-</u>
Total noncurrent liabilities	<u>2,444,509</u>	<u>-</u>	<u>2,444,509</u>	<u>-</u>
Total liabilities	<u>2,831,595</u>	<u>21,142</u>	<u>2,852,737</u>	<u>1,661,125</u>
NET POSITION				
Net investment in capital assets	2,134,854	6,075,694	8,210,548	-
Unrestricted	<u>-</u>	<u>164,833</u>	<u>164,833</u>	<u>-</u>
Total net position	<u>2,134,854</u>	<u>6,240,527</u>	<u>8,375,381</u>	<u>-</u>
Total liabilities and net position	<u>\$ 4,966,449</u>	<u>6,261,669</u>	<u>11,228,118</u>	<u>1,661,125</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, 2021

	Business-type Activities Enterprise Funds		Total	Governmental Activities- Internal Service Fund
	MUS	FTC		
Operating revenues				
Rental income	\$ 396,900	157,697	554,597	-
Other revenue	-	-	-	1,696,995
Total operating revenues	<u>396,900</u>	<u>157,697</u>	<u>554,597</u>	<u>1,696,995</u>
Operating expenses				
Employee benefits	-	-	-	1,696,995
Management fees	-	145,755	145,755	-
Operating expenses	-	169,893	169,893	-
Depreciation	-	188,836	188,836	-
Total operating expenses	<u>-</u>	<u>504,484</u>	<u>504,484</u>	<u>1,696,995</u>
Operating income (loss)	<u>396,900</u>	<u>(346,787)</u>	<u>50,113</u>	<u>-</u>
Nonoperating revenues (expenses)				
Interest income	-	5	5	-
Rental depreciation	(76,884)	-	(76,884)	-
Total nonoperating revenue (expenses)	<u>(76,884)</u>	<u>5</u>	<u>(76,879)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>320,016</u>	<u>(346,782)</u>	<u>(26,766)</u>	<u>-</u>
Transfers from general fund	-	400,000	400,000	-
Transfers to permanent fund	(396,900)	-	(396,900)	-
Total contributions and transfers	<u>(396,900)</u>	<u>400,000</u>	<u>3,100</u>	<u>-</u>
Change in net position	(76,884)	53,218	(23,666)	-
Total net position - beginning	<u>2,211,738</u>	<u>6,187,309</u>	<u>8,399,047</u>	<u>-</u>
Total net position - ending	<u>\$ 2,134,854</u>	<u>6,240,527</u>	<u>8,375,381</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, 2021

	Business-type Activities		Total	Governmental
	Enterprise Funds			Activities-
	MUS	FTC		Internal Service
				Fund
Cash flows from operating activities				
Receipts from customers	\$ 396,900	113,884	510,784	-
Receipts for interfund services provided	-	-	-	1,576,341
Payments for interfund services provided	-	-	-	(1,696,995)
Payments to management	-	(514,029)	(514,029)	-
Net cash provided (used) by operating activities	<u>396,900</u>	<u>(400,145)</u>	<u>(3,245)</u>	<u>(120,654)</u>
Cash flows from noncapital financing activities				
Transfer from general fund	-	400,000	400,000	-
Transfer to permanent fund	(396,900)	-	(396,900)	-
Net cash provided (used) by noncapital financing activities	<u>(396,900)</u>	<u>400,000</u>	<u>3,100</u>	<u>-</u>
Cash flows from capital and other related financing activities				
Payment to Alaska DEC for plant upgrade loans	(435,368)	-	(435,368)	-
Receipt from Golden Heart Utilities plant upgrade loans	435,368	-	435,368	-
Net cash provided (used) by capital and other related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest received	-	5	5	-
Net cash provided by investing activities	<u>-</u>	<u>5</u>	<u>5</u>	<u>-</u>
Net increase (decrease) in cash	-	(140)	(140)	(120,654)
Cash at beginning of the year	-	313	313	1,678,866
Cash at end of the year	<u>\$ -</u>	<u>173</u>	<u>173</u>	<u>1,558,212</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 396,900	(346,787)	50,113	-
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	-	188,836	188,836	-
(Increase) decrease in assets				
Accounts receivable	-	(68,840)	(68,840)	1
(Decrease) increase in liabilities				
Prepaid rent	-	155	155	-
Compensated absences	-	-	-	103,057
Due to other funds	-	(173,509)	(173,509)	(223,712)
Net cash provided (used) by operating activities	<u>\$ 396,900</u>	<u>(400,145)</u>	<u>(3,245)</u>	<u>(120,654)</u>

See accompanying notes to the basic financial statements



CITY OF FAIRBANKS, ALASKA
Notes to Financial Statements
December 31, 2021

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
- 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. Pension Obligations
- F. 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. Risk Management
- M. Pollution Remediation Obligation
- N. Contingent Liabilities
- O. Permanent Fund

CITY OF FAIRBANKS, ALASKA
Notes to Financial Statements
December 31, 2021

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. All remaining governmental funds are aggregated and reported as nonmajor funds presented in a single column.

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.

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 types:

The **Special Revenue Funds** account 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 **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, liquor, tobacco, marijuana, 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.

Property, room rental, liquor, 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 including special assessments 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 considered to be 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 Investments 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 asset forfeitures 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, 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 \$5,000 for machinery and equipment, \$1,000,000 for buildings and infrastructure, and an estimated useful life of greater than one year.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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 position that applies to a future period 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 Pension and OPEB Notes 3.E and 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 position that applies to a future period 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 Permanent Fund Note 3.O.

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

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

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 either (a) 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 in order 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 at December 31, 2021:

General Fund	\$	272,775
Grants & Contracts Fund*		3,026,591
Risk*		5,010
Fairbanks Transportation Center		89,751
Capital Fund		<u>448,685</u>
 Total	 \$	 <u>3,842,812</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 accounting principles generally accepted 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 for the general fund. Reclassifications are made periodically to previously issued financial statements to conform to current year 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.

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 (including assessments), 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.

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. In October 2007, Proposition A was approved by the voters of the City reducing the maximum base mill rate for commercial and residential property to 4.9 mills (\$490 per \$100,000 taxable assessed value). 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. Taxes are considered late on September 2 for the first installment and November 2 for the second installment. 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 on the accrual basis. The liability for compensated absences includes salary-related benefits.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 \$4,000,000. At December 31, 2021, 20% of annual budgeted expenditures were \$7,776,403. The unassigned fund balance in the general fund financial statement was \$14,753,830.

B. Audit Requirement

City Charter requires an independent audit to be performed annually and submitted to City Council within 180 days. Council may extend due to regulatory changes beyond the City's control. The audit was issued prior to the deadline of June 30, 2022.

C. Deficit Fund Equity

The Risk Special Revenue Fund reported an overall negative unassigned balance in the amount of \$791,280 at December 31, 2021. Property taxes will be levied in July 2022 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

At December 31, 2021, the carrying amount of the City's cash and deposits was \$4,196,365 and the bank balances totaled \$5,351,738. 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 and Mt. McKinley Bank. Mt. McKinley provides lock box services for the collection of the City's garbage service accounts and ambulance billings. See Supplementary Information Section for a schedule of the City's total deposits and investments.

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;

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

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

B. Investments, Continued

- 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;
- i) 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;
- j) 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);
- k) 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;
- l) 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;
- m) U.S Treasury Inflation Protected Securities (TIPS), and/or mutual funds or ETFs which attempt to replicate the Bloomberg Barclays Capital U.S Treasury Inflation Protected Securities Index, or a substantially similar index;
- n) 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;
- o) 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
- p) 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.

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 AAAm 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 and selecting the document link at the bottom of the website.

As of December 31, 2021, the fair value of the investments in the pool were reported in the amount of \$34,864,604. 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, 2021, 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
Equity mutual funds	\$ 85,875,856	-	85,875,856	-
External investment pool	34,864,604	34,864,604	-	-
U.S. treasuries and agencies	24,138,571	-	24,138,571	-
Corporate bonds	7,973,759	-	7,973,759	-
Fixed income mutual funds	6,542,252	-	6,542,252	-
Foreign bonds	2,298,510	-	2,298,510	-
Real Estate Investment Trust	17,696,060	17,696,060	-	-
	<u>\$ 179,389,612</u>	<u>52,560,664</u>	<u>126,828,948</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, 2021, the City had the following investments and maturities subject to interest rate risk:

Investment Type	Investments and Maturities (in Years)				
	Fair Value	Less than 1	1 - 5	6 - 10	More Than 10
External investment pool	\$ 34,864,604	34,864,604	-	-	-
U.S. treasuries and agencies	24,138,571	731,092	7,873,087	4,782,443	10,751,949
Corporate bonds	7,973,759	14,741	2,730,450	1,414,903	3,813,665
Foreign bonds	2,298,510	-	1,099,423	657,487	541,600
	<u>\$ 69,275,444</u>	<u>35,610,437</u>	<u>11,702,960</u>	<u>6,854,833</u>	<u>15,107,214</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.

At December 31, 2021, the City's exposure to credit and concentration risk is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating^(A)</u>	<u>Percentage of total Investments</u>
Equity mutual funds	\$ 85,875,856	N/A	47.9%
External investment pool	34,864,604	N/A	19.4%
U.S. treasuries and agencies	24,138,571	N/A	13.5%
Corporate bonds	283,970	A+/A1	
Corporate bonds	130,803	A+/A2	
Corporate bonds	1,088,846	A/A2	
Corporate bonds	550,591	A-/A2	
Corporate bonds	1,243,083	A-/A3	
Corporate bonds	344,529	BBB+/A1	
Corporate bonds	1,584,548	BBB+/Baa1	
Corporate bonds	511,715	BBB+/Baa2	
Corporate bonds	609,267	BBB/Baa1	
Corporate bonds	1,626,407	BBB/Baa2	
Total Corporate bonds ^(B)	<u>7,973,759</u>		4.4%
Fixed income mutual funds	6,542,252	N/A	3.6%
Foreign bonds	2,298,510	N/A	1.3%
Real Estate Investment Trust	17,696,060	N/A	9.9%
	<u>\$ 179,389,612</u>		<u>100.0%</u>

^(A) Standard & Poor's / Moody's Investor's Service

^(B) Aggregated by credit rating. No single issuer equals or exceeds 5%.

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 at December 31, 2021 was as follows:

Due from/to other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Risk fund	\$ 783,338
	Grants and contracts fund	(554,304)
	Fairbanks Transportation Center	(36,984)
	Internal Service fund	(102,900)
	Total	<u>\$ 89,150</u>

Interfund transfers are used for funding capital projects, general operations, or authorized transactions in accordance with City code. The composition of interfund transfers at December 31, 2021 was as follows:

<u>Transfers In:</u>	<u>Transfers Out:</u>			
	<u>General Fund</u>	<u>Permanent Fund</u>	<u>MUS Enterprise</u>	<u>Total</u>
General fund	\$ -	5,185,115	-	5,185,115
Permanent fund	-	-	396,900	396,900
Nonmajor governmental funds	2,363,478	648,139	-	3,011,617
Fairbanks transportation center	400,000	-	-	400,000
Total	<u>\$ 2,763,478</u>	<u>5,833,254</u>	<u>396,900</u>	<u>8,993,632</u>

The General Fund transfer of \$2,763,478 included a transfer of \$400,000 to the FTC and \$2,363,478 transfer to the capital fund as authorized in accordance with City code and council approval. The capital fund transfer included \$95,821 for ambulance replacement, \$267,657 for garbage equipment replacement, and \$2,000,000 for other capital projects.

The Permanent Fund transfer of \$5,833,254 is authorized annually in accordance with City Charter. The amount transferred to the general fund for operations was \$5,185,115 and to the capital fund for capital acquisitions was \$648,139.

The MUS fund transferred \$396,900 to the permanent fund from plant lease payments received in accordance with 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, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land and land improvements	\$ 9,478,647	-	-	9,478,647
Construction in progress	5,965,289	691,127	-	6,656,416
Total capital assets, not being depreciated	<u>15,443,936</u>	<u>691,127</u>	<u>-</u>	<u>16,135,063</u>
Capital assets, being depreciated				
Infrastructure	528,859,805	-	-	528,859,805
Buildings	33,634,565	-	-	33,634,565
Equipment	31,417,068	2,075,435	(76,166)	33,416,337
Total capital assets, being depreciated	<u>593,911,438</u>	<u>2,075,435</u>	<u>(76,166)</u>	<u>595,910,707</u>
Less accumulated depreciation				
Infrastructure	(435,716,945)	(5,519,982)	-	(441,236,927)
Buildings	(16,612,737)	(782,713)	-	(17,395,450)
Equipment	(22,874,417)	(1,729,580)	76,166	(24,527,831)
Total accumulated depreciation	<u>(475,204,099)</u>	<u>(8,032,275)</u>	<u>76,166</u>	<u>(483,160,208)</u>
Total capital assets being depreciated, net	<u>118,707,339</u>	<u>(5,956,840)</u>	<u>-</u>	<u>112,750,499</u>
Governmental activities capital assets, net	<u>\$ 134,151,275</u>	<u>(5,265,713)</u>	<u>-</u>	<u>128,885,562</u>
Business-type activities				
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	19,101,501	-	-	19,101,501
Equipment	14,308,223	-	-	14,308,223
Total capital assets being depreciated	<u>34,969,724</u>	<u>-</u>	<u>-</u>	<u>34,969,724</u>
Less accumulated depreciation				
Infrastructure	(717,600)	(31,200)	-	(748,800)
Buildings	(13,105,971)	(188,836)	-	(13,294,807)
Equipment	(13,124,241)	(45,684)	-	(13,169,925)
Total accumulated depreciation	<u>(26,947,812)</u>	<u>(265,720)</u>	<u>-</u>	<u>(27,213,532)</u>
Total capital assets being depreciated, net	<u>8,021,912</u>	<u>(265,720)</u>	<u>-</u>	<u>7,756,192</u>
Business-type activities capital assets, net	<u>\$ 8,476,268</u>	<u>(265,720)</u>	<u>-</u>	<u>8,210,548</u>

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

Governmental activities	
General government	\$ 5,769,469
Public safety	1,035,849
Public works	1,219,104
Building Inspections	7,853
Total depreciation expense - governmental activities	<u>\$ 8,032,275</u>

Depreciation expense for business-type activities is allocated over the following programs:

Fairbanks Transportation Center	\$ 188,836
Municipal Utility System	76,884
Total depreciation expense - business type activities	<u>\$ 265,720</u>

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

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

E. Pension Obligations

Labor Contracts

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 AFL-CIO agreement that expires on December 31, 2022; IBEW agreement expires on December 31, 2023; and IFFA expires on September 30, 2024. The FPDEA agreement expired on December 31, 2021 and was being negotiated.

City employees participate in a collective bargaining agreement retirement plan, special agreement retirement plan or the State of Alaska Public Employees' Retirement System (PERS).

Defined Benefit (DB) Pension Plan – Alaska Electrical Pension Plan

Plan Description

The City has employees that participate in the Alaska Electrical Pension Plan (AEPP) of the Alaska Electrical Pension Fund through a collective bargaining or special agreement. AEPP is administered by a joint labor-management board of trustees and is a cost-sharing multiple-employer pension plan that is not a state or local governmental pension plan. AEPP provides defined benefit pensions predominately to non-government employees. Summary financial information for the plan can be obtained at www.aetf.com on the internet.

Benefit Terms

On December 31, 2021, the City had 37 employees participating in AEPP. The City also had 2 temporary employees participating in the plan. AEPP provides 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 AEPP Board of Trustees.

Contribution Requirements

In 2021, the City contributed \$6.00 per compensable hour for employees earning \$50,000 or less and \$7.00 per compensable hour for employees earning more than \$50,000 under the collective bargaining agreement. For the special agreement, the City contributed \$5.50 per compensable hour for employees earning \$50,000 to \$54,999 and \$1,039.98 monthly for employees earning over \$60,000. Employees do not contribute to the plan. The hourly rate paid by the City is determined by the collective bargaining process and the City's obligation is limited to the amount paid under the agreement. The collective bargaining agreement expires on December 31, 2023. The total contribution to AEPP for 2021 was \$550,551 of which \$27,742 was payable as of December 31, 2021.

Defined Benefit (DB) Pension Plan – Alaska Laborers-Employers Retirement Fund

Plan Description

The City has employees that participate in the Alaska Laborers-Employers Retirement Fund (AL-ERF) through the AFL-CIO collective bargaining agreement. AL-ERF is administered by a joint labor-management board of trustees and is a cost-sharing multiple-employer pension plan that is not a state or local governmental pension plan. AL-ERF provides defined benefit pensions predominately to non-government employees. Summary financial information for the plan can be obtained at www.aklaborerstrust.com on the internet.

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

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

E. Pension Obligations, Continued

Benefit Terms

On December 31, 2021, the City had 11 employees participating in AL-ERF. The City also had 14 temporary employees participating in the plan. AL-ERF provides 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 AL-ERF Board of Trustees.

Contribution Requirements

In 2021, the City contributed \$10.09 per compensable hour for employees, \$2.52 per compensable hour for employees in a Funding Improvement Plan, and \$1.18 per compensable hour for employees in a Sustainable Income Plan. Employees do not contribute to the plan. The hourly rate paid by the City is determined by the collective bargaining process and the City's obligation is limited to the amount paid under the agreement. The collective bargaining agreement will expire on December 31, 2022. The total contribution to AL-ERF for 2021 was \$413,297 of which \$21,509 was payable as of December 31, 2021.

Defined Benefit (DB) Pension Plan – Locals 302 and 612 of the International Union of Operating Engineers-Employers Construction Industry Retirement Plan

Plan Description

The City has employees that participate in the Locals 302 and 612 of the International Union of Operating Engineers-Employers Construction Industry Retirement Plan (IUOERP) through the AFL-CIO collective bargaining agreement. IUOERP is administered by a joint labor management board of trustees and is a cost-sharing multiple-employer pension plan that is not a state or local governmental pension plan. IUOERP provides defined benefit pensions predominately to non-government employers. Summary financial information for the plan can be obtained at www.EngineersTrust.com on the internet.

Benefit Terms

On December 31, 2021, the City had 18 employees participating in IUOERP. The City also had 53 temporary employees participating in the plan. IUOERP provides 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 IUOERP Board of Trustees.

Contribution Requirements

In 2021, the City contributed \$8.25 per compensable hour for employees. Employees do not contribute to the plan. The hourly rate paid by the City is determined by the collective bargaining process and the City's obligation is limited to the amount paid under the agreement. The collective bargaining agreement expires on December 31, 2022. The total contribution to IUOERP for 2021 was \$470,826 of which \$37,372 was payable as of December 31, 2021.

Defined Benefit (DB) Pension Plan – Northern Alaska Carpenters Retirement Plan

Plan Description

The City has employees that participate in the Northern Alaska Carpenters Retirement Plan (NACRP) through the AFL-CIO collective bargaining agreement. NACRP is administered by a joint labor-management board of trustees and is a cost-sharing multiple-employer pension plan that is not a state or local governmental pension plan. NACRP provides defined benefit pensions predominately to non-government employers. Summary financial information for the plan can be obtained at www.alaskacarpenterstrusts.com on the internet.

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

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

E. Pension Obligations, Continued

Benefit Terms

On December 31, 2021, the City had two employees participating in NACRP. NACRP provides 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 NACRP Board of Trustees.

Contribution Requirements

In 2021, the City contributed \$6.85 per compensable hour for employees and employees do not contribute to the plan. The hourly rate paid by the City is determined by the collective bargaining process and the City's obligation is limited to the amount paid under the agreement. The collective bargaining agreement expires on December 31, 2022. The total contribution to NACRP for 2021 was \$28,126 of which \$1,334 was payable as of December 31, 2021.

Defined Benefit (DB) Pension Plan – Alaska Plumbing and Pipefitting Industry Pension Fund

Plan Description

The City has employees that participate in the Alaska Plumbing and Pipefitting Industry Pension Fund (APPIPF) through the AFL-CIO collective bargaining agreement. APPIPF is administered by a joint labor-management board of trustees and is a cost-sharing multiple-employer pension plan that is not a state or local governmental pension plan. APPIPF provides defined benefit pensions predominately to non-government employers. Summary financial information for the plan can be obtained at www.akpipetrades.com on the internet.

Benefit Terms

On December 31, 2021, the City had one employee participating in APPIPF. APPIPF provides 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 APPIPF Board of Trustees.

Contribution Requirements

In 2021, the City contributed \$10.00 per compensable hour for the employee and \$0.50 per compensable hour for the employee in a Supplemental Plan. The employee does not contribute to the plan. The hourly rate paid by the City is determined by the collective bargaining process and the City's obligation is limited to the amount paid under the agreement. The collective bargaining agreement expires on December 31, 2022. The total contribution to APPIPF for 2021 was \$21,797 of which \$1,029 was payable as of December 31, 2021.

Defined Benefit (DB) Pension Plan – Alaska Teamster-Employer Pension Plan

Plan Description

The City has employees that participate in the Alaska Teamster-Employer Pension Plan (ATEPP) through the AFL-CIO collective bargaining agreement. ATEPP is administered by a joint board of trustees and is a cost-sharing multiple-employer pension plan that is not a state or local governmental pension plan. ATEPP provides defined benefit pensions predominately to non-government employers. Summary financial information for the plan can be obtained at www.959trusts.com on the internet.

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

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS, CONTINUED

E. Pension Obligations, Continued

Benefit Terms

On December 31, 2021, the City had three employees participating in ATEPP. ATEPP provides several levels of retirement benefits, including early, normal, and deferred 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 ATEPP Board of Trustees.

Contribution Requirements

In 2021, the City contributed \$6.93 per compensable hour for employees and \$3.60 per compensable hour for supplemental pension. Employees do not contribute to the plan. The hourly rate paid by the City is determined by the collective bargaining process and the City's obligation is limited to the amount paid under the agreement. The collective bargaining agreement expires on December 31, 2022. The total contribution to ATEPP for 2021 was \$66,447 of which \$3,012 was payable as of December 31, 2021.

Defined Benefit (DB) Pension Plan – PERS

Plan Description

On December 31, 2021, the City had 99 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/drj. Employer contributions to the PERS are actuarially determined and have been paid or accrued by the City of Fairbanks.

The Defined Benefit 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.

Employee Contribution Rates

Employee contribution rates for the defined benefit plan are 7.5% of compensation for City police officers and firefighters. All other employees contribute 6.75%.

Employer and Other Contribution Rates

There are several contribution rates associated with the 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.

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

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

E. Pension Obligations, Continued

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.

Contribution rates for the year ended December 31, 2021 as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
January 1 through June 30, 2021			
Pension	14.57%	23.42%	8.85%
Postemployment healthcare	7.43%	7.43%	0.00%
Total Contribution Rates	22.00%	30.85%	8.85%
July 1 through December 31, 2021			
Pension	15.54%	23.65%	8.11%
Postemployment healthcare	6.46%	6.46%	0.00%
Total Contribution Rates	22.00%	30.11%	8.11%

In 2021, the City was credited with the following contributions into the pension plan. Employee contributions were \$217,960.

	December 31, 2021
Employer contributions (including DBUL)	\$ 631,470
Nonemployer contributions (on-behalf)	760,956
Total Contributions	\$ 1,392,426

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

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

E. Pension Obligations, Continued

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

At December 31, 2021, the City reported a liability of \$12,172,400 for its proportionate share of the employer pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021. 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, 2021, the City's proportion was .33181%, which was an increase of .05146% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City recognized an increase in pension expense of \$874,428 in the government-wide financial statements.

	<u>Beginning Balance</u>	<u>Ending Balance</u>	<u>Pension Expense</u>
Net pension liability	\$ 16,544,163	12,172,400	(4,371,763)
Deferred outflows	(760,633)	(404,508)	356,125
Deferred inflows	-	4,854,082	4,854,082
Contribution after measurement date	<u>(249,683)</u>	<u>(213,699)</u>	<u>35,984</u>
Total Obligations Related to Pensions	<u>\$ 15,533,847</u>	<u>16,408,275</u>	<u>874,428</u>

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	53,927
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	4,800,155
Changes in proportion and differences between City contributions and proportionate share of contributions	404,508	-
City contributions subsequent to the measurement date	<u>213,699</u>	<u>-</u>
Total Deferred Outflows and Inflows Related to Pensions	<u>\$ 618,207</u>	<u>4,854,082</u>

The \$213,699 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 764,911
2023	1,099,527
2024	1,189,384
2025	1,395,751

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

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

E. Pension Obligations, Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Inflation rate	2.50 % per year
Salary increases	Graded by service, from 7.75% to 2.75% for peace officers/firefighters Graded by service, from 6.75% to 2.75% for all other
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based on the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

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 weighting 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	6.63 %
Global equity (non-U.S.)	5.41
Aggregate bonds	0.76
Opportunistic	4.39
Real assets	3.16
Private equity	9.29
Cash equivalents	0.13

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

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

E. Pension Obligations, Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. 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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the Retirement System's net pension liability and the City's proportionate share of the net pension liability as of June 30, 2021, calculated using the discount rate of 7.38%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.38%) or one percentage point higher (8.38%) than the current rate:

	Proportional Share	1% Decrease 6.38%	Discount Rate 7.38%	1% Increase 8.38%
City's proportionate share of the net pension liability	.33181%	\$18,029,020	\$12,172,400	\$7,252,088

Pension Plan Fiduciary Net Position

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

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 at five years of service.

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

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

E. Pension Obligations, Continued

Employer Contribution Rates

For the year ended December 31, 2021, the City was required to contribute 5% of 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.

For the year ended December 31, 2021, the City and employee contributions to PERS were \$332,234 and \$531,414, respectively. The City had forfeitures in the amount of \$3,537. The City contribution, net of forfeitures, was recognized as pension expense.

F. Other Postemployment Benefits (OPEB) Obligations

Defined Benefit Other Post-Employment Benefit (OPEB) Plan - PERS

Plan Description

As part of its participation in the PERS DB Plan (Tiers I, II, III), which is a cost-sharing multiple employer plan, the City participates 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 of the DB Plan. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration.

Employee Contribution Rates

Employees do not contribute to the OPEB Plan.

Employer Contribution Rates

Contribution rates for the year ended December 31, 2021 were as follows:

January 1 through June 30, 2021	Peace Officers/ Firefighters	All Others	State Contribution Rate
ARHCT	7.43%	7.43%	0.00%
RMP	1.27%	1.27%	0.00%
ODD	0.70%	0.31%	0.00%
Total Contribution Rates	9.40%	9.01%	0.00%

July 1 through December 31, 2021	Peace Officers/ Firefighters	All Others	State Contribution Rate
ARHCT	6.46%	6.46%	0.00%
RMP	1.07%	1.07%	0.00%
ODD	0.68%	0.31%	0.00%
Total Contribution Rates	8.21%	7.84%	0.00%

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

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

F. Other Postemployment Benefits (OPEB) Obligations, Continued

For the year ended December 31, 2021, the City contributed \$852,184 into the OPEB Plan of which \$852,093 was for ARHCT.

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

On December 31, 2021, the City reported assets of \$8,969,133 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:

	<u>December 31, 2021</u>
City's proportionate share of net OPEB asset - ARHCT	\$ (8,543,663)
State's proportionate share of net OPEB asset- ARHCT	(1,117,994)
Total net OPEB asset - ARHCT	<u>\$ (9,661,657)</u>
City's proportionate share of net OPEB asset - RMP	\$ (111,784)
City's proportionate share of net OPEB asset - ODD	\$ (313,686)

The net OPEB asset was measured as of June 30, 2021 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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. At December 31, 2021, the City's proportions and changes in proportion of the net OPEB assets were as follows:

	<u>June 30, 2020</u> <u>Measurement</u>	<u>June 30, 2021</u> <u>Measurement</u>	<u>Change</u>
ARHCT	0.28020%	0.33304%	0.05284%
RMP	0.35814%	0.41645%	0.05831%
ODD	0.69897%	0.71174%	0.01277%

For the year ended December 31, 2021, the City recognized a decrease in OPEB expense of \$3,411,417 in the government-wide financial statements.

	<u>Beginning</u> <u>Balance</u>	<u>Ending Balance</u>	<u>OPEB Expense</u>
Net OPEB asset - ARHCT	\$ (1,268,913)	(8,543,663)	(7,274,750)
Net OPEB liability (asset) - RMP	25,403	(111,784)	(137,187)
Net OPEB asset - ODD	(190,538)	(313,686)	(123,148)
Deferred outflows	(623,963)	(58,496)	565,467
Deferred inflows	1,164,773	4,799,690	3,634,917
Contribution after measurement date	(441,946)	(518,662)	(76,716)
Total Obligations Related to OPEB	<u>\$ (1,335,184)</u>	<u>(4,746,601)</u>	<u>(3,411,417)</u>

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

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

F. Other Postemployment Benefits (OPEB) Obligations, Continued

At December 31, 2021, 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	\$ -	89,722
RMP	8,311	5,315
ODD	-	85,678
Changes in assumptions		
ARHCT	-	322,867
RMP	34,744	66,433
ODD	-	2,383
Net difference between projected and actual earnings on OPEB plan investments		
ARHCT	-	3,997,977
RMP	-	100,006
ODD	-	50,300
Changes in proportion and differences between City contributions and proportionate share of contributions		
ARHCT	-	42,789
RMP	12,608	-
ODD	2,833	36,220
City contributions subsequent to the measurement date	518,662	-
Total deferred outflows and inflows related to OPEB	<u>\$ 577,158</u>	<u>4,799,690</u>

The \$518,662 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, 2021. 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
2022	\$ (1,391,979)	(25,510)	(32,927)
2023	(920,721)	(25,557)	(32,895)
2024	(988,662)	(26,567)	(33,423)
2025	(1,151,993)	(29,752)	(35,101)
2026	-	(1,866)	(21,153)
Thereafter	-	(6,838)	(16,250)

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

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

F. Other Postemployment Benefits (OPEB) Obligations, Continued

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience. In addition to the changes resulting from the experience study, the following assumptions were made since the prior valuation: (1) based on recent experience, the healthcare cost trend assumptions were updated, (2) per capita claim costs were updated to reflect recent experience, and (3) healthcare cost trends were updated to reflect a Cadillac Tax load.

Inflation rate	2.50 % per year
Salary increases	Graded by service, from 7.75% to 2.75% for peace officers/firefighters Graded by service, from 6.75% to 2.75% for all other
Investment rate of return	7.38%, net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Trend rates	Pre-65 medical; 6.5% grading down to 4.5% Post-65 medical; 5.4% grading down to 4.5% Prescription drug; 7.5% grading down to 4.5% Employer Group Waiver Plan: 7.5% grading down to 4.5%
Mortality	Pre-commencement and post-commencement mortality rates were based on the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 health annuitant table projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.

The long-term expected rate of return on OPEB 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 postretirement healthcare 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 weighting 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 2.50% inflation component):

Asset class	Long-term expected real rate of return
Broad domestic equity	6.63 %
Global equity (non-U.S.)	5.41
Aggregate bonds	0.76
Opportunistic	4.39
Real assets	3.16
Private equity	9.29
Cash equivalents	0.13

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

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

F. Other Postemployment Benefits (OPEB) Obligations, Continued

Discount Rate

The discount rate used to measure the total OPEB liability for all plans was 7.38%. 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 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity

The following presents the City's proportionate share of the net OPEB liabilities calculated using the discount rate of 7.38%, as well as the City's proportionate share of the net OPEB liability if it were calculated using a discount rate that is one percentage point lower (6.38%) or one percentage point higher (8.38%) than the current rate:

City's proportionate share of the net OPEB liabilities (assets):	Proportional Share	1% Decrease	Current Discount Rate	1% Increase
		6.38%	7.38%	8.38%
ARHCT	0.33304%	\$ (5,587,427)	(8,543,663)	(10,998,597)
RMP	0.41645%	72,958	(111,784)	(251,321)
ODD	0.71174%	(300,369)	(313,686)	(324,291)

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:

City's proportionate share of the net OPEB liabilities (assets):	Proportional Share	1% Decrease	Current Discount Rate	1% Increase
		6.38%	7.38%	8.38%
ARHCT	0.33304%	\$ (11,285,977)	(8,543,663)	(5,234,405)
RMP	0.41645%	(271,294)	(111,784)	105,558

OPEB Plan Fiduciary Net Position

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

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

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

F. Other Postemployment Benefits (OPEB) Obligations, Continued

Defined Contribution Other Post-Employment Benefit (OPEB) Plan - PERS

Plan Description

Defined Contribution Pension Plan participants PERS DC Plan (Tier IV) participate in the Retiree Medical Plan and Occupational Death and Disability Plan described in the DB OPEB Plan section. 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 \$89.96 as of June 30, 2021 and \$90.35 as of December 31, 2021.

Employee Contribution Rates

Employees do not contribute to the DC OPEB Plan.

Employer Contribution Rates

Employer contribution rates are described in the DB OPEB Plan section.

For the year ended December 31, 2021, the City contributed \$277,802 in DC OPEB costs. This amount was recognized as expense.

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.

H. Deferred Outflows/Inflows of Resources

At December 31, 2021, the City reported deferred outflows/inflows of resources in the **government-wide** financial statements related to pensions (Note 3.E.) and OPEB (Note 3.F.).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net pension liability	\$ 618,207	4,854,082
Net OPEB liability (asset)	577,158	4,799,690
	\$ 1,195,365	9,653,772

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, Continued

At December 31, 2021, the City reported deferred inflows of resources in the **governmental funds** as follows:

	General	Permanent	Total Governmental Funds
Special assessments	\$ 61,220	-	61,220
Notes Receivable	-	91,251	91,251
Techite Receivable	2,000,000	-	2,000,000
Total deferred inflows of resources	<u>\$ 2,061,220</u>	<u>91,251</u>	<u>2,152,471</u>

I. Fund Balance Detail – Governmental Funds

	General	Permanent	Grants & Contracts	Other Governmental	Total
Nonspendable					
Prepayments	\$ 7,963	-	-	542,806	550,769
Restricted					
Investment	-	157,040,679	-	-	157,040,679
Federal Asset Forfeiture	-	-	-	36,578	36,578
Total Restricted	-	157,040,679	-	36,578	157,077,257
Committed					
Snow Removal	250,000	-	-	-	250,000
Capital Projects	-	-	-	5,632,240	5,632,240
Total Committed	250,000	-	-	5,632,240	5,882,240
Assigned					
Contractual Obligations	272,775	-	-	448,685	721,460
Capital Projects	-	-	-	8,342,078	8,342,078
Total Assigned	272,775	-	-	8,790,763	9,063,538
Unassigned	14,753,830	-	-	(791,280)	13,962,550
Total Fund Balance	<u>\$15,284,568</u>	<u>157,040,679</u>	<u>-</u>	<u>14,211,107</u>	<u>186,536,354</u>

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

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

J. Other Liabilities

City Council approved Ordinance 5889 to seek voter approval to obtain and pass-through Alaska Clean Water Fund (ACWF) loans to Golden Heart Utilities Inc. (GHU). On October 2, 2012, the citizens overwhelming voted to approve the loans (79.34% voted yes). The low interest financing of the loans lessen the rate increases that citizens pay GHU for major upgrades on the wastewater plant.

The loans are collateralized by the \$396,000 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 of its rights and privileges to the rental income to the Department of Environmental Conservation as its successor and assignee in case of default, including the right to collect accelerated payments in certain circumstances.

As of December 31, 2021, the City owes the State of Alaska Department of Environmental Conservation 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	\$ 283,480
Sludge Dewatering Project	2014	2028	1.5%	4,625,600	2,158,613
Clarifier Project	2016	2030	1.5%	649,170	389,502
Total					\$ 2,831,595

The following changes occurred during fiscal year 2021 for other liabilities:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year	Due in more than one year
Governmental activities:						
Compensated absences	\$ 1,558,068	103,057	-	1,661,125	1,606,377	54,748
Self-Insurance losses	916,164	666,451	480,097	1,102,518	358,160	744,358
Net OPEB liability	25,403	-	25,403	-	-	-
Net pension liability	16,544,163	-	4,371,763	12,172,400	-	12,172,400
Governmental activity						
Other liabilities	\$ 19,043,798	769,508	4,877,263	14,936,043	1,964,537	12,971,506
Business-type activities:						
Alaska clean water loans						
Dewatering Loan	\$ 2,466,987	-	308,374	2,158,613	308,373	1,850,240
Hypochlorite Loan	318,915	-	35,435	283,480	35,435	248,045
Clarifier Loan	432,780	-	43,278	389,502	43,278	346,224
Business-type activities						
Other liabilities	\$ 3,218,682	-	387,087	2,831,595	387,086	2,444,509

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.

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

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

K. Leases

Lessor operating leases

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 operating 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 until 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. Rental income of \$396,900 was recognized in 2021.

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.

The City leases real property to various tenants for various amounts under cancelable and non-cancelable operating leases.

The assets being leased as lessor are as follows:

	<u>Governmental Activities</u>	<u>Business Activities</u>
Asset:		
Land	\$ 5,012,998	185,356
Buildings	751,877	-
Plant in service (includes equipment)	-	25,419,031
Less: Accumulated depreciation	<u>(431,304)</u>	<u>(23,469,533)</u>
Total	<u>\$ 5,333,571</u>	<u>2,134,854</u>

The following schedule reflects the minimum rental receipts under non-cancelable operating leases for each of the next five years:

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
2022	\$ 126,191	396,900	523,091
2023	124,190	396,900	521,090
2024	123,190	396,900	520,090
2025	113,260	396,900	510,160
2026	<u>80,001</u>	<u>396,900</u>	<u>476,901</u>
Total minimum rental receipts	<u>\$ 566,832</u>	<u>1,984,500</u>	<u>2,551,332</u>

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

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

L. 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 coverages 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 \$1,102,518 for self-insurance losses and \$362,784 for pollution remediation. Changes in the claims liabilities for fiscal years 2021 and 2020 are as follows:

	<u>Claims Liability</u> <u>December 31, 2021</u>	<u>Claims Liability</u> <u>December 31, 2020</u>
January 1	\$ 1,399,711	1,428,814
Current year claims	38,675	280,927
Changes in estimates for claims of the prior period	627,776	265,446
Claims payments	<u>(600,860)</u>	<u>(575,476)</u>
December 31	<u>\$ 1,465,302</u>	<u>1,399,711</u>

The City recorded expenditures for claims in the **governmental fund financial statements** in the amount of \$480,097 for self-insurance losses and \$120,763 for pollution remediation for a total of \$600,860.

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

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

M. 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 Alaska Department of Environmental Conservation and local consultants to remediate the contaminated soils at the burn pit. In 2021, the City paid \$120,763 in remediation costs. The current estimated pollution remediation obligation is \$362,784. Actual cost may vary due to inflation or deflation, changes in services, or changes in regulations.

N. 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 as a result 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.

O. 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:

	2021	2020
Interest income	\$ 1,048,466	1,046,780
Dividends	2,232,406	1,572,163
Net realized (losses) gains	6,441,245	2,141,473
Net unrealized (losses) gains	8,719,353	10,065,048
	\$ 18,441,470	14,825,464

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

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

O. 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 2021 (based on an average of 2017-2021) and 2020 (based on an average of 2016-2020) is calculated as follows:

	2021	2020
Total average investments held in trust	\$ 137,029,089	129,474,133
Total average other assets	133,851	154,021
Total average liabilities	-	(297)
Total average fund value	\$ 137,162,940	129,627,857
Available for general operations	5,486,518	5,185,115
Available for capital expenditures	685,815	648,139
Subsequent year transfers	\$ 6,172,333	5,833,254

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, 2021

	<u>Budget Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 21,266,773	22,814,578	23,203,122	388,544
Charges for services	5,566,800	5,751,800	5,981,590	229,790
Intergovernmental	1,473,000	2,495,150	2,667,150	172,000
Licenses and permits	1,759,950	2,282,950	2,311,534	28,584
Fines and forfeitures	486,500	528,500	543,223	14,723
Rental	145,762	136,762	140,391	3,629
Interest and penalties	185,500	125,500	134,463	8,963
Other	221,000	220,000	226,245	6,245
Total revenues	<u>31,105,285</u>	<u>34,355,240</u>	<u>35,207,718</u>	<u>852,478</u>
Expenditures				
General government				
Mayor	689,354	700,554	717,665	(17,111)
Legal	202,469	220,493	214,462	6,031
City clerk	423,293	433,465	423,765	9,700
Finance	956,686	1,009,811	859,641	150,170
Information technologies	2,322,265	2,323,802	2,162,113	161,689
General account	<u>3,668,500</u>	<u>5,453,010</u>	<u>5,182,128</u>	<u>270,882</u>
Total general government	<u>8,262,567</u>	<u>10,141,135</u>	<u>9,559,774</u>	<u>581,361</u>
Public safety				
Police	7,344,706	7,410,915	6,378,673	1,032,242
FECC	2,568,194	2,572,479	2,357,737	214,742
Fire	<u>7,367,999</u>	<u>7,978,687</u>	<u>7,391,508</u>	<u>587,179</u>
Total public safety	<u>17,280,899</u>	<u>17,962,081</u>	<u>16,127,918</u>	<u>1,834,163</u>
Public works				
Works	8,669,313	9,159,140	8,418,537	740,603
Engineering	<u>802,163</u>	<u>939,268</u>	<u>923,047</u>	<u>16,221</u>
Total public works	<u>9,471,476</u>	<u>10,098,408</u>	<u>9,341,584</u>	<u>756,824</u>
Building inspections	<u>664,314</u>	<u>680,389</u>	<u>640,011</u>	<u>40,378</u>
Total expenditures	<u>35,679,256</u>	<u>38,882,013</u>	<u>35,669,287</u>	<u>3,212,726</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,573,971)</u>	<u>(4,526,773)</u>	<u>(461,569)</u>	<u>4,065,204</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, 2021

	Budget Amounts		Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other financing sources (uses)				
Transfers in	\$ 5,120,033	5,185,114	5,185,115	1
Transfers out	(345,750)	(2,745,750)	(2,763,478)	(17,728)
Sale of capital assets	50,000	50,000	22,346	(27,654)
Total other financing sources (uses)	4,824,283	2,489,364	2,443,983	(45,381)
Net change in fund balances	<u>\$ 250,312</u>	<u>(2,037,409)</u>	1,982,414	<u>4,019,823</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.

(245,787)

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

\$ 1,736,627

See accompanying notes to RSI

CITY OF FAIRBANKS, ALASKA
 Required Supplementary Information
 Schedule of Proportionate Share of Net Pension Liability
 Public Employees Retirement System - Defined Benefit Plan
 Last Seven 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
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 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
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 Five 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
Alaska Retiree Healthcare Trust							
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%
Retiree Medical Plan							
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%
Occupational Death and Disability Plan							
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 Five 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
<i>Alaska Retiree Healthcare Trust</i>					
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%
<i>Retiree Medical Plan</i>					
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%
<i>Occupational Death and Disability Plan</i>					
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
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%
2013	\$ 676,779	\$ 676,779	\$ -	\$ 3,641,988	18.6%
2012	\$ 670,714	\$ 670,714	\$ -	\$ 3,517,303	19.1%

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
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%
2013	\$ 332,229	\$ 332,229	\$ -	\$ 796,118	41.7%
2012	\$ 307,815	\$ 307,815	\$ -	\$ 759,856	40.5%

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
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%
2013	\$ 383,948	\$ 383,948	\$ -	\$ 1,658,519	23.2%
2012	\$ 366,928	\$ 366,928	\$ -	\$ 1,546,638	23.7%

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
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%
2013	\$ 14,426	\$ 14,426	\$ -	\$ 58,459	24.7%
2012	\$ 14,344	\$ 14,344	\$ -	\$ 56,053	25.6%

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
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%
2013	\$ 17,515	\$ 17,515	\$ -	\$ 82,707	21.2%
2012	\$ 18,528	\$ 18,528	\$ -	\$ 84,051	22.0%

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
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%
2013	\$ 55,126	\$ 55,126	\$ -	\$ 356,915	15.4%
2012	\$ 52,645	\$ 52,645	\$ -	\$ 360,569	14.6%

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 City Council on December 14, 2020 and amended by ordinances during 2021. 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 project 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. 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, 2021. 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, 2021. 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 seven years. A portion of these contributions are reported as deferred outflow on the December 31, 2021 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 five years. A portion of these contributions are reported as deferred outflow on the December 31, 2021 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. City's covered employee payroll is defined as payroll on which contributions to the pension plan are based. The decrease in 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. City's covered employee payroll is defined as payroll on which contributions to the pension plan are based. The City contributed additional funds in a Funding Improvement Plan per collective bargaining agreement since 2016. 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. City's covered employee payroll is defined as payroll on which contributions to the pension plan are based. 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. 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 this Union 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. 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. 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.

SUPPLEMENTARY INFORMATION SECTION

General Fund

Balance Sheet
Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds

Combining Balance Sheet
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual

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.

Nonmajor Governmental Funds

Risk Special Revenue Fund

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

Asset Forfeiture Special Revenue Fund

The Asset Forfeiture Special Revenue Fund accounts for proceeds received from Federal and State agencies for federal controlled substance cases. Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for specific purposes.

Capital Fund

The Capital Fund accounts for the receipt and expenditures of resources designated for capital projects, equipment, and property replacement or maintenance. Capital projects funds are used to account for financial resources to be used for the acquisition of capital assets or construction of major capital facilities other than those financed by the proprietary 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, 2021

(With comparative totals for 2020)

	<u>Totals</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
Equity in central treasury	\$ 15,517,294	\$ 12,732,158
Restricted cash and cash equivalents	4,650	100
	<u>15,521,944</u>	<u>12,732,258</u>
Receivables		
Taxes	1,288,010	1,175,912
Accounts	2,213,880	1,551,278
Special assessments	20,523	20,523
Interest and penalties	40,879	38,692
Notes	-	7,401
Techite	2,000,000	2,200,000
Less allowance for uncollectible receivables	(873,506)	(906,911)
	<u>4,689,786</u>	<u>4,086,895</u>
Prepaid assets	7,963	39,559
Due from other funds	89,150	1,633,828
	<u>97,113</u>	<u>1,673,387</u>
Total assets	<u>\$ 20,308,843</u>	<u>\$ 18,492,540</u>
LIABILITIES		
Accounts payable	\$ 2,474,549	\$ 2,171,670
Deposits	35,079	27,297
Unearned revenue	453,427	486,605
	<u>2,963,055</u>	<u>2,685,572</u>
Total liabilities	<u>2,963,055</u>	<u>2,685,572</u>
DEFERRED INFLOWS OF RESOURCES		
Assessments and long-term receivables	2,061,220	2,259,027
	<u>2,061,220</u>	<u>2,259,027</u>
FUND BALANCE		
Nonspendable	7,963	39,559
Committed	250,000	250,000
Assigned	272,775	382,563
Unassigned	14,753,830	12,875,819
	<u>15,284,568</u>	<u>13,547,941</u>
Total fund balance	<u>15,284,568</u>	<u>13,547,941</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 20,308,843</u>	<u>\$ 18,492,540</u>

CITY OF FAIRBANKS, ALASKA
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the year ended December 31, 2021
 (With comparative totals for 2020)

	Totals	
	2021	2020
Revenues		
Taxes		
Real property	\$ 14,461,833	\$ 14,221,233
Room rental	3,148,807	1,473,829
Alcoholic beverages	2,557,257	2,346,009
Tobacco distribution	1,008,021	850,381
Marijuana	1,576,731	1,440,964
Gasoline	450,473	105,973
Charges for services	5,981,590	5,666,858
Intergovernmental		
PERS relief payments	760,956	711,222
Other	1,906,194	881,753
Licenses and permits	2,311,534	1,695,295
Fines and forfeitures	543,223	417,141
Special assessments	1,074	1,074
Other revenues		
Interest and penalties	134,463	209,749
Rental	140,391	148,714
Techite settlement	200,000	200,000
Other	25,171	21,849
Total revenues	35,207,718	30,392,044
Expenditures		
Current		
General government		
Mayor and city council		
Salaries and wages	572,310	554,128
Employee benefits	203,945	186,060
Other services	18,889	10,907
Inter-departmental	(77,479)	(74,631)
Total mayor and city council	717,665	676,464
City attorney		
Salaries and wages	260,542	253,184
Employee benefits	91,412	82,727
Other services	47,511	38,796
Inter-departmental	(185,003)	(178,710)
Total city attorney	214,462	195,997
City clerk		
Salaries and wages	277,355	269,307
Employee benefits	100,949	92,348
Other services	45,461	41,403
Total city clerk	423,765	403,058
Finance		
Salaries and wages	624,169	590,453
Employee benefits	235,229	204,399
Other services	37,243	39,597
Total finance	896,641	834,449

CITY OF FAIRBANKS, ALASKA
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the year ended December 31, 2021
 (With comparative totals for 2020)

	Totals	
	2021	2020
Expenditures - continued		
General government, continued		
Information technology		
Other services	2,163,650	2,219,856
Total information technology	<u>2,163,650</u>	<u>2,219,856</u>
Non-departmental		
Community services	2,159,472	1,976,380
PERS relief payments	760,956	711,222
Room rental distributions	2,435,306	1,152,358
Total non-departmental	<u>5,355,734</u>	<u>3,839,960</u>
Total general government	<u>9,771,917</u>	<u>8,169,784</u>
Public safety		
Police		
Salaries and wages	4,098,635	3,814,542
Employee benefits	1,608,033	1,552,882
Other services	668,812	618,936
Total police	<u>6,375,480</u>	<u>5,986,360</u>
FECC		
Salaries and wages	1,462,207	1,371,583
Employee benefits	596,041	562,345
Other services	301,289	266,130
Total FECC	<u>2,359,537</u>	<u>2,200,058</u>
Fire		
Salaries and wages	4,791,172	4,432,124
Employee benefits	1,970,482	1,820,380
Other services	710,041	581,751
Total fire	<u>7,471,695</u>	<u>6,834,255</u>
Total public safety	<u>16,206,712</u>	<u>15,020,673</u>
Public works		
Works		
Salaries and wages	3,393,743	3,251,110
Employee benefits	1,959,046	1,842,987
Other services	2,991,658	2,555,836
Total works	<u>8,344,447</u>	<u>7,649,933</u>
Engineering		
Salaries and wages	615,621	604,382
Employee benefits	208,125	177,803
Other services	99,701	108,229
Total engineering	<u>923,447</u>	<u>890,414</u>
Total public works	<u>9,267,894</u>	<u>8,540,347</u>

CITY OF FAIRBANKS, ALASKA
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 For the year ended December 31, 2021
 (With comparative totals for 2020)

	Totals	
	2021	2020
Expenditures - continued		
Building inspections		
Salaries and wages	442,245	428,774
Employee benefits	170,281	144,166
Other services	27,485	35,316
Total building inspections	640,011	608,256
Capital outlay		
General government		
Information Technology	-	16,930
Total general government	-	16,930
Public safety		
Police	28,540	-
Fire	-	35,956
Total public safety	28,540	35,956
Public works		
Works	-	36,687
Total public works	-	36,687
Total capital outlay	28,540	89,573
Total expenditures	35,915,074	32,428,633
Excess (deficiency) of revenues over expenditures	(707,356)	(2,036,589)
Other financing sources (uses)		
Transfers in	5,185,115	4,965,345
Transfers out	(2,763,478)	(751,975)
Sale of capital assets	22,346	83,751
Total other financing sources (uses)	2,443,983	4,297,121
Net change in fund balances	1,736,627	2,260,532
Fund balance - beginning	13,547,941	11,287,409
Fund balance - ending	\$ 15,284,568	\$ 13,547,941

CITY OF FAIRBANKS, ALASKA
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2021

	<u>Special Revenue Fund</u>			<u>Total Other Governmental Funds</u>
	<u>Risk</u>	<u>Asset Forfeiture</u>	<u>Capital Fund</u>	
ASSETS				
Equity in central treasury	\$ -	-	14,655,595	14,655,595
Restricted cash and cash equivalents	-	36,578	-	36,578
Prepaid assets	542,806	-	-	542,806
	<u>542,806</u>	<u>-</u>	<u>-</u>	<u>542,806</u>
Total assets	<u>\$ 542,806</u>	<u>36,578</u>	<u>14,655,595</u>	<u>15,234,979</u>
LIABILITIES				
Accounts payable	\$ 7,942	-	232,592	240,534
Due to general fund	783,338	-	-	783,338
Total liabilities	<u>791,280</u>	<u>-</u>	<u>232,592</u>	<u>1,023,872</u>
FUND BALANCES				
Nonspendable	542,806	-	-	542,806
Restricted	-	36,578	-	36,578
Committed	-	-	5,632,240	5,632,240
Assigned	-	-	8,790,763	8,790,763
Unassigned	(791,280)	-	-	(791,280)
	<u>(791,280)</u>	<u>-</u>	<u>-</u>	<u>(791,280)</u>
Total fund balances	<u>(248,474)</u>	<u>36,578</u>	<u>14,423,003</u>	<u>14,211,107</u>
Total liabilities and fund balances	<u>\$ 542,806</u>	<u>36,578</u>	<u>14,655,595</u>	<u>15,234,979</u>

CITY OF FAIRBANKS, ALASKA
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the year ended December 31, 2021

	<u>Special Revenue Fund</u>			Total Other Governmental Funds
	<u>Risk</u>	<u>Asset Forfeiture</u>	<u>Capital Fund</u>	
Revenues				
Taxes	\$ 1,726,257	-	-	1,726,257
Investment earnings	-	29	-	29
Other revenues	-	-	995,000	995,000
Total revenues	<u>1,726,257</u>	<u>29</u>	<u>995,000</u>	<u>2,721,286</u>
Expenditures				
Current				
General government	1,955,391	-	622,667	2,578,058
Public safety	-	-	486,060	486,060
Public works	-	-	262,725	262,725
Capital outlay				
General government	-	-	204,394	204,394
Public safety	-	-	863,375	863,375
Public works	-	-	1,039,878	1,039,878
Total expenditures	<u>1,955,391</u>	<u>-</u>	<u>3,479,099</u>	<u>5,434,490</u>
Excess (deficiency) of revenues over expenditures	<u>(229,134)</u>	<u>29</u>	<u>(2,484,099)</u>	<u>(2,713,204)</u>
Other financing sources				
Transfers in	-	-	3,011,617	3,011,617
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,011,617</u>	<u>3,011,617</u>
Net change in fund balances	<u>(229,134)</u>	<u>29</u>	<u>527,518</u>	<u>298,413</u>
Fund balances - beginning	<u>(19,340)</u>	<u>36,549</u>	<u>13,895,485</u>	<u>13,912,694</u>
Fund balances - ending	<u>\$ (248,474)</u>	<u>36,578</u>	<u>14,423,003</u>	<u>14,211,107</u>

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Asset replacement and repair charges	\$ 995,000	995,000	995,000	-
Expenditures				
Capital outlay				
General government	1,015,194	3,283,636	929,750	2,353,886
Public safety	615,000	1,324,956	761,801	563,155
Public works	422,000	1,227,037	688,663	538,374
Total expenditures	<u>2,052,194</u>	<u>5,835,629</u>	<u>2,380,214</u>	<u>3,455,415</u>
Excess deficiency of revenues over expenditures	<u>(1,057,194)</u>	<u>(4,840,629)</u>	<u>(1,385,214)</u>	<u>3,455,415</u>
Other financing sources (uses)				
Transfers in	<u>985,754</u>	<u>2,993,889</u>	<u>3,011,617</u>	<u>17,728</u>
Total other financing sources (uses)	<u>985,754</u>	<u>2,993,889</u>	<u>3,011,617</u>	<u>17,728</u>
Net change in fund balances	<u>\$ (71,440)</u>	<u>(1,846,740)</u>	1,626,403	<u>3,473,143</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

(1,098,885)

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

\$ 527,518

CITY OF FAIRBANKS, ALASKA
 Combined Schedule of Cash and Investments
 Classified by Depository - All Funds
 December 31, 2021

	Fair Value of Cash Invested	Deposits and Cash on Hand	Total
Petty cash	\$ -	12,359	\$ 12,359
Mt. McKinley Bank	5,000,000	2,625,794	7,625,794
Key Trust	-	1,558,212	1,558,212
Key Trust			
Equity mutual funds	85,875,856	-	85,875,856
U. S. treasuries and agencies	24,138,571	-	24,138,571
Corporate bonds	7,973,759	-	7,973,759
Fixed income	6,542,252	-	6,542,252
Foreign bonds	2,298,510	-	2,298,510
Real assets	17,696,060	-	17,696,060
Alaska Municipal League Investment Pool	<u>34,864,604</u>	<u>-</u>	<u>34,864,604</u>
Total cash and investments	<u>\$ 184,389,612</u>	<u>4,196,365</u>	<u>\$ 188,585,977</u>
Reconciliation of cash and investments to governmental and proprietary funds			
Governmental funds			
Equity in central treasury			\$ 30,172,889
Restricted cash and cash equivalents			12,329,695
Restricted investments			<u>144,525,008</u>
Total governmental funds			<u>187,027,592</u>
Proprietary funds			
Enterprise funds			
Equity in central treasury			173
Internal service fund			
Cash			<u>1,558,212</u>
Total proprietary funds			<u>1,558,385</u>
Total cash and investments			<u>\$ 188,585,977</u>

CITY OF FAIRBANKS, ALASKA

Calculation of the Change in the Fair Value of Investments - Permanent Fund
Aggregate Method
December 31, 2021

Equity

Fair value at December 31, 2021	\$ 85,875,856
Cost of investments sold in 2021	23,846,399
Cost of investments purchased in 2021	(11,966,455)
Fair value at December 31, 2020	<u>(82,401,667)</u>
Change in fair value of equity investments	<u>15,354,133</u>

Fixed-Income

Fair value at December 31, 2021	40,953,091
Cost of investments sold in 2021	15,206,389
Cost of investments purchased in 2021	(18,677,677)
Fair value at December 31, 2020	<u>(39,238,296)</u>
Change in fair value of fixed-income investments	<u>(1,756,493)</u>

Real Assets

Fair value at December 31, 2021	17,696,060
Cost of investments sold in 2021	3,694,970
Cost of investments purchased in 2021	(5,532,253)
Fair value at December 31, 2020	<u>(14,295,819)</u>
Change in fair value of real assets investments	<u>1,562,958</u>

Total change in fair value of investments	<u><u>\$ 15,160,598</u></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>
Financial Trends	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.	
Revenue Capacity	ST-12
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	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.	
Demographic and Economic Information	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.	
Operating Information	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			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 108,299,354	\$ 125,595,200	\$ 123,621,505	\$ 126,445,168
Restricted	106,020,888	113,515,303	120,914,019	116,661,227
Unrestricted	<u>23,083,794</u>	<u>23,885,855</u>	<u>22,170,564</u>	<u>10,672,817</u>
Total governmental activities net position	<u>\$ 237,404,036</u>	<u>\$ 262,996,358</u>	<u>\$ 266,706,088</u>	<u>\$ 253,779,212</u>
Business-type activities				
Net investment in capital assets	\$ 9,080,636	\$ 8,867,682	\$ 8,624,217	\$ 8,392,465
Unrestricted	<u>-</u>	<u>(51,535)</u>	<u>(64,055)</u>	<u>43,179</u>
Total business-type activities net position	<u>\$ 9,080,636</u>	<u>\$ 8,816,147</u>	<u>\$ 8,560,162</u>	<u>\$ 8,435,644</u>
Primary government				
Net investment in capital assets	\$ 117,379,990	\$ 134,462,882	\$ 132,245,722	\$ 134,837,633
Restricted	106,020,888	113,515,303	120,914,019	116,661,227
Unrestricted	<u>23,083,794</u>	<u>23,834,320</u>	<u>22,106,509</u>	<u>10,715,996</u>
Total primary government net position	<u>\$ 246,484,672</u>	<u>\$ 271,812,505</u>	<u>\$ 275,266,250</u>	<u>\$ 262,214,856</u>

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 127,230,310	\$ 122,541,390	\$ 125,084,528	\$ 120,312,441	\$ 134,151,275	\$ 128,885,562
119,308,031	130,456,426	118,984,654	134,618,970	144,157,507	157,077,257
<u>3,834,193</u>	<u>2,780,830</u>	<u>9,401,364</u>	<u>14,832,234</u>	<u>15,651,943</u>	<u>19,992,964</u>
<u>\$ 250,372,534</u>	<u>\$ 255,778,646</u>	<u>\$ 253,470,546</u>	<u>\$ 269,763,645</u>	<u>\$ 293,960,725</u>	<u>\$ 305,955,783</u>
\$ 9,539,147	\$ 9,273,427	\$ 9,007,707	\$ 8,741,988	\$ 8,476,268	\$ 8,210,548
<u>(87,569)</u>	<u>(121,071)</u>	<u>(167,502)</u>	<u>(209,454)</u>	<u>(77,221)</u>	<u>164,833</u>
<u>\$ 9,451,578</u>	<u>\$ 9,152,356</u>	<u>\$ 8,840,205</u>	<u>\$ 8,532,534</u>	<u>\$ 8,399,047</u>	<u>\$ 8,375,381</u>
\$ 136,769,457	\$ 131,814,817	\$ 134,092,235	\$ 129,054,429	\$ 142,627,543	\$ 137,096,110
119,308,031	130,456,426	118,984,654	134,618,970	144,157,507	157,077,257
<u>3,746,624</u>	<u>2,659,759</u>	<u>9,233,862</u>	<u>14,622,780</u>	<u>15,574,722</u>	<u>20,157,797</u>
<u>\$ 259,824,112</u>	<u>\$ 264,931,002</u>	<u>\$ 262,310,751</u>	<u>\$ 278,296,179</u>	<u>\$ 302,359,772</u>	<u>\$ 314,331,164</u>

CITY OF FAIRBANKS, ALASKA

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

	Fiscal Year			
	2012	2013	2014	2015
EXPENSES				
<i>Governmental activities</i>				
General government	\$ 19,777,837	\$ 17,283,253	\$ 18,534,706	\$ 17,684,053
Public safety	17,473,736	17,151,562	18,277,156	16,554,512
Public works	11,179,444	13,741,033	15,617,945	13,000,898
Building inspections	653,783	676,773	646,838	675,169
Interest on long-term debt	55,190	28,215	-	-
Total governmental activities expenses	<u>49,139,990</u>	<u>48,880,836</u>	<u>53,076,645</u>	<u>47,914,632</u>
<i>Business-type activities</i>				
Municipal Utilities	260,098	31,200	31,200	31,200
Fairbanks Transportation Center	484,643	424,602	384,291	424,153
Total business-type activities expenses	<u>744,741</u>	<u>455,802</u>	<u>415,491</u>	<u>455,353</u>
Total primary government expenses	<u>\$ 49,884,731</u>	<u>\$ 49,336,638</u>	<u>\$ 53,492,136</u>	<u>\$ 48,369,985</u>
PROGRAM REVENUES				
<i>Governmental activities</i>				
Charges for services				
General government	\$ 1,222,012	\$ 918,736	\$ 1,947,754	\$ 2,180,127
Public safety	3,085,975	3,010,712	2,956,695	3,323,851
Public works	1,804,586	1,810,491	1,966,209	2,037,256
Building inspections	916,972	717,556	505,065	1,086,506
Operating grants and contributions	5,638,466	7,711,240	10,676,943	4,826,073
Capital grants and contributions	5,514,809	26,379,749	6,729,479	9,245,556
Total governmental activities				
program revenues	<u>18,182,820</u>	<u>40,548,484</u>	<u>24,782,145</u>	<u>22,699,369</u>
<i>Business-type activities</i>				
Charges for services				
Municipal Utilities	396,900	396,900	396,900	396,900
Fairbanks Transportation Center	201,061	191,245	159,481	188,434
Total business-type activities				
program revenues	<u>597,961</u>	<u>588,145</u>	<u>556,381</u>	<u>585,334</u>
Total primary government				
program revenues	<u>\$ 18,780,781</u>	<u>\$ 41,136,629</u>	<u>\$ 25,338,526</u>	<u>\$ 23,284,703</u>

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 20,663,070	\$ 19,703,633	\$ 16,861,147	\$ 17,372,909	\$ 33,035,584	\$ 20,502,194
20,535,541	15,402,443	14,417,423	14,302,575	15,916,784	15,070,047
9,788,380	11,632,705	9,726,464	10,019,292	10,170,265	10,929,783
703,223	660,598	630,643	578,318	616,109	647,864
-	-	-	-	-	-
<u>51,690,214</u>	<u>47,399,379</u>	<u>41,635,677</u>	<u>42,273,094</u>	<u>59,738,742</u>	<u>47,149,888</u>
35,007	76,884	76,884	76,884	76,884	76,884
497,436	412,944	412,070	417,195	408,051	504,484
<u>532,443</u>	<u>489,828</u>	<u>488,954</u>	<u>494,079</u>	<u>484,935</u>	<u>581,368</u>
<u>\$ 52,222,657</u>	<u>\$ 47,889,207</u>	<u>\$ 42,124,631</u>	<u>\$ 42,767,173</u>	<u>\$ 60,223,677</u>	<u>\$ 47,731,256</u>
\$ 1,919,721	\$ 2,126,759	\$ 2,320,738	\$ 2,272,233	\$ 2,056,572	\$ 1,960,693
3,016,870	3,017,808	3,291,893	3,379,741	3,257,034	4,595,756
1,961,288	2,058,351	2,061,424	2,156,127	2,237,168	2,348,134
775,911	474,492	756,905	486,208	583,077	1,070,361
4,859,777	2,434,298	1,786,536	1,558,873	17,316,541	3,092,013
6,215,414	1,603,851	1,704,275	1,443,445	20,235,340	1,351,116
<u>18,748,981</u>	<u>11,715,559</u>	<u>11,921,771</u>	<u>11,296,627</u>	<u>45,685,732</u>	<u>14,418,073</u>
396,900	396,900	396,900	396,900	396,900	396,900
177,831	190,593	176,794	186,385	141,431	157,697
<u>574,731</u>	<u>587,493</u>	<u>573,694</u>	<u>583,285</u>	<u>538,331</u>	<u>554,597</u>
<u>\$ 19,323,712</u>	<u>\$ 12,303,052</u>	<u>\$ 12,495,465</u>	<u>\$ 11,879,912</u>	<u>\$ 46,224,063</u>	<u>\$ 14,972,670</u>

CITY OF FAIRBANKS, ALASKA

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

	Fiscal Year			
	2012	2013	2014	2015
NET (EXPENSE) REVENUE				
<i>Governmental activities</i>	\$ (30,957,170)	\$ (8,332,352)	\$ (28,294,500)	\$ (25,215,261)
<i>Business-type activities</i>	(146,780)	132,343	140,890	129,981
Total primary government net expense	<u>\$ (31,103,950)</u>	<u>\$ (8,200,009)</u>	<u>\$ (28,153,610)</u>	<u>\$ (25,085,280)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
<i>Governmental activities</i>				
Property tax	\$ 14,109,307	\$ 14,333,209	\$ 14,270,470	\$ 14,875,855
Hotel motel tax	2,504,130	2,632,839	2,720,456	2,869,170
Alcohol beverage tax	2,126,694	2,147,775	2,247,924	2,309,214
Tobacco tax	934,351	930,378	911,185	938,026
Marijuana tax	-	-	-	-
Gasoline tax	-	-	-	-
Shared revenue	2,935,794	2,300,539	2,339,182	2,257,980
Investment income	10,179,570	10,787,731	8,358,472	269,253
Interest income	195,278	170,011	122,993	156,746
Miscellaneous	23,090	225,292	636,648	424,142
Transfers - internal activity	396,900	396,900	396,900	254,517
Total governmental activities	<u>33,405,114</u>	<u>33,924,674</u>	<u>32,004,230</u>	<u>24,354,903</u>
<i>Business-type activities</i>				
Interest income	77	68	25	18
Transfers - internal activity	(396,900)	(396,900)	(396,900)	(254,517)
Total business-type activities	<u>(396,823)</u>	<u>(396,832)</u>	<u>(396,875)</u>	<u>(254,499)</u>
Total primary government	<u>\$ 33,008,291</u>	<u>\$ 33,527,842</u>	<u>\$ 31,607,355</u>	<u>\$ 24,100,404</u>
CHANGE IN NET POSITION				
<i>Governmental activities</i>	\$ 2,447,944	\$ 25,592,322	\$ 3,709,730	\$ (860,358)
<i>Business-type activities</i>	(543,603)	(264,489)	(255,985)	(124,518)
Total primary government	<u>\$ 1,904,341</u>	<u>\$ 25,327,833</u>	<u>\$ 3,453,745</u>	<u>\$ (984,876)</u>

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ (32,941,233)	\$ (35,683,820)	\$ (29,713,906)	\$ (30,976,467)	\$ (14,053,010)	\$ (32,731,815)
<u>42,288</u>	<u>97,665</u>	<u>84,740</u>	<u>89,206</u>	<u>53,396</u>	<u>(26,771)</u>
<u>\$ (32,898,945)</u>	<u>\$ (35,586,155)</u>	<u>\$ (29,629,166)</u>	<u>\$ (30,887,261)</u>	<u>\$ (13,999,614)</u>	<u>\$ (32,758,586)</u>
\$ 14,966,473	\$ 15,924,815	\$ 18,976,356	\$ 16,170,339	\$ 15,698,033	\$ 16,188,090
3,210,422	3,146,023	3,379,900	3,445,847	1,473,829	3,148,807
2,293,100	2,275,898	2,273,948	2,333,130	2,346,009	2,557,257
930,924	973,944	810,972	878,288	850,381	1,008,021
32,338	442,821	989,569	1,168,278	1,440,964	1,576,731
-	-	-	-	105,973	450,473
1,761,295	1,598,425	1,439,637	1,256,663	823,208	999,904
6,949,838	15,762,858	(6,373,803)	20,752,182	14,830,100	18,441,689
152,119	219,901	328,163	496,522	209,749	134,463
211,671	348,347	8,761,312	371,417	284,944	224,538
<u>(973,625)</u>	<u>396,900</u>	<u>396,900</u>	<u>396,900</u>	<u>186,900</u>	<u>(3,100)</u>
<u>29,534,555</u>	<u>41,089,932</u>	<u>30,982,954</u>	<u>47,269,566</u>	<u>38,250,090</u>	<u>44,726,873</u>
21	13	9	23	17	5
<u>973,625</u>	<u>(396,900)</u>	<u>(396,900)</u>	<u>(396,900)</u>	<u>(186,900)</u>	<u>3,100</u>
<u>973,646</u>	<u>(396,887)</u>	<u>(396,891)</u>	<u>(396,877)</u>	<u>(186,883)</u>	<u>3,105</u>
<u>\$ 30,508,201</u>	<u>\$ 40,693,045</u>	<u>\$ 30,586,063</u>	<u>\$ 46,872,689</u>	<u>\$ 38,063,207</u>	<u>\$ 44,729,978</u>
\$ (3,406,678)	\$ 5,406,112	\$ 1,269,048	\$ 16,293,099	\$ 24,197,080	\$ 11,995,058
<u>1,015,934</u>	<u>(299,222)</u>	<u>(312,151)</u>	<u>(307,671)</u>	<u>(133,487)</u>	<u>(23,666)</u>
<u>\$ (2,390,744)</u>	<u>\$ 5,106,890</u>	<u>\$ 956,897</u>	<u>\$ 15,985,428</u>	<u>\$ 24,063,593</u>	<u>\$ 11,971,392</u>

CITY OF FAIRBANKS, ALASKA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 394,735	\$ 424,514	\$ 473,424	\$ 499,031
Committed	250,000	250,000	250,000	250,000
Assigned	891,376	967,270	1,002,385	1,018,800
Unassigned	<u>10,492,755</u>	<u>11,628,256</u>	<u>9,634,436</u>	<u>11,487,174</u>
Total general fund	<u>\$ 12,028,866</u>	<u>\$ 13,270,040</u>	<u>\$ 11,360,245</u>	<u>\$ 13,255,005</u>
All other governmental funds				
Restricted				
Permanent funds	\$ 105,954,571	\$ 113,495,958	\$ 120,885,537	\$ 116,576,569
Special revenue funds	66,317	19,345	28,482	84,658
Committed				
Capital projects funds	-	1,180,540	807,552	877,552
Assigned				
Capital projects funds	5,780,451	4,828,224	5,827,289	6,079,754
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 111,801,339</u>	<u>\$ 119,524,067</u>	<u>\$ 127,548,860</u>	<u>\$ 123,618,533</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 488,807	\$ 16,848	\$ 2,491	\$ 5,612	\$ 39,559	\$ 7,963
250,000	250,000	250,000	250,000	250,000	250,000
3,173,880	351,737	586,285	413,257	382,563	272,775
<u>8,132,918</u>	<u>11,472,993</u>	<u>11,603,748</u>	<u>10,618,540</u>	<u>12,875,819</u>	<u>14,753,830</u>
<u>\$ 12,045,605</u>	<u>\$ 12,091,578</u>	<u>\$ 12,442,524</u>	<u>\$ 11,287,409</u>	<u>\$ 13,547,941</u>	<u>\$ 15,284,568</u>
\$ -	\$ 455,899	\$ 475,964	\$ 552,120	\$ 539,234	\$ 542,806
119,264,416	130,447,586	118,968,223	134,568,000	144,120,958	157,040,679
43,615	8,840	16,431	50,970	36,549	36,578
1,027,552	2,185,404	3,883,055	4,563,509	4,555,589	5,632,240
5,624,487	5,161,637	7,615,144	10,585,638	9,339,896	8,790,763
<u>-</u>	<u>(3,606,439)</u>	<u>(590,352)</u>	<u>(254,420)</u>	<u>(558,574)</u>	<u>(791,280)</u>
<u>\$ 125,960,070</u>	<u>\$ 134,652,927</u>	<u>\$ 130,368,465</u>	<u>\$ 150,065,817</u>	<u>\$ 158,033,652</u>	<u>\$ 171,251,786</u>

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

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Taxes	\$ 19,674,483	\$ 20,044,201	\$ 20,150,036	\$ 20,992,265
Charges for services	4,739,263	4,566,999	4,632,461	5,147,122
Intergovernmental	11,883,068	21,265,762	18,656,516	16,381,575
Licenses and permits	1,985,385	1,775,851	1,612,546	2,263,001
Fines and forfeitures	1,061,959	993,619	895,919	672,646
Special assessments	4,416	2,674	16,277	8,360
Investment earnings	10,179,569	10,787,731	8,358,470	269,252
Other revenues	2,044,516	2,054,612	1,851,311	3,399,020
Total revenues	51,572,659	61,491,449	56,173,536	49,133,241
Expenditures				
Current				
General government	10,508,964	10,816,850	12,282,236	11,999,943
Public safety	16,230,668	15,887,630	17,018,011	15,954,520
Public works	10,654,648	13,024,157	14,600,343	11,979,771
Building inspections	643,830	666,819	636,884	666,241
Capital outlay	4,196,815	12,133,923	6,337,499	10,917,537
Debt service - principal	830,000	855,000	-	-
Debt service - interest	55,190	28,215	-	-
Total expenditures	43,120,115	53,412,594	50,874,973	51,518,012
Other financing sources (uses)				
Transfers in	7,878,534	6,199,600	10,041,759	6,973,847
Transfers out	(7,481,634)	(5,802,700)	(9,644,859)	(6,719,330)
Sale of capital assets	551,591	488,147	419,535	94,687
Total other financing sources (uses)	948,491	885,047	816,435	349,204
Net change in fund balances	\$ 9,401,035	\$ 8,963,902	\$ 6,114,998	\$ (2,035,567)
Capitalized expenditures	\$ 4,196,815	\$ 12,133,923	\$ 6,337,499	\$ 10,917,537
Debt service as a percentage of noncapital expenditures	2.27%	2.14%	0.00%	0.00%

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 21,433,257	\$ 22,763,501	\$ 26,430,745	\$ 23,995,882	\$ 21,915,189	\$ 24,929,379
4,370,505	5,177,232	5,592,220	5,641,337	5,666,858	5,981,590
11,716,015	4,500,295	4,375,410	3,891,884	19,921,157	6,355,400
1,984,184	1,585,314	1,874,904	1,586,537	1,695,295	2,311,534
577,534	475,268	611,956	511,203	417,141	543,223
12,603	1,996	1,074	1,074	1,074	1,074
6,949,838	15,762,858	(6,373,803)	20,752,182	14,830,100	18,441,689
2,879,705	2,547,972	2,049,379	2,429,537	1,892,513	1,520,575
<u>49,923,641</u>	<u>52,814,436</u>	<u>34,561,885</u>	<u>58,809,636</u>	<u>66,339,327</u>	<u>60,084,464</u>
14,455,243	15,140,956	12,212,640	12,103,350	27,030,064	14,667,134
16,281,037	15,517,064	15,401,766	16,624,086	16,095,536	17,332,143
8,820,045	10,522,680	8,857,016	8,749,213	8,820,998	9,765,882
700,485	660,598	628,680	570,465	608,256	640,011
8,979,480	2,770,881	1,839,794	2,757,345	3,848,168	2,766,563
-	-	-	-	-	-
-	-	-	-	-	-
<u>49,236,290</u>	<u>44,612,179</u>	<u>38,939,896</u>	<u>40,804,459</u>	<u>56,403,022</u>	<u>45,171,733</u>
8,650,261	7,920,824	9,584,946	10,091,643	6,524,888	8,593,632
(8,253,361)	(7,523,924)	(9,188,046)	(9,694,743)	(6,337,988)	(8,596,732)
47,886	139,673	47,595	140,160	105,162	45,130
<u>444,786</u>	<u>536,573</u>	<u>444,495</u>	<u>537,060</u>	<u>292,062</u>	<u>42,030</u>
<u>\$ 1,132,137</u>	<u>\$ 8,738,830</u>	<u>\$ (3,933,516)</u>	<u>\$ 18,542,237</u>	<u>\$ 10,228,367</u>	<u>\$ 14,954,761</u>
<u>\$ 8,979,480</u>	<u>\$ 2,770,881</u>	<u>\$ 1,839,794</u>	<u>\$ 2,757,345</u>	<u>\$ 3,848,168</u>	<u>\$ 2,766,563</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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
2012	\$ 1,154,537,084	910,205,860	495,876,175	1,429,270	78,835,765
2013	1,124,926,958	931,699,775	529,004,854	1,424,032	78,530,230
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

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>
18,582,830	7,652,000	2,667,118,984	214,320,664	2,452,798,320	5.734
39,813,320	3,552,306	2,708,951,475	212,011,356	2,496,940,119	5.716
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	3,020,793,602	271,681,592	2,749,112,010	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

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
2012	0.284		0.550	4.900	5.734	11.216	16.950
2013	0.278		0.538	4.900	5.716	11.216	16.932
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

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	2021 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2012 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Doyon Utilities	\$ 298,974,174	1	9.73%	\$ 244,314,732	1	9.16%
Fred Meyer Stores	62,082,977	2	2.02%	51,729,682	2	1.94%
Westmark Hotel	38,166,874	3	1.24%	33,251,338	4	1.25%
Wal-Mart Stores Inc.	34,728,398	4	1.13%	33,523,184	3	1.26%
Bentley Mall	28,106,676	5	0.91%			
GCI Cable Fairbanks Inc.	27,906,749	6	0.91%	24,566,602	5	0.92%
Costco	26,825,826	7	0.87%			
Jillian Square Apartments LLC	21,724,303	8	0.71%	21,813,917	6	0.82%
Tanana Valley Clinic	19,436,231	9	0.63%			
Safeway	18,984,221	10	0.62%			
Lowes				15,762,723	10	0.59%
Tanana Clinic				19,061,569	9	0.71%
Sam's Club (Wal-Mart)				19,583,840	7	0.73%
Sophie Plaza				19,062,810	8	0.71%
	<u>\$ 576,936,429</u>		<u>18.77%</u>	<u>\$ 482,670,397</u>		<u>18.10%</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 2021 was \$3,073,274,708 and the total assessed valuation for 2012 was \$2,667,118,984.

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
2012	\$ 14,063,990	\$ 13,585,718	96.60%	\$ 293,589	\$ 13,879,307	98.69%
2013	14,311,224	13,866,487	96.89%	242,407	14,108,894	98.59%
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%	377,087	15,008,295	99.99%
2017	15,930,965	15,538,834	97.54%	386,204	15,925,038	99.96%
2018	19,057,396	18,591,632	97.56%	450,771	19,042,403	99.92%
2019	16,067,471	15,588,637	97.02%	400,110	15,988,747	99.51%
2020	15,743,573	15,393,595	97.78%	179,944	15,573,539	98.92%
2021	16,190,835	15,866,631	98.00%	N/A	15,866,631	98.00%

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			
2012	\$ 855,000	-	\$ 602,395	-	\$ 1,457,395	0.11%	45
2013	-	-	2,667,110	-	2,667,110	0.18%	83
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

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>
2012	\$ 855,000	-	\$ 855,000	2,667,118,984	32,070	0.03%	27
2013	-	-	-	2,708,951,475	32,204	-	-
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	-	-

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, 2021

Jurisdiction	Net Debt Outstanding	Percentage Applicable to the City of Fairbanks	Amount Applicable to the City of Fairbanks
City of Fairbanks	\$ -	100.00%	\$ -
Fairbanks North Star Borough	88,640,000	31.37%	<u>27,807,370</u>
			<u>\$ 27,807,370</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				
	2012	2013	2014	2015	2016
Debt limit	\$ 364,302,182	\$368,137,138	\$376,214,627	\$383,827,565	\$391,797,187
Total debt applicable to limit	855,000	-	-	-	-
Legal debt margin	<u>\$ 363,447,182</u>	<u>\$368,137,138</u>	<u>\$376,214,627</u>	<u>\$383,827,565</u>	<u>\$391,797,187</u>
Total debt applicable to limit as a percentage of debt limit	0.23%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt limit	\$ 398,664,484	\$403,804,976	\$406,627,735	\$408,293,875	\$412,089,766
Total debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 398,664,484</u>	<u>\$403,804,976</u>	<u>\$406,627,735</u>	<u>\$408,293,875</u>	<u>\$412,089,766</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 2019	2,712,787,755
Assessed valuation 2020	2,745,222,823
Assessed valuation 2021	<u>2,783,784,747</u>
Total three year assessed valuation	<u>\$ 8,241,795,325</u>
Divided by three; average assessed value	<u>\$ 2,747,265,108</u>
15% of average assessed value; Debt limit	\$ 412,089,766
General obligation bonds outstanding	-
Legal debt margin	<u>\$ 412,089,766</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, such average assessed value shall be determined by adding assessed valuations for the last three preceding years and dividing by three.

Bonds in excess of said limit may be issued if 65 percent of the qualified voters at the referendum thereon vote in favor of said issue.

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

Year	Population	Per Capita Personal Income	Personal Income	Unemployment Rate
2012	32,070	42,626	\$ 1,367,015,820	6.3%
2013	32,204	45,432	1,463,092,128	5.5%
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%

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	2021			2012		
	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	15.45%	2	5,200	13.23%
Retail Trade	2	4,400	12.36%	3	4,600	11.70%
State Government	3	4,300	12.08%	1	5,400	13.74%
Leisure & Hospitality	4	3,700	10.39%	4	4,100	10.43%
Federal Government	5	3,200	8.99%	5	3,300	8.40%
Local Government	6	2,700	7.58%	6	3,200	8.14%
Construction	7	2,500	7.02%	7	2,500	6.36%
Professional & Business Services	8	2,500	7.02%	8	2,500	6.36%
Transportation/Warehouse/Utilities	9	2,300	6.46%	9	2,400	6.11%
Financial Activities	10	1,100	3.09%	10	1,500	3.82%
		32,200	90.45%		34,700	88.30%

Notes:

Data is for the Fairbanks Metropolitan Statistical Area. The total annual average monthly employment for 2021 is 35,600 and the amount for 2012 is 39,300.

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									
	2012	2103	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Mayor	5.0	4.0	4.0	4.0	6.0	7.0	7.0	7.0	7.0	7.0
City attorney	2.5	2.5	3.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5
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	8.0	8.0	7.0	8.0	7.0	7.0	6.0	8.0	7.0
Information systems	6.0	6.0	6.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Safety										
Police										
Administration	6.5	6.5	9.5	8.0	7.0	8.0	7.0	6.0	6.0	7.0
Investigations	7.0	5.0	7.0	5.0	6.0	5.0	6.0	4.0	4.0	2.0
Patrol	38.0	40.0	34.0	34.0	28.0	31.0	31.0	32.0	28.0	30.0
Dispatch	18.0	17.5	19.0	16.0	16.0	14.0	14.5	16.0	18.0	16.0
Fire										
Administration	4.0	4.0	5.0	4.5	4.0	5.0	5.0	5.0	5.0	4.0
Suppression	39.0	39.0	39.0	38.0	37.0	38.0	37.0	40.0	42.0	38.0
Public Works										
Works	38.0	37.5	38.0	36.0	36.0	37.0	37.0	37.0	36.0	36.0
Engineering	12.0	12.5	11.0	10.0	12.0	10.0	9.0	9.0	9.0	9.0
FMATS	2.0	2.5	2.5	2.5	2.5	2.5	0.0	0.0	0.0	0.0
Building Inspections	<u>7.0</u>	<u>6.0</u>	<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>
Total	<u>196.0</u>	<u>194.0</u>	<u>195.0</u>	<u>183.5</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>

Source: City of Fairbanks, Finance Department.

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

Function/Program	Fiscal Year			
	2012	2013	2014	2015
General Government				
Annual final operating budget	\$ 33,037,424	\$ 34,878,988	\$ 34,663,777	\$ 36,111,546
Public Safety				
Dispatch				
Number of E-911 calls	46,165	70,830	30,822	42,777
Number of Dispatch Service calls	65,068	43,384	40,608	45,414
Police				
Number of law enforcement calls	30,907	32,098	40,491	27,037
Number of major crimes	2,093	2,024	1,957	1,738
Number of physical arrests	1,619	1,621	1,959	1,068
Number of traffic citations	4,060	2,536	2,208	1,873
Fire				
Number of fire calls	807	1,034	928	964
Number of emergency medical service calls	3,223	3,300	3,239	3,252
Public Works				
Works				
Refuse collected (tons)	5,510	5,348	5,352	5,279
Patching (tons)	1,520	1,272	252	759
Snow removal (cubic yards) ^(a)	528,640	674,030	327,953	365,173
Sand (tons spread) ^(a)	2,481	3,000	2,888	3,544
Building Inspections				
Number of permits issued	1,023	974	961	863

Notes:

^(a) Amounts are available by season only.

Sources: City of Fairbanks

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 36,482,001	\$ 36,727,187	\$ 35,098,948	\$ 36,443,182	\$ 35,230,573	\$ 38,882,013
37,217	37,363	35,425	36,681	40,065	41,663
53,351	57,083	48,562	45,853	50,196	56,677
24,274	22,553	24,798	23,036	22,207	22,493
1,942	2,055	1,885	2,022	1,998	2,073
1,269	1,326	1,504	1,502	1,538	1,223
1,440	1,122	1,643	845	721	632
1,072	5,229	2,338	2,745	2,320	1,614
3,884	3,396	3,455	3,548	4,253	5,275
5,299	5,225	5,211	5,309	5,513	5,193
747	1,222	8,203	221	450	496
270,113	646,940	377,685	435,348	464,676	482,770
3,071	3,766	527	1,963	1,661	2,717
850	899	929	945	933	899

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

Function/Program	Fiscal Year			
	2012	2013	2014	2015
General Government				
Administration square footage	65,000	65,000	65,000	65,000
Public Safety				
Police				
Stations	1	1	1	1
Vehicles	59	68	66	63
Fire				
Stations manned	2	2	2	2
Emergency response vehicles	22	20	19	21
Public Works				
Works				
Refuse trucks	9	9	9	11

Sources: City of Fairbanks

Fiscal Year

2016	2017	2018	2019	2020	2021
65,000	65,000	65,000	65,000	65,000	65,000
1 67	1 69	1 66	1 61	1 63	1 68
2 24	2 24	2 24	2 25	2 25	2 26
11	9	9	9	12	12



SINGLE AUDIT SECTION

Reports on Federal Single Audit Requirements



FEDERAL 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 (City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2022.

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 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 entity'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

June 27, 2022
Fairbanks, Alaska



Alliance
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INDEPENDENT AUDITOR'S 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 described 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, 2021. The City's major federal programs are identified in the summary of auditor's 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, 2021.

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 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 Auditor's 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.

Auditor's 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 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 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 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

June 27, 2022
Fairbanks, Alaska

CITY OF FAIRBANKS, ALASKA
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
Direct Programs:			
Office of Justice Programs COVID-19-Coronavirus Emergency Supplemental Funding Program	16.034		15,599
Office of Justice Programs ICAC Activity	16.543		5,000
Bureau of Justice Assistance FY2018 Edward Byrne Memorial Justice Assistance Grant	16.738		4,124
Bureau of Justice Assistance FY2019 Edward Byrne Memorial Justice Assistance Grant	16.738		8,840
Bureau of Justice Assistance FY2021 Edward Byrne Memorial Justice Assistance Grant	16.738		1,237
Total U.S. Department of Justice			34,800
U. S. DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction Cluster			
Passed through Programs from:			
Alaska Department of Transportation and Public Facilities			
Wendell Ave Bridge Replacement	20.205	NFHWY00511	79,961
Chena River Walk Stage III Segment 1	20.205	NFHWY00280	36,289
FAST Improvements FFY 2020000-2022	20.205	NFHWY00603	48,932
Third Street Widening Project	20.205	MGL-M-0670(1)	263,851
FMATS Sidewalk Improvements Plan	20.205	NFHWY00138	936
FAST Advance Project Definition	20.205	NFHWY00395	3,687
6th Ave ADA Improvements	20.205	NFHWY00426	513
Minnie Street Improvements	20.205	NFHWY00509	117,070
FMATS Sign Replacement Stage III	20.205	NFHWY00246	218,095
FAST Area Surface Upgrades	20.205	NFHWY00434	1,507
Cowles Street Reconstruction	20.205	NFHWY00126	146,387
Growden Area Improvements	20.205	NFHWY00454	11,069
5th Avenue Reconstruction	20.205	NFHWY00445	161,088
Total Highway Planning and Construction Cluster			1,089,385
Highway Safety Cluster			
Passed through Programs from:			
Alaska Highway Safety Office			
20/21 DUI Traffic Unit	20.616	405d-M5X-21-01-FA(B)	60,197
21/22 DUI Traffic Unit	20.616	405d-M5X-22-01-FA(B)	12,093
20/21 CIOT HVE	20.600	402 PT-21-06-FA(A)4	458
20/21 DUI HVE	20.616	405d-M5HVE-21-01-FA(A)4	621
Total Highway Safety Cluster			73,369
Total U.S. Department of Transportation			1,162,754

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Direct Programs:			
COVID-19 Provider Relief Fund (PRF)	93.498		\$ 41,018
Passed through Programs from:			
Alaska Dept of Health and Social Services Restore Hope in Linkage to Care	93.136	601-307-21002	120,966
Total U. S. Department of Health & Human Services			161,984
U. S. DEPARTMENT OF HOMELAND SECURITY			
Direct Programs:			
Federal Emergency Management Agency 2017 Staffing for Adequate Fire and Emergency Response	97.083		180,198
Passed through Programs from:			
Alaska Department of Military and Veterans Affairs 2020 Emergency Management Performance Grant	97.042	20EMPG-GY20	4,813
2021 Emergency Management Performance Grant	97.042	21EMPG-GY21	3,776
			8,589
2019 State Homeland Security Program	97.067	20SHSP-GY19	92,653
2020 State Homeland Security Program	97.067	20SHSP-GY20	74,381
			167,034
Total U. S. Department of Homeland Security			355,821
U. S. DEPARTMENT OF TREASURY			
Direct Programs:			
Coronavirus Local Fiscal Recovery Fund	21.019		1,521,822
Passed through Program from:			
Alaska Department of Commerce, Community, and Economic Development COVID-19-Coronavirus Relief Fund	21.019	20-CRF-065	312,469
Total U. S. Department of Treasury			1,834,291
Grand Total - Federal Financial Assistance			\$ 3,549,650

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, 2021

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, 2021. 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.

NOTE 4 – PROVIDER RELIEF FUND (PRF)

The City of Fairbanks received \$41,018 in Provider Relief Fund from the United States Department of Health & Human Services. The funds were used for healthcare related expenses attributable to the coronavirus in 2020 and reported on the SEFA in 2020. Based on OMB 2021 Compliance Supplement issued on August 25, 2021, the funds are being rereported in 2021 to match the year the PRF report was submitted.

CITY OF FAIRBANKS, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended December 31, 2021

SECTION I - SUMMARY OF AUDITOR'S 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 X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified?

_____ Yes X None reported

Type of auditor's 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 X No

Identification of major programs:

Assistance Listing Numbers

20.205

21.019

Name of Federal Program or Cluster

Highway Planning and Construction Cluster

Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee?

 X Yes _____ No

CITY OF FAIRBANKS, ALASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
Year ended December 31, 2021

SECTION II – FINANCIAL STATEMENTS FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None