ANNUAL COMPREHENSIVE
FINANCIAL REPORT

OF THE

CITY OF FAIRBANKS
ALASKA

JANUARY 1, 2025

TO

DECEMBER 31, 2025

THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

CITY OF FAIRBANKS, ALASKA

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

Mindy L. O'Neall
Mayor

Prepared by
Finance Department

Margarita Bell, CPA, Chief Financial Officer

CITY OF FAIRBANKS, ALASKA

Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2025

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INTRODUCTORY SECTION

CITY OF FAIRBANKS
FINANCE DEPARTMENT

800 Cushman Street
Fairbanks, AK 99701

Telephone (907)459-6788
Fax (907)459-6722

May 15, 2026

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

Charter Section 8.7 requires that the City of Fairbanks (City) publish an annual report on its financial position and activity in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants within six months. This report is published to fulfill that requirement for the fiscal year ended December 31, 2025.

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal controls that was established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City's financial statements have been audited by Alliance CPAs LLC. The independent auditor issued an unmodified (clean) opinion on the City's financial statements for the fiscal year ended December 31, 2025. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) provide a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A immediately follows the report of the independent auditors.

The independent audit of the financial statements 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.

PROFILE OF THE CITY OF FAIRBANKS

The City, incorporated in 1903, is in Alaska's interior. It is located some 360 miles north of Anchorage and 120 miles south of the Arctic Circle. The City has a land area of 33.8 square miles and a population of approximately 31,068. It is located within the bounds of the Fairbanks North Star Borough; the Borough has an area of land of 7,361 square miles and a population of approximately 97,083, 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.

The City operates under a "Council-Mayor" form of government since 1995. 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.

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

- **General Government:** Economic development funding, social services, and general administrative services.
- **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.
- **Proprietary Operations:** Municipal Utilities System Fund (MUS) for rental of facility and Fairbanks Transportation Center (FTC) for parking services.

The Council is required to adopt an initial budget for the fiscal year beginning January 1 no later than December 15th of the prior year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund (general and capital), function (general government, public safety, and public works), and department. 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 department level.

LOCAL ECONOMY

The City 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 330,000 ounces of gold annually. Fairbanks serves as a major center for petroleum-related activity. Alyeska Pipeline Service Company, operator of the Trans-Alaska pipeline system, has a significant presence in the City. Petro Star Inc. operates refineries nearby in the borough. The area supports the oil and defense industries through services, distribution, and transportation.

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

Economic Indicators	2025	2024	Change (%)
Population	31,068	31,238	-0.5%
Unemployment rates	4.1%	4.1%	0.0%
Per capita personal income	$75,191	$69,775	7.8%
New construction value	$71,748,272	$38,977,752	84.1%
Assessed taxable value	$3,252,566,047	$3,103,668,304	4.8%

The population continues to decline. The decline is attributed to the transient nature of military personnel and their families and natural decreases from deaths outnumbering births. Unemployment rates remained the same, this is lower than Alaska's 4.8% rate. Per capita personal income increased, indicating that individuals have more disposable income which can increase demand for goods and services. New construction projects were completed in 2025, resulting in an increase in assessed values.

The City had the following changes in primary employment sectors:

Nonfarm Employment			
	2025	2024	Change (%)
Education & health services	5,800	5,700	1.8%
Retail trade	4,800	4,600	4.3%
State government	4,600	4,600	0.0%
Leisure & hospitality	4,500	4,800	-6.3%
Federal government	3,200	3,300	-3.0%
Local government	2,200	2,300	-4.3%

Major employers within and adjacent to the City include the following: University of Alaska Fairbanks campus employs over 2,700 individuals with enrollment of more than 7,400 students; Fort Wainwright employs 5,900 service members and 3,000 civilians and contractors; and Fairbanks Memorial Hospital employs over 1,500 individuals.

The City continues to see an increase in health services due to an aging population. Local government continues to decline due to public school closures from budget challenges driven by a decline in enrollment. Leisure and hospitality had the highest decrease due to economic uncertainty since this industry is impacted by consumer confidence.

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

During the past ten years, City expenditures increased by 47% from $49.2 million in 2016 to $72.3 million in 2025 while City revenues increased by 53% from $49.9 million in 2016 to $76.2 million in 2025. The City Finance Committee is identifying non-tax revenue sources as over 27% of the revenue is permanent fund investment earnings.

Like many communities, the City is experiencing the pressures of inflation, struggles with personnel recruitment and retention in police, high volatility of the market due to federal policy changes, and impacts of federal cuts.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

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

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

- **Reserves:** City ordinances require the general fund unassigned fund balance to be the greater of 20% of budgeted operational expenditures or $10,000,000. On December 31, 2025, the unassigned fund balance was $13,352,665 and 20% of budgeted operational expenditures was $9,800,439.
- **Debt:** City long-term debt is incurred for and reimbursed by other entities. Therefore, the City has no existing debt except for subscription-based information technology arrangements. Capital projects are forecasted, and an estimated amount is transferred to the capital fund on an annual basis, reducing the need for bonds for major capital projects.
- **Revenue:** The City maintains a permanent investment fund. On December 31, 2025, the fund balance was $165,688,411. The City Code allows four percent of the five-year average of the market value to be transferred to the general fund to support City operations and one half of a percent of the five-year average for capital needs.

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

The City accomplished the following major initiatives in 2025:

- Completed the $13.0 million demolishment project of the Polaris Building, providing opportunities for economic development in the downtown area.
- Provided grants in the amount of $250,000 to local businesses in the downtown area for storefront improvements.
- Replaced $3.3 million in public works and public safety equipment to improve snow removal, garbage collection, and emergency services.
- Provided funding for the Emergency Services Patrol (ESP), a program that provides safe transportation to individuals under the influence of alcohol and/or other drugs and attempts post-discharge engagement with individuals to connect them to resources without engaging police officers and paramedic firefighters.
- Provided support for the Crisis Now Coordinator who manages a program to provide support for individuals in crisis; Homeless Coordinator, a liaison between the City, Fairbanks Housing and Homeless Coalition, and organizations to reduce homelessness in Fairbanks; and Reentry Coalition Coordinator who manages a program that works with organizations to reduce recidivism.

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

- Chena Riverwalk, Phase III: Project will construct approximately 5,500 linear feet of pathway and up to three pedestrian bridges, total project $22.4 million.
- Minnie Street Improvements: Project will reconstruct Minnie Street from Illinois Street to Old Steese Highway to include drainage, utility, and ADA improvements, total project $15.3 million.
- Cowles Street Reconstruction: Project will reconstruct Cowles Street from First Avenue to East Cowles Street, to include sidewalk, drainage, and illumination improvements, total project $9.5 million.

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. In July 2025, City Council adopted an ordinance to establish a minimum undesignated balance for the capital fund in the amount of $4,000,000. On December 31, 2025, the undesignated amount for the capital fund was $8,619,985.

AWARDS AND ACKNOWLEDGEMENTS

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 (ACFR) for the fiscal year ended December 31, 2024. This was the 23rd consecutive year that the City achieved this prestigious award. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Excellence Financial Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City of Fairbanks also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 1, 2025. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communication device.

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. I would also like to commend 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

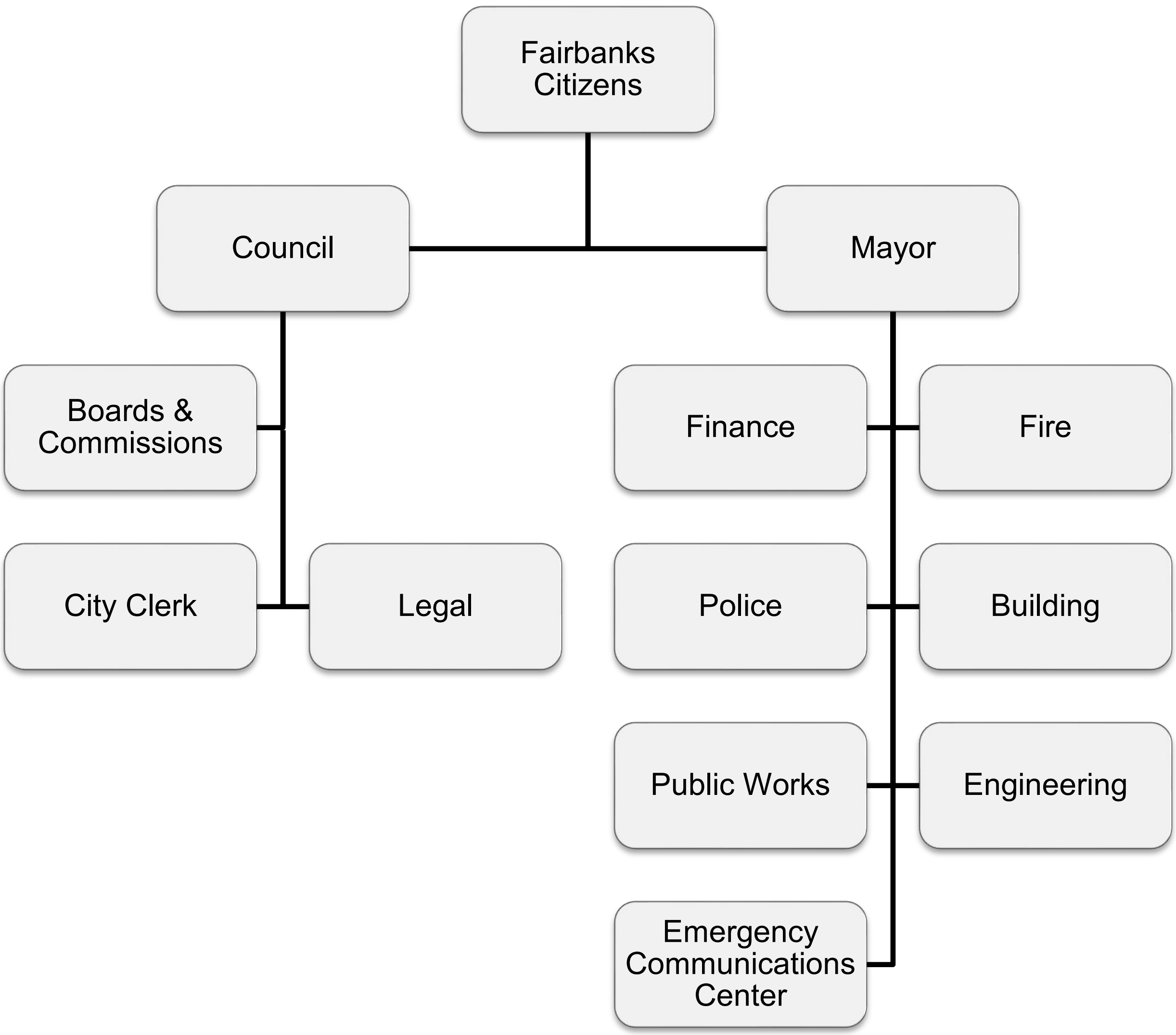
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

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, 2025

MAYOR

Mindy L. O'Neall

CITY COUNCIL MEMBERS

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

APPOINTED OFFICIALS

Danyielle Snider, City Clerk
Thomas Chard, City Attorney

ADMINISTRATION

Mindy L. O'Neall, Mayor
Michael Sanders, Chief of Staff
Margarita Bell, Chief Financial Officer
Andrew Coccaro, Fire Chief
Ron Dupee, Police Chief
Christoph Falke, Building Official
Jeremiah Cotter, Public Works Director
Robert Pristash, City Engineer
Kristi Merideth, Fairbanks Emergency Communications Center Manager

FINANCIAL SECTION

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

Alliance
CPAs | LLC

Ph: (907) 456.7762
Fax: (907) 452.6184

119 N. Cushman Street, Suite 300
Fairbanks, AK 99701

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairbanks, Alaska (City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2025, 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 (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS and *Government Auditing Standards* 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 US GAAS and *Government Auditing Standards*, 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, supplementary information sections and the schedule of expenditures of federal awards, 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Prior Year Comparative Information

We have previously audited, in accordance with US GAAS, the City's basic financial statements for the year ended December 31, 2024, which are not presented with the accompanying financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the year ended December 31, 2024, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2024 basic financial statements. The information was subjected to the audit procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the 2024 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2024, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated May 15, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Alliance CPAs LLC

May 15, 2026
Fairbanks, Alaska

CITY OF FAIRBANKS, ALASKA

Management's Discussion and Analysis

As management of the City, we offer the residents and other readers of the City's financial statements this Management Discussion and Analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial statements of the City for the year ended December 31, 2025, focusing on the reasons amounts changed from the prior year. 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.

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 includes other supplementary information intended 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 government-wide financial statements include governmental activities and business-type activities.

The **statement of net position** presents information on all the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as 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 for some items that will only result in cash flows in future fiscal periods such as uncollected taxes and earned but unused vacation 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 leasing a wastewater treatment plant and operating a parking garage.

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 states and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City 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 assessing 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 governmental funds and governmental activities.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds. ***Enterprise funds*** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for leasing the remaining wastewater treatment plant of the Municipal Utilities System (MUS) and parking garage operations of the Fairbanks Transportation Center (FTC). ***Internal service funds*** are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for compensated absences liabilities for accrued personal and compensatory leave and salary-related benefits. Because the internal service fund predominately benefits governmental rather than business-type functions, the amount has been included within governmental activities in the government-wide financial statements. Each enterprise fund and the internal service fund are reported as a major fund in the basic financial statements.

The 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 necessary to acquire a full understanding of the data provided in the financial statements. The City uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements such as certain contingencies.

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 required supplemental information. The City presents budgetary comparison schedules for the general fund and the City's progress in funding its obligations to provide pension and OPEB benefits to its employees.

The RSI can be found immediately after the notes to the financial statements in the Basic Financial Statements and RSI subsection of this report.

FINANCIAL SUMMARY AND DETAILED ANALYSIS

Detailed Analysis of Net Position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. For the City, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $335,165,880 on December 31, 2025, an increase of $19,457,944 from the previous year.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 207,474,159	$ 202,848,220	1,257,203	1,317,614	208,731,362	204,165,834
Capital assets, net	135,448,696	132,522,356	7,215,248	7,517,828	142,663,944	140,040,184
Other noncurrent assets	9,921,733	8,552,491	5,959,930	6,618,186	15,881,663	15,170,677
Total assets	352,844,588	343,923,067	14,432,381	15,453,628	367,276,969	359,376,695
Deferred outflows of resources	1,166,481	1,528,101	-	-	1,166,481	1,528,101
Liabilities						
Long-term liabilities outstanding	21,457,494	34,829,489	2,359,636	2,620,992	23,817,130	37,450,481
Other liabilities	8,178,593	7,167,584	229,983	529,295	8,408,576	7,696,879
Total liabilities	29,636,087	41,997,073	2,589,619	3,150,287	32,225,706	45,147,360
Deferred inflows of resources	1,051,864	354,219	-	-	1,051,864	354,219
Net position						
Net investment in capital assets	135,448,696	132,827,075	7,215,248	7,517,828	142,663,944	140,344,903
Restricted	174,640,599	158,305,727	-	-	174,640,599	158,305,727
Unrestricted	13,233,823	12,271,793	4,627,514	4,785,513	17,861,337	17,057,306
Total net position	$ 323,323,118	$ 303,404,595	11,842,762	12,303,341	335,165,880	315,707,936

Total net investment in capital assets net position in the amount of **$142,663,944** represents investment in capital assets (land, buildings, equipment, infrastructure, and subscriptions), less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In 2025, net investment in capital assets is 42.6% of total net position.

Total restricted net position represents resources restricted for investments in the amount of $158,974,958, net OPEB asset in the amount of $8,921,733, subsequent year transfers in the amount of $6,713,453, and law enforcement in the amount of $30,455 for a total of **$174,640,599**. In 2025, restricted net position is 52.1% of total net position.

Total unrestricted net position represents the remaining portion of **$17,861,337** that may be used to meet the government's ongoing obligations to citizens and creditors. In 2025, unrestricted net position is 5.3% of total net position.

Governmental activities had an increase in total assets of $8,921,521 from the prior year due to permanent fund earnings, addition of capital assets, and increase in net OPEB assets. Total liabilities decreased in the amount of $12,360,986 from the prior year due to reductions in long-term liabilities. Further discussion is provided below and in the section for capital assets and long-term financing.

Business-type activities had a decrease in total assets of $1,021,247 from the prior year due to depreciation. Total liabilities decreased in the amount of $560,668 from the prior year for loan payments. Further discussion is provided in the section for capital assets and long-term financing.

The City's overall net position increased $19,457,944 from the prior fiscal year. The reasons for the overall increase are discussed in the following sections for governmental activities and business-type activities.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 10,961,000	12,096,627	209,482	223,257	11,170,482	12,319,884
Operating grants and contributions	2,260,776	1,724,450	-	-	2,260,776	1,724,450
Capital grants and contributions	7,482,284	7,039,989	-	-	7,482,284	7,039,989
General revenues:						
Property taxes	19,030,020	18,356,301	-	-	19,030,020	18,356,301
Other taxes	11,784,902	12,322,792	-	-	11,784,902	12,322,792
Investment gain (loss)	20,993,827	14,802,026	-	-	20,993,827	14,802,026
Other	3,613,996	3,662,804	20	26	3,614,016	3,662,830
Total revenues	76,126,805	70,004,989	209,502	223,283	76,336,307	70,228,272
Expenses:						
General government	22,112,553	34,053,978	-	-	22,112,553	34,053,978
Public safety	21,493,030	21,902,004	-	-	21,493,030	21,902,004
Public works	12,019,476	12,618,881	-	-	12,019,476	12,618,881
Building Inspections	708,135	682,825	-	-	708,135	682,825
Interest - subscriptions	1,988	2,928	-	-	1,988	2,928
Fairbanks Transportation Center	-	-	466,297	441,493	466,297	441,493
Municipal Utilities System	-	-	76,884	76,884	76,884	76,884
Total expenses	56,335,182	69,260,616	543,181	518,377	56,878,363	69,778,993
Increase (decrease) in net position before transfers	19,791,623	744,373	(333,679)	(295,094)	19,457,944	449,279
Transfers	126,900	396,900	(126,900)	(396,900)	-	-
Increase (decrease) in net position	19,918,523	1,141,273	(460,579)	(691,994)	19,457,944	449,279
Net position - beginning	303,404,595	302,263,322	12,303,341	12,995,335	315,707,936	315,258,657
Net position - ending	$ 323,323,118	303,404,595	11,842,762	12,303,341	335,165,880	315,707,936

Governmental activities increased the City's net position by $19,918,523 Key elements of the changes in net position are as follows:

- Charges for services decreased in the amount of $1,135,627 primarily due to a decrease in Supplemental Emergency Management Transportation (SEMT) program fees because the City had lower costs that were used to calculate the reimbursement rate.
- Other taxes decreased in the amount of $537,890 primarily due to decline in sales of tobacco and alcohol products. This decline is due to a shift in consumer spending.
- Investment earnings increased from positive changes in the fair market value of the permanent fund portfolio. The portfolio had investment earnings of $20,993,710.
- General government expenditure decreased in the amount of $11,941,425 primarily due to an $11.5 million settlement recorded in the prior year.

Business-type activities decreased the City's net position by $460,579. Key elements of the changes in net position are a transfer of $396,900 from MUS fund to the permanent fund for investment, a transfer of $270,000 from the general fund to FTC fund for building upgrades, and FTC Fund expenses of $466,297 for parking garage operations.

Detailed Analysis of Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City reports five major funds individually in the governmental fund financial statements as general fund, permanent fund, grants and contracts fund, capital fund, and risk fund.

The **general fund** is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was $13,352,665 while total fund balance was $14,335,195. 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 29.4% of total general fund expenditures, while total fund balance represents 31.5% of total general fund expenditures.

General Fund - Fund Balance

	2025	2024	Changes	Percentage
Nonspendable	$ 218,137	7,480	210,657	2816.3%
Committed	250,000	250,000	-	0.0%
Assigned	514,393	274,662	239,731	87.3%
Unassigned	13,352,665	19,006,855	(5,654,190)	-29.7%
Total	$ 14,335,195	19,538,997	(5,203,802)	-26.6%

The fund balance decreased by $5,203,802 or 26.6% due to transfers from the general fund totaling $3,000,000 to risk fund to provide additional funds for the settlement payment and $4,500,000 to capital fund for road projects and fire equipment. The impact of these transfers was reduced by the transfer from the permanent fund in the amount of $5,795,887 as authorized by City Code.

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

General Fund - Revenues

	2025	2024	Changes	Percentage
Taxes	$ 28,781,863	28,227,562	554,301	2.0%
Charges for services	6,660,344	6,474,004	186,340	2.9%
Intergovernmental	3,004,852	3,446,293	(441,441)	-12.8%
Licenses and permits	2,118,095	2,339,617	(221,522)	-9.5%
Fines and forfeitures	405,635	436,736	(31,101)	-7.1%
Other revenues	1,866,761	2,457,066	(590,305)	-24.0%
Total	$ 42,837,550	43,381,278	(543,728)	-1.3%

- Property taxes increased in the amount of $1,092,191 due to an increase in assessed values and new construction, this increase was negatively impacted by tobacco and alcohol sales taxes as discussed earlier.
- Intergovernmental revenues change was due to decrease in SEMT payment in the amount of $536,132 from the prior year as discussed earlier. PERS on-behalf contributions reduced the impacts of this decrease.
- Licenses and permits reflect the reduction of permits issued from 860 to 775 as well as fees since fees are based on the value of a project.
- Other revenues reflect decreases in interest income due to lower interest rates and less cash for large settlement payments. City Council did not include a $3,000,000 settlement payment in the mill levy for reimbursement through property taxes.

General Fund - Expenditures

	2025	2024	Changes	Percentage
General government	$ 12,089,252	11,296,593	792,659	7.0%
Public safety	22,372,354	20,152,358	2,219,996	11.0%
Public works	10,286,656	10,722,605	(435,949)	-4.1%
Building inspections	700,282	674,972	25,310	3.7%
Principal - subscriptions	32,536	31,596	940	3.0%
Interest - subscriptions	1,988	2,928	(940)	-32.1%
Total	$ 45,483,068	42,881,052	2,602,016	6.1%

- General government expenditures increased for salaries and benefits and information technology. During 2025, a new position was added in the Mayor's department, and all vacant positions were filled. Information technology costs continue to rise for software and equipment due to demand for artificial intelligence infrastructure and supply chain constraints.
- Public safety expenditures increased for salaries and benefits primarily due to negotiated collective bargaining agreements for police, communications center, and fire in the amount of $1,653,198.
- Public works expenditures decreased for salaries and benefits due to position vacancies and lower operations costs due to a warmer winter.

The **permanent fund** has a total fund balance of $165,688,411 that is restricted for investments. Certain earnings from the investments are intended to replace the payments in lieu of taxes previously provided by the MUS to the general fund. The fund balance of the permanent fund increased by $14,766,754 in 2025; this was due to increases in the fair market value of the portfolio. Detailed information about the permanent fund is in Note 3.P. in the basic financial statements.

The **grants and contracts fund** has a total fund balance of $30,455 that is restricted for law enforcement expenditures. The fund balance decreased by $10,448 for purchases of law enforcement equipment.

The **capital fund** has a total fund balance of $20,587,223 for equipment purchases totaling $10,000 and capital projects totaling over $25,000. The fund balance decreased by $754,258 due to lower transfers from the general fund.

The **risk fund** has a negative fund balance of $5,156,223. Expenditures are levied in the following year. The risk fund had expenditures totaling $10,072,305, and transfers from the general fund totaling $3,200,000 for settlement payment and insurance. The fund balance decreased by $4,839,246 in comparison with the prior year.

Detailed Analysis of Enterprise Funds

The City reports its two enterprise funds as major funds in the proprietary fund financial statements, the MUS and the FTC. The enterprise funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail.

The net position of the MUS and the FTC at the end of the fiscal year was $6,306,664 and $5,536,098 respectively. The total decrease in net position of $473,784 for the MUS fund was due to a transfer to the permanent fund as required by City Code. The $13,205 increase for the FTC fund was due to a transfer of $270,000 from the general fund for building upgrades that were offset by operation costs.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCNG ACTIVITY

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of December 31, 2025, amounts to $142,663,944 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings, equipment, infrastructure, and subscriptions. The total increase in the City's investment in capital assets for the current fiscal year was $2,319,041, approximately 1.7%.

Capital Assets (net of depreciation/amortization)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and land improvements	$ 9,478,647	9,478,647	454,356	454,356	9,933,003	9,933,003
Construction in progress	20,300,883	13,213,674	-	-	20,300,883	13,213,674
Buildings	17,460,013	18,332,607	5,235,655	5,424,491	22,695,668	23,757,098
Equipment	12,807,321	10,822,655	838,837	921,381	13,646,158	11,744,036
Infrastructure	75,364,554	80,909,671	686,400	717,600	76,050,954	81,627,271
Subscription agreement	37,278	69,821	-	-	37,278	69,821
Total	$ 135,448,696	132,827,075	7,215,248	7,517,828	142,663,944	140,344,903

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

- Construction in progress increased by $7,087,209 primarily due to the demolishment of the Polaris building, providing an opportunity for economic development in the downtown area.
- Equipment purchases totaled $4,154,043 to include major purchases of packer trucks and graders for the public works department; vehicles for the police department; and fire apparatus and ambulances for the fire department.
- Depreciation costs totaled $8,619,631 for governmental activities and $302,580 for business activities. Depreciation costs and disposals impact additions to capital assets.

Subscription-based information technology agreements (SBITA) are intangible, right to use assets for public safety equipment. The City does not own the assets but rather has the right to use them in operations as specified in the contract. When entering a lease or SBITA contract, a liability is also recognized, which is discussed below under long-term financing.

Additional information on the City's capital assets can be found in Note 1.D.5 of this report.

Long-Term Financing

At the end of the current fiscal year, the City had total long-term liabilities of $24,536,601, composed of clean water loans for the wastewater treatment plant, compensated absences, subscription liability, employee bonus payable, self-insurance losses, pollution remediation obligation, and net pension liability.

Long-Term Liabilities

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Alaska clean water loans	$ -	-	2,359,636	2,620,993	2,359,636	2,620,993
Compensated absences	2,199,700	2,059,302	-	-	2,199,700	2,059,302
Subscription liability	36,016	69,338	-	-	36,016	69,338
Employee bonus payable	360,000	160,000	-	-	360,000	160,000
Self-Insurance losses	4,190,602	15,170,883	-	-	4,190,602	15,170,883
Pollution remediation obligation	719,471	914,219	-	-	719,471	914,219
Net pension liability	14,671,176	16,455,746	-	-	14,671,176	16,455,746
Total	$ 22,176,965	34,829,488	2,359,636	2,138,125	24,536,601	37,450,481

Long-term liabilities decreased in the amount of $12,913,880, significant changes include the following:

- Self-insurance losses decreased in the amount of $10,980,281, reflect settlement payment and change in the estimate for future claims.
- Net pension liability decreased in the amount of $1,784,570.
- Net OPEB liability is not reflected as the City has an asset of $8,921,733.

Additional information on the City's long-term liabilities can be found in Note 3.J. of the basic financial statements.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

On December 15, 2025, *Ordinance No. 6331 As Amended* adopting the 2026 budget for the general fund and capital fund was passed. The ordinance adopted the 2026 general fund budget with revenues to be $45,052,604, expenditures to be $49,739,910, and other financing sources(uses) to be $5,526,978 increasing fund balance by $839,672. This ordinance also adopted the 2026 capital fund budget with revenues to be $1,225,000, expenditures to be $7,435,301, and other financing sources to be $1,180,588 decreasing fund balance by $5,029,713.

On February 23, 2026, *Ordinance No. 6340 As Amended* was passed. This ordinance amended the 2026 general fund budget by increasing expenditures in the amount of $673,393 and decreasing other financing sources (uses) by $1,040,845 to transfer funds to the capital fund per policy and to increase the transfer from the permanent fund. This ordinance also amended the 2026 capital fund budget by increasing expenditures in the amount of $6,749,556 and increasing other financing sources by $1,078,424.

On March 23, 2026, *Ordinance No. 6343 As Amended* was passed. This ordinance leased a portion of City Hall to the Fairbanks Children's Museum. The lease was for 40 years and will provide $348,000 in the first ten years. Starting on the 10th year, rent will be adjusted every five years not to exceed the prevailing rate as determined by comparison of similar spaces in downtown Fairbanks.

In 2026, the City will begin Union negotiations with the International Brotherhood of Electrical Workers (IBEW) and Public Safety Employees Association (PSEA). The IBEW collective bargaining agreement covers City Hall staff and department heads while the PSEA collective bargaining agreement covers the police department and the emergency communications center. Both collective bargaining agreements will expire on December 31, 2026.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's 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
Notes to Required Supplementary Information for Budgetary Comparison
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
Schedules of Union Contributions
Notes to Required Supplementary Information for Pension Plans

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

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

Fund Financial Statements

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

Notes to Financial Statements

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

CITY OF FAIRBANKS, ALASKA

Statement of Net Position

December 31, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in central treasury	$ 35,166,962	221,930	35,388,892
Restricted cash and cash equivalents	5,990,112	-	5,990,112
Investments, restricted	159,448,614	-	159,448,614
Accounts receivable (net)	3,973,601	945,513	4,919,114
Internal balances	(89,760)	89,760	-
Inventories	1,770,276	-	1,770,276
Prepaid expenses	1,214,354	-	1,214,354
Noncurrent receivables	1,000,000	5,959,930	6,959,930
Net OPEB asset	8,921,733	-	8,921,733
Capital assets			
Non-depreciable	9,478,647	454,356	9,933,003
Construction in progress	20,300,883	-	20,300,883
Depreciable, net of accumulated depreciation (amortization)	105,669,166	6,760,892	112,430,058
Total assets	352,844,588	14,432,381	367,276,969
DEFERRED OUTFLOWS OF RESOURCES	1,166,481	-	1,166,481
Total assets and deferred outflows of resources	$ 354,011,069	14,432,381	368,443,450
LIABILITIES			
Accounts payable and other current liabilities	$ 3,012,725	228,415	3,241,140
Unearned revenue	4,446,397	1,568	4,447,965
Pollution remediation obligation	719,471	-	719,471
Other long-term liabilities:			
Due within one year	5,918,364	482,153	6,400,517
Due in more than one year	15,539,130	1,877,483	17,416,613
Total liabilities	29,636,087	2,589,619	32,225,706
DEFERRED INFLOWS OF RESOURCES	1,051,864	-	1,051,864
NET POSITION			
Net Investment in capital assets	135,448,696	7,215,248	142,663,944
Expendable restricted for:			
Law enforcement	30,455	-	30,455
Subsequent year transfers	6,713,453	-	6,713,453
Nonexpendable restricted for:			
Permanent fund investment	158,974,958	-	158,974,958
OPEB asset	8,921,733	-	8,921,733
Unrestricted	13,233,823	4,627,514	17,861,337
Total net position	323,323,118	11,842,762	335,165,880
Total liabilities, deferred inflows of resources and net position	$ 354,011,069	14,432,381	368,443,450

See accompanying notes to the basic financial statements

CITY OF FAIRBANKS, ALASKA
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Governmental Activities:							
General government	$ 22,112,553	2,428,422	1,758,677	6,934,722	(10,990,732)	-	(10,990,732)
Public safety	21,493,030	5,226,247	442,921	-	(15,823,862)	-	(15,823,862)
Public works	12,019,476	2,527,899	59,178	547,562	(8,884,837)	-	(8,884,837)
Building inspections	708,135	778,432	-	-	70,297	-	70,297
Interest on long-term debt	1,988	-	-	-	(1,988)	-	(1,988)
Total governmental activities	56,335,182	10,961,000	2,260,776	7,482,284	(35,631,122)	-	(35,631,122)
Business-type activities:							
Municipal Utilities System	76,884	-	-	-	-	(76,884)	(76,884)
Fairbanks Transportation Center	466,297	209,482	-	-	-	(256,815)	(256,815)
Total business-type activities	543,181	209,482	-	-	-	(333,699)	(333,699)
Total	$ 56,878,363	11,170,482	2,260,776	7,482,284	(35,631,122)	(333,699)	(35,964,821)
General Revenues:							
Property tax					19,030,020	-	19,030,020
Room rental tax					5,150,963	-	5,150,963
Alcohol beverage tax					2,400,513	-	2,400,513
Tobacco tax					2,238,071	-	2,238,071
Marijuana tax					1,534,783	-	1,534,783
Gasoline tax					460,572	-	460,572
Unrestricted shared revenue					1,124,827	-	1,124,827
Investment income					20,993,827	-	20,993,827
Interest income					1,465,439	20	1,465,459
Miscellaneous					1,023,730	-	1,023,730
Transfers - internal activity					126,900	(126,900)	-
Total general revenues and transfers					55,549,645	(126,880)	55,422,765
Change in net position					19,918,523	(460,579)	19,457,944
Net position - beginning					303,404,595	12,303,341	315,707,936
Net position - ending					$ 323,323,118	11,842,762	335,165,880

See accompanying notes to the basic financial statements

CITY OF FAIRBANKS, ALASKA
Governmental Funds
Balance Sheet
December 31, 2025

	General	Permanent	Grants & Contracts	Capital	Risk	Total Governmental Funds
ASSETS						
Equity in central treasury	$ 12,230,807	-	-	20,799,217	-	33,030,024
Restricted cash and cash equivalents	1,400	5,962,177	26,535	-	-	5,990,112
Restricted investments	-	159,448,614	-	-	-	159,448,614
Receivables (net of allowance for uncollectibles)	4,072,600	277,620	616,738	-	-	4,966,958
Prepaid assets	218,137	-	-	-	996,217	1,214,354
Due from other funds	6,438,836	-	-	-	-	6,438,836
Total assets	$ 22,961,780	165,688,411	643,273	20,799,217	996,217	211,088,898
LIABILITIES						
Accounts payable	$ 2,999,212	-	122,187	211,994	6,977	3,340,370
Deposits	32,355	-	-	-	-	32,355
Unearned revenue	4,249,139	-	197,258	-	-	4,446,397
Due to other funds	145,879	-	293,373	-	6,145,463	6,584,715
Total liabilities	7,426,585	-	612,818	211,994	6,152,440	14,403,837
DEFERRED INFLOWS OF RESOURCES	1,200,000	-	-	-	-	1,200,000
FUND BALANCES						
Nonspendable	218,137	-	-	-	-	218,137
Restricted	-	165,688,411	30,455	-	-	165,718,866
Committed	250,000	-	-	8,743,901	-	8,993,901
Assigned	514,393	-		11,843,322	-	12,357,715
Unassigned	13,352,665	-	-	-	(5,156,223)	8,196,442
Total fund balances	14,335,195	165,688,411	30,455	20,587,223	(5,156,223)	195,485,061
Total liabilities, deferred inflows, and fund balances	$ 22,961,780	165,688,411	643,273	20,799,217	996,217	211,088,898

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, 2025

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

Total fund balances of governmental funds (page 9)	$ 195,485,061
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land and land improvements	9,478,647
Construction/Development in progress	20,300,883
Infrastructure	536,522,898
Buildings	38,128,627
Equipment	39,659,930
Subscription arrangements (amortized)	162,848
Accumulated depreciation (amortization)	(508,805,137)
	135,448,696
OPEB assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,921,733
Inventories are reported under the purchases method within the funds and under the consumption method on the government-wide statements.	1,770,276
Deferred outflows represent costs incurred at the fund level, but future costs in the Statement of Net Position.	
Related to OPEB costs	984,415
Related to pension costs	182,066
	1,166,481
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds.	
Pollution remediation obligation	(719,471)
Self-insurance losses	(4,190,602)
Subscription-based information technology arrangements	(36,016)
Net pension liability	(14,671,176)
	(19,617,265)
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	(687,161)
Related to pension costs	(364,703)
	(1,051,864)
Revenues related to notes receivable were deferred in the governmental funds because they were not collected within 180 days after year end in prior years. The accrual basis recognizes these revenues as earned in prior years.	
Deferred Techite note receivable	1,200,000
Net position of governmental activities (page 5)	$ 323,323,118

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, 2025

	General	Permanent	Grants & Contracts	Capital	Risk	Total Governmental Funds
REVENUES						
Taxes	$ 28,781,863	-	-	-	2,033,059	30,814,922
Charges for services	6,660,344	-	-	-	-	6,660,344
Intergovernmental	3,004,852	-	8,348,364	-	-	11,353,216
Licenses and permits	2,118,095	-	-	-	-	2,118,095
Fines and forfeitures	405,635	-	-	-	-	405,635
Investment earnings	-	20,993,710	117	-	-	20,993,827
Other revenues	1,866,761	-	834,606	1,085,000	-	3,786,367
Total revenues	42,837,550	20,993,710	9,183,087	1,085,000	2,033,059	76,132,406
EXPENDITURES						
Current						
General government	12,089,252	103,483	1,577,189	2,158,147	10,072,305	26,000,376
Public safety	22,369,748	-	431,179	341,345	-	23,142,272
Public works	10,274,484	-	59,178	202,491	-	10,536,153
Building inspections	700,282	-	-	-	-	700,282
Debt service						
Principal - Subscriptions	32,536	-	-	-	-	32,536
Interest - Subscriptions	1,988	-	-	-	-	1,988
Capital outlay						
General government	-	-	6,933,936	464,796	-	7,398,732
Public safety	2,606	-	-	2,612,799	-	2,615,405
Public works	12,172	-	195,973	1,671,651	-	1,879,796
Building inspections	-	-	-	44,500	-	44,500
Total expenditures	45,483,068	103,483	9,197,455	7,495,729	10,072,305	72,352,040
Excess (deficiency) of revenues over expenditures	(2,645,518)	20,890,227	(14,368)	(6,410,729)	(8,039,246)	3,780,366
OTHER FINANCING SOURCES (USES)						
Transfers in	5,795,887	396,900	-	5,656,471	3,200,000	15,049,258
Transfers out	(8,401,985)	(6,520,373)	-	-	-	(14,922,358)
Sale of capital assets	47,814	-	3,920	-	-	51,734
Total other financing sources (uses)	(2,558,284)	(6,123,473)	3,920	5,656,471	3,200,000	178,634
Net change in fund balances	(5,203,802)	14,766,754	(10,448)	(754,258)	(4,839,246)	3,959,000
Fund balances - beginning of year	19,538,997	150,921,657	40,903	21,341,481	(316,977)	191,526,061
Fund balances - end of year	$ 14,335,195	165,688,411	30,455	20,587,223	(5,156,223)	195,485,061

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, 2025

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)	$ 3,959,000
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 capital outlays exceeded depreciation expense in the current period.	
Capital outlays and expenditures	11,938,433
Depreciation (amortization) expense	(8,619,631)
	3,318,802
Governmental funds do not include prior-year work in progress amounts not subsequently capitalized. In the statement of activities, the costs not capitalized are expensed.	
Road projects and equipment costs	771,996
Decrease in construction in progress	(1,469,177)
	(697,181)
Inventories are reported under the purchase method in the governmental funds, and under the consumption method in the statement of activities.	35,004
Collections on receivables provide current financial resources to governmental funds. However, the collection on notes receivable decreases the notes receivable balance in the statement of net position. In the current period, proceeds were received from:	
Techite note receivable	(200,000)
Subscription-based information technology arrangements represent the value of future lease payments and are recorded as other financing sources in the governmental funds. Under the full accrual accounting method, the present value of future lease payments are recorded as a liability, net of payment.	33,322
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	10,980,281
Change in pollution remediation obligation	194,748
Net decrease in net OPEB liability and related deferred accounts	1,041,693
Net increase in net pension liability and related deferred accounts	1,252,854
	13,469,576
Change in net position of governmental activities (page 7)	$ 19,918,523

See accompanying notes to the basic financial statements

CITY OF FAIRBANKS, ALASKA
Proprietary Funds
Statement of Net Position
December 31, 2025

	Business-type Activities Enterprise Funds			Governmental Activities-
	MUS	FTC	Total	Internal Service Fund
ASSETS				
Current assets				
Cash	$ 220,796	1,134	221,930	2,136,938
Accounts receivable	-	66,460	66,460	6,643
Lease receivable	396,900	-	396,900	-
GHU Clean Water loan receivable	482,153	-	482,153	-
Due from other funds	-	89,760	89,760	56,119
Total current assets	1,099,849	157,354	1,257,203	2,199,700
Noncurrent assets				
Lease receivable	4,082,447	-	4,082,447	-
GHU Clean Water loan receivable	1,877,483	-	1,877,483	-
Capital assets				
Land and land improvements	185,356	269,000	454,356	-
Infrastructure	1,560,000	-	1,560,000	-
Buildings	-	9,626,085	9,626,085	-
Equipment	1,370,525	-	1,370,525	-
Less accumulated depreciation	(1,288,564)	(4,507,154)	(5,795,718)	-
Total noncurrent assets	7,787,247	5,387,931	13,175,178	-
Total assets	$ 8,887,096	5,545,285	14,432,381	2,199,700
LIABILITIES				
Current liabilities				
Alaska Clean Water loan payable	$ 482,153	-	482,153	-
Accounts payable	220,796	7,619	228,415	-
Compensated absences	-	-	-	1,776,218
Unearned revenue	-	1,568	1,568	-
Total current liabilities	702,949	9,187	712,136	1,776,218
Noncurrent liabilities				
Alaska Clean Water loan payable	1,877,483	-	1,877,483	-
Compensated absences	-	-	-	423,482
Total noncurrent liabilities	1,877,483	-	1,877,483	423,482
Total liabilities	2,580,432	9,187	2,589,619	2,199,700
NET POSITION				
Net investment in capital assets	1,827,317	5,387,931	7,215,248	-
Unrestricted	4,479,347	148,167	4,627,514	-
Total net position	6,306,664	5,536,098	11,842,762	-
Total liabilities and net position	$ 8,887,096	5,545,285	14,432,381	2,199,700

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, 2025

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Fund
	MUS	FTC	Total	
Operating revenues				
Charges for services	$ -	209,482	209,482	-
Miscellaneous	-	-	-	2,411,317
Total operating revenues	-	209,482	209,482	2,411,317
Operating expenses				
Employee benefits	-	-	-	2,411,317
Management fees	-	196,120	196,120	-
Operating expenses	-	44,481	44,481	-
Depreciation	76,884	225,696	302,580	-
Total operating expenses	76,884	466,297	543,181	2,411,317
Operating income (loss)	(76,884)	(256,815)	(333,699)	-
Noncapital subsidies				
Transfers from general fund	-	270,000	270,000	-
Transfers to permanent fund	(396,900)	-	(396,900)	-
Total noncapital subsidies	(396,900)	270,000	(126,900)	-
Operating income (loss) and noncapital subsidies	(473,784)	13,185	(460,599)	-
Other nonoperating revenues				
Interest income	-	20	20	-
Total other nonoperating revenue	-	20	20	-
Increase (decrease) in net position	(473,784)	13,205	(460,579)	-
Fund net position - beginning of year	6,780,448	5,522,893	12,303,341	-
Fund net position - end of year	$ 6,306,664	5,536,098	11,842,762	-

See accompanying notes to the basic financial statements

CITY OF FAIRBANKS, ALASKA
Proprietary Funds
Statement of Cash Flows
For the year ended December 31, 2025

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Fund
	MUS	**FTC**	**Total**	
Cash flows from operating activities				
Receipts from customers	$ -	190,852	190,852	-
Receipts for interfund services provided	-	-	-	2,590,826
Payments for interfund services provided	-	-	-	(2,411,317)
Payments to management	-	(460,684)	(460,684)	-
Net cash provided (used) by operating activities	-	(269,832)	(269,832)	179,509
Cash flows from noncapital financing activities				
Transfer from general fund	-	270,000	270,000	-
Transfer to permanent fund	(396,900)	-	(396,900)	-
Net cash provided (used) by noncapital financing activities	(396,900)	270,000	(126,900)	-
Cash flows from capital and other related financing activities				
Payment to Alaska DEC for plant upgrade loans	(529,106)	-	(529,106)	-
Payment to Golden Heart Utilities for plant upgrade	(515,077)	-	(515,077)	-
Receipt from Alaska DEC for plant upgrade	735,873	-	735,873	-
Receipt from Golden Heart Utilities plant upgrade loans	529,106	-	529,106	-
Receipt from Golden Heart Utilities lease receivable	396,900	-	396,900	-
Net cash provided (used) by capital and other related financing activities	617,696	-	617,696	-
Cash flows from investing activities				
Interest received	-	20	20	-
Net cash provided by investing activities	-	20	20	-
Net increase (decrease) in cash	220,796	188	220,984	179,509
Cash at beginning of the year	-	946	946	1,957,429
Cash at end of the year	$ 220,796	1,134	221,930	2,136,938
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	$ (76,884)	(256,815)	(333,699)	-
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation expense	76,884	225,696	302,580	-
(Increase) decrease in assets				
Accounts receivable	-	(22,832)	(22,832)	644
(Decrease) increase in liabilities				
Accounts payable	-	(4,938)	(4,938)	-
Prepaid rent	-	(93)	(93)	-
Compensated absences	-	-	-	38,466
Due to/from other funds	-	(210,850)	(210,850)	140,399
Net cash provided (used) by operating activities	$ -	(269,832)	(269,832)	179,509

See accompanying notes to the basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, economic development funding, and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. The City's significant accounting policies 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 is 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 on 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 on 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The City reports on the following major governmental funds:

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

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

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

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

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

The City reports on the following major enterprise funds:

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

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

The City also reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

1. Equity in central treasury, cash, and investments

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

2. Restricted assets

Restricted cash in the general fund consists of cash advanced by grantors to fund specific projects or programs. Restricted cash and investments in the permanent fund are restricted for investment. Restricted cash in the grants and contracts special revenue fund consists of cash received from the United States Department of Justice (DOJ) Asset Forfeiture Program. The DOJ distributes asset forfeitures involving federal controlled substance cases. Federal regulations require those portions of forfeited assets distributed to the City to 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 on accounts and property tax receivables net of an allowance for uncollectible accounts. Individual fund statements report receivables at full value with a reduction for the allowance.

4. Inventory and prepaid items

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

5. Capital assets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

6. Deferred outflows of resources

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

7. Unearned revenue

Unearned revenue is recorded when resources are received by the City before it has a legal claim to them, as when cash from grants is 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

9. Deferred inflows of resources

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

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

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

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

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

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

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

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

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

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

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

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 made 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 government-wide statements.

12. Encumbrances

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

The City had the following amounts reported as encumbrances on December 31, 2025:

General Fund	$	514,393
Grants & Contracts Fund*		19,601
Capital Fund		2,414,348
Risk Fund*		3,254,100
Total	$	6,202,442

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

13. Use of estimates

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

14. Comparative data/reclassifications

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

15. Rounding

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

16. Changes in accounting principles

The City adopted GASB Statement No. 102 *Certain Risk Disclosures* and GASB Statement No. 103 *Financial Reporting Model Improvements*. GASB Statement No. 102 *Certain Risk Disclosures* requires state and local governments to disclose risks from certain concentrations or constraints that could substantially impact the financial position or service level and GASB Statement No. 103 *Financial Reporting Model Improvements* enhances the governmental financial reporting model by refining MD&A, clarifying presentation of unusual items, proprietary fund reporting, major component units, and budgetary comparisons to improve transparency, consistency, and accountability. The City did not have risks from certain concentrations or constraints that required disclosure.

E. Revenues and Expenditures/Expenses

1. Program revenues

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

2. Property taxes

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

3. Compensated absences

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Revenues and Expenditures/Expenses, Continued

4. Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from noncapital subsidies, and other nonoperating revenues and expenses. Nonoperating revenues and expenses are any (1) contributions to permanent and term endowments; (2) finance-related revenues and expenses; (3) gains and losses from disposals of capital assets and inventory; and (4) subsidies received and provided. A subsidy represents amounts received from or provided to another party or fund of the City. Amounts received from another party or fund are considered a subsidy if it is unrelated to the services provided by the proprietary fund and keeps the fees charged at the same amount or lower if the subsidy was not received. Amounts provided to the other party or fund are considered a subsidy if it is unrelated to the goods or services provided by those parties and will generally result in the proprietary fund charging higher fees in the future. All revenues and expenses not meeting the definitions of nonoperating revenues and expenses are reported as operating revenues and expenses.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Minimum Fund Balance Requirement

City ordinances require that the unassigned general fund balance be set at 20% of budgeted annual expenditures but not less than $10,000,000. On December 31, 2025, 20% of annual budgeted expenditures were $9,800,439. The unassigned fund balance in the general fund financial statement was $13,352,665.

B. Audit Requirement

The City Charter requires an independent audit to be conducted annually and submitted to the City Council within 180 days. The council may extend it due to regulatory changes beyond the City's control. The audit was issued prior to the deadline of June 30, 2026.

C. Deficit Fund Equity

The Risk Special Revenue Fund reported an overall negative unassigned balance in the amount of $5,156,223 on December 31, 2025. Property taxes will be levied in July 2026 to offset this deficit.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits

On December 31, 2025, the carrying amount of the City's cash and deposits was $2,696,905 and the bank balances totaled $4,362,822. The bank balance was covered by federal depository insurance or collateral held by the City's agents in the City's name. Banking services are provided to the City under agreements with KeyBank, Mt. McKinley Bank, and US Bank. Mt. McKinley provides lock box services for the collection of garbage service accounts and ambulance billings. See Supplementary Information Section.

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

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 the principal and maintain purchasing power. Investments include: obligations insured or guaranteed by the United States or agencies, or instrumentalities of the United States; highly rated bonds; secured certificates of deposits; highly rated corporate obligations; short-term investment funds; domestic equities including mutual funds and exchange traded funds that replicate Standard & Poor's 500 Index; international equities including both mutual funds and exchange traded funds; equities that replicate domestic real-estate investment trusts; emerging market equity index funds; international bond index funds; domestic equities that replicate Standard Poor's Small Cap 600 Index; global infrastructure equities; alternative beta funds; U.S. high yield corporate bonds; domestic equities including mutual funds and exchange traded funds that replicate Standard & Poor's 400 Midcap Index; and commodities.

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., 3800 Centerpoint Drive, Suite 910, Anchorage, Alaska 99503 or through the internet at www.amlip.org by selecting the document link at the bottom of the website.

As of December 31, 2025, the fair value of the investments in the pool was reported in the amount of $32,719,922. Fair value was determined by using amortized cost or the price to sell an asset or transfer a liability in an orderly transaction between market participants. The fair value of the City's investment in AMLIP is the same as the value of its pool units.

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 costs. As of December 31, 2025, the City had the following recurring fair value measurements:

		Fair Value Measurements Using		
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
External investment pool	$ 32,719,922	-	32,719,922	-
Mutual funds equity	106,185,183	106,185,183	-	-
Mutual funds fixed income	26,815,123	14,971,143	11,843,980	-
Mutual funds balanced	3,937,273	-	3,937,273	-
Government securities	17,688,281	10,096,944	7,591,337	-
Corporate bonds	3,759,917	-	3,759,917	-
Foreign bonds	1,006,990	-	1,006,990	-
Municipal bonds	55,847	-	55,847	-
	$ 192,168,536	131,253,270	60,915,266	-

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, 2025, the City had the following investments and maturities subject to interest rate risk:

	Investments and Maturities (in Years)				
Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More Than 10
External investment pool	$ 32,719,922	32,719,922	-	-	-
Government securities	17,688,281	-	6,179,293	3,291,919	8,217,069
Corporate bonds	3,759,917	128,739	1,586,542	545,796	1,498,840
Foreign bonds	1,006,990	-	741,566	122,614	142,810
Municipal bonds	55,847	-	-	-	55,847
	$ 55,230,957	32,848,661	8,507,401	3,960,329	9,914,566

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.

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

B. Investments, Continued

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

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

On December 31, 2025, the City's exposure to credit and concentration risk is as follows:

Investment Type	Fair Value	Standard & Poor's Rating	Percentage of total Investments
External investment pool	$ 32,719,922	N/A	17.0%
Mutual funds equity	106,185,183	N/A	55.3%
Mutual funds fixed income	26,815,123	N/A	14.0%
Mutual funds fixed balanced	3,937,273	N/A	2.0%
Government securities	17,688,281	N/A	9.2%
Corporate bonds	581,875	A	
Corporate bonds	1,182,190	A-	
Corporate bonds	653,057	BBB+	
Corporate bonds	1,342,795	BBB	
Total Corporate bonds	3,759,917		2.0%
Foreign bonds	174,331	AA-	
Foreign bonds	142,810	A+	
Foreign bonds	354,881	A-	
Foreign bonds	334,968	BBB+	
Total Foreign bonds	1,006,990		0.5%
Municipal bonds	55,847	AA-	0.0%
	$ 192,168,536		100.0%

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

C. Interfund Receivables, Payables, and Transfers

Interfund balances are short-term loans to provide interim financing of construction projects, programs, or other purposes. All outstanding balances are expected to be repaid within one year. The composition of interfund balances on December 31, 2025, was as follows:

	Payable fund (Due to):			
Receivable fund (Due from):	General Fund	Grants and Contracts	Risk Fund	Total
General fund	$ -	293,373	6,145,463	6,438,836
FTC fund	89,760	-	-	89,760
Internal service fund	56,119	-	-	56,119
Total	$ 145,879	293,373	6,145,463	6,584,715

Interfund transfers are used for funding capital projects, general operations, or authorized transactions in accordance with the City Code. The composition of interfund transfers on December 31, 2025, was as follows:

	Transfers Out:			
Transfers In:	General Fund	Permanent Fund	MUS Enterprise Fund	Total
General fund	$ -	5,795,887	-	5,795,887
Permanent fund	-	-	396,900	396,900
Capital fund	4,931,985	724,486	-	5,656,471
Risk fund	3,200,000	-	-	3,200,000
FTC fund	270,000	-	-	270,000
Total	$ 8,401,985	6,520,373	396,900	15,319,258

The general fund transfer of $4,931,985 to the capital fund as authorized in accordance with City Code and council approval included $144,254 for ambulance replacement, $287,731 for garbage equipment replacement, and $4,500,000 for other capital projects. The general fund also had transfers of $3,200,000 to the risk fund for a lawsuit payment and $270,000 to the FTC fund for building improvements. The total amount transferred was $8,401,985.

The permanent fund transfer of $6,520,373 is authorized annually in accordance with the City Charter. The amount transferred to the general fund for operations was $5,795,887 and to the capital fund for capital acquisitions was $724,486.

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

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

D. Capital Assets

Capital asset activity for the year ended December 31, 2025 w as as follow s:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land and land improvements	$ 9,478,647	-	-	9,478,647
Construction/Development in progress	13,213,674	8,556,386	(1,469,177)	20,300,883
Total capital assets, not being depreciated	22,692,321	8,556,386	(1,469,177)	29,779,530
Capital assets, being depreciated (amortized)				
Infrastructure	536,522,898	-	-	536,522,898
Buildings	38,128,627	-	-	38,128,627
Equipment	36,187,271	4,154,043	(681,384)	39,659,930
Subscription arrangements (amortized)	162,848	-	-	162,848
Total capital assets, being depreciated (amoritized)	611,001,644	4,154,043	(681,384)	614,474,303
Less accumulated depreciation (amortization)				
Infrastructure	(455,613,227)	(5,545,117)	-	(461,158,344)
Buildings	(19,796,020)	(872,594)	-	(20,668,614)
Equipment	(25,364,616)	(2,169,377)	681,384	(26,852,609)
Subscription arrangements (amortization)	(93,027)	(32,543)	-	(125,570)
Total accumulated depreciation (amortization)	(500,866,890)	(8,619,631)	681,384	(508,805,137)
Total capital assets being depreciated (amortized), net	110,134,754	(4,465,588)	-	105,669,166
Governmental activities capital assets, net	$ 132,827,075	4,090,798	(1,469,177)	135,448,696
Business-type activities				
Capital assets, not being depreciated				
Land and land improvements	$ 454,356	-	-	454,356
Total capital assets, not being depreciated	454,356	-	-	454,356
Capital assets, being depreciated				
Infrastructure	1,560,000	-	-	1,560,000
Buildings	9,626,085	-	-	9,626,085
Equipment	1,370,525	-	-	1,370,525
Total capital assets being depreciated	12,556,610	-	-	12,556,610
Less accumulated depreciation				
Infrastructure	(842,400)	(31,200)	-	(873,600)
Buildings	(4,201,594)	(188,836)	-	(4,390,430)
Equipment	(449,144)	(82,544)	-	(531,688)
Total accumulated depreciation	(5,493,138)	(302,580)	-	(5,795,718)
Total capital assets being depreciated, net	7,063,472	(302,580)	-	6,760,892
Business-type activities capital assets, net	$ 7,517,828	(302,580)	-	7,215,248

Depreciation and amortization expense w as charged to activities/programs of the primary government as follow s:

Governmental activities	
General government	$ 5,818,029
Public safety	1,275,422
Public w orks	1,518,327
Building Inspections	7,853
Total depreciation expense - governmental activities	$ 8,619,631

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

Fairbanks Transportation Center	$ 225,696
Municipal Utility System	76,884
Total depreciation expense - business type activities	$ 302,580

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

E. Union Pension Obligations

City employees are represented by the following 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.

City agreements are as follows: IBEW agreement expires on December 31, 2026, AFL-CIO agreement expires on June 30, 2028; IFFA agreement expires on November 30, 2027; and FPDEA expires on December 31, 2026.

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

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

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

Benefit Terms
The pension plans provide several levels of retirement benefits, including early, normal, late, and disability retirement. The benefits are based on the hours of service and contributions during various time periods. The benefit terms are established and amended by the respective pension plan board of trustees. On December 31, 2025, the City had the following number of employees participating in the plan:

- Alaska Electrical Pension Plan (AEPP) – 47 permanent and 1 temporary employee
- Alaska Laborers-Employers Retirement Fund (AL-ERF) - 19 permanent and 15 temporary employees
- International Union of Operating Engineers-Employers Construction Industry Retirement Plan (IUOERP) – 22 permanent and 20 temporary employees
- Northern Alaska Carpenters Retirement Plan (NACRP) – 2 permanent employees and 2 temporary employees
- Alaska Plumbing and Pipefitting Industry Pension Fund (APPIPF) – 1 permanent employee
- Alaska Teamster-Employer Pension Plan (ATEPP) – 4 permanent employees and 1 temporary employee

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

E. Union Pension Obligations, Continued

Contribution Requirements
The contribution rate paid by the City is determined by the collective bargaining process or special agreement and the City's obligation is limited to the amount paid under the agreement. All contributions are made by the employer. For the year ended December 31, 2025, the City had the following:

Staff	Plan	Employer Contribution Rates	City Contribution as of December 31	City Payable as of December 31
General	AEPP	Collective Bargaining: $6.50 per compensable hour earning less than $50,000 or $7.50 per compensable hour earning more than $50,000 Special Agreement: $1,039.98 per month for exempt staff and $5.50 or $6.00 per compensable hour for non-exempt staff	$617,637	$43,405
Laborers	AL-ERF	$10.14 per compensable hour, includes $4.86 in supplemental funds	$503,171	$28,440
Operators	IUOERP	$9.00 per compensable hour	$476,755	$26,600
Carpenters	NACRP	$10.75 per compensable hour	$69,878	$2,951
Plumbers	APPIPF	$10.25 per compensable hour	$21,699	$984
Teamsters	ATEPP	$6.93 per compensable hour, includes $3.60 in supplemental funds	$105,287	$5,212

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

Defined Benefit (DB) Pension Plan - PERS

Defined Benefit Plan Description
On December 31, 2025, the City had 136 employees participating in the State of Alaska Public Employees' Retirement System (PERS). Stand-alone financial statements for the PERS plan can be obtained by contacting the Alaska Department of Administration, Division of Retirement and Benefits, PO Box 110203, Juneau, Alaska 99811-0203; by calling 907-465-4460 or by accessing the division's web site at www.state.ak.us/drb. Employer contributions to PERS are actuarially determined and have been paid or accrued by the City.

The Defined Benefit (DB) Pension Plan is administered by the State of Alaska (State) and was established to provide pension, post-employment healthcare, survivor, and disability benefits to eligible employees. Benefit and contribution provisions are established by State law and may be amended only by State Legislature. Tiers I, II, and III are 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.

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

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

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

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

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

ARM Board Adopted Rate – This is the rate formally adopted by the Alaska Retirement Management (ARM) 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.

<u>Defined Contribution (DC) Pension Plan - PERS</u>

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 State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Employees hired after July 1, 2006 participate in PERS Tier IV, this defined contribution pension plan. This Plan is included in the annual comprehensive financial reports for PERS as described earlier in these notes.

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

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

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

Employer Contribution Rates
For the year ended December 31, 2025, the City was required to contribute 5% of the covered salary into the plan. However, the total employer contribution must equal 22% of covered payroll. After subtracting, the defined contribution (DC) pension rates, Occupational Death and Disability Pan, 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.

<u>Other Post-Employment Benefit (OPEB) Plan - PERS</u>

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

Defined Contribution Pension Plan participants (PERS DC Plan Tier IV) participate in the Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). In addition, PERS defined contribution members participate in the Health Reimbursement Agreement. State statute establishes the contribution amount for the Health Reimbursement Agreement as “three percent of the average annual employee compensation of all employees of all employers in the plan”; this amount is calculated as a flat rate for each full-time employee per pay period at $99.45 as of June 30, 2025, and $102.83 as of December 31, 2025.

Employee Contribution Rates
Employees do not contribute to the DC OPEB Plan.

Employer Contribution Rates
Employer contribution rates are described in the contribution section.

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

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

Contribution Rates and Contributions

Contribution rates for the year ended December 31, 2025 are as follows:

DB Plan

January 1 through June 30, 2025	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	26.76%	4.76%
Postemployment healthcare	0.00%	0.00%	0.00%
Total Contribution Rates	22.00%	26.76%	4.76%

July 1 through December 31, 2025	Employer Effective Rate	ARM Board Adopted Rate	State Contribution
Pension	22.00%	28.33%	6.33%
Postemployment healthcare	0.00%	0.00%	0.00%
Total Contribution Rates	22.00%	28.33%	6.33%

OPEB Plan

January 1 through June 30, 2025	Peace Officers/	All Others	State Contribution
ARHCT	0.00%	0.00%	0.00%
RMP	0.83%	0.83%	0.00%
ODD	0.69%	0.24%	0.00%
Total Contribution Rates	1.52%	1.07%	0.00%

July 1 through December 31, 2025	Peace Officers/	All Others	State Contribution
ARHCT	0.00%	0.00%	0.00%
RMP	0.86%	0.86%	0.00%
ODD	0.69%	0.24%	0.00%
Total Contribution Rates	1.55%	1.10%	0.00%

For the year ended December 31, 2025, the City and employee contributions to PERS for the **DB Pension Plan** were $394,375 and $129,418, respectively. The City contribution was as follows:

	December 31, 2025
Employer contributions (including DBUL)	$ 394,375
Nonemployer contributions (on-behalf)	630,117
Total Contributions	$ 1,024,492

The City and employee contributions for the **DC Pension Plan** were $541,159 and $865,853, respectively. The City had forfeitures in the amount of $16,277. The City contribution, net of forfeitures, was recognized as pension expense.

The City contributed $1,840,017 to the **OPEB Plan**. The amount was recognized as an expense.

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

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

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

On December 31, 2025, the City reported a liability of $14,671,176 for its proportionate share of the employer pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025. 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, 2025, the City's proportion was .29565%, which was a decrease of .00439% from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the City recognized a **decrease** in pension expense of $1,252,854 in the government-wide financial statements.

	Beginning Balance	Ending Balance	Pension Expense
Net pension liability	$ 16,455,746	14,671,176	(1,784,570)
Deferred outflows	(158,411)	-	158,411
Deferred inflows	-	364,703	364,703
Contribution after measurement date	(190,668)	(182,066)	8,602
Total Obligations Related to Pensions	$ 16,106,667	14,853,813	(1,252,854)

On December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	364,703
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	182,066	-
Total Deferred Outflows and Inflows Related to Pensions	$ 182,066	364,703

The $182,066 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2026	$ 570,218
2027	(358,275)
2028	(337,799)
2029	(238,847)

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

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

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

On December 31, 2025, the City reported assets of $8,921,733 for its proportionate share of the net OPEB asset. The total net OPEB asset for the City's proportionate share and State's proportionate support were as follows:

	December 31, 2025
City's proportionate share of net OPEB asset - ARHCT	$ (8,017,951)
State's proportionate share of net OPEB asset- ARHCT	(2,266,325)
Total net OPEB asset - ARHCT	$ (10,284,276)
City's proportionate share of net OPEB asset - RMP	$ (279,641)
City's proportionate share of net OPEB asset - ODD	$ (624,141)

The net OPEB asset was measured as of June 30, 2025, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2024, which was rolled forward to June 30, 2025. 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. The City's proportions, and changes in proportion of the net OPEB assets were as follows:

	June 30, 2024 Measurement	June 30, 2025 Measurement	Change
ARHCT	0.30053%	0.30127%	0.00074%
RMP	0.48942%	0.44177%	-0.04765%
ODD	0.84805%	0.87980%	0.03175%

For the year ended December 31, 2025, the City recognized a **decrease** in OPEB expense of $1,041,693 in the government-wide financial statements.

	Beginning Balance	Ending Balance	OPEB Expense
Net OPEB asset - ARHCT	$ (6,618,064)	(8,017,951)	(1,399,887)
Net OPEB asset - RMP	(228,143)	(279,641)	(51,498)
Net OPEB asset - ODD	(506,284)	(624,141)	(117,857)
Deferred outflows	(461,568)	(104,293)	357,275
Deferred inflows	354,219	687,161	332,942
Contribution after measurement date	(717,454)	(880,122)	(162,668)
Total Obligations Related to OPEB	$ (8,177,294)	(9,218,987)	(1,041,693)

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

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

On December 31, 2025, 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	$ -	-
RMP	21,750	18,617
ODD	-	120,587
Changes in assumptions		
ARHCT	-	-
RMP	54,434	135,222
ODD	-	723
Net difference between projected and actual earnings on OPEB plan investments		
ARHCT	-	316,712
RMP	-	25,563
ODD	-	15,277
Changes in proportion and differences between City contributions and proportionate share of contributions		
ARHCT	-	-
RMP	18,899	2,289
ODD	9,210	52,171
City contributions subsequent to the measurement date		
ARHCT	793,471	-
RMP	50,636	-
ODD	36,015	-
Total deferred outflows and inflows related to OPEB	$ 984,415	687,161

The $880,122 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, 2026.

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
2026	$ 471,493	(6,208)	(41,271)
2027	(304,925)	(37,715)	(43,479)
2028	(285,608)	(29,031)	(37,479)
2029	(197,672)	(20,618)	(28,573)
2030	-	3,346	(13,228)
Thereafter	-	3,619	(15,517)

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

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

Actuarial Assumptions

The total pension and OPEB liability were determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2025:

Inflation rate	2.50 % per year
Salary increases	For officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Investment rate of return	7.25%, net of pension plan and postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Trend rates	Pre-65 medical; 6.2% grading down to 4.5% Post-65 medical; 5.4% grading down to 4.5% Prescription/Employer Group Waiver Plan (EGWP); 8.5% grading down to 4.5% Initial trend rates are for FY 2026 Ultimate trend rates reached in FY 2050
Mortality Officer/Fire	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time for Peace Officers/Firefighters. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Mortality Others	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% male and 106% of female rates for **pension** liability and 101% of male and 110% of female rates for **OPEB** liability of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

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

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

Mortality Others	Post-commencement mortality rates for beneficiaries were based on 102% male and 108% female rates for **pension** liability and 101% of male and 108% female rates for **OPEB** liability of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Participation rates	Reflect the expected plan election rate that varies by reason for decrement, duration that a member may pay full cost prior to Medicare eligibility and availability of alternative and/or lower cost options, particularly in the Medicare market. This assumption is based on observed trends in participation from a range of other plans.

The assumptions used in June 30, 2024 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. OPEB assumptions for AHRT and RMP had the following exceptions: (1) per capita claims costs were updated to reflect recent experience, (2) EGWP subsidies were updated to reflect higher expected subsidies, and (3) Prescription drug and EGWP trend assumption was updated to reflect higher than initial trend rates.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2025 are summarized in the following table:

Asset class	Target asset allocation	Long-term expected real rate of return
Domestic equity	25.00 %	5.74 %
Global equity (non-U.S.)	17.00	6.37
Global equity	3.60	5.88
Aggregate bonds	25.20	2.30
Real assets	14.00	4.54
Private equity	14.00	9.28
Cash equivalents	1.20	0.60

Discount Rate

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

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

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

Discount Rate Sensitivity

The following presents the City's proportionate share of the net pension and OPEB liabilities as of June 30, 2025, calculated using the discount rate of 7.25%, as well as the City's proportionate share of the net pension and OPEB liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional share	1% decrease 6.25%	Current discount rate 7.25%	1% increase 8.25%
City's proportionate share of the net pension liability	0.29565%	$20,057,121	$14,671,176	$10,107,274
City's proportionate share of the net OPEB liabilities (assets):				
ARHCT	0.30127%	($5,602,899)	($8,017,951)	($10,054,020)
RMP	0.44177%	($6,653)	($279,641)	($488,470)
ODD	0.87980%	($586,996)	($624,141)	($653,236)

Healthcare Cost Trend Rates Sensitivity

The following presents the City's proportionate share of the net OPEB liabilities as of June 30, 2025, 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 6.25%	Current discount rate 7.25%	1% increase 8.25%
ARHCT	0.30127%	$ (10,285,702)	(8,017,951)	(5,331,322)
RMP	0.44177%	(515,572)	(279,641)	36,428

Plan Fiduciary Net Position

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

G. Deferred Compensation Plan

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

The deferred compensation plan assets are held in trust for the exclusive benefit of the participants. The choice of 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.

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

H. Deferred Outflows/Inflows of Resources

On December 31, 2025, the City reported deferred outflows/inflows of resources in the **government-wide** financial statements related to pensions and OPEB. See Note 3.F.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net pension liability	$ 182,066	364,703
Net OPEB liability (asset)	984,415	687,161
	$ 1,166,481	1,051,864

On December 31, 2025, the City reported deferred inflows of resources in governmental **funds** for a company settlement in the amount of $1,200,000.

I. Fund Balance Detail – Governmental Funds

	General	Permanent	Grants & Contracts	Capital	Risk
Nonspendable					
Prepayments	$ 218,137	-	-	-	-
Restricted					
Investment	-	165,688,411	-	-	-
Federal Asset Forfeiture	-	-	30,455	-	-
Total Restricted	-	165,688,411	30,455	-	-
Committed					
Snow Removal	250,000	-	-	-	-
Capital Projects	-	-	-	8,743,901	-
Total Committed	250,000	-	-	8,743,901	-
Assigned					
Contractual Obligations	514,393	-	-	2,414,348	-
Capital Projects	-	-	-	9,428,974	-
Total Assigned	514,393	-	-	11,843,322	-
Unassigned	13,352,665	-	-	-	(5,156,223)
Total Fund Balance	$ 14,335,195	165,688,411	30,455	20,587,223	(5,156,223)

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

J. Other Long-Term Liabilities

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

On December 31, 2025, the City owes DEC and GHU owes the City the following:

ACWF Loans	Year Issued	Final Payment	Interest Rate	Total Loan	Loan Balance
Sodium Hypochloride Project	2010	2029	1.5%	$ 708,700	$ 141,740
Sludge Dewatering Project	2014	2028	1.5%	4,625,600	925,120
Clarifier Project	2016	2030	1.5%	649,170	216,390
Watermain Project	2025	2034	1.5%	950,656	855,590
Grit Capture Project	2025	2045	1.5%	220,796	220,796
Total					**$ 2,359,636**

The following changes occurred during fiscal year 2025 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	$ 2,059,302	140,398	-	2,199,700	1,776,218	423,482
Subscriptions liability	69,338	-	33,322	36,016	36,016	-
Employee bonus payable	160,000	200,000	-	360,000	100,000	260,000
Self-Insurance losses	15,170,883	-	10,980,281	4,190,602	4,006,130	184,472
Net pension liability	16,455,746	-	1,784,570	14,671,176	-	14,671,176
Governmental activity Other liabilities	$ 33,915,269	340,398	12,798,173	21,457,494	5,918,364	15,539,130
Business-type activities:						
Alaska clean water loans						
Dewatering Loan	$ 1,233,493	-	308,373	925,120	308,374	616,746
Hypochlorite Loan	177,175	-	35,435	141,740	35,435	106,305
Clarifier Loan	259,668	-	43,278	216,390	43,278	173,112
Watermain Loan	950,656	-	95,066	855,590	95,066	760,524
Grit Capture Loan	-	220,796	-	220,796	-	220,796
Business-type activities Other liabilities	$ 2,620,992	220,796	482,152	2,359,636	482,153	1,877,483

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

J. Other Long-Term Liabilities, Continued

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

K. Leases

Transfer of Ownership Lease

The MUS enterprise fund contains the proceeds from the lease of the wastewater treatment plant to Golden Heart Utilities Inc. (GHU) under the terms of a non-cancelable lease signed October 6, 1997. The lease provides for monthly rental payments to the City in the amount of $33,075 for 30 years. A comprehensive lease security agreement was signed by the City with GHU for the plant and all subsequent additions and replacements. In November 2017, the lease was amended to extend the original term for an additional 25 years and to modify the option to purchase the plant. GHU may purchase the plant for $5,200,000 by October 2027; if not exercised, the purchase price will be reduced by 5% each subsequent year but never less than $400,000. GHU will also receive a credit of $4,000,000 until October 2030; if not, the net purchase price shall be $400,000. In accordance with GASB 87, this lease was recorded as a sale of capital asset with a net present value of $6,066,947 in 2022. Lease receivable of $396,900 was recognized in the **proprietary fund** for 2025.

Operating Lease

The City signed an agreement to lease the utilidor to GHU, Golden Valley Electric Association, Inc., Alaska Communication Services, Inc., Aurora Energy LLC, GCI Cable, Inc., and Matanuska Telephone Association. The lease calls for $80,000 per year in rent for 50 years with an option to renew for another 50 years. Rental income of $80,000 was recognized in the **governmental fund** for 2025.

L. Subscription-Based Information Technology Arrangements (SBITAs)

In 2022, the City entered a subscription-based information technology arrangement (SBITA) for body-worn camera software. The arrangement was for five years with no option to extend. The total of the City's subscription assets is recorded with a net present value of $162,848, less accumulated amortization of 125,570. Future subscription payments are as follows:

		Principal	Interest	Total
2026	$	33,518	1,006	34,524
2027		2,498	-	2,498
Total for subscriptions	$	36,016	1,006	37,022

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

M. Risk Management

The City is exposed to risks arising from general liability, automobile liability, property liability, workers compensation and employee health claims. The City's risk management program employs combinations of self-insurance and high-deductible coverage through the Alaska Public Risk Alliance (APRA). The APRA 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. The liability for incurred but not reported claims was based on historical experience.

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 $4,190,602 for self-insurance losses and $719,471 for pollution remediation. Changes in the claims liabilities for fiscal years 2025 and 2024 are as follows:

		Claims Liability December 31, 2025	Claims Liability December 31, 2024
January 1	$	16,085,102	4,441,315
Current year claims		158,755	47,898
Changes in estimates for claims of the prior period		(3,515,967)	11,912,442
Claims payments		(7,817,817)	(316,553)
December 31	$	4,910,073	16,085,102

The City recorded expenditures for claims in the **governmental fund financial statements** in the amount of $7,623,068 for self-insurance losses and $194,749 for pollution remediation for a total of $7,817,817. On March 27, 2025, the City settled a lawsuit entitled *Roberts et al. v. City of Fairbanks* for $11.5 Million. In 2026, the City will pay the final balance of $3,250,000 for this lawsuit.

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

N. Pollution Remediation Obligation

In 2016, the City was alerted to concentrations of Perfluorinated Compounds (PFCs) in the groundwater at the Regional Fire Training Center (RFTC). Firefighters from the City and other agencies used Aqueous Film Forming, a firefighting agent that contained PFCs, during training to extinguish petroleum fires in a burn pit at the RFTC from 1984 to 2004. Test results indicate that PFCs were present at concentrations above the health advisory level in drinking wells northwest of the RFTC. The City connected affected homes and businesses to the municipal water system. The City continues to work on a plan with the Alaska Department of Environmental Conservation and local consultants to remediate the contaminated soil at the burn pit. In 2025, the City paid $194,749 in remediation costs. The current estimated pollution remediation obligation is $719,471. Actual cost may vary due to inflation or deflation, changes in services, or changes in regulations.

O. Contingent Liabilities

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

P. Permanent Fund

In October 1996, the voters of the City 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 (PILT) 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:

		2025	2024
Interest income	$	1,002,078	851,626
Dividends		4,022,530	3,231,397
Net realized (losses) gains		6,045,201	4,175,354
Net unrealized (losses) gains		9,923,901	6,543,444
	$	20,993,710	14,801,821

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

P. Permanent Fund, Continued

During 2002, the City passed Ordinance 5485 which placed an amendment before the voters 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 2026 (based on an average of 2021-2025) and 2025 (based on an average of 2020-2024) is calculated as follows:

	2026	2025
Total average investments held in trust	$ 149,171,022	144,857,531
Total average other assets	18,250	41,058
Total average liabilities	(1,417)	(1,417)
Total average fund value	$ 149,187,855	144,897,172
Available for general operations	5,967,514	5,795,887
Available for capital expenditures	745,939	724,486
Subsequent year transfers	$ 6,713,453	6,520,373

REQUIRED SUPPLEMENTARY INFORMATION (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, 2025

	Budget Amounts		Variance with Original Budget Over (Under) Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under) Actual
	Original	**Final**			
Revenues					
Taxes	$ 28,913,515	29,037,903	124,388	28,781,863	(256,040)
Charges for services	6,579,500	6,741,500	162,000	6,660,344	(81,156)
Intergovernmental	2,476,080	2,832,470	356,390	3,004,852	172,382
Licenses and permits	2,193,805	2,197,805	4,000	2,118,095	(79,710)
Fines and forfeitures	551,000	551,000	-	405,635	(145,365)
Rental	158,539	140,884	(17,655)	144,184	3,300
Interest and penalties	1,515,000	1,610,000	95,000	1,465,439	(144,561)
Other	250,000	250,000	-	257,138	7,138
Total revenues	42,637,439	43,361,562	724,123	42,837,550	(524,012)
Expenditures					
General government					
Mayor	892,030	902,030	10,000	856,995	45,035
Legal	262,760	262,760	-	190,779	71,981
City clerk	630,120	632,372	2,252	619,800	12,572
Finance	1,066,350	1,066,350	-	959,287	107,063
Information technologies	2,898,400	3,010,442	112,042	2,926,996	83,446
General account	6,925,000	7,146,831	221,831	6,815,513	331,318
Total general government	12,674,660	13,020,785	346,125	12,369,370	651,415
Public safety					
Police	8,226,540	8,886,024	659,484	8,552,328	333,696
FECC	3,004,590	3,626,945	622,355	3,152,700	474,245
Fire	10,738,720	11,290,419	551,699	10,676,785	613,634
Total public safety	21,969,850	23,803,388	1,833,538	22,381,813	1,421,575
Public works					
Works	9,791,297	10,116,843	325,546	9,204,932	911,911
Engineering	1,170,580	1,211,431	40,851	1,066,402	145,029
Total public works	10,961,877	11,328,274	366,397	10,271,334	1,056,940
Building inspections	849,750	849,750	-	700,282	149,468
Total expenditures	46,456,137	49,002,197	2,546,060	45,722,799	3,279,398
Excess (deficiency) of revenues over expenditures	$ (3,818,698)	(5,640,635)	(1,821,937)	(2,885,249)	2,755,386

See accompanying notes to RSI Budgetary Comparison

CITY OF FAIRBANKS, ALASKA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual, Continued
For the Year Ended December 31, 2025

	Budget Amounts		Variance with Original Budget Over (Under) Final Budget	Actual on Budgetary Basis	Variance with Final Budget Over (Under) Actual
	Original	**Final**			
Other financing sources (uses)					
Transfers in	$ 5,865,282	5,795,887	(69,395)	5,795,887	-
Transfers out	(591,600)	(8,361,600)	(7,770,000)	(8,401,985)	(40,385)
Sale of capital assets	250,000	250,000	-	47,814	(202,186)
Total other financing sources (uses)	5,523,682	(2,315,713)	(7,839,395)	(2,558,284)	(242,571)
Net change in fund balances	$ 1,704,984	(7,956,348)	(9,661,332)	(5,443,533)	2,512,815

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.	239,731
Net changes in fund balance as reported on the statement of revenues, expenditures, and changes in fund balances governmental funds	$ (5,203,802)

See accompanying notes to RSI Budgetary Comparison

CITY OF FAIRBANKS, ALASKA
Notes to Required Supplementary Information for Budgetary Comparison

Note 1 – Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and capital fund. The capital fund is appropriated on a project basis. Permanent fund, grants and contracts fund, risk fund, MUS fund, and FTC fund do not have appropriated budgets since City Code and other means controlling the use of these resources exist and grants sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund (general and capital), function (general government, public safety, and public works), and department. 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 department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services such as purchase orders and contracts. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are reappropriated and become part of the subsequent year's budget, and the encumbrances are automatically reestablished in the next year.

Note 2 – General Fund Budgetary Highlights

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

Original budget compared to **final budget.** The City had three budget amendments. The first budget amendment included $274,662 for encumbrances, $4,500,000 transfer to the capital fund for road projects and fire equipment, and $270,000 to the FTC fund for major building projects. The second budget amendment included a $3,000,000 transfer to the risk fund for the first payment of a lawsuit and $1,231,388 for the Public Safety Employee Association collective bargaining agreement impacting the police and communication centers budgets. The third budget amendment included $421,810 in expenditures for the International Fairbanks Fire Fighter Association collective bargaining agreement and $200,000 for temporary employees in the public works department in anticipation of a heavy snow season.

Final budget compared to **actual results.** City revenues were under budget by $524,012 due to a reduction in consumer spending (sales taxes, charges for services, and licenses), shortages in police staff impacts (fines and forfeitures), and decreases in interest rate (interest and penalties). City expenditures were under budget by $3,279,398 primarily due to lower utility costs because of a warmer winter (general government, $331,318), position vacancies in police, communications center, and fire departments (public safety, $1,421,575), and personnel and contractual cost savings due to low snow season for the public works department (public works, $911,911).

The significant change in the budget was an additional transfer of $7,500,000 from the general fund to the capital fund ($4,500,000) and risk fund ($3,000,000).

CITY OF FAIRBANKS, ALASKA
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Public Employees Retirement System - Defined Benefit Plan
Last Ten 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
2025	0.29565%	$ 14,671,176	$ 4,500,413	$ 19,171,589	$ 1,831,713	800.95%	71.23%
2024	0.30004%	$ 16,455,746	$ 6,153,382	$ 22,609,128	$ 2,220,728	741.01%	67.81%
2023	0.32011%	$ 16,598,494	$ 5,533,564	$ 22,132,058	$ 2,177,227	762.37%	68.23%
2022	0.30553%	$ 15,572,467	$ 4,310,772	$ 19,883,239	$ 2,629,260	592.28%	67.97%
2021	0.33181%	$ 12,172,400	$ 1,648,223	$ 13,820,623	$ 3,220,933	377.92%	76.46%
2020	0.28035%	$ 16,544,163	$ 6,846,757	$ 23,390,920	$ 4,097,593	403.75%	61.61%
2019	0.27452%	$ 15,028,071	$ 5,964,888	$ 20,992,959	$ 4,978,158	301.88%	63.42%
2018	0.30080%	$ 14,946,734	$ 4,327,541	$ 19,274,275	$ 5,548,677	269.37%	65.19%
2017	0.28093%	$ 14,522,304	$ 5,411,807	$ 19,934,111	$ 6,229,268	233.13%	63.37%
2016	0.36825%	$ 20,583,532	$ 2,594,007	$ 23,177,539	$ 6,536,228	314.91%	59.55%

See accompanying notes to RSI Pension Plan

CITY OF FAIRBANKS, ALASKA

Required Supplementary Information
Schedule of Contributions
Public Employees Retirement System - Defined Benefit 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
2025	$ 394,374	$ 394,374	$ -	$ 1,792,611	22.0%
2024	$ 421,663	$ 421,663	$ -	$ 1,916,652	22.0%
2023	$ 503,065	$ 498,628	$ 4,437	$ 2,286,657	22.0%
2022	$ 505,261	$ 505,173	$ 88	$ 2,296,641	22.0%
2021	$ 636,387	$ 631,764	$ 4,623	$ 2,892,670	22.0%
2020	$ 781,865	$ 779,993	$ 1,872	$ 3,553,930	22.0%
2019	$ 1,039,814	$ 1,035,675	$ 4,139	$ 4,726,429	22.0%
2018	$ 1,138,239	$ 1,137,977	$ 262	$ 5,173,815	22.0%
2017	$ 1,289,240	$ 1,289,240	$ -	$ 5,860,180	22.0%
2016	$ 1,414,662	$ 1,414,662	$ -	$ 6,430,280	22.0%

See accompanying notes to RSI Pension Plan

CITY OF FAIRBANKS, ALASKA

Required Supplementary Information
Schedule of Proportionate Share of Net OPEB Liability
Public Employees Retirement System - OPEB Plan
Last Nine 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							
2025	0.30127%	$ (8,017,951)	$ (2,266,325)	$ (10,284,276)	$ 9,734,114	-82.37%	136.81%
2024	0.30053%	$ (6,618,064)	$ (2,460,226)	$ (9,078,290)	$ 8,964,533	-73.82%	130.59%
2023	0.31944%	$ (7,350,036)	$ (2,473,582)	$ (9,823,618)	$ 8,307,514	-88.47%	133.96%
2022	0.30325%	$ (5,966,658)	$ (1,706,478)	$ (7,673,136)	$ 7,646,019	-78.04%	128.51%
2021	0.33304%	$ (8,543,663)	$ (1,117,994)	$ (9,661,657)	$ 6,127,000	-139.44%	135.54%
2020	0.28020%	$ (1,268,913)	$ (526,139)	$ (1,795,052)	$ 5,054,342	-25.11%	106.15%
2019	0.27447%	$ 407,263	$ 162,063	$ 569,326	$ 4,307,363	9.46%	98.13%
2018	0.30081%	$ 3,087,219	$ 894,642	$ 3,981,861	$ 3,453,182	89.40%	88.12%
2017	0.28100%	$ 2,373,731	$ 884,320	$ 3,258,051	$ 2,811,595	84.43%	89.68%
Retiree Medical Plan							
2025	0.44177%	$ (279,641)	$ -	$ (279,641)	$ 9,734,114	-2.87%	123.73%
2024	0.48942%	$ (228,143)	$ -	$ (228,143)	$ 8,964,533	-2.54%	119.87%
2023	0.46786%	$ (222,157)	$ -	$ (222,157)	$ 8,307,514	-2.67%	124.29%
2022	0.50347%	$ (174,854)	$ -	$ (174,854)	$ 7,646,019	-2.29%	120.08%
2021	0.41645%	$ (111,784)	$ -	$ (111,784)	$ 6,127,000	-1.82%	115.10%
2020	0.35814%	$ 25,403	$ -	$ 25,403	$ 5,054,342	0.50%	95.23%
2019	0.34493%	$ 82,520	$ -	$ 82,520	$ 4,307,363	1.92%	83.17%
2018	0.30434%	$ 38,727	$ -	$ 38,727	$ 3,453,182	1.12%	88.71%
2017	0.26483%	$ 14,042	$ -	$ 14,042	$ 2,811,595	0.50%	93.98%
Occupational Death and Disability Plan							
2025	0.87980%	$ (624,141)	$ -	$ (624,141)	$ 9,734,114	-6.41%	353.09%
2024	0.84805%	$ (506,284)	$ -	$ (506,284)	$ 8,964,533	-5.65%	346.81%
2023	0.79439%	$ (407,554)	$ -	$ (407,554)	$ 8,307,514	-4.91%	349.24%
2022	0.84214%	$ (369,181)	$ -	$ (369,181)	$ 7,646,019	-4.83%	348.80%
2021	0.71174%	$ (313,686)	$ -	$ (313,686)	$ 6,127,000	-5.12%	374.23%
2020	0.69897%	$ (190,538)	$ -	$ (190,538)	$ 5,054,342	-3.77%	283.80%
2019	0.68075%	$ (165,047)	$ -	$ (165,047)	$ 4,307,363	-3.83%	297.43%
2018	0.30434%	$ (59,109)	$ -	$ (59,109)	$ 3,453,182	-1.71%	270.62%
2017	0.26925%	$ (38,204)	$ -	$ (38,204)	$ 2,811,595	-1.36%	212.97%

See accompanying notes to RSI Pension Plan

CITY OF FAIRBANKS, ALASKA

Required Supplementary Information
Schedule of Contributions
Public Employees Retirement System - OPEB Plan
Last Nine Fiscal Years

Year Ended December 31	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Alaska Retiree Healthcare Trust					
2025	$ 222,861	$ 222,861	$ -	$ 10,823,166	2.1%
2024	$ 188,451	$ 188,451	$ -	$ 9,407,778	2.0%
2023	$ 181,647	$ 181,647	$ -	$ 8,422,676	2.2%
2022	$ 175,933	$ 175,933	$ -	$ 8,364,741	2.1%
2021	$ 159,396	$ 159,396	$ -	$ 6,644,848	2.4%
2020	$ 138,645	$ 138,645	$ -	$ 5,534,813	2.5%
2019	$ 123,595	$ 123,595	$ -	$ 4,741,934	2.6%
2018	$ 99,022	$ 99,022	$ -	$ 3,873,234	2.6%
2017	$ 83,925	$ 83,925	$ -	$ 3,100,242	2.7%
Retiree Medical Plan					
2025	$ 91,599	$ 91,599	$ -	$ 10,823,166	0.8%
2024	$ 86,381	$ 86,381	$ -	$ 9,407,778	0.9%
2023	$ 88,729	$ 88,729	$ -	$ 8,422,676	1.1%
2022	$ 90,771	$ 90,771	$ -	$ 8,364,741	1.1%
2021	$ 77,313	$ 77,313	$ -	$ 6,644,848	1.2%
2020	$ 71,601	$ 71,601	$ -	$ 5,534,813	1.3%
2019	$ 54,160	$ 54,160	$ -	$ 4,741,934	1.1%
2018	$ 37,891	$ 37,891	$ -	$ 3,873,234	1.0%
2017	$ 34,191	$ 34,191	$ -	$ 3,100,242	1.1%
Occupational Death and Disability Plan					
2025	$ 66,132	$ 66,132	$ -	$ 10,823,166	0.6%
2024	$ 59,076	$ 59,076	$ -	$ 9,407,778	0.6%
2023	$ 52,067	$ 52,067	$ -	$ 8,422,676	0.6%
2022	$ 51,151	$ 51,151	$ -	$ 8,364,741	0.6%
2021	$ 41,094	$ 41,094	$ -	$ 6,644,848	0.6%
2020	$ 34,800	$ 34,800	$ -	$ 5,534,813	0.6%
2019	$ 30,271	$ 30,271	$ -	$ 4,741,934	0.6%
2018	$ 19,883	$ 19,883	$ -	$ 3,873,234	0.5%
2017	$ 11,871	$ 11,871	$ -	$ 3,100,242	0.4%

See accompanying notes to RSI Pension Plan

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
2025	$ 617,637	$ 617,637	$ -	$ 3,783,715	16.3%
2024	$ 611,062	$ 611,062	$ -	$ 3,657,229	16.7%
2023	$ 534,555	$ 534,555	$ -	$ 3,156,520	16.9%
2022	$ 526,477	$ 526,477	$ -	$ 3,112,596	16.9%
2021	$ 550,551	$ 550,551	$ -	$ 3,105,077	17.7%
2020	$ 527,291	$ 527,291	$ -	$ 2,993,894	17.6%
2019	$ 521,418	$ 521,418	$ -	$ 3,016,900	17.3%
2018	$ 588,686	$ 588,686	$ -	$ 3,333,762	17.7%
2017	$ 632,716	$ 632,716	$ -	$ 3,587,724	17.6%
2016	$ 648,068	$ 648,068	$ -	$ 3,469,521	18.7%

See accompanying notes to RSI Pension Plan

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
2025	$ 503,171	$ 503,171	$ -	$ 1,048,558	48.0%
2024	$ 559,520	$ 559,520	$ -	$ 1,096,969	51.0%
2023	$ 533,877	$ 533,877	$ -	$ 1,078,596	49.5%
2022	$ 474,872	$ 474,872	$ -	$ 989,698	48.0%
2021	$ 413,297	$ 413,297	$ -	$ 938,073	44.1%
2020	$ 430,038	$ 430,038	$ -	$ 988,770	43.5%
2019	$ 357,021	$ 357,021	$ -	$ 760,966	46.9%
2018	$ 356,776	$ 356,776	$ -	$ 733,244	48.7%
2017	$ 358,557	$ 358,557	$ -	$ 775,069	46.3%
2016	$ 365,143	$ 365,143	$ -	$ 796,261	45.9%

See accompanying notes to RSI Pension Plan

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
2025	$ 476,755	$ 476,755	$ -	$ 1,910,883	24.9%
2024	$ 485,656	$ 485,656	$ -	$ 1,966,011	24.7%
2023	$ 500,246	$ 500,246	$ -	$ 1,997,484	25.0%
2022	$ 543,821	$ 543,821	$ -	$ 2,191,231	24.8%
2021	$ 470,826	$ 470,826	$ -	$ 1,891,201	24.9%
2020	$ 401,395	$ 401,395	$ -	$ 1,648,718	24.3%
2019	$ 383,386	$ 383,386	$ -	$ 1,476,608	26.0%
2018	$ 376,887	$ 376,887	$ -	$ 1,584,585	23.8%
2017	$ 443,116	$ 443,116	$ -	$ 1,940,098	22.8%
2016	$ 360,898	$ 360,898	$ -	$ 1,535,525	23.5%

See accompanying notes to RSI Pension Plan

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
2025	$ 69,878	$ 69,878	$ -	$ 243,285	28.7%
2024	$ 49,138	$ 49,138	$ -	$ 197,701	24.9%
2023	$ 35,082	$ 35,082	$ -	$ 160,714	21.8%
2022	$ 32,111	$ 32,111	$ -	$ 166,511	19.3%
2021	$ 28,126	$ 28,126	$ -	$ 140,497	20.0%
2020	$ 38,498	$ 38,498	$ -	$ 197,084	19.5%
2019	$ 43,436	$ 43,436	$ -	$ 205,320	21.2%
2018	$ 34,455	$ 34,455	$ -	$ 161,945	21.3%
2017	$ 27,826	$ 27,826	$ -	$ 122,249	22.8%
2016	$ 22,405	$ 22,405	$ -	$ 105,088	21.3%

See accompanying notes to RSI Pension Plan

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
2025	$ 21,699	$ 21,699	$ -	$ 78,732	27.6%
2024	$ 21,958	$ 21,958	$ -	$ 72,702	30.2%
2023	$ 21,986	$ 21,986	$ -	$ 72,993	30.1%
2022	$ 21,976	$ 21,976	$ -	$ 68,772	32.0%
2021	$ 21,797	$ 21,797	$ -	$ 67,541	32.3%
2020	$ 20,816	$ 20,816	$ -	$ 71,491	29.1%
2019	$ 21,441	$ 21,441	$ -	$ 68,842	31.1%
2018	$ 20,975	$ 20,975	$ -	$ 65,666	31.9%
2017	$ 21,440	$ 21,440	$ -	$ 70,732	30.3%
2016	$ 22,507	$ 22,507	$ -	$ 85,712	26.3%

See accompanying notes to RSI Pension Plan

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
2025	$ 105,287	$ 105,287	$ -	$ 347,445	30.3%
2024	$ 101,104	$ 101,104	$ -	$ 316,003	32.0%
2023	$ 83,683	$ 83,683	$ -	$ 252,746	33.1%
2022	$ 69,398	$ 69,398	$ -	$ 206,459	33.6%
2021	$ 66,447	$ 66,447	$ -	$ 192,082	34.6%
2020	$ 91,050	$ 91,050	$ -	$ 277,556	32.8%
2019	$ 72,941	$ 72,941	$ -	$ 200,409	36.4%
2018	$ 70,249	$ 70,249	$ -	$ 189,281	37.1%
2017	$ 65,997	$ 65,997	$ -	$ 172,217	38.3%
2016	$ 83,336	$ 83,336	$ -	$ 479,517	17.4%

See accompanying notes to RSI Pension Plan

CITY OF FAIRBANKS, ALASKA

Notes to Required Supplementary Information for Pension Plans

Note 1 – Schedule of Proportionate Share of Net Pension Liability

The information presented in this schedule is based on the Plan measurement date of June 30, 2025. The City did not have changes in benefit terms, assumptions, or allocation methodology from the prior measurement period.

Note 2 – Schedule of Proportionate Share of Net OPEB Liability

The information presented in this schedule is based on the Plan measurement date of June 30, 2025. 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 – 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 ten years. A portion of these contributions are reported as deferred outflow on the current year's basic financial statements.

Public Employees' Retirement System (PERS) – OPEB Plan
The information presented in this schedule is based on the City's contribution during the last eight years. A portion of these contributions are reported as deferred outflow and deferred inflow on the current year's basic financial statements. This schedule will present 10 years of information as it becomes available.

Alaska Electrical Pension Plan
The information presented in this schedule is based on the City's contribution during the last 10 years. The City's covered employee payroll is defined as payroll on which contributions to the pension plan are based. The decrease in the City's covered employee payroll from 2019 to 2021 is due to vacant positions whereas the increase in 2024 and 2025 is due to the addition of new positions that were filled earlier in the year.

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

Locals 302 and 612 of the International Union of Operating Engineers-Employers Construction Industry Retirement Plan
The information presented in this schedule is based on the City's contribution during the last 10 years. The City's covered employee payroll is defined as payroll on which contributions to the pension plan are based. The City's contribution will vary depending on the number of temporary workers and increases in health care costs which are offset by decreases in contributions to the pension plan.

Northern Alaska Carpenters Retirement Plan
The information presented in this schedule is based on the City's contribution during the last 10 years. The City's covered employee payroll is defined as payroll on which contributions to the pension plan are based. The City's contribution will vary depending on the number of temporary workers for building upgrades.

Alaska Plumbing and Pipefitting Industry Pension Fund
The information presented in this schedule is based on the City's contribution during the last 10 years. The City's covered employee payroll is defined as payroll on which contributions to the pension plan are based. The City's contribution will vary depending on the increases in health care costs which are offset by decreases in contributions to the pension plan.

CITY OF FAIRBANKS, ALASKA

Notes to Required Supplementary Information for Pension Plans
(Continued)

Alaska Teamster-Employer Pension Plan

The information presented in this schedule is based on the City's contribution during the last 10 years. The City's covered employee payroll is defined as payroll on which contributions to the pension plan are based. In 2017, the City had one employee change from full-time status to part-time status. In 2023, the City added a position under this Union. In 2024 and 2025, the City had temporary workers.

SUPPLEMENTARY INFORMATION SECTION

General Fund

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

Capital Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) 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 Investments – Permanent Fund

General Fund

Balance Sheet

Statement of Revenues, Expenditures, and Changes in Fund Balance

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.

Capital Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual

This schedule provides additional data on the capital budget by providing the original budgeted amounts to final budget amounts compared to actual expenditures and variances.

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, 2025
(With comparative totals for 2024)

	Totals	
	2025	2024
ASSETS		
Equity in central treasury	$ 12,230,807	$ 20,994,015
Restricted cash and cash equivalents	1,400	284,200
	12,232,207	21,278,215
Receivables		
Taxes	1,400,486	1,435,400
Accounts receivable	2,173,092	2,225,708
Interest and penalties	53,030	140,638
Techite	1,200,000	1,400,000
Less allowance for uncollectible receivables	(754,008)	(974,926)
	4,072,600	4,226,820
Prepaid assets	218,137	7,480
Due from other funds	6,438,836	1,602,542
Total assets	$ 22,961,780	$ 27,115,057
LIABILITIES		
Accounts payable	$ 2,999,212	$ 2,740,277
Deposits	32,355	39,731
Unearned revenue	4,249,139	3,301,466
Due to other funds	145,879	94,586
Total liabilities	7,426,585	6,176,060
DEFERRED INFLOWS OF RESOURCES		
Assessments and long-term receivables	1,200,000	1,400,000
FUND BALANCE		
Nonspendable	218,137	7,480
Committed	250,000	250,000
Assigned	514,393	274,662
Unassigned	13,352,665	19,006,855
Total fund balance	14,335,195	19,538,997
Total liabilities, deferred inflows, and fund balance	$ 22,961,780	$ 27,115,057

CITY OF FAIRBANKS, ALASKA

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2025
(With comparative totals for 2024)

	Totals	
	2025	2024
Revenues		
Taxes		
Real property	$ 16,996,961	$ 15,904,770
Room rental	5,150,963	5,268,722
Alcoholic beverages	2,400,513	2,556,544
Tobacco distribution	2,238,071	2,385,235
Marijuana	1,534,783	1,605,144
Gasoline	460,572	507,147
Charges for services	6,660,344	6,474,004
Intergovernmental		
PERS relief payments	630,117	417,085
Other	2,374,735	3,029,208
Licenses and permits	2,118,095	2,339,617
Fines and forfeitures	405,635	436,736
Other revenues		
Interest and penalties	1,465,439	1,885,774
Rental	144,184	161,531
Techite settlement	200,000	200,000
Other	57,138	209,761
Total revenues	42,837,550	43,381,278
Expenditures		
Current		
General government		
Mayor and city council		
Salaries and wages	685,362	613,957
Employee benefits	261,778	224,850
Other services	27,655	32,519
Inter-departmental	(117,800)	(84,520)
Total mayor and city council	856,995	786,806
City attorney		
Salaries and wages	290,984	276,825
Employee benefits	128,204	115,625
Other services	34,121	25,467
Inter-departmental	(262,530)	(229,350)
Total city attorney	190,779	188,567
City clerk		
Salaries and wages	401,815	372,463
Employee benefits	160,013	146,783
Other services	59,724	50,537
Total city clerk	621,552	569,783
Finance		
Salaries and wages	665,876	682,812
Employee benefits	285,485	283,001
Other services	7,926	11,596
Total finance	959,287	977,409

CITY OF FAIRBANKS, ALASKA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2025
(With comparative totals for 2024)

	Totals	
	2025	**2024**
Expenditures - continued		
General government, continued		
Information technology		
Other services	2,821,869	2,589,196
Total information technology	2,821,869	2,589,196
Non-departmental		
Department services	2,805,816	2,514,386
PERS relief payments	630,117	417,085
Room rental distributions	3,202,837	3,253,361
Total non-departmental	6,638,770	6,184,832
Total general government	12,089,252	11,296,593
Public safety		
Police		
Salaries and wages	5,535,928	4,952,336
Employee benefits	2,311,440	2,000,700
Other services	723,732	743,907
Total police	8,571,100	7,696,943
FECC		
Salaries and wages	2,014,725	1,526,723
Employee benefits	758,643	532,107
Other services	386,122	412,397
Total FECC	3,159,490	2,471,227
Fire		
Salaries and wages	6,794,426	6,188,940
Employee benefits	2,795,258	2,428,366
Other services	1,049,474	1,366,882
Total fire	10,639,158	9,984,188
Total public safety	22,369,748	20,152,358
Public works		
Works		
Salaries and wages	3,872,199	4,031,024
Employee benefits	2,277,970	2,327,574
Other services	3,042,062	3,101,467
Total works	9,192,231	9,460,065
Engineering		
Salaries and wages	734,202	851,724
Employee benefits	299,143	298,009
Other services	48,908	112,807
Total engineering	1,082,253	1,262,540
Total public works	10,274,484	10,722,605

CITY OF FAIRBANKS, ALASKA

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2025
(With comparative totals for 2024)

	Totals	
	2025	**2024**
Expenditures - continued		
Building inspections		
Salaries and wages	488,545	477,372
Employee benefits	181,299	176,105
Other services	30,438	21,495
Total building inspections	700,282	674,972
Debt service		
Principal - Subscriptions	32,536	31,596
Interest - Subscriptions	1,988	2,928
Total debt service	34,524	34,524
Capital outlay		
Public safety		
Fire	2,606	-
Total public safety	2,606	-
Public works		
Works	12,172	-
Total public works	12,172	-
Total capital outlay	14,778	-
Total expenditures	45,483,068	42,881,052
Excess (deficiency) of revenues over expenditures	(2,645,518)	500,226
Other financing sources (uses)		
Transfers in	5,795,887	5,666,085
Transfers out	(8,401,985)	(7,462,423)
Sale of capital assets	47,814	333,862
Total other financing sources (uses)	(2,558,284)	(1,462,476)
Net change in fund balances	(5,203,802)	(962,250)
Fund balance - beginning	19,538,997	20,501,247
Fund balance - ending	$ 14,335,195	$ 19,538,997

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, 2025

	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final			
Revenues					
Asset replacement and repair charges	$ 1,085,000	1,085,000	-	1,085,000	-
Expenditures					
Capital outlay					
General government	7,882,342	11,410,418	3,528,076	3,034,315	8,376,103
Public safety	1,070,000	2,782,940	1,712,940	2,277,564	505,376
Public works	1,404,000	2,679,737	1,275,737	733,713	1,946,024
Building Inspections	67,000	79,500	12,500	77,320	2,180
Total expenditures	10,423,342	16,952,595	6,529,253	6,122,912	10,829,683
Excess deficiency of revenues over expenditures	(9,338,342)	(15,867,595)	(6,529,253)	(5,037,912)	10,829,683
Other financing sources (uses)					
Transfers in	1,124,760	5,616,086	4,491,326	5,656,471	40,385
Total other financing sources (uses)	1,124,760	5,616,086	4,491,326	5,656,471	40,385
Net change in fund balance	$ (8,213,582)	(10,251,509)	(2,037,927)	618,559	10,870,068

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	(1,372,817)
Net change in fund balance as reported on the combining statement of revenues, expenditures, and changes in fund balances nonmajor capital projects fund	$ (754,258)

CITY OF FAIRBANKS, ALASKA

Combined Schedule of Cash and Investments
Classified by Depository - All Funds
December 31, 2025

	Fair Value of Cash Invested	Deposits and Cash on Hand	Total
Petty cash	$ -	1,500	$ 1,500
Mt. McKinley Bank	-	2,695,405	2,695,405
US Bank	-	5,962,177	5,962,177
US Bank			
Mutual funds equity	106,185,183	-	106,185,183
Mutual funds fixed income	26,815,123	-	26,815,123
Mutual funds balanced	3,937,273	-	3,937,273
Municipal bonds	55,847	-	55,847
Foreign bonds	1,006,990	-	1,006,990
Corporate bonds	3,759,917	-	3,759,917
Government securities	17,688,281	-	17,688,281
Key Trust			
Alaska Municipal League Investment Pool	32,719,922	-	32,719,922
Total cash and investments	$ 192,168,536	8,659,082	$ 200,827,618

Reconciliation of cash and investments to governmental and proprietary funds

Governmental funds	
Equity in central treasury	$ 33,030,024
Restricted cash and cash equivalents	5,990,112
Restricted investments	159,448,614
Total governmental funds	198,468,750
Proprietary funds	
Enterprise funds	
Equity in central treasury	221,930
Internal service fund	
Cash	2,136,938
Total proprietary funds	2,358,868
Total cash and investments	$ 200,827,618

CITY OF FAIRBANKS, ALASKA

Calculation of the Change in the Fair Value of Investments - Permanent Fund
Aggregate Method
December 31, 2025

Mutual Funds Equity	
Fair value at December 31, 2025	$ 106,185,183
Cost of investments sold in 2025	34,174,633
Cost of investments purchased in 2025	(25,643,007)
Fair value at December 31, 2024	(99,933,829)
Change in fair value of equity investments	14,782,980
Mutual Funds Fixed Income	
Fair value at December 31, 2025	26,815,123
Cost of investments sold in 2025	2,973,569
Cost of investments purchased in 2025	(9,852,783)
Fair value at December 31, 2024	(19,587,866)
Change in fair value of equity investments	348,043
Mutual Funds Balanced	
Fair value at December 31, 2025	3,937,273
Cost of investments sold in 2025	1,155,301
Cost of investments purchased in 2025	(223,662)
Fair value at December 31, 2024	(4,762,813)
Change in fair value of equity investments	106,099
Fixed Income	
Fair value at December 31, 2025	22,511,035
Cost of investments sold in 2025	3,817,360
Cost of investments purchased in 2025	(4,660,570)
Fair value at December 31, 2024	(20,935,845)
Change in fair value of equity investments	731,980
Total change in fair value of investments	$ 15,969,102

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.

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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			
	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	$ 127,230,310	$ 122,541,390	$ 125,084,528	$ 120,312,441
Restricted	119,308,031	130,456,426	118,984,654	134,618,970
Unrestricted	3,834,193	2,780,830	9,401,364	14,832,234
Total governmental activities net position	$ 250,372,534	$ 255,778,646	$ 253,470,546	$ 269,763,645
Business-type activities				
Net investment in capital assets	$ 9,539,147	$ 9,273,427	$ 9,007,707	$ 8,741,988
Unrestricted	(87,569)	(121,071)	(167,502)	(209,454)
Total business-type activities net position	$ 9,451,578	$ 9,152,356	$ 8,840,205	$ 8,532,534
Primary government				
Net investment in capital assets	$ 136,769,457	$ 131,814,817	$ 134,092,235	$ 129,054,429
Restricted	119,308,031	130,456,426	118,984,654	134,618,970
Unrestricted	3,746,624	2,659,759	9,233,862	14,622,780
Total primary government net position	$ 259,824,112	$ 264,931,002	$ 262,310,751	$ 278,296,179

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 134,151,275	$ 128,885,562	$ 131,755,578	$ 130,081,310	$ 132,827,075	$ 135,448,696
144,157,507	157,077,257	137,037,663	149,743,899	158,305,727	174,640,599
15,651,943	19,992,964	22,306,442	22,438,113	12,271,793	13,144,116
$ 293,960,725	$ 305,955,783	$ 291,099,683	$ 302,263,322	$ 303,404,595	$ 323,233,411
$ 8,476,268	$ 8,210,548	$ 8,122,988	$ 7,820,408	$ 7,517,828	$ 7,215,248
(77,221)	164,833	5,576,522	5,174,927	4,785,513	4,627,514
$ 8,399,047	$ 8,375,381	$ 13,699,510	$ 12,995,335	$ 12,303,341	$ 11,842,762
$ 142,627,543	$ 137,096,110	$ 139,878,566	$ 137,901,718	$ 140,344,903	$ 142,663,944
144,157,507	157,077,257	137,037,663	149,743,899	158,305,727	174,640,599
15,574,722	20,157,797	27,882,964	27,613,040	17,057,306	17,771,630
$ 302,359,772	$ 314,331,164	$ 304,799,193	$ 315,258,657	$ 315,707,936	$ 335,076,173

CITY OF FAIRBANKS, ALASKA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
EXPENSES	2016	2017	2018	2019
Governmental activities				
General government	$ 20,663,070	$ 19,703,633	$ 16,861,147	$ 17,372,909
Public safety	20,535,541	15,402,443	14,417,423	14,302,575
Public works	9,788,380	11,632,705	9,726,464	10,019,292
Building inspections	703,223	660,598	630,643	578,318
Interest on long-term debt	-	-	-	-
Total governmental activities expenses	51,690,214	47,399,379	41,635,677	42,273,094
Business-type activities				
Municipal Utilities	35,007	76,884	76,884	76,884
Fairbanks Transportation Center	497,436	412,944	412,070	417,195
Total business-type activities expenses	532,443	489,828	488,954	494,079
Total primary government expenses	$ 52,222,657	$ 47,889,207	$ 42,124,631	$ 42,767,173
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	$ 1,919,721	$ 2,126,759	$ 2,320,738	$ 2,272,233
Public safety	3,016,870	3,017,808	3,291,893	3,379,741
Public works	1,961,288	2,058,351	2,061,424	2,156,127
Building inspections	775,911	474,492	756,905	486,208
Operating grants and contributions	4,859,777	2,434,298	1,786,536	1,558,873
Capital grants and contributions	6,215,414	1,603,851	1,704,275	1,443,445
Total governmental activities program revenues	18,748,981	11,715,559	11,921,771	11,296,627
Business-type activities				
Charges for services				
Municipal Utilities	396,900	396,900	396,900	396,900
Fairbanks Transportation Center	177,831	190,593	176,794	186,385
Total business-type activities program revenues	574,731	587,493	573,694	583,285
Total primary government program revenues	$ 19,323,712	$ 12,303,052	$ 12,495,465	$ 11,879,912

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 33,035,584	$ 20,502,194	$ 22,845,490	$ 24,369,130	$ 34,053,978	$ 22,112,553
15,916,784	15,070,047	15,098,100	19,200,047	21,902,004	21,493,030
10,170,265	10,929,783	11,341,879	11,863,032	12,618,881	12,019,476
616,109	647,864	644,104	631,109	682,825	708,135
-	-	3,284	3,850	2,928	1,988
59,738,742	47,149,888	49,932,857	56,067,168	69,260,616	56,335,182
76,884	76,884	76,884	76,885	76,884	76,884
408,051	504,484	478,617	439,771	441,493	466,297
484,935	581,368	555,501	516,656	518,377	543,181
$ 60,223,677	$ 47,731,256	$ 50,488,358	$ 56,583,824	$ 69,778,993	$ 56,878,363
$ 2,056,572	$ 1,960,693	$ 1,850,140	$ 2,308,878	$ 2,647,552	$ 2,428,422
3,257,034	4,595,756	5,419,947	5,333,221	6,048,440	5,226,247
2,237,168	2,348,134	2,425,775	2,467,816	2,434,204	2,527,899
583,077	1,070,361	997,837	1,027,040	966,431	778,432
17,316,541	3,092,013	4,487,733	1,515,966	1,724,450	2,260,776
20,235,340	1,351,116	10,464,328	4,440,662	7,039,989	7,482,284
45,685,732	14,418,073	25,645,760	17,093,583	20,861,066	20,704,060
396,900	396,900	-	-	-	-
141,431	157,697	209,564	208,425	223,257	209,482
538,331	554,597	209,564	208,425	223,257	209,482
$ 46,224,063	$ 14,972,670	$ 25,855,324	$ 17,302,008	$ 21,084,323	$ 20,913,542

CITY OF FAIRBANKS, ALASKA
Changes in Net Position, Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
NET (EXPENSE) REVENUE	2016	2017	2018	2019
Governmental activities	$ (32,941,233)	$ (35,683,820)	$ (29,713,906)	$ (30,976,467)
Business-type activities	42,288	97,665	84,740	89,206
Total primary government net expense	$ (32,898,945)	$ (35,586,155)	$ (29,629,166)	$ (30,887,261)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities				
Property tax	$ 14,966,473	$ 15,924,815	$ 18,976,356	$ 16,170,339
Hotel motel tax	3,210,422	3,146,023	3,379,900	3,445,847
Alcohol beverage tax	2,293,100	2,275,898	2,273,948	2,333,130
Tobacco tax	930,924	973,944	810,972	878,288
Marijuana tax	32,338	442,821	989,569	1,168,278
Gasoline tax	-	-	-	-
Shared revenue	1,761,295	1,598,425	1,439,637	1,256,663
Investment income	6,949,838	15,762,858	(6,373,803)	20,752,182
Interest income	152,119	219,901	328,163	496,522
Miscellaneous	211,671	348,347	8,761,312	371,417
Transfers - internal activity	(973,625)	396,900	396,900	396,900
Total governmental activities	29,534,555	41,089,932	30,982,954	47,269,566
Business-type activities				
Interest income	21	13	9	23
Special item - gain on sale of capital assets	-	-	-	-
Transfers - internal activity	973,625	(396,900)	(396,900)	(396,900)
Total business-type activities	973,646	(396,887)	(396,891)	(396,877)
Total primary government	$ 30,508,201	$ 40,693,045	$ 30,586,063	$ 46,872,689
CHANGE IN NET POSITION				
Governmental activities	$ (3,406,678)	$ 5,406,112	$ 1,269,048	$ 16,293,099
Business-type activities	1,015,934	(299,222)	(312,151)	(307,671)
Total primary government	$ (2,390,744)	$ 5,106,890	$ 956,897	$ 15,985,428

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ (14,053,010)	$ (32,731,815)	$ (24,287,097)	$ (38,973,584)	$ (48,399,550)	$ (35,631,122)
53,396	(26,771)	(345,937)	(308,231)	(295,120)	(333,699)
$ (13,999,614)	$ (32,758,586)	$ (24,633,034)	$ (39,281,815)	$ (48,694,670)	$ (35,964,821)
$ 15,698,033	$ 16,188,090	$ 17,257,721	$ 18,859,326	$ 18,356,301	$ 19,030,020
1,473,829	3,148,807	4,279,586	4,712,073	5,268,722	5,150,963
2,346,009	2,557,257	2,607,121	2,582,351	2,556,544	2,400,513
850,381	1,008,021	1,185,478	1,066,223	2,385,235	2,238,071
1,440,964	1,576,731	1,592,043	1,574,952	1,605,144	1,534,783
105,973	450,473	546,400	516,510	507,147	460,572
823,208	999,904	1,687,874	1,327,365	1,243,168	1,124,827
14,830,100	18,441,689	(20,759,723)	16,835,774	14,802,026	20,993,827
209,749	134,463	436,794	1,622,141	1,885,774	1,465,439
284,944	224,538	200,803	708,833	533,862	1,023,730
186,900	(3,100)	396,900	396,900	396,900	126,900
38,250,090	44,726,873	9,430,997	50,202,448	49,540,823	55,549,645
17	5	19	956	26	20
-	-	6,066,947	-	-	-
(186,900)	3,100	(396,900)	(396,900)	(396,900)	(126,900)
(186,883)	3,105	5,670,066	(395,944)	(396,874)	(126,880)
$ 38,063,207	$ 44,729,978	$ 15,101,063	$ 49,806,504	$ 49,143,949	$ 55,422,765
$ 24,197,080	$ 11,995,058	$ (14,856,100)	$ 11,228,864	$ 1,141,273	$ 19,918,523
(133,487)	(23,666)	5,324,129	(704,175)	(691,994)	(460,579)
$ 24,063,593	$ 11,971,392	$ (9,531,971)	$ 10,524,689	$ 449,279	$ 19,457,944

CITY OF FAIRBANKS, ALASKA

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	$ 488,807	$ 16,848	$ 2,491	$ 5,612
Committed	250,000	250,000	250,000	250,000
Assigned	3,173,880	351,737	586,285	413,257
Unassigned	8,132,918	11,472,993	11,603,748	10,618,540
Total general fund	$ 12,045,605	$ 12,091,578	$ 12,442,524	$ 11,287,409
All other governmental funds				
Nonspendable				
Special revenue funds	$ -	$ 455,899	$ 475,964	$ 552,120
Restricted				
Permanent funds	119,264,416	130,447,586	118,968,223	134,568,000
Special revenue funds	43,615	8,840	16,431	50,970
Committed				
Capital projects funds	1,027,552	2,185,404	3,883,055	4,563,509
Assigned				
Capital projects funds	5,624,487	5,161,637	7,615,144	10,585,638
Special revenue funds	-	-	-	-
Unassigned	-	(3,606,439)	(590,352)	(254,420)
Total all other governmental funds	$ 125,960,070	$ 134,652,927	$ 130,368,465	$ 150,065,817

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 39,559	$ 7,963	$ 51,827	$ 13,425	$ 7,480	$ 218,137
250,000	250,000	250,000	250,000	250,000	250,000
382,563	272,775	229,747	155,960	274,662	514,393
12,875,819	14,753,830	17,521,835	20,081,862	19,006,855	13,352,665
$ 13,547,941	$ 15,284,568	$ 18,053,409	$ 20,501,247	$ 19,538,997	$ 14,335,195
$ 539,234	$ 542,806	$ 620,565	$ 673,997	$ -	$ -
144,120,958	157,040,679	130,490,349	141,699,850	150,921,657	165,688,411
36,549	36,578	36,621	64,302	31,579	30,455
4,555,589	5,632,240	5,890,111	4,642,137	9,742,422	8,743,901
9,339,896	8,790,763	10,862,652	14,391,920	11,599,059	11,843,322
-	-	-	-	9,324	-
(558,574)	(791,280)	(627,200)	(1,281,019)	(316,977)	(5,156,223)
$ 158,033,652	$ 171,251,786	$ 147,273,098	$ 160,191,187	$ 171,987,064	$ 181,149,866

CITY OF FAIRBANKS, ALASKA

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

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Taxes	$ 21,433,257	$ 22,763,501	$ 26,430,745	$ 23,995,882
Charges for services	4,370,505	5,177,232	5,592,220	5,641,337
Intergovernmental	11,716,015	4,500,295	4,375,410	3,891,884
Licenses and permits	1,984,184	1,585,314	1,874,904	1,586,537
Fines and forfeitures	577,534	475,268	611,956	511,203
Special assessments	12,603	1,996	1,074	1,074
Investment earnings	6,949,838	15,762,858	(6,373,803)	20,752,182
Other revenues	2,879,705	2,547,972	2,049,379	2,429,537
Total revenues	49,923,641	52,814,436	34,561,885	58,809,636
Expenditures				
Current				
General government	14,455,243	15,140,956	12,212,640	12,103,350
Public safety	16,281,037	15,517,064	15,401,766	16,624,086
Public works	8,820,045	10,522,680	8,857,016	8,749,213
Building inspections	700,485	660,598	628,680	570,465
Capital outlay	8,979,480	2,770,881	1,839,794	2,757,345
Debt service - principal	-	-	-	-
Debt service - interest	-	-	-	-
Total expenditures	49,236,290	44,612,179	38,939,896	40,804,459
Other financing sources (uses)				
Transfers in	8,650,261	7,920,824	9,584,946	10,091,643
Transfers out	(8,253,361)	(7,523,924)	(9,188,046)	(9,694,743)
Subscription-based IT arrangements	-	-	-	-
Sale of capital assets	47,886	139,673	47,595	140,160
Total other financing sources (uses)	444,786	536,573	444,495	537,060
Net change in fund balances	$ 1,132,137	$ 8,738,830	$ (3,933,516)	$ 18,542,237
Capitalized expenditures	$ 8,979,480	$ 2,770,881	$ 1,839,794	$ 2,757,345
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 21,915,189	$ 24,929,379	$ 27,468,349	$ 29,311,435	$ 30,679,093	$ 30,814,922
5,666,858	5,981,590	6,081,515	6,481,196	6,474,004	6,660,344
19,921,157	6,355,400	9,085,865	7,860,991	8,996,532	11,353,216
1,695,295	2,311,534	2,259,354	2,402,595	2,339,617	2,118,095
417,141	543,223	554,450	431,266	436,736	405,635
1,074	1,074	-	-	-	-
14,830,100	18,441,689	(20,759,723)	16,835,774	14,802,026	20,993,827
1,892,513	1,520,575	2,201,853	3,564,278	4,062,205	3,786,367
66,339,327	60,084,464	26,891,663	66,887,535	67,790,213	76,132,406
27,030,064	14,667,134	15,817,651	15,155,446	16,427,055	26,000,376
16,095,536	17,332,143	18,374,367	19,106,513	20,661,506	23,142,272
8,820,998	9,765,882	10,221,696	10,716,279	11,152,072	10,536,153
608,256	640,011	636,251	623,256	674,972	700,282
3,848,168	2,766,563	3,709,521	6,452,446	8,737,219	11,938,433
-	-	31,240	30,674	31,596	32,536
-	-	3,284	3,850	2,928	1,988
56,403,022	45,171,733	48,794,010	52,088,464	57,687,348	72,352,040
6,524,888	8,593,632	9,320,378	10,514,793	14,233,669	15,049,258
(6,337,988)	(8,596,732)	(8,923,478)	(10,117,893)	(13,836,769)	(14,922,358)
-	-	162,848	-	-	-
105,162	45,130	132,752	235,181	333,862	51,734
292,062	42,030	692,500	632,081	730,762	178,634
$ 10,228,367	$ 14,954,761	$ (21,209,847)	$ 15,431,152	$ 10,833,627	$ 3,959,000
$ 3,848,168	$ 2,766,563	$ 3,709,521	$ 6,452,446	$ 8,737,219	$ 11,938,433
0.00%	0.00%	0.08%	0.08%	0.07%	0.06%

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
2016	$ 1,166,094,555	$ 1,026,654,352	$ 570,987,753	$ 1,812,879	$ 63,336,156
2017	1,187,381,837	1,051,647,262	576,434,429	1,809,487	71,172,928
2018	1,202,693,726	1,068,148,165	575,743,389	1,796,733	58,525,762
2019	1,197,478,749	1,089,733,430	587,558,257	2,062,650	56,982,094
2020	1,218,987,307	1,076,241,524	612,806,679	2,059,320	60,044,605
2021	1,275,817,028	1,059,217,877	624,845,208	2,055,994	60,458,441
2022	1,460,013,389	1,073,381,541	642,895,648	354,577	62,584,390
2023	1,594,164,404	1,065,295,943	656,806,803	350,005	57,712,800
2024	1,623,737,976	1,073,315,988	662,077,301	350,875	64,144,197
2025	1,670,872,411	1,094,812,419	708,786,069	277,561	56,896,960

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.

Pipeline	Other	Assessed Full Value	Less Tax Exempt Property	Assessed Taxable Value	Total Direct Tax Rate
$ 50,254,990	$ 4,353,675	$ 2,883,494,360	$ 227,161,794	$ 2,656,332,566	5.651
54,943,220	4,359,973	2,947,749,136	235,849,102	2,711,900,034	5.874
59,497,950	4,322,381	2,970,728,106	262,861,194	2,707,866,912	6.979
46,339,740	4,314,427	2,984,469,347	271,681,592	2,712,787,755	5.871
50,021,290	6,411,167	3,026,571,892	281,349,069	2,745,222,823	5.684
44,583,880	6,296,280	3,073,274,708	289,489,961	2,783,784,747	5.761
44,917,640	6,536,653	3,290,683,838	308,775,611	2,981,908,227	5.754
47,869,540	5,804,667	3,428,004,162	376,163,496	3,051,840,666	6.178
54,480,710	5,924,805	3,484,031,852	380,363,548	3,103,668,304	5.914
104,341,140	6,144,777	3,642,131,337	389,565,290	3,252,566,047	5.833

CITY OF FAIRBANKS, ALASKA

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years

	Direct City Rates					Overlapping Rates	
Fiscal Year	Voter Approved Services	Debt Service	Claims & Judgments	Operations	Total Direct	Fairbanks North Star Borough *	Total
2016	0.262		0.489	4.900	5.651	11.418	17.069
2017	0.256		0.718	4.900	5.874	11.913	17.787
2018	0.255		1.824	4.900	6.979	12.850	19.829
2019	0.254		0.717	4.900	5.871	13.892	19.763
2020	0.251		0.533	4.900	5.684	13.891	19.575
2021	0.247		0.614	4.900	5.761	13.799	19.560
2022	0.231		0.623	4.900	5.754	12.290	18.044
2023	0.228		0.631	5.319	6.178	10.441	16.619
2024	0.224		0.790	4.900	5.914	10.599	16.513
2025	0.214		0.625	4.994	5.833	10.620	16.453

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 exceptions, 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	2025 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2016 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Doyon Utilities	$ 340,157,614	1	9.34%	$ 271,213,845	1	9.41%
Fred Meyer Stores	58,604,911	2	1.61%	53,874,305	2	1.87%
Westmark Hotel	37,755,869	3	1.04%	33,251,338	4	1.15%
GCI Cable Fairbanks Inc.	31,556,082	4	0.87%	30,388,248	5	1.05%
Bentley Mall	27,804,445	5	0.76%	27,941,964	6	0.97%
Jillian Square Apartments LLC	27,194,110	6	0.75%	21,387,067	7	0.74%
Costco	26,777,229	7	0.74%			
Sophie Plaza	23,634,398	8	0.65%			
Fairbanks Community Hospital	22,731,938	9	0.62%	19,138,289	10	0.66%
Tanana Valley Clinic	19,547,744	10	0.54%			
Walmart Stores Inc				35,104,827	3	1.22%
Sam's Club (Wal-Mart)				20,851,986	8	0.72%
Safeway				19,612,235	9	0.68%
	$ 615,764,340		16.91%	$ 532,764,104		18.48%

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 2025 was $3,642,131,337 and the total assessed valuation for 2016 was $2,883,494,360.

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
2016	$ 15,010,129	$ 14,631,208	97.48%	$ 377,654	$ 15,008,862	99.99%
2017	15,930,965	15,538,834	97.54%	368,819	15,907,653	99.85%
2018	19,057,396	18,591,632	97.56%	464,472	19,056,104	99.99%
2019	16,067,471	15,588,637	97.02%	420,239	16,008,876	99.64%
2020	15,743,573	15,393,595	97.78%	259,673	15,653,268	99.43%
2021	16,190,835	15,866,631	98.00%	234,200	16,100,831	99.44%
2022	17,339,694	16,800,616	96.89%	306,616	17,107,232	98.66%
2023	18,853,126	16,981,018	90.07%	290,694	17,271,712	91.61%
2024	18,345,971	18,054,611	98.41%	215,109	18,269,720	99.58%
2025	18,978,640	18,657,932	98.31%	N/A	18,657,932	98.31%

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

	Governmental Activities		Business-Type Activities				
Fiscal Year	General Obligation Bonds	Subscription Liability	Alaska Clean Water Loan	Capital Leases	Total	Percentage of Personal Income	Per Capita
2016	$ -	$ -	$ 4,810,305	$ -	$ 4,810,305	0.28%	151
2017	-	-	4,379,941	-	4,379,941	0.26%	137
2018	-	-	3,992,854	-	3,992,854	0.23%	126
2019	-	-	3,605,768	-	3,605,768	0.21%	116
2020	-	-	3,218,682	-	3,218,682	0.17%	102
2021	-	-	2,831,595	-	2,831,595	0.14%	84
2022	-	131,608	3,380,088	-	3,511,696	0.16%	106
2023	-	100,934	2,525,212	-	2,626,146	0.12%	83
2024	-	69,338	2,620,922	-	2,690,260	0.12%	86
2025	-	36,016	2,359,637	-	2,395,653	0.10%	77

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						
Fiscal Year	General Obligation Bonds	Cash With Fiscal Agents	Net General Bonded Debt	Assessed Value	Population	Net Bonded Debt to Assesed Value	Net Debt Per Capita
2016	$ -	$ -	$ -	$ 2,883,494,360	31,957	-	-
2017	-	-	-	2,947,749,136	31,905	-	-
2018	-	-	-	2,970,728,106	31,668	-	-
2019	-	-	-	2,984,469,347	30,955	-	-
2020	-	-	-	3,026,571,892	31,410	-	-
2021	-	-	-	3,073,274,708	33,522	-	-
2022	-	-	-	3,290,683,838	31,843	-	-
2023	-	-	-	3,428,004,162	31,706	-	-
2024	-	-	-	3,484,031,852	31,238	-	-
2025	-	-	-	3,642,131,337	31,068	-	-

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, 2025

Jurisdiction	Net Debt Outstanding	Percentage Applicable to the City of Fairbanks	Amount Applicable to the City of Fairbanks
City of Fairbanks	$ 36,016	100.00%	$ 36,016
Fairbanks North Star Borough	56,855,000	29.30%	16,658,515
			$ 16,694,531

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				
	2016	2017	2018	2019	2020
Debt limit	$ 391,797,187	$398,664,484	$403,804,976	$406,627,735	$408,293,875
Total debt applicable to limit	-	-	-	-	-
Legal debt margin	$ 391,797,187	$ 398,664,484	$ 403,804,976	$ 406,627,735	$ 408,293,875
Total debt applicable to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2021	2022	2023	2024	2025
Debt limit	$ 412,089,766	$425,545,790	$440,876,682	$459,462,242	$470,403,751
Total debt applicable to limit	-	-	-	-	-
Legal debt margin	$ 412,089,766	$ 425,545,790	$ 440,876,682	$ 459,462,242	$ 470,403,751
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 2023	$ 3,051,840,666
Assessed valuation 2024	3,103,668,304
Assessed valuation 2025	3,252,566,047
Total three year assessed valuation	$ 9,408,075,017
Divided by three; average assessed value	$ 3,136,025,006
15% of average assessed value; Debt limit	$ 470,403,751
General obligation bonds outstanding	-
Legal debt margin	$ 470,403,751

Notes:

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

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

Year	Population	Per Capita Personal Income	Personal Income	Unemployment Rate
2016	31,957	$ 54,185	$ 1,731,590,045	5.7%
2017	31,905	53,647	1,711,607,535	6.3%
2018	31,668	54,497	1,725,810,996	6.0%
2019	30,955	56,606	1,752,238,730	5.5%
2020	31,410	59,958	1,883,280,780	6.8%
2021	33,522	62,254	2,086,878,588	5.0%
2022	31,843	65,314	2,079,793,702	3.8%
2023	31,706	67,790	2,149,349,740	3.7%
2024	31,238	69,775	2,179,631,450	4.1%
2025	31,068	75,191	2,336,033,988	4.1%

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

	2025			2016		
Type of Employer	Rank	Annual Average Monthly Employment	Percentage of Total Annual Average Monthly Employment	Rank	Annual Average Monthly Employment	Percentage of Total Annual Average Monthly Employment
Educational & Health Services	1	5,800	14.91%	1	5,400	14.21%
Retail Trade	2	4,800	12.34%	2	5,000	13.16%
State Government	3	4,600	11.83%	3	4,900	12.89%
Leisure & Hospitality	4	4,500	11.57%	4	4,300	11.32%
Federal Government	5	3,200	8.23%	6	3,000	7.89%
Construction	6	2,900	7.46%	5	3,000	7.89%
Transportation/Warehouse/Utilities	7	2,800	7.20%	8	2,200	5.79%
Professional & Business Services	8	2,500	6.43%	7	2,300	6.05%
Local Government	9	2,200	5.66%	4	3,000	7.89%
Other Services	10	1,300	3.34%	9	1,200	3.16%
		34,600	88.95%		34,300	90.26%

Notes:
Data is for the Fairbanks Metropolitan Statistical Area. The total annual average monthly employment as of September 2025 was 38,900 and the amount for 2016 was 38,000.

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

	Full-time Equivalent Employees as of December 31									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function/Program										
General Government										
Mayor	6.0	7.0	7.0	7.0	7.0	7.0	9.0	9.0	10.0	9.0
City attorney	2.5	2.5	2.5	2.5	2.5	2.5	3.0	3.0	2.5	3.0
City clerk	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Finance	8.0	7.0	7.0	6.0	8.0	7.0	7.0	7.0	7.0	6.0
Public Safety										
Police										
Administration	7.0	8.0	7.0	6.0	6.0	7.0	9.0	8.0	14.0	15.0
Investigations	6.0	5.0	6.0	4.0	4.0	2.0	3.0	4.5	3.5	3.0
Patrol	28.0	31.0	31.0	32.0	28.0	30.0	27.0	23.0	19.5	23.0
Dispatch	16.0	14.0	14.5	16.0	18.0	16.0	17.0	13.5	15.5	17.5
Fire										
Administration	4.0	5.0	5.0	5.0	5.0	4.0	4.0	3.0	5.0	6.0
Suppression	37.0	38.0	37.0	40.0	42.0	38.0	42.0	39.0	40.0	54.0
Public Works										
Works	36.0	37.0	37.0	37.0	36.0	36.0	38.0	38.0	37.0	43.0
Engineering	12.0	10.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
FMATS	2.5	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Building Inspections	6.0	6.0	5.0	4.0	5.0	5.0	4.0	4.0	4.0	5.0
Total	182.5	174.0	176.0	171.0	171.5	173.5	166.5	175.0	164.0	197.5

Source: City of Fairbanks, Finance Department.

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

	Fiscal Year			
	2016	2017	2018	2019
Function/Program				
General Government				
Annual final operating budget	$ 36,482,001	$ 36,727,187	$ 35,098,948	$ 36,443,182
Public Safety				
Dispatch				
Number of E-911 calls	37,217	37,363	35,425	36,681
Number of Dispatch Service calls	53,351	57,083	48,562	45,853
Police				
Number of law enforcement calls	24,274	22,553	24,798	23,036
Number of major crimes	1,942	2,055	1,885	2,022
Number of physical arrests	1,269	1,326	1,504	1,502
Number of traffic citations	1,440	1,122	1,643	845
Fire				
Number of fire calls	1,072	5,229	2,338	2,745
Number of emergency medical service calls	3,884	3,396	3,455	3,548
Public Works				
Works				
Refuse collected (tons)	5,299	5,225	5,211	5,309
Patching (tons)	747	1,222	8,203	221
Snow removal (cubic yards)[a]	270,113	646,940	377,685	435,348
Sand (tons spread)[a]	3,071	3,766	527	1,963
Building Inspections				
Number of permits issued	850	899	929	945

Notes:
[a] Amounts are available by season only.

Sources: City of Fairbanks

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 35,230,573	$ 38,882,013	$ 43,023,722	$ 45,447,431	$ 48,467,268	$ 49,002,197
40,065	41,663	34,414	41,938	37,177	37,384
50,196	56,677	53,636	49,472	38,138	38,070
22,207	22,493	20,945	19,778	18,888	18,864
1,998	2,073	2,261	1,842	1,676	1,562
1,538	1,223	1,305	848	687	797
721	632	692	605	487	407
2,320	1,614	1,503	2,989	1,457	1,144
4,253	5,275	5,876	4,380	5,941	6,734
5,513	5,193	5,045	4,916	5,184	5,143
450	496	628	414	376	253
464,676	482,770	655,180	607,524	284,241	342,486
1,661	2,717	3,105	3,321	2,858	3,662
933	899	1,121	1,072	860	775

CITY OF FAIRBANKS, ALASKA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year			
	2016	2017	2018	2019
Function/Program				
General Government				
Administration square footage	65,000	65,000	65,000	65,000
Public Safety				
Police				
Stations	1	1	1	1
Vehicles	67	69	66	61
Fire				
Stations manned	2	2	2	2
Emergency response vehicles	24	24	24	25
Public Works				
Works				
Refuse trucks	11	9	9	9

Sources: City of Fairbanks

Fiscal Year					
2020	2021	2022	2023	2024	2025
65,000	65,000	65,000	65,000	65,000	65,000
1	1	1	1	1	1
63	68	61	59	58	61
2	2	2	2	2	2
25	26	24	25	27	30
12	12	12	14	14	17

SINGLE AUDIT SECTION

Reports on Federal Single Audit Requirements

FEDERAL SINGLE AUDIT

Alliance
CPAs | LLC

Ph: (907) 456.7762
Fax: (907) 452.6184

119 N. Cushman Street, Suite 300
Fairbanks, AK 99701

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairbanks (City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 15, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Alliance CPAs LLC

May 15, 2026
Fairbanks, Alaska

www.AllianceCPAAK.com

Alliance
CPAs | LLC

Ph: (907) 456.7762
Fax: (907) 452.6184
119 N. Cushman Street, Suite 300
Fairbanks, AK 99701

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Fairbanks' (City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2025. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of 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, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Alliance CPAs LLC

May 15, 2026
Fairbanks, Alaska

CITY OF FAIRBANKS, ALASKA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Passed through Programs from:				
North Star Council on Aging				
FY2023 Community Project Funding Grant	14.251	B-23-CP-AK-0016	-	$ 2,000
Total U.S. Department of Housing & Urban Development				**2,000**
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Bureau of Justice Assistance				
FY2022 Edward Byrne Memorial Justice Assistance Grant	16.738		-	2,166
FY2023 Edward Byrne Memorial Justice Assistance Grant	16.738		-	10,684
FY2024 Edward Byrne Memorial Justice Assistance Grant	16.738		-	34,401
Community Oriented Policing Services				
FY2024 Promoting Access to Crisis Teams	16.710		-	29,573
Department of Justice				
Equitable Sharing Program	16.922		-	28,617
Total U.S. Department of Justice				**105,441**
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through Programs from:				
Alaska Department of Transportation and Public Facilities				
Bike Lane Striping and Signing	20.205	NFHWY00835	-	26,265
Systemic Signal Upgrades	20.205	NFHWY00592	-	2,342
Chena River Walk Stage III Segment 1	20.205	NFHWY00280	-	27,307
FAST Improvement Program 6th, 7th, 9th and 10th Avenue	20.205	NFHWY01027	-	72,145
FAST Improvement Program FFY2024-2026	20.205	NFHWY00881	-	178,443
FAST Advanced Project Definition FFY2025-2027	20.205	NFHWY01023	-	24,478
4th and 11th Ave ADA Improvements	20.205	NFHWY00426	-	4,832
Minnie Street Improvements	20.205	NFHWY00509	-	1,090
Morris Thompson & Lavery Transportation Center Enhancements	20.205	NFHWY00922	-	17,648
Cowles Street Reconstruction	20.205	NFHWY00126	-	201,569
Steadman St Improvements	20.205	NFHWY00426	-	28,611
CMAQ Trackless Tractor	20.205	NFHWY00912	-	195,973
Total U.S. Department of Transportation				**$ 780,703**

(continued)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Direct Programs:				
Polaris Building Demolition and Site Remediation	66.202		-	6,565,466
Total U.S. Environmental Protection Agency				**6,565,466**
U.S. DEPARTMENT OF ENERGY				
Direct Programs:				
Energy Efficiency and Conservation Block Grant	81.128		-	66,898
Total U.S. Department of Energy				**66,898**
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Programs from:				
Alaska Division of Homeland Security and Emergency Management				
2023 State and Local Cybersecurity Grant Program	97.137	23SLCGP-GY23	-	66,720
2023 State Homeland Security Program	97.067	23SHSP-GY23	-	85,000
2024 State Homeland Security Program	97.067	24SHSP-GY24	-	58,917
Total U.S. Department of Homeland Security				**210,637**
U.S. EXECUTIVE OFFICE OF THE PRESIDENT				
Passed through Programs from:				
Alaska Department of Public Safety				
Alaska High Intensity Drug Trafficking Area	95.001	HIDTA-004	-	6,078
Total U.S. Executive Office of the President				**6,078**
Grand Total - Federal Financial Assistance				**$ 7,737,222**

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, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal award activity of the City of Fairbanks (City), under programs of the federal government for the year ended December 31, 2025. 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, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCCOUNTING 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 has not elected to use the 15% de-minimis indirect cost rate (April 2024 revision) or 10% de minimis indirect cost rate (October 2023 revision) allowed under the Uniform Guidance.

CITY OF FAIRBANKS, ALASKA
Schedule of Findings and Questioned Costs
Year ended December 31, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_______Yes	___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	Name of Federal Program or Cluster
20.205	Highway Planning & Construction
66.202	Polaris Building Demolition and Site Remediation

Dollar threshold used to distinguish between type A and type B programs:	$1,000,000	
Auditee qualified as low-risk auditee?	___X___Yes	_______No

SECTION II – FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.