

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Assembly  
Municipality of Anchorage, Alaska

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Anchorage, Alaska (the Municipality) as of and for the year ended December 31, 2010, which collectively comprise the Municipality's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police/Fire Retirement System fiduciary funds which represent 50% and 57% of the assets and net assets/fund balance, respectively, of the aggregate remaining fund information. We also did not audit the financial statements of the Alaska Center for the Performing Arts which represents 0.1%, 0.2%, and 0.4% of the assets, net assets, and revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police/Fire Retirement System fiduciary funds and the Alaska Center for the Performing Arts, is based on the report of the other auditors. The prior year summarized comparative information has been derived from the Municipality of Anchorage's 2009 financial statements. Those statements, before they were restated for the matter discussed in Note 3 to the financial statements, were audited by us and, in our report dated June 4, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Police/Fire Retirement System trust funds (part of the aggregate remaining fund information opinion unit), the Alaska Center for the Performing Arts and the Anchorage Community Development Authority (both part of the aggregate discretely presented component units) were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

Honorable Mayor and  
Members of the Assembly  
Municipality of Anchorage, Alaska

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Anchorage, Alaska, as of December 31, 2010, and the respective changes in financial position and the cash flows where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2011 on our consideration of the Municipality of Anchorage's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the required supplementary information including the budgetary comparison schedule – General Fund, the condition rating of Anchorage's road network, and the schedules of funding progress, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The additional supplementary General Fund budgetary schedules, combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
May 25, 2011

## **MUNICIPALITY OF ANCHORAGE MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Municipality of Anchorage (Anchorage), we offer readers of Anchorage's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All monetary amounts are in thousands of dollars, unless otherwise indicated.

### **Financial Highlights**

- The assets of Anchorage exceeded its liabilities at the end of 2010 with reported net assets of \$3,621,477.
- Anchorage's total net assets increased by \$111,264 or approximately 3.2% for 2010. The increase reflects a change in net assets of governmental activities of \$50,654 and a change in business-type activities of \$60,610.
- During the year, the business-type activities generated \$316,980 in revenues (excluding special items), which were offset by expenses and transfers of \$256,370.
- As of December 31, 2010, Anchorage's governmental funds reported a combined ending fund balance of \$299,430, an increase of \$50,844. Of the fund balance, \$176,550 is reserved. The remaining \$122,880 is unreserved, although \$43,465 is designated for bond rating/emergency operations.
- The Capital Projects Roads and Drainage Fund and the MOA Trust Fund did not meet the eligibility criteria as major funds but because of their significance to Anchorage taxpayers they have been included.
- Anchorage has established a formal fund balance designation policy for its general funds. The policy sets forth a bond rating designation equal to 8.25% of general fund revenues. Additionally, the policy sets forth an operating emergency designation for general fund unreserved fund balances of the five major general fund sub groups managed within a range of 2% to 3% of general fund revenues through the annual budget process. Unreserved general fund balance designated through the fund balance designation policy was \$43,465. As of December 31, 2010 and 2009, general fund unreserved fund balance was 10% and 7% of general fund expenditures, respectively.

As of December 31, 2010, one of the five major general fund sub-funds' fund balances was lower than required by the policy and was adjusted back into compliance through the 2011 budgetary process. The Fire Service Area did not meet the emergency reserve designation. The operating emergency designation range was set at 3%.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Anchorage's CAFR. The financial section of the annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for non major governmental funds, non major enterprise funds, internal service funds, and fiduciary funds.

The basic financial statements include two kinds of statements that present different views of Anchorage:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about Anchorage's overall financial status, in a manner similar to a private-sector business.

- The statement of net assets presents information on all of Anchorage's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Anchorage is improving or deteriorating.
- The statement of activities presents information showing how Anchorage's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event gives rise and when the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement on an accrual basis, with related cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Anchorage 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 Anchorage include general government, fire services, police services, health and human services, economic and community development, public transportation, public works, education, maintenance and operations of roads and facilities, and debt service. Governmental activities also include information from CIVICVentures, a blended component unit. The business-type activities of Anchorage include water services, wastewater services, electric generation and distribution, port services, Municipal airport services, solid waste disposal services, and refuse collection services.

The government-wide financial statements include not only Anchorage itself, but also the following discretely presented component units for which Anchorage is financially accountable – the Anchorage School District (ASD), Anchorage Community Development Authority (Authority or ACDA), and the Alaska Center for the Performing Arts (ACPA). Financial information for these discrete component units is reported separately from the financial information presented for the primary government itself. CIVICVentures, although legally separate, functions for all practical purposes as an integral part of the primary government and therefore has been included with the primary government as a blended component unit.

- The remaining statements are fund financial statements that focus on individual parts of the local government, reporting Anchorage's operations in more detail than the government-wide statements. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements.

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

Anchorage maintains twenty-five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the general fund, MOA Trust Fund, and Capital Projects Roads and Drainage Fund. Information from the other twenty-two governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Anchorage adopts an annual appropriated budget for its general fund. The Assembly approves operating budgets and appropriations of direct costs at the department level, and revenues, direct costs and indirect costs at the fund and sub-fund level. In addition to the budgetary comparison schedule by function, two budgetary comparison schedules at the department level and at the fund and sub-fund level for the general fund have been added as additional supplementary information to demonstrate compliance with this budget.

**Proprietary funds** provide the same type of information as the government-wide financial statements, only in more detail. Anchorage maintains two different types of proprietary funds - enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Anchorage uses enterprise funds to account for its water services, wastewater services, electric generation, electric transmission, electric distribution, port services, Municipal airport services, solid waste disposal services, and refuse collection services.

Internal service funds are an accounting device used to accumulate and allocate costs internally among Anchorage's various functions. Anchorage uses internal service funds to account for vehicle operations and maintenance, risk management, self insurance, unemployment compensation, and information technology services. Because these services predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements, with the exception of the portion allocated to enterprise funds.

The proprietary fund financial statements provide separate information for the electric generation/distribution services, water services, wastewater services, and port services, all of which are considered to be major enterprise funds of Anchorage. Information from the other three proprietary enterprise funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary enterprise funds is provided in the form of combining statements elsewhere in this report. All proprietary internal service funds are combined into a single, aggregated presentation. Individual fund data for each of these non major proprietary internal service funds is provided in the form of combining statements elsewhere in this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the government, such as the retirement and retiree medical plans for police and fire employees, in which Anchorage acts solely as a trustee. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Anchorage's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning Anchorage's disclosure of information relating to its paved road infrastructure network (accounted for under the modified approach) and general fund budgetary comparison schedule and schedule of funding status for the Police and Fire Retirement System.

In addition to these required elements, the combining statements referred to earlier in connection with non major governmental, proprietary, and fiduciary funds are presented as additional



supplementary information immediately following the required supplementary information. A summary of selected statistical information is also provided.

## Government-wide Financial Analysis

### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Anchorage's total assets exceeded liabilities by \$3,621,477 and \$3,510,213 at the fiscal years ended December 31, 2010 and 2009 respectively (reference Table A-1).

The net assets for governmental activities were \$2,924,425 and \$2,873,771, with \$58,378 and \$18,194 classified as unrestricted in 2010 and 2009, respectively. The significant portion (92%) of Anchorage's net assets for governmental activities reflects its investment in capital assets such as infrastructure, land, buildings, machinery and equipment, net of the debt on these assets. Anchorage uses capital assets to provide both present and future services to citizens and therefore these assets are not available for future spending. Restricted net assets of \$175,100 and \$165,638 in 2010 and 2009, respectively, result from restrictions imposed legally or externally by creditors, debt covenants or grantors.

**Table A-1**  
**Anchorage's Net Assets**  
(in thousands)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 503,340	\$ 462,028	\$ 536,774	\$ 518,274	\$ 1,040,114	\$ 980,302
Capital assets	3,242,869	3,198,415	1,457,073	1,380,428	4,699,942	4,578,843
Total assets	<u>3,746,209</u>	<u>3,660,443</u>	<u>1,993,847</u>	<u>1,898,702</u>	<u>5,740,056</u>	<u>5,559,145</u>
Long term liabilities	694,275	659,674	649,038	643,714	1,343,313	1,303,388
Other liabilities	127,509	126,998	647,757	618,546	775,266	745,544
Total liabilities	<u>821,784</u>	<u>786,672</u>	<u>1,296,795</u>	<u>1,262,260</u>	<u>2,118,579</u>	<u>2,048,932</u>
Net assets:						
Invested in capital assets, net of related debt	2,690,947	2,689,939	453,328	419,149	3,144,275	3,109,088
Restricted	175,100	165,638	166,915	136,376	342,015	302,014
Unrestricted	58,378	18,194	76,809	80,917	135,187	99,111
Total net assets	<u>\$ 2,924,425</u>	<u>\$ 2,873,771</u>	<u>\$ 697,052</u>	<u>\$ 636,442</u>	<u>\$ 3,621,477</u>	<u>\$ 3,510,213</u>

Current and other assets include \$251,222 and \$207,142 of unrestricted cash and investments held for governmental activities at December 31, 2010 and 2009, respectively. Governmental activities' long-term liabilities increased by \$34,601 or approximately 5.2%. The increase in long-term liabilities was primarily the result of issuance of new debt (\$79,556 general obligation Bonds and \$1,546 Capital Leases) offset by repayment of debt. General obligation bonds represent 70% of the total long-term debt for governmental activities (including CIVICVentures). Revenue bonds (including CIVICVentures) represent 21% of the debt outstanding for governmental activities.

For business-type activities, unrestricted net assets of \$76,809 (11% of total net assets) and \$80,917 (13% of total net assets), may be used to meet the ongoing needs of these organizations at December 31, 2010 and 2009, respectively. This represents a decrease of \$4,108 (5.1%) The primary contributor to the decrease was the decrease in the unrestricted net assets of the Electric

Utility of \$22,116 offset by increases in unrestricted net assets of the Anchorage Water Utility (\$5,624), Anchorage Wastewater Utility (\$2,063) and the Port of Anchorage (\$8,242). The most significant portion of net assets for the business-type activities, \$453,328 (65%) and \$419,149 (66%) as of December 31, 2010 and 2009 respectively, are invested in capital assets which are used to provide customers with services. Net assets invested in capital assets, net of related debt, increased \$34,179 or approximately 8.2% in 2010. Net assets of business-type activities subject to external restrictions were \$166,915 (24%) and \$136,376 (21%) in 2010 and 2009, respectively. External restrictions were related to debt service and construction acquisition requirements.

### **Governmental Activities**

During 2010, Anchorage's net assets increased \$50,654 for governmental activities (reference Table A-2). Highlights of governmental activities' net asset changes are as follows:

- Operating grants and contributions decreased by \$16,743. Included in the decrease is American Recovery and Reinvestment Act (ARRA) grants of \$7.3 million and reduction in the Public Employees' Retirement System (PERS) on behalf payments of \$6.3 million.
- Capital grants were \$41,301 lower in 2010 than in 2009, a 38% decrease. Anchorage received \$31.4 million less from the State for legislative grants in 2010, \$5,000 was received in 2009 for a regional fire training center and no roads were contributed to the municipality from the State in 2010 (\$9,700 contributed in 2009).
- Education expenses increased by \$3,746 in 2010 to \$235,125 from \$231,379 in 2009.
- The total property tax levy for 2010 was \$471,080, an increase from the 2009 property tax levy of \$457,808 (less property tax relief of \$15,019).
- Investment earnings of \$20,839 were \$14,226 less in 2010 than in 2009 (\$35,065). Earnings in 2009 were significantly higher as the market recovered from an unprecedented loss in the latter part of 2008.

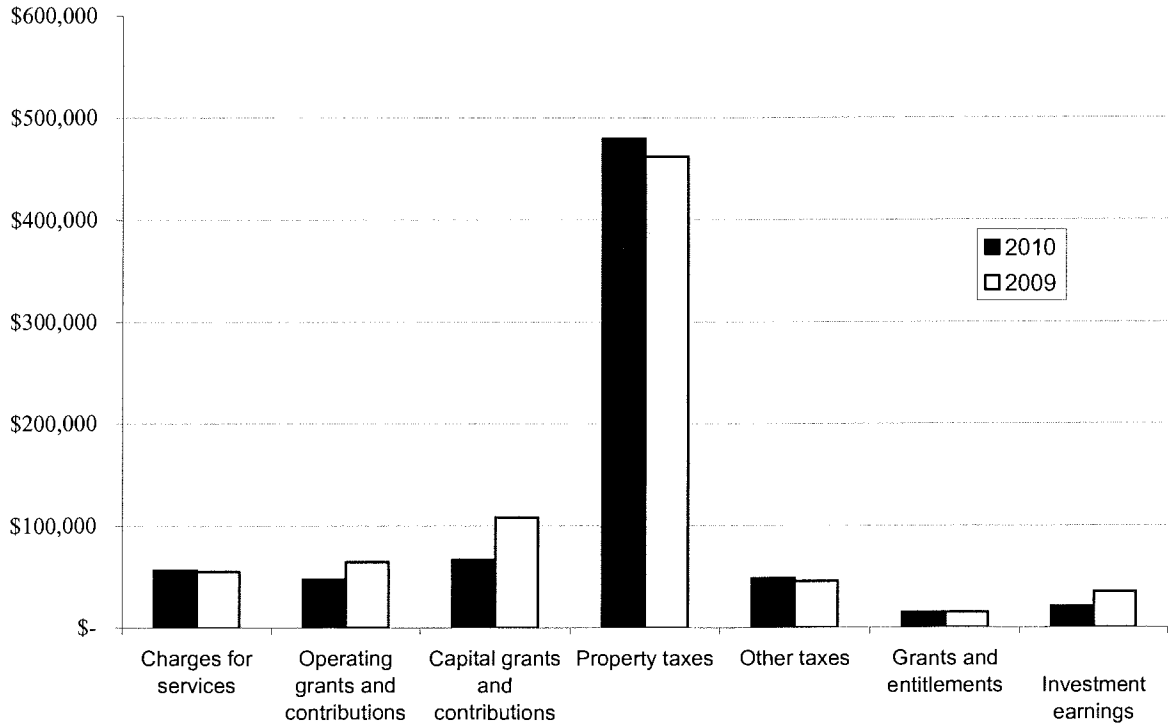
*(This page continued on subsequent page)*

**Table A-2**  
**Anchorage's Changes in Net Assets**  
(in thousands)

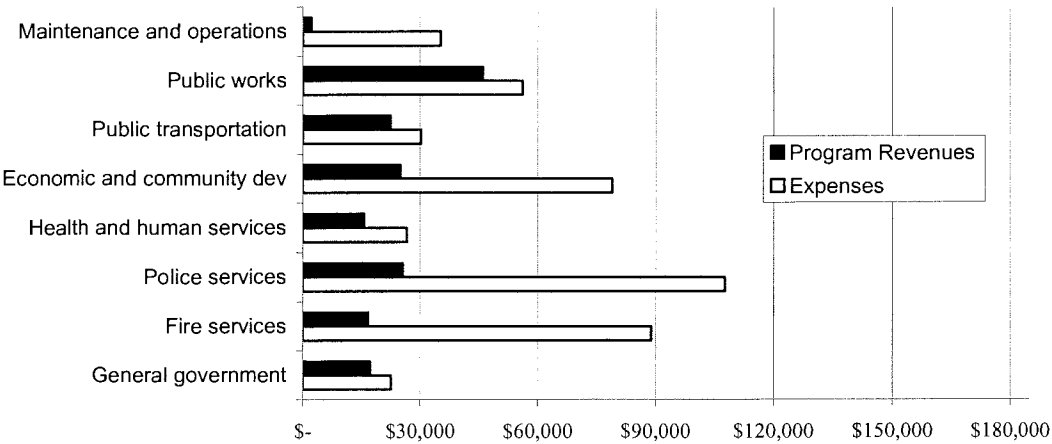
	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 56,750	\$ 55,518	\$ 260,970	\$ 245,176	\$ 317,720	\$ 300,694
Operating grants & contributions	47,877	64,620	109	109	47,986	64,729
Capital grants & contributions	66,986	108,287	47,443	14,582	114,429	122,869
General revenues:						
Property taxes	479,410	461,907	-	-	479,410	461,907
Other taxes	48,737	45,831	-	-	48,737	45,831
Gain on sale of capital assets	-	1,252	-	-	-	1,252
Grants and entitlements not restricted to specific programs	15,053	15,019	-	-	15,053	15,019
Investment earnings	20,839	35,065	8,458	9,288	29,297	44,353
<b>Total revenues</b>	<b>735,652</b>	<b>787,499</b>	<b>316,980</b>	<b>269,155</b>	<b>1,052,632</b>	<b>1,056,654</b>
<b>Expenses:</b>						
General government	22,467	29,050	-	-	22,467	29,050
Fire services	88,837	80,454	-	-	88,837	80,454
Police services	107,678	104,475	-	-	107,678	104,475
Health and human services	26,633	27,082	-	-	26,633	27,082
Economic and community dev.	78,942	82,989	-	-	78,942	82,989
Public transportation	30,241	34,517	-	-	30,241	34,517
Public works	56,127	107,529	-	-	56,127	107,529
Education	235,125	231,379	-	-	235,125	231,379
Maintenance and operations	35,241	33,758	-	-	35,241	33,758
Interest	28,201	29,600	-	-	28,201	29,600
Water	-	-	38,759	38,485	38,759	38,485
Wastewater	-	-	32,916	30,491	32,916	30,491
Electric	-	-	122,332	105,532	122,332	105,532
Port	-	-	10,518	11,233	10,518	11,233
Municipal airport	-	-	3,326	3,279	3,326	3,279
Solid waste	-	-	16,177	16,288	16,177	16,288
Refuse	-	-	8,176	7,821	8,176	7,821
<b>Total expenses</b>	<b>709,492</b>	<b>760,833</b>	<b>232,204</b>	<b>213,129</b>	<b>941,696</b>	<b>973,962</b>
Change in net assets prior to transfers	26,160	26,666	84,776	56,026	110,936	82,692
Transfers	24,494	22,620	(24,166)	(25,745)	328	(3,125)
Change in net assets	50,654	49,286	60,610	30,281	111,264	79,567
Net assets, beginning of year, as restated	2,873,771	2,824,485	636,442	606,161	3,510,213	3,430,646
<b>Net assets, end of year</b>	<b>\$ 2,924,425</b>	<b>\$ 2,873,771</b>	<b>\$ 697,052</b>	<b>\$ 636,442</b>	<b>\$ 3,621,477</b>	<b>\$ 3,510,213</b>



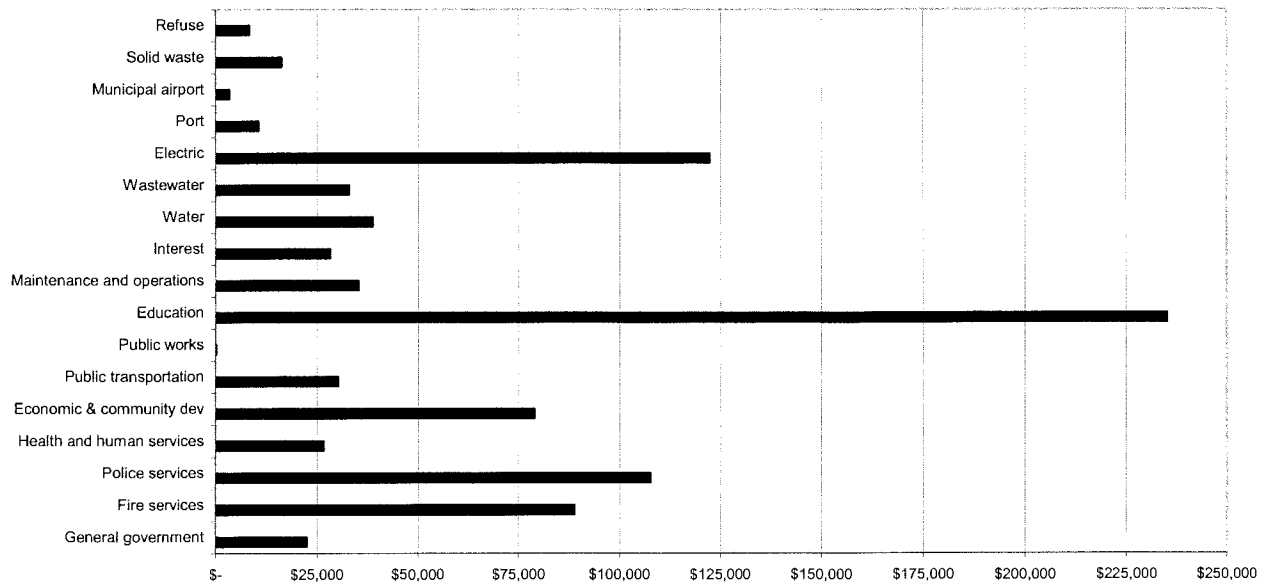
**Figure A-1  
Governmental Activities Revenues by Type**



**Figure A-2  
2010 Program Revenue vs Expense by Governmental Activities**



**Figure A-3  
2010 Expense by Functional Activity**



**Business-type Activities**

Business-type activities increased Anchorage’s net assets by \$60,610 in 2010. Key elements of the change in net assets are as follows:

- Electric Utility change in net assets was \$3,456.
- Change in net assets for Water and Wastewater was \$7,272 and \$748, respectively.
- Capital contributions to the Port were \$40,170, related to the expansion project.

**Financial Analysis of Anchorage’s Funds**

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

**Governmental Funds**

The focus of Anchorage’s governmental funds is to provide information on the short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Anchorage’s financial requirements.

As of December 31, 2010, Anchorage’s governmental funds reported a combined ending fund balance of \$299,430, an increase of \$50,844 in comparison to the prior year. Of the total fund balance, \$176,550 is reserved and not available for additional spending because it has already been committed either to liquidate contracts and purchase orders of the prior period (\$34,846), to meet debt service requirements (\$16,251), to generate income for perpetual care of the municipal cemetery (\$406), to recognize prepaid items, deposits and inventory (\$2,268), to recognize long-term loans to other funds (\$2,500), or is otherwise reserved in the MOA Trust Fund (\$120,279).

Approximately 41% of total fund balance (\$122,880) is classified as unreserved fund balance. Of the unreserved fund balance, \$54,870 is reported in Special Revenue Funds to be used for grant specified projects and \$8,455 is reported in the Capital Projects Funds. The remaining unreserved fund balance of \$59,555 is reported in the General Fund. Of that amount \$43,465 is

designated for bond rating and operating emergencies under Anchorage's Fund Balance Designation Policy.

The General Fund is the primary operational fund for Anchorage. At December 31, 2010 and 2009, respectively, the unreserved fund balance was \$59,555 and \$41,316 while total fund balance was reported at \$63,322 and \$45,197 for 2010 and 2009, respectively. Investment gains of \$2,172 were reported for 2010, which was a decrease of \$857 from the 2009 investment income. The increase in fund balance of \$18,125 can be attributed to the strong fiscal control that resulted in expenditure savings and a disputed personal property tax payment of \$4.6 million from a taxpayer that has been set aside as unreserved, undesignated until an appeal is heard from the State of Alaska court system.

In measuring the General Fund's liquidity, one may compare both the unreserved fund balance and the total fund balance to total expenditures. At December 31, 2010, unreserved fund balance represents 10% of total General Fund expenditures and total fund balance represents 10.6% of the same amount. Unreserved fund balance was 7% of total General Fund expenditures and total fund balance was 7.7% of the same amount at December 31, 2009.

Investment gains in the MOA Trust Fund were \$13,283. This was a decrease of \$10,068 from the prior year gain of \$23,352. 2009 experienced a larger increase in investment gains as the market returned to normal after a sharp decline in the equities markets in 2008.

The Capital Projects Roads and Drainage Fund was included as a major fund for the first time in 2008, as a result of meeting the eligibility criteria for a major fund. Capital outlay in this fund decreased in 2010 by \$13,612 over the prior year. This was due primarily to the construction of Martin Luther King Boulevard in the south end of Anchorage where the majority of work occurred in 2009. Combined, the Capital Projects Roads and Drainage Fund and the other non major governmental funds reported an increase in fund balance of \$25,136 in 2010, with an overall decrease in spending of \$51,527 over 2009.

### **Proprietary Funds**

Anchorage's proprietary funds provide the same type of information found in the government-wide business-type activities financial statements, but in more detail.

- The Electric Utility's net capital assets increased by \$35,278 or 9.2% in 2010, while increasing by \$22,033, or 6.1% in 2009. Several major projects were completed in 2010 including BRU gas wells (\$2.3 million), Substation 15 (\$2.5 million), Unit 5 turbine major overhaul (\$6.4 million), Unit 7 hot gas path inspection (\$5.3 million), and Alaska Power Administration substation modification (\$2.8 million).
- In 2006 the Regulatory Commission of Alaska (RCA) issued Order Number 2 (Order) in Docket U-06-89 concerning the use of the funds received in settlement of the 2005 gas underlift that resulted in recognizing a deferred credit in the amount of \$22,950 to be used for future gas purchases. The Order also agreed with the Electric Utility's proposal to loan the electric fund the gas underlift proceeds to construct a new generating unit with the condition that as the funds are returned, the loan amount plus interest will be restricted for future gas purchases. As of December 31, 2010 the deferred credit account has a balance of \$28,507.
- In 2010, the Electric Utility paid a dividend of \$6,014 to Anchorage based on 2009 revenues confirmed after audit. The dividend consists of a revenue distribution to general government of 5% of the Electric Utility's gross revenues excluding restricted revenues and payment of a gross receipts tax considered supplemental Municipal Utility Service Assessment (MUSA) at 1.25% times actual gross operating revenues (\$1,483). In addition to these MUSA payments, the Electric Utility paid MUSA on its net plant in service (\$3,590).

- The Electric Utility entered into a participation agreement with Chugach Electric Association, Inc. on August 28, 2008 to proceed with the joint development, construction and operation of the Southcentral Power Project (“the Project”). The approximate capacity of the Project is 180MW, of which the Electric Utility’s proportionate share will be 54MW, or 30%. The Electric Utility’s estimated share of the cost of the project at this time is \$110,561, including interest during construction. The Electric Utility has recorded capital expenditures of \$39,882 as of December 31, 2010. The Project is anticipated to enter commercial operation by January 1, 2013.
- The Water Utility’s net capital assets increased by \$18,826 or 4% in 2010 compared with \$30,402 or 7% increase in 2009. The increase is mostly due to additions to transmission and distribution systems (\$31.4 million), pumping plant (\$2 million), water treatment plant upgrades (\$2.1 million), source supply plant (\$2.5 million), and general plant (\$3.1 million).
- The Water Utility’s total net assets increased by \$7,272 or 8.9% during 2010. Expenses increased by \$1,644 with \$847 due to an increased depreciation, increased plant in service and increases in fuel, chemical and utility costs.
- The Wastewater Utility’s net capital assets increased by \$9,915, or 2.8% in 2010 compared with \$40,866 or 13% increase in 2009. The increase is due to asset additions to wastewater plant of \$23.5 million offset by additions of \$11.6 million to accumulated depreciation and a reduction of \$2 million to construction work in progress.
- The Wastewater Utility’s net assets increased \$748 or 1.3% during 2010. Operating and non-operating revenues were up \$655 in 2010, while operating and non-operating expenses increased by \$2,844.
- During 2010, the Port’s total non-current assets increased by \$46,102 due mostly to an increase in advances to MARAD (\$41,140) and increase in capital assets (\$4,962) related to the Port intermodal expansion project.
- The Port has been presented as a major enterprise fund since 2008 because it met the major fund eligibility criteria.
- The Port’s net assets increased by \$41,601 due primarily from capital contributions of \$40,170 for the intermodal expansion project, largely from the State.

### **General Fund Budgetary Highlights**

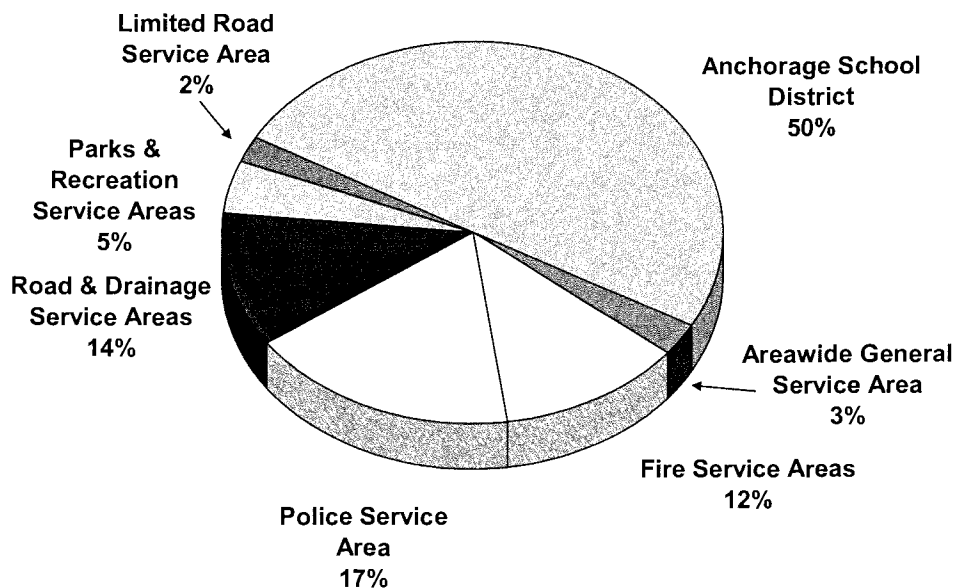
Anchorage adopted its 2010 operating budget in December 2009, which included projected revenue sources to support spending. By April 2010, Anchorage had actual year-end financial data that served as the basis for the first quarter amendment process, which resulted in the 2010 revised budget approved in May. The revised budget served as the basis to calculate the property tax revenue requirements. The property tax levy then was set and taxes were levied for general purposes for all service areas. The Anchorage School District’s annual operating budget for its July 1-June 30 fiscal year also had been approved by this time and its property tax levy also was set based on its revenue requirements.

Throughout the year supplemental appropriations are requested for unanticipated, high priority needs. The following were revisions to the 2010 budget in the five major service areas (Areawide, Fire, Roads and Drainage, Police, Parks and Recreation):

- \$233,854 contribution to Anchorage School District for property taxes collected on their behalf by general government;
- \$109 to Health and Human Services for I/M software;

- \$33 to the Purchasing Department for disposal of surplus municipal property;
- \$516 to the Anchorage Fire Department for a labor settlement;
- \$300 of Police Department revenues to collect delinquent criminal/civil fines and fees;
- \$215 of Retirement Certificate of Participation (COP) debt service fund balance and a contribution from the Anchorage Fire Department for payment of a labor settlement;
- \$620 reappropriation from the Maintenance and Operations Department to the Real Estate Department for the payment of an inter fund loan to Municipal Light and Power;
- \$310 reappropriation from the Maintenance and Operations Department to Anchorage Building and Safety Service Area Fund as a fund balance contribution;
- \$119 of fund balance in the Anchorage Metropolitan Police Service Area for reimbursement of discounted health insurance premiums paid for retirees of the Police/Fire Medical Expense Trust previously paid by Employee Relations Department; and
- \$126 of fund balance in the Areawide fund for reimbursement of discounted health insurance premiums paid for retirees of the Police/Fire Medical Expense Trust previously paid by the Employee Relations Department.

**2010 Property Tax Levy by Service Areas**



## **Capital Asset and Debt Administration**

### **Capital Assets**

At the end of 2010 and 2009, Anchorage had invested \$4,699,942 and \$4,578,844 in a broad range of capital assets, including police and fire equipment, buildings, land, and infrastructure (reference Table A-3). More detailed information about Anchorage's capital assets is presented in Note 6, Capital Assets, in the basic financial statements.

**Table A-3**  
**Municipality of Anchorage's Capital Assets**  
(net of accumulated depreciation, in thousands)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,233,225	\$ 1,226,652	\$ 49,251	\$ 51,146	\$ 1,282,476	\$ 1,277,798
Buildings and building improvements	286,545	269,947	276,184	269,728	562,729	539,675
Art	17,310	17,310	-	-	17,310	17,310
Equipment	60,688	55,792	-	-	60,688	55,792
Distribution and collection systems	-	-	1,025,355	992,422	1,025,355	992,422
Infrastructure	1,586,874	1,519,942	-	-	1,586,874	1,519,942
Construction work-in-progress	58,227	108,773	106,283	67,132	164,510	175,905
<b>Total</b>	<b>\$ 3,242,869</b>	<b>\$ 3,198,416</b>	<b>\$ 1,457,073</b>	<b>\$ 1,380,428</b>	<b>\$ 4,699,942</b>	<b>\$ 4,578,844</b>

In 2010, total governmental activities capital asset additions were \$224,666, with the majority of the additions in construction work-in-progress, buildings and building improvements. Anchorage also purchased and traded land for various projects in 2010.

Significant additions to governmental activities capital assets during 2010 were \$36,058 of building and improvement additions, \$21,490 of equipment, and \$77,291 of infrastructure additions.

Business-type activities capital assets increased by \$243,467 during 2010 primarily due to distribution and collection system additions of \$86,031 and construction work-in-progress additions of \$137,719.

### Long-term Debt

At December 31, 2010 Anchorage had \$1,268,376 in debt outstanding, an increase of 3.2% from 2009 debt outstanding of \$1,229,430 (reference Table A-4). More detailed information about Anchorage's long-term debt liabilities is presented in Note 11, Long-term Obligations, in the basic financial statements.

**Table A-4**  
**Municipality of Anchorage's Outstanding Debt**  
(in thousands)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 487,342	\$ 448,590	\$ -	\$ 504	\$ 487,342	\$ 449,094
Revenue bonds	39,750	42,735	463,892	486,026	503,642	528,761
CIVICVentures revenue bonds	108,625	109,695	-	-	108,625	109,695
Capital leases	3,643	3,144	-	-	3,643	3,144
Long-term contracts	4,745	4,855	158,589	132,017	163,334	136,872
HUD loans	1,790	1,864	-	-	1,790	1,864
<b>Total</b>	<b>\$ 645,895</b>	<b>\$ 610,883</b>	<b>\$ 622,481</b>	<b>\$ 618,547</b>	<b>\$ 1,268,376</b>	<b>\$ 1,229,430</b>

\$79,556 of general obligation bonds and \$1,546 of capital leases were issued in 2010 to fund various governmental activities. \$35,488 of long-term notes were issued to fund capital projects in the business-type activities.

Anchorage's general obligation bonds are rated AA Stable by Standard & Poor's and AA+ by Fitch.

### **Infrastructure Modified Approach**

Anchorage manages its paved road network using its Pavement Management Plan and accounts for it using the modified approach. The condition of road pavement is measured based upon an assessment of the longitudinal profile (International Roughness Index) and rut depth provided by the Dynatest Road Surface Profiler. The measurement system is an algorithm that combines the international roughness index, rut depth, and road profile to determine a condition index from 2 for pavement in excellent condition to 7 for pavement in poor condition. The condition index is used to classify paved roads in good or better condition (4 or less) and fair condition (5 or more). It is Anchorage's policy to maintain 60% or more of the total paved road miles in good or better condition. The most recent condition assessment shows that the condition of Anchorage's paved road network is in accordance with its plan. Condition assessments are updated every three years.

A comparison of estimated to actual maintenance and preservation expense is presented in Required Supplementary Information. During 2010 actual road infrastructure maintenance and preservation expense was 7.5% more than estimated.

A condition assessment was performed in 2008 and indicated approximately 80.18% of total paved roads as being in good or better condition. This assessment result increased slightly from the assessment results of 80.01% received during the 2005 assessment. The current assessment exceeds Anchorage's plan to maintain 60% of total paved roads in good or better condition. The next scheduled assessment is in 2011.

### **Economic Factors and Next Year's Budgets and Rates**

Anchorage's population rose .3% in 2010; and preliminary unemployment data stands at 6.9% which is well below the national average of 9.6%.

The Property Tax Cap allows for both growth (inflation, population, new construction) and other factors such as debt service, operations and maintenance, costs of voter-approved projects, and legal judgments and settlements. In 2011 the property tax levy represents 54% of the General Government Operating Budget revenue. Non-property taxes and program generated revenues accounted for the majority of the remaining revenues (33%); intra-governmental charges outside general government (6%); and Federal and State revenues (4%) which constitutes the balance.

The 2011 revised budget is \$21,787 more than the 2010 revised budget. This includes a \$13.6 million increase in debt service for voter-approved debt service. Property tax revenues required to support the 2011 revised budget increased from \$245.4 million in 2010 to \$247.6 million.

The approved 2011 operating budgets for Anchorage's Utilities total \$259,658; approved capital budgets total \$302,189.

In 2008, the Plan I, II and III investments for the Police & Fire Retirement Pension Trust Fund sustained substantial losses of \$115,668 to its investment portfolios. In 2009, the Police & Fire Retirement Board adopted the actuary's recommendation to recover the underfunding that occurred in 2008. The Retirement Board approved a 15 year amortization period that will require annual contributions from Anchorage of \$12 million beginning in 2010. Plan I, II, and III



investments recovered enough during 2010, that contributions were reduced to \$8.6 million in 2011 and \$6.2 million in 2012.

In 2004, Anchorage adopted a change in the formula used to calculate MUSA where payments are calculated on net plant in service which includes contributed plant. This change treats the Utilities, for MUSA purposes, similar to the private sector and in the manner in which business personal property taxes are calculated. In past years, the Water Utility and Wastewater Utility paid MUSA on the net non-contributed portion of plant in service, but prior to 1989 MUSA was calculated on net plant in service. The change in the formula has been legally challenged as discussed in more detail in the basic notes to the financial statements.

On September 2, 2005, the RCA issued an order establishing a revenue requirement for the Water's and Wastewater's Utility rates that excluded MUSA expense associated with the contributed portion of the Utilities' plant balances. The Utilities filed an appeal with the Alaska Superior Court in 2005 where the Superior Court upheld the Commission's order. The Superior Court decision was appealed to the State of Alaska Supreme Court. On September 4, 2009, the Supreme Court issued a unanimous decision finding no reasonable basis for the 2005 exclusion of MUSA from the Utilities' revenue requirement. The Court remanded the case to the RCA for further proceedings. The Utilities' submitted written direct testimony in the remand proceeding on December 18, 2009. The remand proceeding concluded following additional written testimony from the Regulatory Affairs and Public Advocacy section of the Alaska Department of Law (RAPA) and the Utilities' and a public hearing was held July 21 through July 27 2010. A final decision on the MUSA matter was originally due from the RCA by October 25, 2010, but has been extended to June 23, 2011. Revenue collected subject to refunds approximated \$21.5 million and \$15.3 million through December 31, 2010 for Water and Wastewater, respectively, with approximately \$3.3 million and \$2.3 million associated with revenues collected in 2010. Anchorage is unable to determine the likely outcome of this case, and therefore has not recorded a liability for funds payable.

For more information on current rate cases, see the notes to the financial statements.

### **Contacting Anchorage's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Anchorage's finances and to demonstrate our accountability for the monies we receive. If you have questions about this report or need additional financial information, please contact the Municipality of Anchorage, Controller Division, 632 W. 6<sup>th</sup> Avenue, P.O. Box 196650, Anchorage, AK 99519-6650.

This page intentionally left blank.

MUNICIPALITY OF ANCHORAGE, ALASKA

Statement of Net Assets

December 31, 2010

(With summarized financial information at December 31, 2009)

Assets	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Anchorage School District
<b>Current assets:</b>				
Cash	\$ 112,151	\$ 5,425	\$ 117,576	\$ —
Cash in central treasury	218,266,373	87,611,622	305,877,995	—
Master lease agreement	916,526	—	916,526	—
Investments	30,892,756	—	30,892,756	167,307,793
Accrued interest on investments	1,034,215	1,415,915	2,450,130	—
Interest receivable	—	299,236	299,236	67,161
Receivables (net of allowance for uncollectibles)	24,702,441	23,017,780	47,720,221	28,430,664
Due from primary government	—	—	—	117,379,986
Due from component unit	187,800	—	187,800	—
Internal balances	(2,048,097)	2,048,097	—	—
Inventories	1,431,828	29,100,774	30,532,602	2,917,897
Prepaid items and deposits	1,676,556	56,447	1,733,003	9,700,620
Deferred charges	—	173,009	173,009	6,027,761
<b>Restricted assets:</b>				
Investments	137,930,073	—	137,930,073	—
Investments in TCH, LLC	378,783	—	378,783	—
Investment, art collection	—	—	—	—
Customer deposits	—	1,162,641	1,162,641	—
Interim rate escrow investments	—	6,124,010	6,124,010	—
Restricted deposits	—	87,526,715	87,526,715	—
Bond acquisition and construction	—	91,160,230	91,160,230	—
Bond operation and maintenance	—	9,400,000	9,400,000	—
Debt service accounts	—	7,667,207	7,667,207	—
Landfill post closure cash reserve	—	4,597,159	4,597,159	—
Mitigation reserve investment	—	—	—	—
Interest receivable	829,416	—	829,416	—
Receivables	—	—	—	—
Intergovernmental receivables	33,776,097	1,681,481	35,457,578	—
<b>Total current assets</b>	<b>450,086,918</b>	<b>353,047,748</b>	<b>803,134,666</b>	<b>331,831,882</b>
<b>Noncurrent assets:</b>				
Deferred charges and other assets	4,342,765	10,527,261	14,870,026	—
Internal balances	565,160	(565,160)	—	—
Loans and leases receivable, net	47,553,798	5,702	47,559,500	—
Net OPEB	791,259	—	791,259	—
<b>Restricted assets:</b>				
Customer deposits	—	565,562	565,562	—
Advances to MARAD	—	139,939,619	139,939,619	—
Revenue bond reserve investments	—	33,252,652	33,252,652	—
Capital assets, not being depreciated	2,683,172,415	155,534,886	2,838,707,301	66,618,285
Capital assets, being depreciated, net	559,696,547	1,301,538,463	1,861,235,010	1,162,912,616
<b>Total noncurrent assets</b>	<b>3,296,121,944</b>	<b>1,640,798,985</b>	<b>4,936,920,929</b>	<b>1,229,530,901</b>
<b>Total assets</b>	<b>\$ 3,746,208,862</b>	<b>\$ 1,993,846,733</b>	<b>\$ 5,740,055,595</b>	<b>\$ 1,561,362,783</b>
<b>Liabilities and Net Assets</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 16,760,210	\$ 16,483,571	\$ 33,243,781	\$ 7,555,797
Accrued interest payable	9,053,880	4,203,303	13,257,183	11,429,961
Accrued payroll liabilities	11,218,839	3,014,180	14,233,019	13,402,366
Current portion of long-term obligations	67,126,971	38,120,429	105,247,400	70,726,292
Notes payable	—	40,000,000	40,000,000	—
Due to primary government	—	—	—	—
Due to component unit	78,468,444	—	78,468,444	—
Deferred revenue and deposits	10,648,289	99,071	10,747,360	118,062,930
Liabilities payable from restricted assets	1,101,167	9,411,336	10,512,503	—
<b>Total current liabilities</b>	<b>194,377,800</b>	<b>111,331,890</b>	<b>305,709,690</b>	<b>221,177,346</b>
<b>Noncurrent liabilities:</b>				
Liabilities payable from restricted assets	—	565,562	565,562	—
Deferred credits	258,288	573,980,475	574,238,763	—
Noncurrent portion of long-term obligations	627,148,035	610,917,118	1,238,065,153	726,009,000
<b>Total noncurrent liabilities</b>	<b>627,406,323</b>	<b>1,185,463,155</b>	<b>1,812,869,478</b>	<b>726,009,000</b>
<b>Total liabilities</b>	<b>821,784,123</b>	<b>1,296,795,045</b>	<b>2,118,579,168</b>	<b>947,186,346</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	2,690,946,874	453,327,512	3,144,274,386	488,771,145
<b>Restricted for:</b>				
Debt service	7,199,432	39,582,987	46,782,419	2,051,689
Interim rate escrow requirement	—	6,124,010	6,124,010	—
Maintenance and operations	—	—	—	—
Acquisition and construction	1,544,769	121,207,730	122,752,499	4,886,817
Convention center operating reserve	6,225,378	—	6,225,378	—
Police and fire retiree medical liability	30,540,154	—	30,540,154	—
Grant activity	7,204,727	—	7,204,727	—
Heritage land bank	1,699,849	—	1,699,849	—
<b>Perpetual care:</b>				
Nonexpendable	406,351	—	406,351	—
<b>MOA trust:</b>				
Nonexpendable	120,279,315	—	120,279,315	—
Endowment	—	—	—	—
Unrestricted	58,377,890	76,809,449	135,187,339	118,466,786
<b>Total net assets</b>	<b>2,924,424,739</b>	<b>697,051,688</b>	<b>3,621,476,427</b>	<b>614,176,437</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,746,208,862</b>	<b>\$ 1,993,846,733</b>	<b>\$ 5,740,055,595</b>	<b>\$ 1,561,362,783</b>

See accompanying notes to basic financial statements.

Component Units (Continued)		Total Reporting Entity	
Anchorage Community Development Authority	Alaska Center for the Performing Arts	December 31, 2010	As Restated December 31, 2009
\$ 3,899,551	\$ 1,230,926	\$ 5,248,053	\$ 4,405,880
—	—	305,877,995	262,875,562
—	—	916,526	759,080
—	—	198,200,549	217,434,242
—	—	2,450,130	1,591,773
—	—	366,397	766,820
25,647	14,054	76,190,586	74,192,930
259,437	—	117,639,423	116,700,438
—	—	187,800	256,744
—	—	—	—
—	—	33,450,499	28,868,673
60,570	65,950	11,560,143	12,493,399
—	—	6,200,770	6,592,952
—	—	137,930,073	130,931,735
—	—	378,783	412,252
—	127,042	127,042	127,042
—	—	1,162,641	1,164,559
—	—	6,124,010	4,204,515
32,219	599,197	88,158,131	75,506,658
—	—	91,160,230	102,571,731
—	—	9,400,000	8,600,000
—	—	7,667,207	7,771,476
—	—	4,597,159	2,920,700
—	—	—	5,126,356
—	—	829,416	902,706
—	—	—	759,879
—	—	35,457,578	64,661,446
<u>4,277,424</u>	<u>2,037,169</u>	<u>1,141,281,141</u>	<u>1,132,599,548</u>
9,726,465	—	24,596,491	25,077,255
—	—	—	—
—	—	47,559,500	50,825,478
—	—	791,259	1,076,661
—	—	565,562	880,664
—	—	139,939,619	98,800,001
—	—	33,252,652	33,067,682
11,176,625	—	2,916,502,211	2,944,952,241
15,022,278	—	3,039,169,904	2,877,329,865
<u>35,925,368</u>	<u>—</u>	<u>6,202,377,198</u>	<u>6,032,009,847</u>
<u>\$ 40,202,792</u>	<u>\$ 2,037,169</u>	<u>\$ 7,343,658,339</u>	<u>\$ 7,164,609,395</u>
\$ 733,445	\$ 296,217	\$ 41,829,240	\$ 44,498,849
—	—	24,687,144	23,784,405
—	—	27,635,385	25,461,701
—	—	175,973,692	165,224,599
—	—	40,000,000	40,000,000
42,757	143,475	186,232	239,217
—	—	78,468,444	77,663,030
638,442	405,596	129,854,328	129,467,403
—	72,371	10,584,874	5,273,912
<u>1,414,644</u>	<u>917,659</u>	<u>529,219,339</u>	<u>511,613,116</u>
—	—	565,562	880,664
—	—	574,238,763	550,523,390
2,762,118	—	1,966,836,271	1,960,808,937
<u>2,762,118</u>	<u>—</u>	<u>2,541,640,596</u>	<u>2,512,212,991</u>
<u>4,176,762</u>	<u>917,659</u>	<u>3,070,859,935</u>	<u>3,023,826,107</u>
26,198,903	—	3,659,244,434	3,613,988,985
—	—	48,834,108	49,785,039
—	—	6,124,010	4,204,515
—	599,197	599,197	666,416
—	—	127,639,316	94,909,438
—	—	6,225,378	5,564,732
—	—	30,540,154	28,013,132
—	—	7,204,727	7,496,344
—	—	1,699,849	1,005,448
—	—	406,351	384,555
—	—	120,279,315	112,696,152
—	60,739	60,739	60,791
9,827,127	459,574	263,940,826	222,007,741
<u>36,026,030</u>	<u>1,119,510</u>	<u>4,272,798,404</u>	<u>4,140,783,288</u>
<u>\$ 40,202,792</u>	<u>\$ 2,037,169</u>	<u>\$ 7,343,658,339</u>	<u>\$ 7,164,609,395</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Statement of Activities

Year ended December 31, 2010

(With summarized financial information for the year ended December 31, 2009)

Functions/Programs	Expenses	Program Revenues			Net (Expense), Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 22,466,640	\$ 7,656,683	\$ 2,843,565	\$ 6,630,523	\$ (5,335,869)
Fire services	88,837,324	7,494,561	2,961,701	6,176,896	(72,204,166)
Police services	107,677,900	18,521,825	7,085,999	8,300	(82,061,776)
Health and human services	26,632,684	3,680,732	11,913,497	2,902	(11,035,553)
Economic & community development	78,941,612	5,875,611	13,766,023	5,298,328	(54,001,650)
Public transportation	30,240,829	4,659,923	2,800,282	14,880,680	(7,899,944)
Public works	56,127,232	8,669,482	5,187,746	32,067,302	(10,202,702)
Education	235,125,354	—	110,922	1,160,655	(233,853,777)
Maintenance and operations of roads and facilities	35,241,475	191,534	1,206,882	760,701	(33,082,358)
Interest on long-term debt	28,201,071	—	—	—	(28,201,071)
Total governmental activities	709,492,121	56,750,351	47,876,617	66,986,287	(537,878,866)
Business-type activities:					
Water	38,759,459	51,056,732	—	—	—
Wastewater	32,916,342	37,994,692	—	—	—
Electric	122,331,031	131,520,920	—	—	—
Port	10,518,074	11,452,966	—	40,170,090	—
Municipal Airport	3,325,730	1,227,073	108,584	7,272,716	—
Solid Waste	16,177,197	18,974,151	—	—	—
Refuse	8,176,402	8,744,034	—	—	—
Total business-type activities	232,204,235	260,970,568	108,584	47,442,806	—
Total primary government	\$ 941,696,356	\$ 317,720,919	\$ 47,985,201	\$ 114,429,093	\$ (537,878,866)
Component Units:					
Anchorage School District	\$ 754,060,838	\$ 6,756,203	\$ 167,633,175	\$ 47,466,227	
Anchorage Community Development Authority	7,969,542	7,796,379	—	117,408	
Alaska Center for the Performing Arts	2,799,477	2,343,744	326,802	—	
Total Component Units	\$ 764,829,857	\$ 16,896,326	\$ 167,959,977	\$ 47,583,635	
General revenues:					
Property taxes					479,409,921
Motor vehicle taxes					9,512,490
Hotel and motel taxes					19,604,118
Tobacco taxes					17,334,746
Assessments in lieu of taxes					2,284,762
Grants and entitlements not restricted to specific programs					15,053,452
Appropriation from Municipality of Anchorage					—
Investment income					20,838,767
Gain on sale of capital assets					—
Other					—
Transfers from (to) other funds					24,494,428
Special item:					—
NPO/OPEB write-off					—
Total general revenues, transfers, and special item					588,532,684
Change in net assets					50,653,818
Net assets, beginning of year, as restated					2,873,770,921
Net assets, end of year					\$ 2,924,424,739

See accompanying notes to basic financial statements.

Net (Expense),  
Revenue and Changes in Net Assets  
(Continued)

Primary Government		Component Units			Total Reporting Entity	
Business-Type Activities	Total	Anchorage School District	Anchorage Community Development Authority	Alaska Center for the Performing Arts	2010	As Restated 2009
\$ —	\$ (5,335,869)	\$ —	\$ —	\$ —	\$ (5,335,869)	\$ (11,514,192)
—	(72,204,166)	—	—	—	(72,204,166)	(56,078,106)
—	(82,061,776)	—	—	—	(82,061,776)	(77,613,696)
—	(11,035,553)	—	—	—	(11,035,553)	(10,644,200)
—	(54,001,650)	—	—	—	(54,001,650)	(57,632,723)
—	(7,899,944)	—	—	—	(7,899,944)	(17,788,133)
—	(10,202,702)	—	—	—	(10,202,702)	(18,787,150)
—	(233,853,777)	—	—	—	(233,853,777)	(225,459,645)
—	(33,082,358)	—	—	—	(33,082,358)	(27,289,051)
—	(28,201,071)	—	—	—	(28,201,071)	(29,600,473)
—	(537,878,866)	—	—	—	(537,878,866)	(532,407,369)
12,297,273	12,297,273	—	—	—	12,297,273	9,763,941
5,078,350	5,078,350	—	—	—	5,078,350	6,527,877
9,189,889	9,189,889	—	—	—	9,189,889	14,477,686
41,104,982	41,104,982	—	—	—	41,104,982	10,123,090
5,282,643	5,282,643	—	—	—	5,282,643	2,559,969
2,796,954	2,796,954	—	—	—	2,796,954	2,681,143
567,632	567,632	—	—	—	567,632	699,128
76,317,723	76,317,723	—	—	—	76,317,723	46,832,834
<u>\$ 76,317,723</u>	<u>\$ (461,561,143)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (461,561,143)</u>	<u>\$ (485,574,535)</u>
		\$ (532,205,233)	\$ —	\$ —	\$ (532,205,233)	\$ (496,550,548)
		—	(55,755)	—	(55,755)	(90,247)
		—	—	(128,931)	(128,931)	27,811
		<u>\$ (532,205,233)</u>	<u>\$ (55,755)</u>	<u>\$ (128,931)</u>	<u>\$ (532,389,919)</u>	<u>\$ (496,612,984)</u>
—	479,409,921	—	—	—	479,409,921	461,906,542
—	9,512,490	—	—	—	9,512,490	9,078,006
—	19,604,118	—	—	—	19,604,118	17,846,829
—	17,334,746	—	—	—	17,334,746	16,581,627
—	2,284,762	—	—	—	2,284,762	2,324,750
—	15,053,452	313,436,541	—	—	328,489,993	312,085,939
—	—	232,947,582	—	—	232,947,582	217,971,708
8,457,540	29,296,307	5,552,323	7,183	78,831	34,934,644	47,595,782
—	—	—	—	—	—	1,120,549
—	—	1,119,024	—	—	1,119,024	1,830,426
(24,165,530)	328,898	—	—	—	328,898	(3,125,000)
—	—	—	—	—	—	17,582,137
(15,707,990)	572,824,694	553,055,470	7,183	78,831	1,125,966,178	1,102,799,295
60,609,733	111,263,551	20,850,237	(48,572)	(50,100)	132,015,116	120,611,776
636,441,955	3,510,212,876	593,326,200	36,074,602	1,169,610	4,140,783,288	4,020,171,512
<u>\$ 697,051,688</u>	<u>\$ 3,621,476,427</u>	<u>\$ 614,176,437</u>	<u>\$ 36,026,030</u>	<u>\$ 1,119,510</u>	<u>\$ 4,272,798,404</u>	<u>\$ 4,140,783,288</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Balance Sheet  
Governmental Funds

December 31, 2010

(With summarized financial information at December 31, 2009)

Assets						Total Governmental Funds	
	General	MOA Trust	Capital Projects Roads & Drainage	Other Governmental Funds	December 31, 2010	December 31, 2009	
Cash	\$ 14,268	\$ —	\$ —	\$ 97,883	\$ 112,151	\$ 31,284	
Cash in central treasury	138,140,944	8,021	8,486,977	44,214,837	190,850,779	144,214,606	
Master lease agreement escrow	241,287	—	—	—	241,287	—	
Investments	—	—	—	30,892,756	30,892,756	28,479,074	
Accrued interest on investments	1,032,462	—	—	1,753	1,034,215	611,063	
Due from other funds	5,074,969	—	—	6,722,351	11,797,320	5,757,353	
Receivables (net of allowance for uncollectibles)	21,542,963	—	—	1,717,419	23,260,382	23,036,558	
Interest receivable	—	—	—	—	—	267	
Special assessments receivable	1,070,989	—	—	174,219	1,245,208	1,082,692	
Due from component units	29,879	—	—	157,921	187,800	256,744	
Inventories	1,076,253	—	—	—	1,076,253	1,031,989	
Prepaid items and deposits	190,474	—	—	1,000,000	1,190,474	1,132,843	
Advances to other funds	1,510,984	—	—	—	1,510,984	1,911,354	
Restricted assets:							
Investments	—	120,315,780	—	13,799,554	134,115,334	126,937,105	
Investments in TCH, LLC	—	—	—	378,783	378,783	412,252	
Intergovernmental receivables	1,153,196	—	13,384,863	19,238,038	33,776,097	64,632,721	
Accrued Investments	—	15,260	—	—	15,260	21,236	
Loans receivable, net	39,750,000	—	—	7,803,798	47,553,798	50,813,369	
<b>Total assets</b>	<b>\$ 210,828,668</b>	<b>\$ 120,339,061</b>	<b>\$ 21,871,840</b>	<b>\$ 126,199,312</b>	<b>\$ 479,238,881</b>	<b>\$ 450,362,510</b>	
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable and retainages	\$ 5,758,037	\$ 59,746	\$ 3,954,705	\$ 6,250,681	\$ 16,023,169	\$ 17,731,290	
Accrued payroll liabilities	10,172,918	—	—	516,443	10,689,361	10,446,025	
Due to other funds	—	—	33,149	9,129,860	9,163,009	23,012,059	
Due to component unit	78,468,444	—	—	—	78,468,444	77,663,030	
Deferred revenue and deposits	53,107,378	—	98,218	10,235,729	63,441,325	67,324,774	
Advances from other funds	—	—	512,883	1,510,984	2,023,867	5,599,791	
<b>Total liabilities</b>	<b>147,506,777</b>	<b>59,746</b>	<b>4,598,955</b>	<b>27,643,697</b>	<b>179,809,175</b>	<b>201,776,969</b>	
<b>Fund balances:</b>							
<b>Reserved:</b>							
Encumbrances	—	—	21,962,418	12,883,880	34,846,298	52,271,902	
Inventories	1,076,253	—	—	—	1,076,253	1,031,989	
Prepaid items and deposits	190,474	—	—	1,000,000	1,190,474	1,132,843	
Long-term loans	2,500,112	—	—	—	2,500,112	2,837,070	
Perpetual care	—	—	—	406,351	406,351	384,555	
MOA trust	—	120,279,315	—	—	120,279,315	112,696,152	
Debt service	—	—	—	16,250,773	16,250,773	16,259,350	
<b>Unreserved, designated:</b>							
Bond rating and operating emergencies reported in General Fund	43,464,820	—	—	—	43,464,820	33,059,151	
Special revenue funds	—	—	—	54,124,076	54,124,076	43,181,202	
Capital projects funds	—	—	4,048,821	12,550,023	16,598,844	8,132,507	
<b>Unreserved, undesignated, reported in:</b>							
General fund	16,090,232	—	—	—	16,090,232	8,256,412	
Special revenue funds	—	—	—	745,660	745,660	554,232	
Capital projects funds	—	—	(8,738,354)	594,852	(8,143,502)	(31,211,824)	
<b>Total fund balances</b>	<b>63,321,891</b>	<b>120,279,315</b>	<b>17,272,885</b>	<b>98,555,615</b>	<b>299,429,706</b>	<b>248,585,541</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 210,828,668</b>	<b>\$ 120,339,061</b>	<b>\$ 21,871,840</b>	<b>\$ 126,199,312</b>	<b>\$ 479,238,881</b>	<b>\$ 450,362,510</b>	

See accompanying notes to basic financial statements.



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Reconciliation of Net Assets Between the  
 Government-wide and Fund Financial Statements  
 December 31, 2010

Amounts reported as fund balances on the governmental fund balance sheet		\$ 299,429,706
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,242,868,962
Police and fire OPEB actuarial calculations reported overpayments for the current fiscal year:		
Police and fire postemployment healthcare benefit asset		791,259
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Jail lease receivable, net activity	\$ 40,564,156	
Property taxes	9,908,346	
HUD 108 receivable	1,881,181	
Long term loan receivable, net activity	1,253,509	
Deferred charges	<u>4,342,765</u>	
		57,949,957
Internal service funds are used by management to charge the costs of fleet management, cost of insurance, and information technology to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets:		
Total internal service equity related to governmental activities	28,341,128	
Net of amounts included in:		
Capital assets, net of depreciation	(29,278,008)	
Compensated absences	<u>965,611</u>	
		28,731
Long term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation bonds	(487,341,761)	
Revenue bonds	(39,750,000)	
Master lease agreement	(584,481)	
Pollution remediation	(4,039,943)	
Notes and contracts	(6,935,318)	
CIVICVentures revenue bonds	(108,625,000)	
Compensated absences	(20,334,819)	
Accrued interest payable	<u>(9,032,554)</u>	
		<u>(676,643,876)</u>
Net assets of governmental activities		<u>\$ 2,924,424,739</u>

See accompanying notes to basic financial statements.

MUNICIPALITY OF ANCHORAGE, ALASKA

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds

Year ended December 31, 2010

(With summarized financial information for the year ended December 31, 2009)

	General	MOA Trust	Capital Projects Roads & Drainage	Other Governmental Funds	Total Governmental Funds	
					2010	2009
Revenues:						
Taxes	\$ 514,094,973	\$ —	\$ —	\$ 11,377,359	\$ 525,472,332	\$ 504,375,926
Assessments in lieu of taxes	2,284,762	—	—	—	2,284,762	2,324,750
Special assessments	652,751	—	—	907,050	1,559,801	1,080,120
Licenses and permits	9,727,381	—	—	—	9,727,381	11,137,072
Intergovernmental	28,166,808	—	25,455,683	67,942,898	121,565,389	172,943,841
Charges for services	27,846,781	—	11,288	7,293,537	35,151,606	31,898,045
Fines and forfeitures	7,469,147	—	—	292,527	7,761,674	8,372,541
Investment income	2,172,131	13,283,430	134,960	4,333,024	19,923,545	33,133,010
Restricted contributions	1,214,575	—	—	638,078	1,852,653	746,194
Other	2,981,568	—	76,903	2,037,441	5,095,912	5,140,839
Total revenues	596,610,877	13,283,430	25,678,834	94,821,914	730,395,055	771,152,338
Expenditures:						
Current:						
General government	17,717,605	600,267	—	(386,327)	17,931,545	21,529,868
Fire services	81,151,694	—	—	2,518,797	83,670,491	76,265,286
Police services	97,540,955	—	—	5,385,816	102,926,771	99,974,274
Health and human services	13,194,025	—	—	11,950,544	25,144,569	26,589,623
Economic and community development	44,240,847	—	—	19,386,845	63,627,692	62,988,984
Public transportation	19,659,833	—	—	1,896,287	21,556,120	22,220,628
Public works	18,706,994	—	—	2,227,447	20,934,441	22,822,998
Education	233,853,777	—	—	1,271,577	235,125,354	231,378,123
Maintenance and operations of roads and facilities	34,338,144	—	—	146,066	34,484,210	32,752,300
Debt service:						
Principal	16,408,950	—	—	4,239,000	20,647,950	30,823,332
Interest	20,189,951	—	—	7,391,120	27,581,071	28,686,622
Bond issuance costs	120,959	—	296,964	79,581	497,504	—
Capital outlay	—	—	65,543,520	40,151,400	105,694,920	145,213,610
Total expenditures	597,123,734	600,267	65,840,484	96,258,153	759,822,638	801,245,648
Excess (deficiency) of revenues over expenditures	(512,857)	12,683,163	(40,161,650)	(1,436,239)	(29,427,583)	(30,093,310)
Other financing sources (uses):						
Transfers from other funds	29,768,429	—	3,316,948	14,597,682	47,683,059	56,159,016
Transfers to other funds	(11,858,178)	(5,100,000)	(6,106)	(6,560,897)	(23,525,181)	(33,433,469)
General obligation bonds issued	—	—	43,265,588	11,594,412	54,860,000	—
Refunding bonds issued	23,750,000	—	—	—	23,750,000	—
Premium on bond sale	421,682	—	413,482	110,804	945,968	—
Payment to refunded bond escrow agent to extinguish debt	(24,047,975)	—	—	—	(24,047,975)	—
Loan proceeds	507,250	—	—	—	507,250	—
Insurance recoveries	—	—	—	—	—	133,334
Sale of capital assets	96,472	—	—	2,155	98,627	990,835
Total other financing sources (uses)	18,637,680	(5,100,000)	46,989,912	19,744,156	80,271,748	23,849,716
Net change in fund balances	18,124,823	7,583,163	6,828,262	18,307,917	50,844,165	(6,243,594)
Fund balances, beginning of year	45,197,068	112,696,152	10,444,623	80,247,698	248,585,541	254,829,135
Fund balances, end of year	\$ 63,321,891	\$ 120,279,315	\$ 17,272,885	\$ 98,555,615	\$ 299,429,706	\$ 248,585,541

See accompanying notes to basic financial statements.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities  
 Year ended December 31, 2010

Net change in fund balance – total governmental funds		\$ 50,844,165
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay and equipment purchases	\$ 75,494,226	
Contributed assets	6,498,315	
Depreciation expense	<u>(37,927,524)</u>	44,065,017
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		339,738
Revenues in the statement of activities that do not provide current financial resources and are deferred in the funds:		
Property taxes	49,205	
Jail lease receivable, net activity	(3,052,047)	
HUD 108 receivable	<u>(75,667)</u>	(3,078,509)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
New issuance of general obligation bonds	(54,860,000)	
Master lease agreement loan proceeds	(507,250)	
Refunding issuance of general obligation bonds	(23,750,000)	
Premium on bond sale	(945,968)	
Payment to escrow agent for refunding	24,019,192	
Principal repayment	20,647,950	
Net change in bond issuance costs	(7,305)	
Net change in interest accrual	<u>(422,644)</u>	(35,826,025)
Some expenses and revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures or revenues in governmental funds:		
Compensated absences		(119,306)
Pollution remediation		(998,622)
Claims & judgments payable		429,779
HUD rehabilitation loans payable		(32,056)
HUD section 108 loan payable, net activity		1,539
Police and fire postemployment healthcare benefits asset, net activity		(285,402)
Internal service funds are used by management to charge the costs of insurance, fleet management and information technology to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities.		<u>(4,686,500)</u>
Change in net assets of governmental activities		<u>\$ 50,653,818</u>

See accompanying notes to basic financial statements.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Statement of Net Assets

Proprietary Funds

December 31, 2010

(With summarized financial information at December 31, 2009)

**Business-Type Activities – Enterprise Funds**

<b>Assets</b>	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Port</b>
<b>Current assets:</b>				
Cash	\$ 1,600	\$ —	\$ —	\$ 150
Cash in central treasury	30,998,726	16,024,576	7,896,813	20,729,372
Master lease agreement escrow	—	—	—	—
Due from other funds	3,068,437	—	—	—
Receivables (net of allowance for uncollectibles)	12,767,723	3,391,617	2,769,965	1,118,357
Accrued interest on investments	994,410	122,041	40,220	155,330
Interest receivable	299,213	—	—	—
Current portion of lease receivable	—	—	—	—
Inventories	26,909,463	1,586,708	274,688	329,915
Prepaid items and deposits	—	—	—	35,158
Special assessments receivable	—	77,981	94,874	—
Unbilled reimbursable projects	28,378	132,847	57,203	—
Deferred charges and other assets	173,009	—	—	—
<b>Restricted assets:</b>				
Customer deposits	1,162,641	—	—	—
Restricted deposits	87,526,715	—	—	—
Interim rate escrow investments	2,048,840	2,455,479	1,619,691	—
Intergovernmental receivables	—	—	—	149,581
Bond and acquisition and construction accounts	50,698,552	12,686,946	1,400,304	16,237,087
Landfill post closure cash reserve	—	—	—	—
Mitigation reserve investment	—	—	—	—
Revenue bond operations and maintenance accounts	9,400,000	—	—	—
Debt service accounts	2,666,670	5,000,537	—	—
<b>Total current assets</b>	<b>228,744,377</b>	<b>41,478,732</b>	<b>14,153,758</b>	<b>38,754,950</b>
<b>Noncurrent assets:</b>				
Loans receivable, net	—	—	—	—
Advances to other funds	—	—	—	—
Deferred charges and other assets	2,364,752	5,243,078	2,919,431	—
<b>Restricted assets:</b>				
Customer deposits	—	366,327	199,235	—
Advances to MARAD	—	—	—	139,939,619
Revenue bond reserve investments	33,252,652	—	—	—
Capital assets, net	417,022,051	495,261,516	357,855,992	67,345,344
<b>Total noncurrent assets</b>	<b>452,639,455</b>	<b>500,870,921</b>	<b>360,974,658</b>	<b>207,284,963</b>
<b>Total assets</b>	<b>\$ 681,383,832</b>	<b>\$ 542,349,653</b>	<b>\$ 375,128,416</b>	<b>\$ 246,039,913</b>

See accompanying notes to basic financial statements.

Business-Type Activities Enterprise Funds (Continued)		Governmental Activities – Internal Service Funds	Total Proprietary Funds	
Other Enterprise Funds	Total Enterprise Funds		December 31, 2010	December 31, 2009
\$ 3,675	\$ 5,425	\$ —	\$ 5,425	\$ 5,425
11,962,135	87,611,622	27,415,594	115,027,216	118,660,956
—	—	675,239	675,239	759,080
—	3,068,437	1,018,376	4,086,813	30,075,686
2,578,835	22,626,497	196,851	22,823,348	28,967,398
103,914	1,415,915	—	1,415,915	980,710
23	299,236	—	299,236	559,773
—	—	—	—	13,596
—	29,100,774	355,575	29,456,349	24,836,904
21,289	56,447	486,082	542,529	635,499
—	172,855	—	172,855	200,741
—	218,428	—	218,428	601,798
—	173,009	—	173,009	245,841
—	1,162,641	—	1,162,641	1,164,559
—	87,526,715	—	87,526,715	74,820,104
—	6,124,010	—	6,124,010	4,204,515
1,531,900	1,681,481	—	1,681,481	788,604
10,137,341	91,160,230	3,814,739	94,974,969	106,566,361
4,597,159	4,597,159	—	4,597,159	2,920,700
—	—	—	—	5,126,356
—	9,400,000	—	9,400,000	8,600,000
—	7,667,207	—	7,667,207	7,771,476
<u>30,936,271</u>	<u>354,068,088</u>	<u>33,962,456</u>	<u>388,030,544</u>	<u>418,506,082</u>
5,702	5,702	—	5,702	12,109
—	—	1,609,933	1,609,933	5,803,863
—	10,527,261	—	10,527,261	10,108,360
—	565,562	—	565,562	880,664
—	139,939,619	—	139,939,619	98,800,001
—	33,252,652	—	33,252,652	33,067,682
119,588,446	1,457,073,349	29,278,008	1,486,351,357	1,409,657,440
119,594,148	1,641,364,145	30,887,941	1,672,252,086	1,558,330,119
<u>\$ 150,530,419</u>	<u>\$ 1,995,432,233</u>	<u>\$ 64,850,397</u>	<u>\$ 2,060,282,630</u>	<u>\$ 1,976,836,201</u>

(Continued)

MUNICIPALITY OF ANCHORAGE, ALASKA

Statement of Net Assets

Proprietary Funds

December 31, 2010

(With summarized financial information at December 31, 2009)

**Business-Type Activities – Enterprise Funds**

Liabilities and Net Assets	Electric Utility	Water Utility	Wastewater Utility	Port
<b>Current liabilities:</b>				
Accounts payable and retainages	\$ 14,603,186	\$ 682,188	\$ 490,453	\$ 171,762
Accrued payroll liabilities payable	1,095,871	1,055,524	312,583	99,710
Compensated absences payable	2,319,395	1,190,614	1,141,426	134,623
Claims payable	—	—	—	—
Claims incurred but not reported	—	—	—	—
Notes payable	—	—	—	40,000,000
Due to other funds	—	—	—	—
Accrued interest payable	1,336,872	1,586,427	1,123,886	—
Pollution remediation obligation	—	20,000	20,000	—
Long-term obligations maturing within one year	16,945,000	8,909,753	5,340,531	—
Deferred revenue and deposits	—	—	—	—
<b>Current liabilities payable from restricted assets:</b>				
Customer deposits payable	1,162,641	—	—	—
Capital acquisition and construction accounts and retainage payable	4,932,156	1,490,173	1,193,050	140,250
<b>Total current liabilities</b>	<b>42,395,121</b>	<b>14,934,679</b>	<b>9,621,929</b>	<b>40,546,345</b>
<b>Noncurrent liabilities:</b>				
Revenue bonds payable (net of unamortized discounts, premiums, deferred gain or loss on refunding)	239,933,705	135,873,037	65,729,999	—
Advances from other funds	—	—	—	—
Alaska clean water loans payable	—	66,017,870	67,611,083	—
Capital leases payable	—	—	—	—
Claims incurred but not reported	—	—	—	—
Deferred revenue and deposits	—	—	—	—
Compensated absences payable	—	94,640	89,788	66,112
<b>Liabilities payable from restricted assets:</b>				
Customer deposits	—	366,327	199,235	—
<b>Deferred credits and other liabilities:</b>				
Pollution remediation obligation	—	155,000	156,000	—
Future landfill closure costs	—	—	—	—
Other deferred credits	121,305,382	21,750	—	—
Contributed capital	43,952,447	236,043,597	172,657,299	—
<b>Total noncurrent liabilities</b>	<b>405,191,534</b>	<b>438,572,221</b>	<b>306,443,404</b>	<b>66,112</b>
<b>Total liabilities</b>	<b>447,586,655</b>	<b>453,506,900</b>	<b>316,065,333</b>	<b>40,612,457</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	166,889,451	61,104,205	47,917,384	67,345,344
Restricted for debt service	34,582,450	5,000,537	—	—
Restricted for interim rate escrow requirement	2,048,840	2,455,479	1,619,691	—
Restricted for acquisition and construction	—	—	—	116,176,706
Unrestricted	30,276,436	20,282,532	9,526,008	21,905,406
<b>Total net assets</b>	<b>233,797,177</b>	<b>88,842,753</b>	<b>59,063,083</b>	<b>205,427,456</b>
<b>Total liabilities and net assets</b>	<b>\$ 681,383,832</b>	<b>\$ 542,349,653</b>	<b>\$ 375,128,416</b>	<b>\$ 246,039,913</b>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Net assets of business-type activities.

See accompanying notes to basic financial statements.

Business-Type Activities Enterprise Funds (Continued)			Total Proprietary Funds	
Other Enterprise Funds	Total Enterprise Funds	Governmental Activities – Internal Service Funds	December 31, 2010	December 31, 2009
\$ 535,982	\$ 16,483,571	\$ 737,041	\$ 17,220,612	\$ 16,642,890
450,492	3,014,180	529,478	3,543,658	3,410,692
652,991	5,439,049	867,222	6,306,271	5,948,746
—	—	10,772,968	10,772,968	9,470,516
—	—	7,583,045	7,583,045	8,396,732
—	40,000,000	—	40,000,000	40,000,000
1,020,340	1,020,340	5,700,784	6,721,124	12,820,980
156,118	4,203,303	21,326	4,224,629	3,961,820
—	40,000	—	40,000	20,000
1,446,096	32,641,380	925,302	33,566,682	32,578,837
99,071	99,071	—	99,071	222,242
—	1,162,641	—	1,162,641	1,164,559
493,066	8,248,695	1,101,167	9,349,862	4,046,719
4,854,156	112,352,230	28,238,333	140,590,563	138,684,733
—	441,536,741	—	441,536,741	463,161,173
—	—	1,097,050	1,097,050	2,115,426
14,673,256	148,302,209	—	148,302,209	123,580,117
—	—	1,732,432	1,732,432	1,638,121
—	—	4,684,326	4,684,326	5,574,375
—	—	258,288	258,288	383,316
56,696	307,236	98,389	405,625	787,922
—	565,562	—	565,562	880,664
—	311,000	—	311,000	237,500
20,459,932	20,459,932	—	20,459,932	19,217,586
—	121,327,132	—	121,327,132	104,079,400
—	452,653,343	—	452,653,343	446,060,674
35,189,884	1,185,463,155	7,870,485	1,193,333,640	1,167,716,274
40,044,040	1,297,815,385	36,108,818	1,333,924,203	1,306,401,007
110,071,128	453,327,512	28,319,587	481,647,099	446,578,577
—	39,582,987	—	39,582,987	39,460,747
—	6,124,010	—	6,124,010	4,204,515
5,031,024	121,207,730	—	121,207,730	92,710,970
(4,615,773)	77,374,609	421,992	77,796,601	87,480,385
110,486,379	697,616,848	28,741,579	726,358,427	670,435,194
\$ 150,530,419		\$ 64,850,397	\$ 2,060,282,630	\$ 1,976,836,201
	(565,160)			
	\$ 697,051,688			



**MUNICIPALITY OF ANCHORAGE, ALASKA**

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds

Year ended December 31, 2010

(With summarized financial information for the year ended December 31, 2009)

**Business-Type Activities – Enterprise Funds**

	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Port</b>
Operating revenues:				
Charges for services	\$ 124,920,455	\$ 43,618,754	\$ 35,838,303	\$ 5,290,246
Other	4,642,456	5,423,931	1,629,028	4,695,659
Total operating revenues	<u>129,562,911</u>	<u>49,042,685</u>	<u>37,467,331</u>	<u>9,985,905</u>
Operating expenses:				
Operations	77,269,843	22,738,833	22,860,945	4,546,835
Amortization of future landfill closure costs	—	—	—	—
Depreciation and amortization	26,795,802	8,048,501	5,528,534	4,666,881
Total operating expenses	<u>104,065,645</u>	<u>30,787,334</u>	<u>28,389,479</u>	<u>9,213,716</u>
Operating income (loss)	<u>25,497,266</u>	<u>18,255,351</u>	<u>9,077,852</u>	<u>772,189</u>
Nonoperating revenues (expenses):				
Investment income	5,092,795	1,240,449	383,195	974,656
Other revenues	46,674	574,005	2,639	1,467,061
Intergovernmental revenue	—	—	—	—
Interest expense	(17,505,951)	(7,135,497)	(4,179,253)	—
Allowance for funds used during construction	1,911,335	1,440,042	524,722	—
Gain (loss) on sale of capital assets	—	—	—	—
Amortization of deferred charges	(227,004)	(387,411)	(50,293)	—
Other expenses	(271,985)	—	—	(1,271,761)
Net nonoperating revenues (expenses)	<u>(10,954,136)</u>	<u>(4,268,412)</u>	<u>(3,318,990)</u>	<u>1,169,956</u>
Income (loss) before capital contributions and transfers	14,543,130	13,986,939	5,758,862	1,942,145
Capital contributions	—	—	—	40,170,090
Transfers from other funds	—	3,000	—	—
Transfers to other funds	(11,086,666)	(6,717,558)	(5,011,065)	(510,773)
Change in net assets	3,456,464	7,272,381	747,797	41,601,462
Total net assets – beginning	<u>230,340,713</u>	<u>81,570,372</u>	<u>58,315,286</u>	<u>163,825,994</u>
Total net assets – ending	<u>\$ 233,797,177</u>	<u>\$ 88,842,753</u>	<u>\$ 59,063,083</u>	<u>\$ 205,427,456</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.  
Change in net assets of business-type activities.

See accompanying notes to basic financial statements.

<u>Business-Type Activities</u>		<u>Governmental Activities – Internal Service Funds</u>	<u>Total Proprietary Funds</u>	
<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>		<u>2010</u>	<u>2009</u>
\$ 28,390,106	\$ 238,057,864	\$ 81,066,031	\$ 319,123,895	\$ 310,863,394
542,373	16,933,447	7,573	16,941,020	13,303,652
<u>28,932,479</u>	<u>254,991,311</u>	<u>81,073,604</u>	<u>336,064,915</u>	<u>324,167,046</u>
19,397,425	146,813,881	82,117,089	228,930,970	218,015,513
1,242,346	1,242,346	—	1,242,346	1,125,732
<u>6,430,923</u>	<u>51,470,641</u>	<u>6,471,871</u>	<u>57,942,512</u>	<u>55,107,246</u>
27,070,694	199,526,868	88,588,960	288,115,828	274,248,491
<u>1,861,785</u>	<u>55,464,443</u>	<u>(7,515,356)</u>	<u>47,949,087</u>	<u>49,918,555</u>
766,445	8,457,540	982,269	9,439,809	11,279,293
11,119	2,101,498	138,753	2,240,251	1,830,180
108,584	108,584	—	108,584	108,584
<u>(249,175)</u>	<u>(29,069,876)</u>	<u>(189,187)</u>	<u>(29,259,063)</u>	<u>(24,187,757)</u>
—	3,876,099	—	3,876,099	3,316,046
<u>(161,983)</u>	<u>(161,983)</u>	<u>303,304</u>	<u>141,321</u>	<u>166,020</u>
—	(664,708)	—	(664,708)	(942,866)
<u>—</u>	<u>(1,543,746)</u>	<u>—</u>	<u>(1,543,746)</u>	<u>(1,778,789)</u>
<u>474,990</u>	<u>(16,896,592)</u>	<u>1,235,139</u>	<u>(15,661,453)</u>	<u>(10,209,289)</u>
2,336,775	38,567,851	(6,280,217)	32,287,634	39,709,266
7,272,716	47,442,806	21,773	47,464,579	15,025,169
440,000	443,000	336,550	779,550	4,500
<u>(1,282,468)</u>	<u>(24,608,530)</u>	<u>—</u>	<u>(24,608,530)</u>	<u>(25,856,144)</u>
8,767,023	61,845,127	(5,921,894)	55,923,233	28,882,791
<u>101,719,356</u>		<u>34,663,473</u>	<u>670,435,194</u>	<u>641,552,403</u>
<u>\$ 110,486,379</u>		<u>\$ 28,741,579</u>	<u>\$ 726,358,427</u>	<u>\$ 670,435,194</u>
	<u>(1,235,394)</u>			
	<u>\$ 60,609,733</u>			

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Statement of Cash Flows  
Proprietary Funds

Year ended December 31, 2010

(With summarized financial information for the year ended December 31, 2009)

**Business-Type Activities – Enterprise Funds**

	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Port</b>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 144,852,071	\$ 49,238,519	\$ 36,698,236	\$ 10,873,326
Payments to employees	(25,558,646)	(14,739,555)	(13,241,510)	(2,245,972)
Payments to vendors	(45,951,693)	(9,234,506)	(8,928,516)	(3,559,556)
Net cash from operating activities	<u>73,341,732</u>	<u>25,264,458</u>	<u>14,528,210</u>	<u>5,067,798</u>
<b>Cash flows from noncapital and related financing activities:</b>				
Transfers to other funds	(11,086,666)	(6,717,558)	(5,011,065)	(510,773)
Transfers from other funds	—	3,000	—	—
Loan proceeds from interfund loans	620,000	—	—	—
Loan payments on interfund loans	—	—	—	—
Interest payments on interfund loans	—	—	—	—
Interest payments from interfund loans	116,106	—	—	—
Due to other funds	—	—	—	—
Advance from other funds	—	—	—	22,225,306
Advance to other funds	—	—	—	—
Intergovernmental revenue	—	—	—	—
Net cash from noncapital and related financing activities	<u>(10,350,560)</u>	<u>(6,714,558)</u>	<u>(5,011,065)</u>	<u>21,714,533</u>
<b>Cash flows from capital and related financing activities:</b>				
Proceeds from issuance of long-term obligations	11,771	19,007,158	16,499,419	—
Principal payments on long-term obligations	(16,995,000)	(8,668,010)	(5,171,182)	—
Loan payments on interfund loans	—	—	—	—
Payments from (proceeds to) loan to Wastewater Utility CIP Fund	—	6,583,628	(6,583,628)	—
Payments to MARAD	—	—	—	(41,139,618)
Interest payments on long-term obligations	(17,037,281)	(7,017,031)	(4,000,392)	—
Acquisition and construction of capital assets	(54,566,558)	(27,204,017)	(17,868,957)	(9,546,039)
Transfers in from other funds	—	—	—	—
Landfill post closure cash reserve	—	—	—	—
Principal payments on interfund loans	—	—	—	—
Interest payments on interfund loans	—	—	—	—
Proceeds from issuance of debt	—	—	—	—
Proceeds from sales of capital assets	60,492	—	—	—
Due to other funds	—	—	—	—
Capital contributions – customers	2,605,878	312,253	501,616	—
Capital contributions – intergovernmental	684,383	3,277,127	3,063,914	40,049,234
Net cash from capital and related financing activities	<u>(85,236,315)</u>	<u>(13,708,892)</u>	<u>(13,559,210)</u>	<u>(10,636,423)</u>
<b>Cash flows from investing activities:</b>				
Proceeds from investments	9,452,378	—	—	5,139,952
Purchase of investments	—	(2,101,017)	(1,400,304)	—
Investment income	4,766,159	1,247,539	379,163	999,448
Net cash from investing activities	<u>14,218,537</u>	<u>(853,478)</u>	<u>(1,021,141)</u>	<u>6,139,400</u>
Net increase (decrease) in cash	<u>(8,026,606)</u>	<u>3,987,530</u>	<u>(5,063,206)</u>	<u>22,285,308</u>
Cash, beginning of year	40,189,573	12,403,373	13,159,254	14,681,301
Cash, end of year	<u>\$ 32,162,967</u>	<u>\$ 16,390,903</u>	<u>\$ 8,096,048</u>	<u>\$ 36,966,609</u>
Cash	\$ 1,600	\$ —	\$ —	\$ 150
Cash in central treasury	30,998,726	16,024,576	7,896,813	20,729,372
Capital acquisition and construction accounts	—	—	—	16,237,087
Customer deposits	1,162,641	366,327	199,235	—
Cash, December 31	<u>\$ 32,162,967</u>	<u>\$ 16,390,903</u>	<u>\$ 8,096,048</u>	<u>\$ 36,966,609</u>

See accompanying notes to basic financial statements.

Business-Type Activities Enterprise Funds (Continued)		Governmental Activities – Internal Service Funds	Total Proprietary Funds	
Other Enterprise Funds	Total Enterprise Funds		2010	2009
\$ 28,967,797 (10,654,084) (8,930,897)	\$ 270,629,949 (66,439,767) (76,605,168)	\$ 81,212,357 (12,261,159) (70,866,663)	\$ 351,842,306 (78,700,926) (147,471,831)	\$ 357,257,599 (77,412,093) (143,494,624)
9,382,816	127,585,014	(1,915,465)	125,669,549	136,350,882
(1,282,468)	(24,608,530)	—	(24,608,530)	(25,856,144)
440,000	443,000	244,000	687,000	4,500
—	620,000	1,266,752	1,886,752	1,626,253
—	—	—	—	857,433
—	—	—	—	(181,840)
—	116,106	—	116,106	569,125
162,907	162,907	173,718	336,625	3,653,125
—	22,225,306	—	22,225,306	(22,225,306)
—	—	(512,882)	(512,882)	—
—	—	—	—	544,599
(679,561)	(1,041,211)	1,171,588	130,377	(41,008,255)
—	35,518,348	—	35,518,348	151,909,373
(1,451,546)	(32,285,738)	(773,671)	(33,059,409)	(31,211,553)
—	—	—	—	6,583,628
—	—	—	—	(6,583,628)
—	(41,139,618)	—	(41,139,618)	—
(263,481)	(28,318,185)	(93,469)	(28,411,654)	(23,227,666)
(14,113,827)	(123,299,398)	(5,706,470)	(129,005,868)	(144,070,115)
—	—	92,550	92,550	—
(1,676,459)	(1,676,459)	—	(1,676,459)	(1,537,285)
—	—	(1,266,752)	(1,266,752)	(1,626,253)
—	—	(74,392)	(74,392)	(124,435)
—	—	1,019,613	1,019,613	—
90,471	150,963	357,754	508,717	898,455
—	—	395,523	395,523	460,042
—	3,419,747	—	3,419,747	1,176,117
6,618,316	53,692,974	—	53,692,974	29,853,335
(10,796,526)	(133,937,366)	(6,049,314)	(139,986,680)	(17,499,985)
—	14,592,330	—	14,592,330	41,031,383
—	(3,501,321)	—	(3,501,321)	(115,613,644)
772,573	8,164,882	982,268	9,147,150	10,140,764
772,573	19,255,891	982,268	20,238,159	(64,441,497)
(1,320,698)	11,862,328	(5,810,923)	6,051,405	13,401,145
23,423,849	103,857,350	37,041,256	140,898,606	127,497,461
\$ 22,103,151	\$ 115,719,678	\$ 31,230,333	\$ 146,950,011	\$ 140,898,606
\$ 3,675	\$ 5,425	\$ —	\$ 5,425	\$ 5,425
11,962,135	87,611,622	27,415,594	115,027,216	118,660,956
10,137,341	26,374,428	3,814,739	30,189,167	20,187,002
—	1,728,203	—	1,728,203	2,045,223
\$ 22,103,151	\$ 115,719,678	\$ 31,230,333	\$ 146,950,011	\$ 140,898,606

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Statement of Cash Flows  
Proprietary Funds

Year ended December 31, 2010

(With summarized financial information for the year ended December 31, 2009)

**Business-Type Activities – Enterprise Funds**

	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Port</u>
See accompanying notes to basic financial statements.				
Reconciliation of change in net assets to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 25,497,266	\$ 18,255,351	\$ 9,077,852	\$ 772,189
Transfer to escrow account	—	(70,438)	199,783	—
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	26,795,802	8,048,501	5,528,534	4,666,881
Amortization of future landfill closure costs	—	—	—	—
Allowance for uncollectible accounts	1,128	7,172	(18,168)	—
Security contract	—	—	—	(1,271,761)
Security fees	—	—	—	1,305,539
Right-of-way fees	—	—	—	161,522
Reimbursable costs	—	—	—	—
Other revenues / expenses	(285,803)	574,005	2,639	—
Changes in assets and liabilities which increase (decrease) cash:				
Accounts receivable	5,569,304	809,698	823,163	(465,286)
Accrued payroll liabilities	67,511	199,834	(53,463)	(10,299)
Notes receivable	—	—	—	—
Unbilled reimbursable projects	(11,902)	260,178	135,094	—
Prepaid items and deposits	—	—	—	7,747
Inventories	(4,602,182)	(46,801)	1,635	—
Customer deposits	—	(172,070)	(143,032)	—
Deferred charges and other assets	1,811,125	(2,202,264)	(421,848)	—
Accounts payable and retainages	1,332,313	(445,647)	(700,545)	509
Claims payable	—	—	—	—
Deferred credits and other liabilities	17,245,532	2,200	—	—
Deferred revenue and deposits	(1,918)	—	—	(114,354)
Pollution remediation obligation	—	20,000	73,500	—
Compensated absences payable	(76,444)	24,739	23,066	15,111
Total cash provided by operating activities	<u>\$ 73,341,732</u>	<u>\$ 25,264,458</u>	<u>\$ 14,528,210</u>	<u>\$ 5,067,798</u>
Noncash investing, capital, and financing activities:				
Capital purchases on account	\$ 5,613,002	\$ 583,356	\$ 368,066	\$ 140,250
Contributed capital and equipment	—	4,899,733	3,440,156	40,170,090
Portion of plant from AFUDC	1,911,335	—	—	—
Deferred refunding loss	—	—	—	—
	<u>\$ 7,524,337</u>	<u>\$ 5,483,089</u>	<u>\$ 3,808,222</u>	<u>\$ 40,310,340</u>

See accompanying notes to basic financial statements.

Business-Type Activities Enterprise Funds (Continued)		Governmental Activities – Internal Service Funds	Total Proprietary Funds	
Other Enterprise Funds	Total Enterprise Funds		2010	2009
				(Continued)
\$ 1,861,785	\$ 55,464,443	\$ (7,515,356)	\$ 47,949,087	\$ 49,918,555
—	129,345	—	129,345	(4,204,515)
6,430,923	51,470,641	6,471,871	57,942,512	55,107,246
1,242,346	1,242,346	—	1,242,346	1,125,732
—	(9,868)	—	(9,868)	65,780
—	(1,271,761)	—	(1,271,761)	(1,302,050)
—	1,305,539	—	1,305,539	1,312,465
—	161,522	—	161,522	140,074
—	—	—	—	2,760
11,119	301,960	138,753	440,713	(125,512)
33,534	6,770,413	(196,851)	6,573,562	2,122,426
(66,254)	137,329	(4,363)	132,966	749,814
7,020	7,020	—	7,020	1,024
—	383,370	—	383,370	256,621
3,321	11,068	81,902	92,970	30,388
—	(4,647,348)	27,901	(4,619,447)	545,686
—	(315,102)	—	(315,102)	99,677
—	(812,987)	—	(812,987)	(793,419)
(191,230)	(4,600)	(145,845)	(150,445)	(4,914,293)
—	—	(570,600)	(570,600)	2,984,999
—	17,247,732	—	17,247,732	33,657,127
(16,355)	(132,627)	(125,028)	(257,655)	(983,419)
—	93,500	—	93,500	—
66,607	53,079	(77,849)	(24,770)	553,716
<u>\$ 9,382,816</u>	<u>\$ 127,585,014</u>	<u>\$ (1,915,465)</u>	<u>\$ 125,669,549</u>	<u>\$ 136,350,882</u>
\$ 493,066	\$ 7,197,740	\$ 1,101,167	\$ 8,298,907	\$ 5,243,889
7,272,716	55,782,695	21,773	55,804,468	20,949,598
—	1,911,335	—	1,911,335	1,375,798
—	—	—	—	753
<u>\$ 7,765,782</u>	<u>\$ 64,891,770</u>	<u>\$ 1,122,940</u>	<u>\$ 66,014,710</u>	<u>\$ 27,570,038</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Statement of Fiduciary Net Assets  
Fiduciary Funds

December 31, 2010

(With financial information at December 31, 2009)

<b>Assets</b>	<b>Pension and Other Post Employment Benefit Trust Funds</b>	
	<b>2010</b>	<b>2009</b>
Cash in central treasury	\$ 139,094	\$ 26,472
Cash, cash equivalents held under securities lending program	20,277,539	26,432,372
Investments, at fair value:		
Cash & money market funds	11,348,826	15,367,336
Fixed income funds	1,332,461	1,235,590
U.S. treasuries	12,846,200	13,845,430
U.S. agencies	—	2,387,236
Corporate fixed income securities	33,514,169	19,956,363
Asset-backed securities	26,573,815	—
Fixed income funds	6,772,308	—
Foreign government debt securities	—	1,199,840
Structured securities	—	36,628,496
Domestic equity securities	147,418,646	136,526,046
International equity securities	60,999,273	54,053,889
Real estate funds	34,932,024	29,926,340
Total investments	335,737,722	311,126,566
Capital assets, net	13,078	3,950
Total assets	\$ 356,167,433	\$ 337,589,360
<b>Liabilities</b>		
Accounts payable	\$ 84,220	\$ 122,450
Payable under securities lending program	20,277,540	26,432,372
Total liabilities	20,361,760	26,554,822
<b>Net Assets</b>		
Held in trust for:		
Employees' pension benefits	323,419,938	299,911,563
Employees' post employment healthcare benefits	12,385,735	11,122,975
Total net assets	335,805,673	311,034,538
Total liabilities and net assets	\$ 356,167,433	\$ 337,589,360

See accompanying notes to basic financial statements.



**MUNICIPALITY OF ANCHORAGE, ALASKA**

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended December 31, 2010

(With financial information for the year ended December 31, 2009)

	<b>Pension and Other Post Employment Benefit Trust Funds</b>	
	<b>2010</b>	<b>2009</b>
<b>Additions:</b>		
Contributions from other funds	\$ 14,666,889	\$ 2,514,661
Contributions from employees	406,395	—
Investment income:		
Interest	4,783,066	5,543,547
Dividends	1,116,165	1,598,418
Net increase in fair value of investments	36,432,357	46,181,448
Less: investment expense	(1,355,130)	(1,263,330)
Total additions	<u>56,049,742</u>	<u>54,574,744</u>
<b>Deductions:</b>		
Regular benefit payments	30,460,543	29,716,382
Administrative expenses	818,064	871,627
Total deductions	<u>31,278,607</u>	<u>30,588,009</u>
Change in net assets	24,771,135	23,986,735
Net assets – beginning	<u>311,034,538</u>	<u>287,047,803</u>
Net assets – ending	<u>\$ 335,805,673</u>	<u>\$ 311,034,538</u>

See accompanying notes to basic financial statements.

This page intentionally left blank.

# MUNICIPALITY OF ANCHORAGE, ALASKA

## Notes to Basic Financial Statements

December 31, 2010

### INDEX

	<b>Page</b>
NOTE 1	Summary of Significant Accounting Policies ..... 40
NOTE 2	Stewardship, Compliance, and Accountability – Related Party Transactions ..... 47
NOTE 3	Restatement ..... 47
NOTE 4	Cash and Investments ..... 48
NOTE 5	Receivables (Including Loans and Leases Receivable) ..... 64
NOTE 6	Capital Assets ..... 65
NOTE 7	Port Expansion ..... 70
NOTE 8	Interfund Receivables, Payables, and Transfers ..... 70
NOTE 9	Lease Agreements ..... 73
NOTE 10	Short Term Obligations ..... 75
NOTE 11	Long Term Obligations ..... 76
NOTE 12	Debt Issued Subsequent to Year End ..... 85
NOTE 13	Conduit Debt Obligations ..... 85
NOTE 14	Retirement Plans ..... 86
NOTE 15	Postemployment Healthcare Benefits ..... 92
NOTE 16	Fund Balance – Governmental Funds ..... 95
NOTE 17	Risk Management and Self-Insurance ..... 95
NOTE 18	MOA Trust Fund ..... 96
NOTE 19	Regulatory and Other Matters ..... 97
NOTE 20	Contingencies ..... 101
NOTE 21	Environmental Issues ..... 101
NOTE 22	Subsequent Events ..... 105
NOTE 23	GASB Pronouncements ..... 105

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

#### **NOTE 1 Summary of Significant Accounting Policies**

##### **(a) Reporting Entity**

The Municipality of Anchorage (Anchorage) operates under an elected nonpartisan Mayor-Assembly form of government. The Mayor is elected at large for a three-year term. Legislative power is vested in the Assembly with executive and administrative power vested in the Mayor. The financial statements of the reporting entity include those of Anchorage (primary government) and its component units. The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationships with the primary government.

##### **Blended Component Units**

CIVICVentures is a nonprofit corporation created to finance and construct a new convention center for Anchorage, as well as upgrades and improvements to the existing Egan Center. As of December 31, 2010, two of CIVICVentures' five-member board of directors were executive employees of Anchorage. All of the board is appointed by the Mayor. CIVICVentures is reported as a debt service fund and as a capital projects fund.

##### **Discretely Presented Component Units**

The Anchorage School District (ASD) is responsible for elementary and secondary education within Anchorage. Members of the School Board are elected by the voters; however, the ASD is fiscally dependent upon the primary government because the Assembly approves the total budget of the ASD, levies the necessary taxes, and approves the borrowing of money and the issuance of bonds. The ASD has a June 30 fiscal year end; therefore, the financial information presented in these financial statements is as of and for the year ended June 30, 2010.

The Anchorage Community Development Authority (Authority or ACDA) is a legally separate public corporation created to operate and manage on-street and off-street parking, and purchase, develop, and sell properties and other economic development activities. The voting majority of the board is composed of members appointed by the Anchorage Mayor and includes two executive employees of the MOA. The budget is required to be approved annually by the primary government and the primary government has the ability to impose its' will on the Authority. The Authority provides services to the general public.

The Alaska Center for Performing Arts, Inc. (ACPA) is a legally separate non-profit entity that operates, maintains and promotes the performing arts center, which is owned by the primary government. The budget is required to be approved annually by the primary government, and the entity is fiscally dependant upon the primary government. ACPA manages the performing arts center and provides facility management services for the Municipality to the general public.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

Complete financial statements of individual component units can be obtained from their respective administrative offices in the following locations:

Anchorage School District  
5530 East Northern Lights  
Boulevard  
Anchorage, Alaska 99504-3135

CIVICVentures  
c/o Municipality of Anchorage  
P.O. Box 196650  
Anchorage, Alaska 99519-6650

Anchorage Community  
Development Authority  
700 West 6<sup>th</sup> Avenue, Suite 206  
Anchorage, Alaska 99501

Alaska Center for the Performing  
Arts, Inc.  
621 West 6<sup>th</sup> Avenue  
Anchorage, Alaska 99501

#### **(b) Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency Funds only report assets and liabilities, thus they do not have a measurement focus. However, they do use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property and other 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 have been met.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within six months of the end of the current fiscal period, except for property taxes which must be collected within 60 days following year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, lodging and other taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessment receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Anchorage reports the following major governmental funds based on the quantitative criteria:

- The *General Fund* is the government's primary operating fund. It is used to account for resources which are not required legally or by sound management to be accounted for in any other fund.

Additionally, Anchorage has elected to present the following funds as major governmental funds because of their significance to the public:

- The Roads and Drainage Capital Project Fund.
- The MOA Trust Fund.

Anchorage reports the following major proprietary funds:

- The *Electric Utility Fund* accounts for the operations of the Municipal owned Electric Utility.
- The *Water Utility Fund* accounts for the operations of the Municipal owned Water Utility.
- The *Wastewater Utility Fund* accounts for the operations of the Municipal owned Wastewater Utility.
- The *Port Fund* accounts for operations of the Municipal owned port.

Additionally, the government reports the following fund types:

- The *Internal Service Funds* account for the management and maintenance of general government equipment and vehicles, information technology, and for general liability, workers' compensation, medical/dental, and unemployment compensation insurance coverage provided to other departments on a cost-reimbursement basis.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

- The *Pension and Post-employment Benefit Trust Funds* account for the Police and Fire Retirement Systems Pension plans and the Police and Fire Retiree Medical plan for eligible Police and Fire retirees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. Anchorage has elected not to follow subsequent private-sector guidance.

The Electric, Water, and Wastewater Utilities meet the criteria, and accordingly, follow the accounting and reporting requirements of ASC 980, Regulated Operations. The Utilities' rates are regulated by the Regulatory Commission of Alaska (RCA), and as a result revenues intended to recover certain costs are provided either before or after the costs are incurred, resulting in regulatory assets or liabilities. The Utilities receive contributions in aid of construction (CIAC) which the Utilities record as contributed plant in service and deferred liability. For rate-making purposes, the Utilities amortize contributed plant over the life of the respective utility plant as a reduction of depreciation expense and a reduction of deferred liability. Consequently, CIAC are recorded as a regulatory liability in the accompanying basic financial statements. The Utilities' rates also include an allowance for the cost of funds used during construction (AFUDC), which is capitalized in the accompanying financial statements. The Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds includes AFUDC as an item of nonoperating revenues in a manner that indicates the basis for the amount capitalized

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between Anchorage's various business-type functions and various other functions of Anchorage. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Proprietary Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is Anchorage's policy to use restricted resources first, and then unrestricted resources, as they are needed.

#### **(d) Assets, Liabilities, and Fund Equity**

##### **Cash and Cash Equivalents**

To obtain flexibility in cash management, Anchorage uses a central treasury. Pooled cash is invested in various securities to maximize return while maintaining reasonable liquidity to meet maturing obligations. Investments in securities to satisfy bond reserve and other requirements are maintained in separate accounts.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

#### **Investments**

Investments at December 31, 2010 are reported at fair value. Investment income on cash pool investments is allocated to the various funds based on their average daily cash pool equity balances. Funds that have negative balances in the cash pools are charged interest; the interest income is allocated to those funds having equity in the cash pools.

#### **Receivables and Payables**

Activities 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 funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent 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".

All trade and property taxes receivable, including those business-type activities, are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles, including those related to business-type activities.

#### **Property Taxes**

Property taxes attach a lien on property on the first day of the tax year in which taxes are levied. For 2010, real property taxes were levied on April 27th. Real property taxes were payable in two installments on June 15 and August 15, and personal property taxes in two installments on August 31 and October 31. ASD had accrued taxes and deferred revenue of \$117,379,986 for financing half of the 2010-2011 budget as of June 30, 2010. At December 31, 2010, property taxes receivable was \$12,879,063 including penalties and interest of \$1,699,363 and excluding allowance for uncollectable property tax receivable of \$108,106.

#### **Inventories**

Inventories are valued at cost (specific identification), except inventories of the Utilities, which are valued at the lower of average cost or market. All primary government inventories are recorded as expenditures or expenses when used (consumption method).

#### **Restricted Assets**

Assets restricted for specific uses by bond covenants, grant provisions or other requirements are classified as restricted assets. The "bond operation and maintenance account" is used to report resources set aside to subsidize potential deficiencies from Anchorage's operations that could adversely affect debt service payments. The "bond acquisition and construction account" is used to report those proceeds of bond issuances that are restricted for use in construction. The "debt service account" is used to segregate resources accumulated for debt service payments. "Intergovernmental receivables" represent grant receivables due from state and federal governments. "Restricted assets," excluding customer deposits, are considered investments, and as such, are excluded from cash for the purposes of the statement of cash flows. Liabilities payable from such restricted assets are separately classified.

#### **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, drainage systems, and similar items), are reported in the applicable



# MUNICIPALITY OF ANCHORAGE, ALASKA

## Notes to Basic Financial Statements

December 31, 2010

governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Anchorage as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$5,000 for equipment or \$1,000 for computer hardware and software. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Although Anchorage holds title to capital assets of the ASD, ASD has the risk and benefits of ownership associated with their capital assets. ASD, under Alaska law, cannot legally hold title to real property nor incur long-term debt. However, Anchorage has delegated the construction management of school projects to ASD. In order to reflect all of the capital assets used for school purposes and the related obligations serviced by ASD, real property and the associated obligations have been reported in ASD's financial statements.

The Utilities capitalize interest on construction work in progress in accordance with regulatory requirements. Interest was capitalized in 2010 in the amounts of \$1,911,335, \$1,440,042, and \$524,722 for the Electric, Water and Wastewater Utilities, respectively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

For all regulated utility property replaced or retired, the average cost of the property unit, plus removal cost less salvage value, is charged to accumulated depreciation. Gain or loss on the sale or retirement of plant is not recognized, except for extraordinary retirement. For all other proprietary fund types, gain or loss on the sale or retirement is recognized.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings and Improvements	3-47 years
Production, Treatment, General Plant, Transmission and Reservoirs	5-90 years
Lift Stations, Interceptor, Trunks and Laterals	50-85 years
Equipment Containers	14 years
Office Equipment and Vehicles	3-25 years
Infrastructure (other than roads)	30-75 years

Anchorage has elected to use the modified approach for its paved road infrastructure network. Anchorage has elected to depreciate all other infrastructure networks. Under this election, Anchorage does not depreciate paved road infrastructure assets that are part of a network or subsystem of a network that meet two specific requirements. First, Anchorage manages the paved road infrastructure network using an asset management system that has certain specified characteristics; second, Anchorage documents that the paved road infrastructure network is being preserved approximately at (or above) a condition level established and disclosed by Anchorage.

### **Compensated Absences**

It is Anchorage's policy to permit employees to accumulate earned but unused annual leave benefits. All annual leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are due and payable, for example, as a result of employee resignations or retirements.

# MUNICIPALITY OF ANCHORAGE, ALASKA

## Notes to Basic Financial Statements

December 31, 2010

### **Long-Term Obligations**

In the 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 statements of net assets. Bond premiums, discounts, gains and losses on bond refundings, and issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premiums, discounts, gains and losses on bond refundings.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Contributed Capital**

The Utilities receive CIAC, which they record as contributed plant in service and deferred liability. For rate-making purposes the Utilities amortize contributed plant over the life of the respective Utility plant as a reduction of depreciation expense and a reduction of deferred liability. Consequently, CIAC are recorded as liabilities in the accompanying financial statements. The Utilities' rates also include an AFUDC, which is capitalized in the accompanying financial statements. At December 31, 2010, Electric, Water and Wastewater Utility deferred liability balances were \$43,952,447, \$236,043,597, and \$172,657,299, respectively.

### **Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### **(e) *Utility Revenues***

Utility revenues (excluding gas revenues) are based on cycle billings rendered monthly to customers. The Water and Wastewater Utilities accrue an estimate of revenues at the end of the fiscal year for services sold but not billed at such date. All other utilities do not accrue revenue of any fiscal period for services sold but not yet billed at such date as such amounts are not material.

#### **(f) *Statement of Cash Flows***

For the purposes of the statement of cash flows, Anchorage has defined cash as the demand deposits and all investments maintained in the central treasury (regardless of maturity period), because the funds use the pool essentially as a demand deposit account.

#### **(g) *Reclassifications***

Certain amounts previously reported have been reclassified to conform to the current year's presentation. The reclassification had no effect on previously reported changes in net assets or fund balances.

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Basic Financial Statements

December 31, 2010

**NOTE 2 Stewardship, Compliance, and Accountability – Related Party Transactions**

**(a) Excess of expenditures over appropriations**

The Assembly approves operating budgets and appropriations of direct costs at the department level, and revenues and direct costs at the fund or sub-fund level.

Excluding the impact of bond refunding which was not appropriated because expenditures were equal to revenues with no impact to fund balance, no department or fund exceeded budget. Including the impact of bond refunding, for the year ended December 31, 2010, expenditures exceeded appropriations in the following departments: Fire by \$184,006, Maintenance & Operations by \$16,754,798 and Anchorage Parks and Recreation by \$1,596,604. For the year ended December 31, 2010, expenditures exceeded appropriations in the following subfunds of the General Fund: Fire Service Area by \$1,051,169, Roads & Drainage Service Area by \$17,901,295, Anchorage Parks & Recreation Service area by \$1,606,565 and Building Safety Service Area by \$114,019.

**(b) Related Party Transaction**

**Authority:** The primary government has leased 600 spaces located on four sites to the Authority for a period of 35 years at \$10 per year per lot.

**TCH, LLC:** In 2008, Anchorage entered into an agreement with the Alaska Club Partners, LLC to form Town Center Holdings, LLC (TCH), a limited liability company, to purchase and renovate the Valley River Center in Eagle River. Under this agreement, Anchorage is a fifty percent owner, and its interest in TCH is recorded in the Areawide Capital Projects Fund using the equity method of accounting. Anchorage is a member of the board of directors but does not have a controlling interest in the LLC.

**NOTE 3 Restatement**

In connection with the Capital Construction Work-in-Progress (CWIP) accounts disclosed in Note 6(a), the Municipality had previously recorded items in these accounts that are expense in nature. The Municipality uses the modified approach for its paved road infrastructure where new roads and efficiency to current roads are capitalized, and all other costs are expensed in the year incurred. At the end of 2009, there was \$40,583,728 of expenses relating primarily to roads that were still in CWIP. Of this amount, \$12,194,227 related to 2009 and the remaining \$28,389,501 related to 2008 and earlier.

The effect to Net Assets of governmental activities as of December 31, 2009 is as follows:

Governmental Net Assets, December 31, 2009, as previously presented	\$2,914,354,649
Removal of expenses from CWIP	<u>(40,583,728)</u>
Governmental Net Assets, December 31, 2009, as restated	<u>\$2,873,770,921</u>

This restatement affects only the government-wide financial statements and has no impact to previously reported fund balance in the governmental funds, nor any impact on the budget or budgetary basis of accounting.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

**NOTE 4 Cash and Investments**

At December 31, 2010, Anchorage had the following cash and investments, with fixed income maturities as noted:

Investment Type	Fair Value*	Fixed Income Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Petty Cash	\$ 117,876				
Master Lease Agreement	916,526				
Interim Rate Escrow Investments	6,124,010				
Central Treasury - Unrestricted					
Cash & Money Market Funds	3,243,614				
Repurchase Agreements	1,896,359				
Commercial Paper	14,249,556	14,249,556	—	—	—
Certificates of Deposit	12,563,744	12,563,744	—	—	—
U.S. Treasuries	73,336,492	6,246,975	50,005,108	16,955,148	129,261
U.S. TIPS	1,850,037	—	1,850,037	—	—
U.S. Agencies	69,600,680	58,598,271	3,260,862	3,444,617	4,296,930
Foreign Governments & Agencies	5,077,381	5,077,381	—	—	—
Municipal Bonds	757,289	—	221,556	382,408	153,325
Asset-Backed Securities**	48,479,549	1,035,016	16,012,527	11,006,774	20,425,232
Corporate Fixed Income Securities	89,789,495	31,418,796	45,106,846	10,650,338	2,613,515
Payables	(12,377,306)				
	<u>\$ 308,466,890</u>	<u>\$ 129,189,739</u>	<u>\$ 116,456,936</u>	<u>\$ 42,439,285</u>	<u>\$ 27,618,263</u>
Central Treasury - Restricted					
Cash & Money Market Funds	8,140,396				
Repurchase Agreements	693,655				
Commercial Paper	22,329,299	22,329,299	—	—	—
Certificates of Deposit	6,870,490	6,870,490	—	—	—
Bankers' Acceptances	2,430,781	2,430,781	—	—	—
U.S. Treasuries	32,361,234	7,821,048	18,291,005	6,201,900	47,281
U.S. TIPS	676,712	—	676,712	—	—
U.S. Agencies***	93,019,433	29,059,734	61,127,974	1,259,982	1,571,743
Foreign Governments & Agencies	6,968,288	6,968,288	—	—	—
Municipal Bonds	277,003	—	81,041	139,878	56,084
Asset-Backed Securities**	17,732,982	378,591	5,857,106	4,026,088	7,471,197
Corporate Fixed Income Securities	52,154,560	25,949,768	21,353,103	3,895,710	955,979
Payables	(4,527,405)				
	<u>\$ 239,127,428</u>	<u>\$ 101,807,999</u>	<u>\$ 107,386,941</u>	<u>\$ 15,523,558</u>	<u>\$ 10,102,284</u>
MOA Trust Fund					
Cash & Money Market Funds	\$ 163,867				
Fixed Income Funds	41,210,872	—	—	41,210,872	—
Domestic Equities & Equity Funds	48,043,787				
International Equities & Equity Funds	24,881,207				
Real Estate Funds	6,031,306				
	<u>\$ 120,331,039</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 41,210,872</u>	<u>\$ —</u>

\* Market value plus accrued income.

\*\* Includes asset-backed securities, residential and commercial mortgage-backed securities, and collateralized debt obligations.

\*\*\* \$661,900 in callable 1-5 year notes are expected to be called within the next year and are classified as *Less Than 1*.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

Investment Type	Fair Value	Fixed Income Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<b>Police &amp; Fire Retiree Medical Trust Fund</b>					
Cash & Money Market Funds	7,830,003				
Fixed Income Funds	1,332,461	—	—	1,332,461	—
Domestic Equity Funds	2,037,587				
International Equity Funds	1,183,382				
	<u>\$ 12,383,433</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,332,461</u>	<u>\$ —</u>
<b>Police &amp; Fire Retiree Medical Liability Fund</b>					
Cash & Money Market Funds	289,566				
Fixed Income Funds	7,537,392	—	—	7,537,392	—
Domestic Equities & Equity Funds	11,920,730				
International Equities & Equity Funds	7,888,737				
Real Estate Funds	2,903,729				
	<u>\$ 30,540,154</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,537,392</u>	<u>\$ —</u>
<b>Police and Fire Retirement Pension Trust Fund</b>					
Cash & Money Market Funds	3,518,823				
U.S. Treasuries	12,846,200	—	7,008,303	—	5,837,897
Corporate Fixed Income Securities	33,514,169	—	18,727,421	10,473,277	4,313,471
Asset-Backed Securities**	26,573,814	—	785,946	128,163	25,659,705
Fixed Income Funds	6,772,308	—	—	6,772,308	—
Domestic Equities & Equity Funds	145,381,059				
International Equities & Equity Funds	59,815,892				
Real Estate Funds	34,932,024				
	<u>\$ 323,354,289</u>	<u>\$ —</u>	<u>\$ 26,521,670</u>	<u>\$ 17,373,748</u>	<u>\$ 35,811,073</u>
<b>HUD Section 108 Loan Program Investment</b>					
Cash & Money Market Funds	1,638				
U.S. Treasuries	350,993	350,993	—	—	—
	<u>\$ 352,631</u>	<u>\$ 350,993</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>CIVICVentures Component Unit</b>					
Cash & Money Market Funds	14,608				
U.S. Agencies	8,447,019	8,447,019	—	—	—
Foreign Governments & Agencies	5,342,145	5,342,145	—	—	—
	<u>\$ 13,803,772</u>	<u>\$ 13,789,164</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Total Cash &amp; Investments</b>	<u>\$ 1,055,518,048</u>	<u>\$ 245,137,895</u>	<u>\$ 250,365,547</u>	<u>\$ 125,417,316</u>	<u>\$ 73,531,620</u>
Governmental Activities	389,152,094				
Business-Type Activities	330,489,138				
Fiduciary Funds	335,876,816				
	<u>\$ 1,055,518,048</u>				

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

#### ***Anchorage Central Treasury***

Anchorage manages its Central Treasury in four portfolios; one internally managed portfolio and three externally managed duration portfolios based on liability duration and cash needs: working capital, contingency reserve and strategic reserve.

Both externally and internally managed investments are subject to the primary investment objectives outlined in Anchorage Municipal Code (AMC) 6.50.030, in priority order as follows: safety of principal, liquidity, return on investment and duration matching. Consistent with these objectives, AMC 6.50.030 authorizes investments that meet the following rating and issuer requirements:

- Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies.
- Corporate Debt Securities that are guaranteed by the U.S. government or the Federal Deposit Insurance Corporation (FDIC) as to principal and interest.
- Taxable and tax-exempt municipal securities having a long-term rating of at least A- by a nationally recognized rating agency or taxable or tax-exempt municipal securities having a short-term rating of at least A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch.
- Debt securities issued and guaranteed by the International Bank for Reconstruction and Development (IBRD) and rated AAA by a nationally recognized rating agency.
- Commercial paper, excluding asset-backed commercial paper, rated at least A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch.
- Bank debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances (with maturities of not more than 365 days), and deposits with any bank, the short-term obligations of which are rated at least A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch and which is either:
  - a. Incorporated under the laws of the United States of America, or any state thereof, and subject to supervision and examination by federal or state banking authorities; or
  - b. Issued through a foreign bank with a branch or agency licensed under the laws of the United States of America, or any state thereof, or under the laws of a country with a Standard & Poor's sovereign rating of AAA, or a Moody's sovereign rating for bank deposits of Aaa, or a Fitch national rating of AAA, and subject to supervision and examination by federal or state banking authorities.
- Repurchase agreements secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies.
- Dollar denominated corporate debt instruments rated BBB- or better (investment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

- Dollar denominated corporate debt instruments rated lower than BBB- (non-investment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency, including emerging markets.
- Dollar denominated debt instruments of foreign governments rated BBB- or better (investment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Asset Backed Securities (ABS), excluding commercial paper, collateralized by: credit cards, automobile loans, leases and other receivables which must have a credit rating of AA- or above by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Mortgage Backed Securities, including generic mortgage-backed pass-through securities issued by Ginnie Mae, Freddie Mac, and Fannie Mae, as well as non-agency mortgage-backed securities, Collateralized Mortgage Obligations (CMOs), or Commercial mortgage-backed securities (CMBS), which must have a credit rating of AA- or better by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Debt issued by the Tennessee Valley Authority.
- Money Market Mutual Funds rated Am or better by Standard & Poor's, or the equivalent by another nationally recognized rating agency, as long as they consist of allowable securities as outlined above.
- The Alaska Municipal League Investment Pool (AMLIP).
- Mutual Funds consisting of allowable securities as outlined above.
- Interfund Loans from a Municipal Cash Pool to a Municipal Fund.

In addition to providing a list of authorized investments, AMC 06.50.030 specifically prohibits investment in the following:

- Structured Investment Vehicles.
- Asset Backed Commercial Paper.
- Short Sales.
- Securities not denominated in U.S. Dollars.
- Commodities.
- Real Estate Investments.
- Derivatives, except "to be announced" forward mortgage-backed securities (TBAs) and derivatives for which payment is guaranteed by the U.S. government or an agency thereof.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

The Investment Management Agreement (IMA) for each external manager and the policy and procedures (P&P) applicable to the internally managed investments provide additional guidelines for each portfolio's investment mandate. The IMA and P&P limit the concentration of investments for the working capital portfolio and the internally managed portfolio at the time new investments are purchased as follows:

Investment Type	Concentration Limit	Working Capital Portfolio	Internally Managed Portfolio
		Holding % at 12/31/2010	Holding % at 12/31/2010
U.S. Government Securities*	50% to 100% of investment portfolio	52%	62%
Repurchase Agreements	0% to 50% of investment portfolio	0%	2%
Certificates of Deposit**	0% to 50% of investment portfolio Maximum 5% per issuer	10%	2%
Bankers' Acceptances	0% to 25% of investment portfolio Maximum 5% per issuer	0%	2%
Commercial paper	0% to 15% of investment portfolio Maximum 5% per issuer	12%	13%
Corporate Bonds	0% to 15% of investment portfolio Maximum 5% per issuer	17%	11%
Alaska Municipal League Investment Pool (AMLIP)***	0% to 25% of investment portfolio	0%	0%
Money Market Mutual Funds	0% to 25% of investment portfolio	5%	4%
Dollar Denominated Fixed Income Securities, other than those listed herein, rated by at least one nationally recognized rating agency	0% to 15% of investment portfolio Maximum 5% per issuer	4%	4%
		<u>100%</u>	<u>100%</u>

\* Includes debt obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations, including corporate debt issued under the FDIC's Temporary Liquidity Guarantee program.

\*\* The policy limits CDs that are not secured by U.S. government securities to 20% of the internally managed portfolio.

\*\*\* The Working Capital Portfolio may not be invested in AMLIP.



## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

#### ***MOA Trust Fund***

The MOA Trust Fund (MOA Trust) has a long-term investment horizon and accepts near term market volatility to maximize rates of return through a balanced investment approach utilizing both equity and fixed income instruments.

To preserve the purchasing power of the corpus and to maximize the rates of return over time, the MOA Trust is authorized to invest in the following equity and fixed income instruments pursuant to Anchorage Municipal Code 6.50.030, 6.50.060, and the MOA Trust investment policy:

- All investments eligible for purchase by the Anchorage Central Treasury.
- Publicly traded equity investments.
- Debt instruments issued by the U.S. Government, its agencies and instrumentalities, and debt instruments that have been issued by domestic and non-domestic entities, subject to the following criteria:
  - No more than 5% of the fixed income portfolio may be invested in the fixed income securities of a single issuer, with the exception of the U.S. Government, its agencies and instrumentalities.
  - No more than 10% of the fixed income portfolio may be invested in domestic fixed income securities rated less than BBB- by Standard & Poor's or the equivalent by another nationally recognized rating agency.
  - No more than 30% of the fixed income portfolio may be invested in investment grade dollar denominated fixed income securities issued by non-domestic entities.
  - No more than 5% of the MOA Trust may be invested in non-dollar denominated fixed income securities.
- Real Estate investments in a diversified portfolio of institutional quality, income producing properties held in a collective investment vehicle which limits the MOA Trusts' liability.
- Alternative basket clause investments utilizing special purpose investment vehicles.
- Fixed income derivative instruments used in an unlevered manner to implement portfolio strategies consistent with other authorized investments.
- Cash and cash equivalents, including but not limited to repurchase agreements, certificates of deposit, and shares in money market or short-term investment funds consistent with the investment criteria outlined above.
- Mutual funds or other commingled investment vehicles that predominantly consist of the authorized investments listed above.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

The MOA Trust investment policy limits the concentration of investments as follows:

<u>Investment Type</u>	<u>Lower Limit</u>	<u>Upper Limit</u>	<u>Investment Holding % at 12/31/2010</u>
Domestic Equities*	35%	45%	40%
International Equities	17%	23%	21%
Fixed Income (excluding TIPS)	25%	33%	31%
Treasury Inflation Protected Securities (TIPS)	0%	5%	3%
Real Estate	6%	11%	5%
Cash Equivalents	0%	15%	0%
			<u>100%</u>

\*Includes American depositary receipts.

When the concentration of investments falls outside of the limits set by the investment policy, cash inflows and outflows are deployed so that the portfolio can be returned to its target strategic allocation. Transactions may also be made if cash flows are insufficient to return the portfolio to its target allocation within 12 months.

The MOA Trust provides further diversification within the domestic equity allocation by using a passive core position indexed to the S&P 500 index, with separate growth and value portfolios. The aggregation of all the large capitalization portfolios is balanced to avoid any produced style bias, and a separate small cap portfolio is utilized. According to AMC 06.50.060 and the investment policy:

- No more than 5% of the voting stock of any corporation may be acquired by the Trust.
- Within the domestic equity portfolio, holdings in any one company should not exceed the greater of 5% of the respective portfolio or 1.5 times the stock's weighting in the S&P 500 (or other appropriate stock index) at the time of purchase.
- Within the international equity portfolio, holdings in any one company should not exceed more than 5% of the international equity portfolio. Countries represented by the Morgan Stanley Capital International Europe, Australia, Far East Index (MSCI-EAFE), as well as emerging markets, are available for investment. Allocations between countries are expected to be diversified.
- Investments in fixed income instruments may not exceed 5% for a single issuer, excluding securities issued by the U.S. Government or agencies thereof.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

#### ***Police and Fire Retiree Medical Trust Fund***

The Police and Fire Retiree Medical Trust Fund (Police and Fire Retiree Medical Trust) investment objective is to earn a rate of return on fund assets that exceeds the rate of inflation by at least five percent in order to maintain funding of accrued liabilities and enhance member health benefits. The Police and Fire Retiree Medical Trust investment objective is based upon a 5 - 10 year investment horizon and short-term market volatility is to be viewed with an appropriate perspective.

In accordance with its investment policy, Member Allocated funds of the Police and Fire Medical Trust must be invested in cash equivalents. The Trust's general funds may be invested in the following instruments:

- Domestic equities.
- International equities.
- Domestic (dollar-denominated) fixed income securities.
- Cash equivalents.

The Police and Fire Retiree Medical Trust investment policy controls risk by stipulating that:

- The use of leverage is prohibited, as are short sales and margin transactions.
- For equities, investment in any one company shall not exceed the greater of 5% or 1.5 times the company's weighting in an appropriate market index; investment in any one sector shall not exceed the greater of 30% or 1.5 time the sector's weighting in the appropriate market index.
- No position in an individual security shall exceed 5% of the fixed income portfolio's market value.
- The duration of the fixed income portfolio shall be within 20 percent of the duration of the Barclay's Aggregate Index.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

The Police and Fire Retiree Medical Trust investment policy limits the concentration of investments as follows:

<u>Investment Type</u>	<u>Lower Limit</u>	<u>Upper Limit</u>	<u>Investment Holding % at 12/31/2010</u>
<b>General Funds:</b>			
Domestic Equities - Large/Mid Cap	27%	37%	34%
Domestic Equities - Small Cap	6%	12%	11%
International Equities	23%	31%	26%
Domestic Fixed Income (excluding TIPS)	23%	31%	24%
U.S. TIPS	3%	7%	5%
Cash Equivalents	0%	5%	0%
			<u>100%</u>
<b>Member Allocated Funds:</b>			
Cash Equivalents	100%	100%	100%
			<u>100%</u>

***Police and Fire Retiree Medical Liability Fund***

The Police and Fire Retiree Medical Liability Fund's investment objectives reflect the long-term nature of the Fund as well as its shorter-term liquidity needs. Its investment policy seeks growth of assets by combining equity, fixed income, and real estate for a balanced approach that emphasizes total return while avoiding excessive risk.

In accordance with its investment policy, the Police and Fire Retiree Medical Liability Fund may invest in the following investment instruments:

- Domestic equities.
- International equities.
- Fixed income securities.
- Real estate equities.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

The Police and Fire Retiree Medical Liability Fund investment policy limits the concentration of investments as follows:

<u>Investment Type</u>	<u>Lower Limit</u>	<u>Upper Limit</u>	<u>Investment Holding % at 12/31/2010</u>
Domestic Equity - Mid/Large Cap*	25%	33%	30%
Domestic Equity - Small Cap	6%	12%	9%
International Equity	22%	30%	26%
Fixed Income - Nominal	19%	30%	23%
Fixed Income - TIPS	0%	7%	1%
Real Estate	6%	12%	10%
Cash & Cash Equivalents	N/A	N/A	1%
			<u>100%</u>

\*Includes American depositary receipts.

#### ***Police and Fire Retirement Pension Trust Fund***

The investment objectives of the Police and Fire Retirement Pension Trust Fund (Police and Fire Retirement Trust) are to be viewed over the long term with investments in both equity and fixed income instruments utilized to maximize return while maintaining acceptable levels of risk and adequate liquidity for payment of benefits. When evaluating the risk and return tradeoffs of potential investments, safety of principal is a key selection criterion.

In accordance with its investment policy, the Police and Fire Retirement Trust may invest in the following types of securities, as long as they are traded on one of the major security exchanges or in the over-the-counter market:

- Domestic and International equities.
- Fixed income securities.
- Exchange-listed derivatives, subject to Board approval.
- Collateralized mortgage securities or mortgage-backed securities which have a Flow Uncertainty Index score of 15 or less.
- Cash and money market instruments.

The Police and Fire Retirement Trust's investment policy also prohibits the following investments:

- Letter stocks.
- Short sales.
- Tax exempt bonds that do not exceed the return on taxable bonds of equivalent duration and credit quality.
- Private placements other than Rule 144A securities with registration rights.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

- Non-exchange-listed derivatives.

The Police and Fire Retirement Trust limits the concentration of its investments as follows:

Investment Type	Lower Limit	Upper Limit	Investment Holding % at 12/31/2010
<i>Domestic equities</i>			
Large Cap Core	8%	13%	11%
Large Cap Growth	9%	14%	12%
Large Cap Value	9%	14%	12%
Subtotal - Large Cap	29%	35%	35%
Small Cap Growth	2%	6%	5%
Small/Mid Cap Value	2%	6%	5%
Subtotal - Small/Mid Cap	4%	12%	10%
Subtotal - Domestic Equity*	34%	45%	45%
<i>International equities</i>			
EAFE	6%	10%	8%
Growth	7%	15%	10%
Subtotal - International Equity	16%	24%	18%
Subtotal - Equity	52%	68%	63%
<i>Fixed Income</i>			
Domestic Fixed Income	25%	35%	25%
<i>Real Estate funds</i>			
Equity Real Estate Investment Trust	1%	9%	5%
Real Estate Separate Accounts	2%	8%	6%
Farmland	0%	8%	0%
Subtotal - Real Estate	9%	15%	11%
<i>Cash &amp; Cash equivalents</i>			
Cash equivalents	0%	4%	1%
			100%

\*Includes American depositary receipts.

The Police and Fire Retirement Trust establishes further diversification for its portfolio through the following investment policy guidelines:

- No individual portfolio position shall constitute more than the greater of 5% of the security's weight in the agreed upon market index, plus or minus 2%, unless specifically authorized by the Police and Fire Retirement Trust's investment board.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

- No group or industry sectors shall constitute more than 120% of the sector's weight in an appropriate market index or 25% of the market value of the assets controlled by any fund manager.
- Listed American Depositary Receipts shall constitute no more than 20% of the market value of the assets controlled by any fund manager.
- Commercial paper must be rated P-1 by Moody's or A-1 by Standard & Poor's.

The average credit rating for the fixed income portfolio must be at least A by both Moody's and Standard & Poor's, and no more than 15% of the fixed income portfolio may be in issues rated lower than Baa by Moody's or BBB by Standard & Poor's at the time of purchase.

#### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The externally managed portfolios of the Anchorage Central Treasury, the Police and Fire Retiree Medical Trust, and the Police and Fire Retirement Trust utilize the duration method to measure exposure to interest rate risk. All other funds disclose interest rate risk through the segmented time distribution tables within this note, which categorize fixed income investments according to their maturities.

Duration is a measure of an investment's sensitivity to interest rate changes, and represents the sensitivity of an investment's market price to a 1% change in interest rates. The effective duration of an investment is determined by its expected future cash flows, factoring in uncertainties introduced through options, prepayments, and variable rates. The effective duration of a pool is the average fair value weighted effective duration of each security in the pool.

The effective durations of the externally managed portfolios of the Anchorage Central Treasury (working capital, contingency reserve and strategic reserve) at December 31, 2010, were 0.26 years, 1.73 years, and 3.58 years, respectively.

The Police and Fire Retiree Medical Trust's investment policy requires that the weighted average duration of its fixed income portfolio be within 20% of the Barclays Capital Aggregate Index. At December 31, 2010, the duration of the index was 4.98 years and the duration of the Police and Fire Retiree Medical Trust's fixed income portfolio was 4.90 years.

The Police and Fire Retirement Trust's investment policy states that the total fixed income portfolio's weighted average duration cannot exceed 120% of the market's duration utilizing the Barclays Capital Aggregate Bond Index. At December 31, 2010, the duration of the index was 4.98 years, and the duration of the Police and Fire Retirement Trust's fixed income portfolio was 4.82 years.

#### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For fixed income securities, this risk is generally expressed as a credit rating.

At December 31, 2010, the Anchorage Central Treasury's investment in commercial paper totaled \$36,578,855, and was rated A-1 by Standard & Poor's and P-1 by Moody's. All commercial paper is purchased with a maturity of 270 days or less. The Anchorage Central

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

Treasury's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$214,007,512 at December 31, 2010. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	38%	AAA	40%
Aa	18%	AA	12%
A	23%	A	27%
Baa	12%	BBB	12%
Ba or lower	1%	BB or lower	1%
Not Rated	8%	Not Rated	8%
	<u>100%</u>		<u>100%</u>

At December 31, 2010, Anchorage's Central Treasury was invested in Asset Backed Securities and Mortgage Backed Securities valued at \$2,651,964 which fell below the minimum credit rating of AA-/Aa3 required by AMC 6.50.030. These circumstances resulted from the downgrade of investments held in the contingency reserve and strategic reserve portfolios. Securities falling outside of compliance are divested as soon as it is prudent to do so.

At December 31, 2010, securities in the MOA Trust's \$41,210,872 fixed income portfolio had a weighted average quality rating of AA.

At December 31, 2010, the Police and Fire Retiree Medical Trust had an investment of \$1,114,593 in commingled fixed income funds with a 5-star Morningstar rating and a weighted average credit quality rating of A, and an investment of \$217,868 in commingled TIPS funds with a 4-star Morningstar rating and a weighted average credit quality rating of AAA.

At December 31, 2010, the Police and Fire Retiree Medical Liability Fund had an investment of \$7,099,993 in commingled fixed income funds with a 3-star Morningstar rating and a weighted average credit quality rating of A, and an investment of \$437,399 in commingled TIPS funds with a 4-star Morningstar rating and a weighted average credit quality rating of AAA.

At December 31, 2010, the Police and Fire Retirement Trust's total fixed income portfolio had a weighted average rating of Aa3 by Moody's. The Police and Fire Retirement Trust's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$45,771,587, with ratings distributed as follows:

Moody's		S&P	
Aaa	8%	AAA	12%
Aa	16%	AA	13%
A	30%	A	34%
Baa	26%	BBB	26%
Ba or lower	19%	BB or lower	15%
Not Rated	1%	Not Rated	0%
	<u>100%</u>		<u>100%</u>

At December 31, 2010, the Police and Fire Retirement Trust's real estate mutual fund investment of \$15,854,433 had a 3-star Morningstar rating.



## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

At December 31, 2010, the Police and Fire Retirement Trust's real estate investment of \$19,077,592 is a limited partnership, consisting of both open- and closed-end commingled funds managed by real estate firms. These real estate investments are not rated.

#### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure when the amount invested in a single issuer exceeds 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government, as well as mutual funds and other pooled investments, are exempted from this requirement.

At December 31, 2010, Anchorage held a total of \$79,261,553 in securities issued by the Federal National Mortgage Association (FNMA). These investments compromised 8.9% of the total portfolio and 12.5% (\$68,651,256) of the Anchorage Central Treasury.

#### **Custodial Credit Risk**

Custodial credit risk is the risk, in event of the failure of a depository institution, that an entity will not be able to recover deposits or collateral securities in the possession of an outside party. For investments, custodial credit risk is the risk, in event of the failure of the counterparty to a transaction, that an entity will not be able to recover the value of the investment or collateral securities in the possession of an outside party.

At December 31, 2010, the Anchorage Central Treasury had bank deposit carrying amounts totaling \$17,259,852, of which \$893,147 was covered by federal depository insurance. Bank deposits of \$13,808,356 were secured by collateral held at the depository bank, and additional bank deposits of \$533,460 were secured by a tri-party collateral agreement. The tri-party collateral agreement requires that collateral be transferred to the custodian of the tri-party agreement and held in the pledging bank's name on behalf of Anchorage. Additional bank balances of \$2,590,014 were invested in overnight repurchase agreements. Repurchase agreement investments were also collateralized through a tri-party collateral agreement. All collateral consists of obligations issued, or fully insured or guaranteed as to payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation, with market value not less than the collateralized deposit balances.

#### **Securities Lending**

During 2010, the Police and Fire Retirement Trust lent securities in its investment portfolio to financial institutions through a securities lending program administered by the Police and Fire Retirement Trust's custodian. At December 31, 2010, the amount of the collateral provided by borrowers averaged 102.3% of the value of securities lent. The Police and Fire Retirement Trust is authorized to lend its investment securities by its statement of investment policy, which is approved by the Board. The lending is managed by the Police and Fire Retirement Trust's custodian. All loans can be terminated on demand by either the Police and Fire Retirement Trust or the borrowers. The term of the loans can vary from one week to many months. The agent lends the Police and Fire Retirement Trust's U.S. Government and Agency securities and domestic corporate fixed income and equity securities for securities or cash collateral of 102%. The securities lending contracts do not allow the Police and Fire Retirement Trust to pledge or sell any collateral securities. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. At December 31, 2010, the pool had a weighted average maturity of 15 days. There are no restrictions on the amount of

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

securities that can be lent at one time or to one borrower. The following represents the balances relating to the securities lending transactions at December 31, 2010:

<u>Securities Lent</u>	<u>Fair Value of Underlying Securities</u>	<u>Collateral Received</u>
U.S. Government Securities	\$ 8,799,074	\$ 8,986,640
Domestic Corporate Fixed Income	3,074,273	3,151,210
Domestic Equities	8,404,192	8,606,033
	<u>\$ 20,277,539</u>	<u>\$ 20,743,883</u>

The lending agent provides indemnification if the borrowers fail to return the underlying securities (and the collateral is inadequate to replace the securities lent) or if the borrowers fail to pay income distributions on borrowed securities. There were no significant violations or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior period losses during the year.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. Anchorage has no specific policy addressing foreign currency risk; however foreign currency risk is managed through the requirements of AMC 6.50.030 and the asset allocation policies of each portfolio.

The Anchorage Central Treasury is not exposed to foreign currency risk because AMC 6.50.030 explicitly prohibits the purchase of securities not denominated in U.S. Dollars. At December 31, 2010 all debt obligations held in the Anchorage Central Treasury were payable in U.S. Dollars.

At December 31, 2010 the MOA Trust's exposure to foreign currency risk represented 21% of its aggregate portfolio. Exposure to foreign currency risk was as follows:

<u>Investment Type</u>	<u>Underlying Currency</u>	<u>Fair Value (U.S. Dollars)</u>
American Depositary Receipts	Canadian Dollar	\$ 115,759
	Euro	61,237
	Pound Sterling	145,226
Commingled International Equity Funds	Various	24,881,207
		<u>\$ 25,203,429</u>

The Police and Fire Retiree Medical Trust's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2010, this investment totaled \$1,183,381 and represented approximately 26% of the Trust's general funds.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

At December 31, 2010, the Police and Fire Retiree Medical Liability Fund's exposure to foreign currency risk represented 26% of its aggregate portfolio, and consisted of the following:

<u>Investment Type</u>	<u>Underlying Currency</u>	<u>Fair Value (U.S. Dollars)</u>
American Depositary Receipts	Swiss Franc	\$ 47,056
Commingled International Equity Funds	Various	7,888,737
		<u>\$ 7,935,793</u>

At December 31, 2010, the Police and Fire Retirement Trust's exposure to foreign currency risk represented 19% of its aggregate portfolio, and consisted of the following:

<u>Investment Type</u>	<u>Underlying Currency</u>	<u>Fair Value (U.S. Dollars)</u>
American Depositary Receipts	Brazillian Real	\$ 135,092
	Swiss Franc	372,575
International Equities	Canadian Dollar	642,302
Commingled International Equity Funds	Various	59,815,892
		<u>\$ 60,965,861</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

**NOTE 5 Receivables (Including Loans and Leases Receivable)**

Anchorage's receivables including the applicable allowance for uncollectible accounts were reported as follows at December 31, 2010:

	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
Current:			
Property taxes	\$ 12,879,063	\$ —	\$ 12,879,063
Accommodations taxes	3,147,744	—	3,147,744
Unbilled reimbursable projects	—	218,428	218,428
Special assessments receivable	1,245,208	172,855	1,418,063
Trade accounts, including internal service funds	10,987,844	23,449,988	34,437,832
Total accounts receivable	28,259,859	23,841,271	52,101,130
Allowance for uncollectible accounts	(3,557,418)	(823,491)	(4,380,909)
	<u>\$ 24,702,441</u>	<u>\$ 23,017,780</u>	<u>\$ 47,720,221</u>
Noncurrent:			
Miscellaneous loans	\$ 619,368	\$ 5,702	\$ 625,070
HUD loans (including section 108)	7,184,430	—	7,184,430
Jail lease	39,750,000	—	39,750,000
Total loans and leases, net	<u>\$ 47,553,798</u>	<u>\$ 5,702</u>	<u>\$ 47,559,500</u>

Special assessments, loans and leases are not expected to be collected within one year, except for minor portions due currently.

In 1987 and 1988 the Municipality loaned the Performing Arts Center (PAC) \$2,720,000 for seating, carpeting and general capital improvements. Repayment of this non-interest bearing loan was from a ticket surcharge that was established in 1987. Loan repayments were made until 2003 when the balance owing on the loan was \$581,209. In 2004 a 30 year revenue bond was issued in the amount of \$5,365,000, the proceeds of which were used to pay for repairs to the roof of the PAC and the surcharge was increased and fully diverted to fund the repayment of the bonds. After the roof bonds are fully repaid in 2035, or once the debt service reserve fund is fully funded, whichever occurs first, surplus revenues from the surcharge above and beyond that required for debt service on the bonds will then be applied to the original loan until paid in full. Due to the extended timeline for repayment, the Municipality has fully reserved for this receivable.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

**NOTE 6 Capital Assets**

Capital asset activity for the year ended December 31, 2010, was as follows (in thousands):

**(a) Primary Government**

	<b>Beginning Balance Restated</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending Balance</b>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,226,652	\$ 6,683	\$ (110)	\$ 1,233,225
Artwork	17,310	-	-	17,310
Construction Work-in-Progress	108,773	83,144	(133,690)	58,227
Infrastructure	1,333,744	40,666	-	1,374,410
Total Capital Assets, Not Being Depreciated	<u>2,686,479</u>	<u>130,493</u>	<u>(133,800)</u>	<u>2,683,172</u>
Capital Assets, Being Depreciated:				
Buildings & Imp	565,576	36,058	(25)	601,609
Equipment	183,568	21,490	(3,125)	201,933
Infrastructure	408,250	36,625	-	444,875
Total Capital Assets, Being Depreciated	<u>1,157,394</u>	<u>94,173</u>	<u>(3,150)</u>	<u>1,248,417</u>
Less Accumulated Depreciation for:				
Buildings & Imp	295,629	19,435	-	315,064
Equipment	127,776	16,465	(2,996)	141,245
Infrastructure	222,052	10,359	-	232,411
Total Accumulated Depreciation	<u>645,457</u>	<u>46,259</u>	<u>(2,996)</u>	<u>688,720</u>
Total Capital Assets, Being Depreciated, Net	<u>511,937</u>	<u>47,914</u>	<u>(154)</u>	<u>559,697</u>
Total Governmental Activities, Net	<u>\$ 3,198,416</u>	<u>\$ 178,407</u>	<u>\$ (133,954)</u>	<u>\$ 3,242,869</u>

Anchorage has elected to use the modified approach for its paved road infrastructure network and to depreciate all other infrastructure assets.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets, Not Being				
Depreciated:				
Land and Property				
held for future use	\$ 51,146	\$ 11	\$ (1,906)	\$ 49,251
Construction				
Work-in-Progress	<u>67,132</u>	<u>137,719</u>	<u>(98,568)</u>	<u>106,283</u>
Total Capital Assets, Not				
Being Depreciated	<u>118,278</u>	<u>137,730</u>	<u>(100,474)</u>	<u>155,534</u>
Capital Assets, Being Depreciated:				
Distribution and Collection				
Systems, Infrastructure	1,676,700	86,031	(8,993)	1,753,738
Buildings and Improvements	<u>413,330</u>	<u>19,706</u>	<u>(10,549)</u>	<u>422,487</u>
Total Capital Assets, Being				
Depreciated	<u>2,090,030</u>	<u>105,737</u>	<u>(19,542)</u>	<u>2,176,225</u>
Less Accumulated				
Depreciation for:				
Distribution and Collection				
Systems, Infrastructure	684,278	52,877	(8,772)	728,383
Buildings and Improvements	<u>143,602</u>	<u>13,190</u>	<u>(10,489)</u>	<u>146,303</u>
Total Accumulated				
Depreciation	<u>827,880</u>	<u>66,067</u>	<u>(19,261)</u>	<u>874,686</u>
Total Capital Assets, Being				
Depreciated, Net	<u>1,262,150</u>	<u>39,670</u>	<u>(281)</u>	<u>1,301,539</u>
Total Business-Type				
Activities, Net	<u>\$ 1,380,428</u>	<u>\$ 177,400</u>	<u>\$ (100,755)</u>	<u>\$ 1,457,073</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

Depreciation expense was charged to the departments and functions of the primary government as follows (in thousands):

Governmental Activities:	
General Government	\$ 3,090
Fire Services	4,063
Police Services	2,198
Health and Human Services	1,179
Economic & Community Development	16,026
Public Transportation	3,121
Public Works	12,118
Maintenance and Operations	<u>4,464</u>
Total – Governmental Activities	<u>\$ 46,259</u>
Business-Type Activities:	
Electric	\$ 26,795
Water	8,049
Wastewater	5,529
Refuse	719
Solid Waste	3,489
Port	4,667
Municipal Airport	<u>2,223</u>
Total – Business-Type Activities	51,471
Depreciation expense offset by amortization of regulatory liability - contributed plant	<u>14,596</u>
Gross increase in accumulated depreciation	<u>\$ 66,067</u>

The 2011 Utility construction budgets are \$167,139 \$38,281 and \$37,948 for Electric, Water, and Wastewater, respectively.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

**(b) Discretely Presented Component Units – Anchorage School District – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2010 is as follows (in thousands):

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 42,357	\$ -	\$ -	\$ 42,357
Construction in Progress	86,780	52,681	115,200	24,261
Total Capital Assets not Being Depreciated	<u>129,137</u>	<u>52,681</u>	<u>115,200</u>	<u>66,618</u>
Capital Assets Being Depreciated:				
Land Improvements	47,074	2,800	-	49,874
Buildings and Equipment	1,433,349	114,322	15,467	1,532,204
Pupil Transportation	9,044	651	-	9,695
Total Capital Assets Being Depreciated	<u>1,489,467</u>	<u>117,773</u>	<u>15,467</u>	<u>1,591,773</u>
Less Accumulated Depreciation for:				
Land Improvements	34,437	1,153	-	35,590
Buildings and Equipment	359,295	32,090	6,813	384,572
Pupil Transportation	8,263	435	-	8,698
Total Accumulated Depreciation	<u>401,995</u>	<u>33,678</u>	<u>6,813</u>	<u>428,860</u>
Total Capital Assets, Being Depreciated, Net	<u>1,087,472</u>	<u>84,095</u>	<u>8,654</u>	<u>1,162,913</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,216,609</u>	<u>\$ 136,776</u>	<u>\$ 123,854</u>	<u>\$ 1,229,531</u>



**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

**(c) Discretely Presented Component Units – Anchorage Community Development**

**Authority – Capital Assets**

Capital asset activity for the year ended December 31, 2010 is as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets, not Being				
Depreciated:				
Land	\$ 11,059	\$ 118	\$ -	\$ 11,177
Capital Assets Being Depreciated:				
Parking Garages	36,137	536		36,673
Lot Improvements	542	38		580
Furniture and Fixtures	100	-		100
Equipment and Vehicles	<u>2,694</u>	<u>307</u>		<u>3,001</u>
Total Capital Assets				
Being Depreciated	<u>39,473</u>	<u>881</u>	<u>-</u>	<u>40,354</u>
Less Accumulated				
Depreciation for:				
Parking Garages	21,270	1,216		22,486
Lot Improvements	363	63		426
Furniture and Fixtures	92	5		97
Equipment and Vehicles	<u>1,977</u>	<u>346</u>		<u>2,323</u>
Total Accumulated				
Depreciation	<u>23,702</u>	<u>1,630</u>	<u>-</u>	<u>25,332</u>
Total Capital Assets,				
Being Depreciated,				
Net	<u>15,771</u>	<u>(749)</u>	<u>-</u>	<u>15,022</u>
Business Type				
Activities Capital				
Assets, Net	<u>\$ 26,830</u>	<u>\$ (631)</u>	<u>\$ -</u>	<u>\$ 26,199</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

**NOTE 7 Port Expansion**

In March 2003, Anchorage, the Port and the Federal Maritime Administration (MARAD) entered into a Memorandum of Understanding with respect to funding and administering the Port of Anchorage Intermodal Expansion Project. Under this agreement, the Port is responsible for providing overall program requirements and direction for the Port Expansion to MARAD.

MARAD administers the construction of the project and, as such, the Port only recognizes capital assets upon transfer of those assets from MARAD. At the time of such transfer, the Port records the capital asset at cost, as reported by MARAD, and concurrently recognizes non-operating revenue (contributed capital) to the extent of the funding directly received and administered by MARAD. In addition to the funds that the Port contributes to MARAD for the expansion project, which are recorded as Advances to MARAD on the Statement of Net Assets, other federal agencies contribute funds directly to MARAD. These federal funds are not recorded on the Port's financial statements until such time that the completed asset is transferred to the Port from MARAD.

At the end of 2010, cumulative transfers to MARAD by the Port total \$140,400,001, of which \$139,939,619 is shown in the Proprietary Funds Statement of Net Assets (in the Port Fund) as "Advances to MARAD" and \$460,382 is included in capital assets. The table below provides the detail of the cumulative transfers to MARAD, as of December 31, 2010:

Source of Port's Contributions to MARAD	Amounts
State of Alaska Grants	\$ 89,990,164
Commercial Paper	40,000,000
Port funds	10,409,837
Total contributions	\$ 140,400,001

On April 8<sup>th</sup>, 2011, MARAD requested and the Municipality transferred \$23,000,000 to fund FY 2011 construction activities for the Port of Anchorage Intermodal Expansion Project.

**NOTE 8 Interfund Receivables, Payables, and Transfers**

**(a) Interfund Receivables and Payables**

A summary of interfund receivables and payables relating to short term operating advances is as follows:

Interfund payable to General Fund from:	
Nonmajor governmental funds	\$ 227,786
Nonmajor enterprise fund	1,020,340
Internal service fund	3,826,843
Total interfund payable to General Fund	5,074,969

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

Interfund payable to nonmajor governmental fund from: Capital Projects Roads and Drainage Fund	33,149
Interfund payable between nonmajor governmental funds	5,833,637
Total interfund payable, governmental funds	10,941,755
Interfund payable to Electric Enterprise Fund from nonmajor governmental fund for land acquisition	3,068,437
Interfund payable to nonmajor governmental fund from internal service fund	855,565
Interfund payable between internal service funds for capital assets	1,018,376
Total interfund payable	\$ 15,884,133

All balances are expected to be settled within the next fiscal year, except for those interfund receivables and payables recorded as advances to/from other funds. Advances payable at 12/31/10 were as follows:

Advance payable between internal service funds for capital assets	\$ 1,097,050
Advance payable to internal service fund from Capital Projects Roads and Drainage Fund for capital assets	512,883
Advance payable to General Fund from nonmajor governmental fund for capital assets	1,510,984
Total advances payable	\$ 3,120,917

**(b) Interfund Transfers**

A summary of interfund transfers is as follows:

From General Fund to:	
Capital Projects Roads and Drainage Fund for capital assets	\$ 3,316,948
Nonmajor governmental funds for capital assets	3,619,849
Nonmajor governmental funds for grant matching	1,238,944
Nonmajor governmental funds to fund pension liability	1,869,000
Nonmajor governmental funds for operating subsidy	431,409
Nonmajor governmental funds for debt service	1,063,028
Internal service fund for operating subsidy	244,000
Internal service fund for capital assets	75,000
Total transfers from General Fund	11,858,178
From MOA Trust Fund to:	
General Fund for annual operating subsidy	5,100,000

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

From Capital Projects Roads and Drainage Fund to:	
General Fund for debt service	6,106
From nonmajor governmental funds to:	
General Fund for debt service	77,945
General Fund for operating subsidy	107,500
Nonmajor governmental funds for debt service	6,130,452
Nonmajor governmental funds for capital assets	220,000
Nonmajor governmental funds for operating subsidy	25,000
Total transfers from nonmajor governmental funds	6,560,897
From Electric Enterprise Fund to:	
General Fund for annual revenue distribution	11,086,666
From Water Enterprise Fund to:	
General Fund for annual revenue distribution	6,717,558
From Wastewater Enterprise Fund to:	
General Fund for annual revenue distribution	5,011,065
From Port Enterprise Fund to:	
General Fund for annual revenue distribution	507,773
Water Enterprise Fund for capital assets	3,000
Total transfers from Port Enterprise Fund	510,773
From nonmajor enterprise funds to:	
General Fund for annual revenue distribution	1,153,816
Water Enterprise Fund for capital assets	111,102
Internal service fund for capital assets	17,550
Total transfers from nonmajor enterprise funds	1,282,468
Total transfers Out	\$ 48,133,711
Reconciling items:	
Transfer in to nonmajor enterprise fund from Water Fund CIAC	\$ 440,000
Transfer out from nonmajor enterprise fund to Water Fund CIAC	(111,102)
Total transfers In	\$ 48,462,609

In the fund-level financial statements, total transfers out of \$48,573,711 exceeded transfers-in by \$551,102. This is comprised of a \$111,102 transfer from Solid Waste Services to the Water Utility, which is recorded as a reduction of Contributions in Aid of Construction (CIAC) in the Water Utility in accordance with regulatory accounting provisions and a \$440,000 transfer from the Water Utility to Solid Waste Services which is recorded to CIAC in the Water Utility in accordance with regulatory accounting provisions. At the government-wide financial statement level, transfers out continue to exceed transfers in by \$551,102.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

In addition, governmental funds transferred capital assets to internal service funds in the amount of \$21,773. These items are not reflected as transfers at the fund level, but are included in capital contributions.

**NOTE 9 Lease Agreements**

**(a) Operating Leases (Anchorage as lessee)**

Commitments under operating lease agreements for facilities provide for minimum annual rental payments are as follows (in 000's):

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Years:		
2011	\$ 4,549	\$ 197
2012	4,216	196
2013	3,586	196
2014	3,575	176
2015	3,481	136
2016-2020	18,014	682
2021-2025	17,564	682
2026-2030	1,871	455
2031-2035	0	5
2036-2040	0	5
2041-2045	0	5
2046-2050	0	5
2051-2056	0	5
Totals	<u>\$ 56,856</u>	<u>\$ 2,745</u>
2010 rent expense	<u>\$ 6,704</u>	<u>\$ 258</u>

**(b) Capital Leases (Anchorage as lessee)**

Anchorage has various capital leases for equipment in its General Fund for the Fire Department. Anchorage entered into a revolving Master Tax-Exempt Lease/Purchase (Master Lease) agreement with KeyBank in 2008 and with Sun Life Trust in 2010, to finance various capital expenditures by the Municipality. During 2010, Anchorage issued new leases in the amount of \$507,250 in governmental funds and \$1,039,143 in internal service funds. The annual debt service to maturity for capital leases is as follows (in 000's):

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years:			
2011	\$ 1,218	\$ 114	\$ 1,332
2012	1,019	72	1,091
2013	924	32	956
2014	285	9	294
2015	197	3	200
	<u>\$ 3,643</u>	<u>\$ 230</u>	<u>\$ 3,873</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

At December 31, 2010, \$2,657,734 of the outstanding principal balance is recorded in the internal service funds.

**(c) Investment in Direct Financing Leases (Anchorage as lessor)**

The direct financing lease agreements for various capital assets at the Port of Anchorage, which had been in place in 2009 (and prior years) were fully collected, as scheduled, in 2010.

**(d) Operating Leases (Anchorage as lessor)**

Anchorage has leased to third parties parcels of real estate at both the Port of Anchorage and Merrill Field Airport that generate recurring revenues. The lease agreements are long term and allow the lessee(s) to use the leased parcels for industrial purposes tied to the port or airport. Generally, the property leased is land only, although the Port of Anchorage has leased some infrastructure, in addition to land, to the US Coast Guard. Improvements built on the leased parcels are done at the expense of the lessee(s). Future minimum rents scheduled for these agreements are as follows (in 000's):

	<u>Port of Anchorage</u>	<u>Merrill Field Airport</u>
Years:		
2011	\$ 1,763	\$ 492
2012	1,416	474
2013	1,347	474
2014	1,095	465
2015	827	465
2016-2020	2,559	2,118
2021-2025	1,886	1,559
2026-2030	119	1,188
2031-2035	-	1,165
2036-2040	-	1,084
2041-2045	-	1,055
Totals	<u>\$ 11,012</u>	<u>\$ 10,539</u>
Lease revenue for 2010	<u>\$ 4,334</u>	<u>\$ 527</u>
Carrying value of leased assets:		
Original cost	\$ 9,084	\$ 2,600
Accumulated depreciation	4,776	-
Net Book Value	<u>\$ 4,308</u>	<u>\$ 2,600</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Basic Financial Statements

December 31, 2010

**NOTE 10 Short-Term Obligations**

**(a) Tax Anticipation Notes**

On February 19, 2010 Anchorage issued tax anticipation notes in the General Fund with a face value of \$120,000,000. The purpose of the issuance was to raise money to pay current expenditures in anticipation of the collection of property taxes.

Short-term debt activity for the year ended December 31, 2010 was as follows (in thousands):

	<b>Beginning Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Ending Balance</b>
Tax Anticipation Notes	\$ -	\$ 120,000	\$ 120,000	\$ -

**(b) Commercial Paper**

In January 2008, the Anchorage Assembly authorized the issuance of Commercial Paper in one or more series in the aggregate principal amount not to exceed two hundred fifteen million dollars (\$215,000,000) as an interim financing program for the port expansion project until such time that the outstanding balance of commercial paper notes are refunded by long term Port Revenue Bonds. The expansion project is expected to continue until 2021. In 2008, commercial paper notes were issued in the amount of \$40,000,000 and were shown on the Port Enterprise Fund financial statements as a current liability since the lending term on commercial paper cannot exceed 270 days (less than one year). During 2010 the notes were redeemed and reissued numerous times; however, the total balance outstanding remains at \$40 million.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

**NOTE 11 Long Term Obligations**

**(a) Changes in Long-Term Liabilities**

Long-term liability activity, net of related premium and discount amortizations, for the year ended December 31, 2010, was as follows (in thousands):

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2010</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General Obligation Bonds	\$ 448,590	\$ 79,556	\$ (40,804)	\$ 487,342	\$ 26,050
Revenue Bonds	42,735	—	(2,985)	39,750	3,150
CIVICVentures	109,695	—	(1,070)	108,625	1,180
Capital Leases	3,144	1,546	(1,047)	3,643	1,217
Long-Term Contracts	4,855	—	(110)	4,745	115
HUD Section 108 Loan	1,864	—	(74)	1,790	78
Total Debt Payable	<u>610,883</u>	<u>81,102</u>	<u>(46,090)</u>	<u>645,895</u>	<u>31,790</u>
Compensated Absences	21,259	15,300	(15,260)	21,299	15,324
Pollution Remediation	3,041	999	—	4,040	1,657
Arbitrage Rebate Payable	430	—	(430)	—	—
Claims Payable and IBNR	23,678	58,150	(58,787)	23,041	18,356
Total Governmental Activities	<u>\$ 659,291</u>	<u>\$ 155,551</u>	<u>\$ (120,567)</u>	<u>\$ 694,275</u>	<u>\$ 67,127</u>
<b>Business-type activities:</b>					
General Obligation Bonds	\$ 504	\$ —	\$ (504)	\$ —	\$ —
Revenue Bonds	486,026	—	(22,134)	463,892	22,355
Long-Term Contracts	132,017	35,488	(8,916)	158,589	10,286
Total Debt Payable	<u>618,547</u>	<u>35,488</u>	<u>(31,554)</u>	<u>622,481</u>	<u>32,641</u>
Compensated Absences	5,693	6,173	(6,120)	5,746	5,439
Pollution Remediation	258	93	—	351	40
Landfill Closure Liability	19,218	1,242	—	20,460	—
Total Business- type Activities	<u>\$ 643,716</u>	<u>\$ 42,996</u>	<u>\$ (37,674)</u>	<u>\$ 649,038</u>	<u>\$ 38,120</u>

Governmental activities compensated absences are typically liquidated by the General Fund.

**(b) General Obligation Bonds**

Anchorage issues general obligation (GO) bonds to provide funds for capital acquisition and construction. GO bonds are direct obligations and pledge the full faith and credit of the government. They are generally issued as 20-year serial bonds with principal and interest payments due each year.

ASD GO bonds are reported as obligations of the component unit since they are expected to be repaid from ASD revenues; such amounts total \$743,090,000 at June 30, 2010. All other Anchorage GO bonds are reported in the government-wide financial statements.

In March 2010, Anchorage issued \$54,860,000 principal amount of General Obligation Bonds in its 2010 series A. \$11,560,000 principal amount of these bonds are Tax Exempt with a net effective rate of 1.617%, and the remaining \$43,300,000 principal amount are Taxable Build America Bonds with a net effective rate of 3.427%. The MOA will receive a cash subsidy from the United States Treasury equal to 35% of the interest paid on the 2010



**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

Series A Taxable Bonds. The proceeds of the bonds, together with other legally available funds, will be used for the following purposes: (i) to provide for the cost of certain capital improvement projects (ii) to reimburse Anchorage for costs of such capital improvement projects; (iii) to pay costs of issuance; and (iv) to provide funds for deposit in the Reserve Account.

Annual debt service requirements to maturity for general obligation bonds are as follows (in thousands):

	<b>Governmental Activities</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years:			
2011	\$ 26,050	\$ 23,482	\$ 49,532
2012	33,285	20,522	53,807
2013	33,610	19,093	52,703
2014	36,730	17,608	54,338
2015	31,855	16,095	47,950
2016-2020	171,490	58,317	229,807
2021-2025	109,435	24,873	134,308
2026-2030	39,835	4,699	44,534
	<u>482,290</u>	<u>184,689</u>	<u>666,979</u>
Add unamortized premiums/ (discounts), net	5,052	—	5,052
	<u>\$ 487,342</u>	<u>\$ 184,689</u>	<u>\$ 672,031</u>

**(c) Revenue Bonds**

On April 15, 2000, Anchorage issued \$60,440,000 in Revenue Bonds to construct and operate the new municipal jail facility that is leased to the State of Alaska. Jail revenue bond covenants require an "absolute net lease" pursuant to which Anchorage shall not be expected or required to make any payment of any kind under the Agreement of Lease. The State of Alaska Department of Administration (DOA) is required to make all payments under the Agreement of Lease. The DOA's obligation to make lease payments and to perform and observe all other covenants and agreements is absolute and unconditional except as expressly provided in the Agreement of Lease. In March 2005, Anchorage issued \$40,835,000 in Lease Revenue Refunding Bonds to refund \$39,585,000 of the 2000 Revenue Bonds.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

Annual debt service requirements to maturity for revenue bonds are as follows (in thousands):

**Governmental Activities - Excluding CIVICVentures**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years:			
2011	\$ 3,150	\$ 1,885	\$ 5,035
2012	3,300	1,734	5,034
2013	3,470	1,565	5,035
2014	3,655	1,387	5,042
2015	3,840	1,203	5,043
2016-2020	<u>22,335</u>	<u>2,879</u>	<u>25,214</u>
	<u>\$ 39,750</u>	<u>\$ 10,653</u>	<u>\$ 50,403</u>

On February 2, 2006, CIVICVentures, a blended component unit, issued \$110,920,000 in tax-exempt, non-recourse revenue bonds to finance the acquisition of land and construction of a new civic and convention center. Revenues pledged to pay the debt are those revenues identified in the Indenture of Trust between CIVICVentures and U.S. Bank National Association, consisting of Hotel, Motel, and Bed and Breakfast room taxes collected and remitted pursuant to agreement, by Anchorage. In the event room tax collections are not sufficient to pay the debt, Anchorage is not obligated in any way to pay the debt on behalf of CIVICVentures.

The bonds are due in semi-annual installments ranging annually from \$6,097,000 to \$8,448,825 including interest at 3.5% to 5.0% through 2038.

Annual debt service requirements to maturity for revenue bonds are as follows (in thousands):

**CIVICVentures**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years:			
2011	\$ 1,180	\$ 4,990	\$ 6,170
2012	1,300	4,946	6,246
2013	1,425	4,897	6,322
2014	1,555	4,840	6,395
2015	1,690	4,778	6,468
2016-2020	10,840	22,670	33,510
2021-2025	15,605	19,910	35,515
2026-2030	21,910	15,718	37,628
2031-2035	30,165	9,711	39,876
2036-2038	<u>22,955</u>	<u>2,104</u>	<u>25,059</u>
	<u>\$ 108,625</u>	<u>\$ 94,564</u>	<u>\$ 203,189</u>

Electric, Water, Wastewater, Solid Waste, Refuse Collection and Port revenue bond covenants require establishment of certain cash reserves. Revenue bond covenants further

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

stipulate that operating income, as defined in the covenants, will be at least equal to 1.35 times the debt service requirement for that year.

In December 2009, the Electric Utility issued \$15,240,000 principal amount of Senior Lien Electric Revenue Bonds, 2009 series A (Tax Exempt) with a net effective rate of 4.23%, and \$114,760,000 principal amount of Senior Lien Electric Revenue Bonds, 2009 Series B (Taxable Build America Bonds) with a net effective rate of 6.53%. The Utility will receive a cash subsidy from the United States Treasury equal to 35% of the interest paid on the 2009 Series B Taxable Bonds. The proceeds of the bonds, together with other legally available funds, will be used for the following purposes: (i) to provide for the cost of certain capital improvement projects (ii) to reimburse the Utility for costs of such capital improvement projects; (iii) to pay costs of issuance; and (iv) to provide funds for deposit in the Reserve Account.

Annual debt service requirements to maturity for revenue bonds are as follows (in thousands):

	<b>Business-Type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Years:			
2011	\$ 22,355	\$ 24,415	\$ 46,770
2012	23,395	23,155	46,550
2013	23,805	22,030	45,835
2014	25,476	20,858	46,334
2015	22,910	19,589	42,499
2016-2020	56,095	86,310	142,405
2021-2025	56,365	73,745	130,110
2026-2030	73,635	57,797	131,432
2031-2035	95,440	34,582	130,022
2036-2039	65,100	7,840	72,940
	464,576	370,321	834,897
Less unamortized premiums/ discounts, net	(684)	0	(684)
	\$ 463,892	\$ 370,321	\$ 834,213

**(d) Notes and Contracts**

In September 2004, Anchorage entered into an agreement with the Alaska Municipal Bond Bank Authority for \$5,365,000 to provide funding for repairs to the PAC roof. This loan will be repaid with revenues from a PAC ticket surcharge.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

Annual debt service requirements to maturity are as follows (in thousands):

Years:	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 115	\$ 224	\$ 339
2012	120	220	340
2013	125	215	340
2014	130	210	340
2015	135	204	339
2016-2020	760	934	1,694
2021-2025	945	751	1,696
2026-2030	1,205	493	1,698
2031-2034	1,210	155	1,365
	<u>\$ 4,745</u>	<u>\$ 3,406</u>	<u>\$ 8,151</u>

Anchorage has various clean water and drinking water fund loans in its Solid Waste, Water, and Wastewater Utilities.

Annual debt service requirements to maturity for these notes and contracts are as follows (in thousands):

Years:	<b>Business-Type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 10,286	\$ 2,156	\$ 12,442
2012	10,661	2,271	12,932
2013	10,047	2,064	12,111
2014	9,956	1,914	11,870
2015	9,829	1,764	11,593
2016-2020	47,029	6,647	53,676
2021-2025	37,608	3,373	40,981
2026-2030	22,830	865	23,695
2031	343	5	348
	<u>\$ 158,589</u>	<u>\$ 21,059</u>	<u>\$ 179,648</u>

**(e) HUD Section 108 Loan**

Anchorage entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) in August of 2005 to borrow up to \$5,000,000 in HUD Section 108 Loan funds. On September 21, 2009 Anchorage notified HUD, that no additional funds would be utilized under this agreement. As of December 31, 2010 Anchorage has borrowed \$2,000,000 of these funds.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

Annual debt service requirements to maturity for the HUD Section 108 Loan are as follows (in thousands):

	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Years:			
2011	\$ 78	\$ 97	\$ 175
2012	83	93	176
2013	88	89	177
2014	93	84	177
2015	98	80	178
2016-2020	582	316	898
2021-2025	768	136	904
	<u>\$ 1,790</u>	<u>\$ 895</u>	<u>\$ 2,685</u>

**(f) Bonds Authorized But Unissued**

At December 31, 2010, Anchorage has the following authorized but unissued general obligation bonds (in thousands):

<b>Purpose</b>	<b>Ordinance Date</b>	<b>Interest Limitation</b>	<b>Amount Authorized</b>	<b>Amount Issued</b>	<b>Remaining Authorized</b>
Anchorage Parks & Recreation	April 2007	None	\$ 4,995	\$ 4,100	\$ 895
Anchorage Roads & Drainage	April 2007	None	35,550	34,285	1,265
	April 2008	None	44,800	35,878	8,922
	April 2009	None	34,225	26,000	8,225
	April 2010	None	37,090	0	37,090
Area Wide Transportation Capital Improvement	April 2009	None	600	97	503
Public Safety/Transportation	April 2008	None	1,688	1,538	150
	April 2009	None	700	0	700
	April 2010	None	250	0	250
Anchorage Fire Service Area	April 2009	None	1,800	1,655	145
	April 2010	None	1,150	0	<u>1,150</u>
					<u>\$ 59,295</u>

In April 2011, Anchorage voters approved the issuance of \$33,191,000 in roads, public safety, police facilities and fire protection bonds.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

**(g) Refunded Bond Issues**

In March 2010, Anchorage issued \$23,750,000 in General Obligation General Purpose Refunding and Restructuring Bonds. Proceeds of \$24,171,681 were used to provide defeasance and redemption of a total of \$ 23,450,000: \$13,975,000 principal amount of the 1999 General Obligation and General Purpose Bonds; \$5,645,000 principal amount of the 2002 General Obligation and Refunding Bonds Series A; \$1,835,000 principal amount of the 2007 General Obligation Bonds, Series C; \$1,995,000 principal amount of the 2008 General Obligation Bonds, Series A; and to pay costs of issuance of the General Obligation Bonds. As a result of the refunding, Anchorage increased its total debt service requirements by \$1,188,308, which resulted in an economic gain of \$553,150, calculated as the difference between the present value of the debt service requirements of the new debt of \$27,044,780 and the present value of the debt service requirements of the refunded debt of \$25,856,472.

**(h) Defeasance of Debt**

Anchorage defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other available funds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, trust account assets and liabilities for defeased bonds are not included in Anchorage's financial statements. At December 31, 2010, the amount of general obligation and revenue bonds considered defeased was \$300,630,000, including \$14,575,000 of revenue bonds from the Wastewater Utility and \$11,175,000 of revenue bonds from the Water Utility.

**(i) ASD Debt**

The following is a summary of long-term ASD debt transactions for fiscal year ended June 30, 2010 (in thousands):

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Amount Due</u> <u>within 1 year</u>
General Obligation Bonds	\$ 772,585	\$ 20,025	\$ 49,520	\$ 743,090	\$ 52,475
Compensated Absences	9,421	3,937	3,293	10,065	3,188
Workers Compensation	15,231	7,597	4,473	18,355	5,115
Medical Claims	5,623	31,741	27,415	9,949	9,949
	<u>\$ 802,860</u>	<u>\$ 63,300</u>	<u>\$ 84,701</u>	781,459	<u>\$ 70,727</u>
Unamortized premium on GO Bonds				<u>15,276</u>	
				<u>\$ 796,735</u>	

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

Bonds payable at June 30, 2010 are comprised of the following individual issues (in thousands):

<b>General Obligation Bonds</b>	<b>Amount</b>
\$60,000,000 1995 series A school construction serial bonds due in annual installments of \$3,705,000 to \$5,030,000 through October 2015; interest at 5.0% to 6.0%.	\$ 13,445
\$29,765,000 1995 series A school construction refunding bonds due in annual installments of \$3,515,000 through October 2010; interest at 6.0%.	3,515
\$20,735,000 1998 series A school construction refunding bonds due in annual installments of \$175,000 to \$5,120,000 through July 2014; interest at 4.35% to 5.0%.	19,255
\$35,000,000 2000 series A school construction serial bonds due in annual installments of \$1,625,000 to \$1,715,000 through December 2011; interest at 5.0% to 5.5 %.	3,340
\$77,900,000 2000 series B school construction serial bonds due in annual installments of \$3,590,000 through December 2010; interest at 5.0%.	3,590
\$65,000,000 2001 series A school construction serial bonds due in annual installments of \$2,995,000 through June 2011; interest at 5.5%.	2,995
\$51,805,000 2001 school construction refunding bonds due in annual installments of \$9,085,000 to \$10,345,000 through July 2013; interest 4.625% to 5.5%.	38,260
\$131,800,000 2002 series B school construction serial bonds due in annual installments of \$5,465,000 to \$6,350,000 through July 2022; interest 4.125% to 5.5%.	23,550
\$70,345,000 2002 school construction refunding bonds due in annual installments of \$4,700,000 to \$9,120,000 through July 2015; interest 4.125% to 5.5%.	39,075
\$126,770,000 2003 series B school construction serial bonds due in annual installments of \$1,145,000 to \$6,080,000 through September 2020; interest 3.75% to 4.8%.	32,625
\$80,735,000 2004 series B school construction refunding bonds due in installments of \$75,000 to \$27,390,000 through December 2017; interest 3.5% to 5.25%.	80,405
\$86,240,000 2004 series D school construction serial bonds due in annual installments of \$3,335,000 to \$4,385,000 through December 2016; interest 5%.	26,665
\$63,850,000 2005 series A school construction serial bonds due in annual installments of \$2,530,000 to \$3,050,000 through March 2016; interest 3.6% to 5.0%.	16,680
\$29,155,000 2005 series B school construction refunding bonds due in annual installments of \$45,000 to \$8,140,000 through December 2020; interest 3.25% to 5.0%.	28,930

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

<b>General Obligation Bonds (continued)</b>	<b>Amount</b>
\$14,790,000 2005 series E school construction refunding bonds due in annual installments of \$3,035,000 to \$4,110,000 through December 2018; interest at 5.0%	14,790
\$48,495,000 2006 series A school construction serial bonds due in annual installments of \$1,775,000 to \$3,640,000 through October 2026; interest at 3.75% to 5.0%	43,555
\$28,885,000 2006 series B school construction refunding bonds due in annual installments of \$60,000 to \$7,075,000 through October 2020; interest at 3.75% to 5.0%	22,615
\$51,705,000 2006 series C school construction refunding bonds due in annual installments of \$65,000 to \$9,770,000 through July 2021; interest at 3.75% to 5.0%	51,215
\$171,155,000 2007 series B school construction refunding bonds due in annual installments of \$50,000 to \$29,530,000 through September 2024; interest at 4.0% to 5.0%	169,955
\$63,790,000 2007 series D school construction serial bonds due in annual installments of \$2,165,000 to \$4,885,000 through August 2027; interest at 4.0% to 5.0%	59,715
\$29,840,000 2008 series B school construction serial bonds due in annual installments of \$980,000 to \$2,285,000 through August 2028; interest at 3.25% to 5.25%	28,890
\$20,025,000 2010 Series B school construction serial bonds due in annual installments of \$680,000 to \$1,345,000 through April 2030; interest at 1.5 % to 5.91%	20,025
	<u>\$ 743,090</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2010 are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years:			
2011	\$ 52,475	\$ 35,001	\$ 87,476
2012	54,875	32,470	87,345
2013	55,025	29,956	84,981
2014	56,335	27,240	83,575
2015	57,815	24,464	82,279
2016-2020	253,545	82,614	336,159
2021-2025	177,215	27,410	204,625
2026-2030	35,805	3,445	39,250
	<u>\$ 743,090</u>	<u>\$ 262,600</u>	<u>\$ 1,005,690</u>



**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

The amount of long-term liability that is due within one year as of June 30, 2010 is \$52,475,000.

The Debt Service Fund has \$2,051,659 available to service the general obligation bonds.

There are a number of restrictions contained in the various bond indentures. ASD is in compliance with all significant restrictions.

**NOTE 12 Debt Issued Subsequent to Year End**

On March 31, 2011, Anchorage issued \$112,000,000 of General Obligation Tax Anticipation Notes. The interest rate on the Notes is 1.5% with a maturity date of December 29, 2011.

In May 2011, Anchorage issued \$28,390,000 in new General Obligation, General Purpose Bonds to provide funding for voter approved capital improvements.

In May 2011, Anchorage issued \$4,940,000 of General Obligation School Bonds to finance voter approved educational capital projects.

In May 2011, Anchorage issued \$28,310,000 General Obligation School Refunding Bonds which will refund General Obligation General Purpose Bonds.

**NOTE 13 Conduit Debt Obligations**

***Nonrecourse Revenue Bonds – United Way of Anchorage***

On November 1, 2000, Anchorage issued \$850,000 of Nonrecourse Revenue Bonds on behalf of the United Way of Anchorage. On July 30, 2001, Anchorage issued \$900,000 of Nonrecourse Revenue Bonds on behalf of the United Way of Anchorage. Anchorage has no direct involvement with the administration of these bonds except to allow their issuance under the name of Anchorage. These revenue bonds are issued under provisions of State and Federal law that provide that the bonds do not constitute an indebtedness of Anchorage. The bonds do not constitute a general obligation or pledge of the full faith and credit of Anchorage. Accordingly, the bonds and the related assets are not reflected in the accompanying financial statements.

A schedule of the remaining debt service on the 2000 issue bonds follows:

Years:	<u>Principal</u>
2011	\$ 66,867
2012	71,513
2013	76,506
2014	81,829
2015	80,007
	<u>\$ 376,722</u>

# MUNICIPALITY OF ANCHORAGE, ALASKA

## Notes to Basic Financial Statements

December 31, 2010

A schedule of the remaining debt service on the 2001 issue bonds follows:

Years:	<u>Principal</u>
2011	\$ 41,824
2012	44,612
2013	47,621
2014	50,802
2015	54,204
2016-2021	375,280
	<u>\$ 614,343</u>

### NOTE 14 Retirement Plans

Substantially all regular employees of Anchorage are members of a public employees' retirement system except for employees who are members of the International Brotherhood of Electrical Workers (IBEW) and International Union of Operating Engineers, Local 302 (Local 302) (effective July 1, 2004).

IBEW members participate in a union sponsored cost-sharing defined benefit plan. Employer contributions are determined from hours of work reported by participating employers and the contractual employer contribution rate in effect. The current agreement increased contributions during 2009. Contributions to the plan for each hour worked by a covered employee for 2010, 2009, and 2008 were \$6.50, \$6.50, and \$6.00, respectively. The total employer contributions for 2010, 2009, and 2008 were \$3,297,677, \$3,410,897, and \$3,002,367, respectively. One hundred percent (100%) of Anchorage's required contributions to the IBEW plan have been made through these contributions to the Alaska Electrical Trust Fund. Each year, IBEW issues audited financial statements that can be obtained by writing the plan administrator, Alaska Electrical Trust Fund, 2600 Denali Street, Suite 200, Anchorage, Alaska, 99503.

Local 302 members participate in a union sponsored cost-sharing defined benefit plan. Employer contributions are determined from compensable work hours and the contractual employer contribution rate in effect. The current agreement provides for contributions of \$4.50 per hour worked by a covered employee, up from \$4.00 in 2008 and 2009. Total employer contributions for 2010, 2009, and 2008 were \$1,423,400, \$1,209,578, and \$1,092,171, respectively. One hundred percent (100%) of Anchorage's required contributions to the Local 302 plan have been made through these contributions to the Local 302 International Operating Engineers Employers Construction Industry Retirement Fund. Each year, Local 302 issues audited financial statements that can be obtained by writing the plan administrator, Welfare and Pension Administration Service, Inc., P.O. Box 34203, Seattle, Washington, 98124.

All Anchorage employees who are members of a public employees' retirement system participate in the State of Alaska Public Employees' Retirement System (PERS) except for police officers hired prior to October 6, 1994, paramedics, and fire fighters hired prior to July 18, 1994, and command officers hired prior to May 24, 1994, who participate in either Plan I, Plan II, or Plan III of the Anchorage Police and Fire Retirement System. Police officers, command officers, paramedics, and fire fighters hired subsequent to these dates are in the State Plan. All pension and postemployment healthcare benefit obligations of Anchorage are included on the government-wide, proprietary, or fiduciary financial statements.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

#### (a) ***State of Alaska Public Employees' Retirement System***

##### **Plan Descriptions**

Employees hired prior to July 1, 2006, and employees hired after July 1, 2006 who have PERS enrollment from prior employment, participate in PERS Tiers I-III, a defined benefit cost sharing plan that acts as a common investment and administrative agent for political subdivisions within the State of Alaska. Employees hired on or after July 1, 2006 who have no prior PERS participating employment participate in PERS Tier IV, a defined contribution plan with a component of defined benefit postemployment healthcare.

The defined benefit plan was originally established as an agent multiple-employer plan, but was converted by legislation to a cost-sharing plan, effective July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities will be shared among all participating employers. Both plans are administered by the State of Alaska (State) to provide pension, postemployment healthcare, death, and disability benefits to eligible employees.

All full-time and regular part-time Anchorage employees not covered by the State of Alaska Teacher's Retirement System (TRS) or another retirement plan are eligible to participate in PERS. For both the defined benefit plan and the defined contribution plan, benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

Each fiscal year, PERS issues publicly available financial reports that include financial statements and required supplementary information. They may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203, by phoning (907) 465-4460, or via the web at [www.state.ak.us/dr/pers/](http://www.state.ak.us/dr/pers/).

##### **Funding Policy and Annual Pension and Postemployment Healthcare Cost - PERS Tier I-III Defined Benefit Plan**

Participating employees are required to contribute 6.75% of their annual covered salary, Police Officers and Firefighters contribute 7.5%. Employer contribution rates are established by state statute. Employer contribution rates are established annually by a state sanctioned management board. The funding policy for PERS provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The employer contribution rate is statutorily capped at 22% of annual covered salary. State legislation currently provides that the State of Alaska will contribute any amount over 22% such that the total contribution equals the Alaska Retirement Management Board adopted rate, but not the same as the Governmental Accounting Standards Board (GASB) Statement 45 accounting rate.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

Detailed contribution rates for Anchorage and actuarial methods for the plan for the year ended 2010 are as follows:

	<u>Employee Rate</u>		<u>Contractual Rate</u>		<u>ARM Board Adopted Rate</u>		<u>GASB 45*</u>	
	<u>1/1 to 6/30/10</u>	<u>7/1 to 12/31/10</u>	<u>1/1 to 6/30/10</u>	<u>7/1 to 12/31/10</u>	<u>1/1 to 6/30/10</u>	<u>7/1 to 12/31/10</u>	<u>1/1 to 6/30/10</u>	<u>7/1 to 12/31/10</u>
<u>Police Officers and Firefighters</u>								
Pension	2.78%	2.68%	8.16%	7.85%	10.25%	9.98%	10.72%	13.49%
Postemployment Healthcare	4.72%	4.82%	13.84%	14.15%	17.40%	17.98%	53.96%	55.87%
Total Contribution Rate	<u>7.50%</u>	<u>7.50%</u>	<u>22.00%</u>	<u>22.00%</u>	<u>27.65%</u>	<u>27.96%</u>	<u>64.68%</u>	<u>69.36%</u>
<u>Other Employees</u>								
Pension	2.50%	2.41%	8.16%	7.85%	10.25%	9.98%	10.72%	13.49%
Postemployment Healthcare	4.25%	4.34%	13.84%	14.15%	17.40%	17.98%	53.96%	55.87%
Total Contribution Rate	<u>6.75%</u>	<u>6.75%</u>	<u>22.00%</u>	<u>22.00%</u>	<u>27.65%</u>	<u>27.96%</u>	<u>64.68%</u>	<u>69.36%</u>

\* This rate uses a 4.5% OPEB discount rate and disregards future Medical Part D payments

**Annual Pension and Postemployment Healthcare Cost**

Anchorage is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State contributed approximately 5.65% from January 1 through June 30 and 5.96% between July 1 and December 31, 2010 of covered payroll to the Plan. In accordance with the provisions of GASB Statement Number 24, Anchorage has recorded the state contribution in the General Fund in the amount of \$9,867,535 as a PERS on-behalf payment. However, because Anchorage is not statutorily obligated for these payments, this amount has been excluded from pension and OPEB cost as described here. Pension and OPEB payments for the thirty months from July 1<sup>st</sup> 2008 to December 31<sup>st</sup> 2010 are shown in thousands below:

<u>Year</u>	<u>Annual Pension Cost</u>	<u>Annual OPEB Cost</u>	<u>Total Benefit Cost (TBC)</u>	<u>Anchorage Contributions</u>	<u>% of TBC Contributed</u>
2010	\$ 16,952	\$ 18,640	\$ 35,592	\$ 35,592	100%
2009	12,760	22,989	35,749	35,749	100%
7/1 to 12/31/2008	5,035	11,874	16,909	16,909	100%

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

**Funding Policy and Annual Pension and Postemployment HealthCare Costs – PERS Tier IV Defined Contribution Plan**

Employees first enrolling into PERS after July 1, 2006 participate in PERS Tier IV. PERS Tier IV is a defined contribution retirement plan that includes a component of defined benefit post-employment health care. The plan requires both employer and employee contributions. Employees may make additional contributions into the plan, subject to limitations. Contribution rates are as follows:

	Police/Fire		Others	
	<u>1/1 - 6/30</u>	<u>7/1 - 12/31</u>	<u>1/1 - 6/30</u>	<u>7/1 - 12/31</u>
Employee Contribution	<u>8.00%</u>	<u>8.00%</u>	<u>8.00%</u>	<u>8.00%</u>
Employer Contribution				
Retirement	5.00%	5.00%	5.00%	5.00%
Health Reimbursement Arrangement *	3.00%	3.00%	3.00%	3.00%
Retiree Medical Plan	0.83%	0.55%	0.83%	0.55%
Death & Disability Benefit	<u>1.33%</u>	<u>1.18%</u>	<u>0.30%</u>	<u>0.31%</u>
Total Employer Contribution	<u>10.16%</u>	<u>9.73%</u>	<u>9.13%</u>	<u>8.86%</u>

\*Health Reimbursement Arrangement - AS 39.30.370 requires that the employer contribute "an amount equal to three percent of the employer's average annual employee compensation." For actual remittance, this amount is calculated as a flat rate per full time employee and a flat rate per hour for part time employees. Prior to July 1, 2010 a rate of \$65.37 per full time employee per pay period and \$1.09 per part time hour worked was paid. For pay periods ending after July 1, 2010, a rate of \$66.18 per full time employee per pay period and \$1.10 per part time hour worked was paid.

For the year ended December 31, 2010, Anchorage contributed \$1,524,971 to PERS Tier IV for retirement and retiree medical, and \$673,987 to PERS Tier IV for Health Reimbursement Arrangement on-behalf of its employees. Employee contributions to the plan totaled \$1,953,906.

Under the newly adopted cost-sharing arrangement for the PERS defined benefit plan (Tiers I – III), the state statute employer contribution rate of 22%, includes Tier IV employees. In addition to the amounts above, Anchorage contributed approximately 12.27% on Police & Fire Tier IV employee payroll and approximately 13.14% on other Tier IV employee payroll. This amount was applied to the obligation of the PERS defined benefit plan and is included in the contributions (ARC) recorded in the defined benefit cost-sharing plan.

**(b) Police and Fire Pension System Plans**

Plans I, II and III are defined benefit single-employer plans established by Chapter 3.85 of the Code. The plans are administered by the Police and Fire Retirement Board (Retirement Board). The cost of administering the plans is financed by the Retirement System assets held in a trust account. The Board consists of nine members: three appointed by the Mayor, three elected by the Fire members, and three elected by the Police members.

All regular full-time police officers hired prior to October 6, 1994; paramedics and fire fighters hired prior to July 18, 1994; and command officers hired prior to May 24, 1994, are required to participate in a plan. No other person is eligible to participate. Membership is determined by date of initial employment or by employee election.

- Plan I - Members employed on or before June 30, 1977

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

- Plan II - Members employed between July 1, 1977, and April 16, 1984, and
- Plan III - Members employed between April 16, 1984, and July 18, 1994. Members of Plans I and II were also permitted to elect into Plan III at its inception.

Members of Plan I, II, and III are required to contribute an amount not to exceed 6% of compensation if the assets to liabilities ratio falls below 100%. Additionally, Anchorage is required to contribute 2.5:1 Anchorage/member contribution ratio and any additional contributions to ensure that Plans I, II, and III are adequately funded as determined by the actuary and approved by the Retirement Board.

Benefit and contribution provisions are established by Code and may be amended only by the Assembly. The January 1, 2010 actuarial valuation recommended contribution rates for Plans I, II and III are 6% for the employee and \$8.6 million for the Municipality. All past contributions were made in accordance with actuarial recommendations.

Benefits for all three plans include voluntary normal, early, and deferred retirement benefits and occupational and non-occupational disability and death benefits. The extent of benefits varies by plan and basic benefit provisions are discussed in the following paragraphs. Benefits vest after five years of service for all plans, retirement benefits are paid monthly for life and are equal to 2.5% of average monthly compensation times years of credited service. A member may retire after 20 years of credited service and immediately begin receiving a monthly benefit. For Plans I and II average monthly compensation is the amount paid during the period of the highest three consecutive calendar years divided by the number of months for which compensation was received. For Plan III, final average compensation is the greater of the average of the two highest consecutive tax years of base compensation or average of total base compensation for the last 52 pay periods.

Plan I and II members may elect early retirement after five years of credited service and attainment of age 55 and receive a retirement benefit. Plan III members may elect early retirement after 15 years of credited service and either withdraw their contributions or start receiving a retirement benefit. All three plans have deferred retirement options for members who have at least five years credited service and have not reached age 55. Plan I and II members may either withdraw their contributions or remain in the plan and begin receiving a retirement benefit upon reaching age 55. Plan III members may either withdraw their contributions or receive a retirement benefit beginning the date on which he or she would have completed 20 years of credited service or upon reaching age 55. All benefits or refunds of the Plans are recognized when due and payable in accordance with the plan terms as noted. Disability benefits may be either occupational or non-occupational.

Benefits are payable for life, and are subject to certain restrictions. To be eligible for non-occupational benefits, a member must have five years credited service prior to date of disability. Plan I and II members receive an occupational benefit of 66 2/3% of gross monthly compensation at time of disability and a non-occupational disability of 50% of monthly compensation. Plan III members receive an occupational benefit of 50% of final average compensation at time of disability and a non-occupational disability of 25% of final average compensation at time of disability with more than five but less than ten years credited service. For each additional year of service up to 20 years, the benefit shall increase by 2.5% of final average compensation.

Plan III beneficiaries are entitled to receive limited cost of living adjustments and children's benefits until dependent children reach age eighteen.

# MUNICIPALITY OF ANCHORAGE, ALASKA

## Notes to Basic Financial Statements

December 31, 2010

Information regarding the Plans is available upon request and may be obtained by writing to Anchorage Police and Fire Retirement System, 3650 E. Tudor Road, P.O. Box 196650, Anchorage, Alaska 99519-6650 or by phoning (907) 343-8400.

### Funding Status and Funding Progress

Annual pension cost for the current year and the related information is as follows:

	<u>Police and Fire Retirement Systems</u>		
	<u>Plan I</u>	<u>Plan II</u>	<u>Plan III</u>
Annual pension cost (in thousands)	\$8,540	\$5,636	\$13,731
Contributions made (in thousands)	\$1,780	\$1,507	\$5,638
Actuarial valuation date	January 1, 2010	January 1, 2010	January 1, 2010
Actuarial cost method	Modified Aggregate	Modified Aggregate	Modified Aggregate
Amortization period	15 years	15 years	15 years
Asset valuation method	Market	Market	Market
Actuarial assumptions:			
Inflation rate	3.0%	3.0%	3.0%
Investment rate of return	8.0%	8.0%	8.0%
Projected salary increase	3.5%	3.5%	3.5%
Cost of living adjustment	N/A	N/A	0.75% to 1.50% *

\* 0.75% for present retirees and after retirement for current active members after 20th anniversary of hire, and 1.50% after 25th anniversary of hire.

# See Contribution Requirements section below.

Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and that the information presented is intended to approximate the funding progress of the plan.

The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits (in thousands).

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as Percentage of Covered Payroll</u>
January 1, 2011:						
Plan I	\$78,411	\$90,173	\$11,762	87.00%	\$136	8648.50%
Plan II	56,352	67,017	10,665	84.10%	536	1989.70%
Plan III	188,591	222,810	34,219	84.60%	6,568	521.00%
January 1, 2010:						
Plan I	\$74,626	\$91,924	\$17,298	81.20%	\$119	14536.10%
Plan II	52,902	67,180	14,278	78.70%	515	2772.40%
Plan III	172,478	219,565	47,087	78.60%	7,005	672.20%
January 1, 2009:						
Plan I	\$70,585	\$93,118	\$22,533	75.80%	\$352	6401.40%
Plan II	49,649	67,290	17,641	73.80%	614	2873.10%
Plan III	157,351	212,132	54,781	74.20%	6,795	806.20%

### Contribution Requirements

In May 2003, the Retirement Board elected to change the methodology for calculating contributions to the modified aggregate actuarial cost method, effective with the plan year beginning January 1, 2004.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

Member contributions, if needed, are calculated to be 40% of the Municipality contributions (ratio of 2.5:1) subject to a maximum level of 6% of salary. Employer contributions are calculated annually as part of the Actuarial Valuation of the Plans Assets. Based on this methodology, Municipal contributions of \$8.6 million are required in 2011.

**(c) Investments**

The State Plan and the Police & Fire Retirement System do not own any notes, bonds, or other instruments of Anchorage.

**NOTE 15 Postemployment Healthcare Benefits**

Members of the Police & Fire Retirement Plan participate in one of two post-employment health benefit plans.

**(a) Gentile Group**

Members of the Police & Fire Retirement Plan who retired prior to January 1, 1995, and command personnel who were employed prior to that date, but not retired at that date, participate in the "Gentile Group" Plan. Anchorage pays 100% of a defined benefit insurance premium including health for all eligible retirees as well as dental, audio and vision coverage for police retirees. Optional dental, audio and vision coverage is paid by the fire and command retirees. The plan is accounted for on a "pay as you go" method with costs recognized as expenditures as premiums are paid. At December 31, 2010, there were 267 retiree participants. For 2010 the monthly contribution for each member ranged between \$1,452 and \$1,986 per member depending on age and years of service. Benefit costs totaled \$6,007,709 in 2010. There are no plans in place to terminate or discontinue this benefit for eligible members.

**(b) Police & Fire Retiree Medical Group & Associated Prefunding Arrangement**

Active duty and non-command personnel members who were employed prior to January 1, 1995, but who were scheduled to retire after that date, as well as non-represented command personnel appointed after January 1, 1995 participate in the Police & Fire Retiree Medical Plan. Established with both defined benefit and defined contribution characteristics, Anchorage contributes a fixed dollar contribution to each member on a monthly basis. Those funds are placed into individual member accounts and can be used to fund any qualifying medical costs or health insurance premiums. Additionally, members have access to Anchorage's health insurance program if they elect to pay the associated premium.



**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

The significant terms of the agreement required Anchorage to contribute \$2,000,000 in 1994 and \$490 per month per retired employee in 1995 to the Police & Fire Retiree Medical Trust Fund. For all subsequent years, the amount to be contributed per retired employee is adjusted in accordance with the CPI factors indicated below:

<u>Retirement Age</u>	<u>Service at Retirement</u>	<u>Annual Adjustment</u>
60 or older	25 years	75% of medical CPI
55 – 59		50% of medical CPI
50 – 54	20 – 24 years	50% of medical CPI (with a maximum of 6%)
Less than 50	0 – 19 years	25% of medical CPI (with a maximum of 3%)

For 2010 the monthly contribution for each member ranges between \$507 and \$759 per member depending on age and years of service. Anchorage contributed \$2,673,889 to the Police & Fire Retiree Medical Trust Fund in 2010.

Concurrent with the establishment of the plan, Anchorage initiated a “Prefunding” arrangement. The terms of the prefunding call for annual deposits through 2014 into a debt service fund for the purpose of accumulating resources to pay the annual required contributions to the Police & Fire Retiree Medical Plan beginning in 2014. Based on an actuarial report dated September 2009, the original payment schedule would not fully prefund the plan by 2014. Anchorage opted to continue contributions to the Trust through 2021 to fully prefund the plan. This change required an Amendment to the Anchorage Municipal Code, which was approved by the Assembly in December 2009. In accordance with the current prefunding arrangement, Anchorage is required to contribute \$1,869,000 to the debt service fund on an annual basis in order to fully fund the actuarially determined liability by 2021.

In 2010, Anchorage contributed the annual \$1,869,000 to the fund. Anchorage will perform an actuarial funding study every three years and adjust the required annual contribution as needed and/or extend the final payment, as done in 2009 which requires a Code amendment.

Detailed information regarding rates and actuarial methods for the plan for the year ended 2010 are as follows:

	<u>Postemployment Healthcare Plans</u>	
	<u>Gentile</u>	<u>Police and Fire</u>
Actuarial Valuation Date	January 1, 2009	January 1, 2009
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Dollar, closed	Level Dollar, closed
Amortization Period	28 Years	28 Years
Asset Valuation Method	Unfunded	Unfunded
Actuarial Assumptions:		
Annual Discount Rate	4.50%	8.00%

The components of annual postemployment healthcare costs for the year ended 2010 (in thousands) are as follows:

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

	<u>Postemployment Healthcare</u>	
	<u>Gentile Group</u>	<u>Police and Fire Retiree Medical Group</u>
Annual Required Contribution (ARC)	\$ 5,768	\$ 3,187
Interest on the Net OPEB Obligation (NOO)	(32)	(30)
Adjustment to the ARC	43	31
Annual OPEB Cost (APC)	<u>5,779</u>	<u>3,188</u>
Contributions made	<u>(6,008)</u>	<u>(2,674)</u>
Increase (Decrease) in NOO	(229)	514
NOO, beginning of year	<u>(704)</u>	<u>(373)</u>
NOO (Asset), end of year	<u><u>\$ (933)</u></u>	<u><u>\$ 141</u></u>
Percentage of Post-Employment Health Care Cost Contributed (2010)	103.96%	83.88%
Percentage of Post-Employment Health Care Cost Contributed (2009)	105.14%	78.82%
Percentage of Post-Employment Health Care Cost Contributed (2008)	107.16%	180.44%

Postemployment Healthcare Benefits (in thousands)

	Actuarial Valuation Year	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
Gentile Group	2010	-	\$ 90,819	\$ 90,819	0%
	2009	-	90,819	90,819	0%
	2008	-	87,419	87,419	0%
Police & Fire	2010	\$ 9,506	\$ 41,433	\$ 31,927	23%
	2009	9,506	41,433	31,927	23%
	2008	9,500	41,986	32,486	23%

**State Public Employee Retirement Plan**

Police officers and fire fighters hired after January 1, 1995 participate in the State Public Employee Retirement Plan, rather than the Police and Fire Retirement System Plan, thus, those individuals receive postemployment medical benefits as determined by that Plan.

**Deferred Compensation Plan**

Anchorage has determined that a fiduciary relationship does not exist between it and the Internal Revenue Code Section 457 deferred compensation plan. The deferred compensation plan is not reported in Anchorage's financial statements in accordance with GASB Statement No. 32.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

**NOTE 16 Fund Balance – Governmental Funds**

The unreserved, designated fund balance of \$54,124,076 reported for special revenue funds on Anchorage’s Governmental Funds Balance Sheet consists entirely of amounts designated for subsequent year’s expenditures.

**NOTE 17 Risk Management and Self-Insurance**

Anchorage is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; illness of and injuries to employees; unemployment; and natural disasters. The primary government utilizes three risk management funds to account for and finance its uninsured risks of loss.

The primary government provides coverage up to the maximum of \$2,000,000 per occurrence for automobile and general liability claims and \$1,000,000 for each workers’ compensation claim. Two settled claims exceeded this commercial coverage in 2010 while no claims exceeded this coverage in 2009 and 2008.

Unemployment compensation expense is based on actual claims paid by the State of Alaska and reimbursed by Anchorage.

All municipal departments participate in the risk management program and make payments to the risk management funds based on actuarial estimates of the amounts needed to pay prior and current year claims.

Claims payable represent estimates of claims to be paid based upon past experience modified for current trends and information. The ultimate amount of losses incurred through December 31, 2010, is dependent upon future developments. At December 31, 2010, claims incurred but not reported included in the liability accounts are \$12,267,731 in the General Liability/Workers’ Compensation Fund and Medical/Dental Self Insurance Fund.

Changes in the funds’ claim liability amounts in 2009 and 2010 are as follows:

	<u>Liability Balance January 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payment</u>	<u>Liability Balance December 31</u>
2009:				
General Liability/Workers’ Compensation	\$ 15,196,223	\$ 7,760,952	\$ (6,764,370)	\$ 16,192,805
Medical/Dental	5,260,400	48,329,738	(46,235,550)	7,354,588
Unemployment	52,174	365,352	(287,456)	130,070
	<u>\$ 20,508,797</u>	<u>\$ 56,456,042</u>	<u>\$ (53,287,376)</u>	<u>\$ 23,677,463</u>
2010:				
General Liability/Workers’ Compensation	\$ 16,192,805	\$ 8,648,832	\$ (8,557,092)	\$ 16,284,545
Medical/Dental	7,354,588	48,760,422	(49,528,532)	6,586,478
Unemployment	130,070	740,907	(701,661)	169,316
	<u>\$ 23,677,463</u>	<u>\$ 58,150,161</u>	<u>\$ (58,787,285)</u>	<u>\$ 23,040,339</u>

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

The Medical and Dental Self Insurance Fund had negative unrestricted net assets of \$3,675,255 at December 31, 2010. Medical and Dental rates were increased by 23% in 2011 to offset the deficit.

#### NOTE 18 MOA Trust Fund

On April 2, 2002, Anchorage voters approved Proposition #4 which fundamentally changed distribution rules applicable to the MOA Trust Fund. Key excerpts from Proposition #4 include:

- “The trust fund shall be defined as an endowment fund with a controlled spending policy limiting dividend distributions...”
- “Any use of the corpus, or a portion of the corpus, separate from the controlled spending policy of the endowment, may only be used for purposes approved by a majority of the voters voting on a ballot proposition in a regular or special election.”
- “Under the endowment's controlled spending policy an annual dividend may be appropriated by the assembly provided that the annual appropriation does not exceed 5% of the average asset balance of the trust.”

Code was also revised to accompany the Municipal Charter change. The changes made to Code 6.50.060 further define and clarify the methodology to be used in paying out an annual dividend from the MOA Trust Fund each year.

Depending on the investment market conditions in any given year, the MOA Trust Fund may or may not generate sufficient realized and unrealized net earnings to cover the 5% dividend payout. Under the endowment model, however, up to 5% of the market value of the MOA Trust Fund for the twenty consecutive quarters ending on March 31 of each year is available for appropriation by the Assembly to help fund the general government budget. The endowment model is tied to an average market value, not to annual earnings, and it assumes a long-term investment return of 8% and inflation of 3%. During periods of market decline the MOA Trust Fund may experience a negative return; nonetheless the voter-approved endowment model for the MOA Trust Fund makes it possible for the Assembly to pay out a 5% dividend by drawing from the fund's corpus. Over time the MOA Trust Fund is also expected to benefit from positive years in the market (i.e., years in which the real rate of return exceeds 5%); however the Assembly must abide by the 5% cap on annual distributions. This means that any excess returns generated during positive years in the market effectively are converted to corpus. Additionally, the Municipal Treasurer is required by Code to determine whether the MOA Trust Fund's purchasing power is being maintained, by performing an analysis at least every five years beginning in year 2007.

In January, 2009, the Assembly, in response to substantial 2008 investment losses, amended Code 6.50.060 to further limit the annual dividend payout. Effective January 1, 2010, no more than 4% of the market value of the MOA Trust Fund for the twenty consecutive quarters ending on March 31 of each year is available for appropriation by the Assembly to help fund the general government budget. This policy change will remain in effect until such time as the MOA Trust Fund's market value recovers to a level equal to or greater than the Trust's market value at December 31, 2007.

In 2010, consistent with the policy limitations described above, \$5,100,000 of the MOA Trust Fund balance was determined to be expendable and transferred to the General Fund.

# MUNICIPALITY OF ANCHORAGE, ALASKA

## Notes to Basic Financial Statements

December 31, 2010

### NOTE 19 Regulatory and Other Matters

#### (a) *Electric Utility*

Beluga River Unit (BRU) Underlift Cash Settlement: Each of the three participants in the BRU has a right to take one-third of the gas produced by the Unit each year. Imbalances between the Unit owners are resolved each year in accordance with the BRU Gas Balancing Agreement. "Overlifted" parties (parties that have taken more than one-third of the Unit output) must offer to "underlifted" parties (parties that have taken less than one-third of the Unit output) the option to either accept a cash settlement for their underlift for the year, or accept a right to take the underlift in future years, subject to certain restrictions.

The Electric Utility received monetary settlements totaling \$22,950,406 after lease burdens and taxes were satisfied for the 2005 underlift in April 2006. The Electric Utility proposed to use this money to fund future gas purchases beginning in approximately 2018, and to preserve the value of the cash until that time by setting up a loan from the Gas Fund to the Electric Fund for the purpose of replacing the retired generating unit 3. Repayment of the loan is scheduled to make funds available for gas purchases by the time those purchases are needed. The Regulatory Commission of Alaska (RCA) approved this plan in Order U-06-89(2). The Electric Utility recorded a regulatory liability as of December 31, 2010 and 2009, which includes original principal plus interest earnings of \$28,506,978 and \$27,310,766, respectively.

**Regulatory Debits/Credits:** The revenue requirement methodology approved by the RCA for setting the gas transfer price the Electric Utility uses to produce power requires an estimate for the current year revenue requirement along with the prior year under or over recovered costs be used to compute the price to be charged. The Electric Utility records an asset and a regulatory credit for under recovered costs or a liability and a regulatory debit for over recovered costs by recording the difference between the revenue received and the actual revenue requirement. At December 31, 2010, the Electric Utility had over recovered in the amount of \$2,591,481, and under recovered in the amount of \$4,965,256 at December 31, 2009.

**Petition to Adjust Gas Transfer Price Methodology:** On April 3, 2007, the Electric Utility filed a petition with the RCA to adjust its gas transfer price methodology, which is the basis by which the gas price component in rates charged to customers is established. According to this methodology, the revenue requirement is reduced by revenue realized from third party gas sales to Chugach Electric Association, Inc. (CEA) and ENSTAR Natural Gas Company. The Electric Utility's petition proposed to remove the third party gas sales from the revenue requirement calculation and instead use those proceeds for future BRU construction and future natural gas purchases when the BRU gas field no longer meets all of the Electric Utility's gas requirements for thermal generation.

The RCA granted the Electric Utility's petition on May 15, 2007 in Order U-07-45(2), reiterating that the revenue must be dedicated directly to the benefit of the Electric Utility's rate payers. As of January 2007 the Electric Utility recorded gas sales as a regulatory liability, rather than revenue, which as of December 31, 2010 and 2009, totaled \$92,044,981 and \$76,231,434, respectively. Also, as of January 2007, the Electric Utility recorded gas sales proceeds as a restricted investment for future natural gas purchases or BRU construction.

**Revenue Requirement Study:** The Electric Utility filed a request for rate relief with the RCA based on a 2008 test year revenue requirement study on April 10, 2010. The study shows an adjusted revenue requirement of \$107,745,572, and a revenue deficiency of

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

\$6,283,657. This is 6.19% of total test year revenue, or 7.12% of the Electric Utility's test year revenue from demand and energy charges. In view of its pending investment requirements, the Electric Utility has a need to recover its full revenue requirement. The Electric Utility has asked for a 7.12% increase to demand and energy charges to eliminate the test year revenue deficiency. The RCA has suspended the request into a docket of investigation and granted an interim refundable increase to demand and energy charges of 4.01% effective June 1, 2010. The statutory deadline for a final decision in this matter is July 8, 2011.

***Eklutna Hydroelectric Project:*** On October 2, 1997, the ownership of the Eklutna Hydroelectric Project was formally transferred from the Alaska Power Administration, a unit of the United States Department of Energy, to the three participating utilities: the Electric Utility, CEA, and Matanuska Electric Association (MEA). The project is jointly owned and operated by the participating utilities and each contributes their proportionate share for operation, maintenance, and capital improvement costs, as well as maintenance of the transmission line between Anchorage and the hydroelectric plant. The Electric Utility has a 53.33% ownership interest in the project and recorded costs of \$616,409 and \$476,895 in 2010 and 2009, respectively.

***Bradley Lake Hydroelectric Project:*** The Electric Utility agreed to acquire a portion of the output of the Bradley Lake Hydroelectric Project (Project) pursuant to a Power Sales Agreement (Agreement). The Agreement specifies the Electric Utility acquire 25.9% of the output of the Project. The Project went on line September 1, 1991. The Electric Utility made payments to the Alaska Energy Authority (AEA) of \$4,532,826 in 2010 for its portion of costs, and received 79,441 megawatt hours of power in 2010 from the Project. The Electric Utility received a budget surplus refund in the amount of \$169,902 for 2010. The Electric Utility's estimated cost of power from the Project for 2011 is \$4,495,572.

AEA issued the Power Revenue Bonds, First and Second Series in September 1989 and August 1990, respectively for the long term financing of the construction costs of the Project. On July 1, 2010, AEA issued \$28,800,000 principal amount of Power Revenue Bonds, Sixth Series. The Sixth Series Bonds were issued for the purpose of refunding the Power Revenue Bonds, Fifth Series Bonds to take advantage of lower interest rates. The total amount of debt outstanding as of December 31, 2010 is \$101,266,004. The pro rata share of the debt service costs of the Project, for which the Electric Utility is responsible, given its 25.9% share of the Project, is \$26,227,895. In the event of payment defaults by other power purchasers, the Electric Utility's share could be increased by up to 25%, which would then cause the Electric Utility's pro rata share of project debt service to be a total of \$32,784,869; the Electric Utility does not now know of or anticipate any such defaults.

***Inter-Fund Loan:*** The Electric Utility loaned the Municipality's Real Estate Services Fund \$3,688,437 to acquire real property described as Tract B, Muldoon Estates Subdivision. This loan was approved by Assembly Ordinance AO 2006-149(S) on October 24, 2006. The loan is not to exceed five years and pays interest to the Electric Utility based on the Municipality's Cash Pool Earnings Rate plus 50 basis points. The loan balance at December 31, 2010 and 2009 was \$3,068,437 and \$3,688,437, respectively.

***Southcentral Power Project:*** The Electric Utility entered into a participation agreement with CEA on August 28, 2008 to proceed with the joint development, construction and operation of the Southcentral Power Project (SPP). The approximate capacity of SPP is 180 MW, of which the Electric Utility's proportionate share will be 54 MW, or 30%. The Electric Utility's estimated share of the cost of SPP at this time is \$110,561,000, including interest during construction. The Electric Utility has recorded capital expenditures of \$39,882,640 as of December 31, 2010 and \$11,493,075 as of December 31, 2009. The project is anticipated to enter commercial operation by January 1, 2013.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

#### (b) *Water Utility*

***Municipal Utility Service Assessment (MUSA) Remand*** On September 2, 2005, the RCA issued an order establishing a revenue requirement for the Water Utility's rates that excluded MUSA expense (an ad valorem payment in lieu of taxes to municipal government) associated with the portion of the Water Utility's plant balances funded by contributions. The Superior Court upheld the Commission decision in 2005 in an appeal filed by the Water Utility. On September 4, 2009, the Supreme Court issued a unanimous decision finding no reasonable basis for the 2005 exclusion of MUSA from the Water Utility's revenue requirement. The Court remanded the case to the RCA for further proceedings. The Water Utility submitted written direct testimony in the remand proceeding on December 18, 2009. The remand proceeding concluded following additional written testimony from the Regulatory Affairs and Public Advocacy section of the Alaska Department of Law (RAPA) and the Water Utility and a public hearing was held July 21 through July 27, 2010. A final decision on the MUSA matter was originally due from the RCA by October 25, 2010, but has been extended to June 23, 2011. Revenue collected subject to refunds approximated \$21.5 million through December 31, 2010, of which approximately \$3.3 million was associated with revenues collected in 2010. The Water Utility is unable to determine the likely outcome of this case, and therefore has not recorded a liability for refunds payable.

***2007 Test Year / 2009 Rates*** The Water Utility filed a revenue requirement study on November 14, 2008, requesting an interim and refundable rate increase of 7.0%. The RCA granted the requested interim rate increase effective January 1, 2009. On February 10, 2010 the RCA issued Order U-08-157(10) (Order 10) finding no refund necessary for revenues collected during 2009. The Water Utility determined that the RCA's Order 10 calculations were in error and a refund was in fact required. The Water Utility filed corrected calculations in a compliance filing on February 23, 2010 and an informal conference was held at the Commission on May 5, 2010 to discuss the corrected revenue requirement calculations. A final order was issued by the RCA on October 26, 2010 approving the corrected revenue requirement calculation and requiring the Water Utility to pay refunds on revenues collected in 2009. The Water Utility distributed \$0.6 million in refunds (including interest) to its customers in December 2010 and January 2011.

***2008 Test Year / 2010 Rates*** The Water Utility filed a revenue requirement study on November 10, 2009, requesting an interim and refundable rate increase of 2.5%. On June 17, 2010 the RCA accepted a settlement agreement between the Water Utility and RAPA that established a permanent rate level that included the 2.5% rate increase.

***2009 Test Year / 2011 Rates*** On November 10, 2010 the Water Utility filed a revenue requirement study requesting an interim refundable rate increase of 8.0%. The RCA issued Order U-10-101(1) (Order 1) on December 27, 2010 granting a lower interim rate increase of 1.96% to be effective January 1, 2011. On January 10, 2011 the Water Utility filed a Petition for Reconsideration of Order 1 and requested a hearing on interim rates. The requested public hearing involving the Water Utility, RAPA and the Federal Executive Agency representing the Department of Defense, was conducted on February 15 and 16, 2011. The hearing provided the Water Utility an opportunity to present evidence to the RCA of the financial damage that it would incur if higher interim rates could not be approved. After reviewing additional evidence and legal arguments, the Commission approved the full requested 8% increase over 2010 water rates effective March 24, 2011. The 8% increase remains interim and refundable pending full review by the RCA. A final decision on the increase is not anticipated earlier than February 2012.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

#### (c) **Wastewater Utility**

**Municipal Utility Service Assessment Remand** On September 2, 2005, the RCA issued an order establishing a revenue requirement for the Wastewater Utility's rates that excluded MUSA expense (an ad valorem payment in lieu of taxes to municipal government) associated with the portion of the Wastewater Utility's plant balances funded by contributions. The Superior Court upheld the Commission decision in 2005 in an appeal filed by the Wastewater Utility. On September 4, 2009, the Supreme Court issued a unanimous decision finding no reasonable basis for the 2005 exclusion of MUSA from the Wastewater Utility's revenue requirement. The Court remanded the case to the RCA for further proceedings. The Wastewater Utility submitted written direct testimony in the remand proceeding on December 18, 2009. The remand proceeding concluded following additional written testimony from the Regulatory Affairs and Public Advocacy section of the Alaska Department of Law (RAPA) and the Wastewater Utility and a public hearing was held July 21 through July 27, 2010. A final decision on the MUSA matter was originally due from the RCA by October 25, 2010, but has been extended to June 23, 2011. Revenue collected subject to refunds approximated \$15.3 million through December 31, 2010, of which approximately \$2.3 million was associated with revenues collected in 2010. The Wastewater Utility is unable to determine the likely outcome of this case, and therefore has not recorded a liability for refunds payable.

**2007 Test Year / 2009 Rates** The Wastewater Utility filed a revenue requirement study on November 14, 2008, requesting an interim and refundable rate increase of 6.5%. The RCA granted the requested interim rate increase effective January 1, 2009. On February 10, 2010 the RCA issued Order U-08-158(10) (Order 10) finding no refund necessary for revenues collected during 2009. The Wastewater Utility determined that the RCA's Order 10 calculations were in error and a refund was in fact required. The Wastewater Utility filed corrected calculations in a compliance filing on February 23, 2010 and an informal conference was held at the Commission on May 5, 2010 to discuss the corrected revenue requirement calculations. A final order was issued by the RCA on October 26, 2010 approving the corrected revenue requirement calculation and requiring the Wastewater Utility to pay refunds on revenues collected in 2009. The Wastewater Utility distributed \$0.7 million in refunds (including interest) to its customers in December 2010 and January 2011.

**2008 Test Year / 2010 Rates** The Wastewater Utility filed a revenue requirement study on November 10, 2009, requesting an interim and refundable rate increase of 2.5%. On June 17, 2010 the RCA accepted a settlement agreement between the Wastewater Utility and RAPA that established a permanent rate level that included the 2.5% rate increase.

**2009 Test Year / 2011 Rates** On November 10, 2010 the Wastewater Utility filed a revenue requirement study requesting an interim refundable rate increase of 15.0%. The RCA issued Order U-10-102(1) (Order 1) on December 27, 2010 granting a lower interim rate increase of 11.75% to be effective January 1, 2011. On January 10, 2011 the Wastewater Utility filed a Petition for Reconsideration of Order 1 and requested a hearing on interim rates. The requested public hearing involving the Wastewater Utility, RAPA and the Federal Executive Agency representing the Department of Defense, was conducted on February 15 and 16, 2011. The hearing provided the Wastewater Utility an opportunity to present evidence to the RCA of the financial damage that it would incur if higher interim rates could not be approved. After reviewing additional evidence and legal arguments, the Commission approved the full requested 15% increase over 2010 Wastewater rates effective March 24, 2011. The 15% increase remains interim and refundable pending full review by the RCA. A final decision on the increase is not anticipated earlier than February 2012.



## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

#### **NOTE 20 Contingencies**

##### **(a) *Litigation***

Anchorage, in the normal course of its activities, is involved in various claims and litigation. In the opinion of management and the Municipal Attorney, the disposition of these matters is not presently expected to have a material adverse effect on Anchorage's financial statements.

##### **(b) *Grants***

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 or other applicable fund. In management's opinion, disallowances, if any, will be immaterial.

##### **(c) *Property Tax Limitation***

On October 4, 1983, Anchorage voters approved a charter amendment limiting the amount of taxes Anchorage can levy except for debt service. With certain other exceptions, the amendment limits taxes to the amount levied in the previous year increased by Anchorage Consumer Price Index (CPI) and 5-year average population growth. In the opinion of management, Anchorage is in compliance with this limitation.

##### **(d) *Spending Limitation***

On August 3, 1983, the Assembly adopted an ordinance limiting the amount of expenditures in the general government operating budget for tax-supported services. The amount is limited to the previous year's budget increased by amounts no more than the percentage increase in the July CPI over the previous July CPI and those additional increases necessary to provide voter and legally mandated services. In the opinion of management, Anchorage is in compliance with this limitation.

#### **NOTE 21 Environmental Issues**

Anchorage has adopted an aggressive proactive policy designed to identify and mitigate the potential effects of past, present and future activity that may result in environmental impact. It is accounting policy to record a liability when the likelihood of responsibility for an environmental impact is probable and the cost of mitigating the impact is estimable within reasonable limits. At December 31, 2010, there are environmental issues that meet both of these criteria and, accordingly, a provision has been made in the accompanying financial statements for the cost of mitigating environmental concerns of underground fuel and hazardous waste contamination. The following is a summary of environmental concerns at December 31, 2010.

##### **(a) *Solid Waste Landfill Sites***

Anchorage's landfill at Merrill Field was closed during 1987 following approximately 50 years of usage. An active gas migration control system was constructed in 1992 and has since operated without fail. Operation of the gas control system has been effective in maintaining compliance with regulations pertaining to landfill gas and protecting public safety.

In 1996, a project was undertaken to improve existing groundwater controls and to construct a new system to control and collect groundwater from beneath the site for treatment in the municipal wastewater system. This collection system has operated without

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Basic Financial Statements

December 31, 2010

fail, and has been effective in mitigating potential offsite migration of contaminants. Anchorage continues to maintain landfill gas and groundwater control systems and to perform monitoring of this site in compliance with state and federal regulations governing closure of solid waste facilities.

Anchorage is also responsible for postclosure care at two other closed landfill sites: the former landfill beneath Della Vega Park (closed in 1977) and the Peters Creek landfill (closed in 1987). Postclosure care requirements are limited to groundwater quality and landfill gas migration.

**(b) Landfill Closure and Postclosure Care Cost**

State and federal laws and regulations require Anchorage to place a final cover on its current regional landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the landfill for thirty years after closure. To properly account for these future closure and postclosure costs each year, Solid Waste Services (SWS) records an operating expense based on landfill capacity. During 2005, the future closure and postclosure care costs were reevaluated and adjusted to reflect current conditions. At December 2010, SWS had a recorded liability of \$20,459,932 associated with these future costs, based on the use of 38% of the landfill's estimated capacity. Based upon the 2005 study, it is estimated SWS will recognize an additional \$33,134,677 in liability expense between December 31, 2010 and 2043, the current estimated date the landfill is expected to reach full capacity. These amounts are based upon what it would cost to perform all the closure and postclosure functions in 2010. Future inflation costs and additional costs that might arise from changes in requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

State laws and federal regulations require Anchorage to provide financial assurances for future closure and postclosure costs by one of a number of allowable mechanisms available. Anchorage elected to use the "Local Government Test" financial assurance mechanism to comply with the regulation. Pursuant to A0-2008-46, the Anchorage Assembly amended municipal code to establish a restricted account to fund the liability for landfill closure and postclosure purposes. At December 31, 2010, \$4,597,159 of SWS assets are in the restricted account for payment of closure and postclosure care costs.

Activity in the long term liability for landfill closure and postclosure care cost was as follows:

<u>Balance January 1, 2010</u>	<u>Addition</u>	<u>Deletion</u>	<u>Balance December 31, 2010</u>	<u>Due Within One Year</u>
\$ 19,217,586	\$ 1,242,346	\$ -	\$ 20,459,932	\$ -

**(c) Fuel/PCB Contaminated site at Hank Nikkels Power Plant One**

During the 1964 earthquake, approximately 250,000-400,000 gallons of diesel fuel spilled on the ground. According to several environmental investigations, the spill impacted soil and groundwater at the Hank Nikkels Power Plant One and properties west/northwest of the plant. In 2006-2007, the Electric Utility replaced generating unit 3 at the plant. During the subsurface investigation, in addition to diesel contamination known from the 1964 spill, PCBs were detected in the soil. All soil disturbing activities at the site are governed by the Risk-Based Disposal Plan (RBDP) administered by the Alaska Department of

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

Environmental Conservation (ADEC) and the Environmental Protection Agency (EPA). In 2011-2012 the Electric Utility will replace two black start engines with more efficient and lower emissions models. New underground utilities will be installed during the 2011 construction season for a new turbine that will replace Turbines 1 and 2 in 2012-2013. Contaminated soil testing and disposal during any excavations necessitated by the replacement will be conducted according to the RBDP. The additional cost of compliance cannot be measured at this time.

**(d) *New Air Regulations***

Due to numerous court cases and certain legislative efforts, the 2011 mandatory reporting of greenhouse gas (GHG) emissions to the EPA has been delayed until September, 2011. The delay in the implementation of the rule will not reduce the cost of compliance. To implement the GHG reporting requirements, the Electric Utility will need to continue upgrades of older fuel metering devices and test fuel for heating value periodically.

In 2010, the EPA released new rules authorizing state PSD (Prevention of Significant Deterioration) programs to include GHG emissions into the PSD permitting process. An installation of new turbines at both power plants will trigger a five-step BACT (Best Available Control Technology) review. The EPA places an emphasis on selection of "most energy efficient technologies" that will translate into reducing GHGs.

The cost of compliance with numerous GHG rules published by EPA since 2009 cannot be estimated at this time, but will significantly increase the cost of environmental compliance for the Electric Utility.

**(e) *New Generation Permitting***

Environmental permits will be obtained prior to construction of new generation units. Air quality assessments and modeling, soil contamination investigations, and wastewater treatment and discharge requirements are primary environmental permitting and compliance areas that will require a consultant's expertise. The additional cost of compliance is currently not determinable.

**(f) *Pollution Remediation Obligation***

**Water Utility**

Beginning in 1993, in accordance with the ADEC regulations, the Water Utility commenced activities to remove three leaking underground fuel storage tanks and the surrounding contaminated soils. Additional contamination was identified on the affected property (unrelated to the tank leakage) requiring additional removal of soils. An ADEC report indicates the Water Utility performed some groundwater sampling at the site, but there is no documentation indicating a groundwater characterization had been completed. In 2010, the Water Utility completed additional site characterization and will submit work plans for 2011 and beyond for the ADEC approval while working toward closure of the case on this site.

The Water Utility used the expected cash flow technique to measure the liability. The Water Utility estimated a reasonable range of potential outlays of \$160,000 to \$240,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$175,000. The potential for a material change in the estimate is possible depending upon the response received from the ADEC.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

#### **Wastewater Utility**

Beginning in 1992, in accordance with the ADEC regulations, the Wastewater Utility commenced activities to remove two leaking underground fuel storage tanks and the surrounding contaminated soils. The Wastewater Utility maintains monitoring wells and performed soil and groundwater testing at the site. In 2010, the Wastewater Utility completed additional site characterization and will submit work plans for 2011 and beyond for ADEC approval while working toward closure of the case on this site.

The Wastewater Utility used the expected cash flow technique to measure the liability. The Wastewater Utility estimated a reasonable range of potential outlays of \$160,000 to \$210,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$176,000. The potential for a material change in the estimate is possible depending upon the response received from the ADEC.

#### **Other Environmental issues**

The Municipality of Anchorage is aware of certain potential environmental issues as follows:

The presence of PCBs exceeding applicable clean up levels was discovered in the soils on the Reeve Boulevard site, Parcel 3, Tract B, Municipal Industrial Subdivision (Site), owned by the Municipality. Those soils were transported to the Site by and under the supervision of potentially responsible third parties. The presence of PCBs on the Site has been reported to the ADEC and the EPA. Anchorage is working with the ADEC and the EPA on proper characterization and remediation of the Site; the Municipality is also pursuing its rights and remedies against third parties.

Anchorage used the expected cash flow technique to measure liability. The Municipality estimated a reasonable range of potential outlays of \$500,000 to \$800,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$750,000. The potential for a material change in the estimate is possible depending on the final outcome of the remediation.

Kincaid Project Group, Inc., an Alaska nonprofit corporation (KPG), has undertaken certain projects to develop improvements within Kincaid Park, owned by Anchorage. During the course of such improvements, one or more contractors of KPG disturbed lead-contaminated soils at the site of the former biathlon range. The EPA issued a notice of violation to Anchorage. While KPG has essentially acknowledged responsibility for the violation and is working with the EPA and the ADEC to remediate the site, Anchorage, as owner of the Park, remains as a potentially responsible party.

Anchorage used the expected cash flow technique to measure liability. The Municipality estimated a reasonable range of potential outlays of \$750,000 to \$1,036,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$907,000. The potential for a material change in the estimate is possible depending on the final outcome of the remediation.

The presence of diesel range organics, tetrachloroethylene and trichloroethylene chemicals exceeding applicable clean up levels were discovered on a parcel of land at 4501 Lake Otis Parkway owned by the Municipality. From 1996 through 2008, this property was operated as a dry cleaning facility. The Municipality foreclosed on the property in 1993 but leased it back to the former owner until 2008.

Anchorage used the expected cash flow technique to measure liability. The Municipality estimated a reasonable range of potential outlays of \$922,000 to \$3,800,000 and multiplied

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

those outlays by their probability of occurring to estimate a pollution remediation obligation of \$2,400,000. The potential for a material change in the estimate is possible depending on the final outcome of the remediation.

#### **NOTE 22 Subsequent Events**

In February 2011, the Port entered into an agreement with the Department of Defense to acquire 48 acres of undeveloped land for fair market value of \$10,305,000. In exchange, the Port has committed to provide a permanent access road connecting Joint Base Elmendorf-Richardson to the Port and to accept responsibility for the environmental condition of the transferred land.

The Electric Utility is in the process of acquiring real property at Arctic Boulevard and 30<sup>th</sup> Avenue for the site of a new midtown substation 22. The Electric Utility board approved the purchase on February 23, 2011 and the Anchorage Assembly approved AO 2011-47 on April 12, 2011. The purchase price is not to exceed \$3,500,000, plus closing costs. The closing date for the purchase of real property at Arctic Boulevard and 30<sup>th</sup> Avenue closed on May 13, 2011.

See Note 12 for long-term debt issued after year end, Note 11 (f) for bonds approved after year end and Note 7 for payments to MARAD for the Port Intermodal Expansion made after year end.

#### **NOTE 23 New Accounting Pronouncements**

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates covering several topics as follows:

- GASB 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*
- GASB 57 – *OPEB Measurements by Agent Employers and Agent Multiple - Employer Plans*
- GASB 58 – *Accounting and Financial Reporting for Chapter 9 Bankruptcies*
- GASB 59 – *Financial Instruments Omnibus*
- GASB 60 – *Service Concession Arrangements*
- GASB 61 – *The Financial Reporting Entity*
- GASB 62 – *Codification of Pre-'89 FASB and AICPA Pronouncements*

Of these statements, GASB 54 – *Fund Balance Reporting and Governmental Fund Type Definitions* is effective for Anchorage's financial statements for the year ended December 31, 2011 and is expected to have a significant impact on financial reporting presentation. This statement will require an analysis of all funds of Anchorage to determine ongoing compliance with fund type categories as defined in the statement and will recategorize all existing fund balance classifications into five new categories:

- ✓ Nonspendable
- ✓ Restricted
- ✓ Committed
- ✓ Assigned
- ✓ Unassigned

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Basic Financial Statements

December 31, 2010

- ✓ Restricted
- ✓ Committed
- ✓ Assigned
- ✓ Unassigned

GASB 60 – *Service Concession Arrangements* is effective for Anchorage's financial statements for the year ended December 31, 2012 and will require an analysis of Anchorage's local concessions management contracts. GASB 61 – *The Financial Reporting Entity* is effective for the year ended December 31, 2013 and will require a reevaluation of Anchorage's component units. Anchorage is evaluating the potential impact of these statements.

Statements 57 through 59 and Statement 62 are not expected to have any material impact on Anchorage's financial statements.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information - Budgetary Comparison Schedule  
 with Expenditures by Function for the General Fund and Sub-Funds

Year ended December 31, 2010

	Budget		Actual Budgetary Basis	Budget to GAAP	Actual GAAP Basis	Variance With Final Budget
	Original	Final		Difference		
<b>Revenues:</b>						
Taxes	\$ 275,135,121	\$ 506,954,062	\$ 514,094,973	\$ -	\$ 514,094,973	\$ 7,140,911
Assessments in lieu of taxes	2,112,252	2,112,252	2,284,762	-	2,284,762	172,510
Special assessments	220,000	220,000	652,751	-	652,751	432,751
Licenses and permits	11,358,495	10,756,655	9,727,381	-	9,727,381	(1,029,274)
Intergovernmental	18,305,650	18,512,154	18,299,273	(1) 9,867,535	28,166,808	(212,881)
Charges for services	27,311,231	27,380,231	27,846,781	-	27,846,781	466,550
Fines and forfeitures	7,582,820	7,732,820	7,469,147	-	7,469,147	(263,673)
Investment income	5,765,400	5,476,220	2,172,131	-	2,172,131	(3,304,089)
Restricted contributions	1,214,575	1,214,575	1,214,575	-	1,214,575	-
Other revenues	2,426,640	2,585,640	2,981,568	-	2,981,568	395,928
<b>Total revenues</b>	<b>351,432,184</b>	<b>582,944,609</b>	<b>586,743,342</b>	<b>9,867,535</b>	<b>596,610,877</b>	<b>3,798,733</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	16,923,634	16,119,475	16,444,055	(1) 1,273,550	17,717,605	(324,580)
Fire services	79,494,890	80,375,398	79,258,359	(1) 1,893,335	81,151,694	1,117,039
Police services	99,579,147	100,353,997	95,197,799	(1) 2,343,156	97,540,955	5,156,198
Health and human services	13,369,219	13,584,662	12,643,257	(1) 550,768	13,194,025	941,405
Economic and community development	47,257,618	47,507,428	43,580,635	(1) 660,212	44,240,847	3,926,793
Public transportation	18,924,254	19,818,618	19,138,916	(1) 520,917	19,659,833	679,702
Public works	17,151,375	17,465,512	16,490,963	(1) 2,216,031	18,706,994	974,549
Education	-	233,853,777	233,853,777	-	233,853,777	-
Maintenance and operations	37,098,793	36,745,427	33,928,578	(1) 409,566	34,338,144	2,816,849
<b>Debt service:</b>						
Principal	16,824,030	16,482,975	16,408,950	-	16,408,950	74,025
Interest	23,611,071	20,200,254	20,310,910	-	20,310,910	(110,656)
<b>Total expenditures</b>	<b>370,234,031</b>	<b>602,507,523</b>	<b>587,256,199</b>	<b>9,867,535</b>	<b>597,123,734</b>	<b>15,251,324</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(18,801,847)</b>	<b>(19,562,914)</b>	<b>(512,857)</b>	<b>-</b>	<b>(512,857)</b>	<b>19,050,057</b>
<b>Other financing sources (uses):</b>						
Transfers in – from other funds	28,508,706	30,311,544	29,768,429	-	29,768,429	(543,115)
Transfers out – to other funds	(9,545,121)	(12,289,819)	(11,858,178)	-	(11,858,178)	431,641
Proceeds from bond sale	-	-	23,750,000	-	23,750,000	23,750,000
Proceeds from premium on bond sale	-	-	421,682	-	421,682	421,682
Payment to refunded bond escrow agent	-	-	(24,047,975)	-	(24,047,975)	(24,047,975)
Sale of capital assets	-	-	96,472	-	96,472	96,472
Loan Proceeds	-	507,250	507,250	-	507,250	-
<b>Total other financing source (uses)</b>	<b>18,963,585</b>	<b>18,528,975</b>	<b>18,637,680</b>	<b>-</b>	<b>18,637,680</b>	<b>108,705</b>
<b>Net change in fund balance</b>	<b>161,738</b>	<b>(1,033,939)</b>	<b>18,124,823</b>	<b>-</b>	<b>18,124,823</b>	<b>19,158,762</b>
<b>Fund balance, beginning of year</b>	<b>40,516,842</b>	<b>40,516,842</b>	<b>40,516,842</b>	<b>(2) 4,680,226</b>	<b>45,197,068</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 40,678,580</b>	<b>\$ 39,482,903</b>	<b>\$ 58,641,665</b>	<b>\$ 4,680,226</b>	<b>\$ 63,321,891</b>	<b>\$ 19,158,762</b>

**Explanation of differences:**

- (1) Effective July 1, 2008, Anchorage changed its policy regarding the recording of on-behalf payments for PERS. The on-behalf payments are not cash transactions and there is no impact or cost to the taxpayers associated with these transactions. Also, the on-behalf payment amounts have fluctuated significantly over the past few years. This has made the amounts difficult to estimate for budgetary purposes. Therefore, effective July 1, 2008, Anchorage has elected to exclude this item from its budget, and it is shown here as a reconciling item to GAAP basis.
- (2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing Anchorage's budget. This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as encumbrances for goods and services ordered but not received that were reported in the year the orders were placed for budgetary purposes. For GAAP purposes, they are reported in the year goods and services are received.

**Note:**

This schedule is for informational purposes only. The budget presented by function for the General Fund and Sub-Funds in this schedule is not the legal level of budget authority. This schedule provides a variance analysis of revenue, expenditures and other financing sources (uses) to budget in a format similar to the government-wide financial statement presentation.

See accompanying notes to required supplementary information.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Required Supplementary Information – Budgetary Data

December 31, 2010

In 2003, Anchorage implemented GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*. This statement, an amendment to GASB Statement No. 34, clarifies the budgetary presentation requirements for governments with significant budgetary perspective differences that result in not being able to present budgetary comparison information for their general fund and major special revenue funds. The estimated appropriations in Anchorage's General Fund Budget do not correspond to the expenditures that are reported for the general fund on a GAAP basis. A reconciliation from GAAP to budgetary basis is provided to present the actual amounts on a budgetary basis for the budget to actual comparison.

In accordance with the Anchorage Home Rule Charter, the Mayor is required to submit a proposed budget for the next fiscal year to the Assembly at least 90 days before the end of the current fiscal year. The Assembly holds two public hearings on the proposed budget. The Assembly may increase or decrease any item, and may add or delete items; but must approve a budget and appropriate the necessary resources by ordinance at least 21 days prior to year end. Otherwise, the Mayor's proposal becomes the budget and appropriation.

The Assembly approved 2010 operating budgets and appropriations of direct costs at the department level, and indirect costs at the fund or sub-fund level. Some departmental appropriations span more than one fund. The Assembly approved 2010 capital budgets with anticipated appropriation of resources for the general government and appropriations for each utility. Upon certification by the Chief Fiscal Officer that actual resources have become available for specific general government capital projects; e.g., when a grant is accepted, a bond sale or interfund transfer is approved, or a special assessment district is created, a supplemental appropriation is submitted to the Assembly for final approval. Supplemental appropriations are also submitted for approval upon certification by the Chief Fiscal Officer that operating grant funds have become available. The legal level of a budgetary control is the fund or sub-fund level for revenues and expenditures and the department level for expenditures and other financing uses.

During the year, no obligation involving the expenditure of money may be made unless the Chief Fiscal Officer has certified that the money required for the expenditure has been appropriated for that purpose. When each obligation is incurred, the committed amount becomes encumbered; i.e., it is treated as a reduction of available budget so that the committed amount will be available to pay for the goods or services when they are received. When the commitment is fulfilled, the encumbrance is released and an expenditure is recorded. An encumbrance is also released when a commitment is canceled.

The Assembly may approve supplemental appropriations to increase or decrease the budget and appropriations, or transfer all or part of any unencumbered balance from one appropriation to another by resolution. The Assembly, by ordinance, may authorize a contract, lease or other obligation requiring financing from future appropriations, except that a lease purchase agreement committing funds in excess of \$1 million is not valid until approved by the voters. The Mayor may transfer all or part of any unencumbered balance between categories within an appropriation.

At the end of the year, an unencumbered operating appropriation lapses into the fund from which it was appropriated; except that supplemental appropriations of grant and capital project resources do not lapse until their purpose has been accomplished or abandoned.

Annual budgets are adopted for the General Fund, Heritage Land Bank (a Special Revenue Fund), the Convention Center Operating Reserve (a Special Revenue Fund), Debt Service Funds except CIVICVentures Bond Fund, and the administrative operating costs of the Pension Trust Fund. Appropriations for these funds lapse at year end to the extent they have not been expended or encumbered. The General Fund is the only major fund required to be included as required supplementary information.

Annual budgets are also adopted for proprietary fund types. However, since the measurement focus for proprietary fund types is upon determination of net income, financial position and cash flows, GAAP does not require the adoption of budgets, and budgetary comparisons are not included for these funds.



**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Required Supplementary Information – Budgetary Data

December 31, 2010

The Municipal Assembly is required to approve the School District budget (in total only) and appropriate by ordinance the necessary resources at least sixty days prior to the current School District year end. Any budget revisions during the year increasing the total appropriation require approval by the Assembly. Expenditures may not exceed the aggregate total amount of the budget.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Required Supplementary Information – Condition Rating of  
Anchorage’s Road Network

December 31, 2010

	Percentage of Lane – Miles in Good or Better Condition		
	2008	2005	2002
Anchorage Road District	75.51%	74.89%	76.61%
Chugiak/Eagle River Road District	95.87%	95.16%	95.25%
Girdwood Road District	76.15%	93.01%	73.75%
Other Road Districts	74.46%	87.62%	76.94%
Overall System	80.18%	80.01%	80.57%

	Percentage of Lane – Miles in Fair Condition		
	2008	2005	2002
Anchorage Road District	24.49%	25.11%	23.39%
Chugiak/Eagle River Road District	4.13%	4.84%	4.75%
Girdwood Road District	23.85%	6.99%	26.25%
Other Road Districts	25.54%	12.38%	23.06%
Overall System	19.82%	19.99%	19.43%

**Comparison of Estimated-to-Actual Maintenance/Preservation (in Thousands)**

	2010	2009*	2008 *	2007*	2006*
Anchorage Road District:					
Needed	\$ 11,772	79,137	\$ 49,418	\$ 28,584	\$ 31,396
Actual	11,800	78,094	49,923	29,002	31,124
Chugiak/Eagle River Road District:					
Needed	2,990	7,854	1,848	5,571	4,636
Actual	3,778	8,296	1,359	5,082	4,692
Girdwood Road District:					
Needed	313	330	363	606	675
Actual	263	303	256	498	630
Other Road Districts:					
Needed	1,059	1,097	1,126	768	534
Actual	1,509	2,207	2,176	1,335	478
Overall System:					
Needed	16,134	88,418	52,755	35,529	37,241
Actual	17,349	88,900	53,714	35,917	36,924
Difference	1,216	482	959	388	(317)

Note: The condition of road pavement is measured based upon an assessment of the longitudinal profile (International Roughness Index) and rut depth provided by the Dynatest Road Surface Profiler. The measurement system is an algorithm that combines the international roughness index, rut depth, and road profile to determine a condition index from two for pavement in excellent condition to seven for pavement in fair condition. The condition index is used to classify paved roads in good or better condition (4 or less) and fair condition (5 or more). It is Anchorage’s policy to maintain 60% or more of the total paved road miles in good or better condition. Condition assessments are updated every three years.

\* Restatement of prior year’s numbers due to restatement on Government Wide Financial Statements for road projects in CWIP (see Note 6 in the Notes to Basic Financial Statements).

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Other Postemployment Benefits Information

Schedule of Funding Progress

Police and Fire Retirement Systems

Valuation Years 2010 through 2008  
(dollars in thousands)

	Gentile Group		
	2010	2009	2008
Actuarial valuation date	1-Jan-09	1-Jan-09	1-Jan-07
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)*	\$ 90,819	\$ 90,819	\$ 87,419
Unfunded actuarial accrued liability (UAAL)	\$ 90,819	\$ 90,819	\$ 87,419
Funded ratio	0%	0%	0%

	Police & Fire Retiree Medical Group		
	2010	2009	2008
Actuarial valuation date	1-Jan-09	1-Jan-09	1-Jan-07
Actuarial value of plan assets	\$ 9,506	\$ 9,506	\$ 9,500
Actuarial accrued liability (AAL)*	\$ 41,433	\$ 41,433	\$ 41,986
Unfunded actuarial accrued liability (UAAL)	\$ 31,927	\$ 31,927	\$ 32,486
Funded ratio	23%	23%	23%

\* Based on projected unit credit actuarial cost method.

**Police and Fire Pension System Plans**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
January 1, 2011:						
Plan I	\$78,411	\$90,173	\$11,762	87.00%	\$136	8648.50%
Plan II	56,352	67,017	10,665	84.10%	536	1989.70%
Plan III	188,591	222,810	34,219	84.60%	6,568	521.00%
January 1, 2010:						
Plan I	\$74,626	\$91,924	\$17,298	81.20%	\$119	14536.10%
Plan II	52,902	67,180	14,278	78.70%	515	2772.40%
Plan III	172,478	219,565	47,087	78.60%	7,005	672.20%
January 1, 2009:						
Plan I	\$70,585	\$93,118	22,533	75.80%	\$352	6401.40%
Plan II	49,649	67,290	17,641	73.80%	614	2873.10%
Plan III	157,351	212,132	\$54,781	74.20%	6,795	806.20%

This page intentionally left blank.

# SUPPLEMENTARY INFORMATION

## Additional Budgetary Comparison Schedules

The **General Fund and Sub-Funds** budgetary comparison schedule and reconciliation to GAAP is presented for perspective purposes to demonstrate Anchorage's legal level of adopted budget for estimated revenues and appropriations at the fund and sub-fund level, which is different than the GAAP fund structure format presented in the Required Supplementary Information section.

The **Department** budgetary comparison schedule and reconciliation to GAAP **for the General Fund and Sub-Funds** is presented for perspective purposes to demonstrate Anchorage's legal level of adopted budget for estimated revenues and appropriations at the department level, which is different than the GAAP fund structure format presented in the Required Supplementary Information section.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
**Additional Supplementary Information - Budgetary Comparison Schedule**  
 by General Fund and Sub-Funds  
 Year ended December 31, 2010

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Revenues & other financing sources:						
Areawide Service Area	\$ 116,729,471	\$ 361,129,320	\$ 364,149,669	\$ -	\$ 364,149,669	\$ 3,020,349
Former City Service Area	409	-	2,500	-	2,500	2,500
Chugiak Fire Service Area	1,102,710	1,104,598	1,201,477	-	1,201,477	96,879
Glen Alps Service Area	310,124	311,349	309,718	-	309,718	(1,631)
Girdwood Valley Service Area	2,067,853	1,908,858	1,944,180	-	1,944,180	35,322
Former Borough Roads & Drainage Service Area	-	-	2,927	-	2,927	2,927
Fire Service Area	58,740,049	56,438,442	57,446,505	-	57,446,505	1,008,063
Roads & Drainage Service Area	62,361,743	55,908,953	76,115,040	-	76,115,040	20,206,087
Limited Service Areas	9,799,346	9,789,148	9,858,139	-	9,858,139	68,991
Anchorage Metropolitan Police Service Area	95,042,990	94,587,284	95,896,253	-	95,896,253	1,308,969
Anchorage Bowl Parks & Recreation Service Area	21,221,979	20,678,112	23,175,381	-	23,175,381	2,497,269
Eagle River - Chugiak Parks & Recreational Service Area	4,097,755	3,763,591	3,759,638	-	3,759,638	(3,953)
Building Safety Service Area	6,940,326	6,419,756	5,775,978	-	5,775,978	(643,778)
Public Finance & Investment	1,524,120	1,723,382	1,649,549	-	1,649,549	(73,833)
Police/Fire Retiree Medical Defined Contribution Support	2,015	610	221	-	221	(389)
SOA PERs On-Behalf Payments	-	-	-	(1)	9,867,535	-
Total revenues & other finance sources	<u>379,940,890</u>	<u>613,763,403</u>	<u>641,287,175</u>	<u>9,867,535</u>	<u>651,154,710</u>	<u>27,523,772</u>
Expenditures & other financing uses:						
Areawide Service Area	116,729,473	357,081,266	350,296,525	-	350,296,525	6,784,741
Former City Service Area	409	-	-	-	-	-
Chugiak Fire Service Area	1,102,710	1,104,597	915,967	-	915,967	188,630
Glen Alps Service Area	310,124	311,350	289,175	-	289,175	22,175
Girdwood Valley Service Area	2,067,852	1,915,861	1,805,255	-	1,805,255	110,606
Former Borough Roads & Drainage Service Area	-	-	-	-	-	-
Fire Service Area	58,740,049	58,657,629	59,708,798	-	59,708,798	(1,051,169)
Roads & Drainage Service Area	62,361,742	57,557,255	75,458,550	-	75,458,550	(17,901,295)
Limited Service Areas	9,793,296	10,063,424	9,332,305	-	9,332,305	731,119
Anchorage Metropolitan Police Service Area	95,042,993	96,106,140	92,129,937	-	92,129,937	3,976,203
Anchorage Parks & Recreation Service Area	21,221,978	20,269,531	21,876,096	-	21,876,096	(1,606,565)
Eagle River - Chugiak Parks & Recreational Service Area	4,097,756	3,763,598	3,379,924	-	3,379,924	383,674
Building Safety Service Area	5,823,178	6,335,983	6,450,002	-	6,450,002	(114,019)
Public Finance & Investment	2,485,577	1,630,709	1,519,818	-	1,519,818	110,891
Police/Fire Retiree Medical Defined Contribution Support	2,015	(1)	-	-	-	(1)
SOA PERs On-Behalf Payments	-	-	-	(1)	9,867,535	-
Total expenditures & other financing uses	<u>379,779,152</u>	<u>614,797,342</u>	<u>623,162,352</u>	<u>9,867,535</u>	<u>633,029,887</u>	<u>(8,365,010)</u>
Net change in fund balance	<u>161,738</u>	<u>(1,033,939)</u>	<u>18,124,823</u>	<u>-</u>	<u>18,124,823</u>	<u>19,158,762</u>
Fund balance, beginning of year	<u>40,516,842</u>	<u>40,516,842</u>	<u>40,516,842</u>	<u>(2)</u>	<u>45,197,068</u>	<u>-</u>
Fund balance, end of year	<u>\$ 40,678,580</u>	<u>\$ 39,482,903</u>	<u>\$ 58,641,665</u>	<u>\$ 4,680,226</u>	<u>\$ 63,321,891</u>	<u>\$ 19,158,762</u>

Explanation of differences:

(1)

Effective July 1, 2008, Anchorage changed its policy regarding the recording of on-behalf payments for PERS. The on-behalf payments are not cash transactions and there is no impact or cost to the taxpayers associated with these transactions. Also, the on-behalf payment amounts have fluctuated significantly over the past few years. This has made the amounts difficult to estimate for budgetary purposes. Therefore, effective July 1, 2008, Anchorage has elected to exclude this item from its budget, and it is shown here as a reconciling item to GAAP basis.

(2)

The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing Anchorage's budget. This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as encumbrances for goods and services ordered but not received that were reported in the year the orders were placed for budgetary purposes. For GAAP purposes, they are reported in the year goods and services are received.

See accompanying notes to required supplementary information.

MUNICIPALITY OF ANCHORAGE, ALASKA

Additional Supplementary Information - Budgetary Comparison Schedule  
by Department for the General Fund and Sub-Funds  
Year ended December 31, 2010

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Expenditures & other financing uses:						
Assembly	\$ 2,548,708	\$ 2,604,642	\$ 2,481,729	(1) \$ 55,651	\$ 2,537,380	\$ 122,913
Chief Fiscal Officer	480,736	479,038	434,054	(1) 14,267	448,321	44,984
Development Services	8,731,424	9,227,978	8,630,037	(1) 860,047	9,490,084	597,941
Economic & Community Development	16,444,187	16,583,541	15,758,110	(1) 260,023	16,018,133	825,431
Education	-	233,853,777	233,853,777	-	233,853,777	-
Employee Relations	2,036,373	2,102,910	1,806,266	(1) 75,154	1,881,420	296,644
Office of Equal Opportunity	194,018	192,653	167,489	(1) 5,307	172,796	25,164
Equal Rights Commission	668,863	662,474	574,849	(1) 21,536	596,385	87,625
Finance	12,641,432	12,241,351	11,261,564	(1) 355,385	11,616,949	979,787
Fire	77,706,056	77,710,377	77,894,383	(1) 1,894,310	79,788,693	(184,006)
Health & Human Services	11,391,358	11,471,054	10,918,132	(1) 551,741	11,469,873	552,922
Heritage Land Bank/Real Estate Services	6,940,175	7,792,083	7,694,107	(1) 31,494	7,725,601	97,976
Information Technology	1,332,033	1,328,787	1,276,728	(1) 322,530	1,599,258	52,059
Internal Audit	546,071	536,245	514,840	(1) 19,917	534,757	21,405
Maintenance & Operations	80,045,783	79,897,413	96,652,211	(1) 410,541	97,062,752	(16,754,798)
Management & Budget	938,269	934,047	787,455	(1) 25,091	812,546	146,592
Mayor	1,353,395	1,402,969	1,251,620	(1) 33,364	1,284,984	151,349
Municipal Attorney	6,896,021	7,124,402	6,815,269	(1) 200,334	7,015,603	309,133
Municipal Manager	3,100,357	2,910,555	2,907,104	(1) 61,939	2,969,043	3,451
Non Departmental - TANS	-	214,831	211,445	-	211,445	3,386
Parks & Recreation	20,896,643	19,312,713	20,909,317	(1) 344,704	21,254,021	(1,596,604)
Planning	3,987,441	3,977,161	3,493,575	(1) 58,404	3,551,979	483,586
Police	88,838,918	90,184,787	86,307,036	(1) 2,344,131	88,651,167	3,877,751
Police/Fire Retiree Medical	147,920	146,371	132,517	-	132,517	13,854
Project Management & Engineering	7,678,131	8,004,729	7,204,860	(1) 718,176	7,923,036	799,869
Public Transportation	20,201,599	20,335,317	20,244,765	(1) 521,892	20,766,657	90,552
Purchasing	1,530,794	1,555,111	1,261,671	(1) 40,868	1,302,539	293,440
Traffic	6,608,021	6,817,852	6,426,839	(1) 640,729	7,067,568	391,013
Total expenditures & other financing uses	383,884,726	619,605,168	627,871,749	9,867,535	637,739,284	(8,266,581)
Less: net intragovernmental costs & billings	(4,105,574)	(4,807,826)	(4,709,397)	-	(4,709,397)	(98,429)
Total expenditures & other financing uses	\$ 379,779,152	\$ 614,797,342	\$ 623,162,352	\$ 9,867,535	\$ 633,029,887	\$ (8,365,010)

Explanation of differences:

- (1) Effective July 1, 2008, Anchorage changed its policy regarding the recording of on-behalf payments for PERS. The on-behalf payments are not cash transactions and there is no impact or cost to the taxpayers associated with these transactions. Also, the on-behalf payment amounts have fluctuated significantly over the past few years. This has made the amounts difficult to estimate for budgetary purposes. Therefore, effective July 1, 2008, Anchorage has elected to exclude this item from its budget, and it is shown here as a reconciling item to GAAP basis.

Note: This schedule does not provide detail by departments for revenues and other financing sources. This is because the legal level of budgetary control is adopted only for expenditures and other financing uses at the department level. Intragovernmental Costs and Billings are not budgeted by the assembly. They are presented for comparison purposes for total expenditures only.

See accompanying notes to required supplementary information.

This page intentionally left blank.



# NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The **Heritage Land Bank Fund** accounts for Municipal-owned real estate.

The **Police Investigation Fund** accounts for the proceeds from sale of property seized by the Police Department, State and Federal agencies.

The **Convention Center Operating Reserve Fund** accounts for the dedicated bed tax collections and transfers associated with the construction of the new convention and civic center and related tourism activities.

The **State Grants Fund** accounts for financial resources which may be used only in accordance with State grant agreements.

The **Federal Grants Fund** accounts for financial resources which may be used only in accordance with Federal grant agreements.

The **Police/Fire Retiree Medical Liability Fund** accounts for contributions and earnings which are used to fund the Police/Fire Retiree Medical Trust.

The **Miscellaneous Operational Grants Fund** accounts for the use of miscellaneous restricted contributions and donations.

The **Other Restricted Resources Fund** accounts for the use of other specific revenues that are legally restricted for specified purposes.

## Debt Service Funds

The **Special Assessment Bonds Fund** accounts for special assessments and interest used to retire special assessment bonds which were issued to finance improvements to the assessed properties, except for special assessment bonds accounted for in proprietary funds.

The **Retirement Certificates of Participation Fund** accounts for an annuity investment and related income; the earnings and proceeds of which are to be used for payment of debt service requirements on certain Certificates of Participation and pension obligations of Anchorage.

The **Jail Revenue Bond Fund** accounts for debt service on jail revenue bonds and the lease revenue from the jail used to fund the debt service.

The **ACPA Surcharge Revenue Bond Fund** accounts for the performing arts center surcharge revenue and debt service on the roof repair loan.

The **CIVICventures Bond Fund** accounts for the accumulation of lodging revenue transfers and investment earnings and debt service on the convention and civic revenue bonds.

## Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The **Areawide Capital Projects Fund** accounts for general government construction projects not accounted for in other funds.

The **Public Safety Capital Projects Fund** accounts for capital improvement projects in support of police, fire and rescue operations.

The **Public Transportation Capital Projects Fund** accounts for capital improvement projects for transit facilities and equipment.

The **Miscellaneous Capital Projects Fund** accounts for capital improvement projects for out-of-service area roads and drainage, gas lines and pass-thru grants.

The **Parks and Recreation Capital Projects Fund** accounts for parks and recreation capital improvement projects in the taxing districts which receive parks and recreation services.

The **Historic Preservation Capital Projects Fund** accounts for the preservation of historic structures.

The **Heritage Land Bank Capital Projects Fund** accounts for capital improvement projects recommended by the Board of Heritage Land Bank and approved by the Assembly.

The **CIVICventures Capital Projects Fund** accounts for capital construction activities associated with the new convention and civic center.

## Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

The **Cemetery Perpetual Maintenance Permanent Fund** accounts for contributions, revenues and expenditures for perpetual maintenance of the Anchorage Memorial Park Cemetery.

This page intentionally left blank.

MUNICIPALITY OF ANCHORAGE, ALASKA

Combining Balance Sheet  
Nonmajor Governmental Funds

December 31, 2010

(With summarized financial information at December 31, 2009)

Assets	Special Revenue						
	Heritage Land	Federal/State Fines &	Convention Center Operating	State	Federal	Police/Fire Retiree Medical	Miscellaneous Operational
	Bank	Forfeitures	Reserve	Grants	Grants	Liability	Grants
Cash	\$ —	\$ 86,705	\$ —	\$ —	\$ —	\$ —	\$ —
Cash in central treasury	1,717,744	1,847,232	5,315,572	12,527,936	205,169	—	825,207
Investments	—	—	—	—	352,602	30,540,154	—
Due from other funds	—	—	—	—	—	—	—
Due from component units	—	—	—	—	—	—	—
Receivables (net of allowance for uncollectibles)	958	—	1,685,776	—	—	—	30,685
Intergovernmental receivables	—	—	—	4,348,481	3,558,738	—	—
Accrued interest on investments	—	—	—	—	—	—	—
Special assessments receivable	725	—	—	—	—	—	—
Prepaid items and deposits	—	—	1,000,000	—	—	—	—
Loans receivable	619,368	—	—	—	7,184,430	—	—
Restricted assets:	—	—	—	—	—	—	—
Investments	—	—	—	—	—	—	—
Investments in TCH, LLC	—	—	—	—	—	—	—
Total assets	<u>\$ 2,338,795</u>	<u>\$ 1,933,937</u>	<u>\$ 8,001,348</u>	<u>\$ 16,876,417</u>	<u>\$ 11,300,939</u>	<u>\$ 30,540,154</u>	<u>\$ 855,892</u>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable and retainages	\$ 1,646	\$ 5,174	\$ 946,110	\$ 1,194,280	\$ 718,460	\$ —	\$ 17,028
Accrued payroll liabilities	17,207	—	—	348,097	141,392	—	—
Due to other funds	—	—	829,860	—	—	—	—
Deferred revenue and deposits	620,093	—	—	264,198	7,871,663	—	30,685
Advances from other funds	—	—	—	—	—	—	—
Total liabilities	<u>638,946</u>	<u>5,174</u>	<u>1,775,970</u>	<u>1,806,575</u>	<u>8,731,515</u>	<u>—</u>	<u>47,713</u>
Fund balances (deficits):							
Reserved:							
Encumbrances	—	67,693	—	2,551,326	297,429	—	6,522
Prepays and deposits	—	—	1,000,000	—	—	—	—
Perpetual care	—	—	—	—	—	—	—
Debt service	—	—	—	—	—	—	—
Unreserved, reported in:							
Special revenue funds:							
Designated	1,699,849	1,861,070	5,225,378	12,518,516	2,271,995	30,540,154	7,114
Undesignated	—	—	—	—	—	—	794,543
Capital project funds:							
Designated	—	—	—	—	—	—	—
Undesignated	—	—	—	—	—	—	—
Total fund balances	<u>1,699,849</u>	<u>1,928,763</u>	<u>6,225,378</u>	<u>15,069,842</u>	<u>2,569,424</u>	<u>30,540,154</u>	<u>808,179</u>
Total liabilities and fund balances	<u>\$ 2,338,795</u>	<u>\$ 1,933,937</u>	<u>\$ 8,001,348</u>	<u>\$ 16,876,417</u>	<u>\$ 11,300,939</u>	<u>\$ 30,540,154</u>	<u>\$ 855,892</u>

See accompanying independent auditors' report.

Special Revenue  
(Continued)

Debt Service

Other Restricted Resources	Total Special Revenue	Special Assessment Bonds	Retirement Certificates of Participation	Jail Revenue Bond	ACPA Surcharge Revenue Bond	CIVICVentures	Total Debt Service
\$ —	\$ 86,705	\$ —	\$ —	\$ 11,178	\$ —	\$ —	\$ 11,178
—	22,438,860	1,045,266	160,001	—	244,968	—	1,450,235
—	30,892,756	—	—	—	—	—	—
—	—	—	—	—	—	826,499	826,499
—	—	—	—	—	143,475	—	143,475
—	1,717,419	—	—	—	—	—	—
—	7,907,219	—	—	—	—	—	—
—	—	—	—	—	—	1,753	1,753
78,897	79,622	20,618	—	—	—	—	20,618
—	1,000,000	—	—	—	—	—	—
—	7,803,798	—	—	—	—	—	—
—	—	—	—	—	—	13,799,554	13,799,554
—	—	—	—	—	—	—	—
<u>\$ 78,897</u>	<u>\$ 71,926,379</u>	<u>\$ 1,065,884</u>	<u>\$ 160,001</u>	<u>\$ 11,178</u>	<u>\$ 388,443</u>	<u>\$ 14,627,806</u>	<u>\$ 16,253,312</u>
\$ 10,236	\$ 2,892,934	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	506,696	—	—	—	—	—	—
117,544	947,404	—	—	—	—	—	—
—	8,786,639	—	—	2,539	—	—	2,539
—	—	—	—	—	—	—	—
<u>127,780</u>	<u>13,133,673</u>	<u>—</u>	<u>—</u>	<u>2,539</u>	<u>—</u>	<u>—</u>	<u>2,539</u>
—	2,922,970	—	—	—	—	—	—
—	1,000,000	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	1,065,884	160,001	8,639	388,443	14,627,806	16,250,773
—	54,124,076	—	—	—	—	—	—
(48,883)	745,660	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
<u>(48,883)</u>	<u>56,792,706</u>	<u>1,065,884</u>	<u>160,001</u>	<u>8,639</u>	<u>388,443</u>	<u>14,627,806</u>	<u>16,250,773</u>
<u>\$ 78,897</u>	<u>\$ 71,926,379</u>	<u>\$ 1,065,884</u>	<u>\$ 160,001</u>	<u>\$ 11,178</u>	<u>\$ 388,443</u>	<u>\$ 14,627,806</u>	<u>\$ 16,253,312</u>

(Continued)

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Combining Balance Sheet  
Nonmajor Governmental Funds

December 31, 2010

(With summarized financial information at December 31, 2009)

<b>Capital Projects</b>						
<b>Assets</b>	<b>Areawide</b>	<b>Public Safety</b>	<b>Public Transportation</b>	<b>Miscellaneous</b>	<b>Parks and Recreation</b>	<b>Historic Preservation</b>
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Cash in central treasury	7,730,235	7,431,488	—	—	2,734,741	345,978
Investments	—	—	—	—	—	—
Due from other funds	855,565	—	—	—	5,040,287	—
Due from component units	14,446	—	—	—	—	—
Receivables (net of allowance for uncollectibles)	—	—	—	—	—	—
Intergovernmental receivables	1,133,717	1,236,313	4,871,148	3,261,885	827,756	—
Accrued interest on investments	—	—	—	—	—	—
Special assessments receivable	21,408	—	—	52,571	—	—
Prepaid items and deposits	—	—	—	—	—	—
Loans receivable	—	—	—	—	—	—
Restricted assets:						
Investments	—	—	—	—	—	—
Investments in TCH, LLC	378,783	—	—	—	—	—
<b>Total assets</b>	<b>\$ 10,134,154</b>	<b>\$ 8,667,801</b>	<b>\$ 4,871,148</b>	<b>\$ 3,314,456</b>	<b>\$ 8,602,784</b>	<b>\$ 345,978</b>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable and retainages	\$ 174,646	\$ 499,852	\$ 1,207,691	\$ 1,085,142	\$ 389,513	\$ —
Accrued payroll liabilities	—	—	9,747	—	—	—
Due to other funds	3,175,318	—	3,981,693	1,025,445	—	—
Deferred revenue and deposits	20,334	1,000,000	84,050	342,167	—	—
Advances from other funds	1,510,984	—	—	—	—	—
<b>Total liabilities</b>	<b>4,881,282</b>	<b>1,499,852</b>	<b>5,283,181</b>	<b>2,452,754</b>	<b>389,513</b>	<b>—</b>
Fund balances (deficits):						
Reserved:						
Encumbrances	2,958,510	3,052,618	1,218,618	1,795,034	815,801	—
Prepays and deposits	—	—	—	—	—	—
Perpetual care	—	—	—	—	—	—
Debt service	—	—	—	—	—	—
Unreserved, reported in:						
Special revenue funds						
Designated	—	—	—	—	—	—
Undesignated	—	—	—	—	—	—
Capital project funds:						
Designated	2,121,852	2,937,435	—	—	6,623,077	—
Undesignated	172,510	1,177,896	(1,630,651)	(933,332)	774,393	345,978
<b>Total fund balances</b>	<b>5,252,872</b>	<b>7,167,949</b>	<b>(412,033)</b>	<b>861,702</b>	<b>8,213,271</b>	<b>345,978</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,134,154</b>	<b>\$ 8,667,801</b>	<b>\$ 4,871,148</b>	<b>\$ 3,314,456</b>	<b>\$ 8,602,784</b>	<b>\$ 345,978</b>

See accompanying independent auditors' report.

Capital Projects (Continued)			Permanent Fund	Total Nonmajor Governmental Funds	
Heritage Land Bank	CIVICVentures	Total Capital Projects	Cemetery Perpetual Maintenance	December 31, 2010	As Restated December 31, 2009
\$ —	\$ —	\$ —	\$ —	\$ 97,883	\$ 31,284
1,676,949	—	19,919,391	406,351	44,214,837	21,495,480
—	—	—	—	30,892,756	28,359,074
—	—	5,895,852	—	6,722,351	260,482
—	—	14,446	—	157,921	130,800
—	—	—	—	1,717,419	1,673,723
—	—	11,330,819	—	19,238,038	39,018,849
—	—	—	—	1,753	267
—	—	73,979	—	174,219	268,232
—	—	—	—	1,000,000	1,120,397
—	—	—	—	7,803,798	8,078,369
—	—	—	—	13,799,554	14,289,571
—	—	378,783	—	378,783	412,252
<u>\$ 1,676,949</u>	<u>\$ —</u>	<u>\$ 37,613,270</u>	<u>\$ 406,351</u>	<u>\$ 126,199,312</u>	<u>\$ 115,138,780</u>
\$ 903	\$ —	\$ 3,357,747	\$ —	\$ 6,250,681	\$ 7,393,903
—	—	9,747	—	516,443	515,002
—	—	8,182,456	—	9,129,860	9,831,026
—	—	1,446,551	—	10,235,729	11,551,360
—	—	1,510,984	—	1,510,984	5,599,791
<u>903</u>	<u>—</u>	<u>14,507,485</u>	<u>—</u>	<u>27,643,697</u>	<u>34,891,082</u>
120,329	—	9,960,910	—	12,883,880	24,759,527
—	—	—	—	1,000,000	1,120,397
—	—	—	406,351	406,351	384,555
—	—	—	—	16,250,773	16,259,350
—	—	—	—	54,124,076	43,181,202
—	—	—	—	745,660	554,232
867,659	—	12,550,023	—	12,550,023	5,851,188
<del>688,058</del>	—	<del>594,852</del>	—	<del>594,852</del>	<del>(11,862,753)</del>
<u>1,676,046</u>	<u>—</u>	<u>23,105,785</u>	<u>406,351</u>	<u>98,555,615</u>	<u>80,247,698</u>
<u>\$ 1,676,949</u>	<u>\$ —</u>	<u>\$ 37,613,270</u>	<u>\$ 406,351</u>	<u>\$ 126,199,312</u>	<u>\$ 115,138,780</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended December 31, 2010

(With summarized financial information for the year ended December 31, 2009)

	Special Revenue						
	Heritage Land Bank	Federal/State Fines & Forfeitures	Convention Center Operating Reserve	State Grants	Federal Grants	Police/Fire Retiree Medical Liability	Miscellaneous Operational Grants
Revenues:							
Hotel and motel taxes	\$ —	\$ —	\$ 11,377,359	\$ —	\$ —	\$ —	\$ —
Special assessments	—	—	—	—	—	—	—
Intergovernmental	—	—	—	23,424,155	11,231,972	—	—
Charges for services	1,939,100	—	—	—	—	—	—
Fines and forfeitures	—	292,527	—	—	—	—	—
Investment income (loss)	35,524	53,777	164,757	23,501	34,790	3,399,023	25,267
Restricted contributions	—	—	—	—	—	—	574,216
Other	198,649	345,794	195,570	—	382,701	—	482
<b>Total revenues</b>	<b>2,173,273</b>	<b>692,098</b>	<b>11,737,686</b>	<b>23,447,656</b>	<b>11,649,463</b>	<b>3,399,023</b>	<b>599,965</b>
Expenditures:							
Current:							
General government	1,258,872	—	—	(2,555,950)	—	67,112	52,286
Fire services	—	—	—	630,432	504,114	1,354,493	29,758
Police services	—	651,500	—	1,281,370	2,133,550	1,319,396	—
Health and human services	—	—	—	8,658,764	3,289,454	—	2,326
Economic and community development	—	—	5,373,758	7,688,920	5,935,796	—	377,651
Public transportation	—	—	—	1,852,653	43,634	—	—
Public works	—	—	—	1,604,006	623,441	—	—
Maintenance and operations of roads and facilities	—	—	—	146,066	—	—	—
Education	—	—	—	1,271,577	—	—	—
Debt service:							
Principal	—	—	—	—	74,000	—	—
Interest	—	—	—	—	100,616	—	—
Bond issuance costs	—	—	—	—	—	—	—
Capital projects	—	—	—	—	—	—	—
<b>Total expenditures</b>	<b>1,258,872</b>	<b>651,500</b>	<b>5,373,758</b>	<b>20,577,838</b>	<b>12,704,605</b>	<b>2,741,001</b>	<b>462,021</b>
Excess (deficiency) of revenues over expenditures	914,401	40,598	6,363,928	2,869,818	(1,055,142)	658,022	137,944
Other financing sources (uses):							
Transfers from other funds	—	—	422,118	636,572	556,945	1,869,000	34,291
Transfers to other funds	(220,000)	—	(6,125,400)	—	—	—	—
General obligation bonds issued	—	—	—	—	—	—	—
Premium on bond sale	—	—	—	—	—	—	—
Sale of capital assets	—	—	—	—	—	—	—
<b>Total other financing sources (uses)</b>	<b>(220,000)</b>	<b>—</b>	<b>(5,703,282)</b>	<b>636,572</b>	<b>556,945</b>	<b>1,869,000</b>	<b>34,291</b>
Net change in fund balance	694,401	40,598	660,646	3,506,390	(498,197)	2,527,022	172,235
Fund balances (deficits), beginning of year	1,005,448	1,888,165	5,564,732	11,563,452	3,067,621	28,013,132	635,944
<b>Fund balances (deficits), end of year</b>	<b>\$ 1,699,849</b>	<b>\$ 1,928,763</b>	<b>\$ 6,225,378</b>	<b>\$ 15,069,842</b>	<b>\$ 2,569,424</b>	<b>\$ 30,540,154</b>	<b>\$ 808,179</b>

See accompanying independent auditors' report.



Special Revenue (Continued)		Debt Service					
Other Restricted Resources	Total Special Revenue	Special Assessment Bonds	Retirement Certificates of Participation	Jail Revenue Bond	ACPA Surcharge Revenue Bond	CIVIC Ventures Revenue Bond	Total Debt Service
\$ ---	\$ 11,377,359	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
802,212	802,212	2,395	---	---	---	---	2,395
---	34,656,127	---	---	---	---	---	---
---	1,939,100	---	---	5,019,431	---	---	5,019,431
---	292,527	---	---	---	---	---	---
(13,980)	3,722,659	30,419	8,160	---	8,535	46,567	93,681
---	574,216	---	---	---	---	10,647	10,647
---	1,123,196	---	---	---	333,468	---	333,468
788,232	54,487,396	32,814	8,160	5,019,431	342,003	57,214	5,459,622
791,353	(386,327)	---	---	---	---	---	---
---	2,518,797	---	---	---	---	---	---
---	5,385,816	---	---	---	---	---	---
---	11,950,544	---	---	---	---	---	---
---	19,376,125	---	---	---	---	10,647	10,647
---	1,896,287	---	---	---	---	---	---
---	2,227,447	---	---	---	---	---	---
---	146,066	---	---	---	---	---	---
---	1,271,577	---	---	---	---	---	---
---	74,000	---	---	2,985,000	110,000	1,070,000	4,165,000
---	100,616	---	---	2,034,431	228,613	5,027,460	7,290,504
---	---	---	---	---	---	---	---
---	---	---	---	---	---	---	---
791,353	44,560,948	---	---	5,019,431	338,613	6,108,107	11,466,151
(3,121)	9,926,448	32,814	8,160	---	3,390	(6,050,893)	(6,006,529)
---	3,518,926	---	---	---	---	6,130,452	6,130,452
---	(6,345,400)	---	(132,500)	---	---	---	(132,500)
---	---	---	---	---	---	---	---
---	---	---	---	---	---	---	---
---	---	---	---	---	---	---	---
---	(2,826,474)	---	(132,500)	---	---	6,130,452	5,997,952
(3,121)	7,099,974	32,814	(124,340)	---	3,390	79,559	(8,577)
(45,762)	51,692,732	1,033,070	284,341	8,639	385,053	14,548,247	16,259,350
\$ (48,883)	\$ 58,792,706	\$ 1,065,884	\$ 160,001	\$ 8,639	\$ 388,443	\$ 14,627,806	\$ 16,250,773

(Continued)

MUNICIPALITY OF ANCHORAGE, ALASKA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year ended December 31, 2010

(With summarized financial information for the year ended December 31, 2009)

Capital Projects						
	Areawide	Public Safety	Public Transportation	Miscellaneous	Parks and Recreation	Historic Preservation
Revenues:						
Hotel and motel taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Special assessments	25,031	—	—	77,412	—	—
Intergovernmental	3,560,627	6,665,865	14,880,679	5,461,218	2,718,382	—
Charges for services	271,881	50,415	1,620	—	940	—
Fines and forfeitures	—	—	—	—	—	—
Investment income (loss)	156,507	41,022	—	—	236,689	11,422
Restricted contributions	—	—	—	—	53,215	—
Other	309,121	608	—	—	265,996	—
Total revenues	<u>4,323,167</u>	<u>6,757,910</u>	<u>14,882,299</u>	<u>5,538,630</u>	<u>3,275,222</u>	<u>11,422</u>
Expenditures:						
Current:						
General government	—	—	—	—	—	—
Fire services	—	—	—	—	—	—
Police services	—	—	—	—	—	—
Health and human services	—	—	—	—	—	—
Economic and community development	—	—	—	—	—	—
Public transportation	—	—	—	—	—	—
Public works	—	—	—	—	—	—
Maintenance and operations of roads and facilities	—	—	—	—	—	—
Education	—	—	—	—	—	—
Debt service:						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond issuance costs	37,654	20,039	664	—	21,224	—
Capital projects	6,903,538	7,607,460	15,832,939	5,202,365	4,314,729	—
Total expenditures	<u>6,941,192</u>	<u>7,627,499</u>	<u>15,833,603</u>	<u>5,202,365</u>	<u>4,335,953</u>	<u>—</u>
Excess (deficiency) of revenues over expenditures	<u>(2,618,025)</u>	<u>(869,589)</u>	<u>(951,304)</u>	<u>336,265</u>	<u>(1,060,731)</u>	<u>11,422</u>
Other financing sources (uses):						
Transfers from other funds	2,998,526	371,000	206,291	40,000	1,112,487	—
Transfers to other funds	(774)	(941)	(14)	—	(76,216)	—
General obligation bonds issued	5,486,000	2,919,550	96,753	—	3,092,109	—
Premium on bond sale	52,428	27,900	925	—	29,551	—
Sale of capital assets	2,155	—	—	—	—	—
Total other financing sources (uses)	<u>8,538,335</u>	<u>3,317,509</u>	<u>303,955</u>	<u>40,000</u>	<u>4,157,931</u>	<u>—</u>
Net change in fund balance	<u>5,920,310</u>	<u>2,447,920</u>	<u>(647,349)</u>	<u>376,265</u>	<u>3,097,200</u>	<u>11,422</u>
Fund balances, beginning of year	<u>(667,438)</u>	<u>4,720,029</u>	<u>235,316</u>	<u>485,437</u>	<u>5,116,071</u>	<u>334,556</u>
Fund balances, end of year	<u>\$ 5,252,872</u>	<u>\$ 7,167,949</u>	<u>\$ (412,033)</u>	<u>\$ 861,702</u>	<u>\$ 8,213,271</u>	<u>\$ 345,978</u>

See accompanying independent auditors' report.

Capital Projects (Continued)			Permanent Fund	Total Nonmajor Governmental Funds	
Heritage Land Bank	CIVICVentures	Total Capital Projects	Cemetery Perpetual Maintenance	2010	2009
\$ —	\$ —	\$ —	\$ —	\$ 11,377,359	\$ 10,498,254
—	—	102,443	—	907,050	899,964
—	—	33,286,771	—	67,942,898	89,026,287
—	—	324,856	10,150	7,283,537	5,159,121
—	—	—	—	292,527	737,485
59,398	—	505,038	11,646	4,333,024	6,567,895
—	—	53,215	—	638,078	270,910
—	5,052	580,777	—	2,037,441	1,826,834
59,398	5,052	34,853,100	21,796	94,821,914	114,986,750
—	—	—	—	(386,327)	4,427,193
—	—	—	—	2,518,797	4,668,957
—	—	—	—	5,385,816	6,550,716
—	—	—	—	11,950,544	12,619,077
—	73	73	—	19,386,845	15,131,851
—	—	—	—	1,896,287	2,337,027
—	—	—	—	2,227,447	2,267,307
—	—	—	—	146,066	2,983,898
—	—	—	—	1,271,577	5,918,478
—	—	—	—	4,239,000	3,925,000
—	—	—	—	7,391,120	7,582,568
—	—	79,581	—	79,581	—
290,369	—	40,151,400	—	40,151,400	66,057,643
290,369	73	40,231,054	—	96,258,153	134,469,715
(230,971)	4,979	(5,377,954)	21,796	(1,436,239)	(19,482,965)
220,000	—	4,948,304	—	14,597,682	16,850,141
—	(5,052)	(82,997)	—	(6,560,897)	(14,396,875)
—	—	11,594,412	—	11,594,412	—
—	—	110,804	—	110,804	—
—	—	2,155	—	2,155	956,527
220,000	(5,052)	16,572,678	—	19,744,156	3,409,793
(10,971)	(73)	11,194,724	21,796	18,307,917	(16,073,172)
1,687,017	73	11,911,061	384,555	80,247,698	96,320,870
\$ 1,676,046	\$ —	\$ 23,105,785	\$ 406,351	\$ 98,555,615	\$ 80,247,698

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Budgetary Comparison Schedule

Heritage Land Bank

Special Revenue Fund

Year ended December 31, 2010

	<b>Budget</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Charges for services	\$ —	\$ —	\$ 1,939,100	\$ 1,939,100
Investment income	63,732	63,732	35,524	(28,208)
Other revenues	111,000	311,000	198,649	(112,351)
Total revenues	<u>174,732</u>	<u>374,732</u>	<u>2,173,273</u>	<u>1,798,541</u>
Expenditures:				
General government	1,258,698	1,309,957	1,258,872	51,085
Total expenditures	<u>1,258,698</u>	<u>1,309,957</u>	<u>1,258,872</u>	<u>51,085</u>
Excess (Deficiency) of revenues over expenditures	<u>(1,083,966)</u>	<u>(935,225)</u>	<u>914,401</u>	<u>1,849,626</u>
Other financing sources (uses):				
Transfers to other funds	—	—	(220,000)	(220,000)
Sale of capital assets	410,000	410,000	—	(410,000)
Total other financing sources (uses)	<u>410,000</u>	<u>410,000</u>	<u>(220,000)</u>	<u>(630,000)</u>
Net change in fund balance	(673,966)	(525,225)	694,401	1,219,626
Fund balance, beginning of year	1,005,448	1,005,448	1,005,448	—
Fund balance, end of year	<u>\$ 331,482</u>	<u>\$ 480,223</u>	<u>\$ 1,699,849</u>	<u>\$ 1,219,626</u>

See accompanying independent auditors' report.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Budgetary Comparison Schedule  
Convention Center Operating Reserve  
Special Revenue Fund  
Year ended December 31, 2010

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Hotel and motel taxes	\$ 10,625,873	\$ 10,821,373	\$ 11,377,359	\$ 555,986
Investment income	—	—	164,757	164,757
Other revenues	—	195,500	195,570	70
Total revenues	<u>10,625,873</u>	<u>11,016,873</u>	<u>11,737,686</u>	<u>720,813</u>
Expenditures:				
Economic and community development	4,962,804	5,706,322	5,373,758	332,564
Total expenditures	<u>4,962,804</u>	<u>5,706,322</u>	<u>5,373,758</u>	<u>332,564</u>
Excess of revenues over expenditures	<u>5,663,069</u>	<u>5,310,551</u>	<u>6,363,928</u>	<u>1,053,377</u>
Other financing sources (uses):				
Transfers to other funds	(5,663,069)	(6,171,888)	(6,125,400)	46,488
Transfers from other funds	—	—	422,118	422,118
Total other financing sources (uses)	<u>(5,663,069)</u>	<u>(6,171,888)</u>	<u>(5,703,282)</u>	<u>468,606</u>
Net change in fund balance	—	(861,337)	660,646	1,521,983
Fund balance, beginning of year	5,564,732	5,564,732	5,564,732	—
Fund balance, end of year	<u>\$ 5,564,732</u>	<u>\$ 4,703,395</u>	<u>\$ 6,225,378</u>	<u>\$ 1,521,983</u>

See accompanying independent auditors' report.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Budgetary Comparison Schedule

Special Assessment Bonds

Debt Service Fund

Year ended December 31, 2010

	<b>Budget</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Special assessments	\$ —	\$ —	\$ 2,395	\$ 2,395
Investment income	—	—	30,419	30,419
Total revenues	—	—	32,814	32,814
Fund balance, beginning of year	1,033,070	1,033,070	1,033,070	—
Fund balance, end of year	\$ 1,033,070	\$ 1,033,070	\$ 1,065,884	\$ 32,814

See accompanying independent auditors' report.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Budgetary Comparison Schedule  
 Retirement Certificates of Participation  
 Debt Service Fund  
 Year ended December 31, 2010

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Investment income	\$ —	\$ —	\$ 8,160	\$ 8,160
Total revenues	—	—	8,160	8,160
Other financing uses:				
Transfers to other funds	(132,500)	(132,500)	(132,500)	—
Total other financing uses	(132,500)	(132,500)	(132,500)	—
Net change in fund balance	(132,500)	(132,500)	(124,340)	8,160
Fund balance, beginning of year	284,341	284,341	284,341	—
Fund balance, end of year	\$ 151,841	\$ 151,841	\$ 160,001	\$ 8,160

See accompanying independent auditors' report.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Budgetary Comparison Schedule  
 Police/Fire Retiree Medical Liability  
 Special Revenue Fund  
 Year ended December 31, 2010

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 90,000	\$ 90,000	\$ 3,399,023	\$ 3,309,023
Total revenues	<u>90,000</u>	<u>90,000</u>	<u>3,399,023</u>	<u>3,309,023</u>
Expenditures:				
General government	—	88,000	67,112	20,888
Fire services	1,396,709	1,375,804	1,354,493	21,311
Police services	1,341,937	1,321,852	1,319,396	2,456
Total expenditures	<u>2,738,646</u>	<u>2,785,656</u>	<u>2,741,001</u>	<u>44,655</u>
Excess (deficiency) of revenues over expenditures	<u>(2,648,646)</u>	<u>(2,695,656)</u>	<u>658,022</u>	<u>3,353,678</u>
Other financing sources:				
Transfers from other funds	1,869,000	1,869,000	1,869,000	—
Total other financing sources	<u>1,869,000</u>	<u>1,869,000</u>	<u>1,869,000</u>	<u>—</u>
Net change in fund balance	(779,646)	(826,656)	2,527,022	3,353,678
Fund balance, beginning of year	<u>28,013,132</u>	<u>28,013,132</u>	<u>28,013,132</u>	<u>—</u>
Fund balance, end of year	<u>\$ 27,233,486</u>	<u>\$ 27,186,476</u>	<u>\$ 30,540,154</u>	<u>\$ 3,353,678</u>

See accompanying independent auditors' report.



**MUNICIPALITY OF ANCHORAGE, ALASKA**

Budgetary Comparison Schedule

Jail Revenue Bond

Debt Service Fund

Year ended December 31, 2010

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 5,016,010	\$ 5,016,010	\$ 5,019,431	\$ 3,421
Investment income	—	3,990	—	(3,990)
Total revenues	<u>5,016,010</u>	<u>5,020,000</u>	<u>5,019,431</u>	<u>(569)</u>
Expenditures:				
Debt service:				
Principal	2,690,000	2,690,000	2,985,000	(295,000)
Interest	<u>2,330,000</u>	<u>2,330,000</u>	<u>2,034,431</u>	<u>295,569</u>
Total expenditures	<u>5,020,000</u>	<u>5,020,000</u>	<u>5,019,431</u>	<u>569</u>
Net change in fund balance	(3,990)	—	—	—
Fund balance, beginning of year	<u>8,639</u>	<u>8,639</u>	<u>8,639</u>	<u>—</u>
Fund balance, end of year	<u>\$ 4,649</u>	<u>\$ 8,639</u>	<u>\$ 8,639</u>	<u>\$ —</u>

See accompanying independent auditors' report.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Budgetary Comparison Schedule

ACPA Surcharge Revenue Bond

Debt Service Fund

Year ended December 31, 2010

	<b>Budget</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Investment income	—	—	8,535	8,535
Other	342,917	342,917	333,468	(9,449)
Total revenues	<u>342,917</u>	<u>342,917</u>	<u>342,003</u>	<u>(914)</u>
Expenditures:				
Debt service:				
Principal	105,000	105,000	110,000	(5,000)
Interest	232,820	234,320	228,613	5,707
Total expenditures	<u>337,820</u>	<u>339,320</u>	<u>338,613</u>	<u>707</u>
Net change in fund balance	5,097	3,597	3,390	(207)
Fund balance, beginning of year	385,053	385,053	385,053	—
Fund balance, end of year	<u>\$ 390,150</u>	<u>\$ 388,650</u>	<u>\$ 388,443</u>	<u>\$ (207)</u>

See accompanying independent auditors' report.

## NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for activities for which a fee is charged to external users for goods or services received.

The **Refuse Utility Fund** accounts for the Municipal-owned refuse collection services.

The **Solid Waste Fund** accounts for the Municipal-owned landfill and transfer station operations.

The **Municipal Airport Fund** accounts for the operations of Merrill Field, a Municipal-owned airport.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Combining Statement of Net Assets

Nonmajor Enterprise Funds

December 31, 2010

(With summarized financial information at December 31, 2009)

Assets	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds	
				December 31, 2010	December 31, 2009
Current assets:					
Cash	\$ 700	\$ 2,775	\$ 200	\$ 3,675	\$ 3,675
Cash in central treasury	3,322,983	8,639,152	—	11,962,135	8,883,643
Receivables (net of allowance for uncollectibles)	616,853	1,958,523	3,459	2,578,835	2,612,982
Accrued interest on investments	21,815	82,099	—	103,914	109,518
Interest receivable	—	—	23	23	547
Prepaid items and deposits	1,301	3,216	16,772	21,289	24,610
Restricted assets:					
Intergovernmental receivables	—	—	1,531,900	1,531,900	759,879
Bond and acquisition and construction accounts	1,948,033	6,602,034	1,587,274	10,137,341	14,536,531
Landfill post closure cash reserve	—	4,597,159	—	4,597,159	2,920,700
Total current assets	5,911,685	21,884,958	3,139,628	30,936,271	29,852,085
Noncurrent assets:					
Loans receivable, net	—	—	5,702	5,702	12,109
Capital assets, net	4,147,358	58,669,985	56,771,103	119,588,446	111,924,905
Total noncurrent assets	4,147,358	58,669,985	56,776,805	119,594,148	111,937,014
Total assets	\$ 10,059,043	\$ 80,554,943	\$ 59,916,433	\$ 150,530,419	\$ 141,789,099
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Accounts payable and retainages	\$ 44,976	\$ 473,035	\$ 17,971	\$ 535,982	\$ 727,212
Compensated absences payable	112,651	469,953	70,387	652,991	610,927
Due to other funds	—	—	1,020,340	1,020,340	857,433
Accrued payroll liabilities payable	77,862	332,107	40,523	450,492	516,746
Accrued interest payable	—	156,118	—	156,118	170,424
Long-term obligations maturing within one year	—	1,446,096	—	1,446,096	1,446,870
Deferred revenue and deposits	329	—	98,742	99,071	106,389
Current liabilities payable from restricted assets:					
Capital acquisition and construction accounts and retainage payable	—	9,283	483,783	493,066	259,975
Total current liabilities	235,818	2,886,592	1,731,746	4,854,156	4,695,976
Noncurrent liabilities:					
Alaska clean water loans payable	—	14,673,256	—	14,673,256	16,124,028
Compensated absences payable	17,892	33,805	4,999	56,696	32,153
Total noncurrent liabilities	17,892	14,707,061	4,999	14,729,952	16,156,181
Deferred credits and other liabilities:					
Future landfill closure costs	—	20,459,932	—	20,459,932	19,217,586
Total liabilities	253,710	38,053,585	1,736,745	40,044,040	40,069,743
Net assets (deficit):					
Invested in capital assets, net of related debt	4,147,358	49,152,667	56,771,103	110,071,128	104,718,627
Restricted for capital construction	1,948,033	—	3,082,991	5,031,024	4,931,790
Unrestricted	3,709,942	(6,651,309)	(1,674,406)	(4,615,773)	(7,931,061)
Total net assets	9,805,333	42,501,358	58,179,688	110,486,379	101,719,356
Total liabilities and net assets	\$ 10,059,043	\$ 80,554,943	\$ 59,916,433	\$ 150,530,419	\$ 141,789,099

See accompanying independent auditors' report.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Nonmajor Enterprise Funds

Year ended December 31, 2010

(With summarized financial information for the year ended December 31, 2009)

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds	
				2010	2009
Operating revenues:					
Charges for sales and services	\$ 8,700,524	\$ 18,473,628	\$ 1,215,954	\$ 28,390,106	\$ 28,196,718
Other	41,850	500,523	—	542,373	552,093
Total operating revenues	8,742,374	18,974,151	1,215,954	28,932,479	28,748,811
Operating expenses:					
Operations	7,401,865	10,908,450	1,087,110	19,397,425	19,834,684
Amortization of future landfill closure costs	—	1,242,346	—	1,242,346	1,125,732
Depreciation and amortization	719,319	3,488,989	2,222,615	6,430,923	6,005,388
Total operating expenses	8,121,184	15,639,785	3,309,725	27,070,694	26,965,804
Operating income (loss)	621,190	3,334,366	(2,093,771)	1,861,785	1,783,007
Nonoperating revenues (expenses):					
Investment income	186,604	574,430	5,411	766,445	1,425,540
Other revenues	—	—	11,119	11,119	10,223
Intergovernmental revenue	—	—	108,584	108,584	108,584
Interest expense	—	(249,175)	—	(249,175)	(277,375)
Gain (loss) on sale of capital assets	1,660	(163,643)	—	(161,983)	33,345
Net nonoperating revenues (expenses)	188,264	161,612	125,114	474,990	1,300,317
Income (loss) before capital contributions and transfers	809,454	3,495,978	(1,968,657)	2,336,775	3,083,324
Capital contributions	—	—	7,272,716	7,272,716	4,494,210
Transfers from other funds	—	440,000	—	440,000	—
Transfers to other funds	(230,907)	(1,014,620)	(36,941)	(1,282,468)	(5,323,356)
Change in net assets	578,547	2,921,358	5,267,118	8,767,023	2,254,178
Total net assets – beginning	9,226,786	39,580,000	52,912,570	101,719,356	99,465,178
Total net assets – ending	\$ 9,805,333	\$ 42,501,358	\$ 58,179,688	\$ 110,486,379	\$ 101,719,356

See accompanying independent auditors' report.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Year ended December 31, 2010

(With summarized financial information for the year ended December 31, 2009)

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds	
				2010	2009
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 8,744,241	\$ 19,004,912	\$ 1,218,644	\$ 28,967,797	\$ 28,456,288
Payments to employees	(1,956,985)	(7,684,294)	(1,012,805)	(10,654,084)	(9,795,982)
Payments to vendors	(5,426,232)	(3,408,735)	(95,930)	(8,930,897)	(9,308,579)
Net cash from operating activities	1,361,024	7,911,883	109,909	9,382,816	9,351,727
<b>Cash flows from noncapital and related financing activities:</b>					
Transfers to other funds	(230,907)	(1,014,620)	(36,941)	(1,282,468)	(5,323,356)
Transfers from other funds	—	440,000	—	440,000	—
Due to other funds	—	—	162,907	162,907	857,433
Net cash from noncapital and related financing activities	(230,907)	(574,620)	125,966	(679,561)	(4,465,923)
<b>Cash flows from capital and related financing activities:</b>					
Principal payments on long-term obligations	—	(1,451,546)	—	(1,451,546)	(1,806,870)
Interest payments on long-term obligations	—	(263,481)	—	(263,481)	(295,154)
Acquisition and construction of capital assets	(841,485)	(6,524,131)	(6,748,211)	(14,113,827)	(8,925,509)
Landfill post closure cash reserve	—	(1,676,459)	—	(1,676,459)	(1,537,285)
Proceeds from sales of capital assets	1,660	88,811	—	90,471	336,889
Intergovernmental revenue	—	—	6,618,316	6,618,316	4,179,663
Net cash from capital and related financing activities	(839,825)	(9,826,806)	(129,895)	(10,796,526)	(8,048,266)
<b>Cash flows from investing activities:</b>					
Proceeds from sale of investments	—	—	—	—	412,337
Investment income	185,406	581,232	5,935	772,573	1,317,498
Net cash from investing activities	185,406	581,232	5,935	772,573	1,729,835
Net increase (decrease) in cash	475,698	(1,908,311)	111,915	(1,320,698)	(1,432,627)
Cash, beginning of year	4,796,018	17,152,272	1,475,559	23,423,849	24,856,476
Cash, end of year	\$ 5,271,716	\$ 15,243,961	\$ 1,587,474	\$ 22,103,151	\$ 23,423,849
<b>Cash</b>					
Cash	\$ 700	\$ 2,775	\$ 200	\$ 3,675	\$ 3,675
Cash in central treasury	3,322,983	8,639,152	—	11,962,135	8,883,643
Capital acquisition and construction accounts	1,948,033	6,602,034	1,587,274	10,137,341	14,536,531
Cash, December 31	\$ 5,271,716	\$ 15,243,961	\$ 1,587,474	\$ 22,103,151	\$ 23,423,849
<b>Reconciliation of change in net assets to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 621,190	\$ 3,334,366	\$ (2,093,771)	\$ 1,861,785	\$ 1,783,007
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	719,319	3,488,989	2,222,615	6,430,923	6,005,388
Amortization of landfill closure costs	—	1,242,346	—	1,242,346	1,125,732
Other revenues	—	—	11,119	11,119	10,223
Changes in assets and liabilities which increase (decrease) cash:					
Accounts receivable	4,354	30,761	(1,581)	33,534	(296,245)
Prepaid items and deposits	286	708	2,327	3,321	(34)
Notes receivable	—	—	7,020	7,020	1,024
Accounts payable and retainages	(4,649)	(179,626)	(6,955)	(191,230)	309,454
Accrued payroll liabilities	10,232	(65,080)	(11,406)	(66,254)	385,222
Deferred revenue and deposits	(2,487)	—	(13,868)	(16,355)	(7,525)
Compensated absences payable	12,779	59,419	(5,591)	66,607	35,481
Total cash provided by operating activities	\$ 1,361,024	\$ 7,911,883	\$ 109,909	\$ 9,382,816	\$ 9,351,727
<b>Noncash investing, capital, and financing activities:</b>					
Capital purchases on account	\$ —	\$ 9,283	\$ 483,783	\$ 493,066	\$ 259,975
Contributed capital and equipment	—	—	7,272,716	7,272,716	4,494,210
Deferred refunding loss	—	—	—	—	753
	\$ —	\$ 9,283	\$ 7,756,499	\$ 7,765,782	\$ 4,754,938

See accompanying independent auditors' report.

## INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, on a cost reimbursement basis.

Three **Risk Management Funds** account for money received from other Municipal funds to pay for the costs of self-insurance claims in the following categories:

- General liability, automobile liability, workers' compensation
- Medical/Dental
- Unemployment compensation

The **Equipment Maintenance Fund** accounts for the management and maintenance of general government equipment and vehicles.

The **Information Technology Fund** accounts for management information services.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Combining Statement of Net Assets

Internal Service Funds

December 31, 2010

(With summarized financial information at December 31, 2009)

Assets	Risk Management			
	General Liability/ Workers' Compensation	Medical/ Dental	Unemployment Compensation	Equipment Maintenance
Current assets:				
Cash in central treasury	\$ 13,598,343	\$ 2,776,286	\$ 1,031,099	\$ 10,009,866
Master lease agreement escrow	—	—	—	—
Due from other funds	1,018,376	—	—	—
Receivables (net of allowance for uncollectibles)	—	196,851	—	—
Inventories	—	—	—	355,575
Prepaid items and deposits	344,147	—	—	—
Restricted assets:				
Capital acquisition and construction accounts	—	—	—	—
Total current assets	<u>14,960,866</u>	<u>2,973,137</u>	<u>1,031,099</u>	<u>10,365,441</u>
Noncurrent assets:				
Advances to other funds	1,609,933	—	—	—
Capital assets, net	—	—	—	23,452,531
Total noncurrent assets	<u>1,609,933</u>	<u>—</u>	<u>—</u>	<u>23,452,531</u>
Total assets	<u>\$ 16,570,799</u>	<u>\$ 2,973,137</u>	<u>\$ 1,031,099</u>	<u>\$ 33,817,972</u>
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable and retainages	\$ 304,408	\$ 59,968	\$ —	\$ 233,999
Accrued payroll liabilities	4,716	97	—	186,394
Claims payable	9,598,290	1,005,362	169,316	—
Compensated absences payable	5,883	1,849	—	247,082
Due to other funds	—	—	—	855,565
Claims incurred but not reported	2,001,929	5,581,116	—	—
Accrued interest payable	—	—	—	—
Long term obligations maturing within one year	—	—	—	—
Current liabilities payable from restricted assets:				
Capital acquisition and construction accounts and retainage payable	—	—	—	1,097,917
Total current liabilities	<u>11,915,226</u>	<u>6,648,392</u>	<u>169,316</u>	<u>2,620,957</u>
Noncurrent liabilities:				
Advances from other funds	—	—	—	—
Deferred revenue and deposits	—	—	—	—
Capital leases payable	—	—	—	—
Claims incurred but not reported	4,684,326	—	—	—
Compensated absences payable	4,472	—	—	19,999
Total noncurrent liabilities	<u>4,688,798</u>	<u>—</u>	<u>—</u>	<u>19,999</u>
Total liabilities	<u>16,604,024</u>	<u>6,648,392</u>	<u>169,316</u>	<u>2,640,956</u>
Net assets (deficit):				
Invested in capital assets, net of related debt	—	—	—	23,452,531
Unrestricted	(33,225)	(3,675,255)	861,783	7,724,485
Total net assets	<u>(33,225)</u>	<u>(3,675,255)</u>	<u>861,783</u>	<u>31,177,016</u>
Total liabilities and net assets	<u>\$ 16,570,799</u>	<u>\$ 2,973,137</u>	<u>\$ 1,031,099</u>	<u>\$ 33,817,972</u>

See accompanying independent auditors' report.



Information Technology	Total Internal Service Funds	
	December 31, 2010	December 31, 2009
\$ —	\$ 27,415,594	\$ 33,046,626
675,239	675,239	759,080
—	1,018,376	1,266,752
—	196,851	—
—	355,575	383,478
141,935	486,082	567,984
<u>3,814,739</u>	<u>3,814,739</u>	<u>3,994,630</u>
<u>4,631,913</u>	<u>33,962,456</u>	<u>40,018,550</u>
—	1,609,933	2,115,426
<u>5,825,477</u>	<u>29,278,008</u>	<u>29,229,251</u>
<u>5,825,477</u>	<u>30,887,941</u>	<u>31,344,677</u>
<u>\$ 10,457,390</u>	<u>\$ 64,850,397</u>	<u>\$ 71,363,227</u>
\$ 138,666	\$ 737,041	\$ 1,052,202
338,271	529,478	533,841
—	10,772,968	9,470,516
612,408	867,222	821,638
4,845,219	5,700,784	5,379,919
—	7,583,045	8,396,732
21,326	21,326	—
925,302	925,302	773,671
<u>3,250</u>	<u>1,101,167</u>	<u>338,173</u>
<u>6,884,442</u>	<u>28,238,333</u>	<u>26,766,692</u>
1,097,050	1,097,050	2,115,426
258,288	258,288	383,316
1,732,432	1,732,432	1,638,121
—	4,684,326	5,574,375
<u>73,918</u>	<u>98,389</u>	<u>221,824</u>
<u>3,161,688</u>	<u>7,870,485</u>	<u>9,933,062</u>
<u>10,046,130</u>	<u>36,108,818</u>	<u>36,699,754</u>
4,867,056	28,319,587	27,429,911
(4,455,796)	421,992	7,233,562
<u>411,260</u>	<u>28,741,579</u>	<u>34,663,473</u>
<u>\$ 10,457,390</u>	<u>\$ 64,850,397</u>	<u>\$ 71,363,227</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Internal Service Funds

Year ended December 31, 2010

(With summarized financial information for the year ended December 31, 2009)

	<b>Risk Management</b>			
	<b>General Liability/ Workers' Compensation</b>	<b>Medical/ Dental</b>	<b>Unemployment Compensation</b>	<b>Equipment Maintenance</b>
Operating revenues:				
Charges for sales and services	\$ 10,468,753	\$ 42,686,666	\$ 431,860	\$ 11,363,022
Other	7,573	—	—	—
Total operating revenues	<u>10,476,326</u>	<u>42,686,666</u>	<u>431,860</u>	<u>11,363,022</u>
Operating expenses:				
Operations	11,361,343	49,221,175	740,907	6,979,564
Depreciation and amortization	—	—	—	3,913,975
Total operating expenses	<u>11,361,343</u>	<u>49,221,175</u>	<u>740,907</u>	<u>10,893,539</u>
Operating income (loss)	<u>(885,017)</u>	<u>(6,534,509)</u>	<u>(309,047)</u>	<u>469,483</u>
Nonoperating revenues (expenses):				
Investment income (loss)	468,016	260,341	37,107	247,622
Other revenues	—	—	—	131,951
Interest expense	—	—	—	—
Gain (loss) on sale of capital assets	—	—	—	311,474
Net nonoperating revenues (expenses)	<u>468,016</u>	<u>260,341</u>	<u>37,107</u>	<u>691,047</u>
Income (loss) before contributions and transfers	<u>(417,001)</u>	<u>(6,274,168)</u>	<u>(271,940)</u>	<u>1,160,530</u>
Capital contributions	—	—	—	15,847
Transfers from other funds	—	244,000	—	17,550
Transfers to other funds	—	—	—	—
Change in net assets	<u>(417,001)</u>	<u>(6,030,168)</u>	<u>(271,940)</u>	<u>1,193,927</u>
Total net assets – beginning	<u>383,776</u>	<u>2,354,913</u>	<u>1,133,723</u>	<u>29,983,089</u>
Total net assets – ending	<u>\$ (33,225)</u>	<u>\$ (3,675,255)</u>	<u>\$ 861,783</u>	<u>\$ 31,177,016</u>

See accompanying independent auditors' report.

Information Technology	Total Internal Service Funds	
	2010	2009
\$ 16,115,730	\$ 81,066,031	\$ 83,877,678
—	7,573	—
<u>16,115,730</u>	<u>81,073,604</u>	<u>83,877,678</u>
13,814,100	82,117,089	82,022,046
2,557,896	6,471,871	6,799,799
<u>16,371,996</u>	<u>88,588,960</u>	<u>88,821,845</u>
<u>(256,266)</u>	<u>(7,515,356)</u>	<u>(4,944,167)</u>
(30,817)	982,269	1,990,803
6,802	138,753	259,109
(189,187)	(189,187)	(252,606)
(8,170)	303,304	261,324
<u>(221,372)</u>	<u>1,235,139</u>	<u>2,258,630</u>
(477,638)	(6,280,217)	(2,685,537)
5,926	21,773	443,292
75,000	336,550	—
—	—	(106,433)
<u>(396,712)</u>	<u>(5,921,894)</u>	<u>(2,348,678)</u>
807,972	34,663,473	37,012,151
<u>\$ 411,260</u>	<u>\$ 28,741,579</u>	<u>\$ 34,663,473</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Combining Statement of Cash Flows

Internal Service Funds

Year ended December 31, 2010

(With summarized financial information for the year ended December 31, 2009)

	Risk Management			
	General Liability/ Workers' Compensation	Medical/ Dental	Unemployment Compensation	Equipment Maintenance
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 10,476,326	\$ 42,686,666	\$ 431,860	\$ 11,494,973
Payments to employees	(116,217)	(280,223)	—	(3,975,521)
Payments to vendors	(11,073,170)	(49,933,645)	(701,661)	(3,002,330)
Net cash provided (used) by operating activities	(713,061)	(7,527,202)	(269,801)	4,517,122
<b>Cash flows from noncapital and related financing activities:</b>				
Transfers to other funds	—	—	—	—
Transfers from other funds	—	244,000	—	—
Loan proceeds from interfund loans	1,266,752	—	—	—
Due to other funds	—	—	—	—
Advance to other funds	(512,882)	—	—	—
Net cash provided by noncapital and related financing activities	753,870	244,000	—	—
<b>Cash flows from capital and related financing activities:</b>				
Principal payments on long-term obligations	—	—	—	—
Interest payments on long-term obligations	—	—	—	—
Acquisition and construction of capital assets	—	—	—	(4,419,872)
Transfers from other funds	—	—	—	17,550
Due to other funds	—	—	—	395,523
Principal payments on interfund loans	—	—	—	—
Interest payments on interfund loans	—	—	—	—
Proceeds from issuance of debt	—	—	—	—
Proceeds from sales of capital assets	—	—	—	357,754
Net cash used by capital and related financing activities	—	—	—	(3,649,045)
<b>Cash flows from investing activities:</b>				
Investment income (loss)	468,016	260,340	37,107	247,622
Net cash provided (used) by investing activities	468,016	260,340	37,107	247,622
Net increase (decrease) in cash	508,825	(7,022,862)	(232,694)	1,115,699
Cash, beginning of year	13,089,518	9,799,148	1,263,793	8,894,167
Cash, end of year	<u>\$ 13,598,343</u>	<u>\$ 2,776,286</u>	<u>\$ 1,031,099</u>	<u>\$ 10,009,866</u>
Cash in central treasury	\$ 13,598,343	\$ 2,776,286	\$ 1,031,099	\$ 10,009,866
Capital acquisition and construction accounts	—	—	—	—
Cash, December 31	<u>\$ 13,598,343</u>	<u>\$ 2,776,286</u>	<u>\$ 1,031,099</u>	<u>\$ 10,009,866</u>
<b>Reconciliation of change in net assets to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (885,017)	\$ (6,534,509)	\$ (309,047)	\$ 469,483
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	—	—	—	3,913,975
Other revenues	—	—	—	131,951
Changes in assets and liabilities which increase (decrease) cash:				
Accounts receivable	—	(196,851)	—	—
Accrued payroll liabilities	1,372	(10,121)	—	22,294
Prepaid items and deposits	41,208	—	—	—
Inventories	—	—	—	27,901
Accounts payable and retainages	33,587	(113,573)	39,246	(63,958)
Deferred revenue and deposits	—	—	—	—
Claims payable	91,739	(662,339)	—	—
Compensated absences payable	4,050	(9,809)	—	15,476
Total cash provided (used) by operating activities	<u>\$ (713,061)</u>	<u>\$ (7,527,202)</u>	<u>\$ (269,801)</u>	<u>\$ 4,517,122</u>
<b>Noncash investing, capital, and financing activities:</b>				
Capital purchases on account	—	—	—	1,097,917
Contributed capital and equipment	—	—	—	15,847
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,113,764</u>

See accompanying independent auditors' report.

Information Technology	Total Internal Service Funds	
	2010	2009
\$ 16,122,532	\$ 81,212,357	\$ 84,093,234
(7,889,198)	(12,261,159)	(13,134,349)
<u>(6,155,857)</u>	<u>(70,866,663)</u>	<u>(66,337,270)</u>
2,077,477	(1,915,465)	4,621,615
—	—	(106,433)
—	244,000	—
—	1,266,752	1,626,253
173,718	173,718	3,653,125
<u>—</u>	<u>(512,882)</u>	<u>—</u>
173,718	1,171,588	5,172,945
(773,671)	(773,671)	(731,940)
(93,469)	(93,469)	(128,171)
(1,286,598)	(5,706,470)	(6,165,630)
75,000	92,550	—
—	395,523	460,042
(1,266,752)	(1,266,752)	(1,626,253)
(74,392)	(74,392)	(124,435)
1,019,613	1,019,613	—
<u>—</u>	<u>357,754</u>	<u>712,514</u>
(2,400,269)	(6,049,314)	(7,603,873)
(30,817)	982,268	1,990,669
(30,817)	982,268	1,990,669
(179,891)	(5,810,923)	4,181,356
3,994,630	37,041,256	32,859,900
<u>\$ 3,814,739</u>	<u>\$ 31,230,333</u>	<u>\$ 37,041,256</u>
\$ —	\$ 27,415,594	\$ 33,046,626
3,814,739	3,814,739	3,994,630
<u>\$ 3,814,739</u>	<u>\$ 31,230,333</u>	<u>\$ 37,041,256</u>
\$ (256,266)	\$ (7,515,356)	\$ (4,944,167)
2,557,896	6,471,871	6,799,799
6,802	138,753	259,024
—	(196,851)	—
(17,908)	(4,363)	7,744
40,694	81,902	41,405
—	27,901	(21,786)
(41,147)	(145,845)	(219,599)
(125,028)	(125,028)	(222,030)
—	(570,600)	2,984,999
<u>(87,566)</u>	<u>(77,849)</u>	<u>(63,774)</u>
<u>\$ 2,077,477</u>	<u>\$ (1,915,465)</u>	<u>\$ 4,621,615</u>
3,250	1,101,167	338,173
5,926	21,773	443,292
<u>\$ 9,176</u>	<u>\$ 1,122,940</u>	<u>\$ 781,465</u>

This page intentionally left blank.

## FIDUCIARY FUNDS

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

The **Police/Fire Retirement Trust Funds** account for the contributions, revenues, expenses and distributions of the three Municipal Police and Fire Retirement Plans.

The **Police/Fire Retiree Medical Trust Fund** accounts for contributions and distributions on behalf of the Police and Fire retirees who are eligible for the plan covered by the Trust.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Combining Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2010

(With financial information at December 31, 2009)

<b>Assets</b>	<b>Police/Fire Retirement Trust Funds</b>			<b>Total</b>
	<b>Police/Fire Retirement System Plan I</b>	<b>Police/Fire Retirement System Plan II</b>	<b>Police/Fire Retirement System Plan III</b>	
Cash in central treasury	\$ 34,034	\$ 24,116	\$ 78,642	\$ 136,792
Cash, cash equivalents held under securities lending program	4,917,303	3,534,375	11,825,861	20,277,539
Investments, at fair value:				
Cash & money market funds	853,290	613,243	2,052,290	3,518,823
Fixed income funds	—	—	—	—
U.S. treasuries	3,115,115	2,238,772	7,492,313	12,846,200
U.S. agencies	—	—	—	—
Corporate fixed income securities	8,126,955	5,840,683	19,546,531	33,514,169
Asset-backed securities	6,443,967	4,631,153	15,498,695	26,573,815
Fixed income funds	1,642,238	1,180,244	3,949,826	6,772,308
Foreign government debt securities	—	—	—	—
Structured securities	—	—	—	—
Domestic equity securities	35,253,907	25,336,290	84,790,862	145,381,059
International equity securities	14,504,942	10,424,417	34,886,532	59,815,891
Real estate funds	8,470,775	6,087,780	20,373,469	34,932,024
Total investments	<u>78,411,189</u>	<u>56,352,582</u>	<u>188,590,518</u>	<u>323,354,289</u>
Capital assets, net	3,254	2,306	7,518	13,078
Total assets	<u>\$ 83,365,780</u>	<u>\$ 59,913,379</u>	<u>\$ 200,502,539</u>	<u>\$ 343,781,698</u>
<b>Liabilities</b>				
Accounts payable	\$ 20,954	\$ 14,848	\$ 48,418	\$ 84,220
Payable under securities lending program	4,917,303	3,534,375	11,825,862	20,277,540
Total liabilities	<u>\$ 4,938,257</u>	<u>\$ 3,549,223</u>	<u>\$ 11,874,280</u>	<u>\$ 20,361,760</u>
<b>Net Assets</b>				
Held in trust for:				
Employees' pension benefits	\$ 78,427,523	\$ 56,364,156	\$ 188,628,259	\$ 323,419,938
Employees' postemployment healthcare benefits	—	—	—	—
Total net assets	<u>\$ 78,427,523</u>	<u>\$ 56,364,156</u>	<u>\$ 188,628,259</u>	<u>\$ 323,419,938</u>

See accompanying independent auditors' report.



Police/Fire Retiree Medical Trust Fund	Total Fiduciary Funds	
	December 31, 2010	December 31, 2009
\$ 2,302	\$ 139,094	\$ 26,472
—	20,277,539	26,432,372
7,830,003	11,348,826	15,367,336
1,332,461	1,332,461	1,235,590
—	12,846,200	13,845,430
—	—	2,387,236
—	33,514,169	19,956,363
—	26,573,815	—
—	6,772,308	—
—	—	1,199,840
—	—	36,628,496
2,037,587	147,418,646	136,526,046
1,183,382	60,999,273	54,053,889
—	34,932,024	29,926,340
<u>12,383,433</u>	<u>335,737,722</u>	<u>311,126,566</u>
—	13,078	3,950
<u>\$ 12,385,735</u>	<u>\$ 356,167,433</u>	<u>\$ 337,589,360</u>
\$ —	\$ 84,220	\$ 122,450
—	20,277,540	26,432,372
<u>\$ —</u>	<u>\$ 20,361,760</u>	<u>\$ 26,554,822</u>
\$ —	\$ 323,419,938	\$ 299,911,563
<u>12,385,735</u>	<u>12,385,735</u>	<u>11,122,975</u>
<u>\$ 12,385,735</u>	<u>\$ 335,805,673</u>	<u>\$ 311,034,538</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Combining Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

Year ended December 31, 2010

(With summarized financial information for the year ended December 31, 2009)

	<b>Police/Fire Retirement Pension Trust Funds</b>			
	<b>Police/Fire Retirement System Plan I</b>	<b>Police/Fire Retirement System Plan II</b>	<b>Police/Fire Retirement System Plan III</b>	<b>Total</b>
<b>Additions:</b>				
Contributions from other funds	\$ 2,735,000	\$ 2,162,000	\$ 7,096,000	\$ 11,993,000
Contributions from employees	7,340	26,090	372,965	406,395
Interest	1,176,177	838,867	2,767,979	4,783,023
Dividends	240,327	171,571	567,157	979,055
Net increase in fair value of investments	8,770,880	6,290,435	20,974,065	36,035,380
Less investment expense	(333,255)	(237,677)	(784,198)	(1,355,130)
<b>Total additions</b>	<b>12,596,469</b>	<b>9,251,286</b>	<b>30,993,968</b>	<b>52,841,723</b>
<b>Deductions:</b>				
Regular benefit payments	8,579,567	5,636,918	14,340,717	28,557,202
Administrative expenses	191,130	135,567	449,449	776,146
<b>Total deductions</b>	<b>8,770,697</b>	<b>5,772,485</b>	<b>14,790,166</b>	<b>29,333,348</b>
<b>Change in net assets</b>	<b>3,825,772</b>	<b>3,478,801</b>	<b>16,203,802</b>	<b>23,508,375</b>
Net assets – beginning	74,601,751	52,885,355	172,424,457	299,911,563
<b>Net assets – ending</b>	<b>\$ 78,427,523</b>	<b>\$ 56,364,156</b>	<b>\$ 188,628,259</b>	<b>\$ 323,419,938</b>

See accompanying independent auditors' report.

Police/Fire Retiree Medical Trust Fund	Total Fiduciary Funds	
	December 31, 2010	December 31, 2009
\$ 2,673,889	\$ 14,666,889	\$ 2,514,661
—	406,395	—
43	4,783,066	5,543,547
137,110	1,116,165	1,598,418
396,977	36,432,357	46,181,448
—	(1,355,130)	(1,263,330)
<u>3,208,019</u>	<u>56,049,742</u>	<u>54,574,744</u>
1,903,341	30,460,543	29,716,382
41,918	818,064	871,627
<u>1,945,259</u>	<u>31,278,607</u>	<u>30,588,009</u>
1,262,760	24,771,135	23,986,735
11,122,975	311,034,538	287,047,803
<u>\$ 12,385,735</u>	<u>\$ 335,805,673</u>	<u>\$ 311,034,538</u>

This page intentionally left blank.

## STATISTICAL SECTION

The **Financial Trend Data** presented in Tables 1-6 is provided to help understand and assess how our financial position has changed over the past five years.

The **Revenue Capacity Data** presented in Tables 7-12 is provided to help understand and assess our ability to generate own-source revenues, such as property taxes.

The **Debt Capacity Data** presented in Tables 13-17 is provided to help understand and assess our debt burden and ability to issue additional debt in the future.

The **Demographic and Economic Information** presented in Tables 18-19 is provided to help understand our demographic and economic environment and facilitate comparisons of financial statement information over time.

The **Operating Information** presented in Tables 20-21 is provided to help understand our operations and resources as well as provide a context for understanding and assessing our economic condition.

This page intentionally left blank.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Net Assets By Component  
 Last Nine Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year								
	2010	As Restated 2009	As Restated 2008	As Restated 2007	2006	2005	2004	2003	2002
<b>Governmental activities:</b>									
Invested in capital assets, net of related debt	\$ 2,690,946,874	\$ 2,689,939,470	\$ 2,620,279,025	\$ 2,549,539,076	\$ 2,537,136,632	\$ 2,485,270,733	\$ 2,472,454,545	\$ 2,491,806,336	\$ 2,524,921,113
Restricted	175,099,975	165,637,114	168,742,562	259,806,239	241,714,127	212,619,180	214,684,422	210,664,439	186,928,803
Unrestricted	58,377,890	18,194,337	35,463,284	(103,725,438)	(77,746,279)	(84,043,560)	(87,866,060)	(100,957,081)	(75,930,173)
Total governmental activities net assets	<u>\$ 2,924,424,739</u>	<u>\$ 2,873,770,921</u>	<u>\$ 2,824,484,871</u>	<u>\$ 2,705,619,877</u>	<u>\$ 2,701,104,480</u>	<u>\$ 2,613,846,353</u>	<u>\$ 2,599,272,907</u>	<u>\$ 2,601,513,694</u>	<u>\$ 2,635,919,743</u>
<b>Business-type activities:</b>									
Invested in capital assets, net of related debt	\$ 453,327,512	\$ 419,148,666	\$ 430,705,921	\$ 397,162,624	\$ 388,614,000	\$ 318,829,727	\$ 257,844,237	\$ 277,360,904	\$ 234,298,478
Restricted	166,914,727	136,376,232	113,883,731	101,772,016	105,727,434	103,454,088	98,379,013	67,696,691	58,145,668
Unrestricted	76,809,449	80,917,057	61,571,494	54,823,246	50,592,777	88,048,950	101,389,544	74,793,074	103,192,210
Total business-type activities net assets	<u>\$ 697,051,688</u>	<u>\$ 636,441,955</u>	<u>\$ 606,161,146</u>	<u>\$ 553,757,886</u>	<u>\$ 544,934,211</u>	<u>\$ 510,332,765</u>	<u>\$ 457,612,794</u>	<u>\$ 419,850,669</u>	<u>\$ 395,636,356</u>
<b>Total primary government:</b>									
Invested in capital assets, net of related debt	\$ 3,144,274,386	\$ 3,109,088,136	\$ 3,050,984,946	\$ 2,946,701,700	\$ 2,925,750,632	\$ 2,804,100,460	\$ 2,730,298,782	\$ 2,769,167,240	\$ 2,759,219,591
Restricted	342,014,702	302,013,346	282,626,293	361,578,255	347,441,561	316,073,268	313,063,435	278,361,130	245,074,471
Unrestricted	135,187,339	99,111,394	97,034,778	(48,902,192)	(27,153,502)	4,005,390	13,523,484	(26,164,007)	27,262,037
Total primary government net assets	<u>\$ 3,621,476,427</u>	<u>\$ 3,510,212,876</u>	<u>\$ 3,430,646,017</u>	<u>\$ 3,259,377,763</u>	<u>\$ 3,246,038,691</u>	<u>\$ 3,124,179,118</u>	<u>\$ 3,056,885,701</u>	<u>\$ 3,021,364,363</u>	<u>\$ 3,031,556,099</u>

Notes: In 2007, Anchorage Community Development Authority (ACDA) and Alaska Center for the Performing Arts (ACPA) were reclassified from blended component units to discretely presented component units. As a result, the ACDA and ACPA net assets will not be included as part of the totals for 2007 and subsequent years.

In 2007, the Cooperative Services Authority was reclassified from a discretely presented component unit to a blended component unit.

Net assets for 2007 Business-type activities have been restated for a prior period adjustment to the Port. Refer to Note 6.

This table is presented from 2002, when Anchorage implemented GASB Statement 34.

Source: Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Change in Net Assets  
Last Nine Fiscal Years  
(accrual basis of accounting)

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Expenses:</b>									
Governmental activities:									
General government	\$ 22,486,640	\$ 29,050,467	\$ 26,337,901	\$ 40,462,811	\$ 44,414,290	\$ 33,149,639	\$ 28,412,366	\$ 32,474,401	\$ 39,514,625
Fire services	88,837,324	80,454,433	81,588,328	72,220,757	39,818,913	82,517,923	55,208,871	48,198,463	53,757,939
Police services	107,677,900	104,474,503	102,916,651	87,247,323	52,291,313	98,669,291	69,371,463	61,282,774	67,287,822
Health and human services	26,632,684	27,082,391	26,458,471	25,972,527	23,045,197	31,155,930	24,312,243	30,287,357	36,166,795
Cultural and recreation services	-	-	-	-	-	-	-	33,140,965	33,684,423
Economic & community development	78,941,612	82,988,652	76,303,695	70,579,933	62,090,686	47,652,399	46,849,814	-	-
Public transportation	30,240,829	34,517,002	29,953,660	27,579,961	24,039,863	21,162,017	20,283,370	17,611,333	17,611,047
Public works	56,127,232	107,527,253	78,337,320	80,368,055	92,686,550	60,434,830	37,096,194	184,797,027	22,743,616
Education	235,125,354	231,378,123	212,266,737	200,028,978	184,566,884	170,393,368	154,278,770	144,095,089	142,419,697
Maintenance and operations of roads and facilities	35,241,475	33,758,467	35,404,978	30,325,886	32,036,221	27,657,703	26,663,041	27,312,986	25,221,296
Interest on long-term debt	28,201,071	29,600,473	29,822,096	29,613,108	29,723,363	21,568,745	19,944,303	20,075,030	19,411,686
Total governmental activities expenses	709,482,121	760,831,764	699,389,837	663,877,339	586,713,280	594,361,845	482,420,435	599,275,425	457,818,946
Business-type activities:									
Water	38,759,459	38,484,886	39,388,902	36,269,883	37,215,822	35,840,802	31,739,512	27,353,319	27,144,704
Wastewater	32,916,342	30,491,470	31,803,895	28,457,829	28,187,998	26,702,698	24,452,663	21,222,484	20,128,260
Electric	122,331,031	105,530,769	90,760,482	78,901,165	99,850,090	101,351,360	93,047,721	83,461,874	77,971,266
Port	10,518,074	11,105,399	11,533,424	10,710,625	10,076,243	9,676,376	8,165,915	7,394,988	6,939,378
Municipal airport	3,325,730	3,279,054	3,229,657	2,980,806	2,985,778	2,569,643	2,152,012	2,040,292	2,191,356
Solid waste	16,177,197	16,326,313	15,555,914	17,261,224	14,250,955	13,613,706	13,086,817	12,883,742	14,096,344
Refuse	8,176,402	7,816,221	7,367,979	6,548,379	6,304,451	5,938,896	5,902,024	5,669,170	5,710,857
Cooperative Services Authority	-	-	1,314,503	1,255,318	-	5,304,643	4,731,366	4,619,659	4,243,346
Anchorage Community Development Authority	-	-	-	-	6,533,183	1,934,907	1,726,324	1,793,186	1,705,129
Alaska Center for the Performing Arts	232,204,235	213,034,112	200,954,736	182,365,229	207,389,432	202,933,031	185,206,564	166,438,724	160,130,640
Total business-type expenses	\$ 94,169,636	\$ 97,386,876	\$ 90,344,573	\$ 84,626,568	\$ 794,102,712	\$ 787,294,876	\$ 667,626,999	\$ 765,714,149	\$ 617,949,586
Total primary government expenses									
<b>Program revenues: (see also Table 3)</b>									
Governmental activities:									
Charges for services:									
General government	\$ 7,656,683	\$ 6,519,429	\$ 8,176,803	\$ 13,310,411	\$ 17,450,777	\$ 11,525,168	\$ 14,016,015	\$ 11,628,477	\$ 7,004,896
Fire services	7,494,561	7,551,666	8,864,033	8,267,074	7,672,974	6,636,585	5,655,912	4,827,098	4,996,684
Police services	18,521,825	17,866,612	18,649,891	21,147,627	12,194,471	12,707,148	9,784,179	9,372,528	7,944,839
Health and human services	3,680,732	3,748,435	3,669,266	3,715,952	3,787,127	4,334,673	3,761,694	3,600,320	3,571,237
Economic & community development	5,875,611	5,875,077	5,406,449	7,666,960	7,555,914	6,278,744	5,817,018	3,252,157	3,021,068
Public transportation	4,659,923	4,435,263	4,545,387	3,987,108	3,841,306	3,250,901	3,002,525	2,494,514	2,427,133
Public works	8,669,482	9,202,667	8,256,833	15,136,381	16,911,964	30,394,761	10,332,321	11,430,058	14,898,123
Maintenance and operations of roads and facilities	191,534	319,034	202,171	744,928	1,418,615	1,553,757	1,906,892	1,890,571	2,290,926
Total charges for services revenues	56,770,351	55,518,183	57,770,833	73,976,441	76,683,148	54,296,556	48,495,723	46,155,906	46,155,906
Operating grants and contributions	47,876,617	64,619,647	47,769,996	34,531,461	53,470,466	29,048,223	25,158,092	44,299,109	59,264,178
Capital grants and contributions	66,986,287	108,296,565	66,209,477	61,844,663	49,274,799	18,358,385	12,275,783	11,714,829	11,045,522
Total governmental activities program revenue	171,613,255	228,424,395	173,750,306	170,352,765	172,878,413	124,088,345	91,730,431	104,509,661	116,465,606
Business-type activities:									
Charges for services	260,970,568	245,176,465	227,754,831	215,868,228	231,062,446	225,779,021	206,386,340	179,533,964	163,113,176
Operating grants and contributions	108,584	108,584	1,615,050	1,600,351	975,495	407,337	152,806	3,043,512	3,043,512
Capital grants and contributions	47,442,806	14,581,877	39,135,924	5,666,752	7,555,178	4,137,718	2,303,543	3,897,033	11,672,890
Total business-type activities revenues	308,521,958	259,866,946	268,505,805	223,125,331	239,693,119	229,916,739	209,097,220	183,583,803	177,829,578
Total primary government program revenue:	\$ 480,135,213	\$ 488,291,341	\$ 442,256,111	\$ 393,478,096	\$ 412,271,532	\$ 354,005,084	\$ 300,827,651	\$ 288,093,464	\$ 294,295,184
<b>Net (Expense)/Revenue</b>									
Governmental activities	\$ (537,878,666)	\$ (532,407,369)	\$ (525,639,531)	\$ (483,524,574)	\$ (414,034,867)	\$ (470,273,500)	\$ (390,690,004)	\$ (494,765,764)	\$ (341,353,340)
Business-type activities	76,317,723	46,832,834	67,551,069	40,740,102	32,203,687	26,983,708	23,890,656	17,146,079	17,698,938
Total primary government net expense	<u>\$(461,561,143)</u>	<u>\$(485,574,535)</u>	<u>\$(458,088,462)</u>	<u>\$(442,784,472)</u>	<u>\$(381,831,180)</u>	<u>\$(443,289,792)</u>	<u>\$(366,799,348)</u>	<u>\$(477,620,685)</u>	<u>\$(323,654,402)</u>



**MUNICIPALITY OF ANCHORAGE, ALASKA**

Change in Net Assets  
Last Nine Fiscal Years  
(accrual basis of accounting)

	Fiscal Year								
	As Restated 2010	As Restated 2009	As Restated 2008	As Restated 2007	2006	2005	2004	2003	2002
<b>General revenues and other changes in net assets:</b>									
Governmental activities:									
Taxes:									
Property taxes	\$479,409,921	\$461,906,542	\$435,202,824	\$381,995,766	\$392,314,240	\$362,963,283	\$333,690,024	\$311,917,530	\$292,396,169
Motor vehicle taxes	9,512,490	9,078,006	10,535,938	10,291,028	10,021,797	9,962,376	10,131,578	9,617,492	10,123,166
Hotel and motel taxes	19,604,118	17,846,829	22,173,862	20,209,303	19,093,196	11,933,792	11,680,274	10,287,972	11,007,248
Tobacco taxes	17,334,746	16,581,627	16,658,407	16,560,416	17,676,774	14,060,448	8,631,780	4,734,327	5,349,091
Assessments in lieu of taxes	2,284,762	2,324,750	2,086,576	1,775,622	16,200,594	14,933,858	9,181,929	6,608,739	6,570,767
Grants and entitlements not restricted to specific programs	15,053,452	15,018,748	15,112,751	13,536,127	-	-	-	-	-
Investment earnings (loss)	20,838,767	35,064,547	(47,269,808)	33,098,513	39,161,900	15,590,837	18,162,086	30,409,566	(5,065,814)
Other	-	1,252,159	-	-	-	-	(3,494,292)	858,959	1,363,556
Transfers	24,494,428	22,620,211	21,042,141	20,573,196	6,824,493	598,704	465,838	1,603,773	(495,778)
Special item - NPO/OPEB write-off	-	-	22,986,984	-	-	-	-	-	-
Retroactive infrastructure capitalization	-	-	-	-	-	-	-	84,321,357	-
Total governmental activities	588,532,684	581,693,419	498,529,675	498,039,971	501,292,994	484,846,946	388,449,217	460,359,715	321,248,405
Business-type activities:									
Investment earnings	8,457,540	9,288,490	1,796,671	12,399,226	9,222,252	6,505,202	2,276,444	1,934,832	3,843,173
Other	-	(95,304)	-	-	-	-	109,211	43,121	178,460
Regulatory adjustment	-	-	-	-	-	19,852,555	11,951,652	6,695,054	(5,968,283)
Special item - NPO/OPEB write-off	-	-	4,097,662	-	-	-	-	-	-
Transfers	(24,165,530)	(25,745,211)	(21,042,141)	(20,573,196)	(6,824,493)	(598,704)	(465,838)	(1,603,773)	495,778
Total business-type activities	(15,707,990)	(16,552,025)	(15,147,808)	(8,173,970)	2,397,759	25,759,053	13,871,469	7,069,234	(1,450,872)
Total primary government	\$572,824,694	\$565,141,394	\$483,381,867	\$489,866,001	\$503,690,753	\$510,606,999	\$402,320,686	\$467,428,949	\$319,797,533
<b>Change in net assets:</b>									
Governmental activities	\$ 50,653,818	\$ 49,286,050	\$ (27,109,856)	\$ 4,515,397	\$ 87,258,127	\$ 14,573,446	\$ (2,240,787)	\$ (34,406,049)	\$ (20,104,935)
Business-type activities	60,609,733	30,280,809	52,403,261	32,566,132	34,601,446	52,742,761	37,762,125	24,214,313	16,248,066
Total primary government	\$111,263,551	\$ 79,566,859	\$ 25,293,405	\$ 37,081,529	\$121,859,573	\$ 67,316,207	\$ 35,521,338	\$ (10,191,736)	\$ (3,856,869)

Notes: In 2004, the Cooperative Services Authority (CSA) was established as a fund and function of Anchorage. In 2005 it was classified as a discreet component unit. In 2008 CSA was dissolved.

In 2004, the Cultural and Recreation Services Department was combined with the Economic and Community Development Department.

In 2007, Alaska Community Development Authority (ACDA) and Alaska Center for the Performing Arts (ACPA) were reclassified from blended component units to discretely presented component units.

As a result, the ACDA and ACPA expenses, revenues, and net assets will not be included as part of totals for 2007 and subsequent years.

In 2007, the Cooperative Services Authority was reclassified from a discretely presented component unit to a blended component unit.

This table is presented from 2002, when Anchorage implemented GASB Statement 34.

Source: Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Charges for Services by Function/Program  
Last Nine Fiscal Years  
(accrual basis of accounting)

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Program revenues - charges for services:</b>			As Restated						
Governmental activities:									
General government	\$ 7,656,683	\$ 6,519,429	\$ 8,176,803	\$ 13,310,411	\$ 12,030,314	\$ 11,525,168	\$ 14,016,015	\$ 11,628,477	\$ 7,004,896
Fire services	7,494,561	7,551,666	8,864,033	8,267,074	7,672,974	6,636,585	5,655,912	4,827,098	4,996,684
Police services	18,521,825	17,866,612	18,649,891	21,147,627	17,614,934	12,707,148	9,784,179	9,372,528	7,944,839
Health and human services	3,680,732	3,748,435	3,669,266	3,715,952	3,787,127	4,334,673	3,781,694	3,600,320	3,571,237
Economic & community development	5,875,611	5,875,077	5,406,449	7,666,960	7,555,914	6,278,744	5,817,018	3,252,157	3,021,068
Public transportation	4,659,923	4,435,263	4,545,387	3,987,108	3,941,306	3,250,901	3,002,525	2,494,514	2,427,133
Public works	8,669,482	9,202,667	8,256,833	15,136,381	16,911,964	30,394,761	10,332,321	11,430,058	14,899,123
Maintenance and operations of roads and facilities	191,534	319,034	202,171	744,928	1,418,615	1,553,757	1,906,892	1,890,571	2,290,926
Total governmental activities	56,750,351	55,518,183	57,770,833	73,976,441	70,933,148	76,681,737	54,296,556	48,495,723	46,155,906
Business-type activities:									
Water	51,056,732	48,248,827	43,613,176	43,870,404	39,545,747	38,473,142	33,397,222	28,773,495	26,673,203
Wastewater	37,994,692	37,019,347	35,151,553	35,157,366	31,269,830	28,746,892	26,590,207	24,489,897	24,271,600
Electric	131,520,920	120,008,455	108,272,636	100,606,033	115,656,934	117,032,992	107,656,289	90,100,903	77,644,481
Port	11,452,966	11,140,822	12,574,534	11,768,704	11,881,314	11,793,322	10,284,368	9,109,782	5,744,707
Municipal airport	1,227,073	1,236,229	1,289,585	1,235,026	1,196,622	1,111,842	1,055,742	927,573	1,007,230
Solid waste	18,974,151	19,007,456	18,197,048	15,493,404	15,185,485	15,593,309	15,722,106	15,502,159	17,285,331
Refuse	8,744,034	8,515,349	8,013,803	7,177,811	6,785,718	6,596,336	6,033,272	5,603,363	5,664,885
Cooperative Services Authority	-	-	642,496	549,480	-	-	-	-	-
Anchorage Community Development Authority	-	-	-	-	5,361,114	5,335,641	4,951,013	4,347,489	4,212,113
Alaska Center for the Performing Arts	-	-	-	-	1,244,739	1,095,545	696,121	679,303	609,626
Total business-type activities	260,970,568	245,176,485	227,754,831	215,858,228	228,127,503	225,779,021	206,386,340	179,533,964	163,113,176
Total primary government	\$ 3,177,209,919	\$ 3,006,694,668	\$ 2,855,525,664	\$ 2,899,834,669	\$ 2,999,060,651	\$ 3,024,460,758	\$ 2,668,896,896	\$ 2,228,029,687	\$ 2,099,269,082

Notes: In 2007, the Anchorage Community Development Authority and the Alaska Center for the Performing Arts were reclassified from blended component units to discretely presented component units.

In 2007, the Cooperative Services Authority was reclassified from a discretely presented component unit to a blended component unit.

In 2008, the Cooperative Services Authority was dissolved.

This table is presented from 2002, when Anchorage implemented GASB Statement 34.

Source: Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Fund Balances - Governmental Funds  
Last Nine Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Reserved	\$ 3,766,839	\$ 3,881,505	\$ 1,297,581	\$ 1,210,130	\$ 2,174,624	\$ 2,702,499	\$ 2,800,697	\$ 5,835,127	\$ 7,228,604
Unreserved - designated	43,464,820	33,059,151	19,782,164	28,613,168	53,275,788	30,278,253	27,843,180	27,742,439	20,145,093
Unreserved - undesignated	16,090,232	8,256,412	4,988,645	12,529,965	16,311,739	13,280,944	12,271,734	7,717,915	15,138,912
Total general funds	63,321,891	45,197,068	26,068,390	42,353,263	71,762,151	46,261,696	42,915,611	41,295,481	42,512,609
Reserved	172,782,737	210,745,488	228,973,762	254,532,582	241,709,679	206,582,469	205,545,886	198,179,612	175,434,621
Unreserved - designated	70,722,920	23,300,577	20,655,423	91,182,914	-	-	-	-	-
Unreserved - undesignated, reported in:									
Special revenue funds	745,660	554,232	752,158	837,020	7,905,228	10,396,106	12,570,336	16,010,905	16,760,953
Capital project funds	(8,143,502)	(31,211,824)	(21,620,598)	2,468,555	88,689,016	87,658,628	41,766,862	23,138,051	38,064,536
Total all other governmental funds	236,107,815	203,388,473	228,760,745	349,021,071	338,303,923	304,637,203	259,883,084	237,328,568	230,260,110
Reserved	176,549,576	214,626,993	230,271,343	255,742,712	243,884,303	209,284,968	208,346,583	204,014,739	182,663,225
Unreserved - designated	114,187,740	56,359,728	40,437,587	119,796,082	53,275,788	30,278,253	27,843,180	27,742,439	20,145,093
Unreserved - undesignated, reported in:									
General fund	16,090,232	8,256,412	4,988,645	12,529,965	16,311,739	13,280,944	12,271,734	7,717,915	15,138,912
Special revenue funds	745,660	554,232	752,158	837,020	7,905,228	10,396,106	12,570,336	16,010,905	16,760,953
Capital project funds	(8,143,502)	(31,211,824)	(21,620,598)	2,468,555	88,689,016	87,658,628	41,766,862	23,138,051	38,064,536
Total governmental funds fund balance	\$ 299,429,706	\$ 248,585,541	\$ 254,829,135	\$ 391,374,334	\$ 410,066,074	\$ 350,898,899	\$ 302,798,695	\$ 278,624,049	\$ 272,772,719

In 2002, the Municipality adopted a fund balance designation policy to support the municipal bond rating. This designation is 8.25% of prior year revenues.

In 2003, the Municipality adopted a fund balance designation policy to mitigate the risk of funding shortfalls, stabilize tax rates, and to facilitate long-range planning. The "emergency operations designation" is within a range of 2% to 3% of prior year revenues and is calculated after the 8.25% bond rating designation.

This table is presented from 2002, when Anchorage implemented GASB Statement 34.

Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

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

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues:</b>									
Taxes	\$ 527,757,094	\$ 506,700,676	\$ 486,293,914	\$ 429,372,924	\$ 455,172,329	\$ 398,135,665	\$ 372,606,202	\$ 344,146,857	\$ 324,217,752
Special assessments	1,559,801	1,080,120	1,159,628	1,250,564	1,287,799	1,717,412	1,650,613	1,297,844	1,284,172
Licenses and permits	9,727,381	11,137,072	10,950,551	12,288,396	13,840,537	13,012,410	12,624,998	10,743,088	10,743,088
Intergovernmental	121,565,389	172,943,841	124,425,213	102,611,734	82,592,145	49,406,608	37,433,876	56,013,938	69,971,256
Charges for services	35,151,606	31,898,045	34,112,140	31,845,148	35,348,493	41,918,152	24,776,906	22,283,909	21,797,570
Fines and forfeitures	7,761,674	8,372,541	8,996,470	10,043,220	5,678,880	9,098,207	6,957,579	6,088,988	5,235,801
Investment income	19,923,545	33,133,010	(47,288,530)	31,072,851	37,853,203	12,455,565	14,727,452	26,915,807	(8,256,877)
Restricted contributions	1,852,653	746,194	3,326,186	1,855,989	1,203,042	485,249	1,294,335	52,450	260,630
Other	5,095,912	5,140,839	4,802,460	5,004,863	5,440,632	3,457,580	3,261,388	3,690,183	3,912,262
<b>Total revenues</b>	<b>730,395,055</b>	<b>771,152,338</b>	<b>626,778,032</b>	<b>625,345,689</b>	<b>638,417,060</b>	<b>529,686,478</b>	<b>475,333,349</b>	<b>472,058,886</b>	<b>429,165,454</b>
<b>Expenditures:</b>									
General government	17,931,545	21,529,868	25,049,556	25,927,198	25,864,299	17,373,936	16,514,722	22,961,766	31,171,319
Fire services	83,670,491	76,265,286	76,322,626	69,692,211	63,512,191	58,252,110	50,902,167	45,955,347	44,726,659
Police services	102,926,771	99,974,274	101,537,582	90,424,063	82,191,066	74,316,323	66,316,356	60,157,670	57,980,046
Health and human services	25,144,569	28,589,623	25,953,139	25,463,484	24,360,212	26,190,221	23,765,640	29,841,949	35,628,099
Cultural and recreation services	-	-	-	-	-	-	-	23,836,321	-
Economic and community development	63,627,692	62,988,984	61,635,730	54,158,211	53,881,037	44,120,594	37,949,866	-	-
Public transportation	21,556,120	22,220,628	24,625,761	21,512,366	20,644,987	19,819,015	18,002,811	15,350,897	14,886,117
Public works	20,934,441	22,822,998	26,436,195	23,556,542	20,456,482	16,774,304	14,987,397	29,832,140	19,887,224
Education	235,125,354	231,378,123	212,266,737	200,028,978	185,077,206	170,393,368	154,278,770	144,095,089	142,419,697
Maintenance and operations of roads and facilities	34,484,210	32,752,300	35,830,185	29,719,944	30,028,665	27,206,840	24,357,789	26,892,534	23,844,750
Capital outlay	105,694,920	145,213,610	172,099,343	151,545,463	130,232,159	75,629,256	58,750,450	59,954,574	45,875,719
Debt service	-	-	-	-	-	-	-	-	-
Principal	20,647,950	30,823,332	30,371,078	29,432,234	34,949,110	30,128,791	27,501,762	25,791,483	24,505,708
Interest	27,581,071	28,686,622	29,269,039	29,342,270	28,066,471	19,837,168	19,652,378	19,227,244	20,751,022
Bond issuance costs	497,504	-	441,158	102,345	2,722,884	1,281,946	843,788	444,379	1,137,292
<b>Total expenditures</b>	<b>759,822,638</b>	<b>801,245,648</b>	<b>821,838,129</b>	<b>750,485,309</b>	<b>701,986,889</b>	<b>581,323,972</b>	<b>513,823,896</b>	<b>504,341,393</b>	<b>486,506,443</b>
Deficiencies of revenues over expenditures	(29,427,583)	(30,093,310)	(195,060,097)	(125,139,620)	(63,569,829)	(51,637,494)	(38,490,547)	(32,282,507)	(57,340,989)
<b>Other financing sources (uses):</b>									
Transfers in	47,683,059	56,159,016	71,752,640	47,630,377	47,837,359	20,395,441	24,108,152	22,646,876	16,691,306
Transfers out	(23,525,181)	(33,433,469)	(46,775,615)	(27,207,181)	(41,012,866)	(19,996,737)	(25,083,344)	(23,154,015)	(19,307,735)
Contributions to component unit	-	-	-	-	-	(300,000)	-	-	-
Bonds issued	78,610,000	-	60,000,000	54,650,000	110,820,000	198,895,000	73,840,000	35,000,000	127,100,000
Other long-term debt issues	-	-	-	-	-	350,000	5,365,000	-	-
Premium on bonds	945,968	-	788,975	1,681,507	33,142	8,504,209	4,226,536	714,292	6,042,090
Payment to bond escrow agent	(24,047,975)	-	-	-	-	(109,094,800)	(23,087,336)	-	(75,227,604)
Capital leases	-	-	-	-	673,553	-	1,146,807	-	-
Loan Proceeds	507,250	-	175,000	-	-	-	-	-	-
Insurance recoveries	-	133,334	36,720	22,316	41,915	114,300	-	-	-
Sale of capital assets	99,627	990,835	1,152,346	1,071,446	4,243,901	870,285	2,149,378	2,926,684	1,363,556
Net other financing sources (uses)	80,271,748	23,849,716	87,128,066	77,828,465	122,737,004	99,737,698	62,665,193	38,133,837	56,661,613
<b>Net change in fund balances</b>	<b>\$ 50,844,165</b>	<b>(6,243,594)</b>	<b>\$(107,932,031)</b>	<b>\$(47,311,155)</b>	<b>\$ 59,167,175</b>	<b>\$ 48,100,204</b>	<b>\$ 24,174,646</b>	<b>\$ 5,851,330</b>	<b>\$(679,376)</b>

Notes: In 2004, the Cultural and Recreation Services Department was combined with the Economic and Community Development Department.

This table is presented from 2002, when Anchorage implemented GASB Statement 34.

For years 2007 and later, Municipal Utility/Enterprise Service Assessments have been reclassified from tax revenue to transfers in accordance with GAAP.

Source: Municipality of Anchorage, Finance Department.

## MUNICIPALITY OF ANCHORAGE, ALASKA

Debt Service As a Percentage of Noncapital Expenditures  
Last Nine Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Expenditures:</b>									
General government	\$ 17,931,545	\$ 21,529,868	\$ 25,049,556	\$ 25,927,198	\$ 25,864,299	\$ 17,373,936	\$ 16,514,722	\$ 22,961,766	\$ 31,171,319
Fires services	83,670,491	76,265,286	76,322,626	69,692,211	63,512,191	58,252,110	50,902,167	45,955,347	44,726,659
Police services	102,926,771	99,974,274	101,537,582	90,424,063	82,191,066	74,316,323	66,316,356	60,157,670	57,980,046
Health and human services	25,144,569	26,589,623	25,953,139	25,043,484	24,360,212	26,190,221	23,765,640	29,841,949	35,628,099
Cultural and recreation services	-	-	-	-	-	-	-	23,836,321	23,692,791
Economic and community development	63,627,692	62,988,984	61,635,730	54,158,211	53,881,037	44,120,594	37,949,866	-	-
Public transportation	21,556,120	22,220,628	24,625,761	21,512,366	20,644,987	19,819,015	18,002,811	15,350,897	14,886,117
Public works	20,934,441	22,822,998	26,436,195	23,556,542	20,456,482	16,774,304	14,987,397	29,832,140	19,887,224
Education	235,125,354	231,378,123	212,266,737	200,028,978	185,077,206	170,393,368	154,278,770	144,095,089	142,419,697
Maintenance and operations of roads and facilities	34,484,210	32,752,300	35,830,185	29,719,944	30,028,685	27,206,940	24,357,789	26,892,534	23,844,750
Capital outlay	105,694,920	145,213,610	172,099,343	151,545,463	126,763,050	75,629,256	58,750,450	59,954,574	45,875,719
Debt service									
Principal	20,647,950	30,823,332	30,371,078	29,432,234	34,949,110	30,128,791	27,501,762	25,791,483	24,505,708
Interest	27,581,071	28,686,622	29,269,039	29,342,270	28,066,471	19,837,168	19,652,378	19,227,244	20,751,022
Total expenditures	759,325,134	801,245,648	821,396,971	750,382,964	695,794,796	580,042,026	512,980,108	503,897,014	485,369,151
<b>Less:</b>									
Debt service	48,229,021	59,509,954	59,640,117	58,774,504	63,015,581	49,965,959	47,154,140	45,018,727	45,256,730
Amounts capitalized	75,494,226	60,343,117	155,946,242	104,733,796	78,490,668	87,813,000	48,282,000	43,361,000	41,930,000
Total non-capital expenditures	\$ 635,601,887	\$ 681,392,577	\$ 605,810,612	\$ 586,874,664	\$ 554,288,547	\$ 442,263,067	\$ 417,543,968	\$ 415,517,287	\$ 398,182,421
Debt service as a percentage of non-capital expenditures	7.59%	8.73%	9.84%	10.01%	11.37%	11.30%	11.29%	10.83%	11.37%

Notes: This table is presented from 2002, when Anchorage implemented GASB Statement 34.

In 2004, Cultural and Recreation services were combined with various other activities into Economic and Community Development Department.

Source: Municipality of Anchorage, Finance Department.

## MUNICIPALITY OF ANCHORAGE, ALASKA

Tax Revenues by Source - Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Fiscal Year	Real Property	Personal Property	Motor Vehicle	Motor Vehicle Rental	Hotel - Motel	Tobacco	Assessments In Lieu of Taxes & MUSA		Other	Total
							MUSA			
2010	\$426,969,356	\$47,371,702	\$ 4,881,941	\$ 4,692,648	\$ 19,530,750	\$ 17,321,934	\$ -	\$ 4,704,001	\$525,472,332	
2009	414,139,893	43,437,488	4,700,829	4,357,508	17,763,896	16,550,062	-	3,426,250	504,375,926	
2008	393,226,611	37,984,281	5,183,112	5,339,159	22,081,280	16,524,753	-	3,868,142	484,207,338	
2007	342,486,565	35,067,327	5,156,698	5,088,735	20,162,405	16,559,744	-	3,075,828	427,597,302	
2006	351,930,570	36,852,875	5,283,655	4,756,868	19,021,469	17,662,355	-	3,463,943	438,971,735	
2005	324,720,303	34,635,366	5,200,151	4,525,798	11,836,725	14,050,603	-	3,166,719	398,135,665	
2004	295,913,480	34,009,541	5,351,524	4,503,742	11,627,259	8,627,333	9,642,123	2,931,200	372,606,202	
2003	276,047,056	33,507,415	5,161,320	4,456,172	10,287,972	4,734,327	6,818,520	3,134,075	344,146,857	
2002	253,109,459	34,844,763	5,237,900	4,682,406	11,007,248	5,349,091	6,972,333	3,014,552	324,217,752	
2001	240,091,214	38,434,176	5,008,303	3,867,013	11,101,361	4,762,237	6,546,100	3,064,359	312,874,763	

Notes: Beginning in 2005, local Assessments in Lieu of Taxes and Municipal Utility Service Assessment (MUSA) payments have been removed from the tax category. "Other" consists of aircraft, tax cost recoveries, and penalties and interest.

Source: Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Use of Property Taxes  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

Fiscal Year	Anchorage School District Property Taxes	Anchorage School District Enrollment	Property Tax Support Per Pupil	Municipality of Anchorage Property Taxes	Municipality of Anchorage Population	Property Tax Support Per Citizen	Total Property Taxes
2010	\$ 233,853,777	48,570	\$ 4,815	\$ 240,487,281	291,826	\$ 824	\$ 474,341,058
2009	\$ 225,459,645	49,381	\$ 4,566	\$ 232,117,736	290,588	\$ 799	\$ 457,577,381
2008	\$ 212,165,785	48,440	\$ 4,380	\$ 219,045,107	284,994	\$ 769	\$ 431,210,892
2007	\$ 198,981,074	48,707	\$ 4,085	\$ 178,572,818	283,823	\$ 629	\$ 377,553,892
2006	\$ 184,379,644	49,320	\$ 3,738	\$ 204,403,801	282,813	\$ 723	\$ 388,783,445
2005	\$ 170,080,162	49,182	\$ 3,458	\$ 189,275,507	278,241	\$ 680	\$ 359,355,669
2004	\$ 153,993,490	49,265	\$ 3,126	\$ 175,929,531	277,498	\$ 634	\$ 329,923,021
2003	\$ 144,035,890	49,545	\$ 2,907	\$ 165,518,581	274,003	\$ 604	\$ 309,554,471
2002	\$ 139,237,827	50,029	\$ 2,783	\$ 148,716,395	269,070	\$ 553	\$ 287,954,222
2001	\$ 131,060,303	48,856	\$ 2,683	\$ 147,465,087	264,937	\$ 557	\$ 278,525,390

Source: Municipality of Anchorage, Finance Department; Anchorage School District, Annual Financial Report; and the U.S. Census Bureau.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real			Personal Property	Total Taxable Assessed Value	Areawide Tax Rate (mils)
	Residential Property	Commercial Property	Total Real			
2010	\$ 19,538,749,838	\$ 8,982,605,974	\$ 28,521,355,812	\$ 2,942,321,080	\$ 31,463,676,892	7.89
2009	19,669,462,275	8,964,468,173	28,633,930,448	2,819,418,266	31,453,348,714	7.67
2008	19,467,058,556	8,706,338,583	28,173,397,139	2,407,424,007	30,580,821,146	7.31
2007	18,938,470,451	7,771,561,687	26,710,032,138	2,559,073,381	29,269,105,519	7.02
2006	17,043,312,074	6,622,078,149	23,665,390,223	2,178,724,534	25,844,114,757	7.59
2005	14,498,860,789	5,682,627,289	20,181,488,078	1,908,057,825	22,089,545,903	8.23
2004	13,802,206,345	5,082,013,558	18,884,219,903	1,843,145,621	20,727,365,524	8.36
2003	12,131,461,007	5,094,240,309	17,225,701,316	1,854,219,932	19,079,921,248	8.87
2002	10,683,301,968	4,539,449,991	15,222,751,959	1,876,558,473	17,099,310,432	9.37
2001	9,467,392,125	4,307,602,373	13,774,994,498	1,885,868,114	15,660,862,612	9.44

Notes: Municipality of Anchorage assesses properties at 100% of estimated actual value.

Source: Municipality of Anchorage, Property Appraisal Division.



## MUNICIPALITY OF ANCHORAGE, ALASKA

Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$1,000 assessed value)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Areawide:										
General Government	0.45	0.49	0.37	0.23	0.46	0.64	1.10	1.50	1.56	1.24
Schools	7.44	7.18	6.94	6.79	7.13	7.59	7.26	7.37	7.81	8.20
Property Tax Credit	<u>0.00</u>	<u>(0.57)</u>	<u>(0.51)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Areawide	<u>7.89</u>	<u>7.10</u>	<u>6.80</u>	<u>7.02</u>	<u>7.59</u>	<u>8.23</u>	<u>8.36</u>	<u>8.87</u>	<u>9.37</u>	<u>9.44</u>
Former City Service Area	0.00	0.00	0.00	0.02	0.02	0.01	0.02	0.00	0.02	0.03
Chugiak Service Area	0.96	0.97	0.99	1.00	0.91	1.00	0.89	0.88	0.99	1.00
Glen Alps Service Area	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.25	2.47	2.76
Girdwood Service Area	3.87	3.83	3.03	4.00	3.97	3.47	3.47	3.39	3.25	3.35
Former Borough Roads and Drainage Service Area	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire Service Area	1.83	1.75	1.77	1.73	1.76	1.97	1.87	1.64	1.68	1.82
Roads and Drainage Service Area	2.13	2.77	2.60	2.59	2.80	2.75	2.90	3.10	2.97	3.61
Limited Service Areas	1.33	1.32	1.30	1.28	1.21	1.31	1.26	0.99	1.29	1.29
Anchorage Metropolitan Police Service Area	2.67	2.61	2.56	2.60	2.57	2.71	2.37	2.25	2.39	2.40
Parks and Recreation Service Area	0.66	0.70	0.65	0.60	0.56	0.62	0.68	0.74	0.73	0.72
Building Safety Service Area	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.01
Eagle River/Chugiak Parks & Recreation Service Area	0.91	1.05	1.08	1.11	1.13	1.17	1.18	0.69	0.69	0.70

Source: Municipality of Anchorage, Assembly Ordinances.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Principal Property Tax Payers  
Current Year and Nine Years Ago

2010		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
ACS of Anchorage Inc.	\$ 245,851,624	0.78%
GCI Communication Corp.	166,704,829	0.53%
Calais Co. Inc.	156,421,413	0.50%
Fred Meyer Stores Inc.	138,860,136	0.44%
Enstar Natural Gas Company	137,963,497	0.44%
BP Exploration (Alaska) Inc.	124,779,506	0.40%
Galen Hospital Alaska Inc.	123,546,182	0.39%
WEC 2000A-Alaska LLC	104,778,620	0.33%
Hickel Investment Co.	100,156,411	0.32%
Anchorage Fueling & Svc. Co.	92,080,176	0.29%
	<u>\$ 1,391,142,394</u>	<u>4.42%</u>

2001		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Alaska Communications	\$ 226,090,723	1.44%
AT & T Alascom	119,117,706	0.76%
Hickel Investment Company	90,237,072	0.58%
Federal Express Corporation	80,741,366	0.52%
Galen Hospital Alaska Inc.	79,511,393	0.51%
WEC 2000A-Alaska LLC	77,386,308	0.49%
GCI Communication Corporation	72,249,078	0.46%
Calais Company Inc.	64,782,754	0.41%
B.P. Exploration Alaska Inc.	62,574,067	0.40%
CGF Properties Inc.	57,443,208	0.37%
	<u>\$ 930,133,675</u>	<u>5.94%</u>

Notes: Assessed values include both real and personal property.

Source: Municipality of Anchorage, Property Appraisal Division.

## MUNICIPALITY OF ANCHORAGE, 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		Outstanding Balance
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2010	\$ 471,148,908	\$ 470,361,847	99.83%	\$ -	\$ 470,361,847	99.83%	\$ 787,061
2009	463,732,284	454,799,895	98.07%	6,517,944	461,317,839	99.48%	2,414,445
2008	438,158,786	430,346,262	98.22%	7,250,311	437,596,573	99.87%	562,213
2007	386,615,505	378,829,566	97.99%	7,548,513	386,378,079	99.94%	237,426
2006	398,955,490	389,483,559	97.63%	9,311,867	398,795,426	99.96%	160,064
2005	357,895,662	353,993,904	98.91%	3,898,039	357,891,943	100.00%	3,719
2004	337,190,170	325,033,543	96.39%	12,148,212	337,181,755	100.00%	8,415
2003	315,403,940	311,915,068	98.89%	3,488,067	315,403,135	100.00%	805
2002	299,084,667	298,771,844	99.90%	312,023	299,083,867	100.00%	800
2001	279,861,463	277,508,664	99.16%	2,346,081	279,854,745	100.00%	6,718

Source: Municipality of Anchorage, Treasury Division.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Total Governmental Activities
	General Obligation Bonds	Revenue Bonds (1)	Special Assessment Bonds	Certificates of Participation	Notes and Loans	Capital Lease	
2010	\$ 487,341,763	\$ 148,375,000	\$ -	\$ -	\$ 6,535,000	\$ 3,642,532	\$ 645,894,295
2009	448,590,369	152,430,000	-	-	6,719,000	3,143,291	610,882,660
2008	475,781,420	156,180,000	-	-	6,894,000	4,088,564	642,943,984
2007	441,657,000	159,175,000	335,000	-	7,060,000	1,558,751	609,785,751
2006	411,256,115	161,725,000	600,000	-	7,160,000	2,014,682	582,755,797
2005	440,262,898	53,620,000	630,000	3,360,000	9,255,000	1,565,243	508,693,141
2004	367,386,459	54,545,000	690,000	6,560,000	5,441,032	1,414,000	436,036,491
2003	334,678,100	56,610,000	895,000	9,615,000	811,270	-	402,609,370
2002	320,699,475	58,575,000	1,020,000	12,530,000	1,613,766	-	394,438,241
2001	281,505,000	60,440,000	1,255,000	16,486,000	630,000	290,013	360,606,013

Fiscal Year	Business-type Activities				Total Business-type Activities	Total Primary Government	Percentage of Personal Income (Table 18)	Total Debt to Population (Table 14)
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Notes and Loans				
2010	\$ -	\$ 463,891,471	\$ -	\$ 158,588,588	\$ 622,480,059	\$ 1,268,374,354	8.76%	\$ 4,346
2009	503,673	486,026,173	-	132,016,611	618,546,457	1,229,429,117	8.93%	4,231
2008	970,177	375,390,296	-	114,647,859	491,008,332	1,133,952,316	7.84%	3,979
2007	1,401,428	396,391,269	40,000	98,010,000	495,842,697	1,105,628,448	8.42%	3,895
2006	1,798,224	316,923,801	109,630	84,657,947	403,489,602	986,245,399	7.93%	3,088
2005	8,165,166	334,214,124	186,446	72,107,899	414,673,635	923,366,776	7.99%	3,311
2004	15,997,050	350,440,344	272,363	66,207,324	432,917,081	868,953,572	7.99%	3,131
2003	23,574,244	327,919,068	304,186	52,206,789	404,004,287	806,613,657	7.89%	2,944
2002	30,936,573	343,109,627	397,442	48,256,491	422,700,133	817,138,374	8.21%	3,037
2001	39,340,000	381,980,000	535,000	47,745,796	469,600,796	830,206,809	8.70%	3,134

Notes: Details regarding the Municipality of Anchorage's outstanding debt can be found in the notes to the financial statements. The Municipality of Anchorage routinely issues debt on an annual basis to finance new construction and refund prior existing debt for lower cost.

This schedule excludes debt related to the Anchorage School District, The Municipality of Anchorage's largest component unit.

(1) Includes CIVICVentures revenue bonds issued in 2006.

Source: Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>General Obligation Bonds</u>	<u>Less: Available Resources</u>	<u>Net General Obligation Bonds</u>	<u>Ratio of GO Debt to Assessed Value of Property</u>	<u>Net GO Debt Per Capita</u>
2010	291,826	\$ 31,463,676,892	\$ 487,341,763	\$ 1,070,990	\$ 486,270,773	1.55%	\$ 1,666
2009	290,588	31,453,348,714	449,094,042	814,460	448,279,582	1.43%	1,543
2008	284,994	30,580,821,146	476,751,597	1,007,077	475,744,520	1.56%	1,669
2007	283,823	29,269,105,519	443,058,428	1,139,219	441,919,209	1.51%	1,557
2006	282,813	25,844,114,757	413,054,339	1,230,134	411,824,205	1.59%	1,456
2005	278,241	22,089,545,903	448,428,064	1,855,430	446,572,634	2.02%	1,605
2004	277,498	20,727,365,524	383,383,509	2,001,815	381,381,694	1.84%	1,374
2003	274,003	19,079,921,248	358,252,344	1,251,452	357,000,892	1.87%	1,303
2002	269,070	17,099,310,432	351,636,048	1,697,550	349,938,498	2.05%	1,301
2001	264,937	15,660,862,612	320,845,000	2,160,030	318,684,970	2.03%	1,203

Notes: This schedule includes all general obligation bonds of the Municipality of Anchorage including both governmental activities and business-type activities.

This schedule excludes the general obligation debt of the Anchorage School District. That debt is reported in Table 15, direct and overlapping debt.

Source: Municipality of Anchorage, Treasury Division.

## MUNICIPALITY OF ANCHORAGE, ALASKA

Direct & Overlapping Debt  
December 31, 2010

	<u>Debt Outstanding</u>	<u>Percentage Overlap</u>	<u>Share of Direct and Overlapping Debt</u>
Anchorage School District overlapping debt	743,090,000	100%	\$ 743,090,000
Anchorage's direct debt			<u>645,894,295</u>
Total direct and overlapping debt			<u>\$ 1,388,984,295</u>

Notes: Anchorage School District overlapping debt includes general obligation school bonds.  
The Municipality of Anchorage's direct debt includes all debt reported for governmental activities (see Table 13).

Percentage of overlap is based on assessed property values.

Source: Debt outstanding balance obtained from Anchorage School District 2010 CAFR.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Legal Debt Margin  
December 31, 2010

Legal Debt Margin

The Municipality of Anchorage has no legal debt limit mandated by the Municipal Charter, Municipal Code or state law.

Source: Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Electric Utility							
Fiscal Year	Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (3)
				Principal	Interest	Total	
2010	\$ 134,511,173	\$ 82,342,389	\$ 52,168,784	\$ 16,995,000	\$ 15,974,962	\$ 32,969,962	1.58
2009	120,484,857	71,496,357	48,988,500	17,270,000	9,460,410	26,730,410	1.83
2008	108,120,323	56,737,791	51,382,532	17,295,000	9,775,653	27,070,653	1.90
2007	103,846,120	42,968,092	60,878,028	17,725,000	10,714,687	28,439,687	2.14
2006	122,317,974	61,133,040	61,184,934	21,225,000	11,675,721	32,900,721	1.86
2005	119,283,380	71,146,481	48,136,899	13,310,000	12,650,207	25,960,207	1.85
2004	108,480,057	63,518,720	44,961,337	12,830,000	12,981,045	25,811,045	1.74
2003	90,828,692	52,565,630	38,263,062	11,815,000	13,423,715	25,238,715	1.52
2002	83,289,164	45,615,495	37,673,669	11,295,000	13,923,278	25,218,278	1.49
2001	87,430,201	45,059,976	42,370,225	11,290,000	15,052,657	26,342,657	1.61

(1) Excludes interest charged to construction and interest restricted for construction.

(2) Includes Municipal Utility Service Assessment per Municipal Ordinance AO 83-58 and excludes depreciation.

(3) Required minimum coverage 1.35.

Solid Waste							
Fiscal Year	Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (3)
				Principal	Interest	Total	
2010	\$ 19,384,938	\$ 12,150,796	\$ 7,234,142	\$ -	\$ -	\$ -	-
2009	20,094,151	12,546,222	7,547,929	360,000	4,837	364,837	20.69
2008	18,319,902	12,310,770	6,009,132	340,000	23,919	363,919	16.51
2007	16,638,808	14,320,344	2,318,464	320,000	41,925	361,925	6.41
2006	16,004,058	11,723,024	4,281,034	305,000	58,923	363,923	11.76
2005	16,250,609	9,837,244	6,413,365	290,000	74,844	364,844	17.58
2004	16,205,018	8,230,463	7,974,555	270,000	89,026	359,026	22.21
2003	15,909,306	7,989,612	7,919,694	255,000	102,009	357,009	22.18
2002	17,993,884	9,048,235	8,945,649	245,000	114,068	359,068	24.91
2001	15,499,373	6,805,685	8,693,688	230,000	125,349	355,349	24.47

(1) Excludes interest charged to construction.

(2) Excludes depreciation and Municipal Utility Service Assessment.

(3) Required minimum coverage 1.25.



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Port							
Fiscal Year	Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (3)
				Principal	Interest	Total	
2010	\$ 12,427,622	\$ 5,818,956	\$ 6,608,666	\$ -	\$ -	\$ -	-
2009	12,978,363	6,549,724	6,428,639	-	-	-	-
2008	12,543,838	6,900,782	5,643,056	-	-	-	-
2007	12,981,129	6,212,308	6,768,821	-	-	-	-
2006	12,599,691	4,270,976	8,328,715	1,330,000	39,900	1,369,900	6.08
2005	12,888,242	3,788,630	9,099,612	1,250,000	117,300	1,367,300	6.66
2004	10,470,461	4,608,950	5,861,511	1,180,000	190,200	1,370,200	4.28
2003	9,332,885	3,690,890	5,641,995	1,190,000	258,900	1,448,900	3.89
2002	10,601,900	2,986,761	7,615,139	1,054,242	321,075	1,375,317	5.54
2001	10,028,331	2,896,854	7,131,477	990,000	354,900	1,344,900	5.30

(1) Excludes interest charged to construction.

(2) Excludes depreciation and Municipal Utility Service Assessment.

(3) Required minimum coverage 1.35.

Water Utility								
Fiscal Year	Revenue (1)	Assessment Collections (2)	Operating Expenses (3)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (5)
					Principal (4)	Interest	Total	
2010	\$ 50,860,139	\$ 312,253	\$ 29,456,391	\$21,716,001	\$ 5,255,000	\$ 6,094,343	\$ 11,349,343	1.91
2009	50,391,141	301,479	28,054,018	22,638,602	4,095,000	7,632,687	11,727,687	1.93
2008	44,264,376	326,820	27,725,271	16,865,925	4,250,000	7,836,288	12,086,288	1.40
2007	44,755,119	292,321	26,714,777	18,332,663	3,960,000	5,549,972	9,509,972	1.93
2006	39,480,462	605,444	18,964,994	21,120,912	5,375,000	5,174,576	10,549,576	2.00
2005	39,214,137	475,004	18,733,157	20,955,984	5,185,000	5,394,050	10,579,050	1.98
2004	33,688,579	560,866	17,094,054	17,155,391	4,595,000	5,277,793	9,872,793	1.74
2003	30,602,246	452,608	15,449,834	15,605,020	4,400,000	5,165,863	9,565,863	1.63
2002	31,158,976	523,688	15,428,722	16,253,942	4,220,000	5,358,150	9,578,150	1.70
2001	30,724,971	627,537	13,785,272	17,567,236	4,060,000	5,540,110	9,600,110	1.83

(1) Excludes interest restricted for construction, interest on advanced grants, amortization of premiums on investments, includes antenna revenue.

(2) Assessment collections represent payments made by benefited property owners, see Capital contributions -customer/special assessments on the Statements of Cash Flows.

(3) Excludes depreciation and Public Employees Retirement System (PERS) relief distributed to labor, includes Municipal Utility Service Assessment as per the 2007 bond covenants.

(4) Does not include Mini-Bonds as they have no debt service requirements.

(5) Required minimum coverage 1.35 for bonds issued prior to 1999, 1.15 times for bonds in subsequent years.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Wastewater Utility								
Fiscal Year	Revenue (1)	Assessment Collections (2)	Operating Expenses (3)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (4)
					Principal	Interest	Total	
2010	\$ 37,853,165	\$ 501,616	\$ 27,872,010	\$ 10,482,771	\$ 615,000	\$ 3,181,475	\$ 3,796,475	2.76
2009	37,346,056	420,981	26,417,348	11,349,689	595,000	3,204,697	3,799,697	2.99
2008	34,954,522	842,664	24,844,546	10,952,640	575,000	3,225,638	3,800,638	2.88
2007	35,566,755	481,651	23,627,253	12,421,153	520,000	1,672,649	2,192,649	5.66
2006	31,163,232	1,017,357	17,576,955	14,603,634	95,000	1,361,319	1,456,319	10.03
2005	29,168,118	919,373	16,401,620	13,685,871	90,000	1,365,706	1,455,706	9.40
2004	26,802,108	886,986	15,821,938	11,867,156	90,000	707,312	797,312	14.88
2003	25,318,049	725,096	14,717,225	11,325,920	85,000	284,573	369,573	30.65
2002	25,593,935	952,980	14,189,645	12,357,270	80,000	288,093	368,093	33.57
2001	24,848,166	1,102,733	13,650,933	12,299,966	75,000	291,318	366,318	33.58

(1) Excludes interest restricted for construction, interest on advanced grants, amortization of premiums on investments.

(2) Assessment collections represent payments made by benefited property owners.

(3) Excludes depreciation and Public Employees Retirement System (PERS) relief distributed to labor, includes Municipal Utility Service Assessment as per the 2007 bond covenants.

(4) Required minimum coverage 1.15.

Roads and Drainage Special Assessments								
Fiscal Year	Assessment Collected	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage	
				Principal	Interest	Total		
2010	\$ 525,886	n/a	\$ 525,886	\$ -	\$ -	\$ -	-	
2009	193,337	n/a	193,337	-	-	-	-	
2008	195,300	n/a	195,300	145,000	11,056	156,056	1.25	
2007	172,235	n/a	172,235	35,000	13,725	48,725	3.53	
2006	252,409	n/a	252,409	30,000	51,083	81,083	3.11	
2005	349,442	n/a	349,442	60,000	55,658	115,658	3.02	
2004	649,186	n/a	649,186	205,000	72,775	277,775	2.34	
2003	534,422	n/a	534,422	125,000	83,031	208,031	2.57	
2002	471,957	n/a	471,957	205,000	99,714	304,714	1.55	
2001	777,225	n/a	777,225	-	115,561	115,561	6.73	

CIVICVentures								
Fiscal Year	Hotel & Motel Tax Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage	
				Principal	Interest	Total		
2010	\$ 6,125,400	n/a	\$ 6,125,400	\$ 1,070,000	\$ 5,027,460	\$ 6,097,460	1.00	
2009	5,448,157	n/a	5,448,157	920,000	5,059,660	5,979,660	0.91	
2008	5,827,392	n/a	5,827,392	305,000	5,070,335	5,375,335	1.08	
2007	5,241,006	n/a	5,241,006	-	5,070,335	5,070,335	1.03	
2006	5,053,453	n/a	5,053,453	-	2,943,611	2,943,611	1.72	

Source: Municipality of Anchorage, Finance Department; Municipal Light & Power, Finance Department and Anchorage Water & Wastewater, Finance Department.

## MUNICIPALITY OF ANCHORAGE, ALASKA

Demographic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Personal Income (1)	Total Personal Income (in thousands)	School Enrollment	Unemploy- ment Rate (2)	Registered Voters
2010	291,826	\$ 49,629	\$ 14,483,033	48,570	6.9	262,792
2009	290,588	47,381	13,768,350	49,381	6.6	257,334
2008	284,994	50,755	14,464,870	48,440	5.9	264,880
2007	283,823	46,243	13,124,827	48,707	6.0	244,452
2006	282,813	43,957	12,431,611	49,320	5.0	201,440
2005	278,241	41,522	11,553,123	49,182	5.4	201,007
2004	277,498	39,206	10,879,587	49,265	5.7	184,162
2003	274,003	37,307	10,222,230	49,545	5.7	191,458
2002	269,070	36,998	9,955,052	50,029	5.4	194,218
2001	264,937	36,013	9,541,176	48,856	4.3	205,733

## Notes:

- (1) The Alaska Department of Labor and Workforce Development (ADLWD) has not published 2009 or 2010 Per Capita Personal Income for the Anchorage Municipal Area yet. Per capita income was estimated using the five previous years average increase for 2009 and 2010.
- (2) The Alaska Department of Labor and Workforce Development amends every month the unemployment rate data for the previous month and again at the end of every calendar year. We change the prior fiscal year to match updated statistical information reported. For some consistency, other prior years remain unchanged.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Census Bureau; and the Anchorage School District, Annual Financial Report; Bureau of Economic Analysis.

Information on per capita personal income in the Anchorage Municipal area is not available from the Alaska Department of Labor and Workforce Department.

## MUNICIPALITY OF ANCHORAGE, ALASKA

Principal Employers  
Current Year and Nine Years Ago

	2010 (*)			2001	
	Average Monthly Employment	% of Total Employment		Average Monthly Employment	% of Total Employment
<u>Public/Private Employers</u>			<u>Public/Private Employers</u>		
U.S. Uniformed Military	23,077	26.05%	U.S. Uniformed Military	17,802	23.00%
State of Alaska	18,139	20.47%	Federal government	16,800	21.70%
Federal Civilians	17,065	19.26%	State of Alaska	16,152	20.87%
University of Alaska	7,218	8.15%	University of Alaska	6,344	8.20%
Anchorage School District	7,006	7.91%	Anchorage School District	6,293	8.13%
Providence Health & Services	4,000	4.51%	Providence Health System in Alaska	3,369	4.35%
Anchorage, Municipality of	3,110	3.51%	Safeway Stores/Carrs	3,252	4.20%
Wal-Mart/Sam's Club	3,249	3.67%	Municipality of Anchorage	2,950	3.81%
Carrs/Safeway	2,999	3.38%	Fred Meyer	2,262	2.92%
Fred Meyer	2,749	3.10%	Wal-Mart/Sam's Club	2,178	2.81%
Total Monthly Employment	88,612			77,402	

Note:

(\*) 2009 information presented as 2010 because 2010 information is not disclosed until July 2011.

Source: State of Alaska Department of Labor and Workforce Development

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Full-Time Equivalent Employees  
Last Eight Fiscal Years

Function	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>General Government</b>								
Fire services	377	395	403	401	385	363	352	350
Police services	537	572	552	532	521	517	484	475
Subtotal - public safety	<u>914</u>	<u>967</u>	<u>955</u>	<u>933</u>	<u>906</u>	<u>880</u>	<u>836</u>	<u>825</u>
General government	324	365	345	369	337	331	328	341
Health and human services	141	148	141	166	145	159	157	161
Economic and community development	219	230	202	259	215	192	194	225
Public transportation	158	158	159	158	156	153	141	140
Public works	379	412	405	430	408	386	380	390
Subtotal - other	<u>1,221</u>	<u>1,313</u>	<u>1,252</u>	<u>1,382</u>	<u>1,261</u>	<u>1,221</u>	<u>1,200</u>	<u>1,257</u>
Total - general government	<u>2,135</u>	<u>2,280</u>	<u>2,207</u>	<u>2,315</u>	<u>2,167</u>	<u>2,101</u>	<u>2,036</u>	<u>2,082</u>
<b>Enterprise Funds</b>								
Water	129	138	133	129	126	129	128	125
Wastewater	129	139	134	129	125	128	127	125
Electric	245	244	240	240	235	227	224	218
Port	22	22	21	25	21	20	21	19
Municipal airport	8	9	9	10	10	10	10	10
Solid waste	75	72	72	76	68	60	64	61
Refuse	21	20	20	20	21	20	19	19
Total - enterprise funds	<u>629</u>	<u>644</u>	<u>629</u>	<u>629</u>	<u>606</u>	<u>594</u>	<u>593</u>	<u>577</u>
<b>Total</b>	<u><b>2,764</b></u>	<u><b>2,924</b></u>	<u><b>2,836</b></u>	<u><b>2,944</b></u>	<u><b>2,773</b></u>	<u><b>2,695</b></u>	<u><b>2,629</b></u>	<u><b>2,659</b></u>

Note: This table is presented from 2003, when Anchorage implemented GASB Statement 34.  
This table includes regular, seasonal and temporary full-time employees.  
All election workers, Assembly members, and Board and Commission members were excluded.

Source: Municipality of Anchorage, Employee Relations Department.

# MUNICIPALITY OF ANCHORAGE, ALASKA

Miscellaneous Statistical Data by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Fires services</b>										
1	14	14	14	14	19	19	13	12	11	11
Number of stations	10,252	10,463	9,645	9,936	9,032	9,044	9,086	7,939	6,691	6,439
Fire suppression incidents	19,749	19,072	18,716	18,297	18,730	17,480	17,727	16,547	17,452	16,297
Emergency medical service incidents										
<b>Police services</b>										
2	14	17	16	16	14	14	13	12	12	13
Number of stations										
<b>Health and human services</b>										
Health clinic visits:										
Disease prevention and control	13,441	17,114	14,005	14,519	17,423	18,750	18,919	23,398	24,300	22,890
Reproductive health clinic	9,081	8,263	7,003	6,704	9,370	10,467	10,784	11,724	12,300	12,009
Maternal child health clinic	-	-	-	-	1,011	3,167	2,828	1,924	3,200	2,733
Women, Infants and Children	79,693	77,859	59,647	49,575	51,695	16,054	56,281	58,916	59,543	73,409
Environmental service customers:										
Customer service counter	14,302	10,726	10,238	21,390	21,890	27,565	26,917	25,764	31,020	29,689
Public facility inspections	1,801	2,650	3,002	3,683	3,210	2,587	4,012	4,118	4,317	2,558
Noise, nuisance, housing	1,046	1,370	1,141	760	361	1,080	921	734	1,048	1,222
Air quality and vehicle IM	96,215	98,037	92,514	103,765	105,037	110,131	114,622	104,520	104,987	5,886
Daycare assistance families	3,111	2,254	2,838	2,075	2,000	3,007	1,913	1,708	1,872	1,734
Licensed child care centers	104	109	111	118	113	124	125	119	128	125
Licensed child care homes	170	168	207	215	210	225	236	267	153	na
<b>Economic and community development</b>										
Cultural and recreation services:										
Total park acres	16,000	16,000	16,000	16,000	16,000	10,938	15,068	14,958	14,946	14,900
Parks	248	248	248	248	248	242	237	236	236	236
Swim pools, indoor	6	6	5	5	6	5	6	6	6	6
Bike/ski trails (Miles)	270	270	270	270	270	250	128	128	127	127
Ski trails (Km)	149	134	134	134	na	na	134	133	133	133
Community recreation centers	16	16	16	16	16	4	6	6	6	6
Historic sites	27	27	27	27	27	27	27	27	27	19
Anchorage Museum at Rasmuson Center:										
Number of visitors	212,514	95,000	119,854	132,309	142,843	164,311	183,956	208,113	139,529	182,679
Value of museum collection	10,009,399	9,946,210	9,732,176	9,623,771	9,442,409	9,211,480	8,916,030	8,782,030	5,994,107	7,968,966
Value of 1% for Art collection (**)	12,129,948	11,387,908	11,104,208	10,331,978	9,875,328	8,033,818	7,852,168	7,069,136	6,175,076	5,823,788
Anchorage Public Library:										
Branches	6	6	6	5	5	5	5	5	5	6
Items	623,162	644,677	605,000	675,000	644,332	654,418	615,480	576,195	571,213	552,390
Items circulated	1,642,303	1,500,716	1,600,000	1,542,800	1,542,800	1,442,997	1,438,887	1,499,246	1,383,688	1,243,489
Reference responses	216,528	188,141	219,043	115,903	181,414	180,877	156,033	116,642	108,126	145,236
William Egan Civic and Convention Center:										
Events	203	248	443	513	458	323	396	314	321	620
Attendance	114,351	141,918	196,102	219,643	263,946	232,882	247,172	223,346	276,402	382,353

## MUNICIPALITY OF ANCHORAGE, ALASKA

Miscellaneous Statistical Data by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Denaina Civic and Convention Center:</b>										
Events (*)	425	413	-	-	-	-	-	-	-	-
Attendance (*)	159,134	206,358	-	-	-	-	-	-	-	-
<b>Alaska Center for the Performing Arts:</b>										
Events	524	607	597	542	483	598	588	463	695	678
Attendance	231,556	300,293	251,258	230,436	221,744	238,300	244,017	238,113	227,917	244,599
<b>George Sullivan Sports Arena:</b>										
Events	150	167	163	169	172	171	156	134	138	169
Attendance	310,219	395,382	347,993	385,738	380,043	384,952	356,088	302,190	298,392	443,168
<b>Anchorage Golf Course:</b>										
Rounds played	28,624	34,454	27,861	31,564	29,075	35,250	33,933	35,221	32,034	36,044
<b>Department of Neighborhoods:</b>										
Weatherization clients	693	535	226	187	171	142	204	223	200	236
Total dwellings upgraded	1,852	1,165	601	506	607	436	750	686	624	801
<b>Public transportation</b>										
Average daily ridership:										
Weekdays	14,100	14,294	14,297	13,564	13,401	13,498	11,921	11,395	10,675	11,480
Saturdays	6,821	7,062	6,864	6,632	6,529	6,619	5,904	5,411	4,930	5,452
Sundays	3,899	3,816	3,670	3,486	3,518	3,499	3,034	2,517	2,151	2,223
Total annual ridership	4,145,569	4,184,141	4,220,677	3,989,137	3,948,228	3,975,074	3,536,059	3,339,451	3,120,567	3,356,982
Annual mileage	2,216,276	2,458,195	2,578,229	2,318,543	2,433,270	2,417,503	2,318,308	2,144,670	2,031,615	1,963,534
Timetable revenue hours	126,655	131,125	132,120	130,184	130,324	131,037	124,724	114,604	110,176	104,507
<b>Public works</b>										
Miles of streets and alleys:										
Anchorage Road Service Area										
Unpaved	7	9	12	12	12	12	12	18	45	97
Paved	608	606	600	596	595	594	591	617	590	498
Limited Road Service Area	307	298	298	298	297	297	297	296	295	289
Alleys	44	44	44	44	53	53	53	53	40	40
<b>Water</b>										
Number of customers	54,976	54,835	54,697	54,525	54,316	53,906	52,742	53,847	52,628	50,920
Average treatment plant production (gallons/day)	23,100,000	22,600,000	21,930,000	22,850,000	22,095,359	22,958,708	21,189,127	24,141,578	22,597,170	19,680,000
Treatment plant capacity (gallons/day)	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
Average well production (gallons/day)	8,394,000	1,400,000	1,400,000	2,540,000	3,941,915	4,164,856	5,321,938	3,564,366	4,764,033	6,225,000
Miles of water mains	834	829	828	828	882	864	808	838	732	732
Public fire hydrants	5,874	5,851	5,817	5,786	5,775	5,724	5,645	5,546	5,367	5,304
Private fire hydrants	1,357	1,356	1,204	1,344	1,255	1,115	1,100	1,014	868	841

## MUNICIPALITY OF ANCHORAGE, ALASKA

Miscellaneous Statistical Data by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>Wastewater</b>										
Number of customers	55,898	55,783	55,635	55,470	55,272	54,892	54,171	53,639	52,869	51,343
Average treatment (gallons/day)	28,500,000	29,900,000	31,210,000	29,400,000	30,141,960	30,170,000	31,280,000	30,180,000	31,280,000	31,356,000
Treatment plant capacity (gallons/day)	61,100,000	61,270,000	61,270,000	61,270,000	61,270,000	61,100,000	61,100,000	61,100,000	61,100,000	61,100,000
Miles of wastewater lines:										
Interceptors	45	45	45	45	45	45	45	45	45	42
Trunks	83	83	82	82	82	82	82	167	176	176
Laterals	623	623	616	596	594	590	585	594	492	483
<b>Electric</b>										
Number of customers	30,481	30,406	30,352	30,244	30,091	30,100	29,876	29,771	29,696	29,690
Number of street lights	3,948	4,027	4,132	4,146	4,167	4,187	4,207	4,224	4,238	4,259
Circuit miles of overhead distribution lines	130	131	136	136	135	137	138	136	137	137
Miles of underground distribution lines	257	254	243	237	236	232	228	224	222	217
Plant generation capacity (30 degrees Fahrenheit) - KW	364,500	366,100	366,100	366,100	333,200	333,200	333,200	353,700	353,700	353,700
<b>Port</b>										
Tonnage	3,962,962	3,798,272	4,370,277	4,316,392	4,347,289	5,101,816	4,628,010	4,412,629	3,950,668	3,997,123
<b>Municipal airport</b>										
Landings and take-offs	150,146	168,062	169,313	174,848	187,798	190,816	191,516	202,278	184,670	190,508
<b>Solid waste</b>										
Total landfill/disposal customers	238,993	245,590	247,788	273,262	267,639	279,735	367,614	358,446	370,257	348,807
Total waste land filled (tons)	317,891	320,983	338,499	359,165	356,387	368,182	277,038	270,155	265,389	232,160
<b>Refuse collection</b>										
Average residential billed customers	9,994	9,912	9,879	10,102	9,929	9,978	9,946	9,975	10,022	9,948
Residential tons collected	10,673	11,824	12,528	13,246	13,519	13,946	14,757	15,643	15,770	15,694
Average commercial billed customers	1,890	1,878	1,884	1,895	1,895	1,824	1,835	1,837	1,815	1,911
Commercial tons collected	26,749	26,818	27,100	27,958	28,401	29,146	29,244	28,880	29,423	29,006

**Note:**

- (\*) Denaina Civic and Convention Center first opened for operation in September 2008. The first available information for events and attendance was in the fiscal year 2009.
- (\*\*) The Curator of Public Art is no longer a part of the Anchorage Museum but is now a part of Public Works.
- 1 South Fork Auxiliary, Station 13, was added to the total count. It is an auxiliary not a manned station; however, it houses a tender for ready access in case of an emergency.
- 2 Mountain View, Westchester Lagoon, and the Training Center substations were eliminated in 2010 due to budgetary concerns and lack of use.
- 3 The increase in ski trails was due to 2.4 km of trail added for the Chester-Campbell multi-use connection and 12.9 km added for the single-track bike trails.
- 4 The Samson-Diamond branch was open for the majority of 2010 and not closed until December of 2010; therefore, it is still included in 2010's total for the fiscal year.
- 5 The plant production is affected by the weather. In the year 2010 the anchorage area had large amounts of rain which resulted in lower plant production.
- 6 In August of 2009, 9th Ave upgrade entailed removing over one hundred street lights.

Source: Municipality of Anchorage, Various Departments.