

# **MUNICIPALITY OF ANCHORAGE, ALASKA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended December 31, 2018**

**Ethan Berkowitz  
Mayor**

**Prepared by:  
Controller's Division**

**Alex Slivka  
CFO**

**Pamela Ellis  
Acting Controller**

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Controller's Division, Finance Department  
Linda Culver- Controller's Division  
Property Appraisal, Finance Department  
Project Management & Engineering, Public Works Department  
Maintenance & Operations Department  
Solid Waste Services

**MUNICIPALITY OF ANCHORAGE, ALASKA**

**Comprehensive Annual Financial Report**

**December 31, 2018**

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# MUNICIPALITY OF ANCHORAGE



Office of the Chief Fiscal Officer

Phone: (907) 343-6610

*Alexander Slivka, CFO*

August 23, 2019

To the Honorable Mayor, Members of the Assembly, and  
Citizens of the Municipality of Anchorage:

Transmittal of the Comprehensive Annual Financial Report.

The Comprehensive Annual Financial Report (CAFR) of the Municipality of Anchorage (Municipality) for the year ended December 31, 2018, is hereby submitted in accordance with Anchorage Home Rule Charter and Anchorage Municipal Code. These laws require an annual report on financial and administrative activities with an independent audit of all municipal accounts by a certified public accountant. BDO USA, LLP performed the independent audit in accordance with generally accepted auditing standards. Management is responsible for the accuracy, completeness and fairness of the presentation including all disclosures.

Generally accepted accounting principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Municipality's MD&A can be found in the Financial Section of the CAFR immediately following the report of the independent auditors.

As a recipient of federal grant awards, the Municipality is required to undergo an audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the audit requirements of Title 2 of the *U.S Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and associated OMB *Compliance Supplement*. The independent auditor's report on compliance for each major federal program as well as the report on internal control over compliance with applicable laws and regulations and the report on schedule of expenditures of federal awards will be included in a separately issued audit. A schedule of findings and questioned costs will also be included in that separately issued audit.

As a recipient of State of Alaska (State) grant awards, the Municipality is also required to undergo an audit in accordance with the provisions of Alaska State Regulation 2 AAC 45.010 and *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Additionally, the audit of compliance was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. The independent auditor's report on compliance for each major state program as well as a report on internal control over compliance with applicable laws and regulations and a report on the schedule of State Financial Assistance Schedule is included in a separately issued audit. A schedule of findings and questioned costs will also be included in that separately issued audit.

BDO USA, LLP was retained to perform both the financial and the compliance audits of Federal and State financial assistance programs for the year ended December 31, 2018. BDO USA, LLP audited all 2018 financial records except for those of Police & Fire Retirement Pension Trust Funds. BDO USA, LLP reports are included in the financial section of the CAFR and in both financial assistance reports. The Pension Trust Funds were audited by certified public accountants who issued an unqualified opinion.

## **Profile of the Municipality of Anchorage**

The City of Anchorage was originally incorporated in 1920 and unified with the Greater Anchorage Area Borough in 1975 to create the Municipality of Anchorage. The Municipality is located in the southcentral part of the State of Alaska. It encompasses a geographic area of approximately 1,958 square miles and serves a population of 295,365.

The Municipality is operated under a strong Mayor form of Government. The Mayor is elected at large for a three-year term but may not serve more than two consecutive terms. The Mayor is responsible for appointing the Municipal Manager, the Municipal Attorney, the Chief Fiscal Officer and heads of all departments. Additionally, the Mayor is responsible for running the day to day governmental activities. The Assembly, which consists of eleven members, serves as the legislative branch. Assembly members are elected by district. They serve three-year staggered terms but cannot serve more than three consecutive terms. The Assembly is responsible for approving ordinances, municipal contracts, budgets and certain appointments. A compilation of municipal ordinances can be reviewed online in the Anchorage Municipal Code at [www.muni.org](http://www.muni.org).

The Municipality provides a full range of services. Certain services such as education, planning and zoning, health services, animal control, environmental quality, taxing and assessing, emergency medical services and public transportation are provided on an area-wide basis. Other services are provided on a geographic basis such as fire protection, police protection, road maintenance, parks and recreation, building safety and others. These are referred to as special purpose service areas.

The Assembly and Administration are responsible for, and committed to establishing and maintaining an internal control structure designed to provide reasonable assurance that the Municipality's assets are protected from loss, theft or misuse, and that adequate accounting records are maintained for preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefit likely to be derived and that valuation of costs and benefits requires the use of estimates and judgments.

The Assembly approves operating budgets and appropriations of direct costs at the department level, and revenues, direct costs and indirect costs at the fund level. During the year, the Assembly may approve supplemental appropriations to increase or decrease the budget or to transfer all or part of any unencumbered balance from one appropriation to another. The Assembly, by ordinance, may authorize a contract, lease or other obligation requiring financing from future appropriations. The Mayor may transfer all or part of an unencumbered balance between categories within an appropriation. No obligation involving the expenditure of money may be made unless the Chief Fiscal Officer has certified that the funds required have been appropriated and/or are available for that purpose.

The accounting records are maintained on a budgetary basis whereby encumbrances are recorded for budgetary control. However, year-end financial statements present actual amounts in conformity with accounting principles generally accepted in the United States of America which excludes encumbrances.

The financial reporting entity includes the four component units for which the Municipality is financially accountable. This includes CIVICVentures, the Anchorage School District (ASD), Anchorage Community Development Authority (ACDA) and Alaska Center for the Performing Arts, Inc. (ACPA). Additional information on all four of these component units can be found in Note 1(A) of the notes to the financial statements.

The Municipality owns and operates several utilities and other enterprise activities including electric, water, wastewater, refuse collection, solid waste disposal, port, and the Municipal airport. The Municipality contracts for management of its sports arenas, performing arts center, convention centers, ice arenas, golf courses and equestrian center.

Additional information regarding the Municipality's government, services, current events, economic indicators and other statistics is located on its municipal web site at [www.muni.org](http://www.muni.org).

## **Natural Disaster – Earthquake**

On Friday November 30, 2018, Anchorage experienced a magnitude 7.1 earthquake with the epicenter near Joint Base Elmendorf-Richardson, about 10 miles north of Anchorage. Severe damage to several buildings (including some schools), a highway overpass, and many roads was incurred. Repairs have been on going and the Municipality is actively working with the State of Alaska and FEMA to rebuild. Anchorage has not had any major interruptions to its transportation or economy as a result of the earthquake. This stability after the event was demonstrated by the fact that the Municipality was open to the public on the following Monday providing assistance to rebuild and repair.

## **Local Economy and Outlook**

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

The Municipality has an approximate population of 295,365 which represents a slight decrease of less than 1 percent over the prior year. As the largest city in Alaska, the Municipality is home to approximately 40 percent of the State's residents.

The Anchorage School District had 46,794 students enrolled for the 2017-2018 academic year, a decrease of less than 1 percent from the prior year. The Municipality is also home to the University of Alaska Anchorage, a State operated university, and the Alaska Pacific University, a private independent university.

Unemployment in the Municipality decreased slightly in 2018. The average unemployment rate in 2018 was 5.5 percent, a decrease from the 5.8 percent in 2017. The 2018 rate is higher than the national average of 3.9 percent but is lower than the 6.6 percent average for the State of Alaska.

The Municipality has several major employment sectors that drive the local economy including health care, tourism, construction, and transportation.

Health care employment continued to be the leader in adding jobs as a service producing industry for 2018. This sector added 500 jobs to the Municipality for a remarkable five-year growth period of adding 3,000 new jobs. The health care sector in the Municipality now accounts for approximately 21,200 jobs.

Within the state, the Municipality has some of the most advanced medical facilities making it the healthcare hub of Alaska. Slightly more than 55 percent of all health care employment in the state is in the Municipality. With improvements in new technologies here, residents don't have to travel out of state for care. Rather they can access services locally. As well, several new facilities opened in 2017 and in 2018 to address those needs. Health care accounts for 18 percent of private sector employment in the Municipality, a greater share than the national average of 13 percent. It is anticipated that health care services will continue to expand as the Municipalities' senior population has been growing for decades. In 2000, roughly 14,000 people were above the age of 65, in 2018, that number was 33,000. Current population projectors anticipate this cohort will expand by another 13,000 people by 2025.

The tourism sector is another major economic driver for the Municipality. The Municipality offers a central location within the state, available transportation infrastructure and abundant recreational opportunities. In addition to Anchorage's regional sport fishing and tourism destinations, visitors often use Anchorage as the gateway to other Alaska destinations. In 2018 2.4 million tourists came to Alaska via the Ted Stevens Anchorage International Airport a 3.1 percent increase from the same period in 2017. Tourism is expected to continue to increase as carriers are expanding flights into Anchorage for the summer of 2019, with capacity increasing by 45,000 seats. Another contributor to tourism increases in 2018 was Anchorage receiving 11 direct cruise ship calls, up from 10 calls in 2017. Just within Anchorage, the leisure and hospitality sector accounts for more than 17,300 jobs this is a slight increase over 2017 with 200 added jobs.

Construction employment within the Municipality increased in 2018 by approximately 200 jobs, reversing a two-year trend of employment decline and bringing average employment to 7,400 jobs. It is anticipated that

recovery for construction will continue as Anchorage's economy stabilizes and as earthquake repair efforts intensify. Initial estimates placed earthquake damage at \$78 million, however, the total cost is likely to prove to be higher as the full extent of damage is determined. Anchorage currently has \$34.6 million in active largescale construction projects that are non-earthquake related. The Municipality added \$4 million in assessed value for commercial properties in 2018. Offsetting this though was a decline of \$1.5 million in assessed value of residential properties. Overall new building permit valuations decreased over 2017. This marks a 22 percent decline over the past three years. Mostly these were for single- family residences.

While construction employment was up overall total construction spending has declined, there are however still several new projects that are expected to be completed in 2019. Construction is continuing on a new \$50 million, 105,000 square foot hangar at the Ted Stevens Anchorage International Airport. Additionally, a distribution company is completing construction of a new \$40 million warehouse. For 2019 there are still several new mixed-use development projects under construction.

Transportation is another major sector in the Municipality. Three major components of that sector are the Ted Stevens Anchorage International Airport, the Alaska Railroad and the municipal owned Port of Alaska. With regards to the airport, activity relates to both air cargo and passengers. The Ted Stevens Anchorage International Airport is among the top five airports in the world for cargo throughput. Transit cargo volumes were up in 2018 by 3.6 percent (2.8 million tons) as compared to 2017. However, with one in four cargo plane landings at Anchorage originating from China, trade disputes have the potential to significantly disrupt airport activity.

The State owned Alaska Railroad also transports freight and passengers. While revenues from transporting freight was down, revenues from passengers increased. The Railroad brought in passenger revenues of \$38.9 million in 2018, an increase of \$3.5 million over 2017.

The Port of Alaska (the Port) is ice free year around and is served by two major maritime carriers, TOTE, Inc. and Matson, Inc. In addition to the maritime carriers, petroleum and cement operators enjoy use of the Port year around as well. The Port serves 85 percent of the State of Alaska's population and handles 90 percent of the consumer goods brought to Alaska. It is one of 23 strategic Ports nationwide deploying equipment and supplies internationally to and from five military installations. Recent trends show the Port brought in 451,000 more in tonnage for 2018 over 2017. Total tonnage was 3.9 million tons. Petroleum shipments increased 20 percent, likely as a result of robust activity at Anchorage International Airport and military operations. Container volume increased for the second straight year growing 2.4 percent. The Port is currently undergoing a modernization project where aging terminals will be replaced with new, state of the art terminals. Presently, the project is securing funds to complete Phase 1 of a four-phase project. The phase one project is to construct a petroleum-cement terminal this is anticipated to be completed by 2021.

### **Relevant Financial Policies**

The Municipality's Assembly approved Fund Balance Policy was established by Resolution No. 2015-84. The Municipality's general fund is comprised of five major sub-funds and thirty-five non-major sub-funds. The Fund Balance Policy actually consists of three policies.

First, it is the policy of the Municipality to prepare and manage five major general fund sub-fund budgets so as to maintain an unrestricted general fund balance in an amount equal to 10 percent of current year expenditures as a bond rating designation that will become committed fund balance.

Second, it is the policy of the Municipality to prepare and manage its non-major general fund operating sub-funds (limited service areas and rural service areas) budgets so as to maintain an unrestricted fund balance of 8.25 percent of current year expenditures as a bond rating designation that will become committed fund balance.



Third, it is the policy of the Municipality to prepare and manage budgets so as to maintain unrestricted fund balances in its five major sub-funds in an amount between 2.0 percent and 3.0 percent of current year expenditures as a working capital reserve that will become part of the unassigned fund balance.

With regards to expenditures, they are defined as total expenditures reported in the CAFR's Statement of Revenues, Expenditures, and Changes in Fund Balance, General Fund and shall be reduced by contributions to education and by on-behalf payments made on-behalf of the Municipality by the State of Alaska directly to the Public Employees Retirement System (PERS).

### **Long-term Financial Planning**

The Municipality has no legal debt limit mandated by Municipal Charter, Municipal Code or State Statute. The Municipality continues to maintain credit ratings on all outstanding debt. Current long-term Municipality general obligation bond ratings are AAA by Standard and Poor's (S&P) and AA+ by Fitch Ratings (Fitch). Both ratings are with a stable outlook. Revenue bond covenants stipulating debt service coverage requirements were met in 2018.

The Municipality's percentage of net general obligation debt to assessed valuation and bonded debt per capita are useful indicators to citizens and investors of Anchorage's debt position. The percentage of net direct general obligation debt, exclusive of ASD debt, to assessed valuation was 1.32 percent as of December 31, 2018 and the net direct general obligation debt per capita was \$1,534. The respective amounts as of December 31, 2017 were 1.20 percent and \$1,450. When ASD debt is included, net direct general obligation debt to assessed value as of December 31, 2018 is 2.83 percent (2.72 percent in 2017) and the net direct general obligation debt per capita is \$3,284 (\$3,271 in 2017).

In April 2019, the voters of the Municipality approved the issuance of \$46,526,000 in general obligation bonds. The bonds will be for various projects including area-wide capital improvements, roads and drainage, public safety, fire protection, transit and parks and recreation. New debt is to be issued in either the third or fourth quarter of 2019. It is not known how much will be issued. Additional information on prior bonds that have been authorized but not issued, can be found in Note 10(F) of the notes to the financial statements.

### **Awards and Acknowledgements**

The Municipality of Anchorage prides itself on being AWARE (Anchorage is welcoming and resilient) this is achieved by being an inclusive, ready and sustainable city. The Municipality and its employees are committed to this goal and to the goal of making Anchorage a better place to live, work and raise families.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated efforts of the entire staff of the Controller Division. We wish to express sincere appreciation to our employees who assisted and contributed to the preparation of this report whether it was in processing daily transactions or in report preparation. We also express our appreciation to all other individuals who assisted in this effort.

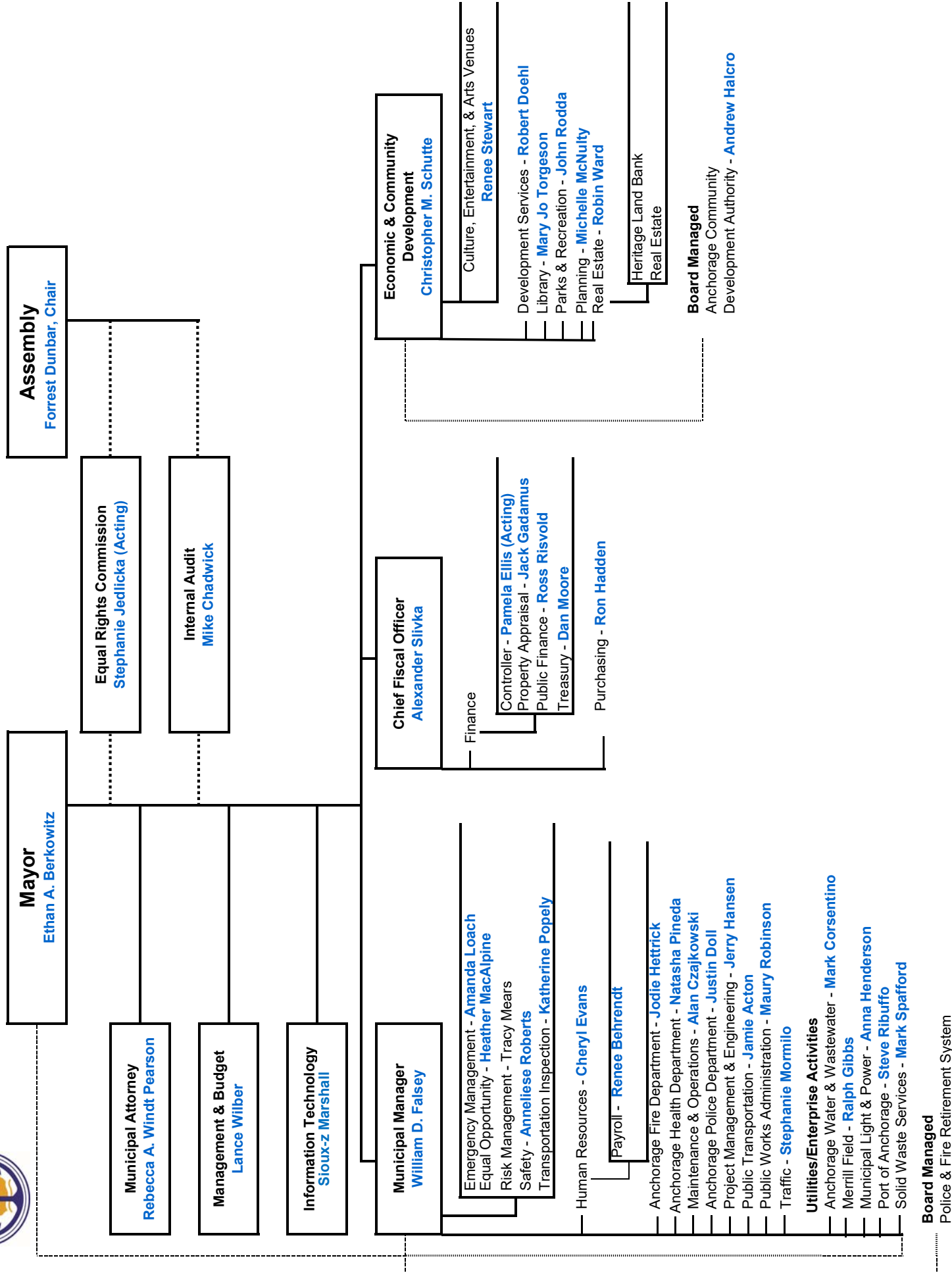
Respectfully submitted,



**Alexander Slivka**  
Chief Fiscal Officer



# MUNICIPALITY OF ANCHORAGE



# MUNICIPALITY OF ANCHORAGE

2018

## PRINCIPAL OFFICIALS

### ASSEMBLY

The legislative power of Anchorage is vested in an eleven member elected assembly. The Assembly, by Charter, is required to meet twice each month. The body meets on Tuesdays in the Assembly Chambers at 3600 Denali Street (Z.J. Loussac Library). Numerous special meetings and work sessions are scheduled throughout the year. At December 31, 2018, the following citizens were elected to serve on the Assembly.

Forrest Dunbar, Chair

Christopher Constant  
Suzanne LaFrance  
John Weddleton  
Pete Petersen  
Felix Rivera  
Pete Petersen

Eric Croft, Vice Chair  
Dick Traini  
Gretchen Wehmhoff  
Austin Quinn-Davidson  
Fred Dyson

Barbara A. Jones, Municipal Clerk

### ADMINISTRATION

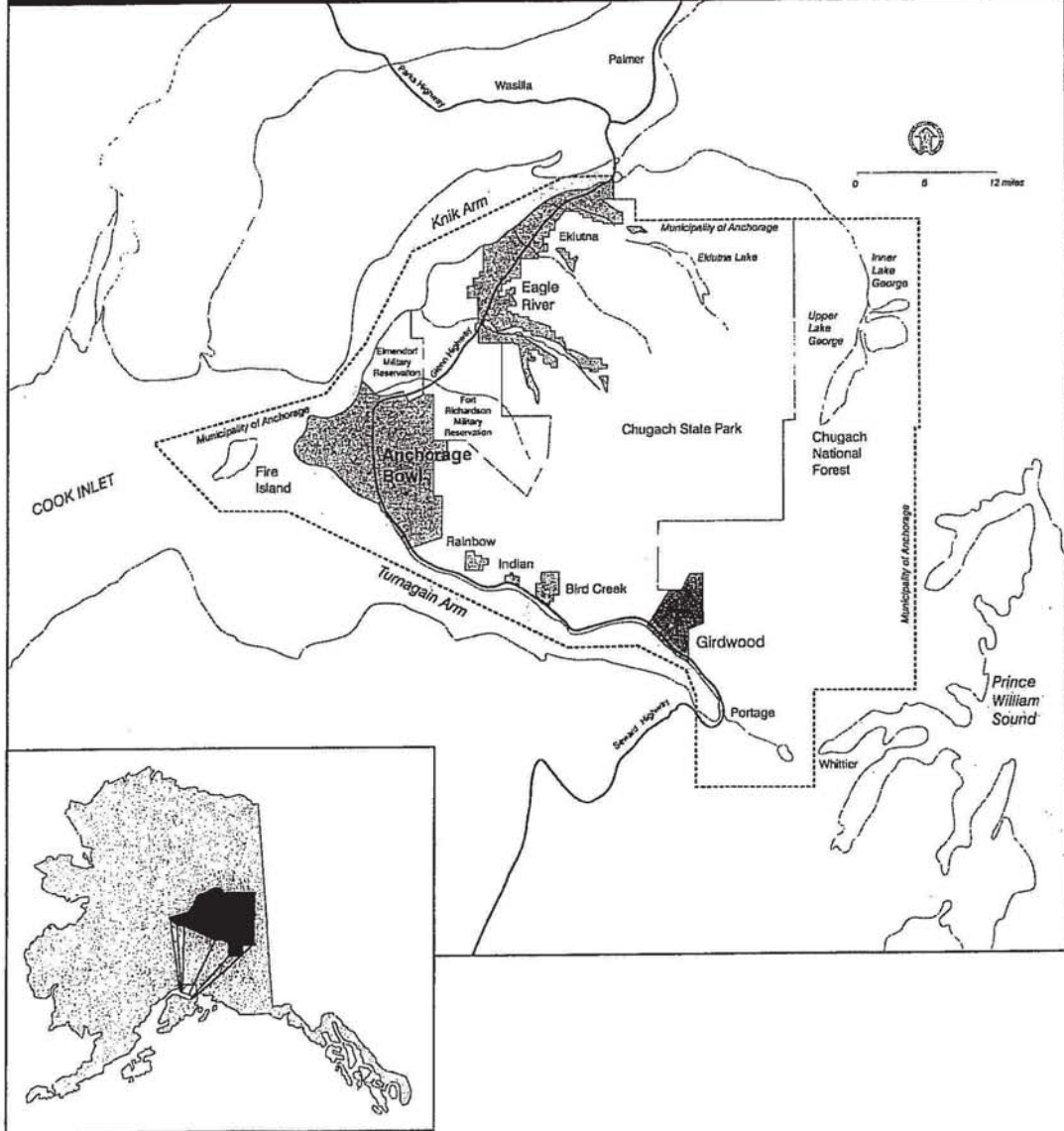
Ethan A. Berkowitz, Mayor

William D. Falsey, Municipal Manager

Rebecca Windt-Pearson, Municipal Attorney

Alexander H. Slivka, CFO

# Municipality of Anchorage Vicinity Map





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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Municipality of Anchorage, Alaska's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements.*

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

#### *Auditor's Responsibility*

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 40% and 51%, respectively, of the assets, and fund balance/net position of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police/Fire Retirement System fiduciary funds is based solely on the report of the other auditors. 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 from material misstatement. The financial statements of the Police/Fire Retirement System fiduciary funds were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, based on our audit and the report 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Anchorage, Alaska, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in note 23(a) to the financial statements, in 2018 the Municipality of Anchorage, Alaska adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-17 and the other required supplementary information on pages 125-155, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality of Anchorage's basic financial statements. The accompanying supplementary budgetary comparison schedules, the combining fund financial statements, and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and the combining fund financial statements are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2019 on our consideration of the Municipality of Anchorage, Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality of Anchorage, Alaska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality of Anchorage, Alaska's internal control over financial reporting and compliance.

*BDO USA, LLP*

Anchorage, Alaska  
August 23, 2019

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

As management of the Municipality of Anchorage (Municipality), we offer readers of the Municipality's Comprehensive Annual Financial Report (CAFR), this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2018. 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 and deferred outflows of resources of the Municipality exceeded its liabilities and deferred inflows of resources at the end of 2018 with reported net position of \$3.5 billion.
- The Municipality's total net position decreased by \$201.2 million or approximately 5.49 percent for 2018. The decrease is the net result of a decrease in governmental activities net position of \$241.5 million and an increase in business-type activities net position of \$40.3 million.
- The Municipality implemented GASB Statement No. 75- Accounting and Financial Reporting for Postemployment Benefits Other than Pensions for 2018, which resulted in a restatement of beginning net position. The restatement decreased beginning net position by \$217.3 million for governmental activities and \$11.3 million for business-type activities.
- During the year, the governmental activities generated \$745.4 million in revenues not including transfers from, which was offset by expenses of \$799.3 million, not including transfers to.
- During the year, the business-type activities generated \$381.6 million in revenues not including transfers from, that was offset by expenses of \$300.3 million, not including transfers to.
- As of December 31, 2018, the Municipality's governmental funds reported a combined ending fund balance of \$351.7 million, an increase of \$26.4 million. Of the fund balance, \$5 million is non-spendable, \$248.7 million is restricted, \$61.4 million is committed, \$21 million is assigned and a surplus of \$15.6 million is unassigned. Included in the committed fund balances are \$43.4 million in bond rating set asides, as required by the rating agencies. The bond rating set asides are required to ensure that the Municipality has sufficient fund balance to make debt service payments on general obligation debt.
- The MOA Trust Fund, the Police and Fire Retirement Certificates of Participation Bond Fund, the Capital Roads and Drainage Fund, and the Port Fund did not meet the quantitative eligibility criteria to be reported as major funds but because of their significance to the Municipality's taxpayers, they have been included as major funds for 2018.
- The Municipality's total capital assets (net of accumulated depreciation) at December 31, 2018 was \$5.7 billion.
- The Municipality's total long-term debt at December 31, 2018 was \$1.67 billion.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis provided here are intended to serve as an introduction to the Municipality's basic financial statements. The Municipality's basic financial statements consist of four components: 1) government-wide financial statements, 2) fund financial statements, 3) the notes to financial statements, and 4) required supplementary information. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

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

The statement of net position presents financial information on all of the Municipality's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or



decreases in net position may serve as a useful indicator of whether the financial position of the Municipality is improving or deteriorating.

The statement of activities presents information showing how the Municipality's net position changed during the most recent fiscal year. All changes in net position 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 government-wide financial statements distinguish functions of the Municipality that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Municipality include general government, fire and 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 the Municipality include water and 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 the Municipality itself, but also the following discretely presented component units for which the Municipality is fiscally 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.

### **Fund Financial Statements**

The remaining statements are fund financial statements that focus on individual parts of the local government, reporting the Municipality'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. All of the funds of the Municipality can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

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

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

The Municipality maintains twenty-four individual governmental funds for reporting purposes. For managerial purposes, several sub-funds are used for each of the reporting funds to further segregate activity based on the source of the funding for the activities. 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, the Police and Fire Retirement Certificates of Participation Bond Fund and Capital Projects Roads and Drainage Fund, which are considered to be major funds in accordance with GASB Statement No. 34. Information from the other twenty governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Municipality adopts an annual appropriated budget for its General Fund, and certain Special Revenue Funds, and Debt Service Funds. 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 General Fund budgetary comparison schedule by function, two budgetary comparison schedules at the department level and at the fund and sub fund level have been added as additional supplementary information to demonstrate compliance with this budget. There are no major Special Revenue funds, which require the preparation of a budgetary comparison schedule for inclusion in the Required Supplementary Information section. The Municipality also adopts a General Government Capital Improvements budget under the same approval process as the General Governments Operating Budget.

### **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Municipality maintains two different types of proprietary funds - enterprise funds and internal service funds. Proprietary funds use the economic resources measurement focus and the accrual basis of accounting.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Municipality uses enterprise funds to account for its water services and wastewater services; electric generation, transmission, and 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 the Municipality's various functions. The Municipality uses internal service funds to account for equipment and vehicle operations and maintenance; risk management, medical and dental self-insurance, and unemployment compensation activities; 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 and distribution services; water services, wastewater services, and port services, all of which are considered to be major enterprise funds of the Municipality. Information from the other three proprietary enterprise funds are combined into a single, aggregated presentation as non-major funds of the Municipality. Individual fund data for each of these non-major 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 on the proprietary fund financial statements. Individual fund data for each of these internal service funds is provided in the form of combining statements elsewhere in this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as the retirement pensions and retiree medical plans for police and fire employees, in which the Municipality 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 the Municipality's own programs. The basis of accounting used for fiduciary funds is the same as that which is used for proprietary funds.

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Municipality's disclosure of information relating to the general fund's budgetary comparison schedule, it's paved road infrastructure network (accounted for under the modified approach), schedules for its various pension plans, and schedules for other post-employment benefits.

### **Other Information**

In addition to the required supplementary information elements, the combining statements referred to earlier in connection with non-major governmental funds, non-major proprietary funds, internal service funds 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

### Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position for December 31, 2018 compared to the prior year (reference Table A-1).

**Table A-1**  
**Municipality's Net Position**  
**(in thousands)**

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 509,989	\$ 511,416	\$ 388,023	\$ 404,192	\$ 898,012	\$ 915,608
Capital assets	3,440,620	3,476,018	2,214,929	2,178,319	5,655,549	5,654,337
Total assets	<u>3,950,609</u>	<u>3,987,434</u>	<u>2,602,952</u>	<u>2,582,511</u>	<u>6,553,561</u>	<u>6,569,945</u>
Deferred outflows of resources	80,412	30,590	13,295	9,006	93,707	39,596
Total deferred outflows of resources	<u>80,412</u>	<u>30,590</u>	<u>13,295</u>	<u>9,006</u>	<u>93,707</u>	<u>39,596</u>
Long-term liabilities	1,187,895	931,517	1,091,741	789,594	2,279,636	1,721,111
Other liabilities	224,478	231,508	73,982	365,026	298,460	596,534
Total liabilities	<u>1,412,373</u>	<u>1,163,025</u>	<u>1,165,723</u>	<u>1,154,620</u>	<u>2,578,096</u>	<u>2,317,645</u>
Deferred inflows of resources	31,144	25,969	574,977	601,661	606,121	627,630
Total deferred inflows of resources	<u>31,144</u>	<u>25,969</u>	<u>574,977</u>	<u>601,661</u>	<u>606,121</u>	<u>627,630</u>
Net investment in capital assets	2,846,124	2,903,191	700,723	669,846	3,546,847	3,573,037
Restricted	248,671	251,415	33,783	32,790	282,454	284,205
Unrestricted (Deficit)	(507,291)	(325,576)	141,041	132,600	(366,250)	(192,976)
Total net position	<u>\$ 2,587,504</u>	<u>\$ 2,829,030</u>	<u>\$ 875,547</u>	<u>\$ 835,236</u>	<u>\$ 3,463,051</u>	<u>\$ 3,664,266</u>

### Overall Analysis

At December 31, 2018, the Municipality's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3.5 billion. Total net position decreased \$201.2 million or 5.49 percent.

The largest portion of the Municipality's net position (102 percent) reflects its investment in capital assets less any outstanding debt used to acquire those assets. The Municipality's capital assets are used to provide services to its citizens, consequently; they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position in the amount of \$282.5 million represents those assets that the Municipality holds that are required to be spent for a specific purpose by outside sources and/or enabling legislation. Of this total, the Municipality reported \$26.9 million restricted net position for the acquisition and construction of capital assets, \$17.9 million restricted for operations, \$33.1 million for the Police and Fire Retiree Medical Liability prefunding, \$16.3 million restricted for debt service, \$16.4 million restricted for grant activity, \$18.7 million restricted for convention center operating reserve, and \$151.3 million representing the investment balance in the MOA Trust Fund.

The remaining balance of unrestricted net position may be used for the Municipality's ongoing obligations to citizens and creditors. For 2018, the unrestricted net position was a deficit of (\$366.3) million. This deficit continues to be primarily due to the net pension and net other post-employment benefits (OPEB) liabilities reported in accordance with GASB 68- Accounting and Reporting for Pensions and GASB 75-Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The net pension and OPEB liabilities are actuarially calculated by the State of Alaska, the Police and Fire Pension Trust and the Police and Fire Retiree Medical Trust. The liability was significant enough to keep the unrestricted net position of the Municipality in a deficit position.

### Governmental Activities

The governmental activities total net position decreased \$241.5 million or 8.54 percent. Most of this decrease was due to the recognition of OPEB liabilities under the implementation of GASB 75. For 2018, the net pension liability increased by \$57.5 million and the net OPEB liability was actuarially calculated at \$179.7 million.

Net investment in capital assets decreased by \$57.1 million or 1.97 percent. This decrease is due to less capital projects completed in 2018 with continued depreciation of existing assets. Also, there was an increase in debt associated with capital assets from GO Bonds issued in 2018.

Restricted net position decreased \$2.7 million or 1.86 percent. This decrease was mainly due to losses on investments in 2018.

Unrestricted net position is the remaining total net position that is not classified as either net investment in capital assets or restricted net position. Any change to unrestricted net position is the reflection of changes in the other two net position categories. In 2018, the deficit in unrestricted net position increased by \$181.7 million or 55.81 percent. This was due to the addition of net OPEB liabilities in 2018 for the implementation of GASB 75.

### Business-type Activities

The business-type activities total net position increased \$40.3 million or 4.83 percent. Net investment in capital assets reported an increase of \$30.9 million or 4.61 percent. This increase is due to the additions to the construction work in process and distribution and production assets in the Utilities, without a significant increase in related debt.

Restricted net position increased \$1 million or 3.03 percent mainly due to an increase in restricted for interim escrow from the Water and Wastewater Utilities.

Unrestricted net position is the remaining total net position that is not classified as either net investment in capital assets or restricted. Any change to unrestricted net position is the reflection of changes in the other two net position categories. In 2018, unrestricted net position increased by \$8.4 million or 6.37 percent.

At the end of the current fiscal year, the Municipality was able to report positive balances in all three categories of net position for the business-type activities only. For the government as a whole and the governmental activities, the Municipality reported positive balances in net investment in capital assets and restricted net position only. Unrestricted net position reported a negative balance for governmental activities and the Municipality as a whole. This continues to be due to the net pension liability required to be reported in accordance with GASB 68 and the implementation of GASB 75 for the accounting and reporting of net OPEB liability.

### Statement of Activities

The Statement of Activities can be used to determine if Municipality services are operating efficiently or if they are too reliant on general revenues. It can also be a good indicator of which functions the Municipality spends most of its resources. The following table reflects the condensed Statement of Activities of the Municipality for 2018 compared to the prior year and indicates the changes in net position for governmental and business-type activities (reference Table A-2).

**Table A-2**  
**Municipality's Changes in Net Position**  
**(in thousands)**

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 52,541	\$ 55,343	\$ 348,342	\$ 352,319	\$ 400,883	\$ 407,662
Operating grants & contributions	38,139	44,735	1,343	1,688	39,482	46,423
Capital grants & contributions	18,527	84,937	28,513	22,794	47,040	107,731

**Table A-2**  
**Municipality's Changes in Net Position**  
**(in thousands)**

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
<b>General revenues:</b>						
Property taxes	\$ 554,032	\$ 557,174	\$ -	\$ -	\$ 554,032	\$ 557,174
Other taxes	82,760	66,710	-	-	82,760	66,710
Grants and entitlements not restricted to specific programs	6,096	7,784	-	-	6,096	7,784
Other	-	-	-	6,750	-	6,750
Investment earnings (loss)	(6,687)	32,363	3,422	7,832	(3,265)	40,195
<b>Total revenues</b>	<b>\$ 745,408</b>	<b>\$ 849,046</b>	<b>\$ 381,620</b>	<b>\$ 391,383</b>	<b>\$1,127,028</b>	<b>\$1,240,429</b>
<b>Expenses:</b>						
General government	30,187	28,136	-	-	30,187	28,136
Fire services	114,240	120,768	-	-	114,240	120,768
Police services	146,507	143,012	-	-	146,507	143,012
Health and human services	25,088	29,657	-	-	25,088	29,657
Economic and community dev.	91,304	92,031	-	-	91,304	92,031
Public transportation	35,084	36,955	-	-	35,084	36,955
Public works	56,192	73,919	-	-	56,192	73,919
Education	247,168	247,407	-	-	247,168	247,407
Maintenance and operations	36,718	36,933	-	-	36,718	36,933
Interest	16,804	21,608	-	-	16,804	21,608
Electric	-	-	153,788	165,064	153,788	165,064
Water	-	-	44,589	43,806	44,589	43,806
Wastewater	-	-	42,696	41,682	42,696	41,682
Port	-	-	20,818	18,092	20,818	18,092
Solid waste	-	-	23,008	20,479	23,008	20,479
Refuse	-	-	10,978	9,254	10,978	9,254
Municipal airport	-	-	4,431	4,659	4,431	4,659
<b>Total expenses</b>	<b>799,292</b>	<b>830,426</b>	<b>300,308</b>	<b>303,036</b>	<b>1,099,600</b>	<b>1,133,462</b>
Change in net position prior to transfers	(53,884)	18,620	81,312	88,347	27,428	106,967
Transfers	29,700	28,329	(29,700)	(28,329)	-	-
<b>Change in net position</b>	<b>(24,184)</b>	<b>46,949</b>	<b>51,612</b>	<b>60,018</b>	<b>27,428</b>	<b>106,967</b>
Beginning net position, as restated	2,611,688	2,782,081	823,935	775,218	3,435,623	3,557,299
<b>Ending net position</b>	<b>\$2,587,504</b>	<b>\$2,829,030</b>	<b>\$ 875,547</b>	<b>\$ 835,236</b>	<b>\$3,463,051</b>	<b>\$3,664,266</b>

### Overall Analysis

The Municipality's total net position of \$3.5 billion decreased by \$201.2 million or 5.49 percent as reported in the Statement of Activities mostly due to the implementation of GASB 75 net OPEB liability. Due to this implementation, beginning net position was reduced to allow for the addition of net OPEB liability. The overall decrease in total net position is due to significant investment losses in 2018. This decrease is the net effect of a \$241.5 million decrease in governmental activities and a \$40.3 million increase in business-type activities.

### Governmental Activities

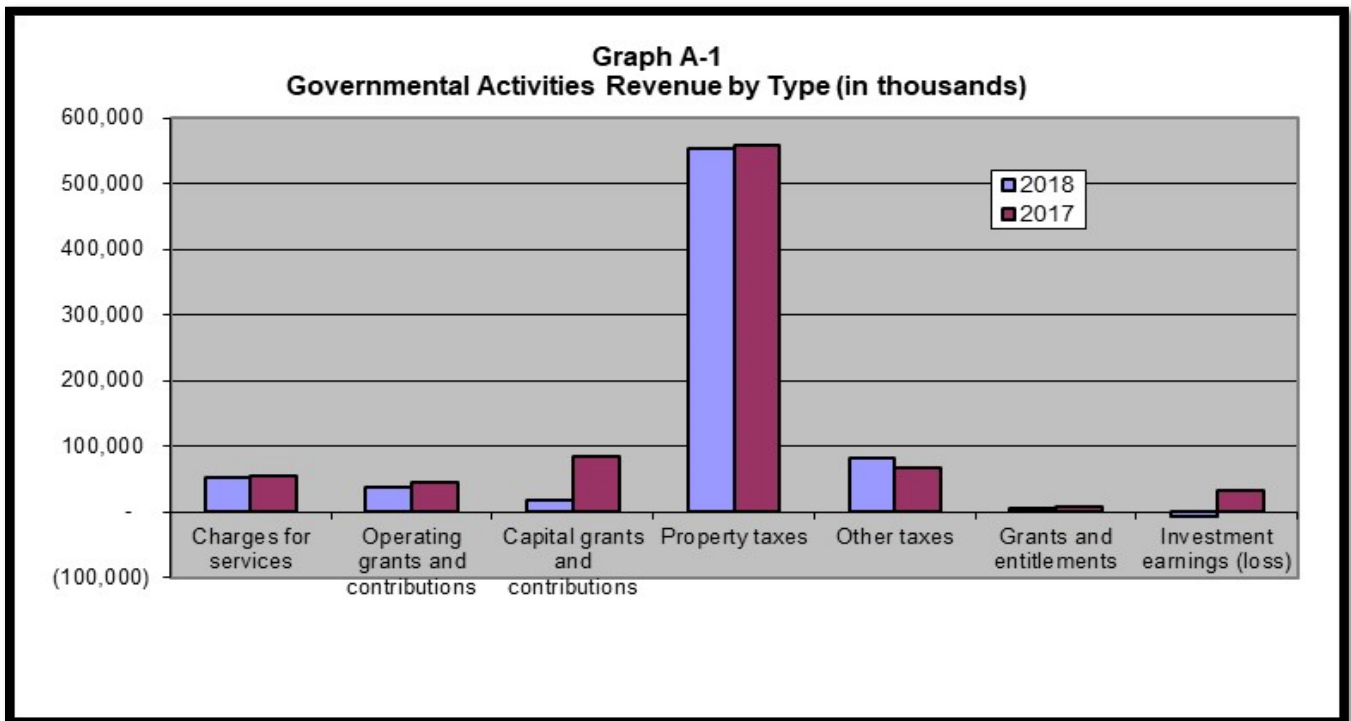
Governmental activities decreased the Municipality's net position by \$241.5 million or 8.54 percent. This decrease was due to the addition of net OPEB liabilities of \$179.7 million and an increase in net pension liabilities of \$57.5 million during 2018. Governmental activities also experienced investment losses in 2018 of \$6.7 million, a significant change from the gain in 2017 of approximately \$39 million.

Total governmental activity revenues were \$745.4 million, excluding transfers. Revenues decreased \$103.6 million or 12.21 percent over the prior year. Property taxes, the Municipality's largest single revenue source, decreased .56 percent, along with an investment earnings (loss) decrease of 120.66 percent. Capital Grants and Contributions decreased 78.19 percent. Other taxes were the only revenue stream that increased in 2018 by 24.06 percent due to the addition of excise tax on fuel products.

Total governmental activity expenses in 2018 were \$799.3 million, excluding transfers, a decrease of \$31.1 million or 3.75 percent. Out of the total expenses, \$109.2 million was paid either by those directly benefiting from the programs or by other governments and organizations that subsidize certain programs with grants and contributions. The remaining net expense (total expenses less program revenues) of \$690.1 million was the cost of governmental services paid by the Municipality's taxpayers. Revenue decreases resulting from a decrease in grant revenues and investment losses. Increases in revenues from fuel products taxes.

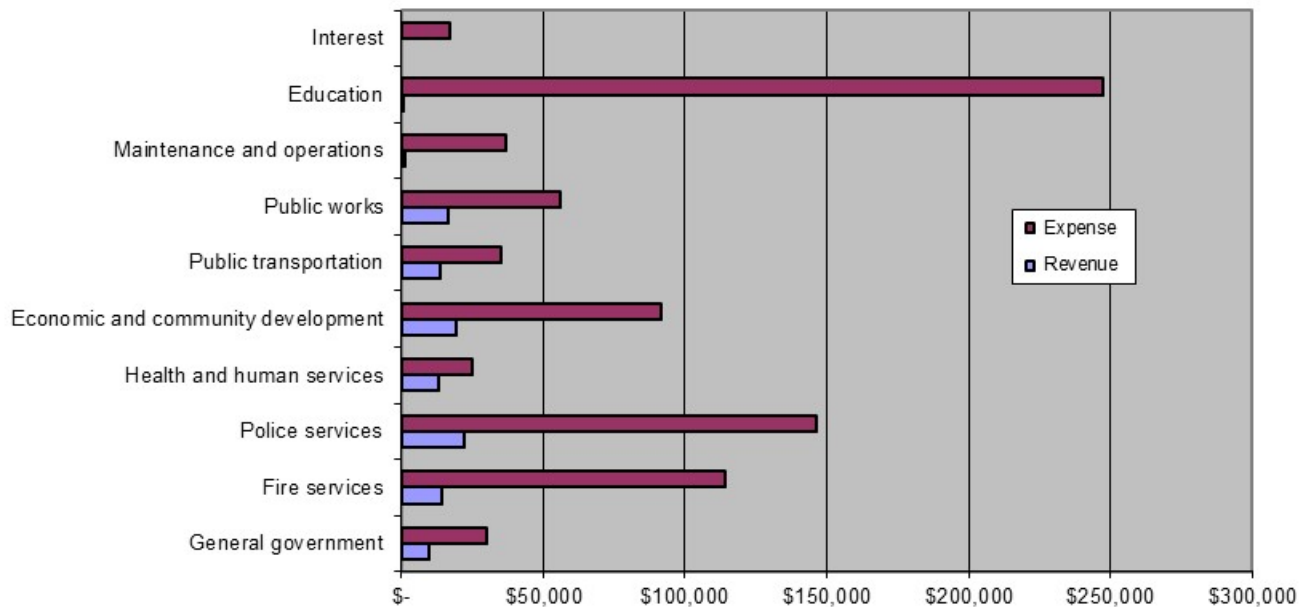
Education, Police Services, and Fire Service functional expense categories yielded the largest total expenses of \$247.2 million, \$146.5 million and \$114.2 million, respectively. However, the only two functions that yielded an increase in expenditures were General Government and Police Services. Public Works had the largest decrease in expenditures of \$17.7 million. Decreases in functional expenditures were due to budget cuts across the Municipality, offset by the addition of OPEB expenses from the implementation of GASB 75.

The first graph compares the Municipality's governmental activities program and general revenues for 2018 and 2017.

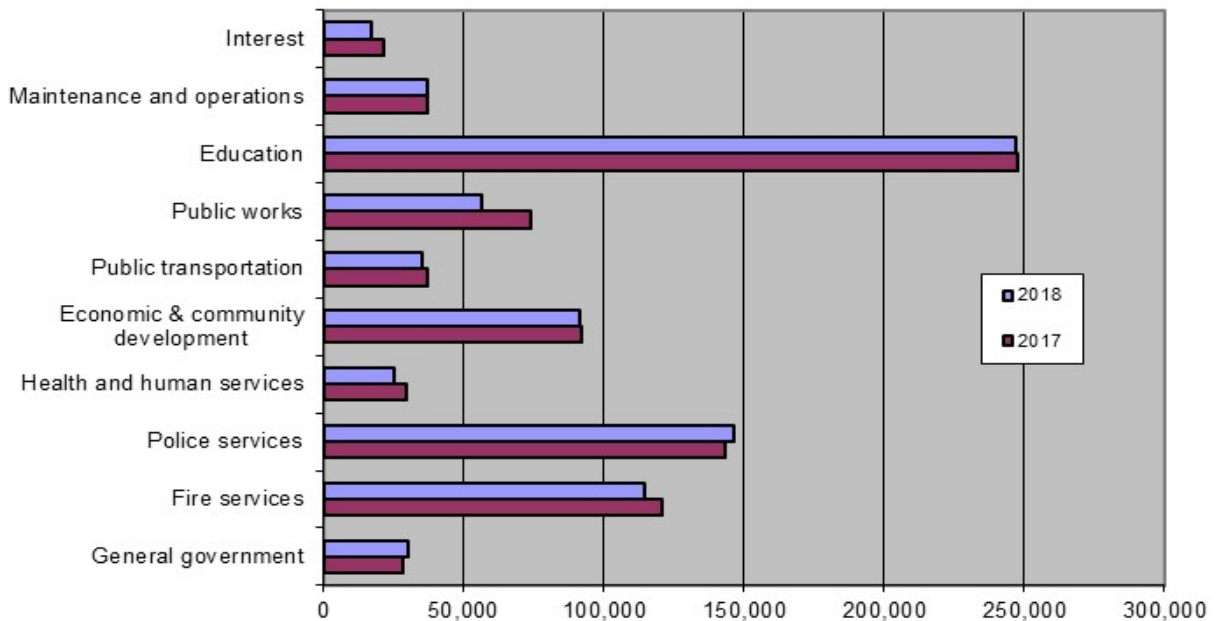


The second graph compares the Municipality's 2018 governmental activities revenues vs expenses by function. The third graph compares the Municipality's governmental activities expenses by function for 2018 and 2017.

**Graph A-2**  
**2018 Program Revenue vs Expense by Function Governmental Activities (in thousands)**



**Graph A-3**  
**Governmental Activities Expenses by Function (in thousands)**



**Business-type Activities**

Business-type activities increased the Municipality’s net position by \$51.6 million from current operations, offset by a decrease in beginning net position of \$11.3 million from the implementation of GASB 75, for an overall increase of \$40.3 million or 4.83 percent. Key elements of the change in net position are as follows:

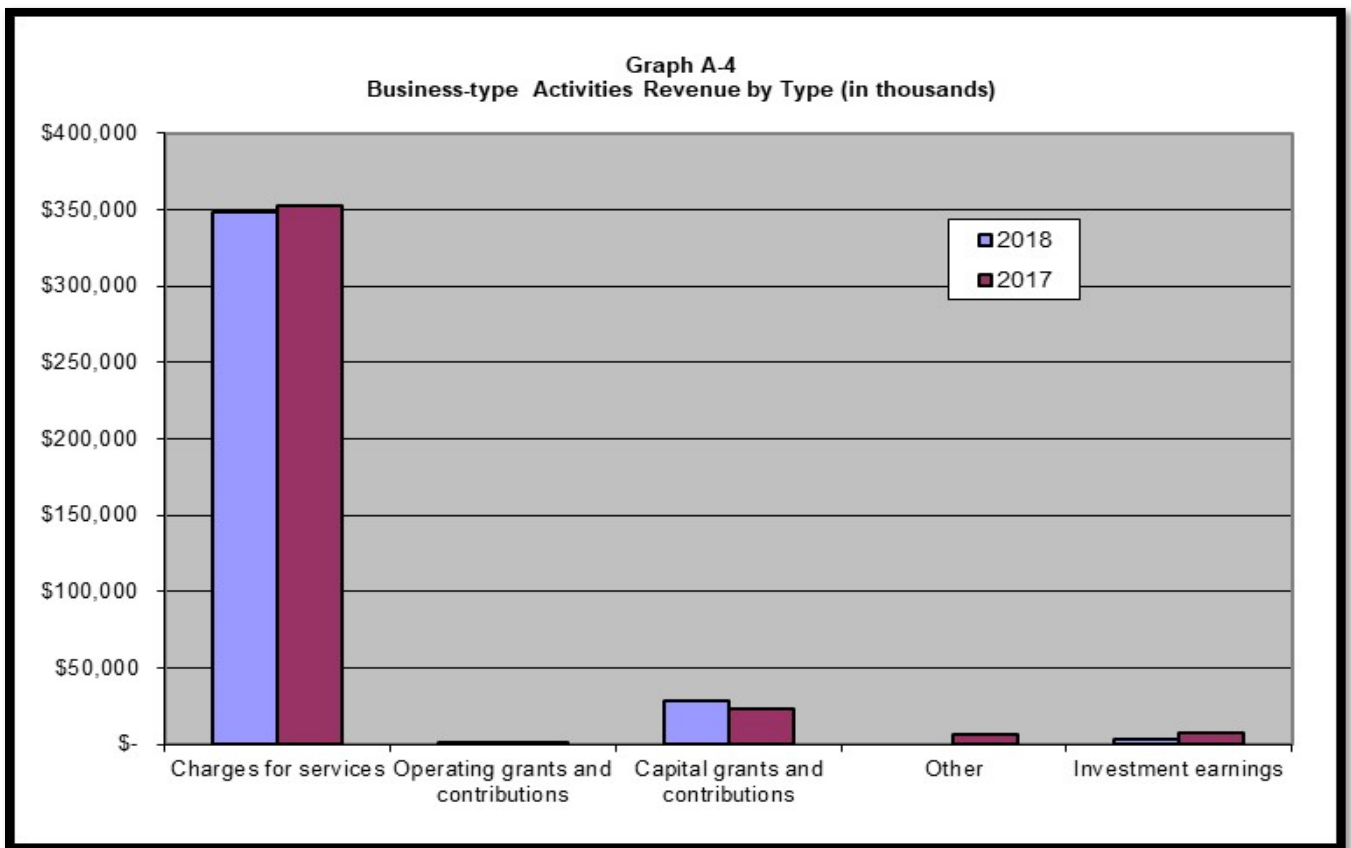
- The Port had an increase in capital contributions of \$7 million from state grant revenues.

- The Electric Utility collected significantly less Charges for Services in 2018 than in 2017, primarily due to lower Cost of Power Adjustment (COPA), but also had a significant reduction in operating expenses, due to a decrease in production expenses (primarily fuel).
- The Water and Wastewater Utilities, Port, Refuse, and Disposal had combined increase in expenses of \$8.8 million in 2018.

Total business-type revenues were \$381.6 million, excluding transfers. Revenues decreased \$9.8 million or 2.49 percent.

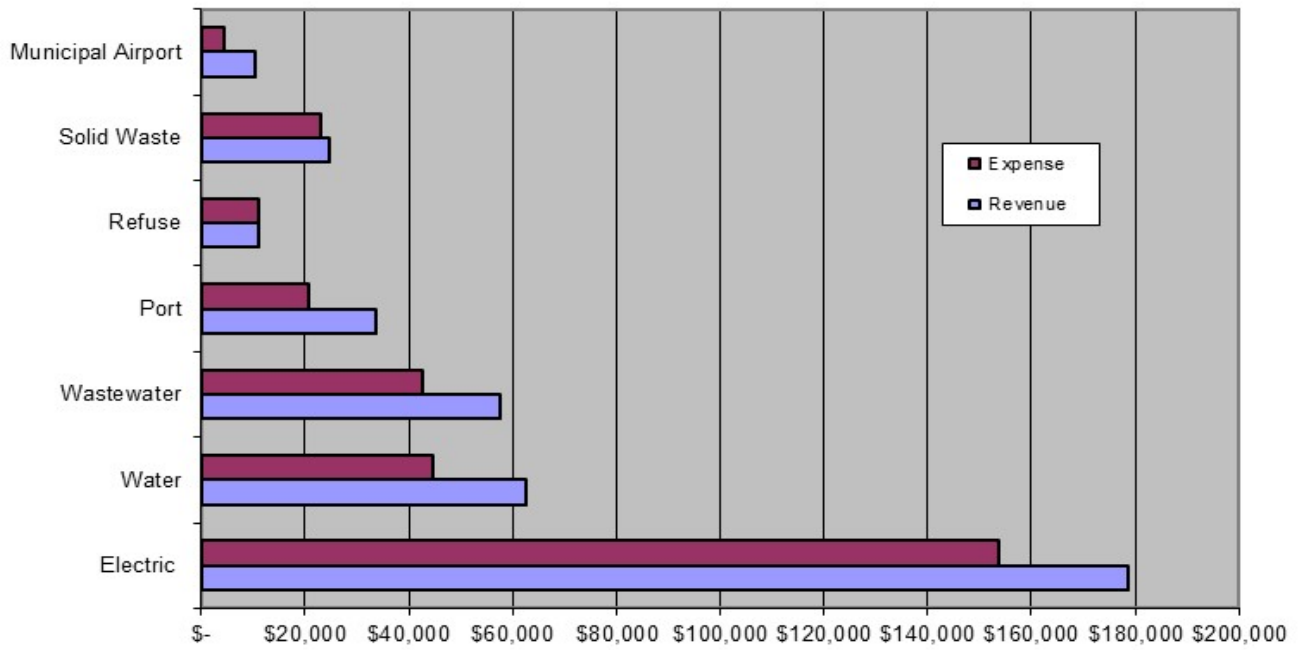
Total business-type expenses were \$300.3 million, down .9 percent from the prior year. The Electric Utility had a decrease in expenses of \$8.2 million from operations (excluding depreciation), primarily die to lower COPA, and an overall decrease in expenses of \$11.3 million, primarily due a decrease in depreciation expense due to retirement of assets. Port expenses from operations increased \$2.4 million (excluding depreciation) and an overall increase by \$2.7 million primarily due to an increase in legal expenses from the Port Intermodal Expansion Project lawsuit. The Water and Wastewater Utilities experienced little change in expenses in 2018.

The first graph compares the Municipality’s business-type activities program and general revenues for 2018 and 2017. The second graph compares the Municipality’s 2018 business-type activities revenues vs expenses by function. The third graph compares the Municipality’s business-type activities expenses for 2018 and 2017.

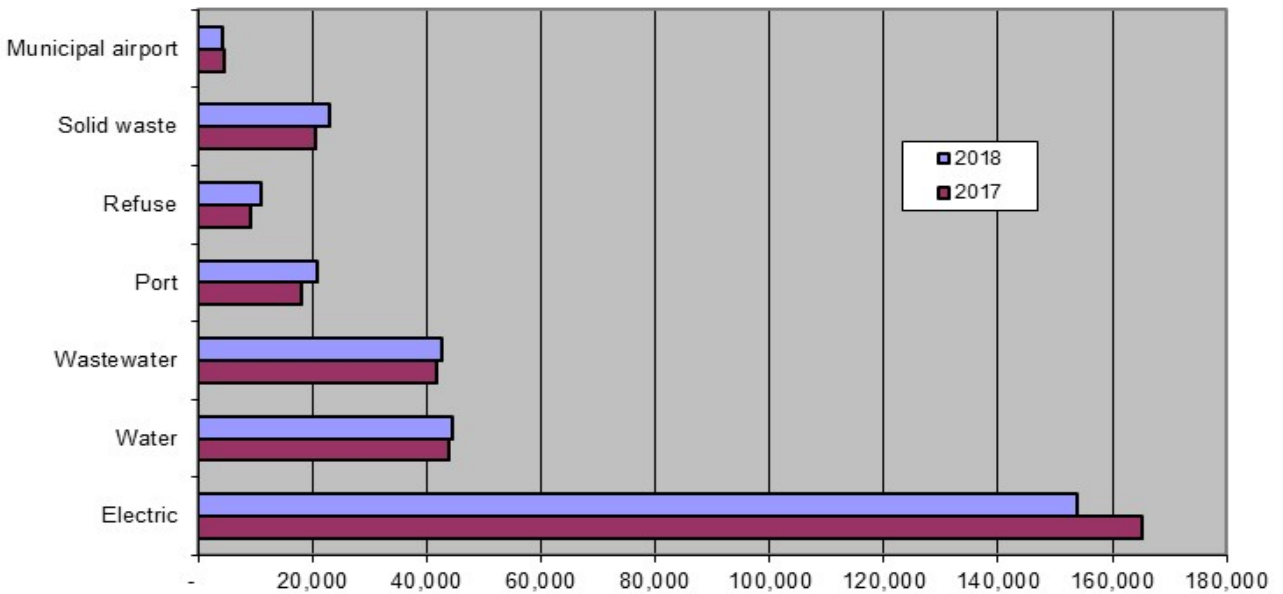




**Graph A-5**  
**2018 Program Revenue vs Expense by Function Business-type Activities (in thousands)**



**Graph A-6**  
**Business-type Activities Expenses 2018 vs 2017 (in thousands)**



**FUND LEVEL FINANCIAL ANALYSIS**

As noted earlier, the Municipality uses fund accounting to ensure and demonstrate compliance with finance related, budgetary, and legal requirements. The following is a brief discussion of financial highlights of the Municipality's governmental and proprietary funds.

## **Governmental Funds**

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

As of December 31, 2018, the Municipality's governmental funds reported a combined ending fund balance of \$351.7 million, an increase of \$26.4 million in comparison to the prior year. Of the total fund balance, \$5 million is non-spendable as it relates to prepaid, inventories, and advances to other funds, \$248.7 million is restricted due to legal obligations from outside parties, \$61.4 million is committed, \$21 million is assigned, and \$15.6 million is unassigned.

The following funds are the Municipality's major funds:

The General Fund is the primary operational fund for the Municipality. At December 31, 2018, the General Fund reported total fund balance of \$66.7 million, an increase of \$6.9 million from the prior year. The revenue over expenditure deficiency decreased by approximately \$6.2 million in 2018. Revenues from taxes increased in 2018 due to an increase in the receipt of fuel products taxes. Other financing sources increased due mostly to an increase in the annual revenue distributions from the Utilities, but also from the issuance of COP bonds to fund the administrative expenditures for the sale of the Electric Utility.

In measuring the General Fund's liquidity, one may compare both the combination of committed, assigned, and unassigned fund balance and the total fund balance to total expenditures. At December 31, 2018, combined committed, assigned, and unassigned fund balance represents 8.47 percent of total General Fund expenditures and total fund balance represents 9.53 percent of the same amount. We also compared unassigned fund balance as a percentage of total General Fund expenditures, which yielded 2.27 percent.

The MOA Trust Fund did not meet the major fund eligibility requirements in 2018, however, it is reported as a major fund due to its significance to the Municipality taxpayers. The fund reported total fund balance of \$151.3 million for 2018 as Restricted, a decrease of \$13.6 million over 2017. Investment loss from the MOA Trust Fund was \$6.9 million in 2018, a significant decrease from the investment income of \$23.7 million in 2017. The MOA Trust distributed the annual dividend to the General Fund in the amount of \$6.3 million in accordance the AMC 6.50.060.

The Capital Projects Road and Drainage Fund did not meet the major fund eligibility requirements in 2018, however, it is reported as a major fund due to its significance to the Municipality taxpayers. The fund reported a total fund deficit of \$156,542 compared to a fund deficit in 2017 of \$19.9 million, a decrease in fund deficit of \$19.8 million. General obligation bonds were issued in 2018 to fund road and drainage capital projects. Capital outlay expenditures decreased \$23.6 million in 2018. Intergovernmental Revenues decreased \$12.4 million in 2018.

The Police and Fire Retirement Certificates of Participation Bond Fund did not meet the major fund eligibility requirements in 2018. However, it is reported as a major fund due to its significance to the Municipality taxpayers. Certificate of Participation Bonds were issued in 2017 in the amount of \$58.7 million, with the proceeds transferred to the Police and Fire Retirement Pension Trust to partially fund the pension liability. Debt service payments are made from this fund from contributions from the Police and Fire operational funds.

## **Proprietary Funds**

The Municipality's proprietary funds provide information using the same basis of accounting found in the government-wide financial statements. Internal service funds, although proprietary, do not report major funds, and therefore are not included in the following discussion.

At December 31, 2018, the net position for the proprietary funds (enterprise funds) increased by \$40.3 million.

The following funds are the Municipality's major funds:

- The Electric Utility's total net position increased \$18.3 million or 6.86 percent in 2018. The increase in net position in 2018 was primarily due to lower fuel costs and a lower gas transfer price for internally produced gas. Depreciation also decreased significantly in 2018. The Electric Utility's total plant decreased \$12.7 million or 1.4 percent in 2018. The decrease in 2018 was due to depreciation exceeding additions. Beginning net position was reduced by \$2.5 million due to adoption of new accounting pronouncements in 2018.
- The Water Utility's net position increased by \$9.7 million or 6.65 percent over the prior year. Operating revenues increased by \$1.8 million between 2018 and 2017 due to an increase in average metered monthly water usage

and non-operating revenues decreased by \$749,365 due to a decrease in investment income and AFUDC. Total expenses increased by \$1.1 million in 2018 when compared to 2017, with operating expenses decreasing by \$44,667. The decrease in operating expenses was primarily due to a decrease in pension and OPEB expenses, offset in an increase in depreciation expense.

- The Wastewater Utility’s net position increased by \$8.6 million over the prior year. Operating revenues increased by \$360,000, primarily due to a rate increase instituted in 2018 and non-operating revenues decreased primarily due to a decrease in investment income. Total operating expenses remained constant between 2018 and 2017.
- The Port’s total net position increased by \$9.96 million or 5.96 percent over the prior year. Operating revenues changed very little overall, but non-operating revenues were down nearly \$7 million due to no legal settlements received in 2018. Capital contributions were higher by \$7 million in 2018. Operating expenses increased by \$2.1 million in 2018 due to legal expenses from the Port Intermodal Expansion Project lawsuit.

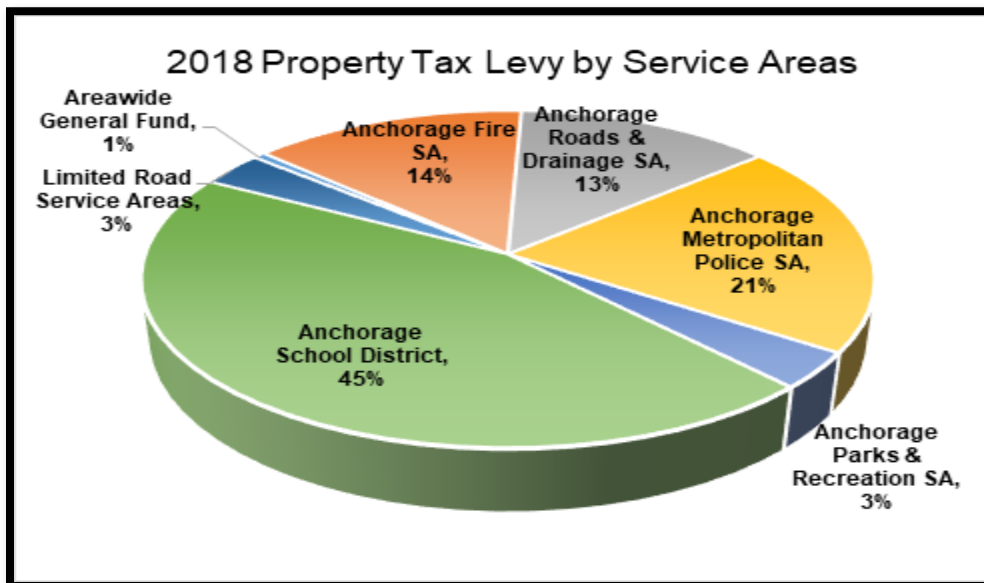
**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Municipality adopted its 2018 general fund operating budget in November 2017, which included projected revenue sources to support spending. By April 2018, the 2017 year-end financial audit was still in progress, so an estimate of 2017 fund balance was used in the first quarter amendment process, which resulted in the 2018 revised budget approved in April 2018. The revised budget served as the basis for calculating the property tax revenue requirements and fund balance reserves. The mill rates then were set, and taxes were levied for general purposes and all service areas.

The Anchorage School District’s (ASD) annual operating budget for its July 1 through June 30 fiscal year also had been approved by April 2018 and its mill rate also was set and taxes were levied based on its property tax requirements for the 2018 calendar year. This was reflected in the general fund operating budget as a \$247.1 million contribution to ASD for property taxes collected on their behalf by general government.

Throughout the year, supplemental appropriations may be requested for unanticipated and high priority needs. The following appropriations were significant revisions to the 2018 budget in the general fund:

- \$1.7 million Information Technology Department – SAP application support services.
- \$1.3 million Chief Fiscal Officer – Funding expenses in connection with the proposed sale of ML&P.
- \$1.0 million Public Transportation Department – A portion of the negotiated allocation with the Alaska Railroad of Federal Transit Administration (FTA) funds to support Public Transportation operations.
- \$0.4 million Public Works Administration – Limited Service Areas for operating expenses, year-round road maintenance, and/or contributions to capital projects.



## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2018 and 2017, the Municipality had invested (in thousands) \$5,655,549 and \$5,654,337 in a broad range of capital assets, including police and fire equipment, buildings, land, infrastructure and software (reference Table A-3). More detailed information about the Municipality's capital assets is presented in Note 5 - 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	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,262,445	\$ 1,261,994	\$ 69,714	\$ 67,718	\$ 1,332,159	\$ 1,329,712
Buildings and building improvements	307,451	322,334	440,943	446,052	748,394	768,386
Art	20,950	20,666	-	-	20,950	20,666
Equipment	50,083	57,615	-	-	50,083	57,615
Distribution and collection systems	-	-	1,582,320	1,578,642	1,582,320	1,578,642
Infrastructure	1,709,569	1,698,253	-	-	1,709,569	1,698,253
Intangible ERP	70,609	78,106	-	-	70,609	78,106
Construction work-in-progress	19,513	37,050	121,952	85,907	141,465	122,957
<b>Total</b>	<b>\$ 3,440,620</b>	<b>\$ 3,476,018</b>	<b>\$ 2,214,929</b>	<b>\$ 2,178,319</b>	<b>\$ 5,655,549</b>	<b>\$ 5,654,337</b>

In 2018, total governmental activities capital asset net of depreciation decreased by \$35.4 million. Most of the decrease resulting from the depreciation of assets. Infrastructure assets increased by \$11.3 million or .67 percent.

Business-type activities capital assets net of depreciation increased by \$36.6 million during 2018 with much of the increase resulting from additions to distribution and collection systems and construction work in progress. There was an increase in land purchased by the Utilities.

### Infrastructure Modified Approach

The Municipality 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 the Municipality'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 the Municipality'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 2018, actual road infrastructure maintenance and preservation expense was less than 1 percent over the estimated amount.

A condition assessment was performed in 2017 and indicated approximately 88.2 percent of total paved roads as being in good or better condition. This assessment result increased from the assessment results of 83.6 percent received during the 2014 assessment. The current assessment exceeds the Municipality's plan to maintain 60 percent of total paved roads in good or better condition. The next scheduled assessment is in 2020.

### Long-term Debt

At December 31, 2018, the Municipality had \$1,668,614 (in thousands) in debt outstanding, an increase of 2 percent from 2017 debt outstanding of \$1,635,875 (in thousands) (reference Table A-4). More detailed information about the Municipality's long-term debt liabilities is presented in Note 10 - 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	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 455,895	\$ 434,585	\$ -	\$ -	\$ 455,895	\$ 434,585
Revenue bonds	-	-	551,071	569,008	551,071	569,008
CIVICVentures revenue bonds	93,314	96,187	-	-	93,314	96,187
Certificates of Participation bonds	62,475	58,675	-	-	62,475	58,675
Capital leases	52,986	49,541	-	-	52,986	49,541
Long-term contracts	3,676	3,878	449,197	424,001	452,873	427,879
<b>Total</b>	<b>\$ 668,346</b>	<b>\$ 642,866</b>	<b>\$ 1,000,268</b>	<b>\$ 993,009</b>	<b>\$ 1,668,614</b>	<b>\$ 1,635,875</b>

In 2018, the Municipality issued \$58.2 million in General Obligation Bonds to fund capital projects and \$20.3 million in General Obligation Refunding Bonds. The Municipality also issued \$3.8 million in Certificates of Participation Bonds to fund the administrative expenditures for the sale of the Electric Utility and \$11.9 million in Master Lease debt to fund continued work on the SAP ERP System. In 2018, the Water and Wastewater Utilities issued \$14.7 million in Commercial Bank Loans to fund capital projects. The Water and Wastewater Utilities and Solid Waste Services issued approximately \$26.2 million in new State of Alaska Clean Water and Drinking Water loans.

The Municipality's general obligation bonds are rated AAA by Standard & Poor's and AA+ by Fitch.

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

Municipal population decreased less than 1 percent<sup>1</sup> from the July 2017 estimate to the July 2018 estimate. The 2018 annual average unemployment rate was 5.6 percent for Anchorage-Matsu Region, 6.5 percent for the entire state, and the national average was 3.9 percent<sup>2</sup>.

The Municipality's Tax Limit allows for an increase in property taxes to be collected based on 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 2018, property tax revenue represents 58.5 percent of the funding sources for the General Government Operating Budget; non-property taxes and program generated revenue account for 35.1 percent; and intra-governmental charges outside of general government 6.4 percent.

The 2019 approved General Government Operating Budget is \$516,907,736<sup>3</sup>, which is \$10.9 million more than the 2018 revised budget of \$506,014,437<sup>4</sup>. Property taxes required to support the 2019 approved budget are \$306.6 million compared to \$301.6 million in 2018.

The Municipal Utilities and enterprise activities 2019 proposed operating budgets total \$312,352,001<sup>5</sup> and 2018 proposed capital budgets total \$172,990,000<sup>6</sup>. The 2019 General Government Capital Improvement Budget is \$117,039,000<sup>7</sup>.

#### **REQUESTS FOR FINANCIAL INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Municipality'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.

<sup>1</sup> State of Alaska, Department of Labor and Workforce Development

<sup>2</sup> United States Department of Labor, Bureau of Labor Statistics

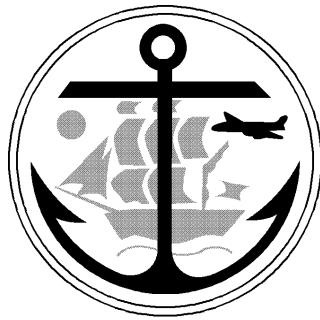
<sup>3</sup> AR 2019-109(S)

<sup>4</sup> AR 2018-109 as Amended

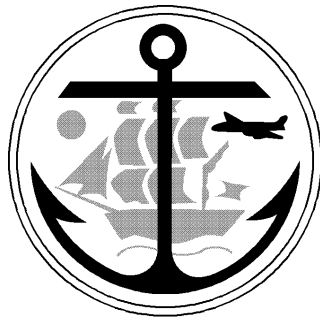
<sup>5</sup> AO 2018-87(S)

<sup>6</sup> AO 2018-87(S)

<sup>7</sup> AO 2018-86(S) as Amended



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**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
December 31, 2018

<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$ 83,433	\$ 7,525	\$ 90,958
Cash and investments in central treasury	237,396,325	142,618,702	380,015,027
Bond and capital acquisition and construction accounts	3,895,738	24,714,160	28,609,898
Investments	-	-	-
Accrued interest on investments	1,153,164	1,196,830	2,349,994
Interest receivable	-	203,479	203,479
Receivables (net of allowance for uncollectibles)	30,737,820	31,104,836	61,842,656
Due from primary government	-	-	-
Due from component unit	1,676	-	1,676
Internal balances	4,032,348	(4,032,348)	-
Intergovernmental receivables	19,542,607	38,949	19,581,556
Inventories	1,537,070	34,048,479	35,585,549
Prepaid items and deposits	2,626,732	1,160,117	3,786,849
Other assets	-	390,701	390,701
<b>Restricted assets:</b>			
Investments	196,248,225	-	196,248,225
Investments in Angel Fund programs	5,106,366	-	5,106,366
Investment, art collection	-	-	-
Customer deposits	-	1,225,452	1,225,452
Restricted deposits	-	-	-
Bond and capital acquisition and construction accounts	-	5,592,779	5,592,779
Inter rate escrow investment	-	2,516,439	2,516,439
Cash for unredeemed mini bonds	-	59,000	59,000
Total current assets	502,361,504	240,845,100	743,206,604
<b>Noncurrent assets:</b>			
Unamortized regulatory assets	-	6,147,029	6,147,029
Unamortized debt expense	-	2,078,708	2,078,708
Unbilled special assessments	-	2,928,962	2,928,962
Other assets	-	16,548,868	16,548,868
Assets held for resale	-	252,880	252,880
Internal balances	(1,760,619)	1,760,619	-
Loans receivable, net	2,759,739	-	2,759,739
<b>Restricted assets:</b>			
Customer deposits	-	368,826	368,826
Restricted deposits	-	13,764,690	13,764,690
Bond operation and maintenance	-	15,206,000	15,206,000
Cash legal settlement set aside	-	1,950,000	1,950,000
Landfill post closure cash reserve	-	31,558,268	31,558,268
Debt service accounts	-	2,060,254	2,060,254
Asset retirement obligation sinking fund	-	13,915,853	13,915,853
Intergovernmental receivables	6,627,685	14,918,437	21,546,122
Revenue bond reserve investments	-	23,718,574	23,718,574
Capital assets, not being depreciated	2,766,861,370	191,666,215	2,958,527,585
Capital assets, being depreciated, net	673,759,318	2,023,263,514	2,697,022,832
Total noncurrent assets	3,448,247,493	2,362,107,697	5,810,355,190
Total assets	3,950,608,997	2,602,952,797	6,553,561,794
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	5,010,886	4,296,647	9,307,533
Deferred outflow related to net pension liability	55,248,018	5,471,704	60,719,722
Deferred outflow related to net OPEB liability	20,153,495	3,526,313	23,679,808
Total deferred outflows of resources	\$ 80,412,399	\$ 13,294,664	\$ 93,707,063



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
December 31, 2018

	<b>Component Units</b>			<b>Total Reporting Entity</b>
	<b>Anchorage School District</b>	<b>Anchorage Community Development Authority</b>	<b>Alaska Center for the Performing Arts</b>	
<b>Assets</b>				
Current assets:				
Cash	\$ -	\$ 1,140,468	\$ 1,577,438	\$ 2,808,864
Cash and investments in central treasury	-	2,199,505	-	382,214,532
Bond and capital acquisition and construction accounts	-	-	-	28,609,898
Investments	180,997,811	-	-	180,997,811
Accrued interest on investments	-	2,695	-	2,352,689
Interest receivable	11,063	-	-	214,542
Receivables (net of allowance for uncollectibles)	21,124,338	306,752	3,506	83,277,252
Due from primary government	122,787,723	4,865	-	122,792,588
Due from component unit	-	-	-	1,676
Internal balances	-	-	-	-
Intergovernmental receivables	-	-	-	19,581,556
Inventories	3,031,507	-	-	38,617,056
Prepaid items and deposits	6,673,668	70,453	75,652	10,606,622
Other assets	-	-	-	390,701
Restricted assets:				
Investments	-	-	-	196,248,225
Investments in Angel Fund programs	-	-	-	5,106,366
Investment, art collection	-	-	127,042	127,042
Customer deposits	-	-	-	1,225,452
Restricted deposits	-	24,439	883,991	908,430
Bond and capital acquisition and construction accounts	-	-	-	5,592,779
Intern rate escrow investment	-	-	-	2,516,439
Cash for unredeemed mini bonds	-	-	-	59,000
Total current assets	<u>334,626,110</u>	<u>3,749,177</u>	<u>2,667,629</u>	<u>1,084,249,520</u>
Noncurrent assets:				
Unamortized regulatory assets	-	-	-	6,147,029
Unamortized debt expense	-	-	-	2,078,708
Unbilled special assessments	-	-	-	2,928,962
Other assets	-	-	-	16,548,868
Assets held for resale	-	2,320,428	-	2,573,308
Internal balances	-	-	-	-
Loans receivable, net	-	-	-	2,759,739
Restricted assets:				
Customer deposits	-	-	-	368,826
Restricted deposits	-	-	-	13,764,690
Bond operation and maintenance	-	-	-	15,206,000
Cash legal settlement set aside	-	-	-	1,950,000
Landfill post closure cash reserve	-	-	-	31,558,268
Debt service accounts	-	-	-	2,060,254
Asset retirement obligation sinking fund	-	-	-	13,915,853
Intergovernmental receivables	-	-	-	21,546,122
Revenue bond reserve investments	-	-	-	23,718,574
Capital assets, not being depreciated	43,126,020	11,059,217	-	3,012,712,822
Capital assets, being depreciated, net	1,235,404,418	26,115,225	-	3,958,542,475
Total noncurrent assets	<u>1,278,530,438</u>	<u>39,494,870</u>	<u>-</u>	<u>7,128,380,498</u>
Total assets	<u>1,613,156,548</u>	<u>43,244,047</u>	<u>2,667,629</u>	<u>8,212,630,018</u>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	7,985,930	-	-	17,293,463
Deferred outflow related to net pension liability	43,876,068	195,917	-	104,791,707
Deferred outflow related to net OPEB liability	12,023,141	178,389	-	35,881,338
Total deferred outflows of resources	<u>\$ 63,885,139</u>	<u>\$ 374,306</u>	<u>\$ -</u>	<u>\$ 157,966,508</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
December 31, 2018

<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and retainages	\$ 21,195,378	\$ 19,634,965	\$ 40,830,343
Capital acquisition and construction accounts and retainage payable	181,584	3,452,412	3,633,996
Accrued interest payable	10,712,434	4,645,676	15,358,110
Accrued payroll liabilities	11,587,020	3,304,201	14,891,221
Contingent liabilities	2,392,500	-	2,392,500
Current portion of long-term obligations	89,039,661	33,780,197	122,819,858
Due to primary government	-	-	-
Due to component unit	81,971,730	-	81,971,730
Unearned revenue and deposits	7,397,604	1,478,397	8,876,001
Liabilities payable from restricted assets	-	7,686,559	7,686,559
Total current liabilities	<u>224,477,911</u>	<u>73,982,407</u>	<u>298,460,318</u>
Noncurrent liabilities:			
Liabilities payable from restricted assets	-	368,826	368,826
Other long-term obligations	-	264,339,773	264,339,773
Noncurrent portion of long-term obligations	630,412,192	762,205,942	1,392,618,134
Net pension liability	377,747,513	53,801,310	431,548,823
Net OPEB liability	179,735,447	11,025,366	190,760,813
Total noncurrent liabilities	<u>1,187,895,152</u>	<u>1,091,741,217</u>	<u>2,279,636,369</u>
Total liabilities	<u>1,412,373,063</u>	<u>1,165,723,624</u>	<u>2,578,096,687</u>
<b>Deferred Inflows of Resources</b>			
Contributions in aid of construction (net of amortization)	-	543,619,947	543,619,947
Future natural gas purchases	-	17,934,651	17,934,651
Regulatory liability gas sales	-	8,077,741	8,077,741
Time restricted health permit receipts	539,246	-	539,246
Deferred inflow related to net pension liability	7,717,243	1,350,307	9,067,550
Deferred inflow related to net OPEB liability	22,887,648	3,993,917	26,881,565
General property tax receipts	-	-	-
Debt service tax receipts	-	-	-
Total deferred inflows of resources	<u>31,144,137</u>	<u>574,976,563</u>	<u>606,120,700</u>
<b>Net Position</b>			
Net investment in capital assets	2,846,124,341	700,723,217	3,546,847,558
Restricted for:			
Debt service	16,291,148	1,811	16,292,959
Interim rate escrow requirement	-	1,707,111	1,707,111
Maintenance and operations	-	-	-
Acquisition and construction	10,068,324	16,868,437	26,936,761
Operations	2,690,724	15,206,000	17,896,724
Convention center operating reserve	18,652,059	-	18,652,059
Police and fire retiree medical liability	33,106,480	-	33,106,480
Grant activity	16,415,993	-	16,415,993
Perpetual care:			
Nonexpendable	150,000	-	150,000
MOA trust:			
Nonexpendable	151,296,330	-	151,296,330
Endowment	-	-	-
Bond rating	-	-	-
Federal Impact Aid 8003(d)	-	-	-
Unrestricted (Deficit)	(507,291,203)	141,040,698	(366,250,505)
Total net position	<u>\$ 2,587,504,196</u>	<u>\$ 875,547,274</u>	<u>\$ 3,463,051,470</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
December 31, 2018

	<b>Component Units</b>			<b>Total Reporting Entity</b>
	<b>Anchorage School District</b>	<b>Anchorage Community Development Authority</b>	<b>Alaska Center for the Performing Arts</b>	
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and retainages	\$ 8,026,232	\$ 452,523	\$ 348,264	\$ 49,657,362
Capital acquisition and construction accounts and retainage payable	-	-	-	3,633,996
Accrued interest payable	6,992,867	321,713	-	22,672,690
Accrued payroll liabilities	19,144,474	-	-	34,035,695
Contingent liabilities	-	-	-	2,392,500
Current portion of long-term obligations	73,631,390	120,899	-	196,572,147
Due to primary government	-	96,056	174,723	270,779
Due to component unit	-	-	-	81,971,730
Unearned revenue and deposits	2,688,659	455,087	635,107	12,654,854
Liabilities payable from restricted assets	-	-	48,548	7,735,107
Total current liabilities	<u>110,483,622</u>	<u>1,446,278</u>	<u>1,206,642</u>	<u>411,596,860</u>
Noncurrent liabilities:				
Liabilities payable from restricted assets	-	-	-	368,826
Other long-term obligations	-	-	-	264,339,773
Noncurrent portion of long-term obligations	527,536,353	14,432,000	-	1,934,586,487
Net pension liability	425,770,222	3,797,210	-	861,116,255
Net OPEB liability	47,895,390	774,881	-	239,431,084
Total noncurrent liabilities	<u>1,001,201,965</u>	<u>19,004,091</u>	<u>-</u>	<u>3,299,842,425</u>
Total liabilities	<u>1,111,685,587</u>	<u>20,450,369</u>	<u>1,206,642</u>	<u>3,711,439,285</u>
<b>Deferred Inflows of Resources</b>				
Contributions in aid of construction (net of amortization)	-	-	-	543,619,947
Future natural gas purchases	-	-	-	17,934,651
Regulatory liability gas sales	-	-	-	8,077,741
Time restricted health permit receipts	-	-	-	539,246
Deferred inflow related to net pension liability	56,058,638	140,043	-	65,266,231
Deferred inflow related to net OPEB liability	32,721,642	293,889	-	59,897,096
General property tax receipts	104,173,639	-	-	104,173,639
Debt service tax receipts	18,614,084	-	-	18,614,084
Total deferred inflows of resources	<u>211,568,003</u>	<u>433,932</u>	<u>-</u>	<u>818,122,635</u>
<b>Net Position</b>				
Net investment in capital assets	727,508,283	22,742,442	-	4,297,098,283
Restricted for:				
Debt service	1,401,974	-	-	17,694,933
Interim rate escrow requirement	-	-	-	1,707,111
Maintenance and operations	-	-	883,991	883,991
Acquisition and construction	-	-	17,127	26,953,888
Operations	-	-	-	17,896,724
Convention center operating reserve	-	-	-	18,652,059
Police and fire retiree medical liability	-	-	-	33,106,480
Grant activity	-	-	-	16,415,993
Perpetual care:				
Nonexpendable	-	-	-	150,000
MOA trust:				
Nonexpendable	-	-	-	151,296,330
Endowment	-	-	59,800	59,800
Bond rating	24,575,544	-	-	24,575,544
Federal Impact Aid 8003(d)	831,805	-	-	831,805
Unrestricted (Deficit)	<u>(400,529,509)</u>	<u>(8,390)</u>	<u>500,069</u>	<u>(766,288,335)</u>
Total net position	<u>\$ 353,788,097</u>	<u>\$ 22,734,052</u>	<u>\$ 1,460,987</u>	<u>\$ 3,841,034,606</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Activities  
For the year ended December 31, 2018

<b>Program Revenues</b>				
<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ 30,186,742	\$ 6,953,798	\$ 2,529,511	\$ -
Fire services	114,239,639	11,806,583	2,161,691	174,628
Police services	146,507,459	14,703,037	6,507,050	719,201
Health and human services	25,088,173	2,405,510	10,858,908	-
Economic and community development	91,304,455	11,968,430	3,644,836	3,766,881
Public transportation	35,083,499	3,867,693	7,515,763	2,161,162
Public works	56,192,471	657,793	3,953,402	11,705,461
Maintenance and operations of roads and facilities	36,718,349	178,093	893,549	-
Education	247,167,935	-	74,420	-
Interest on long-term debt	16,803,796	-	-	-
Total governmental activities	799,292,518	52,540,937	38,139,130	18,527,333
<b>Business-type activities:</b>				
Electric	153,787,566	178,356,321	243,482	-
Water	44,588,586	62,250,611	369,870	-
Wastewater	42,696,104	57,070,151	369,870	-
Port	20,818,360	14,787,912	51,096	18,650,418
Refuse	10,978,243	11,075,183	51,115	-
Solid Waste	23,007,777	24,659,485	44,647	-
Municipal Airport	4,431,211	142,495	212,808	9,862,332
Total business-type activities	300,307,847	348,342,158	1,342,888	28,512,750
Total primary government	\$ 1,099,600,365	\$ 400,883,095	\$ 39,482,018	\$ 47,040,083
<b>Component Units:</b>				
Anchorage School District	\$ 743,404,799	\$ 7,466,991	\$ 145,014,620	\$ 44,295,140
Anchorage Community Development Authority	10,925,120	8,090,923	-	-
Alaska Center for the Performing Arts	2,952,671	2,692,695	204,114	107,462
Total Component Units	\$ 757,282,590	\$ 18,250,609	\$ 145,218,734	\$ 44,402,602

**General revenues:**

Property taxes
Motor vehicle taxes
Hotel and motel taxes
Tobacco taxes
Marijuana taxes
Fuel products taxes
Assessments in lieu of taxes
Grants and entitlements not restricted to specific programs
Appropriation from Municipality of Anchorage
Investment income (loss)
Other
Transfers from (to) other funds
Total general revenues and transfers
Change in net position
Net position, beginning of year, as restated
Net position, end of year

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Activities  
For the year ended December 31, 2018

**Net (Expense), Revenue and Changes in Net Position**

Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	Anchorage School District	Anchorage Community Development Authority	Alaska Center for the Performing Arts	Total Reporting Entity
\$ (20,703,433)		\$ (20,703,433)				\$ (20,703,433)
(100,096,737)		(100,096,737)				(100,096,737)
(124,578,171)		(124,578,171)				(124,578,171)
(11,823,755)		(11,823,755)				(11,823,755)
(71,924,308)		(71,924,308)				(71,924,308)
(21,538,881)		(21,538,881)				(21,538,881)
(39,875,815)		(39,875,815)				(39,875,815)
(35,646,707)		(35,646,707)				(35,646,707)
(247,093,515)		(247,093,515)				(247,093,515)
(16,803,796)		(16,803,796)				(16,803,796)
(690,085,118)	-	(690,085,118)	-	-	-	(690,085,118)
	24,812,237	24,812,237				24,812,237
	18,031,895	18,031,895				18,031,895
	14,743,917	14,743,917				14,743,917
	12,671,066	12,671,066				12,671,066
	148,055	148,055				148,055
	1,696,355	1,696,355				1,696,355
	5,786,424	5,786,424				5,786,424
	77,889,949	77,889,949				77,889,949
\$ (690,085,118)	\$ 77,889,949	\$ (612,195,169)	\$ -	\$ -	\$ -	\$ (612,195,169)
			\$ (546,628,048)			\$ (546,628,048)
				(2,834,197)		(2,834,197)
					51,600	51,600
			\$ (546,628,048)	\$ (2,834,197)	\$ 51,600	\$ (549,410,645)
\$ 554,032,277	\$ -	\$ 554,032,277	\$ -	\$ -	\$ -	\$ 554,032,277
16,963,827	-	16,963,827	-	-	-	16,963,827
27,677,314	-	27,677,314	-	-	-	27,677,314
20,002,707	-	20,002,707	-	-	-	20,002,707
3,061,091	-	3,061,091	-	-	-	3,061,091
11,672,250	-	11,672,250	-	-	-	11,672,250
3,382,960	-	3,382,960	-	-	-	3,382,960
6,095,769	-	6,095,769	345,140,996	-	-	351,236,765
-	-	-	248,611,584	-	-	248,611,584
(6,687,122)	3,421,654	(3,265,468)	2,592,213	5,771	3,050	(664,434)
-	-	-	(938,858)	-	-	(938,858)
29,699,791	(29,699,791)	-	-	-	-	-
665,900,864	(26,278,137)	639,622,727	595,405,935	5,771	3,050	1,235,037,483
(24,184,254)	51,611,812	27,427,558	48,777,887	(2,828,426)	54,650	73,431,669
2,611,688,450	823,935,462	3,435,623,912	305,010,210	25,562,478	1,406,337	3,767,602,937
\$ 2,587,504,196	\$ 875,547,274	\$ 3,463,051,470	\$ 353,788,097	\$ 22,734,052	\$ 1,460,987	\$ 3,841,034,606

MUNICIPALITY OF ANCHORAGE, ALASKA  
Balance Sheet  
Governmental Funds  
December 31, 2018

<b>Assets</b>	<b>General</b>	<b>MOA Trust</b>	<b>Capital Projects Roads and Drainage</b>	<b>Police/Fire Certificate of Participation Bond</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash	\$ 10,670	\$ -	\$ -	\$ -	\$ 72,763	\$ 83,433
Cash in central treasury	128,120,346	-	1,419,274	-	78,254,668	207,794,288
Investments	2,690,724	151,350,902	-	1,942,215	40,264,384	196,248,225
Accrued interest on investments	1,086,074	67,090	-	-	-	1,153,164
Receivables (net of allowance for uncollectibles)	24,141,299	-	-	454	3,404,016	27,545,769
Intergovernmental receivables	7,204,070	-	2,620,121	-	16,346,101	26,170,292
Due from other funds	21,805,764	-	-	-	7,728,677	29,534,441
Special assessments receivable, net	2,877,795	-	236,159	-	61,794	3,175,748
Due from component units	1,676	-	-	-	-	1,676
Inventories	1,258,993	-	-	-	-	1,258,993
Prepaid items and deposits	458,100	-	-	-	113,655	571,755
Advances to other funds	3,012,585	-	-	-	1,190,000	4,202,585
Investments in Angel Fund program	-	-	-	-	5,106,366	5,106,366
Loans receivable, net	-	-	-	-	2,759,739	2,759,739
Total assets	<u>192,668,096</u>	<u>151,417,992</u>	<u>4,275,554</u>	<u>1,942,669</u>	<u>155,302,163</u>	<u>505,606,474</u>
<b>Liabilities</b>						
Accounts payable and retainages	9,781,525	83,368	2,660,615	-	4,752,862	17,278,370
Accrued payroll liabilities	11,182,243	-	-	-	8,344	11,190,587
Due to other funds	-	38,294	1,345,038	-	10,354,777	11,738,109
Due to component unit	81,971,730	-	-	-	-	81,971,730
Unearned revenue and deposits	3,114,341	-	46,482	-	4,236,782	7,397,605
Advances from other funds	5,996,489	-	145,572	-	3,012,585	9,154,646
Total liabilities	<u>112,046,328</u>	<u>121,662</u>	<u>4,197,707</u>	<u>-</u>	<u>22,365,350</u>	<u>138,731,047</u>
<b>Deferred Inflows of Resources</b>						
Time restricted health permit receipts	539,246	-	-	-	-	539,246
Unavailable revenue-intergovernmental revenues	-	-	-	-	1,045,351	1,045,351
Unavailable revenue-property taxes	9,710,122	-	-	-	-	9,710,122
Unavailable revenue-risk management claims	196,543	-	-	-	-	196,543
Unavailable revenue-build american bonds interest	704,436	-	-	-	-	704,436
Unavailable revenue-special assessments	2,759,356	-	234,389	-	2,904	2,996,649
Total deferred inflows of resources	<u>13,909,703</u>	<u>-</u>	<u>234,389</u>	<u>-</u>	<u>1,048,255</u>	<u>15,192,347</u>
<b>Fund Balances (Deficit)</b>						
Nonspendable	4,729,678	-	-	-	263,655	4,993,333
Restricted	2,690,724	151,296,330	-	1,942,669	92,772,919	248,702,642
Committed	43,392,589	-	-	-	18,007,522	61,400,111
Assigned	-	-	-	-	20,976,622	20,976,622
Unassigned	15,899,074	-	(156,542)	-	(132,160)	15,610,372
Total fund balances (deficit)	<u>66,712,065</u>	<u>151,296,330</u>	<u>(156,542)</u>	<u>1,942,669</u>	<u>131,888,558</u>	<u>351,683,080</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 192,668,096</u>	<u>\$ 151,417,992</u>	<u>\$ 4,275,554</u>	<u>\$ 1,942,669</u>	<u>\$ 155,302,163</u>	<u>\$ 505,606,474</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Reconciliation of Net Position Between the Government-wide and Fund Financial Statements  
December 31, 2018

Amounts reported as fund balances on the governmental fund balance sheet		\$ 351,683,080
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,440,620,688
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property taxes	9,710,122	
Risk management claims	196,543	
Build america bond rebate	704,436	
Special assessments	2,996,649	
HUD Rehab Long-term loan receivable, net activity	<u>1,045,351</u>	
		14,653,101
Deferred outflows of resources are capitalized and expensed overtime.		
Deferred charges on bond refunding	5,010,886	
Deferred outflows of resources related to net pension liability	55,248,018	
Deferred outflows of resources related to net OPEB liability	<u>20,153,495</u>	
		80,412,399
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 position:		
Total internal service equity related to governmental activities	39,575,657	
Net of amounts included in:		
Capital assets, net of depreciation and amortization	(95,413,615)	
Accrued interest	294,239	
Compensated absences	<u>815,591</u>	
		(54,728,128)
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, including premium and discount	(455,894,958)	
Police and Fire certificates of participation	(62,475,000)	
Long-term contracts	(3,676,008)	
Master lease agreements	(376,567)	
Pollution remediation	(3,217,674)	
CIVICVentures revenue bonds	(93,314,256)	
Compensated absences	(24,989,696)	
Contingent liabilities	(2,392,500)	
Net pension liability	(377,747,513)	
Net OPEB liability	(179,735,447)	
Accrued interest payable	<u>(10,712,434)</u>	
		(1,214,532,053)
Deferred inflows of resources are capitalized and reduce expenses overtime.		
Deferred inflows of resources related to net pension liability		(7,717,243)
Deferred inflows of resources related to net OPEB liability		<u>(22,887,648)</u>
Net position of governmental activities		<u>\$ 2,587,504,196</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)  
Governmental Funds  
For the year ended December 31, 2018

	General	MOA Trust	Capital Projects Roads and Drainage	Police/Fire Certificate of Participation Bond	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 613,920,868	\$ -	\$ -	\$ -	\$ 16,065,506	\$ 629,986,374
Assessments in lieu of taxes	3,382,960	-	-	-	-	3,382,960
Special assessments	330,110	-	80,798	-	1,125,247	1,536,155
Licenses and permits	9,088,153	-	-	-	-	9,088,153
Intergovernmental	18,552,433	-	5,372,439	-	35,364,637	59,289,509
Charges for services	23,011,669	-	-	-	694,253	23,705,922
Fines and forfeitures	6,373,135	-	-	-	322,122	6,695,257
E911 surcharges	-	-	-	-	7,906,670	7,906,670
Investment income (loss)	1,674,644	(6,866,860)	(79,528)	335	(1,393,829)	(6,665,238)
Restricted contributions	126,429	-	-	-	1,556,801	1,683,230
Other	2,873,129	-	-	-	674,245	3,547,374
Total revenues	<u>679,333,530</u>	<u>(6,866,860)</u>	<u>5,373,709</u>	<u>335</u>	<u>62,315,652</u>	<u>740,156,366</u>
<b>Expenditures</b>						
Current:						
General government	22,974,265	439,416	-	-	5,712,979	29,126,660
Fire services	104,958,335	-	-	-	3,150,502	108,108,837
Police services	126,179,308	-	-	-	13,107,806	139,287,114
Health and human services	13,349,414	-	-	-	11,425,447	24,774,861
Economic and community development	61,296,776	-	-	-	9,176,531	70,473,307
Public transportation	24,284,607	-	-	-	7,415,988	31,700,595
Public works	8,761,753	-	-	-	1,751,492	10,513,245
Maintenance and operations of roads and facilities	35,404,128	-	-	-	81,239	35,485,367
Education	247,093,515	-	-	-	74,420	247,167,935
Debt service:						
Principal	36,550,000	-	-	-	2,210,000	38,760,000
Interest	18,973,301	-	-	-	4,265,650	23,238,951
Bond issuance costs	76,269	-	150,308	-	67,585	294,162
Capital outlay	-	-	35,979,297	-	21,657,093	57,636,390
Total expenditures	<u>699,901,671</u>	<u>439,416</u>	<u>36,129,605</u>	<u>-</u>	<u>80,096,732</u>	<u>816,567,424</u>
Excess (deficiency) of revenues over expenditures	(20,568,141)	(7,306,276)	(30,755,896)	335	(17,781,080)	(76,411,058)
<b>Other financing sources (uses)</b>						
Transfers from other funds	36,011,095	-	3,898,580	1,942,215	16,635,063	58,486,953
Transfers to other funds	(13,191,045)	(6,300,000)	(3,655)	-	(8,410,679)	(27,905,379)
General obligation bonds and contracts issued	-	-	40,171,758	-	18,063,242	58,235,000
Refunding bonds issued	20,265,000	-	-	-	-	20,265,000
Participation bonds issued	3,800,000	-	-	-	-	3,800,000
Premium on bond sale	2,392,756	-	6,447,205	-	2,898,986	11,738,947
Payment to refunded bond escrow agent to extinguish debt	(22,580,259)	-	-	-	-	(22,580,259)
Insurance recoveries	410,404	-	-	-	-	410,404
Sale of capital assets	361,123	-	-	-	-	361,123
Total other financing sources (uses)	<u>27,469,074</u>	<u>(6,300,000)</u>	<u>50,513,888</u>	<u>1,942,215</u>	<u>29,186,612</u>	<u>102,811,789</u>
Net change in fund balances	6,900,933	(13,606,276)	19,757,992	1,942,550	11,405,532	26,400,731
Fund balances (deficit), beginning of year	59,811,132	164,902,606	(19,914,534)	119	120,483,026	325,282,349
Fund balances (deficit), end of year	<u>\$ 66,712,065</u>	<u>\$ 151,296,330</u>	<u>\$ (156,542)</u>	<u>\$ 1,942,669</u>	<u>\$ 131,888,558</u>	<u>\$ 351,683,080</u>



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities  
 For the year ended December 31, 2018

Net change in fund balance – total governmental funds		\$ 26,400,731
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	13,425,953	
Contributed assets	3,509,477	
Depreciation expense	(40,516,543)	
Other gain/(loss) on capital assets	<u>(1,015,990)</u>	(24,597,103)
Revenues in the statement of activities that do not provide current financial resources and are deferred in the funds:		
Property taxes	3,423,098	
Special assessments	(436,727)	
Build america bond rebate	<u>163,122</u>	3,149,493
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 position. Also, governmental funds report the effects of 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	(58,235,000)	
Premium on bond sale	(11,738,947)	
Refunding issuance of general obligation bonds	(20,265,000)	
New issuance of certificates of participation	(3,800,000)	
Principal repayment	38,760,000	
Payment to escrow agent for refunding	22,580,259	
Net change in premium/discount/deferred charge bonds	10,508,148	
Net change in interest accrual	<u>(2,816,617)</u>	(25,007,157)
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	2,801,949	
Contingent liabilities	(2,392,500)	
Pollution remediation	30,187	
Pension expense	(12,281,474)	
OPEB expense	274,736	
Claims and judgments receipts	(89,725)	
Police and fire postemployment healthcare benefits asset, net activity	<u>9,227,962</u>	(2,428,865)
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.		
Change in net position of governmental activities		<u>(1,701,353)</u>
		<u>\$ (24,184,254)</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
Proprietary Funds  
December 31, 2018

**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	\$ 1,000	\$ -	\$ 2,200	\$ 650
Cash and investments in central treasury	61,905,365	37,747,077	26,892,297	6,520,046
Bond and capital acquisition and construction accounts	-	-	-	14,444,788
Accrued interest on investments	532,521	300,696	163,887	104,449
Interest receivable	203,479	-	-	-
Receivables (net of allowance for uncollectibles)	15,626,086	5,138,276	5,512,649	1,369,009
Intergovernmental receivables	-	-	-	-
Inventories	31,388,131	1,847,765	483,558	329,025
Prepaid items and deposits	861,556	119,560	92,844	76,202
Special assessments receivable	-	64,764	71,733	-
Unbilled reimbursable projects	131,864	141,893	51,288	-
Other assets	-	-	390,701	-
<b>Restricted assets:</b>				
Customer deposits	1,225,452	-	-	-
Bond and capital acquisition and construction accounts	-	2,930,212	2,662,567	-
Interim rate escrow investment	-	1,378,288	1,138,151	-
Cash for unredeemed mini bonds	-	59,000	-	-
<b>Total current assets</b>	<b>111,875,454</b>	<b>49,727,531</b>	<b>37,461,875</b>	<b>22,844,169</b>
<b>Noncurrent assets:</b>				
Assets held for resale	-	-	-	252,880
Advances to other funds	-	-	-	-
Unamortized regulatory assets	6,147,029	-	-	-
Unamortized debt expense	1,337,730	454,229	286,749	-
Unbilled special assessments	-	1,367,320	1,561,642	-
Other assets	-	7,466,152	9,082,716	-
<b>Restricted assets:</b>				
Customer deposits	-	207,401	161,425	-
Restricted deposits	13,764,690	-	-	-
Revenue bond operations and maintenance accounts	15,206,000	-	-	-
Bond and capital acquisition and construction accounts	-	-	-	-
Cash legal settlement set aside	-	-	-	1,950,000
Landfill post closure cash reserve	-	-	-	-
Debt service accounts	2,058,443	1,720	91	-
Capital inventory	-	-	-	-
Intergovernmental receivables	-	-	-	7,851,505
Revenue bond reserve investments	23,718,574	-	-	-
Asset retirement obligation sinking fund	13,915,853	-	-	-
Capital assets, net	877,091,133	563,078,728	428,052,807	191,303,669
<b>Total noncurrent assets</b>	<b>953,239,452</b>	<b>572,575,550</b>	<b>439,145,430</b>	<b>201,358,054</b>
<b>Total assets</b>	<b>1,065,114,906</b>	<b>622,303,081</b>	<b>476,607,305</b>	<b>224,202,223</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	61,057	2,873,104	1,362,486	-
Deferred outflows related to net pension liability	1,155,512	1,755,325	1,755,325	242,488
Deferred outflows related to net OPEB liability	744,685	1,131,243	1,131,243	156,275
<b>Total deferred outflows of resources</b>	<b>1,961,254</b>	<b>5,759,672</b>	<b>4,249,054</b>	<b>398,763</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 1,067,076,160</b>	<b>\$ 628,062,753</b>	<b>\$ 480,856,359</b>	<b>\$ 224,600,986</b>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
Proprietary Funds  
December 31, 2018

	<b>Business-Type Activities – Enterprise Funds</b>		<b>Governmental</b>	
	<b>(Continued)</b>		<b>Activities –</b>	
	<b>Other</b>	<b>Total</b>	<b>Internal</b>	<b>Total</b>
<b>Assets</b>	<b>Enterprise</b>	<b>Enterprise</b>	<b>Service</b>	<b>Proprietary</b>
	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>
<b>Current assets:</b>				
Cash	\$ 3,675	\$ 7,525	\$ -	\$ 7,525
Cash and investments in central treasury	9,553,917	142,618,702	29,602,037	172,220,739
Bond and capital acquisition and construction accounts	10,269,372	24,714,160	3,895,738	28,609,898
Accrued interest on investments	95,277	1,196,830	-	1,196,830
Interest receivable	-	203,479	-	203,479
Receivables (net of allowance for uncollectibles)	2,997,274	30,643,294	16,303	30,659,597
Intergovernmental receivables	38,949	38,949	-	38,949
Inventories	-	34,048,479	278,077	34,326,556
Prepaid items and deposits	9,955	1,160,117	2,054,977	3,215,094
Special assessments receivable	-	136,497	-	136,497
Unbilled reimbursable projects	-	325,045	-	325,045
Other assets	-	390,701	-	390,701
<b>Restricted assets:</b>				
Customer deposits	-	1,225,452	-	1,225,452
Bond and capital acquisition and construction accounts	-	5,592,779	-	5,592,779
Interim rate escrow investment	-	2,516,439	-	2,516,439
Cash for unredeemed mini bonds	-	59,000	-	59,000
Total current assets	<u>22,968,419</u>	<u>244,877,448</u>	<u>35,847,132</u>	<u>280,724,580</u>
<b>Noncurrent assets:</b>				
Assets held for resale	-	252,880	-	252,880
Advances to other funds	-	-	6,142,061	6,142,061
Unamortized regulatory assets	-	6,147,029	-	6,147,029
Unamortized debt expense	-	2,078,708	-	2,078,708
Unbilled special assessments	-	2,928,962	-	2,928,962
Other assets	-	16,548,868	-	16,548,868
<b>Restricted assets:</b>				
Customer deposits	-	368,826	-	368,826
Restricted deposits	-	13,764,690	-	13,764,690
Revenue bond operations and maintenance accounts	-	15,206,000	-	15,206,000
Bond and capital acquisition and construction accounts	-	-	-	-
Cash legal settlement set aside	-	1,950,000	-	1,950,000
Landfill post closure cash reserve	31,558,268	31,558,268	-	31,558,268
Debt service accounts	-	2,060,254	-	2,060,254
Capital inventory	-	-	-	-
Intergovernmental receivables	7,066,932	14,918,437	-	14,918,437
Revenue bond reserve investments	-	23,718,574	-	23,718,574
Asset retirement obligation sinking fund	-	13,915,853	-	13,915,853
Capital assets, net	<u>155,403,392</u>	<u>2,214,929,729</u>	<u>95,413,615</u>	<u>2,310,343,344</u>
Total noncurrent assets	<u>194,028,592</u>	<u>2,360,347,078</u>	<u>101,555,676</u>	<u>2,461,902,754</u>
Total assets	<u>216,997,011</u>	<u>2,605,224,526</u>	<u>137,402,808</u>	<u>2,742,627,334</u>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	4,296,647	-	4,296,647
Deferred outflows related to net pension liability	563,054	5,471,704	1,007,411	6,479,115
Deferred outflows related to net OPEB liability	362,867	3,526,313	649,239	4,175,552
Total deferred outflows of resources	<u>925,921</u>	<u>13,294,664</u>	<u>1,656,650</u>	<u>14,951,314</u>
Total assets and deferred outflows of resources	<u>\$ 217,922,932</u>	<u>\$ 2,618,519,190</u>	<u>\$ 139,059,458</u>	<u>\$ 2,757,578,648</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Statement of Net Position  
 Proprietary Funds  
 December 31, 2018

Business-Type Activities – Enterprise Funds

Liabilities	Electric Utility	Water Utility	Wastewater Utility	Port
<b>Current liabilities:</b>				
Accounts payable, other accrued liabilities and retainages	\$ 14,221,881	\$ 2,193,554	\$ 1,497,939	\$ 903,371
Accrued payroll liabilities	1,506,814	694,503	578,023	132,871
Capital acquisition and construction accounts and retainage payable	-	-	-	1,111,348
Compensated absences	2,526,423	1,278,665	1,293,280	163,718
Claims payable	-	-	-	-
Claims incurred but not reported	-	-	-	-
Due to other funds	-	-	-	-
Accrued interest payable	1,813,590	1,435,590	1,205,718	109,361
Pollution remediation obligation	-	500	81,500	-
Long-term obligations maturing within one year	7,730,000	10,475,185	8,010,893	-
Unearned revenue and deposits	948,181	339,313	-	-
Current liabilities payable from restricted assets:				
Customer refunds and deposits payable	1,225,452	-	809,328	-
Unredeemed mini bonds payable	-	59,000	-	-
Capital acquisition and construction accounts and retainage payable	-	2,930,212	2,662,567	-
Total current liabilities	<u>29,972,341</u>	<u>19,406,522</u>	<u>16,139,248</u>	<u>2,420,669</u>
<b>Noncurrent liabilities:</b>				
Revenue bonds payable (net of unamortized discounts and premiums)	324,765,381	120,576,866	91,078,451	-
Advances from other funds	-	-	-	-
Alaska clean water and drinking water loans payable	-	89,412,431	72,897,836	-
Asset retirement obligation	16,543,712	-	-	-
Capital leases payable	-	-	-	-
Claims incurred but not reported	-	-	-	-
Compensated absences	-	92,691	209,145	153,537
Net pension liability	11,361,736	17,259,484	17,259,484	2,384,302
Net OPEB liability	2,328,332	3,536,942	3,536,942	488,609
Liabilities payable from restricted assets:				
Customer deposits	-	207,401	161,425	-
Other liabilities:				
Pollution remediation obligation	-	-	672,750	-
Future landfill closure costs	-	-	-	-
Notes payable	191,900,000	-	-	40,000,000
Other long-term obligations	-	17,375,222	13,276,349	1,788,202
Total noncurrent liabilities	<u>546,899,161</u>	<u>248,461,037</u>	<u>199,092,382</u>	<u>44,814,650</u>
Total liabilities	<u>576,871,502</u>	<u>267,867,559</u>	<u>215,231,630</u>	<u>47,235,319</u>
<b>Deferred Inflows of Resources</b>				
Contributions in aid of construction (net of amortization)	177,823,955	202,611,986	163,184,006	-
Future natural gas purchases	17,934,651	-	-	-
Regulatory liability gas sales	8,077,741	-	-	-
Deferred inflow related to net pension liability	285,157	433,179	433,179	59,841
Deferred inflow related to net OPEB liability	843,433	1,281,250	1,281,250	176,998
Total deferred inflows of resources	<u>204,964,937</u>	<u>204,326,415</u>	<u>164,898,435</u>	<u>236,839</u>
<b>Net Position</b>				
Net investment in capital assets	200,317,529	125,500,142	80,967,758	151,303,669
Restricted for:				
Debt service	-	1,720	91	-
Interim rate escrow requirement	-	1,378,288	328,823	-
Acquisition and construction	-	-	-	9,801,505
Operations	15,206,000	-	-	-
Unrestricted (deficit)	69,716,192	28,988,629	19,429,622	16,023,654
Total net position	<u>\$ 285,239,721</u>	<u>\$ 155,868,779</u>	<u>\$ 100,726,294</u>	<u>\$ 177,128,828</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Statement of Net Position  
 Proprietary Funds  
 December 31, 2018

	Business-Type Activities – Enterprise Funds (Continued)		Governmental Activities – Internal Service Funds	Total Proprietary Funds
	Other Enterprise Funds	Total Enterprise Funds		
<b>Liabilities</b>				
Current liabilities:				
Accounts payable, other accrued liabilities and retainages	\$ 818,220	\$ 19,634,965	\$ 3,917,008	\$ 23,551,973
Accrued payroll liabilities	391,990	3,304,201	396,433	3,700,634
Capital acquisition and construction accounts and retainage payable	2,341,064	3,452,412	181,584	3,633,996
Compensated absences	733,420	5,995,506	778,447	6,773,953
Claims payable	-	-	12,690,976	12,690,976
Claims incurred but not reported	-	-	5,447,571	5,447,571
Due to other funds	4,032,348	4,032,348	13,763,984	17,796,332
Accrued interest payable	81,417	4,645,676	294,239	4,939,915
Pollution remediation obligation	-	82,000	-	82,000
Long-term obligations maturing within one year	1,486,613	27,702,691	10,563,254	38,265,945
Unearned revenue and deposits	190,903	1,478,397	-	1,478,397
Current liabilities payable from restricted assets:				
Customer refunds and deposits payable	-	2,034,780	-	2,034,780
Unredeemed mini bonds payable	-	59,000	-	59,000
Capital acquisition and construction accounts and retainage payable	-	5,592,779	-	5,592,779
Total current liabilities	10,075,975	78,014,755	48,033,496	126,048,251
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts and premiums)	-	536,420,698	-	536,420,698
Advances from other funds	-	-	1,190,000	1,190,000
Alaska clean water and drinking water loans payable	11,282,660	173,592,927	-	173,592,927
Asset retirement obligation	-	16,543,712	-	16,543,712
Capital leases payable	-	-	42,046,327	42,046,327
Claims incurred but not reported	-	-	4,759,566	4,759,566
Compensated absences	20,651	476,024	37,144	513,168
Net pension liability	5,536,304	53,801,310	9,905,507	63,706,817
Net OPEB liability	1,134,541	11,025,366	2,029,910	13,055,276
Liabilities payable from restricted assets:				
Customer deposits	-	368,826	-	368,826
Other liabilities:				
Pollution remediation obligation	-	672,750	-	672,750
Future landfill closure costs	34,499,831	34,499,831	-	34,499,831
Notes payable	-	231,900,000	-	231,900,000
Other long-term obligations	-	32,439,773	-	32,439,773
Total noncurrent liabilities	52,473,987	1,091,741,217	59,968,454	1,151,709,671
Total liabilities	62,549,962	1,169,755,972	108,001,950	1,277,757,922
<b>Deferred Inflows of Resources</b>				
Contributions in aid of construction (net of amortization)	-	543,619,947	-	543,619,947
Future natural gas purchases	-	17,934,651	-	17,934,651
Regulatory liability gas sales	-	8,077,741	-	8,077,741
Deferred inflow related to net pension liability	138,951	1,350,307	248,609	1,598,916
Deferred inflow related to net OPEB liability	410,986	3,993,917	735,330	4,729,247
Total deferred inflows of resources	549,937	574,976,563	983,939	575,960,502
<b>Net Position</b>				
Net investment in capital assets	142,634,119	700,723,217	42,804,034	743,527,251
Restricted for:				
Debt service	-	1,811	-	1,811
Interim rate escrow requirement	-	1,707,111	-	1,707,111
Acquisition and construction	7,066,932	16,868,437	-	16,868,437
Operations	-	15,206,000	-	15,206,000
Unrestricted (deficit)	5,121,982	139,280,079	(12,730,465)	126,549,614
Total net position	\$ 154,823,033	873,786,655	\$ 30,073,569	\$ 903,860,224
			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	
			1,760,619	
			\$ 875,547,274	Net position of business-type activities

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the year ended December 31, 2018

**Business-Type Activities – Enterprise Funds**

	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Port</b>
<b>Operating revenues</b>				
Charges for sales and services	\$ 170,633,799	\$ 59,997,753	\$ 54,993,121	\$ 7,429,156
Other	7,084,219	1,259,717	900,541	4,896,556
Total operating revenues	<u>177,718,018</u>	<u>61,257,470</u>	<u>55,893,662</u>	<u>12,325,712</u>
<b>Operating expenses</b>				
Operations	101,695,238	27,927,880	30,471,243	10,989,359
Amortization of future landfill closure costs	-	-	-	-
Depreciation and amortization	28,862,200	11,290,485	8,327,727	7,087,791
Total operating expenses	<u>130,557,438</u>	<u>39,218,365</u>	<u>38,798,970</u>	<u>18,077,150</u>
Operating income (loss)	<u>47,160,580</u>	<u>22,039,105</u>	<u>17,094,692</u>	<u>(5,751,438)</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income (loss)	1,197,610	446,100	341,564	312,700
Interest subsidy on build america bonds	2,437,406	-	-	-
Other revenues	-	182,647	31,439	1,680,369
Intergovernmental revenue	243,482	369,870	369,870	51,096
Interest expense	(21,224,835)	(5,606,173)	(4,127,873)	(1,152,083)
Allowance for funds used during construction	638,303	810,494	1,145,050	-
Loss on impaired assets	-	-	-	-
Gain (loss) on sale of capital assets	(2,337,536)	-	-	781,831
Amortization of deferred charges	(157,027)	-	-	-
Other expenses	(96,418)	(34)	-	(1,583,326)
Net nonoperating revenues (expenses)	<u>(19,299,015)</u>	<u>(3,797,096)</u>	<u>(2,239,950)</u>	<u>90,587</u>
Income (loss) before capital contributions and transfers	27,861,565	18,242,009	14,854,742	(5,660,851)
Capital contributions	-	-	-	18,650,418
Transfers from other funds	12,000	-	-	-
Transfers to other funds	(9,565,771)	(8,524,748)	(6,241,155)	(3,033,915)
Change in net position	18,307,794	9,717,261	8,613,587	9,955,652
Net position, beginning of year, as restated	266,931,927	146,151,518	92,112,707	167,173,176
Net position, end of year	<u>\$ 285,239,721</u>	<u>\$ 155,868,779</u>	<u>\$ 100,726,294</u>	<u>\$ 177,128,828</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the year ended December 31, 2018

	<b>Business-Type Activities – Enterprise Funds</b>		<b>Governmental Activities –</b>	
	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Total Proprietary Funds</b>
<b>(Continued)</b>				
<b>Operating revenues</b>				
Charges for sales and services	\$ 36,480,665	\$ 329,534,494	\$ 100,822,682	\$ 430,357,176
Other	512,520	14,653,553	9,556	14,663,109
Total operating revenues	<u>36,993,185</u>	<u>344,188,047</u>	<u>100,832,238</u>	<u>445,020,285</u>
<b>Operating expenses</b>				
Operations	27,361,784	198,445,504	83,617,971	282,063,475
Amortization of future landfill closure costs	1,602,499	1,602,499	-	1,602,499
Depreciation and amortization	8,339,741	63,907,944	15,150,667	79,058,611
Total operating expenses	<u>37,304,024</u>	<u>263,955,947</u>	<u>98,768,638</u>	<u>362,724,585</u>
Operating income (loss)	<u>(310,839)</u>	<u>80,232,100</u>	<u>2,063,600</u>	<u>82,295,700</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income (loss)	(1,313,726)	984,248	(21,884)	962,364
Interest subsidy on build america bonds	-	2,437,406	-	2,437,406
Other revenues	-	1,894,455	177,450	2,071,905
Intergovernmental revenue	308,570	1,342,888	212,275	1,555,163
Interest expense	(202,680)	(32,313,644)	(1,256,376)	(33,570,020)
Allowance for funds used during construction	-	2,593,847	-	2,593,847
Loss on impaired assets	(1,008,061)	(1,008,061)	-	(1,008,061)
Gain (loss) on sale of capital assets	(1,116,022)	(2,671,727)	(886,098)	(3,557,825)
Amortization of deferred charges	-	(157,027)	-	(157,027)
Other expenses	-	(1,679,778)	(18,387)	(1,698,165)
Net nonoperating revenues (expenses)	<u>(3,331,919)</u>	<u>(28,577,393)</u>	<u>(1,793,020)</u>	<u>(30,370,413)</u>
Income (loss) before capital contributions and transfers	(3,642,758)	51,654,707	270,580	51,925,287
Capital contributions	9,862,332	28,512,750	53,995	28,566,745
Transfers from other funds	-	12,000	118,217	130,217
Transfers to other funds	(2,346,202)	(29,711,791)	(1,000,000)	(30,711,791)
Change in net position	3,873,372	50,467,666	(557,208)	49,910,458
Net position, beginning of year, as restated	150,949,661		30,630,777	853,949,766
Net position, end of year	<u>\$ 154,823,033</u>		<u>\$ 30,073,569</u>	<u>\$ 903,860,224</u>
		1,144,146	Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	
	<u>\$ 51,611,812</u>		Change in net position of business-type activities.	

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2018

**Business-Type Activities – Enterprise Funds**

	Electric Utility	Water Utility	Wastewater Utility	Port
<b>Cash flows from (for) operating activities</b>				
Receipts from customers	\$ 182,289,020	\$ 62,273,925	\$ 56,637,059	\$ 12,277,372
Other operating cash receipts	11,919,963	-	-	-
Receipts for interfund services provided	-	-	-	-
Payments to employees	(36,114,203)	(19,486,087)	(18,412,348)	(2,727,151)
Payments to vendors	(106,467,998)	(5,881,352)	(7,610,409)	(5,769,682)
Payments for interfund services used	(4,217,349)	(2,141,492)	(2,126,441)	(1,493,978)
Net cash from operating activities	<u>47,409,433</u>	<u>34,764,994</u>	<u>28,487,861</u>	<u>2,286,561</u>
<b>Cash flows from (for) non-capital financing activities</b>				
Intergovernmental revenue	-	-	-	-
Transfers to other funds	(9,565,771)	(8,524,748)	(6,241,155)	(3,033,915)
Transfers from other funds	12,000	-	-	-
Security contract	-	-	-	(1,583,326)
Right of way and security fees	-	-	-	1,680,369
Due to other funds	-	-	-	-
Advance to other funds	-	-	-	-
Net cash from (for) non-capital financing activities	<u>(9,553,771)</u>	<u>(8,524,748)</u>	<u>(6,241,155)</u>	<u>(2,936,872)</u>
<b>Cash flows from (for) capital and related financing activities</b>				
Interest payments on short-term obligations	(4,429,858)	-	-	-
Proceeds from issuance of long-term obligations	-	-	8,776,349	-
Principal payments on long-term obligations	(7,865,000)	(10,865,992)	(8,138,337)	-
Interest payments on long-term obligations	(17,781,999)	(6,914,237)	(5,068,876)	(1,107,168)
Interest subsidy on build america bonds	2,436,538	-	-	-
Proceeds from assets held for resale	-	-	-	910,575
Acquisition and construction of capital assets	(21,742,190)	(26,399,309)	(31,773,607)	(21,143,922)
Landfill post closure cash reserve	-	-	-	-
Principal payments on interfund loans	-	-	-	-
Interest payments on interfund loans	-	-	-	-
Proceeds from Alaska clean water and drinking water loans	-	14,495,122	11,752,715	-
Proceeds from issuance of debt	-	5,874,622	-	-
Proceeds from the sale or disposition of capital assets	-	-	-	-
Capital contributions – customers	273,528	307,718	328,678	-
Capital contributions – intergovernmental	521,344	-	-	15,646,140
Net cash from (for) capital and related financing activities	<u>(48,587,637)</u>	<u>(23,502,076)</u>	<u>(24,123,078)</u>	<u>(5,694,375)</u>
<b>Cash flows from (for) investing activities</b>				
Proceeds from sale of investments	-	17,160	11,246	-
Net (deposits to) withdrawals from restricted funds	11,727,294	-	-	-
Investment income (loss) received	1,108,837	521,839	208,323	318,660
Net cash from (for) investing activities	<u>12,836,131</u>	<u>538,999</u>	<u>219,569</u>	<u>318,660</u>
Net increase (decrease) in cash	2,104,156	3,277,169	(1,656,803)	(6,026,026)
Cash, beginning of year	61,027,661	39,044,809	32,513,443	28,941,510
Cash, end of year	<u>63,131,817</u>	<u>42,321,978</u>	<u>30,856,640</u>	<u>22,915,484</u>
Cash	1,000	-	2,200	650
Cash and investments in central treasury	61,905,365	37,747,077	26,892,297	6,520,046
Bond and capital acquisition and construction accounts	-	2,930,212	2,662,567	14,444,788
Restricted cash	-	-	-	1,950,000
Customer deposits	1,225,452	207,401	161,425	-
Interim rate escrow investments	-	1,378,288	1,138,151	-
Mini Bonds accounts	-	59,000	-	-
Cash, December 31	<u>\$ 63,131,817</u>	<u>\$ 42,321,978</u>	<u>\$ 30,856,640</u>	<u>\$ 22,915,484</u>



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2018

	<b>Business-Type Activities Enterprise Funds</b>		<b>Governmental Activities –</b>	
	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Total Proprietary Funds</b>
<b>(Continued)</b>				
<b>Cash flows from (for) operating activities</b>				
Receipts from customers	\$ 36,985,440	\$ 350,462,816	\$ -	\$ 350,462,816
Other operating cash receipts	-	11,919,963	-	11,919,963
Receipts for interfund services provided	-	-	101,009,810	101,009,810
Payments to employees	(13,254,497)	(89,994,286)	(14,009,957)	(104,004,243)
Payments to vendors	(11,350,541)	(137,079,982)	(76,971,764)	(214,051,746)
Payments for interfund services used	(3,521,462)	(13,500,722)	(3,646,492)	(17,147,214)
Net cash from operating activities	<u>8,858,940</u>	<u>121,807,789</u>	<u>6,381,597</u>	<u>128,189,386</u>
<b>Cash flows from (for) non-capital financing activities</b>				
Intergovernmental revenue	195,670	195,670	-	195,670
Transfers to other funds	(2,346,202)	(29,711,791)	(1,000,000)	(30,711,791)
Transfers from other funds	-	12,000	118,217	130,217
Security contract	-	(1,583,326)	-	(1,583,326)
Right of way and security fees	-	1,680,369	-	1,680,369
Due to other funds	(1,836,139)	(1,836,139)	(154,884)	(1,991,023)
Advance to other funds	-	-	(5,915,692)	(5,915,692)
Net cash from (for) non-capital financing activities	<u>(3,986,671)</u>	<u>(31,243,217)</u>	<u>(6,952,359)</u>	<u>(38,195,576)</u>
<b>Cash flows from (for) capital and related financing activities</b>				
Interest payments on short-term obligations	-	(4,429,858)	-	(4,429,858)
Proceeds from issuance of long-term obligations	-	8,776,349	-	8,776,349
Principal payments on long-term obligations	(1,486,613)	(28,355,942)	(8,382,286)	(36,738,228)
Interest payments on long-term obligations	(213,838)	(31,086,118)	(1,143,814)	(32,229,932)
Interest subsidy on build america bonds	-	2,436,538	-	2,436,538
Proceeds from assets held for resale	-	910,575	-	910,575
Acquisition and construction of capital assets	(19,472,413)	(120,531,441)	(6,536,057)	(127,067,498)
Landfill post closure cash reserve	1,543,502	1,543,502	-	1,543,502
Principal payments on interfund loans	-	-	(85,000)	(85,000)
Interest payments on interfund loans	-	-	(27,487)	(27,487)
Proceeds from Alaska clean water and drinking water loans	-	26,247,837	-	26,247,837
Proceeds from issuance of debt	-	5,874,622	11,863,730	17,738,352
Proceeds from the sale or disposition of capital assets	384,368	384,368	125,754	510,122
Capital contributions – customers	-	909,924	-	909,924
Capital contributions – intergovernmental	14,078,037	30,245,521	-	30,245,521
Net cash from (for) capital and related financing activities	<u>(5,166,957)</u>	<u>(107,074,123)</u>	<u>(4,185,160)</u>	<u>(111,259,283)</u>
<b>Cash flows from (for) investing activities</b>				
Proceeds from sale of investments	-	28,406	-	28,406
Net (deposits to) withdrawals from restricted funds	-	11,727,294	-	11,727,294
Investment income (loss) received	(1,125,164)	1,032,495	(21,884)	1,010,611
Net cash from (for) investing activities	<u>(1,125,164)</u>	<u>12,788,195</u>	<u>(21,884)</u>	<u>12,766,311</u>
Net increase (decrease) in cash	(1,419,852)	(3,721,356)	(4,777,806)	(8,499,162)
Cash, beginning of year	21,246,816	182,774,239	38,275,581	221,049,820
Cash, end of year	<u>19,826,964</u>	<u>179,052,883</u>	<u>33,497,775</u>	<u>212,550,658</u>
Cash	3,675	7,525	-	7,525
Cash and investments in central treasury	9,553,917	142,618,702	29,602,037	172,220,739
Bond and capital acquisition and construction accounts	10,269,372	30,306,939	3,895,738	34,202,677
Restricted cash	-	1,950,000	-	1,950,000
Customer deposits	-	1,594,278	-	1,594,278
Interim rate escrow investments	-	2,516,439	-	2,516,439
Mini Bonds accounts	-	59,000	-	59,000
Cash, December 31	<u>\$ 19,826,964</u>	<u>\$ 179,052,883</u>	<u>\$ 33,497,775</u>	<u>\$ 212,550,658</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2018

**Business-Type Activities – Enterprise Funds**

	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Port</b>
<b>Reconciliation of operating income (loss) to net cash from (for)</b>				
<b>operating activities:</b>				
Operating income (loss)	\$ 47,160,580	\$ 22,039,105	\$ 17,094,692	\$ (5,751,438)
Adjustments to reconcile operating income (loss) to net cash from (for)				
operating activities:				
Amortization of future landfill closure costs	-	-	-	-
Depreciation and amortization	28,862,200	11,290,485	8,327,727	7,087,791
Allowance for uncollectible accounts	41,125	5,483	(188,074)	-
Pension and OPEB relief-noncash expense	243,482	369,870	369,870	51,096
Other revenues / expenses	(96,418)	182,614	31,439	-
Changes in assets, deferred outflows and inflows of resources, and liabilities which				
increase (decrease) cash:				
Accounts receivable, net	1,966,709	641,881	200,125	(48,340)
Inventories	689,064	(131,225)	44,824	-
Prepaid items and deposits	-	1,467	14,349	25,960
Unbilled reimbursable projects	(21,239)	(887,863)	190,832	-
Other assets current	2,181,579	-	-	-
Other assets noncurrent	(3,179,841)	-	-	-
Customer deposits and refunds payable	39,226	38,062	731,346	-
Deferred outflows of resource related to net pension liability	(31,378)	(514,495)	(670,960)	(211,887)
Deferred outflows of resource related to net OPEB liability	(568,875)	(883,912)	(883,912)	(123,373)
Accounts payable, other accrued liabilities and retainages	(13,876,244)	1,564,735	804,361	354,710
Accrued payroll liabilities	(269,178)	(706,810)	65,543	(753)
Asset retirement obligation	719,980	-	-	-
Compensated absences	(285,717)	(123,437)	102,018	(23,148)
Claims payable	-	-	-	-
Net pension liability	(909,157)	1,532,097	2,237,413	898,268
Net OPEB liability	489,294	949,769	949,768	144,445
Deferred inflows of resources related to net pension liability	(718,256)	(961,315)	(953,454)	(118,909)
Deferred inflows of resources related to net OPEB liability	(18,658)	68,454	68,454	15,663
Deferred inflows of resources	(14,997,948)	-	-	-
Unearned revenues and deposits	83,650	331,029	-	-
Other long-term obligations	(94,547)	-	-	(13,524)
Mini bonds transfer	-	(10,000)	-	-
Pollution remediation obligation	-	(31,000)	(48,500)	-
Total cash from operating activities	<u>47,409,433</u>	<u>34,764,994</u>	<u>28,487,861</u>	<u>2,286,561</u>
<b>Noncash investing, capital, and financing activities:</b>				
Capital purchases on account	906,478	1,837,164	1,386,330	1,111,348
Contributed capital and equipment	-	1,960,965	1,750,892	7,851,505
Conveyed assets held for resale	-	-	-	252,880
Contributions in aid of construction funded from deferred inflows of resources	1,222,998	-	-	-
Portion of plant from AFUDC	638,303	-	-	-
Total noncash investing, capital, and financing activities	<u>\$ 2,767,779</u>	<u>\$ 3,798,129</u>	<u>\$ 3,137,222</u>	<u>\$ 9,215,733</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2018

	<b>Business-Type Activities Enterprise Funds</b>		<b>Governmental</b>	
	<b>(Continued)</b>		<b>Activities –</b>	
	<b>Other</b>	<b>Total</b>	<b>Internal</b>	<b>Total</b>
	<b>Enterprise</b>	<b>Enterprise</b>	<b>Service</b>	<b>Proprietary</b>
	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>
<b>Reconciliation of operating income (loss) to net cash from (for)</b>				
<b>operating activities:</b>				
Operating income (loss)	\$ (310,839)	\$ 80,232,100	\$ 2,063,600	\$ 82,295,700
Adjustments to reconcile operating income (loss) to net cash from (for)				
operating activities:				
Amortization of future landfill closure costs	1,602,499	1,602,499	-	1,602,499
Depreciation and amortization	8,339,741	63,907,944	15,150,667	79,058,611
Allowance for uncollectible accounts	-	(141,466)	-	(141,466)
Pension and OPEB relief-noncash expense	118,645	1,152,963	212,275	1,365,238
Other revenues / expenses	-	117,635	177,450	295,085
Changes in assets, deferred outflows and inflows of resources, and liabilities which				
increase (decrease) cash:				
Accounts receivable, net	49,467	2,809,842	122	2,809,964
Inventories	-	602,663	(44,399)	558,264
Prepaid items and deposits	301	42,077	(815,620)	(773,543)
Unbilled reimbursable projects	-	(718,270)	-	(718,270)
Other assets current	-	2,181,579	-	2,181,579
Other assets noncurrent	-	(3,179,841)	-	(3,179,841)
Customer deposits and refunds payable	-	808,634	-	808,634
Deferred outflows of resource related to net pension liability	(45,897)	(1,474,617)	611,130	(863,487)
Deferred outflows of resource related to net OPEB liability	(279,513)	(2,739,585)	(499,737)	(3,239,322)
Accounts payable, other accrued liabilities and retainages	(106,921)	(11,259,359)	(1,493,156)	(12,752,515)
Accrued payroll liabilities	(144,096)	(1,055,294)	(257,536)	(1,312,830)
Asset retirement obligation	-	719,980	-	719,980
Compensated absences	(25,932)	(356,216)	(82,667)	(438,883)
Claims payable	-	-	(5,933,099)	(5,933,099)
Net pension liability	(210,206)	3,548,415	(2,810,974)	737,441
Net OPEB liability	262,630	2,795,906	570,918	3,366,824
Deferred inflows of resources related to net pension liability	(335,985)	(3,087,919)	(560,166)	(3,648,085)
Deferred inflows of resources related to net OPEB liability	2,258	136,171	92,789	228,960
Deferred inflows of resources	-	(14,997,948)	-	(14,997,948)
Unearned revenues and deposits	(57,212)	357,467	-	357,467
Other long-term obligations	-	(108,071)	-	(108,071)
Mini bonds transfer	-	(10,000)	-	(10,000)
Pollution remediation obligation	-	(79,500)	-	(79,500)
<b>Total cash from operating activities</b>	<b>8,858,940</b>	<b>121,807,789</b>	<b>6,381,597</b>	<b>128,189,386</b>
<b>Noncash investing, capital, and financing activities:</b>				
Capital purchases on account	2,341,064	7,582,384	181,584	7,763,968
Contributed capital and equipment	9,842,167	21,405,529	53,995	21,459,524
Conveyed assets held for resale	-	252,880	-	252,880
Contributions in aid of construction funded from deferred inflows of resources	-	1,222,998	-	1,222,998
Portion of plant from AFUDC	-	638,303	-	638,303
<b>Total noncash investing, capital, and financing activities</b>	<b>\$ 12,183,231</b>	<b>\$ 31,102,094</b>	<b>\$ 235,579</b>	<b>\$ 31,337,673</b>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
Fiduciary Funds  
December 31, 2018

	<b>Pension and Other Post Employment Benefits Trust Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 124,221
Cash, cash equivalents held under securities lending program	6,217,594
Contribution receivable	13,251
Investments:	
Money market funds	4,059,115
Certificate of deposit	5,839,732
U.S. treasuries	12,128,038
U.S. TIPS	259,745
U.S. agencies	3,573,253
Corporate fixed income securities	79,915,182
Internantional fixed income funds	369,261
Fixed income funds	911,541
Domestic equity securities	131,580,878
International equity securities	81,651,277
Real estate funds	51,066,598
Total investments	<u>371,354,620</u>
Total assets	<u><u>377,709,686</u></u>
<b>Liabilities</b>	
Accounts payable and accrued expenses	95,715
Payable under securities lending program	6,217,594
Total liabilities	<u>6,313,309</u>
<b>Net Position</b>	
Restricted for pensions and OPEB healthcare:	
Employees' pension benefits	352,014,301
Employees' post employment healthcare benefits	19,382,076
Total net position	<u><u>\$ 371,396,377</u></u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Changes in Net Position  
Fiduciary Funds  
For the year ended December 31, 2018

	<b>Pension and Other Post Employment Benefits Trust Funds</b>
<b>Additions</b>	
Contributions from other funds	\$ 3,477,037
Contributions from employees	126,875
Investment income:	
Interest	2,713,033
Dividends	3,044,150
Net decrease in fair value of investments	(23,405,007)
Less: investment expense	(1,764,104)
Total additions	(15,808,016)
<b>Deductions</b>	
Regular benefit payments	35,525,506
Administrative expenses	756,034
Total deductions	36,281,540
Change in net position	(52,089,556)
Net position, beginning of year	423,485,933
Net position, end of year	\$ 371,396,377

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Notes to the Basic Financial Statements  
December 31, 2018

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Municipality of Anchorage have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

### A. Reporting Entity

The Municipality of Anchorage (Municipality) 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 the Municipality (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 Unit

CIVICVentures is a nonprofit corporation created to finance and construct a convention center for the Municipality, as well as upgrades and improvements to the Egan Center. All of the board members are appointed by the Mayor. As of December 31, 2018, two of CIVICVentures' five-member Board of Directors are executive employees of the Municipality and management and accounting functions are performed by the Municipality. CIVICVentures is reported as a debt service fund.

#### Discretely Presented Component Units

The Anchorage School District (ASD) is a legally separate governmental entity, which is responsible for elementary and secondary education within the Municipality. Members of the School Board are elected by the voters, however, the Municipality imposes its will over the ASD because the Assembly has the authority to approve and/or alter the total budget of the ASD. The Municipality also must levy the necessary taxes, and issue bonds for the ASD. The ASD has a June 30 fiscal year end, therefore, the financial information presented in these financial statements is as of and for the fiscal year ended June 30, 2018.

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 Mayor and includes one executive employee of the Municipality. 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. The performing arts center is owned by the primary government. The budget is required to be approved annually by the primary government, and the entity is fiscally dependent upon the primary government. ACPA manages the performing arts center and provides facility management services for the Municipality to the general public.

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  
245 W. 5th Ave, Suite 122  
Anchorage, Alaska 99501

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

## **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary 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. Under this measurement focus, 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.

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 Municipality 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, claims and judgments and pension and OPEB, 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 Municipality.

The Municipality reports the following major governmental funds based on the quantitative criteria:

- The **General Fund** is the Municipality'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, the Municipality has elected to present the following as major governmental funds because of their significance to the public:

- The **MOA Trust Fund** accounts for the endowment fund authorized by the voters of the Municipality.
- The **Roads and Drainage Capital Project Fund** accounts for the capital projects related to the roads and drainage system.
- The **Police and Fire Certificate of Participation Bond Fund** accounts for the issuance and repayment of the Certificate of Participation bonds issued to fund future contributions to the Police and Fire Retiree Pension Trust.



The Municipality reports the following major proprietary funds:

- The **Electric Utility Fund** accounts for the operations of the Municipality owned Electric Utility.
- The **Water Utility Fund** accounts for the operations of the Municipality owned Water Utility.
- The **Wastewater Utility Fund** accounts for the operations of the Municipality owned Wastewater Utility.
- The **Port Fund** accounts for operations of the Municipality owned port. The Port fund is reported as a major fund for qualitative purposes, not quantitative.

Additionally, the Municipality 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.
- 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.

The Electric, Water, and Wastewater Utilities (the Utilities) meet the criteria, and accordingly, follow the accounting and reporting requirements for 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 inflow of resources. 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 inflow of resources. Consequently, CIAC's are recorded as a regulatory deferred inflow of resources 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. As a regulated operation, the Utilities apply the accounting and reporting requirements applicable to regulated operations to the accounting for debt issuance costs. Accordingly, the Utilities debt issuance costs are recorded as an asset and are amortized over the life of the debt.

The Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds includes AFUDC as an item of non-operating 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 the Municipality's various business-type functions and other functions of the government. 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 non-operating 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 the proprietary 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 non-operating revenues and expenses.

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

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

To obtain flexibility in cash management, the Municipality 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. Detailed regarding cash and cash equivalents are discussed in Note 3.

##### **Investments**

Investments at year end are reported at fair value using the techniques presented in GASB Statement No. 72- Fair Value Measurement and Application (GASB 72). Some investments are held at an approximation of fair value using either amortized costs or Net Asset Value (NAV). Investment income on cash pool investments is allocated to the various funds based on their cash pool equity balances as of the month end prior to the month the investment

income is earned. This change in procedure was done to help facilitate more timely reporting of investment income in the various funds. 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. Details regarding investments and required disclosures under GASB 72 are discussed in Note 3.

### **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” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. Details regarding interfund activity is discussed in Note 7.

All trade and property taxes receivable, including those business-type activities, are shown net of an allowance for uncollectible accounts. Allowance calculations vary depending on the type of receivable, with property taxes using weighted percentages between 0 and over 90 days, and trade accounts using weighted percentages between 0 and over 180 days. Details regarding receivables are discussed in Note 4.

### **Property Taxes**

Property taxes attach a lien on property on the first day of the tax year in which taxes are levied. For 2018, real and personal property taxes were levied on May 1<sup>st</sup>. 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 inflows of resources of \$122,787,723 for financing half of the 2018-2019 budget as of June 30, 2018. Accordingly, amounts reported by the Municipality as due to component units on the statement of net position may not agree with the amounts reported by ASD as due from primary government. At December 31, 2018, property taxes receivable for the Municipality was \$12,768,953 including penalties and interest of \$1,716,482 and excluding allowance for uncollectible property tax receivable of \$158,682.

### **Inventories**

Inventories are valued at cost (specific identification), except inventories of the Utilities. The Electric Utility uses weighted average cost, the Water and Wastewater Utilities use average cost, and the Port uses specific identification. All Municipality inventories are recorded as expenditures or expenses when used (consumption method).

### **Prepays**

Prepays are recognized when incurred and the expenditure/expense is recorded in the period that is benefited using the consumption method.

### **Restricted Assets**

Assets restricted for specific uses by bond covenants, grant provisions or other requirements are classified as restricted assets. The “investments account” is used to report the investment balance in the MOA Trust Fund, which is restricted for a specific purpose under Municipal Code 6.50.060, the Police and Fire Retiree Medical Liability Fund, which is restricted for a specific purpose under Municipal Code 3.88, and the CIVICventures debt service fund bond reserve. The “investment in Angel Fund programs” is used to report the fair market value of investment made under the Angel Fund program. The “bond operation and maintenance account” is used to report resources set aside to subsidize potential deficiencies from the Municipality’s operations that could adversely affect debt service payments. The “bond and capital acquisition and construction account” is used to report those proceeds of bond issuances that are restricted for use in construction. The “landfill post closure cash reserve account” is used to restrict funds to offset the future landfill closure costs, as is required by Municipal Code 26.80.060(c)(3). The “debt service account” is used to segregate resources accumulated for debt service payments. The “revenue bond reserve investment account” is used to report resources set aside to augment potential deficiencies from Electric Utility operations that could adversely affect debt service payments. The “restricted deposits” and “asset retirement obligation sinking fund” are funds for which the RCA has specified the use. “Intergovernmental receivables” represent grant receivables due from state and federal governments for capital purposes. 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 governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Municipality 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 acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Although the Municipality 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, the Municipality 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 Allowance for Funds Used During Construction as interest on construction work in progress in accordance with regulatory requirements. Interest was capitalized in 2018 in the amounts of \$638,303, \$810,494, and \$1,145,050 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. For the Electric Utility, gain or loss is not recognized unless the Utility determines that such costs could not be recovered in rates. For the Water and Wastewater Utilities, 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 Municipality are depreciated using the straight line method over the following estimated useful lives:

Buildings and Improvements	10-47 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

The Municipality has elected to use the modified approach for its paved road infrastructure network and to depreciate all other infrastructure networks. Under this election, the Municipality does not depreciate paved road infrastructure assets that are part of a network or subsystem of a network that meet two specific requirements. First, the Municipality manages the paved road infrastructure network using an asset management system that has certain specified characteristics. Second, the Municipality documents that the paved road infrastructure network is being preserved approximately at (or above) the condition level that is established and disclosed. Details regarding capital assets are discussed in Note 5.

### **Compensated Absences**

It is the Municipality'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.

### **Long-Term Obligations**

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premiums and discounts. Losses on bond refunding are reported as deferred outflows of resources, and are amortized as the shorter of the refunding debt or the refunded debt. Debt issuance costs are expensed in the period in which they are incurred. For the regulated utilities, debt issuance costs are deferred and amortized over the life of the debt.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized 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. Details regarding long-term obligations are discussed in Note 10.

### **Net Pension and Net OPEB Liabilities**

For purposes of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Net pension and OPEB liabilities are also reported for the Police and Fire Retirement Pension Trust and the Police and Fire Retiree Medical Trust. Details regarding net pension and OPEB liabilities are discussed in Notes 13 and 14, respectively.

### **Contributed Capital**

The Utilities receive Contribution In Aid of Construction (CIAC), which they record as contributed plant in service and deferred inflows of resources. 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 inflows of resources. Consequently, CIAC's are recorded as deferred inflows of resources in the accompanying financial statements. The Utilities' rates also include an Allowance for Funds Used During Construction (AFUDC), which is capitalized in the accompanying financial statements. At December 31, 2018, Electric, Water and Wastewater Utility deferred inflow of resources balances related to CIAC were \$177,823,955, \$202,611,986, and \$163,184,006 respectively.

### **Deferred Outflows of Resources and Deferred Inflows of Resources**

Deferred outflows of resources for the charges on refunding are reported on the government-wide Statement of Net Position and the proprietary fund statement for the Electric, Water, and Wastewater Utilities. Deferred inflows of resources for property taxes, special assessments, and other unavailable revenues are reported in the governmental fund statements. Time restricted revenues from health permit receipts are reported as deferred inflows of resources in the government-wide Statement of Net Position for governmental activities. Deferred inflows of resources for business-type activities are discussed above and in Note 18. Deferred outflows of resources and deferred inflows of resources related to pension and OPEB are discussed in Notes 13 and 14, respectively.

### **Net Position and Flow Assumptions**

Net position represents the residual interest in the Municipality's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of three components: net investment in capital assets, restricted and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct, or improve those capital assets, excluding unspent proceeds. The restricted category represents the balance of assets restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components. It is the Municipality's policy to first use restricted resources to make certain payments when both restricted and unrestricted assets are available for the same purpose.

### **Fund Balance**

The Assembly adopted a fund balance policy through resolution, which is used by the Municipality to report fund balance. Detailed disclosures regarding the fund balance policy and reporting is discussed in Note 15.

## **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, the Municipality 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. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources. This also requires the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Significant accounting estimates include those for the allowance for uncollectible accounts, reserves for claims incurred but not reported for self-insured general liability/workers' compensation and medical and dental plans, changes in assumptions for pension and OPEB plans, and liabilities related to contingent litigation, landfill closure liability and asset retirement obligation.

## **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.

For the year ended December 31, 2018, there were no instances where expenditures exceeded budget. Budgets, original and final, and actual amounts do not include PERS on-behalf expenditures and indirect charges.

### **B. Deficit Fund Balance and Deficit Net Position**

As of December 31, 2018, an overall deficit unassigned fund balance position and unrestricted net position were reported for the following funds:

#### Major Governmental Funds:

Roads and Drainage Capital Projects Fund	<u>\$ (156,542)</u>
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#### Non-major Governmental Funds:

E911 Surcharge	\$ (76,703)
Other Restricted Resources	<u>(55,457)</u>
Total Non-major Governmental Funds	<u>\$ (132,160)</u>

#### Internal Service Funds:

General Liability/Worker's Compensation	<u>\$ (3,185,954)</u>
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The Roads and Drainage Capital Projects fund reported an overall deficit unassigned fund balance as a result of revenues and other financing sources in excess of expenditures and other financing uses in 2018 not being sufficient to cover the overall deficit unassigned fund balance from 2017.

The E911 Surcharge fund reported an overall deficit unassigned fund balance in 2018 as a result of expenditures exceeding revenues.

The Other Restricted Resources fund reported an overall negative unassigned fund balance as a result of more than one year of cumulative expenditures being in excess of special assessment revenues. This fund has presented a deficit fund balance consistently since 2006. In 2017, revenues exceeded expenditures for the first time since 2006, however, they were not enough to eliminate the deficit. In 2018, expenditures exceeded revenues. The Municipality is determining whether adjusting the special assessment levy or supplemental appropriations from other sources are appropriate to address the fund balance deficit.

The General Liability/Worker's Compensation fund reported an overall negative unrestricted net position as a result of increases in expenses related to legal settlements and claims incurred but not reported over the past few years.

### **C. Related Party Transaction**

Anchorage Community Development Authority - The Municipality has leased 516 spaces located on four sites to the Authority for a period of 35 years. The agreement included an advance payment of \$350 per lot and will terminate in 2019. In 2018, the Municipality paid a total of \$700,444 to ACDA for leased parking.

## D. Material Violations of Contractual Provisions

There were no material violations of contractual provisions as of December 31, 2018.

### NOTE 3 - CASH AND INVESTMENTS

At December 31, 2018, the Municipality 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	\$ 215,179				
Interim Rate Increase Escrow	2,516,439				
<b>Central Treasury - Unrestricted</b>					
Cash & Money Market Funds	\$ 21,308,292	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	22,398,105	22,398,105	-	-	-
U.S. Treasuries	148,917,831	80,567,294	55,484,846	12,414,634	451,057
U.S. Agencies	20,351,315	10,114	10,552,227	5,456,530	4,332,444
Asset-Backed Securities**	25,781,328	394,826	17,416,412	2,667,894	5,302,196
Corporate Securities	136,435,070	40,724,193	55,624,808	38,378,958	1,707,111
	<u>\$ 375,191,941</u>	<u>\$ 144,094,532</u>	<u>\$ 139,078,293</u>	<u>\$ 58,918,016</u>	<u>\$ 11,792,808</u>
<b>Central Treasury - Restricted</b>					
Cash & Money Market Funds	\$ 22,072,465	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	3,164,717	3,164,717	-	-	-
U.S. Treasuries	34,914,468	11,383,671	21,712,952	1,754,113	63,732
U.S. Agencies	21,222,562	1,429	19,838,011	770,974	612,148
Asset-Backed Securities**	3,642,746	55,787	2,460,834	376,957	749,168
Corporate Fixed Income Securities	19,277,450	5,754,082	7,859,449	5,422,715	241,204
	<u>\$ 104,294,408</u>	<u>\$ 20,359,686</u>	<u>\$ 51,871,246</u>	<u>\$ 8,324,759</u>	<u>\$ 1,666,252</u>
* Market value plus accrued income.					
** Includes asset-backed securities, residential and commercial mortgage-backed securities, and collateralized debt obligations.					
<b>MOA Trust Fund</b>					
Money Market Funds	\$ 531,926	\$ -	\$ -	\$ -	\$ -
U.S. Treasuries	5,902,286	-	-	2,041,594	3,860,692
U.S. Agencies	2,396,716	906,171	1,490,545	-	-
Bank Loan Investments	5,019,631	-	5,019,631	-	-
Emerging Markets Debt	8,386,686	4,185,415	-	4,201,271	-
Fixed Income Funds	29,458,565	1,679,517	7,845,091	19,933,958	-
Domestic Equities & Equity Funds	50,787,060	-	-	-	-
International Equities & Equity Funds	36,080,738	-	-	-	-
Real Estate Funds	12,854,384	-	-	-	-
	<u>\$ 151,417,992</u>	<u>\$ 6,771,103</u>	<u>\$ 14,355,267</u>	<u>\$ 26,176,823</u>	<u>\$ 3,860,692</u>
<b>Police &amp; Fire Retiree Medical Trust Fund</b>					
Cash & Money Market Funds	\$ 838,511	\$ -	\$ -	\$ -	\$ -
Certificate of Deposit	5,839,732	1,699,849	4,139,883	-	-
U.S. Treasuries	4,314,067	849,516	3,464,551	-	-
U.S. Agencies	3,573,253	562,306	3,010,947	-	-
U.S. TIPS	259,745	-	-	259,745	-
Fixed Income Funds	911,541	-	505,800	405,741	-
International Fixed Income	369,261	-	-	369,261	-
Domestic Equity Funds	2,018,191	2,018,191	-	-	-
International Equity Funds	1,296,751	1,296,751	-	-	-
	<u>\$ 19,421,052</u>	<u>\$ 6,426,613</u>	<u>\$ 11,121,181</u>	<u>\$ 1,034,747</u>	<u>\$ -</u>

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 Liability Fund</b>					
Cash & Money Market Funds	\$ 293,110	\$ -	\$ -	\$ -	\$ -
Fixed Income Funds	8,105,058	-	-	8,105,058	-
Domestic Equities & Equity Funds	12,517,177	-	-	-	-
International Equities & Equity Funds	8,116,154	-	-	-	-
Real Estate Funds	4,058,825	-	-	-	-
	<u>\$ 33,090,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,105,058</u>	<u>\$ -</u>
<b>Police and Fire Retirement Pension Trust Fund</b>					
Cash & Money Market Funds	\$ 3,220,604	\$ -	\$ -	\$ -	\$ -
U.S. Treasuries	7,813,971	-	7,913,971	-	-
Corporate Fixed Income Securities	79,915,182	4,966,368	39,347,553	20,032,774	638,756
Domestic Equities & Equity Funds	129,562,687	-	-	-	-
International Equities & Equity Funds	80,354,526	-	-	-	-
Real Estate Funds	51,066,598	-	-	-	-
	<u>\$ 351,933,568</u>	<u>\$ 4,966,368</u>	<u>\$ 47,261,524</u>	<u>\$ 20,032,774</u>	<u>\$ 638,756</u>
<b>Asset Retirement Obligation Fund</b>					
Money Market Funds	\$ 85,668	\$ -	\$ -	\$ -	\$ -
U.S. Fixed Income	9,111,756	606,183	2,345,204	2,642,503	3,517,866
U.S. TIPS	1,360,928	-	1,360,928	-	-
U.S. Large-Cap Equity	1,837,725	-	-	-	-
U.S. Mid-Cap Equity	114,581	-	-	-	-
U.S. Small-Cap Equity	108,832	-	-	-	-
International Developed Equity	524,196	-	-	-	-
Emerging Markets Equity	129,663	-	-	-	-
Real Estate	642,504	-	-	-	-
	<u>\$ 13,915,853</u>	<u>\$ 606,183</u>	<u>\$ 3,706,132</u>	<u>\$ 2,642,503</u>	<u>\$ 3,517,866</u>
<b>Anchorage Regional Landfill Closure and Post-Closure Care Liability Fund</b>					
Money Market Funds	\$ 80,640	\$ -	\$ -	\$ -	\$ -
Domestic Equities & Equity Funds	8,687,579	-	-	-	-
International Equities & Equity Funds	6,022,994	-	-	-	-
U.S. Fixed Income	16,767,055	16,767,055	-	-	-
	<u>\$ 31,558,268</u>	<u>\$ 16,767,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CIMCVentures Component Unit</b>					
Money Market Funds	\$ 48,879	\$ -	\$ -	\$ -	\$ -
U.S. Treasuries	78,141	-	48,141	-	-
U.S. Agencies	7,047,040	-	7,047,040	-	-
	<u>\$ 7,174,060</u>	<u>\$ -</u>	<u>\$ 7,095,181</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Cash &amp; Investments</b>	<u>\$ 1,090,729,084</u>	<u>\$ 199,991,540</u>	<u>\$ 274,488,824</u>	<u>\$ 125,234,680</u>	<u>\$ 21,476,374</u>
Governmental Activities	\$ 438,776,891				
Business-Type Activities	280,473,352				
Fiduciary Funds	371,478,841				
	<u>\$ 1,090,729,084</u>				

#### A. Municipal Central Treasury

The Municipality 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.

The Municipality maintains a comprehensive policy over cash and investments that is designed to mitigate risks while maximizing investment return and providing for operating liquidity. Pursuant to Anchorage Municipal Code (AMC) 6.50.030, the Municipality requires investments to meet specific rating and issuer requirements.

Both externally and internally managed investments are subject to the primary investment objectives outlined in 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.
- 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.

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 at the time new investments are purchased as follows:

Investment Type	Concentration Limit	Working Capital Portfolio Holding % at December 31, 2018
U.S. Government Securities*	50% to 100% of investment portfolio	53%
Repurchase Agreements	0% to 50% of investment portfolio	13%
Certificates of Deposit	0% to 25% of investment portfolio	0%
Commercial Paper	Maximum 5% per issuer 0% to 25% of investment portfolio	0%
Bankers Acceptances	Maximum 5% per issuer 0% to 25% of investment portfolio	0%
Corporate Fixed Income**	Maximum 5% per issuer 0% to 25% of investment portfolio	18%
Taxable & tax-exempt municipal debt securities	Maximum 5% per issuer 0% to 15% of investment portfolio	0%
Dollar denominated debt of foreign governments and the International Bank for Reconstruction and Development (IBRD)	Maximum 5% per issuer 0% to 10% of investment portfolio	0%
Money Market Mutual Funds***	0% to 25% of investment portfolio	16%
		100%

\*Includes debt obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations.

\*\*The maximum exposure to Corporate floating and variable rate debt securities in the Working Capital Portfolio is 10 percent.

Corporate Fixed Income Debt Securities must have a final maturity within one (1) year of purchase, and Corporate Floating Rate or Variable Rate Debt Securities must have a final maturity within two (2) years of purchase

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

The IMA and P&P limit the concentration of investments for the internally managed portfolio at the time new investments are purchased as follows:

Investment Type	Concentration Limit	Internally Managed Holding % at December 31, 2018
U.S. Government Securities*	50% to 100% of investment portfolio	71%
Repurchase Agreements	0% to 50% of investment portfolio	0%
Certificates of Deposit	0% to 50% of investment portfolio	0%
Bankers Acceptances	0% to 25% of investment portfolio	0%
Commercial Paper	Maximum 5% per issuer 0% to 25% of investment portfolio	0%
Corporate Fixed Income	Maximum 5% per issuer 0% to 25% of investment portfolio	0%

Investment Type	Concentration Limit	Internally Managed Holding % at December 31, 2018
Alaska Municipal League Investment Pool (AMLIP)	0% to 25% of investment portfolio	
Money Market Mutual Funds**	0% to 25% of investment portfolio	29%
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	0%
		100%

\*Includes debt obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations.

\*\*The Internally Managed Portfolio contained an excess of cash equivalents at December 31, 2018 in anticipation of planned spending within a week. The portfolio was back in compliance the first week of 2019.

## **B. 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 AMC 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:
  - a) No more than 5 percent of the fixed income portfolio may be invested in the fixed income securities of a single issuer, except for the U.S. Government, its agencies and instrumentalities.
  - b) No more than 10 percent 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.
  - c) No more than 30 percent of the fixed income portfolio may be invested in investment grade dollar denominated fixed income securities issued by non-domestic entities.
  - d) No more than 5 percent 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 Trust's 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.

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

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2018
Domestic Equities	30%	40%	34%
International Equities	22%	28%	24%
Fixed Income (excluding TIPS)	21%	27%	25%
Emerging Markets	0%	8%	6%
Bank Loan Investments	0%	5%	3%
Real Estate	6%	10%	8%
Cash Equivalents	0%	0%	0%
			100%

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 percent 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 percent 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 percent 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 percent for a single issuer, excluding securities issued by the U.S. Government or agencies thereof.

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

The Police and Fire Retiree Medical Trust Fund 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 to 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) and international fixed income securities.
- U.S. agencies, U.S. treasuries, and U.S. TIPS
- 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 percent 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 percent or 1.5 time the sector's weighting in the appropriate market index.
- No position in an individual security shall exceed 5 percent of the fixed income portfolio's market value.
- The weighted average credit quality of the fixed income portfolio must be rated AA- by Standard and Poor's or Aa3 by Moody's.
- The duration of the fixed income portfolio shall be within 20 percent of the duration of the Barclay's Aggregate Index.

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

Investment Type	Target Allocation	Investment Holding % at December 31, 2018
General Funds:		
Equities	70%	
Domestic Equities	42%	41%
International Equities	28%	27%
Fixed Income	30%	
Domestic Fixed Income	23%	19%
U.S. TIPS	0%	5%
International Fixed Income	7%	8%
		100%

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2018
Member Allocated Funds:			
U.S. Treasuries	23%	33%	30%
U.S. Agencies	20%	30%	24%
Certificate of Deposit	35%	45%	40%
Cash Equivalents	4%	10%	6%
			100%

Rebalancing will occur within a reasonable amount of time when the allocations fall outside of the ranges specified above.

#### **D. 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.

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

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2018
Domestic Equities	34%	44%	38%
International Equity	22%	30%	25%
Fixed Income	22%	28%	24%
Real Estate	6%	14%	12%
Cash & Cash Equivalents	N/A	5%	1%
			100%

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

The investment objectives of the Police and Fire Retirement Pension Trust Fund 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 Pension 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 Pension 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.
- Non-exchange-listed derivatives.

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

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2018
<b>Domestic Equities:</b>			
Large Cap Core	9%	16%	10%
Large Cap Growth	8%	12%	9%
Large Cap Value	8%	12%	9%
Small Cap Growth	2%	6%	4%
Small/Mid Cap Value	2%	6%	4%
<b>International Equities:</b>			
MSCI ACWI ex US	7%	13%	11%
Growth	7%	13%	12%
<b>Fixed Income:</b>			
Domestic Fixed Income	20%	30%	25%
<b>Real Estate Funds:</b>			
Equity Real Estate Investment Trust	1%	4%	1%
Open Ended Proprietary Fund	2%	6%	4%
Farmland	2%	7%	6%
UBS-TPI	2%	6%	4%
<b>Cash &amp; Cash Equivalents:</b>			
Cash Equivalents	0%	1%	1%
			100%

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

- No individual portfolio position shall constitute more than the greater of 5 percent of the security's weight in the agreed upon market index, plus 2 percent, unless specifically authorized by the Police and Fire Retirement Pension Trust's investment board.
- Listed American Depository Receipts shall constitute no more than 20 percent 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 and Poor's.
- The average credit rating for the fixed income portfolio must be at least BBB+ by both Moody's and Standard and Poor's, and no more than 20 percent of the fixed income portfolio may be in issues rated lower than Baa by Moody's or BBB by Standard and Poor's at the time of purchase.

## F. Beluga River Asset Retirement Obligation Fund

Funds set aside to pay for dismantling, removing, and restoring assets of the Beluga River Unit gas field were transferred from the MOA Central Treasury to a separate investment portfolio in 2017, per assembly ordinance.

The Beluga River Asset Retirement Obligation Fund is managed to maximize capital appreciation with a long-term rate of return. The Fund is authorized to invest in the following assets:

- Domestic equities and International equities, including real estate investment trusts.
- Investment grade dollar-denominated fixed income securities.
- Cash and money market instruments.

The Beluga River Asset Retirement Obligation Fund limits the concentration of its investments as follows:

Investment Type	Lower Limit	Upper Limit	Target	Investment Holding % at December 31, 2018
<b>Domestic Equities:</b>				
Large Cap	5%	20%	13%	13%
Mid Cap	0%	5%	1%	1%
Small Cap	0%	5%	1%	1%
<b>International Equities:</b>				
Developed	0%	10%	4%	4%
Emerging Markets	0%	5%	1%	1%
<b>Real Estate:</b>				
Real Estate Funds	1%	10%	5%	4%
<b>Fixed Income:</b>				
Domestic Fixed Income	55%	75%	65%	65%
TIPS	5%	15%	10%	10%
<b>Cash &amp; Cash Equivalents:</b>				
Cash Equivalents	0%	15%	0%	1%
				100%

## G. Anchorage Regional Landfill Closure and Post-closure Care Liability Reserve Fund

Funds set aside to pay for the closure and post-closure maintenance of the Anchorage Regional Landfill were transferred from the MOA Central Treasury to a separate investment portfolio in 2017, per assembly ordinance.

The Anchorage Regional Landfill Closure and Post-closure Reserve Fund investment policy is designed to insure funds are available to meet current and future needs of the fund, while minimizing costs incurred in managing and administering the assets, and earning the maximum rate of return that can be realistically achieved with an acceptable level of risk, in order to minimize future contributions.

The Anchorage Regional Landfill Closure and Post-closure Reserve Fund limits the concentration of its investments as follows:

Investment Type	Lower Limit	Target	Upper Limit	Investment Holding % at December 31, 2018
Domestic Equities	24%	30%	36%	28%
International Equities	16%	20%	24%	19%
Domestic Fixed Income	45%	50%	55%	53%
		100%		100%

## H. 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 Municipal Central Treasury, the Police and Fire Retiree Medical Trust, and the Police and Fire Retirement Pension Trust utilize the duration method to measure exposure to interest rate risk

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 one percent 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.

AMC 6.50.030 requires the Working Capital Portfolio have a duration of zero to 270 days. At December 31, 2018, the Working Capital Portfolio had a duration of 1.37 years, or approximately 500 days, and was not within the targeted duration. AMC 6.50.030 also requires that the Contingency Reserve Portfolio have an average duration within half a year of its benchmark. At December 31, 2018, the Contingency Reserve Portfolio had a duration of 1.83 years as compared to its benchmark, Barclays 1-3 Year Government Index, which had a duration of 1.90 years. AMC 6.50.030 requires the Strategic Reserve Portfolio have a maximum duration no greater than one year in excess of its benchmark. At December 31, 2018, the Strategic Reserve Portfolio had a duration of 3.12 years as compared to its benchmark, Barclays Intermediate Government/Corporate Index, which had a duration of 2.91 years.

The effective duration of the externally managed portfolio of the Municipal Central Treasury working capital portfolio, December 31, 2018, was 1.37 years, which is not within the targeted duration of +/- .25 years of the Merrill Lynch 90-day Treasury Bill Index, as required per Alaska Permanent Capital Management investment Manager Agreement. The effective duration of the contingency reserve and strategic reserve portfolios at December 31, 2018, were 1.83 years, and 3.12 years, respectively, which are within the required durations per the policy.

The Police and Fire Retiree Medical Trust's investment policy requires that the weighted average duration of its fixed income portfolio be within 20 percent of the Barclays Capital Aggregate Index. At December 31, 2018, the duration of the index was 5.87 years and the duration of the Police and Fire Retiree Medical Trust's fixed income portfolio, exclusive of member-allocated funds invested in U.S. Treasuries, was 5.93 years, which is within the required duration per the policy.

The Police and Fire Retirement Pension Trust's investment policy states that the total fixed income portfolio's weighted average duration cannot exceed 120 percent of the market's duration utilizing the Barclays Capital Aggregate Bond Index. At December 31, 2018, the duration of the Barclays Capital Aggregate Index was 5.87 years, and the duration of the Police and Fire Retirement Trust's fixed income portfolio was 5.78 years, which is within the required duration per the policy.

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. The Anchorage Regional Landfill Closure and Post-closure Care Liability Reserve Fund, the Beluga River Asset Retirement Obligation Fund, CIVICVentures Fund, the Police and Fire Retiree Medical Liability Fund, and the MOA Trust Fund do not have Investment Policies addressing interest rate risk.

## I. 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, 2018, the Municipal Central Treasury's investment in marketable debt securities, excluding U.S. Treasury, totaled \$226,710,471. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	28%	AAA	9%
Aa	9%	AA	24%
A	18%	A	20%
Baa	21%	BBB	25%
Ba or Lower	20%	BB or Lower	18%
Not Rated	4%	Not Rated	4%
	<u>100%</u>		<u>100%</u>

At December 31, 2018, securities in the MOA Trust had an investment of \$29,458,565 in commingled fixed income funds with a weighted average credit quality rating of AA. Money market securities of the MOA Trust are not rated.

At December 31, 2018, the Police and Fire Retiree Medical Trust had an investment of \$911,541 in commingled domestic fixed income funds with a weighted average credit quality rating of AA-, \$369,261 in commingled

international fixed income funds with a weighted average credit quality rating of A, and an investment of \$259,745 in commingled TIPS funds with a weighted average credit quality rating of AAA. Money market securities of the Police and Fire Retiree Medical Trust are not rated.

At December 31, 2018, the Police and Fire Retiree Medical Liability Fund had an investment of \$6,633,094 in a commingled fixed income fund with a weighted average credit quality rating of BBB, and an investment of \$1,471,964 in a commingled fixed income fund with a weighted average credit quality rating of A. Money markets securities of the Police and Fire Retiree Medical Liability are not rated.

At December 31, 2018, the Police and Fire Retirement Pension Trust's total fixed income portfolio had a weighted average rating of A2 by Moody's. Money market securities of the Police and Fire Retirement Trust are not rated. The Police and Fire Retirement Trust's investment in marketable debt securities totaled \$79,915,182, with ratings distributed as follows:

Moody's		S&P	
Aaa	5%	AAA	1%
Aa	10%	AA	9%
A	31%	A	32%
Baa	41%	BBB	40%
Ba or Lower	0%	BB or Lower	0%
Not Rated	13%	Not Rated	18%
	<u>100%</u>		<u>100%</u>

At December 31, 2018, the Asset Retirement Obligation Fund investment in fixed income securities, including U.S. TIPS, totaled \$10,472,684. Money market securities of the Asset Retirement Obligation Fund are not rated. The distribution of ratings on these securities was as follows:

Moody's	
Aaa	53%
Aa	1%
A	14%
Baa	9%
Not Rated	23%
	<u>100%</u>

At December 31, 2018, the Anchorage Landfill Closure and Post-Closure Liability Fund had one investment totaling \$16,767,055 in bonds that were rated AA. Money market securities of the Landfill Closure and Post-closure Liability are not rated.

At December 31, 2018, all government agency investments at CIVICVentures were rated AAA and AA+. Money market securities for CIVICVentures 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 percent 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, 2018, the Municipal Central Treasury, the MOA Trust, the Police and Fire Retiree Medical Trust, the Police and Fire Retiree Medical Liability Fund, the Police and Fire Retirement Pension Trust, the CIVICVenture, and, the Beluga River Asset Retirement Obligation Fund, had no investments in any single issuer exceeding 5 percent of total investments. The Anchorage Regional Landfill Closure and Post-closure Reserve Fund has no Policy regarding concentration of holdings with a single issuer.

### 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.



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.

AMC 6.50.030 requires that repurchase agreements be secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies. As of December 31, 2018, custodial credit risk related to cash and investments is as follows:

Investment Type	Fair Value*	Subject to Custodial Credit Risk?	Custodial Credit Risk Mitigation Type				
			Federal Depository Insurance (FDIC)	Securities Investor Protection Corporation (SIPC)	Collateral held by Third Party	Collateral held at Depository Bank	Uncollateralized
Petty Cash held at Municipal Departments	\$ 215,179	Yes	\$ -	\$ -	\$ -	\$ -	\$ 215,179
Interim Rate Increase Escrow	2,516,439	Unknown	250,000	-	-	-	2,266,439
<b>Central Treasury - Unrestricted</b>							
Cash	2,645,158	Yes	219,050	-	2,426,108	-	-
WFB Large Balance Public	18,663,134	Yes	-	-	-	18,663,134	-
Repurchase Agreements	22,398,105	Yes	-	-	-	22,398,105	-
Total Deposits Central Treasury- Unrestricted	43,706,397		219,050	-	2,426,108	41,061,239	-
<b>Central Treasury - Restricted</b>							
Cash	373,743	Yes	30,950	-	342,793	-	-
Govt-Backed Cash Equivalents	18,019,651	No	-	-	-	-	-
WFB Large Balance Public	3,679,071	Yes	-	-	-	3,679,071	-
Repurchase Agreements	3,164,717	Yes	-	-	-	3,164,717	-
Total Deposits Central Treasury- Restricted	25,237,182		30,950	-	342,793	6,843,788	-
<b>MOA Trust Fund</b>							
WFB Large Balance Public	531,926	Yes	-	-	-	531,926	-
Total Deposits MOA Trust Fund	531,926		-	-	-	531,926	-
<b>Police &amp; Fire Retiree Medical Trust Fund</b>							
Cash	296,308	Yes	250,000	-	-	-	46,308
SCHWAB Sweep Funds	542,203	Yes	250,000	-	-	-	292,203
Negotiable Certificate of Deposit	5,839,732	No	-	500,000	-	-	-
Total Deposits Police & Fire Medical Trust Fund	6,678,243		500,000	500,000	-	-	338,511
<b>Police &amp; Fire Retiree Medical Liability Fund</b>							
Cash	289,007	Yes	250,000	-	-	-	39,007
WFB Large Balance Public	4,103	Yes	-	-	-	4,103	-
Total Deposits Police & Fire Med Liability Fund	293,110		250,000	-	-	4,103	39,007
<b>Police &amp; Fire Retirement Pension Trust Fund</b>							
Cash	111,373	Yes	111,373	-	-	-	-
BlackRock Liquidity Funds FedFund Portfolio	733,160	No	-	-	-	-	-
Payables&Receivables for Investment Activity	2,376,071	Yes	138,627	-	-	-	2,237,444
Total Deposits Police & Fire Retirement Pension Trust Fund	3,220,604		250,000	-	-	-	2,237,444
<b>Asset Retirement Obligation Fund</b>							
WFB Large Balance Public	85,668	Yes	-	-	-	85,668	-
Total Deposits Asset Retirement Obligation Fund	85,668		-	-	-	85,668	-
<b>Anchorage Regional Landfill Closure and Post-Closure Care Liability Fund</b>							
WFB Large Balance Public	80,640	Yes	-	-	-	80,640	-
Total Deposits Anchorage Regional Landfill Closure & Post-Closure Liability Fund	80,640		-	-	-	80,640	-
<b>CIVICventures Component Unit</b>							
Govt-Backed Cash Equivalents	48,878	No	-	-	-	-	-
Total Deposits CIVICventures Component Unit	48,878		-	-	-	-	-
Total Deposits	\$ 82,614,266		\$ 1,500,000	\$ 500,000	\$ 2,768,901	\$ 48,607,364	\$ 5,096,580

## J. Securities Lending

During 2018, the Police and Fire Retirement Pension Trust lent securities in its investment portfolio to financial institutions through a securities lending program administered by the Police and Fire Retirement Pension Trust's custodian. At December 31, 2018, the amount of the collateral provided by borrowers averaged 102 percent of the value of securities lent. The Police and Fire Retirement Pension 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 Pension Trust's custodian. All loans can be terminated on demand by either the Police and Fire Retirement Pension 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 Pension Trust's U.S. Government and Agency securities and domestic corporate fixed income and equity securities for securities or cash collateral of 102 percent. The securities lending contracts do not allow the Police and Fire Retirement Pension 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, 2018, the pool had a weighted average maturity of 473 days. There are no restrictions on the amount of securities that can be lent at one time or to one borrower.

The investments are classified in category 1 because the securities are held by the Police and Fire Retirement Pension Trust's agent (which is not affiliated with or related to the investment broker) in the Police and Fire Retirement Pension Trust's name. Category 1 is defined as insured or collateralized with securities held by the entity or by its agent in the entity's name. The following represents the balances relating to the securities lending transactions at December 31, 2018:

Securities Lent	Fair Value of Underlying Securities	Collateral Received	Cash Collateral Received	Securities Collateral Value
Corporate Fixed Income	\$ 1,164,224	\$ 1,194,491	\$ 548,000	\$ 646,491
Domestic Equities	5,053,371	5,164,694	170,340	4,994,354
	<u>\$ 6,217,595</u>	<u>\$ 6,359,185</u>	<u>\$ 718,340</u>	<u>\$ 5,640,845</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 are no significant violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior-period losses during the year. Collateral consists of equity securities and cash, with a maturity that matches the equities lent.

## K. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Municipality 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 Municipal 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, 2018, all debt obligations held in the Municipal Central Treasury were payable in U.S. Dollars.

The MOA Trust Fund, the Police & fire Retiree medical Trust fund, the Police & fire Retiree Medical Liability Fund, the Police & Fire Retirement Pension Trust Fund, the Asset Retirement Obligation Fund, and the Anchorage Regional Landfill Closure and Post-closure Care Liability Fund all invest in commingled international dollar denominated mutual equity funds to mitigate exchange risk through investment in equities denominated in a diverse range of foreign currencies.

## L. Fair Value Measurements

At December 31, 2018, the Municipality had the following cash and investments, valued as follows:

- Asset-backed securities are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

- Bank loan investments are valued at Net Asset Value (NAV) of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability.
- Short-term collective investments such as money market funds are valued at amortized cost.
- Certificates of deposit are valued at the daily price quoted by the financial institution holding the investment for the Municipality.
- Commercial paper is valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- Common stocks are valued at the closing price reported on the active market on which the individual securities traded.
- Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- Commingled funds are valued at the daily closing price as reported by the fund. These funds publish their daily NAV and transact at that price. The commingled funds held are deemed to be actively traded.
- Domestic equity funds are valued at the closing price reported on the active market on which the individual funds traded.
- Fixed income funds are valued at the closing price reported on the active market on which the individual funds traded.
- Fixed Income funds (MOA Trust) are valued at NAV of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability.
- International equity funds are valued at the closing price reported on the active market on which the individual funds traded.
- Municipal bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- Real estate funds are valued at NAV of units held. The NAV is used a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.
- Repurchase agreements are valued at the daily closing price as reported using the daily price quoted by the financial institution holding the investment for the Municipality.
- U.S. treasuries are valued at the closing price reported on the active market on which the individual securities traded.
- U.S. agencies are valued using pricing models maximizing the use of observable inputs for similar securities.
- U.S. Tips are valued at the closing price reported on the active market on which the individual securities traded.

The Municipality utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Municipality determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principle or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: quoted prices for identical assets or liabilities in active markets
- Level 2 Inputs: quoted prices for similar assets or liabilities in active or inactive markets; or inputs other than quoted prices that are observable
- Level 3 Inputs: significant unobservable inputs for assets or liabilities

The Municipality categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Municipality has the following recurring fair value measurements as of December 31, 2018:

Investment Type:	Fair Value Measurements Using		
	December 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Petty Cash	\$ 215,179		
Interim Rate Increase Escrow Money Market Account	2,516,439		
<b>Central Treasury- Unrestricted</b>			
Investments Measured at Fair Value			
U.S. Treasuries	\$ 148,917,831	\$ 103,429,738	\$ 45,488,093
U.S. Agencies	20,351,315	-	20,351,315
Asset-backed Securities	25,781,328	-	25,781,328
Corporate Securities	136,435,070	-	136,435,070
	<u>331,485,544</u>	<u>103,429,738</u>	<u>228,055,806</u>
Cash & Money Market Funds	21,308,292		
Repurchase Agreements	22,398,105		
Total Central Treasury- Unrestricted	<u>\$ 375,191,941</u>		
<b>Central Treasury- Restricted</b>			
Investments Measured at Fair Value			
U.S. Treasuries	\$ 34,914,468	\$ 28,487,275	\$ 6,427,192
U.S. Agencies	21,222,562	-	21,222,562
Asset-backed Securities	3,642,746	-	3,642,746
Corporate Securities	19,277,450	-	19,277,450
	<u>79,057,226</u>	<u>28,487,275</u>	<u>50,569,950</u>
Cash & Money Market Funds	22,072,465		
Repurchase Agreements	3,164,717		
Total Central Treasury- Restricted	<u>\$ 104,294,408</u>		
<b>MOA Trust Fund</b>			
Investments Measured at Fair Value			
U.S. Treasuries	\$ 5,902,286	\$ 5,902,286	\$ -
U.S. Agencies	2,396,716	-	2,396,716
Domestic Equities & Equity Funds	50,787,060	50,787,060	-
International Equities & Equity Funds	36,080,738	36,080,738	-
Emerging Markets Debt	8,386,686	8,386,686	-
Fixed Income Funds	10,367,024	-	10,367,024
	<u>113,920,510</u>	<u>101,156,770</u>	<u>12,763,740</u>
Investments Measured at Net Asset Value (NAV)			
Bank Loan Investments	5,019,631		
Fixed Income Funds	19,091,541		
Real Estate Funds	12,854,384		
	<u>36,965,556</u>		
Money Market Funds	531,926		
Total MOA Trust Fund	<u>\$ 151,417,992</u>		
<b>Police &amp; Fire Retiree Medical Trust Fund</b>			
U.S. Treasuries	\$ 4,314,067	\$ 4,314,067	\$ -
U.S. Agencies	3,573,253	-	3,573,253
U.S. TIPS	259,745	259,745	-
Fixed Income Funds	1,280,802	1,280,802	-
Domestic Equity Funds	2,018,191	2,018,191	-
International Equity Funds	1,296,751	1,296,751	-
	<u>12,742,809</u>	<u>9,169,556</u>	<u>3,573,253</u>
Cash & Money Market Funds	838,511		
Certificates of Deposits	5,839,732		
Total Police & Fire Retiree Medical Trust Fund	<u>\$ 19,421,052</u>		

Investment Type:	Fair Value Measurements Using		
	December 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Police &amp; Fire Retiree Medical Liability Fund</b>			
Investments Measured at Fair Value			
Fixed Income Funds	\$ 8,105,058	\$ 8,105,058	\$ -
Domestic Equities & Equity Funds	12,517,177	12,517,177	-
International Equities & Equity Funds	8,116,154	8,116,154	-
	<u>28,738,389</u>	<u>28,738,389</u>	<u>-</u>
Investments Measured at Net Asset Value (NAV)			
Real Estate Funds	4,058,825		
Cash & Money Market Funds	293,110		
<b>Total Police &amp; Fire Retiree Medical Liability Fund</b>	<u>\$ 33,090,324</u>		
<b>Police &amp; Fire Retirement Pension Trust Fund</b>			
Investments Measured at Fair Value			
U.S. Treasuries	\$ 7,813,971	\$ -	\$ 7,813,971
Corporate Fixed Income Securities	79,915,182	-	79,915,182
Domestic Equities & Equity Funds	129,562,687	129,562,687	-
International Equities & Equity Funds	80,354,526	80,354,526	-
	<u>297,646,366</u>	<u>209,917,213</u>	<u>87,729,153</u>
Investments Measured at Net Asset Value (NAV)			
Real Estate Funds	51,066,598		
Cash & Money Market Funds	3,220,604		
<b>Total Police &amp; Fire Retiree Pension Trust Fund</b>	<u>\$ 351,933,568</u>		
<b>Asset Retirement Obligation Fund</b>			
Investments Measured at Fair Value			
U.S. Fixed Income	\$ 9,111,756	\$ -	\$ 9,111,756
U.S. TIPS	1,360,928	1,360,928	-
U.S. Large-Cap Equity	1,837,725	1,837,725	-
U.S. Mid-Cap Equity	114,581	114,581	-
U.S. Small-Cap Equity	108,832	108,832	-
International Developed Equity	524,196	524,196	-
Emerging Markets Equity	129,663	129,663	-
Real Estate	642,504	642,504	-
	<u>13,830,185</u>	<u>4,718,429</u>	<u>9,111,756</u>
Money Market Funds	85,668		
<b>Total Asset Retirement Obligation Fund</b>	<u>\$ 13,915,853</u>		
<b>Anchorage Regional Landfill Post-Closure Liability Fund</b>			
Investments Measured at Fair Value			
Domestic Equities & Equity Funds	\$ 8,687,579	\$ 8,687,579	\$ -
International Equities & Equity Funds	6,022,994	6,022,994	-
U.S. Fixed Income	16,767,055	-	16,767,055
	<u>31,477,628</u>	<u>14,710,573</u>	<u>16,767,055</u>
Money Market Funds	80,640		
<b>Total Anchorage Regional Landfill Post-Closure Liability Fund</b>	<u>\$ 31,558,268</u>		
<b>CIVICVentures Component Unit</b>			
Investments Measured at Fair Value			
U.S. Treasuries	\$ 78,141	\$ 78,141	\$ -
U.S. Agencies	7,047,040	-	7,047,040
	<u>7,125,181</u>	<u>78,141</u>	<u>7,047,040</u>
Money Market Funds	48,879		
<b>Total CIVICVentures Component Unit</b>	<u>\$ 7,174,060</u>		
<b>Total Cash and Investments</b>	<u>\$ 1,090,729,084</u>		

Investment Type:	December 31, 2018	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Governmental Activities	\$ 438,776,891		
Business-Type Activities	280,473,352		
Fiduciary Funds	371,478,841		
	<u>\$ 1,090,729,084</u>		

The unfunded commitments and redemption information for the investments reported as NAV for December 31, 2018 are as follows:

Net Asset Value (NAV) Investments	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Note Period
<b>MOA Trust Fund:</b>				
Trumbull Property Fund	\$ 12,854,384	\$ -	Quarterly	60 days
FIAM Core Plus LLC	19,091,541	-	Daily	5 Days
Western Asset Floating Rate High Income Fund	5,019,631	-	Daily	same day
	<u>\$ 36,965,556</u>			
<b>Police &amp; Fire Retiree Medical Liability Fund:</b>				
Trumbull Property Fund	\$ 4,058,825	\$ -	Quarterly	60 days
<b>Police &amp; Fire Retirement Pension Trust Fund:</b>				
AgriVest Farmland Fund	\$ 15,274,030	\$ -	Quarterly	60 days
Trumbull Property Fund	21,719,874	-	Quarterly	60 days
Trumbull Property Income Fund	14,072,694	-	Quarterly	60 days
	<u>\$ 51,066,598</u>			

The fair values of the holdings in NAV Investments have been determined using the Net Asset Value (NAV) per share (or its equivalent) of the ownership interest in underlying investments. The underlying investments can never be redeemed with the funds.

1. Trumbull Property Fund is an actively managed core portfolio of US equity commercial real estate. The fair values of the investments in this fund have been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in real estate. The Fund receives most of its return from the income component of the underlying properties and returns include reinvestment of income and are before deduction of management fees.

2. FIAM Core Plus LLC is a fixed income fund investing in investment-grade securities, as well as high-yield debt, emerging market debt, leveraged loans, and high yield Commercial Mortgage-Backed Securities. A typical core plus portfolio has 0 percent to 30 percent exposure to non-investment-grade sectors. The fair values of the investments in this fund have been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in securities held.

3. Western Asset Floating Rate High Income Fund invests at least 80 percent of its total assets in U.S. dollar denominated loans, loan participations and fixed income securities that are rated below investment grade at the time of purchase. The fair values of the investments in this fund have been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in securities held.

4. AgriVest Farmland Fund is an open-end, actively managed diversified core US agricultural real estate fund. All properties are leased to commercial farm operators. The fair values of the investments in this fund have been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in securities held.

5. Trumbull Property Income Fund is an open-end real estate debt fund with fixed returns and participation in mortgages secured by real estate assets. The fair value of the investments in this fund have been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in mortgages and underlying real estate assets. Returns include reinvestment of income and are before deduction of management fees.

## M. 49<sup>th</sup> State Angel Fund Investments

### Determination of Fair Value using Net Asset Value (NAV)

The Municipality has been allocated \$13.2 million by the U.S. Department of Treasury's State Small Business Credit Initiative (SSBCI) to invest in Anchorage area businesses. The Municipality was the first city in the U.S. to receive the allocation. The Municipality established the 49<sup>th</sup> State Angel Fund (49SAF), with the purpose of providing a new source of capital to Anchorage area entrepreneurs that will help spur economic development and encourage the creation of a qualified network of Angel investors. The 49SAF makes equity investments in local start-ups and small businesses that need additional capital for growth.

Currently, the Municipality is investing in nine main investing funds: 1) Alaska Opportunity Fund, 2) Alaska Accelerator Fund, 3) 49<sup>th</sup> Angel Fund, 4) Anchorage Equity Partners No. 1, 5) Anchorage Equity Partners No.2, 6) Anchorage Equity Partners No.3, 7) Anchorage Equity Partners No.4, 8) Anchorage Equity Partners No. 5, and 9) Launch Alaska Fund, who in turn, administer smaller distributions directly to the Anchorage area small businesses. The fair value of investments in these nine funds are calculated using Net Asset Value (NAV) or its equivalent derived from various financial documents provided to the Municipality on an annual basis. The fair value using NAV or its equivalent for the year ended December 31, 2018 for the nine investments is as follows:

Investments Measured at the Net Asset Value (NAV)	
Alaska Opportunity Fund	\$ 366,503
Alaska Accelerator Fund	898,907
49 <sup>th</sup> Angel Fund	550,000
Anchorage Equity Partner No. 1	899,879
Anchorage Equity Partner No. 2	753,577
Anchorage Equity Partner No. 3	300,000
Anchorage Equity Partner No. 4	175,000
Anchorage Equity Partner No. 5	900,000
Launch Alaska Fund	262,500
Total Investments Measured at NAV	<u>\$ 5,106,366</u>

The fair value for all the investments was determined using the balance in the capital accounts from the Internal Revenue Service's form K-1, or in the absence of a K-1, financial statements. Adjustments in fair value are recognized at year end as unrealized gains and losses. Returns on investments are reported as realized gains and losses.

In 2018, the Alaska Accelerator Fund and Anchorage Equity Partners No. 1 fair value was calculated using unaudited financial statements. Anchorage Equity Partners No. 3, 4 and 5 were valued using cash value, since these investments were originally made in December 2018 and no K-1 or financial statement was available. The remaining funds fair market value was determined using form K-1. The net unrealized gains and losses as a result of changes in fair market value for four of the investment funds as of December 31, 2018 was a \$300,311 unrealized loss. There was a return on investment for the Anchorage Opportunity Fund which resulted in a realized loss of \$78,165 and investment income of \$979.

### Unfunded Commitments and Redemptions

The Municipality has committed various levels of funding to these investing funds, some of which is remaining unfunded at year end. Due to the nature of the 49<sup>th</sup> State Angel Fund program, redemption periods for these investments are not determinable. The funds are invested in start-up and existing small businesses, and as long as the businesses are still operating, the investments will not be redeemed. At such time as the business either succeeds or fails, the redemption will either result in a return of original investment with a potential gain if the business is a success, or a write-off of the original investment as a loss if the business fails. The unfunded commitments and redemption information for the five investing funds for December 31, 2018 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Alaska Opportunity Fund	\$ 366,503	\$ 68,500	nondeterminable	N/A
Alaska Accelerator Fund	898,907	-	nondeterminable	N/A
49th Angel Fund	550,000	1,650,000	nondeterminable	N/A
Anchorage Equity Partner No. 1	899,879	687,500	nondeterminable	N/A
Anchorage Equity Partner No. 2	753,577	687,500	nondeterminable	N/A
Anchorage Equity Partner No. 3	300,000	-	nondeterminable	N/A
Anchorage Equity Partner No. 4	175,000	-	nondeterminable	N/A
Anchorage Equity Partner No. 5	900,000	-	nondeterminable	N/A
Launch Alaska Fund	262,500	887,500	nondeterminable	N/A
Total Investments Measured at NAV	<u>\$ 5,106,366</u>	<u>\$ 3,981,000</u>		

#### NOTE 4 - RECEIVABLES (Including Loans and Leases Receivable)

The Municipality's receivables including the applicable allowance for uncollectible accounts were reported as follows at December 31, 2018:

	Governmental Activities	Business-type Activities	Total
Current:			
Property taxes	\$ 12,927,635	\$ -	\$ 12,927,635
Motor vehicle taxes	629,256	-	629,256
Hotel and motel taxes	4,126,426	-	4,126,426
Tobacco taxes	1,956,743	-	1,956,743
Marijuana taxes	404,146	-	404,146
Fuel product taxes	1,090,793	-	1,090,793
E911 surcharge taxes	934,751	-	934,751
Unbilled reimbursable projects	-	325,045	325,045
Special assessments receivable	3,175,749	136,497	3,312,246
Trade accounts, including internal service funds	10,412,647	31,347,666	41,760,313
Total accounts receivable	<u>35,658,146</u>	<u>31,809,208</u>	<u>67,467,354</u>
Allowance for uncollectible accounts	(4,920,326)	(704,372)	(5,624,698)
Total Accounts Receivable, net	<u>30,737,820</u>	<u>31,104,836</u>	<u>61,842,656</u>
Noncurrent:			
HUD loans (including section 108)	2,759,739	-	2,759,739
Total Loans and Leases, net	<u>\$ 2,759,739</u>	<u>\$ -</u>	<u>\$ 2,759,739</u>

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

#### NOTE 5 - CAPITAL ASSETS

##### A. Primary Government

Capital asset activity for the year ended December 31, 2018, was as follows (in thousands):

	Beginning Balance December 31, 2017	Increase	Decrease	Ending Balance December 31, 2018
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,261,994	\$ 707	\$ (256)	1,262,445
Artwork	20,666	285	(1)	20,950
Construction Work-in-Progress	37,050	18,610	(36,147)	19,513
Infrastructure	1,460,390	3,563	-	1,463,953
Total Capital Assets, Not Being Depreciated	<u>2,780,100</u>	<u>23,165</u>	<u>(36,404)</u>	<u>2,766,861</u>



	Beginning Balance		Ending Balance	
	December 31, 2017	Increase	Decrease	December 31, 2018
Capital Assets, Being Depreciated				
Buildings & Improvements	\$ 767,120	\$ 4,570	\$ -	\$ 771,690
Equipment	286,533	8,977	(19,941)	275,569
Infrastructure	540,121	18,539	(749)	557,911
Intangible ERP	78,106	3,068	(652)	80,522
Total Capital Assets, Being Depreciated	1,671,880	35,154	(21,342)	1,685,692
Less Accumulated Depreciation for:				
Buildings & Improvements	444,786	19,453	-	464,239
Equipment	228,918	15,951	(19,383)	225,486
Infrastructure	302,258	10,334	(297)	312,295
Intangible ERP	-	9,929	(16)	9,913
Total Accumulated Depreciation	975,962	55,667	(19,696)	1,011,933
Total Capital Assets, Being Depreciated, Net	695,918	(20,513)	(1,646)	673,759
Total Governmental Activities, Net	\$ 3,476,018	\$ 2,652	\$ (38,050)	\$ 3,440,620

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

	Beginning Balance		Ending Balance	
	December 31, 2017	Increase	Decrease	December 31, 2018
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land and Property held for future use	\$ 67,718	\$ 2,162	\$ (166)	\$ 69,714
Construction Work-in-Progress <sup>1</sup>	85,907	119,793	(83,748)	121,952
Total Capital Assets, Not Being Depreciated	153,625	121,955	(83,914)	191,666
Capital Assets, Being Depreciated:				
Distribution and Collection Systems, Infrastructure	2,657,894	66,952	(32,490)	2,692,356
Buildings and Improvements	677,562	16,668	(10,039)	684,191
Total Capital Assets, Being Depreciated	3,335,456	83,620	(42,529)	3,376,547
Less Accumulated Depreciation for:				
Distribution and Collection Systems, Infrastructure	1,079,252	66,466	(35,682)	1,110,036
Buildings and Improvements	231,510	20,192	(8,454)	243,248
Total Accumulated Depreciation	1,310,762	86,658	(44,136)	1,353,284
Total Capital Assets, Being Depreciated, Net	2,024,694	(3,038)	1,607	2,023,263
Total Business-Type Activities, Net	\$ 2,178,319	\$ 118,917	\$ (82,307)	\$ 2,214,929

<sup>1</sup>Included in Construction Work-in-Progress are retirement assets as follows:

Construction Work-in-Progress	\$ 769	\$ 1,097	\$ (840)	\$ 1,026
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In accordance with the requirements of FERC, disposals of retirement assets are not placed in service, rather they are reported as reductions from accumulated depreciation.

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

Governmental Activities:	
General Government	\$ 16,369
Fire Services	5,335
Police Services	2,295
Health and Human Services	966
Economic & Community Development	17,594
Public Transportation	2,944
Public Works	9,035
Maintenance and Operations	1,129
Total Governmental Activities	<u>\$ 55,667</u>

Business-Type Activities:

Electric	\$ 28,862
Water	11,290
Wastewater	8,328
Refuse	1,179
Solid Waste	4,401
Port	7,025
Municipal Airport	2,760
Total Business-Type Activities	<u>63,845</u>

Depreciation offset by amortization of regulatory liability- contributed plant	22,813
Gross increase in accumulated depreciation	<u>\$ 86,658</u>

**Contractual Commitments**

Governmental-type major fund Capital Projects and Drainage had contractual commitments for capital construction in the amount of \$17.7 million at December 31, 2018. Business-type major funds Electric, Water, and Wastewater had contractual commitments for capital construction in the amount of \$7.8 million, \$11.1 million, and \$15.9 million respectively.

**B. Discretely Presented Component Units – Anchorage School District**

Capital asset activity for the fiscal year ended June 30, 2018 is as follows (in thousands):

	Beginning Balance July 1, 2017	Increase	Decrease	Ending Balance June 30, 2018
Capital Assets, Not Being Depreciated:				
Land	\$ 42,357	\$ -	\$ -	\$ 42,357
Construction in Progress	823	41,779	(41,833)	769
Total Capital Assets not Being Depreciated	<u>43,180</u>	<u>41,779</u>	<u>(41,833)</u>	<u>43,126</u>
Capital Assets Being Depreciated:				
Land Improvements	70,617	1,279	-	71,896
Buildings and Equipment	1,828,582	42,672	(23,315)	1,847,939
Pupil Transportation	20,630	-	(493)	20,137
Total Capital Assets Being Depreciated	<u>1,919,829</u>	<u>43,951</u>	<u>(23,808)</u>	<u>1,939,972</u>
Less Accumulated Depreciation For:				
Land Improvements	47,408	1,904	-	49,312
Buildings and Equipment	614,077	42,784	(11,593)	645,268
Pupil Transportation	9,586	895	(493)	9,988
Total Accumulated Depreciation	<u>671,071</u>	<u>45,583</u>	<u>(12,086)</u>	<u>704,568</u>
Total Capital Assets, Being Depreciated, Net	<u>1,248,758</u>	<u>(1,632)</u>	<u>(11,722)</u>	<u>1,235,404</u>
Total Capital Assets, Net	<u>\$ 1,291,938</u>	<u>\$ 40,147</u>	<u>\$ (53,555)</u>	<u>\$ 1,278,530</u>

**C. Discretely Presented Component Units – Anchorage Community Development Authority**

Capital asset activity for the year ended December 31, 2018 is as follows (in thousands):

	Beginning Balance December 31, 2017	Increase	Decrease	Ending Balance December 31, 2018
Capital Assets, Not Being Depreciated:				
Land	\$ 11,059	\$ -	\$ -	\$ 11,059
Total Capital Assets not Being Depreciated	<u>11,059</u>	<u>-</u>	<u>-</u>	<u>11,059</u>

	Beginning Balance December 31, 2017	Increase	Decrease	Ending Balance December 31, 2018
<b>Capital Assets Being Depreciated:</b>				
Parking Garages	\$ 47,001	\$ 15,043	\$ -	\$ 62,044
Lot Improvements	687	24	-	711
Furniture and Fixtures	103	-	-	103
Equipment and Vehicles	3,523	70	-	3,593
Parking meters	1,364	-	-	1,364
<b>Total Capital Assets Being Depreciated</b>	<b>52,678</b>	<b>15,137</b>	<b>-</b>	<b>67,815</b>
<b>Less Accumulated Depreciation For:</b>				
Parking Garages	33,412	2,724	-	36,136
Lot Improvements	686	5	-	691
Furniture and Fixtures	101	1	-	102
Equipment and Vehicles	3,299	126	-	3,425
Parking meters	1,272	74	-	1,346
<b>Total Accumulated Depreciation Net</b>	<b>38,770</b>	<b>2,930</b>	<b>-</b>	<b>41,700</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>13,908</b>	<b>12,207</b>	<b>-</b>	<b>26,115</b>
<b>Total Capital Assets, Net</b>	<b>\$ 24,967</b>	<b>\$ 12,207</b>	<b>\$ -</b>	<b>\$ 37,174</b>

## NOTE 6 - PORT OF ALASKA MODERNIZATION PROGRAM

Port of Alaska is a Municipality of Anchorage owned and operated facility that handles half of all Alaska inbound marine freight – some 3.9 million tons of fuel and cargo in 2018 – half of which is delivered to final destinations outside of Anchorage. It is critical transportation infrastructure that serves regional, statewide and national commerce, economic development, homeland security and disaster recovery needs. Port of Alaska is:

- Intermodal transport hub that efficiently connects Alaska’s primary marine, road, rail, pipeline and air cargo systems.
- Department of Defense commercial strategic seaport that projects U.S. power across Alaska, the Pacific Rim and the Arctic.
- Anchorage’s only foreign trade zone (FTZ no. 160) that extends U.S. Customs benefits to Ted Stevens International Airport and other businesses and sites throughout the region.
- Critical infrastructure that is key to successful implementation of virtually every state and federal earthquake/disaster response plan.

Port of Alaska has more inbound cargo-handling capacity than all other Southcentral Alaska ports combined. It is located at the state’s population center and routinely handles containers, dry bulk, break bulk, petroleum products and cruise ships. It is adjacent to hundreds of millions of dollars of public and private cargo-handling infrastructure, Alaska Railroad’s main cargo yard, two private barge terminals, Joint Base Elmendorf-Richardson (JBER) and Ted Stevens International Airport. It is the only tsunami-proof, inbound-cargo port on Alaska’s Railbelt-connected road system.

The facility’s docks first opened in 1961 and have long-exceeded their 35-year design life. Its aging wharf piles have lost up to three-quarters of their original thickness to corrosion. Port officials started installing pile jackets in 2004 and have reinforced more than half of the dock’s piles. However, jackets are a one-time fix that last 10-to-15 years and all terminals continue to lose load ratings and will start closing in about nine years, regardless of repairs, seismic activity or anything else.

Port of Alaska Modernization Program (PAMP) is a series of construction projects that will:

- Replace aging docks and related infrastructure
- Improve operational safety and efficiency
- Accommodate modern shipping operations
- Improve resiliency – to survive extreme earthquakes and Cook Inlet’s harsh marine environment

PAMP officials staged a design charrette and drafted conceptual designs to replace all Port of Alaska docks. They completed a test-pile program in 2016 to demonstrate constructability and support design and permitting. They also completed final design and are moving forward to construct a new petroleum cement terminal (PCT).

The PCT must be built first and south of existing docks to enable safe and continuous port operations during construction of all remaining docks. Initial PCT-related shore improvements were constructed in 2018 and additional shore improvements and transitional dredging are contracted for completion in 2019. In-water PCT construction is expected in 2020 and 2021, subject to funding. Reimbursable State of Alaska grants have funded most PAMP-related work that has been completed or contracted to date. Municipality of Anchorage and PAMP officials are pursuing a combination of tariff and fee increases, private-funding opportunities and additional State and Federal grants to complete remaining tasks.

**NOTE 7 - 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:

MOA Trust Fund	\$ 38,294
Nonmajor Governmental Funds	4,056,138
Nonmajor Enterprise Funds	4,032,348
Internal Service Funds	13,678,984
Total Interfund Payable to General Fund	<u>21,805,764</u>

Interfund Payable to Nonmajor Governmental Funds from:

Roads & Drainage Capital Projects Fund	1,345,038
Nonmajor Governmental Funds	6,298,639
Internal Service Funds	85,000
Total Interfund Payable to Nonmajor Governmental Funds	<u>7,728,677</u>
Total Interfund Payables	<u>\$ 29,534,441</u>

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 receivable at December 31, 2018 were as follows:

Advances from General Fund to Nonmajor Governmental Funds for Capital Assets	\$ 696,346
Advances from General Fund to Nonmajor Governmental Funds for Earthquake Expenses	2,316,239
Advances from Nonmajor Governmental Funds to Internal Service Funds for Capital Assets	1,190,000
Advances from Internal Services Funds to Roads & Drainage Capital Projects Fund for Capital Assets	145,572
Advances from Internal Services Funds to General Fund for Capital Assets	5,996,489
Total Advances Receivable	<u>\$ 10,344,646</u>

**B. Interfund Transfers**

A summary of interfund transfers is as follows:

From General Fund to:

Capital Projects Roads and Drainage Fund for Capital Assets	\$ 3,898,580
Police & Fire COP Bond Fund for Debt Service	1,942,215
Nonmajor Governmental Funds for Debt Service	594,954
Nonmajor Governmental Funds for Grant Matching	1,693,631
Nonmajor Governmental Funds to Fund OPEB Liability	969,532
Nonmajor Governmental Funds for Capital Assets	4,092,133
Total Transfers from General Fund	<u>13,191,045</u>

From MOA Trust Fund to:

General Fund for Annual Operating Subsidy	6,300,000
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From Capital Projects Roads and Drainage Fund to:

General Fund for Debt Service	3,655
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From Nonmajor Governmental Funds to:	
General Fund for Debt Service	\$ 1,643
General Fund for Operating Subsidy	21,006
Nonmajor Governmental Funds for Capital Assets	2,106,000
Nonmajor Governmental Funds for Debt Service	6,177,077
Nonmajor Governmental Funds for Grant Matching	930
Nonmajor Governmental Funds for Refund of Prior Year Contributions	806
Internal Services Fund for Capital Assets	103,217
Total Transfers from Nonmajor Governmental Funds	<u>8,410,679</u>
From Electric Utility Fund to:	
General Fund for Annual Revenue Distribution	9,565,771
From Water Utility Fund to:	
General Fund for Annual Revenue Distribution	8,524,748
From Wastewater Utility Fund to:	
General Fund for Annual Revenue Distribution	6,241,155
From Port Fund to:	
General Fund for Annual Revenue Distribution	3,018,915
Internal Services Fund for Capital Assets	15,000
Total Transfers from Port Fund	<u>3,033,915</u>
From Nonmajor Enterprise Funds to:	
General Fund for Annual Revenue Distribution	2,334,202
Electric Utility Fund for Capital Assets	12,000
Total Transfers from Nonmajor Enterprise Funds	<u>2,346,202</u>
From Internal Service Funds to:	
Nonmajor Governmental Funds for Capital Assets	1,000,000
Total Transfers	<u>\$ 58,617,170</u>

## NOTE 8 - LEASE AGREEMENTS

### A. Operating Leases (Municipality as Lessee)

The Municipality has entered into several operating leases for the use of real estate. The total operating lease expense for 2018 was \$4,802,317. The annual rental payments of these lease commitments over their remaining terms are as follows (in thousands):

Years:	Governmental Activities	Business Type Activities
2019	\$ 4,942	\$ 32
2020	4,505	32
2021	4,373	32
2022	4,263	32
2023	4,110	24
2024-2028	9,394	90
2029-2033	238	15
2034-2038	-	9
2039-2043	-	6
2044-2048	-	6
2049-2053	-	6
2054-2058	-	2
Totals	<u>\$ 31,825</u>	<u>\$ 286</u>

## B. Capital Leases (Municipality as Lessee)

The Municipality has entered into revolving Master Tax-Exempt Lease/Purchase agreements with Key Bank and Sun Life Trust to finance various capital expenditures. The capitalized leases in place at year end have financed \$52,609,582 of information technology equipment and software, all of which is currently in service or being installed. As of December 31, 2018, the total cost of the equipment and software was \$80,522,241, with accumulated amortization of \$9,912,360, which yields an underlying net book value of the assets are \$70,609,881. Amortization expense for 2018 was \$9,928,660. As of December 31, 2018, all the outstanding principal balance is recorded in the internal service funds.

The Municipality entered into a Master Tax-Exempt Lease/Purchase agreement with Key Bank for the purchase of Automated Material Handling System for the Library, which is currently in service as of December 31, 2018. The outstanding balance of \$376,567 is recorded in the Governmental Activities.

The annual debt service to maturity for the outstanding capital leases is as follows (in thousands):

Years:	Governmental Activities		
	Principal	Interest	Total
2019	\$ 10,600	\$ 1,393	\$ 11,993
2020	9,628	1,199	10,827
2021	8,754	923	9,677
2022	8,368	665	9,033
2023	7,606	412	8,018
2024-2028	8,030	262	8,292
	<u>\$ 52,986</u>	<u>\$ 4,854</u>	<u>\$ 57,840</u>

## C. Operating Leases (Municipality as Lessor)

The Municipality has leased to third-parties real estate at both the Port of Alaska and Merrill Field Airport that generate recurring revenues. The lease agreements are long term and allow the lessee(s) to use the leased property for industrial purposes tied to the port or airport. Generally, the property leased is land, buildings and infrastructure, with improvements built on the leased parcels are done at the expense of the lessee(s). There are no minimum guarantees for any of the leases. Future minimum lease payments scheduled for these agreements are as follows (in thousands):

Years:	Port of	Merrill Field
	Anchorage	Airport
2019	\$ 4,444	\$ 733
2020	4,476	712
2021	795	639
2022	447	615
2023	372	607
2024-2028	1,817	2,831
2029-2033	1,455	2,785
2034-2038	800	2,771
2039-2043	800	2,001
2044-2048	461	1,190
2049-2053	-	508
Totals	<u>\$ 15,867</u>	<u>\$ 15,392</u>
Lease revenue for 2018	<u>\$ 4,473</u>	<u>\$ 706</u>
Carrying value of leased assets:		
Original cost	\$ 15,879	\$ 2,600
Accumulated depreciation	5,602	-
Net Book Value	<u>\$ 10,277</u>	<u>\$ 2,600</u>

## NOTE 9 - SHORT-TERM OBLIGATIONS

### Tax Anticipation Notes

On March 21, 2018, the Municipality issued tax anticipation notes in the General Fund with a face value of \$90,000,000. 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, 2018 was as follows (in thousands):

	Beginning Balance		Ending Balance	
	January 1, 2018	Issued	Redeemed	December 31, 2018
Tax Anticipation Notes	\$ -	\$ 90,000,000	\$ 90,000,000	\$ -

## NOTE 10 – 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, 2018, was as follows (in thousands):

	Balance			Balance		
	January 1, 2018	Additions	Reductions	December 31, 2018	Due Within One Year	
<b>Governmental Activities:</b>						
General Obligation Bonds	\$ 434,585	\$ 90,239	\$ (68,929)	\$ 455,895	\$ 36,165	
CIVICVentures Revenue Bonds	96,187	-	(2,873)	93,314	2,240	
Certificates of Participation	58,675	3,800	-	62,475	2,852	
Capital Leases	49,541	11,864	(8,419)	52,986	10,600	
Long-Term Contracts	3,878	-	(202)	3,676	140	
Total Debt Payable	642,866	105,903	(80,423)	668,346	51,997	
Compensated Absences	27,874	16,099	(18,983)	24,990	18,863	
Net Pension Liability	320,254	57,493	-	377,747	-	
Net OPEB Liability	173,377	15,103	(8,745)	179,735	-	
Pollution Remediation	3,248	22	(51)	3,219	41	
Claims Payable Obligation and IBN	28,831	50,578	(56,511)	22,898	18,139	
Total Governmental Activities	\$ 1,196,450	\$ 245,198	\$ (164,713)	\$ 1,276,935	\$ 89,040	
<b>Business-type Activities:</b>						
Revenue Bonds	\$ 569,008	\$ -	\$ (17,937)	\$ 551,071	\$ 14,650	
Long-Term Contracts	422,199	40,899	(13,901)	449,197	13,052	
Total Debt Payable	991,207	40,899	(31,838)	1,000,268	27,702	
Compensated Absences	6,828	5,240	(5,596)	6,472	5,996	
Net Pension Liability	50,253	3,548	-	53,801	-	
Net OPEB Liability	8,229	2,796	-	11,025	-	
Asset Retirement Obligation	15,824	720	-	16,544	-	
Pollution Remediation Obligation	1,346	-	(591)	755	82	
Port Road Obligation	1,802	-	(14)	1,788	-	
Landfill Closure Liability	32,897	1,603	-	34,500	-	
Total Business-type Activities	\$ 1,108,386	\$ 54,806	\$ (38,039)	\$ 1,125,153	\$ 33,780	

Governmental activities compensated absences, pension and OPEB are typically liquidated by the General Fund.

### B. General Obligation Bonds

The Municipality 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. The Municipality issued new and refunding GO Bonds in 2018. As of December 31, 2018, the Municipality reported total outstanding general obligation bonds in the amount of \$412,010,000.

Description	Amount Outstanding (in thousands)
\$43,300,000 2010A-2 General Obligation General Purpose Bonds (Build America) due in annual installments of \$2,505,000 to \$3,845,000 through 2030, interest rate from 3.897% to 5.91%. The issue is for the purpose of general capital projects within the Municipality.	\$ 38,220
\$23,750,000 2010C General Obligation General Purpose Refunding Bonds, due in annual installments of \$155,000 to \$4,830,000, interest rate from 2.00% to 4.00%. The issue is for the purpose of refunding a portion of 1999A, a portion of 2002A, a portion of 2007C, and a portion of 2008A.	2,505
\$28,390,000 2011A General Obligation General Purpose Bonds due in annual installments of \$855,000 to \$2,015,000 through 2031, interest rate from 2.00% to 4.125%. The issue is for the purpose of general capital projects within the Municipality.	20,845
\$23,570,000 2012A General Obligation General Purpose Bonds due in annual installments of \$860,000 to \$1,840,000 through 2032, interest rate from 2.00% to 5.00%. The issue is for the purpose of general capital projects within the Municipality.	19,100
\$40,435,000 2014A General Obligation General Purpose Bonds due in annual installments of \$1,355,000 to \$3,005,000 through 2034, interest rate from 1.25% to 5.00%. The issue is for the purpose of general capital projects within the Municipality.	34,520
\$78,430,000 2014B General Obligation General Purpose Refunding Bonds due in annual installments of \$1,510,000 to \$10,390,000 through 2025, interest rate from 1.25% to 5.00%. The issue was for the purpose of refunding the remainder of 2004C and partially refunding 2005F.	59,025
\$47,840,000 2015A General Obligation General Purpose Refunding Bonds due in annual installments of \$1,765,000 to \$3,635,000 through 2035, interest rate from 2.00% to 5.00%. The issue was for the purpose of general capital projects within the Municipality.	44,260
\$115,250,000 2015B General Obligation General Purpose Refunding Bonds due in annual installments of \$4,125,000 to \$20,140,000 through 2028, interest rate from 2.00% to 5.00%. The issue was for the purpose of refunding the remainder of 2005C and 2005D and partially refunding 2007C and 2008A.	91,030
\$24,870,000 2016A General Obligation General Purpose Bonds due in annual installments of \$865,000 to \$1,875,000 through 2036, interest rate from 3.00% to 5.00%. The issue was for the purpose of general capital projects within the Municipality.	24,005
\$58,235,000 2018A General Obligation General Purpose Bonds due in annual installments of \$1,955,000 to \$4,540,000 through 2038, interest rate from 2.65% to 5.00%. The issue was for the purpose of general capital projects within the Municipality.	58,235
\$20,265,000 2018B General Obligation General Purpose Refunding Bonds due in annual installments of \$6,375,000 to \$7,140,000 through 2023, interest rate of 5.00%. The issue was for the purpose of refunding the remainder of 2007A.	20,265
<b>Total General Obligation Debt</b>	<b>\$ 412,010</b>

ASD GO bonds are reported as obligations of the component unit since they are expected to be repaid from ASD revenues; such amounts total \$517,000,000 at June 30, 2018. ASD GO bonds are discussed in detail in Section J. All other Municipality GO bonds are reported in the government-wide financial statements.

The Municipality issued new and refunding GO bonds in 2018. Refunding debt is discussed in detail in Section G. The GO General Purpose Bonds Series A in the amount of \$58,235,000 was issued to fund Municipality-wide capital



projects. The GO Refunding General Purpose Bonds Series B is the amount of \$20,265,000 was issued to payoff General Purpose Bond 2007 Series A.

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

Years:	Governmental Activities		
	Principal	Interest	Total
2019	\$ 36,165	\$ 20,469	\$ 56,634
2020	35,345	17,974	53,319
2021	33,690	16,275	49,965
2022	35,230	14,741	49,971
2023	36,920	13,050	49,970
2024-2028	126,385	42,740	169,125
2029-2033	72,085	18,125	90,210
2034-2038	36,190	4,230	40,420
Subtotal	412,010	147,604	559,614
Add unamortized premiums/(discounts), net	43,885	-	43,885
Total	\$ 455,895	\$ 147,604	\$ 603,499

### C. Revenue Bonds

#### CIVICVentures Revenue Bonds

In August 2015, CIVICVentures, a blended component unit, issued \$93,790,000 in Tax-exempt, Non-recourse Revenue Refunding 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 the Municipality. In the event room tax collections are not sufficient to pay the debt, the Municipality is not obligated in any way to pay the debt on behalf of CIVICVentures. Principal and interest paid for the current year, total hotel and motel tax revenues, and related investment income were \$6,178,450; \$6,177,077; and \$167,873, respectively.

The bond payments are due in annual installments ranging annually from \$2,240,000 to \$6,715,000 through 2038, with interest rates ranging between 3.5 percent and 5 percent. As of December 31, 2018, the Municipality reported as blended total outstanding tax-exempt non-recourse Revenue Bonds in the amount of \$87,985,000.

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

Years:	CIVICVentures		
	Principal	Interest	Total
2019	\$ 2,240	\$ 4,015	\$ 6,255
2020	2,405	3,926	6,331
2021	2,580	3,829	6,409
2022	2,790	3,700	6,490
2023	3,015	3,561	6,576
2024-2028	18,890	15,299	34,189
2029-2033	24,970	9,953	34,923
2034-2038	31,095	3,829	34,924
Total	87,985	48,112	136,097
Add unamortized premiums/(discounts), net	5,329	-	5,329
Total	\$ 93,314	\$ 48,112	\$ 141,426

#### Utility Revenue Bonds

Electric, Water, and Wastewater Utilities revenue bond covenants require establishment of certain cash reserves. Revenue bond covenants further 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.

The proceeds of the bonds, together with other legally available funds, are 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.

Electric Utility

The Electric Utility has pledged future electric customer revenues, net of specified operating expenses, to repay electric utility revenue bonds. Proceeds from the bonds provided financing for construction and other capital improvements. The bonds are payable solely from electric customer net revenues and are payable through 2044. The total principal and interest remaining to be paid on the bonds is \$561,750,529. Principal and interest paid for the current year and total customer net revenues were \$25,187,097 and \$59,871,466, respectively.

Water Utility

The Water Utility has pledged future water customer revenues, net of specified operating expenses, to repay water utility revenue bonds. Proceeds from the bonds provided financing for construction and other capital improvements. The bonds are payable solely from water customer net revenues and are payable through 2047. The total principal and interest remaining to be paid on the bonds is \$169,535,960. Principal and interest paid for the current year and total customer net revenues were \$9,213,855 and \$26,167,465 respectively.

Wastewater Utility

The Wastewater Utility has pledged future wastewater customer revenues, net of specified operating expenses, to repay wastewater utility revenue bonds. Proceeds from the bonds provided financing for construction and other capital improvements. The bonds are payable solely from wastewater customer net revenues and are payable through 2047. The total principal and interest remaining to be paid on the bonds is \$127,709,935. Principal and interest paid for the current year and total customer net revenues were \$6,418,999 and \$20,865,814, respectively.

As of December 31, 2018, the Municipality reported total outstanding Utility Revenue bonds in the amount of \$506,385,000. The details of those bonds are as follows (in thousands):

Description	Amount Outstanding
<u>Electric Utility</u>	
\$109,350,000 2005 Electric Senior Lien Revenue Bonds due in annual installments of between \$105,000 and \$11,100,000 through 2026, interest rate from 3.00% to 5.13%.	\$ 12,150
\$15,240,000 2009 Electric Senior Lien Revenue Bonds due in annual installments of between \$1,265,000 and \$3,050,000 through 2024, interest rate from 4.00% to 5.00%.	15,240
\$114,760,000 2009 Electric Senior Lien Revenue Bonds (BABS) due in annual installments of between \$1,925,000 and \$10,350,000 through 2039, interest rate from 5.88% to 6.56%. The United States Treasury will provide a subsidy to the Electric Utility in the amount of 35% of the annual interest payment.	114,760
\$180,575,000 2014A Electric Senior Lien Revenue Bonds due in annual installments of between \$2,390,000 to \$11,140,000 through 2044, interest rate from 3.00% to 5.00%. A portion of the proceeds were used to refund the remainder of 1996 and a portion of 2005A.	173,355
Total Electric Utility Outstanding	<u>315,505</u>
<u>Water Utility</u>	
\$10,000,000 2017 Water Series A Revenue Bonds, due in annual installments of \$1,000,000 through 2027, interest rate of 2.5%.	9,000
\$88,660,000 2017 Water Series B Revenue and Refunding Bonds, due in annual installments of \$545,000 to \$7,590,000 through 2047, interest rate from 3.00% to 5.00%	88,115
\$13,915,000 2017 Water Series C Revenue Refunding Bonds due in annual installments of \$2,205,000 to \$2,480,000 through 2023, interest rate from 1.432% to 2.45%.	11,435
Total Water Utility Outstanding	<u>108,550</u>

Description	Amount Outstanding
<b>Wastewater Utility</b>	
\$20,000,000 2017 Wastewater Series A Revenue Bonds, due in annual installments of \$2,000,000 through 2027, interest rate of 2.5%.	\$ 18,000
\$64,895,000 2017 Wastewater Series B Revenue and Refunding Bonds, due in annual installments of \$565,000 to \$5,255,000 through 2047, interest rate from 3.00% to 5.00%	64,330
Total Wastewater Utility Outstanding	<u>82,330</u>
Total Utility Revenue Bonds Outstanding	<u>\$ 506,385</u>

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

Years:	Business-Type Activities		
	Principal	Interest	Total
2019	\$ 14,650	\$ 25,304	\$ 39,954
2020	15,080	24,784	39,864
2021	15,560	24,251	39,811
2022	16,390	23,675	40,065
2023	17,280	22,985	40,265
2024-2028	96,280	102,331	198,611
2029-2033	114,145	75,251	189,396
2034-2038	132,465	40,634	173,099
2039-2043	66,335	12,223	78,558
2044-2048	18,200	1,173	19,373
Subtotal	<u>506,385</u>	<u>352,611</u>	<u>858,996</u>
Add: unamortized premiums/discounts, net	44,686	-	44,686
Total	<u>\$ 551,071</u>	<u>\$ 352,611</u>	<u>\$ 903,682</u>

#### **PAC Roof Revenue Bonds**

In 2004, the Municipality entered into a loan agreement with the Alaska Municipal Bond Bank Authority to provide funding for repairs to the Anchorage Center for the Performing Arts roof. This loan will be repaid with revenues from an ACPA ticket surcharge. In 2014, the PAC Roof Bond was refinanced in the amount of \$3,735,000 with annual debt service payments ranging from \$140,000 to \$285,000, with an interest rate between 1.25 percent and 5.00 percent. As of December 31, 2018, the Municipality reported an outstanding balance on this bond of \$3,240,000.

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

Years:	Governmental Activities		
	Principal	Interest	Total
2019	\$ 140	\$ 162	\$ 302
2020	145	155	300
2021	150	148	298
2022	160	140	300
2023	170	132	302
2024-2028	960	528	1,488
2029-2033	1,230	262	1,492
2034	285	14	299
Subtotal	<u>3,240</u>	<u>1,541</u>	<u>4,781</u>
Add unamortized bond premiums net	436	-	436
Total	<u>\$ 3,676</u>	<u>\$ 1,541</u>	<u>\$ 5,217</u>

#### **D. Certificates of Participation**

On December 7, 2017, the Municipality issued \$58,675,000 of Certificates of Participation (COP), 2017 Series A (Taxable) Bonds, for the Police and Fire Retirement Pension Trust Fund. Proceeds from the sale were used to pay

for certain unfunded pension liabilities for the Police and Fire Retirement Pension Trust. The four properties attached to the COP are ZJ Loussac Library, Fire Station No. 1, Fire Station No. 3, and APD Training Center/Diamond Data Center. At December 31, 2018, the balance remaining for the Police and Fire COP was \$58,675,000, as there was no principal payment due until 2019.

On December 1, 2018, the Municipality issued \$3,800,000 of Certificates of Participation (COP), 2018 Series A, to assist with the costs associated with the sale of Municipal Light and Power (MLP) to Chugach Electric. The two properties attached to the COP are Fire Station No. 5 and Fire Station No. 12.

Annual debt service requirements to maturity for these certificates of participation are as follows (in thousands):

Years:	Governmental Activities		
	Principal	Interest	Total
2019	\$ 2,852	\$ 3,085	\$ 5,937
2020	3,918	2,015	5,933
2021	4,025	1,909	5,934
2022	4,137	1,794	5,931
2023	4,261	1,671	5,932
2024-2028	23,472	6,169	29,641
2029-2033	19,810	1,868	21,678
Total	\$ 62,475	\$ 18,511	\$ 80,986

## E. Notes and Contracts

### Electric Utility Commercial Bank Loan Agreement

In February 2012, the Assembly authorized the issuance of commercial paper in one or more series in the aggregate principal amount not to exceed three hundred million dollars (\$300,000,000).

In April 2015, the Electric Utility redeemed all outstanding commercial paper and entered into a short-term borrowing agreement with Wells Fargo Municipal Capital Strategies, LLC, herein referred to as the Direct Drawdown Purchase Program (DDPP). This borrowing program continued to fulfill the purpose of the Commercial Paper program, but at a lower aggregate fee and interest cost to the Electric Utility over the life of the program. The DDPP was used by the Electric Utility to complete construction of Generation Plant 2A. During 2017, \$10,900,000 was drawn down for completion of Generation Plant 2A. On November 30, 2017 the loan term was extended to November 29, 2019. No further drawdowns are anticipated. The Electric Utility intends to extend the loan under the same terms until December 31, 2020.

At December 31, 2018, the balance was \$191,900,000. The notes are reflected as long-term notes payable on the Electric Utility's statement of net position, as the principal is not expected to be paid within one year.

### Water Utility Commercial Bank Loan Agreement

In March 2013, the Water Utility entered into a Loan Agreement for up to \$75,000,000 with a commercial bank. In May 2015, the Water Utility reduced the commitment under the Loan Agreement to \$40,000,000. In 2017, the Water Utility amended the commitment under the Loan Agreement to \$20,000,000 and extended the lending term. The Water Utility obtained additional loans of \$5,874,622 in 2018 through this agreement to bring the loan balance to \$17,375,222 for 2018. Under the terms of the Loan Agreement, the Water Utility pays fees quarterly of 0.5 percent per annum based upon the amount of the amount authorized, but not drawn, loan amount calculated on a weekly basis. The interest rate on the loan varies. As of December 2018, the interest rate for the loan was 2.19 percent; 1.69 percent APR plus a 0.5 percent lender margin.

### Wastewater Utility Commercial Bank Loan Agreement

In March 2013, the Wastewater Utility entered into a Loan Agreement for up to \$75,000,000 with a commercial bank. In May 2015, the Wastewater Utility reduced the commitment under the Loan Agreement to \$40,000,000. In 2017, the Wastewater Utility amended the commitment under the Loan Agreement to \$20,000,000 and extended the lending term. The Wastewater Utility obtained additional loans of \$8,776,649 in 2018 through this agreement to bring the loan balance to \$13,276,349 for 2018. Under the terms of the Loan Agreement, the Wastewater Utility pays fees quarterly of 0.5 percent per annum based upon the amount of the amount authorized, but not drawn, loan amount calculated on a weekly basis. The interest rate on the loan varies. As of December 2018, the interest rate for the loan was 2.19 percent, 1.69 percent APR plus a 0.5 percent lender margin.

### Port Revolving Credit Agreement

In June 2013, the Port entered into a \$40,000,000 Revolving Credit Agreement (Agreement) with a commercial bank. A draw in the amount of \$40,000,000 under the Agreement on June 24, 2013 was used to refinance the Port's outstanding commercial paper notes. The original Agreement was for a three-year term, coming due on June 30, 2016. On June 20, 2016, the Port entered into an extension to the Agreement, which extended the due date to June 30, 2019. The Port financial statements show the Agreement as a non-current liability since the Port refinanced the note prior to its expiration date and established a new expiration date of July 1, 2021. The outstanding balance under the Agreement as of December 31, 2018 was \$40,000,000.

### State of Alaska Clean Water and Drinking Water Loans

The Municipality has various clean water and drinking water fund loans in its Solid Waste, Water, and Wastewater Utilities from the State of Alaska. The Municipality reported a total outstanding balance on all these loans of \$186,645,618 on December 31, 2018.

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

Years:	Business-Type Activities		
	Principal	Interest	Total
2019	\$ 13,052	\$ 2,922	\$ 15,974
2020	46,103	2,118	48,221
2021	246,910	1,913	248,823
2022	13,928	1,712	15,640
2023	13,680	1,527	15,207
2024-2028	63,918	4,991	68,909
2029-2033	33,337	1,585	34,922
2034-2038	16,441	283	16,724
2039-2043	1,828	-	1,828
Total	\$ 449,197	\$ 17,051	\$ 466,248

### F. Bonds Authorized but Unissued

At December 31, 2018, the Municipality has the following authorized but unissued general obligation bonds (in thousands):

Purpose	Ordinance Date	Interest Limitation	Amount Authorized	Amount Issued	Remaining Authorized
Anchorage Parks & Recreation	April 2016	None	\$ 3,360	\$ 910	\$ 2,450
	April 2017	None	3,665	2,450	1,215
	April 2018	None	3,650	1,350	2,300
Anchorage Roads & Drainage	April 2015	None	12,280	4,260	8,020
	April 2016	None	36,585	20,730	15,855
	April 2017	None	36,940	19,000	17,940
	April 2018	None	33,865	2,475	31,390
Area Wide Transportation Capital Improvement	April 2012	None	258	258	-
	April 2014	None	558	-	558
	April 2015	None	240	-	240
	April 2018	None	1,188	-	1,188
Public Facilities Projects - Areawide	April 2018	None	1,407	1,407	-
Public Safety- Areawide	April 2013	None	510	-	510
Public Safety- EMS	April 2013	None	1,175	700	475
Public Safety- Areawide	April 2014	None	585	290	295

Purpose	Ordinance Date	Interest Limitation	Amount Authorized	Amount Issued	Remaining Authorized
Public Safety- Areawide	April 2015	None	\$ 4,370	\$ 4,315	\$ 55
Public Safety- EMS	April 2015	None	520	-	520
Public Safety- Areawide	April 2016	None	3,065	1,060	2,005
Public Safety- Areawide	April 2018	None	3,720		3,720
Anchorage Police	April 2016	None	3,800	2,160	1,640
	April 2017	None	1,400	565	835
	April 2018	None	1,050	-	1,050
Anchorage Fire	April 2016	None	1,050	925	125
	April 2017	None	2,620	1,945	675
	April 2018	None	2,588	2,558	30
					<u>\$ 93,091</u>

In 2018, the Municipality voters approved the issuance of \$47,468,000 in area wide, road and drainage, public-safety, fire protection, and parks and recreation bonds.

#### G. Refunded Bond Issues

In June 2018, the Municipality of Anchorage issued \$20,265,000 in General Purpose Refunding Bonds Series B. Proceeds of \$22,657,756 were used to refund the remaining principal balance of \$22,265,000 in 2007A General Purpose General Obligation Bonds and pay costs of issuance of \$77,498. The refunding resulted in a cash flow savings of \$617,965 and an economic gain of \$1,315,318. However, for accounting purposes, the transaction resulted in a deferred charge of \$315,258. This amount has been reported as deferred outflow of resources and will amortized to interest expenses over the life of the debt.

#### ASD Refunding Bonds

In the fiscal year ended June 30, 2018, ASD issued \$57,020,000 of general obligation refunding school bonds to refund \$60,775,000 of general obligation school bonds, resulting in a decrease of \$6,627,125 in total debt service. The economic gain of this refunding was \$6,301,871.

#### H. Defeasance of Debt

##### Water Utility Defeasance of Debt

In October 2017, the Water Utility issued \$88,660,000 of Series B Water Revenue Refunding Bonds at a premium, and \$13,915,000 of Series C Water Revenue Refunding Bonds. The proceeds from these bonds were used to fully refund the 2004 Water Bonds in the amount of \$620,000; the 2007 Water Bonds in the amount of \$86,630,000, the Subordinate Lien Water Revenue Notes in the amount of \$18,625,000; and fully defease the 2009 Water Bonds in the amount of \$19,440,000. The Water Utility completed the refunding to reduce its total debt service payments over the next 20 years by \$25,703,404, which represents an economic gain (the difference between the present value of the old and new debt service payments) of \$16,800,362.

The net proceeds of the new bonds and other available funds were deposited in irrevocable trusts with an escrow agent to provide for all future debt service payments on the refunded bonds. Accordingly, trust account assets and liabilities for defeased bonds are not included in the Water Utility's financial statements. At December 31, 2018, the amount of defeased debt outstanding on 2009 revenue bonds amounted to \$16,530,000.

##### Municipality Defeasance of Debt

The Municipality 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 the Municipality's financial statements. At December 31, 2018, there was no defeased balance of general obligation and revenue bonds remaining to be paid by the escrow agent for General Government.

##### ASD Defeasance of Debt

ASD has defeased certain general obligation 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 ASD's financial statements. At June 30, 2018, the amount of general obligation bonds considered defeased was \$211,800,000.

## I. Electric Utility Asset Retirement Obligation

The Electric Utility recognizes an asset retirement obligation (ARO) for its one-third interest in the Beluga River Gas Field (BRU) in accordance with Accounting Standards Codification (ASC) Topic No. 410-20, formerly Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" and 18 CFR 101 General Instructions No. 25, Accounting for Asset Retirement Obligations (Regulations of the Federal Energy Regulatory Commission, Department of Energy, or FERC). ASC 410-20 and FERC General Instruction No. 25 applies to the fair value of a liability for an ARO that is recorded when there is a legal obligation associated with the retirement of a tangible long-lived asset and the liability can be reasonably estimated.

Obligations associated with the retirement of these assets require recognition of: (1) the present value of a liability and offsetting asset for an ARO, (2) the subsequent accretion of that liability and depreciation of the asset, and (3) the periodic review of the ARO liability estimates and discount rates.

On April 22, 2016, the Electric Utility purchased 70 percent of Conoco Phillips of Alaska Inc.'s (CPAI) one-third interest in the BRU. At that time a revised estimate was made of the life of the gas field. The Electric Utility's obligation for an ARO was adjusted for the increased liability and changes in estimated life and discount rate. A schedule of changes in the ARO balance for the years ending December 31, 2018 is as follows:

### Assets to be Retired:

Fair Value of Assets Legally Restricted to Pay the Liability	\$ 13,915,853
Beginning Asset Retirement Obligation	<u>\$ 15,823,732</u>
Current year additions to the liability balance	719,980
Current year accretion	-
Change in assumptions or cash flow revisions	-
Ending Asset Retirement Obligation	<u><u>\$ 16,543,712</u></u>

As of December 2018, the Electric Utility recognized total asset retirement obligation of \$16,543,712. Because the Electric Utility follows regulated reporting for rate-making purposes, this increase in the liability was offset to a regulatory asset; therefore, having no effect on the current year operating expenses.

## J. ASD Debt

The following is a summary of ASD's long-term debt transactions for fiscal year ended June 30, 2018 (in thousands):

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amount Due within 1 year
General Obligation Bonds	\$ 541,595	\$ 92,680	\$ 117,275	\$ 517,000	\$ 55,080
Compensated Absences	11,132	16,859	15,923	12,068	6,666
Workers Compensation	12,998	6,754	5,559	14,193	5,837
Medical Claims	6,095	32,907	32,954	6,048	6,048
Total	<u>\$ 571,820</u>	<u>\$ 149,200</u>	<u>\$ 171,711</u>	549,309	<u>\$ 73,631</u>
Unamortized premium on GO Bonds				51,859	
Total				<u>\$ 601,168</u>	

Bonds payable at June 30, 2018 are comprised of the following individual issues (in thousands):

General Obligation Bonds	Amount
\$171,155,000 2007 Series B School Construction Refunding Bonds due in annual installments of \$60,000 to \$29,530,000 through September 2024; interest at 4.00% to 5.00%.	\$ 78,715
\$29,840,000 2008 Series B School Construction Serial Bonds due in annual installments of \$1,105,000 to \$2,285,000 through August 2028; interest at 4.00% to 5.25%.	1,385

General Obligation Bonds	Amount
\$20,025,000 2010 Series B School Construction Serial Bonds due in annual installments of \$830,000 to \$1,345,000 through April 2030; interest at 2.00% to 5.91%.	\$ 13,415
\$4,940,000 2011 Series B School Construction Serial Bonds due in annual installments of \$460,000 to \$550,000 through August 2021; interest at 2.00% to 3.00%.	2,110
\$28,310,000 2011 Series C School Construction Refunding Bonds due in annual installments of \$1,285,000 to \$10,050,000 through August 2020; interest at 4.00% to 5.00%.	3,295
\$14,425,000 2012 Series C School Construction Serial Bonds due in annual installments of \$615,000 to \$975,000 through August 2032; interest at 2.00% to 5.00%.	11,510
\$39,345,000 2013 Series A School Construction Serial Bonds due in annual installments of \$865,000 to \$2,920,000 through August 2033; interest at 4.00% to 5.00%.	34,485
\$59,075,000 2014 Series C School Construction Serial Bonds due in annual installments of \$1,795,000 to \$4,555,000 through September 2034; interest in 1.25% to 5.0%.	53,485
\$37,150,000 2014 Series D School Construction Refunding Bonds due in annual installments of \$2,120,000 to \$7,200,000 through September 2026; interest at 1.25% to 5.0%.	27,830
\$69,170,000 2015 Series C School Construction Serial Bonds due in annual installments of \$2,095,000 to \$5,265,000 through September 2035; interest at 2% to 5.0%.	64,905
\$81,040,000 2015 Series D School Construction Serial Bonds due in annual installments of \$1,260,000 to \$15,090,000 through September 2026; interest at 2% to 5.0%.	71,620
\$20,270,000 2016 Series B General Obligation School Bonds due in annual installments of \$665,000 to \$1,500,000 through September, 2036, interest at 2.00% to 5.00%	19,605
\$41,960,000 2016 Series C General Obligation Refunding School Bonds due in annual installments of \$7,660,000 to \$13,015,000 through September, 2021, interest at 5.00%	41,960
\$35,660,000 2018 Series C General Obligation School Bonds due in annual installments of \$1,105,000 to \$2,640,000 through September, 2038, interest at 2.25% to 5.00%	35,660
\$57,020,000 2018 Series D General Obligation Refunding School Bonds due in annual installments of \$9,825,000 to \$28,455,000 through September, 2024, interest at 5.00%	57,020
	<u>\$ 517,000</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2018 are as follows (in thousands):

Years:	Anchorage School District		
	Principal	Interest	Total
2019	\$ 55,080	\$ 22,058	\$ 77,138
2020	54,640	20,479	75,119
2021	57,325	17,733	75,058
2022	45,660	15,205	60,865
2023	47,235	13,057	60,292
2024-2028	133,660	42,783	176,443
2029-2033	76,470	19,482	95,952
2034-2038	46,930	3,760	50,690
Total	<u>\$ 517,000</u>	<u>\$ 154,557</u>	<u>\$ 671,557</u>

The amount of long-term liability that is due within one year as of June 30, 2018 is \$55,080,000. The Debt Service Fund has \$1,401,974 available to service the general obligation bonds. There are several restrictions contained in the various bond indentures. ASD is in compliance with all significant restrictions.



## K. ACDA Debt

In June 2018, the ACDA board of directors approved the purchase of a building located at 716 W. 4<sup>th</sup> Avenue. On August 2, 2018, ACDA closed on this purchase. ACDA utilized the 7<sup>th</sup> Avenue parking garage as collateral for the loan with Key Government Finance, Inc. It is a 15-year loan for \$14,432,000 at 5.35 percent interest rate. Loan payments will be made twice a year on February 1<sup>st</sup> and August 1<sup>st</sup>, and matures on August 1, 2033. The first payment amount is all interest in the amount of \$772,112 and is not due until August 1, 2019.

The annual debt service requirements of this loan is as follows (in thousands):

Years:	Anchorage Community Development Authority		
	Principal	Interest	Total
2019	\$ -	\$ 772	\$ 772
2020	456	772	1,228
2021	481	748	1,229
2022	506	722	1,228
2023	534	695	1,229
2024-2028	3,128	3,014	6,142
2029-2033	4,059	2,083	6,142
2034-2038	5,268	875	6,143
Total	\$ 14,432	\$ 9,681	\$ 24,113

Total interest expense was \$321,713 for 2018.

### NOTE 11 - DEBT ISSUED SUBSEQUENT TO YEAR END

#### Municipality of Anchorage

On April 3, 2019, the Municipality issued \$90,000,000 of General Obligation Tax Anticipation Notes. The yield on the notes is 1.55 percent with a maturity date of December 20, 2019.

On February 1, 2019, Anchorage Solid Waste Services (SWS) entered into a Short-Term Borrowing Program (STBP) with Key Government Services. The borrowing program allows SWS to borrow up to \$55,000,000 on a short-term basis. The amount borrowed as of April 1, 2019 is \$231,500 with additional funds expected to be borrowed in the near future.

### NOTE 12 - CONDUIT DEBT OBLIGATIONS

#### Nonrecourse Revenue Bonds - United Way of Anchorage

On July 30, 2001, the Municipality sponsored \$900,000 of Nonrecourse Revenue Bonds on behalf of the United Way of Anchorage. The Municipality has no direct involvement with the administration of the bonds except to allow the issuance under the name of the Municipality of Anchorage. The revenue bonds are issued under provisions of State and Federal law that provide that the bonds do not constitute an indebtedness of the Municipality. The bonds do not constitute a general obligation or pledge of the full faith and credit of the Municipality. Accordingly, the bonds and the related assets are not reflected in the accompanying financial statements. A schedule of the remaining debt service on the 2001 issue bonds is as follows:

Years:	Principal
2019	\$ 70,180
2020	62,117
2021	57,536
Total	\$ 189,833

### NOTE 13 - PENSIONS

Substantially all regular employees of the Municipality are members of a public employees' retirement system except for employees who are members of the Police and Fire Pension System Plans, the International Brotherhood of Electrical Workers (IBEW) and International Union of Operating Engineers, Local 302 (Local 302).

All Municipal 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 Police and Fire Retirement System. The Police and Fire Retirement System is a defined benefit single-employer plan established by Chapter 3.85 of the Code. Police officers, command officers, paramedics, and fire fighters hired subsequent to these dates are in the PERS Plan. IBEW and Local 302 are union sponsored cost-sharing defined benefit plans. All pension and postemployment healthcare benefit obligations of the Municipality are included on the government-wide, proprietary, or fiduciary financial statements.

Substantially all employees of ASD are either members of the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS) pension plans, with balances reported on the entity-wide statement of net position. For TRS Tiers I-II, employees with eight years or more of credited service are vested in the retirement system. Pension benefits are accrued annually at 2 percent for all years of service prior to July 1, 1990 or the first 20 years of service, and 2.5 percent for all the years after. Annual pension benefit is based on the accrued service credits and the average of three highest contract salaries. Employees hired before July 1, 1990 may retire normally at age 55 with early retirement at age 50. Employees hired between July 1, 1990 and July 1, 2006 may retire normally at age 60 with early retirement at age 55. Employees with 20 or more years of credited service may retire at any age and receive a normal benefit.

Pension benefits for TRS Tiers I-II are adjusted each year based upon increases in the Consumer Price Index (CPI) for the prior year. Post retirement pension adjustments are applied automatically to retirees who are at least of age 60, who are on disability, or who have been receiving benefits for at least eight years. Starting at age 65, or at any age for those employed before July 1, 1990, a retired employee who remains in Alaska is eligible for an additional allowance equal to 10 percent of the base benefit or \$50 a month, whichever is greater. For TRS Tier III, employees are fully vested after five years of credited service. Employees can invest in a variety of mutual funds selected by the Alaska Retirement Management Board or rollover the plan balance to other qualified plans. Distribution of vested plan balance is allowed after an employee has been terminated for at least 60 days. Additional information can be obtained in Anchorage School District's separately presented financial statements.

**A. Defined Benefit Pension Plans**

The Municipality participates in two defined benefit pension plans; Public Employees Retirement System (PERS) and the Police and Fire Pension System. The Net Pension Liability reported in the Statement of Net Position for the defined benefit pension plans is as follows:

<u>Net Pension Liability</u>	Governmental	Business-type	Total
	Activities	Activities	
Public Employees Retirement System	\$ 307,483,910	\$ 53,801,310	\$ 361,285,220
Police and Fire Pension System	70,263,603	-	70,263,603
Total	<u>\$ 377,747,513</u>	<u>\$ 53,801,310</u>	<u>\$ 431,548,823</u>

**A-1. Public Employees Retirement System (PERS I-III)**

**General Information About the Plan**

The Municipality participates in the Alaska Public Employees' Retirement System (PERS I-III or the Plan). PERS I-III is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan provides for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police and Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and Other Post-Employment Benefits (OPEB) benefits. A complete benefit comparison chart is available at the website noted below.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website. 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 or by phoning (907) 465-4460.

The PERS I-III DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS IV Defined Contribution (DC) Plan described later in the note.

### **Historical Context and Special Funding Situation**

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in this note.

Alaska Statute requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board.

Although current statutes call for the State of Alaska to contribute to the Plan, the Alaska Department of Law determined that the statute does not create a legal obligation to assume the liabilities of the Plan; rather it establishes a contribution mechanism to provide employer relief against the rising contribution rates. This relief payment is subject to funding availability, and therefore not legally mandated. As a result, the State initially determined that the Plan is not in a special funding situation. Following much discussion with various stakeholders, participant communities, attorneys, auditors, and the GASB, itself the State has subsequently reversed its position on this matter, and as of June 30, 2015, the State did record the liability presuming that the current statute does constitute a special funding situation as the legislation is currently written. It is important to note that the Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process, and it is likely that the State will pursue efforts to do so in a future legislative session.

For the current year financial statements, management has treated AS 39.35.255 as constituting a special funding situation under GASB Statement No. 68 rules and has recorded all pension related liabilities, deferred inflows and outflows of resources, and disclosures on this basis.

### **Employee Contribution Rates**

Regular employees are required to contribute 6.75 percent of their annual covered salary. Police and firefighters are required to contribute 7.5 percent of their annual covered salary.

### **Employer and Other Contribution Rates**

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

#### Employer Effective Rate

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

#### ARM Board Adopted Rate

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

### On-behalf Contribution Rate

This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures on a calendar year basis ending December 31, 2018. In the proprietary fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period July 1 2017 to June 30, 2018, in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition. Total on-behalf amounts recognized as of the measurement period are actuarially calculated.

### GASB Rate

This is the Rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For Fiscal Year 2018, the rate uses an 8 percent pension discount rate and an 8 percent healthcare discount rate.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Contribution rates for the years ended June 30, 2017 and June 30, 2018 were determined in the June 30, 2015 and June 30, 2016 actuarial valuations, respectively. Municipality contribution rates for the 2018 calendar year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
January 1, 2018 to June 30, 2018				
Pension	17.12%	21.90%	3.01%	29.07%
OPEB- ARHCT (see Note 14)	4.88%	3.11%	0.00%	66.85%
Total Contribution Rates	22.00%	25.01%	3.01%	95.92%
	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
July 1, 2018 to December 31, 2018				
Pension	16.17%	23.21%	5.58%	32.11%
OPEB- ARHCT (see Note 14)	5.83%	4.37%	0.00%	87.90%
Total Contribution Rates	22.00%	27.58%	5.58%	120.01%

In 2018, the Municipality was credited with the following contributions into the pension plan.

	Measurement Period	Municipality's Fiscal Year
	July 1, 2017 to June 30, 2018	January 1, 2018 to December 31, 2018
Employer contributions (including DBUL)	\$ 30,812,097	\$ 29,774,107
Nonemployer contributions (on-behalf)	7,173,833	10,291,399
Total Contributions	\$ 37,985,930	\$ 40,065,506

In addition, employee contributions to the Plan totaled \$8,415,523 during the Municipality's calendar year.

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

At December 31, 2018, the Municipality reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Municipality. The amount recognized by the Municipality for its proportional share, the related State proportion, and the total were as follows:

Municipality proportionate share of NPL	2018 \$ 361,285,220
State's proportionate share of NPL associated with the Municipality	104,636,568
Total Net Pension Liability	\$ 465,921,788

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net pension liability as of that date. The Municipality's

proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2018 measurement date, the Municipality's proportion was 7.27 percent, which was an increase of .54 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Municipality recognized pension expense of \$19,920,108. Of this amount, \$4,899,275 was recorded as on-behalf revenue and expense for additional contributions paid by the State. At December 31, 2018, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Measurement Period June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (9,067,550)
Net difference between projected and actual earnings on pension plan investm	7,979,132	-
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	13,132,440	-
Municipality contributions subsequent to the measurement date	15,631,887	-
Total Deferred Outflows and Deferred Inflows Related to Pensions	<u>\$ 36,743,459</u>	<u>\$ (9,067,550)</u>

The \$15,631,887 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Net Amortization of Deferred Outflows and Deferred Inflows of Resources
2019	\$ 14,213,263
2020	4,362,955
2021	(6,182,357)
2022	(349,839)
Total Amortization	<u>\$ 12,044,022</u>

### Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018. The actuarial assumptions used in the June 30, 2017 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Inflation	3.12%
Actuarial Cost Method	Entry Age Normal- Level Percentage of Payroll
Allocation Methodology	Amounts for the June 30, 2018 measurement date were allocated to employers based on the present value of contributions for FY2020-FY2039, as determined by projections based on the June 30, 2017 valuation.
Salary Increases	For peace officers/firefighters, increases range from 9.66 percent to 4.92 percent, based on service. For all others, increases range from 8.55 percent to 4.34 percent, based on age and service.
Investment Return / Discount Rate	8.00 percent, net of pension plan investment expenses. This is based on an average inflation rate of 3.12 percent and real rate of return of 4.88 percent.
Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination mortality rates. Deaths are assumed to be occupational 70% of the time for Peace Officers/Firefighters, 50% of the time for Others.
Mortality (Post-termination)	Based upon the 2010-2013 actual mortality experience. 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement period June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term		Range
	Expected Real Rate of Return	Target Allocation	
Domestic equity	8.90%	24%	+/- 6%
Global ex-U.S. equity	7.85%	22%	+/- 4%
Fixed income	1.25%	10%	+/- 5%
Opportunistic	4.76%	10%	+/- 5%
Real assets	6.20%	17%	+/- 8%
Absolute return	4.76%	7%	+/- 4%
Private equity	12.08%	9%	+/- 5%
Cash equivalents	0.66%	1%	+3/-1

### Discount Rate

The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that Employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Discount Rate Sensitivity

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Municipality's proportionate share of the net pension liability	7.27074%	\$ 478,432,780	\$ 361,285,220	\$ 262,192,527

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

## A-2. Police and Fire Pension System Plans (P&F Plans)

### General Information About the Plan

P&F Plans I, II and III are defined benefit single-employer plans established by Chapter 3.85 of the Code. The P&F Plans are administered by the Police and Fire Retirement Board (Retirement Board). The cost of administering the P&F 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. Separate audited financial statements can be obtained by writing to the Police and Fire Retirement System, 3600 Dr. Martin Luther King Jr. Ave, Suite 207, Anchorage, AK 99507, or by phoning (907) 343-8400.

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
- 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.

This is a closed plan, which means that there are no new participants. As of December 31, 2018, the following employees were covered by the benefit terms:

	Plan I	Plan II	Plan III	Total
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	202	124	444	770
Inactive Plan Members Entitled to but not yet Receiving Benefits	-	-	1	1
Active Plan Members	-	-	14	14
Totals	202	124	459	785

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rates of return, net of investment expense, for the year ended December 31, 2018 are -4.88 percent, -4.92 percent, and -4.99 percent, respectively.

### Employee Contribution Rates

Members of P&F Plan I, II, and III are required to contribute an amount not to exceed 6 percent of compensation if the assets to liabilities ratio falls below 100 percent. In 2018, there was \$126,875 in employee contributions to Plan III. There were no employee contributions to Plans I and II in 2018.

### Employer Contribution Rates

The Municipality is required to contribute 2.5:1 Municipality/member contribution ratio and any additional contributions to ensure that P&F 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, 2018 actuarial valuation recommended employee contribution rates for P&F Plans I, II and III not to exceed 6 percent of employee compensation for the year-end December 31, 2018. In 2017, the Municipality issued \$58.7 million in Certificates of Participation (COP) Series A (Taxable) to provide for a lump-sum contribution to the P&F Plans. Proceeds from the issuance, in the amount of \$58.2 million were contributed, along with \$10.4 million of employer contributions were made in 2017. The results of the issuance of the COP was to fund 90% of the net pension liability and eliminate the employer contribution requirements until 2024. All past contributions were made in accordance with actuarial recommendations.

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

At December 31, 2018, the Municipality reported a net pension liability (NPL) for P&F Plans I, II, and III in the amount of \$70,263,603 in the Governmental Activities Statement of Net Position. The NPL for each of the P&F Plans were calculated as follows:

	Plan I	Plan II	Plan III	Total
Total Pension Liability	\$ 85,002,358	\$ 67,343,470	\$ 269,864,594	\$ 422,210,422
Plan Net Assets	(70,892,179)	(55,354,690)	(225,699,950)	(351,946,819)
Municipality Net Pension Liability	\$ 14,110,179	\$ 11,988,780	\$ 44,164,644	\$ 70,263,603

Detailed information for the changes in total pension liability, plan fiduciary net position, and the net pension liability for each plan is presented in the following tables:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Police & Fire Retirement Plan I			
Balances as of December 31, 2017	\$ 88,130,506	\$ 83,207,363	\$ 4,923,143
Changes for the year:			
Interest on total pension liability	5,543,250	-	5,543,250
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	(1,044,715)	-	(1,044,715)
Effect of assumptions changes or inputs	657,071	-	657,071
Benefit payments	(8,283,754)	(8,283,754)	-
Administrative expenses	-	(162,303)	162,303
Net investment income	-	(3,869,127)	3,869,127
Balances as of December 31, 2018	\$ 85,002,358	\$ 70,892,179	\$ 14,110,179

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<b>Police &amp; Fire Retirement Plan II</b>			
Balances as of December 31, 2017	\$ 67,737,168	\$ 64,297,565	\$ 3,439,603
Changes for the year:			
Interest on total pension liability	4,279,605	-	4,279,605
Effect of economic/demographic (gains) or losses	540,098	-	540,098
Effect of assumptions changes or imputs	575,930	-	575,930
Benefit payments	(5,789,331)	(5,789,331)	-
Administrative expenses	-	(126,157)	126,157
Net investment income	-	(3,027,387)	3,027,387
Balances as of December 31, 2018	\$ 67,343,470	\$ 55,354,690	\$ 11,988,780
<b>Police &amp; Fire Retirement Plan III</b>			
Balances as of December 31, 2017	\$ 271,092,204	\$ 256,802,507	\$ 14,289,697
Changes for the year:			
Service cost	634,210	-	634,210
Interest on total pension liability	17,329,124	-	17,329,124
Effect of economic/demographic (gains) or losses	(3,551,709)	-	(3,551,709)
Effect of assumptions changes or imputs	2,688,614	-	2,688,614
Benefit payments	(18,327,849)	(18,327,849)	-
Administrative expenses	-	(509,647)	509,647
Member contributions	-	126,875	(126,875)
Balances as of December 31, 2018	\$ 269,864,594	\$ 225,699,950	\$ 44,164,644

For the year ended December 31, 2018, the Municipality recognized pension expense of \$4,337,081, \$4,778,320, and \$14,502,113 for the P&F Plans I, II, and III, respectively. At December 31, 2018, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources by Plan:

	Measurement Period December 31, 2018 Deferred Outflows of Resources
Net difference between projected and actual investments- Plan I	\$ 4,846,213
Net difference between projected and actual Investments- Plan II	3,767,950
Net difference between projected and actual investments- Plan III	15,362,100
	<u>\$ 23,976,263</u>

The combined amounts for all three plans of \$23,976,263 reported as deferred outflows of resources related to pensions resulting from the difference in projected and actual earnings will be recognized as a reduction in the net pension liability in the year ended December 31, 2019. Deferred outflows of resources related to pensions will be recognized in pension expense for each Plan as follows:

Plan I	Net Amortization of Deferred Outflows of Resources
Year Ending December 31,	
2019	\$ 1,690,977
2020	650,956
2021	687,863
2022	1,816,417
Total Amortization	<u>\$ 4,846,213</u>



Plan II	
Year Ending December 31,	Net Amortization of Deferred Outflows of Resources
2019	\$ 1,302,129
2020	510,470
2021	540,188
2022	1,415,163
Total Amortization	<u>\$ 3,767,950</u>

Plan III	
Year Ending December 31,	Net Amortization of Deferred Outflows of Resources
2019	\$ 5,150,999
2020	2,170,657
2021	2,295,753
2022	5,744,691
Total Amortization	<u>\$ 15,362,100</u>

### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2018 which was rolled forward to December 31, 2018, using the following actuarial assumptions, applied to all periods in the measurement. This section of the report describes the actuarial methods and assumptions used in this report. The actuarial methods and assumptions have been chosen by the Board based on recent experience of the Plans and on current expectations as to future economic conditions. The assumptions are intended to estimate the future experience of the members of the Plans and of the Plans themselves in areas that affect the projected benefits and anticipated investment earnings. Any variations in future experience from that expected from the assumptions will result in corresponding changes in the estimated liabilities for future benefits.

Inflation	3.00%
Salary Increases	3.50%
Investment Return	The future investment earnings of the assets of the plan are assumed to accrue at an annual rate of 6.60% as of December 31, 2017 and 6.50% as of December 31, 2018, compounded annually, net of investment expenses.
Mortality	The probabilities of mortality for healthy lives are based on the RP 2000 Combined Healthy tables for males and females, projected to 2025 with Projection Scale AA. Disabled mortality was assumed to follow the RP 2000 Combined Healthy tables for males and females set forward two years.

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

Asset Class	Long-term Expected Real Rate of Return
Domestic equities	4.30%
International equities	6.40%
Fixed income	1.25%
Real estate funds	3.50%

### Discount Rate

All three Plans are projected to remain solvent indefinitely in the future assuming that the actuarially determined contributions continue to be made under the Board's funding policy. Therefore, the discount rate as of each measurement date is equal to the expected rate of return on plan assets, 6.50% as of December 31, 2018, which decreased .10 percent from the prior year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Discount Rate Sensitivity

The following presents the net pension liability calculated using the discount rate of 6.50 percent, as well as what the P&F Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability:			
Plan I	\$ 21,227,225	\$ 14,110,179	\$ 7,933,270
Plan II	18,266,875	11,988,780	6,600,540
Plan III	73,841,439	44,164,644	19,238,484

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Anchorage Police and Fire Retirement System financial report.

### A-3. IBEW Pension Plan (IBEW Plan)

#### Plan Information

The Electric Utility's IBEW members participate in a cost-sharing defined benefit plan, *the Alaska Electrical Pension Plan of the Alaska Electrical Pension Fund* (the IBEW Plan). The Alaska Electrical Trust Funds (AETF) Board of Trustees administers the IBEW Plan and has the authority to establish and amend benefit terms and approve changes in employer required contributions. Each year, AETF issues annual financial reports that can be obtained by writing the plan administrator, Alaska Electrical Pension Trust, 2600 Denali Street, Suite 200, Anchorage, Alaska, 99503.

#### Plan Participation and Benefit Terms

The Electric Utility has 166 employees covered by the IBEW Plan as of December 31, 2018. The IBEW Plan provides several levels of retirement benefits, including early retirement, normal retirement, late retirement, and disability retirement and includes several options for spouse participation and death benefits. The Electric Utility contributes to the IBEW Plan for its covered employees according to the terms of its Agreement Covering Terms and Conditions of Employment (Agreement) with the IBEW Local 1547. A new agreement was approved in 2017 and is effective from February 28, 2017 to December 31, 2019. The Agreement automatically renews for a period of one year from its expiration date and for successive periods of one year each thereafter for so long as there is no proper notification of an intent to negotiate a successor Agreement.

#### Plan Contributions Requirements

Employer contributions are determined from hours of work reported by participating employers and the contractual employer contribution rate in effect. The Electric Utility's required contribution to the IBEW Plan for each hour for which compensation is paid to the employee for January 1, 2018 to December 31, 2018 was \$7.95. The Electric Utility's total employer contributions to the IBEW Plan for 2018 was \$3,382,920. The Electric Utility had \$119,769 in required contributions to the IBEW Plan payable to AETF at December 31, 2018. These amounts are paid during the normal course of business in the month following each year end. The Electric Utility is not subject to withdrawal penalties, nor are there any future minimum payments to the IBEW Plan required other than the contribution per hour compensated as required by the Agreement.

#### Money Purchase Plan

The Agreement requires employer contributions to be made in an amount of 1.9% of each employee's gross wages to the Alaska Electrical Workers Money Purchase Plan (Money Purchase Plan). The Electric Utility's employer and employee contributions to the Money Purchase Plan during 2018 were \$437,345 and \$89,841, respectively.

One hundred percent of the Electric Utility's required contributions to the IBEW Plan have been made through these contributions to the AETF.

### A-4. Local 302 Pension Plan (Local 302 Plan)

#### Plan Information

The Municipality's Local 302 members participate in a union-sponsored cost-sharing defined benefit plan, the Local 302 International Operating Engineers Employers Construction Industry Retirement Fund (the Local 302 Plan). The Welfare and Pension Administration Services Inc. administers the Local 302 Plan and has the authority to establish

and amend benefit terms and approve changes in employer required contributions. The Local 302 Plan is not a state or local government, it provides defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers and has no predominant state or local governmental employer. Each year, the Local 302 Plan issues annual financial reports that can be obtained by writing the plan administrator, Welfare and Pension Administration Services Inc., P.O. Box 34203, Seattle, Washington, 98124.

**Plan Participation and Benefit Terms**

The Municipality has 144 employees covered by the Local 302 Plan as of December 31, 2018. The Local 302 Plan provides several levels of retirement benefits, including early retirement, normal retirement, late retirement, and disability retirement and includes several options for spouse participation and death benefits. The Municipality contributes to the Local 302 Plan for its covered employees according to the terms of its Agreement Covering Terms and Conditions of Employment (Agreement) with the Local 302. The current Agreement is effective from July 1, 2016 to June 30, 2019 and automatically renews for a period of one year from its expiration date and for successive periods of one year each thereafter for so long as there is no proper notification of an intent to negotiate a successor Agreement.

**Plan Contributions Requirements**

Employer contributions are determined from compensable work hours and the contractual employer contribution rate in effect. The current agreement provides for contributions of \$5.50 per hour worked by a covered employee in 2018. Further, seasonal employees are provided for contributions at .75 cents per hour worked in 2018. Total employer retirement contributions (covered and seasonal employees) for 2018 was \$1,730,721.

One hundred percent of the Municipality’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.

**B. Defined Contribution Pension Plans- Public Employees Retirement System (PERS IV)**

**Plan Information**

The Municipality participates in the Alaska Public Employees’ Retirement System (PERS IV or the Plan). PERS IV is a Defined Contribution (DC) plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website. 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 or by phoning (907) 465-4460.

**Plan Participation and Benefit Terms**

The Plan is governed by Section 401(a) of the Internal Revenue Code. A portion of employee wages and a matching employer contribution are made to the Plan before tax. These contributions plus any change in value (interest, gains and losses), and minus any Plan administrative fees or other charges, are payable to the employee or the employee’s beneficiary at a future date. The Plan is a participant-directed plan with investment options offered by providers that are selected by the Alaska Retirement Management (ARM) Board.

Employees first enrolling into PERS after July 1, 2006 participate in PERS IV. PERS IV is a defined contribution retirement plan that includes a component of defined benefit post-employment health care.

**Plan Contribution Requirements**

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	
	1/1 - 6/30	7/1 - 12/31	1/1 - 6/30	7/1 - 12/31
Employee Contribution	8.00%	8.00%	8.00%	8.00%
Employer Contribution- Retirement	5.00%	5.00%	5.00%	5.00%

For the year ended December 31, 2018, the Municipality contributed \$5,087,352 to PERS IV for retirement and retiree medical. Employee contributions to the plan totaled \$8,140,586.

**NOTE 14 - POSTEMPLOYMENT HEALTHCARE BENEFITS**

**A. Other Postemployment Benefits- Police and Fire Medical Trust Reporting under GASB Statements No. 74**

Members of the Police & Fire Retirement Plan participate in one of two post-employment health benefit plans. The Gentile Group plan and the Police and Fire Retiree Medical Group plan and are both single employer plans that are available to eligible police and fire participants.

The plans are included in the Comprehensive Annual Financial Report of the Municipality and are not available as separate reports. Because of this, the Municipality is required to report GASB Statements No. 74- Financial Reporting for Postemployment Benefit Plans Other than Pension Plans for the Trust reporting. As of December 31, 2018, the Municipality is accounting for and reporting Other Postemployment Benefits under the guidance of GASB Statement No. 75- Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This note will provide information from the perspective of the Trust Plan and from the perspective of the Plan participants in accordance with each of the aforementioned guidance.

**Net OPEB Liability**

The components of the net OPEB liability of each plan at December 31, 2018 are as follows:

	Police & Fire		
	Gentile Group	Medical Group	Total
Total OPEB liability	\$ 72,748,971	\$ 63,356,659	\$ 136,105,630
Plan fiduciary net position	-	(19,382,076)	(19,382,076)
Municipality's net OPEB liability	\$ 72,748,971	\$ 43,974,583	\$ 116,723,554
Plan fiduciary net position as a percentage of the total OPEB liability	N/A	30.59%	14.24%

**Board of Trustees**

The Plans are administered by an eight-person Board of Trustees. Three voting trustees are appointed by APDEA and three voting trustees by the IAFF, Local 1264. Two non-voting trustees are appointed by the mayor and all trustees are required to be confirmed by the Assembly. The six voting trustees serve for 3-year terms and the mayoral appointed trustees serve at the pleasure of the mayor. The plans were established and are administered by the Municipality. Plan Benefits, funding and contribution provisions are established by Municipal Code 3.87 and may be amended by the Board of Trustees and the Assembly.

**Investment of Plan Assets**

Plan assets are invested as part of the Municipal Cash Pool and are invested in a manner consistent with the investment policies disclosed in Note 3. One hundred percent of the plan assets belong to the Police and Fire Medical Group, which had a (.70) percent annual money-weighted rate of return, net of investment expenses for the year ended December 31, 2018.

**A-1. Gentile Group- Defined Benefit Plan**

**General Information about the Plan**

The Gentile Group is a defined benefit, single employer plan, administered by the Municipality. 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. This Plan is closed to new members. Membership in the Plan consists of the following at December 31, 2018:

Inactive plan members or beneficiaries currently receiving benefits	233
Total plan membership	233

The Municipality pays 100 percent 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, 2018, there were 233 retiree participants. For 2018, the monthly contribution for each member ranged between \$3,238 and \$3,987 per member depending on age and years of service. Benefit costs totaling \$11,790,796 were paid in 2018. There are no plans in place to terminate or discontinue this benefit for eligible members.

### Actuarial Assumptions

The total OPEB liability for this plan was determined by actuarial valuations as of December 31, 2018, using the following actuarial assumptions:

Valuation Date	December 31, 2018
Inflation	2.6% per annum
Discount Rate	3.44% per annum (BOY), 4.10% per annum (EOY). Source: Bond Buyer 20-Bond GO Index
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary
Amortization Method	Experience/Assumptions gains and losses are amortized immediately as all participants are retired.
Mortality Rates	RP-2014 generational table scaled using MP-17 and applied on a gender-specific basis
Healthcare Cost Trend Rates	Pre-Medicare Medical and Rx Benefits; 7% grading down to 4.5% Stop Loss Fees; 7% grading down to 4.5% Administrative fees; 4.5% grading down to 4.5%

### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability for the Gentile Group plan as of December 31, 2018, calculated using the discount rate of 4.10 percent, which is an increase over the prior years discount rate of .66 percent, as well as what the respective plan's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.10 percent) or one-percentage-point higher (5.10 percent) than the current rate (in thousands):

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Gentile Group	\$ 82,772	\$ 72,749	\$ 64,541

### Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability for the Gentile Group plan as of December 31, 2018, calculated using the healthcare cost trend rates as summarized in the 2018 actuarial valuation report, as well as what the respective for the plan's net OPEB liability would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates (in thousands):

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Gentile Group	\$ 66,109	\$ 72,749	\$ 83,727

## A-2. Police and Fire Medical Group- Defined Benefit Plan

### General Information about the Plan

The Police and Fire Medical Group is a single-employer, defined benefit plan, administered by the Municipality. 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 and Fire Medical Group Plan. The plan is closed to new members. Membership in the Plan consists of the following at December 31, 2018:

Inactive plan members or beneficiaries currently receiving benefits	372
Active plan members	15
Total plan membership	<u>387</u>

Established with both defined benefit and defined contribution characteristics, the Municipality 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 the Municipality's health insurance program if they elect to pay the associated premium. For 2018, the monthly contribution for each member ranges between \$603 and \$909 per member depending on age and years of service. The Municipality contributed \$3,477,037 to the Police and Fire Medical Group plan in 2018.

### Actuarial Assumptions

The total OPEB liability for this plan was determined by actuarial valuations as of December 31, 2018, using the following actuarial assumptions:

Valuation Date	December 31, 2018
Inflation	2.6% per annum
Salary Increase Rate	3.5% per annum
Discount Rate	4.2% per annum. This was based on the estimated long term rate of return from the Municipality's OPEB trust (plus standard inflation), which is currently estimated to be fully funded.
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary
Amortization Method	Experience gains and losses are amortized over the average remaining service of active and inactive plan members (who have no future service)
Mortality Rates	RP-2014 generational table, scaled back to 2006, then forward using scale MP-17
Healthcare Cost Trend Rates	Pre-Medicare Medical and Rx Benefits; 7% grading down to 4.5% Stop Loss Fees; 7% grading down to 4.5% Administrative fees; 4.5% grading down to 4.5%

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

### Discount Rate

The discount rate used to measure the total OPEB liability was 4.2 percent. The projection of cash flows used to determine the discount rate assumed the contributions will continue to follow the current funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

### Deferred Outflows and Inflows of Resources Related to OPEB

At December 31, 2018, the reported deferred outflows and inflows of resources related to OPEB from the following sources:

<u>Police &amp; Fire Medical Group</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on OPEB plan investments	\$ (61,718)

The \$61,718 reported as deferred inflow of resources related to OPEB resulted from actual investment income being greater than expected at December 31, 2018. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Net Amortization of Deferred Inflows of Resources
2019	\$ (49,484)
2020	(49,484)
2021	(49,484)
2022	86,734
Total Amortization	<u>\$ (61,718)</u>

### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability for the Police and Fire Medical Group plan as of December 31, 2018, calculated using the discount rate of 4.2 percent, as well as what the respective plan's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.2 percent) or one-percentage-point higher (5.2 percent) than the current rate (in thousands):

	1% Decrease (3.2%)	Current Discount Rate (4.2%)	1% Increase (5.2%)
Police and Fire Medical Group	\$ 52,047	\$ 43,975	\$ 38,038

### Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability for the Police and Fire Medical Group plan as of December 31, 2018, calculated using the healthcare cost trend rates as summarized in the 2018 actuarial valuation report, as well as what the respective for the plan's net OPEB liability would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates (in thousands):

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Police and Fire Medical Group	\$ 38,078	\$ 43,975	\$ 51,885

## B. Other Postemployment Benefits- Municipality Reporting under GASB Statement No. 75

Substantially all regular employees of the Municipality are members of a public employees' retirement system (PERS) except for employees who are members of the Police and Fire Retiree Medical Trust Plans (PFRMT).

All Municipal employees who are members of a public employees' retirement system participate in the State of Alaska Public Employees' Retirement System (PERS). Police officers and firefighters who retired prior to January 1, 1995, command personnel who were employed prior to that date, but not retired at that date participate in the Gentile Group Plan of the PFRMT. 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 and Fire Medical Group Plan of the PFRMT. The Police and Fire Retiree Medical Trust Plans are defined benefit single-employer plans established by Chapter 3.85 of the Code. Police officers, command officers, paramedics, and fire fighters hired subsequent to these dates are in the PERS Plans. All postemployment healthcare benefit obligations of the Municipality are included on the government-wide and proprietary fund financial statements.

Substantially all employees of ASD are either members of the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS) OPEB plans, with balances reported on the entity-wide statement of net position. For TRS Tiers I-II, when pension benefits begin, major medical benefits are provided without cost to all employees first hired before July 1, 1990, who are disabled or age 60 or older regardless of their initial hiring dates, or who have at least 25 years of credited service. Other retirees must pay the full premium to have the medical coverage. TRS Tier III employees, who have at least ten years of credited services, are eligible for medical benefits after retirement. If they are not eligible for Medicare, they must pay full premium. After eligible for Medicare, the retiree will be responsible for premium at a reduced percentage depending on the years of services. Retirees may use health reimbursement arrangement (HRA) account to pay premium. After the HRA is exhausted, retirees need to pay the premium by themselves. Additional information can be obtained in ASD's separately presented financial statements.

### B-1. Defined Benefit Plans

The Municipality participates in five defined benefit OPEB plans; PERS Alaska Retiree Healthcare Trust Plan (ARHCT), PERS Retiree Medical Plan (RMP), PERS Occupational Death and Disability Plan (ODD), PFRMT

Gentile Group Plan and the PFRMT Police and Fire Medical Group Plan. The Net OPEB Liability reported in the Statement of Net Position for the defined benefit pension plans is as follows:

Net OPEB Liability	Governmental	Business-type	Total
	Activities	Activities	
Alaska Retiree Healthcare Trust Plan	\$ 63,493,928	\$ 11,109,708	\$ 74,603,636
Retiree Medical Plan	915,914	160,260	1,076,174
Occupational Death and Disability Plan	(1,397,948)	(244,603)	(1,642,551)
Total Net OPEB Liability- PERS	63,011,894	11,025,365	74,037,259
Gentile Group Plan	72,748,971	-	72,748,971
Police and Fire Medical Group Plan	43,974,583	-	43,974,583
Total Net OPEB Liability- PFRMT	116,723,554	-	116,723,554
Total	\$ 179,735,448	\$ 11,025,365	\$ 190,760,813

#### B-1a. PERS Defined Benefit OPEB Plans

##### General Information About the Plans

As part of its participation in the PERS Defined Benefit Plan (Tiers I, II, III), which is a cost-sharing multiple employer defined benefit plans, the Municipality participates in the Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is self-funded and provides major medical coverage to retirees of the Defined Benefit Plan. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS Defined Contribution Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. 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 or by phoning (907) 465-4460.

##### Employer Contribution Rate

The Municipality is required to contribute the following percentages of covered payroll into the OPEB plans; for January 1 through June 30, 2018, ARHCT 4.88 percent, ODD .43 percent, and RMP 1.03 percent, for July 1 through December 31, 2018, ARHCT 5.83 percent, ODD .76 percent, and RMP .94 percent. Employees do not contribute. In 2018, the Municipality was credited with the following contributions to the OPEB plan:

Measurement Period	Municipality's Fiscal Year	
	July 1, 2017 to June 30, 2018	January 1, 2018 to December 31, 2018
Employer contributions- ARHCT	\$ 8,782,824	\$ 9,665,350
Employer contributions- ODD	242,773	363,282
Employer contributions- RMP	985,898	997,360
Total Contributions	\$ 10,011,495	\$ 11,025,992

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

At December 31, 2018, the Municipality reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the Municipality. The amount recognized by the Municipality for its proportional share, the related State proportion, and the total were as follows:

	2018
Municipality proportionate share of NOL- ARHCT	\$ 74,603,636
Municipality proportionate share of NOL- RMP	1,076,174
Municipality proportionate share of NOL- ODD	(1,642,551)
Subtotal Net OPEB Liabilities	74,037,259
State's proportionate share of ARHCT NOL associated with the Municipality	21,656,677
Total Net OPEB Liabilities	\$ 95,693,936

The total OPEB liabilities for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net OPEB liabilities as of that date. The Municipality's proportion of the net OPEB liabilities were based on a projection of the Municipality's long-term share of



contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined. The Municipality's proportionate share at the June 30, 2018 measurement date increased over the proportionate share as of the June 30, 2017, as shown below.

Municipality's proportionate share of the net OPEB liabilities:	Measurement Date June 30, 2017	Measurement Date June 30, 2018	Change
ARHCT	6.72970%	7.26927%	0.53957%
RMP	7.92735%	8.45717%	0.52982%
ODD	7.92735%	8.45717%	0.52982%

As a result of its requirement to contribute to the Plan, the Municipality recognized net OPEB expense of \$11,801,938 and on-behalf revenue of \$2,843,070 for actuarially calculated support provided by the State. At December 31, 2018, the Municipality reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	Measurement Period June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (8,495,032)
Changes in assumptions	11,816,688	-
Net difference between projected and actual earnings on OPEB plan investments	-	(16,023,905)
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	5,451,513	(2,300,910)
Municipality contributions subsequent to the measurement date	6,411,607	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB	<u>\$ 23,679,808</u>	<u>\$ (26,819,847)</u>

The \$6,411,607 reported as deferred outflows of resources related to OPEB resulting from contributions made subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Net Amortization of Deferred Outflows and Deferred Inflows of Resources
2019	\$ (2,183,384)
2020	(1,826,813)
2021	(5,221,069)
2022	(341,184)
2023	4,879
Thereafter	15,925
Total Amortization	<u>\$ (9,551,646)</u>

### Actuarial Assumptions

The total OPEB liability for the measurement period ended June 30, 2018 (Municipality calendar year 2018) was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018. The actuarial assumptions used in the June 30, 2017 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience. There were changes in assumptions from the prior measurement period related to the medical trend rate and projected tax rates.

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	3.12%
Salary Increases	Graded by service from 9.66 percent to 4.92 percent, for peace officers/firefighters. Graded by service from 8.55 percent to 4.34 percent, for all others.

Allocation methodology	Amounts for the June 30, 2018 measurement date were allocated to employers based on the projected present value of contributions for FY2020-FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00 percent, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12 percent and real rate of return of 4.88 percent.
Healthcare cost trend rates	Pre-65 medical; 8.0 percent grading down to 4.0 percent Post-65 medical; 5.5 percent grading down to 4.0 percent Prescription drug; 9.0 percent grading down to 4.0 percent
Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination mortality rates. Deaths are assumed to be occupational 70% of the time for Peace Officers/Firefighters, 50% of the time for Others.
Mortality (Post-termination)	96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.
Participation (ARHCT)	100 percent system paid of members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible. 10 percent of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term	
	Expected Real Rate of Return	Target Allocation
Domestic equity	8.90%	24%
Global ex-U.S. equity	7.85%	22%
Fixed income	1.24%	10%
Opportunistic	4.76%	10%
Real assets	6.20%	17%
Absolute return	4.76%	7%
Private equity	12.08%	9%
Cash equivalents	0.66%	1%

### Discount Rate

The discount rate used to measure the total OPEB liability was 8.00 percent for each plan. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liabilities for each plan.

### Discount Rate Sensitivity

The following presents the Municipality's proportionate share of the net OPEB liabilities calculated using the discount rate of 8.00 percent, as well as what the Municipality's proportionate share of the net OPEB liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Municipality's proportionate share of the NOL- ARHCT	7.26927%	\$ 151,034,985	\$ 74,603,636	\$ 10,538,550
Municipality's proportionate share of the NOL- RMP	8.45717%	3,213,723	1,076,174	(591,071)
Municipality's proportionate share of the NOL- ODD	8.45717%	(1,542,418)	(1,642,551)	(1,724,923)

### Healthcare Cost Trend Rate Sensitivity

The following presents the Municipality's proportionate share of the net OPEB liabilities as of June 30, 2018, calculated using the healthcare cost trend rates as summarized in the 2018 actuarial valuation report, as well as what the respective plan's net OPEB liability would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current Healthcare Cost Trend Rates (in thousands):

	Proportional		Healthcare Cost	
	Share	1% Decrease	Trend Rate	1% Increase
Municipality's proportionate share of the NOL- ARHCT	7.26927%	\$ 1,448,184	\$ 74,603,636	\$ 162,726,513
Municipality's proportionate share of the NOL- RMP	8.45717%	(914,981)	1,076,174	3,740,943
Municipality's proportionate share of the NOL- ODD	8.45717%	-	(1,642,551)	-

### OPEB Plans Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

### B-1b. Police and Fire Retiree Medical Defined Benefit OPEB Plans

#### General Information About the Plans

The Police and Fire Retiree Medical Trust administers two plans; The Gentile Group Plan and the Police and Fire Medical Group Plan. Information about these two plans is included in Section A of this note. For this section of the note both plans information will be included together for each disclosure.

#### Employer Contributions

The Municipality pays 100 percent of the insurance premiums for participants in the Gentile Group Plan and a fixed dollar amount per month for participants in the Police and Fire Medical Group Plan. In 2018, the Municipality was credited with the following contributions to the OPEB plans:

	Measurement Period January 1 to December 31, 2018	
	Gentile Group Plan	Police & Fire Medical Group Plan
Employer contributions	\$ 11,790,796	\$ 3,477,037

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

At December 31, 2018, the Municipality reported a Net OPEB liabilities (NOL) for both the Gentile Group Plan and the Police and Fire Medical Group Plan. The amount recognized by the Municipality for both plans were as follows:

	2018
Gentile Group Plan NOL	\$ 72,748,971
Police & Fire Medical Group NOL	43,974,583
Total Net OPEB Liability	\$ 116,723,554

The total OPEB liabilities for the December 31, 2018 measurement date was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018 to calculate the net OPEB liabilities as of that date.

For the year ended December 31, 2018, the Municipality recognized OPEB expense of (\$7,351,500) and (\$1,876,462) for the Gentile Group Plan and the Police and Fire Medical Group Plan, respectively. At December 31, 2018, the reported deferred inflows of resources related to OPEB from the following sources by Plan:

	Measurement Period December 31, 2018	
	Deferred Inflows of Resources	
Police & Fire Medical Group		
Net difference between projected and actual investments	\$	(61,718)

There were no deferred inflows and deferred outflows of resources for the Gentile Group Plan. The Police and Fire Medical Group Plan reported \$61,718 deferred inflows of resources related to OPEB resulting from the difference in projected and actual earnings will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2019. Deferred inflows of resources related to OPEB will be recognized in OPEB expense for the Police and Fire Medical Group Plan as follows:

**Police & Fire Medical Group Plan**

Year Ending December 31,	Net Amortization of Deferred Inflows of Resources
2019	\$ (49,484)
2020	(49,484)
2021	(49,484)
2022	86,734
Total Amortization	\$ (61,718)

**Actuarial Assumptions**

The total OPEB liability for the measurement period ended December 31, 2018 was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of December 31, 2018. The assumptions are intended to estimate the future experience of the members of the Plans and of the Plans themselves in areas that affect the projected benefits and anticipated investment earnings. Any variations in future experience from that expected from the assumptions will result in corresponding changes in the estimated liabilities for future benefits.

**Gentile Group Plan**

Valuation date	December 31, 2018
Discount rate	4.10%
Inflation	2.60%
Actuarial cost method	Entry Age Normal based on level percentage of projected salary.
Amortization method	Experience/Assumptions gains and losses are amortized immediately as all participants are retired.
Mortality rates	RP-2014 generational tables scaled using MP-17 and applied on a gender-specific basis.
Healthcare cost trend rates	6.50%

**Police & Fire Medical Group Plan**

Valuation date	December 31, 2018
Discount rate	4.20%
Inflation	2.60%
Asset valuation method	Fair Market Value
Salary increase rate	3.50%
Actuarial cost method	Entry Age Normal based on level percentage of projected salary.
Healthcare cost trend rates	6.50%
Amortization method	Experience/Assumptions gains and losses are amortized over the average remaining service of active and inactive plan members (who have no future service).
Mortality rates	RP-2014 generational tables, scaled back to 2006, then scaled forward using scale MP-17.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The asset mix of the Police and Fire Medical Group Plan investment is currently 20 percent Equities and 80 percent Fixed Income. The best estimate of arithmetic real rates of return for these asset classes combined is 1.6 percent.

### Discount Rate

The discount rates used to measure the total OPEB liability were 4.10 percent for the Gentile Group Plan and 4.20 percent for the Police and Fire Medical Group Plan. The discount rate for the Gentile Group increased .66 percent from the prior year. The discount rate for the Police and Fire Medical Group did not change. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Discount Rate Sensitivity

The following presents the net OPEB liability calculated using the discount rate of 4.10 percent for the Gentile Group Plan and 4.20 percent for the Police and Fire Medical Group Plan, as well as what the two plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for each of the two plans (in thousands):

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Gentile Group Plan	\$ 82,772	\$ 72,749	\$ 64,541
	1% Decrease (3.20%)	Current Discount Rate (4.20%)	1% Increase (5.20%)
Police & Fire Medical Group Plan	\$ 52,047	\$ 43,975	\$ 38,038

### Healthcare Cost Trend Rate Sensitivity

The following presents the net OPEB liabilities for each plan as of December 31, 2018, calculated using the healthcare cost trend rates as summarized in the 2018 actuarial valuation report, as well as what the respective for the two plan's net OPEB liability would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates (in thousands):

	Healthcare Cost Trend Rate		
	1% Decrease	Trend Rate	1% Increase
Gentile Group Plan	\$ 66,109	\$ 72,749	\$ 83,727
	1% Decrease	Trend Rate	1% Increase
Police & Fire Medical Group Plan	\$ 38,078	\$ 43,975	\$ 51,885

### OPEB Plans Fiduciary Net Position

Detailed information about the Gentile Group and Police and Fire Medical Group OPEB plan's fiduciary net position is available in the Municipality of Anchorage's comprehensive annual financial report as fiduciary funds and detailed disclosures are presented in Section A of this note.

## B-2. Defined Contribution Plans- PERS Defined Contribution OPEB Plans

### General Information About the Plans

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan (RMP). Information on these plans is included in the comprehensive annual financial report for the PERS Plans noted above. These plans provide for death, disability, and postemployment healthcare benefits.

### Employee Contribution Rates

Employees do not contribute to the Defined Contribution OPEB plans. Employer contribution rates for the year ended December 31, 2018 were as follows:

	Police/Fire		Others	
	1/1 - 6/30	7/1 - 12/31	1/1 - 6/30	7/1 - 12/31
Employer Contribution				
Health Reimbursement Arrangement	3.00%	3.00%	3.00%	3.00%
Retiree Medical Plan	1.03%	0.94%	1.03%	0.94%
Death & Disability Benefit	0.43%	0.76%	0.16%	0.26%
Total Employer Contribution	4.46%	4.70%	4.19%	4.20%

### **Healthcare Reimbursement Arrangement**

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. Prior to July 1, 2018 a flat rate of approximately \$2,084 per year for full time employees and \$1.34 per part time hour worked was paid. For pay periods ending after July 1, 2018, a flat rate of approximately \$2,103 per year for full time employees and \$1.35 per part time hour worked were paid.

### **Annual Postemployment Healthcare Cost**

In 2018, the Municipality contributed \$3,902,927 in Defined Contribution OPEB costs. These amounts have been recognized as expenditures/expenses.

### **NOTE 15 - FUND BALANCE - GOVERNMENTAL FUNDS**

In the fund financial statements, the Municipality reports aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the Assembly – the Municipality’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Assembly removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the Municipality’s “intent” to be used for specific purposes but are neither restricted nor committed. The Assembly has given the Mayor or the Mayor’s designee the authority to assign amounts to be used for specific purposes through the budgetary process. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Municipality’s policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

In 2011, the Assembly approved AR2011-345(S) which set the fund balance policy in accordance with GASB 54. In 2014, the Assembly approved AR2014-221 which revised the method of calculating certain components of the fund balance categories, to better aid in assessing the needs of the Municipality. Managements spending policy is to use restricted fund balance first when expenditures are incurred to which any resource is available, then to use unrestricted fund balances in the following order; committed, assigned, and unassigned. In 2015, the Assembly approved AR2015-84 which amended the definition of expenditures used in the calculation of certain components of fund balance. As of December 31, 2018, there are no other amendments to the Fund Balance Policy.

Fund balance, reported in aggregate on the governmental funds balance sheet is subject to the following constraints:

	General	MOA Trust	Capital Projects Road & Drainage	Police & Fire COP Bond	Other Governmental Funds	Total
<b>Nonspendable</b>						
Inventory	\$ 1,258,993	\$ -	\$ -	\$ -	\$ -	\$ 1,258,993
Prepaid Items	458,100	-	-	-	113,655	571,755
Advances to Other Funds	3,012,585	-	-	-	-	3,012,585
Cemetery Perpetual Fund	-	-	-	-	150,000	150,000
<b>Total Nonspendable</b>	<b>4,729,678</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>263,655</b>	<b>4,993,333</b>
<b>Restricted</b>						
Unspent COP Proceeds	2,690,724	-	-	-	-	2,690,724
Capital Improvements	-	-	-	-	10,249,908	10,249,908
MOA Trust Fund	-	151,296,330	-	-	-	151,296,330
Police & Fire Retiree Medical Liability	-	-	-	-	33,106,480	33,106,480
Federal Grants	-	-	-	-	1,260,484	1,260,484
Federal/State Fines & Forfeitures	-	-	-	-	813,076	813,076
Misc Operations Grants	-	-	-	-	2,094,709	2,094,709
Convention Center Operating Fund	-	-	-	-	18,652,059	18,652,059
49th State Angel Fund	-	-	-	-	12,247,724	12,247,724
Debt Service	-	-	-	1,942,669	14,348,479	16,291,148
<b>Total Restricted</b>	<b>2,690,724</b>	<b>151,296,330</b>	<b>-</b>	<b>1,942,669</b>	<b>92,772,919</b>	<b>248,702,642</b>
<b>Committed</b>						
10% Bond Rating	43,392,589	-	-	-	-	43,392,589
Capital Improvements	-	-	-	-	12,831,358	12,831,358
Heritage Land Bank	-	-	-	-	5,163,857	5,163,857
Misc Operating Grants	-	-	-	-	12,307	12,307
<b>Total Committed</b>	<b>43,392,589</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,007,522</b>	<b>61,400,111</b>
<b>Assigned</b>						
Capital Improvements	-	-	-	-	300,389	300,389
State Grants	-	-	-	-	15,670,191	15,670,191
Federal Grants	-	-	-	-	266,172	266,172
Federal/State Fines & Forfeitures	-	-	-	-	188,216	188,216
Misc Operating Grants	-	-	-	-	559	559
Convention Center Operating Fund	-	-	-	-	4,161,050	4,161,050
Cemetery Perpetual Fund	-	-	-	-	390,045	390,045
<b>Total Assigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,976,622</b>	<b>20,976,622</b>
<b>Unassigned</b>						
2% Working Capital Reserve	9,720,188	-	-	-	-	9,720,188
Other Unassigned	6,178,886	-	(156,542)	-	(132,160)	5,890,184
<b>Total Unassigned</b>	<b>15,899,074</b>	<b>-</b>	<b>(156,542)</b>	<b>-</b>	<b>(132,160)</b>	<b>15,610,372</b>
<b>Total Fund Balance (Deficit)</b>	<b>\$ 66,712,065</b>	<b>\$ 151,296,330</b>	<b>\$ (156,542)</b>	<b>\$ 1,942,669</b>	<b>\$ 131,888,558</b>	<b>\$ 351,683,080</b>

Alaska State Statute 29.35.460 states that taxes levied within a differential tax zone that exceed the amount that would otherwise have been levied may only be used for the services provided in that zone. The Municipality did not report any restricted fund balance the sub funds of the General Fund for this purpose. The Municipality did report \$2,690,724 in restricted fund balance in the General Fund equal to the proceeds of the COP issued for administrative costs associated with the Electric Utility sale. The Municipality, by resolution, established a bond rating that is included in committed fund balance and a Working Capital Reserve that is included in unassigned fund balance.

Set asides for Bond Rating and Working Capital Reserves are reported as follows:

<b>Bond Rating:</b>	
Committed	\$ 43,392,589
	<u>43,392,589</u>
<b>Working Capital Reserve:</b>	
Unassigned	\$ 9,720,188
	<u>9,720,188</u>

The Municipality has the following encumbrances outstanding at the end of the year:

Major Funds:	
Capital Projects Roads & Drainage Fund	<u>\$ 17,699,981</u>
Non Major Capital Project Funds:	
Public Safety	264,713
Parks & Recreation	1,156,254
Areawide	3,766,862
Public Transportation	743,422
Heritage Land Bank	35,381
Miscellaneous	<u>1,303,323</u>
Total Non Major Capital Project Funds	<u>\$ 7,269,955</u>

**NOTE 16 - RISK MANAGEMENT AND SELF-INSURANCE**

The Municipality 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 Municipality utilizes three risk management funds to account for and finance its uninsured risks of loss.

The Municipality provides coverage up to the maximum of \$3,000,000 per occurrence for automobile and general liability claims and for each workers' compensation claim. No settled claim exceeded this commercial coverage in 2018, 2017 or 2016.

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

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, 2018, is dependent upon future developments. At December 31, 2018, claims incurred but not reported included in the liability accounts are \$10,207,137 in the General Liability/Workers' Compensation Fund and Medical/Dental Self Insurance Fund.

Changes in the funds' claim liability amounts in 2018 and 2017 are as follows:

	Balance January 1, 2018	Current Year Claims and Changes in Estimates	Claims Paid	Balance December 31, 2018
General Liability/Workers' Compensation	\$ 22,625,196	\$ 6,191,662	\$ (9,615,064)	\$ 19,201,794
Medical/Dental	6,162,736	44,110,610	(46,637,158)	3,636,188
Unemployment	43,280	275,519	(258,668)	60,131
	<u>\$ 28,831,212</u>	<u>\$ 50,577,791</u>	<u>\$ (56,510,890)</u>	<u>\$ 22,898,113</u>

	Balance January 1, 2017	Current Year Claims and Changes in Estimates	Claims Paid	Balance December 31, 2017
General Liability/Workers' Compensation	\$ 25,893,234	\$ 6,985,460	\$ (10,253,498)	\$ 22,625,196
Medical/Dental	8,384,762	41,967,797	(44,189,823)	6,162,736
Unemployment	76,080	233,810	(266,610)	43,280
	<u>\$ 34,354,076</u>	<u>\$ 49,187,067</u>	<u>\$ (54,709,931)</u>	<u>\$ 28,831,212</u>

At December 31, 2018, the Medical and Dental Self Insurance Fund had unrestricted net position of \$11,259,376, an increase of \$4,380,830 from 2017. The increase in net position is due to a decrease in reserves for medical and dental claims by margin of 5 percent to the actuarial estimates, reductions in claims costs, and administration of claims through Premera Blue Cross that is processing claims in a timelier manner.



At December 31, 2018, the General Liability and Worker's Compensation Fund had a deficit of \$3,185,954, a decrease in the deficit of \$1,423,487 from 2017. The decrease in the deficit is due to a decrease in reserves for worker's comp claims based on actuarial estimates.

#### **NOTE 17 - MOA TRUST FUND**

On April 2, 2002, the Municipality voters approved Proposition No. 4 which fundamentally changed distribution rules applicable to the MOA Trust Fund (the Trust). Key excerpts from Proposition No. 4 include:

- "The trust fund shall be defined as an endowment fund with a controlled spending policy limiting dividend distribution."
- "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 percent of the average asset balance of the trust."

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

Depending on the investment market conditions in any given year, the Trust may or may not generate sufficient realized and unrealized net earnings to cover the 5 percent dividend payout. Under the endowment model, however, up to 5 percent of the market value of the Trust 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 percent and inflation of 3 percent. During periods of market decline, the Trust may experience a negative return; nonetheless the voter approved endowment model for the Trust makes it possible for the Assembly to pay out a 5 percent dividend by drawing from the fund's corpus. Over time the Trust is also expected to benefit from positive years in the market (i.e., years in which the real rate of return exceeds 5 percent); however, the Assembly must abide by the 5 percent 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 the Code to determine whether the Trust'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 AMC 6.50.060 to further limit the annual dividend payout. Effective January 1, 2010, no more than 4 percent of the market value of the Trust 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 Trust's market value recovers to a level equal to or greater than the Trust's market value at December 31, 2007.

In recognition of significant recovery in the investment market since the 2008/2009 crash, in November 2016, the Municipal Assembly approved an amendment to AMC 6.50.060 to increase the payout rate for the MOA Trust Fund from 4.00 percent to 4.25 percent, effective January 1, 2017. This payout rate is to be applied annually to the Trust's average market value over the twenty trailing calendars quarters ending March 31 of each year, to determine the maximum amount available for appropriation to help fund the general government budget.

In 2018, consistent with the policy limitations described above, \$6,300,000 of the Trust fund balance was determined to be expendable and transferred to the General Fund.

#### **NOTE 18 - REGULATORY AND OTHER MATTERS**

##### **A. Electric Utility**

##### **Beluga River Unit (BRU) Underlift Cash Settlement**

Until April 2016, the Electric Utility owned a one-third interest in annual production of the BRU. Its field partners at that time – CPAI and Hilcorp Alaska, LLC - each also owned a one-third interest in BRU production. Every BRU owner has a right to take a portion of annually produced gas proportionate to its interest.

In 2005, the Electric Utility underlifted (i.e. took less than its interest in BRU's annual output) and accepted a monetary settlement from its field partners. These funds were deposited in a Future Natural Gas Purchases Account (FGP), and the Electric Utility recorded a deferred inflow of resources for future natural gas purchases. The balance of the Future Natural Gas Purchases Account, as of December 31, 2018 was \$17,934,651.

In 2015, the Electric Utility petitioned the RCA for authorization to apply 2014 underlift settlement proceeds to reduce its GTP in effect from July 1, 2016 through June 30, 2017. The RCA approved the Electric Utility's unopposed proposal in Order U-15-116(2), dated March 10, 2016.

In April 2016, the Electric Utility purchased 70 percent of CPAI's one-third interest in the BRU. The RCA approved the Electric Utility's request in Order U-16-012(14), dated April 21, 2016, to utilize a closing underlift settlement from CPAI of \$13,177,726 towards financing this acquisition.

### **Regulatory Debits/Credits**

The Electric Utility files a COPA rate quarterly with the RCA to recover cost of power expenses not recovered in base rates. The COPA calculation is based on the projected cost of fuel and purchased power for the applicable quarter, the projected kilowatt hour sales for the applicable quarter, and the over- or under- recovered balance in the cost of power clearing account. The Electric Utility records in the cost of power clearing account an asset with an offsetting credit to a contra revenue account for under recovered costs or a liability and an offsetting debit to a contra revenue account for over recovered costs. The Electric Utility under-recovered as of December 31, 2018 in the amount of \$1,904,402.

Prior to October 24, 2017, the Electric Utility annually set the GTP with its third quarter COPA filings. Through the GTP, the Electric Utility recovers the Gas Fund's annual revenue requirement associated with the Electric Utility's ownership interest in the BRU and any over or under recovery from the prior year. The Electric Utility records in the cost of Gas Transfer Price Clearing Account an asset and a credit to an expense account for under-recovered costs or a liability and debit to an expense account for over-recovered costs. The Electric Utility under-recovered as of December 31, 2018 in the amount of \$4,793.

### **Deferred Regulatory Liability for Gas Sales**

Revenue from third party sales of natural gas produced at the BRU is excluded from the GTP calculation. These funds, net of royalties and the ARO surcharge, are recorded in the Electric Utility's Future BRU Construction or Natural Gas Purchases account, referred to for regulatory purposes as the Deferred Regulatory Liability from Gas Sales (DRLGS) Account. These funds are to be used for future BRU construction or natural gas purchases. The balance of the DRLGS account, as of December 31, 2018 was \$8,077,741.

### **Asset Retirement Obligation Sinking Fund**

ARO expenses associated with future abandonment of the BRU are funded through a surcharge to the Electric Utility's GTP. This surcharge is deposited into a sinking fund. As of December 31, 2018, the sinking fund account balance was \$13,915,853.

### **Revenue Requirement Study**

On December 30, 2016 the Electric Utility filed a petition with the RCA, based on a 2015 test year revenue requirement study, for interim and permanent across-the-board rate increases in energy and demand charges in order to recover costs associated with its construction of Plant 2A. The Electric Utility requested a 29.49 percent interim and refundable rate increase, based on RCA approval of the Electric Utility's proposed rate stabilization plan (RSP). On February 13, 2017 the RCA granted the Electric Utility an interim and refundable rate increase of 37.30 percent, denied approval of the Electric Utility's proposed RSP, and suspended the Electric Utility's request into Docket U-17-008 for further investigation. A public hearing was held on this matter that began on November 16, 2017 and continued through December 21, 2017. The RCA issued a final order on March 23, 2018 [U-17-008(13)] approving a 37.32 percent increase in the revenue requirement.

In two separate submittals at the Superior Court, Providence Health and Services (PHS) appealed the decision by the RCA on (1) Order 10 – refund order and (2) Order 13 - final order. The Superior Court rendered an Order on Order 13 (final order) on May 20, 2019 – reversing and remanding the RCA Order 13 for further proceedings consistent with the Superior Court's Order and the reasons that supported the Order.

### **Acquisition of CPAI's Interest in the Beluga River Unit**

In Order U-16-012(14), dated April 21, 2016, the RCA granted a joint petition filed by the Electric Utility and CEA requesting approval of a purchase and sale agreement for the acquisition of CPAI's one-third interest in the BRU.

The total purchase price was \$152 million, with the Electric Utility acquiring 70 percent of that interest for \$106.4 million and CEA the remaining 30 percent for \$45.6 million. The Electric Utility funded its share of the acquisition with DRLGS and Future Natural Gas Purchases Account funds, cumulative and underlift proceeds owed to it by CPAI. With this purchase the Electric Utility has a 56.67 percent interest in the BRU.

### **BRU Ratemaking and Accounting Treatment – Aggregate BRU Interest**

On June 20, 2016, the Electric Utility filed for approval from the RCA for some changes in the ratemaking and accounting treatment applicable to the Aggregate BRU Interest. Ruling under Docket U-16-060(12), the RCA granted in part the request on October 24, 2017. The use of rate base/rate of return (RB/ROR) methodology to calculate the gas fund revenue requirement beginning in 2019 was approved. The use of a system-wide weighted average cost of capital (WACC) for calculating the gas fund revenue requirement was approved. The RCA also approved the inclusion of depletion expense using the units of production methodology for calculating the gas fund revenue requirement.

Because the GTP is one component of the COPA and Small Facility Power Purchase Rate (SFPPR), several 2017 tariff advice filings were suspended and were filed under Docket U-16-073. On October 24, 2017, these were approved and made permanent.

### **Bradley Lake Transmission**

Homer Electric Association, Inc. (HEA) filed a rate case on November 15, 2013 requesting RCA's approval of postage stamp rates for Bradley Lake energy wheeled over HEA's system. The Electric Utility intervened, arguing in part that the Bradley Lake Agreements govern the obligations of Bradley Lake participants and that the RCA was statutorily precluded, under AS 42.05.431(c), from reviewing these wheeling rates. On June 30, 2014, the RCA issued an order establishing interim rates for wheeling Bradley Lake energy from the Soldotna to Quartz Creek Substations. The parties appealed to the state superior court, which ruled May 27, 2015 that the RCA lacks jurisdiction over Bradley Lake wheeling rates. All parties appealed this decision to the Alaska Supreme Court. The parties engaged in lengthy mediation and filed reply briefs with the Alaska Supreme Court. Oral arguments before the Alaska Supreme Court were heard May 31, 2018. On February 22, 2019, the Supreme Court issued an opinion affirming the Superior Court's decision reversing the RCA's order.

### **Petition to Adjust Depreciation Rates**

On December 31, 2018, the Electric Utility filed a petition at the RCA for approval of revised depreciation rates (docket U-18-121). The study was based on the Electric Utilities electric plant balances and continuing property records as of December 31, 2017. The Electric Utility requested that the depreciation rates be approved for implementation as of the next accounting month following final approval by the RCA. The RCA denied the petition to revise the depreciation rates and closed the docket. The Electric Utility was directed by the RCA to file a depreciation study by 2024 or with the next rate case.

### **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 percent ownership interest in the project and recorded costs of \$808,836 in 2018.

### **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 Utility acquire 25.9 percent 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 \$5,028,039 in 2018 for its portion of costs and received 102,307 megawatt hours of power from the Project. The Electric Utility received a budget surplus refund in the amount of \$374,372 for 2018. The Electric Utility's estimated cost of power from the Project for 2019 is \$4,997,622.

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, 2018 is \$33,470,000. The pro rata shares of the debt service costs of the Project for which the Electric Utility is responsible, given its 25.9 percent share of the Project, is \$10,219,881. In the event of payment defaults by other power purchasers, the Electric Utility's share could be increased by up to 25 percent, which would then cause the Electric Utility's pro rata share of Project debt service to be a total of \$11,982,190. The Electric Utility does not now know of or anticipate any such defaults.

### **Southcentral Power Project (SPP)**

The Electric Utility entered into a participation agreement with CEA on August 28, 2008, to proceed with the joint development, construction and operation of Southcentral Power Project (SPP). The SPP went into service on January 31, 2013. It has a capacity of 200.3 MW, of which the Electric Utility's proportionate share is 60.1 MW, or 30 percent. The Utility has recorded costs of \$14,895,085 in 2018.

### **Sale of the Utility to Chugach Electric Association**

On April 3, 2018, Anchorage voters approved an amendment to the Anchorage Municipal Charter authorizing the Municipality to sell the Electric Utility to CEA. by Municipal ordinance, to be approved no later than December 31, 2018. The Anchorage Assembly approved the sale on December 4, 2018. In April 2019, both the Municipality and CEA filed applications to the RCA to amend their CPCNs and to approve the sale.

The Municipality and CEA are currently engaged in limited integration planning and due diligence activities. The Electric Utility continues to operate as usual and the proposed sale has no material effect on ongoing operations of the Electric Utility. See Note 21 for additional information on the status of this sale.

## **B. Water Utility**

### **Regulatory Asset**

On August 18, 2017, the Water Utility filed a petition to create a regulatory asset for Pressure Reducing Valve (PRV) Rebate Program costs. The PRV Rebate Program was a result of the Water Utility projects to consolidate and simplify the water pressure zones in the Water Utility's service area as recommended in the Water Utility's 2012 Water Master Plan. As a result of the pressure zone modifications, certain customers would see a significant increase in water pressure to their properties. The Water Utility recommended affected customers install in-home PRV's within their properties to prevent damage due to increased water pressure. In order to mitigate the cost to the affected customers, the Water Utility initiated a voluntary rebate program in order to spread the initial cost of the equipment across all customers who are benefiting from the pressure zone modifications. The maximum amount of the rebate was limited to \$850 for Water Utility customers located in Anchorage, and \$700 for those in Eagle River. The Water Utility paid rebates to 407 customers, resulting in a total cost of \$281,422. On December 5, 2017, the RCA authorized the Water Utility to create a regulatory asset for the PRV Rebate Program costs and to amortize those costs over a ten-year period beginning January 1, 2018.

### **2016 Test Year / 2018 Rates**

On November 22, 2017, the Water Utility filed a revenue requirement study requesting an interim and refundable rate increase of 3.0 percent. The RCA granted the requested interim rate increase effective January 8, 2018 and suspended into a docket for further investigation. On December 20, 2018 the RCA issued Order 8 in Docket U-18-002 approving the settled upon 3.0 percent permanent rate increase. On March 13, 2019 the RCA issued Order 10 in Docket U-18-002 authorizing KeyBank to release to the Water Utility all funds escrowed in compliance with Order 1 of the same Docket.

### **2017 Test Year / 2019 Rates**

On December 18, 2018, the Water Utility filed a revenue requirement study requesting an interim and refundable rate increase of 7.0 percent. The RCA granted the requested interim rate increase effective February 1, 2019 and suspended the filing into a docket for further investigation. The statutory timeline for a final decision from the RCA is 450 days, which would be mid-March 2020.

### **Non-Recurring Charges and Fees: 2017 Test Year / 2019 Rates**

On December 31, 2018, the Water Utility filed a non-recurring charges and fees study requesting for permanent overall annual increases in miscellaneous operating revenue from non-recurring fees and special charges. This study established rates to recover costs associated with miscellaneous or ancillary services that are provided to specific customers. The use of miscellaneous fees allows the Water Utility to enhance equity by minimizing the subsidization of services not used by all customers. The RCA approved the non-recurring charges and fees as filed with an effective date of February 28, 2019.

### **Petition to Lift the Dividend Restriction**

On November 9, 2017, the Water Utility filed a Petition to remove the restriction for paying dividends to the Municipality. Under Alaska Statute 42.05.521, the Commission has the authority to issue an order ceasing payment of dividends if it finds that the capital of a public utility is impaired or might become impaired. The Water Utility asserted under its current equity management plan that the Water Utility's equity position is not currently impaired and is not forecasted to become impaired. The RCA issued Order 8 in Docket U-17-095 granting the Petition to remove the dividend restriction imposed on the Utility in 1980.

### **Depreciation Study: 2017 Test Year / 2019 Rates**

On December 29, 2017, the Water Utility filed a depreciation study requesting proposed depreciation rates go into effect January 1, 2019. The RCA's decision and rate implementation date of January 1, 2019 was outlined in Order 5 in Docket U-17-104, dated October 22, 2018.

## **C. Wastewater Utility**

### **2015 Test Year / 2017 Rates**

On November 16, 2016, the Wastewater Utility filed a revenue requirement study requesting an interim and refundable rate increase of 9.5 percent. On December 22, 2016 the RCA issued a letter order approving the requested rate increase on a permanent basis effective January 3, 2017.

### **2016 Test Year / 2018 Rates**

On November 22, 2017, the Wastewater Utility filed a revenue requirement study requesting an interim and refundable rate increase of 2.5 percent. The RCA granted the requested interim rate increase effective January 8, 2018 and suspended the filing into a docket for further investigation. On December 21, 2018, the RCA issued Order 8 in Docket U-18-003 approving the settled upon 0.98 percent permanent rate increase. In Order 11 of the same docket the RCA approved the Wastewater Utility's refund plan and required the Wastewater Utility to notify the RCA when refunding of all monies to its customers in conformance with the approved refund plan has been completed. On May 14, 2019, the Wastewater Utility filed a notice of completion of refunds due to its wastewater customers under its refund plan approved by the RCA.

### **2017 Test Year / 2019 Rates**

On December 18, 2018, the Wastewater Utility filed a revenue requirement study requesting an interim and refundable rate increase of 9.5 percent. The RCA granted the requested interim rate increase effective February 1, 2019 and suspended the filing into a docket for further investigation. The statutory timeline for a final decision from the RCA is 450 days, which would be mid-March 2020.

### **Non-Recurring Charges and Fees: 2017 Test Year / 2019 Rates**

On December 31, 2018, the Wastewater Utility filed a non-recurring charges and fees study requesting for permanent overall annual increases in miscellaneous operating revenue from non-recurring fees and special charges. This study established rates to recover costs associated with miscellaneous or ancillary services that are provided to specific customers. The use of miscellaneous fees allows the Wastewater Utility to enhance equity by minimizing the subsidization of services not used by all customers. The RCA approved the non-recurring charges and fees as filed with an effective date of February 28, 2019.

### **Depreciation Study: 2017 Test Year / 2019 Rates**

On December 29, 2017, the Wastewater Utility filed a depreciation study requesting proposed depreciation rates go into effect January 1, 2019. The RCA's decision and rate implementation date of January 1, 2019 was outlined in Order 5 in Docket U-17-104, dated October 22, 2018.

## **NOTE 19 – CONTINGENCIES**

The Municipality, in the normal course of its activities is involved in various claims and litigation. Except as specifically described below, it is the opinion of management and the Municipal Attorney that these matters are not expected to have a material adverse effect on the Municipality's financial statements.

## **A. Litigation**

### **Port Expansion**

A multi-year expansion project at the Port began in 2003 and continued until May 31, 2012. The project encountered problems and work was suspended while the Port investigated the scope and cause of the problems and determined how to proceed.

Investigative reports concluded the project design was flawed and significant aspects of the work were constructed incorrectly. In March 2013, the Port filed suit to recover damages. In 2016, the Municipality reached an agreement to fully and finally settle, release and resolve any and all claims, liabilities and damages of the Municipality relative to work performed by MKB Constructors, Quality Asphalt Paving and Terracon Consultants for \$5.5 million, \$5.15 million and \$1.95 million, respectively. In total, these settlements amount to \$12.6 million recorded in 2016 as legal settlements shown on the Port's statements of revenues, expenses and changes in net position as non-operating revenue. As required under two of the settlement agreements the Port restricted \$1.95 million of the \$12.6 million settlements to a Port litigation escrow account also recorded in 2016 as restricted assets "legal settlement set-aside", of the Port's statements of net position. The remaining defendants executed settlement agreements as follows: Integrated Concepts and Research Corporation (ICRC) for \$3.75 million, PND Engineers Inc. for \$750,000, GeoEngineers for \$750,000 and CH2M Hill for \$1.5 million. Each of these defendant's settlements and payments are recorded in 2017. An order for dismissal in the US District Court for the District of Alaska was signed on February 22, 2017 closing the case filed in the State of Alaska. A separate action in the United States Court of Federal Claims against the U.S. Maritime Administration (MARAD) is ongoing. This case in federal court remains active and no claims have been asserted against the Municipality.

In the meantime, a new project, the Anchorage Port Modernization Program (APMP) is moving forward. The project is securing funds to complete Phase 1 of a four-phase project. The phase one project is to construct a petroleum-cement terminal that is anticipated to be completed by 2021.

### **2601 Spenard LLC – Spenard Road Condemnation**

2601 Spenard LLC brought legal action for the value paid by the Municipality regarding a condemnation action in which the Municipality took land from the owners to use for the upgrade of Spenard Road. The Municipality had deposited \$51,240 with the Court for this land in June of 2017. On May 17, 2019 the Court appointed Master issued an opinion that the property owner was entitled to total compensation of \$492,500. The property owner can appeal that decision if a notice is filed on or before June 4, 2019. If the property owner accepts the decision, it will be also entitled to an award of attorney's fees, interest at the rate of 10.5 percent since July 2017 and reimbursement of their expert fees. It is not known at this time if the property owner will decide to appeal. A contingency liability in the amount of \$492,500 has been recorded in the government-wide financial statements for the governmental activities. As of August 14, 2019, this liability has been settled, paid and closed.

### **Henry, Anthony V. MOA**

Anthony Henry, a former Anchorage Police Officer, brought litigation against the Municipality for eight separate claims involving wrongful termination to include breach of contract, breach of the covenant of good faith and fair dealing, fraud in the inducement, ADA violations, and violations of Title VII of the Civil Rights Act. Several of these claims were dismissed through pretrial motion work. The case went to trial in October 2018. The jury found for Henry on wrongful termination, breach of the covenant of good faith and fair dealing, and retaliation and awarded Henry approximately \$2.3 million in damages. The damage award was reduced by \$320,000 in post-trial motion work. Currently, Henry's motion for attorney's fees is pending and the Municipality has appealed several other issues including the verdict to the Ninth Circuit. It has been determined though by the Municipal Attorney that it is likely the judgement will mostly likely be paid and as a best estimate around the \$1.9 million initial awarded and reduced. Mediation is currently under way. A contingent liability in the amount of \$1.9 million has been recorded in the government-wide financial statements for the governmental activities.

## **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 Fund or other applicable funds. In management's opinion, disallowances, if any, will be immaterial.

**NOTE 20 - ENVIRONMENTAL ISSUES**

The Municipality 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, 2018, there are environmental issues that meet both 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.

**A. Solid Waste Landfill Sites**

The Municipality’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 fail and has been effective in mitigating potential offsite migration of contaminants. The Municipality 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.

**B. Landfill Closure and Post-closure Care Cost**

State and federal laws and regulations require the Municipality 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 post-closure costs each year, Solid Waste Services Utility (SWS) records an operating expense based on landfill capacity. During 2015, the future closure and post-closure care costs were re-evaluated and adjusted to reflect current conditions. At December 31, 2018, SWS had a recorded liability of \$34,499,831 associated with these future costs, based on the use of 39.065 percent of the landfill’s estimated capacity. Based upon the 2015 study, it is estimated SWS will recognize an additional \$53,814,042 in liability expense between 2018 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 post-closure functions in 2018. 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. Activity in the long-term liability for landfill closure and post-closure care cost was as follows:

	Balance January 1, 2018	Addition	Deletion	Balance December 31, 2018	Due in One Year
Future Landfill Closure Costs	\$ 32,897,332	\$ 1,602,499	\$ -	\$ 34,499,831	\$ -

State laws and federal regulations require the Municipality to provide financial assurances for future closure and post-closure costs by one of several allowable mechanisms available. The Municipality elected to use the “Local Government Test” financial assurance mechanism to comply with the regulation. Pursuant to AO 2008-46, the Municipal Assembly amended the Anchorage Municipal Code to establish a restricted account to fund the liability for landfill closure and post-closure purposes. At December 31, 2018, SWS reported \$31,558,268 of restricted assets for payment of closure and post-closure care costs.

**C. Fuel/Polychlorinated Biphenyl (PCB) Contaminated Site at Hank Nikkels Power Plant 1 and Operations/Dispatch Center**

During the 1964 earthquake, approximately 250,000-400,000 gallons of diesel fuel spilled on the ground. Based on numerous environmental investigations, the spill impacted soil and groundwater at the Hank Nikkels Power Plant 1 and properties west/northwest of the plant. During the 2006-2007 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 Environmental Conservation (ADEC) and the Environmental Protection Agency (EPA).

In May 2017, The Electric Utility conducted PCB cleanup activities at the plant and paved the surface of the cleanup area in accordance with the 2008 RBDP approved by EPA and ADEC. The Electric Utility recorded a liability for estimated cleanup costs of \$760,000 at December 31, 2016. At December 31, 2017 the liability remained at \$511,787. All cleanup activities were considered to be performed and the liability was discharged during 2018.

In 2009, PCB contaminated soil was discovered near the Operations/Dispatch building during excavation to install water lines for a fire suppression system. In 2010 and 2015 additional site investigations were conducted to determine a horizontal and vertical extent of PCB contamination. Following the soil investigations, the Electric Utility performed monitoring of groundwater at the site and in the vicinity during 2015 and 2016. Analytical results indicated no off-site migration of PCBs. The Electric Utility is waiting on EPA's review of the site data and further decisions. The cost associated with any further actions cannot be determined at this time.

#### **D. Contaminated Sites Subject to Cleanup Complete or Cleanup Complete with Institutional Controls Status**

In 2017, ADEC conducted a review of three Electric Utility contaminated sites that have a long history of monitoring and identified two sites that qualified for cleanup complete status and one site (Transformer Shop) that could possibly qualify for the Cleanup Complete with Institutional Controls status if the Electric Utility conducts additional sampling.

In 2018 based on ADEC request, the Electric Utility conducted a vapor intrusion assessment associated with the old petroleum contamination in the subsurface near and under the Transformer Shop. The assessment concluded that there are no petroleum vapors entering Transformer Shop from the subsurface. In response to the assessment, ADEC requested to continue biennial groundwater monitoring at this site and include additional volatile organic compounds into the monitoring program. The Electric Utility intends to prepare a work plan with additional testing for the 2020 biennial groundwater monitoring. As a result of the November 30, 2018 earthquake, a few transformers failed, and oil was spilled to the ground. The Electric Utility performed an initial cleanup upon discovery of the spills, however additional assessment and cleanup may be required when the ground is not frozen. The Electric Utility does not anticipate material environmental liability associated with these spills.

#### **E. Electric Utility Compliance with Air Quality Permits**

The Electric Utility owns three turbines that are subject to hourly and annual emissions limits emission controls for criteria pollutants, NOx and CO. In addition to maintaining continuous emission monitoring systems (CEMS) on each turbine, the two newly installed turbines require operation with post-combustion emission controls. EPA regulations require annual third-party emissions testing to assure accuracy of the CEMS. Newly installed turbines have significant emissions reductions compared to the existing turbines, however maintaining emissions control equipment and performing all testing required by EPA will add to the overall environmental compliance cost. The Electric Utility will oversee environmental compliance and contract qualified third-party experts to perform necessary services. Environmental permitting and compliance will continue to require a consultant's expertise. The cost of compliance cannot be determined at this time.

#### **F. Pollution Remediation Obligation**

##### **Water Utility**

In accordance with the State of Alaska Department of Environmental Conservation (ADEC) regulations, the Water Utility commenced activities to remove three leaking, underground fuel storage tanks and the surrounding contaminated soils starting in 1993. Additional contamination was identified on the affected property (unrelated to the tank leakage) requiring additional removal of soils. In 2010, the Water Utility completed additional site characterization. In 2011 and again in 2018 the Water Utility submitted work plans and received approval from ADEC for continued groundwater monitoring while working towards "Cleanup Complete Status" on this site. The Water Utility is anticipating a "Cleanup Complete Status" being received from ADEC in 2019.

The Water Utility used the expected cash flow technique to measure the liability. The Water Utility estimates outlays of \$500 with a probability of one to estimate a pollution remediation obligation of \$500 as of December 31, 2018. The potential for a material change in the estimate is possible depending upon the response received from ADEC.

##### **Wastewater Utility**

In accordance with the State of Alaska Department of Environmental Conservation (ADEC) regulations, the Wastewater Utility has removed four leaking, underground fuel storage tanks and the surrounding contaminated



soils starting in 1992. With ADEC approval, the Wastewater Utility has been conducting groundwater and soil monitoring on some of these sites since 1998. The Wastewater Utility received cleanup complete status in 2016 for Pump Station 31. In 2017 the Wastewater Utility was in the process of submitting paperwork to ADEC to obtain cleanup complete status on Pump Station 12 when another spill occurred from an above ground fuel tank in the general area of the original fuel spill that occurred in 1990. Due to the 2017 spill, the Wastewater Utility will not obtain cleanup complete status and will be required to continue monitoring activities. In 2016 the Wastewater Utility experienced a fuel spill on the Wastewater Utility operations and Maintenance facility located at 325 East 94th Court for which preliminary actions removed surface and some subsurface contamination. A third party agreed through mediation to pay a portion of the preliminary cleanup costs. The Wastewater Utility is planning to make improvements at the site which will result in further cleanup and contamination mitigation.

The Wastewater Utility used the expected cash flow technique to measure the liability. The Wastewater Utility estimated a reasonable range of potential outlays of \$15,000 to \$423,000 per contaminated site and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$754,250 as of December 31, 2018. The potential for a material change in the estimate is possible depending upon the response received from ADEC.

### **Wastewater Treatment Facilities Discharge Permits**

The State of Alaska Department of Environmental Conservation (ADEC) assumed authority for permitting wastewater discharges for the Girdwood and Eagle River Wastewater Treatment Facilities (WWTF) in November 2008. The Eagle River WWTF permit was re-issued by ADEC in the spring of 2014 and is set to expire on June 30, 2019. AWWU has submitted a permit application to renew the Eagle River WWTF permit. ADEC is actively working on the draft permit and the Wastewater Utility anticipates renewal of the permit in the near future. The Girdwood WWTF permit is administratively extended pending reissuance by ADEC. The Wastewater Utility is working closely with ADEC to ensure that a proposed upgrade to the Girdwood WWTF is consistent with terms and conditions of the new permit, when it is reissued.

Authorization of discharge into marine waters from the Asplund WWTF under the provisions of Section 301(h) of the Clean Water Act remains under the auspices of the U.S. Environmental Protection Agency (EPA). EPA has not yet ruled on the Wastewater Utility's 2005 application for reauthorization of the permit, originally issued in October of 1985. The permit renewal process includes an evaluation by EPA on whether Asplund continues to meet the criteria specified in Section 301(h) of the Clean Water Act to allow discharge of wastewater receiving a primary level of treatment. EPA has not yet published a determination as to whether the Asplund WWTF discharge continues to meet 301(h) criteria. Neither has EPA established a timeline for the decision. Should EPA determine that the Asplund discharge no longer meets the 301(h) criteria, the permitting authority could fall to the State with a requirement to apply a secondary level of treatment. The 301(h) determination, like the permit issuance itself, is subject to appeal by the Municipality or a third party.

Prior to issuance of a federal discharge permit, EPA is required to consult with the National Marine Fisheries Service (NMFS) on the effects of the permit reauthorization on endangered species (i.e., the Cook Inlet beluga whale). If NMFS finds that the discharge reauthorization is likely to jeopardize continued existence of the species or adversely modify critical habitat, NMFS may impose conditions on the permit to mitigate the effects on the species. Discussions with federal agencies to date suggest that such a finding is unlikely.

### **Port**

In February 2012, the Port entered into an agreement with the Department of Defense to acquire 48 acres of undeveloped land (Tract J) 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. This obligation is reflected on the Port's statement of net position as a non-current liability totaling \$1,788,202 at December 31, 2018. In 2011, the Port recognized a capital contribution in the amount of \$8,425,612. Both Tract H and Tract J at the Port are ADEC designated contaminated sites. In 2018, the monitoring and reporting costs for Tract J was \$11,361. No required monitoring expenses were incurred for Tract H in 2018.

### **Other Environmental Issues**

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

### **Frank Jones Site**

The presence of PCB and Hydrocarbons exceeding applicable clean up levels was discovered in the soils on the Tract 1A Fragment Lot 12, Mountain View parcel North entry to Frank Jones (Site). The Site was contaminated by a third party storing old heavy equipment on the parcel. Ownership was transferred to the Municipality in 2006. BGES through DOWL Engineering provided the Site Characterization report. The Municipality worked with the ADEC and the EPA on proper characterization and remediation of the site.

During 2017, the Municipality carried out a work plan approved by ADEC to complete site characterization by further delineating the extent of contamination and determining whether contaminants were migrating to groundwater and migrating offsite. The Municipality also decommissioned five groundwater monitoring wells on the site in accordance with guidance received from ADEC in September of 2017. There were no additional expenditures in 2018.

It is anticipated that once grading, drainage work, and capping of the site by paving is completed, the site will receive a "Cleanup Complete with Institutional Controls" designation from ADEC. Because the work that will need to be done and the controls that will have to be put in place and maintained will depend on responses from ADEC, the Municipality has not yet obtained cost estimates for completion of the remediation. In 2018, there has been no new information or activity for this site.

### **Public Works Transit Facility Sites**

The presence of soil contamination from a subsurface hydraulic oil leak was discovered in 1990 at the Public Works Transit Facility (PWTF). Bus hydraulic lifts 4, 6, 9 and 10 were the source of leak. In November 2011, a work plan was proposed to repair existing monitoring wells, measure product thickness, collect ground water samples for laboratory analysis and conduct a short-term product recovery assessment. New lifts were installed in 2014.

Further site characterization work was performed in 2017. An additional monitoring well was installed, and soil and groundwater samples were obtained and analyzed in order to delineate the extent of soil and groundwater contamination. The soil and water samples taken during this testing had no levels of contaminants above ADEC cleanup thresholds. The Municipality's environmental consultant, Shannon and Wilson, concluded that contamination from the hydraulic oil leak does not extend beyond the area immediately beneath the building. The Municipality is planning to request permission from ADEC to discontinue the work to recover the spilled hydraulic oil as the amount of recoverable product appears to be very small.

During soil testing at the PWTF in 2016, as part of preparation for removal and replacement of existing fuel storage tanks, diesel contamination due to leakage from on-site fuel storage tanks was detected. This constituted a second site separate from the hydraulic oil leak discovered in 1990. Remediation work for this contamination is planned to be performed at the time of the scheduled removal and replacement of the tanks.

The site characterization work performed during 2017 included the installation of three monitoring wells and collection of soil and groundwater samples. Levels of diesel range organic compounds (DROs), petroleum-related volatile organic compounds (VOCs), and polycyclic aromatic hydrocarbons (PAHs) above applicable ADEC cleanup thresholds were detected in soil and groundwater samples at two of the three wells. Shannon and Wilson concluded that the extent of contamination downgradient from the leaking tanks was undefined. Further site characterization planned for 2018 includes installation of three monitoring wells, with soil samples taken from each of the borings and groundwater samples taken from each of the wells after installation and again in the fall of 2018.

A leaking 500-gallon underground storage tank for waste oil was removed from the Transit Warm Storage Building in 1998. Soil contamination by DROs above applicable ADEC cleanup thresholds was detected. In 2017, additional site characterization work, consisting of installation of a monitoring well near the site and collection of soil and groundwater samples, was performed. None of the samples taken had levels of contaminants above applicable ADEC thresholds, and Shannon and Wilson concluded that contamination had not migrated beyond the area immediately under the building.

A leaking 500-gallon underground storage tank for waste oil was removed from a location immediately outside of the Maintenance Support Division Communication Shop in 1997. Soil contamination with gasoline range organic compounds (GROs), DROs, and tetrachloroethylene at or above applicable ADEC cleanup thresholds was detected. There has been no recent activity at the site, nor any recent communication from ADEC.

The Municipality used the expected cash flow technique to measure liability. The Municipality estimated a reasonable range of potential outlays and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$347,212 for these sites in 2018.

### **Gambell Street Right-of Way Site**

The presence of GROs, DROs, and multiple VOCs exceeding applicable cleanup standards was discovered as a result of road right-of-way work along Gambell Road south of the intersection with Benson Boulevard in 2006. Approximately 400 tons of contaminated soil was excavated and sent for remediation. The most recent testing at the site continued to show levels of GROs and DROs in ground water, as well as VOCs in soil gases, above applicable cleanup standards. A work plan for future testing and remediation activities has not yet been developed; therefore, the cost associated with any future actions cannot be determined at this time.

### **Northwood Maintenance Facility Site**

The presence of numerous contaminants exceeding applicable cleanup levels were discovered at two sites at the Municipality's Northwood Drive Maintenance Facility. In 1992, three areas of stained soils were discovered on the grounds of the facility. Testing found levels of DROs and RROs in excess of applicable cleanup standards. In 2001, a dry well was encountered beneath the foundation slab of the maintenance building during work to install an oil/water separator under Garage Bay 6. Testing revealed levels of GROs; DROs; RROs; tetrachloroethylene; 1,2,4 trimethylbenzene; 1,2 dichlorobenzene; and 1,4 dichlorobenzene in concentrations above the applicable cleanup standards.

The most recent testing of samples from the stained soil area showed levels of DROs and RROs still above applicable cleanup levels, but significantly lower than previous samples. The most recent testing of water from monitoring wells did not indicate spreading of contamination in groundwater from the drywell site by tetrachloroethylene and the benzene-related compounds. ADEC has requested that the Municipality submit an update on the site's status and a proposed schedule for work to delineate the nature and extent of the contamination at the site by August 1, 2018. Future costs for remediation at these sites will depend on responses from ADEC and the results of future monitoring and are not estimable at this time.

### **Third Addition Block 39, Lot 15 Site**

The presence of DROs in soil and ground water exceeding applicable cleanup levels due to a leaking underground heating oil storage tank was discovered on a parcel of land during a road improvement project in July of 2008. The tank was removed, and approximately 15 cubic yards of affected soil was excavated from the site and sent for remediation. ADEC has requested that the Municipality develop a work plan to complete site characterization, including at least one test well and two rounds of sampling, and a conceptual site model encompassing all potential exposure pathways.

The Municipality used the expected cash flows technique to measure the liability for the expected site characterization work and modeling. The Municipality estimated a reasonable range of potential outlays between \$12,000 and \$50,000 and multiplied those outlays by their probability of occurrence to estimate a pollution remediation obligation of \$18,700 for 2018.

### **Second Avenue Easement Site**

The presence of soil and groundwater contamination from diesel range and residual range organic chemicals (DROs and RROs) and lead was discovered in the 1990's at the former Second Avenue easement storage site at 1021 East Third Avenue. The source of the contamination was three bulk storage tanks believed to have been used to store used engine oil, used for dust suppression, which was collected from service stations in the area. Two of the tanks failed in the early 1970's and the last tank failed in 1994; the volume of material released by the tank failures is unknown.

During additional testing at the site in 2016, levels of lead exceeding Resource Conservation and Recovery Act (RCRA) toxicity characteristic criterion for a hazardous waste were found in one of the soil samples taken. If soil is removed from the site as part of remediation efforts, it may have to be disposed of as a RCRA-regulated hazardous waste. Full remediation will require excavation of impacted soil and disposal off-site, as no other options would be effective in reducing the concentrations of lead in impacted soil and groundwater. The Municipality has accrued a liability of \$500,000 for environmental remediation at the site for 2018.

### **Fire Station 4 Site**

The presence of contamination from DROs, GROs, benzene, toluene, ethylbenzene, and xylenes were detected at the Fire Station 4 site located at 4350 MacInness Street. The site is currently required by ADEC to have annual groundwater testing to monitor contamination levels. Testing during 2017 found levels of DROs, GROs, benzene, toluene, ethylbenzene, and xylene still above ADEC groundwater cleanup levels in one of the two monitoring wells from which samples were taken; the samples from the other monitoring well did not exhibit concentrations of any

contaminants above ADEC cleanup levels. Further remediation activities will depend on the results of testing and responses received from ADEC and is not estimable at this time.

#### **Fleet Maintenance Facility Site**

The presence of contamination from DROs, GROs, RROs, benzene, and toluene, resulting from multiple underground storage tanks and the Facility's Paint shop, were detected at the Fleet Maintenance Facility at 4333 Bering Street in the 1990s. Testing of groundwater samples occurred subsequent to year end. Test results indicated levels of multiple contaminants in the samples from the wells monitoring the contamination from the underground storage tanks above ADEC cleanup levels, but generally stable or decreasing from the last monitoring event except for RRO levels in one sample. Samples from the well used for monitoring contamination from the Paint Shop showed increased levels of DROs and RROs from the previous monitoring results, with levels of RROs above ADEC cleanup levels. In addition, levels of several contaminants were above cleanup thresholds for vapor intrusion. ADEC has requested that the Municipality perform an additional groundwater monitoring event in 2019 and indoor air evaluation, with the plan for the monitoring to be submitted to ADEC for approval by March 1, 2019. The estimated costs of the work to be performed in 2019 is \$20,000. Accordingly, the Municipality has accrued a liability of \$20,000 for the site at December 31, 2018.

#### **Peacock Cleaners Site**

The presence of DROs, 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.

The Municipality used the expected cash flow technique to measure liability. The Municipality estimated a reasonable range of potential outlays between \$963,071 to \$3,844,297. The Municipality accrued a liability for estimated pollution remediation obligation of \$2,310,583.

#### **Sullivan Storage Building Site**

On June 26, 2018, a strong hydrocarbon odor was observed 2 to 4 feet below ground surface during excavating for the new Sullivan Arena Warm Storage Building foundation. As part of an interim removal action, the excavation was further advanced to the groundwater interface at 5.5 to 6 feet below ground surface. Soil disturbed at this depth produced a heavy petroleum sheen and strong hydrocarbon odor. The excavation continued laterally until olfactory, visual, and field screening results indicated it was "clean". The final excavation was expanded to 46 feet by 28 feet by 6 to 6.5 feet below ground surface. Ultimately 190 cubic yards of petroleum impacted soil were removed and disposed of at the Anchorage Regional Landfill. A total of fourteen confirmation samples collected from the excavation bottom beneath the groundwater and from the sidewalls at a depth of 5 to 6 feet below ground surface contained diesel range organics up to 1,760 mg/kg and naphthalene at 0.0769 mg/kg. An excavation groundwater grab sample collected did not contain contaminant concentrations above groundwater cleanup levels. After sampling, the excavation was backfilled with assumed clean overburden and construction of the warm storage building resumed.

The Municipality used the expected cash flow technique to measure liability. The Municipality estimated a reasonable range of potential outlays and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$21,179 for this site in 2018.

#### **Spenard Road Project**

In September 2017, an approximately 225-gallon single walled used oil underground storage tank (UST #1) was discovered during construction along West 27<sup>th</sup> Avenue. In October 2017, the tank was removed and approximately 8 cubic yards of soil were generated from the excavation which measured approximately 7 feet by 7 feet wide, and to a depth of 6 feet below ground level (bgs). Groundwater was no encountered but based on documents from the area it is estimates at 10 to 20 feet bgs. A total of eight analytical soil samples including one duplicate were collected from the excavation base, sidewalls and excavation base, sidewalls and excavation stockpile. These samples contained diesel contained diesel range organics up to 24,200 mg/kg, residual range organics up to 65,800 mg/kg, lead up to 1,330 and benzo(a)anthracene at 0.971mg/kg. Arsenic was detected above ADEC cleanup levels but is considered background at this location. After sampling, the excavation was backfilled with imported clean soil.

ADEC can request further action on the site, and as such, future costs for remediation at these sites will depend on responses from ADEC and the results of future monitoring and are not estimable at this time.

## **NOTE 21 - SUBSEQUENT EVENTS**

### **A. Electric Utility Subsequent Events**

#### **Acquisition of the Electric Utility by Chugach Electric Association**

On April 1, 2019, CEA filed a petition at the RCA requesting necessary approvals for acquiring the Electric Utility from the Municipality and requesting an amendment of Certificate of Public Convenience and Necessity (CPCN) No. 8 to reflect the acquired service territory. This filing is assigned docket U-19-020. CEA has agreed to acquire most of the assets of the Electric Utility from the Municipality. CEA and the Municipality have agreed to a transaction in which CEA will purchase most of the Electric Utility's assets and the generation output of the Electric Utility's share of the Eklutna Hydroelectric Project for a term of 35 years.

On April 5, 2019, the Municipality applied for approval from the RCA to amend its CPCN No. 121 to consist solely of wholesale bulk power sales at the Eklutna generation plant. The Municipality also applied to terminate the restriction on payment of dividends to the Municipality initially imposed by Order No. U-13-184(22). This filing was assigned docket U-19-021.

On May 8, 2019, the RCA ordered the consolidation of U-19-020 and U-19-021. A scheduled hearing starts on August 27, 2019 and continuing as necessary through September 17, 2019. The statutory timeline for issuance of a final order by the RCA in these consolidated dockets is November 19, 2019.

The Municipality and CEA are currently engaged in limited integration planning and due diligence activities. The Electric Utility continues to operate as usual and the proposed sale has no material effect on ongoing operations of the Electric Utility.

### **B. Water Utility Subsequent Events**

#### **Alaska Drinking Water Loans**

Subsequent to December 31, 2018, the Water Utility entered into loan agreements for an additional \$10.7 million from the State of Alaska Drinking Water Fund to be used for capital construction projects to be drawn as needed. In addition, the Water Utility received \$3.3 million in loans from the State of Alaska Drinking Water Fund also for capital construction projects.

#### **Water Utility Short-term Borrowing Program**

Subsequent to December 31, 2018, the Water Utility received notification that the loan agreement with a commercial bank will expire. The Municipality entered into a new short-term borrowing program May 16, 2019. Drawings under the new loan agreement in the amount of \$19.1 million were remitted to the Municipality to repay all the outstanding subordinate lien notes, to pay all or a portion of the costs for capital improvements, and to pay the costs of issuance of this note. All principal, interest, and commitment fees owed to the original commercial bank were paid May 16, 2019. The principal balance of the note may never exceed \$30 million and the interest rate varies.

#### **Anchorage Earthquake Effects on the Water Utility**

On November 30, 2018, the Municipality experienced a magnitude 7.0 earthquake located 10 miles north of Anchorage, AK. It was followed by a 5.7 magnitude aftershock centered 2.5 miles north-northwest of the Municipality. The earthquake caused severe damage to roads, bridges, buildings, water and wastewater pipes, and electrical systems. The Municipality is working with Federal Emergency Management Agency (FEMA) to recover eligible costs associated with the repair of damage caused by the earthquake on November 30th and subsequent events. The amount of recoverable expenses included in other assets is \$1,485,707. The Water Utility will file a petition for approval to create a Regulatory Asset with the RCA in order to amortize the unreimbursed expenses over a period that reflects the period of benefit to the ratepayers.

### **C. Wastewater Utility Subsequent Event**

#### **Alaska Clean Water Loans**

Subsequent to December 31, 2018, the Wastewater Utility entered into loan agreements for an additional \$9.8 million from the State of Alaska Clean Water Fund to be used for capital construction projects to be drawn as needed. In addition, the Wastewater Utility received \$1 million in loans from the State of Alaska Clean Water Fund also for capital construction projects.

### **Wastewater Utility Short-term Borrowing Program**

Subsequent to December 31, 2018, the Wastewater Utility received notification that the loan agreement with a commercial bank will expire. The Municipality entered into a new short-term borrowing program May 16, 2019. Drawings under the new loan agreement in the amount of \$15.7 million were remitted to the Municipality to repay all the outstanding subordinate lien notes, to pay all or a portion of the costs for capital improvements, and to pay the costs of issuance of this note. All principal, interest, and commitment fees owed to the original commercial bank were paid May 16, 2019. The principal balance of the note may never exceed \$30 million. The interest rate on the loan varies.

### **Anchorage Earthquake Effects on the Wastewater Utility**

On November 30, 2018, the Municipality experienced a magnitude 7.0 earthquake located 10 miles north of Anchorage, AK. It was followed by a 5.7 magnitude aftershock centered 2.5 miles north-northwest of the Municipality. The earthquake caused severe damage to roads, bridges, buildings, water and wastewater pipes, and electrical systems. The Municipality is working with FEMA to recover eligible costs associated with the repair of damage caused by the earthquake on November 30<sup>th</sup> and subsequent events. The amount of recoverable expenses included in other assets is \$203,953. The Wastewater Utility will file a petition for approval to create a Regulatory Asset with the RCA in order to amortize the unreimbursed expenses over a period that reflects the period of benefit to the ratepayers.

## **D. Port Subsequent Event**

### **Tariff Rates**

Effective January 1, 2019, Port tariff rates will be increasing through the published Terminal Tariff No. 8, 2015 publication. Terminal Tariff No. 8 expires on December 31, 2019 and the Port is working to prepare and submit Terminal Tariff No. 9 for approval in the 4<sup>th</sup> quarter of 2019.

## **E. Municipality Subsequent Events**

### **Debt**

See Note 10(F) - Bonds Authorized but Unissued for bonds authorized but not issued including approved after year end. See Note 11- Debt Issued Subsequent to Year End for debt issued subsequent to year end.

### **Earthquake in Anchorage**

On November 30, 2018, the Municipality experienced a magnitude 7.0 earthquake located 10 miles north of Anchorage, AK. It was followed by a 5.7 magnitude aftershock centered 2.5 miles north-northwest of the Municipality. The earthquake caused severe damage to roads and bridges, buildings, water and wastewater pipes and electrical systems. The Municipality is in the process of assessing the damage and coordinating repair work. The cost of the damage repair is not estimable at this time.

## **NOTE 22 - NEW ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Municipality for 2018 reporting:

- GASB 75 – Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions. The provisions of this statement address accounting and financial reporting issues for postemployment benefits other than pensions (other postemployment benefits or OPEB) provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The Municipality applied this statement to the State of Alaska PERS OPEB plans and the Police and Fire Retiree Medical Trust plans for December 31, 2018.
- GASB 85 – Omnibus 2017. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). As of

December 31, 2018, the Municipality implemented guidance from this statement as it related to OPEB reporting. We considered the other objectives and were determined to be not applicable.

- GASB 86 – Certain Debt Extinguishment Issues. The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement was considered and determined to be not applicable at this time. We will consider this guidance in future years.

The following standards are required to be implemented in the up and coming financial reporting periods.

- GASB 83 – Certain Asset Retirement Obligations. The provisions of this Statement are required to be implemented for the 2019 financial reporting period.
- GASB 84 – Fiduciary Activities. The provisions of this Statement are required to be implemented for the 2019 financial reporting period.
- GASB 87 – Leases. The provisions of this Statements are required to be implemented for the 2020 financial reporting period.
- GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The provisions of this statement are required to be implemented in the 2019 reporting period.
- GASB 89 – Accounting for Interest Costs Incurred before the End of a Construction Period. The provisions of this statement are required to be implemented in the 2020 reporting period.
- GASB 90 – Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61. The provisions of this statement are required to be implemented in the 2019 reporting period.
- GASB 91 – Conduit Debt Obligations. The provisions of this statement are required to be implemented in the 2021 reporting period.

## NOTE 23 - OTHER ACCOUNTING MATTERS

### A. Change in Accounting Principle- Implementation of GASB Statement No. 75

As discussed in Note 14 to the financial statements, the Municipality participates in the Alaska Public Employees' Retirement System (PERS) OPEB plans and the Police and Fire Retirement Pension System OPEB plans. In 2018, the Municipality adopted the provisions of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which, among other accounting and reporting criteria, requires the Municipality to recognize its proportional share of the Net OPEB Liability (and related deferred inflows and outflows of resources), as of the beginning of the Municipality's fiscal year. As a result of the implementation of this statement, the Municipality has recorded an opening balance adjustment to reflect opening balance OPEB liabilities and related accounts and to decrease opening net position as follows:

	Opening Net Position, as Originally Presented	Change in Accounting Principle Adjustment	Opening Net Position, as Restated
Governmental Activities	\$ 2,829,030,197	\$ (217,341,747)	\$ 2,611,688,450
Business-type Activities	835,235,940	(11,300,478)	823,935,462
Electric Utility	269,457,246	(2,525,319)	266,931,927
Water Utility	149,704,156	(3,552,638)	146,151,518
Wastewater Utility	95,665,346	(3,552,639)	92,112,707
Port	167,645,773	(472,597)	167,173,176
Refuse Utility	13,113,916	(506,232)	12,607,684
Solid Waste	58,758,533	(428,386)	58,330,147
Airport	80,274,497	(262,667)	80,011,830
Equipment Maintenance	21,491,500	(700,483)	20,791,017
General Liability/Workers Comp	(4,580,037)	(29,404)	(4,609,441)
Information Technology	7,033,176	(1,213,798)	5,819,378

## **B. Water Utility Other Accounting Matters**

### **Other Non-Current Assets**

The Water Utility includes deferred charges and deferred debits in other non-current assets in the statement of net position. The Water Utility amortizes the cost of coatings for reservoirs over a 30-year period. The amount of deferred charges consisting mostly of coatings for reservoirs was \$5,979,945, in 2018. The Water Utility also categorizes pollution remediation costs of \$500, and costs incurred from the November 30, 2018 earthquake of \$1,485,707 for 2018 as deferred debits.

## **C. Wastewater Utility Other Accounting Matters**

### **Other Non-Current Assets**

The Wastewater Utility includes deferred charges and deferred debits in other non-current assets on the statement of net position. The Wastewater Utility amortizes the cost of coatings for clarifiers and thickeners over a 30-year period. Deferred charges consisting of coatings of clarifiers and thickeners are \$8,124,513, in 2018. The Wastewater Utility also categorizes pollution remediation costs of \$754,250 and costs incurred from the November 30, 2018 earthquake of \$203,953 as deferred debits.



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information- Budgetary Comparison Schedule  
 with Expenditures by Function for the General Fund and Sub-funds  
 For the year ended December 31, 2018

	Budget		Actual Budgetary Basis	Budget to GAAP Difference		Actual GAAP Basis	Variance With Final Budget
	Original	Final					
<b>Revenues:</b>							
Taxes	\$ 69,345,942	\$ 617,686,875	\$ 613,920,868	\$ -		\$ 613,920,868	\$ (3,766,007)
Assessments in lieu of taxes	2,755,558	3,383,900	3,382,960	-		3,382,960	(940)
Special assessments	220,000	220,000	330,110	-		330,110	110,110
Licenses and permits	9,466,050	9,379,653	9,088,153	-		9,088,153	(291,500)
Intergovernmental	11,870,839	12,307,811	10,092,076	(1)	8,460,357	18,552,433	(2,215,735)
Charges for services	22,759,517	22,955,732	23,011,669	-		23,011,669	55,937
Fines and forfeitures	5,009,722	5,319,214	6,373,135	-		6,373,135	1,053,921
Investment income	2,940,435	2,789,904	1,674,644	-		1,674,644	(1,115,260)
Restricted contributions	134,638	134,638	126,429	-		126,429	(8,209)
Other revenues	3,105,997	3,159,561	2,873,129	-		2,873,129	(286,432)
Total revenues	<u>127,608,698</u>	<u>677,337,288</u>	<u>670,873,173</u>	<u>8,460,357</u>		<u>679,333,530</u>	<u>(6,464,115)</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	20,331,123	25,272,278	22,071,243	(1)	903,022	22,974,265	3,201,035
Fire services	101,923,986	102,759,259	102,293,655	(1)	2,664,680	104,958,335	465,604
Police services	122,301,967	123,669,812	123,193,152	(1)	2,986,156	126,179,308	476,660
Health and human services	14,659,294	14,013,651	13,090,516	(1)	258,898	13,349,414	923,135
Economic and community development	65,256,853	65,059,378	60,586,331	(1)	710,445	61,296,776	4,473,047
Public transportation	23,377,683	24,099,131	23,922,400	(1)	362,207	24,284,607	176,731
Public works	8,392,489	9,525,024	8,407,620	(1)	354,133	8,761,753	1,117,404
Education	-	247,093,515	247,093,515	-		247,093,515	-
Maintenance and operations	36,315,397	36,418,773	35,183,312	(1)	220,816	35,404,128	1,235,461
<b>Debt service:</b>							
Principal	38,655,000	38,655,001	36,550,000	-		36,550,000	2,105,001
Interest	19,402,876	19,455,810	18,973,301	-		18,973,301	482,509
Debt issuance costs	-	76,269	76,269	-		76,269	-
Total expenditures	<u>450,616,668</u>	<u>706,097,901</u>	<u>691,441,314</u>	<u>8,460,357</u>		<u>699,901,671</u>	<u>14,656,587</u>
Deficiency of revenues over expenditures	<u>(323,007,970)</u>	<u>(28,760,613)</u>	<u>(20,568,141)</u>	<u>-</u>		<u>(20,568,141)</u>	<u>8,192,472</u>
<b>Other financing sources (uses):</b>							
Transfers from other funds	37,094,956	35,954,218	36,011,095	-		36,011,095	56,877
Transfers to other funds	(9,604,290)	(13,309,979)	(13,191,045)	-		(13,191,045)	118,934
Participation bonds issued	-	1,320,703	3,800,000	-		3,800,000	2,479,297
Premium on bond sale	-	76,274	2,392,756	-		2,392,756	2,316,482
Refunding bonds issued	-	-	20,265,000	-		20,265,000	20,265,000
Payment to refunded bond escrow agent to extinguish debt	-	-	(22,580,259)	-		(22,580,259)	(22,580,259)
Sale of capital assets	275,000	418,221	361,123	-		361,123	(57,098)
Insurance recoveries	69,840	293,208	410,404	-		410,404	117,196
Total other financing source (uses)	<u>27,835,506</u>	<u>24,752,645</u>	<u>27,469,074</u>	<u>-</u>		<u>27,469,074</u>	<u>2,716,429</u>
Net change in fund balance	(295,172,464)	(4,007,968)	6,900,933	-		6,900,933	10,908,901
Fund balance, beginning of year	(199,273,725)	57,866,766	59,811,132	-		59,811,132	1,944,366
Fund balance, end of year	<u>\$ (494,446,189)</u>	<u>\$ 53,858,798</u>	<u>\$ 66,712,065</u>	<u>\$ -</u>		<u>\$ 66,712,065</u>	<u>\$ 12,853,267</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.

**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.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Required Supplementary Information – Budgetary Data

December 31, 2018

In 2003, the Municipality 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 the Municipality'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 2018 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 2018 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 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), E911 Surcharge (a Special Revenue Fund), Police and Fire Retiree Medical Liability (a Special Revenue Fund), ACPA Surcharge Revenue Bond (a Debt Service Fund), and Police and Fire Retirement Certificates of Participation ( a Debt Service 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.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Required Supplementary Information – Budgetary Data

December 31, 2018

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.

The 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, 2018

	Percentage of Lane - Miles in Good or Better Condition		
	2017	2014	2011
Anchorage Road District	75.00%	80.20%	72.81%
Chugiak/Eagle River Road District	97.95%	95.60%	93.79%
Girdwood Road District	100.00%	93.20%	88.01%
Other Road Districts	79.80%	79.00%	71.71%
New Road District	0.00%	87.10%	0.00%
Overall System	88.19%	83.60%	77.62%

	Percentage of Lane - Miles in Fair Condition		
	2017	2014	2011
Anchorage Road District	25.00%	19.80%	27.19%
Chugiak/Eagle River Road District	2.05%	4.40%	6.21%
Girdwood Road District	0.00%	6.80%	11.99%
Other Road Districts	20.20%	21.00%	28.29%
New Road District	0.00%	12.90%	0.00%
Overall System	11.81%	16.40%	22.38%

	Comparison of Estimated-to-Actual Maintenance/Preservation (in Thousands)				
	2018	2017	2016	2015	2014
Anchorage Road District:					
Needed	\$ 37,731	\$ 51,780	\$ 21,190	\$ 11,226	\$ 26,810
Actual	37,638	50,476	17,582	11,014	26,801
Chugiak/Eagle River Road District:					
Needed	4,813	7,230	4,260	6,149	5,393
Actual	4,605	7,166	5,055	7,046	5,901
Girdwood Road District:					
Needed	518	437	1,741	332	323
Actual	601	500	1,909	547	528
Other Road Districts:					
Needed	1,193	1,735	3,381	4,234	7,917
Actual	1,577	2,089	4,154	4,797	8,738
Overall System:					
Needed	44,255	61,182	30,572	21,942	40,443
Actual	44,421	60,231	28,700	23,405	41,968
Difference	(166)	951	1,872	(1,463)	(1,525)

Note: In 2017, the Municipality of Anchorage (MOA) contracted with Pavement Services, Inc. (PSI) to conduct a visual pavement condition index (PCI) survey of the street system. The condition of road pavement is measured based upon a visual survey of road condition performed following the American Society for Testing and Materials International Standard D6433-11, Standard Practice for Roads and Parking Lots Pavement Condition Index (PCI). Previously, an assessment of the longitudinal profile (International Roughness Index) and rut depth provided by the Mandli Road Surface Profiler in 2014 and Dynatest Road Surface Profiler in prior years was used. That 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 for those surveys was used to classify paved roads in good or better condition (4 or less) and fair condition (5 or more). It is the Municipality's policy to maintain 60% or more of the total paved road miles in good or better condition. Condition assessments are required to be updated every three years.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Required Supplementary Information  
Public Employees' Retirement System- Defined Benefit  
Schedule of the Municipality's Proportionate Share of the Net Pension Liability  
Last Four Fiscal Years

Year Ended December 31,	Measurement Period Ended June 30,	Municipality's Proportion of the Net Pension Liability	Municipality's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Municipality's Covered Payroll	Municipality's Proportionate Share of the Net Pension Liability as a percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	2018	7.27074%	\$ 361,285,220	\$ 104,636,568	\$ 465,921,788	\$ 219,633,972	164.49%	65.19%
2017	2017	6.72870%	347,836,470	129,589,885	477,426,355	209,843,388	165.76%	63.37%
2016	2016	7.76436%	433,996,281	54,685,280	488,681,561	203,264,624	213.51%	59.55%
2015	2015	6.16382%	298,946,265	80,071,590	379,017,855	194,627,317	153.60%	63.96%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Public Employees' Retirement System- Defined Benefit  
 Schedule of Municipality Contributions  
 Last Four Calendar Years

Year Ended December 31,	Measurement Period Ended June 30,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Municipality's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	2018	\$ 29,774,107	\$ 29,774,107	-	\$ 221,619,627	13.435%
2017	2017	28,704,730	28,704,730	-	215,244,809	13.336%
2016	2016	24,562,145	24,562,145	-	207,168,838	11.856%
2015	2015	21,876,448	21,876,448	-	199,173,691	10.984%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Required Supplementary Information  
Police and Fire Retirement System- Defined Benefit  
Schedule of Changes in the Municipality's Net Pension Liability and Related Ratios- Plan I  
Last Five Calendar Years

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	5,543,250	6,133,683	6,317,389	6,480,803	6,674,747
Differences between expected and actual experiences	(1,044,715)	(554,310)	(263,269)	334,288	(172,965)
Changes of assumptions	657,071	7,094,507	-	657,285	674,653
Benefits payments, including refunds of member contributions	(8,283,754)	(8,403,191)	(8,476,620)	(8,554,565)	(8,604,796)
Net changes in total pension liability	(3,128,148)	4,270,689	(2,422,500)	(1,082,189)	(1,428,361)
Total pension liability - beginning	88,130,506	83,859,817	86,282,317	87,364,506	88,792,867
Total pension liability - ending (a)	85,002,358	88,130,506	83,859,817	86,282,317	87,364,506
Plan fiduciary net position:					
Contributions- Employer- Municipality of Anchorage	-	14,552,500	1,546,175	1,338,525	1,952,158
Contributions- Plan members	-	-	-	-	3
Total net investment income	(3,869,127)	10,533,712	5,189,299	400,284	3,984,313
Benefits payments, including refunds of member contributions	(8,283,754)	(8,403,191)	(8,476,620)	(8,554,565)	(8,604,796)
Administrative expenses	(162,303)	(129,583)	(134,202)	(125,927)	(122,469)
Net change in plan fiduciary net position	(12,315,184)	16,553,438	(1,875,348)	(6,941,683)	(2,790,791)
Plan fiduciary net position - beginning	83,207,363	66,653,925	68,529,273	75,470,956	78,261,747
Plan fiduciary net position - ending (b)	70,892,179	83,207,363	66,653,925	68,529,273	75,470,956
Plan's net pension liability (a) - (b)	\$ 14,110,179	\$ 4,923,143	\$ 17,205,892	\$ 17,753,044	\$ 11,893,550
Plan fiduciary net position as a percentage of the total pension liability	83.40%	94.41%	79.48%	79.42%	86.39%
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Required Supplementary Information  
Police and Fire Retirement System- Defined Benefit  
Schedule of Changes in the Municipality's Net Pension Liability and Related Ratios- Plan II  
Last Five Calendar Years

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	4,279,605	4,670,017	4,783,176	4,879,585	4,983,645
Differences between expected and actual experiences	540,098	(648,422)	(369,686)	53,268	(181,652)
Changes of assumptions	575,930	5,986,612	-	542,944	551,964
Benefits payments, including refunds of member contributions	(5,789,331)	(5,841,222)	(5,924,959)	(5,905,860)	(5,852,713)
Net changes in total pension liability	(393,698)	4,166,985	(1,511,469)	(430,063)	(498,756)
Total pension liability - beginning	67,737,168	63,570,183	65,081,652	65,511,715	66,010,471
Total pension liability - ending (a)	67,343,470	67,737,168	63,570,183	65,081,652	65,511,715
Plan fiduciary net position:					
Contributions- Employer- Municipality of Anchorage	-	10,642,589	1,108,376	964,863	1,520,220
Contributions- Plan members	-	-	-	2,587	11,321
Total net investment income	(3,027,387)	8,168,950	3,990,641	298,556	2,995,775
Benefits payments, including refunds of member contributions	(5,789,331)	(5,841,222)	(5,924,959)	(5,905,860)	(5,852,713)
Administrative expenses	(126,157)	(100,190)	(103,090)	(95,720)	(92,067)
Net change in plan fiduciary net position	(8,942,875)	12,870,127	(929,032)	(4,735,574)	(1,417,464)
Plan fiduciary net position - beginning	64,297,565	51,427,438	52,356,470	57,092,044	58,509,508
Plan fiduciary net position - ending (b)	55,354,690	64,297,565	51,427,438	52,356,470	57,092,044
Plan's net pension liability (a) - (b)	\$ 11,988,780	\$ 3,439,603	\$ 12,142,745	\$ 12,725,182	\$ 8,419,671
Plan fiduciary net position as a percentage of the total pension liability	82.20%	94.92%	80.90%	80.45%	87.15%
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ 132,771
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	6341.50%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Required Supplementary Information  
Police and Fire Retirement System- Defined Benefit  
Schedule of Changes in the Municipality's Net Pension Liability and Related Ratios- Plan III  
Last Five Calendar Years

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	\$ 634,210	\$ 512,332	\$ 513,183	\$ 783,360	\$ 1,022,911
Interest	17,329,124	18,276,072	18,494,293	18,458,939	18,278,963
Differences between expected and actual experiences	(3,551,709)	(2,956,525)	(3,485,409)	33,760	1,301,916
Changes of assumptions	2,688,614	27,608,785	-	2,559,038	2,394,994
Benefits payments, including refunds of member contributions	(18,327,849)	(18,375,415)	(18,335,110)	(17,729,611)	(17,241,271)
Net changes in total pension liability	(1,227,610)	25,065,249	(2,813,043)	4,105,486	5,757,513
Total pension liability - beginning	271,092,204	246,026,955	248,839,998	244,734,512	238,976,999
Total pension liability - ending (a)	269,864,594	271,092,204	246,026,955	248,839,998	244,734,512
Plan fiduciary net position:					
Contributions- Employer- Municipality of Anchorage	-	43,403,087	4,439,969	3,587,533	5,296,694
Contributions- Plan members	126,875	129,027	126,336	179,057	219,810
Total net investment income	(12,391,936)	32,167,264	15,376,844	1,068,849	11,011,844
Benefits payments, including refunds of member contributions	(18,327,849)	(18,375,415)	(18,335,110)	(17,729,611)	(17,241,271)
Administrative expenses	(509,647)	(392,022)	(396,242)	(358,981)	(338,673)
Net change in plan fiduciary net position	(31,102,557)	56,931,941	1,211,797	(13,253,153)	(1,051,596)
Plan fiduciary net position - beginning	256,802,507	199,870,566	198,658,769	211,911,922	212,963,518
Plan fiduciary net position - ending (b)	225,699,950	256,802,507	199,870,566	198,658,769	211,911,922
Plan's net pension liability (a) - (b)	\$ 44,164,644	\$ 14,289,697	\$ 46,156,389	\$ 50,181,229	\$ 32,822,590
Plan fiduciary net position as a percentage of the total pension liability	83.63%	94.73%	81.24%	79.83%	86.59%
Covered-employee payroll	\$ 1,912,942	\$ 2,108,182	\$ 2,168,836	\$ 2,199,063	\$ 3,537,960
Net pension liability as a percentage of covered-employee payroll	2308.73%	677.82%	2128.16%	2281.94%	927.73%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Police and Fire Retirement System- Defined Benefit  
 Plans I, II, and III  
 Schedule of the Municipality Contributions  
 Last Ten Calendar Years

Plan I

Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Municipality's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 2,319,000	\$ -	\$ 2,319,000	\$ -	N/A
2017	2,262,000	14,552,000	(12,290,000)	-	N/A
2016	1,546,000	1,546,000	-	-	N/A
2015	1,339,000	1,339,000	-	-	N/A
2014	1,952,000	1,952,000	-	-	N/A
2013	2,246,000	2,246,000	-	-	N/A
2012	1,220,000	1,220,000	-	-	N/A
2011	1,780,000	1,780,000	-	136,000	1308.82%
2010	2,735,000	2,735,000	-	119,000	2298.32%
2009	-	-	-	352,000	0.00%

Plan II

Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Municipality's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 1,461,000	\$ -	\$ 1,461,000	\$ -	N/A
2017	1,634,000	10,643,000	(9,009,000)	-	N/A
2016	1,108,000	1,108,000	-	-	N/A
2015	965,000	965,000	-	133,000	725.56%
2014	1,520,000	1,520,000	-	119,000	1277.31%
2013	1,755,000	1,755,000	-	257,000	682.88%
2012	1,127,000	1,127,000	-	262,000	430.15%
2011	1,490,000	1,490,000	-	536,000	277.99%
2010	2,162,000	2,162,000	-	515,000	419.81%
2009	-	-	-	614,000	0.00%

Plan III

Year Ended December 31,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Municipality's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 5,883,000	\$ -	\$ 5,883,000	\$ 2,108,000	N/A
2017	6,497,000	43,403,000	(36,906,000)	2,169,000	2001.06%
2016	4,440,000	4,440,000	-	2,199,000	201.91%
2015	3,588,000	3,588,000	-	3,538,000	101.41%
2014	5,297,000	5,297,000	-	4,817,000	109.96%
2013	5,999,000	5,999,000	-	6,161,000	97.37%
2012	3,893,000	3,893,000	-	6,489,000	59.99%
2011	5,293,000	5,293,000	-	6,568,000	80.59%
2010	7,096,000	7,096,000	-	7,005,000	101.30%
2009	-	-	-	6,795,000	0.00%

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 International Brotherhood of Electrical Workers (IBEW)- Defined Benefit  
 Schedule of Municipality Contributions  
 Last Ten Calendar Years

Year Ended December 31,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Municipality's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 3,382,920	\$ 3,382,920	-	\$ 21,707,594	15.58%
2017	3,272,545	3,272,545	-	21,544,626	15.19%
2016	3,396,484	3,396,484	-	21,965,741	15.46%
2015	3,059,562	3,059,562	-	20,773,482	14.73%
2014	2,642,768	2,642,768	-	19,554,891	13.51%
2013	2,637,978	2,637,978	-	19,679,139	13.40%
2012	2,778,451	2,778,451	-	19,988,244	13.90%
2011	2,649,741	2,649,741	-	18,622,524	14.23%
2010	2,560,129	2,560,129	-	17,589,819	14.55%
2009	2,560,894	2,560,894	-	16,854,932	15.19%

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 International Union of Operating Engineers (Local 302)- Defined Benefit  
 Schedule of Municipality Contributions  
 Last Five Calendar Years

Year Ended December 31,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Municipality's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 1,730,721	\$ 1,730,721	-	\$ 8,246,406	20.99%
2017	1,855,325	1,855,325	-	11,171,478	16.61%
2016	1,619,742	1,619,742	-	8,304,334	19.50%
2015	1,673,864	1,673,864	-	8,615,835	19.43%
2014	1,519,659	1,519,659	-	8,336,369	18.23%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Notes to the Required Supplementary Information  
Pension Plans  
December 31, 2018

**Public Employees' Retirement System- Defined Benefit**

In accordance with GASB Statement No. 82, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based. Because a portion of the Municipality's contributions to the Plan (the DBUL) are based on Defined Contribution Wages, covered payroll reported here includes all PERS participating wages (both Defined Benefit and Defined Contribution).

Schedule of Municipality's Proportionate Share of the Net Pension Liability

- This table is presented based on the Plan measurement date. For December 31, 2018, the Plan measurement date is June 30, 2018.
- There were no changes in benefit terms from the prior measurement period.
- There were no changes in assumptions from the prior measurement period.
- There were no changes in valuation method from the prior measurement period.
- There were no changes in the allocation methodology from the prior measurement period. The measurement period ended June 30, 2018 allocated the net pension liability based on the present value of contributions for fiscal year 2019 through 2039, as determined by projections based on the June 30, 2017 actuarial valuation. This is the same allocation method used for the measurement periods June 30, 2015 through June 30, 2017.

Schedule of Municipality Contributions

- This table is based on the Municipality's contributions during calendar year 2018. A portion of these contributions are included in the plan measurement results, while a portion of the contributions are reported as a deferred outflow of resources on the December 31, 2018 basic financial statements.

**Police and Fire Retirement System- Defined Benefit**

Schedule of Changes in the Municipality's Net Pension Liability and Related Ratios

- This table is based on the Municipality's contributions for each year presented.
- In accordance with GASB Statement No. 82, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based.
- The discount rate for all three plans was 6.50 percent as of December 31, 2018, a decrease of .10 percent from the prior year.

Schedule of Municipality Contributions

- This table is based on the Municipality's contributions for each year presented.

**International Brotherhood of Electrical Workers (IBEW) - Defined Benefit**

Schedule of Electric Utility Contributions

- This table presents the Electric Utility contributions for each of the last ten years based on calendar year contributions.
- In accordance with GASB Statement No. 82, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based.

**International Union of Operating Engineers (Local 302) - Defined Benefit**

Schedule of Municipality Contributions

- This table is based on the Municipality's contributions during calendar year 2018.
- In accordance with GASB Statement No. 82, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Police and Fire Medical Trust- Gentile Group  
 Schedule of Changes in the Municipality's Net OPEB Liability and Related Ratios  
 Last Two Calendar Years

	2018	2017
Total OPEB liability:		
Service cost	\$ -	\$ -
Interest	2,681,663	2,577,654
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(5,742,889)	4,726,088
Benefit payments	(4,290,275)	(4,270,000)
Net changes in total OPEB liability	<u>(7,351,501)</u>	<u>3,033,742</u>
Total OPEB liability - beginning	80,100,472	77,066,730
Total OPEB liability - ending (a)	<u>72,748,971</u>	<u>80,100,472</u>
Plan fiduciary net position:		
Contributions- Employer	-	-
Total net investment income	-	-
Benefits payments	-	-
Administrative expenses	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	<u>-</u>	<u>-</u>
Plan's net OPEB liability (a) - (b)	<u>\$ 72,748,971</u>	<u>\$ 80,100,472</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered-employee payroll	\$ -	\$ -
Net OPEB liability as a percentage of covered-employee payroll	N/A	N/A

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Police and Fire Medical Trust- Gentile Group  
 Schedule of Municipality Contributions  
 Last Two Calendar Years

	2018	2017
Actuarially determined contribution	\$ 4,290,275	\$ 4,270,000
Contributions in relation to the actuarially determined contribution	11,790,796	10,096,430
Contribution deficiency (excess)	\$ (7,500,521)	\$ (5,826,430)
Covered-employee payroll	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Police and Fire Medical Trust- Gentile Group  
 Schedule of Investment Returns  
 Last Two Calendar Years

	2018	2017
Annual money-weighted rate of return, net of investment expense	0.00%	0.00%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Police and Fire Medical Trust- Police and Fire Medical Group  
 Schedule of Changes in the Municipality's Net OPEB Liability and Related Ratios  
 Last Two Calendar Years

	2018	2017
Total OPEB liability:		
Service cost	\$ 113,693	\$ 109,111
Interest	2,627,528	2,674,785
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments	(3,950,112)	(3,907,594)
Net changes in total OPEB liability	(1,208,891)	(1,123,698)
Total OPEB liability - beginning	64,565,550	65,689,248
Total OPEB liability - ending (a)	63,356,659	64,565,550
Plan fiduciary net position:		
Contributions- Employer	4,261,037	4,287,648
Total net investment income	(126,515)	966,715
Benefits payments	(3,950,112)	(3,907,594)
Administrative expenses	-	-
Net change in plan fiduciary net position	184,410	1,346,769
Plan fiduciary net position - beginning	19,197,667	17,850,898
Plan fiduciary net position - ending (b)	19,382,076	19,197,667
Plan's net OPEB liability (a) - (b)	\$ 43,974,583	\$ 45,367,883
Plan fiduciary net position as a percentage of the total OPEB liability	30.59%	29.73%
Covered-employee payroll	\$ 5,160,091	\$ 4,985,595
Net OPEB liability as a percentage of covered-employee payroll	852.21%	909.98%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Police and Fire Medical Trust- Police and Fire Medical Group  
 Schedule of Municipality Contributions  
 Last Two Calendar Years

	2018	2017
Actuarially determined contribution	\$ 3,846,815	\$ 3,846,815
Contributions in relation to the actuarially determined contribution	3,477,037	4,919,538
Contribution deficiency (excess)	\$ 369,778	\$ (1,072,723)
Covered-employee payroll	\$ 5,160,091	\$ 4,985,595
Contributions as a percentage of covered-employee payroll	67.38%	98.68%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Required Supplementary Information  
Police and Fire Medical Trust- Police and Fire Medical Group  
Schedule of Investment Returns  
Last Two Calendar Years

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	-0.70%	5.40%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Notes to the Required Supplementary Information  
Police and Fire Medical Trust- OPEB Plans  
December 31, 2018

**Gentile Group- Defined Benefit OPEB Plan**

“Covered-employee Payroll” is defined in GASB Statement No. 74 as “the payroll of employees that are provided with OPEB through the OPEB plan.” The Gentile Group is a defined group of retirees resulting from a lawsuit, Municipality of Anchorage v. Gentile (8/16/96), 922 P 2d 248. The Municipality pays for 100 percent of the retiree’s medical premiums, with optional dental, vision and audio available.

Schedule of Changes in the Municipality’s Net OPEB Liability and Related Ratios

- This table is presented based on the Plan measurement date of December 31, 2018.
- There were no changes in benefit terms from the prior measurement period.
- There were no changes in valuation method from the prior measurement period.
- The discount rate changed from 3.44 percent in 2017 to 4.10 percent in 2018.

Schedule of Municipality’s Contributions

- This table is based on the Municipality’s contributions during calendar year 2018, which is also the measurement period.

Schedule of Investment Returns

- The Gentile Group defined benefit plan is a “pay as you go” plan with no plan assets, therefore there is no investment returns for this plan.

**Police and Fire Medical Group- Defined Benefit OPEB Plan**

“Covered-employee Payroll” is defined in GASB Statement No. 74 as “the payroll of employees that are provided with OPEB through the OPEB plan.”

Schedule of Changes in the Municipality’s Net OPEB Liability and Related Ratios

- This table is presented based on the Plan measurement date of December 31, 2018.
- There were no changes in benefit terms from the prior measurement period.
- There were no changes in valuation method from the prior measurement period.

Schedule of Municipality’s Contributions

- This table is based on the Municipality’s contributions during calendar year 2018, which is also the measurement period.

Schedule of Investment Returns

- Plan assets are invested in the Municipal Cash Pool and governed by the investment policies disclosed in Note 3 of the financial statements. Investment returns are consistent with the rate of return on the investment pool.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Public Employees' Retirement System- Defined Benefit OPEB Plan  
 Schedule of the Municipality's Proportionate Share of the Net OPEB Liability- ARHCT  
 Last Two Fiscal Years

Year Ended December 31,	Measurement Period Ended June 30,	Municipality's Proportion of the Net OPEB Liability	Municipality's Proportionate Share of the Net OPEB Liability	State of Alaska's Proportionate Share of the Net OPEB Liability	Total Municipality Net OPEB Liability	Municipality's Proportion of the Covered Payroll	Municipality's Proportionate Share of the Net OPEB Liability as a percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	2018	7.26927%	\$ 74,603,636	\$ 21,656,677	\$ 96,260,313	\$ 219,633,972	33.97%	88.12%
2017	2017	6.72970%	\$ 56,849,394	\$ 21,194,336	\$ 78,043,730	\$ 209,843,388	27.09%	89.68%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Public Employees' Retirement System- Defined Benefit OPEB Plan  
 Schedule of Municipality Contributions- ARHCT  
 Last Two Fiscal Years

Year Ended December 31,	Measurement Period Ended June 30,	Municipality's Proportion of the Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Municipality's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	2018	\$ 9,665,350	\$ 9,665,350	-	\$ 221,619,627	4.36%
2017	2017	10,416,994	10,416,994	-	215,244,809	4.84%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Public Employees' Retirement System- Defined Benefit OPEB Plan  
 Schedule of the Municipality's Proportionate Share of the Net OPEB Liability- RMP  
 Last Two Fiscal Years

Year Ended December 31,	Measurement Period Ended June 30,	Municipality's Proportion of the Net OPEB Liability	Municipality's Proportionate Share of the Net OPEB Liability	State of Alaska's Proportionate Share of the Net OPEB Liability	Total Municipality Net OPEB Liability	Municipality's Proportion of the Covered Payroll	Municipality's Proportionate Share of the Net OPEB Liability as a percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	2018	8.45717%	\$ 1,076,174	\$ -	\$ 1,076,174	\$ 219,633,972	0.49%	88.71%
2017	2017	7.92735%	413,411	-	413,411	209,843,388	0.20%	93.98%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Public Employees' Retirement System- Defined Benefit OPEB Plan  
 Schedule of Municipality Contributions- RMP  
 Last Two Calendar Years

Year Ended December 31,	Measurement Period Ended June 30,	Municipality's Proportion of the Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Municipality's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	2018	\$ 997,360	\$ 997,360	-	\$ 221,619,627	0.45%
2017	2017	978,781	978,781	-	215,244,809	0.45%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Public Employees' Retirement System- Defined Benefit OPEB Plan  
 Schedule of the Municipality's Proportionate Share of the Net OPEB Asset- ODD  
 Last Two Fiscal Years

Year Ended December 31,	Measurement Period Ended June 30,	Municipality's Proportion of the Net OPEB Asset	Municipality's Proportionate Share of the Net OPEB Asset	State of Alaska's Proportionate Share of the Net OPEB Asset	Total Municipality Net OPEB Asset	Municipality's Proportion of the Covered Payroll	Municipality's Proportionate Share of the Net OPEB Asset as a percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset
2018	2018	8.45717%	\$ (1,642,551)	-	\$ (1,642,551)	219,633,972	-0.75%	270.62%
2017	2017	7.92735%	(1,124,811)	-	(1,124,811)	209,843,388	-0.54%	212.97%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Public Employees' Retirement System- Defined Benefit OPEB Plan  
 Schedule of Municipality Contributions- ODD  
 Last Two Calendar Years

Year Ended December 31,	Measurement Period Ended June 30,	Municipality's Proportion of the Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Municipality's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	2018	\$ 363,282	\$ 363,282	-	\$ 221,619,627	0.16%
2017	2017	235,195	235,195	-	215,244,809	0.11%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Police and Fire Medical Trust- Defined Benefit OPEB Plan  
 Schedule of Net OPEB Liability- Gentile Group  
 Last Two Calendar Years

Year Ended December 31,	Measurement Period Ended December 31,	Municipality's Net OPEB Liability	Municipality's Net OPEB Liability	Municipality's Covered Payroll	Municipality's Net OPEB Liability as a percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	2018	100.00%	\$ 72,748,971	\$ -	0.00%	0.00%
2017	2017	100.00%	80,100,471	-	0.00%	0.00%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Police and Fire Medical Trust- Defined Benefit OPEB Plan  
 Schedule of Municipality Contributions- Gentile Group  
 Last Two Calendar Years

Year Ended December 31,	Measurement Period Ended December 31,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Municipality's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	2018	\$ 4,290,275	\$ 11,790,796	\$ (7,500,521)	-	0.00%
2017	2017	4,270,000	10,096,430	(5,826,430)	-	0.00%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Police and Fire Medical Trust- Defined Benefit OPEB Plan  
 Schedule of Net OPEB Liability- Police and Fire Medical Group  
 Last Two Calendar Years

Year Ended December 31,	Measurement Period Ended December 31,	Municipality's Net OPEB Liability	Municipality's Net OPEB Liability	Municipality's Covered Payroll	Municipality's Net OPEB Liability as a percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	2018	100.00%	\$ 43,974,583	\$ 5,160,091	852.21%	30.59%
2017	2017	100.00%	45,367,883	4,985,595	909.98%	29.73%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information  
 Police and Fire Medical Trust- Defined Benefit OPEB Plan  
 Schedule of Municipality Contributions- Police and Fire Medical Group  
 Last Two Calendar Years

Year Ended December 31,	Measurement Period Ended December 31,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Municipality's Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	2018	\$ 4,290,275	\$ 3,477,037	\$ 813,238	\$ 5,160,091	67.38%
2017	2017	4,270,000	4,919,538	(649,538)	4,985,595	98.68%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Notes to the Required Supplementary Information  
OPEB Plans  
December 31, 2018

**Public Employees' Retirement System- Defined Benefit OPEB Plans**

In accordance with GASB Statement No. 85, "Covered Payroll" is defined as payroll on which contributions to the OPEB plan are based. Because a portion of the Municipality's contributions to the Plan (the DBUL) are based on Defined Contribution Wages, covered payroll reported here includes all PERS participating wages (both Defined Benefit and Defined Contribution).

Schedule of Municipality's Proportionate Share of the Net OPEB Liability

- These tables are presented based on the Plan measurement date. For December 31, 2018, the Plan measurement date is June 30, 2018.
- There were no changes in benefit terms from the prior measurement period.
- There were changes in assumptions from the prior measurement period related to the medical trend rate and projected tax rates.
- There were no changes in valuation method from the prior measurement period.
- There were no changes in the allocation methodology from the prior measurement period. The measurement period ended June 30, 2018 allocated the net OPEB liability based on the present value of contributions for fiscal year 2019 through 2039, as determined by projections based on the June 30, 2017 actuarial valuation.

Schedule of Municipality's Contributions

- These tables are based on the Municipality's contributions for each year presented. A portion of these contributions are included in the plan measurement results, while a portion of the contributions are reported as a deferred outflow of resources on the December 31, 2018 statement of net position.

**Police and Fire Retiree Medical Trust- Defined Benefit OPEB Plans**

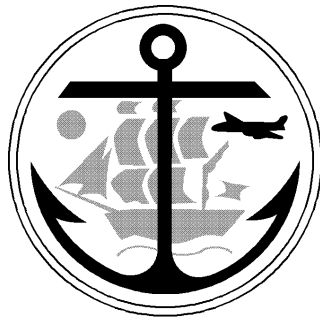
In accordance with GASB Statement No. 85, "Covered Payroll" is defined as payroll on which contributions to the OPEB plan are based.

Schedule of Municipality's Net OPEB Liability

- This table is presented based on the Plan measurement date of December 31, 2018.
- There were no changes in benefit terms from the prior measurement period.
- There were no changes in assumptions from the prior measurement period.
- There were no changes in valuation method from the prior measurement period.

Schedule of Municipality's Contributions

- This table is based on the Municipality's contributions for each year presented. A portion of these contributions are included in the plan measurement results, while a portion of the contributions are reported as a deferred outflow of resources on the December 31, 2018 statement of net position.



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## 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  
For the year ended December 31, 2018

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
<b>Revenues &amp; other financing sources:</b>						
Areawide Service Area	\$ 136,837,594	\$ 388,593,221	\$ 388,370,986	\$ -	\$ 388,370,986	\$ (222,235)
Former City Service Area	-	-	(23)	-	(23)	(23)
Chugiak Fire Service Area	57,602	1,277,647	1,518,833	-	1,518,833	241,186
Glen Alps Service Area	12,125	313,608	317,743	-	317,743	4,135
Girdwood Valley Service Area	80,618	3,099,311	3,115,953	-	3,115,953	16,642
Former Borough Roads & Drainage Service Area	-	-	1,072	-	1,072	1,072
Fire Service Area	2,850,239	79,405,778	82,736,695	-	82,736,695	3,330,917
Roads & Drainage Service Area	3,966,756	75,913,905	90,226,574	-	90,226,574	14,312,669
Limited Service Areas	352,562	10,232,486	10,200,900	-	10,200,900	(31,586)
Anchorage Metropolitan Police Service Area	9,130,825	121,872,955	122,740,339	-	122,740,339	867,384
Turnagain Arm Police Service Area	-	520	(926)	-	(926)	(1,446)
Anchorage Bowl Parks & Recreation Service Area	2,935,417	22,176,231	23,169,430	-	23,169,430	993,199
Eagle River - Chugiak Parks & Recreational Service Area	578,055	4,258,149	4,645,202	-	4,645,202	387,053
Building Safety Service Area	5,769,743	5,779,143	5,133,656	-	5,133,656	(645,487)
Public Finance & Investment	2,429,203	2,429,203	1,888,473	-	1,888,473	(540,730)
Police/Fire Retiree Medical Defined Contribution Support	47,755	47,755	48,644	-	48,644	889
SOA PERs On-Behalf Payments	-	-	-	(1) 8,460,357	8,460,357	-
Total revenues & other finance sources	<u>165,048,494</u>	<u>715,399,912</u>	<u>734,113,551</u>	<u>8,460,357</u>	<u>742,573,908</u>	<u>18,713,639</u>
<b>Expenditures &amp; other financing uses:</b>						
Areawide Service Area	132,122,818	388,692,041	382,508,375	-	382,508,375	6,183,666
Chugiak Fire Service Area	1,300,359	1,277,647	1,223,945	-	1,223,945	53,702
Glen Alps Service Area	334,650	313,608	240,436	-	240,436	73,172
Girdwood Valley Service Area	3,065,984	3,128,312	2,985,296	-	2,985,296	143,016
Fire Service Area	77,784,549	80,672,491	84,284,882	-	84,284,882	(3,612,391)
Roads & Drainage Service Area	75,868,190	75,913,903	88,844,019	-	88,844,019	(12,930,116)
Limited Service Areas	10,542,508	10,863,926	10,225,633	-	10,225,633	638,293
Anchorage Metropolitan Police Service Area	122,502,994	120,829,252	120,457,824	-	120,457,824	371,428
Turnagain Arm Police Service Area	51,784	45,000	13,687	-	13,687	31,313
Anchorage Bowl Parks & Recreation Service Area	21,893,607	22,176,230	22,198,555	-	22,198,555	(22,325)
Eagle River - Chugiak Parks & Recreational Service Area	4,780,791	4,746,148	4,297,074	-	4,297,074	449,074
Building Safety Service Area	7,686,168	7,904,691	7,367,017	-	7,367,017	537,674
Public Finance & Investment	2,043,354	2,587,370	2,337,967	-	2,337,967	249,403
Police/Fire Retiree Medical Defined Contribution Support	243,202	257,261	227,908	-	227,908	29,353
SOA PERs On-Behalf Payments	-	-	-	(1) 8,460,357	8,460,357	-
Total expenditures & other financing uses	<u>460,220,958</u>	<u>719,407,880</u>	<u>727,212,618</u>	<u>8,460,357</u>	<u>735,672,975</u>	<u>(7,804,738)</u>
Net change in fund balance	(295,172,464)	(4,007,968)	6,900,933	-	6,900,933	10,908,901
Fund balance, beginning of year	(199,273,725)	57,866,766	59,811,132	-	59,811,132	1,944,366
Fund balance, end of year	<u>\$ (494,446,189)</u>	<u>\$ 53,858,798</u>	<u>\$ 66,712,065</u>	<u>\$ -</u>	<u>\$ 66,712,065</u>	<u>\$ 12,853,267</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.

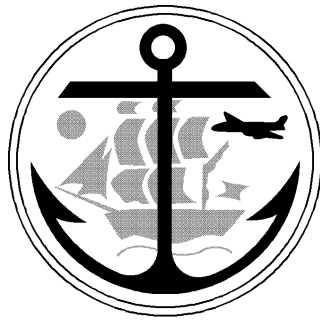
MUNICIPALITY OF ANCHORAGE, ALASKA  
Additional Supplementary Information - Budgetary Comparison Schedule  
by Department for the General Fund and Sub-Funds  
For the year ended December 31, 2018

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Expenditures & other financing uses:						
Assembly	\$ 3,806,709	\$ 4,264,709	\$ 3,929,544	(1) \$ 44,414	\$ 3,973,958	\$ 335,165
Chief Fiscal Officer	458,286	1,778,989	1,713,097	(1) 8,146	1,721,243	65,892
Development Services	11,478,762	11,377,105	10,844,821	(1) 262,803	11,107,624	532,284
Economic & Community Development	20,489,302	20,545,729	19,676,778	(1) 155,482	19,832,260	868,951
Education	-	247,093,515	247,093,515	-	247,093,515	-
Employee Relations	3,365,836	3,365,836	3,243,638	(1) 44,614	3,288,252	122,198
Office of Equal Opportunity	221,283	238,151	229,729	-	229,729	8,422
Equal Rights Commission	756,039	756,039	700,029	(1) 2,796	702,824	56,010
Finance	14,019,461	15,230,267	14,987,179	(1) 403,241	15,390,419	243,088
Fire	97,595,080	98,411,428	101,289,731	(1) 2,664,680	103,954,411	(2,878,303)
Health & Human Services	12,328,724	12,311,513	12,307,156	(1) 258,899	12,566,055	4,357
Heritage Land Bank/Real Estate Services	7,222,438	7,714,734	7,570,760	(1) -	7,570,760	143,974
Information Technology	1,231,245	1,229,183	1,093,703	(1) 62,658	1,156,360	135,480
Internal Audit	733,598	734,928	679,458	(1) 20,215	699,673	55,470
Maintenance & Operations	91,413,890	89,209,400	101,697,493	(1) 220,113	101,917,606	(12,488,093)
Management & Budget	1,076,804	1,106,804	962,817	(1) 32,755	995,572	143,987
Mayor	1,800,413	1,797,290	1,795,746	(1) 39,452	1,835,198	1,544
Municipal Attorney	7,452,907	7,449,784	7,319,458	(1) 157,378	7,476,836	-
Municipal Manager	2,876,460	3,013,674	3,951,619	(1) 46,931	3,998,550	(937,945)
Non Departmental - TANS	592,036	515,030	509,948	-	509,948	5,082
Parks & Recreation	22,254,961	21,988,321	21,975,443	(1) 159,147	22,134,590	12,878
Planning	3,113,526	3,107,280	2,826,867	(1) 133,012	2,959,879	280,413
Police	111,749,534	114,003,011	112,947,550	(1) 2,986,156	115,933,706	1,055,461
Police/Fire Retiree Medical	242,222	242,222	212,530	(1) 7,756	220,286	29,692
Project Management & Engineering	18,562,406	13,851,916	12,816,623	(1) 269,189	13,085,812	1,035,293
Public Transportation	23,084,138	24,101,817	24,228,026	(1) 362,207	24,590,232	(126,209)
Purchasing	1,717,336	1,816,836	1,716,763	(1) 32,667	1,749,429	100,073
Traffic	5,712,760	5,844,431	5,225,156	(1) 85,648	5,310,805	619,275
Total expenditures & other financing uses	465,356,156	713,099,942	723,545,177	8,460,357	732,005,534	(10,445,235)
Less: net intragovernmental costs & billings	(5,135,198)	6,307,938	3,667,441	-	3,667,441	2,640,497
Total expenditures & other financing uses	\$ 460,220,958	\$ 719,407,880	\$ 727,212,618	\$ 8,460,357	\$ 735,672,975	\$ (7,804,738)

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 expenditure only.



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# 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 **Federal/State Fines and Forfeitures 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 **E911 Surcharge Fund** accounts for financial resources for acquisition, implementation and maintenance of the enhanced 911 emergency system.

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 **49<sup>th</sup> State Angel Fund** accounts for financial resources which may be used only in accordance with all provisions and requirements of the Small Business Jobs Act and the policy guidelines from the U.S. Department of Treasury's State Small Business Credit Initiative (SSBCI).

The **Police and Fire Retiree Medical Liability Fund** accounts for contributions and earnings which are used to fund the Police and 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 **ACPA Surcharge Revenue Bond Fund** accounts for the performing arts center surcharge revenue and debt service on the roof repair loan.

The **CIVICVentures Revenue 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.

## **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.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018

	<b>Special Revenue</b>				
	<b>Heritage Land Bank</b>	<b>Federal/State Fines and Forfeitures</b>	<b>Convention Center Operating Reserve</b>	<b>E911 Surcharge</b>	<b>State Grants</b>
<b>Assets</b>					
Cash	\$ -	\$ 72,763	\$ -	\$ -	\$ -
Cash and investments in central treasury	3,938,574	938,438	27,155,735	-	13,450,937
Investments	-	-	-	-	-
Due from other funds	85,000	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	2,274,542	934,751	-
Intergovernmental receivables	-	-	-	-	6,258,907
Special assessments receivable, net	-	-	-	-	-
Prepaid items and deposits	-	-	-	-	111,655
Loans receivable	-	-	-	-	-
Advances to other funds	1,190,000	-	-	-	-
Investments in Angel Fund program	-	-	-	-	-
Total assets	<u>5,213,574</u>	<u>1,011,201</u>	<u>29,430,277</u>	<u>934,751</u>	<u>19,821,499</u>
<b>Liabilities</b>					
Accounts payable and retainages	41,373	9,909	440,091	241,280	1,294,993
Accrued payroll liabilities	8,344	-	-	-	-
Due to other funds	-	-	6,177,077	770,174	-
Unearned revenue and deposits	-	-	-	-	428,421
Advances from other funds	-	-	-	-	2,316,239
Total liabilities	<u>49,717</u>	<u>9,909</u>	<u>6,617,168</u>	<u>1,011,454</u>	<u>4,039,653</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-intergovernmental revenues	-	-	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>					
Nonspendable	-	-	-	-	111,655
Restricted	-	813,076	18,652,059	-	-
Committed	5,163,857	-	-	-	-
Assigned	-	188,216	4,161,050	-	15,670,191
Unassigned	-	-	-	(76,703)	-
Total fund balances (deficits)	<u>5,163,857</u>	<u>1,001,292</u>	<u>22,813,109</u>	<u>(76,703)</u>	<u>15,781,846</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 5,213,574</u>	<u>\$ 1,011,201</u>	<u>\$ 29,430,277</u>	<u>\$ 934,751</u>	<u>\$ 19,821,499</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018

Special Revenue (Continued)					
	Federal Grants	49th State Angel Fund	Police and Fire Retiree Medical Liability	Miscellaneous Operational Grants	Other Restricted Resources
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and investments in central treasury	-	7,141,696	16,156	2,181,341	-
Investments	-	-	33,090,324	-	-
Due from other funds	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	20,000	-
Intergovernmental receivables	6,079,630	-	-	-	-
Special assessments receivable, net	-	-	-	-	61,794
Prepaid items and deposits	-	-	-	-	-
Loans receivable	2,759,739	-	-	-	-
Advances to other funds	-	-	-	-	-
Investments in Angel Fund program	-	5,106,366	-	-	-
Total assets	8,839,369	12,248,062	33,106,480	2,201,341	61,794
<b>Liabilities</b>					
Accounts payable and retainages	190,886	338	-	73,766	1,309
Accrued payroll liabilities	-	-	-	-	-
Due to other funds	3,080,111	-	-	-	115,942
Unearned revenue and deposits	2,996,365	-	-	20,000	-
Advances from other funds	-	-	-	-	-
Total liabilities	6,267,362	338	-	93,766	117,251
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-intergovernmental revenues	1,045,351	-	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-
Total deferred inflows of resources	1,045,351	-	-	-	-
<b>Fund Balances (Deficits)</b>					
Nonspendable	-	-	-	-	-
Restricted	1,260,484	12,247,724	33,106,480	2,094,709	-
Committed	-	-	-	12,307	-
Assigned	266,172	-	-	559	-
Unassigned	-	-	-	-	(55,457)
Total fund balances (deficits)	1,526,656	12,247,724	33,106,480	2,107,575	(55,457)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 8,839,369	\$ 12,248,062	\$ 33,106,480	\$ 2,201,341	\$ 61,794



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018

	<b>Special Revenue (Continued)</b>	<b>Debt Service</b>			<b>Capital Projects</b>
	<b>Total Special Revenue</b>	<b>ACPA Surcharge Revenue Bond</b>	<b>CIVICVentures Revenue Bond</b>	<b>Total Debt Service</b>	<b>Areawide</b>
<b>Assets</b>					
Cash	\$ 72,763	\$ -	\$ -	\$ -	\$ -
Cash and investments in central treasury	54,822,877	822,619	-	822,619	9,325,922
Investments	33,090,324	-	7,174,060	7,174,060	-
Due from other funds	85,000	-	6,177,077	6,177,077	1,466,600
Receivables (net of allowance for uncollectibles)	3,229,293	174,723	-	174,723	-
Intergovernmental receivables	12,338,537	-	-	-	1,379,423
Special assessments receivable, net	61,794	-	-	-	-
Prepaid items and deposits	111,655	-	-	-	-
Loans receivable	2,759,739	-	-	-	-
Advances to other funds	1,190,000	-	-	-	-
Investments in Angel Fund program	5,106,366	-	-	-	-
Total assets	<u>112,868,348</u>	<u>997,342</u>	<u>13,351,137</u>	<u>14,348,479</u>	<u>12,171,945</u>
<b>Liabilities</b>					
Accounts payable and retainages	2,293,945	-	-	-	740,873
Accrued payroll liabilities	8,344	-	-	-	-
Due to other funds	10,143,304	-	-	-	89,911
Unearned revenue and deposits	3,444,786	-	-	-	-
Advances from other funds	2,316,239	-	-	-	696,346
Total liabilities	<u>18,206,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,527,130</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-intergovernmental revenues	1,045,351	-	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>1,045,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>					
Nonspendable	111,655	-	-	-	-
Restricted	68,174,532	997,342	13,351,137	14,348,479	3,766,911
Committed	5,176,164	-	-	-	6,877,904
Assigned	20,286,188	-	-	-	-
Unassigned	(132,160)	-	-	-	-
Total fund balances (deficits)	<u>93,616,379</u>	<u>997,342</u>	<u>13,351,137</u>	<u>14,348,479</u>	<u>10,644,815</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 112,868,348</u>	<u>\$ 997,342</u>	<u>\$ 13,351,137</u>	<u>\$ 14,348,479</u>	<u>\$ 12,171,945</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018

**Capital Projects (Continued)**

	<b>Public Safety</b>	<b>Public Transportation</b>	<b>Miscellaneous</b>	<b>Parks and Recreation</b>	<b>Historic Preservation</b>
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and investments in central treasury	3,487,745	-	305,193	7,304,095	73,331
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	-	-
Intergovernmental receivables	31,463	785,777	1,518,385	292,516	-
Special assessments receivable, net	-	-	-	-	-
Prepaid items and deposits	-	-	-	-	-
Loans receivable	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Investments in Angel Fund program	-	-	-	-	-
Total assets	<u>3,519,208</u>	<u>785,777</u>	<u>1,823,578</u>	<u>7,596,611</u>	<u>73,331</u>
<b>Liabilities</b>					
Accounts payable and retainages	101,862	189,161	58,206	1,348,486	-
Accrued payroll liabilities	-	-	-	-	-
Due to other funds	23,520	98,042	-	-	-
Unearned revenue and deposits	-	-	788,579	3,417	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>125,382</u>	<u>287,203</u>	<u>846,785</u>	<u>1,351,903</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-intergovernmental revenues	-	-	-	-	-
Unavailable revenue-special assessments	-	-	2,904	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>2,904</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>					
Nonspendable	-	-	-	-	-
Restricted	3,393,826	498,574	908,373	1,682,224	-
Committed	-	-	65,516	4,335,426	-
Assigned	-	-	-	227,058	73,331
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>3,393,826</u>	<u>498,574</u>	<u>973,889</u>	<u>6,244,708</u>	<u>73,331</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 3,519,208</u>	<u>\$ 785,777</u>	<u>\$ 1,823,578</u>	<u>\$ 7,596,611</u>	<u>\$ 73,331</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018

	<u>Capital Projects (Continued)</u>		<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Fund</u>
	<u>Heritage Land Bank</u>	<u>Total Capital Projects</u>	<u>Cemetery Perpetual Maintenance</u>	
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ 72,763
Cash and investments in central treasury	1,572,841	22,069,127	540,045	78,254,668
Investments	-	-	-	40,264,384
Due from other funds	-	1,466,600	-	7,728,677
Receivables (net of allowance for uncollectibles)	-	-	-	3,404,016
Intergovernmental receivables	-	4,007,564	-	16,346,101
Special assessments receivable, net	-	-	-	61,794
Prepaid items and deposits	2,000	2,000	-	113,655
Loans receivable	-	-	-	2,759,739
Advances to other funds	-	-	-	1,190,000
Investments in Angel Fund program	-	-	-	5,106,366
Total assets	<u>1,574,841</u>	<u>27,545,291</u>	<u>540,045</u>	<u>155,302,163</u>
<b>Liabilities</b>				
Accounts payable and retainages	20,329	2,458,917	-	4,752,862
Accrued payroll liabilities	-	-	-	8,344
Due to other funds	-	211,473	-	10,354,777
Unearned revenue and deposits	-	791,996	-	4,236,782
Advances from other funds	-	696,346	-	3,012,585
Total liabilities	<u>20,329</u>	<u>4,158,732</u>	<u>-</u>	<u>22,365,350</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-intergovernmental revenues	-	-	-	1,045,351
Unavailable revenue-special assessments	-	2,904	-	2,904
Total deferred inflows of resources	<u>-</u>	<u>2,904</u>	<u>-</u>	<u>1,048,255</u>
<b>Fund Balances (Deficits)</b>				
Nonspendable	2,000	2,000	150,000	263,655
Restricted	-	10,249,908	-	92,772,919
Committed	1,552,512	12,831,358	-	18,007,522
Assigned	-	300,389	390,045	20,976,622
Unassigned	-	-	-	(132,160)
Total fund balances (deficits)	<u>1,554,512</u>	<u>23,383,655</u>	<u>540,045</u>	<u>131,888,558</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 1,574,841</u>	<u>\$ 27,545,291</u>	<u>\$ 540,045</u>	<u>\$ 155,302,163</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)  
Nonmajor Governmental Funds  
For the year ended December 31, 2018

	Special Revenue				
	Heritage Land Bank	Federal/State Fines and Forfeitures	Convention Center Operating Reserve	E911 Surcharge	State Grants
<b>Revenues</b>					
Hotel and motel taxes	\$ -	\$ -	\$ 16,065,506	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	12,133	-	-	-	18,596,564
Charges for services	684,578	-	-	-	-
Fines and forfeitures	-	322,122	-	-	-
E911 surcharges	-	-	-	7,906,670	-
Investment income (loss)	79,036	12,374	207,737	(272)	16,166
Restricted contributions	-	-	-	-	-
Other	-	-	167,770	-	-
Total revenues	<u>775,747</u>	<u>334,496</u>	<u>16,441,013</u>	<u>7,906,398</u>	<u>18,612,730</u>
<b>Expenditures</b>					
Current:					
General government	840,147	-	-	-	3,242,993
Fire services	-	-	-	1,449,723	28,759
Police services	-	391,858	-	7,112,396	3,233,116
Health and human services	-	-	-	-	9,646,742
Economic and community development	-	-	6,346,319	-	1,988,011
Public transportation	-	-	-	-	1,858,905
Public works	-	-	-	-	1,751,492
Maintenance and operations of roads and facilities	-	-	-	-	81,239
Education	-	-	-	-	74,420
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>840,147</u>	<u>391,858</u>	<u>6,346,319</u>	<u>8,562,119</u>	<u>21,905,677</u>
Excess (deficiency) of revenues over expenditures	(64,400)	(57,362)	10,094,694	(655,721)	(3,292,947)
<b>Other financing sources (uses)</b>					
Transfers from other funds	-	-	594,954	-	704,964
Transfers to other funds	(164,000)	-	(8,119,077)	-	(21,812)
General obligation bonds issued	-	-	-	-	-
Premium on bond sale	-	-	-	-	-
Total other financing sources (uses)	<u>(164,000)</u>	<u>-</u>	<u>(7,524,123)</u>	<u>-</u>	<u>683,152</u>
Net change in fund balances	(228,400)	(57,362)	2,570,571	(655,721)	(2,609,795)
Fund balances (deficits), beginning of year	5,392,257	1,058,654	20,242,538	579,018	18,391,641
Fund balances (deficits), end of year	<u>\$ 5,163,857</u>	<u>\$ 1,001,292</u>	<u>\$ 22,813,109</u>	<u>\$ (76,703)</u>	<u>\$ 15,781,846</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)  
Nonmajor Governmental Funds  
For the year ended December 31, 2018

<b>Special Revenue (Continued)</b>					
	<b>Federal Grants</b>	<b>49th State Angel Fund</b>	<b>Police and Fire Retiree Medical Liability</b>	<b>Miscellaneous Operational Grants</b>	<b>Other Restricted Resources</b>
<b>Revenues</b>					
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	1,125,247
Intergovernmental	7,555,946	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
E911 surcharges	-	-	-	-	-
Investment income (loss)	(7)	(239,397)	(1,724,088)	8,071	(10,301)
Restricted contributions	-	-	-	1,111,381	-
Other	103,500	-	-	-	-
<b>Total revenues</b>	<b>7,659,439</b>	<b>(239,397)</b>	<b>(1,724,088)</b>	<b>1,119,452</b>	<b>1,114,946</b>
<b>Expenditures</b>					
Current:					
General government	283,537	139,688	35,693	14,477	1,156,444
Fire services	-	-	1,672,020	-	-
Police services	548,121	-	1,822,315	-	-
Health and human services	1,503,623	-	-	275,082	-
Economic and community development	5,300	-	-	836,901	-
Public transportation	5,557,083	-	-	-	-
Public works	-	-	-	-	-
Maintenance and operations of roads and facilities	-	-	-	-	-
Education	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Capital projects	-	-	-	-	-
<b>Total expenditures</b>	<b>7,897,664</b>	<b>139,688</b>	<b>3,530,028</b>	<b>1,126,460</b>	<b>1,156,444</b>
Excess (deficiency) of revenues over expenditures	(238,225)	(379,085)	(5,254,116)	(7,008)	(41,498)
<b>Other financing sources (uses)</b>					
Transfers from other funds	134,628	-	969,532	854,969	-
Transfers to other funds	-	-	-	(930)	-
General obligation bonds issued	-	-	-	-	-
Premium on bond sale	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>134,628</b>	<b>-</b>	<b>969,532</b>	<b>854,039</b>	<b>-</b>
Net change in fund balances	(103,597)	(379,085)	(4,284,584)	847,031	(41,498)
Fund balances (deficits), beginning of year	1,630,253	12,626,809	37,391,064	1,260,544	(13,959)
Fund balances (deficits), end of year	<b>\$ 1,526,656</b>	<b>\$ 12,247,724</b>	<b>\$ 33,106,480</b>	<b>\$ 2,107,575</b>	<b>\$ (55,457)</b>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)  
Nonmajor Governmental Funds  
For the year ended December 31, 2018

	Special Revenue (Continued)	Debt Service			Capital Projects
	Total Special Revenue	ACPA Surcharge Revenue Bond	CIVICVentures Revenue Bond	Total Debt Service	Areawide
<b>Revenues</b>					
Hotel and motel taxes	\$ 16,065,506	\$ -	\$ -	\$ -	\$ -
Special assessments	1,125,247	-	-	-	-
Intergovernmental	26,164,643	-	-	-	2,826,396
Charges for services	684,578	-	-	-	-
Fines and forfeitures	322,122	-	-	-	-
E911 surcharges	7,906,670	-	-	-	-
Investment income (loss)	(1,650,681)	9,114	167,873	176,987	61,940
Restricted contributions	1,111,381	-	-	-	391,984
Other	271,270	402,975	-	402,975	-
Total revenues	<u>52,000,736</u>	<u>412,089</u>	<u>167,873</u>	<u>579,962</u>	<u>3,280,320</u>
<b>Expenditures</b>					
Current:					
General government	5,712,979	-	-	-	-
Fire services	3,150,502	-	-	-	-
Police services	13,107,806	-	-	-	-
Health and human services	11,425,447	-	-	-	-
Economic and community development	9,176,531	-	-	-	-
Public transportation	7,415,988	-	-	-	-
Public works	1,751,492	-	-	-	-
Maintenance and operations of roads and facilities	81,239	-	-	-	-
Education	74,420	-	-	-	-
Debt service:					
Principal	-	130,000	2,080,000	2,210,000	-
Interest	-	167,200	4,098,450	4,265,650	-
Bond issuance costs	-	-	-	-	25,141
Capital projects	-	-	-	-	7,657,658
Total expenditures	<u>51,896,404</u>	<u>297,200</u>	<u>6,178,450</u>	<u>6,475,650</u>	<u>7,682,799</u>
Excess (deficiency) of revenues over expenditures	104,332	114,889	(6,010,577)	(5,895,688)	(4,402,479)
<b>Other financing sources (uses)</b>					
Transfers from other funds	3,259,047	-	6,177,077	6,177,077	4,769,461
Transfers to other funds	(8,305,819)	-	-	-	(103,828)
General obligation bonds issued	-	-	-	-	6,719,356
Premium on bond sale	-	-	-	-	1,078,396
Total other financing sources (uses)	<u>(5,046,772)</u>	<u>-</u>	<u>6,177,077</u>	<u>6,177,077</u>	<u>12,463,385</u>
Net change in fund balances	(4,942,440)	114,889	166,500	281,389	8,060,906
Fund balances (deficits), beginning of year	<u>98,558,819</u>	<u>882,453</u>	<u>13,184,637</u>	<u>14,067,090</u>	<u>2,583,909</u>
Fund balances (deficits), end of year	<u>\$ 93,616,379</u>	<u>\$ 997,342</u>	<u>\$ 13,351,137</u>	<u>\$ 14,348,479</u>	<u>\$ 10,644,815</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)  
Nonmajor Governmental Funds  
For the year ended December 31, 2018

**Capital Projects (Continued)**

	Public Safety	Public Transportation	Miscellaneous	Parks and Recreation	Historic Preservation
<b>Revenues</b>					
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	764,172	2,161,161	2,986,840	461,425	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
E911 surcharges	-	-	-	-	-
Investment income (loss)	-	-	-	12,039	698
Restricted contributions	-	-	-	53,436	-
Other	-	-	-	-	-
Total revenues	764,172	2,161,161	2,986,840	526,900	698
<b>Expenditures</b>					
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	26,374	834	-	15,236	-
Capital projects	2,514,836	2,395,609	2,986,840	5,906,167	-
Total expenditures	2,541,210	2,396,443	2,986,840	5,921,403	-
Excess (deficiency) of revenues over expenditures	(1,777,038)	(235,282)	-	(5,394,503)	698
<b>Other financing sources (uses)</b>					
Transfers from other funds	202,345	73,039	40,000	1,949,288	806
Transfers to other funds	(641)	(20)	-	(371)	-
General obligation bonds issued	7,048,754	223,057	-	4,072,075	-
Premium on bond sale	1,131,261	35,797	-	653,532	-
Total other financing sources (uses)	8,381,719	331,873	40,000	6,674,524	806
Net change in fund balances	6,604,681	96,591	40,000	1,280,021	1,504
Fund balances (deficits), beginning of year	(3,210,855)	401,983	933,889	4,964,687	71,827
Fund balances (deficits), end of year	\$ 3,393,826	\$ 498,574	\$ 973,889	\$ 6,244,708	\$ 73,331

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)  
Nonmajor Governmental Funds  
For the year ended December 31, 2018

	<u>Capital Projects (Continued)</u>		<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Heritage Land Bank</u>	<u>Total Capital Projects</u>	<u>Cemetery Perpetual Maintenance</u>	
<b>Revenues</b>				
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ 16,065,506
Special assessments	-	-	-	1,125,247
Intergovernmental	-	9,199,994	-	35,364,637
Charges for services	-	-	9,675	694,253
Fines and forfeitures	-	-	-	322,122
E911 surcharges	-	-	-	7,906,670
Investment income (loss)	-	74,677	5,188	(1,393,829)
Restricted contributions	-	445,420	-	1,556,801
Other	-	-	-	674,245
Total revenues	<u>-</u>	<u>9,720,091</u>	<u>14,863</u>	<u>62,315,652</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	5,712,979
Fire services	-	-	-	3,150,502
Police services	-	-	-	13,107,806
Health and human services	-	-	-	11,425,447
Economic and community development	-	-	-	9,176,531
Public transportation	-	-	-	7,415,988
Public works	-	-	-	1,751,492
Maintenance and operations of roads and facilities	-	-	-	81,239
Education	-	-	-	74,420
Debt service:				
Principal	-	-	-	2,210,000
Interest	-	-	-	4,265,650
Bond issuance costs	-	67,585	-	67,585
Capital projects	195,983	21,657,093	-	21,657,093
Total expenditures	<u>195,983</u>	<u>21,724,678</u>	<u>-</u>	<u>80,096,732</u>
Excess (deficiency) of revenues over expenditures	(195,983)	(12,004,587)	14,863	(17,781,080)
<b>Other financing sources (uses)</b>				
Transfers from other funds	164,000	7,198,939	-	16,635,063
Transfers to other funds	-	(104,860)	-	(8,410,679)
General obligation bonds issued	-	18,063,242	-	18,063,242
Premium on bond sale	-	2,898,986	-	2,898,986
Total other financing sources (uses)	<u>164,000</u>	<u>28,056,307</u>	<u>-</u>	<u>29,186,612</u>
Net change in fund balances	(31,983)	16,051,720	14,863	11,405,532
Fund balances (deficits), beginning of year	1,586,495	7,331,935	525,182	120,483,026
Fund balances (deficits), end of year	<u>\$ 1,554,512</u>	<u>\$ 23,383,655</u>	<u>\$ 540,045</u>	<u>\$ 131,888,558</u>



## 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 Position  
Nonmajor Enterprise Funds  
December 31, 2018

<b>Assets</b>	<b>Refuse Utility</b>	<b>Solid Waste</b>	<b>Municipal Airport</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Current assets:</b>				
Cash	\$ 1,000	\$ 2,475	\$ 200	\$ 3,675
Cash and investments in central treasury	6,926,317	2,627,600	-	9,553,917
Capital acquisition and construction accounts	2,213,326	8,056,046	-	10,269,372
Accrued interest on investments	95,277	-	-	95,277
Intergovernmental receivables	-	-	38,949	38,949
Receivables (net of allowance for uncollectibles)	1,029,029	1,967,249	996	2,997,274
Prepaid items and deposits	2,772	5,230	1,953	9,955
<b>Total current assets</b>	<b>10,267,721</b>	<b>12,658,600</b>	<b>42,098</b>	<b>22,968,419</b>
<b>Noncurrent assets:</b>				
Intergovernmental receivables	-	-	7,066,932	7,066,932
<b>Restricted assets:</b>				
Landfill post closure cash reserve	-	31,558,268	-	31,558,268
Capital assets, net	5,451,592	65,529,469	84,422,331	155,403,392
<b>Total noncurrent assets</b>	<b>5,451,592</b>	<b>97,087,737</b>	<b>91,489,263</b>	<b>194,028,592</b>
<b>Total assets</b>	<b>15,719,313</b>	<b>109,746,337</b>	<b>91,531,361</b>	<b>216,997,011</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflow related to net pension liability	242,580	211,879	108,595	563,054
Deferred outflow related to net OPEB liability	156,334	136,548	69,985	362,867
<b>Total deferred outflows of resources</b>	<b>398,914</b>	<b>348,427</b>	<b>178,580</b>	<b>925,921</b>
<b>Total assets and deferred outflows of resources</b>	<b>16,118,227</b>	<b>110,094,764</b>	<b>91,709,941</b>	<b>217,922,932</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and retainages	195,026	591,526	31,668	818,220
Accrued interest payable	-	81,417	-	81,417
Accrued payroll liabilities	72,631	281,995	37,364	391,990
Capital acquisition and construction accounts and retainage payable	267,400	1,592,623	481,041	2,341,064
Compensated absences	154,991	525,635	52,794	733,420
Due to other funds	-	141,656	3,890,692	4,032,348
Long-term obligations maturing within one year	-	1,486,613	-	1,486,613
Unearned revenues	106,099	6,455	78,349	190,903
<b>Total current liabilities</b>	<b>796,147</b>	<b>4,707,920</b>	<b>4,571,908</b>	<b>10,075,975</b>
<b>Noncurrent liabilities:</b>				
Alaska clean water loans payable	-	11,282,660	-	11,282,660
Compensated absences	-	20,651	-	20,651
Future landfill closure costs	-	34,499,831	-	34,499,831
Net pension liability	2,385,198	2,083,332	1,067,774	5,536,304
Net OPEB liability	488,793	426,932	218,816	1,134,541
<b>Total noncurrent liabilities</b>	<b>2,873,991</b>	<b>48,313,406</b>	<b>1,286,590</b>	<b>52,473,987</b>
<b>Total liabilities</b>	<b>3,670,138</b>	<b>53,021,326</b>	<b>5,858,498</b>	<b>62,549,962</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflow related to net pension liability	59,864	52,288	26,799	138,951
Deferred inflow related to net OPEB liability	177,064	154,656	79,266	410,986
<b>Total deferred inflows of resources</b>	<b>236,928</b>	<b>206,944</b>	<b>106,065</b>	<b>549,937</b>
<b>Net Position</b>				
Net investment in capital assets	5,451,592	52,760,196	84,422,331	142,634,119
Restricted for capital construction	-	-	7,066,932	7,066,932
Unrestricted	6,759,569	4,106,298	(5,743,885)	5,121,982
<b>Total net position</b>	<b>\$ 12,211,161</b>	<b>\$ 56,866,494</b>	<b>\$ 85,745,378</b>	<b>\$ 154,823,033</b>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Enterprise Funds  
For the year ended December 31, 2018

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds
<b>Operating revenues</b>				
Charges for sales and services	\$ 10,914,930	\$ 24,015,975	\$ 1,549,760	\$ 36,480,665
Other	160,253	352,267	-	512,520
Total operating revenues	<u>11,075,183</u>	<u>24,368,242</u>	<u>1,549,760</u>	<u>36,993,185</u>
<b>Operating expenses</b>				
Operations	9,811,616	15,876,551	1,673,617	27,361,784
Amortization of future landfill closure costs	-	1,602,499	-	1,602,499
Depreciation and amortization	1,178,980	4,400,603	2,760,158	8,339,741
Total operating expenses	<u>10,990,596</u>	<u>21,879,653</u>	<u>4,433,775</u>	<u>37,304,024</u>
Operating income (loss)	<u>84,587</u>	<u>2,488,589</u>	<u>(2,884,015)</u>	<u>(310,839)</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income (loss)	95,267	(1,404,112)	(4,881)	(1,313,726)
Intergovernmental revenue	51,115	44,647	212,808	308,570
Interest expense	-	(202,680)	-	(202,680)
Loss on impaired assets	-	(1,008,061)	-	(1,008,061)
Gain (loss) on sale of capital assets	-	291,243	(1,407,265)	(1,116,022)
Net nonoperating revenues (expenses)	<u>146,382</u>	<u>(2,278,963)</u>	<u>(1,199,338)</u>	<u>(3,331,919)</u>
Income (loss) before capital contributions and transfers	230,969	209,626	(4,083,353)	(3,642,758)
Capital contributions	-	-	9,862,332	9,862,332
Transfers to other funds	(627,492)	(1,673,279)	(45,431)	(2,346,202)
Change in net position	<u>(396,523)</u>	<u>(1,463,653)</u>	<u>5,733,548</u>	<u>3,873,372</u>
Net position, beginning of year, as restated	12,607,684	58,330,147	80,011,830	150,949,661
Net position, end of year	<u>\$ 12,211,161</u>	<u>\$ 56,866,494</u>	<u>\$ 85,745,378</u>	<u>\$ 154,823,033</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the year ended December 31, 2018

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds
<b>Cash flows from (for) operating activities</b>				
Receipts from customers	\$ 10,852,155	\$ 24,521,442	\$ 1,611,843	\$ 36,985,440
Payments to employees	(3,390,103)	(8,836,602)	(1,027,792)	(13,254,497)
Payments to vendors	(4,134,194)	(6,635,151)	(581,196)	(11,350,541)
Payments for interfund services used	(2,297,527)	(890,190)	(333,745)	(3,521,462)
Net cash from (for) operating activities	<u>1,030,331</u>	<u>8,159,499</u>	<u>(330,890)</u>	<u>8,858,940</u>
<b>Cash flows from (for) non-capital financing activities</b>				
Intergovernmental revenue	-	-	195,670	195,670
Transfers to other funds	(627,492)	(1,673,279)	(45,431)	(2,346,202)
Due to other funds	-	141,656	(1,977,795)	(1,836,139)
Net cash from (for) non-capital financing activities	<u>(627,492)</u>	<u>(1,531,623)</u>	<u>(1,827,556)</u>	<u>(3,986,671)</u>
<b>Cash flows from (for) capital and related financing activities</b>				
Principal payments on long-term obligations	-	(1,486,613)	-	(1,486,613)
Interest payments on long-term obligations	-	(213,838)	-	(213,838)
Acquisition and construction of capital assets	(2,320,461)	(5,237,242)	(11,914,710)	(19,472,413)
Landfill post closure cash reserve	-	1,543,502	-	1,543,502
Proceeds from the sale or disposition of capital assets	-	384,368	-	384,368
Capital contributions	-	-	14,078,037	14,078,037
Net cash from (for) capital and related financing activities	<u>(2,320,461)</u>	<u>(5,009,823)</u>	<u>2,163,327</u>	<u>(5,166,957)</u>
<b>Cash flows from investing activities</b>				
Investment income (loss) received	283,829	(1,404,112)	(4,881)	(1,125,164)
Net cash from investing activities	<u>283,829</u>	<u>(1,404,112)</u>	<u>(4,881)</u>	<u>(1,125,164)</u>
Net increase (decrease) in cash	(1,633,793)	213,941	-	(1,419,852)
Cash, beginning of year	10,774,436	10,472,180	200	21,246,816
Cash, end of year	<u>9,140,643</u>	<u>10,686,121</u>	<u>200</u>	<u>19,826,964</u>
Cash	1,000	2,475	200	3,675
Cash and investments in central treasury	6,926,317	2,627,600	-	9,553,917
Capital acquisition and construction accounts	2,213,326	8,056,046	-	10,269,372
Cash, December 31	<u>\$ 9,140,643</u>	<u>\$ 10,686,121</u>	<u>\$ 200</u>	<u>\$ 19,826,964</u>
<b>Reconciliation of operating income (loss) to net cash from (for) operating activities:</b>				
Operating income (loss)	\$ 84,587	\$ 2,488,589	\$ (2,884,015)	\$ (310,839)
Adjustments to reconcile operating income (loss) to net cash from (for) operating activities:				
Amortization of landfill closure costs	-	1,602,499	-	1,602,499
Depreciation and amortization	1,178,980	4,400,603	2,760,158	8,339,741
Pension and OPEB relief-noncash expense	51,115	44,647	22,883	118,645
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:				
Accounts receivable, net	(129,777)	159,517	19,727	49,467
Prepaid items and deposits	(2,553)	1,607	1,247	301
Deferred outflows of resources related to net pension liability	(70,799)	34,704	(9,802)	(45,897)
Deferred outflows of resources related to net OPEB liability	(121,091)	(106,724)	(51,698)	(279,513)
Accounts payable and retainages	55,313	(142,975)	(19,259)	(106,921)
Accrued payroll liabilities	(75,639)	(59,403)	(9,054)	(144,096)
Compensated absences payable	842	(9,699)	(17,075)	(25,932)
Unearned revenue and deposits	(93,251)	(6,317)	42,356	(57,212)
Net pension liability	166,813	(250,191)	(126,828)	(210,206)
Net OPEB liability	120,135	114,964	27,531	262,630
Deferred inflows of resources related to net pension liability	(138,591)	(120,736)	(76,658)	(335,985)
Deferred inflows of resources related to net OPEB liability	4,247	8,414	(10,403)	2,258
Total cash from (for) operating activities	<u>1,030,331</u>	<u>8,159,499</u>	<u>(330,890)</u>	<u>8,858,940</u>
<b>Noncash investing, capital, and financing activities:</b>				
Capital purchases on account	267,400	1,592,623	481,041	2,341,064
Contributed capital and equipment	-	-	9,842,167	9,842,167
Total noncash investing, capital, and financing activities	<u>\$ 267,400</u>	<u>\$ 1,592,623</u>	<u>\$ 10,323,208</u>	<u>\$ 12,183,231</u>

## 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 Position  
Internal Service Funds  
December 31, 2018

	Risk Management		
	General Liability/ Workers' Compensation	Medical/ Dental	Unemployment Compensation
<b>Assets</b>			
Current assets:			
Cash and investments in central treasury	\$ 10,240,666	\$ 14,967,600	\$ 2,099,135
Capital acquisition and construction accounts	-	-	-
Receivables (net of allowance for uncollectibles)	16,303	-	-
Inventories	-	-	-
Prepaid items and deposits	310,057	-	-
Total current assets	<u>10,567,026</u>	<u>14,967,600</u>	<u>2,099,135</u>
Noncurrent assets:			
Advances to other funds	5,896,533	245,528	-
Capital assets, net	-	-	-
Total noncurrent assets	<u>5,896,533</u>	<u>245,528</u>	<u>-</u>
Total assets	<u>16,463,559</u>	<u>15,213,128</u>	<u>2,099,135</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflow related to net pension liability	25,187	-	-
Deferred outflow related to net OPEB liability	16,232	-	-
Total deferred outflows of resources	<u>41,419</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>16,504,978</u>	<u>15,213,128</u>	<u>2,099,135</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and retainages	105,174	306,592	-
Accrued payroll liabilities	20,367	-	-
Capital acquisition and construction accounts and retainage payable	-	-	-
Compensated absences	22,582	10,972	-
Claims payable	12,028,706	602,139	60,131
Claims incurred but not reported	2,413,522	3,034,049	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Long-term obligations maturing within one year	-	-	-
Total current liabilities	<u>14,590,351</u>	<u>3,953,752</u>	<u>60,131</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences	18,011	-	-
Capital leases payable	-	-	-
Claims incurred but not reported	4,759,566	-	-
Net pension liability	247,653	-	-
Net OPEB liability	50,751	-	-
Total noncurrent liabilities	<u>5,075,981</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>19,666,332</u>	<u>3,953,752</u>	<u>60,131</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflow related to net pension liability	6,216	-	-
Deferred inflow related to net OPEB liability	18,384	-	-
Total deferred inflows of resources	<u>24,600</u>	<u>-</u>	<u>-</u>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	-	-	-
Unrestricted	(3,185,954)	11,259,376	2,039,004
Total net position (deficit)	<u>\$ (3,185,954)</u>	<u>\$ 11,259,376</u>	<u>\$ 2,039,004</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Net Position  
Internal Service Funds  
December 31, 2018

<b>Assets</b>	<b>Equipment Maintenance</b>	<b>Information Technology</b>	<b>Total Internal Service Funds</b>
<b>Current assets:</b>			
Cash and investments in central treasury	\$ 2,294,636	\$ -	\$ 29,602,037
Capital acquisition and construction accounts	3,895,738	-	3,895,738
Receivables (net of allowance for uncollectibles)	-	-	16,303
Inventories	278,077	-	278,077
Prepaid items and deposits	-	1,744,920	2,054,977
<b>Total current assets</b>	<b>6,468,451</b>	<b>1,744,920</b>	<b>35,847,132</b>
<b>Noncurrent assets:</b>			
Advances to other funds	-	-	6,142,061
Capital assets, net	19,285,163	76,128,452	95,413,615
<b>Total noncurrent assets</b>	<b>19,285,163</b>	<b>76,128,452</b>	<b>101,555,676</b>
<b>Total assets</b>	<b>25,753,614</b>	<b>77,873,372</b>	<b>137,402,808</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflow related to net pension liability	353,162	629,062	1,007,411
Deferred outflow related to net OPEB liability	227,600	405,407	649,239
<b>Total deferred outflows of resources</b>	<b>580,762</b>	<b>1,034,469</b>	<b>1,656,650</b>
<b>Total assets and deferred outflows of resources</b>	<b>26,334,376</b>	<b>78,907,841</b>	<b>139,059,458</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable and retainages	476,195	3,029,047	3,917,008
Accrued payroll liabilities	116,724	259,342	396,433
Capital acquisition and construction accounts and retainage payable	-	181,584	181,584
Compensated absences	209,338	535,555	778,447
Claims payable	-	-	12,690,976
Claims incurred but not reported	-	-	5,447,571
Due to other funds	85,000	13,678,984	13,763,984
Accrued interest payable	-	294,239	294,239
Long-term obligations maturing within one year	-	10,563,254	10,563,254
<b>Total current liabilities</b>	<b>887,257</b>	<b>28,542,005</b>	<b>48,033,496</b>
<b>Noncurrent liabilities:</b>			
Advances from other funds	1,190,000	-	1,190,000
Compensated absences	-	19,133	37,144
Capital leases payable	-	42,046,327	42,046,327
Claims incurred but not reported	-	-	4,759,566
Net pension liability	3,472,515	6,185,339	9,905,507
Net OPEB liability	711,613	1,267,546	2,029,910
<b>Total noncurrent liabilities</b>	<b>5,374,128</b>	<b>49,518,345</b>	<b>59,968,454</b>
<b>Total liabilities</b>	<b>6,261,385</b>	<b>78,060,350</b>	<b>108,001,950</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflow related to net pension liability	87,153	155,240	248,609
Deferred inflow related to net OPEB liability	257,781	459,165	735,330
<b>Total deferred inflows of resources</b>	<b>344,934</b>	<b>614,405</b>	<b>983,939</b>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	19,285,163	23,518,871	42,804,034
Unrestricted	442,894	(23,285,785)	(12,730,465)
<b>Total net position (deficit)</b>	<b>\$ 19,728,057</b>	<b>\$ 233,086</b>	<b>\$ 30,073,569</b>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Funds  
For the year ended December 31, 2018

	<b>Risk Management</b>		
	<b>General Liability/ Workers' Compensation</b>	<b>Medical/ Dental</b>	<b>Unemployment Compensation</b>
<b>Operating revenues</b>			
Charges for sales and services	\$ 10,852,498	\$ 52,104,422	\$ 544,351
Other	1,146	8,410	-
Total operating revenues	<u>10,853,644</u>	<u>52,112,832</u>	<u>544,351</u>
<b>Operating expenses</b>			
Operations	9,682,503	46,897,016	275,519
Depreciation and amortization	-	-	-
Total operating expenses	<u>9,682,503</u>	<u>46,897,016</u>	<u>275,519</u>
Operating income (loss)	<u>1,171,141</u>	<u>5,215,816</u>	<u>268,832</u>
<b>Nonoperating revenues (expenses)</b>			
Intergovernmental revenue	5,308	-	-
Investment income (loss)	247,038	165,014	18,895
Other revenues	-	-	-
Other expenses	-	-	-
Interest expense	-	-	-
Gain (loss) on sale of capital assets	-	-	-
Net nonoperating revenues (expenses)	<u>252,346</u>	<u>165,014</u>	<u>18,895</u>
Income (loss) before capital contributions and transfers	1,423,487	5,380,830	287,727
Capital contributions	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	(1,000,000)	-
Change in net position	1,423,487	4,380,830	287,727
Net position (deficit), beginning of year, as restated	(4,609,441)	6,878,546	1,751,277
Net position (deficit), end of year	<u>\$ (3,185,954)</u>	<u>\$ 11,259,376</u>	<u>\$ 2,039,004</u>



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Internal Service Funds  
For the year ended December 31, 2018

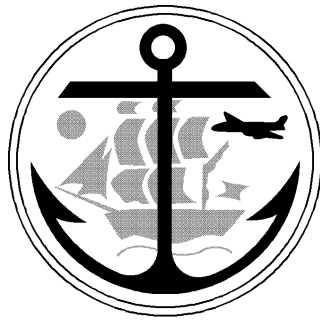
	<b>Equipment Maintenance</b>	<b>Information Technology</b>	<b>Total Internal Service Funds</b>
<b>Operating revenues</b>			
Charges for sales and services	\$ 10,579,827	\$ 26,741,584	\$ 100,822,682
Other	-	-	9,556
Total operating revenues	<u>10,579,827</u>	<u>26,741,584</u>	<u>100,832,238</u>
<b>Operating expenses</b>			
Operations	8,324,277	18,438,656	83,617,971
Depreciation and amortization	3,795,343	11,355,324	15,150,667
Total operating expenses	<u>12,119,620</u>	<u>29,793,980</u>	<u>98,768,638</u>
Operating income (loss)	<u>(1,539,793)</u>	<u>(3,052,396)</u>	<u>2,063,600</u>
<b>Nonoperating revenues (expenses)</b>			
Intergovernmental revenue	74,416	132,551	212,275
Investment income (loss)	58,500	(511,331)	(21,884)
Other revenues	177,450	-	177,450
Other expenses	-	(18,387)	(18,387)
Interest expense	(27,487)	(1,228,889)	(1,256,376)
Gain (loss) on sale of capital assets	21,742	(907,840)	(886,098)
Net nonoperating revenues (expenses)	<u>304,621</u>	<u>(2,533,896)</u>	<u>(1,793,020)</u>
Income (loss) before capital contributions and transfers	(1,235,172)	(5,586,292)	270,580
Capital contributions	53,995	-	53,995
Transfers from other funds	118,217	-	118,217
Transfers to other funds	-	-	(1,000,000)
Change in net position	<u>(1,062,960)</u>	<u>(5,586,292)</u>	<u>(557,208)</u>
Net position (deficit), beginning of year, as restated	<u>20,791,017</u>	<u>5,819,378</u>	<u>30,630,777</u>
Net position (deficit), end of year	<u>\$ 19,728,057</u>	<u>\$ 233,086</u>	<u>\$ 30,073,569</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the year ended December 31, 2018

	Risk Management		
	General Liability/ Workers' Compensation	Medical/ Dental	Unemployment Compensation
<b>Cash flows from (for) operating activities</b>			
Receipts for interfund services provided	\$ 10,853,766	\$ 52,112,832	\$ 544,351
Payments to employees	(432,590)	(332,061)	-
Payments to vendors	(11,508,574)	(48,774,225)	(258,668)
Payments for interfund services used	(1,156,804)	(33,080)	-
Net cash from (for) operating activities	(2,244,202)	2,973,466	285,683
<b>Cash flows from (for) non-capital financing activities</b>			
Transfers to other funds	-	(1,000,000)	-
Transfers from other funds	-	-	-
Due to other funds	-	-	-
Advance to other funds	(5,670,164)	(245,528)	-
Net cash from (for) non-capital financing activities	(5,670,164)	(1,245,528)	-
<b>Cash flows (for) capital and related financing activities</b>			
Principal payments on long-term obligations	-	-	-
Interest payments on long-term obligations	-	-	-
Acquisition and construction of capital assets	-	-	-
Principal payments on interfund loans	-	-	-
Interest payments on interfund loans	-	-	-
Proceeds from issuance of debt	-	-	-
Proceeds from the sale or disposition of capital assets	-	-	-
Net cash (for) capital and related financing activities	-	-	-
<b>Cash flows from (for) investing activities</b>			
Investment income (loss)	247,038	165,014	18,895
Net cash from (for) investing activities	247,038	165,014	18,895
Net increase (decrease) in cash	(7,667,328)	1,892,952	304,578
Cash, beginning of year	17,907,994	13,074,648	1,794,557
Cash, end of year	10,240,666	14,967,600	2,099,135
Cash and investments in central treasury	10,240,666	14,967,600	2,099,135
Capital acquisition and construction accounts	-	-	-
Cash, December 31	\$ 10,240,666	\$ 14,967,600	\$ 2,099,135
<b>Reconciliation of operating income (loss) to net cash from (for) operating activities:</b>			
Operating income (loss)	\$ 1,171,141	\$ 5,215,816	\$ 268,832
Adjustments to reconcile operating income (loss) to net cash from (for) operating activities:			
Depreciation and amortization	-	-	-
Pension and OPEB relief-noncash expense	5,308	-	-
Other revenues	-	-	-
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:			
Accounts receivable, net	122	-	-
Prepaid items and deposits	150,984	-	-
Inventories	(19,156)	-	-
Deferred outflows of resources related to net pension liability	8,346	-	-
Deferred outflows of resources related to net OPEB liability	-	-	-
Accounts payable and retainages	(277,734)	286,304	-
Accrued payroll liabilities	(1,647)	(682)	-
Compensated absences payable	(6,352)	(1,424)	-
Claims payable	(3,423,402)	(2,526,548)	16,851
Net pension liability	138,130	-	-
Net OPEB liability	(14,185)	-	-
Deferred inflows of resources related to net pension liability	(5,095)	-	-
Deferred inflows of resources related to net OPEB liability	29,338	-	-
Total cash from (for) operating activities	(2,244,202)	2,973,466	285,683
Noncash investing, capital, and financing activities:			
Capital purchases on account	-	-	-
Contributed capital and equipment	-	-	-
Total noncash investing, capital, and financing activities	\$ -	\$ -	\$ -

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the year ended December 31, 2018

	Equipment Maintenance	Information Technology	Total Internal Service Funds
<b>Cash flows from (for) operating activities</b>			
Receipts for interfund services provided	\$ 10,757,277	\$ 26,741,584	\$ 101,009,810
Payments to employees	(4,283,371)	(8,961,935)	(14,009,957)
Payments to vendors	(1,962,161)	(14,468,136)	(76,971,764)
Payments for interfund services used	(1,703,505)	(753,103)	(3,646,492)
Net cash from (for) operating activities	<u>2,808,240</u>	<u>2,558,410</u>	<u>6,381,597</u>
<b>Cash flows from (for) non-capital financing activities</b>			
Transfers to other funds	-	-	(1,000,000)
Transfers from other funds	118,217	-	118,217
Due to other funds	-	(154,884)	(154,884)
Advance to other funds	-	-	(5,915,692)
Net cash from (for) non-capital financing activities	<u>118,217</u>	<u>(154,884)</u>	<u>(6,952,359)</u>
<b>Cash flows (for) capital and related financing activities</b>			
Principal payments on long-term obligations	-	(8,382,286)	(8,382,286)
Interest payments on long-term obligations	-	(1,143,814)	(1,143,814)
Acquisition and construction of capital assets	(2,306,232)	(4,229,825)	(6,536,057)
Principal payments on interfund loans	(85,000)	-	(85,000)
Interest payments on interfund loans	(27,487)	-	(27,487)
Proceeds from issuance of debt	-	11,863,730	11,863,730
Proceeds from the sale or disposition of capital assets	125,754	-	125,754
Net cash (for) capital and related financing activities	<u>(2,292,965)</u>	<u>(1,892,195)</u>	<u>(4,185,160)</u>
<b>Cash flows from (for) investing activities</b>			
Investment income (loss)	58,500	(511,331)	(21,884)
Net cash from (for) investing activities	<u>58,500</u>	<u>(511,331)</u>	<u>(21,884)</u>
Net increase (decrease) in cash	691,992	-	(4,777,806)
Cash, beginning of year	5,498,382	-	38,275,581
Cash, end of year	<u>6,190,374</u>	<u>-</u>	<u>33,497,775</u>
Cash and investments in central treasury	2,294,636	-	29,602,037
Capital acquisition and construction accounts	3,895,738	-	3,895,738
Cash, December 31	<u>\$ 6,190,374</u>	<u>\$ -</u>	<u>\$ 33,497,775</u>
<b>Reconciliation of operating income (loss) to net cash from (for) operating activities:</b>			
Operating income (loss)	\$ (1,539,793)	\$ (3,052,396)	\$ 2,063,600
Adjustments to reconcile operating income (loss) to net cash from (for) operating activities:			
Depreciation and amortization	3,795,343	11,355,324	15,150,667
Pension and OPEB relief-noncash expense	74,416	132,551	212,275
Other revenues	177,450	-	177,450
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:			
Accounts receivable, net	-	-	122
Prepaid items and deposits	-	(966,604)	(815,620)
Inventories	(25,243)	-	(44,399)
Deferred outflows of resources related to net pension liability	(168,961)	771,745	611,130
Deferred outflows of resources related to net OPEB liability	(178,833)	(320,904)	(499,737)
Accounts payable and retainages	118,730	(1,620,456)	(1,493,156)
Accrued payroll liabilities	(83,885)	(171,322)	(257,536)
Compensated absences payable	(40,391)	(34,500)	(82,667)
Claims payable	-	-	(5,933,099)
Net pension liability	644,028	(3,593,132)	(2,810,974)
Net OPEB liability	201,493	383,610	570,918
Deferred inflows of resources related to net pension liability	(184,765)	(370,306)	(560,166)
Deferred inflows of resources related to net OPEB liability	18,651	44,800	92,789
Total cash from (for) operating activities	<u>2,808,240</u>	<u>2,558,410</u>	<u>6,381,597</u>
<b>Noncash investing, capital, and financing activities:</b>			
Capital purchases on account	-	181,584	181,584
Contributed capital and equipment	53,995	-	53,995
Total noncash investing, capital, and financing activities	<u>\$ 53,995</u>	<u>\$ 181,584</u>	<u>\$ 235,579</u>



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

The **Police and Fire Retiree Medical Trust Funds** account 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 Net Position  
Fiduciary Funds  
December 31, 2018

	<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>	
<b>Assets</b>				
Cash and cash equivalents	\$ 24,506	\$ 19,135	\$ 78,016	\$ 121,657
Cash, cash equivalents held under securities lending program	1,252,224	978,028	3,987,342	6,217,594
Contribution receivable	-	-	13,251	13,251
Investments:				
Money market funds	648,746	506,559	2,065,299	3,220,604
Certificate of deposit	-	-	-	-
U.S. treasuries	1,574,017	1,229,039	5,010,915	7,813,971
U.S. TIPS	-	-	-	-
U.S. agencies	-	-	-	-
Corporate fixed income securities	16,097,815	12,569,645	51,247,722	79,915,182
Fixed income funds	-	-	-	-
International fixed income funds	-	-	-	-
Domestic equity securities	26,098,622	20,378,569	83,085,496	129,562,687
International equity securities	16,186,315	12,638,749	51,529,462	80,354,526
Real estate funds	10,286,664	8,032,129	32,747,805	51,066,598
Total investments	<u>70,892,179</u>	<u>55,354,690</u>	<u>225,686,699</u>	<u>351,933,568</u>
Total assets	<u><u>72,168,909</u></u>	<u><u>56,351,853</u></u>	<u><u>229,765,308</u></u>	<u><u>358,286,070</u></u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	9,830	8,079	36,266	54,175
Payable under securities lending program	1,252,224	978,028	3,987,342	6,217,594
Total liabilities	<u>1,262,054</u>	<u>986,107</u>	<u>4,023,608</u>	<u>6,271,769</u>
<b>Net Position</b>				
Restricted for pensions and OPEB healthcare:				
Employees' pension benefits	70,906,855	55,365,746	225,741,700	352,014,301
Employees' postemployment healthcare benefits	-	-	-	-
Total net position	<u>\$ 70,906,855</u>	<u>\$ 55,365,746</u>	<u>\$ 225,741,700</u>	<u>\$ 352,014,301</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Net Position  
Fiduciary Funds  
December 31, 2018

**Police/Fire Retiree Medical Trust Fund**

	<b>Police/Fire Medical Group</b>	<b>Gentile Medical Group</b>	<b>Total</b>	<b>Total Fiduciary Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,564	\$ -	\$ 2,564	\$ 124,221
Cash, cash equivalents held under securities lending program	-	-	-	6,217,594
Contribution receivable	-	-	-	13,251
Investments:				
Money market funds	838,511	-	838,511	4,059,115
Certificate of deposit	5,839,732	-	5,839,732	5,839,732
U.S. treasuries	4,314,067	-	4,314,067	12,128,038
U.S. TIPS	259,745	-	259,745	259,745
U.S. agencies	3,573,253	-	3,573,253	3,573,253
Corporate fixed income securities	-	-	-	79,915,182
Fixed income funds	911,541	-	911,541	911,541
International fixed income funds	369,261	-	369,261	369,261
Domestic equity securities	2,018,191	-	2,018,191	131,580,878
International equity securities	1,296,751	-	1,296,751	81,651,277
Real estate funds	-	-	-	51,066,598
Total investments	<u>19,421,052</u>	<u>-</u>	<u>19,421,052</u>	<u>371,354,620</u>
Total assets	<u>19,423,616</u>	<u>-</u>	<u>19,423,616</u>	<u>377,709,686</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	41,540	-	41,540	95,715
Payable under securities lending program	-	-	-	6,217,594
Total liabilities	<u>41,540</u>	<u>-</u>	<u>41,540</u>	<u>6,313,309</u>
<b>Net Position</b>				
Restricted for pensions and OPEB healthcare:				
Employees' pension benefits	-	-	-	352,014,301
Employees' postemployment healthcare benefits	19,382,076	-	19,382,076	19,382,076
Total net position	<u>\$ 19,382,076</u>	<u>\$ -</u>	<u>\$ 19,382,076</u>	<u>\$ 371,396,377</u>

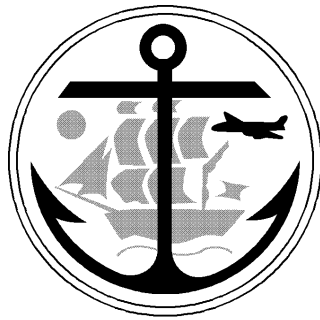
**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Changes in Net Position  
Fiduciary Funds  
For the year ended December 31, 2018

	<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>	
<b>Additions</b>				
Contributions from other funds	\$ -	\$ -	\$ -	\$ -
Contributions from employees	-	-	126,875	126,875
Investment Income:				
Interest	549,444	426,941	1,723,584	2,699,969
Dividends	539,398	419,268	1,693,630	2,652,296
Net decrease in fair value of investments	(4,598,298)	(3,594,136)	(14,681,135)	(22,873,569)
Less: investment expense	(359,052)	(278,978)	(1,126,074)	(1,764,104)
<b>Total additions</b>	<b>(3,868,508)</b>	<b>(3,026,905)</b>	<b>(12,263,120)</b>	<b>(19,158,533)</b>
<b>Deductions</b>				
Regular benefit payments	8,283,754	5,789,331	18,327,849	32,400,934
Administrative expenses	144,300	112,534	457,660	714,494
<b>Total deductions</b>	<b>8,428,054</b>	<b>5,901,865</b>	<b>18,785,509</b>	<b>33,115,428</b>
Change in net position	(12,296,562)	(8,928,770)	(31,048,629)	(52,273,961)
Net position, beginning of year	83,203,417	64,294,516	256,790,329	404,288,262
<b>Net position, end of year</b>	<b>\$ 70,906,855</b>	<b>\$ 55,365,746</b>	<b>\$ 225,741,700</b>	<b>\$ 352,014,301</b>



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Changes in Net Position  
Fiduciary Funds  
For the year ended December 31, 2018

	<b>Police/Fire Retiree Medical Trust Fund</b>			
	<b>Police/Fire Medical Group</b>	<b>Gentile Medical Group</b>	<b>Total</b>	<b>Total Fiduciary Funds</b>
<b>Additions</b>				
Contributions from other funds	\$ 3,477,037	\$ -	\$ 3,477,037	\$ 3,477,037
Contributions from employees	-	-	-	126,875
Investment Income:				
Interest	13,064	-	13,064	2,713,033
Dividends	391,854	-	391,854	3,044,150
Net decrease in fair value of investments	(531,438)	-	(531,438)	(23,405,007)
Less: investment expense	-	-	-	(1,764,104)
Total additions	<u>3,350,517</u>	<u>-</u>	<u>3,350,517</u>	<u>(15,808,016)</u>
<b>Deductions</b>				
Regular benefit payments	3,124,572	-	3,124,572	35,525,506
Administrative expenses	41,540	-	41,540	756,034
Total deductions	<u>3,166,112</u>	<u>-</u>	<u>3,166,112</u>	<u>36,281,540</u>
Change in net position	184,405	-	184,405	(52,089,556)
Net position, beginning of year	19,197,671	-	19,197,671	423,485,933
Net position, end of year	<u>\$ 19,382,076</u>	<u>\$ -</u>	<u>\$ 19,382,076</u>	<u>\$ 371,396,377</u>



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## 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.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Net Position by Component  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year									
	As Restated 2018	2017	2016	2015	As Restated 2014	As Restated 2013	2012	As Restated 2011	2010	As Restated 2009
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 2,846,124,341	\$ 2,903,190,855	\$ 2,809,346,703	\$ 2,753,762,553	\$ 2,712,415,165	\$ 2,711,369,340	\$ 2,645,081,616	\$ 2,637,498,499	\$ 2,690,946,874	\$ 2,689,939,470
Restricted	248,671,058	251,415,621	246,631,274	252,408,288	226,230,204	221,075,432	206,054,655	184,705,421	175,099,975	165,637,114
Unrestricted	(507,291,203)	(325,576,279)	(273,896,524)	(185,258,144)	135,703,277	108,779,489	123,707,347	105,856,844	58,377,890	18,194,337
Total governmental activities net position	2,587,504,196	2,829,030,197	2,782,081,453	2,820,912,697	3,074,348,646	3,041,224,261	2,974,843,618	2,928,060,764	2,924,424,739	2,873,770,921
<b>Business-type activities:</b>										
Net investment in capital assets	700,723,217	669,846,289	639,217,895	613,548,627	629,847,882	493,665,151	525,892,917	499,643,067	453,327,512	419,148,666
Restricted	33,783,359	32,789,940	30,709,991	24,846,151	22,000,520	77,596,655	184,402,233	182,771,686	166,914,727	136,376,232
Unrestricted	141,040,698	132,599,711	105,289,700	90,520,085	103,208,314	153,743,558	48,518,687	42,089,727	76,809,449	80,917,057
Total business-type activities net position	875,547,274	835,235,940	775,217,586	728,914,863	755,056,716	725,005,364	758,813,837	724,504,480	697,051,688	636,441,955
<b>Total primary government:</b>										
Net investment in capital assets	3,546,847,558	3,573,037,144	3,448,564,598	3,367,311,180	3,342,263,047	3,269,933,535	3,170,974,533	3,137,141,566	3,144,274,386	3,109,088,136
Restricted	282,454,417	284,205,561	277,341,265	277,254,439	248,230,724	286,892,971	390,456,888	367,477,107	342,014,702	302,013,346
Unrestricted	(366,250,505)	(192,976,568)	(168,606,824)	(94,738,059)	238,911,591	209,403,119	172,226,034	147,946,571	135,187,339	99,111,894
Total primary government net position	\$ 3,463,051,470	\$ 3,664,266,137	\$ 3,557,299,039	\$ 3,549,827,560	\$ 3,829,405,362	\$ 3,766,229,625	\$ 3,733,657,455	\$ 3,652,565,244	\$ 3,621,476,427	\$ 3,510,212,876

**Notes:**

In 2018, we implemented GASB 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", which added significant liabilities to the Statement of Net Position. These liabilities caused a large swing in Unrestricted Net Position for Governmental Activities.

In 2015, we implemented GASB 68 "Accounting and Reporting for Pension Plans", which added significant liabilities to the Statement of Net Position. These liabilities caused a large swing in Unrestricted Net Position for Governmental Activities.

Source: Municipality of Anchorage, Finance Department

**MUNICIPALITY OF ANCHORAGE, ALASKA**

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

	Fiscal Year										As Restated 2009	
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009		
<b>Expenses:</b>												
Governmental activities:												
General government	\$ 30,186,742	\$ 28,136,062	\$ 31,777,644	\$ 29,239,850	\$ 28,921,894	\$ 23,954,989	\$ 21,709,649	\$ 21,999,859	\$ 22,466,640	\$ 29,050,467		
Fire services	114,239,639	120,767,761	127,750,790	128,860,990	112,672,964	105,134,071	96,285,981	94,489,296	88,637,324	80,454,433		
Police services	146,507,459	143,011,770	146,997,658	149,235,914	129,723,388	127,840,572	118,098,035	116,362,828	107,677,900	104,474,503		
Health and human services	25,088,173	29,657,409	27,028,516	25,915,204	26,688,108	24,620,859	25,029,632	28,268,547	26,632,684	27,082,391		
Economic & community development	91,304,455	92,031,067	78,163,980	74,741,068	78,793,403	68,950,920	78,494,540	83,174,571	78,941,612	82,988,652		
Public transportation	35,083,499	36,955,189	37,258,533	36,621,802	36,937,350	35,985,169	34,906,057	34,185,440	30,240,829	34,517,002		
Public works	56,192,471	73,918,843	91,116,000	90,595,542	111,694,564	99,892,660	85,163,740	80,989,860	56,127,232	107,527,253		
Maintenance and operations of roads and facilities	36,718,349	36,933,039	36,994,141	35,416,462	35,860,531	34,057,619	47,777,794	36,316,900	35,241,475	33,758,467		
Education	247,167,935	247,406,948	243,841,632	240,239,749	240,752,791	241,279,103	238,519,174	240,834,968	235,125,354	231,378,123		
Interest on long-term debt	16,803,796	21,607,955	22,793,843	19,782,373	24,517,693	25,530,454	26,120,599	29,132,941	28,201,071	29,600,473		
Total governmental activities expenses	799,292,518	830,425,943	843,722,737	830,648,954	826,542,686	787,246,416	772,105,201	765,765,210	709,492,121	760,831,764		
Business-type activities:												
Electric	153,787,566	165,063,796	171,654,101	152,868,514	123,896,740	109,982,575	110,603,719	126,040,240	122,331,031	105,530,769		
Water	44,568,566	43,805,910	47,332,911	44,769,187	40,796,522	39,520,676	40,675,916	39,754,921	38,759,459	38,484,886		
Wastewater	42,696,104	41,681,971	43,372,095	42,494,673	37,609,422	36,466,069	35,200,550	33,988,296	32,916,342	30,491,470		
Port	20,818,360	18,092,680	21,755,534	26,544,273	16,657,324	12,346,924	11,840,713	11,489,233	10,518,074	11,105,399		
Refuse	10,978,243	9,254,420	9,997,351	9,109,248	8,566,651	8,649,190	8,644,522	8,262,213	8,176,402	7,816,221		
Solid Waste	23,007,777	20,478,900	19,913,585	21,710,342	18,124,824	18,285,807	18,973,893	17,233,393	16,177,197	16,326,313		
Municipal Airport	4,431,211	4,659,241	4,636,998	5,475,101	3,701,168	3,632,872	4,196,663	4,093,756	3,325,230	3,279,054		
Total business-type expenses	300,307,847	303,036,918	318,662,578	302,971,338	249,352,671	228,884,113	230,135,980	240,862,052	232,204,235	213,034,112		
Total primary government expenses	1,099,600,365	1,133,462,861	1,162,385,312	1,133,620,292	1,075,895,357	1,016,130,529	1,002,241,181	1,006,627,262	941,696,356	973,865,876		
<b>Program revenues: (see also Table 3)</b>												
Governmental activities:												
Charges for services:												
General government	6,953,798	7,463,058	7,397,112	7,085,977	7,264,871	7,901,979	7,306,404	9,497,748	7,656,683	6,519,429		
Fire services	11,806,583	11,723,566	11,218,269	12,282,488	11,174,742	8,547,852	8,347,086	8,224,213	7,494,561	7,551,666		
Police services	14,703,037	13,849,906	11,883,107	13,601,445	14,623,458	14,481,855	14,227,236	22,021,740	18,521,825	17,866,612		
Health and human services	2,405,510	2,344,942	2,606,170	2,798,396	2,803,642	2,411,024	2,932,137	4,022,702	3,680,732	3,748,435		
Economic & community development	11,968,430	11,688,921	2,566,183	4,200,935	4,689,244	4,498,090	5,036,711	4,369,182	5,875,077	5,875,077		
Public transportation	3,667,693	7,086,924	4,387,796	4,804,523	5,243,968	5,227,218	5,140,290	5,121,736	4,435,263	4,435,263		
Public works	657,793	1,012,340	9,421,991	12,821,050	14,389,898	12,770,454	14,426,299	10,423,089	8,669,482	9,202,667		
Maintenance and operations of roads and facilities	178,093	171,680	318,988	233,380	645,552	367,072	170,343	191,729	191,534	319,034		
Total charges for services revenues	52,540,937	55,343,337	49,798,616	57,828,194	60,835,375	56,205,544	57,586,506	63,872,139	56,750,351	55,518,183		
Operating grants and contributions	38,139,130	44,734,752	32,196,909	41,331,023	94,699,068	70,455,484	76,836,701	60,469,943	47,876,617	64,619,647		
Capital grants and contributions	18,527,333	84,936,667	80,818,695	104,864,898	84,027,472	94,316,487	61,810,688	59,335,217	66,986,287	108,286,565		
Total governmental activities program revenues	109,207,400	185,014,756	162,817,220	204,024,115	239,561,935	220,977,525	196,235,895	183,677,299	171,613,255	228,424,395		
Business-type activities:												
Charges for services	348,342,158	352,319,381	344,715,159	329,065,077	303,945,145	274,454,359	279,360,413	275,133,149	260,970,568	245,176,485		
Operating grants and contributions	1,342,888	1,688,418	1,682,042	958,210	260,620	121,173	116,452	111,731	108,584	108,584		
Capital grants and contributions	28,512,750	22,794,161	23,034,786	11,490,032	5,021,006	6,634,793	8,797,587	11,981,787	47,442,806	14,581,877		
Total business-type activities revenues	378,197,796	376,801,960	369,431,987	341,513,319	309,226,771	281,210,325	288,274,452	287,226,667	308,521,958	259,866,946		
Total primary government program revenues	487,405,196	561,816,716	532,249,207	545,537,434	548,788,706	502,187,850	484,510,347	470,903,966	480,135,213	488,291,341		
<b>Net (Expense)/Revenue</b>												
Governmental activities	(690,085,118)	(645,411,187)	(680,905,517)	(626,624,839)	(586,980,751)	(566,268,891)	(575,869,306)	(582,087,911)	(537,878,866)	(532,407,369)		
Business-type activities	77,889,949	73,765,042	50,769,412	38,541,981	59,874,100	52,326,212	58,138,472	46,364,615	76,317,723	46,832,834		
Total primary government net expense	\$ (612,195,169)	\$ (571,646,145)	\$ (630,136,105)	\$ (588,082,858)	\$ (527,106,651)	\$ (513,942,679)	\$ (517,730,834)	\$ (535,723,296)	\$ (461,561,143)	\$ (485,574,535)		

MUNICIPALITY OF ANCHORAGE, ALASKA

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

	Fiscal Year										As Restated 2009	
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009		
<b>General revenues and other changes in net position:</b>												
Governmental activities:												
Taxes:												
Property taxes	\$ 554,032,277	\$ 557,174,206	\$ 528,814,024	\$ 509,725,344	\$ 497,351,213	\$ 483,148,928	\$ 480,581,658	\$ 482,411,497	\$ 479,409,921	\$ 461,906,542		
Motor vehicle taxes	16,963,827	17,224,364	17,394,515	17,363,803	17,366,210	16,652,166	15,990,553	9,878,069	9,512,490	9,078,006		
Hotel and motel taxes	27,677,314	25,666,253	24,920,069	26,083,585	25,002,097	22,988,779	23,013,548	21,033,287	19,604,118	17,846,829		
Tobacco taxes	20,002,707	20,377,976	22,281,630	24,100,565	21,950,759	22,790,309	22,219,610	19,716,300	17,334,746	16,581,627		
Marijuana taxes	3,061,091	-	-	-	-	-	-	-	-	-		
Fuel products taxes	11,672,250	-	-	-	-	-	-	-	-	-		
Assessments in lieu of taxes	3,382,960	3,441,656	3,189,013	3,124,513	3,052,584	3,135,217	3,050,828	2,232,706	2,284,762	2,324,750		
Grants and entitlements not restricted to specific programs	6,095,769	7,783,616	9,280,122	14,042,608	14,831,485	14,697,818	21,154,092	19,984,139	15,053,452	15,018,748		
Investment earnings (loss)	(6,687,122)	32,363,010	13,403,562	1,877,744	12,510,253	28,258,065	24,297,147	4,601,926	20,838,767	35,064,547		
Other	-	-	-	-	-	-	-	-	-	1,252,159		
Transfers	29,699,791	28,328,850	22,791,338	32,627,024	28,040,535	26,901,318	26,571,906	25,981,595	24,494,428	22,620,211		
Special item - NPO/OPEB write-off	-	-	-	-	-	-	-	-	-	-		
Special item - HLB Land Sale Gain	-	-	-	-	-	4,076,934	-	-	-	-		
Total governmental activities	665,900,864	692,359,931	642,074,273	628,945,186	620,105,136	632,649,534	626,879,342	585,839,519	588,532,684	581,693,419		
Business-type activities:												
Investment earnings	3,421,654	7,832,162	5,724,649	4,067,761	4,539,450	2,089,947	5,562,131	6,071,914	8,457,540	9,288,490		
Other	-	6,750,000	12,600,000	-	-	-	-	-	-	(95,304)		
Transfers	(29,699,791)	(28,328,850)	(22,791,338)	(32,627,024)	(28,040,535)	(26,901,318)	(26,571,906)	(25,981,595)	(24,165,530)	(25,745,211)		
Special item - AWWU Land Purchase	-	-	-	-	-	238,737	-	-	-	-		
Extraordinary item - Port PIEP Impairment	-	-	-	-	-	(61,562,051)	-	-	-	-		
Total business-type activities	(26,278,137)	(13,746,688)	(4,468,689)	(28,569,263)	(23,501,085)	(86,134,685)	(21,009,775)	(19,909,681)	(15,707,990)	(16,552,025)		
Total primary government	639,622,727	678,613,243	637,607,584	600,385,923	596,604,051	546,514,849	605,869,567	565,929,838	572,824,694	565,141,394		
<b>Change in net position:</b>												
Governmental activities	(24,184,254)	46,948,744	(38,831,244)	2,320,347	33,124,385	66,380,643	51,010,036	3,751,608	50,653,818	49,286,050		
Business-type activities	51,611,812	60,018,354	46,302,723	9,982,718	36,373,015	(33,808,473)	37,128,697	26,454,934	60,609,733	30,280,809		
Total primary government	27,427,558	106,967,098	7,471,479	12,303,065	69,497,400	32,572,170	88,138,733	30,206,542	111,263,551	79,566,859		

Source: Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Charges for Services by Function/Program  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year										As Restated 2009	
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009		
<b>Program revenues - charges for services:</b>												
Governmental activities:												
General government	\$ 6,953,798	\$ 7,463,058	\$ 7,397,112	\$ 7,085,977	\$ 7,264,871	\$ 7,901,979	\$ 7,306,404	\$ 9,497,748	\$ 7,656,683	\$ 6,519,429		
Fire services	11,806,583	11,723,566	11,218,269	12,282,488	11,174,742	8,547,852	8,347,086	8,224,213	7,494,561	7,551,666		
Police services	14,703,037	13,849,906	11,883,107	13,601,445	14,623,458	14,481,855	14,227,236	22,021,740	18,521,825	17,866,612		
Health and human services	2,405,510	2,344,942	2,606,170	2,798,396	2,803,642	2,411,024	2,932,137	4,022,702	3,680,732	3,748,435		
Economic & community development	11,968,430	11,688,921	2,566,183	4,200,935	4,689,244	4,498,090	5,036,711	4,369,182	5,875,611	5,875,077		
Public transportation	3,867,693	7,088,924	4,387,796	4,804,523	5,243,968	5,227,218	5,140,290	5,121,736	4,659,923	4,435,263		
Public works	657,793	1,012,340	9,421,991	12,821,050	14,389,898	12,770,454	14,426,299	10,423,089	8,669,482	9,202,667		
Maintenance and operations of roads and facilities	178,093	171,680	318,988	233,380	645,552	367,072	170,343	191,729	191,534	319,034		
Total governmental activities	52,540,937	55,343,337	49,799,616	57,828,194	60,835,375	56,205,544	57,586,506	63,872,139	56,750,351	55,518,183		
Business-type activities:												
Electric	178,356,321	184,949,719	179,751,959	164,910,039	142,382,804	120,158,837	128,070,159	139,609,558	131,520,920	120,008,455		
Water	62,250,611	60,659,490	62,834,038	62,371,849	62,527,066	59,562,890	55,664,095	52,081,778	51,096,732	48,248,827		
Wastewater	57,070,151	56,548,288	52,629,855	52,814,630	51,774,890	50,465,806	48,135,325	42,894,791	37,994,692	37,019,347		
Port	14,787,912	14,410,879	13,975,856	13,861,999	12,099,083	11,555,611	11,701,746	11,819,075	11,452,966	11,140,822		
Refuse	11,075,183	11,047,828	11,112,587	10,996,962	10,754,905	8,807,046	8,787,550	8,820,754	8,744,034	8,515,349		
Solid waste	24,659,485	23,112,152	22,898,337	22,801,619	22,957,169	22,498,137	20,949,679	18,566,616	18,974,151	19,007,456		
Municipal airport	142,495	1,591,025	1,512,527	1,507,979	1,449,228	1,406,032	6,051,859	1,340,577	1,227,073	1,236,229		
Total business-type activities	348,342,158	352,319,381	344,715,159	329,065,077	303,945,145	274,454,359	279,360,413	275,133,149	260,970,568	245,176,485		
Total primary government	\$ 400,883,095	\$ 407,662,718	\$ 394,514,775	\$ 386,893,271	\$ 364,780,520	\$ 330,659,903	\$ 336,946,919	\$ 339,005,288	\$ 317,720,919	\$ 300,694,668		

Source: Municipality of Anchorage, Finance Department.





**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Changes in Fund Balance- Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year										As Restated 2009
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
<b>Revenues:</b>											
Taxes and assessments in lieu of taxes	\$ 633,369,334	\$ 627,005,350	\$ 594,959,804	\$ 580,981,773	\$ 565,413,760	\$ 559,077,522	\$ 555,052,111	\$ 534,724,811	\$ 527,757,094	\$ 506,700,676	
Special assessments	1,536,155	1,698,640	1,964,973	2,750,188	1,468,716	1,181,821	1,273,593	1,410,956	1,559,801	1,080,120	
Licenses and permits	9,088,153	9,680,014	9,322,822	10,999,964	12,941,960	12,553,278	10,372,797	11,367,098	9,727,381	11,137,072	
Intergovernmental	59,289,509	100,732,316	104,152,403	169,459,308	176,898,245	156,098,508	149,037,822	119,711,543	121,565,389	172,943,841	
Charges for services	23,705,922	23,375,879	23,990,336	32,197,098	29,019,610	33,139,322	33,242,521	34,161,923	35,151,606	31,898,045	
Fines and forfeitures	6,695,257	5,798,490	5,047,749	6,611,034	6,970,300	6,532,511	6,232,471	8,468,178	7,761,674	8,372,541	
E911 surcharges	7,906,670	7,930,788	6,558,506	6,378,754	6,766,679	-	-	-	-	-	
Investment income (loss)	(6,665,238)	32,156,651	13,039,556	1,658,781	11,934,747	28,223,078	23,591,633	4,518,123	19,923,545	33,133,010	
Restricted contributions	1,683,230	1,937,743	2,787,001	1,820,056	501,774	4,350,831	2,870,846	3,932,885	1,852,653	746,194	
Other	3,547,374	6,598,670	4,323,451	4,409,634	6,210,488	5,416,074	6,121,264	7,987,619	5,095,912	5,140,839	
<b>Total revenues</b>	<b>740,156,366</b>	<b>816,914,541</b>	<b>766,146,601</b>	<b>817,266,590</b>	<b>818,126,279</b>	<b>806,572,945</b>	<b>787,795,058</b>	<b>726,283,136</b>	<b>730,395,055</b>	<b>771,152,338</b>	
<b>Expenditures:</b>											
General government	29,126,660	28,355,791	26,297,288	28,141,406	29,547,245	22,490,280	20,596,164	21,982,842	17,931,545	21,529,868	
Fire services	108,108,837	138,643,694	106,657,739	111,060,154	111,777,871	103,203,797	95,195,623	90,763,653	83,670,491	76,265,286	
Police services	139,287,114	169,055,376	124,352,080	130,875,103	132,839,308	129,813,796	115,967,228	111,510,172	102,926,771	99,974,274	
Health and human services	24,774,861	28,743,679	22,596,193	24,669,526	25,650,935	23,742,769	24,115,392	26,823,415	25,144,569	26,589,623	
Economic and community development	70,473,307	72,148,750	55,273,949	54,666,205	53,875,368	46,870,085	58,099,851	60,989,689	63,627,692	62,988,984	
Public transportation	31,700,595	33,138,638	28,817,286	30,758,931	31,549,000	30,396,121	30,241,731	28,169,896	21,556,120	22,220,628	
Public works	10,513,245	9,922,579	29,147,266	28,416,543	39,492,078	32,429,999	27,953,465	20,907,921	20,934,441	22,822,998	
Education	247,167,935	247,406,848	243,841,632	240,239,749	34,338,414	241,279,103	238,519,174	240,834,968	235,125,354	231,378,123	
Maintenance and operations of roads and facilities	35,485,367	34,229,721	32,812,383	31,942,531	240,752,791	32,977,338	35,482,336	33,805,423	34,484,210	32,752,300	
Capital outlay	57,636,390	115,016,927	111,904,035	126,268,360	105,785,105	108,418,635	98,950,246	82,333,411	105,694,920	145,213,610	
Debt service											
Principal	38,760,000	38,220,000	39,595,000	43,117,998	38,857,577	35,022,883	39,242,119	31,137,139	20,647,950	30,823,332	
Interest	23,238,951	24,755,123	23,688,269	23,731,301	24,898,180	26,658,557	27,013,982	31,072,474	27,581,071	28,686,622	
Bond issuance costs	294,162	469,528	108,074	877,799	462,954	-	232,046	224,194	497,504	-	
<b>Total expenditures</b>	<b>816,567,424</b>	<b>940,106,654</b>	<b>845,091,194</b>	<b>874,765,606</b>	<b>869,826,826</b>	<b>833,303,363</b>	<b>811,609,357</b>	<b>780,555,197</b>	<b>759,822,638</b>	<b>801,245,648</b>	
Deficiencies of revenues over expenditures	(76,411,058)	(123,192,113)	(78,944,593)	(57,499,016)	(51,700,547)	(26,730,418)	(23,814,299)	(54,272,061)	(29,427,583)	(30,093,310)	
<b>Other financing sources (uses):</b>											
Transfers from other funds	58,486,953	55,966,496	52,766,641	56,880,063	52,648,722	56,375,764	52,186,974	52,622,964	47,683,059	56,159,016	
Transfers to other funds	(27,905,379)	(27,804,919)	(29,940,838)	(24,734,653)	(26,377,947)	(32,447,488)	(25,618,993)	(32,111,908)	(23,525,181)	(33,433,469)	
Bonds issued	82,300,000	58,675,000	24,870,000	256,880,000	122,600,001	-	53,785,000	52,298,250	78,610,000	-	
Premium on bonds	11,738,947	-	2,672,823	31,361,323	21,857,443	-	7,875,284	796,626	945,968	-	
Payment to bond escrow agent	(22,580,259)	-	-	(235,296,377)	(97,023,536)	-	(33,418,560)	(23,860,769)	(24,047,975)	-	
Loans issued	-	413,243	-	-	-	-	-	-	507,250	-	
Insurance recoveries	410,404	308,960	253,654	404,235	349,533	133,596	194,229	96,076	-	133,334	
Sale of capital assets	361,123	2,066,998	2,288,993	282,180	718,971	6,386,450	3,431,355	193,831	98,627	990,835	
Net other financing sources (uses)	102,811,789	89,625,778	52,911,273	85,776,171	74,773,187	30,448,322	58,435,239	50,035,070	80,271,748	23,849,716	
Net change in fund balances	\$ 26,400,731	\$ (33,566,335)	\$ (26,033,320)	\$ 28,277,755	\$ 23,072,640	\$ 3,717,904	\$ 34,620,990	\$ (4,236,991)	\$ 50,844,165	\$ (6,243,594)	

Source: Municipality of Anchorage, Finance Department

**MUNICIPALITY OF ANCHORAGE, ALASKA**

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenditures:</b>										
General government	\$ 29,126,660	\$ 28,355,791	\$ 26,297,288	\$ 28,141,406	\$ 29,547,245	\$ 22,490,280	\$ 20,596,164	\$ 21,982,842	\$ 17,931,545	\$ 21,529,868
Fire services	108,108,837	138,643,694	106,657,739	111,060,154	111,777,871	103,203,797	95,195,623	90,763,653	83,670,491	76,265,286
Police services	139,287,114	169,055,376	124,352,080	130,875,103	132,839,308	129,813,796	115,967,228	111,510,172	102,926,771	99,974,274
Health and human services	24,774,861	28,743,679	22,596,193	24,669,526	25,650,935	23,742,769	24,115,392	26,823,415	25,144,569	26,589,623
Economic and community development	70,473,307	72,148,750	55,273,949	54,666,205	53,875,368	46,870,085	58,099,851	60,989,689	63,627,692	62,988,984
Public transportation	31,700,595	33,138,638	28,817,286	30,758,931	31,549,000	30,396,121	30,247,731	28,169,899	21,556,120	22,220,628
Public works	10,513,245	9,922,579	29,147,266	28,416,543	39,492,078	32,429,999	27,953,465	20,907,921	20,934,441	22,822,998
Education	247,167,935	247,406,848	243,841,632	240,239,749	240,752,791	241,279,103	238,519,174	240,834,968	235,125,354	231,378,123
Maintenance and operations of roads and facilities	35,485,367	34,229,721	32,812,383	31,942,531	34,338,414	32,977,338	35,482,336	33,805,423	34,484,210	32,752,300
Capital outlay	57,636,390	115,016,927	111,904,035	126,268,360	105,785,105	108,418,635	98,950,246	82,333,411	105,694,920	145,213,610
Debt service										
Principal	38,760,000	38,220,000	39,595,000	43,117,998	38,857,577	35,022,883	39,242,119	31,137,139	20,647,950	30,823,332
Interest	23,238,951	24,755,123	23,688,269	23,731,301	24,898,180	26,658,557	27,013,982	31,072,474	27,581,071	28,686,622
Bond Issuance Costs	294,162	469,528	108,074	877,799	462,954	-	232,046	224,194	497,504	-
Total expenditures	816,567,424	940,106,654	845,091,194	874,765,606	869,826,826	833,303,363	811,609,357	780,555,197	759,822,638	801,245,648
<b>Less:</b>										
Amounts capitalized	13,425,953	55,850,059	61,107,661	66,564,373	38,131,869	44,186,983	32,391,715	23,211,817	75,494,226	60,343,117
Total non-capital expenditures	\$ 803,141,471	\$ 884,256,595	\$ 783,983,533	\$ 808,201,233	\$ 831,694,957	\$ 789,116,380	\$ 779,217,642	\$ 757,343,380	\$ 684,328,412	\$ 740,902,531
Debt service as a percentage of non-capital expenditures	7.72%	7.12%	8.07%	8.27%	7.67%	7.82%	8.50%	8.21%	7.05%	8.03%

Source: Municipality of Anchorage, Finance Department

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
**Tax Revenue by Source- Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

Table 7

Fiscal Year	Real Property	Personal Property	Motor Vehicle	Motor Vehicle Rental	Hotel - Motel	Tobacco	Fuel Products <sup>(2)</sup>	Marijuana <sup>(1)</sup>	Other	Total
2018	\$ 502,174,794	\$ 45,110,190	\$ 10,255,498	\$ 6,796,389	\$ 27,618,716	\$ 19,995,191	\$ 11,672,010	\$ 3,057,876	\$ 3,305,710	\$ 629,986,374
2017	508,912,967	47,244,386	11,082,632	6,267,718	25,597,388	20,376,831	-	1,262,867	2,818,905	623,563,694
2016	478,505,375	45,722,887	11,485,431	6,054,818	24,836,967	22,270,476	-	19,884	2,874,953	591,770,791
2015	458,731,864	48,522,246	11,712,417	5,800,051	25,986,940	24,081,507	-	-	3,022,235	577,857,260
2014	446,813,325	48,181,620	11,818,369	5,637,102	24,936,211	21,926,133	-	-	3,048,416	562,361,176
2013	443,778,926	46,571,533	11,448,632	5,265,282	22,949,191	22,789,454	-	-	3,139,287	555,942,305
2012	437,675,314	48,684,789	11,303,053	4,817,450	22,700,161	22,219,610	-	-	4,600,906	552,001,283
2011	436,812,135	42,069,391	4,823,011	5,074,906	20,967,057	19,672,105	-	-	3,073,500	532,492,105
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

Notes:

<sup>(1)</sup>Excise tax on marijuana revenue created in 2016

<sup>(2)</sup>Excise tax on fuel products created in 2018

Source: Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Table 8

Use of Property Taxes  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Fiscal Year	Anchorage School District Property Taxes	Anchorage School District Enrollment <sup>(1)</sup>	Property Tax Support Per Pupil	Municipality of Anchorage Property Taxes	Municipality of Anchorage Population	Property Tax Support Per Citizen	Total Property Taxes
2018	\$ 247,093,515	46,964	\$ 5,261	\$ 301,634,860	295,365	\$ 1,021	\$ 548,728,375
2017	247,307,425	47,703	5,184	303,906,395	297,483	1,022	551,213,820
2016	242,707,116	47,756	5,082	284,581,494	299,037	952	527,288,610
2015	239,410,965	47,562	5,034	267,221,678	298,908	894	506,632,643
2014	236,498,047	47,770	4,951	267,464,583	300,549	890	503,962,630
2013	236,691,495	48,493	4,881	253,218,733	301,134	841	489,910,228
2012	238,775,383	48,422	4,931	247,584,720	298,842	828	486,360,103
2011	236,173,709	48,613	4,858	242,707,817	296,197	819	478,881,526
2010	233,853,777	49,061	4,767	240,487,281	291,826	824	474,341,058
2009	225,459,645	48,227	4,675	232,117,736	290,588	799	457,577,381

Notes:

<sup>(1)</sup>Anchorage School District Enrollment includes half-day kindergarten program reported as one-half time.

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

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Table 9

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			
2018	\$ 20,835,797,232	\$ 10,519,698,864	31,355,496,096	\$ 2,879,198,051	\$ 34,234,694,147	9.17
2017	22,364,925,134	10,515,742,451	32,880,667,585	2,951,726,961	35,832,394,546	7.32
2016	22,391,683,088	10,429,674,591	32,821,357,679	3,134,642,589	35,956,000,268	6.88
2015	21,626,494,295	10,109,822,456	31,736,316,751	3,302,128,224	35,038,444,975	6.70
2014	20,727,659,820	9,726,237,558	30,453,897,378	3,218,472,804	33,672,370,182	6.71
2013	19,844,447,084	9,394,322,157	29,238,769,241	3,089,891,708	32,328,660,949	6.92
2012	19,617,776,607	9,152,490,728	28,770,267,335	2,944,479,550	31,714,746,885	7.28
2011	19,734,533,714	9,095,615,110	28,830,148,824	2,766,391,727	31,596,540,551	7.61
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	7.10

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

Source: Municipality of Anchorage, Property Appraisal Division

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 10

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Areawide:										
General Government	0.10	0.40	0.15	(0.14)	(0.35)	(0.43)	(0.29)	0.09	0.45	0.49
Schools	7.23	6.92	6.73	6.84	7.06	7.35	7.57	7.52	7.44	7.18
Property Tax Credit	-	-	-	-	-	-	-	-	-	(0.57)
Total Areawide	7.33	7.32	6.88	6.70	6.71	6.92	7.28	7.61	7.89	7.10
Chugiak Service Area	1.00	1.00	1.00	1.00	0.95	1.00	1.00	0.97	0.96	0.97
Glen Alps Service Area	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Girdwood Service Area	5.40	5.00	4.70	4.08	3.97	4.29	4.14	3.68	3.87	3.83
Former Borough Roads and Drainage Service Area	-	-	-	-	-	-	-	-	-	-
Fire Service Area	2.39	2.38	2.21	2.22	2.44	2.21	2.13	2.09	1.83	1.75
Roads and Drainage Service Area	2.66	2.22	2.43	2.31	2.36	2.60	2.78	2.46	2.13	2.77
Limited Service Areas <sup>(1)</sup>	1.30	1.27	1.30	1.30	1.29	1.29	1.31	1.33	1.33	1.32
Anchorage Metropolitan Police Service Area	3.37	3.21	2.82	2.93	2.95	3.23	2.76	2.70	2.67	2.61
Parks and Recreation Service Area	0.65	0.53	0.55	0.54	0.59	0.60	0.62	0.62	0.66	0.70
Building Safety Service Area	-	-	-	-	-	-	-	-	-	-
Eagle River/Chugiak Parks & Recreation Service Area	0.97	1.01	0.98	1.03	0.97	0.95	1.00	0.90	0.91	1.05

Notes:

<sup>(1)</sup>Property tax rate for Limited Service Areas is an average of the rates for all the Limited Service Areas for the given fiscal year.

Source: Municipality of Anchorage, Assembly Ordinances.

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 11

Principal Property Tax Payers  
Current Year and Nine Years Ago

2018		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
GCI Communication Corp	\$ 241,828,572	0.71%
Calais Co Inc	205,086,000	0.60%
ACS Of Anchorage Inc	169,972,627	0.50%
Galen Hospital Alaska Inc	146,408,668	0.43%
Fred Meyer Stores Inc	143,608,027	0.42%
WEC 2000A-Alaska Llc	135,917,428	0.40%
Enstar Natural Gas Company	120,046,549	0.35%
North Anchorage Real Estate	98,862,000	0.29%
Hickel Investment Co	96,519,354	0.28%
Sisters of Providence	93,712,896	0.27%
	<u>\$ 1,451,962,121</u>	<u>4.24%</u>

2009		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
ACS of Anchorage Inc.	\$ 242,952,302	0.77%
Calais Company Inc.	152,459,210	0.48%
GCI Communication Corp.	145,771,518	0.46%
Fred Meyer Stores Inc.	132,247,483	0.42%
Galen Hospital Alaska Inc.	124,017,508	0.39%
B.P. Exploration (Alaska) Inc.	118,449,717	0.38%
Hickel Investment Company	107,421,099	0.34%
WEC 2000A-Alaska LLC	102,089,595	0.32%
Enstar Natural Gas Company	95,829,871	0.30%
Anchorage Fueling & Svc Co.	91,370,040	0.29%
	<u>\$ 1,312,608,343</u>	<u>4.17%</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

Table 12

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	
2018	\$ 548,728,375	\$ 555,294,158	101.20%	\$ (14,575,240)	\$ 540,718,918	98.54%	\$ 8,009,457
2017	551,213,820	554,594,217	100.61%	(11,462,560)	543,131,657	98.53%	8,082,163
2016	527,288,610	526,731,338	99.89%	(2,242,985)	524,488,353	99.47%	2,800,257
2015	506,632,643	503,919,262	99.46%	2,401,323	506,320,585	99.94%	312,058
2014	503,962,630	500,381,108	99.29%	3,413,665	503,794,773	99.97%	167,857
2013	480,422,072	480,393,854	99.99%	(173,133)	480,220,721	99.96%	201,351
2012	477,009,470	477,142,831	100.03%	(307,824)	476,835,007	99.96%	174,463
2011	475,771,921	470,361,847	98.86%	5,308,477	475,670,324	99.98%	101,597
2010	463,732,284	454,799,895	98.07%	8,928,118	463,728,013	100.00%	4,271
2009	438,158,786	430,346,262	98.22%	7,812,293	438,158,555	100.00%	231

Source: Municipality of Anchorage, Treasury Division.



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

Table 13

Fiscal Year	Governmental Activities					Total Governmental Activities	Total Primary Government	Percentage of Personal Income	Total Debt per Capita
	General Obligation Bonds	Revenue Bonds <sup>(1)</sup>	Certificates of Participation Bonds	Notes and Loans	Capital Lease				
2018	\$ 455,894,958	\$ 96,990,264	\$ 62,475,000	\$ -	\$ 52,986,149	\$ 668,346,371			
2017	434,584,581	96,186,811	58,675,000	3,877,594	49,541,381	642,865,367			
2016	474,667,962	98,416,838	-	4,032,452	33,185,002	610,302,254			
2015	487,288,591	100,501,865	-	5,532,310	19,153,669	612,476,435			
2014	464,818,361	108,884,128	-	5,780,168	15,310,257	594,792,914			
2013	451,264,548	114,205,696	-	5,973,442	9,613,451	581,057,137			
2012	482,046,822	119,212,265	-	6,188,701	11,634,331	619,082,119			
2011	488,862,810	123,923,833	-	6,393,960	3,794,941	622,975,544			
2010	487,341,763	148,375,000	-	6,535,000	3,642,532	645,894,295			
2008	475,781,420	156,180,000	-	6,894,000	4,088,564	642,943,984			

Fiscal Year	Business-type Activities				Total Business-Type Activities	Total Primary Government	Percentage of Personal Income	Total Debt per Capita
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Notes and Loans				
2018	\$ -	\$ 551,070,698	\$ -	\$ 449,197,187	\$ 1,000,267,885	\$ 1,668,614,256	9.33%	\$ 5,649
2017	-	569,008,143	-	424,001,047	993,009,190	1,635,874,557	9.14%	5,499
2016	-	524,307,127	-	286,392,495	810,699,622	1,421,001,876	7.98%	4,752
2015	-	537,971,027	-	270,764,757	808,735,784	1,421,212,219	7.82%	4,755
2014	-	551,508,730	-	245,683,469	797,192,199	1,391,985,113	8.25%	4,631
2013	-	399,715,871	-	239,286,318	639,002,189	1,220,059,326	6.85%	4,052
2012	-	419,246,245	-	172,754,534	592,000,779	1,211,082,898	7.48%	4,053
2011	-	442,161,368	-	177,208,651	619,370,019	1,242,345,563	8.30%	4,194
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

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.

<sup>(1)</sup>Includes CIVICVentures revenue bonds issued in 2016 and PAC Roof revenue bonds beginning in 2018.

Source: Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Table 14

Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	Population (Table 18)	Assessed Value (Table 9)	General Obligation Bonds (Table 13)	Less: Available Resources	Net General Obligation Bonds	Ratio of GO Debt to Assessed Value of Property	Net GO Debt Per Capita
2018	295,365	\$ 34,234,694,147	\$ 455,894,958	\$ 2,877,796	\$ 453,017,162	1.32%	\$ 1,534
2017	297,483	35,832,394,546	434,584,581	3,086,381	431,498,200	1.20%	1,450
2016	299,037	35,956,000,268	474,667,962	3,082,996	471,584,966	1.31%	1,577
2015	298,908	35,038,444,975	487,288,591	3,730,810	483,557,781	1.38%	1,618
2014	300,549	33,304,523,825	464,818,361	3,603,206	461,215,155	1.38%	1,535
2013	301,134	32,599,587,241	451,264,548	3,535,603	447,728,945	1.37%	1,487
2012	298,576	31,714,337,376	482,046,822	3,789,823	478,256,999	1.51%	1,602
2011	296,197	31,596,540,551	488,862,809	774,548	488,088,261	1.54%	1,648
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

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 and Finance Division

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Table 15

Direct and Overlapping Debt  
December 31, 2018

	Debt Outstanding	Percentage Overlap	Share of Direct and Overlapping Debt
Anchorage School District overlapping debt	\$ 517,000,000	100%	\$ 517,000,000
Anchorage's direct debt (Table 13)			<u>668,346,371</u>
Total direct and overlapping debt			<u><u>\$ 1,185,346,371</u></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 fiscal year 2018 CAFR.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Table 16

Legal Debt Margin  
December 31, 2018

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

Table 17

Electric Utility							
Fiscal Year	Revenue <sup>(1)(2)</sup>	Operating Expenses <sup>(3)</sup>	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage <sup>(5)</sup>
				Principal <sup>(4)</sup>	Interest <sup>(2)(4)</sup>	Total	
2018	\$ 179,159,110	\$ 119,287,644	\$ 59,871,466	\$ 7,865,000	\$ 14,875,691	22,740,691	2.63
2017	186,859,566	119,179,510	67,680,056	7,520,000	15,197,731	22,717,731	2.98
2016	168,290,963	117,813,701	50,477,262	7,465,000	15,561,997	23,026,997	2.19
2015	164,652,279	111,475,302	53,176,977	7,440,000	15,868,460	23,308,460	2.28
2014	140,578,329	85,614,254	54,964,075	17,910,000	10,719,674	28,629,674	1.92
2013	116,439,242	69,979,738	46,459,504	17,085,000	10,684,851	27,769,851	1.67
2012	122,973,354	73,853,642	49,119,712	16,915,000	13,953,484	30,868,484	1.59
2011	138,326,743	88,336,864	49,989,879	16,945,000	14,969,376	31,914,376	1.57
2010	134,571,665	82,342,389	52,229,276	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

<sup>(1)</sup>Excludes interest charged to construction and interest restricted for construction

<sup>(2)</sup>Excludes Federal subsidy for 2013 through 2018

<sup>(3)</sup>Includes Municipal Utility Service Assessment per Municipal Ordinance AO 83-58 and excludes depreciation.

<sup>(4)</sup> 2014 Principal and Interest do not include the debt service for 1996 Senior Lien Bonds defeased during the year.

<sup>(5)</sup>The required minimum revenue bond coverage is 1.35 and the all-debt minimum coverage is 1.10. Notes payable is not reflected on this schedule. If it were included, all-debt coverage for fiscal years 2018 and 2017 would be 1.70 and 1.92, respectively.

Solid Waste							
Fiscal Year	Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage <sup>(3)</sup>
				Principal	Interest	Total	
2018	\$ 22,964,130	\$ 17,479,050	\$ 5,485,080	\$ -	\$ -	\$ -	-
2017	23,829,273	28,071,437	(4,242,164)	-	-	-	-
2016	23,639,543	15,251,112	8,388,431	-	-	-	-
2015	22,864,028	17,435,075	5,428,953	-	-	-	-
2014	23,329,004	14,536,455	8,792,549	-	-	-	-
2013	22,622,652	14,986,951	7,635,701	-	-	-	-
2012	20,668,046	14,207,765	6,460,281	-	-	-	-
2011	19,015,890	12,893,218	6,122,672	-	-	-	-
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

<sup>(1)</sup>Excludes interest charged to construction.

<sup>(2)</sup>Excludes depreciation and Municipal Utility Service Assessment.

<sup>(3)</sup>Required minimum coverage 1.25.

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

Table 17 (continued)

Port							
Fiscal Year	Revenue <sup>(1)(2)</sup>	Operating Expenses <sup>(3)</sup>	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage
				Principal	Interest	Total	
2018	\$ 14,006,081	\$ 12,584,857	\$ 1,421,224	\$ -	\$ -	\$ -	-
2017	20,090,884	10,167,001	9,923,883	-	-	-	-
2016	26,964,376	14,013,332	12,951,044	-	-	-	-
2015	14,224,677	16,691,332	(2,466,655)	-	-	-	-
2014	12,310,089	7,451,830	4,858,259	-	-	-	-
2013	11,633,618	8,315,872	3,317,746	-	-	-	-
2012	12,062,773	7,863,295	4,199,478	-	-	-	-
2011	12,252,134	6,158,691	6,093,443	-	-	-	-
2010	12,427,622	5,818,956	6,608,666	-	-	-	-
2009	12,978,363	6,549,724	6,428,639	-	-	-	-

<sup>(1)</sup>Excludes interest charged to construction.

<sup>(2)</sup>2017 includes legal settlements of \$6,750,000 and 2016 includes legal settlements of \$12,600,000

<sup>(3)</sup>Excludes depreciation and Municipal Utility Service Assessment.

Water Utility								
Fiscal Year	Revenue <sup>(1)</sup>	Assessment Collections <sup>(2)</sup>	Operating Expenses <sup>(3)</sup>	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage <sup>(5)</sup>
					Principal <sup>(4)</sup>	Interest	Total	
2018	\$ 61,126,530	\$ 532,065	\$ 32,848,108	\$ 28,810,487	\$ 3,710,000	\$ 5,243,236	\$ 8,953,236	3.22
2017	60,770,703	609,626	36,233,046	25,147,283	3,855,000	2,655,579	6,510,579	3.86
2016	61,126,530	532,065	32,848,108	28,810,487	3,710,000	5,243,236	8,953,236	3.22
2015	61,488,680	282,443	33,931,324	27,839,799	3,570,000	5,393,402	8,963,402	3.11
2014	62,165,080	471,667	30,728,442	31,908,305	4,880,000	5,588,355	10,468,355	3.05
2013	59,140,595	248,752	29,916,083	29,473,264	6,015,000	5,785,568	11,800,568	2.50
2012	55,900,765	241,708	31,362,002	24,780,471	5,810,000	6,000,111	11,810,111	2.10
2011	52,238,591	351,036	30,811,206	21,778,421	4,760,000	6,206,089	10,966,089	1.99
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

<sup>(1)</sup>Excludes allowance for funds used during construction, includes non-operating revenue except for payments received for PERS on-behalf from State of Alaska. Excludes \$832,477 revenue in 2016 associated with prior years.

<sup>(2)</sup>Assessment collections represent payments made by benefited property owners.

<sup>(3)</sup>Excludes depreciation, for years 2007 and 2008 PERS on-behalf, for years 2015 and 2016 PERS on-behalf and pension expense; but includes special items and transfers to other funds.

<sup>(4)</sup>Does not include Mini-Bonds of \$1,956,000 repaid in 2014 as they have no debt service coverage requirements.

<sup>(5)</sup>Required minimum coverage is 1.15.

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

Table 17 (continued)

Wastewater Utility									
Fiscal Year	Revenue <sup>(1)</sup>	Assessment Collections <sup>(2)</sup>	Operating Expenses <sup>(3)</sup>	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage <sup>(4)</sup>	
					Principal	Interest	Total		
2018	\$ 51,591,772	\$ 574,187	\$ 32,974,054	\$ 19,191,905	\$ 800,000	\$ 3,002,719	\$ 3,802,719	5.05	
2017	56,721,077	328,627	35,591,758	21,457,946	840,000	1,636,932	2,476,932	8.66	
2016	51,591,772	574,187	32,974,054	19,191,905	800,000	3,002,719	3,802,719	5.05	
2015	51,619,089	416,239	34,440,700	17,594,628	765,000	3,037,578	3,802,578	4.63	
2014	51,711,625	351,374	31,018,722	21,044,277	730,000	4,118,817	4,848,817	4.34	
2013	49,606,871	254,484	29,856,569	20,004,786	705,000	3,099,794	3,804,794	5.26	
2012	47,373,573	308,997	29,383,573	18,298,997	670,000	3,127,634	3,797,634	4.82	
2011	42,523,838	344,946	28,790,317	14,078,467	650,000	3,153,650	3,803,650	3.70	
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	

<sup>(1)</sup>Excludes allowance for funds used during construction, includes non-operating revenue except for payments received for PERS on-behalf from State of Alaska. Excludes \$912,799 revenue in 2016 associated with prior years.

<sup>(2)</sup>Assessment collections represent payments made by benefited property owners.

<sup>(3)</sup>Excludes depreciation, for years 2007 and 2008 PERS on-behalf, for years 2015 and 2016 PERS on-behalf and pension expense; but includes special items and transfers to other funds.

<sup>(4)</sup>Required Minimum Coverage is 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	
2018	\$ 330,110	N/A	\$ 330,110	\$ -	\$ -	\$ -	-
2017	413,287	N/A	413,287	-	-	-	-
2016	639,251	N/A	639,251	-	-	-	-
2015	792,579	N/A	792,579	-	-	-	-
2014	305,744	N/A	305,744	-	-	-	-
2013	114,125	N/A	114,125	-	-	-	-
2012	226,889	N/A	226,889	-	-	-	-
2011	297,055	N/A	297,055	-	-	-	-
2010	652,751	N/A	652,751	-	-	-	-
2009	193,337	N/A	193,337	-	-	-	-

CIVICVentures							
Fiscal Year	Hotel & Motel Tax Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2018	\$ 6,177,077	N/A	\$ 6,177,077	\$ 2,080,000	\$ 4,098,450	\$ 6,178,450	1.00
2017	6,089,471	N/A	6,089,471	1,935,000	4,156,500	6,091,500	1.00
2016	5,911,847	N/A	5,911,847	1,790,000	4,227,236	6,017,236	0.98
2015	5,992,742	N/A	5,992,742	1,690,000	5,244,504	6,934,504	0.86
2014	6,461,469	N/A	6,461,469	1,555,000	4,840,010	6,395,010	1.01
2013	6,373,713	N/A	6,373,713	1,425,000	4,897,010	6,322,010	1.01
2012	6,322,010	N/A	6,322,010	1,300,000	4,945,760	6,245,760	1.01
2011	6,198,549	N/A	6,198,549	1,180,000	4,990,010	6,170,010	1.00
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

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

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Demographic Statistics  
Last Ten Fiscal Years

Table 18

Fiscal Year	Population	Per Capita Personal Income <sup>(1)</sup>	Total Personal Income (in thousands)	School Enrollment	Unemployment Rate <sup>(2)</sup>	Registered Voters
2018	295,365	\$ 63,063	\$ 18,626,603	46,794	5.5	218,388
2017	297,483	60,139	17,890,330	48,340	5.8	218,000
2016	299,037	59,558	17,810,046	47,756	5.3	209,909
2015	298,908	60,822	18,180,182	47,562	5.0	208,759
2014	300,549	56,140	16,872,821	47,770	5.1	199,606
2013	301,134	59,158	17,814,485	48,493	4.9	204,360
2012	298,842	54,196	16,196,041	48,422	5.6	211,989
2011	296,197	50,540	14,969,796	48,613	6.1	261,121
2010	291,826	49,629	14,483,033	49,061	6.9	262,792
2009	290,588	47,381	13,768,350	48,227	6.6	257,334

Notes:

<sup>(1)</sup>The Alaska Department of Labor and Workforce Development (ADLWD) has not published 2017 or 2018 Per Capita Personal Income for the Anchorage Municipal Area yet. Per capita income was estimated using the five previous years average increase for 2017 and 2018.

<sup>(2)</sup>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**

Principle Employment by Industry  
Current Year and Nine Years Ago

Industry	2018 (*)		2009		% of Total Employment
	Average Quarterly Employment	% of Total Employment	Average Quarterly Employment	% of Total Employment	
Retail Salespersons	6,214	18.53%	Retail Salespersons	6,258	19.61%
Registered Nurses	4,144	12.36%	Cashiers	3,768	11.81%
Fast Food and Counter Workers	3,782	11.28%	Combined Food Preparation and Serving Workers, Including Fast Food	3,263	10.23%
Office and Admin Support Workers, All Other	3,253	9.70%	Office Clerks, General	3,204	10.04%
Personal Care Aides	3,073	9.17%	Office and Administrative Support Workers, All Others	3,093	9.69%
Cashiers	3,023	9.02%	Registered Nurses	2,770	8.68%
Waiters and Waitresses	2,673	7.97%	Waiters and Waitresses	2,662	8.34%
Office Clerks, General	2,557	7.63%	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	2,499	7.83%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	2,451	7.31%	Laborers and Freight, Stock, and Material Movers, Hand	2,198	6.89%
Food Preparation Workers	2,359	7.04%	Executive Secretaries and Executive Administrative Assistants	2,192	6.87%
Total Employment	<u>33,529</u>		Total Employment	<u>31,907</u>	
Office Clerks, General					

Note:

Due to new federal confidentiality laws, the data for this table will now be based on major industry rather than principal employers.

(\*) The 2018 Average Quarterly Worker count utilized 2017 fourth quarter worker counts due to insufficient 2018 fourth quarter data.

(1) The Registered Nurses occupation for 2018 includes the worker counts for Nurse Anesthetists, Nurse Midwives, and Nurse Practitioners.

(2) Due to 2018 SOC Taxonomy change 353021 - Fast Food and Counter Workers includes; Combined Food Preparation and Serving Worker, Including Fast Food & Counter Attendants, Cafeteria, Food Concession, and Coffee Shop.

(3) The Office and Admin Support Workers, All Other occupation includes Financial Clerks, All Other.

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

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Full-time Equivalent Employees  
 Last Ten Fiscal Years

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Government</b>										
Fire services	396	380	371	371	376	372	383	355	377	395
Police services	584	553	512	502	484	505	529	522	537	572
Subtotal - public safety	980	933	883	873	860	877	912	877	914	967
General government	369	343	334	317	315	318	309	299	324	365
Health and human services	99	96	91	103	103	98	120	128	141	148
Economic and community development	246	175	176	237	238	218	226	200	219	230
Public transportation	149	157	154	150	152	147	142	152	158	158
Public works	336	344	345	275	287	278	285	358	379	412
Subtotal - other	1,199	1,115	1,100	1,082	1,095	1,059	1,082	1,137	1,221	1,313
Total - general government	2,179	2,048	1,983	1,955	1,955	1,936	1,994	2,014	2,135	2,280
<b>Enterprise Funds</b>										
Water	136	126	129	129	122	127	133	131	129	138
Wastewater	135	126	128	128	122	127	133	131	129	139
Electric	252	233	231	232	215	230	228	236	245	244
Port	20	20	29	20	19	22	21	21	22	22
Municipal airport	8	10	9	9	9	8	9	9	8	9
Solid waste	73	71	69	69	68	66	72	73	75	72
Refuse	26	25	25	23	27	27	21	21	21	20
Total - enterprise funds	650	611	620	610	582	607	617	622	629	644
<b>Total</b>	<b>2,829</b>	<b>2,659</b>	<b>2,603</b>	<b>2,565</b>	<b>2,537</b>	<b>2,543</b>	<b>2,611</b>	<b>2,636</b>	<b>2,764</b>	<b>2,924</b>

Note:  
 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, Human Resources Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Miscellaneous Statistical Data by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Fire services (*)</b>										
Number of stations	19	19	13	13	13	13	14	14	14	14
Fire incidents, other	12,120	11,813	11,074	10,804	10,426	11,497	11,323	10,845	10,252	10,463
Emergency medical service incidents	25,176	25,861	24,188	22,563	20,719	21,183	21,485	19,505	19,749	19,072
<b>Police services</b>										
Number of stations	11	11	11	11	11	13	12	14	14	17
<b>Health and human services</b>										
Health clinic visits:										
Disease prevention and control	12,119	10,899	10,369	10,752	12,079	11,094	12,628	12,102	13,441	17,114
Reproductive health clinic	3,328	3,416	3,810	4,806	4,694	9,217	5,768	7,978	9,081	8,263
Women, Infants and Children (1)	19,590	20,220	27,008	25,636	23,685	22,958	22,601	24,954	26,564	25,953
Environmental service customers:										
Customer service counter (2)	-	-	3,073	2,391	9,224	7,404	6,135	12,894	14,302	10,726
Public facility inspections (3)	1,881	2,491	2,826	2,546	2,327	2,260	2,225	2,519	1,801	2,650
Noise, nuisance, housing	706	541	610	642	733	817	1,169	973	1,046	1,370
Air quality and vehicle IM	-	-	-	-	-	-	-	91,444	96,215	98,037
Daycare assistance families	-	-	-	-	-	-	-	3,170	3,111	2,254
Licensed child care centers	119	120	123	123	117	112	106	109	104	109
Licensed child care homes	134	155	149	146	150	159	157	167	170	168
<b>Economic and community development</b>										
Cultural and recreation services:										
Total park acres	16,093	16,093	16,093	16,093	16,061	16,061	16,061	16,000	16,000	16,000
Parks	263	263	263	263	262	262	248	248	248	248
Swim pools, indoor	6	6	6	6	6	6	6	6	6	6
Bike/ski trails (Miles)	282	282	282	282	282	282	270	270	270	270
Ski trails (Km)	212	212	212	212	212	212	149	149	149	134
Community recreation centers (4)	12	12	14	15	15	15	15	16	16	16
Historic sites	27	27	27	27	27	27	27	27	27	27
Anchorage Museum at Rasmuson Center:										
Number of visitors (5)	215,710	195,223	191,347	200,218	200,000	179,052	186,603	186,529	212,514	95,000
Value of museum collection	12,540,056	12,369,716	12,161,146	12,052,655	11,911,955	11,837,463	11,215,858	10,275,327	10,009,399	9,946,210
MOA Public Works 1% for Art Program	14,745,655	14,669,855	14,143,430	13,632,930	13,632,930	13,169,276	12,843,530	12,709,330	12,129,948	11,387,908
Anchorage Public Library:										
Branches	5	5	5	5	5	5	5	5	6	6
Items	430,603	444,179	516,500	499,955	669,586	604,716	624,477	611,663	623,162	644,677
Items circulated (6)	1,726,134	1,602,702	1,573,395	1,808,530	1,834,266	1,520,188	1,743,508	1,579,366	1,642,303	1,500,716
Reference responses (7)	78,883	68,285	54,306	67,785	84,193	99,966	158,414	172,762	216,528	188,141
William Egan Civic and Convention Center:										
Events	241	223	235	227	268	211	231	254	203	248
Attendance	114,160	118,035	136,307	118,031	133,092	106,481	118,488	125,673	114,351	141,918
Dena'ina Civic and Convention Center:										
Events	293	299	349	406	398	445	412	422	425	413
Attendance	174,170	168,517	165,339	212,609	220,171	198,411	211,315	203,754	159,134	206,358

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Miscellaneous Statistical Data by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Alaska Center for the Performing Arts:</b>										
Events	383	427	481	502	497	532	602	505	524	607
Attendance	185,642	198,175	226,769	224,361	228,705	220,391	266,205	226,799	231,556	300,293
<b>George Sullivan Sports Arena:</b>										
Events	183	136	107	129	136	130	105	140	150	167
Attendance (8)	125,105	212,118	155,933	218,934	296,296	267,404	269,981	290,380	310,219	395,382
Anchorage Golf Course:										
Rounds played	31,725	26,092	31,017	31,648	29,721	28,088	31,303	34,968	28,624	34,454
<b>Department of Neighborhoods:</b>										
Weatherization clients	-	-	-	-	-	-	-	693	596	535
Total dwellings upgraded	-	-	-	-	-	-	-	1,852	1,555	1,165
Number of people served	-	-	-	-	-	-	-	-	-	-
<b>Public transportation</b>										
<b>Average daily ridership:</b>										
Weekdays	11,007	11,928	11,632	12,334	13,079	13,511	13,848	14,027	14,100	14,294
Saturdays	5,395	5,919	5,729	6,022	6,351	6,640	6,797	6,821	6,821	7,062
Sundays	3,752	3,423	3,308	3,457	3,753	3,777	3,848	3,881	3,899	3,816
Total annual ridership	3,227,500	3,241,607	3,450,261	3,649,698	3,860,714	3,986,877	4,088,549	4,148,501	4,145,569	4,184,141
Annual mileage	2,391,930	2,140,969	2,166,286	2,160,517	1,906,241	1,882,191	1,955,591	2,131,576	2,216,276	2,458,195
Timetable revenue hours	139,557	126,597	125,878	125,020	124,826	123,303	122,673	123,734	126,655	131,125
<b>Public works</b>										
<b>Miles of streets and alleys:</b>										
Anchorage Road Service Area										
Unpaved (9)	6	6	6	6	6	6	7	7	7	9
Paved	623	622	667	666	663	617	614	613	608	606
Limited Road Service Area	327	327	315	315	315	313	316	313	307	298
Alleys	44	44	42	42	42	44	44	44	44	44
<b>Water</b>										
Number of customers	56,431	56,431	56,294	56,501	55,854	55,557	55,362	55,185	54,976	54,835
Average treatment plant production (10) (gallons/day)	22,148,175	22,300,000	22,700,000	23,600,000	22,183,241	22,900,000	22,100,000	22,700,000	23,100,000	22,600,000
Treatment plant capacity (gallons/day)	67,000,000	67,000,000	62,000,000	67,000,000	64,000,000	65,000,000	65,000,000	75,000,000	75,000,000	75,000,000
Average well production (gallons/day) (11)	2,379,872	2,200,000	2,700,000	3,000,000	2,078,812	1,523,288	728,767	1,611,233	8,394,000	1,400,000
Miles of water mains	847	846	845	843	839	838	836	836	834	829
Public fire hydrants	6,051	6,038	6,027	5,999	5,949	5,917	5,897	5,887	5,874	5,851
Private fire hydrants	-	-	-	-	-	-	1,368	1,367	1,357	1,356
<b>Wastewater</b>										
Number of customers	57,273	57,273	57,163	57,086	56,711	56,432	56,251	56,107	55,898	55,783
Average treatment (gallons/day) (12)	27,970,000	28,520,000	27,710,000	27,000,000	28,700,000	30,800,000	29,500,000	26,800,000	28,500,000	29,900,000
Treatment plant capacity (gallons/day)	61,100,000	61,100,000	61,100,000	61,100,000	61,100,000	61,100,000	61,100,000	61,100,000	61,100,000	61,270,000
<b>Miles of wastewater lines:</b>										
Interceptors	45	45	45	45	45	45	45	45	45	45
Trunks	84	84	84	84	84	83	83	83	83	83
Laterals	631	629	629	628	625	622	634	624	623	623

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Miscellaneous Statistical Data by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Electric</b>										
Number of customers	31,112	31,074	31,081	30,932	30,791	30,786	30,747	30,603	30,481	30,406
Number of street lights	3,837	3,879	3,891	3,897	3,900	3,908	3,924	3,930	3,948	4,027
Circuit miles of overhead distribution lines	114	118	118	133	122	123	124	125	130	131
Miles of underground distribution lines	250	254	253	253	254	248	250	252	257	254
Plant generation capacity (13) (30 degrees Fahrenheit) - KW	424,560	424,560	544,260	424,560	424,560	424,560	364,500	364,500	364,500	366,100
<b>Port</b>										
Tonnage	3,948,665	3,497,845	3,498,171	3,773,584	3,455,707	3,396,544	3,754,231	4,135,214	3,962,962	3,798,272
<b>Municipal airport</b>										
Landings and take-offs	151,368	126,015	137,613	120,541	125,588	128,031	131,777	130,779	150,146	168,062
<b>Solid waste</b>										
Total landfill/disposal customers	274,021	241,485	263,544	260,477	253,397	253,872	256,479	242,646	238,993	245,590
Total waste land filled (tons) (14)	350,024	308,151	330,806	284,050	306,723	308,164	331,413	308,646	317,891	320,983
<b>Refuse collection</b>										
Average residential billed customers	10,323	10,422	10,970	9,947	9,974	10,002	10,020	10,000	9,994	9,912
Residential tons collected	9,528	9,449	9,566	9,358	8,723	9,516	9,644	9,810	10,673	11,824
Average commercial billed customers	2,074	1,960	1,902	1,862	1,855	1,847	1,880	1,898	1,890	1,878
Commercial tons collected	25,829	26,250	27,267	21,023	24,802	26,985	26,922	26,896	26,749	26,818

## Note:

(\*) In 2017, Fire services are now being reported for the Chugiak, Girdwood and Anchorage service areas. In 2016, in order to report fire data more accurately, the Deputy Chief requested wording of "Fire suppression incidents" be changed to "Fire incidents, other" in 2016. This change would not impact the data reported for the past 10 years but would be a more appropriate representation of the numbers provided.

(1) A discrepancy was found in how the predecessors of the new 2016 WIC Management team arrived at the annual visit total. The formula used by the new 2016 Management team is derived by taking the average annual caseload of WIC participants multiplied by 4 (participants are seen 4 times a year). To be consistent, 2007-2015 was recalculated using this formula.

(2) As of 2017 the Customer Service Counter no longer tracks transactions due to the reduction of programs and staff.

(3) The 2018 Public Facility Inspections are significantly lower due to a retirement of an inspector in April and the replacement was hired in September. Training of the new inspector also played a factor.

(4) Due to the age of the buildings and their deteriorated conditions the Government Hill Recreation Center was closed in 2016 and the Ure Park building was demolished.

(5) In 2016, the "Number of Visitors" is lower due to the closure of the Alaska Gallery (as it was under expansion) during the summer tourism months.

(6) In 2016, the "Items circulated" were reduced because fewer people are coming to Loussac to check out materials due to the renovation.

(7) In 2016, the "Reference responses" decreased because customers have greater access to information via the internet.

(8) In 2016 the Sullivan Arena experienced less events. In addition, Alaska Aces Hockey attendance experienced a 16,000 decrease in attendance, while UAA hockey attendance dropped by 6,000.

(9) In 2017 a new technology (GIS tools) was incorporated to breakdown mileage. This technology shows a slightly different mileage but is more accurate than the manually updated spreadsheet used prior. Also Donated Roads are now being included in the stats and have been updated in the 2015 and 2016 stats.

(10) In 2012, the change in capacity is due to standardization of the numbers being used. There has been some mixing of design capacity numbers with plant flow capacity in the past. The numbers represent the agreed upon system capacity at the current time.

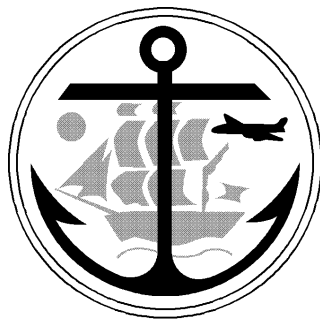
(11) In 2014 well production increased because Eklutna treatment plant was shut down for a couple of months for maintenance in the fall which increased well production. A change was made to 2013 average well production because Girdwood wells were not included in the average well production.

(12) In 2014, the change in the average wastewater treatment is attributed to the reduction in rainfall, water production and repairs of the wastewater collection system.

(13) In 2017, when the new generation units came on line in 2016, four other generations were retired. This fluctuation per MLP is according to the generation base ratings for each unit.

(14) In 2018, The increase in landfill disposal tons can be attributed to some large projects involving high quantities of dynamic compaction materials, contaminated soil, and power plant demolition debris.

Source: Municipality of Anchorage, Various Departments.



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