



# MUNICIPALITY OF ANCHORAGE, ALASKA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the fiscal year ended  
December 31, 2019*





# **MUNICIPALITY OF ANCHORAGE, ALASKA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended December 31, 2019**

**Ethan Berkowitz  
Mayor**

**Prepared by:  
Controller's Division**

**Alex Slivka  
CFO**

**Mollie Morrison  
Controller**

Cover photo courtesy of Jade Tsai- Controller's Division

**MUNICIPALITY OF ANCHORAGE, ALASKA**

**Comprehensive Annual Financial Report**

**December 31, 2019**

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# MUNICIPALITY OF ANCHORAGE



Office of the Chief Fiscal Officer

Phone: (907) 343-6610

*Alexander Slivka, CFO*

July 27, 2020

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, 2019, 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, 2019. BDO USA, LLP audited all 2019 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 unmodified 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 291,845.

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.

## **Global Pandemic**

In late January 2020, the World Health Organization (WHO) announced a global health emergency regarding a new strain of virus called novel coronavirus (COVID-19). Further, in March 2020, the WHO classified COVID-19 as a pandemic. In March 2020, the mayor of Anchorage declared a state of emergency to protect and preserve public health and safety. The governor of Alaska declared a public health disaster as did the President of the United States. In subsequent months, the administrations of the Municipality and the State of Alaska have extended emergency declarations and refined emergency orders to allow for a measured expansion of economic and social activities within the Municipality and the state. Travel restrictions have been modified to allow for more travelers to enter the state for work, commerce, tourism, and other purposes. Municipal facilities, businesses, recreational, cultural, and civic facilities have reopened with some restrictions and new measures designed to preserve the health of patrons and the public.

Although the Municipality cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Municipality's future operations, financial position, and liquidity in fiscal year 2020 and future years.

## **CARES Act Funding**

On March 27, 2020, the President signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. To date, the Municipality has received \$134,905,008 in CARES Act funds including \$116 million in Coronavirus Relief Funds passed through the State of Alaska. The Municipality expects to use those funds to help defray the costs of the emergency response to the pandemic, as well as provide support to individuals, agencies and businesses affected by the COVID-19 emergency, as directed by the US Treasury Department.

## **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 291,845 which represents a decrease of 1 percent from 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 46,229 students enrolled for the 2018-2019 academic year, a decrease of 1.2 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 tribal university.

Unemployment in the Municipality decreased slightly in 2019. The average unemployment rate in 2019 was 5.1 percent, a decrease from the 5.5 percent in 2018. The 2019 rate was higher than the national average of 3.7 percent but was lower than the 6.1 percent average for the State of Alaska in 2019. In June, 2020, as a result of the COVID-19 pandemic emergency, the unemployment rate in Anchorage increased to 12.0 percent and increased in Alaska as a whole to 12.4 percent, which is greater than the comparable U.S. rate of 11.1 percent. The pandemic continues to disrupt businesses across the state, especially gathering places such as bars and restaurants. Halted summer tourism cut employment in a variety of sectors, including leisure and hospitality, transportation, and retail.

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 a strong leader of the service producing industry for 2019. This sector lost 100 jobs in the Municipality during 2019, slightly down from 2018, following a five-year growth period of adding 3,000 new jobs. The health care sector in the Municipality accounted for approximately 20,900 jobs, on average, in 2019.

Within the state, the Municipality has some of the most advanced medical facilities making it the healthcare hub of Alaska. With improvements in new technologies here, residents do not have to travel out of state for care. Rather they can access services locally. As well, several new facilities opened in 2017, 2018, and 2019 to address those needs. It is anticipated that health care services will continue to expand as the Municipality's senior population has been growing for decades. In 2000, roughly 14,000 people were above the age of 65, in 2019, that number was 33,000. Current population projectors anticipate this cohort will expand by another 13,000 people by 2025.

The COVID-19 pandemic has had a profound effect on healthcare, as elective procedures were halted for a time and medical office visits declined. The sector lost jobs for the first time in years, losing 1,800 jobs from May 2019 to May 2020.

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. By October 2019, 2.5 million tourists came to Alaska via the Ted Stevens Anchorage International Airport a 2.2 percent increase from the same period in 2018. Tourism was on track to continue to increase as carriers have been expanding flights into Anchorage during the summer. Another contributor to tourism in 2019 was Anchorage receiving 11 direct cruise ship calls, even with 11 calls in 2018. Just within Anchorage, the leisure and hospitality sector accounts for more than 17,600 jobs, a gain of over 200 jobs from 2018.

The tourism sector is one of the hardest hit in 2020 due to the COVID-19 pandemic. The sector lost 9,900 jobs through May of 2020 compared with May of 2019. All cruise lines have cancelled their summer port calls in Anchorage, airline passenger flights have been significantly curtailed as Alaska has imposed a quarantine and testing regime for all passengers coming into Alaska by plane from outside the state.

Construction employment within the Municipality increased in 2019 by approximately 400 jobs, continuing the trend from 2018, with 200 jobs added, reversing the employment decline, and bringing average employment to 7,900 jobs. 2019 continued the recovery for construction as Anchorage's economy stabilized and as earthquake repair efforts continued. The Municipality added \$91 million in assessed value for commercial properties and \$413 million in assessed value for residential properties in 2019. In 2019, building permit valuations totaled \$451 million, a 17 percent increase from 2018. Significant projects permitted during 2019 include a Medline warehouse (\$19.4 million), an Alaska Surgery Center ambulatory surgery center (\$9.4 million), the Maple Springs Senior Living facility (\$20 million), and the renovation of a former Key Bank building on 5<sup>th</sup> Avenue (\$15 million).

Construction has also been affected by the COVID-19 pandemic, with the loss of 1,100 jobs between May 2019 and May 2020. Construction continues, however on the Port of Alaska, Anchorage School District earthquake repairs and Cook Inlet Housing Authority housing projects.

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 2019 by 2.7 percent (1.64 million tons) as compared to 2018. However, with one in four cargo plane landings at Anchorage originating from China, trade disputes have the potential to significantly disrupt airport activity.

The COVID-19 pandemic has significantly affected passenger and cargo travel. Passenger flights from Asia have been suspended and cargo flights from Wuhan, China have been suspended. However, the airport has been moving protective gear, medical supplies, and daily cargo at a rapid pace throughout the emergency.

The State-owned Alaska Railroad also transports freight and passengers. During 2019, revenues from transporting freight were \$85.3 million, an increase of \$13.9 million over 2018, and revenues from passengers were \$39.6 million, an increase of \$0.6 million over 2018.

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. The Port brought in 4.3 million tons in 2019, the highest volume in 10 years. Petroleum shipments increased 13 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 percent, and dry bulk goods moved were up 4.4 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 1 project is to construct a petroleum-cement terminal and is anticipated to be completed by 2021.

The Port of Alaska continued operations throughout the pandemic in 2020 that shut down other industries, keeping Anchorage and a large portion of the state supplied with essential goods.

### **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 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 2019.

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 1.29 percent as of December 31, 2019 and the net direct general obligation debt per capita was \$1,533. The respective amounts as of December 31, 2018 were 1.32 percent and \$1,534. When ASD debt is included, net direct general obligation debt to assessed value as of December 31, 2019 is 2.62 percent (2.83 percent in 2018) and the net direct general obligation debt per capita is \$3,116 (\$3,284 in 2018).

In April 2020, the voters of the Municipality approved the issuance of \$59,030,000 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 the third quarter of 2020. 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.

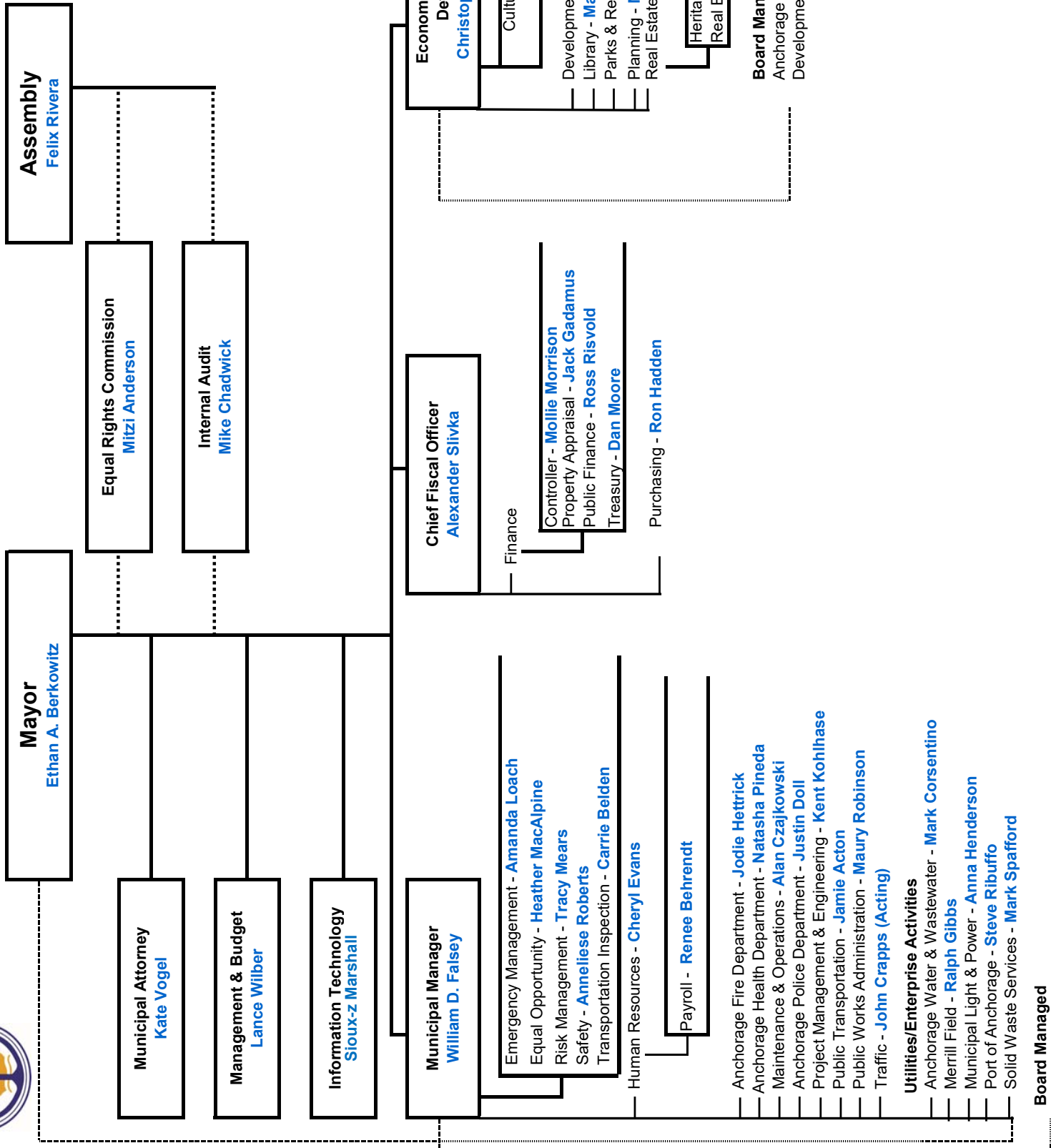
Respectfully submitted,



**Alexander Slivka**  
**Chief Fiscal Officer**



# MUNICIPALITY OF ANCHORAGE



# MUNICIPALITY OF ANCHORAGE

2019

## 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, 2019, the following citizens were elected to serve on the Assembly.

Felix Rivera, Chair

Jamie Allard	Austin Quinn-Davidson- Vice Chair
Christopher Constant	Kameron Perez-Verdi
Forrest Dunbar	Pete Petersen
Crystal Kennedy	John Weddleton
Suzanne LaFrance	Meg Zaletel

Barbara A. Jones, Municipal Clerk

### ADMINISTRATION

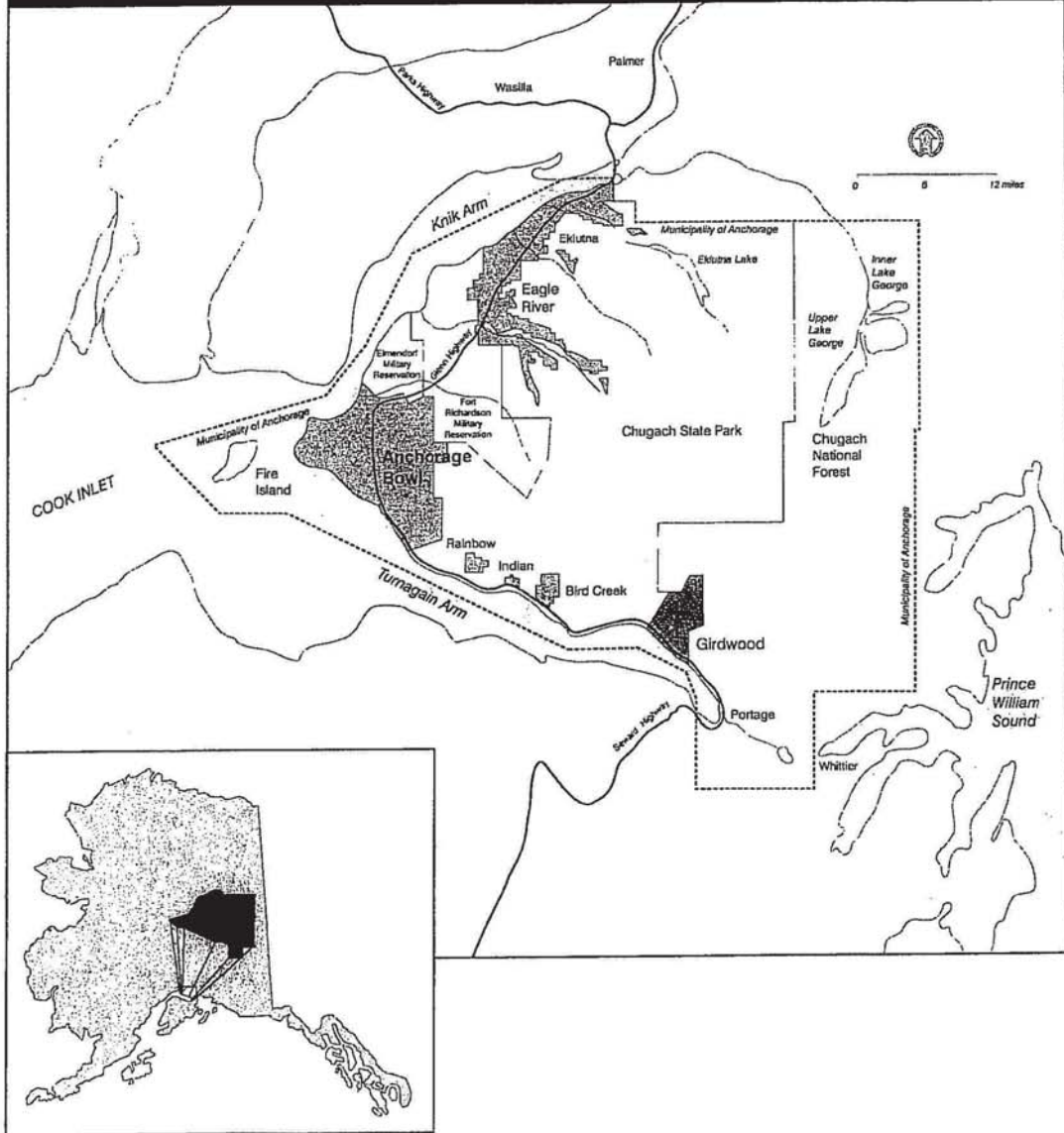
Ethan A. Berkowitz, Mayor

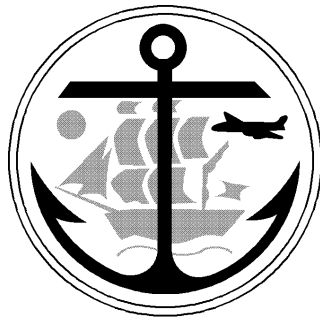
William D. Falsey, Municipal Manager

Kathryn Vogel, 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, 2019, 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 Trust fiduciary funds, which represent 41%, 52% and 23%, respectively, of the assets, fund balance/net position, and revenues/additions 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 Trust 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 Trust 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.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

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, 2019, 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.

### ***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 4-20 and other required supplementary information, on pages 139-164 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 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 the 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 budgetary comparison schedules and the combining fund financial statements are 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 July 27, 2020 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 Municipality of Anchorage, Alaska's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska  
July 27, 2020

## **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, 2019. 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 2019 with reported net position of \$3.6 billion.
- The Municipality's total net position increased by \$171 million or approximately 4.94 percent for 2019. The increase is the net result of an increase in governmental activities net position of \$73.9 million and an increase in business-type activities net position of \$97.1 million.
- During the year, the governmental activities generated \$795.5 million in revenues not including transfers from, which was offset by expenses of \$749 million, not including transfers to.
- During the year, the business-type activities generated \$417.3 million in revenues not including transfers from, that was offset by expenses of \$292.8 million, not including transfers to.
- As of December 31, 2019, the Municipality's governmental funds reported a combined ending fund balance of \$373.3 million, an increase of \$21.7 million. Of the fund balance, \$17.3 million is non-spendable, \$276.1 million is restricted, \$67.4 million is committed, \$15 million is assigned and a deficit of \$2.5 million is unassigned. Included in the committed fund balances are \$46.2 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 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 2019.
- The Municipality's total capital assets (net of accumulated depreciation) at December 31, 2019 was \$5.7 billion.
- The Municipality's total long-term debt at December 31, 2019 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, distribution and transmission, 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 (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-five 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-one 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, 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; however,

budgetary comparison schedules are prepared for certain Special Revenue, Debt Services, and Permanent Funds, which are presented in the non-major combining statement section of the CAFR. 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 services; 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, distribution and transmission 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, its 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. Budgetary comparison schedules for certain special revenue, debt service and permanent funds are also presented in this section. 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, 2019 compared to the prior year (reference Table A-1).

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

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 538,500	\$ 509,989	\$ 409,949	\$ 388,023	\$ 948,449	\$ 898,012
Capital assets	3,438,328	3,440,620	2,298,940	2,214,929	5,737,268	5,655,549
Total assets	<u>3,976,828</u>	<u>3,950,609</u>	<u>2,708,889</u>	<u>2,602,952</u>	<u>6,685,717</u>	<u>6,553,561</u>
Deferred outflows of resources	51,196	80,412	11,387	13,295	62,583	93,707
Total deferred outflows of resources	<u>51,196</u>	<u>80,412</u>	<u>11,387</u>	<u>13,295</u>	<u>62,583</u>	<u>93,707</u>
Long-term liabilities	1,094,328	1,187,895	908,592	1,091,741	2,002,920	2,279,636
Other liabilities	222,629	224,478	275,418	73,982	498,047	298,460
Total liabilities	<u>1,316,957</u>	<u>1,412,373</u>	<u>1,184,010</u>	<u>1,165,723</u>	<u>2,500,967</u>	<u>2,578,096</u>
Deferred inflows of resources	49,682	31,144	563,622	574,977	613,304	606,121
Total deferred inflows of resources	<u>49,682</u>	<u>31,144</u>	<u>563,622</u>	<u>574,977</u>	<u>613,304</u>	<u>606,121</u>
Net investment in capital assets	2,857,704	2,846,124	795,170	700,723	3,652,874	3,546,847
Restricted	276,281	248,671	45,278	33,783	321,559	282,454
Unrestricted (Deficit)	(472,600)	(507,291)	132,196	141,041	(340,404)	(366,250)
Total net position	<u>\$ 2,661,385</u>	<u>\$ 2,587,504</u>	<u>\$ 972,644</u>	<u>\$ 875,547</u>	<u>\$ 3,634,029</u>	<u>\$ 3,463,051</u>

### Overall Analysis

At December 31, 2019, the Municipality's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3.6 billion. Total net position increased \$171 million or 4.94 percent.

The largest portion of the Municipality's net position, \$3.7 billion (100.52 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 \$321.6 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 \$34.2 million restricted net position for the acquisition and construction of capital assets, \$17.8 million restricted for operations, \$36.9 million for the Police and Fire Retiree Medical Liability prefunding, \$14.8 million restricted for debt service, \$5.7 million for utility interim rate escrow requirement, \$3.4 million for landfill post closure costs, \$15.4 million restricted for grant activity, \$21.7 million restricted for convention center operating reserve, and \$171.4 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 2019, the unrestricted net position was a deficit of (\$340) 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 net 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 liabilities were significant enough to keep the unrestricted net position of the Municipality in a deficit position.

### Governmental Activities

The governmental activities total net position increased \$73.9 million or 2.86 percent. Most of this increase was due to the reduction in the net pension and net OPEB liabilities. For 2019, the net pension liability decreased by \$23.7

million and the net OPEB liability decreased by \$65.3 million. Another portion of the increase is due to an increase in current assets, primarily investments, due to favorable investment markets in 2019 and a decrease in overall expenses.

Net investment in capital assets increased \$11.6 million or 0.41 percent. While capital assets decreased by \$2.3 million, debt associated with capital assets decreased by \$13.8 million.

Restricted net position increased \$27.6 million or 11.10 percent. This increase is mainly due to investment earnings in the MOA trust. The value of the trust increased \$20.2 million or 13.44 percent during 2019.

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 2019, the deficit in unrestricted net position decreased by \$34.7 million or 6.84 percent. This increase in unrestricted net position is primarily due to the decrease in net pension and net OPEB liabilities in 2019 and an overall decrease in expenses, combined with the increases in net investment in capital assets and restricted net position noted above.

### **Business-type Activities**

The business-type activities total net position increased \$97.1 million or 11.09 percent. Net investment in capital assets reported an increase of \$94.4 million or 13.48 percent. This increase is due to additions of construction work in process and distribution and production assets in the Utilities of \$84 million, net of depreciation. Debt related to capital assets increased by \$16.1 million due to the addition of notes payable for the refuse and solid waste service utilities.

Restricted net position increased \$11.5 million or 34.03 percent due to an increase in restricted for interim escrow from the Water and Wastewater Utilities of \$1.5 million and \$2.5 million, respectively; a \$9.8 million increase in restrictions for acquisition and construction in the Port Fund, offset by a \$5.3 reduction of grant receivables restricted for acquisition and construction in the Airport Fund; and \$3.4 million in investment in excess of liability restricted for post-closure of the landfill in the Solid Waste Utility.

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 2019, unrestricted net position decreased by \$8.8 million or 6.27 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 and net OPEB liabilities required to be reported in accordance with GASB standards as noted above.

### **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 2019 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	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 56,235	\$ 52,541	\$ 346,226	\$ 348,342	\$ 402,461	\$ 400,883
Operating grants & contributions	25,374	38,139	(671)	1,343	24,703	39,482
Capital grants & contributions	19,649	18,527	49,779	28,513	69,428	47,040
General revenues:						
Property taxes	558,102	554,032	-	-	558,102	554,032
Other taxes	89,422	82,760	-	-	89,422	82,760
Grants and entitlements not restricted to specific programs	4,558	6,096	-	-	4,558	6,096
Other	-	-	-	-	-	-
Investment earnings (loss)	42,131	(6,687)	21,938	3,422	64,069	(3,265)
<b>Total revenues</b>	<b>\$ 795,471</b>	<b>\$ 745,408</b>	<b>\$ 417,272</b>	<b>\$ 381,620</b>	<b>\$ 1,212,743</b>	<b>\$ 1,127,028</b>
<b>Expenses:</b>						
General government	30,452	30,187	-	-	30,452	30,187
Fire services	104,391	114,240	-	-	104,391	114,240
Police services	130,800	146,507	-	-	130,800	146,507
Health and human services	27,192	25,088	-	-	27,192	25,088
Economic and community dev.	78,809	91,304	-	-	78,809	91,304
Public transportation	33,695	35,084	-	-	33,695	35,084
Public works	39,264	56,192	-	-	39,264	56,192
Maintenance and operations	35,071	36,718	-	-	35,071	36,718
Education	247,224	247,168	-	-	247,224	247,168
Interest	22,113	16,804	-	-	22,113	16,804
Electric	-	-	153,284	153,788	153,284	153,788
Water	-	-	42,939	44,589	42,939	44,589
Wastewater	-	-	44,635	42,696	44,635	42,696
Port	-	-	18,202	20,818	18,202	20,818
Refuse	-	-	10,573	10,978	10,573	10,978
Solid waste	-	-	19,198	23,008	19,198	23,008
Municipal airport	-	-	3,923	4,431	3,923	4,431
<b>Total expenses</b>	<b>749,011</b>	<b>799,292</b>	<b>292,754</b>	<b>300,308</b>	<b>1,041,765</b>	<b>1,099,600</b>
Change in net position prior to transfers	46,460	(53,884)	124,518	81,312	170,978	27,428
Transfers	27,421	29,700	(27,421)	(29,700)	-	-
<b>Change in net position</b>	<b>73,881</b>	<b>(24,184)</b>	<b>97,097</b>	<b>51,612</b>	<b>170,978</b>	<b>27,428</b>
Beginning net position, as restated*	2,587,504	2,611,688	875,547	823,935	3,463,051	3,435,623
<b>Ending net position</b>	<b>\$ 2,661,385</b>	<b>\$ 2,587,504</b>	<b>\$ 972,644</b>	<b>\$ 875,547</b>	<b>\$ 3,634,029</b>	<b>\$ 3,463,051</b>

\* 2018 beginning balance restated due to the implementation of GASB Statement No. 75

### Overall Analysis

The Municipality's total net position of \$3.6 billion increased by \$171 million or 4.94 percent as reported in the Statement of Activities mostly due to the effect on activities of the decrease in net pension and net OPEB liabilities and increased investment income due to favorable market conditions. This increase consists of a \$73.9 million increase in governmental activities and a \$97.1 million increase in business-type activities.

## Governmental Activities

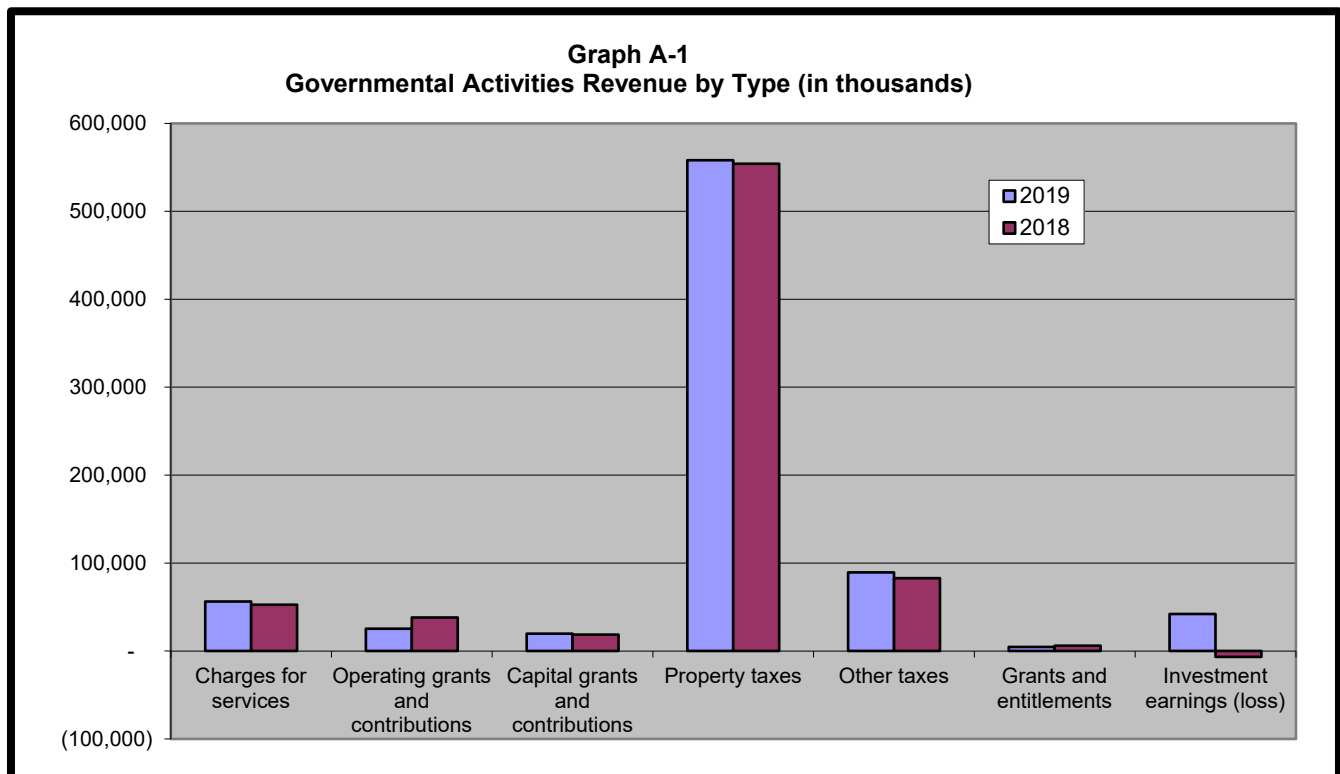
Governmental activities increased the Municipality's net position by \$73.9 million or 2.86 percent. As mentioned in the analysis of changes in the Statement of Net Position, this increase was due in large part by decreases in the net pension and net OPEB liabilities in 2019, contrasted with the increases in those liabilities in 2018. Governmental activities also enjoyed investment gains in 2019 of \$42.1 million, a reversal of the situation in 2018, with investment losses of \$6.7 million.

Total governmental activity revenues were \$795.5 million, excluding transfers. Revenues increased \$50.1 million or 6.72 percent over the prior year. Property taxes, the Municipality's largest single revenue source, increased 0.73 percent, along with an investment earnings increase of 730.04 percent. Operating grants and contributions decreased by 33.47 percent due to negative actuarially calculated on-behalf revenues. Capital Grants and Contributions decreased 6.06 percent. Other taxes increased by 8.05 percent due to \$3.2 million increase of hotel and motel taxes, \$1 million increase in marijuana taxes and \$1.8 million in fuel products taxes.

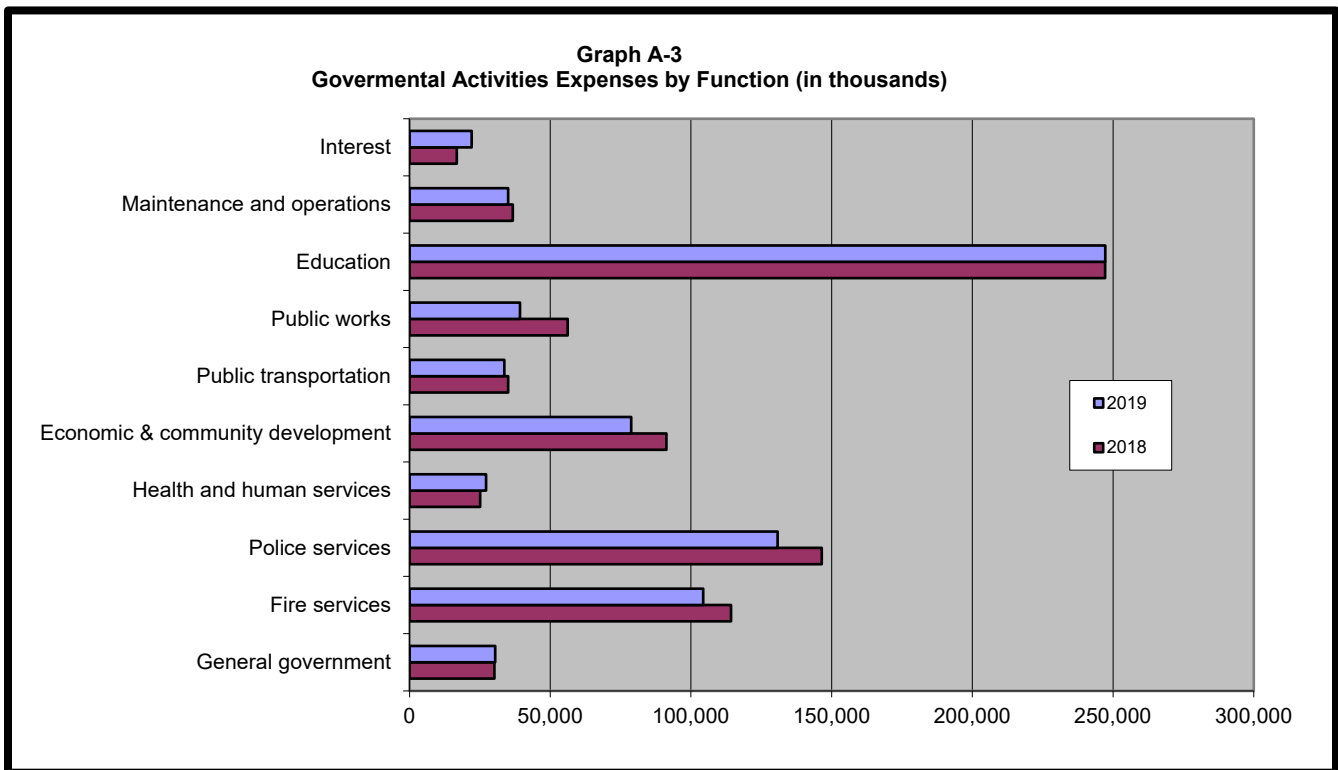
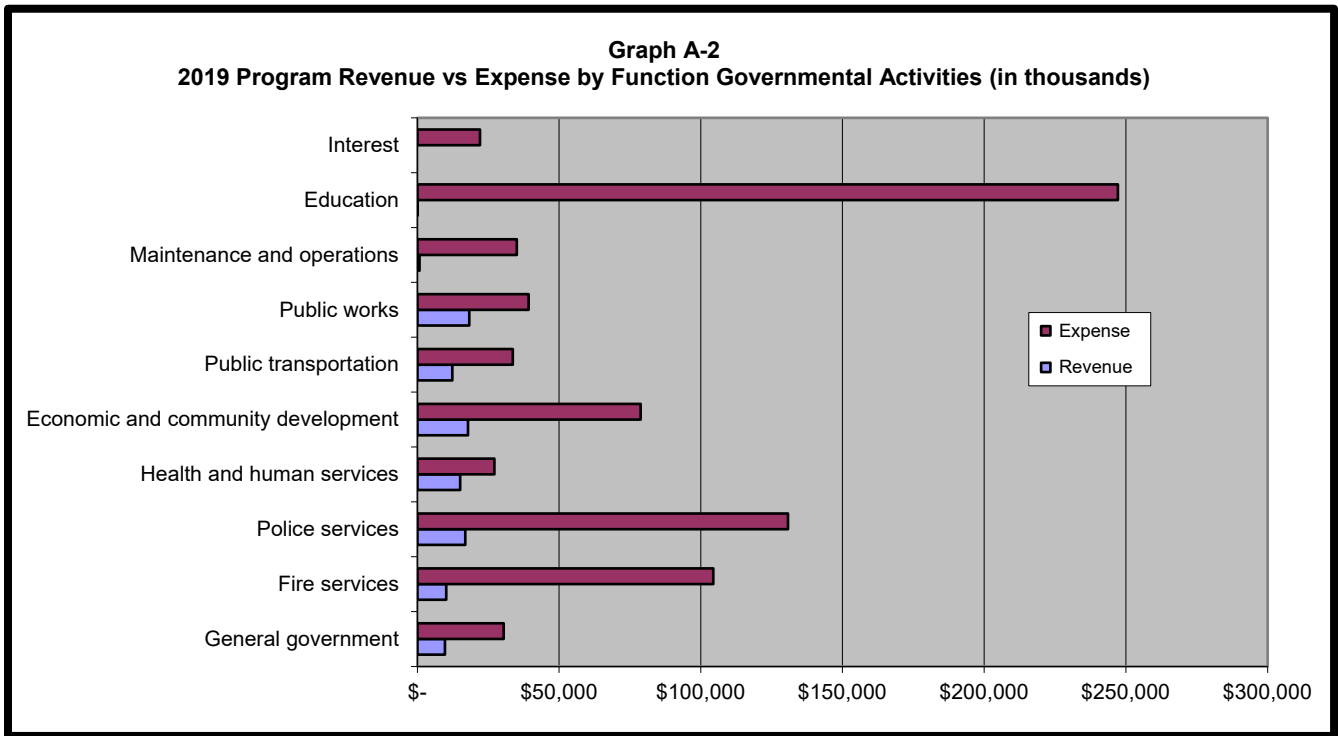
Total governmental activity expenses in 2019 were \$749 million, excluding transfers, a decrease of \$50.3 million or 6.29 percent. Out of the total expenses, \$101.3 million was paid either by those directly benefiting from the programs or by other governments and organizations that subsidize certain programs with grants and contributions. The remaining net expense (total expenses less program revenues) of \$647.7 million was the cost of governmental services paid by the Municipality's taxpayers.

Education, Police Services, and Fire Service functional expense categories yielded the largest total expenses of \$247.2 million, \$130.8 million, and \$104.4 million, respectively. Health and Human Services expenses increased by \$2.1 million, or 8.39 percent, while General Government and Education had modest increases of \$265,000 (.88 percent), and \$56,000 (.02) percent, respectively. Public Works had the largest decrease in expenses of \$16.9 million or 30.13 percent. Expenses for Police Services, Fire Services and Economic and Community Development were down \$15.7 million (10.72 percent), \$9.8 million (8.62 percent) and \$12.5 million (13.69 percent), respectively. Decreases in functional expenses were related to a significant decrease in the pension and OPEB liabilities, which caused negative pension and OPEB expenses of approximately \$23 million and \$65 million, respectively.

The first graph compares the Municipality's governmental activities program and general revenues by type for 2019 and 2018.



The second graph compares the Municipality's 2019 governmental activities program revenues vs expenses by function. The third graph compares the Municipality's governmental activities expenses by function for 2019 and 2018.



**Business-type Activities**

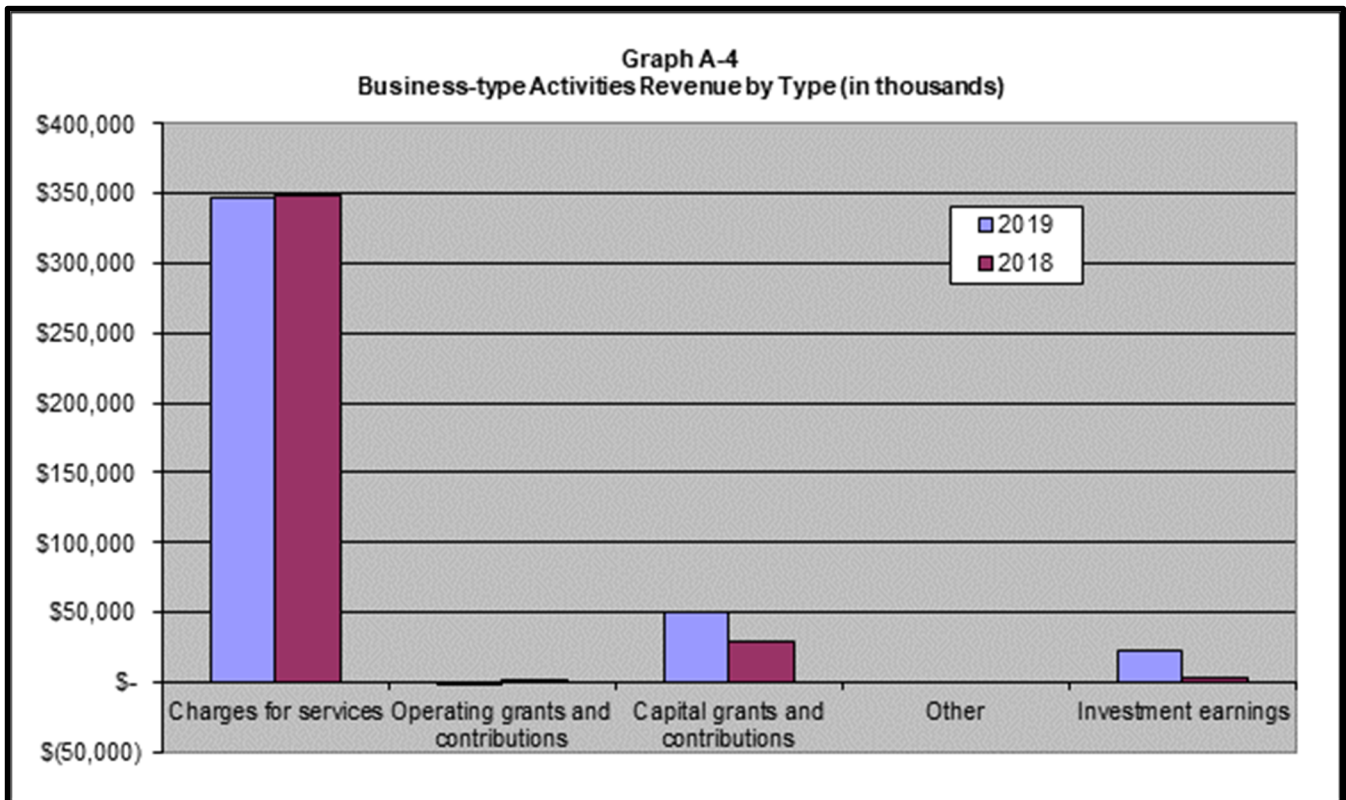
Business-type activities increased the Municipality's net position by \$97.1 million from current operations, an 11.09 percent increase over prior year. Key elements of the change in net position are as follows:

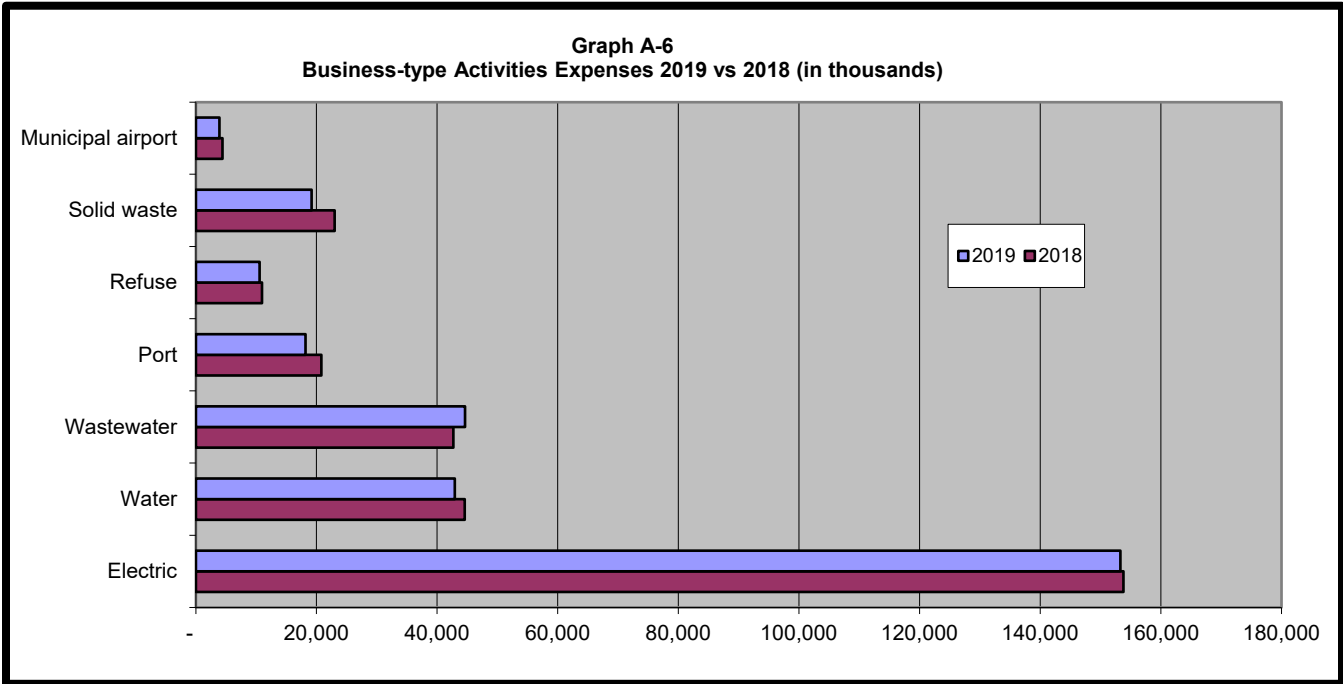
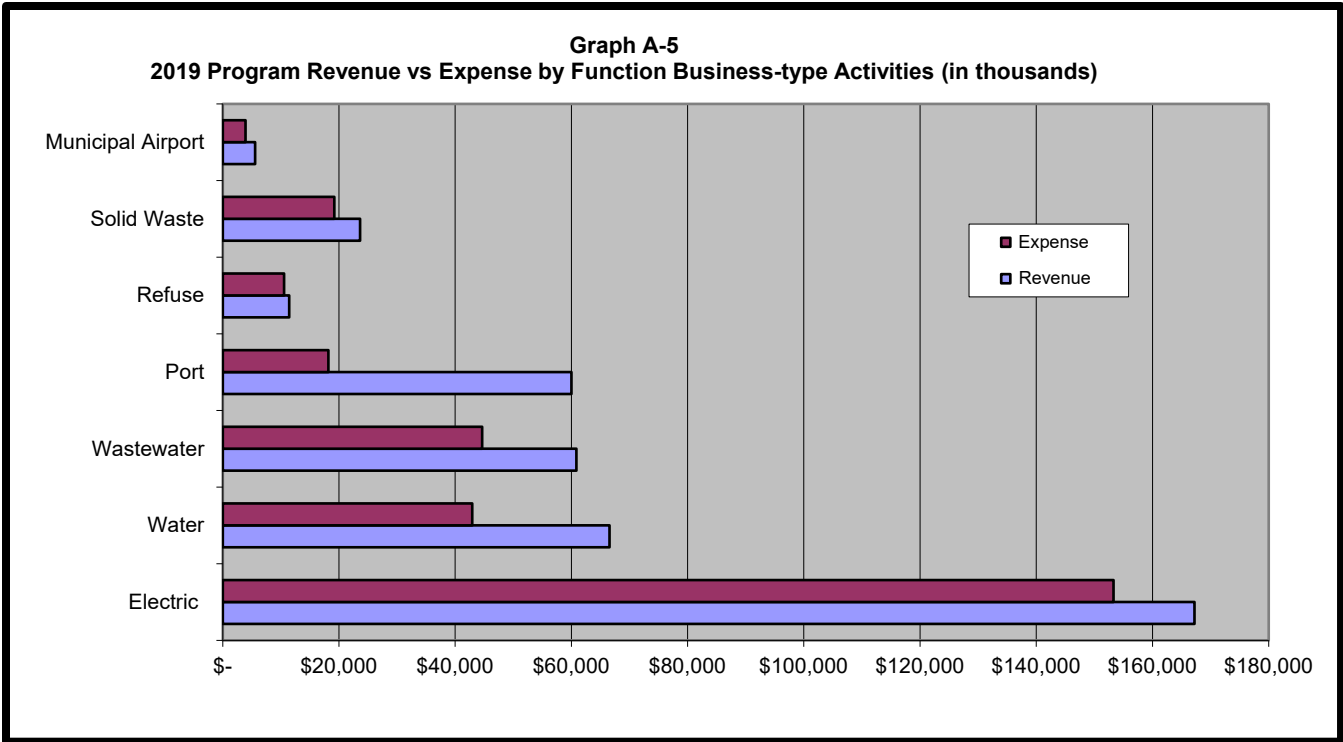
- The Port reported capital contributions of \$45.7 million from state grant revenues, an increase of \$27 million over 2018.
- The Electric Utility's total operating revenues decreased \$10.9 million from 2018, due mainly to warmer weather resulting in lower electricity sales, offset by an increase in surcharges collected for cost of fuel. Investment income increased significantly over the prior year due to improved market conditions.
- The Water Utility operating income increased by \$6.7 million, or 30.53 percent over 2018. The Water Utility received an interim and refundable rate increase of 7 percent effective February 1, 2019.
- The Wastewater Utility operating income increased by \$2.5 million, or 14.78 percent over 2018. The Wastewater Utility received an interim and refundable rate increase of 9.5 percent effective February 1, 2019.

Total business-type revenues were \$417.3 million, excluding transfers. Revenues increased \$35.7 million or 9.34 percent.

Total business-type expenses were \$292.8 million, down 2.52 percent from the prior year. The Electric Utility had an increase in expenses of \$759,000 from operations (excluding depreciation), primarily due to lower fuel costs, offset by COPA recovery, and an overall decrease in expenses of \$1.1 million. Port expenses from operations decreased \$2.8 million, primarily due to a decrease in legal expenses from the Port Intermodal Expansion Project lawsuit, and a decrease in OPEB expenses and interdepartmental expenses. The Water Utility's operating expenses decreased by \$2 million, primarily due to \$4.8 million in decreases in OPEB on-behalf and OPEB expenses offset by an increase of \$1 million in treatment and source of supply expenses and \$1.8 million increase in depreciation expenses due to new rates. The Wastewater Utility's operating expenses increased \$1.5 million, with increases in treatment expense and depreciation expenses offset by a significant decrease in OPEB expense.

The first graph compares the Municipality's business-type activities program and general revenues by type for 2019 and 2018. The second graph compares the Municipality's 2019 business-type activities revenues vs expenses by function. The third graph compares the Municipality's business-type activities expenses for 2019 and 2018.





**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, 2019, the Municipality’s governmental funds reported a combined ending fund balance of \$373.4 million, an increase of \$21.7 million in comparison to the prior year. Of the total fund balance, \$17.3 million

is non-spendable as it relates to prepaid, inventories, and advances to other funds, \$276.1 million is restricted due to legal obligations from outside parties, \$67.4 million is committed, \$15 million is assigned, and (\$2.5) 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, 2019, the General Fund reported total fund balance of \$66.9 million, an increase of \$0.2 million from the prior year. The revenue over expenditure deficiency increased by \$4.8 million in 2019. Revenues from property taxes, hotel and motel taxes, motor vehicle taxes, fuel products taxes and marijuana taxes all increased during 2019. Other financing sources increased due to the issuance of certificate of participation bonds to assist with costs of the sale of the Electric Utility and the overall decrease in total expenditures.

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, 2019, combined committed, assigned, and unassigned fund balance represents 6.56 percent of total General Fund expenditures and total fund balance represents 9.23 percent of the same amount. We also compared unassigned fund balance as a percentage of total General Fund expenditures, which yielded 0.19 percent.

The MOA Trust Fund accounts for the endowment fund authorized by voters of the Municipality. The fund reported total fund balance of \$171.5 million for 2019 as restricted fund balance, an increase of \$20.2 million over 2018. Investment income from the MOA Trust Fund was \$27.1 million in 2019, an increase of \$34 million from the investment loss of \$6.9 million in 2018. In 2019, the MOA Trust Fund distributed the annual dividend to the General Fund in the amount of \$6.5 million in accordance the AMC 6.50.060.

The Capital Projects Road and Drainage Fund did not meet the major fund eligibility requirements in 2019, however, it is reported as a major fund due to its significance to the Municipality's taxpayers. The fund reported a total fund deficit of \$3.8 million compared to a fund deficit in 2018 of \$156,542, an increase in fund deficit of \$3.6 million. General obligation bonds were issued in 2019 to fund road and drainage capital projects. Capital outlay expenditures decreased \$0.5 million in 2019. Intergovernmental revenues decreased \$2.1 million and \$1 million in restricted contributions was returned to ASD upon completion of a joint project in 2019.

The Police and Fire Retirement Certificates of Participation Bond Fund did not meet the major fund eligibility requirements in 2019; 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, 2019, the net position for the proprietary funds (enterprise funds) increased by \$97.1 million.

The following funds are the Municipality's major funds:

- The Electric Utility's total net position increased \$14.1 million or 4.9 percent in 2019. The increase in net position in 2019 was primarily due to lower production costs, primarily fuel, higher investment income, and lower administrative costs. The Electric Utility's total plant increased \$0.2 million or 0.03 percent in 2019. The increase in 2019 was due to depreciation and retirements keeping pace with additions.
- The Water Utility's net position increased by \$17.3 million or 11.10 percent over the prior year. Operating revenues increased by \$4.7 million between 2019 and 2018 due to an increase in rates granted in February 2019, and non-operating revenues increased by \$1.4 million due to an increase in investment income. Total expenses decreased by \$1.7 million in 2019 when compared to 2018, with operating expenses decreasing by \$2.0 million, and non-operating expenses increasing by \$0.3 million. 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 \$11.5 million or 11.42 percent over the prior year. Operating revenues increased by \$4 million, primarily due to a rate increase instituted in February 2019 and non-operating revenues increased \$0.8 million, primarily due to an increase in investment income. Total operating expenses increased by \$1.5 million, primarily due to an increase in treatment expense and depreciation expense, offset by decreases in OPEB expenses.
- The Port's total net position increased by \$41 million or 23.15 percent over the prior year. Operating revenues increased \$0.4 million and non-operating revenues increased \$1 million primarily due to favorable investment income in 2019. Capital contributions were higher by \$27 million in 2019. Operating expenses decreased by \$2.7 million in 2019 due to a reduction in legal expenses, OPEB expenses, and interdepartmental costs.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The Municipality adopted its 2019 general fund operating budget in November 2018, which included projected revenue sources to support spending. By April 2019, the 2018 year-end financial audit was still in progress, so an estimate provided by the Controller Division, of 2018 fund balance was used in the first quarter amendment process, which resulted in the 2019 revised budget approved in April 2019. The revised budget served as the basis for calculating the property tax revenue requirements and fund balance reserves. The mill rates were set, and taxes were levied for general purposes and all service areas.

ASD's annual operating budget for its July 1 through June 30 fiscal year also had been approved by April 2019 and its mill rate also was set and taxes were levied based on its property tax requirements for the 2019 calendar year. This was reflected in the general fund operating budget as a \$247.2 million contribution to ASD for property taxes collected on their behalf by general government.

Analysis between the original budgeted revenues and other financing sources and expenditures and other financing uses and the final amended budgeted revenues and other financing sources and expenditures and other financing uses yielded an increase of \$561.5 million for revenues and other financing sources and \$270.6 million for expenditures and other financing uses. Significant differences are summarized as follows:

Property taxes revenue of \$553.8 million assessed for the Municipality and ASD (98.63 percent of difference for revenues)

Education contribution to ASD of \$247.2 million (91.3 percent of difference for expenditures)

The remaining differences totaled \$7.7 million in revenues and other financing sources and \$23.4 million in expenditures and other financing uses. The major components of those differences are:

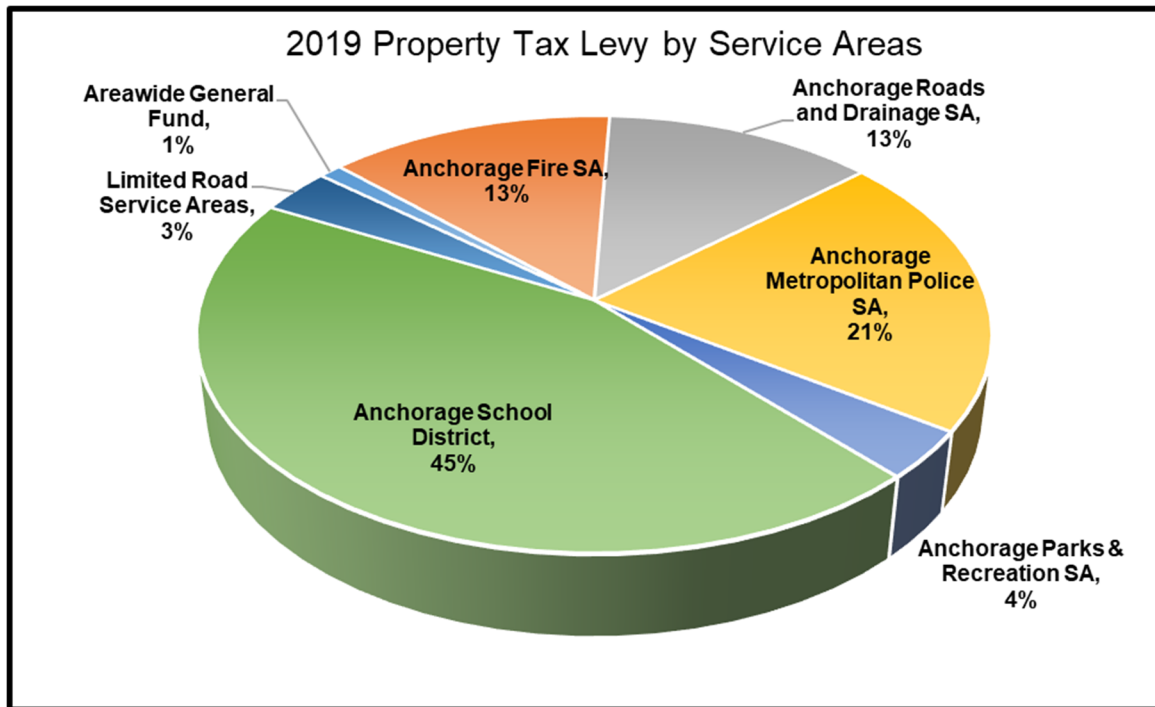
- Decrease in Charges for Services of \$4.2 million for Ambulance fees not to be received in 2019 due to notice not yet provided.
- Increase in Investment Income of \$1.7 million due to a favorable investment market in 2019.
- Increase in Transfers from Other Funds of \$3 million for adjustments to the Utility Revenue Distribution for Port and Solid Waste Services.
- Increase in Participation Bonds Issued of \$3.7 million for the proceeds received from the issuance of Certification of Participation Bonds to pay for administrative expenses related to the sale of the Electric Utility.
- Increase in Loans Issued of \$1.8 million for the proceeds received for the master lease issued to purchase the Computer Aided Mass Appraisal (CAMA) system.
- Increase in General Government of \$4.6 million for administrative and legal fees related to the sale of the Electric Utility.
- Increase in Fire Services of \$2.7 million, including \$2.3 million in overtime expenditures due to an abnormally serious fire season in 2019.
- Increase in Police Services of \$5.1 million, including \$2.4 million to pay legal fees and judgement settlements and \$2.7 million in overtime expenditures.
- Increase in Economic and Community Development of \$2.6 million to accrue the net operating loss payment under the Sullivan Area Service contract.
- Increase in Transfers to Other Funds of \$5.9 million to reimburse risk management general liability/worker's compensation for legal settlements and transfers to the Police and Fire Certificates of Participation Bonds debt service fund for debt service payments.

Net actual revenues in the general fund were \$158,000 above the final amended budget, primarily due to taxes, intergovernmental revenues, other revenues.

Actual expenditures were \$8.3 million less than the final amended budget, taking into account that the Municipality does not budget for payments made by the State of Alaska to the Public Employees Retirement System on behalf of the Municipality, which was \$11.6 million in 2019.

The differences between final amended budget and actual expenditures were:

- Economic and Community Development, \$2.6 million below budget for 2019. This functional total is made up of several general fund sub-funds where expenditures were under budget, none of them significant individually.
- Maintenance and Operations, \$3.1 million below budget for 2019. Expenditures for payroll, supplies and other service charges in roads and drainage operating were less than they were in 2018, but the 2019 budget was level with 2018, which resulted in actuals being below budget.



## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2019 and 2018, the Municipality had invested (in thousands) \$5,737,266 and \$5,655,549 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,263,335	\$ 1,262,445	\$ 104,482	\$ 69,714	\$ 1,367,817	\$ 1,332,159
Buildings and building improvements	294,159	307,451	463,889	440,943	758,048	748,394
Art	21,415	20,950	-	-	21,415	20,950
Equipment	44,208	50,083	-	-	44,208	50,083
Distribution and collection systems	-	-	1,597,588	1,582,320	1,597,588	1,582,320
Infrastructure	1,739,874	1,709,569	-	-	1,739,874	1,709,569
Intangible ERP	62,419	70,609	-	-	62,419	70,609
Construction work-in-progress	12,917	19,513	132,980	121,952	145,897	141,465
<b>Total</b>	<b>\$ 3,438,327</b>	<b>\$ 3,440,620</b>	<b>\$ 2,298,939</b>	<b>\$ 2,214,929</b>	<b>\$ 5,737,266</b>	<b>\$ 5,655,549</b>

In 2019, total governmental activities capital asset net of depreciation decreased by \$2.3 million. Most of the decrease resulting from the depreciation of assets. Infrastructure assets increased by \$30.3 million or 1.77 percent from roads and storm drains.

Business-type activities capital assets net of depreciation increased by \$84 million during 2019, with a 49.87 percent increase in land, a 5.2 percent increase in buildings and building improvements, a 0.96 percent increase to distribution and collection systems and a 9.04 percent increase in construction work in progress.

Governmental activities major fund Capital Projects and Drainage had contractual commitments for capital construction in the amount of \$12.2 million at December 31, 2019. Business-type activities major funds Electric, Water and Wastewater had contractual commitments for capital construction in the amount of \$5 million, \$16.2 million, and \$18.7 million, respectively.

#### **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 2019, actual road infrastructure maintenance and preservation expense was 2.24 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, 2019, the Municipality had \$1,672,469 (in thousands) in debt outstanding, an increase of 0.23 percent from 2018 debt outstanding of \$1,668,614 (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	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 450,469	\$ 455,895	\$ -	\$ -	\$ 450,469	\$ 455,895
Revenue bonds	3,490	3,676	533,275	551,071	536,765	554,747
CIVICVentures revenue bonds	90,630	93,314	-	-	90,630	93,314
Certificates of Participation bonds	64,020	62,475	-	-	64,020	62,475
Capital leases	47,489	52,986	-	-	47,489	52,986
Long-term contracts	-	-	483,096	449,197	483,096	449,197
<b>Total</b>	<b>\$ 656,098</b>	<b>\$ 668,346</b>	<b>\$ 1,016,371</b>	<b>\$ 1,000,268</b>	<b>\$ 1,672,469</b>	<b>\$ 1,668,614</b>

In 2019, the Municipality issued \$32.875 million in General Obligation Bonds to fund capital projects and \$27.75 million in General Obligation Refunding Bonds. The Municipality also issued \$4.1 million in Certificates of Participation Bonds to fund the administrative expenditures for the sale of the Electric Utility. In 2019, the Refuse and Solid Waste Utilities issued \$16.7 million in Commercial Bank Loans for the new transfer station and other capital projects and additions, with customer revenues pledged to pay debt service.

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 1.2 percent<sup>1</sup> from the July 2018 estimate to the July 2019 estimate. The 2019 annual average unemployment rate was 5.1<sup>2</sup> percent for Anchorage-Matsu Region, 6.1<sup>2</sup> percent for the entire state, and the national average was 3.7 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 2019, property tax revenue represents 58.2<sup>4</sup> percent of the funding sources for the General Government Operating Budget; non-property taxes and program generated revenue account for 35.9<sup>4</sup> percent; and intra-governmental charges outside of general government 5.9<sup>4</sup> percent.

The 2020 approved General Government Operating Budget is \$531,912,144<sup>3</sup>, which is \$15 million more than the 2019 revised budget of \$516,907,736<sup>4</sup>. Property taxes required to support the 2020 approved budget are \$312.3<sup>3</sup> million compared to \$306.6<sup>4</sup> million in 2019.

The Municipal Utilities and enterprise activities 2020 approved operating and capital budgets total \$319,254,003<sup>5</sup> and \$116,426,000<sup>6</sup>, respectively. The 2020 General Government Capital Improvement Budget is \$108,936,000<sup>7</sup>.

### **CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS**

#### **Global Pandemic**

In late January 2020, the World Health Organization (WHO) announced a global health emergency regarding a new strain of virus called novel coronavirus (COVID-19). Further, in March 2020, the WHO classified COVID-19 as a pandemic. In March 2020, the mayor of Anchorage declared a state of emergency to protect and preserve public health and safety. The governor of Alaska declared a public health disaster as did the President of the United States. In subsequent months, the administrations of the Municipality and the State of Alaska have extended emergency declarations and refined emergency orders to allow for a measured expansion of economic and social activities within the Municipality and the state. Travel restrictions have been modified to allow for more travelers to enter the state for work, commerce, tourism, and other purposes. Municipal facilities, businesses, recreational,

<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 2020-94(S), As Amended

<sup>4</sup> AR 2019-109(S)

<sup>5</sup> AO 2019-119

<sup>6</sup> AO 2019-119

<sup>7</sup> AO 2019-118, As Amended

cultural, and civic facilities have reopened with some restrictions and new measures designed to preserve the health of patrons and the public.

Although the Municipality cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Municipality's results of future operations, financial position, and liquidity in fiscal year 2020 and future years.

Based on a review of period to date revenues posted through mid-June 2020 and compared to the previous five years, the Municipality projects a negative variance for general government revenues in fiscal year 2020. Some of those variances are:

- Room tax, and rental vehicle tax are expected to be down significantly from previous years' average due to fewer tourists and lower prices because of lower demand.
- Motor vehicle fuel tax collections are expected to be down due to less driving by residents and tourists.
- Motor vehicle registration tax is expected to decline because of declining new car sales.
- Parks and recreation fee revenues are down and expected to remain lower than previous years due to facility closures, restrictions on use of facilities and cancelations of programs and rentals.
- Public transportation fares are down due to fare-free service during March, suspended service during April and May and restricted service after that.
- User fees, building permits, and inspection fees have been reduced 25 percent for the rest of 2020 by Assembly ordinance.
- It is too early to know the impact on real property tax collections. The assembly has authorized one-month deferrals of payment for taxes.
- It is possible that the pandemic will adversely impact the value of the Municipality's investments held in marketable securities.

The effects of COVID-19 on Electric, Water and Wastewater Utility's revenues and collections cannot be quantified at this time; however, utility revenues have been affected by change in demand, job losses among residents and closed businesses in the community due to the pandemic. Assessment of fees for delinquent payments were suspended and the Electric Utility suspended shut offs for nonpayment. The State of Alaska passed SB 241, allowing for deferred payment plans for customers affected by COVID-19, which will negatively affect the collection of receivables. See Note 21.

### **CARES Act Funding**

On March 27, 2020, the President signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. To date, the Municipality has received \$134,905,008 in CARES Act funds including \$116 million in Coronavirus Relief Funds passed through the State of Alaska. The Municipality expects to use those funds to help defray the costs of the emergency response to the pandemic, as well as provide support to individuals, agencies and businesses affected by the COVID-19 emergency, as directed by the US Treasury Department. See Note 21.

### **Sale of the Electric Utility**

On April 3, 2018, Anchorage voters approved an amendment to the Anchorage Municipal Charter authorizing the Municipality to sell the Electric Utility to Chugach Electric Association (CEA) by Municipal ordinance. The Anchorage Assembly approved the sale on December 4, 2018. In April 2019, both the Municipality and CEA filed applications to the Regulatory Commission of Alaska (RCA) to approve the sale.

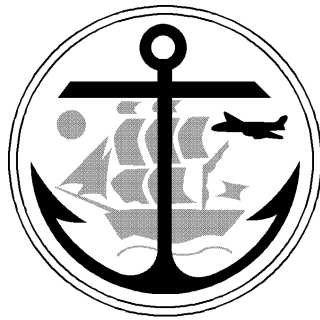
On May 28, 2020, the RCA issued an order approving the sale if the parties agree to modify the transaction as required in the final order. (See Note 18A). All parties have accepted the conditions as ruled by the RCA and the expected closing date will be in the fall of 2020.

The Electric Utility, the Municipality and CEA are currently engaged in integration activities and transition planning. The Electric Utility continues to operate as usual and the proposed sale has had no material effect on ongoing operations of the Electric Utility. It is expected that the Municipality will continue to operate the Electric Utility until the acquisition date, at which time CEA will take over operation of the Electric Utility. Of course, the successful acquisition of most of the assets of the Electric Utility by CEA would have a significant effect on the financial position and results of operations of the Municipality and the Electric Utility. The proceeds of the sale will provide several hundred million dollars of additional funding for the MOA Trust. The agreement, as approved with conditions by the

RCA, requires that the Electric Utility retain only the generation assets of Eklutna Hydroelectric Project and sell power to Matanuska Electric Association from those assets. See Note 21.

### **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.



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**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
December 31, 2019

<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	249,356,300	141,145,686	390,501,986
Equity in bond and grant capital acquisition and construction pool	4,195,193	15,450,889	19,646,082
Investments	-	-	-
Accrued interest on investments	1,100,064	1,167,240	2,267,304
Receivables (net of allowance for uncollectibles)	28,954,058	32,303,538	61,257,596
Due from primary government	-	-	-
Due from component unit	4,412	-	4,412
Intergovernmental receivables	7,757,156	39,342	7,796,498
Inventories	1,478,898	35,170,439	36,649,337
Prepaid items and deposits	3,599,553	1,564,756	5,164,309
Other assets	-	390,701	390,701
<b>Restricted assets:</b>			
Investments	225,371,020	-	225,371,020
Investments in Angel Fund programs	5,486,154	-	5,486,154
Investment, art collection	-	-	-
Contributions receivable	-	-	-
Restricted equity in general cash pool- customer deposits	-	1,260,642	1,260,642
Restricted deposits	-	-	-
Equity in bond and grant capital acquisition and construction pool	-	13,823,237	13,823,237
Interim rate escrow investment	-	7,332,049	7,332,049
Equity in general cash pool- unredeemed mini bonds	-	59,000	59,000
Total current assets	<u>527,386,241</u>	<u>249,715,044</u>	<u>777,101,285</u>
<b>Noncurrent assets:</b>			
Unamortized regulatory assets	-	5,508,509	5,508,509
Unamortized debt expense	-	1,921,444	1,921,444
Unbilled special assessments	-	2,772,759	2,772,759
Regulatory and other assets	-	7,016,341	7,016,341
Assets held for resale	4,888,761	242,093	5,130,854
Net OPEB asset	2,376,417	392,980	2,769,397
Internal balances	(2,006,578)	2,006,578	-
Loans receivable, net	2,589,050	-	2,589,050
<b>Restricted assets:</b>			
Restricted equity in general cash pool- customer deposits	-	259,324	259,324
Restricted deposits	-	17,411,868	17,411,868
Cash legal settlement set aside	-	1,950,000	1,950,000
Bond operation and maintenance investments	-	14,391,000	14,391,000
Landfill post closure cash reserve	-	36,970,076	36,970,076
Debt service investments	-	2,056,692	2,056,692
Asset retirement obligation sinking fund investments	-	16,342,806	16,342,806
Intergovernmental receivables	3,267,195	26,604,867	29,872,062
Revenue bond reserve investments	-	24,387,434	24,387,434
Capital assets, not being depreciated	2,778,485,558	237,462,109	3,015,947,667
Capital assets, being depreciated, net	659,841,556	2,061,477,772	2,721,319,328
Total noncurrent assets	<u>3,449,441,959</u>	<u>2,459,174,652</u>	<u>5,908,616,611</u>
Total assets	<u>3,976,828,200</u>	<u>2,708,889,696</u>	<u>6,685,717,896</u>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	5,060,494	3,795,530	8,856,024
Deferred outflow related to net pension liability	26,523,463	4,386,092	30,909,555
Deferred outflow related to net OPEB asset and liability	19,612,342	3,205,510	22,817,852
Total deferred outflows of resources	<u>\$ 51,196,299</u>	<u>\$ 11,387,132</u>	<u>\$ 62,583,431</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
December 31, 2019

	<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>				
<b>Current assets:</b>				
Cash	\$ -	\$ 1,350,800	\$ 2,292,095	\$ 3,733,853
Cash and investments in central treasury	-	2,672,850	-	393,174,836
Equity in bond and grant capital acquisition and construction pool	-	-	-	19,646,082
Investments	157,564,797	-	-	157,564,797
Accrued interest on investments	-	681	-	2,267,985
Receivables (net of allowance for uncollectibles)	21,274,478	346,061	23,993	82,902,128
Due from primary government	124,433,660	2,438	-	124,436,098
Due from component unit	-	-	-	4,412
Intergovernmental receivables	-	-	-	7,796,498
Inventories	2,690,476	-	-	39,339,813
Prepaid items and deposits	3,618,126	80,651	52,628	8,915,714
Other assets	-	-	-	390,701
<b>Restricted assets:</b>				
Investments	-	-	-	225,371,020
Investments in Angel Fund programs	-	-	-	5,486,154
Investment, art collection	-	-	112,942	112,942
Contributions receivable	-	-	200,000	200,000
Restricted equity in general cash pool- customer deposits	-	-	-	1,260,642
Restricted deposits	-	24,199	900,204	924,403
Equity in bond and grant capital acquisition and construction pool	-	-	-	13,823,237
Interim rate escrow investment	-	-	-	7,332,049
Equity in general cash pool- unredeemed mini bonds	-	-	-	59,000
Total current assets	<u>309,581,537</u>	<u>4,477,680</u>	<u>3,581,862</u>	<u>1,094,742,364</u>
<b>Noncurrent assets:</b>				
Unamortized regulatory assets	-	-	-	5,508,509
Unamortized debt expense	-	-	-	1,921,444
Unbilled special assessments	-	-	-	2,772,759
Regulatory and other assets	-	-	-	7,016,341
Assets held for resale	-	1,728,428	-	6,859,282
Net OPEB asset	-	24,957	-	2,794,354
Internal balances	-	-	-	-
Loans receivable, net	-	-	-	2,589,050
<b>Restricted assets:</b>				
Restricted equity in general cash pool- customer deposits	-	-	-	259,324
Restricted deposits	-	-	-	17,411,868
Cash legal settlement set aside	-	-	-	1,950,000
Bond operation and maintenance investments	-	-	-	14,391,000
Landfill post closure cash reserve	-	-	-	36,970,076
Debt service investments	-	-	-	2,056,692
Asset retirement obligation sinking fund investments	-	-	-	16,342,806
Intergovernmental receivables	-	-	-	29,872,062
Revenue bond reserve investments	-	-	-	24,387,434
Capital assets, not being depreciated	43,030,814	11,059,217	-	3,070,037,698
Capital assets, being depreciated, net	1,223,142,759	23,502,520	-	3,967,964,607
Total noncurrent assets	<u>1,266,173,573</u>	<u>36,315,122</u>	<u>-</u>	<u>7,211,105,306</u>
Total assets	<u>1,575,755,110</u>	<u>40,792,802</u>	<u>3,581,862</u>	<u>8,305,847,670</u>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	6,914,176	-	-	15,770,200
Deferred outflow related to net pension liability	50,020,575	263,336	-	81,193,466
Deferred outflow related to net OPEB asset and liability	38,189,441	201,759	-	61,209,052
Total deferred outflows of resources	<u>\$ 95,124,192</u>	<u>\$ 465,095</u>	<u>\$ -</u>	<u>\$ 158,172,718</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
December 31, 2019

<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	\$ 17,404,402	\$ 22,007,554	\$ 39,411,956
Capital acquisition and construction accounts and retainage payable	496,568	8,962,668	9,459,236
Accrued interest payable	9,517,408	4,894,792	14,412,200
Accrued payroll liabilities	12,835,930	4,042,878	16,878,808
Current portion of long-term obligations	93,433,259	34,855,604	128,288,863
Notes payable	-	191,900,000	191,900,000
Due to primary government	-	-	-
Due to component unit	82,950,062	-	82,950,062
Unearned revenue and deposits	5,991,592	2,050,447	8,042,039
Liabilities payable from restricted assets	-	6,704,235	6,704,235
Total current liabilities	222,629,221	275,418,178	498,047,399
Noncurrent liabilities:			
Liabilities payable from restricted assets	-	259,324	259,324
Noncurrent portion of long-term obligations	625,887,571	856,465,252	1,482,352,823
Net pension liability	354,025,722	50,217,494	404,243,216
Net OPEB liability	114,414,786	1,649,961	116,064,747
Total noncurrent liabilities	1,094,328,079	908,592,031	2,002,920,110
Total liabilities	1,316,957,300	1,184,010,209	2,500,967,509
<b>Deferred Inflows of Resources</b>			
Contributions in aid of construction (net of amortization)	-	530,648,198	530,648,198
Future natural gas purchases	-	18,230,036	18,230,036
Regulatory liability gas sales	-	10,106,438	10,106,438
Time restricted health permit receipts	558,601	-	558,601
Deferred inflow related to net pension liability	36,652,142	2,575,426	39,227,568
Deferred inflow related to net OPEB asset and liability	12,470,950	2,062,277	14,533,227
General property tax receipts	-	-	-
Debt service tax receipts	-	-	-
Total deferred inflows of resources	49,681,693	563,622,375	613,304,068
<b>Net Position</b>			
Net investment in capital assets	2,857,704,423	795,169,631	3,652,874,054
Restricted for:			
Debt service	14,499,842	326,653	14,826,495
Interim rate escrow requirement	-	5,731,260	5,731,260
Maintenance and operations	-	-	-
Acquisition and construction	12,702,085	21,451,725	34,153,810
Operations	3,387,875	14,391,000	17,778,875
Post closure care	-	3,377,837	3,377,837
Convention center operating reserve	21,707,654	-	21,707,654
E911 Surcharge	551	-	551
Nuisance abatement	50,369	-	50,369
Police and fire retiree medical liability	36,920,092	-	36,920,092
Grant activity	15,389,706	-	15,389,706
Perpetual care:			
Nonexpendable	150,000	-	150,000
MOA trust	171,472,513	-	171,472,513
Endowment	-	-	-
Individual contributions	-	-	-
Bond rating	-	-	-
Federal Impact Aid 8003(d)	-	-	-
Unrestricted (deficit)	(472,599,604)	132,196,138	(340,403,466)
Total net position	\$ 2,661,385,506	\$ 972,644,244	\$ 3,634,029,750



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
December 31, 2019

	<b>Component Units</b>			
	<b>Anchorage School District</b>	<b>Anchorage Community Development Authority</b>	<b>Alaska Center for the Performing Arts</b>	<b>Total Reporting Entity</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and retainages	\$ 9,591,998	\$ 429,759	\$ 717,338	\$ 50,151,051
Capital acquisition and construction accounts and retainage payable	-	-	-	9,459,236
Accrued interest payable	7,393,184	321,713	-	22,127,097
Accrued payroll liabilities	14,926,046	122,641	-	31,927,495
Current portion of long-term obligations	73,010,726	456,362	-	201,755,951
Notes payable	-	-	-	191,900,000
Due to primary government	-	109,496	119,808	229,304
Due to component unit	-	-	25,000	82,975,062
Unearned revenue and deposits	1,809,162	85,848	846,416	10,783,465
Liabilities payable from restricted assets	-	-	59,098	6,763,333
Total current liabilities	<u>106,731,116</u>	<u>1,525,819</u>	<u>1,767,660</u>	<u>608,071,994</u>
Noncurrent liabilities:				
Liabilities payable from restricted assets	-	-	-	259,324
Noncurrent portion of long-term obligations	469,835,095	13,975,638	-	1,966,163,556
Net pension liability	443,616,315	3,591,973	-	851,451,504
Net OPEB liability	77,400,950	128,257	-	193,593,954
Total noncurrent liabilities	<u>990,852,360</u>	<u>17,695,868</u>	<u>-</u>	<u>3,011,468,338</u>
Total liabilities	<u>1,097,583,476</u>	<u>19,221,687</u>	<u>1,767,660</u>	<u>3,619,540,332</u>
<b>Deferred Inflows of Resources</b>				
Contributions in aid of construction (net of amortization)	-	-	-	530,648,198
Future natural gas purchases	-	-	-	18,230,036
Regulatory liability gas sales	-	-	-	10,106,438
Time restricted health permit receipts	-	-	-	558,601
Deferred inflow related to net pension liability	11,957,792	250,870	-	51,436,230
Deferred inflow related to net OPEB asset and liability	31,672,478	176,508	-	46,382,213
General property tax receipts	106,145,892	-	-	106,145,892
Debt service tax receipts	18,287,768	-	-	18,287,768
Total deferred inflows of resources	<u>168,063,930</u>	<u>427,378</u>	<u>-</u>	<u>781,795,376</u>
<b>Net Position</b>				
Net investment in capital assets	746,131,494	20,129,737	-	4,419,135,285
Restricted for:				
Debt service	3,958,143	-	-	18,784,638
Interim rate escrow requirement	-	-	-	5,731,260
Maintenance and operations	-	-	900,204	900,204
Acquisition and construction	-	-	3,108	34,156,918
Operations	-	-	-	17,778,875
Post closure care	-	-	-	3,377,837
Convention center operating reserve	-	-	-	21,707,654
E911 Surcharge	-	-	-	551
Nuisance abatement	-	-	-	50,369
Police and fire retiree medical liability	-	-	-	36,920,092
Grant activity	-	-	-	15,389,706
Perpetual care:				
Nonexpendable	-	-	-	150,000
MOA trust	-	-	-	171,472,513
Endowment	-	-	260,540	260,540
Individual contributions	-	-	20,001	20,001
Bond rating	24,886,732	-	-	24,886,732
Federal Impact Aid 8003(d)	287,116	-	-	287,116
Unrestricted (deficit)	<u>(370,031,589)</u>	<u>1,479,095</u>	<u>630,349</u>	<u>(708,325,611)</u>
Total net position	<u>\$ 405,231,896</u>	<u>\$ 21,608,832</u>	<u>\$ 1,814,202</u>	<u>\$ 4,062,684,680</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Activities  
For the year ended December 31, 2019

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental activities:</b>				
General government	\$ 30,451,921	\$ 8,202,007	\$ 1,541,798	\$ -
Fire services	104,391,175	11,456,717	(1,337,692)	45,659
Police services	130,800,420	15,515,328	1,347,981	58,672
Health and human services	27,192,219	2,695,832	12,422,881	-
Economic and community development	78,808,553	13,159,269	1,980,668	2,750,659
Public transportation	33,695,445	4,012,257	6,328,942	1,997,949
Public works	39,263,751	986,864	2,528,281	14,795,806
Maintenance and operations of roads and facilities	35,070,916	206,532	559,632	-
Education	247,223,433	-	1,907	-
Interest on long-term debt	22,112,910	-	-	-
Total governmental activities	749,010,743	56,234,806	25,374,398	19,648,745
<b>Business-type activities:</b>				
Electric	153,284,121	167,385,990	(158,592)	-
Water	42,939,018	66,836,412	(263,081)	-
Wastewater	44,634,405	61,118,771	(263,082)	-
Port	18,201,895	14,405,135	(32,445)	45,651,079
Refuse	10,573,370	11,478,932	(36,093)	-
Solid Waste	19,198,334	23,421,183	(25,546)	248,030
Municipal Airport	3,922,654	1,579,187	107,440	3,880,822
Total business-type activities	292,753,797	346,225,610	(671,399)	49,779,931
Total primary government	\$ 1,041,764,540	\$ 402,460,416	\$ 24,702,999	\$ 69,428,676
<b>Component Units:</b>				
Anchorage School District	\$ 728,457,116	\$ 8,270,858	\$ 120,212,104	\$ 43,831,109
Anchorage Community Development Authority	10,982,505	9,551,032	193,441	-
Alaska Center for the Performing Arts	2,986,982	2,897,111	440,299	(656)
Total Component Units	\$ 742,426,603	\$ 20,719,001	\$ 120,845,844	\$ 43,830,453

**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
- Other
- Transfers
- Total general revenues and transfers
- Change in net position
- Net position, beginning of year
- Net position, end of year

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Activities  
For the year ended December 31, 2019

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

Primary Government			Component Units				Total Reporting Entity
Governmental Activities	Business-Type Activities	Total	Anchorage School District	Anchorage Community Development Authority	Alaska Center for the Performing Arts		
\$ (20,708,116)		\$ (20,708,116)					\$ (20,708,116)
(94,226,491)		(94,226,491)					(94,226,491)
(113,878,439)		(113,878,439)					(113,878,439)
(12,073,506)		(12,073,506)					(12,073,506)
(60,917,957)		(60,917,957)					(60,917,957)
(21,356,297)		(21,356,297)					(21,356,297)
(20,952,800)		(20,952,800)					(20,952,800)
(34,304,752)		(34,304,752)					(34,304,752)
(247,221,526)		(247,221,526)					(247,221,526)
(22,112,910)		(22,112,910)					(22,112,910)
(647,752,794)	-	(647,752,794)	-	-	-	-	(647,752,794)
	13,943,277	13,943,277					13,943,277
	23,634,313	23,634,313					23,634,313
	16,221,284	16,221,284					16,221,284
	41,821,874	41,821,874					41,821,874
	869,469	869,469					869,469
	4,445,333	4,445,333					4,445,333
	1,644,795	1,644,795					1,644,795
	102,580,345	102,580,345					102,580,345
\$ (647,752,794)	\$ 102,580,345	\$ (545,172,449)	\$ -	\$ -	\$ -	\$ -	\$ (545,172,449)
			\$ (556,143,045)				\$ (556,143,045)
				(1,238,032)			(1,238,032)
					349,772		349,772
			\$ (556,143,045)	\$ (1,238,032)	\$ 349,772	\$ -	\$ (557,031,305)
\$ 558,102,448	\$ -	\$ 558,102,448	\$ -	\$ -	\$ -	\$ -	\$ 558,102,448
17,638,412	-	17,638,412	-	-	-	-	17,638,412
30,895,474	-	30,895,474	-	-	-	-	30,895,474
19,871,214	-	19,871,214	-	-	-	-	19,871,214
4,083,340	-	4,083,340	-	-	-	-	4,083,340
13,470,167	-	13,470,167	-	-	-	-	13,470,167
3,463,769	-	3,463,769	-	-	-	-	3,463,769
4,557,777	-	4,557,777	347,643,643	-	-	-	352,201,420
-	-	-	245,575,446	-	-	-	245,575,446
42,130,512	21,937,616	64,068,128	3,677,500	112,812	3,443	-	67,861,883
-	-	-	10,690,255	-	-	-	10,690,255
27,420,991	(27,420,991)	-	-	-	-	-	-
721,634,104	(5,483,375)	716,150,729	607,586,844	112,812	3,443	-	1,323,853,828
73,881,310	97,096,970	170,978,280	51,443,799	(1,125,220)	353,215	-	221,650,074
2,587,504,196	875,547,274	3,463,051,470	353,788,097	22,734,052	1,460,987	-	3,841,034,606
\$ 2,661,385,506	\$ 972,644,244	\$ 3,634,029,750	\$ 405,231,896	\$ 21,608,832	\$ 1,814,202	\$ -	\$ 4,062,684,680

MUNICIPALITY OF ANCHORAGE, ALASKA

Balance Sheet  
Governmental Funds  
December 31, 2019

Assets	General	MOA Trust	Capital Projects Roads and Drainage	Police and Fire	Nonmajor Governmental Funds	Total Governmental Funds
				Certificate of Participation Bond		
Cash	\$ 10,670	\$ -	\$ -	\$ -	\$ 72,763	\$ 83,433
Cash and investments in central treasury	124,231,747	1,263	1,495,942	455	82,962,460	208,691,867
Investments	3,387,875	171,678,311	-	660	50,304,174	225,371,020
Accrued interest on investments	1,011,665	88,398	-	1	-	1,100,064
Receivables (net of allowance for uncollectibles)	22,516,530	-	-	-	3,202,454	25,718,984
Intergovernmental receivables	1,259,238	-	2,101,425	-	7,663,688	11,024,351
Due from other funds	19,716,084	-	-	-	5,757,044	25,473,128
Special assessments receivable, net	2,887,392	-	190,206	-	141,626	3,219,224
Due from component units	4,412	-	-	-	-	4,412
Inventories	1,222,614	-	-	-	-	1,222,614
Prepaid items and deposits	32,850	-	-	-	1,186,628	1,219,478
Assets held for resale	4,888,761	-	-	-	-	4,888,761
Advances to other funds	9,823,382	-	-	-	1,105,000	10,928,382
Investments in Angel Fund program	-	-	-	-	5,486,154	5,486,154
Loans receivable, net	-	-	-	-	2,589,050	2,589,050
Total assets	190,993,220	171,767,972	3,787,573	1,116	160,471,041	527,020,922
<b>Liabilities</b>						
Accounts payable and retainages	7,803,797	84,925	1,609,218	-	5,895,468	15,393,408
Accrued payroll liabilities	12,412,805	-	-	-	20,871	12,433,676
Due to other funds	-	210,534	5,672,044	-	1,031,291	6,913,869
Due to component unit	82,950,062	-	-	-	-	82,950,062
Unearned revenue and deposits	1,988,180	-	9,454	-	3,912,133	5,909,767
Advances from other funds	5,986,555	-	89,688	-	9,823,382	15,899,625
Total liabilities	111,141,399	295,459	7,380,404	-	20,683,145	139,500,407
<b>Deferred Inflows of Resources</b>						
Time restricted health permit receipts	558,601	-	-	-	-	558,601
Unavailable revenue-intergovernmental revenues	-	-	-	-	1,045,351	1,045,351
Unavailable revenue-property taxes	8,691,904	-	-	-	-	8,691,904
Unavailable revenue-risk management claims	214,581	-	-	-	-	214,581
Unavailable revenue-Build American Bonds interest rebate	705,402	-	-	-	-	705,402
Unavailable revenue-special assessments	2,759,313	-	188,511	-	2,905	2,950,729
Total deferred inflows of resources	12,929,801	-	188,511	-	1,048,256	14,166,568
<b>Fund Balances (Deficit)</b>						
Nonspendable	15,967,607	-	-	-	1,336,628	17,304,235
Restricted	3,387,875	171,472,513	-	1,116	101,269,183	276,130,687
Committed	46,220,149	-	-	-	21,206,535	67,426,684
Assigned	-	-	-	-	14,948,644	14,948,644
Unassigned	1,346,389	-	(3,781,342)	-	(21,350)	(2,456,303)
Total fund balances (deficit)	66,922,020	171,472,513	(3,781,342)	1,116	138,739,640	373,353,947
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 190,993,220	\$ 171,767,972	\$ 3,787,573	\$ 1,116	\$ 160,471,041	\$ 527,020,922

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Reconciliation of Net Position Between the Government-wide and Fund Financial Statements  
December 31, 2019

Amounts reported as fund balances on the governmental fund balance sheet		\$ 373,353,947
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.		3,438,327,114
The PERS ODD OPEB plan has been funded in excess of required contributions. This asset is not a financial resource and therefore it is not reported in the funds.		2,376,417
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property taxes	8,691,904	
Risk management claims	214,581	
Build America Bonds interest rebate	705,402	
Special assessments	2,950,729	
HUD Rehab Long-term loan receivable, net activity	<u>1,045,351</u>	
		13,607,967
Deferred outflows of resources represent costs applicable to future periods, and therefore are not reported in the governmental funds:		
Deferred charges on bond refunding	5,060,494	
Deferred outflows of resources related to net pension liability	26,523,463	
Deferred outflows of resources related to net OPEB asset and liability	<u>19,612,342</u>	
		51,196,299
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 funds equity related to governmental activities	41,788,251	
Net of amounts included in:		
Capital assets, net of depreciation and amortization	(88,789,040)	
Accrued interest	329,964	
Compensated absences	<u>1,047,526</u>	
		(45,623,299)
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	(450,469,521)	
Certificates of participation bonds	(64,020,000)	
PAC Roof revenue bonds	(3,490,166)	
Master lease agreements	(2,135,120)	
Pollution remediation	(2,729,384)	
CIVICVentures revenue bonds	(90,629,501)	
Compensated absences	(31,298,239)	
Net pension liability	(354,025,722)	
Net OPEB liability	(114,414,786)	
Accrued interest payable	<u>(9,517,408)</u>	
		(1,122,729,847)
Deferred inflows of resources represent resources or benefits applicable to future periods and therefore are not reported in the governmental funds:		
Deferred inflows of resources related to net pension liability		(36,652,142)
Deferred inflows of resources related to net OPEB asset and liability		<u>(12,470,950)</u>
Net position of governmental activities		<u>\$ 2,661,385,506</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)  
Governmental Funds  
For the year ended December 31, 2019

	General	MOA Trust	Capital Projects Roads and Drainage	Police and Fire Certificate of Participation Bond	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 627,052,679	\$ -	\$ -	\$ -	\$ 17,881,672	\$ 644,934,351
Assessments in lieu of taxes	3,463,769	-	-	-	-	3,463,769
Special assessments	340,068	-	55,884	-	1,195,449	1,591,401
Licenses and permits	9,261,229	-	-	-	-	9,261,229
Intergovernmental	19,923,910	-	3,252,211	-	32,531,615	55,707,736
Charges for services	23,141,261	-	-	-	1,121,123	24,262,384
Fines and forfeitures	7,267,853	-	-	-	247,755	7,515,608
E911 surcharges	-	-	-	-	7,591,488	7,591,488
Investment income	4,672,717	27,060,494	-	662	9,070,366	40,804,239
Restricted contributions	136,528	-	(1,000,598)	-	1,210,886	346,816
Other	4,698,208	304	206	-	574,015	5,272,733
Total revenues	<u>699,958,222</u>	<u>27,060,798</u>	<u>2,307,703</u>	<u>662</u>	<u>71,424,369</u>	<u>800,751,754</u>
<b>Expenditures</b>						
Current:						
General government	25,664,867	384,615	-	-	10,428,189	36,477,671
Fire services	110,528,211	-	-	-	3,157,100	113,685,311
Police services	134,833,688	-	-	-	11,178,024	146,011,712
Health and human services	13,961,224	-	-	-	14,126,477	28,087,701
Economic and community development	55,148,522	-	-	-	11,785,780	66,934,302
Public transportation	25,132,424	-	-	-	7,276,691	32,409,115
Public works	19,247,828	-	-	-	1,056,747	20,304,575
Maintenance and operations of roads and facilities	34,999,844	-	-	-	-	34,999,844
Education	247,221,383	-	-	-	2,050	247,223,433
Debt service:						
Principal	36,176,963	-	-	2,555,000	2,380,000	41,111,963
Interest and fiscal agent charges	22,159,101	-	-	2,885,780	4,177,250	29,222,131
Bond issuance costs	269,784	-	103,190	-	43,236	416,210
Capital outlay	-	-	35,450,577	-	15,812,673	51,263,250
Total expenditures	<u>725,343,839</u>	<u>384,615</u>	<u>35,553,767</u>	<u>5,440,780</u>	<u>81,424,217</u>	<u>848,147,218</u>
Excess (deficiency) of revenues over expenditures	(25,385,617)	26,676,183	(33,246,064)	(5,440,118)	(9,999,848)	(47,395,464)
<b>Other financing sources (uses)</b>						
Transfers from other funds	39,407,492	-	3,538,074	3,498,565	18,753,904	65,198,035
Transfers to other funds	(20,898,016)	(6,500,000)	(98,369)	-	(13,177,417)	(40,673,802)
General obligation bonds and contracts issued	-	-	23,167,990	-	9,707,010	32,875,000
Loans issued	1,795,600	-	-	-	-	1,795,600
Refunding bonds issued	27,750,000	-	-	-	-	27,750,000
Participation bonds issued	4,100,000	-	-	-	-	4,100,000
Premium on bonds and notes	6,098,463	-	3,013,569	-	1,262,635	10,374,667
Payment to refunded bond escrow agent to extinguish debt	(33,432,224)	-	-	-	-	(33,432,224)
Insurance recoveries	450,711	-	-	-	44,798	495,509
Proceeds from sale of capital assets	323,546	-	-	-	260,000	583,546
Total other financing sources (uses)	<u>25,595,572</u>	<u>(6,500,000)</u>	<u>29,621,264</u>	<u>3,498,565</u>	<u>16,850,930</u>	<u>69,066,331</u>
Net change in fund balances	209,955	20,176,183	(3,624,800)	(1,941,553)	6,851,082	21,670,867
Fund balances (deficit), beginning of year	66,712,065	151,296,330	(156,542)	1,942,669	131,888,558	351,683,080
Fund balances (deficit), end of year	<u>\$ 66,922,020</u>	<u>\$ 171,472,513</u>	<u>\$ (3,781,342)</u>	<u>\$ 1,116</u>	<u>\$ 138,739,640</u>	<u>\$ 373,353,947</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance (Deficit)  
of Governmental Funds to the Statement of Activities  
For the year ended December 31, 2019

Net change in fund balance – total governmental funds		\$ 21,670,867
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	29,974,236	
Contributed assets	9,889,239	
Depreciation expense	<u>(35,683,074)</u>	4,180,401
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/(decrease) net position.		
Other gain/(loss) on capital assets		30,761
Revenues in the statement of activities that do not provide current financial resources and are deferred in the funds:		
Property taxes	(873,296)	
Special assessments	(45,920)	
Build America Bond interest rebates	966	
Claims and judgments receipts	<u>18,038</u>	(900,212)
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	(32,875,000)	
Master lease agreement loan proceeds	(1,795,600)	
Premium on bond and note sales	(10,374,667)	
Refunding issuance of general obligation bonds	(27,750,000)	
New issuance of certificates of participation bonds	(4,100,000)	
Principal repayment	41,111,963	
Payment to escrow agent for refunding	33,432,224	
Net change in premium/discount/deferred charge bonds	<u>7,329,334</u>	4,978,254
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absences	(6,076,609)	
Contingent liabilities	2,392,500	
Pollution remediation	488,290	
Pension expense	(33,310,653)	
OPEB expense	75,479,588	
Accrued interest payable	<u>1,269,504</u>	40,242,620
Internal service funds are used by management to charge the costs of insurance, fleet management and information technology to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities.		<u>3,678,619</u>
Change in net position of governmental activities		<u>\$ 73,881,310</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
Proprietary Funds  
December 31, 2019

**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	67,474,637	35,347,860	25,264,213	5,556,768
Equity in bond and grant capital acquisition and construction pool	-	-	-	-
Accrued interest on investments	667,202	380,113	10,543	26,976
Receivables (net of allowance for uncollectibles)	15,471,607	5,586,176	6,062,673	1,184,694
Intergovernmental receivables	-	-	-	-
Inventories	32,134,009	2,112,922	594,483	329,025
Prepaid items and deposits	958,657	266,692	207,012	55,117
Special assessments receivable	-	64,485	61,766	-
Unbilled reimbursable projects	-	59,561	15,185	-
Other assets	-	-	390,701	-
<b>Restricted assets:</b>				
Restricted equity in general cash pool- customer deposits	1,260,642	-	-	-
Equity in bond and grant capital acquisition and construction pool	-	10,234,937	3,588,300	-
Interim rate escrow investment	-	3,177,299	4,154,750	-
Equity in general cash pool- unredeemed mini bonds	-	59,000	-	-
<b>Total current assets</b>	<b>117,967,754</b>	<b>57,289,045</b>	<b>40,351,826</b>	<b>7,153,230</b>
<b>Noncurrent assets:</b>				
Assets held for resale	-	-	-	242,093
Advances to other funds	-	-	-	-
Net OPEB asset	78,996	131,042	131,042	16,161
Unamortized regulatory assets	5,508,509	-	-	-
Unamortized debt expense	1,235,426	420,521	265,497	-
Unbilled special assessments	-	1,315,443	1,457,316	-
Regulatory and other assets	-	2,905,103	4,111,238	-
<b>Restricted assets:</b>				
Restricted equity in general cash pool- customer deposits	-	189,196	70,128	-
Restricted deposits	17,411,868	-	-	-
Cash legal settlement set aside	-	-	-	1,950,000
Revenue bond operations and maintenance investments	14,391,000	-	-	-
Landfill post closure cash reserve	-	-	-	-
Debt service investments	2,056,512	106	74	-
Intergovernmental receivables	-	-	-	24,828,730
Revenue bond reserve investments	24,387,434	-	-	-
Asset retirement obligation sinking fund investments	16,342,806	-	-	-
<b>Capital assets, net</b>	<b>877,333,410</b>	<b>566,270,827</b>	<b>446,984,170</b>	<b>235,959,516</b>
<b>Total noncurrent assets</b>	<b>958,745,961</b>	<b>571,232,238</b>	<b>453,019,465</b>	<b>262,996,500</b>
<b>Total assets</b>	<b>1,076,713,715</b>	<b>628,521,283</b>	<b>493,371,291</b>	<b>270,149,730</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	24,588	2,509,417	1,261,525	-
Deferred outflows related to net pension liability	881,680	1,462,574	1,462,574	180,380
Deferred outflows related to net OPEB asset and liability	644,364	1,068,900	1,068,900	131,828
<b>Total deferred outflows of resources</b>	<b>1,550,632</b>	<b>5,040,891</b>	<b>3,792,999</b>	<b>312,208</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 1,078,264,347</b>	<b>\$ 633,562,174</b>	<b>\$ 497,164,290</b>	<b>\$ 270,461,938</b>



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
Proprietary Funds  
December 31, 2019

	<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>Assets</b>				
<b>Current assets:</b>				
Cash	\$ 3,675	\$ 7,525	\$ -	\$ 7,525
Cash and investments in central treasury	7,502,208	141,145,686	40,664,433	181,810,119
Equity in bond and grant capital acquisition and construction pool	15,450,889	15,450,889	4,195,193	19,646,082
Accrued interest on investments	82,406	1,167,240	-	1,167,240
Receivables (net of allowance for uncollectibles)	3,797,391	32,102,541	15,850	32,118,391
Intergovernmental receivables	39,342	39,342	-	39,342
Inventories	-	35,170,439	256,284	35,426,723
Prepaid items and deposits	77,278	1,564,756	2,380,075	3,944,831
Special assessments receivable	-	126,251	-	126,251
Unbilled reimbursable projects	-	74,746	-	74,746
Other assets	-	390,701	-	390,701
<b>Restricted assets:</b>				
Restricted equity in general cash pool- customer deposits	-	1,260,642	-	1,260,642
Equity in bond and grant capital acquisition and construction pool	-	13,823,237	-	13,823,237
Interim rate escrow investment	-	7,332,049	-	7,332,049
Equity in general cash pool- unredeemed mini bonds	-	59,000	-	59,000
<b>Total current assets</b>	<b>26,953,189</b>	<b>249,715,044</b>	<b>47,511,835</b>	<b>297,226,879</b>
<b>Noncurrent assets:</b>				
Assets held for resale	-	242,093	-	242,093
Advances to other funds	-	-	6,076,243	6,076,243
Net OPEB asset	35,739	392,980	79,346	472,326
Unamortized regulatory assets	-	5,508,509	-	5,508,509
Unamortized debt expense	-	1,921,444	-	1,921,444
Unbilled special assessments	-	2,772,759	-	2,772,759
Regulatory and other assets	-	7,016,341	-	7,016,341
<b>Restricted assets:</b>				
Restricted equity in general cash pool- customer deposits	-	259,324	-	259,324
Restricted deposits	-	17,411,868	-	17,411,868
Cash legal settlement set aside	-	1,950,000	-	1,950,000
Revenue bond operations and maintenance investments	-	14,391,000	-	14,391,000
Landfill post closure cash reserve	36,970,076	36,970,076	-	36,970,076
Debt service investments	-	2,056,692	-	2,056,692
Intergovernmental receivables	1,776,137	26,604,867	-	26,604,867
Revenue bond reserve investments	-	24,387,434	-	24,387,434
Asset retirement obligation sinking fund investments	-	16,342,806	-	16,342,806
<b>Capital assets, net</b>	<b>172,391,958</b>	<b>2,298,939,881</b>	<b>88,789,040</b>	<b>2,387,728,921</b>
<b>Total noncurrent assets</b>	<b>211,173,910</b>	<b>2,457,168,074</b>	<b>94,944,629</b>	<b>2,552,112,703</b>
<b>Total assets</b>	<b>238,127,099</b>	<b>2,706,883,118</b>	<b>142,456,464</b>	<b>2,849,339,582</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	3,795,530	-	3,795,530
Deferred outflows related to net pension liability	398,884	4,386,092	885,586	5,271,678
Deferred outflows related to net OPEB asset and liability	291,518	3,205,510	647,218	3,852,728
<b>Total deferred outflows of resources</b>	<b>690,402</b>	<b>11,387,132</b>	<b>1,532,804</b>	<b>12,919,936</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 238,817,501</b>	<b>\$ 2,718,270,250</b>	<b>\$ 143,989,268</b>	<b>\$ 2,862,259,518</b>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
Proprietary Funds  
December 31, 2019

**Business-Type Activities – Enterprise Funds**

<b>Liabilities</b>	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Port</b>
<b>Current liabilities:</b>				
Accounts payable, other accrued liabilities and retainages	\$ 18,127,804	\$ 1,049,273	\$ 1,380,404	\$ 661,831
Accrued payroll liabilities	1,816,951	831,520	831,520	84,194
Capital acquisition and construction accounts and retainage payable	-	-	-	7,103,142
Compensated absences	2,387,262	1,206,667	1,270,003	159,050
Claims payable and incurred but not reported	-	-	-	-
Due to other funds	-	-	-	-
Accrued interest payable	1,722,475	1,516,132	1,435,975	85,663
Pollution remediation obligation	-	-	21,000	-
Long-term obligations maturing within one year	8,075,000	10,801,996	8,677,706	-
Notes payable	191,900,000	-	-	-
Unearned revenue and deposits	1,546,636	339,849	-	-
Current liabilities payable from restricted assets:				
Customer refunds and deposits payable	1,260,642	262,678	1,338,111	-
Unredeemed mini bonds payable	-	59,000	-	-
Capital acquisition and construction accounts and retainage payable	-	1,842,633	1,941,171	-
<b>Total current liabilities</b>	<b>226,836,770</b>	<b>17,909,748</b>	<b>16,895,890</b>	<b>8,093,880</b>
<b>Noncurrent liabilities:</b>				
Revenue bonds payable (net of unamortized discounts and premiums)	315,531,235	115,314,385	87,349,747	-
Advances from other funds	-	-	-	-
Alaska clean water and drinking water loans payable	-	89,382,107	81,545,458	-
Asset retirement obligation	24,332,547	-	-	-
Capital leases payable	-	-	-	-
Claims incurred but not reported	-	-	-	-
Compensated absences	-	256,302	171,233	138,624
Notes payable	-	20,270,487	19,505,506	40,000,000
Net pension liability	10,094,592	16,745,385	16,745,384	2,065,214
Net OPEB liability	331,671	550,191	550,191	67,855
Liabilities payable from restricted assets:				
Customer deposits	-	189,196	70,128	-
Other liabilities:				
Pollution remediation obligation	-	-	686,300	-
Future landfill closure costs	-	-	-	-
Other long-term obligations	-	-	-	1,774,678
<b>Total noncurrent liabilities</b>	<b>350,290,045</b>	<b>242,708,053</b>	<b>206,623,947</b>	<b>44,046,371</b>
<b>Total liabilities</b>	<b>577,126,815</b>	<b>260,617,801</b>	<b>223,519,837</b>	<b>52,140,251</b>
<b>Deferred Inflows of Resources</b>				
Contributions in aid of construction (net of amortization)	172,546,886	198,231,307	159,870,005	-
Future natural gas purchases	18,230,036	-	-	-
Regulatory liability gas sales	10,106,438	-	-	-
Deferred inflow related to net pension liability	517,705	858,794	858,794	105,916
Deferred inflow related to net OPEB asset and liability	414,554	687,681	687,681	84,812
<b>Total deferred inflows of resources</b>	<b>201,815,619</b>	<b>199,777,782</b>	<b>161,416,480</b>	<b>190,728</b>
<b>Net Position</b>				
Net investment in capital assets	214,935,301	145,014,899	94,885,573	195,959,516
Restricted for:				
Debt service	326,473	106	74	-
Interim rate escrow requirement	-	2,914,621	2,816,639	-
Acquisition and construction	-	-	-	19,675,588
Operations	14,391,000	-	-	-
Post closure care	-	-	-	-
Unrestricted (deficit)	69,669,139	25,236,965	14,525,687	2,495,855
<b>Total net position</b>	<b>299,321,913</b>	<b>173,166,591</b>	<b>112,227,973</b>	<b>218,130,959</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 1,078,264,347</b>	<b>\$ 633,562,174</b>	<b>\$ 497,164,290</b>	<b>\$ 270,461,938</b>

MUNICIPALITY OF ANCHORAGE, ALASKA

Statement of Net Position  
 Proprietary Funds  
 December 31, 2019

	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	\$ 788,242	\$ 22,007,554	\$ 2,010,994	\$ 24,018,548
Accrued payroll liabilities	478,693	4,042,878	402,254	4,445,132
Capital acquisition and construction accounts and retainage payable	1,859,526	8,962,668	496,568	9,459,236
Compensated absences	770,311	5,793,293	780,187	6,573,480
Claims payable and incurred but not reported	-	-	23,046,373	23,046,373
Due to other funds	-	-	18,559,259	18,559,259
Accrued interest payable	134,547	4,894,792	329,964	5,224,756
Pollution remediation obligation	-	21,000	-	21,000
Long-term obligations maturing within one year	1,486,609	29,041,311	10,053,235	39,094,546
Notes payable	-	191,900,000	-	191,900,000
Unearned revenue and deposits	163,962	2,050,447	81,825	2,132,272
Current liabilities payable from restricted assets:				
Customer refunds and deposits payable	-	2,861,431	-	2,861,431
Unredeemed mini bonds payable	-	59,000	-	59,000
Capital acquisition and construction accounts and retainage payable	-	3,783,804	-	3,783,804
Total current liabilities	5,681,890	275,418,178	55,760,659	331,178,837
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts and premiums)	-	518,195,367	-	518,195,367
Advances from other funds	-	-	1,105,000	1,105,000
Alaska clean water and drinking water loans payable	9,796,051	180,723,616	-	180,723,616
Asset retirement obligation	-	24,332,547	-	24,332,547
Capital leases payable	-	-	35,300,582	35,300,582
Claims incurred but not reported	-	-	6,148,709	6,148,709
Compensated absences	83,397	649,556	267,339	916,895
Notes payable	16,734,956	96,510,949	-	96,510,949
Net pension liability	4,566,919	50,217,494	10,139,303	60,356,797
Net OPEB liability	150,053	1,649,961	333,140	1,983,101
Liabilities payable from restricted assets:				
Customer deposits	-	259,324	-	259,324
Other liabilities:				
Pollution remediation obligation	-	686,300	-	686,300
Future landfill closure costs	33,592,239	33,592,239	-	33,592,239
Other long-term obligations	-	1,774,678	-	1,774,678
Total noncurrent liabilities	64,923,615	908,592,031	53,294,073	961,886,104
Total liabilities	70,605,505	1,184,010,209	109,054,732	1,293,064,941
<b>Deferred Inflows of Resources</b>				
Contributions in aid of construction (net of amortization)	-	530,648,198	-	530,648,198
Future natural gas purchases	-	18,230,036	-	18,230,036
Regulatory liability gas sales	-	10,106,438	-	10,106,438
Deferred inflow related to net pension liability	234,217	2,575,426	519,998	3,095,424
Deferred inflow related to net OPEB asset and liability	187,549	2,062,277	416,390	2,478,667
Total deferred inflows of resources	421,766	563,622,375	936,388	564,558,763
<b>Net Position</b>				
Net investment in capital assets	144,374,342	795,169,631	43,435,223	838,604,854
Restricted for:				
Debt service	-	326,653	-	326,653
Interim rate escrow requirement	-	5,731,260	-	5,731,260
Acquisition and construction	1,776,137	21,451,725	-	21,451,725
Operations	-	14,391,000	-	14,391,000
Post closure care	3,377,837	3,377,837	-	3,377,837
Unrestricted (deficit)	18,261,914	130,189,560	(9,437,075)	120,752,485
Total net position	167,790,230	970,637,666	33,998,148	1,004,635,814
Total liabilities, deferred inflows of resources and net position	\$ 238,817,501	\$ 2,154,647,875	\$ 143,989,268	\$ 2,862,259,518
		2,006,578		
		\$ 972,644,244		

Adjustment to reflect the consolidation of internal  
 service fund activities related to enterprise funds  
 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, 2019

**Business-Type Activities – Enterprise Funds**

	Electric Utility	Water Utility	Wastewater Utility	Port
<b>Operating revenues</b>				
Charges for sales and services	\$ 169,372,078	\$ 64,457,142	\$ 58,900,885	\$ 7,880,248
Other	(2,581,581)	1,508,739	988,985	4,835,739
Total operating revenues	<u>166,790,497</u>	<u>65,965,881</u>	<u>59,889,870</u>	<u>12,715,987</u>
<b>Operating expenses</b>				
Operations	102,454,190	24,137,471	28,187,392	8,272,366
Change in landfill closure liability	-	-	-	-
Depreciation and amortization	29,176,277	13,061,116	12,080,870	7,126,617
Total operating expenses	<u>131,630,467</u>	<u>37,198,587</u>	<u>40,268,262</u>	<u>15,398,983</u>
Operating income (loss)	<u>35,160,030</u>	<u>28,767,294</u>	<u>19,621,608</u>	<u>(2,682,996)</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income (loss)	7,237,517	2,554,363	1,706,151	1,394,025
Interest subsidy on Build America Bonds	2,443,046	-	-	-
Other revenues	-	82,257	100,641	1,689,148
Intergovernmental revenue	(158,592)	(263,081)	(263,082)	(32,445)
Interest expense	(21,387,812)	(5,925,983)	(4,544,212)	(1,290,712)
Allowance for funds used during construction (AFUDC)	595,493	788,274	1,128,260	-
Loss on impaired assets	-	-	-	-
Gain (loss) on sale of capital assets	(75,837)	-	-	249,459
Amortization of deferred charges	(36,469)	-	-	-
Other expenses	(49,246)	7,500	7,500	(1,787,942)
Net nonoperating revenues (expenses)	<u>(11,431,900)</u>	<u>(2,756,670)</u>	<u>(1,864,742)</u>	<u>221,533</u>
Income (loss) before capital contributions and transfers	23,728,130	26,010,624	17,756,866	(2,461,463)
Capital contributions	-	-	-	45,651,079
Transfers from other funds	-	-	-	-
Transfers to other funds	(9,645,938)	(8,712,813)	(6,255,187)	(2,187,485)
Change in net position	14,082,192	17,297,811	11,501,679	41,002,131
Net position, beginning of year	285,239,721	155,868,780	100,726,294	177,128,828
Net position, end of year	<u>\$ 299,321,913</u>	<u>\$ 173,166,591</u>	<u>\$ 112,227,973</u>	<u>\$ 218,130,959</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the year ended December 31, 2019

	<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	\$ 36,256,547	\$ 336,866,900	\$ 104,485,448	\$ 441,352,348
Other	222,755	4,974,637	121,406	5,096,043
Total operating revenues	<u>36,479,302</u>	<u>341,841,537</u>	<u>104,606,854</u>	<u>446,448,391</u>
<b>Operating expenses</b>				
Operations	25,427,052	188,478,471	90,361,896	278,840,367
Change in landfill closure liability	(907,592)	(907,592)	-	(907,592)
Depreciation and amortization	8,208,183	69,653,063	13,309,144	82,962,207
Total operating expenses	<u>32,727,643</u>	<u>257,223,942</u>	<u>103,671,040</u>	<u>360,894,982</u>
Operating income (loss)	<u>3,751,659</u>	<u>84,617,595</u>	<u>935,814</u>	<u>85,553,409</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income (loss)	6,602,514	19,494,570	1,326,273	20,820,843
Interest subsidy on Build America Bonds	-	2,443,046	-	2,443,046
Other revenues	-	1,872,046	272,336	2,144,382
Intergovernmental revenue	45,801	(671,399)	(159,295)	(830,694)
Interest expense	(677,492)	(33,826,211)	(1,489,617)	(35,315,828)
Allowance for funds used during construction (AFUDC)	-	2,512,027	-	2,512,027
Loss on impaired assets	(503,770)	(503,770)	-	(503,770)
Gain (loss) on sale of capital assets	239,201	412,823	20,007	432,830
Amortization of deferred charges	-	(36,469)	-	(36,469)
Other expenses	-	(1,822,188)	(5,750)	(1,827,938)
Net nonoperating revenues (expenses)	<u>5,706,254</u>	<u>(10,125,525)</u>	<u>(36,046)</u>	<u>(10,161,571)</u>
Income (loss) before capital contributions and transfers	9,457,913	74,492,070	899,768	75,391,838
Capital contributions	4,128,852	49,779,931	128,053	49,907,984
Transfers from other funds	607,962	607,962	2,949,821	3,557,783
Transfers to other funds	(1,227,530)	(28,028,953)	(53,063)	(28,082,016)
Change in net position	12,967,197	96,851,010	3,924,579	100,775,589
Net position, beginning of year	154,823,033		30,073,569	903,860,225
Net position, end of year	<u>\$ 167,790,230</u>		<u>\$ 33,998,148</u>	<u>\$ 1,004,635,814</u>

Adjustment to reflect the consolidation of internal  
245,960 service fund activities related to enterprise funds.  
\$ 97,096,970 Change in net position of business-type activities.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2019

**Business-Type Activities – Enterprise Funds**

	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Port</b>
<b>Cash flows from (for) operating activities</b>				
Receipts from customers	\$ 178,238,532	\$ 65,500,591	\$ 59,787,300	\$ 12,900,302
Other operating cash receipts	(1,851,857)	-	-	-
Receipts for interfund services provided	-	-	-	-
Payments to employees	(33,131,990)	(17,904,500)	(17,290,245)	(2,633,901)
Payments to vendors	(63,864,029)	(9,704,875)	(15,207,835)	(5,703,558)
Payments for interfund services used	(3,537,847)	(2,271,475)	(2,498,882)	(985,148)
Net cash from operating activities	<u>75,852,809</u>	<u>35,619,741</u>	<u>24,790,338</u>	<u>3,577,695</u>
<b>Cash flows from (for) non-capital financing activities</b>				
Intergovernmental revenue	-	-	-	-
Transfers to other funds	(9,645,938)	(8,712,813)	(6,255,187)	(2,187,485)
Transfers from other funds	-	-	-	-
Security contract	-	-	-	(1,787,942)
Right of way and security fees	-	-	-	1,689,148
Due to other funds	-	-	-	-
Non-operating cash receipts	-	-	-	-
Advance to other funds	-	-	-	-
Net cash from (for) non-capital financing activities	<u>(9,645,938)</u>	<u>(8,712,813)</u>	<u>(6,255,187)</u>	<u>(2,286,279)</u>
<b>Cash flows from (for) capital and related financing activities</b>				
Interest payments on short-term obligations	(4,920,584)	-	-	-
Proceeds from issuance of long-term obligations	-	-	6,229,157	-
Principal payments on long-term obligations	(7,730,000)	(11,396,556)	(8,496,735)	-
Interest payments on long-term obligations	(17,615,185)	(6,575,527)	(5,050,446)	(1,314,410)
Interest subsidy on Build America Bonds	2,445,649	-	-	-
Proceeds from assets held for resale	-	-	-	252,450
Acquisition and construction of capital assets	(34,624,168)	(15,419,649)	(26,068,617)	(45,793,650)
Transfers from other funds	-	-	-	-
Landfill post closure cash reserve	-	-	-	-
Principal payments on interfund loans	-	-	-	-
Interest payments on interfund loans	-	-	-	-
Proceeds from Alaska clean water and drinking water loans	-	7,558,043	14,941,170	-
Proceeds from issuance of debt	-	2,895,265	-	-
Proceeds from the sale or disposition of capital assets	54,625	-	-	10,776
Capital contributions – customers	273,690	241,257	273,759	-
Capital contributions – intergovernmental	135,912	-	-	28,673,854
Net cash from (for) capital and related financing activities	<u>(61,980,061)</u>	<u>(22,697,167)</u>	<u>(18,171,712)</u>	<u>(18,170,980)</u>
<b>Cash flows from (for) investing activities</b>				
Net (deposits to) withdrawals from restricted funds	(5,926,060)	-	-	-
Investment income received	7,303,712	2,474,946	1,859,495	1,471,498
Net cash from (for) investing activities	<u>1,377,652</u>	<u>2,474,946</u>	<u>1,859,495</u>	<u>1,471,498</u>
Net increase (decrease) in cash	5,604,462	6,684,707	2,222,934	(15,408,066)
Cash, beginning of year	63,131,817	42,323,691	30,856,731	22,915,484
Cash, end of year	<u>68,736,279</u>	<u>49,008,398</u>	<u>33,079,665</u>	<u>7,507,418</u>
Cash	1,000	-	2,200	650
Cash and investments in central treasury	67,474,637	35,347,860	25,264,213	5,556,768
Equity in bond and grant capital acquisition and construction accounts	-	10,234,937	3,588,300	-
Cash legal settlement set aside	-	-	-	1,950,000
Debt service investments	-	106	74	-
Restricted equity in general cash pool- customer deposits	1,260,642	189,196	70,128	-
Interim rate escrow investments	-	3,177,299	4,154,750	-
Restricted equity in general cash pool- unredeemed mini bonds	-	59,000	-	-
Cash, December 31	<u>\$ 68,736,279</u>	<u>\$ 49,008,398</u>	<u>\$ 33,079,665</u>	<u>\$ 7,507,418</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2019

	<b>Business-Type Activities Enterprise Funds</b>		<b>Governmental</b>	
	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Activities – Internal Service Funds</b>	<b>Total Proprietary Funds</b>
<b>Cash flows from (for) operating activities</b>				
Receipts from customers	\$ 35,652,244	\$ 352,078,969	\$ -	\$ 352,078,969
Other operating cash receipts	-	(1,851,857)	-	(1,851,857)
Receipts for interfund services provided	-	-	104,868,601	104,868,601
Payments to employees	(13,612,714)	(84,573,350)	(14,453,456)	(99,026,806)
Payments to vendors	(10,451,543)	(104,931,840)	(69,687,716)	(174,619,556)
Payments for interfund services used	(3,227,769)	(12,521,121)	(3,520,638)	(16,041,759)
Net cash from operating activities	<u>8,360,218</u>	<u>148,200,801</u>	<u>17,206,791</u>	<u>165,407,592</u>
<b>Cash flows from (for) non-capital financing activities</b>				
Intergovernmental revenue	117,157	117,157	-	117,157
Transfers to other funds	(1,227,530)	(28,028,953)	(53,063)	(28,082,016)
Transfers from other funds	-	-	952,218	952,218
Security contract	-	(1,787,942)	-	(1,787,942)
Right of way and security fees	-	1,689,148	-	1,689,148
Due to other funds	(4,032,348)	(4,032,348)	4,795,275	762,927
Non-operating cash receipts	-	-	92,867	92,867
Advance to other funds	-	-	65,818	65,818
Net cash from (for) non-capital financing activities	<u>(5,142,721)</u>	<u>(32,042,938)</u>	<u>5,853,115</u>	<u>(26,189,823)</u>
<b>Cash flows from (for) capital and related financing activities</b>				
Interest payments on short-term obligations	-	(4,920,584)	-	(4,920,584)
Proceeds from issuance of long-term obligations	-	6,229,157	-	6,229,157
Principal payments on long-term obligations	(1,486,613)	(29,109,904)	(10,563,254)	(39,673,158)
Interest payments on long-term obligations	(624,362)	(31,179,930)	(1,389,570)	(32,569,500)
Interest subsidy on Build America Bonds	-	2,445,649	-	2,445,649
Proceeds from assets held for resale	-	252,450	-	252,450
Acquisition and construction of capital assets	(26,191,583)	(148,097,667)	(6,598,153)	(154,695,820)
Transfers from other funds	607,962	607,962	1,997,603	2,605,565
Landfill post closure cash reserve	(5,411,808)	(5,411,808)	-	(5,411,808)
Principal payments on interfund loans	-	-	(85,000)	(85,000)
Interest payments on interfund loans	-	-	(70,072)	(70,072)
Proceeds from Alaska clean water and drinking water loans	-	22,499,213	-	22,499,213
Proceeds from issuance of debt	16,734,956	19,630,221	3,307,490	22,937,711
Proceeds from the sale or disposition of capital assets	248,727	314,128	376,628	690,756
Capital contributions – customers	-	788,706	-	788,706
Capital contributions – intergovernmental	9,419,647	38,229,413	-	38,229,413
Net cash from (for) capital and related financing activities	<u>(6,703,074)</u>	<u>(127,722,994)</u>	<u>(13,024,328)</u>	<u>(140,747,328)</u>
<b>Cash flows from (for) investing activities</b>				
Net (deposits to) withdrawals from restricted funds	-	(5,926,060)	-	(5,926,060)
Investment income received	6,615,385	19,725,036	1,326,273	21,051,309
Net cash from (for) investing activities	<u>6,615,385</u>	<u>13,798,976</u>	<u>1,326,273</u>	<u>15,125,249</u>
Net increase (decrease) in cash	3,129,808	2,233,845	11,361,851	13,595,696
Cash, beginning of year	19,826,964	179,054,687	33,497,775	212,552,462
Cash, end of year	<u>22,956,772</u>	<u>181,288,532</u>	<u>44,859,626</u>	<u>226,148,158</u>
Cash	3,675	7,525	-	7,525
Cash and investments in central treasury	7,502,208	141,145,686	40,664,433	181,810,119
Equity in bond and grant capital acquisition and construction accounts	15,450,889	29,274,126	4,195,193	33,469,319
Cash legal settlement set aside	-	1,950,000	-	1,950,000
Debt service investments	-	180	-	180
Restricted equity in general cash pool- customer deposits	-	1,519,966	-	1,519,966
Interim rate escrow investments	-	7,332,049	-	7,332,049
Restricted equity in general cash pool- unredeemed mini bonds	-	59,000	-	59,000
Cash, December 31	<u>\$ 22,956,772</u>	<u>\$ 181,288,532</u>	<u>\$ 44,859,626</u>	<u>\$ 226,148,158</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2019

**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)	\$ 35,160,030	\$ 28,767,294	\$ 19,621,608	\$ (2,682,996)
Adjustments to reconcile operating income (loss) to net cash from (for)				
operating activities:				
Change in landfill closure liability	-	-	-	-
Depreciation and amortization	29,176,277	13,061,116	12,080,870	7,126,617
Allowance for uncollectible accounts	197,844	15,953	93,667	-
Pension and OPEB relief-noncash expense	(158,592)	(263,081)	(263,082)	(32,445)
Other revenues / expenses	(49,246)	89,757	108,141	-
Changes in assets, deferred outflows and inflows of resources, and liabilities which				
increase (decrease) cash:				
Accounts receivable, net	(43,365)	(463,574)	(633,724)	184,315
Inventories	(745,878)	(265,157)	(110,925)	-
Net OPEB asset	78,996	131,042	131,042	(16,161)
Prepaid items and deposits	-	(147,132)	(114,168)	21,085
Unbilled reimbursable projects	264,112	(1,060,049)	(3,059,555)	-
Other assets current	(97,101)	-	-	-
Other assets noncurrent	638,520	-	-	-
Customer deposits and refunds payable	35,190	(18,205)	437,486	-
Deferred outflows of resource related to net pension liability	273,832	292,751	292,751	62,108
Deferred outflows of resource related to net OPEB asset and liability	100,321	62,343	62,343	24,447
Accounts payable, other accrued liabilities and retainages	470,827	(881,595)	(117,535)	(241,540)
Accrued payroll liabilities	310,137	137,017	253,497	(48,677)
Asset retirement obligation	7,788,835	-	-	-
Compensated absences	(139,161)	91,613	(61,189)	(19,581)
Claims payable	-	-	-	-
Net pension liability	(1,267,144)	(514,099)	(514,100)	(319,088)
Net OPEB liability	(2,154,653)	(3,248,835)	(3,248,835)	(420,754)
Deferred inflows of resources related to net pension liability	232,548	425,615	425,615	46,075
Deferred inflows of resources related to net OPEB asset and liability	(428,879)	(593,569)	(593,569)	(92,186)
Deferred inflows of resources	3,118,823	-	-	-
Unearned revenues and deposits	466,207	536	-	-
Other long-term obligations	2,624,329	-	-	(13,524)
Total cash from operating activities	<u>75,852,809</u>	<u>35,619,741</u>	<u>24,790,338</u>	<u>3,577,695</u>
<b>Noncash investing, capital, and financing activities:</b>				
Capital purchases on account	810,767	1,590,503	1,941,171	7,103,142
Contributed capital and equipment	-	873,922	1,081,543	24,828,730
Conveyed assets held for resale	-	-	-	242,093
Contributions in aid of construction funded from deferred inflows of resources	794,741	-	-	-
Portion of plant from AFUDC	595,493	788,274	1,128,260	-
Total noncash investing, capital, and financing activities	<u>\$ 2,201,001</u>	<u>\$ 3,252,699</u>	<u>\$ 4,150,974</u>	<u>\$ 32,173,965</u>



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2019

	<b>Business-Type Activities Enterprise Funds</b>		<b>Governmental</b>	
	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Activities – Internal Service Funds</b>	<b>Total Proprietary Funds</b>
<b>Reconciliation of operating income (loss) to net cash from (for)</b>				
<b>operating activities:</b>				
Operating income (loss)	\$ 3,751,659	\$ 84,617,595	\$ 935,814	\$ 85,553,409
Adjustments to reconcile operating income (loss) to net cash from (for)				
operating activities:				
Change in landfill closure liability	(907,592)	(907,592)	-	(907,592)
Depreciation and amortization	8,208,183	69,653,063	13,309,144	82,962,207
Allowance for uncollectible accounts	-	307,464	-	307,464
Pension and OPEB relief-noncash expense	(71,749)	(788,949)	(159,295)	(948,244)
Other revenues / expenses	-	148,652	179,469	328,121
Changes in assets, deferred outflows and inflows of resources, and liabilities which				
increase (decrease) cash:				
Accounts receivable, net	(800,117)	(1,756,465)	453	(1,756,012)
Inventories	-	(1,121,960)	21,793	(1,100,167)
Net OPEB asset	(35,739)	289,180	(79,346)	209,834
Prepaid items and deposits	(67,323)	(307,538)	(325,098)	(632,636)
Unbilled reimbursable projects	-	(3,855,492)	-	(3,855,492)
Other assets current	-	(97,101)	-	(97,101)
Other assets noncurrent	-	638,520	-	638,520
Customer deposits and refunds payable	-	454,471	-	454,471
Deferred outflows of resource related to net pension liability	164,170	1,085,612	121,825	1,207,437
Deferred outflows of resource related to net OPEB asset and liability	71,349	320,803	2,021	322,824
Accounts payable, other accrued liabilities and retainages	(29,978)	(799,821)	(1,906,014)	(2,705,835)
Accrued payroll liabilities	86,703	738,677	5,821	744,498
Asset retirement obligation	-	7,788,835	-	7,788,835
Compensated absences	99,637	(28,681)	231,935	203,254
Claims payable	-	-	6,296,969	6,296,969
Net pension liability	(969,385)	(3,583,816)	233,796	(3,350,020)
Net OPEB liability	(984,488)	(10,057,565)	(1,696,770)	(11,754,335)
Deferred inflows of resources related to net pension liability	(7,102)	1,122,751	271,389	1,394,140
Deferred inflows of resources related to net OPEB asset and liability	(121,069)	(1,829,272)	(318,940)	(2,148,212)
Deferred inflows of resources	-	3,118,823	-	3,118,823
Unearned revenues and deposits	(26,941)	439,802	81,825	521,627
Other long-term obligations	-	2,610,805	-	2,610,805
Total cash from operating activities	<u>8,360,218</u>	<u>148,200,801</u>	<u>17,206,791</u>	<u>165,407,592</u>
<b>Noncash investing, capital, and financing activities:</b>				
Capital purchases on account	1,859,526	13,305,109	496,568	13,801,677
Contributed capital and equipment	4,128,852	30,913,047	128,053	31,041,100
Conveyed assets held for resale	-	242,093	-	242,093
Contributions in aid of construction funded from deferred inflows of resources	-	794,741	-	794,741
Portion of plant from AFUDC	-	2,512,027	-	2,512,027
Total noncash investing, capital, and financing activities	<u>\$ 5,988,378</u>	<u>\$ 47,767,017</u>	<u>\$ 624,621</u>	<u>\$ 48,391,638</u>

MUNICIPALITY OF ANCHORAGE, ALASKA  
Statement of Net Position  
Fiduciary Funds  
December 31, 2019

	<b>Pension and  Other Post  Employment Benefits  Trust Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 7,742
Securities lending collateral	6,556,828
Contribution receivable	5,915
Investments:	
Money market funds	4,825,044
Certificate of deposit	6,068,814
U.S. treasuries	5,064,418
U.S. agencies	3,841,591
Corporate fixed income securities	74,636,856
International fixed income funds	362,529
Fixed income funds	1,205,668
Domestic equity securities	159,449,004
International equity securities	99,828,957
Real estate funds	52,446,985
Total investments	407,729,866
Total assets	414,300,351
<b>Liabilities</b>	
Accounts payable and accrued expenses	118,825
Payable under securities lending program	6,556,828
Total liabilities	6,675,653
<b>Net Position</b>	
Restricted for:	
Pensions	386,519,266
Postemployment benefits other than pensions	21,105,432
Total net position	\$ 407,624,698

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Changes in Net Position  
Fiduciary Funds  
For the year ended December 31, 2019

	<b>Pension and Other Post Employment Benefits Trust Funds</b>
<b>Additions</b>	
Contributions from the Municipality	\$ 3,516,241
Contributions from plan members	126,516
Investment income:	
Interest	2,065,719
Dividends	4,400,754
Net decrease in fair value of investments	65,168,312
Less: investment expense	<u>(2,066,450)</u>
Net Investment Income	69,568,335
Total additions	<u>73,211,092</u>
<b>Deductions</b>	
Regular benefit payments	36,268,046
Administrative expenses	<u>714,725</u>
Total deductions	<u>36,982,771</u>
Change in fiduciary net position	36,228,321
Net position, beginning of year	<u>371,396,377</u>
Net position, end of year	<u><u>\$ 407,624,698</u></u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Notes to the Basic Financial Statements  
December 31, 2019

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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 the board members are appointed by the Mayor. As of December 31, 2019, 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, 2019.

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 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. Certain indirect costs are included in program expense reported for individual functions and activities.

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, contributions, and similar items are recognized as revenue as soon as all eligibility requirements have been met. Return of restricted contributions are recorded as a reduction of revenue, if unused. Certain changes in the current year presentation of revenue in the Statement of Activities are affected by the recognition of actuarially calculated changes in net pension and OPEB liabilities.

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 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 susceptible to accrual as revenue of the current period. All other revenue items are 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.
- The **MOA Trust Fund** accounts for the endowment fund authorized by the voters of the Municipality.

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

- 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.

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

Generally, 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. Details 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 zero and over 90 days, and trade accounts using weighted percentages between zero 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 2019, real and personal property taxes were levied on May 1<sup>st</sup>. Real property taxes were payable in two installments on June 15<sup>th</sup> and August 15<sup>th</sup>, and personal property taxes in two installments on August 31<sup>st</sup> and October 31<sup>st</sup>. Due to the COVID-19 pandemic, the Municipality has granted a one month extension for the two installment pay dates for real property taxes. For 2020 only, real property tax installments will be due on July 15<sup>th</sup> and September 15<sup>th</sup>.

The Municipality is responsible for assessing and collecting property taxes and remitting the amount approved by the Assembly to ASD. The Municipality collected property taxes on behalf of ASD for their general fund and debt service fund in the amounts of \$210,319,531 and \$36,901,582, respectively. ASD had accrued taxes and deferred inflows of resources of \$124,433,660 for financing half of the 2019-2020 budget as of June 30, 2019. 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, 2019, property taxes receivable for the Municipality was \$12,251,368 including penalties and interest of \$1,680,433 and excluding allowance for uncollectible property tax receivable of \$128,817.

## **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.

## **Regulatory and Other Assets**

The Water and Wastewater Utilities record Miscellaneous Deferred Debit transactions in accordance with its regulatory chart of accounts, the National Association of Regulatory Utility Commission (NARUC). Three accounts are allowed, unless otherwise approved by the RCA: Deferred rate case expense, Other deferred debits, and Regulatory assets. These accounts are reflected as regulatory and other assets on the statement of net position.

## **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 investments made under the Angel Fund program. The “bond operation and maintenance investment” is used to report resources set aside to subsidize potential deficiencies from the Municipality’s operations that could adversely affect debt service payments. The “equity in bond and grant capital acquisition and construction pool” 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 investments” 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 equity in general cash pool- customer deposits”, “restricted deposits”, “interim rate escrow investment”, and “asset retirement obligation sinking fund investments” are funds for which the RCA has specified the use. The “restricted equity in general cash pool- unredeemed mini bonds” represents funds set aside to repay the outstanding mini bonds issued in 2004 that as of December 31, 2019 have not been claimed. “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. 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 (AFUDC) as a means to capture the cost of using both debt and equity funds to finance Utility plant additions during the construction period in accordance with regulatory requirements. AFUDC was capitalized in 2019 in the amounts of \$595,493, \$788,274, and \$1,128,260 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 Electric 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
Intangible ERP System	10 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.

The Municipality implemented the provision of GASB Statement No. 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements for 2019. The provisions of this Statements require debt disclosures to be segregated into direct borrowings, direct placements, and other debt. Direct borrowings are defined as a loan agreement entered into with a single lender. Direct placements are defined as debt securities issued to a single investor. General Obligation bonds, revenue bonds and certificates of participation bonds are considered other debt. Additional disclosures related to unused lines of credit, assets pledged as collateral, and terms specific to events of default and termination with finance-related consequences and subjective acceleration clauses are also required, if applicable. Details regarding long-term obligations are discussed in Note 10.

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

For purposes of measuring the net pension and net OPEB assets and 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 assets and 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 assets and 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, 2019, Electric, Water and Wastewater Utility deferred inflow of resources balances related to CIAC were \$172,546,886, \$198,231,307, and \$159,870,005, respectively.

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

Deferred outflows of resources for the charges on refunding are reported for governmental and business-type activities on the government-wide Statement of Net Position and the proprietary fund statement for the Electric, Water, and Wastewater Utilities. Deferred outflows of resources and deferred inflows of resources related to net pension and net OPEB assets and liabilities are also reported on the government-wide and proprietary funds Statement of Net Positions. Deferred inflows of resources for property taxes, special assessments, health permit receipts, 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. The Utilities report certain balances from their cash in central treasury as restricted assets for specific purposes. These balances are considered cash for the purposes of the statement of cash flows.

#### **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/expenses 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, ACCOUNTABILITY, AND 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, 2019, there were no material violations of expenditures exceeding 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, 2019, an overall deficit unassigned fund balance position and unrestricted net position were reported for the following funds:

Non-major Governmental Funds:

Other Restricted Resources	\$	(21,350)
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Internal Service Funds:

General Liability/Worker's Compensation	\$	(5,574,028)
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Information Technology		(876,601)
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	\$	<u>(6,450,629)</u>
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The Other Restricted Resources fund reported an overall negative unassigned fund balance due to more than one year of cumulative expenditures being more than the 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. In 2019, revenues exceeded expenditures again, but it was still not enough to eliminate the deficit fund balance. 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 because of increases in expenses related to legal settlements and claims incurred but not reported over the past few years.

The Information Technology fund reported a combined overall deficit net position. Net investment in capital assets was positive and Unrestricted net position was deficit, but the deficit in unrestricted net position was greater than the balance in net investment in capital assets. Expenses exceeded revenues in this fund for 2019 and a negative cash position of \$18.5 million was offset with an interfund liability.

## **C. Related Party Transaction and Revenue Sharing Agreements- ACDA**

### **Leased Parking Spaces**

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, which terminated December 31, 2019. The lease term as of December 31, 2019 is on a month to month basis.

### **Lease to Anchorage Police Department (APD) 716 West 4<sup>th</sup> Avenue**

The Municipality is leasing the building at 716 West 4<sup>th</sup> Avenue for the APD office. The lease is for one year, with the option to renew annually for 19 years. The lease payment is \$132,325 per month, adjusted in accordance with the U.S. Department of Labor Consumer Price Index for Urban Consumers (CPI-U). The balance under the current lease term is \$1,629,185 for 2020. Lease payment schedule is included in Note 8A.

### **Anchorage Police Department (APD) Parking Citations**

Under a Memorandum of Understanding, ACDA processes parking citations written by the APD, which is part of the Municipality. All citation revenues collected are paid to the APD, and APD then pays ACDA based on the number of citations written and the revenue received. APD was charged \$17,346 for citation processing in 2019; ACDA has a receivable from APD in the amount of \$2,438 at December 31, 2019. ACDA paid APD \$88,608 of citation revenues in 2019. At December 31, 2019, ACDA has a payable to APD of \$94,398.

### **Revenue Sharing Agreement**

Under a Memorandum of Understanding, ACDA entered a revenue sharing agreement of the Authority Hall parking lot (Lot) with the Municipality in 2009. Beginning January 15, 2010, 58 of the 60 available spaces in the

Lot became available to the public weekdays after 6 PM, on weekends and on Municipal Holidays, for a fee. Revenue collection is performed by ACDA. Of the gross parking revenues received, 50 percent are to be distributed to ACDA and 50 percent to the Municipality. Gross revenues paid by ACDA to the Municipality were \$41,580 in 2019. ACDA also has a payable as of December 31, 2019 to the Municipality for \$15,098.

### Permit Sales

The Municipality purchases parking permits from ACDA. Parking permits purchased by the Municipality were \$193,310 in 2019.

### D. Related Party Transactions - ASD

The Municipality is responsible for assessing and collecting property taxes and remitting the amount approved by the Assembly to ASD. In addition, there are various services that are performed by the Municipality on behalf of ASD. The following is a summary of related party transactions with ASD:

#### Charges for Services:

Operations of swimming pools	\$ (213,845)
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#### Joint Property and Liability Insurance:

Purchase of a single property and liability policy, which covers both the Municipality and ASD	\$ (1,603,016)
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### E. Related Party Transactions – Anchorage Convention and Visitors Bureau (ACVB)

The Municipality has an agreement with ACVB for the management and operation of the William A Egan Civic and Convention Center and the Dena'ina Civic and Convention Center. The Municipality collects a 12 percent gross hotel, motel, bed and breakfast tax, with 1/3<sup>rd</sup> for convention center, 1/3<sup>rd</sup> for tourism, and 1/3<sup>rd</sup> for general purpose. The Municipality remits to ACVB 95 percent of the 1/3<sup>rd</sup> tourism tax revenue collected to ACVB, with the remaining 5 percent withheld as retainage. The retainage is paid to ACVB annually if they successfully meet specific performance standards. For 2019, the Municipality paid ACVB \$9,242,968 and recorded a payable due for the 5 percent retainage of \$479,156.

### NOTE 3 - CASH AND INVESTMENTS

At December 31, 2019, 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	\$ 98,700				
Interim Rate Increase Escrow	7,332,049				
Central Treasury - Unrestricted					
Money Market Funds	\$ 14,721,342	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	61,467,262	61,467,262	-	-	-
Commercial Paper	2,824,608	2,824,608	-	-	-
U.S. Treasuries	90,725,434	5,367,758	68,506,311	16,690,855	160,510
U.S. TIPS	4,133,704	-	1,728,030	2,405,674	-
U.S. Agencies	54,795,702	29,450,138	5,532,580	6,180,849	13,632,135
Municipal Bonds	58,119	-	15,399	-	42,720
Asset-Backed Securities**	24,545,951	136,466	14,855,882	2,183,330	7,370,273
Corporate Fixed Income Securities	119,800,517	33,255,449	44,015,469	40,511,276	2,018,323
Domestic Equities***	38,448	-	-	-	-
	<u>\$ 373,111,087</u>	<u>\$ 132,501,681</u>	<u>\$ 134,653,671</u>	<u>\$ 67,971,984</u>	<u>\$ 23,223,961</u>

\* Includes accrued income.

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

\*\*\* In 2019, the Central Treasury obtained an equity position when a corporate fixed income security was restructured via bankruptcy. The Municipality has chosen to hold this position until it is advantageous to sell it.

Investment Type	Fair Value*	Fixed Income Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<b>Central Treasury - Restricted</b>					
Money Market Funds	\$ 22,921,889	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	10,190,948	10,190,948	-	-	-
Commercial Paper	468,305	468,305	-	-	-
U.S. Treasuries	34,608,937	889,946	30,925,123	2,767,256	26,612
U.S. TIPS	685,346	-	286,498	398,848	-
U.S. Agencies	25,072,613	4,882,677	16,905,048	1,024,752	2,260,136
Municipal Bonds	9,636	-	2,553	-	7,083
Asset-Backed Securities**	4,069,589	22,625	2,463,027	361,985	1,221,952
Corporate Fixed Income Securities	19,862,293	5,513,578	7,297,532	6,716,556	334,627
Domestic Equities***	6,375	-	-	-	-
	<u>\$ 117,895,931</u>	<u>\$ 21,968,079</u>	<u>\$ 57,879,781</u>	<u>\$ 11,269,397</u>	<u>\$ 3,850,410</u>
<b>MOA Trust Fund</b>					
Money Market Funds	\$ 489,540	\$ -	\$ -	\$ -	\$ -
Bank Loan Investments	4,997,174	-	4,997,174	-	-
Emerging Markets Debt	8,395,831	-	-	-	8,395,831
Corporate Fixed Income Securities	31,676,502	241,781	7,836,060	2,846,526	20,752,135
U.S. Treasuries	5,984,259	-	-	2,455,577	3,528,682
U.S. Agencies	1,874,856	515,501	1,359,355	-	-
Domestic Equities & Equity Funds	62,491,744	-	-	-	-
International Equities & Equity Funds	43,377,488	-	-	-	-
Real Estate Funds	12,479,315	-	-	-	-
	<u>\$ 171,766,709</u>	<u>\$ 757,282</u>	<u>\$ 14,192,589</u>	<u>\$ 5,302,103</u>	<u>\$ 32,676,648</u>
<b>Police &amp; Fire Retiree Medical Trust Fund</b>					
Cash	\$ 316,904	\$ -	\$ -	\$ -	\$ -
Money Market Funds	396,839	-	-	-	-
Certificate of Deposit	6,068,814	1,254,764	4,814,050	-	-
U.S. Treasuries	5,064,418	1,001,055	4,063,363	-	-
U.S. Agencies	3,841,591	801,782	3,039,809	-	-
Fixed Income Funds	1,205,668	-	471,877	603,448	130,343
International Fixed Income	362,529	-	-	362,529	-
Domestic Equity Funds	2,348,318	-	-	-	-
International Equity Funds	1,552,477	-	-	-	-
	<u>\$ 21,157,558</u>	<u>\$ 3,057,601</u>	<u>\$ 12,389,099</u>	<u>\$ 965,977</u>	<u>\$ 130,343</u>
<b>Police &amp; Fire Retiree Medical Liability Fund</b>					
Money Market Funds	\$ 318,566	\$ -	\$ -	\$ -	\$ -
Fixed Income Funds	8,442,240	-	-	8,442,240	-
Domestic Equities & Equity Funds	14,404,726	-	-	-	-
International Equities & Equity Funds	9,816,306	-	-	-	-
Real Estate Funds	3,940,395	-	-	-	-
	<u>\$ 36,922,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,442,240</u>	<u>\$ -</u>
<b>Police and Fire Retirement Pension Trust Fund</b>					
Cash	\$ 117,095	\$ -	\$ -	\$ -	\$ -
Money Market Funds	3,994,206	-	-	-	-
Corporate Fixed Income Securities	74,636,856	11,665,123	39,480,279	23,196,715	294,739
Domestic Equities & Equity Funds	157,100,686	-	-	-	-
International Equities & Equity Funds	98,276,480	-	-	-	-
Real Estate Funds	52,446,985	-	-	-	-
	<u>\$ 386,572,308</u>	<u>\$ 11,665,123</u>	<u>\$ 39,480,279</u>	<u>\$ 23,196,715</u>	<u>\$ 294,739</u>

\* Includes accrued income.

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

\*\*\* In 2019, the Central Treasury obtained an equity position when a corporate fixed income security was restructured via bankruptcy. The Municipality has chosen to hold this position until it is advantageous to sell it.

Investment Type	Fair Value*	Fixed Income Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<b>Beluga River Asset Retirement Obligation Fund</b>					
Money Market Funds	\$ 86,590	\$ -	\$ -	\$ -	\$ -
U.S. Treasuries	5,554,268	131,577	2,876,763	875,241	1,670,687
Asset-Backed Securities**	2,626,852	25,337	-	207,690	2,393,825
Corporate Fixed Income Securities	2,273,211	100,263	1,068,347	583,553	521,048
U.S. TIPS	1,608,253	1,608,253	-	-	-
Domestic Equity Funds	2,505,196	-	-	-	-
International Developed Equity	863,848	-	-	-	-
Real Estate Funds	824,588	-	-	-	-
	<u>\$ 16,342,806</u>	<u>\$ 1,865,430</u>	<u>\$ 3,945,110</u>	<u>\$ 1,666,484</u>	<u>\$ 4,585,560</u>
<b>Anchorage Regional Landfill Closure and Post-Closure Reserve Liability Fund</b>					
Money Market Funds	\$ 3,786	\$ -	\$ -	\$ -	\$ -
U.S. Fixed Income Fund	18,227,866	-	-	18,227,866	-
Domestic Equity Common Trust Fund	11,417,109	-	-	-	-
International Equities & Equity Funds	7,321,315	-	-	-	-
	<u>\$ 36,970,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,227,866</u>	<u>\$ -</u>
<b>CIVICVentures Component Unit</b>					
Money Market Funds	\$ 6,924,946	\$ -	\$ -	\$ -	\$ -
U.S. Treasuries	341,423	-	341,423	-	-
U.S. Agencies	6,115,572	-	6,115,572	-	-
	<u>\$ 13,381,941</u>	<u>\$ -</u>	<u>\$ 6,456,995</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Cash and Investments</b>	<u>\$ 1,181,551,398</u>	<u>\$ 171,815,196</u>	<u>\$ 268,997,524</u>	<u>\$ 137,042,766</u>	<u>\$ 64,761,661</u>
Governmental Activities	\$ 480,106,010				
Business-Type Activities	293,707,780				
Fiduciary Funds	407,737,608				
	<u>\$ 1,181,551,398</u>				

\* Includes accrued income.

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

#### Governmental Activities

Cash	\$ 83,433
Cash and investments in central treasury	249,356,300
Equity in bond and grant capital acquisition and construction pool	4,195,193
Accrued interest on investments	1,100,064
Current Restricted:	
Investments	225,371,020
Total Governmental Activities Cash and Investments	<u>\$ 480,106,010</u>

#### Business-type Activities

Cash	\$ 7,525
Cash and investments in central treasury	141,145,686
Equity in bond and grant capital acquisition and construction pool	15,450,889
Accrued interest on investments (excluding BABs)	859,552
Current Restricted:	
Restricted equity in general cash pool- customer deposits	1,260,642
Equity in bond and grant capital acquisition and construction pool	13,823,237
Interim rate escrow investment	7,332,049
Equity in general cash pool- unredeemed mini bonds	59,000

## Business-type Activities

### Noncurrent Restricted:

Restricted equity in general cash pool- customer deposits	\$ 259,324
Restricted deposits	17,411,868
Cash legal settlement set aside	1,950,000
Bond operation and maintenance investments	14,391,000
Landfill post closure cash reserve	36,970,076
Debt service investments	2,056,692
Asset retirement obligation sinking fund investments	16,342,806
Revenue bond reserve investments	24,387,434
Total Business-type Activities Cash and Investments	<u>\$ 293,707,780</u>

### Fiduciary Funds

Cash and cash equivalents	\$ 7,742
Investments	407,729,866
Total Fiduciary Funds Cash and Investments	<u>\$ 407,737,608</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), except that the Working Capital portfolio may not be invested in 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 limits the concentration of investments for the Working Capital Portfolio at the time new investments are purchased as follows, with year-end concentration listed for 2019:

Investment Type	Concentration Limit	Working Capital Portfolio Holding % at December 31, 2019
U.S. Government Securities*	50% to 100% of investment portfolio	27%
Repurchase Agreements	0% to 50% of investment portfolio	42%
Commercial Paper	0% to 25% of investment portfolio	1%
	Maximum 5% per issuer	
Corporate Fixed Income**	0% to 25% of investment portfolio	17%
	Maximum 5% per issuer	
Money Market Mutual Funds	0% to 25% of investment portfolio	13%
		<u>100%</u>

\*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 P&P limits the concentration of investments for the internally managed portfolio at the time new investments are purchased as follows, with year-end concentrations listed for 2019:

Investment Type	Concentration Limit	Internally Managed Portfolio Holding % at December 31, 2019
U.S. Government Securities*	50% to 100% of investment portfolio	69%
Money Market Mutual Funds**	0% to 25% of investment portfolio	31%
		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, 2019 in anticipation of planned spending within a week. The portfolio was back in compliance the first week of 2020.

## 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, with the exception of 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, 2019
Domestic Equities	30%	40%	37%
International Equities	22%	28%	25%
Fixed Income (excluding TIPS)	21%	27%	23%
Emerging Markets	0%	8%	5%
Bank Loan Investments	0%	5%	3%
Real Estate	6%	10%	7%
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) fixed income securities.
- Cash equivalents.

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

- The use of leverage is prohibited, as are short sales and margin transactions.
- For equities, investment in any one company shall not exceed the greater of 5 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, 2019
General Funds:		
Equities	70%	
Domestic Equities	42%	43%
International Equities	28%	28%
Fixed Income	30%	
Domestic Fixed Income	23%	22%
International Fixed Income	7%	7%
		100%

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2019
Member Allocated Funds:			
U.S. Treasuries	23%	33%	32%
Government Agencies	20%	30%	24%
Certificate of Deposit	35%	45%	39%
Cash Equivalents	4%	10%	5%
			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, 2019
Domestic Equities	34%	44%	39%
International Equity	22%	30%	26%
Fixed Income	22%	28%	23%
Real Estate	6%	14%	11%
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, 2019
Domestic Equities:			
Large Cap Core	6%	12%	9%
Large Cap Growth	6%	12%	9%
Large Cap Value	7%	13%	10%
Small Cap Growth	4%	8%	6%
Small/Mid Cap Value	4%	8%	6%
International Equities:			
MSCI ACWI ex US	9.5%	15.5%	12%
Growth	9.5%	15.5%	13%
Fixed Income:			
Domestic Fixed Income	15%	28%	19%
Real Estate Funds:			
Open Ended Proprietary Fund	2%	9%	6%
Farmland	2%	8%	5%
UBS-TPI	1%	7%	4%
Cash & Cash Equivalents:			
Cash Equivalents	0%	4%	1%
			<u>100%</u>

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, 2019
Domestic Equities:				
Large Cap	5%	20%	13%	13%
Mid Cap	0%	5%	1%	1%
Small Cap	0%	5%	1%	1%
International Equities:				
Developed	0%	10%	4%	4%
Emerging Markets	0%	5%	1%	1%
Real Estate:				
Real Estate Funds	0%	10%	5%	5%
Fixed Income:				
Domestic Fixed Income	35%	65%	65%	64%
TIPS	5%	15%	10%	10%
Cash & Cash Equivalents:				
Cash Equivalents	0%	15%	0%	1%
				100%

## G. Anchorage Regional Landfill Closure and Post-closure 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 Liability 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 Liability Reserve Fund limits the concentration of its investments as follows:

Investment Type	Lower Limit	Target	Upper Limit	Investment Holding % at December 31, 2019
Domestic Equities	24%	30%	36%	31%
International Equities	16%	20%	24%	20%
Domestic Fixed Income	45%	50%	55%	49%
		100%		100%

## H. CIVIC Ventures Component Unit

CIVIC Ventures (the 'Corporation') was established and incorporated on April 22, 2005 as a nonprofit corporation under the laws of the State of Alaska as approved by Anchorage Assembly Resolution 2005-145. The Corporation was created for the purpose of owning, financing, constructing, and holding title to a new civic and convention center and related facilities.

Construction of the new facility was financed through the issuance of long-term, tax-exempt revenue bonds. Upon retirement of the bonds, CIVICVentures will transfer title of the facility to the Municipality.

The Corporation is funded through collection of contractual payments from the Municipality. In April 2005, Anchorage voters approved a four percent points increase, from 8 percent to 12 percent, to the "Hotel/Motel and Bed & Breakfast Room Tax" for the dedicated purpose of funding and financing the activities associated with the Dena'ina Convention Center construction and related debt service, as well as renovation and operation of the existing Egan Civic and Convention Center. The tax is collected by the Municipality and remitted to the Corporation along with the additional pledged taxes pursuant to the Use Agreement between the Municipality and the Corporation.

The Corporation is a blended component unit of the Municipality but exists independently of and separately from the Municipality. Component unit status is based on Mayoral appointment of the five-member board of directors, two of whom must be executive employees of the Municipality. Management and accounting services are also provided by the Municipality. In addition, because the corporation provides services exclusively for the benefit of the Municipality and its citizenry, the Corporation is deemed a blended component unit, and is reported as a separate fund of the Municipality.

The Corporation executed in concert with the issuance of the 2015 revenue bonds, an Indenture of Trust. The Indenture of trust provides for the creation of various Trust Accounts as follows:

- Debt Service Fund – to be used for payment of principal and interest on the specified payment due dates.
- Debt Service Reserve Fund – to be used for debt service payments if the Debt Service Fund is insufficient.

All funds within the Trust are invested by the Trustee pursuant to instructions by the Treasurer of the Corporation. The Corporation ensures the preservation of investment principal by following Anchorage Municipal code 6.50.030 and related investment policy. (P&P 24-11)

#### **I. 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, 2019, the Working Capital Portfolio had a duration of 0.09 years, or approximately 33 days, and was 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, 2019, 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 1.87 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, 2019, the Strategic Reserve Portfolio had a duration of 3.21 years as compared to its benchmark, Barclays Intermediate Government/Corporate Index, which had a duration of 3.62 years.

The effective duration of the externally managed portfolio of the Municipal Central Treasury working capital portfolio, December 31, 2019, was 0.09 years, which is 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, 2019, were 1.83 years, and 3.21 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, 2019, 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 6.64 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, 2019, 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 5.79 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 Liability Reserve Fund, the Beluga River Asset Retirement Obligation Fund, CIVICVentures Component Unit, the Police and Fire Retiree Medical Liability Fund, and the MOA Trust Fund do not have Investment Policies addressing interest rate risk.

## J. 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, 2019, the Municipal Central Treasury's investment in marketable debt securities, excluding U.S. Treasuries, totaled \$248,214,420. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	31%	AAA	8%
Aa	3%	AA	21%
A	17%	A	16%
Baa	17%	BBB	19%
Ba or Lower	21%	BB or Lower	19%
Not Rated	11%	Not Rated	17%
	<u>100%</u>		<u>100%</u>

At December 31, 2019, securities in the MOA Trust had an investment of \$39,535,617 in commingled fixed income funds with a weighted average credit quality rating of A.

At December 31, 2019, the Police and Fire Retiree Medical Trust had an investment of \$1,205,668 in commingled domestic fixed income funds with a weighted average credit quality rating of A+, an investment of \$362,529 in commingled international fixed income funds with a weighted average credit quality rating of A, and an investment of \$3,841,591 in U.S. Agencies with a weighted average credit quality rating of Aaa by Moody's and AA+ by Standards and Poor's.

At December 31, 2019, the Police and Fire Retiree Medical Liability Fund had an investment of \$5,091,174 in a commingled fixed income fund with a weighted average credit quality rating of BBB, and an investment of \$3,351,066 in a commingled fixed income fund with a weighted average credit quality rating of A.

At December 31, 2019, the Police and Fire Retirement Pension Trust's total fixed income portfolio had a weighted average rating of A2 by Moody's. The Police and Fire Retirement Trust's investment in marketable debt securities totaled \$74,636,856, with ratings distributed as follows:

Moody's		S&P	
Aaa	9%	AAA	1%
Aa	9%	AA	8%
A	39%	A	38%
Baa	41%	BBB	45%
Ba or Lower	2%	BB or Lower	0%
Not Rated	0%	Not Rated	8%
	<u>100%</u>		<u>100%</u>



At December 31, 2019, the Beluga River Asset Retirement Obligation Fund investment in fixed income securities, excluding U.S. Treasuries, totaled \$4,900,063. The distribution of Moody's ratings on these securities was as follows:

Moody's	
Aaa	0%
Aa	5%
A	26%
Baa	15%
Not Rated	54%
	100%

At December 31, 2019, the Anchorage Landfill Closure and Post-Closure Liability Reserve Fund had one investment totaling \$18,227,866 in fixed income funds that were rated AA.

At December 31, 2019, CIVICVentures' government agency investments were rated "Aaa" by Moody's and "AA+" by Standard and Poor's. CIVICVentures' U.S. treasuries were rated "Aaa" by Moody's. CIVICVentures' money market funds were rated "Aaa" by Moody's.

### **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, 2019, the MOA Trust, the Police and Fire Retiree Medical Liability Fund, and the Police and Fire Retirement Pension Trust, had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2019, the Municipal Central Treasury held investments in the Federal Farm Credit Bank that were 7.27 percent of the Municipal Central Treasury's investments.

The Police and Fire Retiree Medical Trust had more than 5 percent of its investments held with the Federal Home Loan Bank and Federal National mortgage Association. These investments were 8.37 percent and 7.38 percent, respectively, of the Police and Fire Retiree Medical Trust's total investments.

The Anchorage Regional Landfill Closure and Post-closure Liability Reserve Fund and the Beluga River Asset Retirement Obligation Fund have no Policy regarding concentration of holdings with a single issuer. At December 31, 2019, more than 5 percent of the Beluga River Asset Retirement Obligation Fund's investments were held with the Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These investments are 7.06 percent and 9.01 percent, respectively, of the Beluga River Asset Retirement Obligation Fund's total investments.

The CIVICVentures Component Unit had more than 5 percent of its investments held with the Federal Home Loan Bank, Federal National Mortgage Association, and the Federal Farm Credit Bank. These investments are 7.58 percent, 10.52 percent, and 26.09 percent, respectively, of CIVICVentures' total investments.

### **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.

The Municipality of Anchorage holds deposits in the amount of \$829,545 in Central Treasury Restricted and Unrestricted that are not covered by depository insurance and are collateralized with securities held by KeyBank's agent but not in the name of the Municipality of Anchorage.

#### **K. Securities Lending**

During 2019, 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, 2019, 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, 2019, the pool had a weighted average maturity of 43 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, 2019:

Securities Lent	Fair Value of Underlying Securities	Collateral Received	Cash Collateral Received	Securities Collateral Value
Corporate Fixed Income	\$ 105,781	\$ 108,907	\$ 108,907	\$ -
Domestic Equities	6,451,048	6,583,774	564,855	6,018,919
	<u>\$ 6,556,829</u>	<u>\$ 6,692,681</u>	<u>\$ 673,762</u>	<u>\$ 6,018,919</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.

#### **L. 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, 2019, all debt obligations held in the Municipal Central Treasury were payable in U.S. Dollars.

The MOA Trust Fund, the Police and Fire Retiree Medical Trust Fund, the Police and Fire Retiree Medical Liability Fund, the Police and Fire Retirement Pension Trust Fund, and the Beluga River Asset Retirement Obligation Fund all invest in dollar-denominated exchange traded international equity funds, which are broadly diversified across currencies, which effectively limits the foreign currency risk.

The Municipality has the following foreign currency risk measurements as of December 31, 2019:

Fund	Investment	Currency	Maturity	Fair Value at December 31, 2019
MOA Trust Fund	Europacific Growth Equity Fund	Various	12/31/2019	\$ 22,051,632
	Templeton International Equity Fund	Various	12/31/2019	21,325,856
Total MOA Trust Fund				<u>43,377,488</u>
Police and Fire Retiree Medical Trust Fund	Vanguard Total International Bond Index Fund	Various	11/21/2029	362,529
	Vanguard Total International Stock Index Fund	Various	12/31/2019	1,552,477
Total Police and Fire Retiree Medical Trust Fund				<u>1,915,006</u>
Police and Fire Retiree Medical Liability Fund	Europacific Growth Equity Fund	Various	12/31/2019	4,921,817
	Vanguard International Value Fund	Various	12/31/2019	4,894,489
Total Police and Fire Retiree Medical Liability Fund				<u>9,816,306</u>
Police and Fire Retirement Pension Trust Fund	Capital Guardian International Equity Fund	Various	12/31/2019	49,407,066
	Lazard Asset International Equity Fund	Various	12/31/2019	48,869,415
	Province of Ontario Canada	Canadian Dollar	02/08/2022	807,186
	LYB International Finance BV	Euro	7/15/2023	457,408
	Shire Acquisitions Investments Ireland DAC	Euro	9/23/2023	646,913
	Vodafone Group PLC	Euro	5/30/2028	628,578
	CNH Industrial NV	Euro	11/15/2027	173,087
	Shell International Finance BV	Euro	11/07/2024	290,107
	Mitsubishi UFJ Financial Group Inc	Japanese Yen	7/18/2022	353,813
	Coca-Cola Femsa SAB de CV	Peso	11/26/2023	349,915
	Trinity Acquisition PLC	Pound Sterling	3/15/2026	363,110
	GE Capital International Funding Co Unlimited C	Various	11/15/2020	689,612
	ArcelorMittal SA	Various	03/11/2026	209,790
	Nutrien Ltd	Canadian Dollar	12/31/2019	938,729
	Koninklijke Philips NV	Euro	12/31/2019	766,160
	AstraZeneca PLC	Various	12/31/2019	628,236
WNS Holdings LTD	Pound Sterling	12/31/2019	288,017	
Total Police and Fire Retirement Pension Trust Fund				<u>105,867,142</u>
Beluga River Asset Retirement Obligation Fund	IShares Core MSCI Emerging Markets EFT	Various	12/31/2019	161,280
	IShares Core MSCI EAFE ETF	Various	12/31/2019	347,729
	AstraZeneca PLC	Various	12/31/2019	354,838
Total Beluga River Asset Retirement Obligation Fund				<u>863,847</u>
Total Foreign Currency Risk				<u>\$ 161,839,789</u>

## M. Fair Value Measurements

At December 31, 2019, 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 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. 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.
- Real estate funds of the Beluga River Asset Retirement Obligation Fund are valued at the closing price reported on the active market on which the individual funds are traded.
- Repurchase agreements are valued at amortized cost.
- 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.
- Common trust funds 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.

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, 2019:

Investment Type:	Fair Value Measurements Using		
	December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
PettyCash	\$ 98,700		
Interim Rate Increase Escrow Money Market Account	7,332,049		

Investment Type:	Fair Value Measurements Using		
	December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Central Treasury- Unrestricted</b>			
Investments Measured at Fair Value:			
Commercial Paper	\$ 2,824,608	\$ -	\$ 2,824,608
U.S. Treasuries	90,725,434	90,725,434	-
U.S. TIPS	4,133,704	4,133,704	-
U.S. Agencies	54,795,702	-	54,795,702
Municipal Bonds	58,119	-	58,119
Asset-Backed Securities	24,545,951	-	24,545,951
Corporate Fixed Income Securities	119,800,517	-	119,800,517
Domestic Equities	38,448	38,448	-
	<u>296,922,483</u>	<u>94,897,586</u>	<u>202,024,897</u>
Investments Measured at Amortized Cost:			
Money Market Funds	14,721,342		
Repurchase Agreements	61,467,262		
<b>Total Central Treasury- Unrestricted</b>	<u><u>\$ 373,111,087</u></u>		
<b>Central Treasury- Restricted</b>			
Investments Measured at Fair Value:			
Commercial Paper	\$ 468,305	\$ -	\$ 468,305
U.S. Treasuries	34,608,937	34,608,937	-
U.S. TIPS	685,346	685,346	-
U.S. Agencies	25,072,613	-	25,072,613
Municipal Bonds	9,636	-	9,636
Asset-Backed Securities	4,069,589	-	4,069,589
Corporate Fixed Income Securities	19,862,293	-	19,862,293
Domestic Equities	6,375	6,375	-
	<u>84,783,094</u>	<u>35,300,658</u>	<u>49,482,436</u>
Investments Measured at Amortized Cost:			
Money Market Funds	22,921,889		
Repurchase Agreements	10,190,948		
<b>Total Central Treasury- Restricted</b>	<u><u>\$ 117,895,931</u></u>		
<b>MOA Trust Fund</b>			
Investments Measured at Fair Value:			
Corporate Fixed Income Securities	\$ 11,637,940	\$ -	\$ 11,637,940
U.S. Treasuries	5,984,259	5,984,259	-
U.S. Agencies	1,874,856	-	1,874,856
Domestic Equities and Equity Funds	62,491,744	62,491,744	-
International Equities and Equity Funds	43,377,488	43,377,488	-
Emerging Markets Debt	8,395,831	8,395,831	-
	<u>133,762,118</u>	<u>120,249,322</u>	<u>13,512,796</u>
Investments Measured at Net Asset Value (NAV):			
Bank Loan Investments	4,997,174		
Corporate Fixed Income Securities	20,038,562		
Real Estate Funds	12,479,315		
	<u>37,515,051</u>		
Investments Measured at Amortized Cost:			
Money Market Funds	489,540		
<b>Total MOA Trust Fund</b>	<u><u>\$ 171,766,709</u></u>		

Investment Type:	Fair Value Measurements Using		
	December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Police and Fire Retiree Medical Trust Fund</b>			
U.S. Treasuries	\$ 5,064,418	\$ 5,064,418	\$ -
U.S. Agencies	3,841,591	-	3,841,591
Fixed Income Funds	1,205,668	1,205,668	-
International Fixed Income Funds	362,529	362,529	-
Domestic Equity Funds	2,348,318	2,348,318	-
International Equity Funds	1,552,477	1,552,477	-
	<u>14,375,001</u>	<u>10,533,410</u>	<u>3,841,591</u>
Investments Measured at Amortized Cost:			
Cash	316,904		
Money Market Funds	396,839		
Certificates of Deposits	6,068,814		
<b>Total Police and Fire Retiree Medical Trust Fund</b>	<u><u>\$ 21,157,558</u></u>		
<b>Police and Fire Retiree Medical Liability Fund</b>			
Investments Measured at Fair Value:			
Fixed Income Funds	\$ 8,442,240	\$ 8,442,240	\$ -
Domestic Equities and Equity Funds	14,404,726	14,404,726	-
International Equities and Equity Funds	9,816,306	9,816,306	-
	<u>32,663,272</u>	<u>32,663,272</u>	<u>-</u>
Investments Measured at Net Asset Value (NAV):			
Real Estate Funds	3,940,395		
Investments Measured at Amortized Cost:			
Money Market Funds	318,566		
<b>Total Police and Fire Retiree Medical Liability Fund</b>	<u><u>\$ 36,922,233</u></u>		
<b>Police and Fire Retirement Pension Trust Fund</b>			
Investments Measured at Fair Value:			
Corporate Fixed Income Securities	\$ 74,636,856	\$ -	\$ 74,636,856
Domestic Equities and Equity Funds	157,100,686	157,100,686	-
International Equities and Equity Funds	98,276,480	98,276,480	-
	<u>330,014,022</u>	<u>255,377,166</u>	<u>74,636,856</u>
Investments Measured at Net Asset Value (NAV):			
Real Estate Funds	52,446,985		
Investments Measured at Amortized Cost:			
Cash	117,095		
Money Market Funds	3,994,206		
<b>Total Police and Fire Retiree Pension Trust Fund</b>	<u><u>\$ 386,572,308</u></u>		
<b>Beluga River Asset Retirement Obligation Fund</b>			
Investments Measured at Fair Value:			
U.S. Treasuries	\$ 5,554,268	\$ 5,554,268	\$ -
Asset-Backed Securities	2,626,852	-	2,626,852
Corporate Fixed Income Securities	2,273,211	-	2,273,211
U.S. TIPS	1,608,253	1,608,253	-
Domestic Equity Funds	2,505,196	2,505,196	-
International Developed Equity	863,848	863,848	-
Real Estate Mutual Funds	824,588	824,588	-
	<u>16,256,216</u>	<u>11,356,153</u>	<u>4,900,063</u>
Investments Measured at Amortized Cost:			
Money Market Funds	86,590		
<b>Total Beluga River Asset Retirement Obligation Fund</b>	<u><u>\$ 16,342,806</u></u>		

Investment Type:	Fair Value Measurements Using		
	December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Anchorage Regional Landfill Post-Closure Liability Reserve Fund</b>			
Investments Measured at Fair Value:			
U.S. Fixed Income	18,227,866	-	18,227,866
International Equities and Equity Funds	7,321,315	7,321,318	-
	<u>25,549,181</u>	<u>7,321,318</u>	<u>18,227,866</u>
Investments Measured at Net Asset Value (NAV):			
Domestic Equity Common Trust Fund	11,417,109		
Investments Measured at Amortized Cost:			
Money Market Funds	3,786		
<b>Total Anchorage Regional Landfill Post-Closure Liability Reserve Fund</b>	<b>\$ 36,970,076</b>		
<b>CIMCVentures Component Unit</b>			
Investments Measured at Fair Value:			
U.S. Treasuries	\$ 341,423	\$ 341,423	\$ -
U.S. Agencies	6,115,572	-	6,115,572
	<u>6,456,995</u>	<u>341,423</u>	<u>6,115,572</u>
Investments Measured at Amortized Cost:			
Money Market Funds	6,924,946		
<b>Total CIMCVentures Component Unit</b>	<b>\$ 13,381,941</b>		
<b>Total Cash and Investments</b>	<b>\$ 1,181,551,398</b>		

The unfunded commitments and redemption information for the investments reported as NAV for December 31, 2019 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	\$ 12,479,315	\$ -	Quarterly	60 days
FIAM Core Plus LLC	20,038,562	-	Daily	5 Days
Western Asset Floating Rate High Income Fund	4,997,174	-	Daily	same day
	<u>\$ 37,515,051</u>			
<b>Police and Fire Retiree Medical Liability Fund:</b>				
Trumbull Property Fund	\$ 3,940,395	\$ -	Quarterly	60 days
<b>Police and Fire Retirement Pension Trust Fund:</b>				
AgriVest Farmland Fund	\$ 16,847,773	\$ -	Quarterly	60 days
Trumbull Property Fund	20,438,497	-	Quarterly	60 days
Trumbull Property Income Fund	15,160,715	-	Quarterly	60 days
	<u>\$ 52,446,985</u>			
<b>Anchorage Regional Landfill Closure and Post-Closure Liability Reserve Fund:</b>				
State Street Global Advisors S&P 500 Index				
Non-Lending Common Trust Fund	\$ 11,417,109	\$ -	Daily	same day

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 have been redeemed with the funds. These are open-ended funds, without a pre-determined close date.

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 the majority of its return from the income component of the underlying properties and returns include reinvestment of income and are before deduction of management fees. Trumbull Property Fund holds ultimate discretion to control when funds are withdrawn. As of December 31, 2019, it is estimated that the redemption restriction will lapse approximately March 3, 2022. No other significant restrictions exist on the ability to sell investments in the Trumbull Property Fund.

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.

6. State Street Global Advisors S&P 500 Index Non-Lending Common Trust Fund invests in U.S. equities and seeks an investment return that approximates, as closely as practical, before expenses, the performance of the S&P 500 Index over the long term. 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 securities held.

#### **N. 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 49th 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 twelve main investing partnerships: 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, 9) Launch Alaska Fund, 10) Alaska Opportunity Fund II, 11) Alaska Angel Conference 2019, and 12) Set Up Shop, who in turn, administer smaller distributions directly to the Anchorage area small businesses. The fair value of investments in these twelve partnerships 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, 2019 for the twelve investments is as follows:

##### Investments Measured at the Net Asset Value (NAV)

Alaska Opportunity Fund	\$	304,004
Alaska Accelerator Fund		896,555
49th Angel Fund		770,000
Anchorage Equity Partner No. 1		899,879
Anchorage Equity Partner No. 2		705,365
Anchorage Equity Partner No. 3		300,000
Anchorage Equity Partner No. 4		225,000
Anchorage Equity Partner No. 5		900,000
Launch Alaska Fund		375,000
Alaska Opportunity Fund II		50,000
Alaska Angel Conference 2019		10,351
Set Up Shop		50,000
Total Investments Measured at NAV	\$	<u>5,486,154</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.

Due to the COVID-19 outbreak in 2020 and the extensions issued by the IRS for filings, K-1 forms and financial statements were not available for most of the investments. A historical analysis was performed to determine a reasonable adjustment to FMV for the investments as of December 31, 2019.

New investments were made from federal moneys to the 49<sup>th</sup> Angel Fund, the Launch Alaska Fund, the Anchorage Equity Partners No. 4, and the Anchorage Opportunity Fund in the amount of \$432,500. New investments were made from the Evergreen Fund moneys to the Alaska Angel Conference 2019 Fund and the Set Up Shop Fund in the amount of \$61,000.

Anchorage Opportunity Fund investment balance was adjusted for the return on investment of \$80,000 in 2019, which resulted in a return of investment principal of \$62,500 and realized gain of \$17,500. K-1's for the Anchorage Accelerator Fund, the 49<sup>th</sup> Angel Fund, the Launch Alaska Fund, and the Alaska Angel Conference 2019 were received and a combined unrealized loss of \$3,001 was recorded. The Municipality did not receive K-1's for the Anchorage Equity Partners No's 1-5, the Anchorage Opportunity Fund II, and the Set Up Shop Fund. The cash balance was used for all these investment as approximation of FMV, except for the Anchorage Equity Partners No.2. An analysis of prior year activity was used to calculate an unrealized loss for 2019 of \$48,212.

#### 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 if 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, 2019 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Alaska Opportunity Fund	\$ 304,004	\$ -	nondeterminable	N/A
Alaska Accelerator Fund	896,555	-	nondeterminable	N/A
49th Angel Fund	770,000	1,430,000	nondeterminable	N/A
Anchorage Equity Partner No. 1	899,879	-	nondeterminable	N/A
Anchorage Equity Partner No. 2	705,365	-	nondeterminable	N/A
Anchorage Equity Partner No. 3	300,000	-	nondeterminable	N/A
Anchorage Equity Partner No. 4	225,000	-	nondeterminable	N/A
Anchorage Equity Partner No. 5	900,000	1,325,000	nondeterminable	N/A
Launch Alaska Fund	375,000	775,000	nondeterminable	N/A
Alaska Opportunity Fund II	50,000	1,450,000	nondeterminable	N/A
Alaska Angel Conference 2019	10,351	-	nondeterminable	N/A
Set Up Shop	50,000	175,000	nondeterminable	N/A
Total Investments Measured at NAV	<u>\$ 5,486,154</u>	<u>\$ 5,155,000</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, 2019:

	Governmental Activities	Business-type Activities	Total
Current:			
Property taxes	\$ 12,380,185	\$ -	\$ 12,380,185
Motor vehicle taxes	627,488	-	627,488
Hotel and motel taxes	3,993,905	-	3,993,905
Tobacco taxes	1,796,013	-	1,796,013
Marijuana taxes	510,819	-	510,819
Fuel product taxes	1,041,571	-	1,041,571
E911 surcharge taxes	780,629	-	780,629
Unbilled reimbursable projects	-	74,746	74,746
Special assessments receivable	3,219,224	126,251	3,345,475
Trade accounts, including internal service funds	9,742,910	33,098,463	42,841,373
Total accounts receivable	34,092,744	33,299,460	67,392,204
Allowance for uncollectible accounts	(5,138,686)	(995,922)	(6,134,608)
Total Accounts Receivable, net	28,954,058	32,303,538	61,257,596
Noncurrent:			
HUD loans (including Section 108)	2,589,050	-	2,589,050
Total Loans and Leases, net	\$ 2,589,050	\$ -	\$ 2,589,050

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, 2019, was as follows:

	Beginning Balance December 31, 2018	Increase	Decrease	Ending Balance December 31, 2019
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,262,445,219	\$ 1,061,484	\$ (171,710)	\$ 1,263,334,993
Artwork	20,950,206	464,366	-	21,414,572
Construction Work-in-Progress	19,512,765	41,764,788	(48,360,213)	12,917,340
Infrastructure	1,463,953,179	16,865,475	(1)	1,480,818,653
Total Capital Assets, Not Being Depreciated	2,766,861,369	60,156,113	(48,531,924)	2,778,485,558
Capital Assets, Being Depreciated				
Buildings & Improvements	771,689,820	2,337,685	-	774,027,505
Equipment	275,568,659	9,049,537	(2,677,517)	281,940,679
Infrastructure	557,911,849	24,329,993	(837,182)	581,404,660
Intangible ERP	80,522,241	-	(177,851)	80,344,390
Total Capital Assets, Being Depreciated	1,685,692,569	35,717,215	(3,692,550)	1,717,717,234
Less Accumulated Depreciation for:				
Buildings & Improvements	464,239,411	15,629,228	-	479,868,639
Equipment	225,485,870	14,611,419	(2,364,531)	237,732,758
Infrastructure	312,295,607	10,700,829	(646,723)	322,349,713
Intangible ERP	9,912,360	8,050,742	(38,534)	17,924,568
Total Accumulated Depreciation	1,011,933,248	48,992,218	(3,049,788)	1,057,875,678
Total Capital Assets, Being Depreciated, Net	673,759,321	(13,275,003)	(642,762)	659,841,556
Total Governmental Activities, Net	\$ 3,440,620,690	\$46,881,110	\$(49,174,686)	\$ 3,438,327,114

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

	Balance December 31,	Increase	Decrease	Reclass <sup>3</sup>	December 31, 2019
<b>Business-Type Activities:</b>					
<b>Capital Assets, Not Being Depreciated:</b>					
Land and Property held for future use	\$ 69,713,792	\$ 34,768,053	\$ -	\$ -	\$ 104,481,845
Construction Work-in-Progress <sup>1</sup>	121,952,423	150,519,556	(139,491,715)	-	132,980,264
<b>Total Capital Assets, Not Being Depreciated</b>	<b>191,666,215</b>	<b>185,287,609</b>	<b>(139,491,715)</b>	<b>-</b>	<b>237,462,109</b>
<b>Capital Assets, Being Depreciated:</b>					
Distribution and Collection Systems, Infrastructure <sup>2</sup>	2,692,356,142	67,805,260	(11,000,764)	16,341,765	2,765,502,403
Buildings and Improvements	684,190,734	44,693,268	(18,560,510)	-	710,323,492
<b>Total Capital Assets, Being Depreciated</b>	<b>3,376,546,876</b>	<b>112,498,528</b>	<b>(29,561,274)</b>	<b>16,341,765</b>	<b>3,475,825,895</b>
<b>Less Accumulated Depreciation for:</b>					
Distribution and Collection Systems, Infrastructure <sup>2</sup>	1,110,036,056	73,930,439	(19,431,036)	3,378,731	1,167,914,190
Buildings and Improvements	243,247,305	21,201,712	(18,015,084)	-	246,433,933
<b>Total Accumulated Depreciation</b>	<b>1,353,283,361</b>	<b>95,132,151</b>	<b>(37,446,120)</b>	<b>3,378,731</b>	<b>1,414,348,123</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>2,023,263,515</b>	<b>17,366,377</b>	<b>7,884,846</b>	<b>12,963,034</b>	<b>2,061,477,772</b>
<b>Total Business-Type Activities, Net</b>	<b>\$ 2,214,929,730</b>	<b>\$ 202,653,986</b>	<b>\$ (131,606,869)</b>	<b>\$ 12,963,034</b>	<b>\$ 2,298,939,881</b>

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

Construction Work-in-Progress	\$ 1,025,887	\$ 1,152,350	\$ (1,040,481)	\$ -	\$ 1,137,756
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<sup>2</sup>In accordance with the requirements of FERC, the gain or loss upon retirement of utility plant assets are reported as an adjustment to accumulated depreciation, along with costs of removal. Therefore, the decrease in accumulated depreciation can exceed the decrease in capital asset deletions.

<sup>3</sup>In 2019, the Water and Wastewater Utility enterprise funds reclassified to capital assets a net of \$5,725,036 and \$7,236,998, respectively, of protective coatings previously presented as noncurrent assets due to an order from the Regulatory Commission of Alaska.

Depreciation expense was charged to the departments and functions of the primary government as follows:

<b>Governmental Activities:</b>	
General Government	\$ 13,944,573
Fire Services	5,114,487
Police Services	2,090,535
Health and Human Services	706,468
Economic & Community Development	11,288,229
Public Transportation	2,104,404
Public Works	8,816,527
Maintenance and Operations	4,926,995
<b>Total Governmental Activities</b>	<b>\$ 48,992,218</b>
<b>Business-Type Activities:</b>	
Electric	\$ 29,176,277
Water	13,061,116
Wastewater	12,080,870
Refuse	1,229,550
Solid Waste	4,272,022
Port	7,126,617
Municipal Airport	2,706,611
<b>Total Business-Type Activities</b>	<b>69,653,063</b>
Depreciation offset by amortization of regulatory liability- contributed plant and retirements of group depreciated plant assets	25,479,088
<b>Gross increase in accumulated depreciation</b>	<b>\$ 95,132,151</b>

### Contractual Commitments

Governmental-type major fund Capital Projects and Drainage had contractual commitments for capital construction in the amount of \$12.2 million at December 31, 2019. Business-type major funds Electric, Water, and Wastewater had contractual commitments for capital construction in the amount of \$5 million, \$16.2 million, and \$18.7 million, respectively.

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

Capital asset activity for the fiscal year ended June 30, 2019 is as follows:

	Beginning Balance		Ending Balance	
	July 1, 2018	Increase	Decrease	June 30, 2019
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 42,357,063	\$ -	\$ -	\$ 42,357,063
Construction in Progress	768,957	33,161,339	(33,256,545)	673,751
<b>Total Capital Assets not Being Depreciated</b>	<b>43,126,020</b>	<b>33,161,339</b>	<b>(33,256,545)</b>	<b>43,030,814</b>
Capital Assets Being Depreciated:				
Land Improvements	71,895,948	7,171	-	71,903,119
Buildings and Equipment	1,847,939,195	34,918,584	(11,909,250)	1,870,948,529
Pupil Transportation	20,137,362	2,076,448	(1,217,436)	20,996,374
<b>Total Capital Assets Being Depreciated</b>	<b>1,939,972,505</b>	<b>37,002,203</b>	<b>(13,126,686)</b>	<b>1,963,848,022</b>
Less Accumulated Depreciation For:				
Land Improvements	49,312,221	1,758,096	-	51,070,317
Buildings and Equipment	645,268,031	42,623,921	(8,012,566)	679,879,386
Pupil Transportation	9,987,835	985,161	(1,217,436)	9,755,560
<b>Total Accumulated Depreciation</b>	<b>704,568,087</b>	<b>45,367,178</b>	<b>(9,230,002)</b>	<b>740,705,263</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>1,235,404,418</b>	<b>(8,364,975)</b>	<b>(3,896,684)</b>	<b>1,223,142,759</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 1,278,530,438</b>	<b>\$ 24,796,364</b>	<b>\$(37,153,229)</b>	<b>\$ 1,266,173,573</b>

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

Capital asset activity for the year ended December 31, 2019 is as follows:

	Beginning Balance		Ending Balance	
	December 31, 2018	Increase	Decrease	December 31, 2019
Business Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 11,059,217	\$ -	\$ -	\$ 11,059,217
<b>Total Capital Assets not Being Depreciated</b>	<b>11,059,217</b>	<b>-</b>	<b>-</b>	<b>11,059,217</b>
Capital Assets Being Depreciated:				
Parking Garages	62,044,392	72,421	-	62,116,813
Lot Improvements	710,540	-	-	710,540
Furniture and Fixtures	103,235	9,561	(87,324)	25,472
Equipment and Vehicles	3,593,015	320,355	(1,767,042)	2,146,328
Parking meters	1,364,265	-	(1,250,809)	113,456
<b>Total Capital Assets Being Depreciated</b>	<b>67,815,447</b>	<b>402,337</b>	<b>(3,105,175)</b>	<b>65,112,609</b>
Less Accumulated Depreciation For:				
Parking Garages	36,136,672	2,874,803	-	39,011,475
Lot Improvements	691,389	4,687	-	696,076
Furniture and Fixtures	101,218	851	(87,324)	14,745
Equipment and Vehicles	3,424,770	116,608	(1,767,042)	1,774,336
Parking meters	1,346,173	18,093	(1,250,809)	113,457
<b>Total Accumulated Depreciation Net</b>	<b>41,700,222</b>	<b>3,015,042</b>	<b>(3,105,175)</b>	<b>41,610,089</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>26,115,225</b>	<b>(2,612,705)</b>	<b>-</b>	<b>23,502,520</b>
<b>Business Type Activities Capital Assets, Net</b>	<b>\$ 37,174,442</b>	<b>\$ (2,612,705)</b>	<b>\$ -</b>	<b>\$ 34,561,737</b>

## NOTE 6 - PORT OF ALASKA MODERNIZATION PROGRAM

The Port of Alaska (the Port) is a Municipality of Anchorage owned and operated facility that handles half of all Alaska inbound marine freight – some 4.2 million tons of fuel and cargo in 2019 – 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. The Port 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.

The Port 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 Port’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.

The 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

Port and Municipal officials have been working with engineers to replace all the Port’s docks. Significant effort was committed to begin work on Phase 1, the construction of the new Petroleum & Cement Terminal (PCT) at the Port of Alaska. A test-pile program was completed in 2016 to demonstrate constructability and support design and permitting work. This work was followed by a South Backlands Stabilization to provide related shore improvements and a Transitional Dredging project to support the trestle and dock structures. Both projects were completed in 2019 and will support continuing in-water construction of the structure in 2020 and 2021.

The PCT must be built first and south of existing docks to enable safe and continuous port operations during construction of all remaining docks. Reimbursable State of Alaska grants and Port equity have funded most PAMP-related work that has been completed or contracted to date. The Municipality and PAMP officials have secured the funds necessary for completion of the PCT through a combination of tariff and fee increases, and additional State and Federal grants.

**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	\$ 210,534
Nonmajor Governmental Funds	1,031,291
Internal Service Funds	18,474,259
Total Interfund Payable to General Fund	<u>19,716,084</u>

Interfund Payable to Nonmajor Governmental Funds from:	
Roads & Drainage Capital Projects Fund	\$ 5,672,044
Internal Service Funds	85,000
Total Interfund Payable to Nonmajor Governmental Funds	<u>5,757,044</u>
Total Interfund Payables	<u>\$ 25,473,128</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, 2019 were as follows:

Advances from General Fund to Nonmajor Governmental Funds for Capital	\$ 606,436
Advances from General Fund to Nonmajor Governmental Funds for Earthquake Expenses	9,216,946
Advances from Nonmajor Governmental Funds to Internal Service Funds for Capital	1,105,000
Advances from Internal Services Funds to Roads & Drainage Capital Projects Fund for Capital	89,688
Advances from Internal Services Funds to General Fund for Capital	5,986,555
Total Advances Receivable	<u>\$ 17,004,625</u>

## B. Interfund Transfers

A summary of interfund transfers is as follows:

From General Fund to:	
Capital Projects Roads and Drainage Fund for Capital	\$ 3,538,074
Police & Fire COP Bond Fund for Debt Service	3,498,565
Nonmajor Governmental Funds for Debt Service	625,213
Nonmajor Governmental Funds for Grant Matching	2,170,929
Nonmajor Governmental Funds to Fund OPEB Liability	1,086,934
Nonmajor Governmental Funds for Capital	7,138,480
Internal Service Funds	2,839,821
Total Transfers from General Fund	<u>20,898,016</u>
From MOA Trust Fund to:	
General Fund for Annual Operating Subsidy	6,500,000
From Capital Projects Roads and Drainage Fund to:	
General Fund for Debt Service	3,369
Internal Service Funds for Capital	95,000
	<u>98,369</u>
From Nonmajor Governmental Funds to:	
General Fund for Capital	4,888,761
General Fund for Debt Service	1,409
Nonmajor Governmental Funds for Capital	1,750,050
Nonmajor Governmental Funds for Debt Service	5,979,235
Nonmajor Enterprise Funds for Capital	557,962
Total Transfers from Nonmajor Governmental Funds	<u>13,177,417</u>
From Electric Utility Fund to:	
General Fund for Annual Revenue Distribution	9,645,938
From Water Utility Fund to:	
General Fund for Annual Revenue Distribution	8,705,313
Internal Services Fund for Capital	7,500
Total Transfers from Water Utility Fund	<u>8,712,813</u>
From Wastewater Utility Fund to:	
General Fund for Annual Revenue Distribution	6,247,687
Internal Services Fund for Capital	7,500
Total Transfers from Wastewater Utility Fund	<u>6,255,187</u>

From Port Fund to:		
General Fund for Annual Revenue Distribution	\$	2,187,485
From Nonmajor Enterprise Funds to:		
General Fund for Annual Revenue Distribution		1,227,530
From Internal Service Funds to:		
Nonmajor Governmental Funds for Grants Matching		3,063
Nonmajor Enterprise Funds for Capital		50,000
Total Transfers from Internal Service Funds		<u>53,063</u>
Total Transfers	\$	<u>68,755,818</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, including the City Hall building, the Permit Center, and the APD office building. The total operating lease expense for 2019 was \$4,974,032. The annual rental payments of these lease commitments over their remaining terms are as follows:

Years:	Governmental Activities	Business Type Activities
2020	\$ 6,627,539	\$ 32,298
2021	4,877,374	32,322
2022	4,778,332	32,346
2023	4,648,196	23,972
2024	4,609,272	17,999
2025-2029	5,842,863	83,543
2030-2034	385,276	10,010
2035-2039	446,640	7,804
2040-2044	-	5,821
2045-2049	-	5,821
2050-2054	-	5,821
2055-2059	-	873
Totals	<u>\$ 32,215,492</u>	<u>\$ 258,630</u>

### B. Capital Leases from Direct Borrowings (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 information technology equipment and software, all of which is currently in service or being installed. As of December 31, 2019, the total cost of the equipment and software was \$80,344,390, with accumulated amortization of \$17,924,568, which yields an underlying net book value of the assets are \$62,419,822. Amortization expense for 2019 was \$8,050,742. As of December 31, 2019, all the outstanding principal balance of \$45,353,817 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, 2019. The total cost of the equipment was \$350,101, with accumulated depreciation of \$4,168, which yields a net book value of the asset of \$345,933. The outstanding balance of \$339,520 is recorded in the Governmental Activities.

The Municipality entered into a Master Tax-Exempt Lease/Purchase agreement with Key Bank for the purchase of a Computer Aided Mass Appraisal (CAMA) system, which is currently an ongoing capital project. The outstanding balance as of December 31, 2019 is \$1,795,600 is recorded in the Governmental Activities.

The annual debt service to maturity for the outstanding capital leases is as follows:

Years:	Governmental Activities		
	Principal	Interest	Total
2020	\$ 10,263,960	\$ 1,311,657	\$ 11,575,617
2021	9,634,383	1,041,482	10,675,865
2022	9,272,108	757,718	10,029,826
2023	8,535,497	478,863	9,014,360
2024	6,236,127	235,550	6,471,677
2025-2027	3,546,862	90,472	3,637,334
	<u>\$ 47,488,937</u>	<u>\$ 3,915,742</u>	<u>\$ 51,404,679</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:

Years:	Port of Alaska	Merrill Field Airport
2020	\$ 4,451,689	\$ 815,066
2021	724,282	705,851
2022	376,604	679,154
2023	300,702	669,789
2024	291,787	662,509
2025-2029	1,459,846	3,205,717
2030-2034	1,322,302	3,179,010
2035-2039	800,000	3,103,762
2040-2044	800,000	2,093,696
2045-2049	362,750	1,120,635
2045-2049	-	432,110
Totals	<u>\$ 10,889,962</u>	<u>\$ 16,667,299</u>
Lease revenue for 2019	<u>\$ 4,433,763</u>	<u>\$ 724,980</u>
Carrying value of leased assets:		
Land	\$ 9,416,836	\$ 2,600,000
Buildings	254,685	-
Infrastructure	5,648,987	-
Land Improvements	511,239	-
Building Improvements	48,837	-
Accumulated depreciation	(5,661,515)	-
Net Book Value	<u>\$ 10,219,069</u>	<u>\$ 2,600,000</u>

## NOTE 9 - SHORT-TERM OBLIGATIONS

### A. Tax Anticipation Notes

On March 27, 2019, 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, 2019 was as follows:

Tax Anticipation Notes	Beginning Balance		Ending Balance	
	January 1, 2019	Issued	Redeemed	December 31, 2019
	\$ -	\$ 90,000,000	\$ 90,000,000	\$ -



## NOTE 10 – LONG TERM OBLIGATIONS

### A. Changes in Long-Term Obligations

Long-term obligation activity, net of related premium and discount amortizations, for the year ended December 31, 2019, was as follows:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 455,894,953	\$ 70,714,366	\$ (76,139,798)	\$ 450,469,521	\$ 35,345,000
CIMCVentures Revenue Bonds	93,314,256	-	(2,684,755)	90,629,501	2,405,000
PAC Roof Revenue Bonds	3,676,009	-	(185,843)	3,490,166	145,000
Certificate of Participation Bonds	62,475,000	4,100,000	(2,555,000)	64,020,000	4,327,969
Capital Leases (Direct Borrowings)	52,986,148	5,103,091	(10,600,302)	47,488,937	10,263,960
<b>Total Debt Payable</b>	<b>668,346,366</b>	<b>79,917,457</b>	<b>(92,165,698)</b>	<b>656,098,125</b>	<b>52,486,929</b>
<b>Governmental Activities:</b>					
Compensated Absences	24,989,696	20,571,613	(14,263,070)	31,298,239	17,899,221
Net Pension Liability	377,747,512	-	(23,721,790)	354,025,722	-
Net OPEB Liability	179,735,447	1,397,947	(66,718,608)	114,414,786	-
Pollution Remediation	3,217,674	93,101	(581,391)	2,729,384	736
Claims Payable and IBNR	22,898,113	58,212,236	(51,915,267)	29,195,082	23,046,373
<b>Total Governmental Activities</b>	<b>\$ 1,276,934,808</b>	<b>\$ 160,192,354</b>	<b>\$ (249,365,824)</b>	<b>\$ 1,187,761,338</b>	<b>\$ 93,433,259</b>
<b>Business-type Activities:</b>					
Revenue Bonds	\$ 551,070,698	\$ -	\$ (17,795,331)	\$ 533,275,367	\$ 15,080,000
Long-Term Contracts (Direct Borrowings)	449,197,187	79,009,561	(45,110,872)	483,095,876	205,861,311
<b>Total Debt Payable</b>	<b>1,000,267,885</b>	<b>79,009,561</b>	<b>(62,906,203)</b>	<b>1,016,371,243</b>	<b>220,941,311</b>
Compensated Absences	6,471,529	4,111,075	(4,139,755)	6,442,849	5,793,293
Net Pension Liability	53,801,310	-	(3,583,816)	50,217,494	-
Net OPEB Liability	11,025,366	244,604	(9,620,009)	1,649,961	-
Asset Retirement Obligation	16,543,712	7,788,835	-	24,332,547	-
Pollution Remediation	754,750	13,550	(61,000)	707,300	21,000
Port Road Obligation	1,788,202	-	(13,524)	1,774,678	-
Landfill Closure Liability	34,499,831	-	(907,592)	33,592,239	-
<b>Total Business-type Activities</b>	<b>\$ 1,125,152,585</b>	<b>\$ 91,167,625</b>	<b>\$ (81,231,899)</b>	<b>\$ 1,135,088,311</b>	<b>\$ 226,755,604</b>

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

The Municipality implemented the provisions of GASB Statement No.88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements liabilities, in 2019. Direct borrowings are defined as debt where a government enters into a loan agreement directly with a lender and direct placements are defined as debt securities issued directly to an investor. For the purposes of this Statement, bonds (general obligation, revenue, and certificate of participation) are considered other debt and are neither direct borrowings nor direct placements. As of December 31, 2019, the Municipality has only direct borrowing debt and other debt. Capital Leases from direct borrowings noted in the table above are disclosed in detail in Note 8.

### 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 2019. As of December 31, 2019, the Municipality reported total outstanding general obligation bonds in the amount of \$403,620,000.

Description	Amount Outstanding
\$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.	\$ 2,725,000
\$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.	2,275,000
\$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	19,590,000
\$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.	18,125,000
\$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.	32,975,000
\$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.	52,450,000
\$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.	42,370,000
\$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.	70,890,000
\$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.	23,095,000
\$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 2.63% to 5.00%. The issue was for the purpose of general capital projects within the Municipality.	58,235,000
\$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.	20,265,000
\$32,875,000 2019A General Obligation General Purpose Bonds due in annual installments of \$1,110,000 to \$2,350,000 through 2039, interest rate from 3.0% to 5.00%. The issue was for the purpose of general capital projects within the Municipality.	32,875,000
\$27,750,000 2019B General Obligation General Purpose Refunding Bonds due in annual installments of \$2,195,000 to \$3,440,000 through 2030, interest rate of 5.00%. The issue was for the purpose of refunding the remainder of 2010A-2 after the 2020 payment.	27,750,000
Total General Obligation Debt	<u>\$ 403,620,000</u>

ASD GO bonds are reported as obligations of the component unit since they are expected to be repaid from ASD revenues; such amounts total \$461,920,000 at June 30, 2019. 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 2019. Refunding debt is discussed in detail in Section G. The GO General Purpose Bonds Series A in the amount of \$32,875,000 was issued to fund Municipality-wide capital projects. The GO Refunding General Purpose Bonds Series B is the amount of \$27,750,000 was issued to payoff General Purpose Bond 2010 Series A-2.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Years:	Governmental Activities		
	Principal	Interest	Total
2020	\$ 35,345,000	\$ 19,777,327	\$ 55,122,327
2021	34,185,000	17,173,538	51,358,538
2022	35,805,000	15,608,819	51,413,819
2023	37,580,000	13,885,825	51,465,825
2024	31,910,000	12,058,193	43,968,193
2025-2029	116,930,000	40,135,765	157,065,765
2030-2034	76,550,000	17,142,184	93,692,184
2035-2039	35,315,000	3,378,972	38,693,972
Subtotal	403,620,000	139,160,623	542,780,623
Add unamortized premiums, net	46,849,521	-	46,849,521
Total	\$ 450,469,521	\$ 139,160,623	\$ 589,630,144

### 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, Motel and Bed and Breakfast tax revenues, and related investment income were \$6,255,250; \$5,979,235; and \$306,819, respectively.

The bond payments are due in annual installments ranging annually from \$2,405,000 to \$6,715,000 through 2038, with interest rates ranging between 3.5 percent and 5 percent. As of December 31, 2019, the Municipality reported as blended total outstanding tax-exempt non-recourse Revenue Bonds in the amount of \$85,745,000.

Annual debt service requirements to maturity for CIVICVentures revenue bonds are as follows:

Years:	CIVICVentures		
	Principal	Interest	Total
2020	\$ 2,405,000	\$ 3,925,650	\$ 6,330,650
2021	2,580,000	3,829,450	6,409,450
2022	2,790,000	3,700,450	6,490,450
2023	3,015,000	3,560,950	6,575,950
2024	3,245,000	3,410,200	6,655,200
2025-2029	20,165,000	14,354,000	34,519,000
2030-2034	26,190,000	8,731,350	34,921,350
2035-2038	25,355,000	2,585,200	27,940,200
Total	85,745,000	44,097,250	129,842,250
Add unamortized premiums, net	4,884,501	-	4,884,501
Total	\$ 90,629,501	\$ 44,097,250	\$ 134,726,751

### 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 \$537,069,783. Principal and interest paid for the current year and total customer net revenues were \$24,680,747 and \$62,569,791, respectively.

As a condition of the sale of the Electric Utility, the Municipality is obligated, under its Charter, to retire all debt of the Electric Utility. Therefore, on the closing date of the sale, the Municipality will 1) retire all outstanding 2005 Revenue Bonds, 2) retire all outstanding 2009 Revenue Bonds, and 3) defease all outstanding 2014 Revenue Bonds to their maturity date or the first call date of December 1, 2024, whichever occur first.

#### 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 \$160,940,164. Principal and interest paid for the current year and total customer net revenues were \$8,877,440 and \$32,293,141, 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 \$121,416,755. Principal and interest paid for the current year and total customer net revenues were \$6,446,692 and \$23,827,507, respectively.

As of December 31, 2019, the Municipality reported total outstanding Utility Revenue Bonds in the amount of \$491,735,000. The details of those bonds are as follows:

Description	Amount Outstanding
<u>Electric Utility</u>	
\$97,065,000 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%.	\$ 10,870,000
\$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%.	12,680,000
\$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.	114,760,000
\$180,575,000 2014A Electric Senior Lien Revenue Bonds due in annual installments of between \$2,380,000 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.	169,465,000
Total Electric Utility Outstanding	<u>307,775,000</u>

Description	Amount Outstanding
<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%.	\$ 8,000,000
\$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%	87,240,000
\$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 1.43% to 2.45%.	9,230,000
Total Water Utility Outstanding	<u>104,470,000</u>
<u>Wastewater Utility</u>	
\$20,000,000 2017 Wastewater Series A Revenue Bonds, due in annual installments of \$2,000,000 through 2027, interest rate of 2.5%.	16,000,000
\$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%	63,490,000
Total Wastewater Utility Outstanding	<u>79,490,000</u>
Total Utility Revenue Bonds Outstanding	<u><u>\$491,735,000</u></u>

Annual debt service requirements to maturity for revenue bonds are as follows:

Years:	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 15,080,000	\$ 24,837,904	\$ 39,917,904
2021	15,560,000	24,318,637	39,878,637
2022	16,390,000	23,736,016	40,126,016
2023	17,280,000	23,039,461	40,319,461
2024	17,690,000	22,301,212	39,991,212
2025-2029	99,305,000	97,635,819	196,940,819
2030-2034	119,700,000	68,917,903	188,617,903
2035-2039	126,590,000	33,542,650	160,132,650
2040-2044	58,715,000	8,945,975	67,660,975
2045-2047	5,425,000	416,123	5,841,123
Subtotal	<u>491,735,000</u>	<u>327,691,700</u>	<u>819,426,700</u>
Add unamortized premiums/(discounts), net	41,540,367	-	41,540,367
Total	<u><u>\$ 533,275,367</u></u>	<u><u>\$ 327,691,700</u></u>	<u><u>\$ 860,967,067</u></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 \$145,000 to \$285,000, with an interest rate between 1.25 percent and 5.00 percent. Principal and interest paid for the current year, total ACPA ticket surcharge revenues, and related investment income were \$302,000; \$364,947; and \$56,496, respectively. As of December 31, 2019, the Municipality reported an outstanding balance on this bond of \$3,100,000.

Annual debt service requirements to maturity are as follows:

Years:	Governmental Activities		
	Principal	Interest	Total
2020	\$ 145,000	\$ 155,000	\$ 300,000
2021	150,000	147,750	297,750
2022	160,000	140,250	300,250
2023	170,000	132,250	302,250
2024	175,000	123,750	298,750
2025-2029	1,010,000	479,500	1,489,500
2030-2034	1,290,000	200,250	1,490,250
Subtotal	3,100,000	1,378,750	4,478,750
Add unamortized premiums, net	390,166	-	390,166
Total	\$ 3,490,166	\$ 1,378,750	\$ 4,868,916

#### D. Certificate of Participation Bonds

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. The bonds will be repaid from contributions of property taxes. Principal and interest paid for the current year, total contributions of property taxes to the debt service fund, and related investment income were \$5,540,780; \$3,498,565; and \$662, respectively. At December 31, 2019, the balance remaining for the Police and Fire COP was \$56,120,000.

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. On November 27, 2019, the Municipality issued an additional amount of \$4,100,000 to assist with the costs associated with the sale of MLP to Chugach Electric, bringing the total outstanding principal as of December 31, 2019 to \$7,900,000. The debt service for this COP is to be paid from the proceeds of the sale of the Electric Utility in 2020. Details regarding the sale can be found in Note 21.

Annual debt service requirements to maturity for these certificates of participation are as follows:

Years:	Governmental Activities		
	Principal	Interest	Total
2020	\$ 4,327,969	\$ 2,204,862	\$ 6,532,831
2021	4,452,527	2,077,759	6,530,286
2022	4,583,736	1,944,565	6,528,301
2023	4,726,677	1,802,227	6,528,904
2024	4,876,431	1,649,622	6,526,053
2025-2029	25,937,660	5,591,879	31,529,539
2030-2032	15,115,000	1,140,288	16,255,288
Total	\$ 64,020,000	\$ 16,411,202	\$ 80,431,202

#### E. Notes and Contracts from Direct Borrowings

As stated above, the Municipality has chosen to early implement the provisions of GASB Statement No. 88. The notes and contracts payable in this section are all defined as direct borrowings. The Municipality does not have any direct placements.

##### 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. At December 31, 2019, the outstanding balance of DDPP notes payable from direct borrowing was \$191,900,000. On November 1, 2019, the loan term was extended to September 30, 2020. No further drawdowns are anticipated. Pursuant to the sale of the Electric Utility, the Municipality will retire the amount outstanding on the date of the sale.

The maturity date of the loan is September 30, 2020. The Electric Utility agrees to pay the outstanding principal and the accrued and unpaid interest on the earlier of the termination date or the maturity date. The interest rate is the LIBOR index rate as defined by the loan agreement. The average interest rate for 2019 was 2.77 percent. In the event of default by the Electric Utility, the Lender may terminate the loan commitment and declare all amounts owed to be immediately due and payable. There are no unused lines of credit or assets pledged as collateral for this debt.

#### **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. In May 2019, the Water Utility refinanced the loan agreement and increased commitment to \$30,000,000. The balance of the loan agreement as of December 31, 2019 was \$20,270,487.

The loan agreement states a maturity date of May 15, 2021 and the Water Utility plans to relieve debt with future bond issuance. Under the terms of the loan agreement, the Water Utility pays fees quarterly of 0.1 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 2019, the interest rate for the loan was 2.37 percent; 1.51 percent APR plus a 0.86 percent lender margin. In April 2020, the Water Utility requested an interest rate lock for the conversion of Series A 2017 Note to a fixed interest rate quote of 1.96 percent. The fixed rate is applicable to the maturity date of July 1, 2027. The rate will go into effect June 1, 2020.

#### **Wastewater Utility Commercial Bank Loan Agreement**

In March 2013, the Wastewater Utility entered into a Loan Agreement for up to \$60,000,000 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. In May 2019, the Wastewater Utility refinanced the loan agreement and increased to \$30,000,000. The balance in the loan agreement as of December 31, 2019 was \$19,505,506.

The loan agreement states a maturity date of May 15, 2021 and the Wastewater Utility plans to relieve debt with future bond issuance. Under the terms of the loan agreement, the Wastewater Utility pays fees quarterly of 0.1 percent per annum based upon the amount authorized, but not drawn, loan amount calculated on a weekly basis. The interest rate on the loan varies. As of, December 2019, the interest rate for the loan was 2.37 percent; 1.51 percent APR plus a 0.86 percent lender margin. In April 2020, the Wastewater Utility requested an interest rate lock for the conversion of Series A 2017 Note to a fixed interest rate quote of 1.96 percent. The fixed rate is applicable to the maturity date of July 1, 2027. The rate will go into effect June 1, 2020.

#### **Port Revolving Credit Agreement**

In June 2013, the Assembly authorized the establishment of a long-term borrowing program in the amount of \$40,000,000 as an interim financing program for the Port expansion project. On June 20, 2019, the Municipality and its commercial bank amended the Revolving Credit Agreement under the same terms and conditions but with a revised expiration date of July 21, 2021. Any amount still outstanding is required to be repaid on the Commitment Expiration Date. Any amount may be repaid prior to that date at the option of the Port. Interest rate charged to the Port is variable; as of December 31, 2019, the interest rate was 1.88 percent. The amount of interest expense recognized on the note in 2019 was \$ 1,290,712. The Port's financial statements show the Agreement's note as a noncurrent liability since the Port refinanced the note prior to its expiration date and established a new expiration date of July 1, 2021.

#### **Refuse and Disposal Utility Revenue Note Agreement**

In February 2019, the Refuse and Solid Waste Utilities entered into a joint Loan Agreement for up to \$55,000,00 with a commercial bank. Revenues from customers of the Refuse and Solid Waste Utilities are pledged to pay the debt service for this loan. Under the terms of the Loan Agreement, the interest on this loan is paid quarterly

and is calculated based on the LIBOR rate times .79 plus .92 percent. The maturity date of this Loan Agreement is in February of 2025. As of December 31, 2019, the combined outstanding principal balance for both Utilities was \$16,734,956, with the Refuse Utility reporting \$6,693,861 and the Solid Waste Utility reporting \$10,041,095.

### 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 \$194,684,927 on December 31, 2019.

Annual debt service requirements to maturity for these notes and contracts from direct borrowings are as follows:

Years:	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 205,861,323	\$ 3,715,122	\$ 209,576,445
2021	95,976,313	4,775,059	100,751,372
2022	15,117,691	3,117,387	18,235,078
2023	14,870,298	2,708,506	17,578,804
2024	14,501,001	2,485,452	16,986,453
2025-2029	82,856,196	6,932,315	89,788,511
2030-2034	33,519,460	2,924,168	36,443,628
2035-2039	18,438,195	877,261	19,315,456
2040	1,955,399	29,331	1,984,730
Total	\$ 483,095,876	\$ 27,564,601	\$ 510,660,477

### F. Bonds Authorized but Unissued

At December 31, 2019, 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	\$ 3,360	\$ -
	April 2017	None	3,665	3,665	-
	April 2018	None	3,650	3,390	260
	April 2019	None	3,950	-	3,950
Anchorage Roads & Drainage	April 2015	None	12,280	12,280	-
	April 2016	None	36,585	36,585	-
	April 2017	None	36,940	21,200	15,740
	April 2018	None	33,865	2,475	31,390
	April 2019	None	33,240	-	33,240
Area Wide Transportation Capital Improvement	April 2014	None	558	-	558
	April 2015	None	240	-	240
	April 2018	None	1,188	-	1,188
	April 2019	None	1,506	-	1,506
Public Safety- Areawide	April 2013	None	510	225	285
Public Safety- EMS	April 2013	None	1,175	1,160	15
Public Safety- Areawide	April 2014	None	585	570	15
Public Safety- Areawide	April 2015	None	4,370	4,370	-
Public Safety- EMS	April 2015	None	520	510	10
Public Safety- Areawide	April 2016	None	3,065	2,065	1,000
Public Safety- Areawide	April 2018	None	3,720	-	3,720
Public Safety- Areawide	April 2019	None	4,430	-	4,430



Purpose	Ordinance Date	Interest Limitation	Amount Authorized	Amount Issued	Remaining Authorized
Anchorage Police	April 2016	None	\$ 3,800	\$ 2,805	\$ 995
	April 2017	None	1,400	565	835
	April 2018	None	1,050	-	1,050
	April 2019	None	3,500	-	3,500
Anchorage Fire	April 2016	None	1,050	1,050	-
	April 2017	None	2,620	2,620	-
	April 2018	None	2,588	2,588	-
	April 2019	None	3,400	1,210	2,190
					<u>\$ 106,117</u>

In 2019, the Municipality voters approved the issuance of \$50,026,000 in area wide, road and drainage, public-safety, fire protection, and parks and recreation bonds.

### G. Refunded Bond Issues

In September 2019, the Municipality issued \$27,750,000 in General Purpose Refunding Bonds Series B. Proceeds of \$33,563,162 were used to refund the remaining principal balance of \$32,850,000 in 2010A-2 General Purpose General Obligation Bonds and pay costs of issuance of \$127,205. The refunding resulted in a cash flow savings of \$3,729,199 and an economic gain of \$3,385,347. However, for accounting purposes, the transaction resulted in a deferred charge of \$582,224. This amount has been reported as deferred outflow of resources and will be amortized to interest expenses over the life of the debt.

### ASD Refunding Bonds

In the fiscal year ended June 30, 2019, ASD did not issue any refunding school bonds.

### H. Defeasance of Debt

#### Water Utility Defeasance of Debt

In prior years, the Water Utility defeased certain revenue bonds by placing the proceeds of the new bonds and other available funds 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, 2019, there is zero defeased debt outstanding as the remaining balance was retired in 2019.

#### 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, 2019, the defeased balance of general obligation and revenue bonds remaining to be paid by the escrow agent was \$32,850,000 for the 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, 2019, the amount of general obligation bonds considered defeased was \$185,560,000.

### I. Electric Utility Asset Retirement Obligation

The Electric Utility recognizes an asset retirement obligation (ARO) for its interests in the Beluga River Gas Field (BRU) in accordance with Accounting Standards Codification (ASC) Topic No. 980-410-20, 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 980-410-20 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.

In 2012 the Electric Utility made its initial recording of the ARO asset and ARO liability with a beginning balance of \$1,461,335 representing the fair value of the obligation at 1996 – the period when the obligation was incurred. The Electric Utility recorded in 2012 \$4,185,549 to the ARO liability representing total accretion expense that would have been incurred if the liability were accreted from the time the obligation was incurred through December 31, 2012. During 2013, the Electric Utility commissioned a study of the costs associated with abandoning the BRU field and because of the findings of that study, adjusted the ARO liability and accretion as of December 2013. On April 22, 2016, the Electric Utility purchased 70 percent of CPAI’s one-third interest in the BRU. At that time, a revised estimate was made of the life of the gas field to December 31, 2038. The Electric Utility’s obligation for an ARO was adjusted for the increased liability and changes in estimated life and discount rate.

During 2019, the Electric Utility commissioned a study of the costs associated with abandoning the BRU field and also a study of remaining gas reserves, and, as a result of the findings of both studies, the Electric Utility adjusted the ARO liability and accretion as of January 1, 2019.

As of December 31, 2016, the Electric Utility entered into an agreement with the State of Alaska Department of Natural Resources (DNR) to establish an ARO investment fund to meet its obligations for dismantling, removing and restoring the land and property to a condition acceptable to the commissioner of the DNR in accordance with the terms and conditions of assigned leases and applicable statutes and regulations. The balance of the ARO investment fund was \$16,342,806 at December 31, 2019.

A schedule of changes in the ARO balance for the years ending December 31, 2019 is as follows:

Assets to be Retired:

Fair Value of Assets Legally Restricted to Pay the Liability	\$ 16,342,806
Beginning Asset Retirement Obligation	\$ 16,543,712
Current year accretion	1,018,801
Change in assumptions or cash flow revisions	6,770,034
Ending Asset Retirement Obligation	<u>\$ 24,332,547</u>

**J. ASD Debt**

The following is a summary of ASD’s long-term debt transactions for fiscal year ended June 30, 2019:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount Due within 1 year
General Obligation Bonds	\$ 517,000,000	\$ -	\$ 55,080,000	\$ 461,920,000	\$ 54,640,000
Capital Leases	-	2,077,000	86,000	1,991,000	176,989
Compensated Absences	12,067,818	15,705,834	16,236,598	11,537,054	6,756,771
Workers Compensation	14,192,942	7,639,147	6,399,636	15,432,453	6,719,618
Medical Claims	6,047,842	28,138,948	29,469,442	4,717,348	4,717,348
Total	<u>\$ 549,308,602</u>	<u>\$ 53,560,929</u>	<u>\$ 107,271,676</u>	495,597,855	<u>\$ 73,010,726</u>
Unamortized premium on GO Bonds				47,248,000	
Total				<u>\$ 542,845,855</u>	

Bonds payable at June 30, 2019 are comprised of the following individual issues:

General Obligation Bonds	Outstanding Amounts
\$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%.	\$ 60,540,000
\$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%.	12,485,000

General Obligation Bonds	Outstanding Amounts
\$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%.	\$ 1,605,000
\$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%.	1,285,000
\$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%.	10,895,000
\$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%.	33,015,000
\$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 5.00%.	51,440,000
\$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 5.00%.	25,605,000
\$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 5.00%.	62,620,000
\$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 5.00%.	56,530,000
\$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%	18,920,000
\$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%	34,300,000
\$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%	35,660,000
\$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%	57,020,000
	<u>\$ 461,920,000</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2019 are as follows:

Years:	Anchorage School District		
	Principal	Interest	Total
2020	\$ 54,640,000	\$ 20,479,000	\$ 75,119,000
2021	57,325,000	17,733,000	75,058,000
2022	45,660,000	15,205,000	60,865,000
2023	47,235,000	13,057,000	60,292,000
2024	38,430,000	11,191,000	49,621,000
2025-2029	111,450,000	36,945,000	148,395,000
2030-2034	75,790,000	15,825,000	91,615,000
2035-2040	31,390,000	2,064,000	33,454,000
Total	<u>\$ 461,920,000</u>	<u>\$ 132,499,000</u>	<u>\$ 594,419,000</u>

The amount of long-term liability that is due within one year as of June 30, 2019 is \$54,640,000. The Debt Service Fund has \$3,958,143 available to service the general obligation bonds. There are several restrictions contained in the various bond indentures. ASD follows 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 made in 2019 was all interest in the amount of \$772,112. The annual debt service requirements of this loan are as follows:

Years:	Anchorage Community Development Authority		
	Principal	Interest	Total
2020	\$ 456,362	\$ 772,112	\$ 1,228,474
2021	480,778	747,696	1,228,474
2022	506,499	721,975	1,228,474
2023	533,597	694,877	1,228,474
2024	562,144	666,330	1,228,474
2025-2029	3,295,343	2,847,029	6,142,372
2030-2034	4,276,351	1,866,021	6,142,372
2035-2038	4,320,926	592,973	4,913,899
Total	\$ 14,432,000	\$ 8,909,013	\$ 23,341,013

Total interest expense was \$772,112 for 2019.

## NOTE 11 - DEBT ISSUED SUBSEQUENT TO YEAR END

### A. Municipality of Anchorage

#### Tax Anticipation Notes

On March 11, 2020, the Municipality issued \$100,000,000 of General Obligation Tax Anticipation Notes. The yield on the notes is 1.50 percent with a maturity date of December 18, 2020.

#### Water Utility State of Alaska Drinking Water Loans

After December 31, 2019, the Water Utility entered into loan agreements for an additional \$10 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 \$4.2 million in loans from the State of Alaska Drinking Water Fund also for capital construction projects.

#### Wastewater Utility State of Alaska Clean Water Loans

After December 31, 2019, the Wastewater Utility entered into loan agreements for an additional \$10 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 \$5.4 million in loans from the State of Alaska Clean Water Fund also for capital construction projects.

#### Refuse and Disposal Utility Revenue Note Agreement

On February 1, 2019, the Refuse and Disposal Utilities entered a Short-Term Borrowing Program (STBP) with Key Government Services. The borrowing program allows the Refuse and Disposal Utilities to borrow up to \$55,000,000 on a short-term basis. The amount borrowed as of December 31, 2019 was \$16,734,956, with additional funds requested on May 1, 2020 in the amount of \$1,327,568. Under the terms of the Loan Agreement, the interest on the loan is to be paid quarterly and is calculated based on the LIBOR rate times .79 plus .92 percent. The maturity date of the Loan Agreement is in February 1, 2025. The Refuse and Disposal Utilities expected to continue borrowing on these available funds throughout the near future.

### B. Anchorage School District

#### General Obligation School Bonds

After the ASD fiscal year end June 30, 2019, the Municipality of Anchorage issued \$35,610,000 general obligation school bonds on October 1, 2019. The bonds are due in annual installments of \$1,105,000 to \$2,545,000 through April 2039, interest at 3 percent to 5 percent.

#### General Obligation Refunding School Bonds

After the ASD fiscal year end June 30, 2019, the Municipality of Anchorage issued \$10,295,000 general obligation refunding bonds to refund \$11,525,000 of general obligation school bonds, resulting in a decrease of \$1,359,022 in total debt service. The economic gain of this refunding in October 1, 2019 is \$1,242,941. The bonds are due in annual installments of \$885,000 to \$1,215,000 through April 2030, interest at 3 percent to 4 percent.

**Capital Lease**

After the ASD fiscal year end June 30, 2019, The District has entered into a capital lease agreement as lessee for financing the acquisition of eight school buses, payable in quarterly installments of \$25,553, ending January 1, 2030, and including interest at 3.06 percent.

**NOTE 12 - CONDUIT DEBT OBLIGATIONS****A. 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
2020	\$ 62,117
2021	57,536
Total	<u>\$ 119,653</u>

**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 after these dates are in the PERS Plan. IBEW and Local 302 are union sponsored cost-sharing defined benefit plans. All pension 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 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 Activities	Business-type Activities	Total
Public Employees Retirement System	\$ 303,673,966	\$ 50,217,494	\$ 353,891,460
Police and Fire Pension System	50,351,756	-	50,351,756
Total	<u>\$ 354,025,722</u>	<u>\$ 50,217,494</u>	<u>\$ 404,243,216</u>

Total net pension liability for all plans for 2019 was \$404,243,216 and total pension expense was \$80,602,742, which includes on-behalf expenses from the State of \$19,089,241. Total deferred outflows of resources and deferred inflows of resources for all plans were \$30,909,555 and \$39,227,568, respectively. There were no net pension assets reported for 2019.

### 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/dr/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 July 1, 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 defined benefit 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 Statutes require 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 and AS 39.35.280 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.

#### 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, 2019. In the proprietary fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period July 1 2018 to June 30, 2019, 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.

Contribution rates for the years ended June 30, 2019 and June 30, 2020 were determined in the June 30, 2017 and June 30, 2018 actuarial valuations, respectively. Municipality contribution rates for the 2019 calendar year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
<b>January 1, 2019 to June 30, 2019</b>			
Pension	16.17%	23.21%	5.58%
Postemployment Healthcare- ARHCT (see Note 14)	5.83%	4.37%	0.00%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>27.58%</b>	<b>5.58%</b>
<b>July 1, 2019 to December 31, 2019</b>			
Pension	15.72%	23.73%	6.62%
Postemployment Healthcare- ARHCT (see Note 14)	6.28%	4.89%	0.00%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>28.62%</b>	<b>6.62%</b>

In 2019, the Municipality was credited with the following contributions into the pension plan.

	Measurement Period	Municipality's Fiscal Year
	July 1, 2018 to June 30, 2019	January 1, 2019 to December 31, 2019
Employer contributions (including DBUL)	\$ 28,848,923	\$ 28,217,952
Nonemployer contributions (on-behalf)	13,168,573	13,976,667
Total Contributions	<u>\$ 42,017,496</u>	<u>\$ 42,194,619</u>

In addition, employee contributions to the Plan totaled \$7,927,452 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, 2019, 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	\$ 353,891,460
State's proportionate share of NPL associated with the Municipality	140,522,422
Total Net Pension Liability	<u>\$ 494,413,882</u>

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2019 measurement date, the Municipality's proportion was 6.46 percent, which was a decrease of .81 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Municipality recognized pension expense of \$55,460,233. Of this amount, \$19,089,241 was recorded as on-behalf revenue and expense for additional contributions paid by the State. At December 31, 2019, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Measurement Period June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (5,238,977)
Changes in assumptions	10,834,588	-
Net difference between projected and actual earnings on pension plan investments	5,074,050	-
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	-	(12,910,498)
Municipality contributions subsequent to the measurement date	15,000,917	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	<u>\$ 30,909,555</u>	<u>\$ (18,149,475)</u>

The \$15,000,917 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, 2020. 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
2020	\$ (1,684,926)
2021	(3,746,256)
2022	1,439,645
2023	1,750,700
Total Amortization	<u>\$ (2,240,837)</u>

### Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019. The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Inflation	2.50%
Actuarial Cost Method	Entry Age Normal- Level Percentage of Payroll
Allocation Methodology	Amounts for the June 30, 2019 measurement date were allocated to employers based on the present value of contributions for FY2021-FY2039, as determined by projections based on the June 30, 2018 valuation.
Salary Increases	For peace officers/firefighters, increases range from 7.75 percent to 2.75 percent, based on service. For all others, increases range from 6.75 percent to 2.75 percent, based on service.
Investment Return / Discount Rate	7.38 percent, net of pension plan investment expenses. This is based on an average inflation rate of 2.50 percent and real rate of return of 4.88 percent.
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

### Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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, 2019 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	Range
Broad domestic equity	8.16%	24%	+/- 6%
Global equity (non-U.S.)	7.51%	22%	+/- 4%
Intermediate treasuries	1.58%	10%	+/- 5%
Opportunistic	3.96%	10%	+/- 5%
Real assets	4.76%	17%	+/- 8%
Absolute return	4.76%	7%	+/- 4%
Private equity	11.39%	9%	+/- 5%
Cash equivalents	0.83%	1%	+3/-1%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.38 percent, which was a decrease of .62 percent from the prior year. 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 7.38 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 (6.38 percent) or 1-percentage-point higher (8.38 percent) than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Municipality's proportionate share of the net pension liability	6.46468%	\$ 467,074,628	\$ 353,891,460	\$ 259,104,251

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report. The pension plan's fiduciary net position has been determined on the same basis used by the pension plan.

**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 17, 1984, and May 25, 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, 2019, the following employees were covered by the benefit terms:

	Plan I	Plan II	Plan III	Total
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	199	123	451	773
Active Plan Members	-	-	10	10
Totals	199	123	461	783

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, 2019 are 20.14 percent, 20.14 percent, and 20.14 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 2019, there was \$126,516 in employee contributions to Plan III. There were no employee contributions to Plans I and II in 2019.

### 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, 2019 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, 2019. 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, 2019, the Municipality reported a net pension liability (NPL) for P&F Plans I, II, and III in the amount of \$50,351,756 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	\$ 85,836,114	\$ 68,541,700	\$ 282,552,165	\$ 436,929,979
Plan Net Position	(76,254,500)	(60,121,961)	(250,201,762)	(386,578,223)
Municipality Net Pension Liability	\$ 9,581,614	\$ 8,419,739	\$ 32,350,403	\$ 50,351,756

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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<b>Police &amp; Fire Retirement Plan I</b>			
Balances as of December 31, 2018	\$ 85,002,358	\$ 70,892,179	\$ 14,110,179
Changes for the year:			
Interest on total pension liability	5,262,793	-	5,262,793
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	(363,349)	-	(363,349)
Effect of assumptions changes or inputs	4,006,938	-	4,006,938
Benefit payments	(8,072,626)	(8,072,626)	-
Administrative expenses	-	(110,762)	110,762
Net investment income	-	13,545,709	(13,545,709)
Balances as of December 31, 2019	\$ 85,836,114	\$ 76,254,500	\$ 9,581,614
<b>Police &amp; Fire Retirement Plan II</b>			
Balances as of December 31, 2018	\$ 67,343,470	\$ 55,354,690	\$ 11,988,780
Changes for the year:			
Interest on total pension liability	4,189,753	-	4,189,753
Effect of economic/demographic (gains) or losses	(259,479)	-	(259,479)
Effect of assumptions changes or inputs	3,039,405	-	3,039,405
Benefit payments	(5,771,449)	(5,771,449)	-
Administrative expenses	-	(86,907)	86,907
Net investment income	-	10,625,627	(10,625,627)
Balances as of December 31, 2019	\$ 68,541,700	\$ 60,121,961	\$ 8,419,739

<u>Police &amp; Fire Retirement Plan III</u>	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of December 31, 2018	\$ 269,864,594	\$ 225,699,950	\$ 44,164,644
Changes for the year:			
Service cost	575,265	-	575,265
Interest on total pension liability	16,960,207	-	16,960,207
Effect of economic/demographic (gains) or losses	1,998,834	-	1,998,834
Effect of assumptions changes or inputs	12,180,462	-	12,180,462
Benefit payments	(19,027,197)	(19,027,197)	-
Administrative expenses	-	(358,256)	358,256
Member contributions	-	126,516	(126,516)
Net investment income	-	43,760,749	(43,760,749)
Balances as of December 31, 2019	<u>\$ 282,552,165</u>	<u>\$ 250,201,762</u>	<u>\$ 32,350,403</u>

For the year ended December 31, 2019, the Municipality recognized pension expense of \$4,525,354, \$3,507,463, and \$17,109,692 for the P&F Plans I, II, and III, respectively. At December 31, 2019, the reported deferred inflows of resources related to pensions from the following sources by Plan:

	Measurement Period December 31, 2019 Deferred Inflows of Resources
Net difference between projected and actual investments- Plan I	\$ (4,207,706)
Net difference between projected and actual Investments- Plan II	(3,308,554)
Net difference between projected and actual investments- Plan III	(13,561,833)
	<u>\$ (21,078,093)</u>

The combined amounts for all three plans of \$21,078,093 reported as deferred inflows 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, 2020. Deferred inflows of resources related to pensions will be recognized in pension expense for each Plan as follows:

#### Plan I

Year Ending December 31,	Amortization of Deferred Inflows of Resources
2020	\$ (1,189,779)
2021	(1,152,872)
2022	(24,318)
2023	(1,840,737)
Total Amortization	<u>\$ (4,207,706)</u>

#### Plan II

Year Ending December 31,	Amortization of Deferred Inflows of Resources
2020	\$ (933,124)
2021	(903,406)
2022	(28,431)
2023	(1,443,593)
Total Amortization	<u>\$ (3,308,554)</u>

Plan III

Year Ending December 31,	Amortization of Deferred Inflows of Resources
2020	\$ (3,772,577)
2021	(3,647,481)
2022	(198,543)
2023	(5,943,232)
Total Amortization	<u>\$ (13,561,833)</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2019 which was rolled forward to December 31, 2019, 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.

Valuation Date	January 1, 2020
Measurement Date	December 31, 2019
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 6.50 percent as of December 31, 2018 and 6.40 percent as of December 31, 2019, compounded annually, net of investment expenses.
Actuarial Cost Method	Entry Age Normal as Level Percentage of Pay
Mortality	Actives: Pub-2010 Public Safety Employees, sex distinct, generational projection with Unisex Social Security Data Scale. Retirees: Pub-2010 Public Safety Healthy/Disabled Retiree, sex distinct, generational projection with Unisex Social Security Data Scale. Beneficiaries: Pri-2012 Healthy Retiree, no collar, sex distinct, generational projection with Unisex Social Security Data Scale.

**Long-term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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	Target	Range
Domestic equities	4.05%	40%	+/- 13%
International equities	6.15%	25%	+/- 6%
Fixed income	0.75%	19%	+/- 9%
Real estate funds	3.75%	15%	+/- 9%
Cash equivalents	0.00%	1%	+/- 4%

**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, 6.40 percent as of December 31, 2019, 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 6.40 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 (5.40 percent) or 1-percentage-point higher (7.40 percent) than the current rate:

	1% Decrease (5.40%)	Current Discount Rate (6.40%)	1% Increase (7.40%)
Net Pension Liability:			
Plan I	\$ 16,941,836	\$ 9,581,614	\$ 3,212,010
Plan II	14,992,050	8,419,739	2,800,128
Plan III	64,323,345	32,350,403	5,637,289

### 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 168 employees covered by the IBEW Plan as of December 31, 2019. 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. The Agreement in effect during 2019 was effective until December 31, 2019. On February 27, 2020, the Agreement was extended to December 31, 2020 and amended effective the first full pay period in 2020.

#### 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, 2019 to December 31, 2019 was \$8.00 per hour. The Electric Utility's total employer contributions to the IBEW Plan for 2019 was \$3,249,636. The Electric Utility had \$355,339 in required contributions to the IBEW Plan payable to AETF at December 31, 2019. This amount was 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.

#### Defined Contribution Money Purchase Plan

The Agreement requires employer contributions to be made in an amount of 1.9 percent 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 2019 were \$412,735 and \$106,142, 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 140 employees covered by the Local 302 Plan as of December 31, 2019. 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 23, 2019 to June 30, 2022 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 \$5.85 per hour worked by a covered employee in 2019. Further, seasonal employees are provided for contributions at .75 cents per hour worked in 2018. Total employer retirement contributions (covered and seasonal employees) for 2019 was \$1,771,218. The Municipality is not subject to withdrawal penalties, nor are there any future minimum payments to the Local 302 Plan required other than the contribution per hour compensated as required by the Agreement.

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/dr/b/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.

Participating employees are immediately and fully vested in that employee's contributions and related earnings (losses). An employee shall be fully vested in the employer contributions made on that employee's behalf, and related earnings (losses), after five years of service. An employee is partially vested in the employer contributions, made on that employee's behalf, and the related earnings, in the ratio of (a) 25 percent with two years of service; (b) 50 percent with three years of service; (c) 75 percent with four years of service; and (d) 100 percent with five years of service. Employer contributions, and related earnings, that are contributed for employees that are not fully vested before leaving employment are considered forfeit and returned to the employer.

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, 2019, the Municipality contributed \$5,588,915 to PERS IV for retirement. Employee contributions to the plan totaled \$8,927,367. Total Defined Contribution forfeitures for the Municipality in 2019 are \$1,807,183.

### 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, 2019, 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 the aforementioned guidance.

#### Net OPEB Liability

The components of the net OPEB liability of each plan at December 31, 2019 are as follows:

	Police & Fire		Total
	Gentile Group	Medical Group	
Total OPEB liability	\$ 68,090,152	\$ 57,452,463	\$ 125,542,615
Plan fiduciary net position	-	(21,105,431)	(21,105,431)
Municipality's net OPEB liability	\$ 68,090,152	\$ 36,347,032	\$ 104,437,184
Plan fiduciary net position as a percentage of the total OPEB liability	N/A	36.74%	16.81%

#### 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 2 percent annual money-weighted rate of return, net of investment expenses for the year ended December 31, 2019.



### Combining Financial Statements for the Police and Fire Medical Trust Fund

The Municipality reported the following Statement of Net Position and the Statement of Changes in Net Position in the Fiduciary Funds section of the Comprehensive Annual Financial Report for the Police and Fire Medical Group and the Gentile Group plans.

MUNICIPALITY OF ANCHORAGE  
Combining Statement of Net Position  
December 31, 2019

Assets	Police and Fire Medical Group	Gentile Group	Total
Cash and cash equivalents	\$ 3,144	\$ -	\$ 3,144
Investments:			
Money market funds	713,743	-	713,743
Certificate of deposit	6,068,814	-	6,068,814
U.S. treasuries	5,064,418	-	5,064,418
U.S. agencies	3,841,591	-	3,841,591
Fixed income funds	1,205,668	-	1,205,668
International fixed income funds	362,529	-	362,529
Domestic equity securities	2,348,318	-	2,348,318
International equity securities	1,552,477	-	1,552,477
Total investments	<u>21,157,558</u>	<u>-</u>	<u>21,157,558</u>
Capital assets, net			
Total assets	<u>21,160,702</u>	<u>-</u>	<u>21,160,702</u>
Liabilities			
Accounts payable and accrued expenses	55,270	-	55,270
Total liabilities	<u>55,270</u>	<u>-</u>	<u>55,270</u>
Net Position			
Restricted for:			
Postemployment benefits other than pensions	21,105,432	-	21,105,432
Total net position	<u>\$ 21,105,432</u>	<u>\$ -</u>	<u>\$ 21,105,432</u>

MUNICIPALITY OF ANCHORAGE  
Combining Statement of Changes in Net Position  
December 31, 2019

Additions	Police and Fire Medical Group	Gentile Group	Total
Contributions from the Municipality	\$ 3,516,241	\$ -	\$ 3,516,241
Investment Income (Loss):			
Interest	(1,791)	-	(1,791)
Dividends	430,981	-	430,981
Net increase (decrease) in fair value of investments	1,228,775	-	1,228,775
Net Investment Income	<u>1,657,965</u>	<u>-</u>	<u>1,657,965</u>
Total additions	<u>5,174,206</u>	<u>-</u>	<u>5,174,206</u>
Deductions			
Regular benefit payments	3,396,774	-	3,396,774
Administrative expenses	54,076	-	54,076
Total deductions	<u>3,450,850</u>	<u>-</u>	<u>3,450,850</u>
Change in fiduciary net position	1,723,356	-	1,723,356
Net position, beginning of year	<u>19,382,076</u>	<u>-</u>	<u>19,382,076</u>
Net position, end of year	<u>\$ 21,105,432</u>	<u>\$ -</u>	<u>\$ 21,105,432</u>

## 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 and as of December 31, 2019, all members are now retired. Membership in the Plan consists of the following at December 31, 2019:

Inactive plan members or beneficiaries currently receiving benefits	229
Total plan membership	<u>229</u>

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, 2019, there were 229 retiree participants. For 2019, the monthly contribution for each member ranged between \$3,319 and \$4,087 per member depending on age and years of service. Benefit costs totaling \$11,932,766 were paid in 2019. 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, 2019, using the following actuarial assumptions:

Valuation Date	December 31, 2019
Inflation	2.3% per annum
Discount Rate	4.10 percent per annum (BOY), 2.74 percent per annum (EOY). Source: Bond Buyer 20-Bond GO Index
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary. All participants are currently retired.
Amortization Method	Experience/Assumptions gains and losses are amortized immediately as all participants are retired.
Mortality Rates	PRI 2012 generational table, utilizing the Public Safety rates, scaled using MP-2019 and applied in a gender-specific basis.
Healthcare Cost Trend Rates	Pre-Medicare Medical and Rx Benefits; 6 percent grading down to 4.5 percent Medicare Benefits; 5 percent grading down to 4.5 percent Stop Loss Fees; 6 percent grading down to 4.5 percent Administrative fees; 4.5 percent grading down to 4.5 percent

### 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, 2019, calculated using the discount rate of 2.74 percent, which is a decrease over the prior year’s discount rate of 1.36 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 (1.74 percent) or one-percentage-point higher (3.74 percent) than the current rate (in thousands):

	1% Decrease (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
Gentile Group	\$ 76,405	\$ 68,090	\$ 61,157

### 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, 2019, calculated using the healthcare cost trend rates as summarized in the 2019 actuarial valuation report, as well as what 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):

	Current Healthcare		
	1% Decrease	Trend Rate	1% Increase
Gentile Group	\$ 60,914	\$ 68,090	\$ 76,526

## 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, 2019:

Inactive plan members or beneficiaries currently receiving benefits	373
Active plan members	12
Total plan membership	<u>385</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 2019, the monthly contribution for each member ranges between \$605 and \$920 per member depending on age and years of service. The Municipality contributed \$3,516,241 to the Police and Fire Medical Group plan in 2019.

### Actuarial Assumptions

The total OPEB liability for this plan was determined by actuarial valuations as of December 31, 2019, using the following actuarial assumptions:

Valuation Date	December 31, 2019
Inflation	2.3% per annum
Salary Increase Rate	3.5% per annum
Discount Rate	4.2 percent per annum (BOY), 3.9 percent per annum (EOY). 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 salary
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). Currently everyone is eligible for retirement, thus changes are expensed immediately. Investment gains and losses are amortized over a closed period of 5 years starting the current fiscal year.
Mortality Rates	PRI 2012 generational table (for safety personnel) scaled using MP-2019 and applied on a gender-specific basis.
Healthcare Cost Trend Rates	Pre-Medicare Medical and Rx Benefits; 6 percent grading down to 4.5 percent Medicare Benefits; 5 percent grading down to 4.5 percent Stop Loss Fees; 6 percent grading down to 4.5 percent Administrative fees; 4.5 percent grading down to 4.5 percent

### Long-term Expected Rate of Return

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. The asset mix of the Police and Fire Medical Group Plan investment is currently 71 percent Equities and 29 percent Fixed Income. The best estimate of arithmetic real rates of return for these asset classes combined is 1.6 percent. The Police and Fire Medical Group Plan

had more than 5 percent of its investments held with the Federal Home Loan Bank and Federal National Mortgage Association. These investments were 8.37 percent and 7.38 percent, respectively, of the Police and Fire Retiree Medical Trust's total investments.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.9 percent, which is a decrease of .3 percent from the prior year. 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 of Resources Related to OPEB**

At December 31, 2019, the reported deferred outflows of resources related to OPEB from the following sources:

	Measurement Period December 31, 2019 Deferred Outflows of Resources
<u>Police &amp; Fire Medical Group</u>	
Net difference between projected and actual earnings on OPEB plan investments	\$ 228,062

The \$228,062 reported as deferred outflow of resources are related to OPEB resulted from the difference between actual and projected investment income at December 31, 2019. Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Amortization of Deferred Outflows of Resources
2020	\$ 10,589
2021	10,589
2022	146,809
2023	60,075
Total Amortization	<u>\$ 228,062</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, 2019, calculated using the discount rate of 3.9 percent, as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.9 percent) or one-percentage-point higher (4.9 percent) than the current rate (in thousands):

	1% Decrease (2.9%)	Current Discount Rate (3.9%)	1% Increase (4.9%)
Police and Fire Medical Group	\$ 43,101	\$ 36,347	\$ 30,716

**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, 2019, calculated using the healthcare cost trend rates as summarized in the 2019 actuarial valuation report, as well as what 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	\$ 31,769	\$ 36,347	\$ 44,894

**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 3.87 of the Code. Police officers, command officers, paramedics, and fire fighters hired after 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 Asset and Liability reported in the Statement of Net Position for the defined benefit pension plans is as follows:

<u>Net OPEB Liability</u>	Governmental	Business-type	Total
	Activities	Activities	
Alaska Retiree Healthcare Trust Plan	\$ 8,230,658	\$ 1,361,075	\$ 9,591,733
Retiree Medical Plan	1,746,944	288,886	2,035,830
Total Net OPEB Liability- PERS	9,977,602	1,649,961	11,627,563
Gentile Group Plan	68,090,152	-	68,090,152
Police and Fire Medical Group Plan	36,347,032	-	36,347,032
Total Net OPEB Liability- PFRMT	104,437,184	-	104,437,184
Total	\$ 114,414,786	\$ 1,649,961	\$ 116,064,747

<u>Net OPEB Asset</u>	Governmental	Business-type	Total
	Activities	Activities	
Occupational Death and Disability Plan	\$ 2,376,417	\$ 392,980	\$ 2,769,397

Total net OPEB asset and liability for all plans for 2019 was \$2,769,397 and \$116,064,747, respectively, and total OPEB expense was (\$101,737,975), which includes on-behalf expenses from the State of (\$24,649,103). Total deferred outflows of resources and deferred inflows of resources for all plans were \$22,817,852 and \$14,533,227, respectively.

#### 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. This plan is closed effective July 1, 2006. The RMP provides major medical coverage to retirees of the PERS Defined Contribution Plan (Tier IV). The RMP is self-insured. Members are not eligible to use this plan until they have at least 10 years of service and are Medicare eligible. 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, 2019, ARHCT 5.83 percent, ODD .26 percent, and RMP .94 percent, for July 1 through December 31, 2019, ARHCT 6.28 percent, ODD .26 percent, and RMP 1.32 percent. Employees do not contribute. In 2019, the Municipality was credited with the following contributions to the OPEB plan:

	Measurement Period	Municipality's Fiscal Year
	July 1, 2018 to June 30, 2019	January 1, 2019 to December 31, 2019
Employer contributions- ARHCT	\$ 10,398,837	\$ 10,714,150
Employer contributions- RMP	997,886	1,268,460
Employer contributions- ODD	466,250	483,278
Total Contributions	<u>\$ 11,862,973</u>	<u>\$ 12,465,888</u>

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

At December 31, 2019, the Municipality reported an asset and a liability for its proportionate share of the net OPEB asset (NOA) and 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:

Municipality proportionate share of NOL- ARHCT	\$ 9,591,733
Municipality proportionate share of NOL- RMP	2,035,830
Subtotal Net OPEB Liabilities	<u>11,627,563</u>
State's proportionate share of ARHCT NOL associated with the Municipality	3,813,875
Total Net OPEB Liabilities	<u>\$ 15,441,438</u>
Municipality proportionate share of NOA- ODD	\$ 2,769,397
Total Net OPEB Asset	<u>\$ 2,769,397</u>

The total OPEB asset and liabilities for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net OPEB asset and liabilities as of that date. The Municipality's proportion of the net OPEB asset and 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, 2019 measurement date changed from the proportionate share as of the June 30, 2018, as shown below.

	Measurement Date June 30, 2018	Measurement Date June 30, 2019	Change
Municipality's proportionate share of the net OPEB liabilities:			
ARHCT	7.26927%	6.46430%	-0.80497%
RMP	8.45717%	8.50957%	0.05240%
	Measurement Date June 30, 2018	Measurement Date June 30, 2019	Change
Municipality's proportionate share of the net OPEB asset:			
ODD	8.45717%	11.42255%	2.96538%

As a result of its requirement to contribute to the Plan and changes in the actuarially calculated net OPEB asset and liability, the Municipality recognized net OPEB expense of (\$89,161,825). Of this amount, (\$24,649,103) was recorded for on-behalf revenue and expense for actuarially calculated support provided by the State for the ARHCT plan, which can result in a negative balance in Operating Grants and Contributions in the Statement of Activities in accordance with GASB Statement No. 75. At December 31, 2019, the Municipality reported

deferred outflows of resources and deferred inflows of resources related to all OPEB plans from the following sources:

	Measurement Period June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>All Plans</u>		
Difference between expected and actual experience	\$ -	\$ (7,459,715)
Changes in assumptions	13,713,438	(52,956)
Net difference between projected and actual earnings on OPEB plan investments	-	(4,240,895)
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	1,861,831	(2,779,661)
Municipality contributions subsequent to the measurement date	7,014,521	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB	<u>\$ 22,589,790</u>	<u>\$ (14,533,227)</u>

Deferred outflows of resource and deferred inflows of resources from each Plan are reported from the following sources:

	Measurement Period June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>ARHCT</u>		
Difference between expected and actual experience	\$ -	\$ (6,445,446)
Changes in assumptions	12,728,048	-
Net difference between projected and actual earnings on OPEB plan investments	-	(4,200,131)
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	1,791,963	(2,412,661)
Municipality contributions subsequent to the measurement date	5,949,513	-
Total Deferred Outflows and Deferred Inflows of Resources Related to ARHCT	<u>\$ 20,469,524</u>	<u>\$ (13,058,238)</u>

	Measurement Period June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>RMP</u>		
Difference between expected and actual experience	\$ -	\$ (150,815)
Changes in assumptions	985,390	-
Net difference between projected and actual earnings on OPEB plan investments	-	(22,465)
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	69,868	-
Municipality contributions subsequent to the measurement date	800,048	-
Total Deferred Outflows and Deferred Inflows of Resources Related to RMP	<u>\$ 1,855,306</u>	<u>\$ (173,280)</u>

	Measurement Period June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>ODD</u>		
Difference between expected and actual experience	\$ -	\$ (863,454)
Changes in assumptions	-	(52,956)
Net difference between projected and actual earnings on OPEB plan investments	-	(18,299)
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	-	(367,000)
Municipality contributions subsequent to the measurement date	264,960	-
Total Deferred Outflows and Deferred Inflows of Resources Related to ODD	<u>\$ 264,960</u>	<u>\$ (1,301,709)</u>

The \$7,014,521 reported as deferred outflows of resources related to all OPEB plans resulting from contributions made subsequent to the measurement date will be recognized as a reduction in the net OPEB asset and liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>All Plans</u>	Net Amortization of Deferred Outflows and Deferred Inflows of Resources
Year Ending December 31,	
2020	\$ 2,294,354
2021	(3,367,549)
2022	986,872
2023	1,294,682
2024	(53,162)
Thereafter	(113,155)
Total Amortization	<u>\$ 1,042,042</u>

Excluding contributions made subsequent to the measurement date, deferred outflows of resources and deferred inflows of resources related to each OPEB plan will be recognized in OPEB expense as follows:

<u>ARHCT</u>	Net Amortization of Deferred Outflows and Deferred Inflows of Resources
Year Ending December 31,	
2020	\$ 2,397,216
2021	(3,264,688)
2022	1,010,504
2023	1,318,741
Total Amortization	<u>\$ 1,461,773</u>

<u>RMP</u>	Net Amortization of Deferred Outflows and Deferred Inflows of Resources
Year Ending December 31,	
2020	\$ 94,881
2021	94,881
2022	148,798
2023	147,845
2024	127,218
Thereafter	268,355
Total Amortization	<u>\$ 881,978</u>

<u>ODD</u>	Net Amortization of Deferred Outflows and Deferred Inflows of Resources
Year Ending December 31,	
2020	\$ (197,742)
2021	(197,742)
2022	(172,430)
2023	(171,904)
2024	(180,380)
Thereafter	(381,511)
Total Amortization	<u>\$ (1,301,709)</u>

### **Actuarial Assumptions**

The total OPEB asset and liability for the measurement period ended June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019. The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience. In addition to the changes in assumptions resulting from the experience study, the following changes have been made since the prior valuation.

- An Employee Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.



- Based on recent experience, the healthcare cost trend assumptions were updated.
- Per capita claims costs were updated to reflect recent experience.
- Healthcare cost trends were updated to reflect a Cadillac Tax load.

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level dollar, closed
Inflation	2.50%
Salary Increases	Graded by service from 7.75 percent to 2.75 percent, for peace officers/firefighters. Graded by service from 6.75 percent to 2.75 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	7.38 percent, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50 percent and real rate of return of 4.88 percent.
Healthcare cost trend rates	Pre-65 medical; 7.5 percent grading down to 4.5 percent Post-65 medical; 5.5 percent grading down to 4.5 percent Prescription drug; 8.5 percent grading down to 4.5 percent EGWP: 8.5 percent grading down to 4.5 percent
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table projected with MP-2017 generational improvement. The rates for pre-termination mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.
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.

### Long-term Expected Rate of Return

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	Range
Broad domestic equity	8.16%	24%	+/- 6%
Global equity (non-U.S.)	7.51%	22%	+/- 4%
Intermediate treasuries	1.58%	10%	+/- 5%
Opportunistic	3.96%	10%	+/- 5%
Real assets	4.76%	17%	+/- 8%
Absolute return	4.76%	7%	+/- 4%
Private equity	11.39%	9%	+/- 5%
Cash equivalents	0.83%	1%	+3/-1%

### Discount Rate

The discount rate used to measure the total OPEB asset and liability was 7.38 percent for each plan, which is a decrease of .62 percent from the prior year. 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 asset and liabilities for each plan.

### Discount Rate Sensitivity

The following presents the Municipality's proportionate share of the net OPEB asset and liabilities calculated using the discount rate of 7.38 percent, as well as what the Municipality's proportionate share of the net OPEB asset and liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (6.38 percent) or 1-percentage-point higher (8.38 percent) than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Municipality's proportionate share of the NOL- ARHCT	6.46430%	\$ 77,153,460	\$ 9,591,733	\$ (45,985,176)
Municipality's proportionate share of the NOL- RMP	8.50957%	5,113,316	2,035,830	(281,071)
	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Municipality's proportionate share of the NOA- ODD	11.42255%	\$ 2,626,958	\$ 2,769,397	\$ 2,884,536

### Healthcare Cost Trend Rate Sensitivity

The following presents the Municipality's proportionate share of the net OPEB asset and liabilities as of June 30, 2019, calculated using the healthcare cost trend rates as summarized in the 2019 actuarial valuation report, as well as what the respective plan's net OPEB asset and 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 Share	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Municipality's proportionate share of the NOL- ARHCT	6.46430%	\$ (52,485,292)	\$ 9,591,733	\$ 85,349,097
Municipality's proportionate share of the NOL- RMP	8.50957%	(626,134)	2,035,830	5,679,798
	Proportional Share	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Municipality's proportionate share of the NOA- ODD	8.45717%	N/A	\$ 2,769,397	N/A

### 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 2019, the Municipality was credited with the following contributions to the OPEB plans:

	Measurement Period January 1 to December 31, 2019	
	Gentile Group Plan	Police & Fire Medical Group Plan
Employer contributions	\$ 11,932,766	\$ 3,516,241

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

At December 31, 2019, 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:

Gentile Group Plan NOL	\$ 68,090,152
Police & Fire Medical Group NOL	36,347,032
Total Net OPEB Liability	<u>\$ 104,437,184</u>

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
<u>Gentile Group</u>			
Balances as of December 31, 2018	\$ 72,748,970	\$ -	\$ 72,748,970
Changes for the year:			
Interest cost	2,900,051	-	2,900,051
Differences between expected and actual experience	(7,357,231)	-	(7,357,231)
Changes in assumptions changes or inputs	3,379,239	-	3,379,239
Benefit payments	(3,580,877)	-	(3,580,877)
Balances as of December 31, 2019	<u>\$ 68,090,152</u>	<u>\$ -</u>	<u>\$ 68,090,152</u>
<u>Police &amp; Fire Medical Group</u>			
Balances as of December 31, 2018	\$ 63,356,659	\$ 19,382,076	\$ 43,974,583
Changes for the year:			
Service cost	118,469	-	118,469
Interest cost	2,587,708	-	2,587,708
Differences between expected and actual experience	(3,294,961)	-	(3,294,961)
Changes in assumptions changes or inputs	(1,864,560)	-	(1,864,560)
Benefit payments	(3,450,852)	(3,450,852)	-
Net investment income	-	388,241	(388,241)
Employer contributions	-	4,785,966	(4,785,966)
Balances as of December 31, 2019	<u>\$ 57,452,463</u>	<u>\$ 21,105,431</u>	<u>\$ 36,347,032</u>

The total OPEB liabilities for the December 31, 2019 measurement date was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019 to calculate the net OPEB liabilities as of that date.

For the year ended December 31, 2019, the Municipality recognized OPEB expense of (\$4,658,819) and (\$7,627,551) for the Gentile Group Plan and the Police and Fire Medical Group Plan, respectively. At December 31, 2019, the reported deferred outflows of resources related to OPEB from the following sources by Plan:

	Measurement Period December 31, 2019 Deferred Outflows of Resources
<u>Police &amp; Fire Medical Group</u>	
Net difference between projected and actual investments	\$ 228,062

There were no deferred inflows and deferred outflows of resources for the Gentile Group Plan. The Police and Fire Medical Group Plan reported \$228,062 of deferred outflows of resources related to OPEB resulting from the difference in projected and actual earnings. This will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2020. Deferred outflows 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,	Amortization of Deferred Outflows of Resources	
2020	\$	10,589
2021		10,589
2022		146,809
2023		60,075
Total Amortization	<u>\$</u>	<u>228,062</u>

**Actuarial Assumptions**

The total OPEB liability for the measurement period ended December 31, 2019 was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of December 31, 2019. 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, 2019
Discount rate	2.74%
Inflation	2.30%
Actuarial cost method	Entry Age Normal based on level percentage of projected salary. All participants are currently retired.
Amortization method	Experience/Assumptions gains and losses are amortized immediately as all participants are retired.
Mortality rates	PRI 2012 generational table, utilizing the Public Safety rates, scaled using MP-2019 and applied in a gender-specific basis.
Healthcare cost trend rates	Pre-Medicare Medical and Rx Benefits; 6 percent grading down to 4.5 percent Medicare Benefits; 5 percent grading down to 4.5 percent Stop Loss Fees; 6 percent grading down to 4.5 percent Administrative fees; 4.5 percent grading down to 4.5 percent

Police & Fire Medical Group Plan

Valuation date	December 31, 2019
Discount rate	3.90%
Inflation	2.30%
Asset valuation method	Fair Market Value
Salary increase rate	3.50%
Actuarial cost method	Entry Age Normal based on level percentage of salary.
Healthcare cost trend rates	Pre-Medicare Medical and Rx Benefits; 6 percent grading down to 4.5 percent Medicare Benefits; 5 percent grading down to 4.5 percent Stop Loss Fees; 6 percent grading down to 4.5 percent Administrative fees; 4.5 percent grading down to 4.5 percent
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). Currently everyone is eligible for retirement, thus changes are expensed immediately. Investment gains and losses are amortized over a closed period of 5 years starting the current fiscal year.
Mortality rates	PRI 2012 generational table (for safety personnel) scaled using MP-2019 and applied on a gender-specific basis.

**Long-term Expected Rate of Return**

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 71 percent Equities and 29 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 2.74 percent for the Gentile Group Plan and 3.90 percent for the Police and Fire Medical Group Plan. 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. The discount rate for the Gentile Group decreased 1.36 percent from the prior year. The discount rate for the Police and Fire Medical Group decreased .3 percent from the prior year. 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 2.74 percent for the Gentile Group Plan and 3.90 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 (1.74%)	Current Discount Rate (2.74%)	1% Increase (3.74%)
Gentile Group Plan	\$ 76,405	\$ 68,090	\$ 61,157
	1% Decrease (2.9%)	Current Discount Rate (3.9%)	1% Increase (4.9%)
Police & Fire Medical Group Plan	\$ 43,101	\$ 36,347	\$ 30,716

### Healthcare Cost Trend Rate Sensitivity

The following presents the net OPEB liabilities for each plan as of December 31, 2019, calculated using the healthcare cost trend rates as summarized in the 2019 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):

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Gentile Group Plan	\$ 60,914	\$ 68,090	\$ 76,526
	1% Decrease	Current Healthcare Trend Rate	1% Increase
Police & Fire Medical Group Plan	\$ 31,769	\$ 36,347	\$ 44,894

### 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, 2019 were as follows:

	Tier IV Police/Fire		Tier IV 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	0.94%	1.32%	0.94%	1.32%
Death & Disability Benefit	0.76%	0.72%	0.26%	0.26%
Total Employer Contribution	4.70%	5.04%	4.20%	4.58%

### 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, 2019 a flat rate of approximately \$2,103 per year for full time employees and \$1.35 per part time hour worked was paid. For pay periods ending after July 1, 2019, a flat rate of approximately \$2,122 per year for full time employees and \$1.36 per part time hour worked were paid.

### Annual Postemployment Healthcare Cost

In 2019, the Municipality contributed \$2,741,496 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 AR 2011-345(S) which set the fund balance policy in accordance with GASB 54. In 2014, the Assembly approved AR 2014-221 which revised the method of calculating certain components of the fund balance categories, to better aid in assessing the needs of the Municipality. Management’s 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 AR 2015-84 which amended the definition of expenditures used in the calculation of certain components of fund balance. As of December 31, 2019, there are no other amendments to the Fund Balance Policy.

On December 3, 2019, the Assembly approved AR 2019-433, which approved a temporary exemption from the fund balance set asides due to the earthquake that occurred on November 30, 2018. The Municipality is still in the process of collecting FEMA reimbursements and insurance recoveries related to this earthquake, which has caused the fund balance to dip below the set asides set in AR 2015-84. The Municipality began collecting FEMA reimbursements and insurance recoveries in 2020.

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	\$ 1,222,614	\$ -	\$ -	\$ -	\$ -	\$ 1,222,614
Prepaid Items	32,850	-	-	-	1,186,628	1,219,478
Advances to Other Funds	9,823,382	-	-	-	-	9,823,382
Assets Held for Resale	4,888,761	-	-	-	-	4,888,761
Cemetery Perpetual Fund	-	-	-	-	150,000	150,000
<b>Total Nonspendable</b>	<b>15,967,607</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,336,628</b>	<b>17,304,235</b>
<b>Restricted</b>						
Unspent COP Proceeds	3,387,875	-	-	-	-	3,387,875
Nuisance Property Abatement	-	-	-	-	50,369	50,369
Capital Improvements	-	-	-	-	12,702,085	12,702,085
MOA Trust Fund	-	171,472,513	-	-	-	171,472,513
Police & Fire Retiree Medical Liability	-	-	-	-	36,920,092	36,920,092
E911 Surcharge	-	-	-	-	551	551
Federal Grants	-	-	-	-	970,781	970,781
Federal/State Fines & Forfeitures	-	-	-	-	823,741	823,741
Miscellaneous Operational Grants	-	-	-	-	1,559,724	1,559,724
Convention Center Operating Fund	-	-	-	-	21,707,654	21,707,654
49th State Angel Fund	-	-	-	-	12,035,460	12,035,460
Debt Service	-	-	-	1,116	14,498,726	14,499,842
<b>Total Restricted</b>	<b>3,387,875</b>	<b>171,472,513</b>	<b>-</b>	<b>1,116</b>	<b>101,269,183</b>	<b>276,130,687</b>
<b>Committed</b>						
10% Bond Rating	46,220,149	-	-	-	-	46,220,149
Capital Improvements	-	-	-	-	15,184,193	15,184,193
Heritage Land Bank	-	-	-	-	6,010,035	6,010,035
Miscellaneous Operational Grants	-	-	-	-	12,307	12,307
<b>Total Committed</b>	<b>46,220,149</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,206,535</b>	<b>67,426,684</b>
<b>Assigned</b>						
Heritage Land Bank	-	-	-	-	405,330	405,330
Nuisance Property Abatement	-	-	-	-	1,705	1,705
Capital Improvements	-	-	-	-	123,835	123,835
Cemetery Perpetual Fund	-	-	-	-	432,444	432,444
State Grants	-	-	-	-	8,068,106	8,068,106
Federal Grants	-	-	-	-	226,642	226,642
Federal/State Fines & Forfeitures	-	-	-	-	84,607	84,607
Miscellaneous Operational Grants	-	-	-	-	894	894
Convention Center Operating Fund	-	-	-	-	5,605,081	5,605,081
<b>Total Assigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,948,644</b>	<b>14,948,644</b>
<b>Unassigned</b>						
2% Working Capital Reserve	10,127,253	-	-	-	-	10,127,253
Other Unassigned	(8,780,864)	-	(3,781,342)	-	(21,350)	(12,583,556)
<b>Total Unassigned</b>	<b>1,346,389</b>	<b>-</b>	<b>(3,781,342)</b>	<b>-</b>	<b>(21,350)</b>	<b>(2,456,303)</b>
<b>Total Fund Balance (Deficit)</b>	<b>\$ 66,922,020</b>	<b>\$ 171,472,513</b>	<b>\$ (3,781,342)</b>	<b>\$ 1,116</b>	<b>\$ 138,739,640</b>	<b>\$ 373,353,947</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 in the sub funds of the General Fund for this purpose. The Municipality did report \$3,387,875 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. For 2019, the full balance of \$46,220,149 of committed fund balance for bond rating is reported, but only \$1,346,389 of the unassigned fund balance for working capital reserve is available after offsetting the other unassigned fund deficit.

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

Bond Rating:	
Committed	\$ 46,220,149
	<u>46,220,149</u>
Working Capital Reserve:	
Unassigned for Working Capital	\$ 10,127,253
Unassigned Fund Balance Deficit	(8,780,864)
Available Working Capital Reserve	<u>\$ 1,346,389</u>

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

Major Funds:	
Capital Projects Roads & Drainage Fund	<u>\$ 12,215,103</u>
Non Major Capital Project Funds:	
Public Safety	2,937,182
Parks & Recreation	1,107,702
Areawide	3,506,100
Public Transportation	2,749,163
Heritage Land Bank	22,678
Miscellaneous	998,715
Total Non Major Capital Project Funds	<u>\$ 11,321,540</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 2019, 2018 or 2017.

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, 2019, is dependent upon future developments. At December 31, 2019, claims incurred but not reported included in the liability accounts are \$12,919,769 in the General Liability/Workers' Compensation Fund and Medical/Dental Self Insurance Fund.

Changes in the funds' claim liability amounts in 2019 and 2018 are as follows:



	Balance January 1, 2019	Current Year Claims and Changes in Estimates	Claims Paid	Balance December 31, 2019
General Liability/Workers' Compensation	\$ 19,201,794	\$ 11,807,745	\$ (6,671,110)	\$ 24,338,429
Medical/Dental	3,636,188	46,183,981	(45,016,543)	4,803,626
Unemployment	60,131	220,510	(227,614)	53,027
	<u>\$ 22,898,113</u>	<u>\$ 58,212,236</u>	<u>\$ (51,915,267)</u>	<u>\$ 29,195,082</u>

	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>

At December 31, 2019, the Medical and Dental Self Insurance Fund had unrestricted net position of \$17,601,883, an increase of \$6,342,507 from 2018.

At December 31, 2019, the General Liability and Worker's Compensation Fund had a deficit of \$5,574,028, an increase in the deficit of \$2,388,074 from 2018. The increase in the deficit is due to an increase 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 5 percent maximum long-term real return of return (e.g., 8 percent return minus 3 percent inflation). 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 2019, consistent with the policy limitations described above, \$6,500,000 of the Trust fund balance was transferred to the General Fund.

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

### **A. Electric Utility**

#### **Beluga River Unit Underlift Settlements**

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 deferred inflows of resources for future natural gas purchases. The balances of the Future Natural Gas Purchases Account, as of December 31, 2019 \$18,230,036.

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 Assets/Liabilities**

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 over-recovered as of December 31, 2019 in the amount of \$1,562,679.

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, 2019 in the amount of \$4,793.

#### **Deferred Inflow of Resources 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, reported on the statement of net position as deferred inflows of resources, and 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, 2019, was \$10,106,438.

### **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 investment account. As of December 31, 2019, the sinking fund account balance was \$16,342,806.

As part of the revised petition in Docket U-14-009, dated January 29, 2014, the Electric Utility stated that it would "each year, as part of [its] third quarter COPA filing, update the projected interest earnings rate for the ARO surcharge calculation." In accordance with that requirement, in TA375-121, the Electric Utility updated its future interest earnings estimate to 4.7 percent. This estimate is based on the targeted earnings rates established by the ARO Board Investment Guidelines of CPI-U plus 200 basis points. CPI-U for Anchorage was at 2.7 percent in 2019. The actual average earnings over the most recent 12-month period was 5.87 percent and the actual average earnings over the most recent 6-month period was 7.66 percent. The Electric Utility will continue to review the projected interest earnings as part of its semiannual ARO surcharge filing.

In accordance with U-14-009(2), the Electric Utility is required to update its field abandonment cost estimate for the ARO surcharge every 5 years. With the filing of TA375-121, the Electric Utility submitted its updated cost estimate. The updated cost estimate for the field was \$56.9 million, comprised of \$28.5 million for above ground assets and \$28.4 million for below ground assets. The updated estimate is higher than the prior field estimate of \$33.5 million produced in the 2013 study.

Significant factors contributing to the increase include new facilities and increased regulatory requirements for remediation. The above ground cost increased approximately \$5.6 million for the removal of a site compressor and water gathering system. Also included in the updated study are the cost estimates to remediate contaminated sites in the field. The below ground estimate for plugging and abandonment of the 25 existing wells increased approximately \$18 million due to new regulatory requirements that require additional cement barriers to complete well abandonment downhole. Labor, material, and equipment costs to construct the cement barriers are the primary factors leading to the increase in the below ground well abandonment cost.

Also, in accordance with U-14-009(2) the Electric Utility is required to update its BRU production projections for the ARO surcharge every 3 years. With the filing of TA375-121, the Electric Utility submitted its updated production projections. Based on the updated 2019 report completed by Ryder Scott, the Electric Utility's share of the remaining gas reserves, net of fuel gas, is 82 billion cubic feet. The end of the life of the field is estimated to occur in 2038.

### **Revenue Requirement Studies**

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. The RCA was ordered to "make findings and conclusions on whether ML&P met its burden to demonstrate that the decision to construct Plant 2A was prudent, reopening the evidentiary record if necessary." The RCA also must provide the process by which it arrived at the final ROE of 10.7 percent.

On May 28, 2020, as part of the acquisition Dockets (U-19-020/U-19-021/U-18-102), the RCA accepted the Amended Remand Stipulation, reaffirmed the Electric Utility's current rates as permanent, and closed the Electric Utility's rate case Docket (U-17-008). This stipulation was signed by the Electric Utility, Providence Health and Services, the Federal Executive Agency, and Attorney General for the State of Alaska. It resolved the remanded issues by agreeing to the permanent rates as set in the rate case.

### **Acquisition of CPAI's Interest in the BRU**

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.

In its own motion the RCA opened Docket U-18-102 to specifically investigate the Electric Utility's BRU gas management procedures, including use of its share of BRU gas for economy energy sales and the appropriate pricing of BRU gas that is used for economy energy sales. The RCA also opened Docket U-18-102 to investigate the adequacy of the ARO surcharge. An order in Docket U-18-102 revising the ARO surcharge used in the Electric Utility's GTP calculation will directly affect both the COPA and the SFPPR proposed in COPA filings by the Electric Utility. An order in Docket U-18-102 affecting the pricing of economy energy sales by the Electric Utility would also affect the COPA proposed in COPA filings.

One COPA filing in 2019, TA373-121, was directly affected by the matters under investigation in Docket U-18-102. Accordingly, the RCA suspended TA373-121 for further investigation. The rates shown on the tariff sheets are approved on an interim and refundable basis effective October 1, 2019. In addition, the gas transfer price of \$2.15705 per thousand cubic feet was approved on an interim and refundable basis, effective October 1, 2019.

On May 28, 2020, as part of the acquisition Docket (U-19-020/U-19-021), the RCA ruled the use of market value proxy mechanism in pricing economy energy sales using the Electric Utility's BRU interest gas. The methodology is set out in Section 2.05 of the Restated BRU Agreement, which is one of the agreement documents of the acquisition dockets. This requirement was effective May 28, 2020.

The Electric Utility's tax credit appeal at the Office of Administrative Hearings (OAH), 17-0379-TAX, is still ongoing. The Department of Revenue and the Electric Utility are currently working on analyzing discovery requests and responses from both sides.

### **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.

### **Acquisition of the Electric Utility by CEA**

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 Certification of Public Convenience and Necessity (CPCN) No. 8 to reflect the acquired service territory. This filing was 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. Hearings occurred from August 27, 2019 to November 8, 2019. Two stipulations agreed upon by most parties in the dockets were presented to the RCA - Acquisition stipulation and Remand stipulation. The remand stipulation revolved around the appeal by PHS on the prudence of the Electric Utility's Plant 2A. On February 21, 2020, the RCA closed Docket U-17-008, which addressed the remand stipulation. The RCA was then left with reviewing the acquisition stipulation.

On May 28, 2020, the RCA issued a ruling addressing the acquisition Dockets, U-19-020(39) and U-19-021(39), and part of the BRU Management Practices, U-18-102(44). The RCA did not approve the sale as proposed but did approve the sale if parties agree to modify the transaction as required in the final order. The approval of the transaction is subject to the following conditions: (1) Unified COPA surcharges and rejection of the BRU Fuel Agreement cost and benefit allocations as unreasonably discriminatory; (2) Unified base rates to be filed in Chugach's first rate case. The PILT Agreement's proposed recovery of payments only from former ratepayers of the Electric Utility through 2033 must be rejected; (3) CEA and MEA forming a tight power dispatch pool.

If the transaction closes under these Dockets, the RCA will terminate the dividend restriction imposed on the Electric Utility by Order U-13-184(22). This will allow disbursement of the Electric Utility's assets as contemplated by the transaction.

At this time, all other parties in the Docket have accepted the conditions as ordered by the RCA, and on July 15, 2020, CEA filed an Operations Agreement for Power Pooling and Joint Dispatch by and between CEA and MEA with the RCA.

### **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 Utility's 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. On June 18, 2019, Order 2 was issued. The RCA denied the petition citing the results of the recently concluded rate case in Docket U-17-008 and that they did not find the \$2.5 million revenue requirement reduction recommended in the 2018 Depreciation Study to be so materially substantial that the RCA should require the Electric Utility to incur the cost of filing a new rate case. The RCA further explains that the lack of synchronization between the requested depreciation rates and the current rates charged for electric public utility service. The denial will allow the depreciation rates previously found to be adequate but not excessive to remain in effect and will result in depreciation expense collected from customers matching depreciation being recorded. The Electric Utility was ordered to file another depreciation study in 2024, or when it files its next rate case.

### **Senate Bill 241**

A bill introduced in the Senate of the Alaska Legislature was signed by Governor Dunleavy on April 10, 2020. This Act extended the Governor's declaration of public health disaster emergency mandate in response to the novel coronavirus (COVID-19) that was issued on March 10, 2020. It provides for a financial plan and made temporary changes to state law in response to the COVID-19 outbreak in response to several areas. One of these areas is on regulatory assets for unpaid utility bills and extraordinary expenses. A utility certified under AS 42.05 may record regulatory assets, to be recovered through future rates, for uncollectible residential utility bills and extraordinary expenses that result from the novel coronavirus disease public health disaster declared by the Governor. The determination as to whether an extraordinary expense resulted from the COVID-19 public health disaster emergency, and the amortization periods for the regulatory assets are subject to approval by the RCA before recovery occurs through future rates. In this section, an "uncollectable residential utility bill" does not include a debt paid under a deferred payment agreement.

The Electric Utility has suspended utility shut offs as of March 17, 2020. Customers are encouraged to pay on time, as they are able. Each unpaid utility bill will continue to accrue. Customers who are not able to pay are

encouraged to contact Customer Service to work out a payment plan. Under SB 241, the Electric Utility is prohibited from disconnecting services or imposing late fees for the duration of the emergency. In order to avoid disconnection for non-payment and late fees, a residential customer must provide a statement of financial hardship and negotiate a deferred payment agreement with the Electric Utility. This was offered by the Electric Utility to its customers.

On May 1, 2020, the RCA issued Order U-20-015, Order Permitting Deviation from Tariff Under AS 42.05.711(d). This order addresses deviations by utilities from their approved tariffs as they avoid disconnections to their customers. Instead of formally requesting approval to deviate, the RCA requires a certificated public utility to promptly make informational filing in U-20-015 describing how it is deviating from its tariff. The Electric Utility's tariff language pertaining to disconnections is not violated, therefore no information filing is needed for the Electric Utility.

### **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 operating and maintenance costs of \$542,438 in 2019. Capital costs for 2019 were \$965,640. In addition, the Electric Utility paid transmission costs for hydroelectric power of \$42,688 in 2019.

### **Bradley Lake Hydroelectric Project**

The Electric Utility agreed to acquire a portion of the output of the Bradley Lake Hydroelectric Project (Project) pursuant to a Power Sales Agreement (Agreement). The Agreement specifies the Electric Utility acquire 25.9 percent of the output of the Project.

The Project went online September 1, 1991. The Electric Utility made payments to the Alaska Energy Authority (AEA) of \$4,997,622 in 2019 for its portion of costs and received 66,345 megawatt hours of power from the Project. The Electric Utility received a budget surplus refund in the amount of \$226,448 for 2019. During the late summer and fall of 2019, the Swan Lake fire resulted in the transmission line from Bradley Lake to be de-energized for several months. The Electric Utility as well as its other partners in the Project were unable to receive delivery of power from the Project until the fire was extinguished, and the line was assessed and repaired. The line was fully operational by the end of November 2019. The Electric Utility's estimated cost of power from the Project for 2020 is \$2,536,188.

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, 2019 is \$22,445,000. The pro rata share 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 \$6,276,098. 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 \$7,845,122. 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 SPP. 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 Electric Utility has recorded costs of \$15,097,247 in 2019 for its share of the operation of the plant.

## **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 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. To mitigate the cost to the affected customers, the Water Utility initiated a voluntary rebate program 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. At year ended December 31, 2019, the unamortized balance was \$225,138.

#### **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, which was granted effective February 1, 2019. On February 25, 2020, the RCA issued Order 9 in Docket U-19-005 accepting the stipulation submitted by the Water Utility resulting in a 6.52 percent permanent rate increase. In Order 11 of the same docket the RCA approved the Water Utility's refund plan, released funds from escrow, and required the Water Utility to notify the RCA when refunding of all monies to its customers in conformance with the approved refund plan has been completed.

#### **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.

#### **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 Order 5 in Docket U-17-104, dated October 22, 2018.

### **C. Wastewater Utility**

#### **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, which was granted effective February 1, 2019. On February 25, 2020, the RCA issued Order 9 in Docket U-19-006 accepting the stipulation submitted by the Wastewater Utility resulting in a 6.86 percent permanent rate increase. In Order 11 of the same docket the RCA approved the Wastewater Utility's refund plan, released funds from escrow, 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.

#### **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 contribution to a Port litigation escrow account recorded in 2018 and 2017 as restricted assets "legal settlement set-aside", under the restricted assets section 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 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.

## **B. Notice of Violation**

On or about March 28, 2018, the Alaska Department of Environmental Conservation (ADEC) issued a Notice of Violation (NOV) to the Municipality of Anchorage, Solid Waste Services (SWS), alleging multiple violations of the Municipality's Air Quality Operating Permits for the Anchorage Regional Landfill, all relating to the emission of landfill gas. On or about June 10, 2019, the ADEC issued a second NOV to SWS alleging 1) failure to conduct surface emission monitoring (SEM), and 2) failure to meet certification requirements. SWS met with ADEC on a couple of occasions in an attempt to resolve the alleged violations; SWS set forth its position regarding resolution in a letter dated January 24, 2020. ADEC responded on May 28, 2020, expressing "disappointment" with SWS's position, and calculating penalties of approximately \$711,336, subject to computation of an additional so-called economic benefit component. SWS is currently evaluating ADEC's response.

It is too early to either determine the likelihood of an unfavorable resolution or estimate the amount or range of possible liability with any degree of accuracy.

## **C. 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, 2019, 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 Sites**

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, 2019, SWS had a recorded liability of \$33,592,239 associated with these future costs, based on the use of 37.52 percent of the landfill’s estimated capacity. Based upon the 2015 study, it is estimated SWS will recognize an additional \$55,947,813 in liability expense between 2019 and 2070, 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 2019. 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, 2019	Addition	Deletion	Balance December 31, 2019	Due in One Year
Future Landfill Closure Costs	\$ 34,499,831	\$ -	\$ 907,592	\$ 33,592,239	\$ -

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 2018-78, 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, 2019, SWS reported \$36,970,076 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. All cleanup activities were performed 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. Petroleum Contaminated Sites and Spill Cleanup**

In 2018, based on an 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 were no petroleum vapors entering the 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's environmental consultant will prepare a work plan and conduct groundwater sampling during the summer of 2020. The Electric Utility does not anticipate any material environmental liability associated with this contaminated site.

#### **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, NO<sub>x</sub>, 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 at the AWWU headquarters building located at 3000 Arctic Blvd., Anchorage, Alaska 99503. 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 received a "Cleanup Complete Determination" from ADEC in 2019.

The Water Utility used the expected cash flow technique to measure the liability. The Water Utility estimates outlays of \$0 as of December 31, 2019. 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 documentation 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 \$1,000 to \$423,000 per contaminated site and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$707,300 as of December 31, 2019. 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 2020 and is set to expire on February 28th, 2025. The Girdwood WWTF permit has been administratively extended since 2005, pending reissuance by ADEC. The Wastewater Utility continues to work closely with ADEC to develop site specific criteria and permit limits for the permit renewal.

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 Region 10 has stated to all 301(h) permit holders that they are committed to reducing its backlog of administratively continued permits by the end of September 2022. EPA has told the Water Utility that Asplund is not excluded from the goal of having their administratively continued NPDES permits current by the end of their fiscal year 2022. 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 \$1,774,678 at December 31, 2019. 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 2019, the monitoring and reporting costs for Tract J was \$13,269. No required monitoring expenses were incurred for Tract H in 2019.

## **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.

In 2019, the Site received a "Cleanup Complete with Institutional Controls" designation from ADEC. No more costs will be incurred unless this site is leased.

### **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 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.

During soil testing at the P WTF 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 completed in 2018 included 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. There was no additional site characterization work completed in 2019 and the extent of contamination is unknown at this time.

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 plans to request ADEC assign closed status to those sites for which site characterization, monitoring, and compliance review has yielded no contaminants above ADEC thresholds. The estimated pollution remediation liability for these sites was reduced to zero for 2019.

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

The presence of GROs, DROs, and multiple VOCs exceeding applicable cleanup standards was discovered because 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. In 2018, the Municipality submitted 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 which was approved by ADEC in November 2018. The Municipality is awaiting the request for additional work from ADEC for one of the sites and for a response from ADEC regarding the 2018 request for site closure. No additional estimates of potential future costs are available.

### **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 2019. In January 2020, ADEC requested a work plan to complete site characterization and conceptual site model. Currently, the costs associated with any future actions cannot be determined at this time.

### **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. In 2019, ADEC approved work plan for soil excavation and additional site characterization. The Municipality uses the expected cash flow technique to measure liability. The Municipality estimated a reasonable range of potential outlays between \$267,000 and \$307,000 and multiplied those outlays by their probability of occurrence to estimate a pollution remediation obligation of \$307,000 for 2019.

### **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. As of December 31, 2019, the Municipality is waiting for site closure confirmation from ADEC.

### **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. Groundwater samples 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 that was 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. In 2019, a site assessment report was submitted and reviewed by ADEC. Field activities consisted of advancing one soil boring, completing as a monitoring well, and collecting soil and ground water samples. Additional site

characterization will be required before ADEC can recommend closure of these sites. The estimated pollution remediation liability for this site was reduced to zero for 2019.

### **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 \$2,402,948.

### **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.

In 2019, ADEC reviewed and approved the site characterization workplan as well as a workplan to decommission the four onsite monitoring wells in accordance with ADEC guidance. The estimated pollution remediation liability for this site was reduced to zero for 2019. In January 2020, this site received a “Cleanup Complete” designation from ADEC and no further remedial action will be required.

### **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 not encountered but based on documents from the area it is estimated 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 range organic compounds 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 (CEA)**

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.

On May 28, 2020, the RCA issued an order addressing the acquisition dockets and approving the sale if the parties agree to modify the transaction as required in the final order. (See Note 18A). All parties have accepted the conditions as ordered by the RCA, and the expected closing date will be in the fall of 2020.

The Electric Utility, the Municipality and CEA are currently engaged in integration activities and transition planning. The Electric Utility continues to operate as usual and the proposed sale has had no material effect on ongoing operations of the Electric Utility. It is expected that the Municipality will continue to operate the Electric Utility until the acquisition date, at which time CEA will take over operation of the Electric Utility. Of course, the successful acquisition of most of the assets of the Electric Utility by CEA would have a significant effect on the financial position and results of operations of the Electric Utility. The agreement, as approved with conditions by the RCA, requires that the Electric Utility retain only the generation assets of Eklutna Hydroelectric Project and sell power to MEA from those assets.

## **B. Water Utility Subsequent Events**

### **Anchorage Earthquake Effects on the Water Utility**

On November 30, 2018, the Municipality experienced a magnitude 7.1 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 Water Utility is working with the Federal Emergency Management Agency 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 regulatory and other assets is \$2,679,965.

On December 23, 2019, the Water Utility filed a petition for approval to create a Regulatory Asset with the RCA to amortize the unreimbursed expenses over a period that reflects the period of benefit to the ratepayers. On March 18, 2020, the Order U-19-005 (2) granted the petition to allow deferred accounting treatment for costs incurred from the earthquake, which will be addressed in the next Water Utility rate case.

## **C. Wastewater Utility Subsequent Event**

### **Anchorage Earthquake Effects on the Wastewater Utility**

On November 30, 2018, the Municipality experienced a magnitude 7.1 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 Wastewater Utility is working with Federal Emergency Management Agency 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 regulatory and other assets is \$3,403,938.

On December 23, 2019, the Wastewater Utility filed a petition for approval to create a Regulatory Asset with the RCA to amortize the unreimbursed expenses over a period that reflects the period of benefit to the ratepayers. On March 19, 2020, the Order U-19-003 (2) granted the petition to allow deferred accounting treatment for costs incurred from the earthquake, which will be addressed in the next AWWU rate case.

### **Sale of Property for Resale**

The Wastewater Utility purchased a residential property in 2016 to access Wastewater Utility infrastructure. The property was planned to be sold in 2019, however, the sale did not record until January 3, 2020.

## **D. Port Subsequent Event**

### **Ordinance No. 2020-16**

On February 11, 2020, the Assembly passed Ordinance No. 2020-16 which authorized and approved the issuance of revenue bonds and/or notes of the amount not to exceed \$100,000,000 for the purpose of providing funds to refinance outstanding debt and for future capital improvements related to the Port, such as construction of the Petroleum and Cement Terminal. As of the opinion issuance date, the Port has not issued additional debt beyond the note payable outstanding as of December 31, 2019.

## **E. Municipality Subsequent Events**

### **COVID-19 Pandemic**

In late January 2020, the World Health Organization (WHO) announced a global health emergency regarding a new strain of virus called novel coronavirus (COVID-19). This virus originated from within China, and spread globally, including Alaska. The WHO declared this new strain creates extreme health risks as it spreads globally. Further, in March 2020, the WHO classified COVID-19 as a pandemic. March 12, 2020, the mayor of Anchorage declared a state of emergency to protect and preserve public health and safety, and subsequently closed all

civic, cultural, and recreational facilities in the Municipality. The governor of Alaska declared a public health disaster as did the President of the United States.

In subsequent months, the administrations of the Municipality and the State of Alaska have extended emergency declarations and refined emergency orders to allow for a measured expansion of economic and social activities within the Municipality and the state. Travel restrictions have been modified to allow for more travelers to enter the state for work, commerce, tourism, and other purposes. Municipal facilities, businesses, recreational, cultural, and civic facilities have reopened with some restrictions and new measures designed to preserve the health of patrons and the public.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Municipality's financial condition, liquidity, and future results of operations. Municipal management continues to assess the effects of the pandemic on the Municipality's ongoing operations, workforce, suppliers, customers, constituents, and overall financial condition.

Based on a review of period to date revenues posted through mid-June 2020 and compared to the previous five years, the Municipality projects a negative variance for general government revenues in fiscal year 2020. Some of those variances are:

- Room tax, and rental vehicle tax are expected to be down significantly from previous years' average due to fewer tourists and lower prices because of lower demand.
- Motor fuel tax collections are expected to be down due to less driving by residents and tourists.
- Motor vehicle registration tax is expected to decline because of declining new car sales.
- Parks and recreation fee revenues are down and expected to remain lower than previous years due to facility closures, restrictions on use of facilities and cancelations of programs and rentals.
- Public transportation fares are down due to fare-free service during March, suspended service during April and May and restricted service after that.
- User fees, building permits, and inspection fees have been reduced 25 percent for the rest of 2020 by Assembly ordinance.
- It is too early to know the impact on real property tax collections. The assembly has authorized one-month deferrals of payment for taxes.
- It is possible that the pandemic will adversely impact the value of the Municipality's investments held in marketable securities.

The effects of COVID-19 on Electric, Water and Wastewater Utility's revenues and collections cannot be quantified at this time, however, utility revenues have been affected by change in demand, job losses among residents and closed businesses in the community due to the pandemic. Assessment of fees for delinquent payments were suspended and the Electric Utility suspended shut offs for nonpayment. The State of Alaska passed SB 241, allowing for deferred payment plans for customers affected by COVID-19, which will negatively affect the collection of receivables.

Although the Municipality cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Municipality's results of future operations, financial position, and liquidity in fiscal year 2020 and future years.

### **CARES Act Funding**

On March 27, 2020, the President signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. To date, the Municipality has received \$134,905,008 in CARES Act funds including \$116 million in Coronavirus Relief Funds passed through the State of Alaska. The Municipality expects to use those funds to help defray the costs of the emergency response to the pandemic, as well as provide support to individuals, agencies and businesses affected by the COVID-19 emergency, as directed by the US Treasury Department.

### **NOTE 22 - NEW ACCOUNTING PRONOUNCEMENTS**

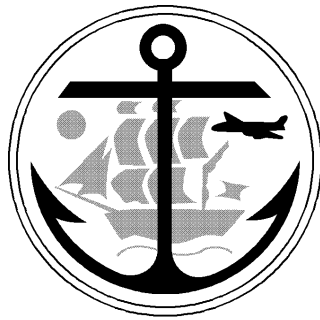
The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Municipality for 2019 reporting:



- GASB 84 – Fiduciary Activities. The Municipality has two trust funds that it currently reports as Fiduciary Activities, the Police and Fire Pension Trust and the Police and Fire Retiree Medical Trust. The Municipality is currently accounting for and reporting these trust funds in accordance with the provisions of GASB 84. No changes were required under this Statement.
- GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. This Statement requires additional disclosures for debt that fall under the definition of a direct placement and/or a direct borrowing. A direct borrowing is defined as “a government entering into a loan agreement with a lender”. A direct placement is defined as “a government issuing a debt security directly to an investor”. The Municipality does not have any debt that is defined as a direct placement debt but has several notes and contracts that meet the definition of a direct borrowing. Additional disclosures related to debt that is defined as a direct borrowing are to be found in Note 10.
- GASB 90 – Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61. The Municipality does not have any Majority Equity Interests in legally separate organizations. The provisions of this Statement were considered not applicable at this time.
- GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance. Due to the COVID-19 pandemic, the GASB Board issued GASB Statement No. 95, which postponed the effective dates of several statements which were due to be implemented during the 2020 and 2021 reporting periods. The Municipality made the decision to early implement the aforementioned GASB Statements Nos. 84, 88, and 90, as the implementation of these Statements were already completed or were not applicable at the time of the issuance of GASB 95. The remainder of the Statements affected by GASB 95 will be implemented in accordance with their new effective dates as listed below.

The following standards are required to be implemented in the up and coming financial reporting periods (effective dates adjusted for the issuance of GASB 95).

- GASB 83 – Certain Asset Retirement Obligations. The provisions of this Statement are required to be implemented for the 2020 financial reporting period.
- GASB 87 – Leases. The provisions of this Statements are required to be implemented for the 2022 financial 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 2021 reporting period.
- GASB 91 – Conduit Debt Obligations. The provisions of this statement are required to be implemented in the 2022 reporting period.
- GASB 92 – Omnibus 2020. The provisions of this statement are required to be implemented in the 2022 reporting period.
- GASB 93 – Replacement of Interbank Offered Rates. The provisions of this statement are required to be implemented in the 2022 reporting period.
- GASB 94 – Public-private and Public-public Partnerships and Availability Payment Arrangements. The provisions of this statement are required to be implemented in the 2023 reporting period.
- GASB 96 – Subscription-based Information Technology Arrangements. The provisions of this statement are required to be implemented in the 2023 reporting period.
- GASB 97 – Certain Component Units, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No.32. The provisions of this statement in paragraph 4 as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and paragraph 5 of this statement are effective immediately. All other requirements are effective for the 2022 reporting period.



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**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information- Budgetary Comparison Schedule  
 with Expenditures by Function for the General Fund  
 For the year ended December 31, 2019

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
<b>Revenues:</b>						
Taxes	\$ 72,387,511	\$ 626,224,652	\$ 627,052,679	\$ -	\$ 627,052,679	\$ 828,027
Assessments in lieu of taxes	4,194,664	3,817,680	3,463,769	-	3,463,769	(353,911)
Special assessments	220,000	220,000	340,068	-	340,068	120,068
Licenses and permits	9,180,830	8,891,464	9,261,229	-	9,261,229	369,765
Intergovernmental	8,763,920	10,101,721	8,340,388	(1)	11,583,522	(1,761,333)
Charges for services	28,273,190	24,050,237	23,141,261	-	23,141,261	(908,976)
Fines and forfeitures	7,545,853	7,561,853	7,267,853	-	7,267,853	(294,000)
Investment income	2,343,459	4,083,210	4,672,717	-	4,672,717	589,507
Restricted contributions	136,489	136,489	136,528	-	136,528	39
Other revenues	3,042,251	3,129,023	4,698,208	-	4,698,208	1,569,185
Total revenues	<u>136,088,167</u>	<u>688,216,329</u>	<u>688,374,700</u>	<u>11,583,522</u>	<u>699,958,222</u>	<u>158,371</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	20,768,606	25,364,262	24,529,455	(1)	1,135,412	834,807
Fire services	104,411,010	107,097,212	106,746,682	(1)	3,781,529	350,530
Police services	126,291,835	131,429,596	130,774,264	(1)	4,059,424	655,332
Health and human services	14,100,285	13,875,406	13,612,254	(1)	348,970	263,152
Economic and community development	54,120,229	56,752,126	54,153,947	(1)	994,575	2,598,179
Public transportation	24,010,164	24,697,519	24,657,458	(1)	474,966	40,061
Public works	19,387,129	18,947,826	18,745,917	(1)	501,911	201,909
Education	-	247,221,383	247,221,383	-	247,221,383	-
Maintenance and operations	36,829,830	37,833,807	34,713,109	(1)	286,735	3,120,698
<b>Debt service:</b>						
Principal	36,177,000	36,371,210	36,176,963	-	36,176,963	194,247
Interest	21,249,931	22,334,959	22,159,100	-	22,159,100	175,859
Debt issuance costs	-	130,802	269,784	-	269,784	(138,982)
Total expenditures	<u>457,346,019</u>	<u>722,056,108</u>	<u>713,760,316</u>	<u>11,583,522</u>	<u>725,343,838</u>	<u>8,295,792</u>
Deficiency of revenues over expenditures	<u>(321,257,852)</u>	<u>(33,839,779)</u>	<u>(25,385,616)</u>	<u>-</u>	<u>(25,385,616)</u>	<u>8,454,163</u>
<b>Other financing sources (uses):</b>						
Transfers from other funds	36,688,418	39,711,115	39,407,492	-	39,407,492	(303,623)
Transfers to other funds	(15,739,595)	(21,617,652)	(20,898,016)	-	(20,898,016)	719,636
Participation bonds issued	-	3,711,578	4,100,000	-	4,100,000	388,422
Premium on bonds and notes sale	-	410,352	6,098,463	-	6,098,463	5,688,111
Refunding bonds issued	-	-	27,749,999	-	27,749,999	27,749,999
Payment to refunded bond escrow agent to extinguish debt	-	-	(33,432,224)	-	(33,432,224)	(33,432,224)
Sale of capital assets	275,000	479,013	323,546	-	323,546	(155,467)
Insurance recoveries	67,840	252,137	450,711	-	450,711	198,574
Loans Issued	-	1,795,600	1,795,600	-	1,795,600	-
Total other financing source (uses)	<u>21,291,663</u>	<u>24,742,143</u>	<u>25,595,571</u>	<u>-</u>	<u>25,595,571</u>	<u>853,428</u>
Net change in fund balance	(299,966,189)	(9,097,636)	209,955	-	209,955	9,307,591
Fund balance, beginning of year	(494,446,189)	53,858,798	66,712,065	-	66,712,065	12,853,267
Fund balance, end of year	<u>\$ (794,412,378)</u>	<u>\$ 44,761,162</u>	<u>\$ 66,922,020</u>	<u>\$ -</u>	<u>\$ 66,922,020</u>	<u>\$ 22,160,858</u>

**Explanation of differences:**

(1) Effective July 1, 2008, Anchorage changed its policy regarding the recording of on-behalf payments for PERS Pension and OPEB. 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 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 basic financial statements.

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Required Supplementary Information – Budgetary Data

December 31, 2019

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 2019 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 2019 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, MOA Trust Fund (a Permanent 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), Other Restricted Resources (a Special Revenue Fund), Nuisance Property Abatement (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

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Required Supplementary Information – Budgetary Data

December 31, 2019

or encumbered. The General Fund is the only major fund required to be included as required supplementary information.

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

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, 2019

**Percentage of Lane - Miles in  
Good or Better Condition**

	<b>2017</b>	<b>2014</b>	<b>2011</b>
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**

	<b>2017</b>	<b>2014</b>	<b>2011</b>
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)**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Anchorage Road District:					
Needed	12,923	\$ 37,731	\$ 51,760	\$ 21,190	\$ 11,226
Actual	12,448	37,638	50,476	17,582	11,014
Chugiak/Eagle River Road District:					
Needed	3,350	4,813	7,230	4,260	6,149
Actual	3,189	4,605	7,166	5,055	7,046
Girdwood Road District:					
Needed	430	518	437	1,741	332
Actual	582	601	500	1,909	547
Other Road Districts:					
Needed	2,546	1,193	1,735	3,381	4,234
Actual	3,462	1,577	2,089	4,154	4,797
Overall System:					
Needed	19,249	44,255	61,162	30,572	21,942
Actual	19,681	44,421	60,231	28,700	23,405
Difference	(432)	(166)	931	1,872	(1,463)

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 Five 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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	2019	6.46468%	\$ 353,891,460	\$ 140,522,422	\$ 494,413,882	\$ 222,683,365	158.92%	63.42%
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 Five 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
2019	2019	\$ 28,217,952	\$ 28,217,952	-	\$ 224,487,144	12.570%
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 Six Calendar Years

	2019	2018	2017	2016	2015	2014
Total pension liability:						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	5,262,793	5,543,250	6,133,683	6,317,389	6,480,803	6,674,747
Differences between expected and actual experience	(363,349)	(1,044,715)	(554,310)	(263,269)	334,288	(172,965)
Changes of assumptions	4,006,938	657,071	7,094,507	-	657,285	674,653
Benefits payments, including refunds of member contributions	(8,072,626)	(8,283,754)	(8,403,191)	(8,476,620)	(8,554,565)	(8,604,796)
Net changes in total pension liability	833,756	(3,128,148)	4,270,689	(2,422,500)	(1,082,189)	(1,428,361)
Total pension liability - beginning	85,002,358	88,130,506	83,859,817	86,282,317	87,364,506	88,792,867
Total pension liability - ending (a)	85,836,114	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 (loss)	13,545,709	(3,869,127)	10,533,712	5,189,299	400,284	3,984,313
Benefits payments, including refunds of member contributions	(8,072,626)	(8,283,754)	(8,403,191)	(8,476,620)	(8,554,565)	(8,604,796)
Administrative expenses	(110,762)	(162,303)	(129,583)	(134,202)	(125,927)	(122,469)
Net change in plan fiduciary net position	5,362,321	(12,315,184)	16,553,438	(1,875,348)	(6,941,683)	(2,790,791)
Plan fiduciary net position - beginning	70,892,179	83,207,363	66,653,925	68,529,273	75,470,956	78,261,747
Plan fiduciary net position - ending (b)	76,254,500	70,892,179	83,207,363	66,653,925	68,529,273	75,470,956
Plan's net pension liability (a) - (b)	\$ 9,581,614	\$ 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	88.84%	83.40%	94.41%	79.48%	79.42%	86.39%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	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 Six Calendar Years

	2019	2018	2017	2016	2015	2014
Total pension liability:						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	4,189,753	4,279,605	4,670,017	4,783,176	4,879,585	4,983,645
Differences between expected and actual experience	(259,479)	540,098	(648,422)	(369,686)	53,268	(181,652)
Changes of assumptions	3,039,405	575,930	5,986,612	-	542,944	551,964
Benefits payments, including refunds of member contributions	(5,771,449)	(5,789,331)	(5,841,222)	(5,924,959)	(5,905,860)	(5,852,713)
Net changes in total pension liability	1,198,230	(393,698)	4,166,985	(1,511,469)	(430,063)	(498,756)
Total pension liability - beginning	67,343,470	67,737,168	63,570,183	65,081,652	65,511,715	66,010,471
Total pension liability - ending (a)	68,541,700	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 (loss)	10,625,627	(3,027,387)	8,168,950	3,990,641	298,556	2,995,775
Benefits payments, including refunds of member contributions	(5,771,449)	(5,789,331)	(5,841,222)	(5,924,959)	(5,905,860)	(5,852,713)
Administrative expenses	(86,907)	(126,157)	(100,190)	(103,090)	(95,720)	(92,067)
Net change in plan fiduciary net position	4,767,271	(8,942,875)	12,870,127	(929,032)	(4,735,574)	(1,417,464)
Plan fiduciary net position - beginning	55,354,690	64,297,565	51,427,438	52,356,470	57,092,044	58,509,508
Plan fiduciary net position - ending (b)	60,121,961	55,354,690	64,297,565	51,427,438	52,356,470	57,092,044
Plan's net pension liability (a) - (b)	\$ 8,419,739	\$ 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	87.72%	82.20%	94.92%	80.90%	80.45%	87.15%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,771
Net pension liability as a percentage of covered payroll	N/A	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 Six Calendar Years

	2019	2018	2017	2016	2015	2014
Total pension liability:						
Service cost	\$ 575,265	\$ 634,210	\$ 512,332	\$ 513,183	\$ 783,360	\$ 1,022,911
Interest	16,960,207	17,329,124	18,276,072	18,494,293	18,458,939	18,278,963
Differences between expected and actual experience	1,998,834	(3,551,709)	(2,956,525)	(3,485,409)	33,760	1,301,916
Changes of assumptions	12,180,462	2,688,614	27,608,785	-	2,559,038	2,394,994
Benefits payments, including refunds of member contributions	(19,027,197)	(18,327,849)	(18,375,415)	(18,335,110)	(17,729,611)	(17,241,271)
Net changes in total pension liability	12,687,571	(1,227,610)	25,065,249	(2,813,043)	4,105,486	5,757,513
Total pension liability - beginning	269,864,594	271,092,204	246,026,955	248,839,998	244,734,512	238,976,999
Total pension liability - ending (a)	282,552,165	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	126,516	126,875	129,027	126,336	179,057	219,810
Total net investment income (loss)	43,760,749	(12,391,936)	32,167,264	15,376,844	1,068,849	11,011,844
Benefits payments, including refunds of member contributions	(19,027,197)	(18,327,849)	(18,375,415)	(18,335,110)	(17,729,611)	(17,241,271)
Administrative expenses	(358,256)	(509,647)	(392,022)	(396,242)	(358,981)	(338,673)
Net change in plan fiduciary net position	24,501,812	(31,102,557)	56,931,941	1,211,797	(13,253,153)	(1,051,596)
Plan fiduciary net position - beginning	225,699,950	256,802,507	199,870,566	198,658,769	211,911,922	212,963,518
Plan fiduciary net position - ending (b)	250,201,762	225,699,950	256,802,507	199,870,566	198,658,769	211,911,922
Plan's net pension liability (a) - (b)	\$ 32,350,403	\$ 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	88.55%	83.63%	94.73%	81.24%	79.83%	86.59%
Covered payroll	\$ 1,374,425	\$ 1,912,942	\$ 2,108,182	\$ 2,168,836	\$ 2,199,063	\$ 3,537,960
Net pension liability as a percentage of covered payroll	2353.74%	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 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
2019	\$ 1,633,000	\$ -	\$ 1,633,000	\$ -	0.00%
2018	2,319,000	-	2,319,000	-	0.00%
2017	2,262,000	14,552,000	(12,290,000)	-	0.00%
2016	1,546,000	1,546,000	-	-	0.00%
2015	1,339,000	1,339,000	-	-	0.00%
2014	1,952,000	1,952,000	-	-	0.00%
2013	2,246,000	2,246,000	-	-	0.00%
2012	1,220,000	1,220,000	-	-	0.00%
2011	1,780,000	1,780,000	-	136,000	1308.82%
2010	2,735,000	2,735,000	-	119,000	2298.32%

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
2019	\$ 881,000	\$ -	\$ 881,000	\$ -	0.00%
2018	1,461,000	-	1,461,000	-	0.00%
2017	1,634,000	10,643,000	(9,009,000)	-	0.00%
2016	1,108,000	1,108,000	-	-	0.00%
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%

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
2019	\$ 3,584,000	\$ -	\$ 3,584,000	\$ 1,913,000	0.00%
2018	5,883,000	-	5,883,000	2,108,000	0.00%
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%

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
2019	\$ 3,249,636	\$ 3,249,636	-	\$ 20,988,410	15.48%
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%

MUNICIPALITY OF ANCHORAGE, ALASKA  
 Required Supplementary Information  
 International Union of Operating Engineers (Local 302)- Defined Benefit  
 Schedule of Municipality Contributions  
 Last Six 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
2019	\$ 1,771,218	\$ 1,771,218	\$ -	8,071,114	21.95%
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  
For the year ended December 31, 2019

**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, 2019, the Plan measurement date is June 30, 2019.
- There were no changes in benefit terms from the prior measurement period.
- There was a decrease in the Discount Rate from 8 percent in 2018 to 7.38 percent in 2019.
- 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, 2019 allocated the net pension liability based on the present value of contributions for fiscal year 2021 through 2039, as determined by projections based on the June 30, 2018 actuarial valuation. This is the same allocation method used for the measurement periods June 30, 2018 and June 30, 2017. The allocation method used for the measurement periods ending June 30, 2016 and 2015 was based on actual contributions.

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience.

Schedule of Municipality Contributions

- This table is based on the Municipality's contributions during 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, 2019 basic financial statements.

**Police and Fire 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. These schedules for the Police and Fire Retirement System are presented for Plans I, II, and III separately.

Schedule of Changes in the Municipality's Net Pension Liability and Related Ratios

- This table is presented based on the Plan measurement date of December 31, 2019.
- There was a decrease in the discount rate from 6.5 percent in 2018 to 6.4 percent in 2019.
- The mortality tables were changed for 2019 to the PUB-2010 Public Safety Healthy/Disabled Retiree table for Retirees and the PRI-2012 Healthy Retiree table for Beneficiaries. In 2018, the RP-2000 Combined Healthy Morality Table was used for both.
- There were no changes to the valuation method or benefit terms from the prior measurement period.

Schedule of Municipality Contributions

- This table is based on the Municipality's contributions for each year presented.

MUNICIPALITY OF ANCHORAGE, ALASKA  
Notes to the Required Supplementary Information  
Pension Plans, continued  
For the year ended December 31, 2019

**International Brotherhood of Electrical Workers (IBEW) - Defined Benefit**

Schedule of Municipality Contributions

- This table presents the Municipality's contributions for each of the last ten years based on calendar year contributions.
- In accordance with GASB Statement No. 78, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based.

**International Union of Operating Engineers (Local 302) - Defined Benefit**

This pension table is intended to present 10 years of information. Currently, it is not practical to reconstruct more than 6 years of data. Additional year's information will be added to the schedules as it becomes available.

Schedule of Municipality Contributions

- This table is based on the Municipality's contributions for each year presented.
- In accordance with GASB Statement No. 78, "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 Three Calendar Years

	2019	2018	2017
Total OPEB liability:			
Service cost	\$ -	\$ -	\$ -
Interest	2,900,050	2,681,663	2,577,654
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(7,357,231)	-	-
Changes of assumptions or other inputs	3,379,239	(5,742,889)	4,726,088
Benefit payments	(3,580,877)	(4,290,275)	(4,270,000)
Net changes in total OPEB liability	<u>(4,658,819)</u>	<u>(7,351,501)</u>	<u>3,033,742</u>
Total OPEB liability - beginning	<u>72,748,971</u>	<u>80,100,472</u>	<u>77,066,730</u>
Total OPEB liability - ending (a)	<u>68,090,152</u>	<u>72,748,971</u>	<u>80,100,472</u>
Plan fiduciary net position:			
Contributions- Employer- Municipality of Anchorage	-	-	-
Contributions- Plan members	-	-	-
Total net investment income	-	-	-
Benefits payments, including refunds of member contributions	-	-	-
Administrative expenses	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>-</u>	<u>-</u>	<u>-</u>
Plan's net OPEB liability (a) - (b)	<u>\$ 68,090,152</u>	<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%	0.00%
Covered-employee payroll	\$ -	\$ -	\$ -
Net OPEB liability as a percentage of covered-employee payroll	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 Medical Trust- Police and Fire Medical Group  
Schedule of Changes in the Municipality's Net OPEB Liability and Related Ratios  
Last Three Calendar Years

	2019	2018	2017
Total OPEB liability:			
Service cost	\$ 118,469	\$ 113,693	\$ 109,111
Interest	2,587,708	2,627,528	2,674,785
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(3,294,961)	-	-
Changes of assumptions or other inputs	(1,864,560)	-	-
Benefit payments	(3,450,852)	(3,950,112)	(3,907,594)
Net changes in total OPEB liability	<u>(5,904,196)</u>	<u>(1,208,891)</u>	<u>(1,123,698)</u>
Total OPEB liability - beginning	63,356,659	64,565,550	65,689,248
Total OPEB liability - ending (a)	<u>57,452,463</u>	<u>63,356,659</u>	<u>64,565,550</u>
Plan fiduciary net position:			
Contributions- Employer- Municipality of Anchorage	4,785,966	4,261,037	4,287,648
Contributions- Plan members	-	-	-
Total net investment income (loss)	388,241	(126,515)	966,715
Benefits payments, including refunds of member contributions	(3,450,852)	(3,950,112)	(3,907,594)
Administrative expenses	-	-	-
Net change in plan fiduciary net position	<u>1,723,355</u>	<u>184,410</u>	<u>1,346,769</u>
Plan fiduciary net position - beginning	19,382,076	19,197,667	17,850,898
Plan fiduciary net position - ending (b)	<u>21,105,431</u>	<u>19,382,076</u>	<u>19,197,667</u>
Plan's net OPEB liability (a) - (b)	<u>\$ 36,347,032</u>	<u>\$ 43,974,583</u>	<u>\$ 45,367,883</u>
Plan fiduciary net position as a percentage of the total OPEB liability	36.74%	30.59%	29.73%
Covered payroll	\$ 5,435,920	\$ 5,160,091	\$ 4,985,595
Net OPEB liability as a percentage of covered payroll	668.65%	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  
 Schedule of Municipality's Contributions  
 Last Three Calendar Years

<b><u>Gentile Group Plan</u></b>	2019	2018	2017
Actuarially determined contribution	\$ 3,580,877	\$ 4,290,275	\$ 4,270,000
Contributions in relation to the actuarially determined contribution	11,935,465	11,790,796	10,096,430
Contribution deficiency (excess)	<u>\$ (8,354,588)</u>	<u>\$ (7,500,521)</u>	<u>\$ (5,826,430)</u>
Covered-employee payroll	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	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.

<b><u>Police and Fire Medical Group Plan</u></b>	2019	2018	2017
Actuarially determined contribution	\$ 4,108,452	\$ 3,846,815	\$ 3,846,815
Contributions in relation to the actuarially determined contribution	3,516,241	3,477,037	4,919,538
Contribution deficiency (excess)	<u>\$ 592,211</u>	<u>\$ 369,778</u>	<u>\$ (1,072,723)</u>
Covered payroll	\$ 5,435,920	\$ 5,160,091	\$ 4,985,595
Contributions as a percentage of covered payroll	64.69%	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  
 Schedule of Investment Returns  
 Last Three Calendar Years

<b><u>Gentile Group Plan</u></b>	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	0.00%	0.00%	0.00%

Notes: This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

<b><u>Police and Fire Medical Group Plan</u></b>	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	2.00%	-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  
For the year ended December 31, 2019

**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. This is a “pay as you go” plan with no plan assets and no covered-employee payroll.

Schedule of Changes in Municipality’s Net OPEB Liability and Related Ratios

- This table is presented based on the Plan measurement date of December 31, 2019.
- 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 the Municipality’s Contributions

- This table is based on the Municipality’s contributions for each year presented.

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 Payroll” is defined in GASB Statement No. 85 as the payroll of employees on which contributions to the OPEB Plan are based as a measure of pay. The OPEB tables are intended to present 10 years of information. Additional year’s information will be added to the schedules as it becomes 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, 2019.
- 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 for each year presented.

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  
PERS- Defined Benefit OPEB Plans  
Schedule of the Municipality's Proportionate Share of Net OPEB Liability  
Last Three Fiscal Years

**ARHCT**

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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	2019	6.46430%	\$ 9,591,733	\$ 3,813,875	\$ 13,405,608	\$ 222,683,365	4.31%	98.13%
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.

**RMP**

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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	2019	8.50957%	\$ 2,035,830	\$ -	\$ 2,035,830	\$ 222,683,365	0.91%	83.17%
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  
 PERS- Defined Benefit OPEB Plan  
 Schedule of the Municipality's Proportionate Share of Net OPEB Asset  
 Last Three Fiscal Years

**ODD**

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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset
2019	2019	11.42255%	\$ (2,769,397)	\$ -	\$ (2,769,397)	222,683,365	-1.24%	297.43%
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  
PERS- Defined Benefit OPEB Plans  
Schedule of Municipality Contributions  
Last Three Calendar Years

**ARHCT**

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
2019	2019	\$ 10,714,150	\$ 10,714,150	\$ -	\$ 224,487,144	4.77%
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.

**RMP**

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
2019	2019	\$ 1,268,460	\$ 1,268,460	\$ -	\$ 224,487,144	0.57%
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.

**ODD**

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
2019	2019	\$ 483,278	\$ 483,278	\$ -	\$ 224,487,144	0.22%
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 Plans  
 Schedule of Net OPEB Liability  
 Last Three Fiscal Years

**Gentile Group Plan**

Year Ended December 31,	Measurement Period Ended December 31,	Municipality's Net OPEB Liability	Municipality's Net OPEB Liability	Municipality's Covered Employee Payroll	Municipality's Net OPEB Liability as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	2019	100.00%	\$ 68,090,152	\$ -	0.00%	0.00%
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.

**Police and Fire Medical Group Plan**

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 Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	2019	100.00%	\$ 36,347,032	\$ 5,435,920	668.65%	36.74%
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 Plans  
 Schedule of Municipality Contributions  
 Last Three Calendar Years

**Gentile Group Plan**

Year Ended December 31,	Measurement Period Ended December 31,	Municipality's Proportion of the Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Municipality's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2019	2019	\$ 3,580,877	\$ 11,935,465	\$ (8,354,588)	\$ -	0.00%
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.

**Police and Fire Medical Group Plan**

Year Ended December 31,	Measurement Period Ended December 31,	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
2019	2019	\$ 4,108,452	\$ 3,516,241	\$ 592,211	\$ 5,435,920	64.69%
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  
For the year ended December 31, 2019

**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).

Both OPEB tables below are presented for each of the three PERS OPEB plans; Alaska Retiree Healthcare Trust Plan (ARHCT), Retiree Medical Plan (RMP), and Occupational Death and Disability Plan (ODD).

Schedule of the Municipality's Proportionate Share of the Net OPEB Asset and Liability

- The tables presented are based on the Plan measurement date. For December 31, 2019, the Plan measurement date is June 30, 2019.
- There were no changes in benefit terms from the prior measurement period.
- As part of the experience study, the actuarial cost method for the retiree healthcare plan was changed from the Entry Age Level Dollar method to the Entry Age Level Percent of Pay method. There was a decrease in the Discount Rate from 8 percent in 2018 to 7.38 in 2019.
- In addition to the changes in assumptions resulting from the experience study, the following changes have been made since the prior valuation.
  - An Employee Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.
  - Based on recent experience, the healthcare cost trend assumptions were updated.
  - Per capita claims costs were updated to reflect recent experience.
  - Healthcare cost trends were updated to reflect a Cadillac Tax load.
- 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, 2019 allocated the net OPEB liability based on the present value of contributions for fiscal year 2020 through 2039, as determined by projections based on the June 30, 2018 actuarial valuation.

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience.

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, 2019 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. "Covered Employee Payroll" is presented when contributions to the OPEB plan are not based on a measure of pay.

Both OPEB tables below are presented for each of the two Police and Fire Retiree Trust OPEB plans; Gentile Group Plan and Police and Fire Medical Group Plan.

MUNICIPALITY OF ANCHORAGE, ALASKA  
Notes to the Required Supplementary Information  
OPEB Plans, continued  
For the year ended December 31, 2019

Schedule of the Municipality's Net OPEB Liability

- This table is presented based on the Plan measurement date of December 31, 2019.
- There were no changes in benefit terms from the prior measurement period.
- There were no changes in assumptions from the prior measurement period, except for a reduction in the Discount Rate for Gentile Group Plan and Police and Fire Medical Group Plan to 2.74 percent and 3.9 percent, respectively.
- 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, 2019 statement of net position.

## SUPPLEMENTARY INFORMATION

### Additional Budgetary Comparison Schedules

The **General Fund 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** 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 Sub-Funds  
For the year ended December 31, 2019

	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	\$ 143,413,341	\$ 403,108,439	\$ 404,966,126	\$ -	\$ 404,966,126	\$ 1,857,687
Former City Service Area	-	-	-	-	-	-
Chugiak Fire Service Area	59,241	1,354,550	1,665,813	-	1,665,813	311,263
Glen Alps Service Area	12,639	322,217	340,038	-	340,038	17,821
Girdwood Valley Service Area	78,159	3,232,484	3,324,347	-	3,324,347	91,863
Former Borough Roads & Drainage Service Area	-	-	6,521	-	6,521	6,521
Fire Service Area	2,909,229	78,037,663	80,367,770	-	80,367,770	2,330,107
Roads & Drainage Service Area	3,711,926	75,001,765	101,435,900	-	101,435,900	26,434,135
Limited Service Areas	339,643	10,368,618	10,565,842	-	10,565,842	197,224
Anchorage Metropolitan Police Service Area	11,514,448	128,166,987	128,621,342	-	128,621,342	454,355
Turnagain Arm Police Service Area	1,240	1,529	2,813	-	2,813	1,284
Anchorage Bowl Parks & Recreation Service Area	2,900,715	22,705,770	24,705,903	-	24,705,903	2,000,133
Eagle River - Chugiak Parks & Recreational Service Ar	578,796	4,741,686	4,952,410	-	4,952,410	210,724
Building Safety Service Area	5,122,510	5,023,643	5,045,066	-	5,045,066	21,423
Public Finance & Investment	2,429,783	2,463,018	2,250,013	-	2,250,013	(213,005)
Police/Fire Retiree Medical Defined Contribution Suppo	47,755	47,755	50,607	-	50,607	2,852
SOA PERs On-Behalf Payments	-	-	-	(1)	11,583,522	-
Total revenues & other finance source:	<u>173,119,425</u>	<u>734,576,124</u>	<u>768,300,511</u>		<u>779,884,033</u>	<u>33,724,387</u>
<b>Expenditures &amp; other financing uses</b>						
Areawide Service Area	136,762,805	395,541,103	397,326,318	-	397,326,318	(1,785,215)
Former City Service Area	-	-	-	-	-	-
Chugiak Fire Service Area	1,245,245	2,104,550	1,931,070	-	1,931,070	173,480
Glen Alps Service Area	313,608	322,217	288,914	-	288,914	33,303
Girdwood Valley Service Area	3,129,633	3,472,484	3,390,444	-	3,390,444	82,040
Former Borough Roads & Drainage Service Area	-	-	-	-	-	-
Fire Service Area	82,297,808	82,690,264	84,469,465	-	84,469,465	(1,779,201)
Roads & Drainage Service Area	75,319,321	75,836,668	99,643,835	-	99,643,835	(23,807,167)
Limited Service Areas	10,437,763	11,129,593	9,919,388	-	9,919,388	1,210,205
Anchorage Metropolitan Police Service Area	125,875,865	131,680,330	130,406,432	-	130,406,432	1,273,898
Turnagain Arm Police Service Area	45,000	45,000	18,917	-	18,917	26,083
Anchorage Bowl Parks & Recreation Service Area	23,062,817	23,915,800	25,194,327	-	25,194,327	(1,278,527)
Eagle River - Chugiak Parks & Recreational Service Ar	4,246,067	6,241,686	5,510,804	-	5,510,804	730,882
Building Safety Service Area	7,944,351	7,844,653	7,577,217	-	7,577,217	267,436
Public Finance & Investment	2,143,999	2,585,782	2,243,735	-	2,243,735	342,047
Police/Fire Retiree Medical Defined Contribution Suppo	261,332	263,630	169,690	-	169,690	93,940
SOA PERs On-Behalf Payments	-	-	-	(1)	11,583,522	-
Total expenditures & other financing use:	<u>473,085,614</u>	<u>743,673,760</u>	<u>768,090,556</u>		<u>779,674,078</u>	<u>(24,416,796)</u>
Net change in fund balance	(299,966,189)	(9,097,636)	209,955	-	209,955	9,307,591
Fund balance, beginning of year	(494,446,189)	53,858,798	66,712,065	-	66,712,065	12,853,267
Fund balance, end of year	<u>\$ (794,412,378)</u>	<u>\$ 44,761,162</u>	<u>\$ 66,922,020</u>	<u>\$ -</u>	<u>\$ 66,922,020</u>	<u>\$ 22,160,858</u>

Explanation of differences:

(1) Effective July 1, 2008, Anchorage changed its policy regarding the recording of on-behalf payments for PERS Pension and OPEB. 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

MUNICIPALITY OF ANCHORAGE, ALASKA  
 Additional Supplementary Information - Budgetary Comparison Schedule  
 by Department for the General Fund  
 For the year ended December 31, 2019

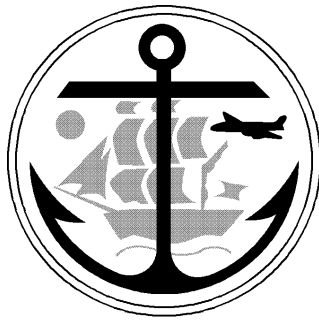
	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Expenditures & other financing uses:						
Assembly	\$ 4,146,709	\$ 4,322,463	\$ 4,191,992 (1)	\$ 44,259	\$ 4,236,250	\$ 130,471
Chief Fiscal Officer	2,365,460	6,538,732	6,002,413 (1)	48,718	6,051,132	536,319
Development Services	13,210,348	13,281,959	12,779,684 (1)	697,354	13,477,038	502,275
Economic & Community Development	20,686,149	22,229,681	21,457,652 (1)	208,698	21,666,351	772,029
Education	-	247,221,383	247,221,383	-	247,221,383	-
Employee Relations	4,856,520	4,856,520	4,735,962 (1)	70,257	4,806,219	120,558
Office of Equal Opportunity	240,861	260,861	216,559	-	216,559	44,302
Equal Rights Commission	747,736	747,736	726,942	-	726,942	20,794
Finance	10,443,013	12,198,578	12,081,729 (1)	407,016	12,488,745	116,849
Fire	101,500,258	104,043,464	105,801,664 (1)	3,781,529	109,583,193	(1,758,200)
Health & Human Services	12,265,468	12,632,150	12,583,200 (1)	348,970	12,932,170	48,950
Heritage Land Bank/Real Estate Services	7,370,688	7,644,076	7,561,133	-	7,561,133	82,943
Information Technology	1,199,034	1,196,755	1,151,641 (1)	117,715	1,269,356	45,114
Internal Audit	775,646	775,646	734,048 (1)	29,642	763,691	41,598
Maintenance & Operations	98,095,832	98,959,748	124,759,359 (1)	301,399	125,060,757	(25,799,611)
Management & Budget	1,076,969	1,076,969	919,169 (1)	43,602	962,771	157,800
Mayor	1,636,929	1,846,673	1,797,058 (1)	57,425	1,854,483	49,615
Municipal Attorney	7,655,889	7,655,889	7,166,608 (1)	221,045	7,387,653	489,281
Municipal Manager	2,530,820	2,628,622	2,444,495 (1)	36,906	2,481,401	184,127
Non Departmental - TANS	466,001	848,001	716,493	-	716,493	131,508
Parks & Recreation	22,225,590	24,826,562	25,609,076 (1)	214,597	25,823,673	(782,514)
Planning	2,985,730	2,971,876	2,931,927 (1)	176,732	3,108,659	39,949
Police	118,480,224	124,436,056	124,320,248 (1)	4,059,425	128,379,673	115,808
Police/Fire Retiree Medical	246,158	246,158	152,710 (1)	11,834	164,544	93,448
Project Management & Engineering	1,412,950	1,406,928	1,406,952 (1)	58,309	1,465,261	(24)
Public Transportation	23,581,007	24,280,660	24,305,080 (1)	474,966	24,780,046	(24,420)
Purchasing	1,797,522	2,119,928	1,950,142 (1)	46,994	1,997,136	169,786
Traffic	5,783,140	5,903,957	5,537,100 (1)	126,132	5,663,231	366,857
Total expenditures & other financing uses	<u>467,782,651</u>	<u>737,158,030</u>	<u>761,262,418</u>	<u>11,583,522</u>	<u>772,845,940</u>	<u>(24,104,388)</u>
Less: net intragovernmental costs & billings	<u>5,302,963</u>	<u>6,515,730</u>	<u>6,828,138</u>	<u>-</u>	<u>6,828,138</u>	<u>(312,408)</u>
Total expenditures & other financing uses	<u>\$ 473,085,614</u>	<u>\$ 743,673,760</u>	<u>\$ 768,090,556</u>	<u>\$ 11,583,522</u>	<u>\$ 779,674,078</u>	<u>\$ (24,416,796)</u>

Explanation of differences:

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

**Note:**

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



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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 **Nuisance Property Abatement Fund** accounts for monies dedicated to addressing, mitigating, and abating nuisances on private property within the Municipality.

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 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, 2019

	<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	5,338,725	845,269	26,702,861	551	15,729,275
Investments	-	-	-	-	-
Due from other funds	85,000	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	2,199,642	780,629	-
Intergovernmental receivables	-	-	-	-	3,214,371
Special assessments receivable, net	-	-	-	-	-
Prepaid items and deposits	-	-	-	-	97,606
Loans receivable	-	-	-	-	-
Advances to other funds	1,105,000	-	-	-	-
Investments in Angel Fund program	-	-	-	-	-
Total assets	<u>6,528,725</u>	<u>918,032</u>	<u>28,902,503</u>	<u>781,180</u>	<u>19,041,252</u>
<b>Liabilities</b>					
Accounts payable and retainages	700	9,684	1,589,768	-	927,350
Accrued payroll liabilities	10,110	-	-	-	8,841
Due to other funds	-	-	-	780,629	-
Unearned revenue and deposits	102,550	-	-	-	722,403
Advances from other funds	-	-	-	-	9,216,946
Total liabilities	<u>113,360</u>	<u>9,684</u>	<u>1,589,768</u>	<u>780,629</u>	<u>10,875,540</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	-	-	-	-	97,606
Restricted	-	823,741	21,707,654	551	-
Committed	6,010,035	-	-	-	-
Assigned	405,330	84,607	5,605,081	-	8,068,106
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>6,415,365</u>	<u>908,348</u>	<u>27,312,735</u>	<u>551</u>	<u>8,165,712</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 6,528,725</u>	<u>\$ 918,032</u>	<u>\$ 28,902,503</u>	<u>\$ 781,180</u>	<u>\$ 19,041,252</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019

**Special Revenue (Continued)**

	Federal Grants	49th State Angel Fund	Police and Fire Retiree Medical Liability	Nuisance Property Abatement	Miscellaneous Operational Grants
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and investments in central treasury	906,707	6,554,193	-	52,174	1,751,050
Investments	-	-	36,922,233	-	-
Due from other funds	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	-	20,000
Intergovernmental receivables	3,283,547	-	-	-	-
Special assessments receivable, net	-	-	-	-	-
Prepaid items and deposits	-	-	-	-	501
Loans receivable	2,589,050	-	-	-	-
Advances to other funds	-	-	-	-	-
Investments in Angel Fund program	-	5,486,154	-	-	-
<b>Total assets</b>	<b>6,779,304</b>	<b>12,040,347</b>	<b>36,922,233</b>	<b>52,174</b>	<b>1,771,551</b>
<b>Liabilities</b>					
Accounts payable and retainages	1,742,769	2,967	-	100	178,125
Accrued payroll liabilities	-	1,920	-	-	-
Due to other funds	-	-	2,141	-	-
Unearned revenue and deposits	2,793,761	-	-	-	20,000
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>4,536,530</b>	<b>4,887</b>	<b>2,141</b>	<b>100</b>	<b>198,125</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-intergovernmental revenues	1,045,351	-	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>1,045,351</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>					
Nonspendable	-	-	-	-	501
Restricted	970,781	12,035,460	36,920,092	50,369	1,559,724
Committed	-	-	-	-	12,307
Assigned	226,642	-	-	1,705	894
Unassigned	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>1,197,423</b>	<b>12,035,460</b>	<b>36,920,092</b>	<b>52,074</b>	<b>1,573,426</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 6,779,304</b>	<b>\$ 12,040,347</b>	<b>\$ 36,922,233</b>	<b>\$ 52,174</b>	<b>\$ 1,771,551</b>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019

	<u>Special Revenue (Continued)</u>		<u>Debt Service</u>		
	<u>Other Restricted Resources</u>	<u>Total Special Revenue</u>	<u>ACPA Surcharge Revenue Bond</u>	<u>CIVICVentures Revenue Bond</u>	<u>Total Debt Service</u>
<b>Assets</b>					
Cash	\$ -	\$ 72,763	\$ -	\$ -	\$ -
Cash and investments in central treasury	1,456	57,882,261	996,977	-	996,977
Investments	-	36,922,233	-	13,381,941	13,381,941
Due from other funds	-	85,000	-	-	-
Receivables (net of allowance for uncollectibles)	-	3,000,271	119,808	-	119,808
Intergovernmental receivables	-	6,497,918	-	-	-
Special assessments receivable, net	141,626	141,626	-	-	-
Prepaid items and deposits	-	98,107	-	-	-
Loans receivable	-	2,589,050	-	-	-
Advances to other funds	-	1,105,000	-	-	-
Investments in Angel Fund program	-	5,486,154	-	-	-
Total assets	<u>143,082</u>	<u>113,880,383</u>	<u>1,116,785</u>	<u>13,381,941</u>	<u>14,498,726</u>
<b>Liabilities</b>					
Accounts payable and retainages	5,821	4,457,284	-	-	-
Accrued payroll liabilities	-	20,871	-	-	-
Due to other funds	158,611	941,381	-	-	-
Unearned revenue and deposits	-	3,638,714	-	-	-
Advances from other funds	-	9,216,946	-	-	-
Total liabilities	<u>164,432</u>	<u>18,275,196</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-intergovernmental revenues	-	1,045,351	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>1,045,351</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>					
Nonspendable	-	98,107	-	-	-
Restricted	-	74,068,372	1,116,785	13,381,941	14,498,726
Committed	-	6,022,342	-	-	-
Assigned	-	14,392,365	-	-	-
Unassigned	(21,350)	(21,350)	-	-	-
Total fund balances (deficits)	<u>(21,350)</u>	<u>94,559,836</u>	<u>1,116,785</u>	<u>13,381,941</u>	<u>14,498,726</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 143,082</u>	<u>\$ 113,880,383</u>	<u>\$ 1,116,785</u>	<u>\$ 13,381,941</u>	<u>\$ 14,498,726</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019

<b>Capital Projects</b>					
	<b>Areawide</b>	<b>Public Safety</b>	<b>Public Transportation</b>	<b>Miscellaneous</b>	<b>Parks and Recreation</b>
<b>Assets</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and investments in central treasury	5,424,237	3,387,797	554,872	954,557	10,832,508
Investments	-	-	-	-	-
Due from other funds	5,672,044	-	-	-	-
Receivables (net of allowance for uncollectibles)	82,375	-	-	-	-
Intergovernmental receivables	55,583	28,165	408,980	434,096	238,946
Special assessments receivable, net	-	-	-	-	-
Prepaid items and deposits	-	1,088,521	-	-	-
Loans receivable	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Investments in Angel Fund program	-	-	-	-	-
Total assets	<u>11,234,239</u>	<u>4,504,483</u>	<u>963,852</u>	<u>1,388,653</u>	<u>11,071,454</u>
<b>Liabilities</b>					
Accounts payable and retainages	305,752	368,059	146,371	150,366	403,362
Accrued payroll liabilities	-	-	-	-	-
Due to other funds	89,910	-	-	-	-
Unearned revenue and deposits	-	-	1	250,228	23,190
Advances from other funds	606,436	-	-	-	-
Total liabilities	<u>1,002,098</u>	<u>368,059</u>	<u>146,372</u>	<u>400,594</u>	<u>426,552</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-intergovernmental revenues	-	-	-	-	-
Unavailable revenue-special assessments	-	-	-	2,905	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,905</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>					
Nonspendable	-	1,088,521	-	-	-
Restricted	3,290,519	3,042,373	817,480	908,373	4,643,340
Committed	6,941,622	5,530	-	76,781	5,955,351
Assigned	-	-	-	-	46,211
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>10,232,141</u>	<u>4,136,424</u>	<u>817,480</u>	<u>985,154</u>	<u>10,644,902</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 11,234,239</u>	<u>\$ 4,504,483</u>	<u>\$ 963,852</u>	<u>\$ 1,388,653</u>	<u>\$ 11,071,454</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019

	<u>Capital Projects (Continued)</u>			<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Fund</u>
	<u>Historic Preservation</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	77,624	2,269,183	23,500,778	582,444	82,962,460
Investments	-	-	-	-	50,304,174
Due from other funds	-	-	5,672,044	-	5,757,044
Receivables (net of allowance for uncollectibles)	-	-	82,375	-	3,202,454
Intergovernmental receivables	-	-	1,165,770	-	7,663,688
Special assessments receivable, net	-	-	-	-	141,626
Prepaid items and deposits	-	-	1,088,521	-	1,186,628
Loans receivable	-	-	-	-	2,589,050
Advances to other funds	-	-	-	-	1,105,000
Investments in Angel Fund program	-	-	-	-	5,486,154
Total assets	<u>77,624</u>	<u>2,269,183</u>	<u>31,509,488</u>	<u>582,444</u>	<u>160,471,041</u>
<b>Liabilities</b>					
Accounts payable and retainages	-	64,274	1,438,184	-	5,895,468
Accrued payroll liabilities	-	-	-	-	20,871
Due to other funds	-	-	89,910	-	1,031,291
Unearned revenue and deposits	-	-	273,419	-	3,912,133
Advances from other funds	-	-	606,436	-	9,823,382
Total liabilities	<u>-</u>	<u>64,274</u>	<u>2,407,949</u>	<u>-</u>	<u>20,683,145</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue-intergovernmental revenues	-	-	-	-	1,045,351
Unavailable revenue-special assessments	-	-	2,905	-	2,905
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>2,905</u>	<u>-</u>	<u>1,048,256</u>
<b>Fund Balances (Deficits)</b>					
Nonspendable	-	-	1,088,521	150,000	1,336,628
Restricted	-	-	12,702,085	-	101,269,183
Committed	-	2,204,909	15,184,193	-	21,206,535
Assigned	77,624	-	123,835	432,444	14,948,644
Unassigned	-	-	-	-	(21,350)
Total fund balances (deficits)	<u>77,624</u>	<u>2,204,909</u>	<u>29,098,634</u>	<u>582,444</u>	<u>138,739,640</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 77,624</u>	<u>\$ 2,269,183</u>	<u>\$ 31,509,488</u>	<u>\$ 582,444</u>	<u>\$ 160,471,041</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, 2019

	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	\$ -	\$ -	\$ 17,881,672	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	9,401	-	-	-	17,194,485
Charges for services	1,105,069	-	-	-	-
Fines and forfeitures	-	202,855	-	-	-
E911 surcharges	-	-	-	7,591,488	-
Investment income (loss)	405,330	13,614	1,444,033	(33,842)	17,195
Restricted contributions	-	-	-	-	-
Other	1,835	-	84,370	-	-
Total revenues	1,521,635	216,469	19,410,075	7,557,646	17,211,680
<b>Expenditures</b>					
Current:					
General government	696,377	-	-	-	8,104,419
Fire services	-	-	-	1,024,132	68,965
Police services	-	309,413	-	6,456,260	2,139,171
Health and human services	-	-	-	-	9,792,143
Economic and community development	-	-	8,950,127	-	1,967,903
Public transportation	-	-	-	-	1,761,837
Public works	-	-	-	-	1,056,747
Maintenance and operations of roads and facilities	-	-	-	-	-
Education	-	-	-	-	2,050
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal agent charges	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	696,377	309,413	8,950,127	7,480,392	24,893,235
Excess (deficiency) of revenues over expenditures	825,258	(92,944)	10,459,948	77,254	(7,681,555)
<b>Other financing sources (uses)</b>					
Transfers from other funds	655,000	-	625,213	-	611,227
Transfers to other funds	(488,750)	-	(6,585,535)	-	(557,962)
General obligation bonds issued	-	-	-	-	-
Premium on bond sale	-	-	-	-	-
Insurance recoveries	-	-	-	-	12,156
Proceeds from sale of capital assets	260,000	-	-	-	-
Total other financing sources (uses)	426,250	-	(5,960,322)	-	65,421
Net change in fund balances	1,251,508	(92,944)	4,499,626	77,254	(7,616,134)
Fund balances (deficits), beginning of year	5,163,857	1,001,292	22,813,109	(76,703)	15,781,846
Fund balances (deficits), end of year	\$ 6,415,365	\$ 908,348	\$ 27,312,735	\$ 551	\$ 8,165,712



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)  
Nonmajor Governmental Funds  
For the year ended December 31, 2019

**Special Revenue (Continued)**

	Federal Grants	49th State Angel Fund	Police and Fire Retiree Medical Liability	Nuisance Property Abatement	Miscellaneous Operational Grants
<b>Revenues</b>					
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	8,447,120	-	-	-	-
Charges for services	-	-	-	5,469	-
Fines and forfeitures	-	-	-	44,900	-
E911 surcharges	-	-	-	-	-
Investment income (loss)	-	106,796	6,295,974	1,705	10,406
Restricted contributions	-	-	-	-	583,602
Other	119,600	282	-	-	-
Total revenues	<u>8,566,720</u>	<u>107,078</u>	<u>6,295,974</u>	<u>52,074</u>	<u>594,008</u>
<b>Expenditures</b>					
Current:					
General government	7,792	319,342	34,757	-	129,501
Fire services	-	-	1,696,579	-	367,424
Police services	434,979	-	1,837,960	-	241
Health and human services	3,443,036	-	-	-	891,298
Economic and community development	1,504	-	-	70,000	796,246
Public transportation	5,232,146	-	-	-	282,708
Public works	-	-	-	-	-
Maintenance and operations of roads and facilities	-	-	-	-	-
Education	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal agent charges	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>9,119,457</u>	<u>319,342</u>	<u>3,569,296</u>	<u>70,000</u>	<u>2,467,418</u>
Excess (deficiency) of revenues over expenditures	(552,737)	(212,264)	2,726,678	(17,926)	(1,873,410)
<b>Other financing sources (uses)</b>					
Transfers from other funds	223,504	-	1,086,934	70,000	1,339,261
Transfers to other funds	-	-	-	-	-
General obligation bonds issued	-	-	-	-	-
Premium on bond sale	-	-	-	-	-
Insurance recoveries	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>223,504</u>	<u>-</u>	<u>1,086,934</u>	<u>70,000</u>	<u>1,339,261</u>
Net change in fund balances	(329,233)	(212,264)	3,813,612	52,074	(534,149)
Fund balances (deficits), beginning of year	1,526,656	12,247,724	33,106,480	-	2,107,575
Fund balances (deficits), end of year	<u>\$ 1,197,423</u>	<u>\$ 12,035,460</u>	<u>\$ 36,920,092</u>	<u>\$ 52,074</u>	<u>\$ 1,573,426</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, 2019

	Special Revenue (Continued)		Debt Service		
	Other Restricted Resources	Total Special Revenue	ACPA Surcharge Revenue Bond	CIVICVentures Revenue Bond	Total Debt Service
<b>Revenues</b>					
Hotel and motel taxes	\$ -	\$ 17,881,672	\$ -	\$ -	\$ -
Special assessments	1,195,449	1,195,449	-	-	-
Intergovernmental	-	25,651,006	-	-	-
Charges for services	-	1,110,538	-	-	-
Fines and forfeitures	-	247,755	-	-	-
E911 surcharges	-	7,591,488	-	-	-
Investment income (loss)	(25,341)	8,235,870	56,496	306,819	363,315
Restricted contributions	-	583,602	-	-	-
Other	-	206,087	364,947	-	364,947
Total revenues	<u>1,170,108</u>	<u>62,703,467</u>	<u>421,443</u>	<u>306,819</u>	<u>728,262</u>
<b>Expenditures</b>					
Current:					
General government	1,136,001	10,428,189	-	-	-
Fire services	-	3,157,100	-	-	-
Police services	-	11,178,024	-	-	-
Health and human services	-	14,126,477	-	-	-
Economic and community development	-	11,785,780	-	-	-
Public transportation	-	7,276,691	-	-	-
Public works	-	1,056,747	-	-	-
Maintenance and operations of roads and facilities	-	-	-	-	-
Education	-	2,050	-	-	-
Debt service:					
Principal	-	-	140,000	2,240,000	2,380,000
Interest and fiscal agent charges	-	-	162,000	4,015,250	4,177,250
Bond issuance costs	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>1,136,001</u>	<u>59,011,058</u>	<u>302,000</u>	<u>6,255,250</u>	<u>6,557,250</u>
Excess (deficiency) of revenues over expenditures	34,107	3,692,409	119,443	(5,948,431)	(5,828,988)
<b>Other financing sources (uses)</b>					
Transfers from other funds	-	4,611,139	-	5,979,235	5,979,235
Transfers to other funds	-	(7,632,247)	-	-	-
General obligation bonds issued	-	-	-	-	-
Premium on bond sale	-	-	-	-	-
Insurance recoveries	-	12,156	-	-	-
Proceeds from sale of capital assets	-	260,000	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(2,748,952)</u>	<u>-</u>	<u>5,979,235</u>	<u>5,979,235</u>
Net change in fund balances	34,107	943,457	119,443	30,804	150,247
Fund balances (deficits), beginning of year	(55,457)	93,616,379	997,342	13,351,137	14,348,479
Fund balances (deficits), end of year	<u>\$ (21,350)</u>	<u>\$ 94,559,836</u>	<u>\$ 1,116,785</u>	<u>\$ 13,381,941</u>	<u>\$ 14,498,726</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, 2019

**Capital Projects**

	Areawide	Public Safety	Public Transportation	Miscellaneous	Parks and Recreation
<b>Revenues</b>					
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	1,088,947	119,673	1,950,499	3,163,967	557,523
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
E911 surcharges	-	-	-	-	-
Investment income (loss)	356,107	-	-	-	78,967
Restricted contributions	513,184	-	47,450	-	66,650
Other	-	-	2,981	-	-
Total revenues	<u>1,958,238</u>	<u>119,673</u>	<u>2,000,930</u>	<u>3,163,967</u>	<u>703,140</u>
<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 and fiscal agent charges	-	-	-	-	-
Bond issuance costs	9,142	10,626	891	-	22,577
Capital projects	<u>2,095,886</u>	<u>3,889,195</u>	<u>2,284,870</u>	<u>3,192,702</u>	<u>4,511,667</u>
Total expenditures	<u>2,105,028</u>	<u>3,899,821</u>	<u>2,285,761</u>	<u>3,192,702</u>	<u>4,534,244</u>
Excess (deficiency) of revenues over expenditures	(146,790)	(3,780,148)	(284,831)	(28,735)	(3,831,104)
<b>Other financing sources (uses)</b>					
Transfers from other funds	2,303,735	1,827,120	345,204	40,000	3,158,721
Transfers to other funds	(4,889,059)	(346)	(29)	-	(655,736)
General obligation bonds issued	2,052,466	2,385,659	199,916	-	5,068,969
Premium on bond sale	266,974	310,313	26,004	-	659,344
Insurance recoveries	-	-	32,642	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>(265,884)</u>	<u>4,522,746</u>	<u>603,737</u>	<u>40,000</u>	<u>8,231,298</u>
Net change in fund balances	(412,674)	742,598	318,906	11,265	4,400,194
Fund balances (deficits), beginning of year	10,644,815	3,393,826	498,574	973,889	6,244,708
Fund balances (deficits), end of year	<u>\$ 10,232,141</u>	<u>\$ 4,136,424</u>	<u>\$ 817,480</u>	<u>\$ 985,154</u>	<u>\$ 10,644,902</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, 2019

	Capital Projects (Continued)			Permanent Fund	Total Nonmajor Governmental Funds
	Historic Preservation	Heritage Land Bank	Total Capital Projects	Cemetery Perpetual Maintenance	
<b>Revenues</b>					
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ -	\$ 17,881,672
Special assessments	-	-	-	-	1,195,449
Intergovernmental	-	-	6,880,609	-	32,531,615
Charges for services	-	-	-	10,585	1,121,123
Fines and forfeitures	-	-	-	-	247,755
E911 surcharges	-	-	-	-	7,591,488
Investment income (loss)	4,293	-	439,367	31,814	9,070,366
Restricted contributions	-	-	627,284	-	1,210,886
Other	-	-	2,981	-	574,015
Total revenues	4,293	-	7,950,241	42,399	71,424,369
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	10,428,189
Fire services	-	-	-	-	3,157,100
Police services	-	-	-	-	11,178,024
Health and human services	-	-	-	-	14,126,477
Economic and community development	-	-	-	-	11,785,780
Public transportation	-	-	-	-	7,276,691
Public works	-	-	-	-	1,056,747
Maintenance and operations of roads and facilities	-	-	-	-	-
Education	-	-	-	-	2,050
Debt service:					
Principal	-	-	-	-	2,380,000
Interest and fiscal agent charges	-	-	-	-	4,177,250
Bond issuance costs	-	-	43,236	-	43,236
Capital projects	-	(161,647)	15,812,673	-	15,812,673
Total expenditures	-	(161,647)	15,855,909	-	81,424,217
Excess (deficiency) of revenues over expenditures	4,293	161,647	(7,905,668)	42,399	(9,999,848)
<b>Other financing sources (uses)</b>					
Transfers from other funds	-	488,750	8,163,530	-	18,753,904
Transfers to other funds	-	-	(5,545,170)	-	(13,177,417)
General obligation bonds issued	-	-	9,707,010	-	9,707,010
Premium on bond sale	-	-	1,262,635	-	1,262,635
Insurance recoveries	-	-	32,642	-	44,798
Proceeds from sale of capital assets	-	-	-	-	260,000
Total other financing sources (uses)	-	488,750	13,620,647	-	16,850,930
Net change in fund balances	4,293	650,397	5,714,979	42,399	6,851,082
Fund balances (deficits), beginning of year	73,331	1,554,512	23,383,655	540,045	131,888,558
Fund balances (deficits), end of year	\$ 77,624	\$ 2,204,909	\$ 29,098,634	\$ 582,444	\$ 138,739,640

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Budgetary Comparison Schedule  
 MOA Trust  
 Permanent Fund  
 For the year ended December 31, 2019

	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance With Budget</b>
<b>Revenues</b>			
Investment income	\$ 770,000	\$ 27,060,494	\$ 26,290,494
Other	-	304	304
<b>Total revenues</b>	<u>770,000</u>	<u>27,060,798</u>	<u>26,290,798</u>
<b>Expenditures</b>			
Current:			
General government	770,000	384,615	385,385
<b>Total expenditures</b>	<u>770,000</u>	<u>384,615</u>	<u>385,385</u>
Excess of revenues over expenditures	-	26,676,183	26,676,183
<b>Other financing uses</b>			
Transfers to other funds	(6,500,000)	(6,500,000)	-
<b>Total other financing uses</b>	<u>(6,500,000)</u>	<u>(6,500,000)</u>	<u>-</u>
Net change in fund balance	(6,500,000)	20,176,183	26,676,183
Fund balance, beginning of year	158,602,606	151,296,330	(7,306,276)
Fund balance, end of year	<u>\$ 152,102,606</u>	<u>\$ 171,472,513</u>	<u>\$ 19,369,907</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Budgetary Comparison Schedule  
 Police and Fire Retirement Certificates of Participation Bond  
 Debt Service Fund  
 For the year ended December 31, 2019

	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance With Budget</b>
<b>Revenues</b>			
Investment income	\$ -	\$ 662	\$ 662
Total revenues	-	662	662
<b>Expenditures</b>			
Debt service:			
Principal	2,555,000	2,555,000	-
Interest and fiscal agent charges	2,885,781	2,885,780	1
Total expenditures	5,440,781	5,440,780	1
Excess (deficiency) of revenues over expenditures	(5,440,781)	(5,440,118)	663
<b>Other financing sources</b>			
Transfers from other funds	4,412,086	3,498,565	(913,521)
Total other financing sources	4,412,086	3,498,565	(913,521)
Net change in fund balance	(1,028,695)	(1,941,553)	(912,858)
Fund balance, beginning of year	-	1,942,669	1,942,669
Fund balance, end of year	\$ (1,028,695)	\$ 1,116	\$ 1,029,811

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Budgetary Comparison Schedule  
 Heritage Land Bank  
 Special Revenue Fund  
 For the year ended December 31, 2019

	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance With Budget</b>
<b>Revenues</b>			
Intergovernmental	\$ -	\$ 9,401	\$ 9,401
Charges for services	690,313	1,105,069	414,756
Investment income	62,000	405,330	343,330
Other	-	1,835	1,835
Total revenues	<u>752,313</u>	<u>1,521,635</u>	<u>769,322</u>
<b>Expenditures</b>			
Current:			
General government	867,984	696,377	171,607
Total expenditures	<u>867,984</u>	<u>696,377</u>	<u>171,607</u>
Excess (deficiency) of revenues over expenditures	(115,671)	825,258	940,929
<b>Other financing sources (uses)</b>			
Transfers to other funds	(488,750)	(488,750)	-
Transfers from other funds	-	655,000	655,000
Sale of capital assets	-	260,000	260,000
Total other financing sources (uses)	<u>(488,750)</u>	<u>426,250</u>	<u>915,000</u>
Net change in fund balance	(604,421)	1,251,508	1,855,929
Fund balance, beginning of year	(4,552,059)	5,163,857	9,715,916
Fund balance, end of year	<u>\$ (5,156,480)</u>	<u>\$ 6,415,365</u>	<u>\$ 11,571,845</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Budgetary Comparison Schedule  
 Convention Center Operating Reserve  
 Special Revenue Fund  
 For the year ended December 31, 2019

	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance With Budget</b>
<b>Revenues</b>			
Hotel and motel taxes	\$ 17,022,883	\$ 17,881,672	\$ 858,789
Investment income	144,000	1,444,033	1,300,033
Other	-	84,370	84,370
Total revenues	<u>17,166,883</u>	<u>19,410,075</u>	<u>2,243,192</u>
<b>Expenditures</b>			
Current:			
Economic and community development	8,535,267	8,950,127	(414,860)
Total expenditures	<u>8,535,267</u>	<u>8,950,127</u>	<u>(414,860)</u>
Excess of revenues over expenditures	8,631,616	10,459,948	1,828,332
<b>Other financing sources (uses)</b>			
Transfers to other funds	(6,585,535)	(6,585,535)	-
Transfers from other funds	625,214	625,213	(1)
Total other financing sources (uses)	<u>(5,960,321)</u>	<u>(5,960,322)</u>	<u>(1)</u>
Net change in fund balance	2,671,295	4,499,626	1,828,331
Fund balance, beginning of year	16,984,921	22,813,109	5,828,188
Fund balance, end of year	<u>\$ 19,656,216</u>	<u>\$ 27,312,735</u>	<u>\$ 7,656,519</u>



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Budgetary Comparison Schedule  
 E911 Surcharge  
 Special Revenue Fund  
 For the year ended December 31, 2019

	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance With Budget</b>
<b>Revenues</b>			
E911 surcharges	\$ 7,940,675	\$ 7,591,488	\$ (349,187)
Investment loss	-	(33,842)	(33,842)
Total revenues	<u>7,940,675</u>	<u>7,557,646</u>	<u>(383,029)</u>
<b>Expenditures</b>			
Current:			
Fire services	1,147,480	1,024,132	123,348
Police services	6,502,705	6,456,260	46,445
Total expenditures	<u>7,650,185</u>	<u>7,480,392</u>	<u>169,793</u>
Net change in fund balance	290,490	77,254	(213,236)
Fund balance, beginning of year	(296,957)	(76,703)	220,254
Fund balance, end of year	<u>\$ (6,467)</u>	<u>\$ 551</u>	<u>\$ 7,018</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Budgetary Comparison Schedule  
 Police and Fire Retiree Medical Liability  
 Special Revenue Fund  
 For the year ended December 31, 2019

	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance With Budget</b>
<b>Revenues</b>			
Investment income	\$ 90,000	\$ 6,295,974	\$ 6,205,974
Total revenues	<u>90,000</u>	<u>6,295,974</u>	<u>6,205,974</u>
<b>Expenditures</b>			
Current:			
General government	88,000	34,757	53,243
Fire services	1,713,544	1,696,579	16,965
Police services	1,856,339	1,837,960	18,379
Total expenditures	<u>3,657,883</u>	<u>3,569,296</u>	<u>88,587</u>
Excess (deficiency) of revenues over expenditures	(3,567,883)	2,726,678	6,294,561
<b>Other financing sources</b>			
Transfers from other funds	969,533	1,086,934	117,401
Total other financing sources	<u>969,533</u>	<u>1,086,934</u>	<u>117,401</u>
Net change in fund balance	(2,598,350)	3,813,612	6,411,962
Fund balance, beginning of year	15,828,326	33,106,480	17,278,154
Fund balance, end of year	<u>\$ 13,229,976</u>	<u>\$ 36,920,092</u>	<u>\$ 23,690,116</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Budgetary Comparison Schedule  
 Nuisance Property Abatement  
 Special Revenue Fund  
 For the year ended December 31, 2019

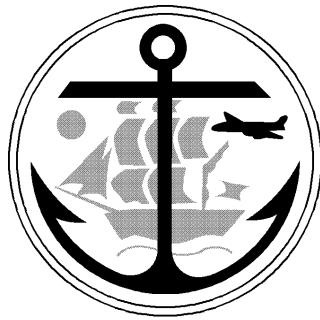
	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance With Budget</b>
<b>Revenues</b>			
Charges for services	\$ -	\$ 5,469	\$ 5,469
Fines and forfeitures	-	44,900	44,900
Investment income	-	1,705	1,705
Total revenues	<u>-</u>	<u>52,074</u>	<u>52,074</u>
<b>Expenditures</b>			
Current:			
Economic and community development	70,000	70,000	-
Total expenditures	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(70,000)	(17,926)	52,074
<b>Other financing sources</b>			
Transfers from other funds	70,000	70,000	-
Total other financing sources	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Net change in fund balance	-	52,074	52,074
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 52,074</u>	<u>\$ 52,074</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Budgetary Comparison Schedule  
 Other Restricted Resources  
 Special Revenue Fund  
 For the year ended December 31, 2019

	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance With Budget</b>
<b>Revenues</b>			
Special assessments	\$ 1,136,001	\$ 1,195,449	\$ 59,448
Investment loss	-	(25,341)	(25,341)
Total revenues	<u>1,136,001</u>	<u>1,170,108</u>	<u>34,107</u>
<b>Expenditures</b>			
Current:			
General government	1,136,001	1,136,001	-
Total expenditures	<u>1,136,001</u>	<u>1,136,001</u>	<u>-</u>
Net change in fund balance	-	34,107	34,107
Fund deficit, beginning of year	-	(55,457)	(55,457)
Fund deficit, end of year	<u>\$ -</u>	<u>\$ (21,350)</u>	<u>\$ (21,350)</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Budgetary Comparison Schedule  
 ACPA Surcharge Revenue Bond  
 Debt Service Fund  
 For the year ended December 31, 2019

	<b>Final Amended Budget</b>	<b>Actual</b>	<b>Variance With Budget</b>
<b>Revenues</b>			
Investment income	\$ -	\$ 56,496	\$ 56,496
Other	302,000	364,947	62,947
<b>Total revenues</b>	<u>302,000</u>	<u>421,443</u>	<u>119,443</u>
<b>Expenditures</b>			
Debt service:			
Principal	140,000	140,000	-
Interest and fiscal agent charges	162,000	162,000	-
<b>Total expenditures</b>	<u>302,000</u>	<u>302,000</u>	<u>-</u>
Net change in fund balance	-	119,443	119,443
Fund balance, beginning of year	265,288	997,342	732,054
Fund balance, end of year	<u>\$ 265,288</u>	<u>\$ 1,116,785</u>	<u>\$ 851,497</u>



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## 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, 2019

<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	6,192,378	-	1,309,830	7,502,208
Equity in bond and grant capital acquisition and construction pool	3,579,049	11,871,840	-	15,450,889
Accrued interest on investments	82,406	-	-	82,406
Intergovernmental receivables	-	-	39,342	39,342
Receivables (net of allowance for uncollectibles)	1,240,052	2,553,046	4,293	3,797,391
Prepaid items and deposits	3,458	60,484	13,336	77,278
<b>Total current assets</b>	<b>11,098,343</b>	<b>14,487,845</b>	<b>1,367,001</b>	<b>26,953,189</b>
<b>Noncurrent assets:</b>				
Intergovernmental receivables	-	-	1,776,137	1,776,137
Net OPEB asset	17,978	12,725	5,036	35,739
<b>Restricted assets:</b>				
Landfill post closure cash reserve	-	36,970,076	-	36,970,076
Capital assets, net	12,194,049	74,596,081	85,601,828	172,391,958
<b>Total noncurrent assets</b>	<b>12,212,027</b>	<b>111,578,882</b>	<b>87,383,001</b>	<b>211,173,910</b>
<b>Total assets</b>	<b>23,310,370</b>	<b>126,066,727</b>	<b>88,750,002</b>	<b>238,127,099</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflow related to net pension liability	200,654	142,022	56,208	398,884
Deferred outflow related to net OPEB asset and liability	146,645	103,794	41,079	291,518
<b>Total deferred outflows of resources</b>	<b>347,299</b>	<b>245,816</b>	<b>97,287</b>	<b>690,402</b>
<b>Total assets and deferred outflows of resources</b>	<b>23,657,669</b>	<b>126,312,543</b>	<b>88,847,289</b>	<b>238,817,501</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and retainages	112,277	639,996	35,969	788,242
Accrued interest payable	25,715	108,832	-	134,547
Accrued payroll liabilities	90,231	349,775	38,687	478,693
Capital acquisition and construction accounts and retainage payable	329,005	904,815	625,706	1,859,526
Compensated absences	173,878	524,836	71,597	770,311
Long-term obligations maturing within one year	-	1,486,609	-	1,486,609
Unearned revenues	118,483	10,954	34,525	163,962
<b>Total current liabilities</b>	<b>849,589</b>	<b>4,025,817</b>	<b>806,484</b>	<b>5,681,890</b>
<b>Noncurrent liabilities:</b>				
Alaska clean water loans payable	-	9,796,051	-	9,796,051
Compensated absences	8,994	74,403	-	83,397
Future landfill closure costs	-	33,592,239	-	33,592,239
Notes payable	6,693,861	10,041,095	-	16,734,956
Net pension liability	2,297,344	1,626,039	643,536	4,566,919
Net OPEB liability	75,482	53,427	21,144	150,053
<b>Total noncurrent liabilities</b>	<b>9,075,681</b>	<b>55,183,254</b>	<b>664,680</b>	<b>64,923,615</b>
<b>Total liabilities</b>	<b>9,925,270</b>	<b>59,209,071</b>	<b>1,471,164</b>	<b>70,605,505</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflow related to net pension liability	117,820	83,392	33,005	234,217
Deferred inflow related to net OPEB asset and liability	94,345	66,776	26,428	187,549
<b>Total deferred inflows of resources</b>	<b>212,165</b>	<b>150,168</b>	<b>59,433</b>	<b>421,766</b>
<b>Net Position (Deficit)</b>				
Net investment in capital assets	5,500,188	53,272,326	85,601,828	144,374,342
Restricted for capital construction	-	-	1,776,137	1,776,137
Restricted for post closure care	-	3,377,837	-	3,377,837
Unrestricted	8,020,046	10,303,141	(61,273)	18,261,914
<b>Total net position</b>	<b>13,520,234</b>	<b>66,953,304</b>	<b>87,316,692</b>	<b>167,790,230</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 23,657,669</b>	<b>\$ 126,312,543</b>	<b>\$ 88,847,289</b>	<b>\$ 238,817,501</b>



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Enterprise Funds  
For the year ended December 31, 2019

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds
<b>Operating revenues</b>				
Charges for sales and services	\$ 11,313,552	\$ 23,363,808	\$ 1,579,187	\$ 36,256,547
Other	165,380	57,375	-	222,755
Total operating revenues	<u>11,478,932</u>	<u>23,421,183</u>	<u>1,579,187</u>	<u>36,479,302</u>
<b>Operating expenses</b>				
Operations	9,140,990	15,094,710	1,191,352	25,427,052
Change in landfill closure liability	-	(907,592)	-	(907,592)
Depreciation and amortization	1,229,550	4,272,022	2,706,611	8,208,183
Total operating expenses	<u>10,370,540</u>	<u>18,459,140</u>	<u>3,897,963</u>	<u>32,727,643</u>
Operating income (loss)	<u>1,108,392</u>	<u>4,962,043</u>	<u>(2,318,776)</u>	<u>3,751,659</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income (loss)	527,300	6,119,365	(44,151)	6,602,514
Intergovernmental revenue	(36,093)	(25,546)	107,440	45,801
Interest expense	(198,844)	(478,648)	-	(677,492)
Loss on impaired assets	-	(503,770)	-	(503,770)
Gain (loss) on sale of capital assets	(9,527)	248,728	-	239,201
Net nonoperating revenues (expenses)	<u>282,836</u>	<u>5,360,129</u>	<u>63,289</u>	<u>5,706,254</u>
Income (loss) before capital contributions and transfers	1,391,228	10,322,172	(2,255,487)	9,457,913
Capital contributions	-	248,030	3,880,822	4,128,852
Transfers from other funds	-	607,962	-	607,962
Transfers to other funds	(82,155)	(1,091,354)	(54,021)	(1,227,530)
Change in net position	<u>1,309,073</u>	<u>10,086,810</u>	<u>1,571,314</u>	<u>12,967,197</u>
Net position, beginning of year	<u>12,211,161</u>	<u>56,866,494</u>	<u>85,745,378</u>	<u>154,823,033</u>
Net position, end of year	<u>\$ 13,520,234</u>	<u>\$ 66,953,304</u>	<u>\$ 87,316,692</u>	<u>\$ 167,790,230</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the year ended December 31, 2019

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds
<b>Cash flows from (for) operating activities</b>				
Receipts from customers	\$ 11,280,293	\$ 22,839,885	\$ 1,532,066	\$ 35,652,244
Payments to employees	(3,181,338)	(9,261,959)	(1,169,417)	(13,612,714)
Payments to vendors	(3,904,526)	(6,136,116)	(410,901)	(10,451,543)
Payments for interfund services used	(2,621,464)	(405,920)	(200,385)	(3,227,769)
Net cash from (for) operating activities	<u>1,572,965</u>	<u>7,035,890</u>	<u>(248,637)</u>	<u>8,360,218</u>
<b>Cash flows from (for) non-capital financing activities</b>				
Intergovernmental revenue	-	-	117,157	117,157
Transfers to other funds	(82,155)	(1,091,354)	(54,021)	(1,227,530)
Due to other funds	-	(141,656)	(3,890,692)	(4,032,348)
Net cash from (for) non-capital financing activities	<u>(82,155)</u>	<u>(1,233,010)</u>	<u>(3,827,556)</u>	<u>(5,142,721)</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	(173,129)	(451,233)	-	(624,362)
Acquisition and construction of capital assets	(7,919,929)	(14,530,211)	(3,741,443)	(26,191,583)
Transfer from other funds	-	607,962	-	607,962
Landfill post closure cash reserve	-	(5,411,808)	-	(5,411,808)
Proceeds from issuance of debt	6,693,861	10,041,095	-	16,734,956
Proceeds from the sale or disposition of capital assets	-	248,727	-	248,727
Capital contributions	-	248,030	9,171,617	9,419,647
Net cash from (for) capital and related financing activities	<u>(1,399,197)</u>	<u>(10,734,051)</u>	<u>5,430,174</u>	<u>(6,703,074)</u>
<b>Cash flows from investing activities</b>				
Investment income (loss) received	540,171	6,119,365	(44,151)	6,615,385
Net cash from investing activities	<u>540,171</u>	<u>6,119,365</u>	<u>(44,151)</u>	<u>6,615,385</u>
Net increase (decrease) in cash	631,784	1,188,194	1,309,830	3,129,808
Cash, beginning of year	9,140,643	10,686,121	200	19,826,964
Cash, end of year	<u>9,772,427</u>	<u>11,874,315</u>	<u>1,310,030</u>	<u>22,956,772</u>
Cash	1,000	2,475	200	3,675
Cash and investments in central treasury	6,192,378	-	1,309,830	7,502,208
Capital acquisition and construction accounts	3,579,049	11,871,840	-	15,450,889
Cash, December 31	<u>\$ 9,772,427</u>	<u>\$ 11,874,315</u>	<u>\$ 1,310,030</u>	<u>\$ 22,956,772</u>
<b>Reconciliation of operating income (loss) to net cash from (for) operating activities:</b>				
Operating income (loss)	\$ 1,108,392	\$ 4,962,043	\$ (2,318,776)	\$ 3,751,659
Adjustments to reconcile operating income (loss) to net cash from (for) operating activities:				
Change in landfill closure liability	-	(907,592)	-	(907,592)
Depreciation and amortization	1,229,550	4,272,022	2,706,611	8,208,183
Pension and OPEB relief-noncash expense	(36,093)	(25,546)	(10,110)	(71,749)
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:				
Accounts receivable, net	(211,023)	(585,797)	(3,297)	(800,117)
Net OPEB asset	(17,978)	(12,725)	(5,036)	(35,739)
Prepaid items and deposits	(686)	(55,254)	(11,383)	(67,323)
Deferred outflows of resources related to net pension liability	41,926	69,857	52,387	164,170
Deferred outflows of resources related to net OPEB asset and liability	9,689	32,754	28,906	71,349
Accounts payable and retainages	(82,749)	48,470	4,301	(29,978)
Accrued payroll liabilities	17,600	67,780	1,323	86,703
Compensated absences payable	27,881	52,953	18,803	99,637
Unearned revenue and deposits	12,384	4,499	(43,824)	(26,941)
Net pension liability	(87,854)	(457,293)	(424,238)	(969,385)
Net OPEB liability	(413,311)	(373,505)	(197,672)	(984,488)
Deferred inflows of resources related to net pension liability	57,956	(71,264)	6,206	(7,102)
Deferred inflows of resources related to net OPEB asset and liability	(82,719)	14,488	(52,838)	(121,069)
Total cash from (for) operating activities	<u>1,572,965</u>	<u>7,035,890</u>	<u>(248,637)</u>	<u>8,360,218</u>
<b>Noncash investing, capital, and financing activities:</b>				
Capital purchases on account	329,005	904,815	625,706	1,859,526
Contributed capital and equipment	-	248,030	3,880,822	4,128,852
Total noncash investing, capital, and financing activities	<u>\$ 329,005</u>	<u>\$ 1,152,845</u>	<u>\$ 4,506,528</u>	<u>\$ 5,988,378</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, 2019

	<b>Risk Management</b>		
	<b>General Liability/ Workers' Compensation</b>	<b>Medical/ Dental</b>	<b>Unemployment Compensation</b>
<b>Assets</b>			
Current assets:			
Cash and investments in central treasury	\$ 12,369,293	\$ 22,573,192	\$ 2,547,003
Equity in bond and grant capital acquisition and construction pool	-	-	-
Receivables (net of allowance for uncollectibles)	15,850	-	-
Inventories	-	-	-
Prepaid items and deposits	603,137	-	-
Total current assets	<u>12,988,280</u>	<u>22,573,192</u>	<u>2,547,003</u>
Noncurrent assets:			
Advances to other funds	5,923,597	152,646	-
Net OPEB Asset	876	-	-
Capital assets, net	-	-	-
Total noncurrent assets	<u>5,924,473</u>	<u>152,646</u>	<u>-</u>
Total assets	<u>18,912,753</u>	<u>22,725,838</u>	<u>2,547,003</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflow related to net pension liability	9,772	-	-
Deferred outflow related to net OPEB asset and liability	7,142	-	-
Total deferred outflows of resources	<u>16,914</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>18,929,667</u>	<u>22,725,838</u>	<u>2,547,003</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and retainages	2,371	294,062	-
Accrued payroll liabilities	8,780	-	-
Capital acquisition and construction accounts and retainage payable	-	-	-
Compensated absences	25,563	19,993	-
Claims payable and incurred but not reported	18,189,720	4,803,626	53,027
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Unearned revenues	-	-	-
Long-term obligations maturing within one year	-	-	-
Total current liabilities	<u>18,226,434</u>	<u>5,117,681</u>	<u>53,027</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences	2,664	6,274	-
Capital leases payable	-	-	-
Claims payable and incurred but not reported	6,148,709	-	-
Net pension liability	111,879	-	-
Net OPEB liability	3,676	-	-
Total noncurrent liabilities	<u>6,266,928</u>	<u>6,274</u>	<u>-</u>
Total liabilities	<u>24,493,362</u>	<u>5,123,955</u>	<u>53,027</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflow related to net pension liability	5,738	-	-
Deferred inflow related to net OPEB asset and liability	4,595	-	-
Total deferred inflows of resources	<u>10,333</u>	<u>-</u>	<u>-</u>
<b>Net Position (Deficit)</b>			
Net investment in capital assets			
Unrestricted	-	-	-
Total net position (deficit)	<u>(5,574,028)</u>	<u>17,601,883</u>	<u>2,493,976</u>
Total liabilities, deferred inflows of resources and net position (deficit)	<u>\$ 18,929,667</u>	<u>\$ 22,725,838</u>	<u>\$ 2,547,003</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Net Position  
Internal Service Funds  
December 31, 2019

<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	\$ 3,174,945	\$ -	\$ 40,664,433
Equity in bond and grant capital acquisition and construction pool	4,195,193	-	4,195,193
Receivables (net of allowance for uncollectibles)	-	-	15,850
Inventories	256,284	-	256,284
Prepaid items and deposits	-	1,776,938	2,380,075
Total current assets	7,626,422	1,776,938	47,511,835
<b>Noncurrent assets:</b>			
Advances to other funds	-	-	6,076,243
Net OPEB Asset	26,453	52,017	79,346
Capital assets, net	17,854,853	70,934,187	88,789,040
Total noncurrent assets	17,881,306	70,986,204	94,944,629
Total assets	25,507,728	72,763,142	142,456,464
<b>Deferred Outflows of Resources</b>			
Deferred outflow related to net pension liability	295,247	580,567	885,586
Deferred outflow related to net OPEB asset and liability	215,777	424,299	647,218
Total deferred outflows of resources	511,024	1,004,866	1,532,804
Total assets and deferred outflows of resources	26,018,752	73,768,008	143,989,268
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable and retainages	197,103	1,517,458	2,010,994
Accrued payroll liabilities	123,842	269,632	402,254
Capital acquisition and construction accounts and retainage payable	18,886	477,682	496,568
Compensated absences	218,776	515,855	780,187
Claims payable and incurred but not reported	-	-	23,046,373
Due to other funds	85,000	18,474,259	18,559,259
Accrued interest payable	-	329,964	329,964
Unearned revenues	81,825	-	81,825
Long-term obligations maturing within one year	-	10,053,235	10,053,235
Total current liabilities	725,432	31,638,085	55,760,659
<b>Noncurrent liabilities:</b>			
Advances from other funds	1,105,000	-	1,105,000
Compensated absences	31,790	226,611	267,339
Capital leases payable	-	35,300,582	35,300,582
Claims payable and incurred but not reported	-	-	6,148,709
Net pension liability	3,380,362	6,647,062	10,139,303
Net OPEB liability	111,066	218,398	333,140
Total noncurrent liabilities	4,628,218	42,392,653	53,294,073
Total liabilities	5,353,650	74,030,738	109,054,732
<b>Deferred Inflows of Resources</b>			
Deferred inflow related to net pension liability	173,363	340,897	519,998
Deferred inflow related to net OPEB asset and liability	138,821	272,974	416,390
Total deferred inflows of resources	312,184	613,871	936,388
<b>Net Position (Deficit)</b>			
Net investment in capital assets	17,854,853	25,580,370	43,435,223
Unrestricted	2,498,065	(26,456,971)	(9,437,075)
Total net position (deficit)	20,352,918	(876,601)	33,998,148
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 26,018,752	\$ 73,768,008	\$ 143,989,268

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenses, and Changes in Net Position (Deficit)  
Internal Service Funds  
For the year ended December 31, 2019

	<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	\$ 10,807,276	\$ 53,873,962	\$ 547,422
Other	7,378	114,028	-
Total operating revenues	<u>10,814,654</u>	<u>53,987,990</u>	<u>547,422</u>
<b>Operating expenses</b>			
Operations	14,855,728	48,772,830	220,510
Depreciation and amortization	-	-	-
Total operating expenses	<u>14,855,728</u>	<u>48,772,830</u>	<u>220,510</u>
Operating income (loss)	<u>(4,041,074)</u>	<u>5,215,160</u>	<u>326,912</u>
<b>Nonoperating revenues (expenses)</b>			
Intergovernmental revenue	(1,758)	-	-
Investment income (loss)	702,540	1,127,347	128,060
Other revenues	-	-	-
Other expenses	-	-	-
Interest expense	-	-	-
Gain (loss) on sale of capital assets	-	-	-
Net nonoperating revenues (expenses)	<u>700,782</u>	<u>1,127,347</u>	<u>128,060</u>
Income (loss) before capital contributions and transfers	(3,340,292)	6,342,507	454,972
Capital contributions	-	-	-
Transfers from other funds	952,218	-	-
Transfers to other funds	-	-	-
Change in net position	<u>(2,388,074)</u>	<u>6,342,507</u>	<u>454,972</u>
Net position (deficit), beginning of year	<u>(3,185,954)</u>	<u>11,259,376</u>	<u>2,039,004</u>
Net position (deficit), end of year	<u>\$ (5,574,028)</u>	<u>\$ 17,601,883</u>	<u>\$ 2,493,976</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenses, and Changes in Net Position (Deficit)  
Internal Service Funds  
For the year ended December 31, 2019

	<b>Equipment Maintenance</b>	<b>Information Technology</b>	<b>Total Internal Service Funds</b>
<b>Operating revenues</b>			
Charges for sales and services	\$ 10,676,228	\$ 28,580,560	\$ 104,485,448
Other	-	-	121,406
Total operating revenues	<u>10,676,228</u>	<u>28,580,560</u>	<u>104,606,854</u>
<b>Operating expenses</b>			
Operations	7,126,439	19,386,389	90,361,896
Depreciation and amortization	3,627,660	9,681,484	13,309,144
Total operating expenses	<u>10,754,099</u>	<u>29,067,873</u>	<u>103,671,040</u>
Operating income (loss)	<u>(77,871)</u>	<u>(487,313)</u>	<u>935,814</u>
<b>Nonoperating revenues (expenses)</b>			
Intergovernmental revenue	(53,108)	(104,429)	(159,295)
Investment income (loss)	346,400	(978,074)	1,326,273
Other revenues	179,469	92,867	272,336
Other expenses	-	(5,750)	(5,750)
Interest expense	(70,072)	(1,419,545)	(1,489,617)
Gain (loss) on sale of capital assets	19,987	20	20,007
Net nonoperating revenues (expenses)	<u>422,676</u>	<u>(2,414,911)</u>	<u>(36,046)</u>
Income (loss) before capital contributions and transfers	344,805	(2,902,224)	899,768
Capital contributions	128,053	-	128,053
Transfers from other funds	202,003	1,795,600	2,949,821
Transfers to other funds	(50,000)	(3,063)	(53,063)
Change in net position	624,861	(1,109,687)	3,924,579
Net position (deficit), beginning of year	19,728,057	233,086	30,073,569
Net position (deficit), end of year	<u>\$ 20,352,918</u>	<u>\$ (876,601)</u>	<u>\$ 33,998,148</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Combining Statement of Cash Flows  
 Internal Service Funds  
 For the year ended December 31, 2019

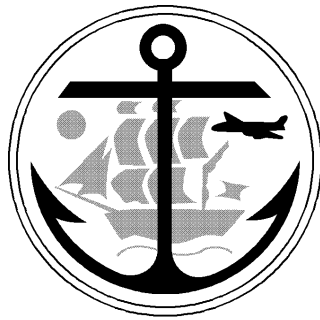
**Risk Management**

	<b>General Liability/ Workers' Compensation</b>	<b>Medical/ Dental</b>	<b>Unemployment Compensation</b>
<b>Cash flows from (for) operating activities</b>			
Receipts for interfund services provided	\$ 10,815,107	\$ 53,987,990	\$ 547,422
Payments to employees	(379,902)	(329,431)	-
Payments to vendors	(8,727,243)	(47,233,953)	(227,614)
Payments for interfund services used	(1,207,029)	(39,243)	-
Net cash from (for) operating activities	<u>500,933</u>	<u>6,385,363</u>	<u>319,808</u>
<b>Cash flows from (for) non-capital financing activities</b>			
Transfers to other funds	-	-	-
Transfers from other funds	952,218	-	-
Due to other funds	-	-	-
Non-operating cash receipts	-	-	-
Advance to other funds	(27,064)	92,882	-
Net cash from (for) non-capital financing activities	<u>925,154</u>	<u>92,882</u>	<u>-</u>
<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	-	-	-
Transfers from other funds	-	-	-
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	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from (for) investing activities</b>			
Investment income (loss)	702,540	1,127,347	128,060
Net cash from (for) investing activities	<u>702,540</u>	<u>1,127,347</u>	<u>128,060</u>
Net increase (decrease) in cash	2,128,627	7,605,592	447,868
Cash, beginning of year	10,240,666	14,967,600	2,099,135
Cash, end of year	<u>12,369,293</u>	<u>22,573,192</u>	<u>2,547,003</u>
Cash and investments in central treasury	12,369,293	22,573,192	2,547,003
Capital acquisition and construction accounts	-	-	-
Cash, December 31	<u>\$ 12,369,293</u>	<u>\$ 22,573,192</u>	<u>\$ 2,547,003</u>
<b>Reconciliation of operating income (loss) to net cash from (for) operating activities:</b>			
Operating income (loss)	\$ (4,041,074)	\$ 5,215,160	\$ 326,912
Adjustments to reconcile operating income (loss) to net cash from (for) operating activities:			
Depreciation and amortization	-	-	-
Pension and OPEB relief-noncash expense	(1,758)	-	-
Other revenues	-	-	-
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:			
Accounts receivable, net	453	-	-
Prepaid items and deposits	(293,080)	-	-
Inventories	-	-	-
Net OPEB asset	(876)	-	-
Deferred outflows of resources related to net pension liability	15,415	-	-
Deferred outflows of resources related to net OPEB asset and liability	9,090	-	-
Accounts payable and retainages	(102,803)	(12,530)	-
Accrued payroll liabilities	(11,587)	-	-
Compensated absences payable	(12,366)	15,295	-
Unearned revenue and deposits	-	-	-
Claims payable	5,136,635	1,167,438	(7,104)
Net pension liability	(135,774)	-	-
Net OPEB liability	(47,075)	-	-
Deferred inflows of resources related to net pension liability	(478)	-	-
Deferred inflows of resources related to net OPEB asset and liability	(13,789)	-	-
Total cash from (for) operating activities	<u>500,933</u>	<u>6,385,363</u>	<u>319,808</u>
Noncash investing, capital, and financing activities:			
Capital purchases on account	-	-	-
Contributed capital and equipment	-	-	-
Total noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the year ended December 31, 2019

	Equipment Maintenance	Information Technology	Total Internal Service Funds
<b>Cash flows from (for) operating activities</b>			
Receipts for interfund services provided	\$ 10,937,522	\$ 28,580,560	\$ 104,868,601
Payments to employees	(4,374,863)	(9,369,260)	(14,453,456)
Payments to vendors	(2,041,807)	(11,457,099)	(69,687,716)
Payments for interfund services used	(1,653,995)	(620,371)	(3,520,638)
Net cash from (for) operating activities	<u>2,866,857</u>	<u>7,133,830</u>	<u>17,206,791</u>
<b>Cash flows from (for) non-capital financing activities</b>			
Transfers to other funds	(50,000)	(3,063)	(53,063)
Transfers from other funds	-	-	952,218
Due to other funds	-	4,795,275	4,795,275
Non-operating cash receipts	-	92,867	92,867
Advance to other funds	-	-	65,818
Net cash from (for) non-capital financing activities	<u>(50,000)</u>	<u>4,885,079</u>	<u>5,853,115</u>
<b>Cash flows (for) capital and related financing activities</b>			
Principal payments on long-term obligations	-	(10,563,254)	(10,563,254)
Interest payments on long-term obligations	-	(1,389,570)	(1,389,570)
Acquisition and construction of capital assets	(2,229,182)	(4,368,971)	(6,598,153)
Transfers from other funds	202,003	1,795,600	1,997,603
Principal payments on interfund loans	(85,000)	-	(85,000)
Interest payments on interfund loans	(70,072)	-	(70,072)
Proceeds from issuance of debt	-	3,307,490	3,307,490
Proceeds from the sale or disposition of capital assets	198,758	177,870	376,628
Net cash (for) capital and related financing activities	<u>(1,983,493)</u>	<u>(11,040,835)</u>	<u>(13,024,328)</u>
<b>Cash flows from (for) investing activities</b>			
Investment income (loss)	346,400	(978,074)	1,326,273
Net cash from (for) investing activities	<u>346,400</u>	<u>(978,074)</u>	<u>1,326,273</u>
Net increase (decrease) in cash	1,179,764	-	11,361,851
Cash, beginning of year	6,190,374	-	33,497,775
Cash, end of year	<u>7,370,138</u>	<u>-</u>	<u>44,859,626</u>
Cash and investments in central treasury	3,174,945	-	40,664,433
Capital acquisition and construction accounts	4,195,193	-	4,195,193
Cash, December 31	<u>\$ 7,370,138</u>	<u>\$ -</u>	<u>\$ 44,859,626</u>
<b>Reconciliation of operating income (loss) to net cash from (for) operating activities:</b>			
Operating income (loss)	\$ (77,871)	\$ (487,313)	\$ 935,814
Adjustments to reconcile operating income (loss) to net cash from (for) operating activities:			
Depreciation and amortization	3,627,660	9,681,484	13,309,144
Pension and OPEB relief-noncash expense	(53,108)	(104,429)	(159,295)
Other revenues	179,469	-	179,469
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:			
Accounts receivable, net	-	-	453
Prepaid items and deposits	-	(32,018)	(325,098)
Inventories	21,793	-	21,793
Net OPEB asset	(26,453)	(52,017)	(79,346)
Deferred outflows of resources related to net pension liability	57,915	48,495	121,825
Deferred outflows of resources related to net OPEB asset and liability	11,823	(18,892)	2,021
Accounts payable and retainages	(279,092)	(1,511,589)	(1,906,014)
Accrued payroll liabilities	7,118	10,290	5,821
Compensated absences payable	41,228	187,778	231,935
Unearned revenue and deposits	81,825	-	81,825
Claims payable	-	-	6,296,969
Net pension liability	(92,153)	461,723	233,796
Net OPEB liability	(600,547)	(1,049,148)	(1,696,770)
Deferred inflows of resources related to net pension liability	86,210	185,657	271,389
Deferred inflows of resources related to net OPEB asset and liability	(118,960)	(186,191)	(318,940)
Total cash from (for) operating activities	<u>2,866,857</u>	<u>7,133,830</u>	<u>17,206,791</u>
<b>Noncash investing, capital, and financing activities:</b>			
Capital purchases on account	18,886	477,682	496,568
Contributed capital and equipment	128,053	-	128,053
Total noncash investing, capital, and financing activities	<u>\$ 146,939</u>	<u>\$ 477,682</u>	<u>\$ 624,621</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, 2019

	<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	\$ 907	\$ 715	\$ 2,976	\$ 4,598
Securities lending collateral	1,293,387	1,019,756	4,243,685	6,556,828
Contribution receivable	-	-	5,915	5,915
Investments:				
Money market funds	810,987	639,413	2,660,901	4,111,301
Certificate of deposit	-	-	-	-
U.S. treasuries	-	-	-	-
U.S. agencies	-	-	-	-
Corporate fixed income securities	14,722,721	11,607,955	48,306,180	74,636,856
Fixed income funds	-	-	-	-
International fixed income funds	-	-	-	-
Domestic equity securities	30,989,375	24,433,208	101,678,103	157,100,686
International equity securities	19,385,827	15,284,527	63,606,126	98,276,480
Real estate funds	10,345,590	8,156,858	33,944,537	52,446,985
Total investments	<u>76,254,500</u>	<u>60,121,961</u>	<u>250,195,847</u>	<u>386,572,308</u>
Total assets	<u>77,548,794</u>	<u>61,142,432</u>	<u>254,448,423</u>	<u>393,139,649</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	12,537	9,884	41,134	63,555
Payable under securities lending program	1,293,387	1,019,756	4,243,685	6,556,828
Total liabilities	<u>1,305,924</u>	<u>1,029,640</u>	<u>4,284,819</u>	<u>6,620,383</u>
<b>Net Position</b>				
Restricted for:				
Pensions	76,242,870	60,112,792	250,163,604	386,519,266
Postemployment benefits other than pensions	-	-	-	-
Total net position	<u>\$ 76,242,870</u>	<u>\$ 60,112,792</u>	<u>\$ 250,163,604</u>	<u>\$ 386,519,266</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Net Position  
Fiduciary Funds  
December 31, 2019

**Police/Fire Retiree Medical Trust Fund**

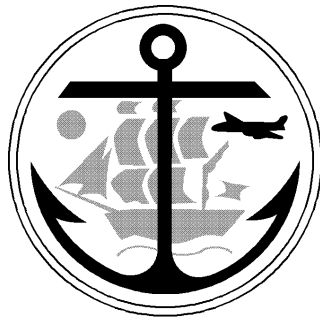
	<b>Police/Fire Medical Group</b>	<b>Gentile Medical Group</b>	<b>Total</b>	<b>Total Fiduciary Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 3,144	\$ -	\$ 3,144	\$ 7,742
Securities lending collateral	-	-	-	6,556,828
Contribution receivable	-	-	-	5,915
Investments:				
Money market funds	713,743	-	713,743	4,825,044
Certificate of deposit	6,068,814	-	6,068,814	6,068,814
U.S. treasuries	5,064,418	-	5,064,418	5,064,418
U.S. agencies	3,841,591	-	3,841,591	3,841,591
Corporate fixed income securities	-	-	-	74,636,856
Fixed income funds	1,205,668	-	1,205,668	1,205,668
International fixed income funds	362,529	-	362,529	362,529
Domestic equity securities	2,348,318	-	2,348,318	159,449,004
International equity securities	1,552,477	-	1,552,477	99,828,957
Real estate funds	-	-	-	52,446,985
Total investments	<u>21,157,558</u>	<u>-</u>	<u>21,157,558</u>	<u>407,729,866</u>
Total assets	<u>21,160,702</u>	<u>-</u>	<u>21,160,702</u>	<u>414,300,351</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	55,270	-	55,270	118,825
Payable under securities lending program	-	-	-	6,556,828
Total liabilities	<u>55,270</u>	<u>-</u>	<u>55,270</u>	<u>6,675,653</u>
<b>Net Position</b>				
Restricted for:				
Pensions	-	-	-	386,519,266
Postemployment benefits other than pensions	21,105,432	-	21,105,432	21,105,432
Total net position	<u>\$ 21,105,432</u>	<u>\$ -</u>	<u>\$ 21,105,432</u>	<u>\$ 407,624,698</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Changes in Net Position  
Fiduciary Funds  
For the year ended December 31, 2019

	<b>Police/Fire Retirement Trust Funds</b>			
	<b>Police/Fire Retirement System Plan I</b>	<b>Police/Fire Retirement System Plan II</b>	<b>Police/Fire Retirement System Plan III</b>	<b>Total</b>
<b>Additions</b>				
Contributions from the Municipality	\$ -	\$ -	\$ -	\$ -
Contributions from plan members	-	-	126,516	126,516
Investment Income (Loss):				
Interest	411,661	323,114	1,332,735	2,067,510
Dividends	790,348	620,378	2,559,047	3,969,773
Net increase (decrease) in fair value of investments	12,751,010	10,001,779	41,186,748	63,939,537
Less: investment expense	(411,608)	(323,015)	(1,331,827)	(2,066,450)
Net Investment Income	<u>13,541,411</u>	<u>10,622,256</u>	<u>43,746,703</u>	<u>67,910,370</u>
Total additions	<u>13,541,411</u>	<u>10,622,256</u>	<u>43,873,219</u>	<u>68,036,886</u>
<b>Deductions</b>				
Regular benefit payments	8,072,626	5,771,449	19,027,197	32,871,272
Administrative expenses	132,770	103,761	424,118	660,649
Total deductions	<u>8,205,396</u>	<u>5,875,210</u>	<u>19,451,315</u>	<u>33,531,921</u>
Change in fiduciary net position	5,336,015	4,747,046	24,421,904	34,504,965
Net position, beginning of year	70,906,855	55,365,746	225,741,700	352,014,301
Net position, end of year	<u>\$ 76,242,870</u>	<u>\$ 60,112,792</u>	<u>\$ 250,163,604</u>	<u>\$ 386,519,266</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Combining Statement of Changes in Net Position  
 Fiduciary Funds  
 For the year ended December 31, 2019

	<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 the Municipality	\$ 3,516,241	\$ -	\$ 3,516,241	\$ 3,516,241
Contributions from plan members	-	-	-	126,516
Investment Income (Loss):				
Interest	(1,791)	-	(1,791)	2,065,719
Dividends	430,981	-	430,981	4,400,754
Net increase (decrease) in fair value of investments	1,228,775	-	1,228,775	65,168,312
Less: investment expense	-	-	-	(2,066,450)
Net Investment Income	<u>1,657,965</u>	<u>-</u>	<u>1,657,965</u>	<u>69,568,335</u>
Total additions	<u>5,174,206</u>	<u>-</u>	<u>5,174,206</u>	<u>73,211,092</u>
<b>Deductions</b>				
Regular benefit payments	3,396,774	-	3,396,774	36,268,046
Administrative expenses	54,076	-	54,076	714,725
Total deductions	<u>3,450,850</u>	<u>-</u>	<u>3,450,850</u>	<u>36,982,771</u>
Change in fiduciary net position	1,723,356	-	1,723,356	36,228,321
Net position, beginning of year	19,382,076	-	19,382,076	371,396,377
Net position, end of year	<u>\$ 21,105,432</u>	<u>\$ -</u>	<u>\$ 21,105,432</u>	<u>\$ 407,624,698</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									
	2019	As Restated 2018	2017	2016	2015	As Restated 2014	As Restated 2013	2012	As Restated 2011	2010
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 2,857,704,423	\$ 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
Restricted	276,280,687	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
Unrestricted	(472,599,604)	(507,291,203)	(325,576,279)	(273,896,279)	(185,258,144)	135,703,277	108,779,489	123,707,347	105,856,844	58,377,890
Total governmental activities net position	2,661,385,506	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
<b>Business-type activities:</b>										
Net investment in capital assets	795,169,631	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
Restricted	45,278,475	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
Unrestricted	132,196,138	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
Total business-type activities net position	972,644,244	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
<b>Total primary government:</b>										
Net investment in capital assets	3,652,874,054	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
Restricted	321,559,162	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
Unrestricted	(340,403,466)	(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
Total primary government net position	\$ 3,634,029,750	\$ 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

**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)

	2019	2018	2017	2016	2015	2014	2013	2012	As Restated 2011	2010
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 30,451,921	\$ 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
Fire services	104,391,175	114,239,639	120,767,761	127,750,790	128,860,990	112,672,964	105,134,071	96,285,981	94,499,296	88,637,324
Police services	130,800,420	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
Health and human services	27,192,219	25,088,173	29,657,407	27,028,516	25,915,204	26,688,108	25,620,859	28,490,540	28,268,547	26,632,684
Economic and community development	78,808,553	91,304,455	92,031,067	78,163,980	74,741,068	78,783,403	68,950,920	78,494,540	83,174,571	78,941,612
Public transportation	33,695,445	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
Public works	39,263,751	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
Maintenance and operations of roads and facilities	35,070,916	36,718,349	36,933,039	36,994,141	35,416,462	35,860,531	34,057,619	47,777,794	36,316,900	35,241,437
Education	247,223,433	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
Interest on long-term debt	22,112,910	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
Total governmental activities expenses	749,010,743	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
Business-type activities:										
Electric	153,284,121	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
Water	42,939,018	44,588,586	43,805,910	47,332,911	44,769,187	40,796,522	39,520,676	40,675,916	39,754,921	38,759,459
Wastewater	44,634,405	42,696,104	41,681,971	43,772,095	42,494,673	37,609,422	36,466,069	35,200,550	33,988,296	32,916,342
Port	18,201,895	20,818,360	18,092,680	21,355,534	26,544,273	16,657,324	12,346,924	11,840,713	11,489,233	10,518,074
Refuse	10,573,370	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
Solid Waste	19,198,334	23,007,777	20,478,900	19,913,585	21,710,342	18,124,824	18,285,807	18,973,887	17,233,393	16,177,197
Municipal Airport	3,922,654	4,431,211	4,659,241	4,636,998	5,475,101	3,701,188	3,632,872	4,196,663	4,093,756	3,325,730
Total business-type expenses	292,753,797	300,307,847	303,036,918	318,662,575	302,971,338	249,352,671	228,884,113	230,135,980	240,862,052	232,204,235
Total primary government expenses	1,041,764,540	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
<b>Program revenues: (see also Table 3)</b>										
Governmental activities:										
Charges for services:										
General government	8,202,007	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
Fire services	11,456,717	11,806,583	11,723,966	11,218,269	12,282,488	11,174,742	8,547,852	8,347,086	8,224,213	7,494,361
Police services	15,515,328	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
Health and human services	2,695,832	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
Economic and community development	13,159,269	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
Public transportation	4,012,257	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
Public works	986,864	657,793	1,012,340	9,421,991	12,821,050	14,389,898	12,770,454	14,426,299	10,423,069	8,669,482
Maintenance and operations of roads and facilities	206,532	178,093	171,680	318,988	233,380	645,552	367,072	170,343	191,729	191,534
Total charges for services revenues	56,234,806	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
Operating grants and contributions	25,374,398	36,139,130	44,734,752	32,195,909	41,331,023	94,699,088	70,455,494	76,838,701	60,469,943	47,876,617
Capital grants and contributions	19,648,745	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
Total governmental activities program revenues	101,257,949	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
Business-type activities:										
Charges for services	346,225,610	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
Operating grants and contributions	(671,399)	1,342,888	1,688,418	1,682,042	958,210	280,620	121,173	116,452	111,731	108,584
Capital grants and contributions	49,779,931	28,512,750	22,794,161	23,034,786	11,490,032	5,021,006	6,634,793	8,797,587	11,981,667	47,442,806
Total business-type activities revenues	496,592,091	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
Total primary government program revenues	(647,752,794)	(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)
Governmental activities	102,580,345	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
Business-type activities	\$ (545,172,449)	\$ (612,195,169)	\$ (571,646,145)	\$ (630,136,105)	\$ (588,082,858)	\$ (527,106,651)	\$ (513,942,679)	\$ (517,730,834)	\$ (555,723,296)	\$ (461,561,143)

MUNICIPALITY OF ANCHORAGE, ALASKA

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

	Fiscal Year										As Restated 2011	2010	
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010			
<b>General revenues and other changes in net position:</b>													
Governmental activities:													
Taxes:													
Property taxes	\$ 558,102,448	\$ 554,032,277	\$ 557,174,206	\$ 528,814,024	\$ 509,725,344	\$ 497,351,213	\$ 493,148,928	\$ 490,591,658	\$ 482,411,497	\$ 479,409,921	\$ 479,409,921	\$ 479,409,921	
Motor vehicle taxes	17,638,412	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	9,512,490		
Hotel and motel taxes	30,895,474	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	19,604,118		
Tobacco taxes	19,871,214	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	17,334,746		
Marijuana taxes	4,083,340	3,061,091	-	-	-	-	-	-	-	-	-	-	
Fuel products taxes	13,470,167	11,672,250	-	-	-	-	-	-	-	-	-	-	
Assessments in lieu of taxes	3,463,769	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	2,284,762		
Grants and entitlements not restricted to specific programs	4,557,777	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	15,053,452		
Investment earnings (loss)	42,130,512	(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	20,838,767		
Transfers	27,420,991	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	24,494,428		
Special item - HLB Land Sale Gain				642,074,273	628,945,186	620,105,136	-	-	-	-	-	-	
Total governmental activities	721,634,104	665,900,864	692,359,931	642,074,273	628,945,186	620,105,136	632,649,534	626,879,342	565,839,519	588,532,684	588,532,684		
Business-type activities:													
Investment earnings	21,937,616	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	8,457,540		
Other	-	-	6,750,000	12,600,000	-	-	-	-	-	-	-	-	
Transfers	(27,420,991)	(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)	(24,165,530)		
Special item - AWWU Land Purchase	-	-	-	-	-	-	-	-	-	-	-	-	
Extraordinary item - Port PLEP Impairment	-	-	-	-	(32,627,024)	(28,040,535)	(26,901,318)	(26,571,906)	(25,981,595)	(24,165,530)	(24,165,530)		
Total business-type activities	(5,483,375)	(26,278,137)	(13,746,688)	(4,466,689)	(28,559,263)	(23,501,085)	(61,562,051)	(21,009,775)	(19,909,681)	(15,707,990)	(15,707,990)		
Total primary government	716,150,729	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	572,824,694		
<b>Change in net position:</b>													
Governmental activities	73,881,310	(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	50,653,818		
Business-type activities	97,096,970	51,611,812	60,018,354	46,302,723	9,982,718	36,373,015	(33,808,473)	37,128,697	26,454,934	60,809,733	60,809,733		
Total primary government	\$ 170,978,280	\$ 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	\$ 111,263,551		

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Program revenues - charges for services:</b>										
Governmental activities:										
General government	\$ 8,202,007	\$ 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
Fire services	11,456,717	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
Police services	15,515,328	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
Health and human services	2,695,832	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
Economic & community development	13,159,269	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
Public transportation	4,012,257	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
Public works	986,864	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
Maintenance and operations of roads and facilities	206,532	178,093	171,680	318,988	233,380	645,552	367,072	170,343	191,729	191,534
Total governmental activities	56,234,806	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
Business-type activities:										
Electric	167,385,990	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
Water	66,886,412	62,250,611	60,659,490	62,834,038	62,371,849	62,527,066	59,562,890	55,664,095	52,081,778	51,056,732
Wastewater	61,118,771	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
Port	14,405,135	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
Refuse	11,478,932	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
Solid waste	23,421,183	24,659,485	23,112,152	22,898,337	22,601,619	22,957,169	22,498,137	20,949,679	18,566,616	18,974,151
Municipal airport	1,579,187	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
Total business-type activities	346,225,610	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
Total primary government	\$ 402,460,416	\$ 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

Source: Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Fund Balances- Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year										As Restated 2010
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	
Nonspendable	\$ 15,967,607	\$ 4,729,678	\$ 2,269,013	\$ 2,295,758	\$ 2,651,599	\$ 3,530,115	\$ 2,932,819	\$ 3,060,774	\$ 3,332,167	\$ 3,750,639	
Restricted	3,387,875	2,690,724	11,155	11,468	11,881	189,145	2,595,783	3,441,095	13,443,010	17,039,469	
Committed	46,220,149	43,392,589	40,768,427	41,615,564	40,024,969	40,811,180	37,267,885	37,093,804	25,257,793	19,680,810	
Assigned	-	-	-	7,242,461	9,162,786	12,733,971	8,104,090	21,031,217	13,467,816	7,645,324	
Unassigned	1,346,389	15,899,074	16,762,537	13,893,576	31,776,450	18,450,750	28,429,037	17,210,990	9,340,583	15,205,649	
Total general funds	66,922,020	66,712,065	59,811,132	65,058,827	83,627,885	75,715,161	79,329,614	81,837,880	64,841,369	63,321,891	
Restricted	171,472,513	151,296,330	164,902,606	147,548,268	144,484,348	148,990,379	144,181,374	127,632,975	116,757,912	120,279,315	
Total MOA trust fund	171,472,513	151,296,330	164,902,606	147,548,268	144,484,348	148,990,379	144,181,374	127,632,975	116,757,912	120,279,315	
Restricted	-	-	-	17,231,749	21,374,727	3,126,957	4,443,990	10,671,120	15,896,418	25,998,937	
Committed	-	-	-	984,651	261,385	301,187	180,611	170,250	325,490	247,343	
Assigned	-	-	-	-	-	-	-	1,056,588	975,033	948,786	
Unassigned (deficit)	(3,781,342)	(156,542)	(19,914,534)	-	-	-	(14,041,418)	-	-	(9,922,181)	
Total capital projects roads & drainage fund	(3,781,342)	(156,542)	(19,914,534)	18,216,400	21,636,112	3,428,144	(9,416,817)	11,897,958	17,196,941	17,272,885	
Restricted	1,116	1,942,669	119	-	-	-	-	-	-	-	
Total police and fire certificate of participation bond fund	1,116	1,942,669	119	-	-	-	-	-	-	-	
Nonspendable	1,336,628	263,655	224,857	755,039	1,048,604	1,180,030	1,150,000	1,155,252	1,167,429	1,150,000	
Restricted	101,269,183	92,772,919	87,907,544	88,969,782	90,917,166	83,244,307	74,971,749	60,947,704	53,416,639	64,384,701	
Committed	21,206,535	18,007,522	13,516,540	19,044,328	18,575,285	18,444,025	19,408,994	18,908,485	18,724,646	20,753,368	
Assigned	14,948,644	20,976,622	22,058,899	21,918,179	24,638,722	25,659,464	24,872,398	28,069,626	23,404,223	17,356,453	
Unassigned (deficit)	(21,350)	(132,160)	(3,224,814)	(2,662,139)	(45,818)	(57,261)	(965,703)	(636,175)	(316,444)	(5,088,907)	
Total other governmental funds	138,739,640	131,888,558	120,483,026	128,025,189	135,133,859	128,470,565	119,437,438	108,444,892	96,396,493	98,558,615	
Nonspendable	17,304,235	4,993,333	2,493,870	3,050,797	3,700,203	4,710,145	4,082,819	4,216,026	4,499,596	4,900,639	
Restricted	276,130,687	248,702,642	252,821,424	253,761,267	256,788,122	235,550,788	226,192,896	202,692,894	199,513,979	227,702,422	
Committed	67,426,684	61,400,111	54,284,967	61,644,543	58,861,639	59,596,392	56,857,490	56,172,539	44,307,929	40,681,521	
Assigned	14,948,644	20,976,622	22,058,899	29,160,640	33,801,508	38,393,435	32,976,488	50,157,431	37,847,072	25,950,563	
Unassigned	(2,456,303)	15,610,372	(6,376,811)	11,231,437	31,730,532	18,393,489	13,421,916	16,574,815	9,024,139	194,561	
Total governmental funds fund balance	\$ 373,353,947	\$ 351,683,080	\$ 325,282,349	\$ 358,848,684	\$ 384,882,004	\$ 356,604,249	\$ 333,531,609	\$ 329,813,705	\$ 295,192,715	\$ 299,429,706	

Notes:

In 2011, the Municipality adopted a fund balance designation policy to support the municipal bond rating. This designation is 10.0% of prior year revenues.

In 2011, the Municipality adopted a fund balance designation policy to mitigate the risk of funding shortfalls, stabilize tax rates, and to facilitate long-range planning. The "working capital reserve" is within a range of 2% to 3% of prior year revenues and is calculated after the 10.0% bond rating designation.

In 2017, there was a new Fund created it is Police/Fire Certificate of Participation Bond Fund.

In 2019, there was a new Fund created it is Nuisance Property Abatement.

Source: Municipality of Anchorage, Finance Department.

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues:</b>										
Taxes and assessments in lieu of taxes	\$ 648,398,120	\$ 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
Special assessments	1,591,401	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
Licenses and permits	9,261,229	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
Intergovernmental	55,707,736	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
Charges for services	24,262,384	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
Fines and forfeitures	7,515,608	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
E911 surcharges	7,591,488	7,906,670	7,930,788	6,558,506	6,378,754	6,766,679	-	-	-	-
Investment income (loss)	40,804,239	(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
Restricted contributions	346,816	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
Other	5,272,733	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
<b>Total revenues</b>	<b>800,751,754</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>Expenditures:</b>										
General government	36,477,671	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
Fire services	113,685,311	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
Police services	146,011,712	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
Health and human services	28,087,701	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
Economic and community development	66,934,302	70,473,307	72,148,750	55,273,949	54,866,205	53,875,368	46,870,085	58,099,851	60,989,689	63,627,692
Public transportation	32,409,115	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
Public works	20,304,575	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
Education	34,999,844	247,167,935	247,406,848	243,841,632	240,239,749	34,338,414	241,279,103	238,519,174	240,834,968	235,125,554
Maintenance and operations of roads and facilities	247,223,433	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
Capital outlay	51,263,250	57,636,390	115,016,927	11,904,035	126,268,360	105,785,105	108,418,635	98,950,246	82,333,411	105,694,920
Debt service										
Principal	41,111,963	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
Interest	29,222,131	23,238,951	24,755,123	23,688,269	23,731,301	24,898,180	26,658,557	27,013,962	31,072,474	27,581,071
Bond issuance costs	416,210	294,162	469,528	108,074	877,799	462,954	-	232,046	224,194	497,504
<b>Total expenditures</b>	<b>848,147,218</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>
Deficiencies of revenues over expenditures	(47,395,464)	(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)
<b>Other financing sources (uses):</b>										
Transfers from other funds	65,198,035	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
Transfers to other funds	(40,673,802)	(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)
Bonds issued	64,725,000	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	10,374,667	11,738,947	-	2,672,823	31,361,323	21,857,443	-	7,875,284	796,626	945,968
Payment to bond escrow agent	(33,432,224)	(22,580,259)	-	-	(235,296,377)	(97,023,536)	-	(33,418,560)	(23,860,769)	(24,047,875)
Loans issued	1,795,600	-	413,243	-	-	-	-	-	-	507,250
Insurance recoveries	495,509	410,404	308,960	253,654	404,235	349,533	133,596	194,229	96,076	-
Sale of capital assets	583,546	361,123	2,066,998	2,288,993	282,180	718,971	6,386,450	3,431,355	193,831	98,627
Net other financing sources (uses)	69,066,331	102,811,789	89,625,778	52,911,273	85,776,771	74,773,187	30,448,322	58,435,289	50,035,070	80,271,748
Net change in fund balances	\$ 21,670,867	\$ 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

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenditures:</b>										
General government	\$ 36,477,671	\$ 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
Fire services	113,685,311	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
Police services	146,011,712	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
Health and human services	28,087,701	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
Economic and community development	66,934,302	70,473,307	72,148,750	55,273,949	54,666,205	53,675,368	46,870,085	58,099,851	60,989,689	63,627,692
Public transportation	32,409,115	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
Public works	20,304,575	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
Education	247,223,433	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
Maintenance and operations of roads and facilities	34,999,844	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
Capital outlay	51,263,250	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
Debt service										
Principal	41,111,963	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
Interest	29,222,131	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
Bond Issuance Costs	416,210	294,162	469,528	108,074	877,799	462,954	-	232,046	224,194	497,504
Total expenditures	848,147,218	816,567,424	940,106,654	845,091,194	874,765,606	869,823,826	833,303,363	811,609,357	780,555,197	759,822,638
<b>Less:</b>										
Amounts capitalized	29,974,236	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
Total non-capital expenditures	\$ 818,172,982	\$ 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
Debt service as a percentage of non-capital expenditures	8.60%	7.72%	7.12%	8.07%	8.27%	7.67%	7.82%	8.50%	8.21%	7.05%

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
2019	\$ 509,370,992	\$ 46,422,776	\$ 10,825,678	\$ 6,949,397	\$ 30,820,525	\$ 19,849,332	\$ 13,435,158	\$ 4,041,331	\$ 3,219,162	\$ 644,934,351
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

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> (Table 18)	Property Tax Support Per Pupil	Municipality of Anchorage Property Taxes	Municipality of Anchorage Population (Table 18)	Property Tax Support Per Citizen	Total Property Taxes
2019	\$ 247,221,383	46,229	\$ 5,348	\$ 306,575,650	291,845	\$ 1,050	\$ 553,797,033
2018	247,093,515	46,794	5,280	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

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 (Table 14)	Areawide Tax Rate (mils) (Table 10)
	Residential Property	Commercial Property	Total Real			
2019	\$ 21,158,079,254	\$ 10,610,759,196	\$ 31,768,838,450	\$ 2,895,064,838	\$ 34,663,903,288	7.34
2018	20,835,797,232	10,519,698,864	31,355,496,096	2,879,198,051	34,234,694,147	7.33
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

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Areawide:										
General Government	0.18	0.10	0.40	0.15	(0.14)	(0.35)	(0.43)	(0.29)	0.09	0.45
Schools	7.16	7.23	6.92	6.73	6.84	7.06	7.35	7.57	7.52	7.44
Total Areawide	7.34	7.33	7.32	6.88	6.70	6.71	6.92	7.28	7.61	7.89
Chugiak Service Area	1.00	1.00	1.00	1.00	1.00	0.95	1.00	1.00	0.97	0.96
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	5.33	5.40	5.00	4.70	4.08	3.97	4.29	4.14	3.68	3.87
Fire Service Area	2.32	2.39	2.38	2.21	2.22	2.44	2.21	2.13	2.09	1.83
Roads and Drainage Service Area	2.61	2.66	2.22	2.43	2.31	2.36	2.60	2.78	2.46	2.13
Limited Service Areas <sup>(1)</sup>	1.30	1.30	1.27	1.30	1.30	1.29	1.29	1.31	1.33	1.33
Anchorage Metropolitan Police Service Area	3.43	3.37	3.21	2.82	2.93	2.95	3.23	2.76	2.70	2.67
Parks and Recreation Service Area	0.66	0.65	0.53	0.55	0.54	0.59	0.60	0.62	0.62	0.66
Eagle River/Chugiak Parks & Recreation Service Area	1.05	0.97	1.01	0.98	1.03	0.97	0.95	1.00	0.90	0.91

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

2019		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Calais Co Inc	\$ 205,148,400	0.59%
GCI Communication Corp	184,572,911	0.53%
Galen Hospital Alaska Inc	157,208,714	0.45%
ACS Of Anchorage Inc	151,951,959	0.44%
Fred Meyer Stores Inc	134,942,332	0.39%
Enstar Natural Gas Company	131,588,963	0.38%
WEC 2000A-Alaska Llc	123,068,551	0.36%
Hickel Investment Co	95,436,275	0.28%
North Anchorage Real Estate	91,580,200	0.26%
Sisters Of Providence	91,202,091	0.26%
	<u>\$ 1,366,700,396</u>	<u>3.94%</u>

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

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	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019	\$ 553,797,033	\$ 553,652,783	99.97%	\$ 2,802,884	556,455,667	100.48%
2018	548,728,375	546,992,455	99.68%	3,175,524	550,167,979	100.26%
2017	551,213,820	554,594,217	100.61%	3,762,798	558,357,015	101.30%
2016	527,288,610	523,466,132	99.28%	3,752,403	527,218,535	99.99%
2015	506,632,643	503,903,026	99.46%	2,708,659	506,611,685	100.00%
2014	503,962,630	500,594,375	99.33%	3,359,911	503,954,286	100.00%
2013	489,910,228	484,545,683	98.90%	5,359,466	489,905,149	100.00%
2012	480,422,072	476,715,333	99.23%	3,702,960	480,418,293	100.00%
2011	477,009,470	473,032,584	99.17%	3,972,578	477,005,162	100.00%
2010	471,148,908	465,106,193	98.72%	6,038,689	471,144,882	100.00%

Source: Municipality of Anchorage, Treasury Division.

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 13

Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Total Governmental Activities
	General Obligation Bonds	Revenue Bonds <sup>(1)</sup>	Certificates of Participation Bonds	Notes and Loans <sup>(2)</sup>	Master Leases <sup>(3)</sup>	
2019	\$ 450,469,521	\$ 94,119,667	\$ 64,020,000	\$ -	\$ 47,488,937	\$ 656,098,125
2018	455,894,958	96,990,264	62,475,000	-	52,986,149	668,346,371
2017	434,584,581	100,064,405	58,675,000	-	49,541,381	642,865,367
2016	474,667,962	102,449,290	-	-	33,185,002	610,302,254
2015	487,288,591	104,684,175	-	1,350,000	19,153,669	612,476,435
2014	464,818,361	113,216,296	-	1,448,000	15,310,257	594,792,914
2013	451,264,548	118,638,138	-	1,541,000	9,613,451	581,057,137
2012	482,046,822	123,771,966	-	1,629,000	11,634,331	619,082,119
2011	488,862,810	128,605,793	-	1,712,000	3,794,941	622,975,544
2010	486,171,861	154,289,902	-	1,790,000	3,642,532	645,894,295

Fiscal Year	Business-type Activities		Total Business-Type Activities	Total Primary Government	Percentage of Personal Income	Total Debt per Capita
	Revenue Bonds	Notes and Loans				
2019	\$ 533,275,367	\$ 483,095,876	\$ 1,016,371,243	\$ 1,672,469,368	9.19%	\$ 5,731
2018	551,070,698	449,197,187	1,000,267,885	1,668,614,256	8.96%	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

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 and PAC Roof revenue bonds. Jail revenue bonds were paid in full in 2015.

<sup>(2)</sup>Includes HUD Section 108 loans which were paid in full in 2016.

<sup>(3)</sup>Master Leases issued for the SAP system, the CAMA system, and the Library Automated Materials Handling system.

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
2019	291,845	\$ 34,663,903,288	\$ 450,469,521	\$ 3,077,598	\$ 447,391,923	1.29%	\$ 1,533
2018	295,365	34,234,694,147	455,894,958	3,113,954	452,781,004	1.32%	1,533
2017	297,483	35,832,394,546	434,584,581	3,393,995	431,190,586	1.20%	1,449
2016	299,037	35,956,000,268	474,667,962	3,463,121	471,204,841	1.31%	1,576
2015	298,908	35,038,444,975	487,288,591	4,247,169	483,041,422	1.38%	1,616
2014	300,549	33,672,370,182	464,818,361	3,605,168	461,213,193	1.37%	1,535
2013	301,134	32,328,660,949	451,264,548	3,542,694	447,721,854	1.38%	1,487
2012	298,842	31,714,746,885	482,046,822	3,830,794	478,216,028	1.51%	1,600
2011	296,197	31,596,540,551	488,862,810	806,392	488,056,418	1.54%	1,648
2010	291,826	31,463,676,892	486,171,861	1,166,311	485,005,550	1.54%	1,662

Notes:

This schedule includes all general obligation bonds of the Municipality of Anchorage from Governmental Activities and Business-type Activities, if available.

This schedule excludes the general obligation bonds 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, 2019

	Debt Outstanding	Percentage Overlap	Share of Direct and Overlapping Debt
Anchorage School District overlapping debt	\$ 461,920,000	100%	\$ 461,920,000
Municipality's direct debt (Table 13)			<u>656,098,125</u>
Total direct and overlapping debt			<u>\$ 1,118,018,125</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 the Anchorage School District' CAFR for the fiscal year ending June 30, 2019. Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Table 16

Legal Debt Margin  
December 31, 2019

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	
2019	\$ 173,869,422	\$ 113,742,677	\$ 60,126,745	\$ 7,730,000	\$ 14,507,701	\$ 22,237,701	2.70
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	117,808,701	50,482,262	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

Notes:

<sup>(1)</sup> Excludes interest charged to construction and interest restricted for construction

<sup>(2)</sup> Excludes Federal subsidy for 2015 through 2019

<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 are not reflected on this schedule. If it were included, all-debt coverage for fiscal years 2019 and 2018 would be 1.73 and 1.70, 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	
2019	\$ 29,763,730	\$ 15,169,536	\$ 14,594,194	\$ -	\$ 298,266	\$ 298,266	48.93
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	-	-	-	-

Notes:

<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		
2019	\$ 14,405,135	\$ 10,092,753	\$ 4,312,382	\$ -	\$ 1,290,712	\$ 1,290,712	3.34	
2018	14,006,081	12,584,857	1,421,224	-	1,152,083	1,152,083	1.23	
2017	20,090,884	10,167,001	9,923,883	-	677,192	677,192	14.65	
2016	26,964,376	14,013,332	12,951,044	-	541,719	541,719	23.91	
2015	13,861,999	18,098,563	(4,236,564)	-	407,004	407,004	(10.41)	
2014	12,310,089	7,451,830	4,858,259	-	397,024	397,024	12.24	
2013	11,633,618	8,315,872	3,317,746	-	707,003	707,003	4.69	
2012	12,062,773	7,863,295	4,199,478	-	744,704	744,704	5.64	
2011	12,252,134	6,158,691	6,093,443	-	-	-	-	
2010	12,427,622	5,818,956	6,608,666	-	-	-	-	

Notes:

<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>(4)</sup>
					Principal	Interest	Total	
2019	\$ 68,602,501	\$ 241,257	\$ 36,550,617	\$ 32,293,141	\$ 4,080,000	\$ 4,797,440	\$ 8,877,440	3.64
2018 *	61,886,218	307,718	35,892,160	26,301,776	4,025,000	5,188,855	9,213,855	2.85
2017 *	60,286,693	609,626	35,759,018	25,137,301	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

Notes:

<sup>(1)</sup> Excludes allowance for funds used during construction, includes non-operating revenue. Excludes payments received for PERS relief from State of Alaska.

<sup>(2)</sup> Assessment collections represent payments made by benefited property owners.

<sup>(3)</sup> Excludes pension expense, PERS on behalf expense, OPEB on behalf expense, OPEB expense, and depreciation; but includes special items and transfers to other funds.

<sup>(4)</sup> Required minimum coverage is 1.15.

\* Revised calculation removing pension and OPEB revenue and expense as stated in sections (1) and (3) above.

**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>(5)</sup>	
					Principal <sup>(4)</sup>	Interest	Total		
2019	\$ 61,696,662	\$ 273,759	\$ 38,142,914	\$ 23,827,507	\$ 2,840,000	\$ 3,606,692	\$ 6,446,692	3.70	
2018 *	56,266,665	328,678	35,595,219	21,000,124	2,565,000	3,853,999	6,418,999	3.27	
2017 *	56,247,049	328,627	35,117,730	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	

Notes:

<sup>(1)</sup> Excludes allowance for funds used during construction, includes non-operating revenue. Excludes payments received for PERS relief from the State of Alaska.

<sup>(2)</sup> Assessment collections represent payments made by benefited property owners.

<sup>(3)</sup> Excludes pension expense, PERS on behalf expense, OPEB on behalf expense, OPEB expense, and depreciation, but includes special items and transfers from other funds.

<sup>(4)</sup> Represents total principal and interest payments on all debt: Revenue Bonds, Alaska Clean Water Fund loans and loans payable-other.

<sup>(5)</sup> Required Minimum Coverage is 1.15.

\* Revised calculation removing pension and OPEB revenue and expense as stated in Section (1) and (3) above.

Roads and Drainage Special Assessments							
Fiscal Year	Assessment Collected	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2019	\$ 245,426	N/A	\$ 245,426	\$ -	\$ -	\$ -	-
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	-	-	-	-

CIVICVentures							
Fiscal Year	Hotel & Motel Tax Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2019	\$ 5,979,235	N/A	\$ 5,979,235	\$ 2,240,000	\$ 4,015,250	\$ 6,255,250	0.96
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

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
2019	291,845	\$ 62,361	\$ 18,199,746	46,229	5.1	227,210
2018	295,365	63,063	18,626,603	46,794	5.5	218,388
2017	297,483	60,139	17,890,330	47,703	5.8	218,000
2016	299,037	59,558	17,810,046	47,756	5.5	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	5.2	199,606
2013	301,134	59,158	17,814,485	48,493	5.2	204,360
2012	298,842	54,196	16,196,041	48,422	5.4	211,989
2011	296,197	50,540	14,969,796	48,613	6.0	261,121
2010	291,826	49,629	14,483,033	49,061	6.6	262,792

Notes:

<sup>(1)</sup> The Alaska Department of Labor and Workforce Development (ADLWD) no longer publishes Per Capita Personal Income for the Anchorage Municipal Area. Per Capita Personal Income is therefore estimated using the five previous years average increase or decrease for Per Capita Personal Income supplied by the U.S. Census Bureau. A further adjusting in the average is made for the net increase or decrease to the annual Alaska Permanent Dividend paid to Alaska's citizens.

<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; the Anchorage School District, Annual Financial Report; Bureau of Economic Analysis; and the Municipality of Anchorage, Clerk's Office.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Principal Employment by Industry  
Current Year and Nine Years Ago

Table 19

2019*			
Standard Occupation Code	Industry Title	Average Quarterly Employment	% of Total Employment
421031	Retail Salespersons	6,012	18.10%
291141	Registered Nurses**	4,217	12.70%
353021	Combined Food Preparation and Service Workers, Including Fast Food***	4,056	12.21%
439199	Office and Administrative Support Workers, All Other****	3,245	9.77%
412011	Cashiers	3,022	9.10%
399021	Personal Care Aides	2,884	8.68%
353031	Waiters and Waitresses	2,654	7.99%
439061	Office Clerks, General	2,498	7.52%
372011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	2,430	7.32%
352021	Food Preparation Workers	2,193	6.60%
	Total Employment	33,211	

2010			
Standard Occupation Code	Industry Title	Average Quarterly Employment	% of Total Employment
412031	Retail Salespersons	6,105	19.45%
412011	Cashiers	3,807	12.13%
439199	Office and Administrative Support Workers, All Other	3,382	10.78%
439061	Office Clerks, General	3,083	9.82%
353021	Combined Food Preparation and Service Workers, Including Fast Food	2,875	9.16%
291141	Registered Nurses	2,646	8.43%
353031	Waiters and Waitresses	2,626	8.37%
372011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	2,613	8.33%
436011	Executive Secretaries and Executive Administrative Assistants	2,157	6.87%
433031	Bookkeeping, Accounting, and Auditing Clerks	2,091	6.66%
	Total Employment	31,385	

Notes:

Due to new federal confidentiality laws, the data for this table will now be based on major industry rather than principal employers.

\* The 2019 data combines the 3rd and 4th quarters of 2018 with the 1st and 2nd quarters of 2019 to produce the average quarterly worker counts.

\*\* The Registered Nurses occupation for 2019 includes the worker counts for Nurse Anesthetists, Nurse Midwives, and Nurse Practitioners.

\*\*\* 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.

\*\*\*\* 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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Government</b>										
Fire services	388	396	380	371	371	376	372	383	355	377
Police services	580	584	553	512	502	484	505	529	522	537
Subtotal - public safety	968	980	933	883	873	860	877	912	877	914
General government	395	369	343	334	317	315	318	309	299	324
Health and human services	102	99	96	91	103	103	98	120	128	141
Economic and community development	239	246	175	176	237	238	218	226	200	219
Public transportation	147	149	157	154	150	152	147	142	152	158
Public works	318	336	344	345	275	287	278	285	358	379
Subtotal - other	1,201	1,199	1,115	1,100	1,082	1,095	1,059	1,082	1,137	1,221
Total - general government	2,169	2,179	2,048	1,983	1,955	1,955	1,936	1,994	2,014	2,135
<b>Enterprise Funds</b>										
Water	134	136	126	129	129	122	127	133	131	129
Wastewater	135	135	126	128	128	122	127	133	131	129
Electric	237	252	233	231	232	215	230	228	236	245
Port	20	20	20	29	20	19	22	21	21	22
Municipal airport	9	8	10	9	9	9	8	9	9	8
Solid waste	78	73	71	69	69	68	66	72	73	75
Refuse	25	26	25	25	23	27	27	21	21	21
Total - enterprise funds	638	650	611	620	610	582	607	617	622	629
Total	2,807	2,829	2,659	2,603	2,565	2,537	2,543	2,611	2,636	2,764

**Notes:**

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Fire services (*)</b>										
Number of stations	19	19	19	13	13	13	13	14	14	14
Fire incidents, other	12,781	12,120	11,813	11,074	10,804	10,426	11,497	11,323	10,845	10,252
Emergency medical service incidents	25,449	25,176	25,861	24,188	22,563	20,719	21,183	21,485	19,505	19,749
<b>Police services</b>										
Number of stations	10	11	11	11	11	11	13	12	14	14
<b>Health and human services</b>										
Health clinic visits:										
Disease prevention and control	16,685	12,119	10,899	10,369	10,752	12,079	11,094	12,628	12,102	13,441
Reproductive health clinic	3,615	3,328	3,416	3,810	4,806	4,694	9,217	5,768	7,978	9,081
Women, Infants and Children <sup>(1)</sup>	17,950	19,590	20,220	27,008	25,636	23,685	22,958	22,601	24,954	26,564
Environmental service customers:										
Customer service counter <sup>(2)</sup>	7,085	-	-	3,073	2,391	9,224	7,404	6,135	12,894	14,302
Public facility inspections <sup>(3)</sup>	2,325	1,881	2,491	2,826	2,546	2,327	2,260	2,225	2,519	1,801
Noise, nuisance, housing <sup>(4)</sup>	2,962	706	541	610	642	733	817	1,169	973	1,046
Air quality and vehicle IM	-	-	-	-	-	-	-	-	91,444	96,215
Daycare assistance families	-	-	-	-	-	-	-	-	3,170	3,111
Licensed child care centers	119	119	120	123	123	117	112	106	109	104
Licensed child care homes	134	134	155	149	146	150	159	157	167	170
<b>Economic and community development</b>										
Cultural and recreation services:										
Total park acres	16,093	16,093	16,093	16,093	16,093	16,061	16,061	16,061	16,000	16,000
Parks	263	263	263	263	263	262	262	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	282	270	270	270
Ski trails (Km)	212	212	212	212	212	212	212	149	149	149
Community recreation centers <sup>(5)</sup>	12	12	12	14	15	15	15	15	16	16
Historic sites	27	27	27	27	27	27	27	27	27	27
Anchorage Museum at Rasmuson Center:										
Number of visitors <sup>(6)</sup>	218,286	215,710	195,223	191,347	200,218	200,000	179,052	186,603	186,529	212,514
Value of museum collection	12,873,552	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
MOA Public Works 1% for Art Program	15,187,924	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
Anchorage Public Library:										
Branches	5	5	5	5	5	5	5	5	5	6
Items	401,900	430,603	444,179	516,500	499,955	669,586	604,716	624,477	611,663	623,162
Items circulated <sup>(7)</sup>	1,405,226	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
Reference responses <sup>(8)</sup>	40,000	78,883	68,285	54,306	67,785	84,193	99,966	158,414	172,762	216,528
William Egan Civic and Convention Center:										
Events	204	241	223	235	227	268	211	231	254	203
Attendance	114,747	114,160	118,035	136,307	118,031	133,092	106,481	118,488	125,673	114,351
Dena'ina Civic and Convention Center:										
Events	316	293	299	349	406	398	445	412	422	425
Attendance	157,448	174,170	168,517	165,339	212,609	220,171	198,411	211,315	203,754	159,134

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Miscellaneous Statistical Data by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Alaska Center for the Performing Arts:</b>										
Events	395	383	427	481	502	497	532	602	505	524
Attendance	192,189	185,642	198,175	226,769	224,361	228,705	220,391	266,205	226,799	231,556
<b>George Sullivan Sports Arena:</b>										
Events	168	183	136	107	129	136	130	105	140	150
Attendance <sup>(9)</sup>	124,610	125,105	212,118	155,933	218,934	296,296	267,404	269,981	290,380	310,219
Anchorage Golf Course:										
Rounds played	34,595	31,725	26,092	31,017	31,648	29,721	28,088	31,303	34,968	28,624
Department of Neighborhoods:										
Weatherization clients	-	-	-	-	-	-	-	-	693	596
Total dwellings upgraded	-	-	-	-	-	-	-	-	1,852	1,555
Number of people served	-	-	-	-	-	-	-	-	-	-
<b>Public transportation</b>										
Average daily ridership:										
Weekdays	11,598	11,007	11,928	11,632	12,334	13,079	13,511	13,848	14,027	14,100
Saturdays	5,699	5,395	5,919	5,729	6,022	6,351	6,640	6,797	6,821	6,821
Sundays	4,116	3,752	3,423	3,308	3,457	3,753	3,777	3,848	3,881	3,899
Total annual ridership	3,410,103	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
Annual mileage	2,350,312	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
Timetable revenue hours	140,594	139,557	126,597	125,878	125,020	124,826	123,303	122,673	123,734	126,655
<b>Public works</b>										
Miles of streets and alleys:										
Anchorage Road Service Area										
Unpaved <sup>(10)</sup>	3	6	6	6	6	6	6	7	7	7
Paved	625	623	622	667	666	663	617	614	613	608
Limited Road Service Area	327	327	327	315	315	315	313	316	313	307
Alleys	44	44	44	42	42	42	44	44	44	44
<b>Port</b>										
Tonnage	4,274,514	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
<b>Municipal airport</b>										
Landings and take-offs	152,394	151,368	126,015	137,613	120,541	125,588	128,031	131,777	130,779	150,146
<b>Water</b>										
Number of customers	56,560	56,431	56,431	56,294	56,501	55,854	55,557	55,362	55,185	54,976
Average treatment plant production <sup>(11)</sup> (gallons/day)	22,299,123	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
Treatment plant capacity (gallons/day)	68,060,000	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
Average well production (gallons/day) <sup>(12)</sup>	1,841,304	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
Miles of water mains	848	847	846	845	843	839	838	836	836	834
Public fire hydrants	6,069	6,051	6,038	6,027	5,999	5,949	5,917	5,897	5,887	5,874
Private fire hydrants	1,462	-	-	-	-	-	-	1,368	1,367	1,357

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Miscellaneous Statistical Data by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Wastewater</b>										
Number of customers	57,382	57,273	57,273	57,163	57,086	56,711	56,432	56,251	56,107	55,898
Average treatment (gallons/day) <sup>(13)</sup>	28,750,000	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
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	61,100,000
Miles of wastewater lines:										
Interceptors	45	45	45	45	45	45	45	45	45	45
Trunks	81	84	84	84	84	84	83	83	83	83
Laterals	635	631	629	629	628	625	622	634	624	623
<b>Electric</b>										
Number of customers	31,082	31,112	31,074	31,081	30,932	30,791	30,786	30,747	30,603	30,481
Number of street lights	3,794	3,837	3,879	3,891	3,897	3,900	3,908	3,924	3,930	3,948
Circuit miles of overhead distribution lines	113	114	118	118	133	122	123	124	125	130
Miles of underground distribution lines	289	250	254	253	253	254	248	250	252	257
Plant generation capacity <sup>(14)</sup> (30 degrees Fahrenheit) - KW	443,780	424,560	424,560	544,260	424,560	424,560	424,560	364,500	364,500	364,500
<b>Solid waste</b>										
Total landfill/disposal customers	278,345	274,021	241,485	263,544	260,477	253,397	253,872	256,479	242,646	238,993
Total waste land filled (tons) <sup>(15)</sup>	314,265	350,024	308,151	330,806	284,050	306,723	308,164	331,413	308,646	317,891
<b>Refuse collection</b>										
Average residential billed customers	10,016	10,323	10,422	10,970	9,947	9,974	10,002	10,020	10,000	9,994
Residential tons collected	9,567	9,528	9,449	9,566	9,358	8,723	9,516	9,644	9,810	10,673
Average commercial billed customers	1,964	2,074	1,960	1,902	1,862	1,855	1,847	1,880	1,898	1,890
Commercial tons collected	24,991	25,829	26,250	27,267	21,023	24,802	26,985	26,922	26,896	26,749

## Notes:

- (\*) 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 fiscal years 2015 through 2010 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, 2010-2015 was recalculated using this formula.
- (2) In 2017 and 2018 the Customer Service Counter was not tracked transactions due to the reduction of programs and staff, but a new tracking system was implemented in 2019.
- (3) The 2019 Public Facility Inspections are significantly higher due to a new inspector that replaced one that retired in 2018.
- (4) The 2019 Noise, Nuisance, and Housing includes earthquake inspections which were not included in 2018.
- (5) 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.
- (6) 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.
- (7) In 2016, the "Items circulated" were reduced because fewer people are coming to Loussac to check out materials due to the renovation.
- (8) In 2016, the "Reference responses" decreased because customers have greater access to information via the internet.
- (9) 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.
- (10) 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.
- (11) 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.

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Miscellaneous Statistical Data by Function  
Last Ten Fiscal Years

Table 21 (continued)

- (12) 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.
- (13) 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.
- (14) 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.
- (15) In 2018, increased landfill disposal tons can be attributed to some large projects involving high quantities of dynamic materials, contaminated soil, and power plant debris; which did not happen in 2019.

Source: Municipality of Anchorage, Various Departments.