

MUNICIPALITY OF ANCHORAGE, ALASKA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2017

**Ethan Berkowitz
Mayor**

**Prepared by:
Controller's Division**

**Alex Slivka
CFO**

Cover photo courtesy of Joyce Kvernplassen.

MUNICIPALITY OF ANCHORAGE, ALASKA

Comprehensive Annual Financial Report

December 31, 2017

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MUNICIPALITY OF ANCHORAGE



Office of the Chief Fiscal Officer

Phone: (907) 343-6610

Alexander Slivka, CFO

January 22, 2019

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

Transmittal of the Comprehensive Annual Financial Report.

The Comprehensive Annual Financial Report (CAFR) of the Municipality of Anchorage (Municipality) for the year ended December 31, 2017, 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, 2017. BDO USA, LLP audited all 2017 financial records except for those of Police & Fire Retirement Pension Trust Funds. BDO USA, LLP reports are included in the financial section of the CAFR and in both financial assistance reports. The Pension Trust Funds were audited by certified public accountants who issued an unqualified opinion.

Profile of the Municipality of Anchorage

The City of Anchorage was originally incorporated in 1920 and unified with the Greater Anchorage Area Borough in 1975 to create the Municipality of Anchorage. The Municipality is located in the south central part of the State of Alaska. It encompasses a geographic area of approximately 1,958 square miles and serves a population of 297,483.

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.

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. A lease purchase agreement with respect to acquisition of a capital improvement valued in excess of \$1 million is not valid until approved by the voters. 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 arena, performing arts center, convention center, 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.

Local Economy

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 297,483 which represents a slight decrease of less than 1 percent over the prior year. As the largest city in Alaska, the Municipality is home to approximately 40 percent of the State's residents.

For 2017, the Anchorage School District had 47,703 students enrolled for the 2016-2017 academic year, a decrease of less than 1 percent from the prior year. The Municipality is also home to the University of Alaska Anchorage, a State operated university, and the Alaska Pacific University, a private independent university.

Unemployment in the Municipality increased slightly in 2017. The average unemployment rate in 2017 was 5.7 percent, an increase from the 5.3 percent in 2016. The 2017 rate is slightly higher than the national average of 4.4 percent, but is lower than the 7.2 percent for the State of Alaska.

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

Health care employment continues to be one of the fastest growing service producing industries adding 800 jobs in the Municipality during 2017. And in fact it is projected to continue to grow in 2018; however, at a more moderate rate. It is expected to grow by 600 jobs or approximately 3 percent. The health care sector in the Municipality now accounts for approximately 21,300 jobs.

Within the state, the Municipality has some of the most advanced medical facilities making it the healthcare hub of Alaska. Slightly more than 56 percent of all healthcare employment in the state is in the Municipality. With improvements in new technologies here, residents don't have to travel out of state for care. Rather they can access services locally. Several new facilities have opened in 2017 or will open in 2018 to address these needs. In 2017, a 53,000 square foot Childcare and Education Center opened. This facility houses a wide variety of healthcare related training and in-house education programs. Also a facility that opened in 2017 is a children's dental clinic which offers 32 dental chairs and room for hygienist training programs. Additionally one of Anchorage's major medical facilities expanded its emergency care facilities to 50 rooms by adding 13 rooms. And increased service capacity in terms of oncology and pediatric services was added to another health organization.

Behind the health care sector, the tourism sector is another major economic driver for the Municipality. The Municipality offers a central location within the state, available transportation infrastructure and abundant recreational opportunities. In addition to Anchorage's regional sport fishing and tourism destinations, visitors often use Anchorage as the gateway to other Alaska destinations. In 2017, a record number of 2.1 million tourists came to Alaska. Just within Anchorage, the leisure and hospitality sector accounts for more than 17,600 jobs. In 2017, the visitor-dependent slice of this industry is expected to grow by approximately two percent. One new hotel opened in 2017 and two are under construction in the Municipality and are expected to open in 2018. Not only does this provide new jobs, it also provides revenues in the form of bed taxes.

Construction employment within the Municipality did decline in 2017 by approximately 200 jobs. However, the Municipality added \$82.8 million in assessed value in new commercial buildings in 2017. Additionally, \$150.8 million in assessed value was added for new residential structures. In fact new building permits increased over 2016. Mostly these were for multi-family units.

While total construction spending has declined, there are several new projects that are expected to be completed in 2018. Construction is continuing on a new \$40 million, 105,000 square foot hangar at the Ted Stevens Anchorage International Airport. Additionally, a distribution company is completing construction of a new \$40 million warehouse. Additionally in 2018 there are several new mixed use development projects under construction.

The transportation sector 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 2017 by 6.8 percent (2.7 million tons) as compared to 2016. And in 2018, passenger transportation is projected to be positive. It is anticipated that more jobs will be added in this area for the visitor season 2018.

The State owned Alaska Railroad also transports freight and passengers. While revenues from transporting freight was down, revenues from passengers increased. The Railroad brought in passenger revenues of \$33.8 million in 2017, an increase of \$2.1 million over 2016.

The Port is ice free year round 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 round as well. The Port serves 87 percent of the State of Alaska's population and handles 90 percent of the consumer goods brought to Alaska. It is one of 16 commercial strategic Ports nationwide. Recent tonnage trends show the Port brought in the same tonnage in 2017 as in 2016. Total tonnage was 3.5 million tons. Petroleum shipments increased .8 percent. And container volume increased for the first time since 2014, growing .6 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 has secured funds to complete Phase 1 of a four phase project.

Relevant Financial Policies

The Municipality updated its Fund Balance Policy through the approval of Resolution No. 2015-84 by the Assembly. The general fund is comprised of five major sub-funds and thirty-five non-major sub-funds. The Fund Balance Policy actually consists of three policies.

First, it is the policy of the Municipality to prepare and manage five major general fund sub-fund budgets so as to maintain 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 2017.

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 1.20 percent as of December 31, 2017 and the net direct general obligation debt per capita was \$1,450. The respective amounts as of December 31, 2016 were 1.31 percent and \$1,577. When ASD debt is included, net direct general obligation debt to assessed value as of December 31, 2017 is 2.72 percent (2.93 percent in 2016) and the net direct general obligation debt per capita is \$3,271 (\$3,520 in 2016).

In April 2018, the voters of the Municipality approved the issuance of \$47,468,000 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. Of that amount \$7,790,000 was issued in May 2018. At this time, it is not known when the remaining \$39,678,000 of bonds 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 and its employees are committed to the goal of making Anchorage a better place to live, work and raise families.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Municipality of Anchorage for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016. This was the thirtieth consecutive year that the Municipality has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Municipality of Anchorage
Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

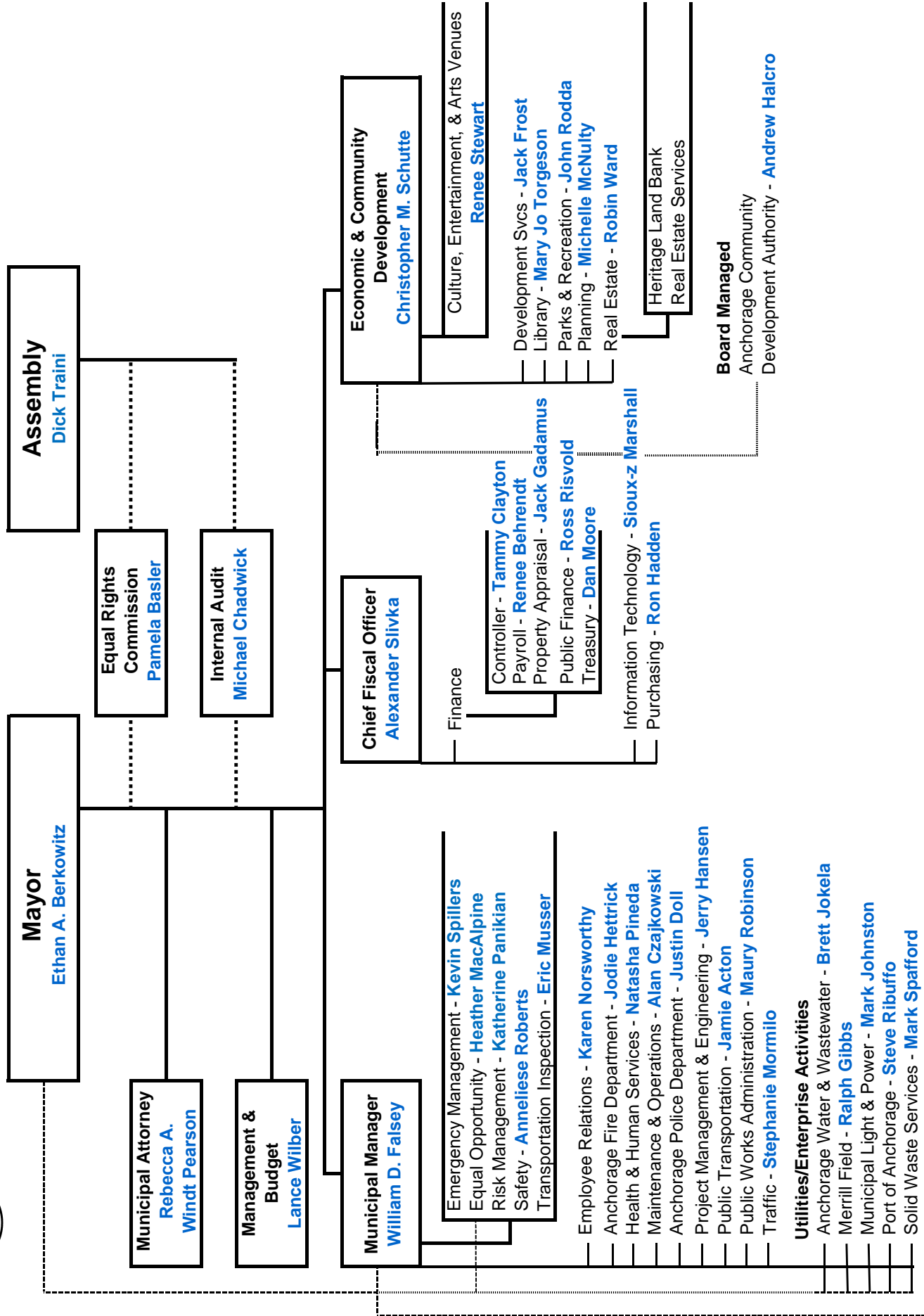
December 31, 2016

Christopher P. Morill

Executive Director/CEO



MUNICIPALITY OF ANCHORAGE



Board Managed
Police & Fire Retirement System

MUNICIPALITY OF ANCHORAGE

2017

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, 2017, the following citizens were elected to serve on the Assembly.

Dick Traini, Chair

Christopher Constant
Suzanne LaFrance
John Weddleton
Pete Petersen
Felix Rivera

Tim Steele
Forrest Dunbar, Vice Chair
Eric Croft
Amy Demboski
Fred Dyson

Barbara A. Jones, Municipal Clerk

ADMINISTRATION

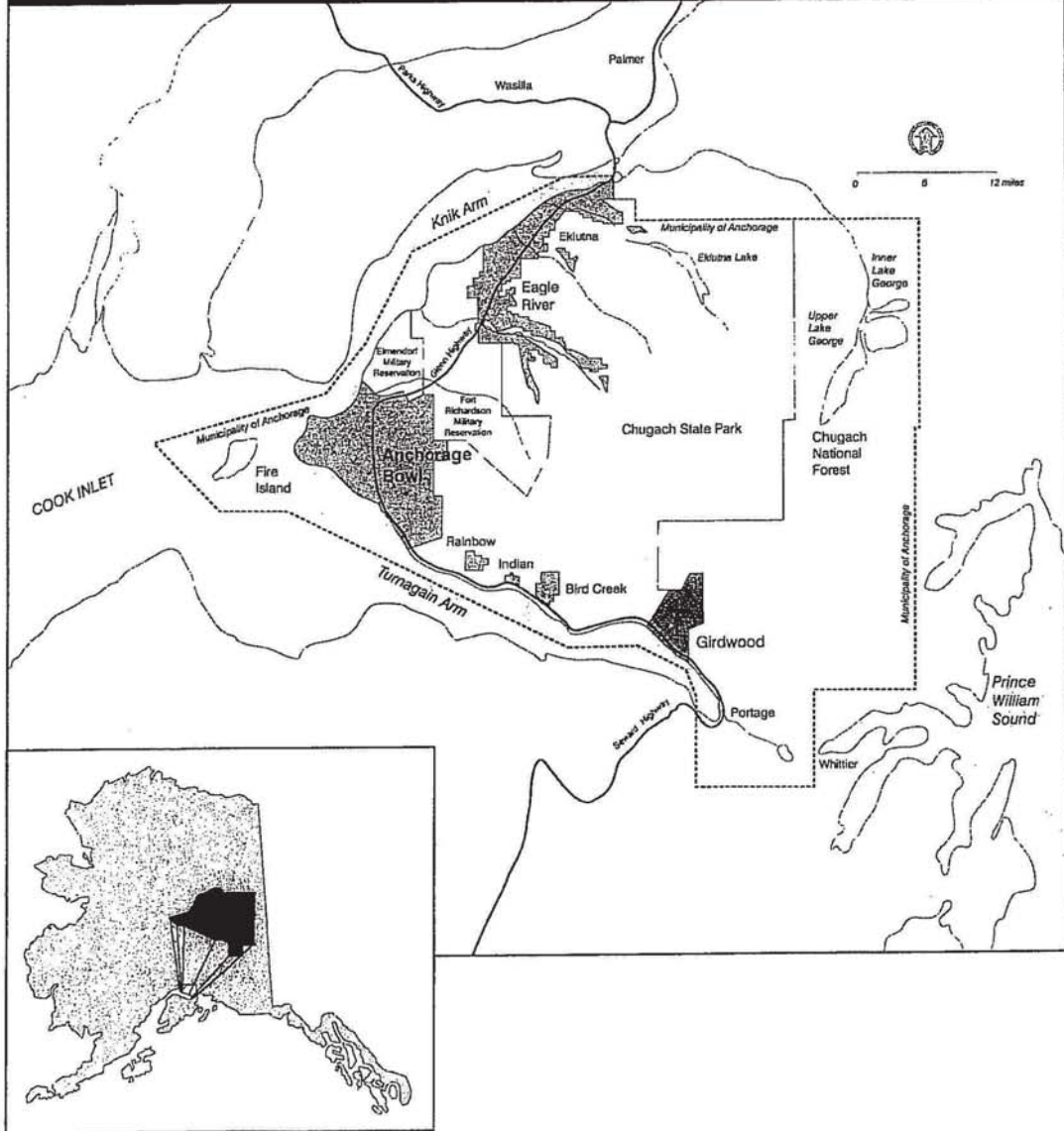
Ethan Berkowitz, Mayor

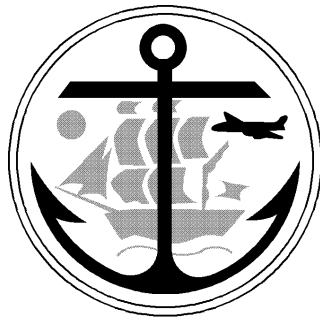
Mike Abbott, Municipal Manager

William D. Falsey, Municipal Attorney

Robert E. Harris, 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 Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Municipality of Anchorage, Alaska's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police/Fire Retirement System fiduciary funds, which represent 43% and 55%, respectively, of the assets, and fund balance/net position of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police/Fire Retirement System fiduciary funds is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Police/Fire Retirement System fiduciary funds were not audited in accordance with *Government Auditing Standards*.

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.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Municipality of Anchorage, Alaska as of December 31, 2017, 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 4-17, the budgetary comparison schedule, condition rating of Anchorage's road network, schedules of information on the net pension liability, pension contributions, and changes in the net pension liability and related ratios, schedules of changes in the net OPEB liability and related ratios, OPEB contributions, investment returns and funding progress on pages 113-135, 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 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 Municipality of Anchorage's basic financial statements. The accompanying supplementary budgetary comparison schedules, the combining fund financial statements, and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and the combining fund financial statements are the responsibility of management and were derived from and relate 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. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2019 on our consideration of Municipality of Anchorage's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality of Anchorage's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
January 22, 2019

MUNICIPALITY OF ANCHORAGE MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Municipality of Anchorage (Municipality), we offer readers of the Municipality's Comprehensive Annual Financial Report (CAFR), this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2017. 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 2017 with reported net position of \$3.7 billion.
- The Municipality's total net position increased by \$106.9 million or approximately 3.01 percent for 2017. The increase is the net result of an increase in governmental activities net position of \$46.9 million and an increase in business-type activities net position of \$60 million.
- During the year, the governmental activities generated \$849 million in revenues not including transfers from, which was offset by expenses of \$830.4 million, not including transfers to.
- During the year, the business-type activities generated \$391.4 million in revenues not including transfers from, that was offset by expenses of \$303 million, not including transfers to.
- As of December 31, 2017, the Municipality's governmental funds reported a combined ending fund balance of \$325.3 million, a decrease of \$33.6 million. Of the fund balance, \$2.5 million is non-spendable, \$252.8 million is restricted, \$54.3 million is committed, \$22.1 million is assigned and a deficit of (\$6.4) million is unassigned. Included in the committed fund balances are \$40.8 million bond rating set asides.
- 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 2017.
- The Municipality's total capital assets (net of accumulated depreciation) at December 31, 2017 was \$5.7 billion.
- The Municipality's total long-term debt at December 31, 2017 was \$1.6 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 of the government-wide financial statements distinguish functions of the Municipality that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Municipality include general government, fire and police services, health and human services, economic and community development, public transportation, public works, education, maintenance and operations of roads and facilities, and debt service. Governmental activities also include information from CIVICVentures, a blended component unit. The business-type activities of the Municipality include water and wastewater services, electric generation and distribution, port services, Municipal airport services, solid waste disposal services, and refuse collection services.

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

Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the local government, reporting the Municipality's operations in more detail than the government-wide statements. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Municipality can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

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

The Municipality adopts an annual appropriated budget for its General Fund, and certain Special Revenue Funds, Debt Service Funds and Internal 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 and Debt Services 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; port services; Municipal airport services; solid waste disposal services, and refuse collection services.

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

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Municipality's disclosure of information relating to the general fund's budgetary comparison schedule, its paved road infrastructure network (accounted for under the modified approach), schedules for its various pension plans, and schedules for the Police and Fire Retirement System 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 and Debt Service 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, 2017 compared to the prior year (reference Table A-1).

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

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 511,416	\$ 548,132	\$ 404,192	\$ 364,764	\$ 915,608	\$ 912,896
Capital assets	3,476,018	3,407,924	2,178,319	2,156,674	5,654,337	5,564,598
Total assets	3,987,434	3,956,056	2,582,511	2,521,438	6,569,945	6,477,494
Deferred outflows of resources	30,590	89,001	9,006	15,452	39,596	104,453
Total deferred outflows of resource	30,590	89,001	9,006	15,452	39,596	104,453
Long-term liabilities	931,517	1,028,529	789,594	898,546	1,721,111	1,927,075
Other liabilities	231,508	229,750	365,026	263,167	596,534	492,917
Total liabilities	1,163,025	1,258,279	1,154,620	1,161,713	2,317,645	2,419,992
Deferred inflows of resources	25,969	4,697	601,661	599,959	627,630	604,656
Total deferred inflows of resources	25,969	4,697	601,661	599,959	627,630	604,656
Net investment in capital assets	2,903,191	2,809,347	669,846	639,218	3,573,037	3,448,565
Restricted	251,415	246,631	32,790	30,710	284,205	277,341
Unrestricted	(325,576)	(273,897)	132,600	105,290	(192,976)	(168,607)
Total net position	\$ 2,829,030	\$ 2,782,081	\$ 835,236	\$ 775,218	\$ 3,664,266	\$ 3,557,299

Overall Analysis

At December 31, 2017, the Municipality's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3.7 billion. Total net position increased \$106.9 million or 3.01 percent.

The largest portion of the Municipality's net position (97 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 \$284.2 million represent 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 \$18.7 million restricted net position for the acquisition and construction of capital, \$37.4 million for the Police and Fire Retiree Medical Liability prefunding, \$14.3 million restricted for debt service, \$17.4 million restricted for grant activity and \$164.9 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 2017, the unrestricted net position was a deficit of (\$193) million. This deficit continues to be primarily due to the net pension liability reported in accordance with GASB 68- Accounting and Reporting for Pensions. The net pension liability is actuarially calculated by the State of Alaska. The liability was significant enough to keep the unrestricted net position of the Municipality in a deficit position.

Governmental Activities

The governmental activities total net position increased \$46.9 million or 1.69 percent. The majority of this increase was due to a decrease in the net pension liability and the capitalization of the new museum expansion project. For 2017, the net pension liability decreased by \$71 million and was partially offset by an increase in capital assets of \$68 million.

Net investment in capital assets increased \$93.8 million or 3.34 percent. This increase is due to increased capitalizable expenditures in the Capital Projects Roads and Drainage Fund, Area-wide Capital Projects Fund and Information Technology Fund in 2017.

Restricted net position increased \$4.8 million or 1.94 percent. This increase is due to an increase in the investment balance restricted for the MOA Trust Fund.

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 2017, the deficit in unrestricted net position increased by \$51.7 million or 18.87 percent.

Business-type Activities

The business-type activities total net position increased \$60 million or 7.74 percent. Net investment in capital assets reported an increase of \$30.6 million. This increase is due to the additions to the distribution and production assets in the Utilities, without a significant increase in related debt.

Restricted net position increased \$2.1 million or 6.77 percent mainly due to an increase in restricted intergovernmental receivable in the Port fund.

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 2017, unrestricted net position increased by \$27.3 million.

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

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 2017 compared to the prior year and indicates the changes net in 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	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 55,343	\$ 49,800	\$ 352,319	\$ 344,715	\$ 407,662	\$ 394,515
Operating grants & contributions	44,735	32,199	1,688	1,682	46,423	33,881
Capital grants & contributions	84,937	80,818	22,794	23,035	107,731	103,853
General revenues:						
Property taxes	557,174	528,814	-	-	557,174	528,814
Other taxes	66,710	67,785	-	-	66,710	67,785
Grants and entitlements not restricted to specific programs	7,784	9,280	-	-	7,784	9,280
Other	-	-	6,750	12,600	6,750	12,600
Investment earnings	32,363	13,404	7,832	5,725	40,195	19,129
Total revenues	<u>\$ 849,046</u>	<u>\$ 782,100</u>	<u>\$ 391,383</u>	<u>\$ 387,757</u>	<u>\$ 1,240,429</u>	<u>\$ 1,169,857</u>

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

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Expenses:						
General government	\$ 28,136	\$ 31,778	\$ -	\$ -	\$ 28,136	\$ 31,778
Fire services	120,768	127,751	-	-	120,768	127,751
Police services	143,012	146,998	-	-	143,012	146,998
Health and human services	29,657	27,029	-	-	29,657	27,029
Economic and community dev.	92,031	78,164	-	-	92,031	78,164
Public transportation	36,955	37,259	-	-	36,955	37,259
Public works	73,919	91,116	-	-	73,919	91,116
Education	247,407	243,841	-	-	247,407	243,841
Maintenance and operations	36,933	36,994	-	-	36,933	36,994
Interest	21,608	22,793	-	-	21,608	22,793
Water	-	-	43,806	47,333	43,806	47,333
Wastewater	-	-	41,682	43,372	41,682	43,372
Electric	-	-	165,064	171,654	165,064	171,654
Port	-	-	18,092	21,756	18,092	21,756
Municipal airport	-	-	4,659	4,637	4,659	4,637
Solid waste	-	-	20,479	19,914	20,479	19,914
Refuse	-	-	9,254	9,997	9,254	9,997
Total expenses	830,426	843,723	303,036	318,663	1,133,462	1,162,386
Change in net position prior to transfers	18,620	(61,623)	88,347	69,094	106,967	7,471
Transfers	28,329	22,791	(28,329)	(22,791)	-	-
Change in net position	46,949	(38,832)	60,018	46,303	106,967	7,471
Beginning net position	2,782,081	2,820,913	775,218	728,915	3,557,299	3,549,828
Ending net position	\$2,829,030	\$2,782,081	\$ 835,236	\$ 775,218	\$3,664,266	\$3,557,299

Overall Analysis

The Municipality's total net position of \$3.7 billion increased by \$106.9 million from current year operations as reported in the Statement of Activities. This increase is the net effect of a \$46.9 million increase in governmental activities and a \$60 million increase in business-type activities.

Governmental Activities

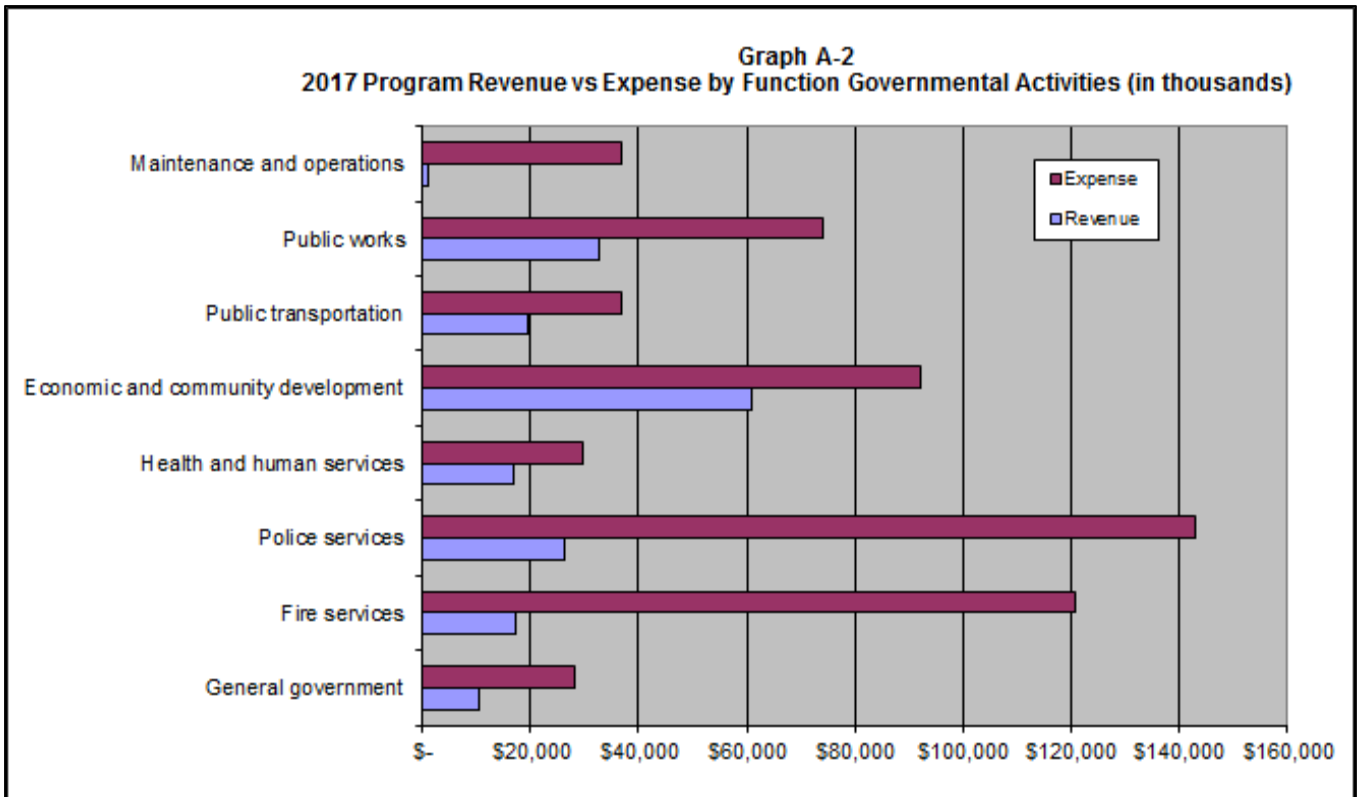
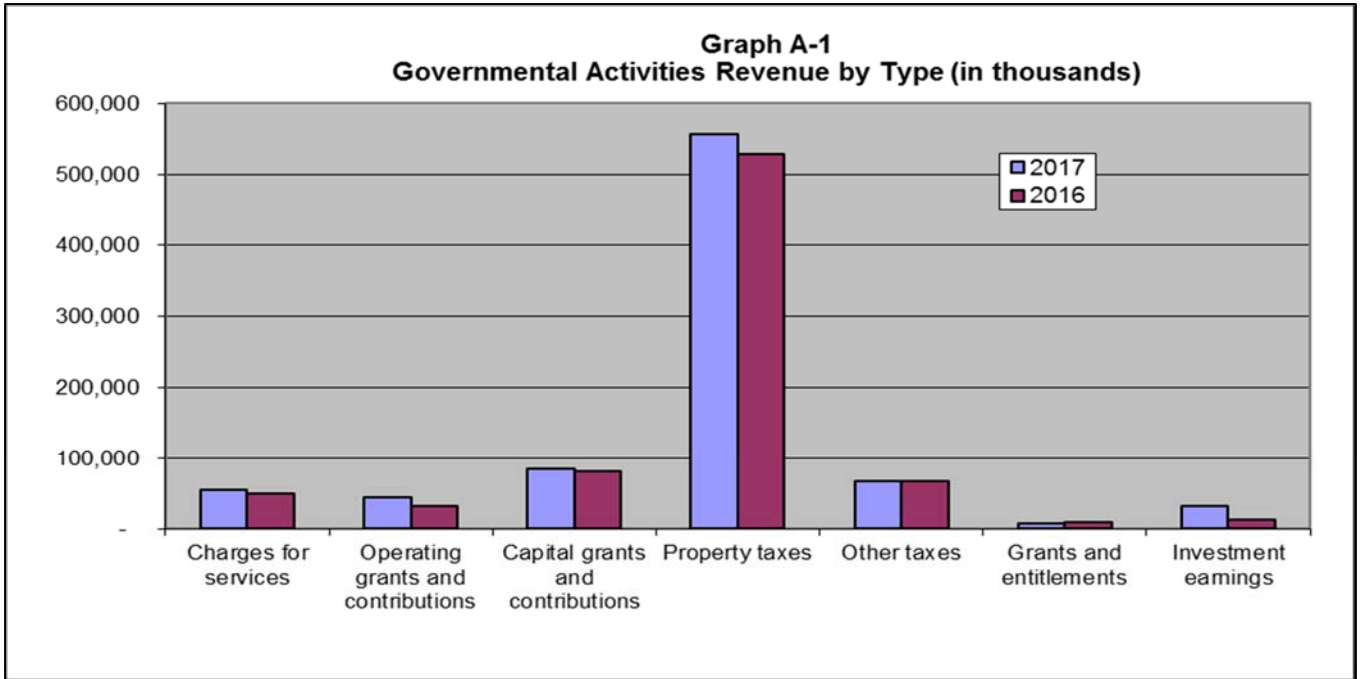
Governmental activities increased the Municipality's net position by \$46.9 million. The increase is the result of increases in tax revenues and investment earning and an overall reduction in expenses of \$13.3 million.

Total governmental activity revenues were \$849 million, excluding transfers. Revenues increased \$66.9 million or 8.56 percent over the prior year. Property taxes, the Municipality's largest single revenue source, increased 5.36 percent, along with an investment earnings increase of 141.44 percent. Capital Grants and Contributions increased 5.10 percent and Operating Grants and Contributions and Charges for Services both had increases of 38.9 percent and 11.13 percent, respectively.

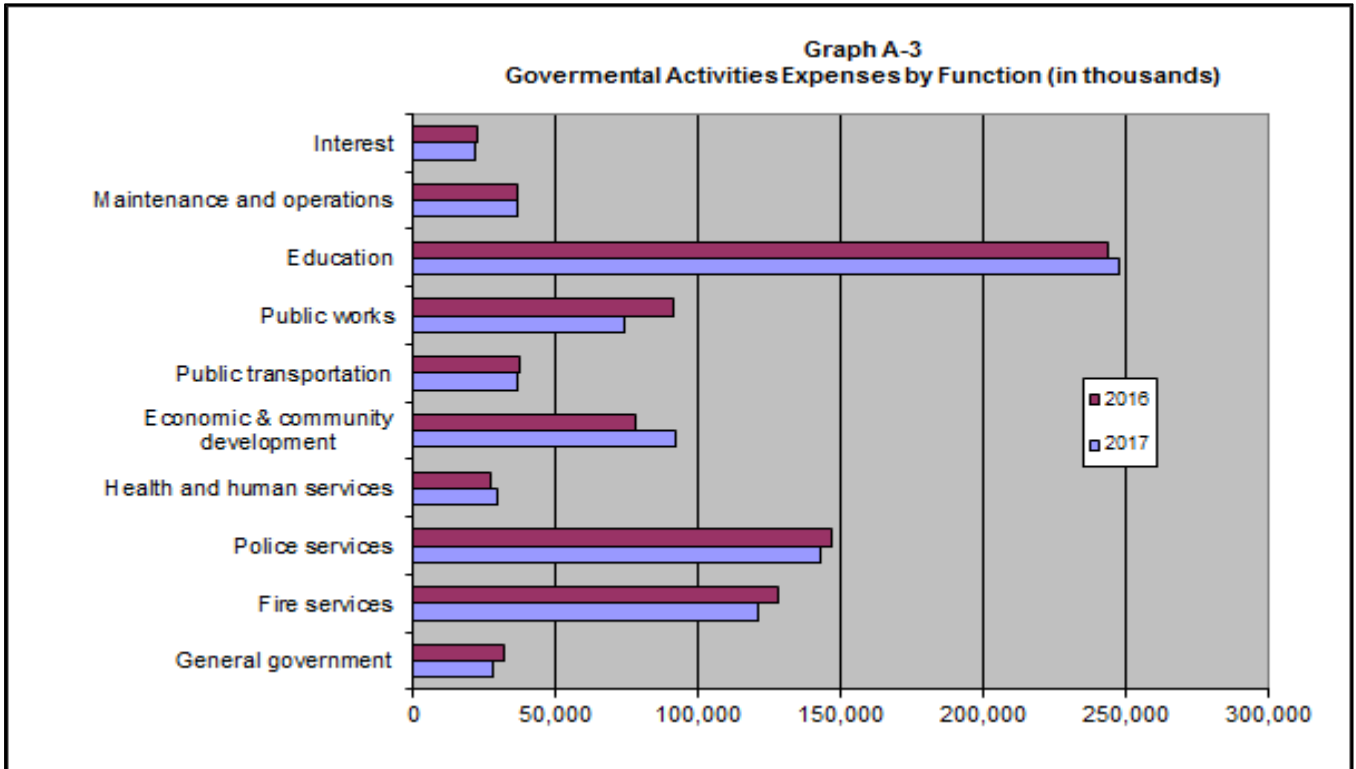
Total governmental activity expenses in 2017 were \$830.4 million, excluding transfers, a decrease of \$13.3 million or 1.58 percent. Out of the total expenses, \$185 million was paid either by those directly benefiting from the programs or by other governments and organizations that subsidize certain programs with grants and contributions. The remaining net expense (total expenses less program revenues) of \$645.4 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 \$247.4 million, \$143 million and \$120.8 million, respectively. However, the Economic and Community Development functional expense category showed the largest increase in expense of \$13.9 million with Health and Human Services as the second largest increase of \$2.6 million.

The first graph compares the Municipality's governmental activities program and general revenues for 2017 and 2016. The second graph compares the Municipality's 2017 governmental activities revenues vs expenses by function.



The third graph compares the Municipality’s governmental activities expenses by function for 2017 and 2016.



Business-type Activities

Business-type activities increased the Municipality’s net position by \$60 million from current operations. Key elements of the change in net position are as follows:

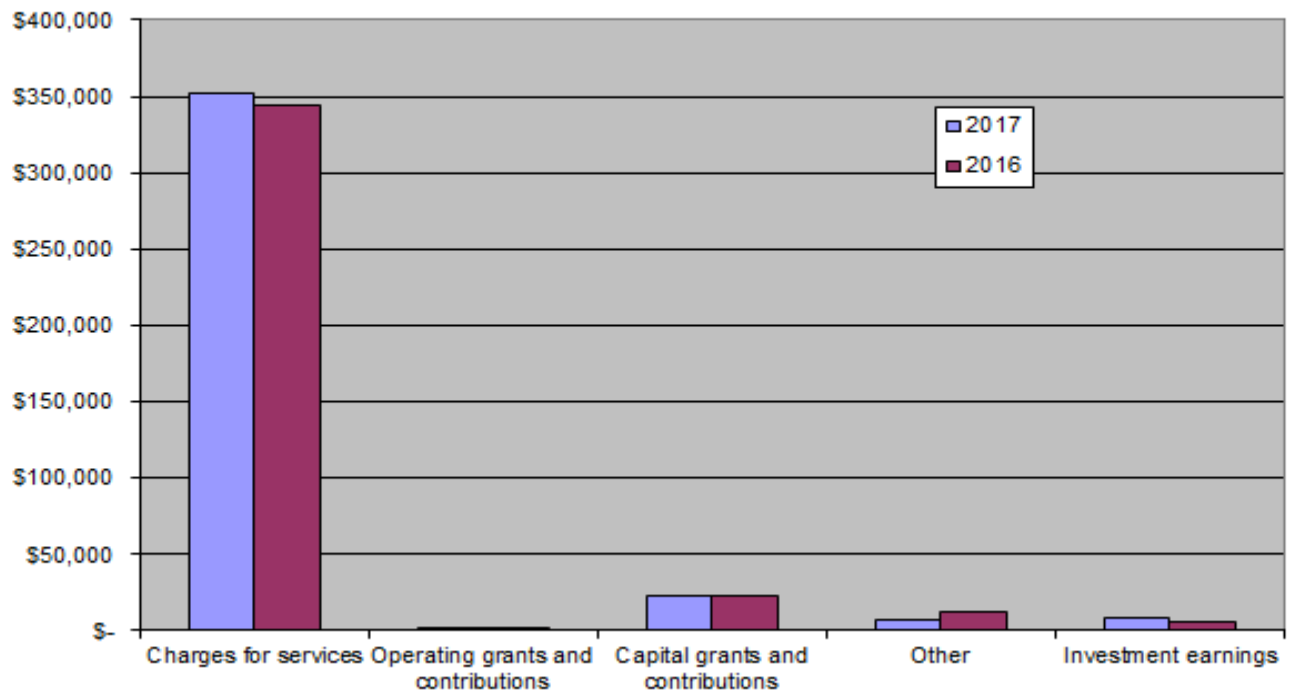
- The Port had an increase in revenues of \$6.8 million from legal settlement agreements with subcontractors related to the PIEP lawsuit.
- The Electric Utility collected significantly more Charges for Services in 2017 than in 2016.
- The Electric, Water and Wastewater Utilities had combined decrease in expenses of \$11.8 million in 2017.

Total business-type revenues were \$391.4 million, excluding transfers. Revenues increased \$3.6 million or .49 percent.

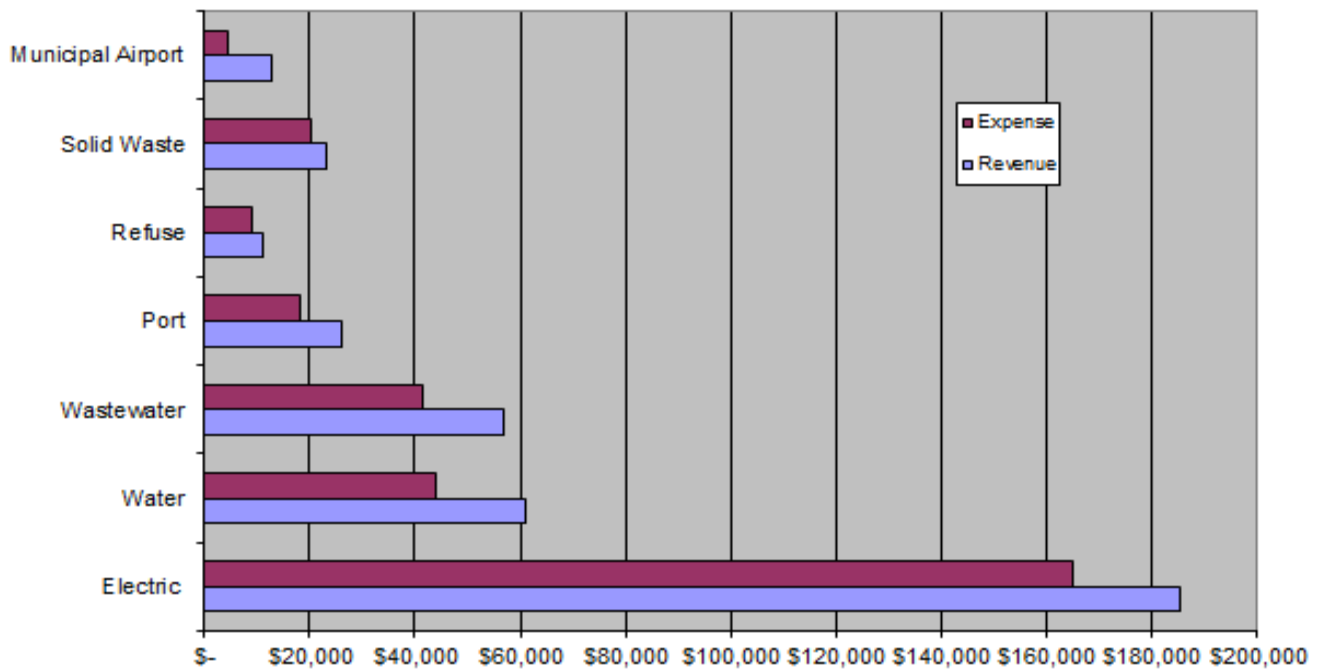
Total business-type expenses were \$303 million, down 4.9 percent from the prior year. The Electric Utility had a decrease in expenses of \$1.2 million from operations and an overall decrease in expenses of \$6.6 million. The Water Utility experienced a decrease in expenses from operations of \$1.1 million and an overall decrease in expenses of \$3.5 million. The Wastewater Utility had a decrease in expenses from operations of \$198,389 and an overall decrease in expenses of \$1.7 million. Port expenses overall decreased by \$3.7 million.

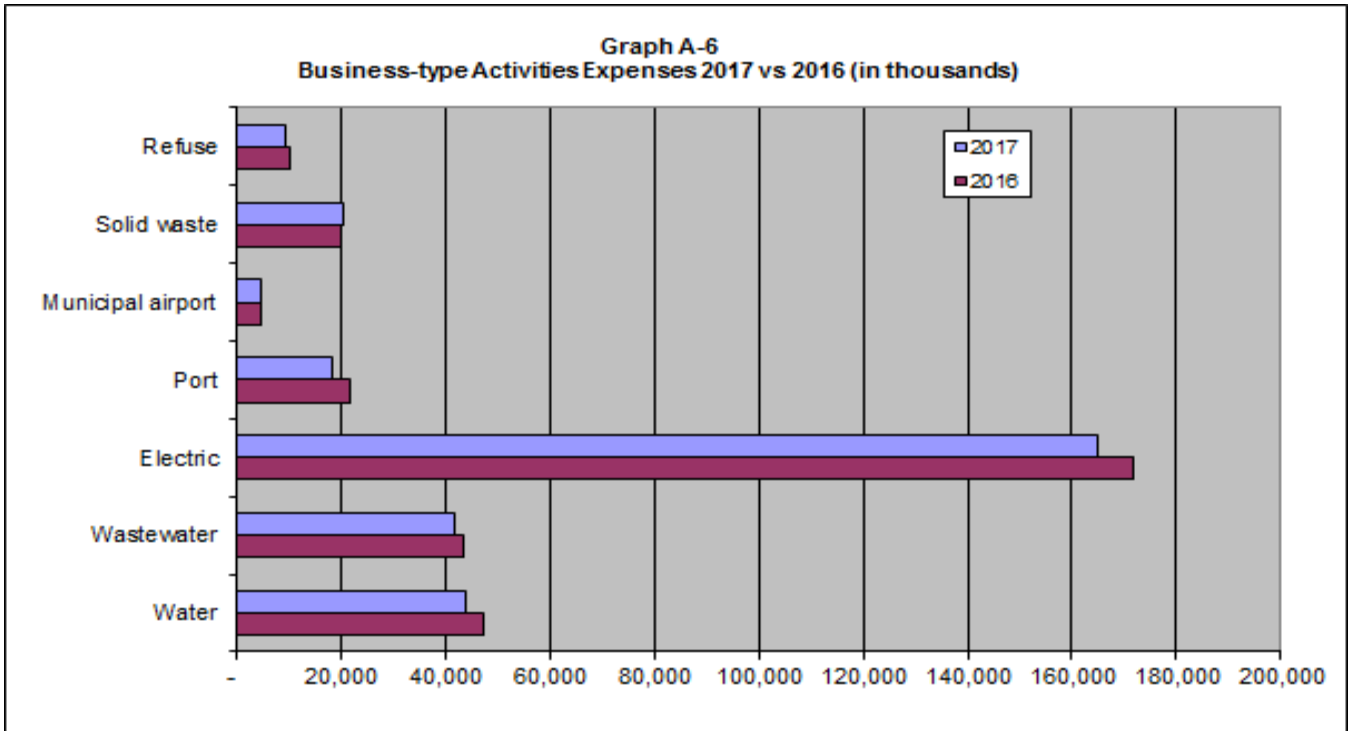
The first graph compares the Municipality’s business-type activities program and general revenues for 2017 and 2016. The second graph compares the Municipality’s 2017 business-type activities revenues vs expenses by function. The third graph compares the Municipality’s business-type activities expenses for 2017 and 2016.

**Graph A-4
Business-type Activities Revenue by Type (in thousands)**



**Graph A-5
2017 Program Revenue vs Expense by Function Business-type Activities (in thousands)**





FUND LEVEL FINANCIAL ANALYSIS

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

Governmental Funds

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

As of December 31, 2017, the Municipality's governmental funds reported a combined ending fund balance of \$325.3 million, a decrease of \$33.6 million in comparison to the prior year. Of the total fund balance, \$2.5 million is non-spendable as it relates to prepaid, inventories and long-term loans receivable, \$252.8 million is restricted due to legal obligations from outside parties, \$54.3 million is committed, \$22.1 million is assigned, and a deficit of (\$6.4) 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, 2017, the General Fund reported total fund balance of \$59.8 million, a decrease of \$5.3 million from the prior year. The revenue over expenditure deficiency decreased by approximately \$13.3 million in 2017. In 2016, the General Fund incurred unreimbursed expenditures related to the FTA Section 5307 grant of \$3.1 million due the fact that the Municipality and the Alaska Railroad had not entered into an agreement to share the grant proceeds. This delayed the FTA from awarding the grant and precluded the Municipality from seeking reimbursement for these expenditures. These expenditures were reimbursed in 2017. Revenues from property taxes increased in 2017. Other financing sources increased due mostly to an increase in the annual revenue distributions from the Utilities.

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, 2017, combined committed, assigned, and unassigned fund balance represents 8.2 percent of total General Fund expenditures and total fund balance represents 8.5 percent of the same amount.

The MOA Trust Fund was reported as a major fund this year due to the fact that it met the eligibility requirements. The fund reported total fund balance of \$164.9 million for 2017 as Restricted, an increase of \$17.4 million over 2016. Investment income from the MOA Trust Fund was \$23.7 million in 2017. This was an increase of \$14.8 million from the prior year. The MOA Trust distributed the annual dividend to the General Fund in the amount of \$6 million in accordance the AMC 6.50.060.

The Capital Projects Road and Drainage Fund did not meet the major fund eligibility requirements in 2017, however, it is reported as a major fund due to its significance to the Municipality taxpayers. The fund reported a total fund deficit of \$19.4 million compared to a fund balance in 2016 of \$18.2 million, a decrease in fund balance of \$38.1 million. No bonds were issued in 2017 to fund road and drainage capital projects. Capital outlay expenditures increased \$2.9 million in 2017. Intergovernmental Revenues decreased \$5.3 million in 2017.

The Police and Fire Retirement Certificates of Participation Bond Fund did not meet the major fund eligibility requirements in 2017. However, it is reported as a major fund due to its significance to the Municipality taxpayers. Certificate of Participation Bonds were issued 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.

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, 2017, the net position for the proprietary funds (enterprise funds) increased by \$46.8 million.

The following funds are the Municipality's major funds:

- The Electric Utility's total net position increased \$14.9 million or 5.85 percent in 2017. The increase in net position in 2017 was primarily due to a full year of a new rate structure as well as a full year of operating Generation Plant 2A. Additionally, an increase of \$11.8 million in allowance for funds used during construction (AFUDC) offset by a \$9 million loss on retirement of obsolete generation assets contributed to the increase. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$269.5 million at December 31, 2017. Of these amounts, \$54 million in 2017 were unrestricted and available to meet the Electric Utility's ongoing obligations to customers and creditors. The Electric Utility's total plant decreased \$6.4 million or 0.7 percent in 2017. The decrease in 2017 was due to depreciation exceeding additions.
- The Water Utility's net position increased by \$9.8 million over the prior year. Operating revenues decreased by \$1.8 million between 2017 and 2016 due to a decrease in average metered monthly water usage and non-operating revenues increased by \$381,558 due to an increase in investment income. Total expenses decreased by \$2.5 million in 2017 when compared to 2016, with operating expenses decreasing by \$1.1 million, and non-operating expenses decreasing by \$1.4 million. The decrease in operating expenses was primarily due to a decrease in pension expense.
- The Wastewater Utility's net position increased by \$9.6 million over the prior year. Operating revenues increased by \$3.5 million, primarily due to a rate increase instituted in 2016 and a decrease in average metered monthly usage. Total operating expenses remained constant between 2017 and 2016.
- The Port's total net position increased by \$13.4 million over the prior year. Total revenues, excluding transfers in decreased by \$7.9 million in 2017, with overall expenses, excluding transfers out, decreased by \$3.6 million. Revenue decreased was primarily due to \$5.9 million less in legal settlements paid to the Port by its contractors involved in the Port Intermodal Expansion Litigation settlement. Operating expenses decreased by \$3.3 million in 2017.

GENERAL FUND BUDGETARY HIGHLIGHTS

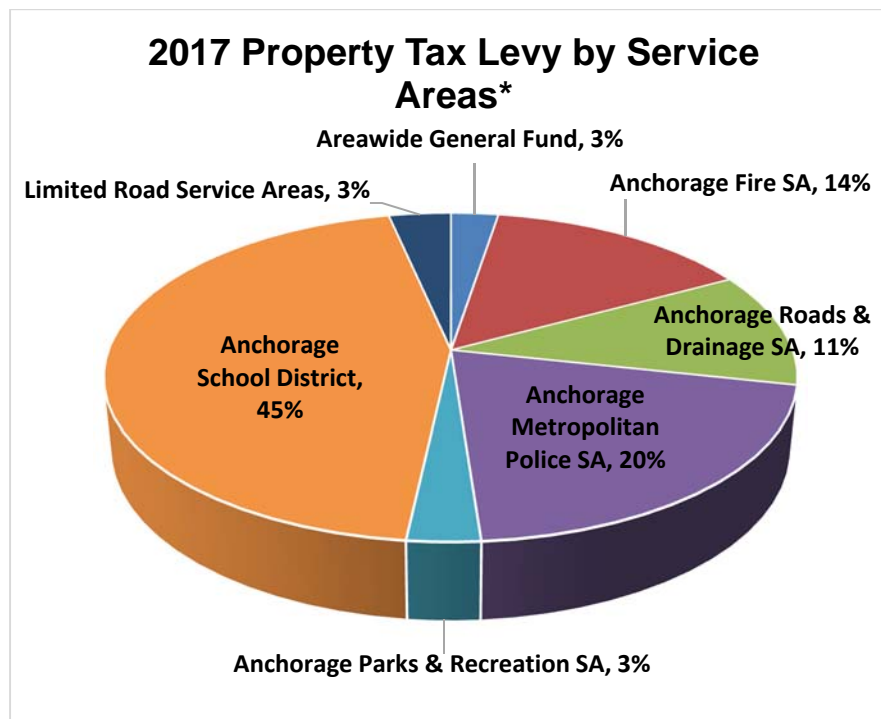
The Municipality adopted its 2017 general fund operating budget of \$450.3 million in November 2016, which included projected revenue sources to support spending. By April 2017, the Municipality had actual 2016 year-end financial data that was used in the first quarter amendment process, which resulted in the 2017 revised budget of

\$472.2 million (excluding Education function) approved in April 2017. The revised budget served as the basis for calculating the property tax revenue requirements. The mill rates then were set and taxes were levied for general purposes and all service areas.

The Anchorage School District’s (ASD) annual operating budget for its July 1 through June 30 fiscal year also had been approved by April 2017 and its mill rate also was set and taxes were levied based on its property tax requirements for the 2017 calendar year. This was reflected in the general fund operating budget as a \$247.3 million contribution to ASD for property taxes collected on their behalf by general government.

Throughout the year, supplemental appropriations may be requested for unanticipated and high priority needs. The following appropriations were significant revisions to the 2017 budget in the general fund:

- \$6 million Real Estate Department – Contribution to pay for capital land purchase.
- \$5 million Chief Fiscal Officer – Settlement payment of *Eklutna, Inc. vs. Municipality of Anchorage*
- \$3 million Police Department – Legal fees and judgements.
- \$1.9 million Public Works Administration – Limited Service Areas for operating expenses, year round road maintenance, and/or contributions to capital projects.
- \$0.8 million Fire Department – Legal judgement.
- \$0.8 million Fire Department – Attrition Academy.



*Total percentage of property tax levy by service area does not equal 100 percent due to rounding.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017 and 2016, the Municipality had invested \$5,654,337,121 and \$5,564,598,790 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	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,261,994	\$ 1,261,309	\$ 67,718	\$ 67,500	\$ 1,329,712	\$ 1,328,809
Buildings and building improvements	322,334	271,478	446,052	456,850	768,386	728,328
Art	20,666	20,124	-	-	20,666	20,124
Equipment	57,615	50,901	-	-	57,615	50,901
Distribution and collection systems	-	-	1,578,642	1,573,843	1,578,642	1,573,843
Infrastructure	1,698,253	1,699,714	-	-	1,698,253	1,699,714
Intangible ERP	78,106	-	-	-	78,106	-
Construction work-in-progress	37,050	104,398	85,907	58,481	122,957	162,879
Total	<u>\$ 3,476,018</u>	<u>\$ 3,407,924</u>	<u>\$ 2,178,319</u>	<u>\$ 2,156,674</u>	<u>\$ 5,654,337</u>	<u>\$ 5,564,598</u>

In 2017, total governmental activities capital asset net of depreciation increased by \$68 million. The majority of the increase resulting from the new addition to the Anchorage Museum. The Municipality also capitalized the SAP ERP software system, the majority of which is reported as an intangible asset, with additions to equipment.

Business-type activities capital assets net of depreciation increased by \$21.6 million during 2017 with the majority of the increase resulting from additions to distribution and collection systems and construction work in progress.

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 2017, actual road infrastructure maintenance and preservation expense was 1.5 percent less than estimated.

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, 2017, the Municipality had \$1,635,874,557 in debt outstanding, an increase of 15.1 percent from 2016 debt outstanding of \$1,421,001,876 (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	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 434,585	\$ 474,668	\$ -	\$ -	\$ 434,585	\$ 474,668
Revenue bonds	-	-	569,008	524,307	569,008	524,307
CIVICVentures revenue bonds	96,187	98,417	-	-	96,187	98,417
Certificates of Participation bonds	58,675	-	-	-	58,675	-
Capital leases	49,541	33,185	-	-	49,541	33,185
Long-term contracts	3,878	4,032	424,001	286,392	427,879	290,424
Total	\$ 642,866	\$ 610,302	\$ 993,009	\$ 810,699	\$ 1,635,875	\$ 1,421,001

In 2017, the Municipality issued \$58.7 million in Certificates of Participation Bonds to fund the Police and Fire Retirement pension and \$413,243 in Master Lease loans for the purchase of Automated Material Handling System for the Library. In 2017, the Electric Utility converted \$191.9 million in Commercial Bank Loans from short-term to long-term. The Water and Wastewater Utilities issued \$197.5 million in new revenue and refunding revenue bonds. The Water and Wastewater Utilities and Solid Waste Services issued approximately \$8 million in new State of Alaska Clean Water and Drinking Water loans.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Municipal population decreased less than 1 percent¹ from the July 2016 estimate to the July 2017 estimate. The 2017 annual average unemployment rate was 5.7 percent for Anchorage-Matsu Region, 7.2 percent for the entire state, and the national average was 4.4 percent².

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 2017, property tax revenue represents 59.7 percent of the funding sources for the General Government Operating Budget; non-property taxes and program generated revenue account for 32.9 percent; and intra-governmental charges outside of general government 7.4 percent.

The 2018 approved General Government Operating Budget is \$506,014,437³, which is \$507,324 more than the 2017 revised budget of \$505,597,113⁴. Property taxes required to support the 2018 approved budget are \$301.6 million compared to \$303.9 million in 2017.

The Municipal Utilities and enterprise activities 2018 proposed operating budgets total \$313,403,281⁵ and 2018 proposed capital budgets total \$138,630,000⁶. The 2018 General Government Capital Improvement Budget is \$118,394,000⁷.

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. 6th Avenue, P.O. Box 196650, Anchorage, AK 99519-6650.

¹ State of Alaska, Department of Labor and Workforce Development

² United States Department of Labor, Bureau of Labor Statistics

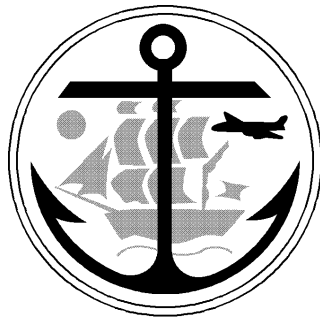
³ AR 2018-109 as Amended

⁴ AR 2017-139(S) as Amended

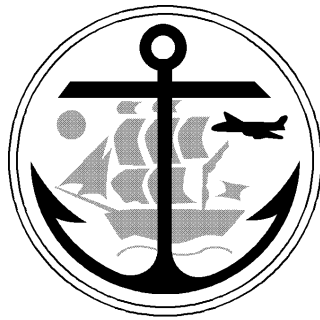
⁵ AO 2017-126

⁶ AO 2017-126

⁷ AO 2017-125 as Amended and AO 2017-169



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MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
December 31, 2017

Primary Government			
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash	\$ 84,533	\$ 7,525	\$ 92,058
Cash in central treasury	189,377,477	123,667,087	313,044,564
Bond and capital acquisition and construction accounts	3,796,832	20,643,760	24,440,592
Investments	-	-	-
Accrued interest on investments	709,505	1,101,733	1,811,238
Interest receivable	-	345,955	345,955
Receivables (net of allowance for uncollectibles)	28,862,391	33,649,715	62,512,106
Due from primary government	-	-	-
Due from component unit	1,941	-	1,941
Internal balances	5,868,487	(5,868,487)	-
Intergovernmental receivables	16,952,912	44,694	16,997,606
Inventories	1,549,614	34,651,142	36,200,756
Prepaid items and deposits	1,483,181	340,638	1,823,819
Other assets	-	3,112,503	3,112,503
Restricted assets:			
Investments	215,910,001	-	215,910,001
Investments in Angel Fund programs	4,750,665	-	4,750,665
Investment, art collection	-	-	-
Customer deposits	-	1,186,226	1,186,226
Restricted deposits	-	-	-
Legal settlement set aside	-	1,950,000	1,950,000
Bond and capital acquisition and construction accounts	-	7,108,974	7,108,974
Inter rate escrow investment	-	27,250,254	27,250,254
Cash for unredeemed mini bonds	-	69,000	69,000
Total current assets	469,347,539	249,260,719	718,608,258
Noncurrent assets:			
Other assets	-	23,388,988	23,388,988
Assets held for resale	-	381,624	381,624
Prepaid OPEB	25,541,765	-	25,541,765
Internal balances	(616,473)	616,473	-
Loans receivable, net	3,034,174	-	3,034,174
Restricted assets:			
Customer deposits	-	408,746	408,746
Restricted deposits	-	27,523,233	27,523,233
Bond operation and maintenance	-	14,235,000	14,235,000
Bond and capital acquisition and construction accounts	-	482,667	482,667
Landfill post closure cash reserve	-	33,101,770	33,101,770
Debt service accounts	-	2,128,732	2,128,732
Asset retirement obligation sinking fund	-	13,198,877	13,198,877
Intergovernmental receivables	14,108,522	16,129,864	30,238,386
Revenue bond reserve investments	-	23,335,229	23,335,229
Capital assets, not being depreciated	2,780,100,871	153,624,964	2,933,725,835
Capital assets, being depreciated, net	695,917,523	2,024,693,763	2,720,611,286
Total noncurrent assets	3,518,086,382	2,333,249,930	5,851,336,312
Total assets	3,987,433,921	2,582,510,649	6,569,944,570
Deferred Outflows of Resources			
Deferred outflow related to net pension liability	25,425,238	3,997,087	29,422,325
Deferred charge on refunding	5,165,190	5,009,520	10,174,710
Total deferred outflows of resources	\$ 30,590,428	\$ 9,006,607	\$ 39,597,035

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
December 31, 2017

	Component Units			Total Reporting Entity
	Anchorage School District	Anchorage Community Development Authority	Alaska Center for the Performing Arts	
Assets				
Current assets:				
Cash	\$ -	\$ 1,044,327	\$ 1,401,188	\$ 2,537,573
Cash in central treasury	-	2,609,589	-	315,654,153
Bond and capital acquisition and construction accounts	-	-	-	24,440,592
Investments	172,140,811	-	-	172,140,811
Accrued interest on investments	-	2,668	-	1,813,906
Interest receivable	7,027	-	-	352,982
Receivables (net of allowance for uncollectibles)	26,966,926	200,986	10,415	89,690,433
Due from primary government	124,305,792	4,605	-	124,310,397
Due from component unit	-	-	-	1,941
Internal balances	-	-	-	-
Intergovernmental receivables	-	-	-	16,997,606
Inventories	3,243,331	-	-	39,444,087
Prepaid items and deposits	1,095,044	177,435	78,313	3,174,611
Other assets	-	-	-	3,112,503
Restricted assets:				
Investments	-	-	-	215,910,001
Investments in Angel Fund programs	-	-	-	4,750,665
Investment, art collection	-	-	127,042	127,042
Customer deposits	-	-	-	1,186,226
Restricted deposits	-	27,406	813,261	840,667
Legal settlement set aside	-	-	-	1,950,000
Bond and capital acquisition and construction accounts	-	-	-	7,108,974
Inter rate escrow investment	-	-	-	27,250,254
Cash for unredeemed mini bonds	-	-	-	69,000
Total current assets	<u>327,758,931</u>	<u>4,067,016</u>	<u>2,430,219</u>	<u>1,052,864,424</u>
Noncurrent assets:				
Other assets	-	-	-	23,388,988
Assets held for resale	-	2,320,428	-	2,702,052
Prepaid OPEB	-	-	-	25,541,765
Internal balances	-	-	-	-
Loans receivable, net	-	-	-	3,034,174
Restricted assets:				
Customer deposits	-	-	-	408,746
Restricted deposits	-	-	-	27,523,233
Bond operation and maintenance	-	-	-	14,235,000
Bond and capital acquisition and construction accounts	-	-	-	482,667
Landfill post closure cash reserve	-	-	-	33,101,770
Debt service accounts	-	-	-	2,128,732
Asset retirement obligation sinking fund	-	-	-	13,198,877
Intergovernmental receivables	-	-	-	30,238,386
Revenue bond reserve investments	-	-	-	23,335,229
Capital assets, not being depreciated	43,179,906	11,059,217	-	2,987,964,958
Capital assets, being depreciated, net	1,248,758,860	13,909,451	-	3,983,279,597
Total noncurrent assets	<u>1,291,938,766</u>	<u>27,289,096</u>	<u>-</u>	<u>7,170,564,174</u>
Total assets	<u>1,619,697,697</u>	<u>31,356,112</u>	<u>2,430,219</u>	<u>8,223,428,598</u>
Deferred Outflows of Resources				
Deferred outflow related to net pension liability	125,711,709	217,193	-	155,351,227
Deferred charge on refunding	8,146,058	-	-	18,320,768
Total deferred outflows of resources	<u>\$ 133,857,767</u>	<u>\$ 217,193</u>	<u>\$ -</u>	<u>\$ 173,671,995</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
December 31, 2017

Primary Government			
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable and retainages	\$ 24,907,767	\$ 35,980,896	\$ 60,888,663
Capital acquisition and construction accounts and retainage payable	1,607,505	-	1,607,505
Accrued interest payable	7,755,679	5,093,239	12,848,918
Accrued payroll liabilities	16,083,028	4,359,495	20,442,523
Current portion of long-term obligations	91,555,770	33,860,759	125,416,529
Due to primary government	-	-	-
Due to component unit	82,994,012	-	82,994,012
Unearned revenue	6,604,470	-	6,604,470
Unearned revenue and deposits	-	256,399	256,399
Liabilities payable from restricted assets	-	8,364,200	8,364,200
Total current liabilities	<u>231,508,231</u>	<u>87,914,988</u>	<u>319,423,219</u>
Noncurrent liabilities:			
Liabilities payable from restricted assets	-	408,746	408,746
Other long-term obligations	-	249,702,326	249,702,326
Noncurrent portion of long-term obligations	611,262,981	766,340,953	1,377,603,934
Net pension liability	320,254,401	50,252,895	370,507,296
Total noncurrent liabilities	<u>931,517,382</u>	<u>1,066,704,920</u>	<u>1,998,222,302</u>
Total liabilities	<u>1,163,025,613</u>	<u>1,154,619,908</u>	<u>2,317,645,521</u>
Deferred Inflows of Resources			
Contributions in aid of construction (net of amortization)	-	554,989,844	554,989,844
Future natural gas purchases	-	17,230,809	17,230,809
Regulatory liability gas sales	-	25,002,529	25,002,529
Time restricted health permit receipts	74,926	-	74,926
Deferred inflow related to net pension liability	25,893,613	4,438,226	30,331,839
General property tax receipts	-	-	-
Debt service tax receipts	-	-	-
Total deferred inflows of resources	<u>25,968,539</u>	<u>601,661,408</u>	<u>627,629,947</u>
Net Position			
Net investment in capital assets	2,903,190,855	669,846,289	3,573,037,144
Restricted for:			
Debt service	14,067,209	71,082	14,138,291
Maintenance and operations	-	-	-
Acquisition and construction	601,579	18,079,864	18,681,443
Operations	-	14,235,000	14,235,000
Post closure care	-	204,438	204,438
Convention center operating reserve	16,289,226	-	16,289,226
E911 Surcharge	579,018	-	579,018
Police and fire retiree medical liability	37,391,064	-	37,391,064
Grant activity	17,434,919	-	17,434,919
Perpetual care:			
Nonexpendable	150,000	-	150,000
MOA trust:			
Nonexpendable	164,902,606	-	164,902,606
Endowment	-	-	-
Bond rating	-	-	-
Federal Impact Aid 8003(d)	-	-	-
Unrestricted	<u>(325,576,279)</u>	<u>132,799,267</u>	<u>(192,777,012)</u>
Total net position	<u>\$ 2,829,030,197</u>	<u>\$ 835,235,940</u>	<u>\$ 3,664,266,137</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
December 31, 2017

	Component Units			Total Reporting Entity
	Anchorage School District	Anchorage Community Development Authority	Alaska Center for the Performing Arts	
Liabilities				
Current liabilities:				
Accounts payable and retainages	\$ 5,757,629	\$ 651,104	\$ 442,043	\$ 67,739,439
Capital acquisition and construction accounts and retainage payable	-	-	-	1,607,505
Accrued interest payable	8,612,079	-	-	21,460,997
Accrued payroll liabilities	17,149,915	-	-	37,592,438
Current portion of long-term obligations	73,675,728	-	-	199,092,257
Due to primary government	-	81,979	120,165	202,144
Due to component unit	-	-	-	82,994,012
Unearned revenue	2,958,253	52,622	416,603	10,031,948
Unearned revenue and deposits	-	-	-	256,399
Liabilities payable from restricted assets	-	-	45,071	8,409,271
Total current liabilities	<u>108,153,604</u>	<u>785,705</u>	<u>1,023,882</u>	<u>429,386,410</u>
Noncurrent liabilities:				
Liabilities payable from restricted assets	-	-	-	408,746
Other long-term obligations	-	-	-	249,702,326
Noncurrent portion of long-term obligations	544,888,258	-	-	1,922,492,192
Net pension liability	579,323,265	4,023,723	-	953,854,284
Total noncurrent liabilities	<u>1,124,211,523</u>	<u>4,023,723</u>	<u>-</u>	<u>3,126,457,548</u>
Total liabilities	<u>1,232,365,127</u>	<u>4,809,428</u>	<u>1,023,882</u>	<u>3,555,843,958</u>
Deferred Inflows of Resources				
Contributions in aid of construction (net of amortization)	-	-	-	554,989,844
Future natural gas purchases	-	-	-	17,230,809
Regulatory liability gas sales	-	-	-	25,002,529
Time restricted health permit receipts	-	-	-	74,926
Deferred inflow related to net pension liability	15,666,113	299,318	-	46,297,270
General property tax receipts	104,739,311	-	-	104,739,311
Debt service tax receipts	19,566,481	-	-	19,566,481
Total deferred inflows of resources	<u>139,971,905</u>	<u>299,318</u>	<u>-</u>	<u>767,901,170</u>
Net Position				
Net investment in capital assets	717,402,083	24,968,668	-	4,315,407,895
Restricted for:				
Debt service	-	-	-	14,138,291
Maintenance and operations	-	-	813,261	813,261
Acquisition and construction	-	2,340,972	23,284	21,045,699
Operations	-	-	-	14,235,000
Post closure care	-	-	-	204,438
Convention center operating reserve	-	-	-	16,289,226
E911 Surcharge	-	-	-	579,018
Police and fire retiree medical liability	-	-	-	37,391,064
Grant activity	-	-	-	17,434,919
Perpetual care:				
Nonexpendable	-	-	-	150,000
MOA trust:				
Nonexpendable	-	-	-	164,902,606
Endowment	-	-	59,908	59,908
Bond rating	24,861,158	-	-	24,861,158
Federal Impact Aid 8003(d)	814,852	-	-	814,852
Unrestricted	<u>(361,859,661)</u>	<u>(845,081)</u>	<u>509,884</u>	<u>(554,971,870)</u>
Total net position	<u>\$ 381,218,432</u>	<u>\$ 26,464,559</u>	<u>\$ 1,406,337</u>	<u>\$ 4,073,355,465</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Activities
For the year ended December 31, 2017

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 28,136,062	\$ 7,463,058	\$ 3,034,194	\$ -
Fire services	120,767,761	11,723,566	2,855,883	2,487,664
Police services	143,011,770	13,849,906	6,077,262	6,493,968
Health and human services	29,657,409	2,344,942	14,356,975	5,527
Economic and community development	92,031,067	11,688,921	3,823,547	45,546,003
Public transportation	36,955,189	7,088,924	9,573,437	2,983,446
Public works	73,918,843	1,012,340	4,185,696	27,342,054
Maintenance and operations of roads and facilities	36,933,039	171,680	806,340	-
Education	247,406,848	-	21,418	78,005
Interest on long-term debt	21,607,955	-	-	-
Total governmental activities	830,425,943	55,343,337	44,734,752	84,936,667
Business-type activities:				
Electric	165,063,796	184,949,719	336,953	-
Water	43,805,910	60,659,490	474,028	-
Wastewater	41,681,971	56,548,288	474,028	-
Port	18,092,680	14,410,879	63,059	11,619,685
Refuse	9,254,420	11,047,828	67,546	-
Solid Waste	20,478,900	23,112,152	57,160	-
Municipal Airport	4,659,241	1,591,025	215,644	11,174,476
Total business-type activities	303,036,918	352,319,381	1,688,418	22,794,161
Total primary government	\$ 1,133,462,861	\$ 407,662,718	\$ 46,423,170	\$ 107,730,828
Component Units:				
Anchorage School District	\$ 904,456,176	\$ 7,480,617	\$ 151,974,370	\$ 36,798,741
Anchorage Community Development Authority	10,658,716	8,090,876	-	-
Alaska Center for the Performing Arts	2,927,697	2,646,490	216,211	104,483
Total Component Units	\$ 918,042,589	\$ 18,217,983	\$ 152,190,581	\$ 36,903,224

General revenues:

Property taxes
Motor vehicle taxes
Hotel and motel taxes
Tobacco taxes
Assessments in lieu of taxes
Grants and entitlements not restricted to specific programs
Appropriation from Municipality of Anchorage
Investment income
Other
Transfers from (to) other funds
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, 2017

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		
\$ (17,638,810)		\$ (17,638,810)					\$ (17,638,810)
(103,700,648)		(103,700,648)					(103,700,648)
(116,590,634)		(116,590,634)					(116,590,634)
(12,949,965)		(12,949,965)					(12,949,965)
(30,972,596)		(30,972,596)					(30,972,596)
(17,309,382)		(17,309,382)					(17,309,382)
(41,378,753)		(41,378,753)					(41,378,753)
(35,955,019)		(35,955,019)					(35,955,019)
(247,307,425)		(247,307,425)					(247,307,425)
(21,607,955)		(21,607,955)					(21,607,955)
(645,411,187)	-	(645,411,187)	-	-	-	-	(645,411,187)
	20,222,876	20,222,876					20,222,876
	17,327,608	17,327,608					17,327,608
	15,340,345	15,340,345					15,340,345
	8,000,943	8,000,943					8,000,943
	1,860,954	1,860,954					1,860,954
	2,690,412	2,690,412					2,690,412
	8,321,904	8,321,904					8,321,904
	73,765,042	73,765,042					73,765,042
\$ (645,411,187)	\$ 73,765,042	\$ (571,646,145)	\$ -	\$ -	\$ -	\$ -	\$ (571,646,145)
			\$ (708,202,448)				\$ (708,202,448)
				(2,567,840)			(2,567,840)
					39,487		39,487
			\$ (708,202,448)	\$ (2,567,840)	\$ 39,487	\$ (710,730,801)	
\$ 557,174,206	\$ -	\$ 557,174,206	\$ -	\$ -	\$ -	\$ -	\$ 557,174,206
17,224,364	-	17,224,364	-	-	-	-	17,224,364
25,666,253	-	25,666,253	-	-	-	-	25,666,253
20,377,976	-	20,377,976	-	-	-	-	20,377,976
3,441,656	-	3,441,656	-	-	-	-	3,441,656
7,783,616	-	7,783,616	349,967,574	-	-	-	357,751,190
-	-	-	246,003,265	-	-	-	246,003,265
32,363,010	7,832,162	40,195,172	1,976,485	62,994	2,553	-	42,237,204
-	6,750,000	6,750,000	1,932,405	-	-	-	8,682,405
28,328,850	(28,328,850)	-	-	-	-	-	-
692,359,931	(13,746,688)	678,613,243	599,879,729	62,994	2,553	-	1,278,558,519
46,948,744	60,018,354	106,967,098	(108,322,719)	(2,504,846)	42,040	-	(3,818,427)
2,782,081,453	775,217,586	3,557,299,039	489,541,151	28,969,405	1,364,297	-	4,077,173,892
\$ 2,829,030,197	\$ 835,235,940	\$ 3,664,266,137	\$ 381,218,432	\$ 26,464,559	\$ 1,406,337	\$ 4,073,355,465	

MUNICIPALITY OF ANCHORAGE, ALASKA
Balance Sheet
Governmental Funds
December 31, 2017

Assets	General	MOA Trust	Capital Projects Roads and Drainage	Police/Fire Certificate of Participation Bond	Other Governmental Funds	Total Governmental Funds
Cash	\$ 11,770	\$ -	\$ -	\$ -	\$ 72,763	\$ 84,533
Cash in central treasury	93,629,816	-	2,142,127	-	59,126,785	154,898,728
Investments	-	165,019,327	-	318,421	50,572,253	215,910,001
Accrued interest on investments	709,386	-	-	119	-	709,505
Receivables (net of allowance for uncollectibles)	21,956,693	-	-	-	3,376,256	25,332,949
Intergovernmental receivables	1,426,280	-	5,127,339	-	24,507,815	31,061,434
Due from other funds	55,333,977	-	-	-	1,407,084	56,741,061
Special assessments receivable	3,086,381	-	307,614	-	119,022	3,513,017
Due from component units	1,941	-	-	-	-	1,941
Inventories	1,296,780	-	-	-	-	1,296,780
Prepaid items and deposits	168,967	-	-	-	74,857	243,824
Advances to other funds	803,266	-	-	-	1,275,000	2,078,266
Investments in Angel Fund program	-	-	-	-	4,750,665	4,750,665
Loans receivable, net	-	-	-	-	3,034,174	3,034,174
Total assets	<u>178,425,257</u>	<u>165,019,327</u>	<u>7,577,080</u>	<u>318,540</u>	<u>148,316,674</u>	<u>499,656,878</u>
Liabilities						
Accounts payable and retainages	7,825,985	71,811	3,750,352	318,421	7,531,034	19,497,603
Accrued payroll liabilities	15,374,430	-	9,881	-	44,748	15,429,059
Due to other funds	-	44,910	23,049,437	-	13,859,359	36,953,706
Due to component unit	82,994,012	-	-	-	-	82,994,012
Unearned revenue and deposits	1,908,727	-	148,758	-	4,546,985	6,604,470
Advances from other funds	-	-	226,369	-	803,266	1,029,635
Total liabilities	<u>108,103,154</u>	<u>116,721</u>	<u>27,184,797</u>	<u>318,421</u>	<u>26,785,392</u>	<u>162,508,485</u>
Deferred Inflows of Resources						
Time restricted health permit receipts	74,926	-	-	-	-	74,926
Unavailable revenue-intergovernmental revenues	-	-	-	-	1,045,351	1,045,351
Unavailable revenue-property taxes	6,484,809	-	-	-	-	6,484,809
Unavailable revenue-risk management claims	286,268	-	-	-	-	286,268
Unavailable revenue-build american bonds interest	541,314	-	-	-	-	541,314
Unavailable revenue-special assessments	3,123,654	-	306,817	-	2,905	3,433,376
Total deferred inflows of resources	<u>10,510,971</u>	<u>-</u>	<u>306,817</u>	<u>-</u>	<u>1,048,256</u>	<u>11,866,044</u>
Fund Balances (Deficit)						
Nonspendable	2,269,013	-	-	-	224,857	2,493,870
Restricted	11,155	164,902,606	-	119	87,907,544	252,821,424
Committed	40,768,427	-	-	-	13,516,540	54,284,967
Assigned	-	-	-	-	22,058,899	22,058,899
Unassigned	16,762,537	-	(19,914,534)	-	(3,224,814)	(6,376,811)
Total fund balances (deficit)	<u>59,811,132</u>	<u>164,902,606</u>	<u>(19,914,534)</u>	<u>119</u>	<u>120,483,026</u>	<u>325,282,349</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 178,425,257</u>	<u>\$ 165,019,327</u>	<u>\$ 7,577,080</u>	<u>\$ 318,540</u>	<u>\$ 148,316,674</u>	<u>\$ 499,656,878</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Reconciliation of Net Position Between the Government-wide and Fund Financial Statements
December 31, 2017

Amounts reported as fund balances on the governmental fund balance sheet		\$ 325,282,349
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.		3,476,018,394
Police and fire OPEB actuarial calculations reported overpayments for the current fiscal year:		
Police and fire postemployment healthcare benefit asset		25,541,765
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property taxes	6,484,809	
Risk management claims	286,268	
Build america bond rebate	541,314	
Special assessments	3,433,376	
HUD Rehab Long-term loan receivable, net activity	<u>1,045,351</u>	
		11,791,118
Deferred outflows of resources are capitalized and expensed overtime.		
Deferred charges on bond refunding	5,165,190	
Deferred outflows of resources related to net pension liability	<u>25,425,238</u>	
		30,590,428
Internal service funds are used by management to charge the costs of fleet management, cost of insurance, and information technology to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position:		
Total internal service equity related to governmental activities	43,892,206	
Net of amounts included in:		
Capital assets, net of depreciation and amortization	(106,412,003)	
Accrued interest	190,777	
Compensated absences	<u>898,258</u>	
		(61,430,762)
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	(434,584,581)	
Police and Fire certificates of participation	(58,675,000)	
Long-term contracts	(3,877,594)	
Master lease agreements	(413,243)	
Pollution remediation	(3,247,861)	
CIVICVentures revenue bonds	(96,186,811)	
Compensated absences	(27,874,312)	
Net pension liability	(320,254,401)	
Accrued interest payable	<u>(7,755,679)</u>	
		(952,869,482)
Deferred inflows of resources are capitalized and reduce expenses overtime.		
Deferred inflows of resources related to net pension liability		<u>(25,893,613)</u>
Net position of governmental activities		<u>\$ 2,829,030,197</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2017

	General	MOA Trust	Capital Projects Roads and Drainage	Police/Fire Certificate of Participation Bond	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 609,209,648	\$ -	\$ -	\$ -	\$ 14,354,046	\$ 623,563,694
Assessments in lieu of taxes	3,441,656	-	-	-	-	3,441,656
Special assessments	413,288	-	85,413	-	1,199,939	1,698,640
Licenses and permits	9,680,014	-	-	-	-	9,680,014
Intergovernmental	18,674,647	-	17,818,398	-	64,239,271	100,732,316
Charges for services	22,934,386	-	-	-	441,493	23,375,879
Fines and forfeitures	5,766,814	-	-	-	31,676	5,798,490
E911 surcharges	-	-	-	-	7,930,788	7,930,788
Investment income	1,674,132	23,749,181	48,472	119	6,684,747	32,156,651
Restricted contributions	103,178	-	-	-	1,834,565	1,937,743
Other	6,197,613	-	-	-	401,057	6,598,670
Total revenues	<u>678,095,376</u>	<u>23,749,181</u>	<u>17,952,283</u>	<u>119</u>	<u>97,117,582</u>	<u>816,914,541</u>
Expenditures						
Current:						
General government	24,591,965	394,843	-	-	3,368,983	28,355,791
Fire services	106,184,892	-	-	29,102,736	3,356,066	138,643,694
Police services	128,992,796	-	-	29,102,736	10,959,844	169,055,376
Health and human services	13,641,116	-	-	-	15,102,563	28,743,679
Economic and community development	61,690,749	-	-	-	10,458,001	72,148,750
Public transportation	23,508,182	-	-	-	9,630,456	33,138,638
Public works	8,175,773	-	-	-	1,746,806	9,922,579
Maintenance and operations of roads and facilities	34,229,721	-	-	-	-	34,229,721
Education	247,307,425	-	-	-	99,423	247,406,848
Debt service:						
Principal	36,160,000	-	-	-	2,060,000	38,220,000
Interest	20,426,423	-	-	-	4,328,700	24,755,123
Bond issuance costs	-	-	-	469,528	-	469,528
Capital outlay	-	-	59,566,277	-	55,450,650	115,016,927
Total expenditures	<u>704,909,042</u>	<u>394,843</u>	<u>59,566,277</u>	<u>58,675,000</u>	<u>116,561,492</u>	<u>940,106,654</u>
Excess (deficiency) of revenues over expenditures	(26,813,666)	23,354,338	(41,613,994)	(58,674,881)	(19,443,910)	(123,192,113)
Other financing sources (uses)						
Transfers from other funds	34,295,850	-	3,723,580	-	17,947,066	55,966,496
Transfers to other funds	(15,154,221)	(6,000,000)	(240,520)	-	(6,410,178)	(27,804,919)
Loans issued	413,243	-	-	-	-	413,243
Participation bonds issued	-	-	-	58,675,000	-	58,675,000
Insurance recoveries	308,960	-	-	-	-	308,960
Sale of capital assets	1,702,139	-	-	-	364,859	2,066,998
Total other financing sources (uses)	<u>21,565,971</u>	<u>(6,000,000)</u>	<u>3,483,060</u>	<u>58,675,000</u>	<u>11,901,747</u>	<u>89,625,778</u>
Net change in fund balances	(5,247,695)	17,354,338	(38,130,934)	119	(7,542,163)	(33,566,335)
Fund balances, beginning of year	65,058,827	147,548,268	18,216,400	-	128,025,189	358,848,684
Fund balances (deficit), end of year	<u>\$ 59,811,132</u>	<u>\$ 164,902,606</u>	<u>\$ (19,914,534)</u>	<u>\$ 119</u>	<u>\$ 120,483,026</u>	<u>\$ 325,282,349</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the year ended December 31, 2017

Net change in fund balance – total governmental funds		\$ (33,566,335)
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	55,850,059	
Contributed assets	32,916,906	
Depreciation expense	(39,388,664)	
Other gain/(loss) on capital assets	<u>(2,627,806)</u>	46,750,495
Revenues in the statement of activities that do not provide current financial resources and are deferred in the funds:		
Property taxes	(3,120,895)	
Special assessments	<u>(207,729)</u>	(3,328,624)
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:		
Master lease agreement loan proceeds	(413,243)	
New issuance of certificates of participation	(58,675,000)	
Principal repayment	38,220,000	
Net change in premium/discount/deferred charge bonds	3,778,704	
Net change in interest accrual	<u>204,296</u>	(16,885,243)
Some expenses and revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures or revenues in governmental funds:		
Compensated absences	(3,395,798)	
Pollution remediation	32,228	
Pension expense	46,725,512	
Claims and judgments receipts	125,340	
HUD section 108 loan payable, net activity	(32,433)	
Police and fire postemployment healthcare benefits asset, net activity	<u>5,270,523</u>	48,725,372
Internal service funds are used by management to charge the costs of insurance, fleet management and information technology to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities.		
Change in net position of governmental activities		<u>5,253,079</u>
		<u>\$ 46,948,744</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Proprietary Funds
December 31, 2017

Business-Type Activities – Enterprise Funds

Assets	Electric Utility	Water Utility	Wastewater Utility	Port
Current assets:				
Cash	\$ 1,000	\$ -	\$ 2,200	\$ 650
Cash in central treasury	32,590,181	34,354,216	29,132,449	18,328,567
Bond and capital acquisition and construction accounts	-	-	-	8,662,293
Accrued interest on investments	443,097	264,378	10	110,409
Interest receivable	203,262	112,057	30,636	-
Receivables (net of allowance for uncollectibles)	17,633,920	5,773,653	5,516,096	1,320,669
Intergovernmental receivables	-	-	-	-
Inventories	32,077,195	1,716,540	528,382	329,025
Prepaid items and deposits	-	121,027	107,193	102,162
Special assessments receivable	-	76,751	80,337	-
Unbilled reimbursable projects	110,625	74,723	16,200	-
Other assets	3,112,503	-	-	-
Restricted assets:				
Customer deposits	1,186,226	-	-	-
Legal settlement set aside	-	-	-	1,950,000
Bond and capital acquisition and construction accounts	-	3,969,587	3,139,387	-
Interim rate escrow investment	27,250,254	-	-	-
Cash for unredeemed mini bonds	-	69,000	-	-
Total current assets	<u>114,608,263</u>	<u>46,531,932</u>	<u>38,552,890</u>	<u>30,803,775</u>
Noncurrent assets:				
Assets held for resale	-	-	-	381,624
Advances to other funds	-	-	-	-
Other assets	4,347,789	8,503,528	10,537,671	-
Restricted assets:				
Customer deposits	-	169,339	239,407	-
Restricted deposits	27,523,233	-	-	-
Revenue bond operations and maintenance accounts	14,235,000	-	-	-
Bond and capital acquisition and construction accounts	-	482,667	-	-
Landfill post closure cash reserve	-	-	-	-
Debt service accounts	2,098,515	18,880	11,337	-
Intergovernmental receivables	-	-	-	4,847,227
Revenue bond reserve investments	23,335,229	-	-	-
Asset retirement obligation sinking fund	13,198,877	-	-	-
Capital assets, net	<u>889,806,691</u>	<u>552,867,533</u>	<u>409,524,446</u>	<u>178,079,071</u>
Total noncurrent assets	<u>974,545,334</u>	<u>562,041,947</u>	<u>420,312,861</u>	<u>183,307,922</u>
Total assets	<u>1,089,153,597</u>	<u>608,573,879</u>	<u>458,865,751</u>	<u>214,111,697</u>
Deferred Outflows of Resources				
Deferred charge on refunding	248,700	3,288,658	1,472,162	-
Deferred outflow related to net pension liability	1,124,134	1,240,830	1,084,365	30,601
Total deferred outflows of resources	<u>1,372,834</u>	<u>4,529,488</u>	<u>2,556,527</u>	<u>30,601</u>
Total assets and deferred outflows of resources	<u>\$ 1,090,526,431</u>	<u>\$ 613,103,367</u>	<u>\$ 461,422,278</u>	<u>\$ 214,142,298</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Proprietary Funds
December 31, 2017

	Business-Type Activities Enterprise Funds (Continued)		Governmental Activities – Internal Service Funds		Total Proprietary Funds
	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	Total Proprietary Funds	
Assets					
Current assets:					
Cash	\$ 3,675	\$ 7,525	\$ -	\$ 7,525	
Cash in central treasury	9,261,674	123,667,087	34,478,749	158,145,836	
Bond and capital acquisition and construction accounts	11,981,467	20,643,760	3,796,832	24,440,592	
Accrued interest on investments	283,839	1,101,733	-	1,101,733	
Interest receivable	-	345,955	-	345,955	
Receivables (net of allowance for uncollectibles)	3,046,741	33,291,079	16,425	33,307,504	
Intergovernmental receivables	44,694	44,694	-	44,694	
Inventories	-	34,651,142	252,834	34,903,976	
Prepaid items and deposits	10,256	340,638	1,239,357	1,579,995	
Special assessments receivable	-	157,088	-	157,088	
Unbilled reimbursable projects	-	201,548	-	201,548	
Other assets	-	3,112,503	-	3,112,503	
Restricted assets:					
Customer deposits	-	1,186,226	-	1,186,226	
Legal settlement set aside	-	1,950,000	-	1,950,000	
Bond and capital acquisition and construction accounts	-	7,108,974	-	7,108,974	
Interim rate escrow investment	-	27,250,254	-	27,250,254	
Cash for unredeemed mini bonds	-	69,000	-	69,000	
Total current assets	24,632,346	255,129,206	39,784,197	294,913,403	
Noncurrent assets:					
Assets held for resale	-	381,624	-	381,624	
Advances to other funds	-	-	226,369	226,369	
Other assets	-	23,388,988	-	23,388,988	
Restricted assets:					
Customer deposits	-	408,746	-	408,746	
Restricted deposits	-	27,523,233	-	27,523,233	
Revenue bond operations and maintenance accounts	-	14,235,000	-	14,235,000	
Bond and capital acquisition and construction accounts	-	482,667	-	482,667	
Landfill post closure cash reserve	33,101,770	33,101,770	-	33,101,770	
Debt service accounts	-	2,128,732	-	2,128,732	
Intergovernmental receivables	11,282,637	16,129,864	-	16,129,864	
Revenue bond reserve investments	-	23,335,229	-	23,335,229	
Asset retirement obligation sinking fund	-	13,198,877	-	13,198,877	
Capital assets, net	148,040,986	2,178,318,727	106,412,003	2,284,730,730	
Total noncurrent assets	192,425,393	2,332,633,457	106,638,372	2,439,271,829	
Total assets	217,057,739	2,587,762,663	146,422,569	2,734,185,232	
Deferred Outflows of Resources					
Deferred charge on refunding	-	5,009,520	-	5,009,520	
Deferred outflow related to net pension liability	517,157	3,997,087	1,591,039	5,588,126	
Total deferred outflows of resources	517,157	9,006,607	1,591,039	10,597,646	
Total assets and deferred outflows of resources	\$ 217,574,896	\$ 2,596,769,270	\$ 148,013,608	\$ 2,744,782,878	

MUNICIPALITY OF ANCHORAGE, ALASKA

Statement of Net Position
 Proprietary Funds
 December 31, 2017

Business-Type Activities – Enterprise Funds

Liabilities	Electric Utility	Water Utility	Wastewater Utility	Port
Current liabilities:				
Accounts payable, other accrued liabilities and retainages	\$ 27,638,938	\$ 628,818	\$ 693,578	\$ 548,661
Accrued payroll liabilities	1,775,992	1,401,313	512,480	133,624
Capital acquisition and construction accounts and retainage payable	-	-	-	1,942,881
Compensated absences	2,812,140	982,503	899,356	161,136
Claims payable	-	-	-	-
Claims incurred but not reported	-	-	-	-
Due to other funds	-	-	-	-
Accrued interest payable	1,688,922	1,900,666	1,346,630	64,446
Pollution remediation obligation	511,787	25,000	65,000	-
Long-term obligations maturing within one year	7,865,000	10,133,883	8,138,338	-
Unearned revenue and deposits	-	8,284	-	-
Current liabilities payable from restricted assets:				
Customer refunds and deposits payable	1,186,226	-	-	-
Unredeemed mini bonds payable	-	69,000	-	-
Capital acquisition and construction accounts and retainage payable	-	3,969,587	3,139,387	-
Total current liabilities	<u>43,479,005</u>	<u>19,119,054</u>	<u>14,794,769</u>	<u>2,850,748</u>
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts and premiums)	333,749,927	125,951,928	94,851,287	-
Advances from other funds	-	-	-	-
Alaska clean water and drinking water loans payable	-	82,044,603	66,316,013	-
Asset retirement obligation	15,823,732	-	-	-
Capital leases payable	-	-	-	-
Claims incurred but not reported	-	-	-	-
Compensated absences	-	512,290	501,051	179,267
Net pension liability	12,270,893	15,727,387	15,022,071	1,486,034
Liabilities payable from restricted assets:				
Customer deposits	-	169,339	239,407	-
Other liabilities:				
Pollution remediation obligation	-	6,500	737,750	-
Future landfill closure costs	-	-	-	-
Notes payable	191,900,000	-	-	40,000,000
Other long-term obligations	-	11,500,600	4,500,000	1,801,726
Total noncurrent liabilities	<u>553,744,552</u>	<u>235,912,647</u>	<u>182,167,579</u>	<u>43,467,027</u>
Total liabilities	<u>597,223,557</u>	<u>255,031,701</u>	<u>196,962,348</u>	<u>46,317,775</u>
Deferred Inflows of Resources				
Contributions in aid of construction (net amortization)	180,608,877	206,973,016	167,407,951	-
Future natural gas purchases	17,230,809	-	-	-
Regulatory liability gas sales	25,002,529	-	-	-
Deferred inflow related to net pension liability	1,003,413	1,394,494	1,386,633	178,750
Total deferred inflows of resources	<u>223,845,628</u>	<u>208,367,510</u>	<u>168,794,584</u>	<u>178,750</u>
Net Position				
Net investment in capital assets	201,055,297	124,004,415	72,922,406	138,079,071
Restricted for:				
Debt service	71,082	-	-	-
Acquisition and construction	-	-	-	6,797,227
Operations	14,235,000	-	-	-
Post closure care	-	-	-	-
Unrestricted	54,095,867	25,699,741	22,742,940	22,769,475
Total net position	<u>269,457,246</u>	<u>149,704,156</u>	<u>95,665,346</u>	<u>167,645,773</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,090,526,431</u>	<u>\$ 613,103,367</u>	<u>\$ 461,422,278</u>	<u>\$ 214,142,298</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Statement of Net Position
 Proprietary Funds
 December 31, 2017

	Business-Type Activities Enterprise Funds (Continued)		Governmental Activities – Internal Service Funds	Total Proprietary Funds
	Other Enterprise Funds	Total Enterprise Funds		
Liabilities				
Current liabilities:				
Accounts payable, other accrued liabilities and retainages	\$ 925,141	\$ 30,435,136	\$ 5,410,164	\$ 35,845,300
Accrued payroll liabilities	536,086	4,359,495	653,969	5,013,464
Capital acquisition and construction accounts and retainage payable	3,602,879	5,545,760	1,607,505	7,153,265
Compensated absences	780,003	5,635,138	841,802	6,476,940
Claims payable	-	-	16,822,589	16,822,589
Claims incurred but not reported	-	-	6,605,585	6,605,585
Due to other funds	5,868,487	5,868,487	13,918,868	19,787,355
Accrued interest payable	92,575	5,093,239	190,777	5,284,016
Pollution remediation obligation	-	601,787	-	601,787
Long-term obligations maturing within one year	1,486,613	27,623,834	8,382,286	36,006,120
Unearned revenue and deposits	248,115	256,399	-	256,399
Current liabilities payable from restricted assets:				
Customer refunds and deposits payable	-	1,186,226	-	1,186,226
Unredeemed mini bonds payable	-	69,000	-	69,000
Capital acquisition and construction accounts and retainage payable	-	7,108,974	-	7,108,974
Total current liabilities	13,539,899	93,783,475	54,433,545	148,217,020
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts and premiums)	-	554,553,142	-	554,553,142
Advances from other funds	-	-	1,275,000	1,275,000
Alaska clean water and drinking water loans payable	12,769,273	161,129,889	-	161,129,889
Asset retirement obligation	-	15,823,732	-	15,823,732
Capital leases payable	-	-	40,745,851	40,745,851
Claims incurred but not reported	-	-	5,403,038	5,403,038
Compensated absences	-	1,192,608	56,456	1,249,064
Net pension liability	5,746,510	50,252,895	12,716,481	62,969,376
Liabilities payable from restricted assets:				
Customer deposits	-	408,746	-	408,746
Other liabilities:				
Pollution remediation obligation	-	744,250	-	744,250
Future landfill closure costs	32,897,332	32,897,332	-	32,897,332
Notes payable	-	231,900,000	-	231,900,000
Other long-term obligations	-	17,802,326	-	17,802,326
Total noncurrent liabilities	51,413,115	1,066,704,920	60,196,826	1,126,901,746
Total liabilities	64,953,014	1,160,488,395	114,630,371	1,275,118,766
Deferred Inflows of Resources				
Contributions in aid of construction (net amortization)	-	554,989,844	-	554,989,844
Future natural gas purchases	-	17,230,809	-	17,230,809
Regulatory liability gas sales	-	25,002,529	-	25,002,529
Deferred inflow related to net pension liability	474,936	4,438,226	808,775	5,247,001
Total deferred inflows of resources	474,936	601,661,408	808,775	602,470,183
Net Position				
Net investment in capital assets	133,785,100	669,846,289	57,283,866	727,130,155
Restricted for:				
Debt service	-	71,082	-	71,082
Acquisition and construction	11,282,637	18,079,864	-	18,079,864
Operations	-	14,235,000	-	14,235,000
Post closure care	204,438	204,438	-	204,438
Unrestricted	6,874,771	132,182,794	(24,709,404)	107,473,390
Total net position	152,146,946	834,619,467	32,574,462	867,193,929
Total liabilities, deferred inflows of resources and net position	\$ 217,574,896	\$ 1,160,488,395	\$ 148,013,608	\$ 2,744,782,878
		616,473	Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	
		<u>\$ 835,235,940</u>	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, 2017

Business-Type Activities – Enterprise Funds

	Electric Utility	Water Utility	Wastewater Utility	Port
Operating revenues				
Charges for sales and services	\$ 189,593,756	\$ 58,146,035	\$ 54,600,842	\$ 7,032,455
Other	(5,169,343)	1,282,525	929,903	4,665,424
Total operating revenues	184,424,413	59,428,560	55,530,745	11,697,879
Operating expenses				
Operations	109,847,848	28,575,154	29,921,235	8,689,685
Amortization of future landfill closure costs	-	-	-	-
Depreciation and amortization	32,453,517	10,598,544	8,577,317	7,253,997
Total operating expenses	142,301,365	39,173,698	38,498,552	15,943,682
Operating income (loss)	42,123,048	20,254,862	17,032,193	(4,245,803)
Nonoperating revenues (expenses)				
Investment income	2,098,199	853,518	680,911	627,633
Legal settlements	-	-	-	6,750,000
Interest subsidy on build america bonds	2,432,899	-	-	-
Other revenues	-	4,615	64,297	1,643,005
Amortization of bond premium	-	158,768	23,609	-
Intergovernmental revenue	336,953	474,028	474,028	63,059
Interest expense	(19,665,421)	(4,701,368)	(3,517,564)	(677,192)
Allowance for funds used during construction	525,306	1,067,547	929,637	-
Gain (loss) on sale of capital assets	(2,808,232)	-	-	1,069,995
Amortization of deferred charges	(286,133)	(312,307)	(41,104)	-
Other expenses	(534,144)	6,482	7,596	(1,540,375)
Net nonoperating revenues (expenses)	(17,900,573)	(2,448,717)	(1,378,590)	7,936,125
Income (loss) before capital contributions and transfers	24,222,475	17,806,145	15,653,603	3,690,322
Capital contributions	-	-	-	11,619,685
Transfers from other funds	-	3,500	3,500	81,500
Transfers to other funds	(9,331,662)	(7,991,023)	(6,043,654)	(2,020,440)
Change in net position	14,890,813	9,818,622	9,613,449	13,371,067
Net position, beginning of year	254,566,433	139,885,534	86,051,897	154,274,706
Net position, end of year	\$ 269,457,246	\$ 149,704,156	\$ 95,665,346	\$ 167,645,773

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended December 31, 2017

	Business-Type Activities Enterprise Funds (Continued)		Governmental Activities – Internal Service Funds		Total Proprietary Funds
	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	Total Proprietary Funds	
Operating revenues					
Charges for sales and services	\$ 32,488,121	\$ 341,861,209	\$ 91,962,161	\$ 433,823,370	
Other	3,046,546	4,755,055	27,990	4,783,045	
Total operating revenues	<u>35,534,667</u>	<u>346,616,264</u>	<u>91,990,151</u>	<u>438,606,415</u>	
Operating expenses					
Operations	26,122,122	203,156,044	81,143,170	284,299,214	
Amortization of future landfill closure costs	489,148	489,148	-	489,148	
Depreciation and amortization	7,879,086	66,762,461	5,646,823	72,409,284	
Total operating expenses	<u>34,490,356</u>	<u>270,407,653</u>	<u>86,789,993</u>	<u>357,197,646</u>	
Operating income (loss)	<u>1,044,311</u>	<u>76,208,611</u>	<u>5,200,158</u>	<u>81,408,769</u>	
Nonoperating revenues (expenses)					
Investment income	1,139,002	5,399,263	206,359	5,605,622	
Legal settlements	-	6,750,000	-	6,750,000	
Interest subsidy on build america bonds	-	2,432,899	-	2,432,899	
Other revenues	-	1,711,917	66,720	1,778,637	
Amortization of bond premium	-	182,377	-	182,377	
Intergovernmental revenue	340,350	1,688,418	259,346	1,947,764	
Interest expense	(243,729)	(28,805,274)	(835,832)	(29,641,106)	
Allowance for funds used during construction	-	2,522,490	-	2,522,490	
Gain (loss) on sale of capital assets	216,338	(1,521,899)	77,718	(1,444,181)	
Amortization of deferred charges	-	(639,544)	-	(639,544)	
Other expenses	-	(2,060,441)	(32,673)	(2,093,114)	
Net nonoperating revenues (expenses)	<u>1,451,961</u>	<u>(12,339,794)</u>	<u>(258,362)</u>	<u>(12,598,156)</u>	
Income (loss) before capital contributions and transfers	2,496,272	63,868,817	4,941,796	68,810,613	
Capital contributions	11,174,476	22,794,161	1,828,236	24,622,397	
Transfers from other funds	-	88,500	174,273	262,773	
Transfers to other funds	(3,030,571)	(28,417,350)	(7,000)	(28,424,350)	
Change in net position	10,640,177	58,334,128	6,937,305	65,271,433	
Net position, beginning of year	141,506,769		25,637,157	801,922,496	
Net position, end of year	<u>\$ 152,146,946</u>		<u>\$ 32,574,462</u>	<u>\$ 867,193,929</u>	

1,684,226	Adjustment to reflect the consolidation of internal
<u>\$ 60,018,354</u>	service fund activities related to enterprise funds.
	Change in net position of business-type activities.

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2017

Business-Type Activities – Enterprise Funds

	Electric Utility	Water Utility	Wastewater Utility	Port
Cash flows from (for) operating activities				
Receipts from customers	\$ 198,440,556	\$ 59,085,349	\$ 54,857,349	\$ 11,408,128
Other operating cash receipts	2,867,451	-	-	-
Receipts for interfund services provided	-	-	-	-
Payments to employees	(30,847,671)	(16,471,584)	(17,611,535)	(2,701,434)
Payments to vendors	(92,866,543)	(8,898,575)	(9,519,548)	(5,558,158)
Payments for interfund services used	(2,394,475)	(1,911,502)	(1,897,957)	(1,018,756)
Net cash from operating activities	<u>75,199,318</u>	<u>31,803,688</u>	<u>25,828,309</u>	<u>2,129,780</u>
Cash flows from (for) non-capital financing activities				
Intergovernmental revenue	-	-	-	-
Transfers to other funds	(9,331,662)	(7,991,023)	(6,043,654)	(2,020,440)
Transfers from other funds	-	3,500	3,500	81,500
Security contract	-	-	-	(1,540,375)
Right of way and security fees	-	-	-	1,643,005
Due to other funds	-	-	-	-
Non-operating cash receipts	-	-	-	-
Advance to other funds	-	-	-	-
Net cash from (for) non-capital financing activities	<u>(9,331,662)</u>	<u>(7,987,523)</u>	<u>(6,040,154)</u>	<u>(1,836,310)</u>
Cash flows from (for) capital and related financing activities				
Proceeds from issuance of short-term obligations	10,900,000	-	-	-
Interest payments on short-term obligations	(2,561,257)	-	-	-
Proceeds from issuance of long-term obligations	-	140,986,177	101,606,469	-
Principal payments on long-term obligations	(7,520,000)	(9,850,718)	(6,399,810)	-
Retirements from long-term obligations	-	(138,416,415)	(98,699,269)	-
Retirements from bond redemption reserved	-	5,172,950	-	-
Capital Claims and Judgements	-	-	-	6,750,000
Interest payments on long-term obligations	(18,277,114)	(4,400,773)	(3,368,591)	(657,972)
Interest subsidy on build america bonds	2,432,899	-	-	-
Assets Held for Resale	-	-	-	177,749
Acquisition and construction of capital assets	(34,537,285)	(26,430,863)	(15,105,485)	(12,729,488)
Landfill post closure cash reserve	-	-	-	-
Principal payments on interfund loans	-	-	-	-
Interest payments on interfund loans	-	-	-	-
Proceeds from Alaska clean water loans	-	5,859,918	2,180,299	-
Proceeds from issuance of debt	-	-	-	-
Proceeds from the sale or disposition of capital assets	7,934	-	-	1,069,995
Capital contributions – customers	647,401	609,626	328,627	-
Capital contributions – intergovernmental	337,787	-	-	9,475,574
Net cash from (for) capital and related financing activities	<u>(48,569,635)</u>	<u>(26,470,098)</u>	<u>(19,457,760)</u>	<u>4,085,858</u>
Cash flows from (for) investing activities				
Proceeds from sale of investments	-	(57,478)	(11,337)	-
Purchase of investments	(9,317,829)	-	-	-
Investment income	2,014,395	828,152	678,021	588,195
Net cash from (for) investing activities	<u>(7,303,434)</u>	<u>770,674</u>	<u>666,684</u>	<u>588,195</u>
Net increase (decrease) in cash	9,994,587	(1,883,259)	997,079	4,967,523
Cash, beginning of year	51,033,074	40,928,068	31,516,364	23,973,987
Cash, end of year	<u>61,027,661</u>	<u>39,044,809</u>	<u>32,513,443</u>	<u>28,941,510</u>
Cash	1,000	-	2,200	650
Cash in central treasury	32,590,181	34,354,216	29,132,449	18,328,567
Bond and capital acquisition and construction accounts	-	4,452,254	3,139,387	8,662,293
Restricted cash	-	-	-	1,950,000
Customer deposits	1,186,226	169,339	239,407	-
Interim rate escrow investments	27,250,254	-	-	-
Mini Bonds accounts	-	69,000	-	-
Cash, December 31	<u>\$ 61,027,661</u>	<u>\$ 39,044,809</u>	<u>\$ 32,513,443</u>	<u>\$ 28,941,510</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2017

	Business-Type Activities Enterprise Funds		Governmental Activities –	
	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	Total Proprietary Funds
Cash flows from (for) operating activities				
Receipts from customers	\$ 34,370,958	\$ 358,162,340	\$ -	\$ 358,162,340
Other operating cash receipts	-	2,867,451	-	2,867,451
Receipts for interfund services provided	-	-	92,243,127	92,243,127
Payments to employees	(12,762,202)	(80,394,426)	(13,494,775)	(93,889,201)
Payments to vendors	(10,097,808)	(126,940,632)	(65,431,268)	(192,371,900)
Payments for interfund services used	(2,952,929)	(10,175,619)	(3,924,252)	(14,099,871)
Net cash from operating activities	<u>8,558,019</u>	<u>143,519,114</u>	<u>9,392,832</u>	<u>152,911,946</u>
Cash flows from (for) non-capital financing activities				
Intergovernmental revenue	307,328	307,328	-	307,328
Transfers to other funds	(3,030,571)	(28,417,350)	(7,000)	(28,424,350)
Transfers from other funds	-	88,500	174,273	262,773
Security contract	-	(1,540,375)	-	(1,540,375)
Right of way and security fees	-	1,643,005	-	1,643,005
Due to other funds	3,656,960	3,656,960	6,321,707	9,978,667
Non-operating cash receipts	-	-	2,895	2,895
Advance to other funds	-	-	85,413	85,413
Net cash from (for) non-capital financing activities	<u>933,717</u>	<u>(24,261,932)</u>	<u>6,577,288</u>	<u>(17,684,644)</u>
Cash flows from (for) capital and related financing activities				
Proceeds from issuance of short-term obligations	-	10,900,000	-	10,900,000
Interest payments on short-term obligations	-	(2,561,257)	-	(2,561,257)
Proceeds from issuance of long-term obligations	-	242,592,646	-	242,592,646
Principal payments on long-term obligations	(1,486,613)	(25,257,141)	(5,416,374)	(30,673,515)
Retirements from long-term obligations	-	(237,115,684)	-	(237,115,684)
Retirements from bond redemption reserved	-	5,172,950	-	5,172,950
Capital Claims and Judgements	-	6,750,000	-	6,750,000
Interest payments on long-term obligations	(236,137)	(26,940,587)	(736,746)	(27,677,333)
Interest subsidy on build america bonds	-	2,432,899	-	2,432,899
Assets Held for Resale	-	177,749	-	177,749
Acquisition and construction of capital assets	(13,949,192)	(102,752,313)	(31,479,520)	(134,231,833)
Landfill post closure cash reserve	(693,586)	(693,586)	-	(693,586)
Principal payments on interfund loans	-	-	(85,000)	(85,000)
Interest payments on interfund loans	-	-	(36,576)	(36,576)
Proceeds from Alaska clean water loans	-	8,040,217	-	8,040,217
Proceeds from issuance of debt	-	-	21,359,509	21,359,509
Proceeds from the sale or disposition of capital assets	413,238	1,491,167	77,718	1,568,885
Capital contributions – customers	-	1,585,654	-	1,585,654
Capital contributions – intergovernmental	6,994,821	16,808,182	-	16,808,182
Net cash from (for) capital and related financing activities	<u>(8,957,469)</u>	<u>(99,369,104)</u>	<u>(16,316,989)</u>	<u>(115,686,093)</u>
Cash flows from (for) investing activities				
Proceeds from sale of investments	-	(68,815)	-	(68,815)
Purchase of investments	-	(9,317,829)	-	(9,317,829)
Investment income	1,026,226	5,134,989	206,359	5,341,348
Net cash from (for) investing activities	<u>1,026,226</u>	<u>(4,251,655)</u>	<u>206,359</u>	<u>(4,045,296)</u>
Net increase (decrease) in cash	1,560,493	15,636,423	(140,510)	15,495,913
Cash, beginning of year	19,686,323	167,137,816	38,416,091	205,553,907
Cash, end of year	<u>21,246,816</u>	<u>182,774,239</u>	<u>38,275,581</u>	<u>221,049,820</u>
Cash	3,675	7,525	-	7,525
Cash in central treasury	9,261,674	123,667,087	34,478,749	158,145,836
Bond and capital acquisition and construction accounts	11,981,467	28,235,401	3,796,832	32,032,233
Restricted cash	-	1,950,000	-	1,950,000
Customer deposits	-	1,594,972	-	1,594,972
Interim rate escrow investments	-	27,250,254	-	27,250,254
Mini Bonds accounts	-	69,000	-	69,000
Cash, December 31	<u>\$ 21,246,816</u>	<u>\$ 182,774,239</u>	<u>\$ 38,275,581</u>	<u>\$ 221,049,820</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2017

Business-Type Activities – Enterprise Funds

	Electric Utility	Water Utility	Wastewater Utility	Port
Reconciliation of change in operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 42,123,048	\$ 20,254,862	\$ 17,032,193	\$ (4,245,803)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Amortization of future landfill closure costs	-	-	-	-
Depreciation and amortization	32,453,517	10,598,544	8,577,317	7,253,997
PERS relief-noncash expense	336,953	474,028	474,028	63,059
Other revenues / expenses	(534,144)	11,097	71,893	-
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:				
Accounts receivable, net	(5,404,363)	(263,338)	(646,180)	(289,751)
Inventories	(1,815,450)	(160,408)	(29,559)	-
Prepaid items and deposits	-	23,802	31,767	17,984
Unbilled reimbursable projects	776,795	(14,706)	(9,363)	-
Other assets current	(1,485,296)	-	-	-
Other assets noncurrent	(1,322,364)	(71,464)	(16,775)	-
Customer deposits and refunds payable	15,497	(88,157)	(27,216)	-
Deferred outflows of resource	2,224,158	3,128,964	3,128,963	416,237
Accounts payable, other accrued liabilities and retainages	(5,594,881)	(72,978)	(13,938)	(739,420)
Accrued payroll liabilities	270,422	609,233	(289,811)	(5,430)
Asset retirement obligation	688,646	-	-	-
Compensated absences	(162,189)	212,258	168,822	44,353
Claims payable	-	-	-	-
Net pension liability	(2,822,530)	(3,970,758)	(3,970,758)	(528,219)
Deferred inflows of resources	15,451,499	1,174,925	1,174,926	156,297
Unearned revenues and deposits	-	8,284	-	-
Other long-term obligations	-	-	-	(13,524)
Mini bonds transfer	-	(36,000)	-	-
Pollution remediation obligation	-	(14,500)	172,000	-
Total cash provided by operating activities	<u>75,199,318</u>	<u>31,803,688</u>	<u>25,828,309</u>	<u>2,129,780</u>
Noncash investing, capital, and financing activities:				
Capital purchases on account	571,394	1,414,998	2,052,699	1,942,881
Contributed capital and equipment	-	1,228,886	388,366	4,847,227
Conveyed assets held for resale	-	-	-	381,624
Capital in aid of construction funded from deferred inflows of resources	9,097,137	-	-	-
Portion of plant from AFUDC	525,306	-	-	-
Total noncash investing, capital, and financing activities	<u>\$ 10,193,837</u>	<u>\$ 2,643,884</u>	<u>\$ 2,441,065</u>	<u>\$ 7,171,732</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2017

	Business-Type Activities Enterprise Funds		Governmental	
	Other Enterprise Funds	Total Enterprise Funds	Activities – Internal Service Funds	Total Proprietary Funds
Reconciliation of change in operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,044,311	\$ 76,208,611	\$ 5,200,158	\$ 81,408,769
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Amortization of future landfill closure costs	489,148	489,148	-	489,148
Depreciation and amortization	7,879,086	66,762,461	5,646,823	72,409,284
PERS relief-noncash expense	159,754	1,507,822	259,346	1,767,168
Other revenues / expenses	-	(451,154)	63,825	(387,329)
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:				
Accounts receivable, net	(1,114,075)	(7,717,707)	190,922	(7,526,785)
Inventories	-	(2,005,417)	(17,069)	(2,022,486)
Prepaid items and deposits	(2,103)	71,450	(235,856)	(164,406)
Unbilled reimbursable projects	-	752,726	-	752,726
Other assets current	-	(1,485,296)	-	(1,485,296)
Other assets noncurrent	-	(1,410,603)	-	(1,410,603)
Customer deposits and refunds payable	-	(99,876)	-	(99,876)
Deferred outflows of resource	1,054,498	9,952,820	1,711,888	11,664,708
Accounts payable, other accrued liabilities and retainages	65,520	(6,355,697)	3,380,991	(2,974,706)
Accrued payroll liabilities	(1,571)	582,843	146,119	728,962
Asset retirement obligation	-	688,646	-	688,646
Compensated absences	(23,630)	239,614	99,949	339,563
Claims payable	-	-	(5,522,864)	(5,522,864)
Net pension liability	(1,338,194)	(12,630,459)	(2,172,442)	(14,802,901)
Deferred inflows of resources	395,965	18,353,612	642,813	18,996,425
Unearned revenues and deposits	(50,690)	(42,406)	(1,771)	(44,177)
Other long-term obligations	-	(13,524)	-	(13,524)
Mini bonds transfer	-	(36,000)	-	(36,000)
Pollution remediation obligation	-	157,500	-	157,500
Total cash provided by operating activities	<u>8,558,019</u>	<u>143,519,114</u>	<u>9,392,832</u>	<u>152,911,946</u>
Noncash investing, capital, and financing activities:				
Capital purchases on account	2,725,888	8,707,860	1,607,505	10,315,365
Contributed capital and equipment	11,174,476	17,638,955	1,828,236	19,467,191
Conveyed assets held for resale	-	381,624	-	381,624
Capital in aid of construction funded from deferred inflows of resources	-	9,097,137	-	9,097,137
Portion of plant from AFUDC	-	525,306	-	525,306
Total noncash investing, capital, and financing activities	<u>\$ 13,900,364</u>	<u>\$ 36,350,882</u>	<u>\$ 3,435,741</u>	<u>\$ 39,786,623</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Fiduciary Funds
December 31, 2017

	Pension and Other Post Employment Benefits Trust Funds
Assets	
Cash in central treasury	\$ 22,867
Cash, cash equivalents held under securities lending program	4,173,379
Contribution receivable	404,748
Investments, at fair value:	
Cash and money market funds	68,721,739
U.S. treasuries	4,686,388
U.S. TIPS	245,911
U.S. agencies	3,090,275
Corporate fixed income securities	79,017,599
Internantional fixed income funds	344,361
Fixed income funds	862,157
Domestic equity securities	152,327,095
International equity securities	74,136,655
Real estate funds	39,665,639
Total investments	423,097,819
Total assets	427,698,813
Liabilities	
Accounts payable	39,501
Payable under securities lending program	4,173,379
Total liabilities	4,212,880
Net Position	
Restricted for pensions and OPEB healthcare:	
Employees' pension benefits	404,288,262
Employees' post employment healthcare benefits	19,197,671
Total net position restricted for pension benefits	423,485,933
Total liabilities and net position restricted for pension benefits	\$ 427,698,813

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Changes in Net Position
Fiduciary Funds
For the year ended December 31, 2017

	Pension and Other Post Employment Benefits Trust Funds
Additions	
Contributions from other funds	\$ 72,095,824
Contributions from employees	129,027
Investment income:	
Interest	2,275,411
Dividends	3,176,303
Net increase in fair value of investments	47,969,386
Less: investment expense	<u>(1,642,769)</u>
Total additions	<u>124,003,182</u>
Deductions	
Regular benefit payments	35,669,574
Administrative expenses	<u>772,634</u>
Total deductions	<u>36,442,208</u>
Change in net position	87,560,974
Net position, beginning of year	<u>335,924,959</u>
Net position, end of year	<u><u>\$ 423,485,933</u></u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Notes to the Basic Financial Statements
December 31, 2017

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Blended Component Unit

CIVICVentures is a nonprofit corporation created to finance and construct a convention center for the Municipality, as well as upgrades and improvements to the Egan Center. All of the board members are appointed by the Mayor. As of December 31, 2017, 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, 2017.

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

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

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

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

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, lodging and other taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessment receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the 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. The Port fund is reported as a major fund for qualitative purposes, not quantitative.

Additionally, the Municipality reports the following fund types:

- The **Internal Service Funds** account for the management and maintenance of general government equipment and vehicles, information technology, and for general liability, workers' compensation, medical/dental, and unemployment compensation insurance coverage provided to other departments on a cost-reimbursement basis.
- The **Pension and Post-employment Benefit Trust Funds** account for the Police and Fire Retirement Systems Pension plans and the Police and Fire Retiree Medical plan for eligible Police and Fire retirees.

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

The Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds includes AFUDC as an item of non-operating revenues in a manner that indicates the basis for the amount capitalized.

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

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

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

Cash and Cash Equivalents

To obtain flexibility in cash management, the Municipality uses a central treasury. Pooled cash is invested in various securities to maximize return while maintaining reasonable liquidity to meet maturing obligations. Investments in securities to satisfy bond reserve and other requirements are maintained in separate accounts. Detailed regarding cash and cash equivalents are discussed in Note 3.

Investments

Investments at year end are reported at fair value using the techniques presented in GASB Statement No. 72-Fair Value Measurement and Application (GASB 72). Some investments are held at an approximation of fair value using either amortized costs or Net Asset Value (NAV). Investment income on cash pool investments is allocated to the various funds based on their average daily cash pool equity balances. Funds that have negative balances in the cash pools are charged interest; the interest income is allocated to those funds having equity in the cash pools. 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 uncollectable. Allowance for uncollectable calculations vary depending on the type of receivable, with property taxes using weighted percentages between 0 and over 90 days, and trade accounts using weighted percentages between 0 and over 180 days. Details regarding receivables are discussed in Note 4.

Property Taxes

Property taxes attach a lien on property on the first day of the tax year in which taxes are levied. For 2017, real and personal property taxes were levied on May 1st. Real property taxes were payable in two installments on June 15 and August 15, and personal property taxes in two installments on August 31 and October 31. ASD had accrued taxes and deferred inflows of resources of \$124,305,792 for financing half of the 2017-2018 budget as of June 30, 2017. 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, 2017, property taxes receivable for the Municipality was \$12,668,878 including penalties and interest of \$1,623,497 and excluding allowance for uncollectable property tax receivable of \$185,393.

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 is recorded in the period that is benefited using the consumption method.

Restricted Assets

Assets restricted for specific uses by bond covenants, grant provisions or other requirements are classified as restricted assets. The “investments account” is used to report the investment balance in the MOA Trust Fund, which is restricted for a specific purpose under Municipal Code 6.50.060, and the CIVICVentures debt service fund bond reserve. The “bond operation and maintenance account” is used to report resources set aside to subsidize potential deficiencies from the Municipality’s operations that could adversely affect debt service payments. The “bond and capital acquisition and construction account” is used to report those proceeds of bond issuances that are restricted for use in construction. The “landfill post closure cash reserve account” is used to restrict funds to offset the future landfill closure costs, as is required by Municipal Code 26.80.060(c)(3). The “debt service account” is used to segregate resources accumulated for debt service payments. “Intergovernmental receivables” represent grant receivables due from state and federal governments for capital purposes. Liabilities payable from such restricted assets are separately classified.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, drainage systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Municipality as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$5,000 for equipment or \$1,000 for computer hardware and software. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

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

The Utilities capitalize Allowance for Funds Used During Construction as interest on construction work in progress in accordance with regulatory requirements. Interest was capitalized in 2017 in the amounts of \$525,306, \$1,067,547, and \$929,637 for the Electric, Water and Wastewater Utilities, respectively.

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

For all regulated utility property replaced or retired, the average cost of the property unit, plus removal cost less salvage value, is charged to accumulated depreciation. For the Electric Utility, gain or loss is not recognized unless the Utility determines that such costs could not be recovered in rates. For the Water and Wastewater Utilities, gain or loss on the sale or retirement of plant is not recognized, except for extraordinary retirement. For all other proprietary fund types, gain or loss on the sale or retirement is recognized.

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

Buildings and Improvements	10-47 years
Production, Treatment, General Plant, Transmission and Reservoirs	5-90 years
Lift Stations, Interceptor, Trunks and Laterals	50-85 years
Equipment Containers	14 years
Office Equipment and Vehicles	3-25 years
Infrastructure (other than roads)	30-75 years

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

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, which approximates 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.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Details regarding long-term obligations are discussed in Note 10.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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 liability is also reported for the Police and Fire Retirement Pension. Details regarding net pension liability are discussed in Note 13.

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, 2017, Electric, Water and Wastewater Utility deferred inflow of resources balances related to CIAC were \$180,608,877, \$206,973,016, and \$167,407,951 respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Net Position and Flow Assumptions

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

Fund Balance

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

E. Utility Revenues

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

F. Statement of Cash Flows

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

G. Reclassifications

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - RELATED PARTY TRANSACTIONS

A. Excess of Expenditures Over Appropriations

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

For the year ended December 31, 2017, there were no instances where expenditures exceeded budget. Budgets, original and final, and actual amounts do not include PERS on-behalf expenditures and indirect charges.

B. Deficit Fund Balance and Deficit Net Position

As of December 31, 2017, an overall negative unassigned fund balance position and unrestricted net position were reported for the following funds:

Major Governmental Funds:	
Roads and Drainage Capital Projects Fund	<u>\$ (19,914,534)</u>
Non-major Governmental Funds:	
Other Restricted Resources	\$ (13,959)
Public Safety Capital Projects	<u>(3,210,855)</u>
Total Non-major Governmental Funds	<u>\$ (3,224,814)</u>
Internal Services Funds:	
General Liability/Worker's Compensation	<u>\$ (4,580,037)</u>

The Roads and Drainage Capital Projects fund reported an overall negative unassigned fund balance as a result of expenditures incurred for roads and drainage projects without the issuance of bonds in 2017.

The Other Restricted Resources fund reported an overall negative unassigned fund balance as a result of more than one year of cumulative expenditures being in excess of special assessment revenues. This fund has presented a deficit fund balance consistently since 2006. In 2017, revenues exceeded expenditures for the first time since 2006, however, they were not enough to entirely eliminate the deficit. 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 Public Safety Capital Projects fund reported an overall negative unassigned fund balance as a result of expenditures incurred for capital projects without the issuance of bonds in 2017.

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

C. Related Party Transaction

Anchorage Community Development Authority - The Municipality has leased 516 spaces located on four sites to the Authority for a period of 35 years. The agreement included an advance payment of \$350 per lot and will terminate in 2019. In 2017, the Municipality paid a total of \$465,389 to ACDA for leased parking.

D. Material Violations of Contractual Provisions

There were no material violations of contractual provisions as of December 31, 2017.

NOTE 3 - CASH AND INVESTMENTS

At December 31, 2017, 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	\$ 92,058				
Interim Rate Increase Escrow	27,250,254				

Investment Type	Fair Value*	Fixed Income Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Central Treasury - Unrestricted					
Cash & Money Market Funds	\$ 37,673,284	\$ -	\$ -	\$ -	\$ -
Commercial Paper	1,535,603	1,535,603	-	-	-
U.S. Treasuries	121,706,339	13,506,923	87,014,400	21,185,016	-
U.S. Agencies	13,180,799	550,253	241,092	6,981,798	5,407,656
Asset-Backed Securities**	34,730,718	-	22,268,024	4,460,439	8,002,255
Corporate Securities	122,048,793	14,372,805	59,766,782	43,625,370	4,283,836
	<u>\$ 330,875,536</u>	<u>\$ 29,965,584</u>	<u>\$ 169,290,298</u>	<u>\$ 76,252,623</u>	<u>\$ 17,693,747</u>

Central Treasury - Restricted					
Cash & Money Market Funds	\$ 32,165,339	\$ -	\$ -	\$ -	\$ -
Commercial Paper	99,654	99,654	-	-	-
U.S. Treasuries	22,840,772	15,819,079	5,646,873	1,374,820	-
U.S. Agencies	21,909,848	4,118,857	16,986,967	453,090	350,934
Asset-Backed Securities**	2,253,879	-	1,445,102	289,464	519,313
Corporate Fixed Income Securities	7,920,460	932,735	3,878,616	2,831,105	278,004
	<u>\$ 87,189,952</u>	<u>\$ 20,970,325</u>	<u>\$ 27,957,558</u>	<u>\$ 4,948,479</u>	<u>\$ 1,148,251</u>

* Market value plus accrued income.

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

MOA Trust Fund					
Cash & Money Market Funds	\$ 36,298	\$ -	\$ -	\$ -	\$ -
Bank Loan Investments	4,874,716	-	-	4,874,718	-
Fixed Income Funds	41,839,377	-	-	41,839,377	-
Domestic Equities & Equity Funds	61,893,464	-	-	-	-
International Equities & Equity Funds	43,854,986	-	-	-	-
Real Estate Funds	12,520,486	-	-	-	-
	<u>\$ 165,019,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,714,095</u>	<u>\$ -</u>

Police & Fire Retiree Medical Trust Fund					
Cash & Money Market Funds	\$ 724,108	\$ -	\$ -	\$ -	\$ -
Certificate of Deposit	5,172,297	251,412	4,920,885	-	-
U.S. Treasuries	4,686,388	2,347,102	2,339,286	-	-
U.S. Agencies	3,090,275	-	3,090,275	-	-
U.S. TIPS	245,911	-	-	245,911	-
Fixed Income Funds	862,157	-	470,557	391,600	-
International Fixed Income	344,361	-	-	344,361	-
Domestic Equity Funds	2,438,316	-	-	-	-
International Equity Funds	1,631,319	-	-	-	-
	<u>\$ 19,195,132</u>	<u>\$ 2,598,514</u>	<u>\$ 10,821,003</u>	<u>\$ 981,872</u>	<u>\$ -</u>

Police & Fire Retiree Medical Liability Fund					
Cash & Money Market Funds	\$ 13,505	\$ -	\$ -	\$ -	\$ -
Fixed Income Funds	8,834,090	-	-	8,834,090	-
Domestic Equities & Equity Funds	14,878,396	-	-	-	-
International Equities & Equity Funds	9,803,927	-	-	-	-
Real Estate Funds	3,857,691	-	-	-	-
	<u>\$ 37,387,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,834,090</u>	<u>\$ -</u>

Police and Fire Retirement Pension Trust Fund					
Cash & Money Market Funds	\$ 62,825,334	\$ -	\$ -	\$ -	\$ -
Corporate Fixed Income Securities	79,017,599	11,316,916	35,763,638	25,001,534	6,935,511
Domestic Equities & Equity Funds	149,888,779	-	-	-	-
International Equities & Equity Funds	72,505,336	-	-	-	-
Real Estate Funds	39,665,639	-	-	-	-
	<u>\$ 403,902,687</u>	<u>\$ 11,316,916</u>	<u>\$ 35,763,638</u>	<u>\$ 25,001,534</u>	<u>\$ 6,935,511</u>

Investment Type	Fair Value*	Fixed Income Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Asset Retirement Obligation Fund					
Cash & Money Market Funds	\$ 456,333	\$ -	\$ -	\$ -	\$ -
U.S. Fixed Income	8,220,807	-	2,352,657	3,622,444	2,245,706
U.S. TIPS	942,226	-	942,226	-	-
U.S. Large-Cap Equity	1,751,027	-	-	-	-
U.S. Mid-Cap Equity	265,692	-	-	-	-
U.S. Small-Cap Equity	261,154	-	-	-	-
International Developed Equity	657,596	-	-	-	-
Emerging Markets Equity	133,715	-	-	-	-
Real Estate	510,327	-	-	-	-
	<u>\$ 13,198,877</u>	<u>\$ -</u>	<u>\$ 3,294,883</u>	<u>\$ 3,622,444</u>	<u>\$ 2,245,706</u>
Anchorage Regional Landfill Closure and Post-Closure Liability Fund					
Cash & Money Market Funds	\$ 739,867	\$ -	\$ -	\$ -	\$ -
U.S. Fixed Income	32,361,903	32,361,903	-	-	-
	<u>\$ 33,101,770</u>	<u>\$ 32,361,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
HUD Section 108 Loan Program Investment					
Cash & Money Market Funds	\$ 7	\$ -	\$ -	\$ -	\$ -
	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CIMCVentures Component Unit					
Cash & Money Market Funds	\$ 7,351,798	\$ -	\$ -	\$ -	\$ -
U.S. Agencies	4,827,354	834,636	3,992,718	-	-
Corporate Fixed Income Securities	1,005,485	1,005,485	-	-	-
	<u>\$ 13,184,637</u>	<u>\$ 1,840,121</u>	<u>\$ 3,992,718</u>	<u>\$ -</u>	<u>\$ -</u>
Total Cash & Investments	<u>\$ 1,130,397,846</u>	<u>\$ 99,053,363</u>	<u>\$ 251,120,098</u>	<u>\$ 166,355,137</u>	<u>\$ 28,023,215</u>
Governmental Activities	\$ 409,878,346				
Business-Type Activities	297,398,814				
Fiduciary Funds	423,120,686				
	<u>\$ 1,130,397,846</u>				

A. Municipal Central Treasury

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

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

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

- Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies.
- Corporate Debt Securities that are guaranteed by the U.S. government or the Federal Deposit Insurance Corporation (FDIC) as to principal and interest.
- Taxable and tax-exempt municipal securities having a long-term rating of at least A- by a nationally recognized rating agency or taxable or tax-exempt municipal securities having a short-term rating of at least A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch.

- Debt securities issued and guaranteed by the International Bank for Reconstruction and Development (IBRD) and rated AAA by a nationally recognized rating agency.
- Commercial paper, excluding asset-backed commercial paper, rated at least A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch.
- Bank debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances (with maturities of not more than 365 days), and deposits with any bank, the short-term obligations of which are rated at least A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch and which is either:
 - a) Incorporated under the laws of the United States of America, or any state thereof, and subject to supervision and examination by federal or state banking authorities; or
 - b) Issued through a foreign bank with a branch or agency licensed under the laws of the United States of America, or any state thereof, or under the laws of a country with a Standard & Poor's sovereign rating of AAA, or a Moody's sovereign rating for bank deposits of Aaa, or a Fitch national rating of AAA, and subject to supervision and examination by federal or state banking authorities.
- Repurchase agreements secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies.
- Dollar denominated corporate debt instruments rated BBB- or better (investment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Dollar denominated corporate debt instruments rated lower than BBB- (non-investment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency, including emerging markets.
- Dollar denominated debt instruments of foreign governments rated BBB- or better (investment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Asset Backed Securities (ABS), excluding commercial paper, collateralized by: credit cards, automobile loans, leases and other receivables which must have a credit rating of AA- or above by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Mortgage Backed Securities, including generic mortgage-backed pass-through securities issued by Ginnie Mae, Freddie Mac, and Fannie Mae, as well as non-agency mortgage-backed securities, Collateralized Mortgage Obligations (CMOs), or Commercial Mortgage-Backed Securities (CMBS), which must have a credit rating of AA- or better by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Debt issued by the Tennessee Valley Authority.
- Money Market Mutual Funds rated Am or better by Standard & Poor's, or the equivalent by another nationally recognized rating agency, as long as they consist of allowable securities as outlined above.
- The Alaska Municipal League Investment Pool (AMLIP).
- Mutual Funds consisting of allowable securities as outlined above.
- Interfund Loans from a Municipal Cash Pool to a Municipal Fund.

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

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

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

Investment Type	Concentration Limit	Working Capital Portfolio Holding % at December 31, 2017	Internally Managed Holding % at December 31, 2017
U.S. Government Securities*	50% to 100% of investment portfolio	28%	55%
Repurchase Agreements	0% to 50% of investment portfolio	0%	0%
Certificates of Deposit	0% to 25% of investment portfolio Maximum 5% per issuer	0%	0%
Bankers Acceptances	0% to 25% of investment portfolio Maximum 5% per issuer	0%	0%
Commercial Paper	0% to 25% of investment portfolio Maximum 5% per issuer	2%	0%
Corporate Fixed Income**	0% to 25% of investment portfolio Maximum 5% per issuer	11%	0%
Alaska Municipal League Investment Pool (AMLIP)***	0% to 25% of investment portfolio	0%	0%
Money Market Mutual Funds****	0% to 25% of investment portfolio	59%	45%
Dollar Denominated Fixed Income Securities, other than those listed herein, rated by at least one nationally recognized rating agency	0% to 15% of investment portfolio Maximum 5% per issuer	0%	0%
		100%	100%

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

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

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

****The Working Capital and Internally Managed Portfolio contained an excess of cash equivalents at December 31, 2017 in anticipation of planned spending within a week. The portfolios were back in compliance the first week of 2018.

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, 2017
Domestic Equities	30%	40%	37%
International Equities	22%	28%	27%
Fixed Income (excluding TIPS)	21%	27%	25%
Emerging Markets	0%	8%	0%
Bank Loan Investments	0%	5%	3%
Real Estate	6%	10%	8%
Cash Equivalents	0%	0%	0%
			100%

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

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

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

C. Police and Fire Retiree Medical Trust Fund

The Police and Fire Retiree Medical Trust Fund investment objective is to earn a rate of return on fund assets that exceeds the rate of inflation by at least five percent in order to maintain funding of accrued liabilities and enhance member health benefits. The Police and Fire Retiree Medical Trust investment objective is based upon a 5 to 10 year investment horizon and short-term market volatility is to be viewed with an appropriate perspective. In accordance with its investment policy, Member Allocated Funds of the Police and Fire Medical Trust must be invested in cash equivalents. The Trust's general funds may be invested in the following instruments:

- Domestic equities.
- International equities.
- Domestic (dollar-denominated) 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, 2017
General Funds:		
Equities	70%	
Domestic Equities	42%	44%
International Equities	28%	30%
Fixed Income	30%	
Domestic Fixed Income	23%	16%
U.S. TIPS	0%	4%
International Fixed Income	7%	6%
		100%

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2017
Member Allocated Funds:			
U.S. Treasuries	23%	33%	34%
Government Agencies	20%	30%	23%
Certificate of Deposit	35%	45%	38%
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, 2017
Domestic Equities	34%	44%	40%
International Equity	22%	30%	26%
Fixed Income	22%	28%	24%
Real Estate	6%	14%	10%
Cash & Cash Equivalents	N/A	5%	0%
			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, 2017
Domestic Equities:			
Large Cap Core	9%	16%	11%
Large Cap Growth	8%	12%	9%
Large Cap Value	8%	12%	9%
Small Cap Growth	2%	6%	4%
Small/Mid Cap Value	2%	6%	4%
International Equities:			
MSCI ACWI ex US	7%	13%	9%
Growth	7%	13%	9%
Fixed Income:			
Domestic Fixed Income	20%	30%	20%
Real Estate Funds:			
Equity Real Estate Investment Trust	1%	4%	2%
Open Ended Proprietary Fund	2%	6%	3%
Farmland	2%	7%	4%
UBS-TPI	2%	6%	3%
Cash & Cash Equivalents:			
Cash Equivalents	0%	1%	13%
			<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	Investment Holding % at December 31, 2017
Domestic Equities:			
Large Cap	5%	20%	13%
Mid Cap	0%	5%	2%
Small Cap	0%	5%	2%
International Equities:			
Developed	0%	10%	5%
Emerging Markets	0%	5%	1%
Real Estate:			
Real Estate Funds	1%	4%	4%
Fixed Income:			
Domestic Fixed Income	55%	75%	62%
TIPS	5%	15%	7%
Cash & Cash Equivalents:			
Cash Equivalents	0%	15%	4%
			100%

G. Anchorage Regional Landfill Closure and Post-closure 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.

In 2017, the Anchorage Regional Landfill Closure and Post-closure Reserve Fund Board adopted a short-term policy of investing the fund in Treasuries or Agencies until a Financial Advisor could be appointed and an asset allocation study completed. The asset allocation study and long-term Investment Policy Statement was completed in 2018.

H. Interest Rate Risk

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

Duration is a measure of an investment's sensitivity to interest rate changes, and represents the sensitivity of an investment's market price to a 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, 2017, the Working Capital Portfolio had a duration of 0.14 years, or approximately 51 days. 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, 2017, the Contingency Reserve Portfolio had a duration of 1.94 years as compared to its benchmark, Barclays 1-3 Year Government Index, which had a duration of 1.91 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, 2017, the Strategic Reserve Portfolio had a duration of 3.70 years as compared to its benchmark, Barclays Intermediate Government/Corporate Index, which had a duration of 3.73 years.

The effective durations of the externally managed portfolios of the Municipal Central Treasury (working capital, contingency reserve and strategic reserve) at December 31, 2017, were 0.14 years, 1.94 years, and 3.70 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, 2017, the duration of the index was 5.98 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 6.06 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, 2017, the duration of the Barclays Capital Aggregate Index was 5.98 years, and the duration of the Police and Fire Retirement Trust's fixed income portfolio was 5.85 years, which is within the required duration per the policy.

I. Credit Risk

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

Policy & Procedures (P&P) 24-11 states that the Internally Managed Funds may not have investments in any single issuer exceeding 5 percent of total investments. P&P 24-11 also requires that at least 50 percent of the portfolio shall be invested in U.S. Government securities or in mutual funds that invest solely in U.S. Government securities. P&P 24-11 limits concentrations by security type based upon portfolio values at the time of purchase. Security type concentration limits are as follows: i) 50 percent invested in repurchase agreements and 25 percent invested in certificates of deposit, including unsecured certificates of deposit, ii) 25 percent invested in banker's acceptances or money market mutual funds or mutual fund investments that invest predominantly in investments permitted by AMC 6.50.030 or the Alaska Municipal League Investment Pool (AMLIP), iii) 20 percent invested in certificates of deposit secured by other than U.S. Government securities, and iv) 15 percent invested in commercial paper of dollar denominated fixed income securities, other than those listed previously, rated by at least one nationally recognized rating agency. P&P 24-11 states that bond debt service reserve funds may be invested in securities not exceeding the final maturity date of the bond issue for which they are invested, and investment of any funds that are subject to restrictive covenants contained in an Ordinance or Resolution must be invested in accordance with those covenants.

At December 31, 2017, the Municipal Central Treasury's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$167,959,335. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	17%	AAA	16%
Aa	4%	AA	2%
A	21%	A	20%
Baa	23%	BBB	27%
Ba or Lower	32%	BB or Lower	30%
Not Rated	3%	Not Rated	5%
	<u>100%</u>		<u>100%</u>

At December 31, 2017, securities in the MOA Trust had an investment of \$41,839,377 in commingled fixed income funds with a weighted average credit quality rating of AA.

At December 31, 2017, the Police and Fire Retiree Medical Trust had an investment of \$862,157 in commingled domestic fixed income funds with a weighted average credit quality rating of AA-, \$344,361 in commingled international fixed income funds with a weighted average credit quality rating of A+, and an investment of \$245,911 in commingled TIPS funds with a weighted average credit quality rating of AAA.

At December 31, 2017, the Police and Fire Retiree Medical Liability Fund had an investment of \$7,077,003 in a commingled fixed income fund with a weighted average credit quality rating of BBB, and an investment of \$1,757,087 in a commingled fixed income fund with a weighted average credit quality rating of AA.

At December 31, 2017, the Police and Fire Retirement Pension Trust's total fixed income portfolio had a weighted average rating of Aa2 by Moody's. The Police and Fire Retirement Trust's investment in marketable debt securities totaled \$79,017,599, with ratings distributed as follows:

Moody's		S&P	
Aaa	2%	AAA	2%
Aa	7%	AA	8%
A	38%	A	39%
Baa	37%	BBB	37%
Ba or Lower	1%	BB or Lower	0%
Not Rated	15%	Not Rated	14%
	<u>100%</u>		<u>100%</u>

At December 31, 2017, the Asset Retirement Obligation Fund investment in fixed income securities, including U.S. TIPS, totaled \$9,163,033. The distribution of ratings on these securities was as follows:

Moody's	
Aaa	75%
Aa	3%
A	14%
Baa	8%
	<u>100%</u>

At December 31, 2017, the Anchorage Landfill Closure and Post-Closure Liability Fund had two investments totaling \$32,361,903 in bonds that were rated AAA.

At December 31, 2017, all government agency investments at CIVICventures were rated AAA and AA+. Corporate securities of \$205,705, \$399,740, and \$400,040 were rated AA2 and AA, A3 and A-1, and A1 and A+, respectively. Money market funds were rated Aaa and AAA.

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, 2017, the Municipal Central Treasury had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2017, the MOA Trust had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2017, the Police and Fire Retiree Medical Trust had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2017, the Police and Fire Retiree Medical Liability Fund had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2017, the Police and Fire Retirement Trust had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2017, the CIVICVenture Component Unit Fund had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2017, the Beluga River Asset Retirement Obligation Fund had no investments in any single issuer exceeding 5 percent of 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.

At December 31, 2017, the Municipal Central Treasury had bank deposit carrying amounts totaling \$56,372,735, of which \$500,000 was covered by federal depository insurance. Bank deposits of \$1,760,720 were secured by collateral held by a third party and deposits of \$54,112,015 were secured by collateral held at the depository bank. All collateral consists of obligations issued, or fully insured or guaranteed as to payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation, with market value not less than the collateralized deposit balances.

AMC 6.50.030 requires that repurchase agreements be secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies. As of December 31, 2017 cash deposits and investments were not exposed to custodial risk.

J. Securities Lending

During 2017, 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, 2017, 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, 2017, the pool had a weighted average maturity of 0 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, 2017:

Securities Lent	Fair Value of Underlying Securities	Collateral Received	Cash Collateral Received	Securities Collateral Value
Domestic Equities	\$ 4,173,379	\$ 4,269,434	\$ 1,002,850	\$ 3,266,584
	\$ 4,173,379	\$ 4,269,434	\$ 1,002,850	\$ 3,266,584

The lending agent provides indemnification if the borrowers fail to return the underlying securities (and the collateral is inadequate to replace the securities lent) or if the borrowers fail to pay income distributions on borrowed securities. There are no significant violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior-period losses during the year. Collateral consists of equity securities and cash, with a maturity that matches the equities lent.

K. Foreign Currency Risk

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

The Municipal Central Treasury is not exposed to foreign currency risk because AMC 6.50.030 explicitly prohibits the purchase of securities not denominated in U.S. Dollars. At December 31, 2017, all debt obligations held in the Municipal Central Treasury were payable in U.S. Dollars.

The MOA Trust's investment in commingled international equity funds and individual investments within other funds expose it to exchange risk in various foreign currencies. At December 31, 2017, these investments totaled \$43,854,986 and represented 26 percent of the Trust's aggregate portfolio. Exposure to foreign currency risk was as follows:

Investment Type	Underlying Currency	Fair Value (U.S. Dollars)
Commingled International Equity Funds	Various	\$ 43,854,986
		<u>\$ 43,854,986</u>

The Police and Fire Retiree Medical Trust's investment in commingled international equity and fixed income funds expose it to exchange risk in various foreign currencies. At December 31, 2017, these investments totaled \$1,975,680 and represented 10 percent of the Trust's general funds.

The Police and Fire Retiree Medical Liability Fund's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2017, this investment totaled \$9,803,927 and represented 26 percent of the Police and Fire Retiree Medical Liability Fund's aggregate portfolio.

The Police and Fire Retirement Pension Trust's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2017, this investment totaled \$72,505,336 and represented 18 percent of the Police and Fire Retirement Trust's aggregate portfolio.

The Beluga River Asset Retirement Obligation's investment in international developed equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2017, this investment totaled \$657,596 and represented 5 percent of the Beluga River Asset Retirement Obligation's aggregate portfolio.

L. Fair Value Measurements

At December 31, 2017, the Municipality had the following cash and investments, valued as follows:

- Asset-backed securities are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- Bank loan investments are valued at Net Asset Value (NAV) of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability.
- Short-term collective investments such as money market funds are valued at amortized cost.
- Certificates of deposit are valued at the daily price quoted by the financial institution holding the investment for the Municipality.
- Commercial paper is valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- Common stocks are valued at the closing price reported on the active market on which the individual securities traded.
- Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- Commingled funds are valued at the daily closing price as reported by the fund. These funds publish their daily NAV and transact at that price. The commingled funds held are deemed to be actively traded.
- Domestic equity funds are valued at the closing price reported on the active market on which the individual funds traded.

- Fixed income funds are valued at the closing price reported on the active market on which the individual funds traded.
- Fixed Income funds (MOA Trust) are valued at NAV of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability.
- International equity funds are valued at the closing price reported on the active market on which the individual funds traded.
- Municipal bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- Real estate funds are valued at NAV of units held. The NAV is used a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.
- Repurchase agreements are valued at the daily closing price as reported using the daily price quoted by the financial institution holding the investment for the Municipality.
- U.S. treasuries are valued at the closing price reported on the active market on which the individual securities traded.
- U.S. agencies are valued using pricing models maximizing the use of observable inputs for similar securities.
- U.S. Tips are valued at the closing price reported on the active market on which the individual securities traded.

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

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

The Municipality categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Municipality has the following recurring fair value measurements as of December 31, 2017:

Investment Type:	December 31, 2017	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Petty Cash	\$ 92,058		
Interim Rate Increase Escrow Money Market Account	27,250,254		
Central Treasury- Unrestricted			
Investments Measured at Fair Value			
Commercial Paper	1,535,603	-	1,535,603
U.S. Treasuries	121,706,339	121,706,339	-
U.S. Agencies	13,180,799	-	13,180,799
Asset-backed Securities	34,730,718	-	34,730,718
Corporate Securities	122,048,793	-	122,048,793
	293,202,252	121,706,339	171,495,913
Cash & Money Market Funds	37,673,284		
	37,673,284		
Total Central Treasury- Unrestricted	\$ 330,875,536		

Investment Type:	Fair Value Measurements Using		
	December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Central Treasury- Restricted			
Investments Measured at Fair Value			
Commercial Paper	\$ 99,654	\$ -	\$ 99,654
U.S. Treasuries	22,840,772	22,840,772	-
U.S. Agencies	21,909,848	-	21,909,848
Asset-backed Securities	2,253,879	-	2,253,879
Corporate Securities	7,920,460	-	7,920,459
	<u>55,024,613</u>	<u>22,840,772</u>	<u>32,183,840</u>
Cash & Money Market Funds	32,165,339		
	<u>32,165,339</u>		
Total Central Treasury- Restricted	<u>\$ 87,189,952</u>		
MOA Trust Fund			
Investments Measured at Fair Value			
Domestic Equities & Equity Funds	\$ 61,893,464	\$ 61,893,464	\$ -
International Equities & Equity Funds	43,854,986	43,854,986	-
	<u>105,748,450</u>	<u>105,748,450</u>	<u>-</u>
Investments Measured at Net Asset Value (NAV)			
Bank Loan Investments	4,874,716		
Fixed Income Funds	41,839,377		
Real Estate Funds	12,520,486		
	<u>59,234,579</u>		
Cash & Money Market Funds	36,298		
Total MOA Trust Fund	<u>\$ 165,019,327</u>		
Police & Fire Retiree Medical Trust Fund			
U.S. Treasuries	\$ 4,686,388	\$ 4,686,388	\$ -
U.S. Agencies	3,090,275	-	3,090,275
U.S. TIPS	245,911	245,911	-
Fixed Income Funds	1,206,518	1,206,518	-
Domestic Equity Funds	2,438,316	2,438,316	-
International Equity Funds	1,631,319	1,631,319	-
	<u>13,298,727</u>	<u>10,208,452</u>	<u>3,090,275</u>
Cash & Money Market Funds	724,108		
Certificates of Deposits	5,172,297		
Total Police & Fire Retiree Medical Trust Fund	<u>\$ 19,195,132</u>		
Police & Fire Retiree Medical Liability Fund			
Investments Measured at Fair Value			
Fixed Income Funds	\$ 8,834,090	\$ 8,834,090	\$ -
Domestic Equities & Equity Funds	14,878,396	14,878,396	-
International Equities & Equity Funds	9,803,927	9,803,927	-
	<u>33,516,413</u>	<u>33,516,413</u>	<u>-</u>
Investments Measured at Net Asset Value (NAV)			
Real Estate Funds	3,857,691		
Cash & Money Market Funds	13,505		
Total Police & Fire Retiree Medical Liability Fund	<u>\$ 37,387,609</u>		

Investment Type:	Fair Value Measurements Using		
	December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Police & Fire Retirement Pension Trust Fund			
Investments Measured at Fair Value			
Corporate Fixed Income Securities	\$ 79,017,599	\$ 11,316,916	\$ 67,700,683
Domestic Equities & Equity Funds	149,888,779	149,888,779	-
International Equities & Equity Funds	72,505,336	72,505,336	-
	<u>301,411,714</u>	<u>233,711,031</u>	<u>67,700,683</u>
Investments Measured at Net Asset Value (NAV)			
Real Estate Funds	39,665,639		
Cash & Money Market Funds	62,825,334		
Total Police & Fire Retiree Pension Trust Fund	<u>\$ 403,902,687</u>		
Asset Retirement Obligation Fund			
Investments Measured at Fair Value			
U.S. Fixed Income	\$ 8,220,807	\$ 3,818,364	\$ 4,402,443
U.S. TIPS	942,226	942,226	-
U.S. Large-Cap Equity	1,751,027	1,751,027	-
U.S. Mid-Cap Equity	265,692	265,692	-
U.S. Small-Cap Equity	261,154	261,154	-
International Developed Equity	657,596	657,596	-
Emerging Markets Equity	133,715	133,715	-
Real Estate	510,327	510,327	-
	<u>12,742,544</u>	<u>8,340,101</u>	<u>4,402,443</u>
Cash & Money Market Funds	456,333		
Total Asset Retirement Obligation Fund	<u>\$ 13,198,877</u>		
Anchorage Regional Landfill Post-Closure Liability Fund			
Investments Measured at Fair Value			
U.S. Fixed Income	\$ 32,361,903	\$ 30,356,890	\$ 2,005,013
	<u>32,361,903</u>	<u>30,356,890</u>	<u>2,005,013</u>
Cash & Money Market Funds	739,867		
Total Anchorage Regional Landfill Post-Closure Liability Fund	<u>\$ 33,101,770</u>		
HUD Section 108 Loan Program Investments			
Cash & Money Market Funds	\$ 7		
Total HUD Section 108 Loan Program Investments	<u>\$ 7</u>		
CIVICVentures Component Unit			
Investments Measured at Fair Value			
U.S. Agencies	\$ 4,827,354	\$ -	\$ 4,827,354
Corporate Fixed Income Securities	1,005,485	-	1,005,485
	<u>5,832,839</u>	<u>-</u>	<u>5,832,839</u>
Cash & Money Market Funds	7,351,798		
Total CIVICVentures Component Unit	<u>\$ 13,184,637</u>		
Total Cash and Investments	<u>\$ 1,130,397,846</u>		
Governmental Activities	\$ 409,878,346		
Business-Type Activities	297,398,814		
Fiduciary Funds	423,120,686		
	<u>\$ 1,130,397,846</u>		

The unfunded commitments and redemption information for the investments reported as NAV for December 31, 2017 are as follows:

Net Asset Value (NAV) Investments	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Note Period
MOA Trust Fund:				
Trumbull Property Fund	\$ 12,520,486	\$ -	Quarterly	60 days
FIAM Core Plus LLC	41,839,377	-	Daily	5 Days
Western Asset Floating Rate High Income Fund	4,874,716	-	Daily	same day
	<u>\$ 59,234,579</u>			
Police & Fire Retiree Medical Liability Fund:				
Trumbull Property Fund	\$ 3,857,691	\$ -	Quarterly	60 days
Police & Fire Retirement Pension Trust Fund:				
AgriVest Farmland Fund	\$ 14,745,764	\$ -	Quarterly	60 days
Trumbull Property Fund	11,476,750	-	Quarterly	60 days
Trumbull Property Income Fund	13,443,125	-	Quarterly	60 days
	<u>\$ 39,665,639</u>			

M. 49th 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 five main investing funds: 1) Alaska Opportunity Fund, 2) Alaska Accelerator Fund, 3) 49th Angel Fund, 4) Anchorage Equity Partners No. 1, and 5) Anchorage Equity Partners No.2, who in turn, administer smaller distributions directly to the Anchorage area small businesses. The fair value of investments in these five funds are calculated using Net Asset Value (NAV) or its equivalent derived from various financial documents provided to the Municipality on an annual basis. The fair value using NAV or its equivalent for the year ended December 31, 2017 for the five investments is as follows:

Investments Measured at the Net Asset Value (NAV)	
Alaska Opportunity Fund	\$ 1,690,366
Alaska Accelerator Fund	1,050,220
49th Angel Fund	575,000
Anchorage Equity Partner No. 1	900,335
Anchorage Equity Partner No. 2	534,744
Total Investments Measured at NAV	<u>\$ 4,750,665</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. Adjustments in fair value are recognized at year end as unrealized gains and losses. In 2016, the Alaska Opportunity Fund fair value was calculated using unaudited financial statements. In 2017 during the calculation of fair value for the Anchorage Opportunity Fund using the Internal Revenue Service's form K-1, it was noted that the beginning balance on the form K-1 was more than the 2016 unaudited financial statements by \$18,693. This amount is not material to the financial statements and was included in the unrealized gain for the Anchorage Opportunity Fund. The net unrealized gains and losses as a result of changes in the capital accounts for all five investment funds as of December 31, 2017 was a \$9,071 unrealized loss.

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 49th State Angel Fund program, redemption periods for these investments are not determinable. The funds are invested in start-up and existing small businesses, and as long as the businesses are still operating, the investments will not be redeemed. At such time as the business either succeeds or fails, the redemption will either result in a return of original investment with a potential gain if the

business is a success, or a write-off of the original investment as a loss if the business fails. The unfunded commitments and redemption information for the five investing funds for December 31, 2017 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Alaska Opportunity Fund	\$ 1,690,366	\$ 68,500	nondeterminable	N/A
Alaska Accelerator Fund	1,050,220	42,125	nondeterminable	N/A
49th Angel Fund	575,000	1,650,000	nondeterminable	N/A
Anchorage Equity Partner No. 1	900,335	1,893,103	nondeterminable	N/A
Anchorage Equity Partner No. 2	534,744	1,156,897	nondeterminable	N/A
Total Investments Measured at NAV	<u>\$ 4,750,665</u>	<u>\$ 4,810,625</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, 2017:

	Governmental Activities	Business-type Activities	Total
Current:			
Property taxes	\$ 12,854,271	\$ -	\$ 12,854,271
Accomodations taxes	3,533,798	-	3,533,798
Unbilled reimbursable projects	-	201,548	201,548
Special assessments receivable	3,513,017	157,088	3,670,105
Trade accounts, including internal service funds	13,409,766	33,935,728	47,345,494
Total accounts receivable	<u>33,310,852</u>	<u>34,294,364</u>	<u>67,605,216</u>
Allowance for uncollectible accounts	(4,448,461)	(644,649)	(5,093,110)
Total Accounts Receivable, net	<u>28,862,391</u>	<u>33,649,715</u>	<u>62,512,106</u>
Noncurrent:			
HUD loans (including section 108)	3,034,174	-	3,034,174
Total Loans, net	<u>\$ 3,034,174</u>	<u>\$ -</u>	<u>\$ 3,034,174</u>

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

NOTE 5 - CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended December 31, 2017, was as follows (in thousands):

	Beginning Balance December 31, 2016	Increase	Decrease	Ending Balance December 31, 2017
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,261,309	\$ 2,523	\$ (1,838)	1,261,994
Artwork	20,124	542	-	20,666
Construction Work-in-Progress	104,398	76,612	(143,960)	37,050
Infrastructure	1,456,981	3,409	-	1,460,390
Total Capital Assets, Not Being Depreciated	<u>2,842,812</u>	<u>83,086</u>	<u>(145,798)</u>	<u>2,780,100</u>
Capital Assets, Being Depreciated				
Buildings & Improvements	698,301	68,819	-	767,120
Equipment	263,560	24,147	(1,174)	286,533
Infrastructure	535,075	5,592	(546)	540,121
Intangible ERP	-	78,106	-	78,106
Total Capital Assets, Being Depreciated	<u>1,496,936</u>	<u>176,664</u>	<u>(1,720)</u>	<u>1,671,880</u>

	Beginning Balance		Ending Balance	
	December 31, 2016	Increase	Decrease	December 31, 2017
Less Accumulated Depreciation for:				
Buildings & Improvements	\$ 426,823	\$ 17,963	\$ -	\$ 444,786
Equipment	212,659	16,675	(416)	228,918
Infrastructure	292,342	10,397	(481)	302,258
Total Accumulated Depreciation	931,824	45,035	(897)	975,962
Total Capital Assets, Being Depreciated, Net	565,112	131,629	(823)	695,918
Total Governmental Activities, Net	\$ 3,407,924	\$ 214,715	\$ (146,621)	\$ 3,476,018

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

	Beginning Balance		Ending Balance	
	December 31, 2016	Increase	Decrease	December 31, 2017
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land and Property held for future use	\$ 67,500	\$ 218	\$ -	\$ 67,718
Construction Work-in-Progress ¹	58,481	108,022	(80,596)	85,907
Total Capital Assets, Not Being Depreciated	125,981	108,240	(80,596)	153,625
Capital Assets, Being Depreciated:				
Distribution and Collection Systems, Infrastructure	2,593,015	72,519	(7,640)	2,657,894
Buildings and Improvements	670,681	11,275	(4,394)	677,562
Total Capital Assets, Being Depreciated	3,263,696	83,794	(12,034)	3,335,456
Less Accumulated Depreciation for:				
Distribution and Collection Systems, Infrastructure	1,017,727	69,350	(7,825)	1,079,252
Buildings and Improvements	215,276	20,442	(4,208)	231,510
Total Accumulated Depreciation	1,233,003	89,792	(12,033)	1,310,762
Total Capital Assets, Being Depreciated, Net	2,030,693	(5,998)	(1)	2,024,694
Total Business-Type Activities, Net	\$ 2,156,674	\$ 102,242	\$ (80,597)	\$ 2,178,319

¹Included in Construction Work-in-Progress are retirement assets as follows:

Construction Work-in-Progress	\$ 185	\$ 649	\$ (65)	\$ 769
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In accordance with the requirements of FERC, disposals of retirement assets are not placed in service, rather they are reported as reductions from accumulated depreciation.

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

Governmental Activities:	
General Government	\$ 6,724
Fire Services	5,063
Police Services	2,185
Health and Human Services	1,114
Economic & Community Development	15,962
Public Transportation	3,565
Public Works	9,318
Maintenance and Operations	1,104
Total Governmental Activities	\$ 45,035

Business-Type Activities:	
Electric	\$ 32,454
Water	10,599
Wastewater	8,577
Refuse	970
Solid Waste	4,250
Port	7,254
Municipal Airport	2,659
Total Business-Type Activities	<u>66,763</u>
Depreciation offset by amortization of regulatory liability- contributed plant	
	23,029
Gross increase in accumulated depreciation	<u>\$ 89,792</u>

The 2017 Utility construction budgets are \$42,764, \$11,000 and \$10,000 for Electric, Water, and Wastewater, respectively (in thousands).

Contractual Commitments

The Electric Utility has purchase commitments to contractors and suppliers at December 31, 2017 of approximately \$7 million. Those commitments are for contracts, materials and services related to construction of the Electric Utility's generation and distribution system assets, regulatory filings and contracted billing services. Construction of plant assets is financed with contributions in aid of construction and Electric Utility equity, and operating commitments are financed with Electric Utility revenues.

B. Discretely Presented Component Units – Anchorage School District

Capital asset activity for the fiscal year ended June 30, 2017 is as follows (in thousands):

	Beginning Balance July 1, 2016	Increase	Decrease	Ending Balance June 30, 2017
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 42,357	\$ -	\$ -	\$ 42,357
Construction in Progress	1,020	58,771	(58,968)	823
Total Capital Assets not Being Depreciated	<u>43,377</u>	<u>58,771</u>	<u>(58,968)</u>	<u>43,180</u>
Capital Assets Being Depreciated:				
Land Improvements	70,142	475	-	70,617
Buildings and Equipment	1,775,046	59,992	(6,456)	1,828,582
Pupil Transportation	20,159	471	-	20,630
Total Capital Assets Being Depreciated	<u>1,865,347</u>	<u>60,938</u>	<u>(6,456)</u>	<u>1,919,829</u>
Less Accumulated Depreciation For:				
Land Improvements	45,483	1,925	-	47,408
Buildings and Equipment	576,414	41,524	(3,861)	614,077
Pupil Transportation	8,698	888	-	9,586
Total Accumulated Depreciation	<u>630,595</u>	<u>44,337</u>	<u>(3,861)</u>	<u>671,071</u>
Total Capital Assets, Being Depreciated, Net	<u>1,234,752</u>	<u>16,601</u>	<u>(2,595)</u>	<u>1,248,758</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,278,129</u>	<u>\$ 75,372</u>	<u>\$ (61,563)</u>	<u>\$ 1,291,938</u>

C. Discretely Presented Component Units – Anchorage Community Development Authority

Capital asset activity for the year ended December 31, 2017 is as follows (in thousands):

	Beginning Balance December 31, 2016	Increase	Decrease	Ending Balance December 31, 2017
Business Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 11,059	\$ -	\$ -	\$ 11,059
Total Capital Assets not Being Depreciated	<u>11,059</u>	<u>-</u>	<u>-</u>	<u>11,059</u>

	Beginning Balance			Ending Balance	
	December 31, 2016	Increase	Decrease	December 31, 2017	
Capital Assets Being Depreciated					
Parking Garages	\$ 45,281	\$ 1,720	\$ -	\$ 47,001	
Lot Improvements	687	-	-	687	
Furniture and Fixtures	103	-	-	103	
Equipment and Vehicles	3,449	74	-	3,523	
Parking meters	1,364	-	-	1,364	
Total Capital Assets Being Depreciated	50,884	1,794	-	52,678	
Less Accumulated Depreciation For					
Parking Garages	31,115	2,297	-	33,412	
Lot Improvements	678	8	-	686	
Furniture and Fixtures	100	1	-	101	
Equipment and Vehicles	3,147	152	-	3,299	
Parking meters	1,052	220	-	1,272	
Total Accumulated Depreciation Net	36,092	2,678	-	38,770	
Total Capital Assets, Being Depreciated, Net	14,792	(884)	-	13,908	
Business Type Activities Capital Assets, Net	\$ 25,851	\$ (884)	\$ -	\$ 24,967	

NOTE 6 - PORT OF ALASKA MODERNIZATION PROJECT

The Port of Alaska serves 87 percent of the State of Alaska's population and is one of only 23 designated Department of Defense Strategic Seaports. In an effort to ensure the continued and safe operations of all lines of business at the Port, the Municipality has embarked on a project to modernize the infrastructure at the Port. In 2015, the work on this project continued in the design phase. The existing marine terminals have reached the end of their design life and suffer from severe corrosion on the wharf piling. This project is slated to replace two general cargo terminals and two petroleum terminals to ensure infrastructure resilience and to accommodate expected growth in core business lines over a 75 year life cycle. The project, upon completion, will enable the Port to accommodate larger ships in the future by allowing for a harbor depth increase from 35 feet to 45 feet. In an effort to modernize the container business at the Port, three new container cranes with the ability to reach across vessels from 9 containers wide to 14 containers wide are being planned. The current funding for this project is through reimbursable grants from the State of Alaska.

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	\$ 44,910
Roads & Drainage Capital Projects Fund	22,796,762
Nonmajor Governmental Funds	12,789,950
Nonmajor Enterprise Funds	5,868,487
Internal Service Funds	13,833,868
Total Interfund Payable to General Fund	<u>55,333,977</u>
Interfund Payable to Nonmajor Governmental Funds from:	
Roads & Drainage Capital Projects Fund	252,675
Nonmajor Governmental Funds	1,069,409
Internal Service Funds	85,000
Total Interfund Payable to Nonmajor Governmental Funds	<u>1,407,084</u>
Total Interfund Payables	<u>\$ 56,741,061</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, 2017 were as follows:

Advances from General Fund to Nonmajor Governmental Funds for Capital Assets	\$ 803,266
Advances from Nonmajor Governmental Funds to Internal Service Funds for Capital Assets	1,275,000
Advances from Internal Services Funds to Roads & Drainage Capital Projects Fund for Capital Assets	<u>226,369</u>
Total Advances Receivable	<u><u>\$ 2,304,635</u></u>

B. Interfund Transfers

A summary of interfund transfers is as follows:

From General Fund to:	
Capital Projects Roads and Drainage Fund for Capital Assets	\$ 3,723,580
Nonmajor Governmental Funds for Debt Service	579,884
Nonmajor Governmental Funds for Grant Matching	815,836
Nonmajor Governmental Funds to Fund Pension Liability	969,532
Nonmajor Governmental Funds for Capital Assets	8,931,116
Internal Service Funds	<u>134,273</u>
Total Transfers from General Fund	<u>15,154,221</u>
From MOA Trust Fund to:	
General Fund for Annual Operating Subsidy	6,000,000
From Capital Projects Roads and Drainage Fund to:	
Nonmajor Governmental Funds for Debt Service	240,520
From Nonmajor Governmental Funds to:	
Nonmajor Governmental Funds for Capital Assets	320,707
Nonmajor Governmental Funds for Debt Service	<u>6,089,471</u>
Total Transfers from Nonmajor Governmental Funds	<u>6,410,178</u>
From Electric Utility Fund to:	
General Fund for Annual Revenue Distribution	9,331,662
From Water Utility Fund to:	
General Fund for Annual Revenue Distribution	7,991,023
From Wastewater Utility Fund to:	
General Fund for Annual Revenue Distribution	6,003,654
Internal Services Fund for Capital Assets	<u>40,000</u>
Total Transfers from Wastewater Utility Fund	<u>6,043,654</u>
From Port Fund to:	
General Fund for Annual Revenue Distribution	2,020,440
From Nonmajor Enterprise Funds to:	
General Fund for Annual Revenue Distribution	2,949,071
Port Fund for Capital Assets	<u>81,500</u>
Total Transfers from Nonmajor Enterprise Funds	<u>3,030,571</u>
From Internal Service Funds to:	
Water Utility Fund for Capital Assets	3,500
Wastewater Utility Fund for Capital Assets	<u>3,500</u>
Total Transfers from Internal Service Funds	<u>7,000</u>
Total Transfers	<u><u>\$ 56,229,269</u></u>

NOTE 8 - LEASE AGREEMENTS

A. Operating Leases (Municipality as Lessee)

The Municipality has entered into several operating leases for the use of real estate. The annual rental payments of these lease commitments over their remaining terms are as follows (in thousands):

	Governmental Activities	Business Type Activities
Years:		
2018	\$ 4,783	\$ 18
2019	4,701	18
2020	4,322	18
2021	4,185	18
2022	4,070	-
2023-2027	12,251	-
Totals	<u>\$ 34,312</u>	<u>\$ 72</u>

B. Capital Leases (Municipality as Lessee)

The Municipality has entered into revolving Master Tax-Exempt Lease/Purchase agreements with Key Bank and Sun Life Trust to finance various capital expenditures. The capitalized leases in place at year end have financed \$49,128,138 of information technology equipment and software, all of which is currently in service or being installed. The underlying net book value of the assets are \$78,105,833. As of December 31, 2017, all of the outstanding principal balance is recorded in the internal service funds.

The Municipality entered into a Master Tax-Exempt Lease/Purchase agreement with Key Bank for the purchase of Automated Material Handling System for the Library, which is currently in service as of December 31, 2017. The outstanding balance of \$413,243 is recorded in the Governmental Activities.

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

	Governmental Activities		
	Principal	Interest	Total
Years:			
2018	\$ 8,419	\$ 1,136	\$ 9,555
2019	9,370	1,049	10,419
2020	7,916	810	8,726
2021	6,974	603	7,577
2022	6,517	413	6,930
2023-2027	10,346	335	10,681
	<u>\$ 49,542</u>	<u>\$ 4,346</u>	<u>\$ 53,888</u>

C. Operating Leases (Municipality as Lessor)

The Municipality has leased to third parties parcels of 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 parcels for industrial purposes tied to the port or airport. Generally, the property leased is land only and improvements built on the leased parcels are done at the expense of the lessee(s). Future minimum rents scheduled for these agreements are as follows (in thousands):

	Port of Anchorage	Merrill Field Airport
Years:		
2018	\$ 4,363	\$ 738
2019	4,378	738
2020	4,410	722
2021	1,185	701
2022	1,185	629
2023-2027	5,858	2,822

Years:	Port of Anchorage	Merrill Field Airport
2028-2032	\$ 3,723	\$ 2,651
2033-2037	3,169	2,651
2038-2042	1,439	2,170
2043-2047	1,298	1,269
2048-2052	-	493
2053-2057	-	43
Totals	<u>\$ 31,008</u>	<u>\$ 15,627</u>
Lease revenue for 2017	<u>\$ 4,344</u>	<u>\$ 702</u>
Carrying value of leased assets:		
Original cost	\$ 15,879	\$ 2,600
Accumulated depreciation	5,539	-
Net Book Value	<u>\$ 10,340</u>	<u>\$ 2,600</u>

NOTE 9 - SHORT-TERM OBLIGATIONS

A. Tax Anticipation Notes

On April 14, 2017, the Municipality issued tax anticipation notes in the General Fund with a face value of \$98,000,000. 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, 2017 was as follows (in thousands):

	Beginning Balance January 1, 2017	Issued	Redeemed	Ending Balance December 31, 2017
Tax Anticipation Notes	\$ -	\$ 98,000,000	\$ 98,000,000	\$ -

NOTE 10 – LONG TERM OBLIGATIONS

A. Changes in Long-Term Liabilities

Long-term liability activity, net of related premium and discount amortizations, for the year ended December 31, 2017, was as follows (in thousands):

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 474,668	\$ -	\$ (40,083)	\$ 434,585	\$ 38,655
CIVICVentures Revenue Bonds	98,417	-	(2,230)	96,187	2,080
Certificates of Participation	-	58,675	-	58,675	-
Capital Leases	33,185	21,772	(5,416)	49,541	8,419
Long-Term Contracts	4,032	-	(154)	3,878	130
Total Debt Payable	<u>610,302</u>	<u>80,447</u>	<u>(47,883)</u>	<u>642,866</u>	<u>49,284</u>
Compensated Absences	24,378	18,057	(14,561)	27,874	18,772
Net Pension Liability	446,496	-	(126,242)	320,254	-
Pollution Remediation	3,280	70	(102)	3,248	71
Claims Payable and IBNR	34,354	49,187	(54,710)	28,831	23,428
Total Governmental Activities	<u>\$ 1,118,810</u>	<u>\$ 147,761</u>	<u>\$ (243,498)</u>	<u>\$ 1,023,073</u>	<u>\$ 91,555</u>

Business-type Activities:

Revenue Bonds	\$ 524,307	\$ 225,633	\$ (180,932)	\$ 569,008	\$ 11,455
Long-Term Contracts	244,577	199,940	(62,318)	382,199	16,169
Port Note Payable	40,000	-	-	40,000	-
Port Road Obligation	1,815	-	(13)	1,802	-
Total Debt Payable	810,699	425,573	(243,263)	993,009	27,624
Compensated Absences	6,589	6,044	(5,805)	6,828	5,635
Net Pension Liability	62,883	-	(12,630)	50,253	-
Asset Retirement Obligation	15,135	689	-	15,824	-
Pollution Remediation	1,437	172	(263)	1,346	602
Landfill Closure Liability	32,408	489	-	32,897	-
Total Business-type Activities	\$ 929,151	\$ 432,967	\$ (261,961)	\$ 1,100,157	\$ 33,861

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

B. General Obligation Bonds

The Municipality issues general obligation (GO) bonds to provide funds for capital acquisition and construction. GO bonds are direct obligations and pledge the full faith and credit of the government. They are generally issued as 20-year serial bonds with principal and interest payments due each year. The Municipality did not issue any new GO Bonds in 2017. As of December 31, 2017, the Municipality reported total outstanding general obligation bonds in the amount of \$392,325,000.

Description	Amount Outstanding
\$32,245,000 2007A General Obligation General Purpose Refunding Bonds due in annual installments of \$130,000 to \$6,605,000 through 2023, interest rate from 4.00% to 4.25%. The issue is for the purpose of refunding a portion of 2002A and all of 2003A.	\$ 22,265
\$58,005,000 2008A General Obligation General Purpose Bonds due in annual installments of \$1,245,000 to \$4,600,000 through 2028, interest rate from 4.00% to 5.125%. The issue is for the purpose of general capital projects within the Municipality. This bond was partially refunded in 2015, with remaining annual installments due through 2018.	2,835
\$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.	40,795
\$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.	3,600
\$28,390,000 2011A General Obligation General Purpose Bonds due in annual installments of \$855,000 to \$2,015,000 through 2031, interest rate from 2.00% to 4.125%. The issue is for the purpose of general capital projects within the Municipality.	22,060
\$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.	20,035
\$30,215,000 2012B General Obligation General Purpose Refunding Bonds due in annual installments of \$1,925,000 to \$8,425,000 through 2018, interest rate from 2.00% to 5.00%. The issue is for the purpose of refunding the remainder of 2002A.	4,535

Description	Amount Outstanding
\$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.	\$ 36,005
\$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.	65,285
\$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.	46,075
\$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.	103,965
\$24,870,000 2016A General Obligation General Purpose Bonds due in annual installments of \$865,000 to \$1,875,000 through 2036, interest rate from 3.00% to 5.00%. The issue was for the purpose of general capital projects within the Municipality.	24,870
Total General Obligation Debt	\$ 392,325

ASD GO bonds are reported as obligations of the component unit since they are expected to be repaid from ASD revenues; such amounts total \$541,595,000 at June 30, 2017. 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 did not issue new GO Refunding debt in 2017. Refunding debt is discussed in detail in Section G.

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

	Governmental Activities		
	Principal	Interest	Total
Years:			
2018	\$ 38,655	\$ 18,481	\$ 57,136
2019	38,360	16,694	55,054
2020	39,715	14,928	54,643
2021	31,885	13,028	44,913
2022	28,815	11,634	40,449
2023-2027	126,020	38,057	164,077
2028-2032	65,495	13,634	79,129
2033-2036	23,380	2,146	25,526
Subtotal	392,325	128,602	520,927
Add unamortized premiums/(discounts), net	42,260	-	42,260
Total	\$ 434,585	\$ 128,602	\$ 563,187

C. Revenue Bonds

CIVICVentures Revenue Bonds

In August 2015, CIVICVentures, a blended component unit, issued \$93,790,000 in Tax-exempt, Non-recourse Revenue Refunding Bonds to finance the acquisition of land and construction of a new civic and convention center. Revenues pledged to pay the debt are those revenues identified in the Indenture of Trust between CIVICVentures and U.S. Bank National Association, consisting of Hotel, Motel, and Bed and Breakfast room taxes collected and remitted pursuant to agreement, by the Municipality. In the event room tax collections are not sufficient to pay the debt, the Municipality is not obligated in any way to pay the debt on behalf of CIVICVentures.

Principal and interest paid for the current year, total hotel and motel tax revenues, and related investment income were \$6,091,500, \$6,089,471, and \$110,036, respectively.

The bond payments are due in annual installments ranging annually from \$1,790,000 to \$6,715,000 through 2038, with interest rates ranging between 3.75 percent and 5 percent. As of December 31, 2017, the Municipality reported as blended total outstanding tax-exempt non-recourse Revenue Bonds in the amount of \$90,065,000.

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

Years:	CIVICVentures		
	Principal	Interest	Total
2018	\$ 2,080	\$ 4,098	\$ 6,178
2019	2,240	4,015	6,255
2020	2,405	3,926	6,331
2021	2,580	3,829	6,409
2022	2,790	3,700	6,490
2023-2027	17,600	16,179	33,779
2028-2032	23,780	11,142	34,922
2033-2037	29,875	5,052	34,927
2038	6,715	270	6,985
Total	90,065	52,211	142,276
Add unamortized premiums/(discounts), net	6,122	-	6,122
Total	\$ 96,187	\$ 52,211	\$ 148,398

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 remaining to be paid on the bonds is \$323,370,000. Principal and interest paid for the current year and total customer net revenues were \$22,717,731 and \$67,773,790, respectively.

Water Utility

The Water Utility has pledged future water customer revenues, net of specified operating expenses, to repay water utility revenue bonds. Proceeds from the bonds provided financing for construction and other capital improvements. The bonds are payable solely from water customer net revenues and are payable through 2047. The total principal remaining to be paid on the bonds is \$112,575,000. Principal and interest paid for the current year and total customer net revenues were \$6,438,293 and \$25,137,301, 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 remaining to be paid on the bonds is \$84,895,000. Principal and interest paid for the current year and total customer net revenues were \$2,332,359 and \$21,446,850, respectively.

As of December 31, 2017, the Municipality reported total outstanding Utility Revenue bonds in the amount of \$520,840,000. The details of those bonds are as follows (in thousands):

Description	Amount Outstanding
<u>Electric Utility</u>	
\$109,350,000 2005 Electric Senior Lien Revenue Bonds due in annual installments of between \$105,000 and \$11,100,000 through 2026, interest rate from 3.00% to 5.13%.	\$ 17,565
\$15,240,000 2009 Electric Senior Lien Revenue Bonds due in annual installments of between \$1,265,000 and \$3,050,000 through 2024, interest rate from 4.00% to 5.00%.	15,240
\$114,760,000 2009 Electric Senior Lien Revenue Bonds (BABS) due in annual installments of between \$1,925,000 and \$10,350,000 through 2039, interest rate from 5.88% to 6.56%. The United States Treasury will provide a subsidy to the Electric Utility in the amount of 35% of the annual interest payment.	114,760
\$180,575,000 2014A Electric Senior Lien Revenue Bonds due in annual installments of between \$2,390,000 to \$11,140,000 through 2044, interest rate from 3.00% to 5.00%. A portion of the proceeds were used to refund the remainder of 1996 and a portion of 2005A.	175,805
Total Electric Utility Outstanding	<u>323,370</u>
<u>Water Utility</u>	
\$10,000,000 2017 Water Series A Revenue Bonds, due in annual installments of \$1,000,000 through 2027, interest rate of 1.86%.	10,000
\$88,660,000 2017 Water Series B Revenue and Refunding Bonds, due in annual installments of \$545,000 to \$7,590,000 through 2047, interest rate from 3.00% to 5.00%	88,660
\$13,915,000 2017 Water Series C Revenue Refunding Bonds due in annual installments of \$2,205,000 to \$2,480,000 through 2023, interest rate from 1.432% to 2.45%.	13,915
Total Water Utility Outstanding	<u>112,575</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 1.86%.	20,000
\$64,895,000 2017 Wastewater Series B Revenue and Refunding Bonds, due in annual installments of \$565,000 to \$5,255,000 through 2047, interest rate from 3.00% to 5.00%	64,895
Total Wastewater Utility Outstanding	<u>84,895</u>
Total Utility Revenue Bonds Outstanding	<u>\$ 520,840</u>

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

Years:	Business-Type Activities		
	Principal	Interest	Total
2018	\$ 14,455	\$ 26,210	\$ 40,665
2019	14,650	25,137	39,787
2020	15,080	24,640	39,720
2021	15,560	24,130	39,690
2022	16,390	23,576	39,966
2023-2027	93,790	106,597	200,387
2028-2032	108,865	81,281	190,146
2033-2037	138,040	47,986	186,026
2038-2042	73,545	16,122	89,667
2043-2047	30,465	2,439	32,904
Subtotal	<u>520,840</u>	<u>378,118</u>	<u>898,958</u>
Add: unamortized premiums/discounts, net	48,168	-	48,168
Total	<u>\$ 569,008</u>	<u>\$ 378,118</u>	<u>\$ 947,126</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 \$120,000 to \$285,000, with an interest rate between 1.25 percent and

5.00 percent. As of December 31, 2017, the Municipality reported an outstanding balance on this bond of \$3,370,000.

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

Years:	Governmental Activities		
	Principal	Interest	Total
2018	\$ 130	\$ 167	\$ 297
2019	140	162	302
2020	145	155	300
2021	150	148	298
2022	160	140	300
2023-2027	920	573	1,493
2028-2032	1,170	320	1,490
2033-2037	555	42	597
Subtotal	3,370	1,707	5,077
Add unamortized bond premiums net	508	-	508
Total	\$ 3,878	\$ 1,707	\$ 5,585

D. Certificates of Participation

On December 7, 2017, the Municipality issued \$58,675,000 of Certificates of Participation (COP), 2017 Series A (Taxable) Bonds, for the Police and Fire Retirement Pension Trust Fund. Proceeds from the sale were used to pay for certain unfunded pension liabilities for the Police and Fire Retirement Pension Trust. The four properties attached to the COP are ZJ Loussac Library, Fire Station No. 1, Fire Station No. 3, and APD Training Center/Diamond Data Center.

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

Years:	Governmental Activities		
	Principal	Interest	Total
2018	\$ -	\$ -	\$ -
2019	2,555	2,885	5,440
2020	3,605	1,827	5,432
2021	3,695	1,738	5,433
2022	3,790	1,641	5,431
2023-2027	20,680	6,463	27,143
2028-2032	24,350	2,753	27,103
Total	\$ 58,675	\$ 17,307	\$ 75,982

E. Notes and Contracts

Electric Utility Commercial Bank Loan Agreement

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

In April 2015, the Electric Utility redeemed all outstanding commercial paper and entered into a short-term borrowing agreement with Wells Fargo Municipal Capital Strategies, LLC, herein referred to as the Direct Drawdown Purchase Program (DDPP). This borrowing program continued to fulfill the purpose of the Commercial Paper program, but at a lower aggregate fee and interest cost to the Electric Utility over the life of the program. The DDPP was used by the Electric Utility to complete construction of Generation Plant 2A. At December 31, 2016 the outstanding balance of DDPP notes payable was \$181,000,000. On November 30, 2017 the loan term was extended to November 29, 2019. At December 31, 2017 the balance was \$191,900,000 and reclassified as long-term notes payable on the Utility's Statement of Net Position, as the principal is not expected to be paid within one year.

Water Utility Commercial Bank Loan Agreement

In March 2013, the Water Utility entered into a Loan Agreement for up to \$75,000,000 with a commercial bank. In May 2015, the Water Utility reduced the commitment under the Loan Agreement to \$40,000,000. In 2017, the Water Utility amended the commitment under the Loan Agreement to \$20,000,000 and extended the lending term. The Water Utility obtained additional loans of \$11,500,000 in 2017 through this agreement to bring the loan balance to \$11,500,600 for 2017. Under the terms of the Loan Agreement, the Water Utility pays fees quarterly of 0.5 percent per annum based upon the amount of the amount authorized, but not drawn, loan amount calculated on a weekly basis. The interest rate on the loan varies. As of December 2017, the interest rate for the loan was 2.21 percent; 1.71 percent APR plus a 0.5 percent lender margin.

Wastewater Utility Commercial Bank Loan Agreement

In March 2013, the Wastewater Utility entered into a Loan Agreement for up to \$75,000,000 with a commercial bank. In May 2015, the Wastewater Utility reduced the commitment under the Loan Agreement to \$40,000,000. In 2017, the Wastewater Utility amended the commitment under the Loan Agreement to \$20,000,000 and extended the lending term. The Wastewater Utility obtained additional loans of \$4,500,000 in 2017 through this agreement to bring the loan balance to \$4,500,000 for 2017. Under the terms of the Loan Agreement, the Wastewater Utility pays fees quarterly of 0.5 percent per annum based upon the amount of the amount authorized, but not drawn, loan amount calculated on a weekly basis. The interest rate on the loan varies. As of December 2017, the interest rate for the loan was 2.21 percent, 1.71 percent APR plus a 0.5 percent lender margin.

Port Revolving Credit Agreement

In June 2013, the Port entered into a \$40,000,000 Revolving Credit Agreement (Agreement) with a commercial bank. A draw in the amount of \$40,000,000 under the Agreement on June 24, 2013 was used to refinance the Port's outstanding commercial paper notes. The original Agreement was for a three year term, coming due on June 30, 2016. On June 20, 2016, the Port entered into an extension to the Agreement, which extended the due date to June 30, 2019. The Port financial statements continue to show the Agreement as a non-current liability. The outstanding balance under the Agreement as of December 31, 2017 was \$40,000,000.

State of Alaska Clean Water and Drinking Water Loans

The Municipality has various clean water and drinking water fund loans in its Solid Waste, Water, and Wastewater Utilities from the State of Alaska. The Municipality reported a total outstanding balance on all these loans of \$174,298,721 on December 31, 2017.

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

Years:	Business-Type Activities		
	Principal	Interest	Total
2018	\$ 13,169	\$ 2,787	\$ 15,956
2019	261,989	2,368	264,357
2020	14,072	2,122	16,194
2021	13,630	1,915	15,545
2022	12,548	1,715	14,263
2023-2027	59,068	5,886	64,954
2028-2032	34,079	2,090	36,169
2033-2037	12,928	469	13,397
2038-2042	716	6	722
Total	\$ 422,199	\$ 19,358	\$ 441,557

F. Bonds Authorized But Unissued

At December 31, 2017, 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
Anchorage Roads & Drainage	April 2015	None	17,030	4,750	12,280
	April 2016	None	36,585	-	36,585
	April 2017	None	36,940	-	36,940
Area Wide Transportation Capital Improvement	April 2012	None	548	290	258
	April 2014	None	573	15	558
	April 2015	None	250	10	240
Public Safety- Areawide	April 2013	None	525	15	510
Public Safety- EMS	April 2013	None	2,095	920	1,175
Public Safety- Areawide	April 2014	None	700	115	585
Public Safety- Areawide	April 2015	None	5,990	1,620	4,370
Public Safety- EMS	April 2015	None	520	-	520
Public Safety- Areawide	April 2016	None	3,065	-	3,065
Anchorage Police	April 2016	None	3,800	-	3,800
	April 2017	None	1,400	-	1,400
Anchorage Fire	April 2016	None	1,050	-	1,050
	April 2017	None	2,620	-	2,620
					\$ 112,981

In 2017, the Municipality voters approved the issuance of \$44,625,000 in area wide, road and drainage, public-safety, fire protection, and parks and recreation bonds.

G. Refunded Bond Issues

The Municipality did not issue any General Purpose Refunding Bonds in 2017.

Water Utility Refunding Bonds

In October 2017, the Water Utility issued 2017 Series B and C Water Revenue Refunding bonds, with a face value of \$102,575,000 plus a premium of \$17,401,928. Proceeds of the issuance were used to advance refund outstanding Water revenue bonds and notes. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the debt service payment on the refunded debt. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The Water Utility completed the refunding to reduce its total debt service payments over the next 20 years by \$25,703,404, which represents an economic gain (the difference between the present value of the old debt and the new debt service payments) of \$16,800,362.

Wastewater Utility Refunding Bonds

In October 2017, the Wastewater Utility issued 2017 Series B Wastewater Revenue Refunding bonds, with a face value of \$64,895,000 plus a premium of \$12,521,287. Proceeds of the issuance were used to advance refund outstanding Wastewater revenue bonds and notes. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the debt service payment on the refunded debt. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The Wastewater Utility completed the refunding to reduce its total debt service payments over the next 20 years by \$17,861,687, which represents an economic gain (the difference between the present value of the old debt and the new debt service payments) of \$11,324,814.

ASD Refunding Bonds

In the fiscal year ended June 30, 2017, ASD issued \$41,960,000 of general obligation refunding school bonds to refund \$45,265,000 of general obligation school bonds, resulting in a decrease of \$4,444,132 in total debt service. The economic gain of this refunding is \$4,297,132.

H. 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, 2017, the defeased balance of general obligation and revenue bonds remaining to be paid by the escrow agent was \$37,255,000 for the general government. ASD has defeased \$161,870,000 of bonds at June 30, 2017.

I. Electric Utility Asset Retirement Obligation

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

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

On April 22, 2016, the Electric Utility purchased 70 percent of CPAI's one-third interest in the BRU. At that time a revised estimate was made of the life of the gas field. The Electric Utility's obligation for an ARO was adjusted for the increased liability and changes in estimated life and discount rate. A schedule of changes in the ARO balance for the years ending December 31, 2017 is as follows:

Assets to be Retired:	
Fair Value of Assets Legally Restricted to Pay the Liability	\$ 13,198,877
Beginning Asset Retirement Obligation	\$ 15,135,086
Current year additions to the liability balance	-
Current year accretion	688,646
Change in assumptions or cash flow revisions	-
Ending Asset Retirement Obligation	<u>\$ 15,823,732</u>

As of December 2017, the Electric Utility recognized total asset retirement obligation of \$15,832,732. Because the Electric Utility follows regulated reporting for rate-making purposes, this increase in the liability was offset to a regulatory asset; therefore, having no effect on the current year operating expenses.

J. ASD Debt

The following is a summary of long-term ASD debt transactions for fiscal year ended June 30, 2017 (in thousands):

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amount Due within 1 year
General Obligation Bonds	\$ 581,075	\$ 62,230	\$ 101,710	\$ 541,595	\$ 56,500
Compensated Absences	11,186	13,628	13,682	11,132	6,192
Workers Compensation	12,808	4,845	4,655	12,998	4,888
Medical Claims	6,294	34,478	34,677	6,095	6,095
Total	<u>\$ 611,363</u>	<u>\$ 115,181</u>	<u>\$ 154,724</u>	571,820	<u>\$ 73,675</u>
Unamortized premium on GO Bonds				46,744	
Total				<u>\$ 618,564</u>	

Bonds payable at June 30, 2017 are comprised of the following individual issues (in thousands):

General Obligation Bonds	Amount
\$80,735,000 2004 Series B School Construction Refunding Bonds due in annual installments of \$3,000,000 to \$27,390,000 through December 2017; interest at 3.80% to 5.25%.	\$ 18,740
\$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%.	154,500
\$63,790,000 2007 Series D School Construction Serial Bonds due in annual installments of \$2,450,000 to \$4,885,000 through August 2027; interest at 4.25% to 5.00%.	2,975
\$29,840,000 2008 Series B School Construction Serial Bonds due in annual installments of \$1,105,000 to \$2,285,000 through August 2028; interest at 4.00% to 5.25%.	2,705
\$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%.	14,320
\$4,940,000 2011 Series B School Construction Serial Bonds due in annual installments of \$460,000 to \$550,000 through August 2021; interest at 2.00% to 3.00%.	2,605
\$28,310,000 2011 Series C School Construction Refunding Bonds due in annual installments of \$1,285,000 to \$10,050,000 through August 2020; interest at 4.00% to 5.00%.	3,295
\$14,425,000 2012 Series C School Construction Serial Bonds due in annual installments of \$615,000 to \$975,000 through August 2032; interest at 2.00% to 5.00%.	12,105
\$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%.	35,885
\$59,075,000 2014 Series C School Construction Serial Bonds due in annual installments of \$1,795,000 to \$4,555,000 through September 2034; interest in 1.25% to 5.0%.	55,430
\$37,150,000 2013 Series A School Construction Serial Bonds due in annual installments of \$2,120,000 to \$7,200,000 through September 2026; interest at 1.25% to 5.0%.	29,950
\$69,170,000 2015 Series C School Construction Serial Bonds due in annual installments of \$2,095,000 to \$5,265,000 through September 2035; interest at 2% to 5.0%.	67,075
\$81,040,000 2015 Series D School Construction Serial Bonds due in annual installments of \$1,260,000 to \$15,090,000 through September 2026; interest at 2% to 5.0%.	79,780
\$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%	20,270
\$41,960,000 2016 Series C General Obligation Refunding School Bonds due in annual installments of \$7,660,000 to \$13,015,000 through September, 2021, interest at 5.00%	41,960
	<u>\$ 541,595</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2017 are as follows (in thousands):

	Anchorage School District		
	Principal	Interest	Total
Years:			
2018	\$ 56,500	\$ 24,758	\$ 81,258
2019	55,080	22,013	77,093
2020	53,535	19,342	72,877
2021	56,170	16,646	72,816

	Anchorage School District		
	Principal	Interest	Total
Years:			
2022	\$ 44,445	\$ 14,178	\$ 58,623
2023-2027	157,345	43,663	201,008
2028-2032	72,220	18,627	90,847
2033-2037	46,300	3,760	50,060
Total	\$ 541,595	\$ 162,987	\$ 704,582

The amount of long-term liability that is due within one year as of June 30, 2017 is \$56,500,000. The Debt Service Fund has \$1,920,159 available to service the general obligation bonds. There are a number of restrictions contained in the various bond indentures. ASD is in compliance with all significant restrictions.

NOTE 11 - DEBT ISSUED SUBSEQUENT TO YEAR END

Municipality of Anchorage

On March 21, 2018, the Municipality issued \$90,000,000 of General Obligation Tax Anticipation Notes. The yield on the notes is 1.39 percent with a maturity date of September 17, 2018.

On June 14, 2018 the Municipality issued \$58,235,000 in General Obligation General Purpose Bonds Series A and \$20,265,000 in General Obligation Refunding bonds Series B. These bonds have variable interest rates and are set to mature in 2030 and 2023, respectively.

Anchorage School District

On June 14, 2018 the Anchorage School District issued \$35,660,000 in General Obligation School Bonds Series C and \$57,020,000 in General Obligation Refunding School Bonds Series D. these bonds have variable interest rates and are set to mature in 2028 and 2024, respectively.

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:

	Principal
Years:	
2018	\$ 65,840
2019	70,180
2020	62,117
2021	57,536
Total	\$ 255,673

NOTE 13 - PENSIONS

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

All Municipal employees who are members of a public employees' retirement system participate in the State of Alaska Public Employees' Retirement System (PERS) except for police officers hired prior to October 6, 1994, paramedics, and fire fighters hired prior to July 18, 1994, and command officers hired prior to May 24, 1994, who participate in either Plan I, Plan II, or Plan III of the Police and Fire Retirement System. The Police and Fire Retirement System is a defined benefit single-employer plan established by Chapter 3.85 of the Code. Police officers, command officers, paramedics, and fire fighters hired subsequent to these dates are in the PERS Plan.

IBEW and Local 302 are union sponsored cost-sharing defined benefit plans. All pension and postemployment healthcare benefit obligations of the Municipality are included on the government-wide, proprietary, or fiduciary financial statements.

Substantially all employees of ASD are either members of the Alaska Public Employees' Retirement System (PERS) or the Alaska Teachers' Retirement System (TRS) pension plans, with balances reported on the entity-wide statement of net position. Additional information can be obtained in ASD'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	\$ 297,583,575	\$ 50,252,895	\$ 347,836,470
Police and Fire Pension System	22,670,826	-	22,670,826
Total	<u>\$ 320,254,401</u>	<u>\$ 50,252,895</u>	<u>\$ 370,507,296</u>

Public Employees Retirement System (PERS I-III)

General Information About the Plan

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

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

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website. They may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by phoning (907) 465-4460.

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

Historical Context and Special Funding Situation

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

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

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

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

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

Employer Effective Rate

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

ARM Board Adopted Rate

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

On-behalf Contribution Rate

This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures on a calendar year basis ending December 31, 2017. In the proprietary fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period July 1 2016 to June 30, 2017, in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition. Total on-behalf amounts recognized as of the measurement period are actuarially calculated.

GASB Rate

This is the Rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For Fiscal Year 2017, the rate uses an 8 percent pension discount rate and an 4.3 percent healthcare discount rate.

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

Contribution rates for the years ended June 30, 2016 and June 30, 2017 were determined in the June 30, 2014 and June 30, 2015 actuarial valuations, respectively. Municipality contribution rates for the 2017 calendar year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
January 1, 2017 to June 30, 2017				
Pension	14.96%	20.34%	4.14%	24.49%
Postemployment healthcare (see Note 14)	7.04%	5.80%	0.00%	56.64%
Total Contribution Rates	22.00%	26.14%	4.14%	81.13%
July 1, 2017 to December 31, 2017				
Pension	17.12%	21.90%	3.01%	29.07%
Postemployment healthcare (see Note 14)	4.88%	3.11%	0.00%	66.85%
Total Contribution Rates	22.00%	25.01%	3.01%	95.92%

In 2017, the Municipality was credited with the following contributions into the pension plan.

	Measurement Period	Municipality's Fiscal Year
	July 1, 2016 to June 30, 2017	January 1, 2017 to December 31, 2017
Employer contributions (including DBUL)	\$ 26,149,321	\$ 28,704,730
Nonemployer contributions (on-behalf)	9,460,308	8,343,294
Total Contributions	\$ 35,609,629	\$ 37,048,024

In addition, employee contributions to the Plan totaled \$8,849,904 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, 2017, 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:

	2017
Municipality proportionate share of NPL	\$ 347,836,470
State's proportionate share of NPL associated with the Municipality	129,589,885
Total Net Pension Liability	\$ 477,426,355

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2017 measurement date, the Municipality's proportion was 6.73 percent, which was a decrease of 1.03 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Municipality recognized pension expense of \$46,218,933. Of this amount, \$10,285,743 was recorded as on-behalf revenue and expense for additional contributions paid by the State. At December 31, 2017, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Measurement Period June 30, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (6,253,752)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	9,330,189	-
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	3,422,259	(24,078,087)
Municipality contributions subsequent to the measurement date	16,669,877	-
Total Deferred Outflows and Deferred Inflows Related to Pensions	<u>\$ 29,422,325</u>	<u>\$ (30,331,839)</u>

The \$16,669,877 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, 2018. 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
2018	\$ (26,258,707)
2019	9,715,563
2020	4,361,452
2021	(5,397,699)
Total Amortization	<u>\$ (17,579,391)</u>

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2017. The actuarial assumptions used in the June 30, 2016 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Inflation	3.12%
Salary Increases	Graded by service, from 9.66% to 4.92% for Peace Officers/Firefighters. Graded by age and service, from 8.55% to 4.34% for all others.
Investment Return / Discount Rate	8.00% net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and real rate of return of 4.88%.
Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination mortality rates. Deaths are assumed to be occupational 70% of the time for Peace Officers/Firefighters, 50% of the time for Others.
Mortality (Post-termination)	96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

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 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
Domestic equity	8.83%
Global ex-U.S. equity	7.79%
Intermediate treasuries	1.29%
Opportunistic	4.76%
Real assets	4.94%
Absolute return	4.76%
Private equity	12.02%
Cash equivalents	0.63%

Discount Rate

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

Discount Rate Sensitivity

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

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Municipality's proportionate share of the net pension liability	6.72870%	\$ 456,915,294	\$ 347,836,470	\$ 255,723,602

Pension Plan Fiduciary Net Position

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

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.

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

- Plan I - Members employed on or before June 30, 1977
- Plan II - Members employed between July 1, 1977, and April 16, 1984, and
- Plan III - Members employed between April 16, 1984, and July 18, 1994. Members of Plans I and II were also permitted to elect into Plan III at its inception.

This is a closed plan, which means that there are no new participants. As of December 31, 2017, the following employees were covered by the benefit terms:

	Plan I	Plan II	Plan III	Total
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	190	118	402	710
Inactive Plan Members Entitled to but not yet Receiving Benefits	-	-	1	1
Active Plan Members	-	-	16	16
Totals	190	118	419	727

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.

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, 2017 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, 2017. The Municipality's total contributions for calendar year 2017 were \$68,598,176. 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.

Net Pension Liability and Pension Expense

At December 31, 2017, the Municipality reported a net pension liability (NPL) for P&F Plans I, II, and III in the amount of \$22,670,826 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	\$ 88,130,302	\$ 67,737,026	\$ 271,091,760	\$ 426,959,088
Plan Net Assets	(83,203,417)	(64,294,516)	(256,790,329)	(404,288,262)
Municipality Net Pension Liability	\$ 4,926,885	\$ 3,442,510	\$ 14,301,431	\$ 22,670,826

Detailed information for the changes in NPL for each plan is presented in the following tables:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<u>Police & Fire Retirement Plan I</u>			
Balances as of December 31, 2016	\$ 83,859,817	\$ 66,679,528	\$ 17,180,289
Changes for the year:			
Service cost	-	-	-
Interest on total pension liability	6,133,683	-	6,133,683
Effect of plan changes	(554,310)	-	(554,310)
Effect of economic/demographic (gains) or losses	-	-	-
Effect of assumptions changes or imputs	7,094,507	-	7,094,507
Benefit payments	(8,403,395)	(8,403,395)	-
Administrative expenses	-	(147,254)	147,254
Member contributions	-	-	-
Net investment income	-	10,522,038	(10,522,038)
Employer contributions	-	14,552,500	(14,552,500)
Balances as of December 31, 2017	\$ 88,130,302	\$ 83,203,417	\$ 4,926,885

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Police & Fire Retirement Plan II			
Balances as of December 31, 2016	\$ 63,570,183	\$ 51,447,193	\$ 12,122,990
Changes for the year:			
Service cost	-	-	-
Interest on total pension liability	4,670,017	-	4,670,017
Effect of plan changes	(648,422)	-	(648,422)
Effect of economic/demographic (gains) or losses	-	-	-
Effect of assumptions changes or inputs	5,986,612	-	5,986,612
Benefit payments	(5,841,364)	(5,841,364)	-
Administrative expenses	-	(114,841)	114,841
Member contributions	-	-	-
Net investment income	-	8,160,939	(8,160,939)
Employer contributions	-	10,642,589	(10,642,589)
Balances as of December 31, 2017	\$ 67,737,026	\$ 64,294,516	\$ 3,442,510

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Police & Fire Retirement Plan III			
Balances as of December 31, 2016	\$ 246,026,955	\$ 199,947,340	\$ 46,079,615
Changes for the year:			
Service cost	512,332	-	512,332
Interest on total pension liability	18,276,072	-	18,276,072
Effect of plan changes	(2,956,525)	-	(2,956,525)
Effect of economic/demographic (gains) or losses	-	-	-
Effect of assumptions changes or inputs	27,608,785	-	27,608,785
Benefit payments	(18,375,859)	(18,375,859)	-
Administrative expenses	-	(441,900)	441,900
Member contributions	-	129,027	(129,027)
Net investment income	-	32,128,634	(32,128,634)
Employer contributions	-	43,403,087	(43,403,087)
Balances as of December 31, 2017	\$ 271,091,760	\$ 256,790,329	\$ 14,301,431

For the year ended December 31, 2017, the Municipality recognized total pension expense of (\$52,712,068) for the P&F Plans I, II, and III.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2017 which was rolled forward to December 31, 2017, using the following actuarial assumptions, applied to all periods in the measurement. The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study performed in December 2011, resulting in changes in actuarial assumptions adopted by the Anchorage Police and Fire Retirement Board (APFRB) to better reflect expected future experience.

Inflation	3.00%
Salary Increases	3.50%
Investment Return	6.60% net of pension plan investment expenses. This is based on an average inflation rate of 3.00% and a real rate of return of 3.60%
Mortality	Rates based on the RP 2000 Combined Healthy tables for males and females, projected to 2025 with Projected Scale AA. Disabled mortality was assumed to follow the RP 2000 Combined Healthy tables for males and females set forward two years.

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

the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equities	4.25%
International equities	6.10%
Fixed income	1.00%
Real estate funds	3.75%

Discount Rate

The discount rate used to measure the total pension liability was 6.60 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy which meets 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 net pension liability calculated using the discount rate of 6.60 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 (5.60 percent) or 1-percentage-point higher (7.60 percent) than the current rate:

	1% Decrease (5.60%)	Current Discount Rate (6.60%)	1% Increase (7.60%)
Net Pension Liability:			
Plan I	\$ 12,419,246	\$ 4,926,885	\$ (1,570,235)
Plan II	9,841,445	3,442,510	(2,042,600)
Plan III	44,476,328	14,301,431	(11,016,650)

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.

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

Plan Contributions Requirements

Employer contributions are determined from hours of work reported by participating employers and the contractual employer contribution rate in effect. The Electric Utility's required contribution to the IBEW Plan for each hour for which compensation is paid to the employee for February 28, 2017 to December 31, 2017 was \$7.85, and from January 1, 2016 to February 27, 2017 was \$7.75. The Electric Utility's total employer

contributions to the IBEW Plan for 2017 was \$3,272,545. The Electric Utility had \$251,784 in required contributions to the IBEW Plan payable to AETF at December 31, 2017. These amounts are paid during the normal course of business in the month following each year end. The Electric Utility is not subject to withdrawal penalties, nor are there any future minimum payments to the IBEW Plan required other than the contribution per hour compensated as required by the Agreement.

Money Purchase Plan

The Agreement requires employer contributions to be made in an amount of 1.9% (1.8% in 2016) 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 2017 were \$499,127 and \$98,610, respectively.

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

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 166 employees covered by the Local 302 Plan as of December 31, 2017. The Local 302 Plan provides several levels of retirement benefits, including early retirement, normal retirement, late retirement, and disability retirement and includes several options for spouse participation and death benefits. The Municipality contributes to the Local 302 Plan for its covered employees according to the terms of its Agreement Covering Terms and Conditions of Employment (Agreement) with the Local 302. The current Agreement is effective from July 1, 2016 to June 30, 2019 and automatically renews for a period of one year from its expiration date and for successive periods of one year each thereafter for so long as there is no proper notification of an intent to negotiate a successor Agreement.

Plan Contributions Requirements

Employer contributions are determined from compensable work hours and the contractual employer contribution rate in effect. The current agreement provides for contributions of \$5.50 per hour worked by a covered employee in 2017. Further, seasonal employees are provided for contributions at .75 cents per hour worked in 2017. Total employer retirement contributions (covered and seasonal employees) for 2017 was \$1,855,325.

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

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

Plan Contribution Requirements

The Plan requires both employer and employee contributions. Employees may make additional contributions into the Plan, subject to limitations. Contribution rates are as follows:

	Police/Fire		Others	
	1/1 - 6/30	7/1 - 12/31	1/1 - 6/30	7/1 - 12/31
Employee Contribution	8.00%	8.00%	8.00%	8.00%
Employer Contribution				
Retirement	5.00%	5.00%	5.00%	5.00%
Health Reimbursement Arrangement *	3.00%	3.00%	3.00%	3.00%
Retiree Medical Plan	1.18%	1.03%	1.18%	1.03%
Death & Disability Benefit	0.49%	0.43%	0.17%	0.16%
Total Employer Contribution	9.67%	9.46%	9.35%	9.19%

Health Reimbursement Arrangement

Alaska Statute 39.30.370 requires that the employer contribute “an amount equal to three percent of the employer’s average annual employee compensation.” For actual remittance, this amount is calculated as a flat rate per full time employee and a flat rate per hour for part time employees. Prior to July 1, 2017 a flat rate of approximately \$2,049 per year for full time employees and \$1.31 per part time hour worked was paid. For pay periods ending after July 1, 2017, a flat rate of approximately \$2,084 per year for full time employees and \$1.34 per part time hour worked were paid.

For the year ended December 31, 2017, the Municipality contributed \$4,467,018 to PERS IV for retirement and retiree medical, and \$2,288,200 to PERS IV for Health Reimbursement Arrangement on-behalf of its employees. Employee contributions to the plan totaled \$7,160,037.

NOTE 14 - POSTEMPLOYMENT HEALTHCARE BENEFITS

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 implement GASB Statements No. 74- Financial Reporting for Postemployment Benefit Plans Other than Pension Plans for the Trust reporting, but early implementation of GASB Statement No. 75- Accounting and Financial Reporting for Postemployment Benefits Other than Pensions is not possible. As of December 31, 2017, the Municipality is accounting for and reporting Other Postemployment Benefits under the guidance of GASB Statement No. 45- Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This note will provide information from the perspective of the Trust Plan and from the perspective of the Plan participants in accordance with each of the aforementioned guidance.

A. Other Postemployment Benefits- Trust Reporting under GASB Statements No. 74

Net OPEB Liability

The components of the net OPEB liability of each plan at December 31, 2017 are as follows:

	Gentile Group	Police & Fire Medical Group	Total
Total OPEB liability	\$ 80,100,471	\$ 64,565,550	\$ 144,666,021
Plan fiduciary net position	-	(19,197,667)	(19,197,667)
Municipality's net OPEB liability	<u>\$ 80,100,471</u>	<u>\$ 45,367,883</u>	<u>\$ 125,468,354</u>
Plan fiduciary net position as a percentage of the total OPEB liability	N/A	29.73%	13.27%

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 5.4 percent annual money-weighted rate of return, net of investment expenses for the year ended December 31, 2017.

Gentile Group- Defined Benefit Plan

General Information about the Plan

The Gentile Group is a defined benefit, single employer plan, administered by the Municipality. Members of the Police & Fire Retirement Plan who retired prior to January 1, 1995, and command personnel who were employed prior to that date, but not retired at that date, participate in the Gentile Group Plan. This Plan is closed to new members. Membership in the Plan consists of the following at December 31, 2017:

Inactive plan members or beneficiaries currently receiving benefits	229
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	-
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, 2017, there were 229 retiree participants. For 2017, the monthly contribution for each member ranged between \$3,098 and \$3,772 per member depending on age and years of service. Benefit costs totaling \$10,096,430 were paid in 2017. 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, 2017, using the following actuarial assumptions:

Valuation Date	December 31, 2017
Inflation	2.6% per annum
Discount Rate	3.78% per annum (BOY), 3.44% per annum (EOY). Source: Bond Buyer 20-Bond GO Index
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary
Amortization Method	Experience/Assumptions gains and losses are amortized immediately as all participants are retired.
Mortality Rates	RP-2014 generational table scaled using MP-17 and applied on a gender-specific basis
Healthcare Cost Trend Rates	Pre-Medicare Medical and Rx Benefits; 7% grading down to 4.5% Stop Loss Fees; 7% grading down to 4.5% Administrative fees; 4.5% grading down to 4.5%

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

The following presents the net OPEB liability for the Gentile Group plan as of December 31, 2017, calculated using the discount rate of 3.44%, 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 (2.44%) or one-percentage-point higher (4.44%) than the current rate (in thousands):

	1% Decrease (2.44%)	Current Discount Rate (3.44%)	1% Increase (4.44%)
Gentile Group	\$ 91,136	\$ 80,100	\$ 71,063

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, 2017, calculated using the healthcare cost trend rates as summarized in the 2017 actuarial valuation report, as well as what the respective for the plan's net OPEB liability would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates (in thousands):

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Gentile Group	\$ 72,789	\$ 80,100	\$ 92,187

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, 2017:

Inactive plan members or beneficiaries currently receiving benefits	377
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	17
Total plan membership	<u>394</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 2017, the monthly contribution for each member ranges between \$601 and \$899 per member depending on age and years of service. The Municipality contributed \$4,919,538 to the Police and Fire Medical Group plan in 2017.

Actuarial Assumptions

The total OPEB liability for this plan was determined by actuarial valuations as of December 31, 2017, using the following actuarial assumptions:

Valuation Date	December 31, 2017
Inflation	2.6% per annum
Salary Increase Rate	3.5% per annum
Discount Rate	4.2% per annum. This was based on the estimated long term rate of return from the Municipality's OPEB trust (plus standard inflation), which is currently estimated to be fully funded.
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary
Amortization Method	Experience gains and losses are amortized over the average remaining service of active and inactive plan members (who have no future service)
Mortality Rates	RP-2014 generational table, scaled back to 2006, then forward using scale MP-17
Healthcare Cost Trend Rates	Pre-Medicare Medical and Rx Benefits; 7% grading down to 4.5% Stop Loss Fees; 7% grading down to 4.5% Administrative fees; 4.5% grading down to 4.5%

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

Discount Rate

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

Deferred Inflows of Resources Related to OPEB

At December 31, 2017, the reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -
Changes in assumptions/ inputs	-
Net difference between projected and actual earnings on OPEB plan investments	(544,880)
Total Deferred Inflows Related to OPEB	<u>\$ (544,880)</u>

The \$544,880 reported as deferred inflow of resources related to OPEB resulted from actual investment income being greater than expected at December 31, 2017. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Net Amortization of Deferred Inflows of Resources
2018	\$ (136,220)
2019	(136,220)
2020	(136,220)
2021	(136,220)
Total Amortization	<u>\$ (544,880)</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, 2017, calculated using the discount rate of 4.2%, as well as what the respective plan's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.2%) or one-percentage-point higher (5.2%) than the current rate (in thousands):

	1% Decrease (3.2%)	Current Discount Rate (4.2%)	1% Increase (5.2%)
Police and Fire Medical Group	\$ 53,696	\$ 45,368	\$ 39,243

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, 2017, calculated using the healthcare cost trend rates as summarized in the 2017 actuarial valuation report, as well as what the respective for the plan's net OPEB liability would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates (in thousands):

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Police and Fire Medical Group	\$ 39,284	\$ 45,368	\$ 53,529

B. Other Postemployment Benefits- Municipality Reporting under GASB Statement No. 45

Gentile Group

Members of the Police & Fire Retirement Plan who retired prior to January 1, 1995, and command personnel who were employed prior to that date, but not retired at that date, participate in the "Gentile Group" Plan. 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, 2017, there were 229 retiree participants. For 2017, the monthly contribution for each member ranged between \$3,098 and \$3,772 per member depending on age and years of service. Benefit costs totaled \$10,096,430 in 2017. There are no plans in place to terminate or discontinue this benefit for eligible members.

Police and Fire Medical Group & Associated Prefunding Arrangement

Active duty and non-command personnel members who were employed prior to January 1, 1995, but who were scheduled to retire after that date, as well as non-represented command personnel appointed after January 1, 1995 participate in the Police and Fire Retiree Medical Plan. 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.

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

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

For 2017, the monthly contribution for each member ranges between \$601 and \$899 per member depending on age and years of service. The Municipality contributed \$3,497,648 to the Police and Fire Retiree Medical Trust Fund in 2017.

Concurrent with the establishment of the plan, the Municipality initiated a "Prefunding" arrangement. The terms of the prefunding call for annual deposits through 2028 into a special revenue fund for the purpose of accumulating resources to pay the annual required contributions to the Police and Fire Retiree Medical Plan. Based on an actuarial report dated June 2015, the original payment schedule would not fully prefund the plan by 2028. The Municipality opted to continue contributions to the Trust through 2028 to fully prefund the plan. This change required an Amendment to the Anchorage Municipal Code, which was approved by the Assembly in December

2015. In accordance with the current prefunding arrangement, the Municipality is required to contribute \$969,532 to the special revenue fund on an annual basis in order to fully fund the actuarially determined liability by 2028.

In 2017, the Municipality contributed the annual \$969,532 to the fund. The Municipality will perform an actuarial funding study every two years and adjust the required annual contribution as needed and/or extend the final payment, as authorized in Anchorage Municipal Code 3.88.020.

Detailed information regarding rates and actuarial methods for the plan for the year ended 2017 are as follows:

	Gentile	Police and Fire
Actuarial Valuation Date	January 1, 2017	January 1, 2017
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Dollar, closed	Level Dollar, closed
Amortization Period	20 Years	20 Years
Asset Valuation Method	Unfunded	Unfunded
Actuarial Assumptions:		
Inflation Rate	N/A	3.04%
Annual Discount Rate	3.8%	4.2%
Healthcare Cost Trend Rate	7% assumed to decrease 0.5% until reaching 4.5%	7% assumed to decrease 0.5% until reaching 4.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subjected to continual revision, as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress immediately follows the notes to the financial statements presenting multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The components of annual postemployment healthcare costs for the year ended 2017 (in thousands) are as follows:

	Postemployment Healthcare	
	Gentile Group	Police and Fire Retiree Medical Group
Annual Required Contribution (ARC)	\$ 5,393	\$ 3,696
Interest on the Net OPEB Obligation (NOO)	(514)	(224)
Adjustment to the ARC	1,010	384
Annual OPEB Cost (APC)	5,889	3,856
Contributions made	(10,096)	(4,920)
Increase (Decrease) in NOO	(4,207)	(1,064)
NOO, beginning of year	(14,934)	(5,337)
NOO (Asset), end of year	\$ (19,141)	\$ (6,401)
Percentage of Post-Employment Health Care Cost Contributed (2017)	171.44%	127.59%
Percentage of Post-Employment Health Care Cost Contributed (2016)	129.29%	141.32%
Percentage of Post-Employment Health Care Cost Contributed (2015)	128.86%	139.67%

Postemployment Healthcare Benefits (in thousands)

	Actuarial Valuation Year	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
Gentile Group	2017	\$ -	\$ 77,067	\$ 77,067	0%	\$ -	100%
	2016	-	99,485	99,485	0%	-	100%
	2015	-	99,485	99,485	0%	-	100%
Police & Fire	2017	\$ 17,851	\$ 65,689	\$ 47,838	27%	\$ 4,986	959%
	2016	16,332	50,120	33,788	33%	2,169	1558%
	2015	16,332	50,120	33,788	33%	2,199	1537%

MOA Premium Discount

In 2013, as authorized in Anchorage Municipal Code 3.87.050A, the Municipality provided a premium discount to all members of the Police and Fire Retiree Medical Trust that purchase municipal health insurance. At December 31, 2017 the Municipality contributed \$1,421,890 for that plan.

State Public Employee Retirement Plan

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

Deferred Compensation Plan

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

NOTE 15 - FUND BALANCE - GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

In 2011, the Assembly approved AR2011-345(S) which set the fund balance policy in accordance with GASB 54. In 2014, the Assembly approved AR2014-221 which revised the method of calculating certain components of the fund balance categories, to better aid in assessing the needs of the Municipality. Managements spending policy is to use restricted fund balance first when expenditures are incurred to which any resource is available, then to use unrestricted fund balances in the following order; committed, assigned, and unassigned. In 2015, the Assembly approved AR2015-84 which amended the definition of expenditures used in the calculation of certain components of fund balance. As of December 31, 2017, there are no other amendments to the Fund Balance Policy.

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

	General	MOA Trust	Capital Projects Road & Drainage	Police & Fire COP Bond	Other Governmental Funds	Total
Nonspendable						
Inventory	\$ 1,296,780	\$ -	\$ -	\$ -	\$ -	\$ 1,296,780
Prepaid Items	168,967	-	-	-	74,857	243,824
Long-term Loans	803,266	-	-	-	-	803,266
Cemetery Perpetual Fund	-	-	-	-	150,000	150,000
Total Nonspendable	2,269,013	-	-	-	224,857	2,493,870
Restricted						
State Statute	11,155	-	-	-	-	11,155
Capital Improvements	-	-	-	-	2,209,084	2,209,084
MOA Trust Fund	-	164,902,606	-	-	-	164,902,606
Police & Fire Retiree Medical Liability	-	-	-	-	37,391,064	37,391,064
E911 Surcharge	-	-	-	-	579,018	579,018
Federal Grants	-	-	-	-	1,458,119	1,458,119
State Grants	-	-	-	-	1,294,826	1,294,826
Federal/State Fines & Forfeitures	-	-	-	-	744,358	744,358
Misc Operations Grants	-	-	-	-	1,247,950	1,247,950
Convention Center Operating Fund	-	-	-	-	16,289,226	16,289,226
49th State Angel Fund	-	-	-	-	12,626,809	12,626,809
Debt Service	-	-	-	119	14,067,090	14,067,209
Total Restricted	11,155	164,902,606	-	119	87,907,544	252,821,424
Committed						
10% Bond Rating	40,768,427	-	-	-	-	40,768,427
Capital Improvements	-	-	-	-	8,111,976	8,111,976
Heritage Land Bank	-	-	-	-	5,392,257	5,392,257
Misc Operating Grants	-	-	-	-	12,307	12,307
Total Committed	40,768,427	-	-	-	13,516,540	54,284,967
Assigned						
Capital Improvements	-	-	-	-	209,730	209,730
State Grants	-	-	-	-	17,033,958	17,033,958
Federal Grants	-	-	-	-	172,134	172,134
Federal/State Fines & Forfeitures	-	-	-	-	314,296	314,296
Misc Operating Grants	-	-	-	-	287	287
Convention Center Operating Fund	-	-	-	-	3,953,312	3,953,312
Cemetery Perpetual Fund	-	-	-	-	375,182	375,182
Total Assigned	-	-	-	-	22,058,899	22,058,899

	General	MOA Trust	Capital		Other		Total
			Projects Road & Drainage	Police & Fire COP Bond	Governmental Funds		
Unassigned							
2% Working Capital Reserve	\$ 9,852,867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,852,867
Other Unassigned	6,909,670	-	(19,914,534)	-	(3,224,814)		(16,229,678)
Total Unassigned	16,762,537	-	(19,914,534)	-	(3,224,814)		(6,376,811)
Total Fund Balance (Deficit)	\$ 59,811,132	\$ 164,902,606	\$(19,914,534)	\$ 119	\$ 120,483,026		\$ 325,282,349

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 has \$11,155 of restricted fund balance in one of the sub funds of the General Fund. The Municipality, by resolution, established a bond rating that is included in committed fund balance and a Working Capital Reserve that is included in unassigned fund balance.

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

Bond Rating:	
Committed	\$ 40,768,427
	<u>40,768,427</u>

Working Capital Reserve:	
Unassigned	9,852,867
	<u>\$ 9,852,867</u>

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

Major Funds:	
Capital Projects Roads & Drainage Fund	<u>\$ 22,057,973</u>
Non Major Capital Project Funds:	
Public Safety	580,633
Parks & Recreation	1,028,292
Areawide	4,658,478
Public Transportation	2,320,243
Heritage Land Bank	48,963
Miscellaneous	1,874,861
Total Non Major Capital Project Funds	<u>\$ 10,511,470</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 2017, 2016 or 2015.

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, 2017, is dependent upon future

developments. At December 31, 2017, claims incurred but not reported included in the liability accounts are \$12,008,623 in the General Liability/Workers' Compensation Fund and Medical/Dental Self Insurance Fund.

Changes in the funds' claim liability amounts in 2017 and 2016 are as follows:

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

	Balance January 1, 2016	Current Year Claims and Changes in Estimates	Claims Paid	Balance December 31, 2016
General Liability/Workers' Compensation	\$ 25,886,494	\$ 10,308,057	\$ (10,301,317)	\$ 25,893,234
Medical/Dental	8,901,956	48,366,051	(48,883,245)	8,384,762
Unemployment	66,596	276,999	(267,515)	76,080
	<u>\$ 34,855,046</u>	<u>\$ 58,951,107</u>	<u>\$ (59,452,077)</u>	<u>\$ 34,354,076</u>

At December 31, 2017, the Medical and Dental Self Insurance Fund had unrestricted net position of \$6,878,546, an increase of \$6,349,750 from 2016. The increase in net position is due to a decrease in reserves for medical and dental claims by margin of 5 percent to the actuarial estimates, reductions in claims costs, and administration of claims through Premera Blue Cross that is processing claims in a more timely manner.

At December 31, 2017, the General Liability and Worker's Compensation Fund had a deficit of \$4,580,037, a decrease in the deficit of \$533,303 from 2016. The decrease in the deficit is due to a decrease in reserves for worker's comp claims based on actuarial estimates.

NOTE 17 - MOA TRUST FUND

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

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

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

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

Municipal Treasurer is required by the Code to determine whether the Trust's purchasing power is being maintained, by performing an analysis at least every five years beginning in year 2007.

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

In recognition of significant recovery in the investment market since the 2008/2009 crash, in November 2016, the Municipal Assembly approved an amendment to AMC 6.50.060 to increase the payout rate for the MOA Trust Fund from 4.00% to 4.25%, 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 2017, consistent with the policy limitations described above, \$6,000,000 of the Trust fund balance was determined to be expendable and transferred to the General Fund.

NOTE 18 - REGULATORY AND OTHER MATTERS

A. Electric Utility

Beluga River Unit (BRU) Underlift Cash Settlement

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

In 2005, the Electric Utility underlifted (i.e. took less than its interest in BRU's annual output) and accepted a monetary settlement from its field partners. These funds were deposited in a Future Natural Gas Purchases Account (FGP), and the Electric Utility recorded a deferred inflow of resources for future natural gas purchases. The balances of the Future Natural Gas Purchases Account, as of December 31, 2017 was \$17,230,809.

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

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

Regulatory Debits/Credits

The Electric Utility files a Cost of Power Adjustment (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, 2017 in the amount of \$4,589,934.

Prior to October 24, 2017, the Electric Utility annually set the Gas Transfer Price (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 over-recovered as of December 31, 2017 in the amount of \$7,394,724.

Deferred Regulatory Liability for Gas Sales

Revenue from third party sales of natural gas produced at the BRU is excluded from the GTP calculation. These funds, net of royalties and the ARO surcharge, are recorded in the Electric Utility's Future BRU Construction or

Natural Gas Purchases account, referred to for regulatory purposes as the Deferred Regulatory Liability from Gas Sales (DRLGS) Account. These funds are to be used for future BRU construction or natural gas purchases. The balance of the DRLGS account as of December 31, 2017 was \$25,002,529.

Asset Retirement Obligation Sinking Fund

ARO expenses associated with future abandonment of the BRU are funded through a surcharge to the Electric Utility's GTP. This surcharge is deposited into a sinking fund. As of December 31, 2017, the sinking fund account balance was \$13,198,877.

Revenue Requirement Study

On December 30, 2016, the Electric Utility filed a petition with the RCA, based on a 2015 test year revenue requirement study, for interim and permanent across-the-board rate increases in energy and demand charges in order to recover costs associated with its construction of Plant 2A. The Electric Utility requested a 29.49 percent interim and refundable rate increase, based on RCA approval of the Electric Utility's proposed rate stabilization plan (RSP). On February 13, 2017, the RCA granted the Electric Utility an interim and refundable rate increase of 37.30 percent, denied approval of the Electric Utility's proposed RSP, and suspended the Electric Utility's request into Docket U-17-008 for further investigation.

A public hearing was held on this matter that began on November 16, 2017, and continued through December 21, 2017. The RCA issued a final order on March 23, 2018 [U-17-008(13)] approving a 37.32 percent increase in the revenue requirement.

Acquisition of CPAI's Interest in the Beluga River Unit

In Order U-16-012(14), dated April 21, 2016, the RCA granted a joint petition filed by the Electric Utility and Chuguch Electric Association (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. This purchase gives the Utility a total 56.67 percent interest in the BRU.

BRU Ratemaking and Accounting Treatment – Aggregate BRU Interest

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

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

Bradley Lake Transmission

Homer Electric Association, Inc. (HEA) filed a rate case on November 15, 2013 requesting RCA's approval of postage stamp rates for Bradley Lake energy wheeled over HEA's system. The Electric Utility intervened, arguing in part that the Bradley Lake Agreements govern the obligations of Bradley Lake participants and that the RCA was statutorily precluded, under AS 42.05.431(c), from reviewing these wheeling rates. On June 30, 2014, the RCA issued an order establishing interim rates for wheeling Bradley Lake energy from the Soldotna to Quartz Creek Substations.

The parties appealed to the state superior court, which ruled May 27, 2015 that the RCA lacks jurisdiction over Bradley Lake wheeling rates. All parties appealed this decision to the Alaska Supreme Court. The parties engaged in lengthy mediation, and filed reply briefs with the Alaska Supreme Court. Oral arguments before the Alaska Supreme Court were heard May 31, 2018. If the Electric Utility is unsuccessful in court, the Electric Utility's wheeling rates could be affected.

Eklutna Hydroelectric Project

On October 2, 1997, the ownership of the Eklutna Hydroelectric Project was formally transferred from the Alaska Power Administration, a unit of the United States Department of Energy, to the three participating utilities: the

Electric Utility, CEA and Matanuska Electric Association (MEA). The project is jointly owned and operated by the participating utilities and each contributes their proportionate share for operation, maintenance, and capital improvement costs, as well as maintenance of the transmission line between Anchorage and the hydroelectric plant. The Electric Utility has a 53.33 percent ownership interest in the project and recorded costs of \$2,300,574 in 2017.

Bradley Lake Hydroelectric Project

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

The Project went on line September 1, 1991. The Electric Utility made payments to the Alaska Energy Authority (AEA) of \$4,669,706 in 2017 for its portion of costs, and received 95,933 megawatt hours of power from the Project. The Electric Utility received a budget surplus refund in the amount of \$614,108 for 2017. The Electric Utility's estimated cost of power from the Project for 2018 is \$4,961,943.

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, 2017 is \$44,359,771. 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 \$11,489,181. 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 \$14,361,476. 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 \$5,481,350 in 2017.

B. Water Utility

2016 Test Year / 2018 Rates

On November 22, 2017, the Water Utility filed a revenue requirement study requesting an interim and refundable rate increase of 3.0 percent. The RCA granted the requested interim rate increase effective January 8, 2018 and suspended into a docket for further investigation. A final decision in the matter is due February 15, 2019.

Acquisitions

On November 4, 2016, the Water Utility filed a joint application to amend the Water Utility's CPCN No. 122 to incorporate two lots (parcels) from Spenard Heights Water System (SHWS), LLC in the Water Utility's service area and allow SHWS to remove those same two lots from its service area under Provisional CPCN No. 6005. The Water Utility received approval from the Regulatory Commission of Alaska (RCA) to expand the service area for the Water Utility on May 3, 2017 and the property owners were given approval to construct service extensions to the Water Utility's main for the two lots on November 18, 2016. As a result of the expanded service area, the Water Utility gained two customers, resulting in an increase of annual revenues of approximately \$2,100.

Regulatory Assets

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

C. Wastewater Utility

2015 Test Year / 2017 Rates

On November 16, 2016, the Wastewater Utility filed a revenue requirement study requesting an interim and refundable rate increase of 9.5 percent. The Regulatory Commission of Alaska (RCA) approved the rate increase effective January 3, 2017 on a permanent basis without suspension into a docket for further investigation.

2016 Test Year / 2018 Rates

On November 22, 2017, the Wastewater Utility filed a revenue requirement study requesting an interim and refundable rate increase of 2.5 percent. The RCA granted the requested interim rate increase effective January 8, 2018 and suspended the filing into a docket for further investigation. A final decision in the matter is due February 15, 2019.

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 \$2.3 million of the \$12.6 million settlements to a Port litigation escrow account also recorded in 2016 as restricted assets "legal settlement set-aside", of the Port's statements of net position. The remaining defendants executed settlement agreements as follows: Integrated Concepts and Research Corporation (ICRC) for \$3.75 million, PND Engineers Inc. for \$750,000, GeoEngineers for \$750,000 and CH2M Hill for \$1.5 million. Each of these defendant's settlements and payments are recorded in 2017. An order for dismissal in the US District Court for the District of Alaska was signed on February 22, 2017 closing the case filed in the State of Alaska. A separate action in the United States Court of Federal Claims against the U.S. Maritime Administration (MARAD) is ongoing. This case in federal court remains active and no claims have been asserted against the Municipality.

In the meantime, a new project, the Anchorage Port Modernization Program (APMP) is moving forward. CH2M Hill, the project management team, began construction of Phase 1 of the updated project in 2018. Phase 1 construction will continue into 2021.

B. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, would become a liability of the General Fund or other applicable funds. In management's opinion, disallowances, if any, will be immaterial.

NOTE 20 - ENVIRONMENTAL ISSUES

The Municipality has adopted an aggressive proactive policy designed to identify and mitigate the potential effects of past, present and future activity that may result in environmental impact. It is accounting policy to record a liability when the likelihood of responsibility for an environmental impact is probable and the cost of mitigating the impact is estimable within reasonable limits. At December 31, 2017, there are environmental issues that meet both of these criteria and, accordingly, a provision has been made in the accompanying financial statements for

the cost of mitigating environmental concerns of underground fuel and hazardous waste contamination. The following is a summary of environmental concerns.

A. Solid Waste Landfill Sites

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

In 1996, a project was undertaken to improve existing groundwater controls and to construct a new system to control and collect groundwater from beneath the site for treatment in the municipal wastewater system. This collection system has operated without fail, and has been effective in mitigating potential offsite migration of contaminants. The Municipality continues to maintain landfill gas and groundwater control systems and to perform monitoring of this site in compliance with state and federal regulations governing closure of solid waste facilities.

B. Landfill Closure and Post-closure Care Cost

State and federal laws and regulations require the Municipality to place a final cover on its current regional landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the landfill for thirty years after closure. To properly account for these future closure and post-closure costs each year, Solid Waste Services Utility (SWS) records an operating expense based on landfill capacity. During 2015, the future closure and post-closure care costs were re-evaluated and adjusted to reflect current conditions. At December 31, 2017, SWS had a recorded liability of \$32,897,332 associated with these future costs, based on the use of 38.39 percent of the landfill’s estimated capacity. Based upon the 2015 study, it is estimated SWS will recognize an additional \$52,804,273 in liability expense between 2018 and 2043, the current estimated date the landfill is expected to reach full capacity. These amounts are based upon what it would cost to perform all the closure and post-closure functions in 2017. 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, 2017	Addition	Deletion	Balance December 31, 2017	Due in One Year
Future Landfill Closure Costs	\$ 32,408,184	\$ 489,148	\$ -	\$ 32,897,332	\$ -

State laws and federal regulations require the Municipality to provide financial assurances for future closure and post-closure costs by one of a number of allowable mechanisms available. The Municipality elected to use the “Local Government Test” financial assurance mechanism to comply with the regulation. Pursuant to AO 2008-46, the Municipal Assembly amended the Anchorage Municipal Code to establish a restricted account to fund the liability for landfill closure and post-closure purposes. At December 31, 2017, SWS reported \$33,101,770 of restricted assets for payment of closure and post-closure care costs.

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

During the 1964 earthquake, approximately 250,000-400,000 gallons of diesel fuel spilled on the ground. Based on numerous environmental investigations, the spill impacted soil and groundwater at the Hank Nikkels Power Plant 1 and properties west/northwest of the plant. During the 2006-2007 subsurface investigation, in addition to diesel contamination known from the 1964 spill, PCBs were detected in the soil. All soil disturbing activities at the site are governed by the Risk-Based Disposal Plan (RBDP) administered by the Alaska Department of Environmental Conservation (ADEC) and the Environmental Protection Agency (EPA).

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

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

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

In 2017, Alaska Department of Environmental Conservation (ADEC) conducted a review of three Electric Utility's contaminated sites that have a long history of monitoring and identified two sites that qualified for cleanup complete status and one site (Transformer Shop) that can qualify for the Cleanup Complete with Institutional Controls status if the Electric Utility conducts additional sampling. The Electric Utility intends to prepare a work plan and include additional testing into the 2018 biannual groundwater monitoring. Upon receipt of analytical results, the Electric Utility will make determination how to proceed with obtaining the Cleanup Complete with Institutional Controls Status.

E. Electric Utility New Generation Permit Compliance at Plan Two

The Electric Utility owns three turbines that are subject to hourly and annual emissions limits emission controls for criteria pollutants, NOx and CO. In addition to maintaining continuous emission monitoring systems (CEMS) on each turbine, the two newly installed turbines requires 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 the EPA will add to the overall environmental compliance cost. The Electric Utility will oversee environmental compliance and contract qualified third-party experts to perform necessary services. Environmental permitting and compliance will continue to require a consultant's expertise. The cost of compliance cannot be determined at this time.

F. Pollution Remediation Obligation

Water Utility

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

The Water Utility used the expected cash flow technique to measure the liability. The Water Utility estimated a reasonable range of potential outlays of \$30,000 to \$40,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$31,500. 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 paper work 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 AWWU Operations and Maintenance facility located at 325 East 94th Court for which preliminary actions removed surface and some subsurface contamination. A third party agreed through mediation to pay a portion of the preliminary cleanup costs. The Wastewater Utility is planning to make improvements at the site which will result in further cleanup and contamination mitigation.

The Wastewater Utility used the expected cash flow technique to measure the liability. The Wastewater Utility estimated a reasonable range of potential outlays of \$15,000 to \$423,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$802,750. The potential for a material change in the estimate is possible depending upon the response received from ADEC.

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 a 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 \$1,801,726 at December 31, 2017. 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 2017, the monitoring and reporting costs for Tract J was \$31,794. No required monitoring expenses were incurred for Tract H in 2017. The increased expenses in 2017 for Tract J were due to the requirement of an additional report called the Five Year Review, which is separate from the annual monitoring report.

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. Expenses for 2017 were approximately \$30,000.

It is anticipated that once grading, drainage work, and capping of the site by paving is completed, the site will receive a "Cleanup Complete with Institutional Controls" designation from ADEC. Because the work that will need to be done and the controls that will have to be put in place and maintained will depend on responses from ADEC, the Municipality has not yet obtained cost estimates for completion of the remediation.

Public Works Transit Facility Sites

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

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

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

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

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

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

The Municipality used the expected cash flow technique to measure liability. The Municipality estimated a reasonable range of potential outlays and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$375,969 for these sites.

Gambell Street Right-of Way Site

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

Northwood Maintenance Facility Site

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

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

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.

Second Avenue Easement Site

The presence of soil and groundwater contamination from diesel range and residual range organic chemicals (DROs and RROs) and lead was discovered in the 1990's at the former Second Avenue easement storage site at 1021 East Third Avenue. The source of the contamination was three bulk storage tanks believed to have been used to store used engine oil, used for dust suppression, which was collected from service stations in the area. Two of the tanks failed in the early 1970's and the last tank failed in 1994; the volume of material released by the tank failures is unknown.

During additional testing at the site in 2016, levels of lead exceeding Resource Conservation and Recovery Act (RCRA) toxicity characteristic criterion for a hazardous waste were found in one of the soil samples taken. If soil is removed from the site as part of remediation efforts, it may have to be disposed of as a RCRA-regulated hazardous waste. Full remediation will require excavation of impacted soil and disposal off-site, as no other options would be effective in reducing the concentrations of lead in impacted soil and groundwater. The Municipality has accrued a liability of \$500,000 for environmental remediation at the site.

Fire Station 4 Site

The presence of contamination from DROs, GROs, benzene, toluene, ethylbenzene, and xylenes were detected at the Fire Station 4 site located at 4350 MacInness Street. The site is currently required by ADEC to have annual groundwater testing to monitor contamination levels. Testing during 2017 found levels of DROs, GROs, benzene, toluene, ethylbenzene, and xylene still above ADEC groundwater cleanup levels in one of the two monitoring wells from which samples were taken; the samples from the other monitoring well did not exhibit concentrations of any contaminants above ADEC cleanup levels. Further remediation activities will depend on the results of testing and responses received from ADEC, and cannot be estimated at this time.

Fleet Maintenance Facility Site

The presence of contamination from DROs, GROs, RROs, benzene, and toluene, resulting from multiple underground storage tanks and the Facility's Paint shop, were detected at the Fleet Maintenance Facility at 4333 Bering Street in the 1990s. Testing of groundwater samples occurred subsequent to year end. Test results indicated levels of multiple contaminants in the samples from the wells monitoring the contamination from the underground storage tanks above ADEC cleanup levels, but generally stable or decreasing from the last monitoring event with the exception of RRO levels in one sample. Samples from the well used for monitoring contamination from the Paint Shop showed increased levels of DROs and RROs from the previous monitoring results, with levels of RROs above ADEC cleanup levels. In addition, levels of several contaminants were above cleanup thresholds for vapor intrusion. ADEC has requested that the Municipality perform an additional groundwater monitoring event in 2019 and indoor air evaluation, with the plan for the monitoring to be submitted to ADEC for approval by March 1, 2019. The estimated costs of the work to be performed in 2019 is \$20,000. Accordingly, the Municipality has accrued a liability of \$20,000 for the site at December 31, 2017.

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 of \$922,344 to \$3,844,297 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$2,333,192.

NOTE 21 - SUBSEQUENT EVENTS

A. Electric Utility Subsequent Events

Sale of Municipal Light & Power (MLP) to Chugach Electric Association, Inc

On April 3, 2018, Anchorage voters approved an amendment to the Anchorage Municipal Charter authorizing the Municipality to sell Municipal Light & Power to Chugach Electric Association, Inc. by Municipal ordinance, to be approved no later than December 31, 2018. The Anchorage Assembly approved the sale on December 4, 2018. Proceeds of the sale are to be used to retire Electric Utility and Municipal debt, replace MUSA payments and fund the MOA Trust Fund.

The Municipality and CEA are currently negotiating terms of the proposed sale and due diligence activities are ongoing. The Electric Utility continues to operate as usual and the proposed sale has no material effect on ongoing operations of the Electric Utility.

B. Water Utility Subsequent Events

Alaska Drinking Water Loans

Subsequent to December 31, 2017, the Water Utility received \$8.5 million from the State of Alaska Drinking Water Fund for capital construction projects.

C. Wastewater Utility Subsequent Event

Alaska Clean Water Loans

Subsequent to December 31, 2017, the Wastewater Utility received \$5.6 million from the State of Alaska Clean Water Fund for capital construction projects.

D. Port Subsequent Event

Tariff Rates

Effective January 1, 2018, Port tariff rates will be increasing through the published Terminal Tariff No. 8, 2015 publication.

E. Municipality Subsequent Events

Debt

See Note 10(F) - Bonds Authorized but Unissued for bonds authorized but not issued including approved after year end. See Note 11- Debt Issued Subsequent to Year End for debt issued subsequent to year end.

Municipal Police Officer Wrongful Termination Lawsuit Awarded

A Municipal police officer sued the Municipality for wrongful termination in 2015. The verdict, confirmed by a jury on November 9, 2018, that the officer was wrongfully terminated and instructed the Municipality to pay \$2.286 million in damages.

Earthquake in Anchorage

On November 30, 2018, the Municipality experienced a magnitude 7.0 earthquake located 10 miles north of Anchorage, AK. It was followed by a 5.7 magnitude aftershock centered 2.5 miles north-northwest of the Municipality. The earthquake caused severe damage to roads and bridges, buildings, water and wastewater pipes and electrical systems. The Municipality is in the process of assessing the damage and coordinating repair work. The cost of the damage repair is not estimable at this time.

Certificate of Participation Bonds Authorized- ML&P Sale

On April 24, 2018, the Municipality authorized the issuance of Certificate of Participation (COP) Bonds, not to exceed \$7.9 million, to fund expenses related to the sale of ML&P. The terms of the COP bonds are yet to be negotiated, but the estimated interest rate is 3.5 percent with a term of 10 years. First payment is assumed to be in 2020.

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 2017 reporting:

- GASB 74 – Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. The provisions of this Statement address accounting and financial reporting issues for postemployment benefits other than pensions (other postemployment benefits or OPEB). For defined benefit OPEB plans that are administered through trusts that meet specified criteria, this Statement requires two financial statements- a statement of fiduciary net position and a statement of changes in fiduciary net position- and measurement and reporting of the Net OPEB Liability as determined in accordance with the Statement's provisions. The Statement also requires enhanced financial statement note disclosures about OPEB plans and reporting of enhanced required supplementary information regarding the plans. The provisions of this statement were applied, from

the trustee's perspective, to the Police and Fire Retiree Medical Trust OPEB plans presented in the 2017 CAFR's fiduciary funds combining statements and additional disclosures and required supplementary information as required by the statement were presented.

- GASB 80 – Blending Requirements for Certain Component Units, an Amendment of GASB Statement No. 14. The provisions of the Statement amend the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. This Statement was considered for the Municipality's discretely presented component units and it was determined that there was no change needed to the presentation of those component units.
- GASB 81 – Irrevocable Split-interest Agreements. The provisions of this Statement address accounting and financial reporting for split-interest agreements. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The Municipality is currently not a beneficiary of any split-interest agreement. This Statement was considered and determined to be not applicable.

The following standards are required to be implemented in the up and coming financial reporting periods.

- GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The provisions of this Statement are required to be implemented for the 2018 financial reporting period.
- GASB 83 – Certain Asset Retirement Obligations. The provisions of this Statement are required to be implemented for the 2019 financial reporting period.
- GASB 84 – Fiduciary Activities. The provisions of this Statement are required to be implemented for the 2019 financial reporting period.
- GASB 85 – Omnibus 2017. The provisions of this Statement are required to be implemented for the 2018 financial reporting period.
- GASB 86 – Certain Debt Extinguishment Issues. The provisions of this Statement are required to be implemented for the 2018 financial reporting period.
- GASB 87 – Leases. The provisions of this Statements are required to be implemented for the 2020 financial reporting period.
- GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The provisions of this statement are required to be implemented in the 2019 reporting period.
- GASB 89 – Accounting for Interest Costs Incurred before the End of a Construction Period. The provisions of this statement are required to be implemented in the 2020 reporting period.
- GASB 90 – Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61. The provisions of this statement are required to be implemented in the 2019 reporting period.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information- Budgetary Comparison Schedule
 with Expenditures by Function for the General Fund and Sub-funds
 For the year ended December 31, 2017

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Revenues:						
Taxes	\$ 361,585,887	\$ 608,360,013	\$ 609,209,648	\$ -	\$ 609,209,648	\$ 849,635
Assessments in lieu of taxes	3,182,178	3,177,320	3,441,656	-	3,441,656	264,336
Special assessments	220,000	220,000	413,288	-	413,288	193,288
Licenses and permits	9,297,920	9,318,620	9,680,014	-	9,680,014	361,394
Intergovernmental	8,414,833	9,023,157	11,773,806	(1) 6,900,841	18,674,647	2,750,649
Charges for services	23,691,948	23,497,217	22,934,386	-	22,934,386	(562,831)
Fines and forfeitures	5,303,881	6,364,745	5,766,814	-	5,766,814	(597,931)
Investment income	1,985,786	2,758,170	1,674,132	-	1,674,132	(1,084,038)
Restricted contributions	114,272	114,272	103,178	-	103,178	(11,094)
Other revenues	3,023,816	2,989,972	6,197,613	-	6,197,613	3,207,641
Total revenues	<u>416,820,521</u>	<u>665,823,486</u>	<u>671,194,535</u>	<u>6,900,841</u>	<u>678,095,376</u>	<u>5,371,049</u>
Expenditures:						
Current:						
General government	20,060,885	26,629,684	23,796,280	(1) 795,686	24,591,966	2,833,404
Fire services	103,480,603	104,636,196	104,110,759	(1) 2,074,133	106,184,892	525,437
Police services	120,826,668	124,837,459	126,600,967	(1) 2,391,828	128,992,795	(1,763,508)
Health and human services	13,273,458	13,671,984	13,421,277	(1) 219,839	13,641,116	250,707
Economic and community development	62,329,230	62,322,629	61,104,755	(1) 585,994	61,690,749	1,217,874
Public transportation	23,225,639	22,699,513	23,197,701	(1) 310,481	23,508,182	(498,188)
Public works	8,097,220	7,970,522	7,823,857	(1) 351,916	8,175,773	146,665
Education	-	247,307,425	247,307,425	-	247,307,425	-
Maintenance and operations	33,676,309	35,390,657	34,058,757	(1) 170,964	34,229,721	1,331,900
Debt service:						
Principal	36,160,000	37,031,818	36,160,000	-	36,160,000	871,818
Interest	19,418,578	20,484,258	20,426,423	-	20,426,423	57,835
Total expenditures	<u>440,548,590</u>	<u>702,982,145</u>	<u>698,008,201</u>	<u>6,900,841</u>	<u>704,909,042</u>	<u>4,973,944</u>
Deficiency of revenues over expenditures	<u>(23,728,069)</u>	<u>(37,158,659)</u>	<u>(26,813,666)</u>	<u>-</u>	<u>(26,813,666)</u>	<u>10,344,993</u>
Other financing sources (uses):						
Transfers from other funds	35,522,231	33,659,065	34,295,850	-	34,295,850	636,785
Transfers to other funds	(9,731,838)	(16,537,016)	(15,154,221)	-	(15,154,221)	1,382,795
Sale of capital assets	275,000	1,679,817	1,702,139	-	1,702,139	22,322
Insurance recoveries	69,840	159,105	308,960	-	308,960	149,855
Loans Issued	-	413,243	413,243	-	413,243	-
Total other financing source (uses)	<u>26,135,233</u>	<u>19,374,214</u>	<u>21,565,971</u>	<u>-</u>	<u>21,565,971</u>	<u>2,191,757</u>
Net change in fund balance	2,407,164	(17,784,445)	(5,247,695)	-	(5,247,695)	12,536,750
Fund balance, beginning of year	(201,680,889)	75,651,211	65,058,827	-	65,058,827	(10,592,384)
Fund balance, end of year	<u>\$ (199,273,725)</u>	<u>\$ 57,866,766</u>	<u>\$ 59,811,132</u>	<u>\$ -</u>	<u>\$ 59,811,132</u>	<u>\$ 1,944,366</u>

Explanation of differences:

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Required Supplementary Information – Budgetary Data

December 31, 2017

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 2017 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 2017 capital budgets with anticipated appropriation of resources for the general government and appropriations for each utility. Upon certification by the Chief Fiscal Officer that actual resources have become available for specific general government capital projects; e.g., when a grant is accepted, a bond sale or interfund transfer is approved, or a special assessment district is created, a supplemental appropriation is submitted to the Assembly for final approval. Supplemental appropriations are also submitted for approval upon certification by the Chief Fiscal Officer that operating grant funds have become available. The legal level of a budgetary control is the fund or sub-fund level for revenues and the department level for expenditures and other financing uses.

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

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

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

Annual budgets are adopted for the General Fund, Heritage Land Bank (a Special Revenue Fund), the Convention Center Operating Reserve (a Special Revenue Fund), E911 Surcharge (a Special Revenue Fund), Police and Fire Retiree Medical Liability (a Special Revenue Fund), ACPA Surcharge Revenue Bond (a Debt Service Fund), and Police and Fire Retirement Certificates of Participation (a Debt Service Fund), and the administrative operating costs of the Pension Trust Fund. Appropriations for these funds lapse at year end to the extent they have not been expended or encumbered. The General Fund is the only major fund required to be included as required supplementary information.

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Required Supplementary Information – Budgetary Data

December 31, 2017

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, 2017

	Percentage of Lane - Miles in Good or Better Condition		
	2017	2014	2011
Anchorage Road District	75.00%	80.20%	72.81%
Chugiak/Eagle River Road District	97.95%	95.60%	93.79%
Girdwood Road District	100.00%	93.20%	88.01%
Other Road Districts	79.80%	79.00%	71.71%
New Road District	0.00%	87.10%	0.00%
Overall System	88.19%	83.60%	77.62%

	Percentage of Lane - Miles in Fair Condition		
	2017	2014	2011
Anchorage Road District	25.00%	19.80%	27.19%
Chugiak/Eagle River Road District	2.05%	4.40%	6.21%
Girdwood Road District	0.00%	6.80%	11.99%
Other Road Districts	20.20%	21.00%	28.29%
New Road District	0.00%	12.90%	0.00%
Overall System	11.81%	16.40%	22.38%

	Comparison of Estimated-to-Actual Maintenance/Preservation (in Thousands)				
	2017	2016	2015	2014	2013
Anchorage Road District:					
Needed	\$ 51,780	\$ 21,190	\$ 11,226	\$ 26,810	\$ 25,145
Actual	50,476	17,582	11,014	26,801	24,412
Chugiak/Eagle River Road District:					
Needed	7,230	4,260	6,149	5,393	5,916
Actual	7,166	5,055	7,046	5,901	6,333
Girdwood Road District:					
Needed	437	1,741	332	323	641
Actual	500	1,909	547	528	744
Other Road Districts:					
Needed	1,735	3,381	4,234	7,917	2,439
Actual	2,089	4,154	4,797	8,738	3,566
Overall System:					
Needed	61,182	30,572	21,942	40,443	34,141
Actual	60,231	28,700	23,405	41,968	35,055
Difference	\$ 951	\$ 1,872	\$ 1,463	\$ 1,525	\$ 914

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 Information on the Net Pension Liability
 Last Three Fiscal Years

Year Ended December 31,	Measurement Period Ended June 30,	Municipality's Proportion of the Net Pension Liability	Municipality's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Municipality's Covered Payroll	Municipality's Proportionate Share of the Net Pension Liability as a percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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 Three 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
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 Three Calendar Years

	2017	2016	2015
Total pension liability:			
Service cost	\$ -	\$ -	\$ -
Interest	6,133,683	6,317,389	6,480,803
Differences between expected and actual experiences	(554,310)	(263,269)	334,288
Changes of assumptions	7,094,507	-	657,285
Benefits payments, including refunds of member contributions	(8,403,395)	(8,476,620)	(8,554,565)
Net changes in total pension liability	<u>4,270,485</u>	<u>(2,422,500)</u>	<u>(1,082,189)</u>
Total pension liability - beginning	<u>83,859,817</u>	<u>86,282,317</u>	<u>87,364,506</u>
Total pension liability - ending (a)	<u>88,130,302</u>	<u>83,859,817</u>	<u>86,282,317</u>
Plan fiduciary net position:			
Contributions- Employer- Municipality of Anchorage	14,552,500	1,546,175	1,338,525
Contributions- Plan members	-	-	-
Total net investment income	10,522,038	5,206,406	416,540
Benefits payments, including refunds of member contributions	(8,403,395)	(8,476,620)	(8,554,565)
Administrative expenses	(147,254)	(141,852)	(148,501)
Net change in plan fiduciary net position	<u>16,523,889</u>	<u>(1,865,891)</u>	<u>(6,948,001)</u>
Plan fiduciary net position - beginning	<u>66,679,528</u>	<u>68,545,419</u>	<u>75,493,420</u>
Plan fiduciary net position - ending (b)	<u>83,203,417</u>	<u>66,679,528</u>	<u>68,545,419</u>
Plan's net pension liability (a) - (b)	<u>\$ 4,926,885</u>	<u>\$ 17,180,289</u>	<u>\$ 17,736,898</u>
Plan fiduciary net position as a percentage of the total pension liability	94.41%	79.51%	79.44%
Covered-employee payroll	\$ -	\$ -	\$ -
Net pension 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 Retirement System- Defined Benefit
Schedule of Changes in the Municipality's Net Pension Liability and Related Ratios- Plan II
Last Three Calendar Years

	2017	2016	2015
Total pension liability:			
Service cost	\$ -	\$ -	\$ -
Interest	4,670,017	4,783,176	4,879,585
Differences between expected and actual experiences	(648,422)	(369,686)	53,268
Changes of assumptions	5,986,612	-	542,944
Benefits payments, including refunds of member contributions	(5,841,364)	(5,924,959)	(5,905,860)
Net changes in total pension liability	<u>4,166,843</u>	<u>(1,511,469)</u>	<u>(430,063)</u>
Total pension liability - beginning	<u>63,570,183</u>	<u>65,081,652</u>	<u>65,511,715</u>
Total pension liability - ending (a)	<u>67,737,026</u>	<u>63,570,183</u>	<u>65,081,652</u>
Plan fiduciary net position:			
Contributions- Employer- Municipality of Anchorage	10,642,589	1,108,376	964,863
Contributions- Plan members	-	-	3,114
Total net investment income	8,160,939	4,004,263	311,642
Benefits payments, including refunds of member contributions	(5,841,364)	(5,925,180)	(5,905,860)
Administrative expenses	(114,841)	(109,293)	(113,263)
Net change in plan fiduciary net position	<u>12,847,323</u>	<u>(921,834)</u>	<u>(4,739,504)</u>
Plan fiduciary net position - beginning	<u>51,447,193</u>	<u>52,369,027</u>	<u>57,108,531</u>
Plan fiduciary net position - ending (b)	<u>64,294,516</u>	<u>51,447,193</u>	<u>52,369,027</u>
Plan's net pension liability (a) - (b)	<u>\$ 3,442,510</u>	<u>\$ 12,122,990</u>	<u>\$ 12,712,625</u>
Plan fiduciary net position as a percentage of the total pension liability	94.92%	80.93%	80.47%
Covered-employee payroll	\$ -	\$ -	\$ -
Net pension 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 Retirement System- Defined Benefit
Schedule of Changes in the Municipality's Net Pension Liability and Related Ratios- Plan III
Last Three Calendar Years

	2017	2016	2015
Total pension liability:			
Service cost	\$ 512,332	\$ 513,183	\$ 783,360
Interest	18,276,072	18,494,293	18,458,939
Differences between expected and actual experiences	(2,956,525)	(3,485,409)	33,760
Changes of assumptions	27,608,785	-	2,559,038
Benefits payments, including refunds of member contributions	(18,375,859)	(18,335,110)	(17,729,611)
Net changes in total pension liability	<u>25,064,805</u>	<u>(2,813,043)</u>	<u>4,105,486</u>
Total pension liability - beginning	<u>246,026,955</u>	<u>248,839,998</u>	<u>244,734,512</u>
Total pension liability - ending (a)	<u>271,091,760</u>	<u>246,026,955</u>	<u>248,839,998</u>
Plan fiduciary net position:			
Contributions- Employer- Municipality of Anchorage	43,403,087	4,439,969	3,587,533
Contributions- Plan members	129,027	126,119	186,947
Total net investment income	32,128,634	15,433,835	1,123,661
Benefits payments, including refunds of member contributions	(18,375,859)	(18,335,110)	(17,729,611)
Administrative expenses	(441,900)	(423,265)	(428,114)
Net change in plan fiduciary net position	<u>56,842,989</u>	<u>1,241,548</u>	<u>(13,259,584)</u>
Plan fiduciary net position - beginning	<u>199,947,340</u>	<u>198,705,792</u>	<u>211,965,376</u>
Plan fiduciary net position - ending (b)	<u>256,790,329</u>	<u>199,947,340</u>	<u>198,705,792</u>
Plan's net pension liability (a) - (b)	<u>\$ 14,301,431</u>	<u>\$ 46,079,615</u>	<u>\$ 50,134,206</u>
Plan fiduciary net position as a percentage of the total pension liability	94.72%	81.27%	79.85%
Covered-employee payroll	\$ 2,108,182	\$ 2,168,836	\$ 2,199,063
Net pension liability as a percentage of covered-employee payroll	678.38%	2124.62%	2279.80%

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

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information
 Police and Fire Retirement System- Defined Benefit
 Plans I, II, and III
 Schedule of the Municipality Contributions
 Last Three Calendar Years

Plan I

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
2017	\$ 2,262,000	\$ 2,262,000	\$ -	\$ -	0.000%
2016	1,546,000	1,546,000	-	-	0.000%
2015	1,339,000	1,339,000	-	-	0.000%

Plan II

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
2017	\$ 1,634,000	\$ 1,634,000	\$ -	\$ -	0.000%
2016	1,108,000	1,108,000	-	-	0.000%
2015	965,000	965,000	-	-	0.000%

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
2017	\$ 6,497,000	\$ 6,497,000	\$ -	\$ 2,108,182	308.180%
2016	4,440,000	4,440,000	-	2,168,836	204.718%
2015	3,588,000	3,588,000	-	2,199,063	163.160%

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
 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
2017	\$ 3,272,545	\$ 3,272,545	\$ -	\$ 21,544,626	15.19%
2016	3,396,484	3,396,484	-	21,965,741	15.46%
2015	3,059,562	3,059,562	-	20,773,482	14.73%
2014	2,642,768	2,642,768	-	19,554,891	13.51%
2013	2,637,978	2,637,978	-	19,679,139	13.40%
2012	2,778,451	2,778,451	-	19,988,244	13.90%
2011	2,649,741	2,649,741	-	18,622,524	14.23%
2010	2,560,129	2,560,129	-	17,589,819	14.55%
2009	2,560,894	2,560,894	-	16,854,932	15.19%
2008	2,324,707	2,324,707	-	15,402,081	15.09%

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information
 International Union of Operating Engineers (Local 302)- Defined Benefit
 Schedule of Municipality Contributions
 Last Four 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
2017	\$ 1,855,325	\$ 1,855,325	\$ -	\$ 11,171,478	16.61%
2016	1,619,742	1,619,742	-	8,304,334	19.50%
2015	1,673,864	1,673,864	-	8,615,835	19.43%
2014	1,519,659	1,519,659	-	8,336,369	18.23%

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Notes to the Required Supplementary Information
Pension Plans
December 31, 2017

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).

Both pension 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 Municipality's Information on the Net Pension Liability

- This table is presented based on the Plan measurement date. For December 31, 2017, the Plan measurement date is June 30, 2017.
- There were no changes in benefit terms from the prior measurement period.
- There were no changes in assumptions from the prior measurement period.
- There were no changes in valuation method from the prior measurement period.
- There were no changes in the allocation methodology from the prior measurement period. The measurement period ended June 30, 2017 allocated the net pension liability based on the present value of contributions for fiscal year 2019 through 2039, as determined by projections based on the June 30, 2016 actuarial valuation. This is the same allocation method used for the measurement periods June 30, 2016 and June 30, 2015.

Schedule of Municipality 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, 2017 statement of net position.

Police and Fire Retirement System- Defined Benefit

These schedules for the Police and Fire Retirement System are presented for Plans I, II, and III separately. Both pension 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 Pension Liability and Related Ratios

- This table is based on the Municipality's contributions for each year presented.
- In accordance with GASB Statement No. 82, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based.

Schedule of Municipality Contributions

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

International Brotherhood of Electrical Workers (IBEW) - Defined Benefit

Schedule of Electric Utility Contributions

- This table presents the Electric Utility contributions for each of the last ten years based on calendar year contributions.
- In accordance with GASB Statement No. 82, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based.

MUNICIPALITY OF ANCHORAGE, ALASKA
Notes to the Required Supplementary Information
Pension Plans
December 31, 2017

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

This pension table is intended to present 10 years of information. At this time, it is not practical to reconstruct more than 4 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. 82, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based.

MUNICIPALITY OF ANCHORAGE, ALASKA
Required Supplementary Information
Police and Fire Medical Trust- Gentile Group
Schedule of Changes in the Municipality's Net OPEB Liability and Related Ratios
Last Calendar Year

	2017
Total OPEB liability:	
Service cost	\$ -
Interest	2,577,654
Changes in benefit terms	-
Differences between expected and actual experiences	-
Changes of assumptions or other inputs	4,726,088
Benefit payments	(4,270,000)
Net changes in total OPEB liability	3,033,742
Total OPEB liability - beginning	77,066,730
Total OPEB liability - ending (a)	80,100,472
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	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	-
Plan's net OPEB liability (a) - (b)	\$ 80,100,472
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered-employee payroll	\$ -
Net OPEB liability as a percentage of covered-employee payroll	N/A

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

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information
 Police and Fire Medical Trust- Gentile Group
 Schedule of Municipality's Contributions
 Last Calendar Year

	2017
Actuarially determined contribution	\$ 4,270,000
Contributions in relation to the actuarially determined contribution	10,096,430
Contribution deficiency (excess)	\$ (5,826,430)
Covered-employee payroll	\$ -
Contributions as a percentage of covered-employee payroll	N/A

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Required Supplementary Information
Police and Fire Medical Trust- Gentile Group
Schedule of Investment Returns
Last Calendar Year

	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	0.00%

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

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information
 Police and Fire Medical Trust- Police and Fire Medical Group
 Schedule of Changes in the Municipality's Net OPEB Liability and Related Ratios
 Last Calendar Year

	2017
Total OPEB liability:	
Service cost	\$ 109,111
Interest	2,674,785
Changes in benefit terms	-
Differences between expected and actual experiences	-
Changes of assumptions or other inputs	-
Benefit payments	(3,907,594)
Net changes in total OPEB liability	(1,123,698)
Total OPEB liability - beginning	65,689,248
Total OPEB liability - ending (a)	64,565,550
Plan fiduciary net position:	
Contributions- Employer- Municipality of Anchorage	4,287,648
Contributions- Plan members	-
Total net investment income	966,715
Benefits payments, including refunds of member contributions	(3,907,594)
Administrative expenses	-
Net change in plan fiduciary net position	1,346,769
Plan fiduciary net position - beginning	17,850,898
Plan fiduciary net position - ending (b)	19,197,667
Plan's net OPEB liability (a) - (b)	\$ 45,367,883
Plan fiduciary net position as a percentage of the total OPEB liability	29.73%
Covered-employee payroll	\$ 4,985,595
Net OPEB liability as a percentage of covered-employee payroll	909.98%

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

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information
 Police and Fire Medical Trust- Police and Fire Medical Group
 Schedule of Municipality's Contributions
 Last Calendar Year

	2017
Actuarially determined contribution	\$ 3,846,815
Contributions in relation to the actuarially determined contribution	4,919,538
Contribution deficiency (excess)	\$ (1,072,723)
Covered-employee payroll	\$ 4,985,595
Contributions as a percentage of covered-employee payroll	98.68%

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Required Supplementary Information
Police and Fire Medical Trust- Police and Fire Medical Group
Schedule of Investment Returns
Last Calendar Year

	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	5.40%

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Notes to the Required Supplementary Information
Police and Fire Medical Trust- OPEB Plans
December 31, 2017

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.

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 Municipality’s Net OPEB Liability and Related Ratios

- This table is presented based on the Plan measurement date of December 31, 2017.
- There were no changes in benefit terms from the prior measurement period.
- There were no changes in valuation method from the prior measurement period.

Schedule of Municipality’s Contributions

- This table is based on the Municipality’s contributions during calendar year 2017, which is also the measurement period.

Schedule of Investment Returns

- The Gentile Group defined benefit plan is a “pay as you go” plan with no plan assets, therefore there is no investment returns for this plan.

Police and Fire Medical Group- Defined Benefit OPEB Plan

“Covered-employee Payroll” is defined in GASB Statement No. 74 as “the payroll of employees that are provided with OPEB through the OPEB plan.” 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, 2017.
- There were no changes in benefit terms from the prior measurement period.
- There were no changes in valuation method from the prior measurement period.

Schedule of Municipality’s Contributions

- This table is based on the Municipality’s contributions during calendar year 2017, which is also the measurement period.

Schedule of Investment Returns

- Plan assets are invested in the Municipal Cash Pool and governed by the investment policies disclosed in Note 3 of the financial statements. Investment returns are consistent with the rate of return on the investment pool.

MUNICIPALITY OF ANCHORAGE, ALASKA
Other Postemployment Benefits Information
Schedules of Funding Progress
Police and Fire Retirement Systems
Valuation Years 2017 through 2015
(in thousands)

Schedules of Funding Progress

	Gentile Group		
	2017	2016	2015
Actuarial valuation date	January 1, 2017	January 1, 2016	January 1, 2015
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)*	77,067	99,485	99,485
Unfunded actuarial accrued liability (UAAL)	77,067	99,485	99,485
Funded ratio	0%	0%	0%

	Police & Fire Retiree Medical Group		
	2017	2016	2015
Actuarial valuation date	January 1, 2017	January 1, 2016	January 1, 2015
Actuarial value of plan assets	\$ 17,851	\$ 16,332	\$ 16,332
Actuarial accrued liability (AAL)*	65,689	50,120	50,120
Unfunded actuarial accrued liability (UAAL)	47,838	33,788	33,788
Funded ratio	27%	33%	33%

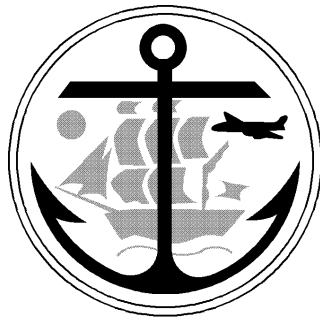
* Based on projected unit credit actuarial cost method.

	Postemployment Healthcare Benefits (in thousands)						
	Actuarial Valuation Year	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
Gentile Group	2017	\$ -	\$ 77,067	\$ 77,067	0%	\$ -	N/A
	2016	-	99,485	99,485	0%	-	N/A
	2015	-	99,485	99,485	0%	-	N/A
Police & Fire	2017	\$ 17,851	\$ 65,689	\$ 47,838	27%	\$ 4,986	959%
	2016	16,332	50,120	33,788	33%	2,169	1558%
	2015	16,332	50,120	33,788	33%	2,199	1537%

MUNICIPALITY OF ANCHORAGE, ALASKA
 Other Postemployment Benefits Information
 Schedules of Employer Contributions
 Police and Fire Retirement Systems
 Valuation Years 2017 through 2015
 (in thousands)

Schedule of Employer Contributions

Year Ended December 31,	Police & Fire Medical Group		Gentile Group	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2017	\$ 3,497,648	100%	\$ -	N/A
2016	3,443,745	100%	-	N/A
2015	3,352,776	100%	-	N/A



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SUPPLEMENTARY INFORMATION

Additional Budgetary Comparison Schedules

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

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

The **Police and Fire Retirement Certificate of Participation Bond Fund** budgetary comparison schedule is presented for the purpose of demonstrating the issuance of the bonds and contribution of the proceeds to the **Police and Fire Retiree Pension Trust Fund** to pre-fund future contributions.

MUNICIPALITY OF ANCHORAGE, ALASKA
Additional Supplementary Information- Budgetary Comparison Schedule
by General Fund and Sub-funds
For the year ended December 31, 2017

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Revenues & other financing sources:						
Areawide Service Area	\$ 135,114,192	\$ 381,154,741	\$ 386,300,955	\$ -	\$ 386,300,955	\$ 5,146,214
Former City Service Area	-	-	(25)	-	(25)	(25)
Chugiak Fire Service Area	1,302,607	1,303,133	1,638,680	-	1,638,680	335,547
Glen Alps Service Area	335,158	334,650	342,418	-	342,418	7,768
Girdwood Valley Service Area	2,875,266	2,875,153	2,905,881	-	2,905,881	30,728
Former Borough Roads & Drainage Service Area	-	-	2,024	-	2,024	2,024
Fire Service Area	82,654,300	83,937,365	84,620,539	-	84,620,539	683,174
Roads & Drainage Service Area	66,311,909	66,898,687	66,692,674	-	66,692,674	(206,013)
Limited Service Areas	10,501,978	10,487,484	10,660,200	-	10,660,200	172,716
Anchorage Metropolitan Police Service Area	122,178,219	123,116,250	123,214,900	-	123,214,900	98,650
Turnagain Arm Police Service Area	-	50,461	51,219	-	51,219	758
Anchorage Bowl Parks & Recreation Service Area	18,919,996	19,074,626	19,264,892	-	19,264,892	190,266
Eagle River - Chugiak Parks & Recreational Service Area	4,621,682	4,619,627	4,736,833	-	4,736,833	117,206
Building Safety Service Area	5,409,078	5,409,078	5,301,730	-	5,301,730	(107,348)
Public Finance & Investment	2,425,706	2,425,706	2,137,014	-	2,137,014	(288,692)
Police/Fire Retiree Medical Defined Contribution Support	37,501	47,755	44,793	-	44,793	(2,962)
SOA PERs On-Behalf Payments	-	-	-	(1) 6,900,841	6,900,841	-
Total revenues & other finance sources	<u>452,687,592</u>	<u>701,734,716</u>	<u>707,914,727</u>	<u>6,900,841</u>	<u>714,815,568</u>	<u>6,180,011</u>
Expenditures & other financing uses:						
Areawide Service Area	126,452,041	386,947,924	385,720,190	-	385,720,190	1,227,734
Former City Service Area	-	-	-	-	-	-
Chugiak Fire Service Area	1,305,333	1,303,133	1,241,723	-	1,241,723	61,410
Glen Alps Service Area	347,873	334,650	238,289	-	238,289	96,361
Girdwood Valley Service Area	3,026,926	3,037,154	2,964,630	-	2,964,630	72,524
Former Borough Roads & Drainage Service Area	-	-	-	-	-	-
Fire Service Area	81,720,845	82,960,470	80,298,940	-	80,298,940	2,661,530
Roads & Drainage Service Area	70,883,158	71,960,495	71,962,000	-	71,962,000	(1,505)
Limited Service Areas	10,339,952	12,409,226	11,336,853	-	11,336,853	1,072,373
Anchorage Metropolitan Police Service Area	120,971,806	124,992,168	125,061,540	-	125,061,540	(69,372)
Turnagain Arm Police Service Area	-	50,461	7,154	-	7,154	43,307
Anchorage Bowl Parks & Recreation Service Area	20,459,355	21,025,595	20,865,794	-	20,865,794	159,801
Eagle River - Chugiak Parks & Recreational Service Area	4,759,384	4,619,627	4,305,379	-	4,305,379	314,248
Building Safety Service Area	7,527,639	7,364,950	6,878,657	-	6,878,657	486,293
Public Finance & Investment	2,240,805	2,267,839	2,081,026	-	2,081,026	186,813
Police/Fire Retiree Medical Defined Contribution Support	245,311	245,469	200,247	-	200,247	45,222
SOA PERs On-Behalf Payments	-	-	-	(1) 6,900,841	6,900,841	-
Total expenditures & other financing uses	<u>450,280,428</u>	<u>719,519,161</u>	<u>713,162,422</u>	<u>6,900,841</u>	<u>720,063,263</u>	<u>6,356,739</u>
Net change in fund balance	2,407,164	(17,784,445)	(5,247,695)	-	(5,247,695)	12,536,750
Fund balance, beginning of year	(201,680,889)	75,651,211	65,058,827	-	65,058,827	(10,592,384)
Fund balance, end of year	<u>\$ (199,273,725)</u>	<u>\$ 57,866,766</u>	<u>\$ 59,811,132</u>	<u>\$ -</u>	<u>\$ 59,811,132</u>	<u>\$ 1,944,366</u>

Explanation of differences:

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Additional Supplementary Information - Budgetary Comparison Schedule
by Department for the General Fund and Sub-funds
For the year ended December 31, 2017

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Expenditures & other financing uses:						
Assembly	\$ 3,624,538	\$ 3,761,538	\$ 3,542,242	(1) \$ 47,746	\$ 3,589,989	\$ 219,296
Chief Fiscal Officer	468,858	5,468,858	5,427,465	(1) 9,174	5,436,640	41,393
Development Services	11,123,955	11,129,890	10,639,010	(1) 203,061	10,842,070	490,880
Economic & Community Development	19,998,970	20,354,225	20,209,775	(1) 136,463	20,346,237	144,450
Education	-	247,307,425	247,307,425	-	247,307,425	-
Employee Relations	3,632,367	3,632,382	3,131,816	(1) 46,676	3,178,491	500,566
Office of Equal Opportunity	199,967	199,967	201,866	-	201,866	(1,899)
Equal Rights Commission	766,495	766,496	741,043	(1) 6,222	747,265	25,453
Finance	14,197,194	14,196,248	13,971,769	(1) 317,101	14,288,870	224,479
Fire	97,297,343	99,984,424	99,594,529	(1) 2,074,133	101,668,662	389,895
Health & Human Services	11,564,756	11,565,040	11,265,239	(1) 219,839	11,485,078	299,801
Heritage Land Bank/Real Estate Services	7,286,490	13,503,133	12,160,768	(1) 656	12,161,425	1,342,365
Information Technology	1,126,702	1,216,624	1,041,002	(1) 75,522	1,116,524	175,622
Internal Audit	720,043	719,957	584,823	(1) 15,226	600,049	135,134
Maintenance & Operations	98,636,653	102,089,043	99,080,989	(1) 170,524	99,251,513	3,008,054
Management & Budget	1,049,719	1,089,720	959,562	(1) 29,267	988,829	130,158
Mayor	1,903,608	1,897,839	1,844,117	(1) 31,746	1,875,863	53,722
Municipal Attorney	7,372,099	7,372,054	7,134,631	(1) 128,908	7,263,538	-
Municipal Manager	3,034,271	3,369,703	3,165,679	(1) 52,927	3,218,606	204,024
Non Departmental - TANS	214,048	440,242	297,953	-	297,953	142,289
Parks & Recreation	21,927,225	21,812,387	20,969,885	(1) 132,078	21,101,963	842,502
Planning	3,343,939	3,343,861	3,222,496	(1) 114,392	3,336,888	121,365
Police	109,126,451	114,188,126	114,267,783	(1) 2,391,828	116,659,612	(79,657)
Police/Fire Retiree Medical	244,503	244,503	199,175	(1) 5,893	205,068	45,328
Project Management & Engineering	6,567,892	6,600,036	5,370,690	(1) 295,708	5,666,398	1,229,346
Public Transportation	22,963,559	22,607,787	22,507,234	(1) 310,481	22,817,715	100,553
Purchasing	1,795,065	1,795,065	1,703,598	(1) 28,622	1,732,220	91,467
Traffic	5,501,824	5,598,619	5,311,014	(1) 56,648	5,367,662	287,605
Total expenditures & other financing uses	<u>455,688,534</u>	<u>726,255,192</u>	<u>715,853,577</u>	<u>6,900,841</u>	<u>722,754,418</u>	<u>10,401,616</u>
Less: net intragovernmental costs & billings	<u>(5,408,106)</u>	<u>(6,736,031)</u>	<u>(2,691,155)</u>	<u>-</u>	<u>(2,691,155)</u>	<u>(4,044,876)</u>
Total expenditures & other financing uses	<u>\$ 450,280,428</u>	<u>\$ 719,519,161</u>	<u>\$ 713,162,422</u>	<u>\$ 6,900,841</u>	<u>\$ 720,063,263</u>	<u>\$ 6,356,739</u>

Explanation of differences:

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

Note: This schedule 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.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 Police/Fire Retirement Certificates of Participation
 Debt Service Fund
 For the year ended December 31, 2017

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 119	\$ 119
Total revenues	-	-	119	119
Expenditures				
Current:				
Fire services	-	29,102,736	29,102,736	-
Police services	-	29,102,736	29,102,736	-
Debt service:				
Bond issuance costs	-	469,528	469,528	-
Total expenditures	-	58,675,000	58,675,000	-
Deficiency of revenues over expenditures	-	(58,675,000)	(58,674,881)	119
Other financing sources				
Participation bonds issued	-	58,675,000	58,675,000	-
Total other financing sources	-	58,675,000	58,675,000	-
Net change in fund balance	-	-	119	119
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 119	\$ 119

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 **49th State Angel Fund** accounts for financial resources which may be used only in accordance with all provisions and requirements of the Small Business Jobs Act and the policy guidelines from the U.S. Department of Treasury's State Small Business Credit Initiative (SSBCI).

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

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

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

Debt Service Funds

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

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

Capital Projects Funds

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

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

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

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

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

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

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

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

Permanent Fund

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	Special Revenue				
	Heritage Land Bank	Federal/State Fines and Forfeitures	Convention Center Operating Reserve	E911 Surcharge	State Grants
Assets					
Cash	\$ -	\$ 72,763	\$ -	\$ -	\$ -
Cash in central treasury	4,057,416	1,118,032	19,520,674	-	13,542,451
Investments	-	-	-	-	-
Due from other funds	85,000	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	1,935,102	1,304,315	-
Intergovernmental receivables	-	-	-	-	5,894,436
Special assessments receivable	-	-	-	-	-
Prepaid items and deposits	-	-	-	-	62,857
Loans receivable	-	-	-	-	-
Advances to other funds	1,275,000	-	-	-	-
Investments in Angel Fund program	-	-	-	-	-
Total assets	<u>5,417,416</u>	<u>1,190,795</u>	<u>21,455,776</u>	<u>1,304,315</u>	<u>19,499,744</u>
Liabilities					
Accounts payable and retainages	2,137	132,141	1,213,238	97,472	808,320
Accrued payroll liabilities	23,022	-	-	-	16,316
Due to other funds	-	-	-	627,825	-
Unearned revenue and deposits	-	-	-	-	283,467
Advances from other funds	-	-	-	-	-
Total liabilities	<u>25,159</u>	<u>132,141</u>	<u>1,213,238</u>	<u>725,297</u>	<u>1,108,103</u>
Deferred Inflows of Resources					
Unavailable revenue-intergovernmental revenues	-	-	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)					
Nonspendable	-	-	-	-	62,857
Restricted	-	744,358	16,289,226	579,018	1,294,826
Committed	5,392,257	-	-	-	-
Assigned	-	314,296	3,953,312	-	17,033,958
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>5,392,257</u>	<u>1,058,654</u>	<u>20,242,538</u>	<u>579,018</u>	<u>18,391,641</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 5,417,416</u>	<u>\$ 1,190,795</u>	<u>\$ 21,455,776</u>	<u>\$ 1,304,315</u>	<u>\$ 19,499,744</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2017

Special Revenue (Continued)					
	Federal Grants	49th State Angel Fund	Police/Fire Retiree Medical Liability	Miscellaneous Operational Grants	Other Restricted Resources
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Cash in central treasury	-	7,876,188	3,455	1,297,314	-
Investments	7	-	37,387,609	-	-
Due from other funds	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	16,674	-
Intergovernmental receivables	9,632,196	-	-	-	-
Special assessments receivable	-	-	-	-	119,022
Prepaid items and deposits	-	-	-	-	-
Loans receivable	3,034,174	-	-	-	-
Advances to other funds	-	-	-	-	-
Investments in Angel Fund program	-	4,750,665	-	-	-
Total assets	12,666,377	12,626,853	37,391,064	1,313,988	119,022
Liabilities					
Accounts payable and retainages	1,554,898	44	-	36,683	1,354
Accrued payroll liabilities	5,323	-	-	87	-
Due to other funds	5,197,372	-	-	-	131,627
Unearned revenue and deposits	3,233,180	-	-	16,674	-
Advances from other funds	-	-	-	-	-
Total liabilities	9,990,773	44	-	53,444	132,981
Deferred Inflows of Resources					
Unavailable revenue-intergovernmental revenues	1,045,351	-	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-
Total deferred inflows of resources	1,045,351	-	-	-	-
Fund Balances (Deficits)					
Nonspendable	-	-	-	-	-
Restricted	1,458,119	12,626,809	37,391,064	1,247,950	-
Committed	-	-	-	12,307	-
Assigned	172,134	-	-	287	-
Unassigned	-	-	-	-	(13,959)
Total fund balances (deficits)	1,630,253	12,626,809	37,391,064	1,260,544	(13,959)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 12,666,377	\$ 12,626,853	\$ 37,391,064	\$ 1,313,988	\$ 119,022

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	Special Revenue (Continued)	Debt Service			Capital Projects
	Total Special Revenue	ACPA Surcharge Revenue Bond	CIVICVentures Revenue Bond	Total Debt Service	Areawide
Assets					
Cash	\$ 72,763	\$ -	\$ -	\$ -	\$ -
Cash in central treasury	47,415,530	762,288	-	762,288	2,325,767
Investments	37,387,616	-	13,184,637	13,184,637	-
Due from other funds	85,000	-	-	-	1,322,084
Receivables (net of allowance for uncollectibles)	3,256,091	120,165	-	120,165	-
Intergovernmental receivables	15,526,632	-	-	-	2,039,964
Special assessments receivable	119,022	-	-	-	-
Prepaid items and deposits	62,857	-	-	-	-
Loans receivable	3,034,174	-	-	-	-
Advances to other funds	1,275,000	-	-	-	-
Investments in Angel Fund program	4,750,665	-	-	-	-
Total assets	<u>112,985,350</u>	<u>882,453</u>	<u>13,184,637</u>	<u>14,067,090</u>	<u>5,687,815</u>
Liabilities					
Accounts payable and retainages	3,846,287	-	-	-	2,210,730
Accrued payroll liabilities	44,748	-	-	-	-
Due to other funds	5,956,824	-	-	-	89,910
Unearned revenue and deposits	3,533,321	-	-	-	-
Advances from other funds	-	-	-	-	803,266
Total liabilities	<u>13,381,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,103,906</u>
Deferred Inflows of Resources					
Unavailable revenue-intergovernmental revenues	1,045,351	-	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>1,045,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)					
Nonspendable	62,857	-	-	-	-
Restricted	71,631,370	882,453	13,184,637	14,067,090	-
Committed	5,404,564	-	-	-	2,583,909
Assigned	21,473,987	-	-	-	-
Unassigned	(13,959)	-	-	-	-
Total fund balances (deficits)	<u>98,558,819</u>	<u>882,453</u>	<u>13,184,637</u>	<u>14,067,090</u>	<u>2,583,909</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 112,985,350</u>	<u>\$ 882,453</u>	<u>\$ 13,184,637</u>	<u>\$ 14,067,090</u>	<u>\$ 5,687,815</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2017

Capital Projects (Continued)

	Public Safety	Public Transportation	Miscellaneous	Parks and Recreation	Historic Preservation
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Cash in central treasury	1,158,508	-	466,984	4,775,734	71,827
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	-	-
Intergovernmental receivables	2,718,330	1,953,195	1,567,235	702,459	-
Special assessments receivable	-	-	-	-	-
Prepaid items and deposits	-	10,000	-	-	-
Loans receivable	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Investments in Angel Fund program	-	-	-	-	-
Total assets	<u>3,876,838</u>	<u>1,963,195</u>	<u>2,034,219</u>	<u>5,478,193</u>	<u>71,827</u>
Liabilities					
Accounts payable and retainages	344,477	491,803	87,178	510,089	-
Accrued payroll liabilities	-	-	-	-	-
Due to other funds	6,743,216	1,069,409	-	-	-
Unearned revenue and deposits	-	-	1,010,247	3,417	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>7,087,693</u>	<u>1,561,212</u>	<u>1,097,425</u>	<u>513,506</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue-intergovernmental revenues	-	-	-	-	-
Unavailable revenue-special assessments	-	-	2,905	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>2,905</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)					
Nonspendable	-	10,000	-	-	-
Restricted	-	391,983	908,373	908,728	-
Committed	-	-	25,516	3,918,056	-
Assigned	-	-	-	137,903	71,827
Unassigned	(3,210,855)	-	-	-	-
Total fund balances (deficits)	<u>(3,210,855)</u>	<u>401,983</u>	<u>933,889</u>	<u>4,964,687</u>	<u>71,827</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 3,876,838</u>	<u>\$ 1,963,195</u>	<u>\$ 2,034,219</u>	<u>\$ 5,478,193</u>	<u>\$ 71,827</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	<u>Capital Projects (Continued)</u>		<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Fund</u>
	<u>Heritage Land Bank</u>	<u>Total Capital Projects</u>	<u>Cemetery Perpetual Maintenance</u>	
Assets				
Cash	\$ -	\$ -	\$ -	\$ 72,763
Cash in central treasury	1,624,965	10,423,785	525,182	59,126,785
Investments	-	-	-	50,572,253
Due from other funds	-	1,322,084	-	1,407,084
Receivables (net of allowance for uncollectibles)	-	-	-	3,376,256
Intergovernmental receivables	-	8,981,183	-	24,507,815
Special assessments receivable	-	-	-	119,022
Prepaid items and deposits	2,000	12,000	-	74,857
Loans receivable	-	-	-	3,034,174
Advances to other funds	-	-	-	1,275,000
Investments in Angel Fund program	-	-	-	4,750,665
Total assets	<u>1,626,965</u>	<u>20,739,052</u>	<u>525,182</u>	<u>148,316,674</u>
Liabilities				
Accounts payable and retainages	40,470	3,684,747	-	7,531,034
Accrued payroll liabilities	-	-	-	44,748
Due to other funds	-	7,902,535	-	13,859,359
Unearned revenue and deposits	-	1,013,664	-	4,546,985
Advances from other funds	-	803,266	-	803,266
Total liabilities	<u>40,470</u>	<u>13,404,212</u>	<u>-</u>	<u>26,785,392</u>
Deferred Inflows of Resources				
Unavailable revenue-intergovernmental revenues	-	-	-	1,045,351
Unavailable revenue-special assessments	-	2,905	-	2,905
Total deferred inflows of resources	<u>-</u>	<u>2,905</u>	<u>-</u>	<u>1,048,256</u>
Fund Balances (Deficits)				
Nonspendable	2,000	12,000	150,000	224,857
Restricted	-	2,209,084	-	87,907,544
Committed	1,584,495	8,111,976	-	13,516,540
Assigned	-	209,730	375,182	22,058,899
Unassigned	-	(3,210,855)	-	(3,224,814)
Total fund balances (deficits)	<u>1,586,495</u>	<u>7,331,935</u>	<u>525,182</u>	<u>120,483,026</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 1,626,965</u>	<u>\$ 20,739,052</u>	<u>\$ 525,182</u>	<u>\$ 148,316,674</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2017

	Special Revenue				
	Heritage Land Bank	Federal/State Fines and Forfeitures	Convention Center Operating Reserve	E911 Surcharge	State Grants
Revenues					
Hotel and motel taxes	\$ -	\$ -	\$ 14,354,046	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	9,013	-	-	-	17,740,549
Charges for services	432,088	-	-	-	-
Fines and forfeitures	-	31,676	-	-	-
E911 surcharges	-	-	-	7,930,788	-
Investment income (loss)	164,488	38,235	364,012	-	4,057
Restricted contributions	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>605,589</u>	<u>69,911</u>	<u>14,718,058</u>	<u>7,930,788</u>	<u>17,744,606</u>
Expenditures					
Current:					
General government	886,972	-	-	-	1,090,273
Fire services	-	-	-	1,578,352	76,191
Police services	-	1,496,974	-	4,944,802	1,720,294
Health and human services	-	-	-	-	9,203,484
Economic and community development	-	-	7,267,078	-	2,172,245
Public transportation	-	-	-	-	2,563,225
Public works	-	-	-	-	1,741,506
Education	-	-	-	-	99,423
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>886,972</u>	<u>1,496,974</u>	<u>7,267,078</u>	<u>6,523,154</u>	<u>18,666,641</u>
Excess (deficiency) of revenues over expenditures	(281,383)	(1,427,063)	7,450,980	1,407,634	(922,035)
Other financing sources (uses)					
Transfers from other funds	240,520	-	579,884	-	461,970
Transfers to other funds	(320,000)	-	(6,089,471)	-	(707)
Sale of capital assets	364,859	-	-	-	-
Total other financing sources (uses)	<u>285,379</u>	<u>-</u>	<u>(5,509,587)</u>	<u>-</u>	<u>461,263</u>
Net change in fund balances	3,996	(1,427,063)	1,941,393	1,407,634	(460,772)
Fund balances (deficits), beginning of year	5,388,261	2,485,717	18,301,145	(828,616)	18,852,413
Fund balances (deficits), end of year	<u>\$ 5,392,257</u>	<u>\$ 1,058,654</u>	<u>\$ 20,242,538</u>	<u>\$ 579,018</u>	<u>\$ 18,391,641</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the year ended December 31, 2017

Special Revenue (Continued)					
	Federal Grants	49th State Angel Fund	Police/Fire Retiree Medical Liability	Miscellaneous Operational Grants	Other Restricted Resources
Revenues					
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	1,199,660
Intergovernmental	12,983,071	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
E911 surcharges	-	-	-	-	-
Investment income (loss)	628	105,097	5,691,206	946	(10,977)
Restricted contributions	-	-	-	1,217,845	-
Other	121,976	-	-	12,066	-
Total revenues	13,105,675	105,097	5,691,206	1,230,857	1,188,683
Expenditures					
Current:					
General government	16,462	136,525	38,842	43,397	1,156,512
Fire services	4,450	-	1,697,073	-	-
Police services	979,481	-	1,818,293	-	-
Health and human services	5,858,722	-	-	40,357	-
Economic and community development	82,738	-	-	935,940	-
Public transportation	7,067,231	-	-	-	-
Public works	-	-	-	5,300	-
Education	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	14,009,084	136,525	3,554,208	1,024,994	1,156,512
Excess (deficiency) of revenues over expenditures	(903,409)	(31,428)	2,136,998	205,863	32,171
Other financing sources (uses)					
Transfers from other funds	352,312	-	969,532	1,554	-
Transfers to other funds	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	352,312	-	969,532	1,554	-
Net change in fund balances	(551,097)	(31,428)	3,106,530	207,417	32,171
Fund balances (deficits), beginning of year	2,181,350	12,658,237	34,284,534	1,053,127	(46,130)
Fund balances (deficits), end of year	\$ 1,630,253	\$ 12,626,809	\$ 37,391,064	\$ 1,260,544	\$ (13,959)

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2017

	Special Revenue (Continued)	Debt Service			Capital Projects
	Total Special Revenue	ACPA Surcharge Revenue Bond	CIVICVentures Revenue Bond	Total Debt Service	Areawide
Revenues					
Hotel and motel taxes	\$ 14,354,046	\$ -	\$ -	\$ -	\$ -
Special assessments	1,199,660	-	-	-	-
Intergovernmental	30,732,633	-	-	-	13,364,904
Charges for services	432,088	-	-	-	-
Fines and forfeitures	31,676	-	-	-	-
E911 surcharges	7,930,788	-	-	-	-
Investment income (loss)	6,357,692	14,981	110,036	125,017	106,358
Restricted contributions	1,217,845	-	-	-	514,008
Other	134,042	373,047	-	373,047	(106,032)
Total revenues	<u>62,390,470</u>	<u>388,028</u>	<u>110,036</u>	<u>498,064</u>	<u>13,879,238</u>
Expenditures					
Current:					
General government	3,368,983	-	-	-	-
Fire services	3,356,066	-	-	-	-
Police services	10,959,844	-	-	-	-
Health and human services	15,102,563	-	-	-	-
Economic and community development	10,458,001	-	-	-	-
Public transportation	9,630,456	-	-	-	-
Public works	1,746,806	-	-	-	-
Education	99,423	-	-	-	-
Debt service:					
Principal	-	125,000	1,935,000	2,060,000	-
Interest	-	172,200	4,156,500	4,328,700	-
Capital projects	-	-	-	-	24,281,448
Total expenditures	<u>54,722,142</u>	<u>297,200</u>	<u>6,091,500</u>	<u>6,388,700</u>	<u>24,281,448</u>
Excess (deficiency) of revenues over expenditures	7,668,328	90,828	(5,981,464)	(5,890,636)	(10,402,210)
Other financing sources (uses)					
Transfers from other funds	2,605,772	-	6,089,471	6,089,471	6,833,605
Transfers to other funds	(6,410,178)	-	-	-	-
Sale of capital assets	364,859	-	-	-	-
Total other financing sources (uses)	<u>(3,439,547)</u>	<u>-</u>	<u>6,089,471</u>	<u>6,089,471</u>	<u>6,833,605</u>
Net change in fund balances	4,228,781	90,828	108,007	198,835	(3,568,605)
Fund balances (deficits), beginning of year	94,330,038	791,625	13,076,630	13,868,255	6,152,514
Fund balances (deficits), end of year	<u>\$ 98,558,819</u>	<u>\$ 882,453</u>	<u>\$ 13,184,637</u>	<u>\$ 14,067,090</u>	<u>\$ 2,583,909</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2017

Capital Projects (Continued)

	Public Safety	Public Transportation	Miscellaneous	Parks and Recreation	Historic Preservation
Revenues					
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	279	-	-
Intergovernmental	8,717,150	2,983,447	5,809,048	2,632,089	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
E911 surcharges	-	-	-	-	-
Investment income (loss)	-	-	-	83,653	2,276
Restricted contributions	-	-	-	102,712	-
Other	-	-	-	-	-
Total revenues	<u>8,717,150</u>	<u>2,983,447</u>	<u>5,809,327</u>	<u>2,818,454</u>	<u>2,276</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Fire services	-	-	-	-	-
Police services	-	-	-	-	-
Health and human services	-	-	-	-	-
Economic and community development	-	-	-	-	-
Public transportation	-	-	-	-	-
Public works	-	-	-	-	-
Education	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital projects	12,181,354	3,206,389	5,809,048	9,101,689	-
Total expenditures	<u>12,181,354</u>	<u>3,206,389</u>	<u>5,809,048</u>	<u>9,101,689</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(3,464,204)	(222,942)	279	(6,283,235)	2,276
Other financing sources (uses)					
Transfers from other funds	178,039	115,346	-	1,804,126	707
Transfers to other funds	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>178,039</u>	<u>115,346</u>	<u>-</u>	<u>1,804,126</u>	<u>707</u>
Net change in fund balances	(3,286,165)	(107,596)	279	(4,479,109)	2,983
Fund balances (deficits), beginning of year	75,310	509,579	933,610	9,443,796	68,844
Fund balances (deficits), end of year	<u>\$ (3,210,855)</u>	<u>\$ 401,983</u>	<u>\$ 933,889</u>	<u>\$ 4,964,687</u>	<u>\$ 71,827</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2017

	<u>Capital Projects (Continued)</u>		<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Heritage Land Bank</u>	<u>Total Capital Projects</u>	<u>Cemetery Perpetual Maintenance</u>	
Revenues				
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ 14,354,046
Special assessments	-	279	-	1,199,939
Intergovernmental	-	33,506,638	-	64,239,271
Charges for services	-	-	9,405	441,493
Fines and forfeitures	-	-	-	31,676
E911 surcharges	-	-	-	7,930,788
Investment income (loss)	-	192,287	9,751	6,684,747
Restricted contributions	-	616,720	-	1,834,565
Other	-	(106,032)	-	401,057
Total revenues	<u>-</u>	<u>34,209,892</u>	<u>19,156</u>	<u>97,117,582</u>
Expenditures				
Current:				
General government	-	-	-	3,368,983
Fire services	-	-	-	3,356,066
Police services	-	-	-	10,959,844
Health and human services	-	-	-	15,102,563
Economic and community development	-	-	-	10,458,001
Public transportation	-	-	-	9,630,456
Public works	-	-	-	1,746,806
Education	-	-	-	99,423
Debt service:				
Principal	-	-	-	2,060,000
Interest	-	-	-	4,328,700
Capital projects	870,722	55,450,650	-	55,450,650
Total expenditures	<u>870,722</u>	<u>55,450,650</u>	<u>-</u>	<u>116,561,492</u>
Excess (deficiency) of revenues over expenditures	(870,722)	(21,240,758)	19,156	(19,443,910)
Other financing sources (uses)				
Transfers from other funds	320,000	9,251,823	-	17,947,066
Transfers to other funds	-	-	-	(6,410,178)
Sale of capital assets	-	-	-	364,859
Total other financing sources (uses)	<u>320,000</u>	<u>9,251,823</u>	<u>-</u>	<u>11,901,747</u>
Net change in fund balances	(550,722)	(11,988,935)	19,156	(7,542,163)
Fund balances (deficits), beginning of year	2,137,217	19,320,870	506,026	128,025,189
Fund balances (deficits), end of year	<u>\$ 1,586,495</u>	<u>\$ 7,331,935</u>	<u>\$ 525,182</u>	<u>\$ 120,483,026</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 Heritage Land Bank
 Special Revenue Fund
 For the year ended December 31, 2017

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 9,013	\$ 9,013
Charges for services	281,563	281,563	432,088	150,525
Investment income	180,726	180,726	164,488	(16,238)
Total revenues	<u>462,289</u>	<u>462,289</u>	<u>605,589</u>	<u>143,300</u>
Expenditures				
Current:				
General government	895,352	895,352	886,972	8,380
Total expenditures	<u>895,352</u>	<u>895,352</u>	<u>886,972</u>	<u>8,380</u>
Deficiency of revenues over expenditures	(433,063)	(433,063)	(281,383)	151,680
Other financing sources (uses)				
Transfers to other funds	(80,000)	(320,000)	(320,000)	-
Transfers from other funds	-	240,000	240,520	520
Sale of capital assets	-	-	364,859	364,859
Total other financing sources (uses)	<u>(80,000)</u>	<u>(80,000)</u>	<u>285,379</u>	<u>365,379</u>
Net change in fund balance	(513,063)	(513,063)	3,996	517,059
Fund balance, beginning of year	(3,784,688)	(3,341,208)	5,388,261	8,729,469
Fund balance, end of year	<u>\$ (4,297,751)</u>	<u>\$ (3,854,271)</u>	<u>\$ 5,392,257</u>	<u>\$ 9,246,528</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 Convention Center Operating Reserve
 Special Revenue Fund
 For the year ended December 31, 2017

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Hotel and motel taxes	\$ 15,714,290	\$ 15,721,388	\$ 14,354,046	\$ (1,367,342)
Investment income	1,420	1,420	364,012	362,592
Total revenues	<u>15,715,710</u>	<u>15,722,808</u>	<u>14,718,058</u>	<u>(1,004,750)</u>
Expenditures				
Current:				
Economic and community development	7,267,452	7,339,897	7,267,078	72,819
Total expenditures	<u>7,267,452</u>	<u>7,339,897</u>	<u>7,267,078</u>	<u>72,819</u>
Excess of revenues over expenditures	8,448,258	8,382,911	7,450,980	(931,931)
Other financing sources (uses)				
Transfers to other funds	(6,163,500)	(6,098,153)	(6,089,471)	8,682
Transfers from other funds	603,853	603,853	579,884	(23,969)
Total other financing sources (uses)	<u>(5,559,647)</u>	<u>(5,494,300)</u>	<u>(5,509,587)</u>	<u>(15,287)</u>
Net change in fund balance	2,888,611	2,888,611	1,941,393	(947,218)
Fund balance, beginning of year	15,044,999	13,300,473	18,301,145	5,000,672
Fund balance, end of year	<u>\$ 17,933,610</u>	<u>\$ 16,189,084</u>	<u>\$ 20,242,538</u>	<u>\$ 4,053,454</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 E911 Surcharge
 Special Revenue Fund
 For the year ended December 31, 2017

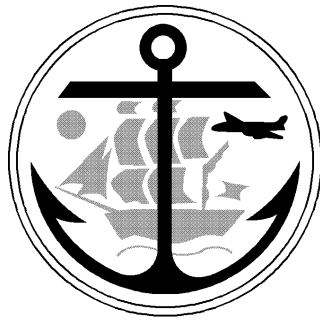
	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
E911 surcharges	\$ 8,691,853	\$ 8,691,853	\$ 7,930,788	\$ (761,065)
Total revenues	<u>8,691,853</u>	<u>8,691,853</u>	<u>7,930,788</u>	<u>(761,065)</u>
Expenditures				
Current:				
Fire services	1,616,386	1,616,386	1,578,352	38,034
Police services	6,899,957	6,899,957	4,944,802	1,955,155
Total expenditures	<u>8,516,343</u>	<u>8,516,343</u>	<u>6,523,154</u>	<u>1,993,189</u>
Excess of revenues over expenditures	175,510	175,510	1,407,634	1,232,124
Fund balance, beginning of year	-	-	(828,616)	(828,616)
Fund balance, end of year	<u>\$ 175,510</u>	<u>\$ 175,510</u>	<u>\$ 579,018</u>	<u>\$ 403,508</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 Police/Fire Retiree Medical Liability
 Special Revenue Fund
 For the year ended December 31, 2017

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Investment income	\$ 90,000	\$ 90,000	\$ 5,691,206	\$ 5,601,206
Total revenues	90,000	90,000	5,691,206	5,601,206
Expenditures				
Current:				
General government	104,731	104,731	38,842	65,889
Fire services	1,714,492	1,714,492	1,697,073	17,419
Police services	1,836,956	1,836,956	1,818,293	18,663
Total expenditures	3,656,179	3,656,179	3,554,208	101,971
Excess (deficiency) of revenues over expenditures	(3,566,179)	(3,566,179)	2,136,998	5,703,177
Other financing sources				
Transfers from other funds	969,532	969,532	969,532	-
Total other financing sources	969,532	969,532	969,532	-
Net change in fund balance	(2,596,647)	(2,596,647)	3,106,530	5,703,177
Fund balance, beginning of year	21,373,894	21,021,743	34,284,534	13,262,791
Fund balance, end of year	<u>\$ 18,777,247</u>	<u>\$ 18,425,096</u>	<u>\$ 37,391,064</u>	<u>\$ 18,965,968</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 ACPA Surcharge Revenue Bond
 Debt Service Fund
 For the year ended December 31, 2017

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 14,981	\$ 14,981
Other	297,200	297,200	373,047	75,847
Total revenues	<u>297,200</u>	<u>297,200</u>	<u>388,028</u>	<u>90,828</u>
Expenditures				
Debt service:				
Principal	125,000	125,000	125,000	-
Interest	172,200	172,200	172,200	-
Total expenditures	<u>297,200</u>	<u>297,200</u>	<u>297,200</u>	<u>-</u>
Excess of revenues over expenditures	-	-	90,828	90,828
Fund balance, beginning of year	458,165	265,288	791,625	526,337
Fund balance, end of year	<u>\$ 458,165</u>	<u>\$ 265,288</u>	<u>\$ 882,453</u>	<u>\$ 617,165</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, 2017

Assets	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds
Current assets:				
Cash	\$ 1,000	\$ 2,475	\$ 200	\$ 3,675
Cash in central treasury	6,533,678	2,727,996	-	9,261,674
Capital acquisition and construction accounts	4,239,758	7,741,709	-	11,981,467
Accrued interest on investments	283,839	-	-	283,839
Intergovernmental receivables	-	-	44,694	44,694
Receivables (net of allowance for uncollectibles)	899,252	2,126,766	20,723	3,046,741
Prepaid items and deposits	219	6,837	3,200	10,256
Total current assets	11,957,746	12,605,783	68,817	24,632,346
Noncurrent assets:				
Intergovernmental receivables	-	-	11,282,637	11,282,637
Restricted assets:				
Landfill post closure cash reserve	-	33,101,770	-	33,101,770
Capital assets, net	4,919,702	65,137,138	77,984,146	148,040,986
Total noncurrent assets	4,919,702	98,238,908	89,266,783	192,425,393
Total assets	16,877,448	110,844,691	89,335,600	217,057,739
Deferred Outflows of Resources				
Deferred outflow related to net pension liability	171,781	246,583	98,793	517,157
Total deferred outflows of resources	171,781	246,583	98,793	517,157
Total assets and deferred outflows of resources	17,049,229	111,091,274	89,434,393	217,574,896
Liabilities				
Current liabilities:				
Accounts payable and retainages	139,713	734,501	50,927	925,141
Accrued interest payable	-	92,575	-	92,575
Accrued payroll liabilities	148,270	341,398	46,418	536,086
Capital acquisition and construction accounts and retainage payable	876,991	935,745	1,790,143	3,602,879
Compensated absences	154,149	555,985	69,869	780,003
Due to other funds	-	-	5,868,487	5,868,487
Long-term obligations maturing within one year	-	1,486,613	-	1,486,613
Unearned revenues	199,350	12,772	35,993	248,115
Total current liabilities	1,518,473	4,159,589	7,861,837	13,539,899
Noncurrent liabilities:				
Alaska clean water loans payable	-	12,769,273	-	12,769,273
Future landfill closure costs	-	32,897,332	-	32,897,332
Net pension liability	2,218,385	2,333,523	1,194,602	5,746,510
Total noncurrent liabilities	2,218,385	48,000,128	1,194,602	51,413,115
Total liabilities	3,736,858	52,159,717	9,056,439	64,953,014
Deferred Inflows of Resources				
Deferred inflow related to net pension liability	198,455	173,024	103,457	474,936
Total deferred inflows of resources	198,455	173,024	103,457	474,936
Net Position				
Net investment in capital assets	4,919,702	50,881,252	77,984,146	133,785,100
Restricted for capital construction	-	-	11,282,637	11,282,637
Restricted for post closure care	-	204,438	-	204,438
Unrestricted	8,194,214	7,672,843	(8,992,286)	6,874,771
Total net position	13,113,916	58,758,533	80,274,497	152,146,946
Total liabilities, deferred inflows of resources and net position	\$ 17,049,229	\$ 111,091,274	\$ 89,434,393	\$ 217,574,896

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the year ended December 31, 2017

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds
Operating revenues				
Charges for sales and services	\$ 10,950,154	\$ 19,946,942	\$ 1,591,025	\$ 32,488,121
Other	97,674	2,948,872	-	3,046,546
Total operating revenues	<u>11,047,828</u>	<u>22,895,814</u>	<u>1,591,025</u>	<u>35,534,667</u>
Operating expenses				
Operations	8,403,337	15,680,095	2,038,690	26,122,122
Amortization of future landfill closure costs	-	489,148	-	489,148
Depreciation and amortization	969,982	4,249,968	2,659,136	7,879,086
Total operating expenses	<u>9,373,319</u>	<u>20,419,211</u>	<u>4,697,826</u>	<u>34,490,356</u>
Operating income (loss)	<u>1,674,509</u>	<u>2,476,603</u>	<u>(3,106,801)</u>	<u>1,044,311</u>
Nonoperating revenues (expenses)				
Investment income	242,288	927,702	(30,988)	1,139,002
Intergovernmental revenue	67,546	57,160	215,644	340,350
Interest expense	-	(243,729)	-	(243,729)
Gain on sale of capital assets	-	216,338	-	216,338
Net nonoperating revenues (expenses)	<u>309,834</u>	<u>957,471</u>	<u>184,656</u>	<u>1,451,961</u>
Income (loss) before capital contributions and transfers	1,984,343	3,434,074	(2,922,145)	2,496,272
Capital contributions	-	-	11,174,476	11,174,476
Transfers to other funds	(610,767)	(2,380,904)	(38,900)	(3,030,571)
Change in net position	<u>1,373,576</u>	<u>1,053,170</u>	<u>8,213,431</u>	<u>10,640,177</u>
Net position, beginning of year	<u>11,740,340</u>	<u>57,705,363</u>	<u>72,061,066</u>	<u>141,506,769</u>
Net position, end of year	<u>\$ 13,113,916</u>	<u>\$ 58,758,533</u>	<u>\$ 80,274,497</u>	<u>\$ 152,146,946</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the year ended December 31, 2017

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds
Cash flows from (for) operating activities				
Receipts from customers	\$ 11,298,575	\$ 21,555,857	\$ 1,516,526	\$ 34,370,958
Payments to employees	(3,070,630)	(8,489,003)	(1,202,569)	(12,762,202)
Payments to vendors	(3,246,625)	(6,219,040)	(632,143)	(10,097,808)
Payments for interfund services used	(1,950,027)	(832,337)	(170,565)	(2,952,929)
Net cash from (for) operating activities	<u>3,031,293</u>	<u>6,015,477</u>	<u>(488,751)</u>	<u>8,558,019</u>
Cash flows from (for) non-capital financing activities				
Intergovernmental revenue	-	-	307,328	307,328
Transfers to other funds	(610,767)	(2,380,904)	(38,900)	(3,030,571)
Due to other funds	-	-	3,656,960	3,656,960
Net cash from (for) non-capital financing activities	<u>(610,767)</u>	<u>(2,380,904)</u>	<u>3,925,388</u>	<u>933,717</u>
Cash flows from (for) capital and related financing activities				
Principal payments on long-term obligations	-	(1,486,613)	-	(1,486,613)
Interest payments on long-term obligations	-	(236,137)	-	(236,137)
Acquisition and construction of capital assets	(1,407,214)	(2,141,508)	(10,400,470)	(13,949,192)
Landfill post closure cash reserve	-	(693,586)	-	(693,586)
Proceeds from the sale or disposition of capital assets	-	413,238	-	413,238
Capital contributions	-	-	6,994,821	6,994,821
Net cash from (for) capital and related financing activities	<u>(1,407,214)</u>	<u>(4,144,606)</u>	<u>(3,405,649)</u>	<u>(8,957,469)</u>
Cash flows from investing activities				
Investment income (loss)	129,512	927,702	(30,988)	1,026,226
Net cash from investing activities	<u>129,512</u>	<u>927,702</u>	<u>(30,988)</u>	<u>1,026,226</u>
Net increase (decrease) in cash	1,142,824	417,669	-	1,560,493
Cash, beginning of year	9,631,612	10,054,511	200	19,686,323
Cash, end of year	<u>10,774,436</u>	<u>10,472,180</u>	<u>200</u>	<u>21,246,816</u>
Cash	1,000	2,475	200	3,675
Cash in central treasury	6,533,678	2,727,996	-	9,261,674
Capital acquisition and construction accounts	4,239,758	7,741,709	-	11,981,467
Cash, December 31	<u>\$ 10,774,436</u>	<u>\$ 10,472,180</u>	<u>\$ 200</u>	<u>\$ 21,246,816</u>
Reconciliation of change in operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,674,509	\$ 2,476,603	\$ (3,106,801)	\$ 1,044,311
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Amortization of landfill closure costs	-	489,148	-	489,148
Depreciation and amortization	969,982	4,249,968	2,659,136	7,879,086
PERS relief-noncash expense	67,546	57,160	35,048	159,754
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:				
Accounts receivable, net	248,510	(1,342,922)	(19,663)	(1,114,075)
Prepaid items and deposits	148	(3,398)	1,147	(2,103)
Deferred outflows of resources	445,859	377,297	231,342	1,054,498
Accounts payable and retainages	(35,853)	94,817	6,556	65,520
Accrued payroll liabilities	55,564	(47,634)	(9,501)	(1,571)
Compensated absences payable	2,237	(1,400)	(24,467)	(23,630)
Unearned revenue and deposits	1,181	2,965	(54,836)	(50,690)
Net pension liability	(565,810)	(478,803)	(293,581)	(1,338,194)
Deferred inflows of resources	167,420	141,676	86,869	395,965
Total cash provided (used) by operating activities	<u>3,031,293</u>	<u>6,015,477</u>	<u>(488,751)</u>	<u>8,558,019</u>
Noncash investing, capital, and financing activities:				
Capital purchases on account	-	935,745	1,790,143	2,725,888
Contributed capital and equipment	-	-	11,174,476	11,174,476
Total noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ 935,745</u>	<u>\$ 12,964,619</u>	<u>\$ 13,900,364</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, 2017

	Risk Management		
	General Liability/ Workers' Compensation	Medical/ Dental	Unemployment Compensation
Assets			
Current assets:			
Cash in central treasury	\$ 17,907,994	\$ 13,074,648	\$ 1,794,557
Capital acquisition and construction accounts	-	-	-
Receivables (net of allowance for uncollectibles)	16,425	-	-
Inventories	-	-	-
Prepaid items and deposits	461,041	-	-
Total current assets	<u>18,385,460</u>	<u>13,074,648</u>	<u>1,794,557</u>
Noncurrent assets:			
Advances to other funds	226,369	-	-
Capital assets, net	-	-	-
Total noncurrent assets	<u>226,369</u>	<u>-</u>	<u>-</u>
Total assets	<u>18,611,829</u>	<u>13,074,648</u>	<u>1,794,557</u>
Deferred Outflows of Resources			
Deferred outflow related to net pension liability	6,031	-	-
Total deferred outflows of resources	<u>6,031</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>18,617,860</u>	<u>13,074,648</u>	<u>1,794,557</u>
Liabilities			
Current liabilities:			
Accounts payable and retainages	382,908	20,288	-
Accrued payroll liabilities	22,014	682	-
Capital acquisition and construction accounts and retainage payable	-	-	-
Compensated absences	16,655	10,927	-
Claims payable	14,734,848	2,044,461	43,280
Claims incurred but not reported	2,487,310	4,118,275	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Long-term obligations maturing within one year	-	-	-
Total current liabilities	<u>17,643,735</u>	<u>6,194,633</u>	<u>43,280</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences	30,290	1,469	-
Capital leases payable	-	-	-
Claims incurred but not reported	5,403,038	-	-
Net pension liability	109,523	-	-
Total noncurrent liabilities	<u>5,542,851</u>	<u>1,469</u>	<u>-</u>
Total liabilities	<u>23,186,586</u>	<u>6,196,102</u>	<u>43,280</u>
Deferred Inflows of Resources			
Deferred inflow related to net pension liability	11,311	-	-
Total deferred inflows of resources	<u>11,311</u>	<u>-</u>	<u>-</u>
Net Position (Deficit)			
Net investment in capital assets	-	-	-
Unrestricted	(4,580,037)	6,878,546	1,751,277
Total net position (deficit)	<u>(4,580,037)</u>	<u>6,878,546</u>	<u>1,751,277</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 18,617,860</u>	<u>\$ 13,074,648</u>	<u>\$ 1,794,557</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Internal Service Funds
December 31, 2017

Assets	Equipment Maintenance	Information Technology	Total Internal Service Funds
Current assets:			
Cash in central treasury	\$ 1,701,550	\$ -	\$ 34,478,749
Capital acquisition and construction accounts	3,796,832	-	3,796,832
Receivables (net of allowance for uncollectibles)	-	-	16,425
Inventories	252,834	-	252,834
Prepaid items and deposits	-	778,316	1,239,357
Total current assets	5,751,216	778,316	39,784,197
Noncurrent assets:			
Advances to other funds	-	-	226,369
Capital assets, net	21,278,432	85,133,571	106,412,003
Total noncurrent assets	21,278,432	85,133,571	106,638,372
Total assets	27,029,648	85,911,887	146,422,569
Deferred Outflows of Resources			
Deferred outflow related to net pension liability	184,201	1,400,807	1,591,039
Total deferred outflows of resources	184,201	1,400,807	1,591,039
Total assets and deferred outflows of resources	27,213,849	87,312,694	148,013,608
Liabilities			
Current liabilities:			
Accounts payable and retainages	357,465	4,649,503	5,410,164
Accrued payroll liabilities	200,609	430,664	653,969
Capital acquisition and construction accounts and retainage payable	454,141	1,153,364	1,607,505
Compensated absences	246,123	568,097	841,802
Claims payable	-	-	16,822,589
Claims incurred but not reported	-	-	6,605,585
Due to other funds	85,000	13,833,868	13,918,868
Accrued interest payable	-	190,777	190,777
Long-term obligations maturing within one year	-	8,382,286	8,382,286
Total current liabilities	1,343,338	29,208,559	54,433,545
Noncurrent liabilities:			
Advances from other funds	1,275,000	-	1,275,000
Compensated absences	3,606	21,091	56,456
Capital leases payable	-	40,745,851	40,745,851
Claims incurred but not reported	-	-	5,403,038
Net pension liability	2,828,487	9,778,471	12,716,481
Total noncurrent liabilities	4,107,093	50,545,413	60,196,826
Total liabilities	5,450,431	79,753,972	114,630,371
Deferred Inflows of Resources			
Deferred inflow related to net pension liability	271,918	525,546	808,775
Total deferred inflows of resources	271,918	525,546	808,775
Net Position (Deficit)			
Net investment in capital assets	21,278,432	36,005,434	57,283,866
Unrestricted	213,068	(28,972,258)	(24,709,404)
Total net position (deficit)	21,491,500	7,033,176	32,574,462
Total liabilities, deferred inflows of resources and net position	\$ 27,213,849	\$ 87,312,694	\$ 148,013,608

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended December 31, 2017

	Risk Management		
	General Liability/ Workers' Compensation	Medical/ Dental	Unemployment Compensation
Operating revenues			
Charges for sales and services	\$ 10,545,716	\$ 50,909,518	\$ 525,107
Other	665	27,325	-
Total operating revenues	<u>10,546,381</u>	<u>50,936,843</u>	<u>525,107</u>
Operating expenses			
Operations	10,399,441	44,808,905	233,809
Depreciation and amortization	-	-	-
Total operating expenses	<u>10,399,441</u>	<u>44,808,905</u>	<u>233,809</u>
Operating income (loss)	<u>146,940</u>	<u>6,127,938</u>	<u>291,298</u>
Nonoperating revenues (expenses)			
Intergovernmental revenue	3,923	-	-
Investment income (loss)	382,440	221,812	29,810
Other revenues	-	-	-
Other expenses	-	-	-
Interest expense	-	-	-
Gain on sale of capital assets	-	-	-
Net nonoperating revenues (expenses)	<u>386,363</u>	<u>221,812</u>	<u>29,810</u>
Income (loss) before capital contributions and transfers	533,303	6,349,750	321,108
Capital contributions	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Change in net position	533,303	6,349,750	321,108
Net position (deficit), beginning of year	<u>(5,113,340)</u>	<u>528,796</u>	<u>1,430,169</u>
Net position (deficit), end of year	<u>\$ (4,580,037)</u>	<u>\$ 6,878,546</u>	<u>\$ 1,751,277</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended December 31, 2017

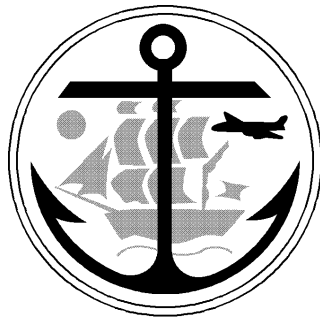
	Equipment Maintenance	Information Technology	Total Internal Service Funds
Operating revenues			
Charges for sales and services	\$ 8,009,833	\$ 21,971,987	\$ 91,962,161
Other	-	-	27,990
Total operating revenues	<u>8,009,833</u>	<u>21,971,987</u>	<u>91,990,151</u>
Operating expenses			
Operations	7,577,215	18,123,800	81,143,170
Depreciation and amortization	4,289,361	1,357,462	5,646,823
Total operating expenses	<u>11,866,576</u>	<u>19,481,262</u>	<u>86,789,993</u>
Operating income (loss)	<u>(3,856,743)</u>	<u>2,490,725</u>	<u>5,200,158</u>
Nonoperating revenues (expenses)			
Intergovernmental revenue	93,466	161,957	259,346
Investment income (loss)	127,045	(554,748)	206,359
Other revenues	63,825	2,895	66,720
Other expenses	-	(32,673)	(32,673)
Interest expense	(36,576)	(799,256)	(835,832)
Gain on sale of capital assets	77,718	-	77,718
Net nonoperating revenues (expenses)	<u>325,478</u>	<u>(1,221,825)</u>	<u>(258,362)</u>
Income (loss) before capital contributions and transfers	(3,531,265)	1,268,900	4,941,796
Capital contributions	1,828,236	-	1,828,236
Transfers from other funds	174,273	-	174,273
Transfers to other funds	(7,000)	-	(7,000)
Change in net position	<u>(1,535,756)</u>	<u>1,268,900</u>	<u>6,937,305</u>
Net position (deficit), beginning of year	<u>23,027,256</u>	<u>5,764,276</u>	<u>25,637,157</u>
Net position (deficit), end of year	<u>\$ 21,491,500</u>	<u>\$ 7,033,176</u>	<u>\$ 32,574,462</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Combining Statement of Cash Flows
 Internal Service Funds
 For the year ended December 31, 2017

	Risk Management		
	General Liability/ Workers' Compensation	Medical/ Dental	Unemployment Compensation
Cash flows from (for) operating activities			
Receipts for interfund services provided	\$ 10,545,204	\$ 50,935,072	\$ 525,107
Payments to employees	(367,395)	(320,826)	-
Payments to vendors	(11,928,705)	(46,683,307)	(266,609)
Payments for interfund services used	(1,368,697)	(3,095)	-
Net cash from (for) operating activities	(3,119,593)	3,927,844	258,498
Cash flows from (for) non-capital financing activities			
Transfers to other funds	-	-	-
Transfers from other funds	-	-	-
Due to other funds	-	-	-
Non-operating cash receipts	-	-	-
Advance to other funds	85,413	-	-
Net cash from (for) non-capital financing activities	85,413	-	-
Cash flows (for) capital and related financing activities			
Principal payments on long-term obligations	-	-	-
Interest payments on long-term obligations	-	-	-
Acquisition and construction of capital assets	-	-	-
Principal payments on interfund loans	-	-	-
Interest payments on interfund loans	-	-	-
Proceeds from issuance of debt	-	-	-
Proceeds from the sale or disposition of capital assets	-	-	-
Net cash (for) capital and related financing activities	-	-	-
Cash flows from (for) investing activities			
Investment income (loss)	382,440	221,812	29,810
Net cash from (for) investing activities	382,440	221,812	29,810
Net increase (decrease) in cash	(2,651,740)	4,149,656	288,308
Cash, beginning of year	20,559,734	8,924,992	1,506,249
Cash, end of year	17,907,994	13,074,648	1,794,557
Cash in central treasury	17,907,994	13,074,648	1,794,557
Capital acquisition and construction accounts	-	-	-
Cash, December 31	\$ 17,907,994	\$ 13,074,648	\$ 1,794,557
Reconciliation of change in operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 146,940	\$ 6,127,938	\$ 291,298
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	-	-
PERS relief-noncash expense	3,923	-	-
Other revenues	-	-	-
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:			
Accounts receivable, net	(1,177)	-	-
Prepaid items and deposits	(148,183)	-	-
Inventories	-	-	-
Deferred outflows of resources	(6,031)	-	-
Accounts payable and retainages	1,556	15,820	-
Accrued payroll liabilities	6,647	(622)	-
Compensated absences payable	23,936	8,505	-
Claims payable	(3,268,038)	(2,222,026)	(32,800)
Unearned revenue	-	(1,771)	-
Net pension liability	109,523	-	-
Deferred inflows of resources	11,311	-	-
Total cash provided (used) by operating activities	(3,119,593)	3,927,844	258,498
Noncash investing, capital, and financing activities:			
Capital purchases on account	-	-	-
Contributed capital and equipment	-	-	-
Total noncash investing, capital, and financing activities	\$ -	\$ -	\$ -

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31, 2017

	Equipment Maintenance	Information Technology	Total Internal Service Funds
Cash flows from (for) operating activities			
Receipts for interfund services provided	\$ 8,265,757	\$ 21,971,987	\$ 92,243,127
Payments to employees	(4,084,403)	(8,722,151)	(13,494,775)
Payments to vendors	(1,337,562)	(5,215,085)	(65,431,268)
Payments for interfund services used	(1,741,056)	(811,404)	(3,924,252)
Net cash from (for) operating activities	<u>1,102,736</u>	<u>7,223,347</u>	<u>9,392,832</u>
Cash flows from (for) non-capital financing activities			
Transfers to other funds	(7,000)	-	(7,000)
Transfers from other funds	174,273	-	174,273
Due to other funds	-	6,321,707	6,321,707
Non-operating cash receipts	-	2,895	2,895
Advance to other funds	-	-	85,413
Net cash from (for) non-capital financing activities	<u>167,273</u>	<u>6,324,602</u>	<u>6,577,288</u>
Cash flows (for) capital and related financing activities			
Principal payments on long-term obligations	-	(5,416,374)	(5,416,374)
Interest payments on long-term obligations	-	(736,746)	(736,746)
Acquisition and construction of capital assets	(3,279,930)	(28,199,590)	(31,479,520)
Principal payments on interfund loans	(85,000)	-	(85,000)
Interest payments on interfund loans	(36,576)	-	(36,576)
Proceeds from issuance of debt	-	21,359,509	21,359,509
Proceeds from the sale or disposition of capital assets	77,718	-	77,718
Net cash (for) capital and related financing activities	<u>(3,323,788)</u>	<u>(12,993,201)</u>	<u>(16,316,989)</u>
Cash flows from (for) investing activities			
Investment income (loss)	127,045	(554,748)	206,359
Net cash from (for) investing activities	<u>127,045</u>	<u>(554,748)</u>	<u>206,359</u>
Net increase (decrease) in cash	(1,926,734)	-	(140,510)
Cash, beginning of year	7,425,116	-	38,416,091
Cash, end of year	<u>5,498,382</u>	<u>-</u>	<u>38,275,581</u>
Cash in central treasury	1,701,550	-	34,478,749
Capital acquisition and construction accounts	3,796,832	-	3,796,832
Cash, December 31	<u>\$ 5,498,382</u>	<u>\$ -</u>	<u>\$ 38,275,581</u>
Reconciliation of change in operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (3,856,743)	\$ 2,490,725	\$ 5,200,158
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	4,289,361	1,357,462	5,646,823
PERS relief-noncash expense	93,466	161,957	259,346
Other revenues	63,825	-	63,825
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:			
Accounts receivable, net	192,099	-	190,922
Prepaid items and deposits	-	(87,673)	(235,856)
Inventories	(17,069)	-	(17,069)
Deferred outflows of resources	616,947	1,100,972	1,711,888
Accounts payable and retainages	188,879	3,174,736	3,380,991
Accrued payroll liabilities	57,275	82,819	146,119
Compensated absences payable	25,959	41,549	99,949
Claims payable	-	-	(5,522,864)
Unearned revenue	-	-	(1,771)
Net pension liability	(782,926)	(1,499,039)	(2,172,442)
Deferred inflows of resources	231,663	399,839	642,813
Total cash provided (used) by operating activities	<u>1,102,736</u>	<u>7,223,347</u>	<u>9,392,832</u>
Noncash investing, capital, and financing activities:			
Capital purchases on account	454,141	1,153,364	1,607,505
Contributed capital and equipment	1,828,236	-	1,828,236
Total noncash investing, capital, and financing activities	<u>\$ 2,282,377</u>	<u>\$ 1,153,364</u>	<u>\$ 3,435,741</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, 2017

	Police/Fire Retirement Trust Funds			Total
	Police/Fire Retirement System Plan I	Police/Fire Retirement System Plan II	Police/Fire Retirement System Plan III	
Assets				
Cash in central treasury	\$ 4,183	\$ 3,233	\$ 12,912	\$ 20,328
Cash, cash equivalents held under securities lending program	858,852	663,714	2,650,813	4,173,379
Contribution receivable	87,001	62,852	254,895	404,748
Investments, at fair value:				
Cash and money market funds	12,929,017	9,991,435	39,904,882	62,825,334
U.S. treasuries	-	-	-	-
U.S. TIPS	-	-	-	-
U.S. agencies	-	-	-	-
Corporate fixed income securities	16,261,272	12,566,573	50,189,754	79,017,599
Fixed income funds	-	-	-	-
International fixed income funds	-	-	-	-
Domestic equity securities	30,846,067	23,837,580	95,205,132	149,888,779
International equity securities	14,921,094	11,530,895	46,053,347	72,505,336
Real estate funds	8,162,912	6,308,230	25,194,497	39,665,639
Total investments	<u>83,120,362</u>	<u>64,234,713</u>	<u>256,547,612</u>	<u>403,902,687</u>
Total assets	<u>84,070,398</u>	<u>64,964,512</u>	<u>259,466,232</u>	<u>408,501,142</u>
Liabilities				
Accounts payable	8,129	6,282	25,090	39,501
Payable under securities lending program	858,852	663,714	2,650,813	4,173,379
Total liabilities	<u>866,981</u>	<u>669,996</u>	<u>2,675,903</u>	<u>4,212,880</u>
Net Position				
Restricted for pensions and OPEB healthcare:				
Employees' pension benefits	83,203,417	64,294,516	256,790,329	404,288,262
Employees' postemployment healthcare benefits	-	-	-	-
Total net position restricted for pension benefits	<u>83,203,417</u>	<u>64,294,516</u>	<u>256,790,329</u>	<u>404,288,262</u>
Total liabilities and net position restricted for pension benefits	<u>\$ 84,070,398</u>	<u>\$ 64,964,512</u>	<u>\$ 259,466,232</u>	<u>\$ 408,501,142</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Fiduciary Funds
December 31, 2017

Police/Fire Retiree Medical Trust Fund

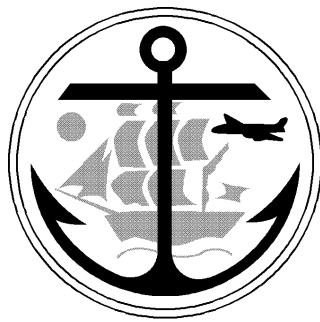
	Police/Fire Medical Group	Gentile Medical Group	Total	Total Fiduciary Funds
Assets				
Cash in central treasury	\$ 2,539	\$ -	\$ 2,539	\$ 22,867
Cash, cash equivalents held under securities lending program	-	-	-	4,173,379
Contribution receivable	-	-	-	404,748
Investments, at fair value:				
Cash and money market funds	5,896,405	-	5,896,405	68,721,739
U.S. treasuries	4,686,388	-	4,686,388	4,686,388
U.S. TIPS	245,911	-	245,911	245,911
U.S. agencies	3,090,275	-	3,090,275	3,090,275
Corporate fixed income securities	-	-	-	79,017,599
Fixed income funds	862,157	-	862,157	862,157
International fixed income funds	344,361	-	344,361	344,361
Domestic equity securities	2,438,316	-	2,438,316	152,327,095
International equity securities	1,631,319	-	1,631,319	74,136,655
Real estate funds	-	-	-	39,665,639
Total investments	<u>19,195,132</u>	<u>-</u>	<u>19,195,132</u>	<u>423,097,819</u>
Total assets	<u>19,197,671</u>	<u>-</u>	<u>19,197,671</u>	<u>427,698,813</u>
Liabilities				
Accounts payable	-	-	-	39,501
Payable under securities lending program	-	-	-	4,173,379
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,212,880</u>
Net Position				
Restricted for pensions and OPEB healthcare:				
Employees' pension benefits	-	-	-	404,288,262
Employees' postemployment healthcare benefits	19,197,671	-	19,197,671	19,197,671
Total net position restricted for pension benefits	<u>19,197,671</u>	<u>-</u>	<u>19,197,671</u>	<u>423,485,933</u>
Total liabilities and net position restricted for pension benefits	<u>\$ 19,197,671</u>	<u>\$ -</u>	<u>\$ 19,197,671</u>	<u>\$ 427,698,813</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Changes in Net Position
Fiduciary Funds
For the year ended December 31, 2017

	Police/Fire Retirement Trust Funds			
	Police/Fire Retirement System Plan I	Police/Fire Retirement System Plan II	Police/Fire Retirement System Plan III	Total
Additions				
Contributions from other funds	\$ 14,552,500	\$ 10,642,589	\$ 43,403,087	\$ 68,598,176
Contributions from employees	-	-	129,027	129,027
Investment Income:				
Interest	470,938	365,206	1,438,310	2,274,454
Dividends	582,157	451,370	1,779,353	2,812,880
Net increase in fair value of investments	9,807,013	7,605,621	29,954,412	47,367,046
Less: investment expense	(338,070)	(261,258)	(1,043,441)	(1,642,769)
Total additions	<u>25,074,538</u>	<u>18,803,528</u>	<u>75,660,748</u>	<u>119,538,814</u>
Deductions				
Regular benefit payments	8,403,395	5,841,364	18,375,859	32,620,618
Administrative expenses	147,254	114,841	441,900	703,995
Total deductions	<u>8,550,649</u>	<u>5,956,205</u>	<u>18,817,759</u>	<u>33,324,613</u>
Change in net position	16,523,889	12,847,323	56,842,989	86,214,201
Net position, beginning of year	66,679,528	51,447,193	199,947,340	318,074,061
Net position, end of year	<u>\$ 83,203,417</u>	<u>\$ 64,294,516</u>	<u>\$ 256,790,329</u>	<u>\$ 404,288,262</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Combining Statement of Changes in Net Position
 Fiduciary Funds
 For the year ended December 31, 2017

Police/Fire Retiree Medical Trust Fund				
	Police/Fire Medical Group	Gentile Medical Group	Total	Total Fiduciary Funds
Additions				
Contributions from other funds	\$ 3,497,648	\$ -	\$ 3,497,648	\$ 72,095,824
Contributions from employees	-	-	-	129,027
Investment Income:				
Interest	957	-	957	2,275,411
Dividends	363,423	-	363,423	3,176,303
Net increase in fair value of investments	602,340	-	602,340	47,969,386
Less: investment expense	-	-	-	(1,642,769)
Total additions	4,464,368	-	4,464,368	124,003,182
Deductions				
Regular benefit payments	3,048,956	-	3,048,956	35,669,574
Administrative expenses	68,639	-	68,639	772,634
Total deductions	3,117,595	-	3,117,595	36,442,208
Change in net position	1,346,773	-	1,346,773	87,560,974
Net position, beginning of year	17,850,898	-	17,850,898	335,924,959
Net position, end of year	\$ 19,197,671	\$ -	\$ 19,197,671	\$ 423,485,933



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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 ten 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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
Net investment in capital assets	\$ 2,903,190,855	\$ 2,809,346,703	\$ 2,753,762,553	\$ 2,712,415,165	\$ 2,711,369,340	\$ 2,645,081,616	\$ 2,637,498,499	\$ 2,690,946,874	\$ 2,689,939,470	\$ 2,620,279,025
Restricted	251,415,621	246,631,274	252,408,288	226,230,204	221,075,432	206,054,655	184,705,421	175,099,975	165,637,114	168,742,562
Unrestricted	(325,576,279)	(273,896,524)	(185,258,144)	135,703,277	108,779,489	123,707,347	105,856,844	58,377,890	18,194,337	35,463,284
Total governmental activities net position	2,829,030,197	2,782,081,453	2,820,912,697	3,074,348,646	3,041,224,261	2,974,843,618	2,928,060,764	2,924,424,739	2,873,770,921	2,824,484,871
Business-type activities:										
Net investment in capital assets	669,846,289	639,217,895	613,548,627	629,847,882	493,665,151	525,892,917	499,643,067	453,327,512	419,148,666	430,705,921
Restricted	32,789,940	30,709,991	24,846,151	22,000,520	77,596,655	184,402,233	182,771,686	166,914,727	136,376,232	113,883,731
Unrestricted	132,599,711	105,289,700	90,520,085	103,208,314	153,743,558	48,518,687	42,089,727	76,809,449	80,917,057	61,571,494
Total business-type activities net position	835,235,940	775,217,586	728,914,863	755,056,716	725,005,364	758,813,837	724,504,480	697,051,688	636,441,955	606,161,146
Total primary government:										
Net investment in capital assets	3,573,037,144	3,448,564,598	3,367,311,180	3,342,263,047	3,269,933,535	3,170,974,533	3,137,141,566	3,144,274,386	3,109,088,136	3,050,984,946
Restricted	284,205,561	277,341,265	277,254,439	248,230,724	286,892,971	390,456,888	367,477,107	342,014,702	302,013,346	282,626,293
Unrestricted	(192,976,568)	(168,606,824)	(94,738,059)	238,911,591	209,403,119	172,226,034	147,946,571	135,187,339	99,111,394	97,034,778
Total primary government net position	\$ 3,664,266,137	\$ 3,557,299,039	\$ 3,549,827,560	\$ 3,829,405,362	\$ 3,766,229,625	\$ 3,733,657,455	\$ 3,652,565,244	\$ 3,621,476,427	\$ 3,510,212,876	\$ 3,430,646,017

Notes:

In 2015, we implemented GASB 68 "Accounting and Reporting for Pension Plans", which added significant liabilities to the Statement of Net Position. These liabilities caused a large swing in Unrestricted Net Position for Governmental Activities.

Source: Municipality of Anchorage, Finance Department

MUNICIPALITY OF ANCHORAGE, ALASKA

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

	Fiscal Year										As Restated 2009	As Restated 2008	
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008			
Expenses:													
Governmental activities:													
General government	\$ 28,136,062	\$ 31,777,644	\$ 29,239,850	\$ 28,921,894	\$ 23,954,989	\$ 21,709,649	\$ 21,999,859	\$ 22,466,640	\$ 29,050,467	\$ 26,337,901			
Fire services	120,767,761	127,750,790	128,660,990	112,672,964	105,134,071	96,285,981	94,489,286	88,837,324	80,454,433	81,586,328			
Police services	143,011,770	146,997,658	149,235,914	129,723,388	127,840,572	118,098,035	116,362,828	107,677,900	104,474,503	102,916,665			
Health and human services	29,657,409	27,028,516	25,915,204	26,668,108	24,620,859	25,029,632	28,268,547	26,632,684	27,082,391	26,458,471			
Economic & community development	92,031,067	78,163,980	74,741,068	78,933,403	68,950,920	78,493,403	83,174,571	78,941,612	82,988,652	76,303,695			
Public transportation	36,955,189	37,258,533	36,621,802	36,937,350	35,985,169	34,906,057	34,185,440	30,240,829	30,517,002	29,953,660			
Public works	73,918,843	91,116,000	90,595,542	111,694,564	99,892,660	85,163,740	80,989,860	56,127,232	78,337,320	78,337,320			
Maintenance and operations of roads and facilities	36,933,039	36,994,141	35,416,462	35,860,531	34,057,619	47,777,794	36,316,900	35,241,475	33,758,467	35,404,978			
Education	247,406,848	243,841,632	240,239,749	240,752,791	241,279,103	238,519,174	240,834,968	235,125,354	231,378,123	212,266,737			
Interest on long-term debt	21,607,955	22,793,843	19,782,373	24,517,693	25,530,454	26,120,599	29,132,941	28,201,071	29,600,473	29,822,096			
Total governmental activities expenses	830,425,943	843,722,737	830,648,954	826,542,686	787,246,416	772,105,201	765,765,210	709,492,121	760,831,764	699,389,937			
Business-type activities:													
Electric	165,063,796	171,654,101	152,868,514	123,896,740	109,982,575	110,603,719	126,040,240	122,331,031	105,530,769	90,760,462			
Water	43,805,910	47,332,911	44,769,187	40,796,522	39,520,676	40,675,916	39,754,921	38,759,459	38,484,886	39,388,902			
Wastewater	41,681,971	43,372,095	42,494,673	37,609,422	36,466,069	35,200,550	33,988,296	32,916,342	30,491,470	31,803,895			
Port	18,092,680	21,755,534	26,544,248	16,657,324	12,346,924	11,840,713	11,489,233	10,518,074	11,105,399	11,533,424			
Solid Waste	9,254,420	9,997,351	9,109,248	18,124,824	18,285,807	18,973,897	17,233,393	16,177,197	16,326,313	15,555,914			
Refuse	20,478,900	19,913,585	21,710,342	8,566,651	8,649,190	8,644,522	8,262,213	8,176,402	7,816,221	7,367,979			
Municipal Airport	4,659,241	4,636,998	5,475,101	3,701,186	3,632,872	4,196,663	4,093,796	3,325,730	3,279,054	3,229,657			
Cooperative Services Authority	-	-	-	-	-	-	-	-	-	1,314,503			
Total business-type expenses	303,036,918	318,662,575	302,971,338	249,352,671	228,884,113	230,135,980	240,862,052	232,204,235	213,034,112	200,954,736			
Total primary government expenses	1,133,462,861	1,162,385,312	1,133,620,292	1,075,895,357	1,016,130,529	1,002,241,181	1,006,627,262	941,696,356	973,865,876	900,344,573			
Program revenues: (see also Table 3)													
Governmental activities:													
Charges for services:													
General government	7,463,058	7,397,112	7,085,977	7,264,871	7,901,979	7,306,404	9,497,748	7,656,683	6,519,429	8,176,803			
Fire services	11,723,566	11,218,269	12,282,488	11,174,742	8,547,852	8,347,086	8,224,213	7,494,561	7,551,666	8,864,033			
Police services	13,849,906	11,883,107	13,601,445	14,623,458	14,481,855	14,227,236	22,021,740	18,521,825	17,866,612	18,649,891			
Health and human services	2,344,942	2,606,170	2,798,396	2,803,642	2,411,024	2,932,137	4,022,702	3,680,732	3,748,435	3,669,266			
Economic & community development	11,688,921	2,566,183	4,200,935	4,689,244	4,498,090	5,036,711	4,369,182	5,875,611	5,875,077	5,406,449			
Public transportation	7,088,924	4,387,796	4,804,523	5,243,968	5,227,218	5,140,290	4,659,923	4,435,263	4,545,387	4,545,387			
Public works	1,012,340	9,421,991	12,821,050	14,389,898	12,770,454	14,426,299	10,423,069	8,669,482	9,202,667	8,256,833			
Maintenance and operations of roads and facilities	171,680	318,988	233,380	645,552	367,072	170,343	191,729	191,534	319,034	202,171			
Total charges for services revenues	55,343,337	49,799,616	57,828,194	60,835,375	56,205,544	57,586,506	63,872,139	56,750,351	55,518,183	57,770,833			
Operating grants and contributions	44,734,752	32,198,909	41,331,023	94,699,088	70,455,494	76,838,701	60,469,943	47,876,617	64,619,647	47,769,996			
Capital grants and contributions	84,936,667	80,818,695	104,864,898	84,027,472	94,316,487	61,810,688	59,335,217	66,986,287	108,286,565	68,209,477			
Total governmental activities program revenues	185,014,756	162,817,220	204,024,115	239,561,935	220,977,525	196,235,895	183,677,299	171,613,255	228,424,395	173,750,306			
Business-type activities:													
Charges for services	352,319,381	344,715,159	329,065,077	303,945,145	274,454,359	279,360,413	275,133,149	260,970,568	245,176,485	227,754,831			
Operating grants and contributions	1,688,418	1,682,042	958,210	260,620	121,173	116,452	111,731	108,584	108,584	161,505			
Capital grants and contributions	22,794,161	23,034,786	11,490,032	5,021,006	6,634,793	8,797,587	11,981,767	47,442,806	14,581,877	39,135,924			
Total business-type activities revenues	376,801,960	369,431,987	341,513,319	309,226,771	281,210,325	288,274,452	287,226,667	308,521,958	259,866,946	268,505,805			
Total primary government program revenues	561,816,716	532,249,207	545,537,434	548,788,706	502,187,850	484,510,347	470,903,966	480,135,213	488,291,341	442,256,111			
Net (Expense)/Revenue													
Governmental activities	(645,411,187)	(680,905,517)	(626,624,839)	(566,980,751)	(566,268,891)	(575,869,306)	(582,087,911)	(537,878,866)	(532,407,369)	(625,639,531)			
Business-type activities	73,765,042	50,769,412	38,541,981	59,874,100	52,326,212	58,138,472	46,364,615	76,317,723	46,832,834	67,551,069			
Total primary government net expense	\$ (571,646,145)	\$ (630,136,105)	\$ (588,082,858)	\$ (527,106,651)	\$ (513,942,679)	\$ (517,730,834)	\$ (535,723,296)	\$ (461,561,143)	\$ (485,574,535)	\$ (458,088,462)			

MUNICIPALITY OF ANCHORAGE, ALASKA

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	As Restated 2009	As Restated 2008
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 557,174,206	\$ 528,814,024	\$ 509,725,344	\$ 497,351,213	\$ 493,148,928	\$ 490,581,658	\$ 482,411,497	\$ 479,409,921	\$ 461,906,542	\$ 435,202,824
Motor vehicle taxes	17,224,364	17,394,515	17,363,803	17,366,210	16,652,166	15,990,553	9,878,069	9,512,490	9,078,006	10,535,938
Hotel and motel taxes	25,666,253	24,920,069	26,083,585	25,002,097	22,988,779	23,013,548	21,033,287	19,604,118	17,846,829	22,173,862
Tobacco taxes	20,377,976	22,281,630	24,100,565	21,950,759	22,790,309	22,219,610	19,716,300	17,334,746	16,581,627	16,658,407
Assessments in lieu of taxes	3,441,656	3,189,013	3,124,513	3,062,584	3,135,217	3,050,828	2,232,706	2,284,762	2,324,750	2,086,576
Grants and entitlements not restricted to specific programs	7,783,616	9,280,122	14,042,608	14,831,485	14,697,818	21,154,092	19,984,139	15,053,452	15,018,748	15,112,751
Investment earnings (loss)	32,363,010	13,403,562	1,877,744	12,510,253	28,258,065	24,297,147	4,601,926	20,838,767	35,064,547	(47,269,808)
Other	-	-	-	-	-	-	-	-	1,252,159	-
Transfers	28,328,850	22,791,338	32,627,024	28,040,535	26,901,318	26,571,906	25,981,595	24,494,428	22,620,211	21,042,141
Special item - NPO/OPEB write-off	-	-	-	-	-	-	-	-	-	-
Special item - HLB Land Sale Gain	-	-	-	-	4,076,934	-	-	-	-	-
Total governmental activities	692,359,931	642,074,273	628,945,186	620,105,136	632,649,534	626,879,342	585,839,519	588,532,684	561,693,419	498,529,675
Business-type activities:										
Investment earnings	7,832,162	5,724,649	4,067,761	4,539,450	2,089,947	5,562,131	6,071,914	8,457,540	9,288,490	1,796,671
Other	6,750,000	12,600,000	-	-	-	-	-	-	(95,304)	-
Special item - NPO/OPEB write-off	-	-	-	-	-	-	-	-	-	4,097,662
Transfers	(28,328,850)	(22,791,338)	(32,627,024)	(28,040,535)	(26,901,318)	(26,571,906)	(25,981,595)	(24,165,530)	(25,745,211)	(21,042,141)
Special item - AWWU Land Purchase	-	-	-	-	238,737	-	-	-	-	-
Extraordinary item - Port PLEP Impairment	-	-	-	-	(61,562,051)	-	-	-	-	-
Total business-type activities	(13,746,688)	(4,466,689)	(28,559,263)	(23,501,085)	(66,134,685)	(21,009,775)	(19,909,681)	(15,707,990)	(16,552,025)	(15,147,808)
Total primary government	678,613,243	637,607,584	600,385,923	596,604,051	546,514,849	605,869,567	565,929,838	572,824,694	565,141,394	483,381,867
Change in net position:										
Governmental activities	46,948,744	(38,831,244)	2,320,347	33,124,385	66,380,643	51,010,036	3,751,608	50,653,818	49,286,050	(27,109,856)
Business-type activities	60,018,354	46,302,723	9,982,718	36,373,015	(33,808,473)	37,128,697	26,454,934	60,609,733	30,280,809	52,403,261
Total primary government	\$ 106,967,098	\$ 7,471,479	\$ 12,303,065	\$ 69,497,400	\$ 32,572,170	\$ 88,138,733	\$ 30,206,542	\$ 111,263,551	\$ 79,566,859	\$ 25,293,405

Source: Municipality of Anchorage, Finance Department.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Charges for Services by Function/Program
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year										As Restated 2008	
	2017	2016	2015	2014	2013	2012	2011	2010	2009	As Restated 2008		
Program revenues - charges for services:												
Governmental activities:												
General government	\$ 7,463,058	\$ 7,397,112	\$ 7,085,977	\$ 7,264,871	\$ 7,901,979	\$ 7,306,404	\$ 9,497,748	\$ 7,656,683	\$ 6,519,429	\$ 8,176,803		
Fire services	11,723,566	11,218,269	12,282,488	11,174,742	8,547,852	8,347,086	8,224,213	7,494,561	7,551,666	8,864,033		
Police services	13,849,906	11,883,107	13,601,445	14,623,458	14,481,855	14,227,236	22,021,740	18,521,825	17,866,612	18,649,891		
Health and human services	2,344,942	2,606,170	2,798,396	2,803,642	2,411,024	2,932,137	4,022,702	3,690,732	3,748,435	3,669,266		
Economic & community development	11,688,921	2,566,183	4,200,935	4,689,244	4,498,090	5,036,711	4,369,182	5,875,611	5,875,077	5,406,449		
Public transportation	7,088,924	4,387,796	4,804,523	5,243,968	5,227,218	5,140,290	5,121,736	4,659,923	4,435,263	4,545,387		
Public works	1,012,340	9,421,991	12,821,050	14,389,898	12,770,454	14,426,299	10,423,089	8,669,482	9,202,667	8,256,833		
Maintenance and operations of roads and facilities	171,680	318,988	233,380	645,552	367,072	170,343	191,729	191,534	319,034	202,171		
Total governmental activities	55,343,337	49,799,616	57,828,194	60,835,375	56,205,544	57,586,506	63,872,139	56,750,351	55,518,183	57,770,833		
Business-type activities:												
Electric	184,949,719	179,751,959	164,910,039	142,382,804	120,158,837	128,070,159	139,609,558	131,520,920	120,008,455	108,272,636		
Water	60,659,490	62,834,038	62,371,849	62,527,066	59,562,890	55,664,095	52,081,778	51,056,732	48,248,827	43,613,176		
Wastewater	56,548,288	52,629,855	52,814,630	51,774,890	50,465,806	48,135,325	42,894,791	37,994,692	37,019,347	35,151,563		
Port	14,410,879	13,975,856	13,861,999	12,099,083	11,555,611	11,701,746	11,819,075	11,452,966	11,140,822	12,574,534		
Refuse	11,047,828	11,112,587	10,996,962	10,754,905	8,807,046	8,787,550	8,820,754	8,744,034	8,515,349	8,013,803		
Solid waste	23,112,152	22,898,337	22,601,619	22,957,169	22,498,137	20,949,679	18,566,616	18,974,151	19,007,456	18,197,048		
Municipal airport	1,591,025	1,512,527	1,507,979	1,449,228	1,406,032	6,051,859	1,340,577	1,227,073	1,236,229	1,289,585		
Cooperative Services Authority	-	-	-	-	-	-	-	-	-	642,496		
Total business-type activities	352,319,381	344,715,159	329,065,077	303,945,145	274,454,359	279,360,413	275,133,149	260,970,568	245,176,485	227,754,831		
Total primary government	\$ 407,662,718	\$ 394,514,775	\$ 386,893,271	\$ 364,780,520	\$ 330,659,903	\$ 336,946,919	\$ 339,005,288	\$ 317,720,919	\$ 300,694,668	\$ 285,525,664		

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Pre-GASB 54 Presentation										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved - designated	-	-	-	-	-	-	-	-	3,881,505	1,297,581
Unreserved - undesignated, reported in:	-	-	-	-	-	-	-	-	33,059,151	19,782,164
Special revenue funds	-	-	-	-	-	-	-	-	8,256,412	4,988,645
Capital project funds	-	-	-	-	-	-	-	-	45,197,068	26,068,390
Total all other governmental funds	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	210,745,488	228,973,762
Unreserved - designated	-	-	-	-	-	-	-	-	23,300,577	20,655,423
Unreserved - undesignated, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	554,232	752,158
Capital project funds	-	-	-	-	-	-	-	-	(31,211,824)	(21,620,598)
Total all other governmental funds	-	-	-	-	-	-	-	-	203,388,473	228,760,745
Post GASB 54 Presentation										
Reserved	-	-	-	-	-	-	-	-	214,626,993	230,271,343
Unreserved - designated	-	-	-	-	-	-	-	-	56,359,728	40,437,587
Unreserved - undesignated, reported in:	-	-	-	-	-	-	-	-	-	-
General fund	-	-	-	-	-	-	-	-	8,256,412	4,988,645
Special revenue funds	-	-	-	-	-	-	-	-	554,232	752,158
Capital project funds	-	-	-	-	-	-	-	-	(31,211,824)	(21,620,598)
Total governmental funds fund balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	248,585,541	254,829,135

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Post GASB 54 Presentation										
Nonspendable	\$ 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	11,165	11,468	11,881	189,145	2,595,783	3,441,095	13,443,010	17,039,469	-	-
Committed	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	16,762,537	7,242,461	9,162,786	12,733,971	8,104,090	21,031,217	13,467,816	7,645,324	-	-
Unassigned	59,811,132	13,893,576	31,776,450	18,450,750	28,429,037	17,201,990	9,340,583	15,205,649	-	-
Total general funds	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	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	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	17,231,749	21,374,727	3,126,957	4,443,990	10,671,120	15,896,418	25,996,937	-	-
Assigned	-	984,651	261,385	301,187	180,611	170,250	325,490	247,343	-	-
Unassigned (deficit)	(19,914,534)	-	-	-	(14,041,418)	1,056,588	975,033	948,786	-	-
Total capital projects roads & drainage fund	(19,914,534)	18,216,400	21,636,112	3,428,144	(9,416,817)	11,897,968	17,196,941	17,272,885	-	-
Restricted	119	-	-	-	-	-	-	-	-	-
Total police/fire certificate of participation bond fund	119	-	-	-	-	-	-	-	-	-
Nonspendable	224,857	755,039	1,048,604	1,180,030	1,150,000	1,155,252	1,167,429	1,150,000	-	-
Restricted	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	13,516,540	19,044,328	18,575,285	18,444,025	19,408,994	18,908,485	18,724,646	20,763,368	-	-
Assigned	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)	(3,224,814)	(2,662,139)	(45,918)	(57,261)	(965,703)	(636,175)	(316,444)	(5,088,907)	-	-
Total other governmental funds	120,483,026	128,025,189	135,133,859	128,470,565	119,437,438	108,444,892	96,396,493	98,555,615	-	-
Nonspendable	2,493,870	3,050,797	3,700,203	4,710,145	4,082,819	4,216,026	4,489,596	4,900,639	-	-
Restricted	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	54,284,967	61,644,543	58,861,639	59,556,392	56,857,490	56,172,539	44,307,929	40,681,521	-	-
Assigned	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	(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	\$ 325,282,349	\$ 358,648,684	\$ 384,862,004	\$ 356,604,249	\$ 333,531,609	\$ 329,813,705	\$ 295,192,715	\$ 298,429,706	\$ -	\$ -

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 2011, the Municipality implemented GASB 54- Fund Balance Reporting and Governmental Fund Type Definitions. This changed the presentation of fund balance for Governmental Funds. Fund Balance for 2010 was restated using the new presentation in order to accurately present the 2011 fund balance.

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

Source: Municipality of Anchorage, Finance Department.

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

	Fiscal Year										As Restated 2008	
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008		
Revenues:												
Taxes and assessments in lieu of taxes	\$ 627,005,350	\$ 594,959,804	\$ 580,981,773	\$ 565,413,760	\$ 559,077,522	\$ 555,052,111	\$ 534,724,811	\$ 527,757,094	\$ 506,700,676	\$ 486,293,914		
Special assessments	1,698,640	1,964,973	2,750,188	1,468,716	1,181,821	1,273,593	1,410,956	1,559,801	1,080,120	1,159,628		
Licenses and permits	9,680,014	9,322,822	10,999,964	12,941,960	12,553,278	10,372,797	11,367,098	9,727,381	11,137,072	10,950,551		
Intergovernmental	100,732,316	104,152,403	169,459,308	176,898,245	156,098,508	149,037,822	119,711,543	121,565,389	172,943,841	124,425,213		
Charges for services	23,375,879	23,990,336	32,197,098	29,019,610	33,139,322	33,242,521	34,161,923	35,151,606	31,898,045	34,112,140		
Fines and forfeitures	5,798,490	5,047,749	6,611,034	6,970,300	6,532,511	6,232,471	8,468,178	7,761,674	8,372,541	8,996,470		
E911 surcharges	7,930,788	6,558,506	6,378,754	6,766,679	-	-	-	-	-	-		
Investment income	32,156,651	13,039,556	1,658,781	11,934,747	28,223,078	23,591,633	4,518,123	19,923,545	33,133,010	(47,288,530)		
Restricted contributions	1,937,743	2,787,001	1,820,056	501,774	4,350,831	2,870,846	3,932,885	1,852,653	746,194	3,326,186		
Other	6,598,670	4,323,451	4,409,634	6,210,488	5,416,074	6,121,264	7,987,619	5,095,912	5,140,839	4,802,460		
Total revenues	816,914,541	766,146,601	817,266,590	818,126,279	806,572,945	787,795,058	726,283,136	730,395,055	771,152,338	626,778,032		
Expenditures:												
General government	28,355,791	26,297,288	28,141,406	29,547,245	22,490,280	20,596,164	21,982,842	17,931,545	21,529,868	25,049,556		
Fire services	138,643,694	106,657,739	111,060,154	111,777,871	103,203,797	95,195,623	90,763,653	83,670,491	76,265,286	76,322,626		
Police services	169,055,376	124,352,080	130,875,103	132,839,308	129,813,796	115,967,228	111,510,172	102,926,771	99,974,274	101,537,582		
Health and human services	28,743,679	22,596,193	24,669,526	25,650,935	23,742,769	24,115,392	26,823,415	25,144,569	26,589,623	25,953,139		
Economic and community development	72,148,750	55,273,949	54,666,205	53,875,368	46,870,085	58,099,851	60,989,689	63,627,692	62,988,984	61,635,730		
Public transportation	33,138,638	28,817,286	30,758,931	31,549,000	30,396,121	30,241,731	28,169,896	21,556,120	22,220,628	24,625,761		
Public works	9,922,579	29,147,266	28,416,543	39,492,078	32,429,999	27,953,465	20,907,921	20,934,441	22,822,998	26,436,195		
Education	247,406,848	243,841,632	240,239,749	34,338,414	241,279,103	238,519,174	240,834,968	235,125,354	231,378,123	212,266,737		
Maintenance and operations of roads and facilities	34,229,721	32,812,383	31,942,531	240,752,791	32,977,338	35,482,336	33,805,423	34,484,210	32,752,300	35,830,185		
Capital outlay	115,016,927	111,904,035	126,268,360	105,785,105	108,418,635	98,950,246	82,333,411	105,694,920	145,213,610	172,099,343		
Debt service												
Principal	38,220,000	39,595,000	43,117,998	38,857,577	35,022,883	39,242,119	31,137,139	20,647,950	30,823,332	30,371,078		
Interest	24,755,123	23,688,269	23,731,301	24,898,180	26,658,557	27,013,982	31,072,474	27,581,071	28,686,622	29,269,039		
Bond issuance costs	469,528	108,074	877,799	462,954	-	232,046	224,194	497,504	-	441,158		
Total expenditures	940,106,654	845,091,194	874,765,606	869,826,826	833,303,363	811,609,357	780,555,197	759,822,638	801,245,648	821,838,129		
Deficiencies of revenues over expenditures	(123,192,113)	(78,944,593)	(57,499,016)	(51,700,547)	(26,730,418)	(23,814,299)	(54,272,061)	(29,427,583)	(30,093,310)	(195,060,097)		
Other financing sources (uses):												
Transfers in	55,966,496	52,766,641	56,880,063	52,648,722	56,375,764	52,186,974	52,622,964	47,683,059	56,159,016	71,752,640		
Transfers out	(27,804,919)	(29,940,838)	(24,734,653)	(26,377,947)	(32,447,488)	(25,618,993)	(32,111,908)	(23,525,181)	(33,433,469)	(46,779,615)		
Bonds issued	58,675,000	24,870,000	256,880,000	122,600,001	-	53,785,000	52,298,250	78,610,000	-	60,000,000		
Premium on bonds	-	2,672,823	31,361,323	21,857,443	-	7,875,284	796,626	945,968	-	788,975		
Payment to bond escrow agent	-	-	(235,296,373)	(97,023,536)	-	(33,418,560)	(23,860,769)	(24,047,975)	-	-		
Loans issued	413,243	-	-	-	-	-	-	507,250	-	175,000		
Insurance recoveries	308,960	253,654	404,235	349,533	133,596	194,229	96,076	-	133,334	38,720		
Sale of capital assets	2,066,998	2,288,993	282,180	718,971	6,386,450	3,431,355	193,831	98,627	990,835	1,152,346		
Net other financing sources (uses)	89,625,778	52,911,273	85,776,771	74,773,187	30,448,322	58,435,289	50,035,070	80,271,748	23,849,716	87,128,066		
Net change in fund balances	\$ (33,566,335)	\$ (26,033,320)	\$ 28,277,755	\$ 23,072,640	\$ 3,717,904	\$ 34,620,990	\$ (4,236,991)	\$ 50,844,165	\$ (6,243,594)	\$ (107,932,031)		

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenditures:										
General government	\$ 28,355,791	\$ 26,297,288	\$ 28,141,406	\$ 29,547,245	\$ 22,490,280	\$ 20,596,164	\$ 21,982,842	\$ 17,931,545	\$ 21,529,868	\$ 25,049,556
Fire services	138,643,694	106,657,739	111,060,154	111,777,871	103,203,797	95,195,623	90,763,653	83,670,491	76,265,286	76,322,626
Police services	169,055,376	124,352,080	130,875,103	132,839,308	129,813,796	115,967,228	111,510,172	102,926,771	99,974,274	101,537,582
Health and human services	28,743,679	22,596,193	24,669,526	25,650,935	23,742,769	24,115,392	26,823,415	25,144,569	26,589,623	25,953,139
Economic and community development	72,148,750	55,273,949	54,666,205	53,875,368	46,870,085	58,099,851	60,989,689	63,627,692	62,988,984	61,635,730
Public transportation	33,138,638	28,817,286	30,768,931	31,549,000	30,396,121	30,241,731	28,169,896	21,556,120	22,220,628	24,625,761
Public works	9,922,579	29,147,266	28,416,543	39,492,078	32,429,999	27,953,465	20,907,921	20,934,441	22,822,998	26,436,195
Education	247,406,848	243,841,632	240,239,749	240,752,791	241,279,103	238,519,174	240,834,968	235,125,354	231,378,123	212,666,737
Maintenance and operations of roads and facilities	34,229,721	32,812,383	31,942,531	34,338,414	32,977,338	35,482,336	33,805,423	34,484,210	32,752,300	35,830,185
Capital outlay	115,016,927	111,904,035	126,268,360	105,785,105	108,418,635	98,950,246	82,333,411	105,694,920	145,213,610	172,099,343
Debt service										
Principal	38,220,000	39,595,000	43,117,998	38,857,577	35,022,883	39,242,119	31,137,139	20,647,950	30,823,332	30,371,078
Interest	24,755,123	23,689,269	23,731,301	24,898,180	26,658,557	27,013,982	31,072,474	27,581,071	28,686,622	29,269,039
Bond Issuance Costs	469,528	108,074	877,799	462,954	-	232,046	224,194	497,504	-	441,158
Total expenditures	940,106,654	845,091,194	874,765,606	869,826,826	833,303,363	811,609,357	780,555,197	759,822,638	801,245,648	821,838,129
Less:										
Amounts capitalized	55,850,059	61,107,661	66,564,373	38,131,869	44,186,983	32,391,715	23,211,817	75,494,226	60,343,117	155,946,242
Total non-capital expenditures	\$ 884,256,595	\$ 783,983,533	\$ 808,201,233	\$ 831,694,957	\$ 789,116,380	\$ 779,217,642	\$ 757,343,380	\$ 684,328,412	\$ 740,902,531	\$ 665,891,887
Debt service as a percentage of non-capital expenditures	7.12%	8.07%	8.27%	7.67%	7.82%	8.50%	8.21%	7.05%	8.03%	8.96%

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	Marijuana ⁽¹⁾	Other	Total
2017	\$ 508,912,967	\$ 47,244,386	\$ 11,082,632	\$ 6,267,718	\$ 25,597,388	\$ 20,376,831	\$ 1,262,867	\$ 2,818,905	\$ 623,563,694
2016	478,505,375	45,722,887	11,485,431	6,054,818	24,836,967	22,270,476	19,884	2,874,953	591,770,791
2015	458,731,864	48,522,246	11,712,417	5,800,051	25,986,940	24,081,507	-	3,022,235	577,857,260
2014	446,813,325	48,181,620	11,818,369	5,637,102	24,936,211	21,926,133	-	3,048,416	562,361,176
2013	443,778,926	46,571,533	11,448,632	5,265,282	22,949,191	22,789,454	-	3,139,287	555,942,305
2012	437,675,314	48,684,789	11,303,053	4,817,450	22,700,161	22,219,610	-	4,600,906	552,001,283
2011	436,812,135	42,069,391	4,823,011	5,074,906	20,967,057	19,672,105	-	3,073,500	532,492,105
2010	426,969,356	47,371,702	4,881,941	4,692,648	19,530,750	17,321,934	-	4,704,001	525,472,332
2009	414,139,893	43,437,488	4,700,829	4,357,508	17,763,896	16,550,062	-	3,426,250	504,375,926
2008	393,226,611	37,984,281	5,183,112	5,339,159	22,081,280	16,524,753	-	3,868,142	484,207,338

Notes:

⁽¹⁾Excise tax on marijuana revenue created in 2016

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 ⁽¹⁾	Property Tax Support Per Pupil	Municipality of Anchorage Property Taxes	Municipality of Anchorage Population	Property Tax Support Per Citizen	Total Property Taxes
2017	\$ 247,307,425	47,703	\$ 5,184	\$ 303,906,395	297,483	\$ 1,022	\$ 551,213,820
2016	242,707,116	47,756	5,082	284,581,494	299,037	952	527,288,610
2015	239,410,965	47,562	5,034	267,221,678	298,908	894	506,632,643
2014	236,498,047	47,770	4,951	267,464,583	300,549	890	503,962,630
2013	236,691,495	48,493	4,881	253,218,733	301,134	841	489,910,228
2012	238,775,383	48,422	4,931	247,584,720	298,842	828	486,360,103
2011	236,173,709	48,613	4,858	242,707,817	296,197	819	478,881,526
2010	233,853,777	49,061	4,767	240,487,281	291,826	824	474,341,058
2009	225,459,645	48,227	4,675	232,117,736	290,588	799	457,577,381
2008	212,165,785	48,144	4,407	219,045,107	284,994	769	431,210,892

Notes:

⁽¹⁾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
 Assessed Value and Estimated Actual
 Value of Taxable Property
 Last Ten Fiscal Years

Table 9

Fiscal Year	Real			Personal Property	Total Taxable Assessed Value	Areawide Tax Rate (mils)
	Residential Property	Commercial Property	Total Real			
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	3,072,941,642	32,311,710,883	6.92
2012	19,617,776,607	9,152,490,728	28,770,267,335	2,944,070,041	31,714,337,376	7.28
2011	19,734,533,714	9,095,615,110	28,830,148,824	2,766,391,727	31,596,540,551	7.61
2010	19,538,749,838	8,982,605,974	28,521,355,812	2,942,321,080	31,463,676,892	7.89
2009	19,669,462,275	8,964,468,173	28,633,930,448	2,819,418,266	31,453,348,714	7.10
2008	19,467,058,556	8,706,338,583	28,173,397,139	2,407,424,007	30,580,821,146	6.80

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Areawide:										
General Government	0.40	0.15	(0.14)	(0.35)	(0.43)	(0.29)	0.09	0.45	0.49	0.37
Schools	6.92	6.73	6.84	7.06	7.35	7.57	7.52	7.44	7.18	6.94
Property Tax Credit	-	-	-	-	-	-	-	-	(0.57)	(0.51)
Total Areawide	7.32	6.88	6.70	6.71	6.92	7.28	7.61	7.89	7.10	6.80
Chugiak Service Area	1.00	1.00	1.00	0.95	1.00	1.00	0.97	0.96	0.97	0.99
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	5.00	4.70	4.08	3.97	4.29	4.14	3.68	3.87	3.83	3.03
Fire Service Area	2.38	2.21	2.22	2.44	2.21	2.13	2.09	1.83	1.75	1.77
Roads and Drainage Service Area	2.22	2.43	2.31	2.36	2.60	2.78	2.46	2.13	2.77	2.60
Limited Service Areas ⁽¹⁾	1.27	1.30	1.30	1.29	1.29	1.31	1.33	1.33	1.32	1.30
Anchorage Metropolitan Police Service Area	3.21	2.82	2.93	2.95	3.23	2.76	2.70	2.67	2.61	2.56
Parks and Recreation Service Area	0.53	0.55	0.54	0.59	0.60	0.62	0.62	0.66	0.70	0.65
Eagle River/Chugiak Parks & Recreation Service Area	1.01	0.98	1.03	0.97	0.95	1.00	0.90	0.91	1.05	1.08

Notes:

⁽¹⁾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

2017		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
GCI Communication Corp	\$ 221,446,032	0.62%
Calais Co Inc	196,061,800	0.55%
ACS Of Anchorage Inc	169,625,827	0.47%
Galen Hospital Alaska Inc	145,819,468	0.41%
Fred Meyer Stores Inc	142,690,027	0.40%
WEC 2000A-Alaska Llc	136,275,228	0.38%
Enstar Natural Gas Company	119,985,049	0.33%
Hickel Investment Co	109,275,954	0.30%
North Anchorage Real Estate	98,355,000	0.27%
Anchorage Fueling & Srv Co	78,042,001	0.22%
	<u>\$ 1,417,576,386</u>	<u>3.96%</u>

2008		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
ACS of Anchorage Inc.	\$ 260,924,339	0.85%
Calais Company Inc.	139,585,485	0.46%
Fred Meyer Stores Inc.	132,937,279	0.43%
GCI Communication Corp.	129,315,068	0.42%
Galen Hospital Alaska Inc.	123,585,487	0.40%
Anchorage Fueling & Svc Co.	115,263,550	0.38%
B.P. Exploration (Alaska) Inc.	111,930,658	0.37%
Wec 2000A-Alaska LLC	100,637,469	0.33%
Hickel Investment Company	98,010,070	0.32%
Enstar Natural Gas Company	92,469,804	0.30%
	<u>\$ 1,304,659,209</u>	<u>4.27%</u>

Notes: Assessed values include both real and personal property.

Source: Municipality of Anchorage, Property Appraisal Division.

MUNICIPALITY OF ANCHORAGE, ALASKA
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 12

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Balance
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2017	\$ 551,213,820	\$ 554,594,217	100.61%	\$ (11,462,560)	\$ 543,131,657	98.53%	\$ 8,082,163
2016	527,288,610	526,731,338	99.89%	(2,242,985)	524,488,353	99.47%	2,800,257
2015	506,632,643	503,919,262	99.46%	2,401,323	506,320,585	99.94%	312,058
2014	503,962,630	500,381,108	99.29%	3,413,665	503,794,773	99.97%	167,857
2013	480,422,072	480,393,854	99.99%	(173,133)	480,220,721	99.96%	201,351
2012	477,009,470	477,142,831	100.03%	(307,824)	476,835,007	99.96%	174,463
2011	475,771,921	470,361,847	98.86%	5,308,477	475,670,324	99.98%	101,597
2010	463,732,284	454,799,895	98.07%	8,928,118	463,728,013	100.00%	4,271
2009	438,158,786	430,346,262	98.22%	7,812,293	438,158,555	100.00%	231
2008	386,615,505	378,829,566	97.99%	7,785,226	386,614,792	100.00%	713

Source: Municipality of Anchorage, Treasury Division.

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

Table 13

Fiscal Year	Governmental Activities					Total Governmental Activities
	General Obligation Bonds	Revenue Bonds ⁽¹⁾	Certificates of Participation Bonds	Notes and Loans	Capital Lease	
2017	\$ 434,584,581	\$ 96,186,811	\$ 58,675,000	\$ 3,877,594	\$ 49,541,381	\$ 642,865,367
2016	474,667,962	98,416,838	-	4,032,452	33,185,002	610,302,254
2015	487,288,591	100,501,865	-	5,532,310	19,153,669	612,476,435
2014	464,818,361	108,884,128	-	5,780,168	15,310,257	594,792,914
2013	451,264,548	114,205,696	-	5,973,442	9,613,451	581,057,137
2012	482,046,822	119,212,265	-	6,188,701	11,634,331	619,082,119
2011	488,862,810	123,923,833	-	6,393,960	3,794,941	622,975,544
2010	487,341,763	148,375,000	-	6,535,000	3,642,532	645,894,295
2009	448,590,369	152,430,000	-	6,719,000	3,143,291	610,882,660
2008	475,781,420	156,180,000	-	6,894,000	4,088,564	642,943,984

Fiscal Year	Business-type Activities				Total Business-Type Activities	Total Primary Government	Percentage of Personal Income	Total Debt per Capita
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Notes and Loans				
2017	\$ -	\$ 569,008,143	\$ -	\$ 424,001,047	\$ 993,009,190	\$ 1,635,874,557	9.14%	\$ 5,499
2016	-	524,307,127	-	286,392,495	810,699,622	1,421,001,876	7.98%	4,752
2015	-	537,971,027	-	270,764,757	808,735,784	1,421,212,219	7.82%	4,755
2014	-	551,508,730	-	245,683,469	797,192,199	1,391,985,113	8.25%	4,631
2013	-	399,715,871	-	239,286,318	639,002,189	1,220,059,326	6.85%	4,052
2012	-	419,246,245	-	172,754,534	592,000,779	1,211,082,898	7.48%	4,053
2011	-	442,161,368	-	177,208,651	619,370,019	1,242,345,563	8.30%	4,194
2010	-	463,891,471	-	158,588,588	622,480,059	1,268,374,354	8.76%	4,346
2009	503,673	486,026,173	-	132,016,611	618,546,457	1,229,429,117	8.93%	4,231
2008	970,177	375,390,296	-	114,647,859	491,008,332	1,133,952,316	7.84%	3,979

Notes:

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

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

⁽¹⁾Includes CIVICVentures revenue bonds issued in 2016.

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	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
2017	297,483	\$ 35,832,394,546	\$ 434,584,581	\$ 3,086,381	\$ 431,498,200	1.20%	\$ 1,450
2016	299,037	35,956,000,268	474,667,962	3,082,996	471,584,966	1.31%	1,577
2015	298,908	35,038,444,975	487,288,591	3,730,810	483,557,781	1.38%	1,618
2014	300,549	33,304,523,825	464,818,361	3,603,206	461,215,155	1.38%	1,535
2013	301,134	32,599,587,241	451,264,548	3,535,603	447,728,945	1.37%	1,487
2012	298,576	31,714,337,376	482,046,822	3,789,823	478,256,999	1.51%	1,602
2011	296,197	31,596,540,551	488,862,809	774,548	488,088,261	1.54%	1,648
2010	291,826	31,463,676,892	487,341,763	1,070,990	486,270,773	1.55%	1,666
2009	290,588	31,453,348,714	449,094,042	814,460	448,279,582	1.43%	1,543
2008	284,994	30,580,821,146	476,751,597	1,007,077	475,744,520	1.56%	1,669

Notes:

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

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

Source: Municipality of Anchorage, Treasury Division and Finance Division

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 15

Direct and Overlapping Debt
December 31, 2017

	Debt Outstanding	Percentage Overlap	Share of Direct and Overlapping Debt
Anchorage School District overlapping debt	\$ 541,595,000	100%	\$ 541,595,000
Anchorage's direct debt (Table 13)			<u>642,865,367</u>
Total direct and overlapping debt			<u><u>\$ 1,184,460,367</u></u>

Notes:

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

Percentage of overlap is based on assessed property values.

Source: Debt outstanding balance obtained from Anchorage School District fiscal year 2017 CAFR.

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 16

Legal Debt Margin
December 31, 2017

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 ⁽¹⁾⁽²⁾	Operating Expenses ⁽³⁾	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage ⁽⁴⁾
				Principal ⁽⁴⁾	Interest ⁽²⁾	Total	
2017	\$ 186,859,566	\$ 119,179,510	\$ 67,680,056	\$ 7,520,000	\$ 15,197,731	\$ 22,717,731	2.98
2016	168,290,963	117,813,701	50,477,262	7,465,000	15,561,997	23,026,997	2.19
2015	164,652,279	111,475,302	53,176,977	7,440,000	15,868,460	23,308,460	2.28
2014	140,578,329	85,614,254	54,964,075	17,910,000	10,719,674	28,629,674	1.92
2013	116,439,242	69,979,738	46,459,504	17,085,000	10,684,851	27,769,851	1.67
2012	122,973,354	73,853,642	49,119,712	16,915,000	13,953,484	30,868,484	1.59
2011	138,326,743	88,336,864	49,989,879	16,945,000	14,969,376	31,914,376	1.57
2010	134,571,665	82,342,389	52,229,276	16,995,000	15,974,962	32,969,962	1.58
2009	120,484,857	71,496,357	48,988,500	17,270,000	9,460,410	26,730,410	1.83
2008	108,120,323	56,737,791	51,382,532	17,295,000	9,775,653	27,070,653	1.90

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

⁽²⁾Excludes Federal subsidy for 2013 through 2017

⁽³⁾Includes Municipal Utility Service Assessment per Municipal Ordinance AO 83-58 and excludes depreciation.

⁽⁴⁾The required minimum revenue bond coverage is 1.35 and the all-debt minimum coverage is 1.10. Short-term debt is not reflected on this schedule. If it were included, all-debt coverage for fiscal years 2017 and 2016 would be 1.93 and 1.45, respectively.

Solid Waste							
Fiscal Year	Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage ⁽³⁾
				Principal	Interest	Total	
2017	\$ 23,829,273	\$ 28,071,437	\$ (4,242,164)	\$ -	\$ -	\$ -	-
2016	23,639,543	15,251,112	8,388,431	-	-	-	-
2015	22,864,028	17,435,075	5,428,953	-	-	-	-
2014	23,329,004	14,536,455	8,792,549	-	-	-	-
2013	22,622,652	14,986,951	7,635,701	-	-	-	-
2012	20,668,046	14,207,765	6,460,281	-	-	-	-
2011	19,015,890	12,893,218	6,122,672	-	-	-	-
2010	19,384,938	12,150,796	7,234,142	-	-	-	-
2009	20,094,151	12,546,222	7,547,929	360,000	4,837	364,837	20.69
2008	18,319,902	12,310,770	6,009,132	340,000	23,919	363,919	16.51

⁽¹⁾Excludes interest charged to construction.

⁽²⁾Excludes depreciation and Municipal Utility Service Assessment.

⁽³⁾Required minimum coverage 1.25.

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

Table 17 (continued)

Port							
Fiscal Year	Revenue ⁽¹⁾⁽²⁾	Operating Expenses ⁽³⁾	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage
				Principal	Interest	Total	
2017	\$ 20,090,884	\$ 10,167,001	\$ 9,923,883	\$ -	\$ -	\$ -	-
2016	26,964,376	14,013,332	12,951,044	-	-	-	-
2015	14,224,677	16,691,332	(2,466,655)	-	-	-	-
2014	12,310,089	7,451,830	4,858,259	-	-	-	-
2013	11,633,618	8,315,872	3,317,746	-	-	-	-
2012	12,062,773	7,863,295	4,199,478	-	-	-	-
2011	12,252,134	6,158,691	6,093,443	-	-	-	-
2010	12,427,622	5,818,956	6,608,666	-	-	-	-
2009	12,978,363	6,549,724	6,428,639	-	-	-	-
2008	12,543,838	6,900,782	5,643,056	-	-	-	-

⁽¹⁾Excludes interest charged to construction.

⁽²⁾2017 includes legal settlements of \$6,750,000 and 2016 includes legal settlements of \$12,600,000

⁽³⁾Excludes depreciation and Municipal Utility Service Assessment.

Water Utility									
Fiscal Year	Revenue ⁽¹⁾	Assessment Collections ⁽²⁾	Operating Expenses ⁽³⁾	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage ⁽⁵⁾	
					Principal ⁽⁴⁾	Interest	Total		
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	
2009	50,391,141	301,479	28,054,018	22,638,602	4,095,000	7,632,687	11,727,687	1.93	
2008	44,264,376	326,820	27,725,271	16,865,925	4,250,000	7,836,288	12,086,288	1.40	

⁽¹⁾Excludes allowance for funds used during construction, includes non-operating revenue except for payments received for PERS on-behalf from State of Alaska. Excludes \$832,477 revenue in 2016 associated with prior years.

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

⁽³⁾Excludes depreciation, for years 2007 and 2008 PERS on-behalf, for years 2015 and 2016 PERS on-behalf and pension expense; but includes special items and transfers to other funds.

⁽⁴⁾Does not include Mini-Bonds of \$1,956,000 repaid in 2014 as they have no debt service coverage requirements.

⁽⁵⁾Required minimum coverage is 1.15.

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

Table 17 (continued)

Wastewater Utility									
Fiscal Year	Revenue ⁽¹⁾	Assessment Collections ⁽²⁾	Operating Expenses ⁽³⁾	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage ⁽⁴⁾	
					Principal	Interest	Total		
2017	\$ 56,235,953	\$ 328,627	\$ 35,117,730	\$ 21,446,850	\$ 840,000	\$ 1,636,932	\$ 2,476,932	8.66	
2016	51,591,772	574,187	32,974,054	19,191,905	800,000	3,002,719	3,802,719	5.05	
2015	51,619,089	416,239	34,440,700	17,594,628	765,000	3,037,578	3,802,578	4.63	
2014	51,711,625	351,374	31,018,722	21,044,277	730,000	4,118,817	4,848,817	4.34	
2013	49,606,871	254,484	29,856,569	20,004,786	705,000	3,099,794	3,804,794	5.26	
2012	47,373,573	308,997	29,383,573	18,298,997	670,000	3,127,634	3,797,634	4.82	
2011	42,523,838	344,946	28,790,317	14,078,467	650,000	3,153,650	3,803,650	3.70	
2010	37,853,165	501,616	27,872,010	10,482,771	615,000	3,181,475	3,796,475	2.76	
2009	37,346,056	420,981	26,417,348	11,349,689	595,000	3,204,697	3,799,697	2.99	
2008	34,954,522	842,664	24,844,546	10,952,640	575,000	3,225,638	3,800,638	2.88	

⁽¹⁾Excludes allowance for funds used during construction, includes non-operating revenue except for payments received for PERS on-behalf from State of Alaska. Excludes \$912,799 revenue in 2016 associated with prior years.

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

⁽³⁾Excludes depreciation, for years 2007 and 2008 PERS on-behalf, for years 2015 and 2016 PERS on-behalf and pension expense; but includes special items and transfers to other funds.

⁽⁴⁾Required Minimum Coverage is 1.15.

Roads and Drainage Special Assessments							
Fiscal Year	Assessment Collected	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2017	\$ 413,287	N/A	\$ 413,287	\$ -	\$ -	\$ -	-
2016	639,251	N/A	639,251	-	-	-	-
2015	792,579	N/A	792,579	-	-	-	-
2014	305,744	N/A	305,744	-	-	-	-
2013	114,125	N/A	114,125	-	-	-	-
2012	226,889	N/A	226,889	-	-	-	-
2011	297,055	N/A	297,055	-	-	-	-
2010	652,751	N/A	652,751	-	-	-	-
2009	193,337	N/A	193,337	-	-	-	-
2008	195,300	N/A	195,300	145,000	11,056	156,056	1.25

CIVICventures							
Fiscal Year	Hotel & Motel Tax Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2017	\$ 6,089,471	N/A	\$ 6,089,471	\$ 1,935,000	\$ 4,156,500	\$ 6,091,500	1.00
2016	5,911,847	N/A	5,911,847	1,790,000	4,227,236	6,017,236	0.98
2015	5,992,742	N/A	5,992,742	1,690,000	5,244,504	6,934,504	0.86
2014	6,461,469	N/A	6,461,469	1,555,000	4,840,010	6,395,010	1.01
2013	6,373,713	N/A	6,373,713	1,425,000	4,897,010	6,322,010	1.01
2012	6,322,010	N/A	6,322,010	1,300,000	4,945,760	6,245,760	1.01
2011	6,198,549	N/A	6,198,549	1,180,000	4,990,010	6,170,010	1.00
2010	6,125,400	N/A	6,125,400	1,070,000	5,027,460	6,097,460	1.00
2009	5,448,157	N/A	5,448,157	920,000	5,059,660	5,979,660	0.91
2008	5,827,392	N/A	5,827,392	305,000	5,070,335	5,375,335	1.08

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 ⁽¹⁾	Total Personal Income (in thousands)	School Enrollment	Unemployment Rate ⁽²⁾	Registered Voters
2017	297,483	\$ 60,139	\$ 17,890,330	47,703	5.7%	218,000
2016	299,037	59,558	17,810,046	47,756	5.3%	209,909
2015	298,908	60,822	18,180,182	47,562	5.0%	208,759
2014	300,549	56,140	16,872,821	47,770	5.1%	199,606
2013	301,134	59,158	17,814,485	48,493	4.9%	204,360
2012	298,842	54,196	16,196,041	48,422	5.6%	211,989
2011	296,197	50,540	14,969,796	48,613	6.1%	261,121
2010	291,826	49,629	14,483,033	49,061	6.9%	262,792
2009	290,588	47,381	13,768,350	48,227	6.6%	257,334
2008	284,994	50,755	14,464,870	48,144	5.9%	264,880

Notes:

⁽¹⁾The Alaska Department of Labor and Workforce Development (ADLWD) has not published 2016 or 2017 Per Capita Personal Income for the Anchorage Municipal Area yet. Per capita income was estimated using the five previous years average increase for 2016 and 2017.

⁽²⁾The Alaska Department of Labor and Workforce Development amends every month the unemployment rate data for the previous month and again at the end of every calendar year. We change the prior fiscal year to match updated statistical information reported. For some consistency, other prior years remain unchanged.

Source:

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA

Principal Employment by Industry
Current Year and Nine Years Ago

Table 19

Industry	2017 (*)		2008	
	Average Quarterly Employment	% of Total Employment	Average Quarterly Employment	% of Total Employment
Retail Salespersons	6,214	19.27%	6,588	19.92%
Registered Nurses	3,646	11.31%	3,768	11.40%
Personal Care Aides	3,215	9.97%	3,535	10.69%
Office and Admin Support Workers, All Other	3,179	9.86%	3,375	10.21%
Cashiers	3,092	9.59%	3,000	9.07%
Waiters and Waitresses	2,725	8.45%	2,879	8.71%
Combined Food Preparation and Serving Workers, Including Fast Food	2,697	8.37%	2,681	8.11%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	2,559	7.94%	2,515	7.61%
Office Clerks, General	2,470	7.66%	2,508	7.58%
Food Preparation Workers	2,444	7.58%	2,218	6.71%
Total Employment	<u>32,241</u>		<u>33,067</u>	

Note:

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

(*) The 2017 Average Quarterly Worker count utilized 2016 fourth quarter worker counts due to insufficient 2017 fourth quarter data.

(1) The Registered Nurses occupation for 2017 includes the worker counts for Nurse Anesthetists, Nurse Midwives, and Nurse Practitioners.

(2) The Office and Admin Support Workers, All Other occupation for 2017 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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government										
Fire services	380	371	371	376	372	383	355	377	395	403
Police services	553	512	502	484	505	529	522	537	572	552
Subtotal - public safety	933	883	873	860	877	912	877	914	967	955
General government	343	334	317	315	318	309	299	324	365	345
Health and human services	96	91	103	103	98	120	128	141	148	141
Economic and community development	175	176	237	238	218	226	200	219	230	202
Public transportation	157	154	150	152	147	142	152	158	158	159
Public works	344	345	275	287	278	358	358	379	412	405
Subtotal - other	1,115	1,100	1,082	1,095	1,059	1,082	1,137	1,221	1,313	1,252
Total - general government	2,048	1,983	1,955	1,955	1,936	1,994	2,014	2,135	2,280	2,207
Enterprise Funds										
Water	126	129	129	122	127	133	131	129	138	133
Wastewater	126	128	128	122	127	133	131	129	139	134
Electric	233	231	232	215	230	228	236	245	244	240
Port	20	29	20	19	22	21	21	22	22	21
Municipal airport	10	9	9	9	8	9	9	8	9	9
Solid waste	71	69	69	68	66	72	73	75	72	72
Refuse	25	25	23	27	27	21	21	21	20	20
Total - enterprise funds	611	620	610	582	607	617	622	629	644	629
Total	2,659	2,603	2,565	2,537	2,543	2,611	2,636	2,764	2,924	2,836

Note:

This table includes regular, seasonal and temporary full-time employees. All election workers, Assembly members, and Board and Commission members were excluded.

Source: Municipality of Anchorage, Employee Relations Department.

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

Table 21

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Fire services (*)										
Number of stations	19	13	13	13	13	14	14	14	14	14
Fire incidents, other	11,813	11,074	10,804	10,426	11,497	11,323	10,845	10,252	10,463	9,645
Emergency medical service incidents	25,861	24,188	22,563	20,719	21,183	21,485	19,505	19,749	19,072	18,716
Police services										
Number of stations	11	11	11	11	13	12	14	14	17	16
Health and human services										
Health clinic visits:										
Disease prevention and control	10,899	10,369	10,752	12,079	11,094	12,628	12,102	13,441	17,114	14,005
Reproductive health clinic	3,416	3,810	4,806	4,694	9,217	5,768	7,978	9,081	8,263	7,003
Women, Infants and Children (1)	20,220	27,008	25,636	23,685	22,958	22,601	24,954	26,564	25,953	19,882
Environmental service customers:										
Customer service counter (2)	-	3,073	2,391	9,224	7,404	6,135	12,894	14,302	10,726	10,238
Public facility inspections	2,491	2,826	2,546	2,327	2,260	2,225	2,519	1,801	2,650	3,002
Noise, nuisance, housing	541	610	642	733	817	1,169	973	1,046	1,370	1,141
Air quality and vehicle IM	-	-	-	-	-	-	91,444	96,215	98,037	92,514
Daycare assistance families (3)	-	-	-	-	-	-	3,170	3,111	2,254	2,838
Licensed child care centers	120	123	123	117	112	106	109	104	109	111
Licensed child care homes	155	149	146	150	159	157	167	170	168	207
Economic and community development										
Cultural and recreation services:										
Total park acres	16,093	16,093	16,093	16,061	16,061	16,061	16,000	16,000	16,000	16,000
Parks	263	263	263	262	262	248	248	248	248	248
Swim pools, indoor	6	6	6	6	6	6	6	6	6	5
Bike/ski trails (Miles)	282	282	282	282	282	270	270	270	270	270
Ski trails (Km)	212	212	212	212	212	149	149	149	134	134
Community recreation centers (4)	12	14	15	15	15	15	16	16	16	16
Historic sites	27	27	27	27	27	27	27	27	27	27
Anchorage Museum at Rasmuson Center:										
Number of visitors (5)	195,223	191,347	200,218	200,000	179,052	186,603	186,529	212,514	95,000	119,854
Value of museum collection	12,369,716	12,161,146	12,052,655	11,911,955	11,837,463	11,215,858	10,275,327	10,009,399	9,946,210	9,732,176
MOA Public Works 1% for Art Program	14,669,855	14,143,430	13,632,930	13,632,930	13,169,276	12,843,530	12,709,330	12,129,948	11,387,908	11,104,208
Anchorage Public Library:										
Branches	5	5	5	5	5	5	5	6	6	6
Items	444,179	516,500	499,955	669,586	604,716	624,477	611,663	623,162	644,677	605,000
Items circulated (6)	1,602,702	1,573,395	1,808,530	1,834,266	1,520,188	1,743,508	1,579,366	1,642,303	1,500,716	1,600,000
Reference responses (7)	68,285	54,306	67,785	84,193	99,966	158,414	172,762	216,528	188,141	219,043
William Egan Civic and Convention Center:										
Events	223	235	227	268	211	231	254	203	248	443
Attendance	118,035	136,307	118,031	133,092	106,481	118,488	125,673	114,351	141,918	196,102
Denaina Civic and Convention Center:										
Events (**)	299	349	406	398	445	412	422	425	413	-
Attendance (**)	168,517	165,339	212,609	220,171	198,411	211,315	203,754	159,134	206,358	-

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

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Alaska Center for the Performing Arts:										
Events	427	481	502	497	532	602	505	524	607	597
Attendance	198,175	226,769	224,361	228,705	220,391	266,205	226,799	231,556	300,293	251,258
George Sullivan Sports Arena:										
Events	136	107	129	136	130	105	140	150	167	163
Attendance (8)	212,118	155,933	218,934	296,296	267,404	269,981	290,380	310,219	395,382	347,993
Attendance (9)										
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MUNICIPALITY OF ANCHORAGE, ALASKA
Miscellaneous Statistical Data by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Electric										
Number of customers	31,074	31,081	30,932	30,791	30,786	30,747	30,603	30,481	30,406	30,352
Number of street lights	3,879	3,891	3,897	3,900	3,908	3,924	3,930	3,948	4,027	4,132
Circuit miles of overhead distribution lines	118	118	133	122	123	124	125	130	131	136
Miles of underground distribution lines	254	253	253	254	248	250	252	257	254	243
Plant generation capacity (13) (30 degrees Fahrenheit) - KW	424,560	544,260	424,560	424,560	424,560	364,500	364,500	364,500	366,100	366,100
Port										
Tonnage	3,497,845	3,498,171	3,773,584	3,455,707	3,396,544	3,754,231	4,135,214	3,962,962	3,798,272	4,370,277
Municipal airport										
Landings and take-offs	126,015	137,613	120,541	125,588	128,031	131,777	130,779	150,146	168,062	169,313
Solid waste										
Total landfill/disposal customers	241,485	263,544	260,477	253,397	253,872	256,479	242,646	238,993	245,590	247,788
Total waste land filled (tons)	308,151	330,806	284,050	306,723	308,164	331,413	308,646	317,891	320,983	338,499
Refuse collection										
Average residential billed customers	10,422	10,970	9,947	9,974	10,002	10,020	10,000	9,994	9,912	9,879
Residential tons collected	9,449	9,566	9,358	8,723	9,516	9,644	9,810	10,673	11,824	12,528
Average commercial billed customers	1,960	1,902	1,862	1,855	1,847	1,880	1,898	1,890	1,878	1,884
Commercial tons collected	26,250	27,267	21,023	24,802	26,985	26,922	26,896	26,749	26,818	27,100

Note:

(*) In 2017, Fire services are now being reported for the Chugiak, Girdwood and Anchorage service areas. In 2016, in order to report fire data more accurately, the Deputy Chief requested wording of "Fire suppression incidents" be changed to "Fire incidents, other" in 2016. This change would not impact the data reported for the past 10 years but would be a more appropriate representation of the numbers provided.

(**) Denaina Civic and Convention Center first opened for operation in September 2008. The first available information for events and attendance was in the fiscal year 2009.

(1) A discrepancy was found in how the predecessors of the new 2016 WIC Management team arrived at the annual visit total. The formula used by the new 2016 Management team is derived by taking the average annual caseload of WIC participants multiplied by 4 (participants are seen 4 times a year). To be consistent, 2007-2015 was recalculated using this formula.

(2) As of 2017 the Customer Service Counter no longer tracks transactions due to the reduction of programs and staff.

(3) The daycare assistance family program no longer exist.

(4) Due to the age of the buildings and their deteriorated conditions the Government Hill Recreation Center was closed in 2016 and the Ure Park building was demolished.

(5) In 2016, the "Number of Visitors" is lower due to the closure of the Alaska Gallery (as it was under expansion) during the summer tourism months.

(6) In 2016, the "Items circulated" were reduced because fewer people are coming to Loussac to check out materials due to the renovation.

(7) In 2016, the "Reference responses" decreased because customers have greater access to information via the internet.

(8) In 2016 the Sullivan Arena experienced less events. In addition, Alaska Aces Hockey attendance experienced a 16,000 decrease in attendance, while UAA hockey attendance dropped by 6,000.

(9) In 2017 a new technology (GIS tools) was incorporated to breakdown mileage. This technology shows a slightly different mileage but is more accurate than the manually updated spreadsheet used prior. Also Donated Roads are now being included in the stats and have been updated in the 2015 and 2016 stats.

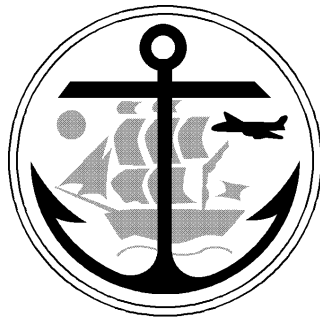
(10) In 2012, the change in capacity is due to standardization of the numbers being used. There has been some mixing of design capacity numbers with plant flow capacity in the past. The numbers represent the agreed upon system capacity at the current time.

(11) In 2014 well production increased because Eklutna treatment plant was shut down for a couple of months for maintenance in the fall which increased well production. A change was made to 2013 average well production because Girdwood wells were not included in the average well production.

(12) In 2014, the change in the average wastewater treatment is attributed to the reduction in rainfall, water production and repairs of the wastewater collection system.

(13) In 2017, when the new generation units came on line in 2016, four other generations were retired. This fluctuation per MLP is according to the generation base ratings for each unit. .

Source: Municipality of Anchorage, Various Departments.



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