

MUNICIPALITY OF ANCHORAGE, ALASKA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2016

**Ethan Berkowitz
Mayor**

**Prepared by:
Controller's Division**

**Robert E Harris
CFO**

**Tammy E Clayton
Controller**

Cover photo courtesy of Kelly Rueff- Senior Finance Officer, Controller's Division.

MUNICIPALITY OF ANCHORAGE, ALASKA

Comprehensive Annual Financial Report

December 31, 2016

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Municipality of Anchorage

Ethan Berkowitz, Mayor

July 31, 2017

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, 2016, 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, 2016. BDO USA, LLP audited all 2016 financial records except for those of Police & Fire Retirement Pension Trust Funds. BDO USA, LLP reports are included in the financial section of the CAFR and in both financial assistance reports. The Pension Trust Funds were audited by certified public accountants who issued an unmodified report.

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 299,037.

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. Assemblymembers 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 areawide 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 299,037 which represents a slight increase 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 2016, the Anchorage School District had 47,756 students enrolled for the 2015-2016 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 less than 1 percent in 2016. The average unemployment rate in 2016 was 5.3 percent, an increase from the 5.0 percent in 2015. The 2016 rate is slightly higher than the national average of 4.9 percent, but is lower than the 6.6 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 900 jobs in the Municipality during 2016. And in fact it is projected to continue to grow in 2017; however, at a more moderate rate. It is expected to grow by 400 jobs or approximately 2 percent. The health care sector in the Municipality now accounts for approximately 20,000 jobs.

Within the state, the Municipality has some of the most advanced medical facilities making it the healthcare hub of Alaska. Slightly more than 50 percent of all healthcare employment in the state is in 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 2016 or will open in 2017 to address these needs. In 2016, a 202 room patient housing facility opened for individuals traveling to the Alaska Native Medical Center from outside the Municipality. In 2017, a 53,000 square foot Childcare and Education Center will open. This facility will house a wide variety of healthcare related training and in-house education programs. Another facility being constructed that will open in 2017 is a children's dental clinic which will offer 32 dental chairs and room for hygienist training programs.

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 2016, a record number of 1.9 million tourists came to Alaska. Just within Anchorage, the leisure and hospitality sector accounts for more than 17,200 jobs. In 2017, the visitor-dependent slice of this industry is expected to grow by approximately two percent. Two new hotels are under construction in the Municipality and are expected to open in 2017. 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 2016 by approximately 700 jobs. However, the Municipality added \$82.18 million in assessed value in new commercial buildings in 2016. Additionally,

\$149.67 million in assessed value was added for new residential structures. While total construction spending has declined, there are several new projects that are expected to be completed in 2017. 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 constructing a new \$40 million warehouse. There are also several other smaller commercial 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 Anchorage. 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. Although transit cargo volumes were down slightly in 2016 at 4.23 billion pounds as compared to 2015, they were above the 2014 total of 4.0 billion pounds. In 2015, there was an artificial spike due to a West Coast port strike. And in 2017, passenger transportation is projected to be positive. A stable visitor season is anticipated in 2017 which will maintain activity.

The State owned Alaska Railroad also transports freight and passengers. While revenues from transporting freight was down, revenues from passengers increased. The Railroad brought in passenger revenues of \$32.7 million in 2016, an increase of \$2.0 million over 2015.

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 a slight decline in 2016 to 3.5 million tons compared to 3.8 million tons in 2015. Petroleum users moved 10.2 million barrels of petroleum product through the Port in 2016 compared to 11.6 million in 2015. 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 Fund Balance Policy actually consists of three policies.

First, it is the policy of the Municipality to prepare and manage five major general government 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 governmental operating funds (limited service areas and rural service areas) budgets so as to maintain an unrestricted fund balance of 8.25 percent 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 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). They will also be reduced by expenditures in the Police and Fire Retirement Administration, Fund 213 and expenditures in the Municipality's Trust, Fund 731.

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 2016.

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 1.31 percent as of December 31, 2016 and the net direct general obligation debt per capita was \$1,577. The respective amounts as of December 31, 2015 were 1.38 percent and \$1,618. When ASD debt is included, net direct general obligation debt to assessed value as of December 31, 2016 is 2.93 percent (3.03 percent in 2015) and the net direct general obligation debt per capita is \$3,520 (\$3,550 in 2015).

In April 2017, the voters of the Municipality approved the issuance of \$44,625,000 in general obligation bonds. The bonds will be for various projects including roads and drainage, public safety, fire protection and parks and recreation. At this time, it is not known when those 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

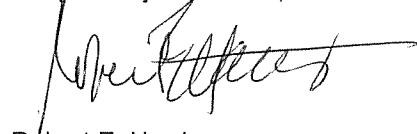
The Municipality of Anchorage and its employees are committed to the goal of making Anchorage a better place to live, work and raise families.

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, 2015. This was the twenty-ninth 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.

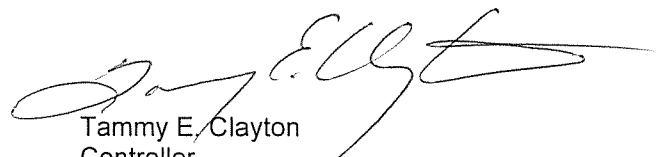
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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,



Robert E. Harris
Chief Fiscal Officer



Tammy E. Clayton
Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Municipality of Anchorage
Alaska

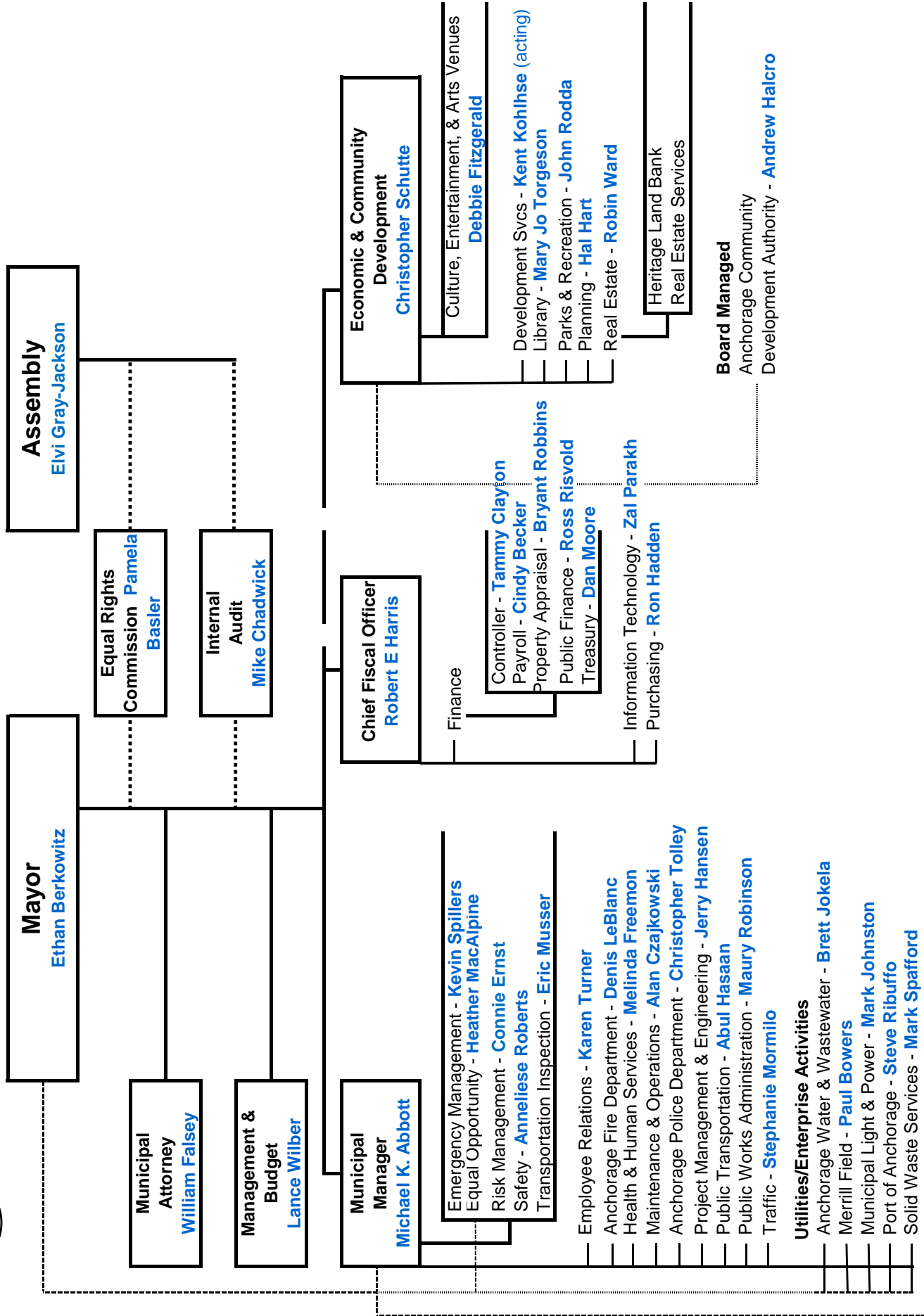
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO



MUNICIPALITY OF ANCHORAGE



MUNICIPALITY OF ANCHORAGE

2016

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, 2016, the following citizens were elected to serve on the Assembly.

Elvi Gray-Jackson, Chair

Patrick Flynn

Bill Evans

John Weddleton

Pete Petersen

Dick Traini, Vice Chair

Tim Steele

Forrest Dunbar

Eric Croft

Amy Demboski

Bill Starr

Barbara A. Jones, Municipal Clerk

ADMINISTRATION

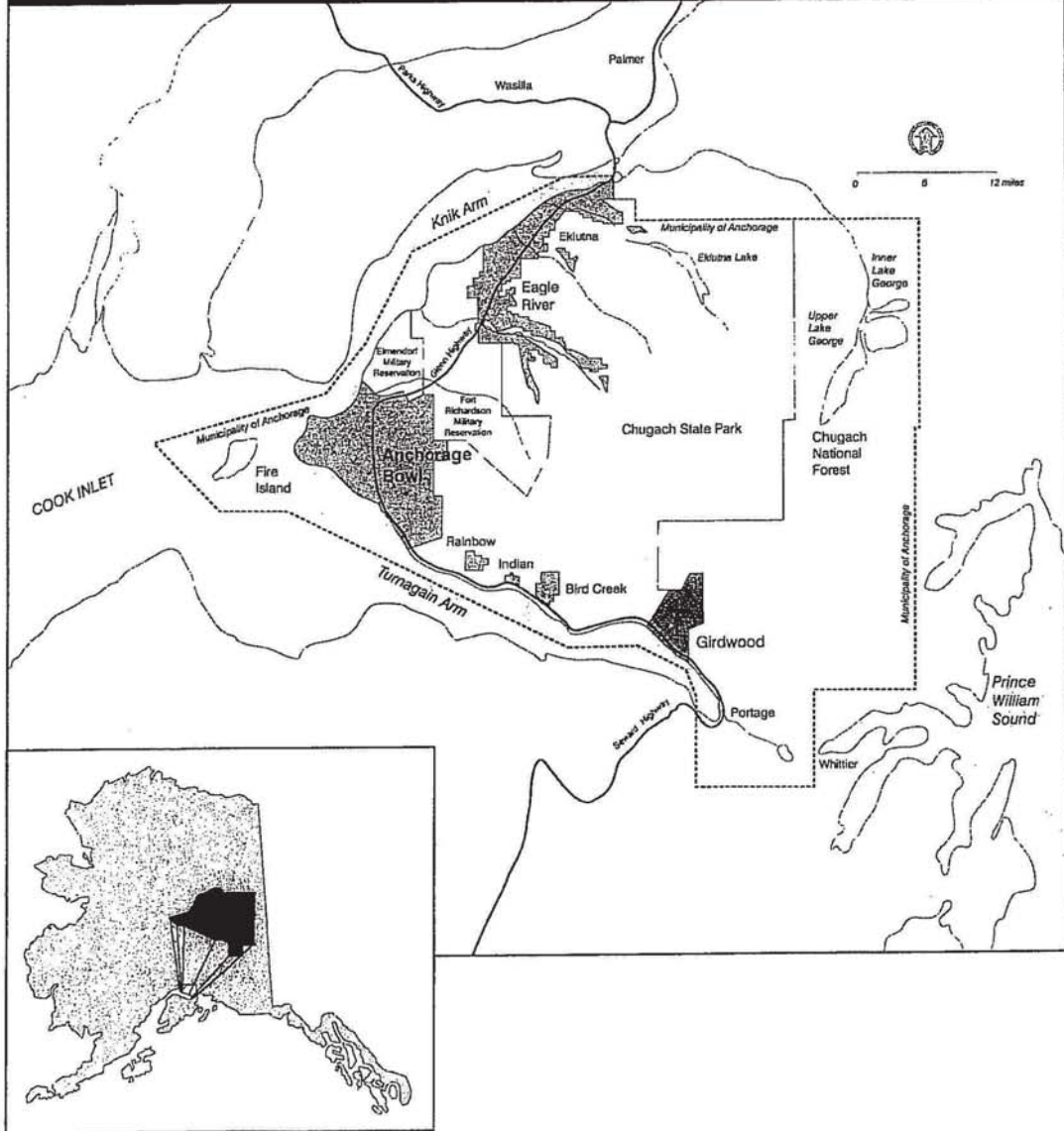
Ethan Berkowitz, Mayor

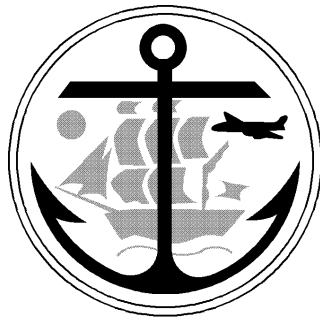
Mike Abbott, Municipal Manager

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 aggregate 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, 2016, 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 39% and 50%, 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*.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Municipality of Anchorage, Alaska as of December 31, 2016, 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 information, the condition rating of Anchorage's road network, the schedules of information on the net pension liability and pension contributions, the schedules of changes in employer net pension liability, and related ratios, investment returns, employer contributions and funding progress on pages 105-119, 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 July 31, 2017 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
July 31, 2017

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, 2016. 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 2016 with reported net position of \$3.6 billion.
- The Municipality's total net position increased by \$7.5 million or approximately .21 percent for 2016. The increase is the net result of a decrease in governmental activities net position of \$38.8 million and an increase in business-type activities net position of \$46.3 million.
- During the year, the governmental activities generated \$782.1 million in revenues not including transfers from, which was offset by expenses of \$843.7 million, not including transfers to.
- During the year, the business-type activities generated \$387.8 million in revenues not including transfers from, that was offset by expenses of \$318.7 million, not including transfers to.
- As of December 31, 2016, the Municipality's governmental funds reported a combined ending fund balance of \$358.8 million, a decrease of \$26 million. Of the fund balance, \$3.1 million is non-spendable, \$253.8 million is restricted, \$61.6 million is committed, \$29.1 million is assigned and \$11.2 million is unassigned. Included in the committed fund balances are \$41.6 million bond rating set asides.
- The MOA Trust 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 2016.
- The Municipality's total capital assets (net of accumulated depreciation) at December 31, 2016 was \$5.6 billion.
- The Municipality's total long-term debt at December 31, 2016 was \$1.4 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. 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. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, MOA Trust Fund, and Capital Projects Roads and Drainage Fund. Information from the other twenty-one governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds

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.

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; 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, self-insurance, unemployment compensation, and information technology services. Because these services predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements, with the exception of the portion allocated to enterprise funds.

The proprietary fund financial statements provide separate information for the electric generation/distribution services, water services, wastewater services, and port services, all of which are considered to be major enterprise funds of the Municipality. Information from the other three proprietary enterprise funds is combined into a single, aggregated presentation. 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. 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 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 accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

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

Other 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.

In addition to these required elements, the combining statements referred to earlier in connection with non-major governmental, proprietary, and fiduciary funds are presented as additional supplementary information immediately following the required supplementary information. A summary of selected statistical information is also provided.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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, 2016 compared to the prior year (reference Table A-1).

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

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 548,132	\$ 571,877	\$ 364,764	\$ 378,730	\$ 912,896	\$ 950,607
Capital assets	3,407,924	3,352,654	2,156,674	1,989,089	5,564,598	5,341,743
Total assets	<u>3,956,056</u>	<u>3,924,531</u>	<u>2,521,438</u>	<u>2,367,819</u>	<u>6,477,494</u>	<u>6,292,350</u>
Deferred outflows of resources	89,001	39,615	15,452	8,090	104,453	47,705
Total deferred outflows of resources	<u>89,001</u>	<u>39,615</u>	<u>15,452</u>	<u>8,090</u>	<u>104,453</u>	<u>47,705</u>
Long-term liabilities	1,028,529	914,732	898,546	872,163	1,927,075	1,786,895
Other liabilities	229,750	223,061	263,167	185,601	492,917	408,662
Total liabilities	<u>1,258,279</u>	<u>1,137,793</u>	<u>1,161,713</u>	<u>1,057,764</u>	<u>2,419,992</u>	<u>2,195,557</u>
Deferred inflows of resources	4,697	5,440	599,959	589,230	604,656	594,670
Total deferred inflows of resources	<u>4,697</u>	<u>5,440</u>	<u>599,959</u>	<u>589,230</u>	<u>604,656</u>	<u>594,670</u>
Net invested in capital assets	2,809,347	2,753,763	639,218	613,549	3,448,565	3,367,312
Restricted	246,631	252,408	30,710	24,846	277,341	277,254
Unrestricted	(273,897)	(185,258)	105,290	90,520	(168,607)	(94,738)
Total net position	<u>\$ 2,782,081</u>	<u>\$ 2,820,913</u>	<u>\$ 775,218</u>	<u>\$ 728,915</u>	<u>\$ 3,557,299</u>	<u>\$ 3,549,828</u>

Overall Analysis

At December 31, 2016, the Municipality's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3.6 billion. Total net position increased \$7.5 million or .21 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 \$277.3 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 \$28.6 million restricted net position for the acquisition and construction of capital, \$34.3 million for the Police and Fire Retiree Medical Liability prefunding, and \$147.5 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 2016, the unrestricted net position was a deficit of \$169 million. This was primarily due to a significant increase in 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 decreased \$38.8 million or 1.4 percent. The majority of this decrease was due to a significant increase in net pension liability. For 2016, the net pension liability increased by \$111.9 million. This increase in net pension liability was partially offset by an increase in deferred outflows related to net pension liability of \$49.9 million and an increase in capital assets of \$55.3 million. Cash and investments also decreased by approximately \$9.3 million.

Investment in capital assets, net of debt increased \$55.6 million or 2 percent. This increase is due to increased capitalizable expenditures in the Capital Projects Roads and Drainage Fund and Area-wide Capital Projects Fund in 2016.

Restricted net position decreased \$5.8 million or 2.3 percent. This decrease is due to a decrease in unspent bond proceeds.

Unrestricted net position is the remaining total net position that is not classified as either investment in capital assets, net of debt or restricted net position. Any change to unrestricted net position is the reflection of changes in the other two net position categories. In 2016, the deficit in unrestricted net position increased by \$88.5 million or 47.8 percent.

Business-type Activities

The business-type activities total net position increased \$46.3 million or 6.4 percent. Investment in capital assets, net of debt reported an increase of \$25.7 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 \$5.9 million or 23.6 percent mainly due to the restrictions placed on a portion of the Port legal settlement monies in accordance with the settlement agreements.

Unrestricted net position is the remaining total net position that is not classified as either investment in capital assets, net of debt or restricted. Any change to unrestricted net position is the reflection of changes in the other two net position categories. In 2016, unrestricted net position increased by \$14.7 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 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 2016 compared to the prior year and indicates the changes 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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 49,800	\$ 57,828	\$ 344,715	\$ 329,065	\$ 394,515	\$ 386,893
Operating grants & contributions	32,199	41,331	1,682	958	33,881	42,289
Capital grants & contributions	80,818	104,865	23,035	11,490	103,853	116,355
General revenues:						
Property taxes	528,814	509,725	-	-	528,814	509,725
Other taxes	67,785	70,672	-	-	67,785	70,672
Grants and entitlements not restricted to specific programs	9,280	14,043	-	-	9,280	14,043
Other	-	-	12,600	-	12,600	-
Investment earnings	13,404	1,878	5,725	4,068	19,129	5,946
Total revenues	<u>\$ 782,100</u>	<u>\$ 800,342</u>	<u>\$ 387,757</u>	<u>\$ 345,581</u>	<u>\$ 1,169,857</u>	<u>\$ 1,145,923</u>

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

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Expenses:						
General government	\$ 31,778	\$ 29,240	\$ -	\$ -	\$ 31,778	\$ 29,240
Fire services	127,751	128,861	-	-	127,751	128,861
Police services	146,998	149,236	-	-	146,998	149,236
Health and human services	27,029	25,915	-	-	27,029	25,915
Economic and community dev.	78,164	74,741	-	-	78,164	74,741
Public transportation	37,259	36,621	-	-	37,259	36,621
Public works	91,116	90,596	-	-	91,116	90,596
Education	243,841	240,240	-	-	243,841	240,240
Maintenance and operations	36,994	35,416	-	-	36,994	35,416
Interest	22,793	19,782	-	-	22,793	19,782
Water	-	-	47,333	44,769	47,333	44,769
Wastewater	-	-	43,372	42,495	43,372	42,495
Electric	-	-	171,654	152,869	171,654	152,869
Port	-	-	21,756	26,544	21,756	26,544
Municipal airport	-	-	4,637	5,475	4,637	5,475
Solid waste	-	-	19,914	21,710	19,914	21,710
Refuse	-	-	9,997	9,109	9,997	9,109
Total expenses	<u>843,723</u>	<u>830,648</u>	<u>318,663</u>	<u>302,971</u>	<u>1,162,386</u>	<u>1,133,619</u>
Change in net position prior to transfers	(61,623)	(30,306)	69,094	42,610	7,471	12,304
Transfers	22,791	32,627	(22,791)	(32,627)	-	-
Change in net position	<u>(38,832)</u>	<u>2,321</u>	<u>46,303</u>	<u>9,983</u>	<u>7,471</u>	<u>12,304</u>
Beginning net position	2,820,913	2,818,592	728,915	718,932	3,549,828	3,537,524
Ending net position	<u>\$ 2,782,081</u>	<u>\$ 2,820,913</u>	<u>\$ 775,218</u>	<u>\$ 728,915</u>	<u>\$ 3,557,299</u>	<u>\$ 3,549,828</u>

Overall Analysis

The Municipality's total net position of \$3.6 billion increased by \$7.5 million from current year operations as reported in the Statement of Activities. This increase is the net effect of a \$38.8 million decrease in governmental activities and a \$46.3 million increase in business-type activities.

Governmental Activities

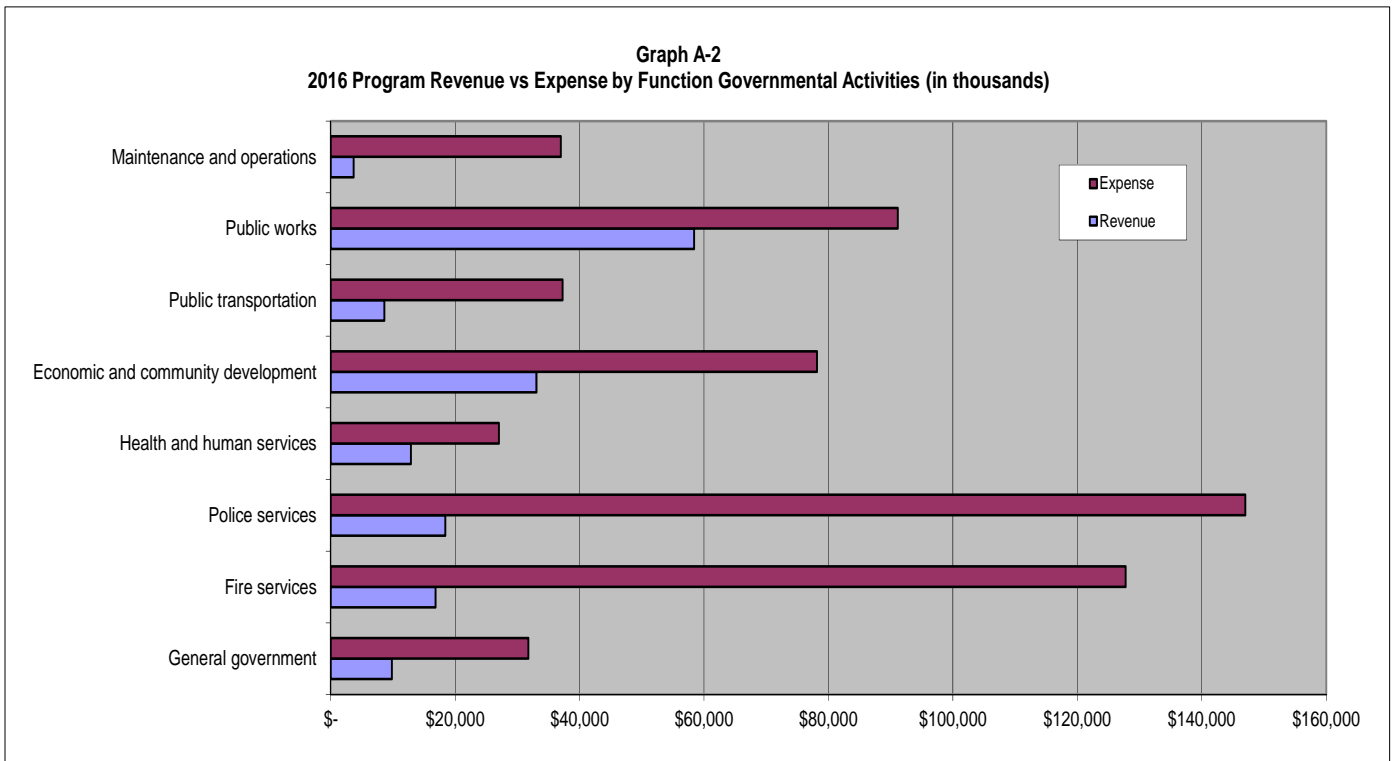
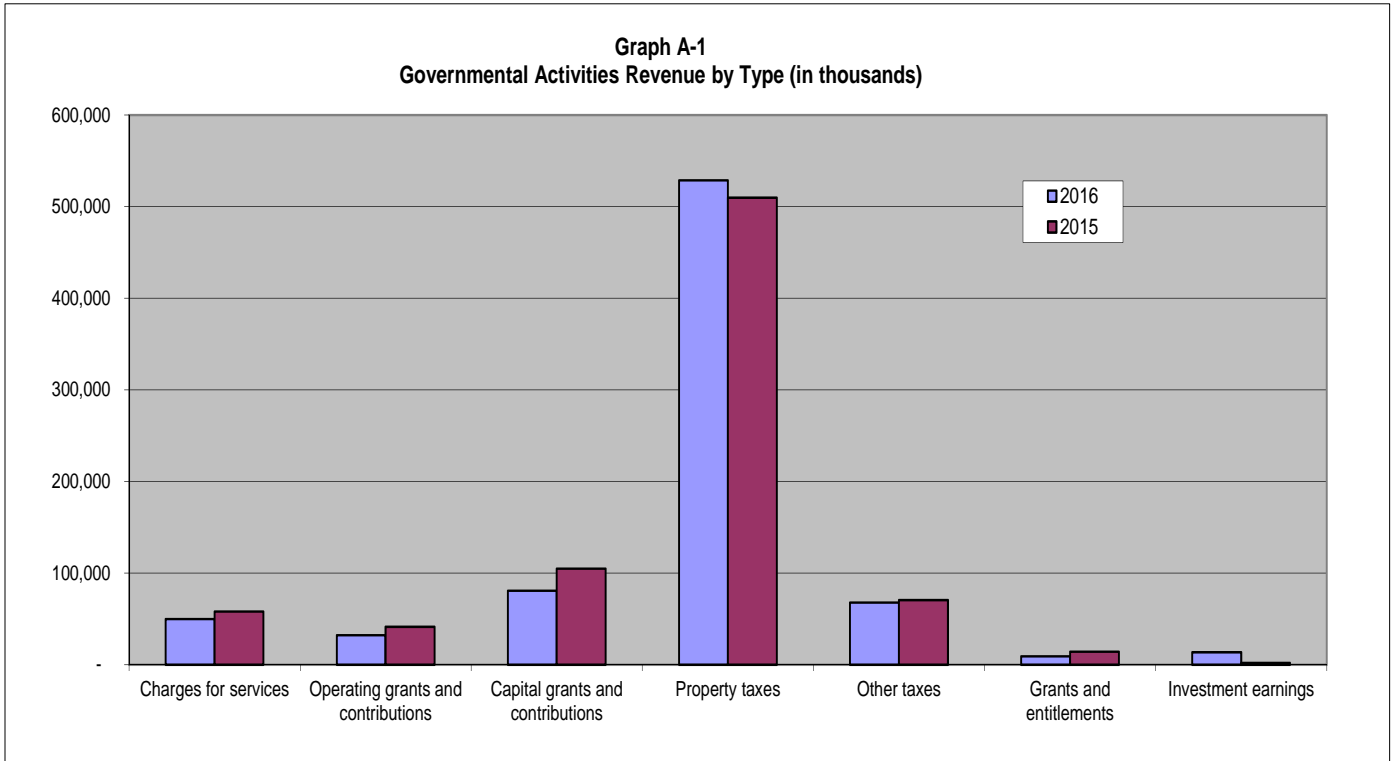
Governmental activities decreased the Municipality's net position by \$38.8 million. The decrease is the result of less revenues available to offset the increased costs in 2016.

Total governmental activity revenues were \$782.1 million, excluding transfers. Revenues decreased \$18.2 million or 2.3 percent over the prior year. Property taxes, the Municipality's largest single revenue source, increased 3.7 percent, along with investment earnings. Capital Grants and Contributions had the largest decrease, of 22.9 percent, followed by decreases in Operating Grant and Contributions and Charges for Services of 22.1 percent and 13.9 percent, respectively.

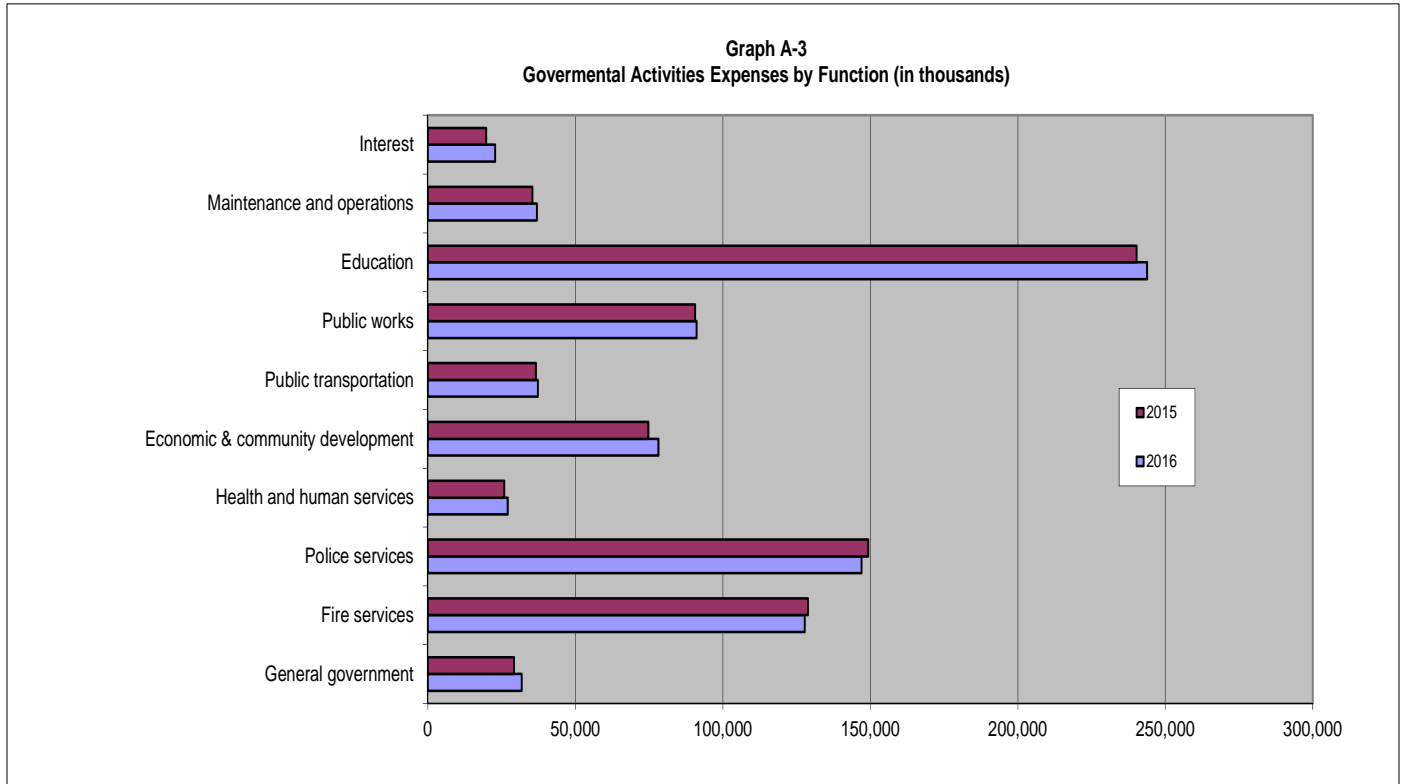
Total governmental activity expenses in 2016 were \$843.7 million, excluding transfers, an increase of \$13.1 million or 1.6 percent. Out of the total expenses, \$162.8 million was paid either by those directly benefiting from the programs or by other governments and organizations that subsidize certain programs with grants and contributions. The remaining net expense (total expenses less program revenues) of \$680.9 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 \$243.8 million, \$146.9 million and \$127.8 million, respectively. However, the Economic and Community Development functional expense category showed the largest increase in expense of \$3.4 million with General Government as the second largest increase of \$2.5 million.

The first graph compares the Municipality's governmental activities program and general revenues for 2016 and 2015. The second graph compares the Municipality's 2016 governmental activities revenues vs expenses by function.



The third graph compares the Municipality's governmental activities expenses by function for 2016 and 2015.



Business-type Activities

Business-type activities increased the Municipality's net position by \$46.3 million from current operations. Key elements of the change in net position are as follows:

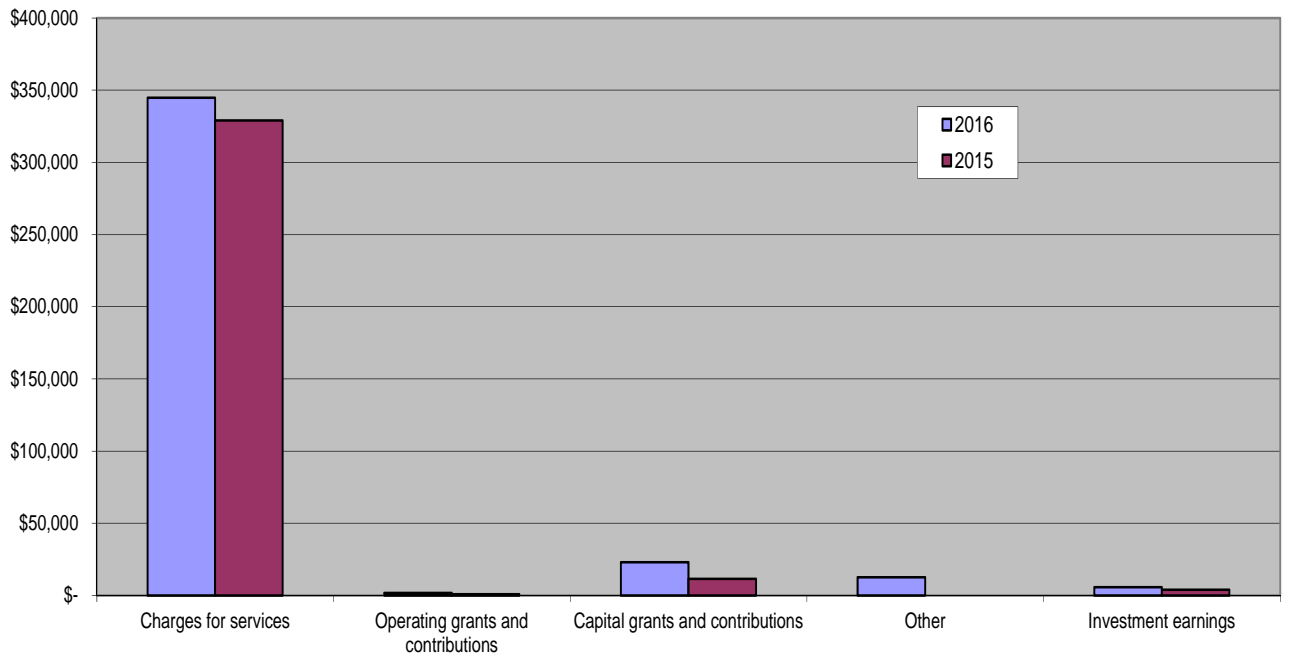
- The Port had an increase in revenues of \$12.6 million from three legal settlement agreements with subcontractors related to the PIEP lawsuit.
- The Electric Utility paid significantly less Municipal Utility Service Assessment (MUSA) in 2016 than was paid in 2015.
- Charges for Services and Capital Grants and Contributions revenue categories had increases of \$15.7 million and \$11.5 million, respectively.
- All enterprise funds had an increase in pension expense related to GASB 68 of 165 percent.

Total business-type revenues were \$387.8 million, excluding transfers. Revenues increased \$42.2 million or 12.2 percent. There were increases in every category of business-type revenues.

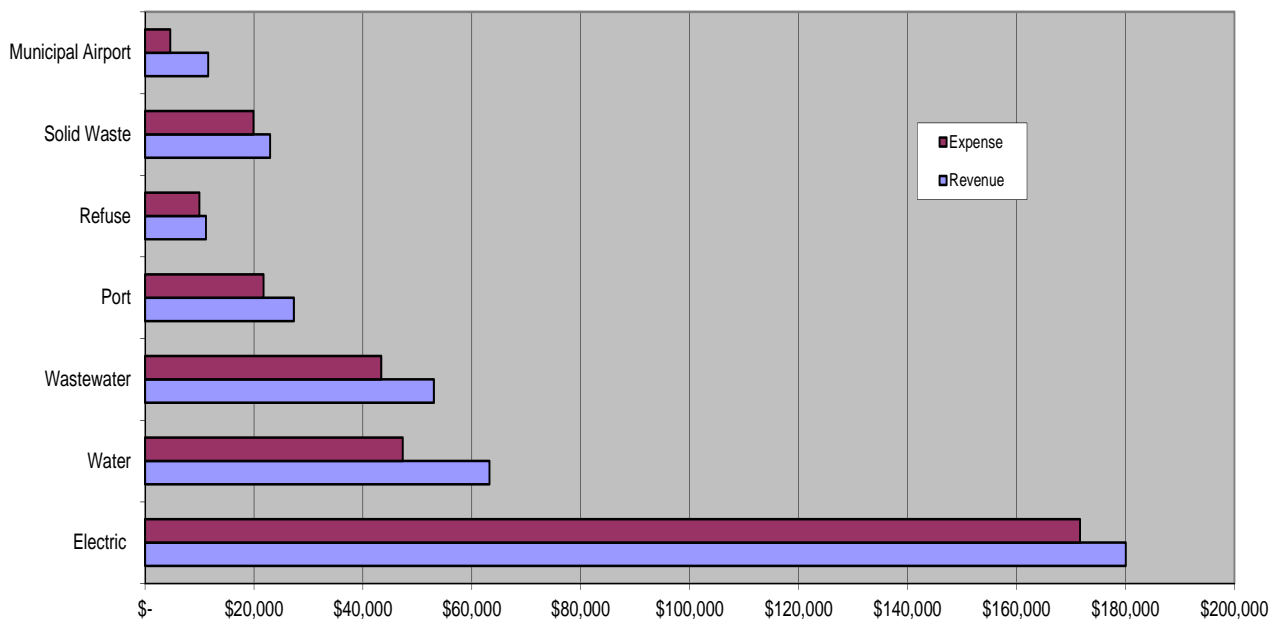
Total business-type expenses were \$318.7 million, up 5.2 percent from the prior year. The Electric Utility had an increase in expenses of \$18.8 million from operations. The Water Utility experienced an increase in expenses of \$2.6 million and the Wastewater Utility had an increase in expenses of \$877,000. Increases in the expenses of the Utilities all resulted from operations. The Port expenses decreased \$4.8 million mainly due to their capital projects moving into the capitalizable phases of construction.

The first graph compares the Municipality's business-type activities program and general revenues for 2016 and 2015. The second graph compares the Municipality's 2016 business-type activities revenues vs expenses by function. The third graph compares the Municipality's business-type activities expenses for 2016 and 2015.

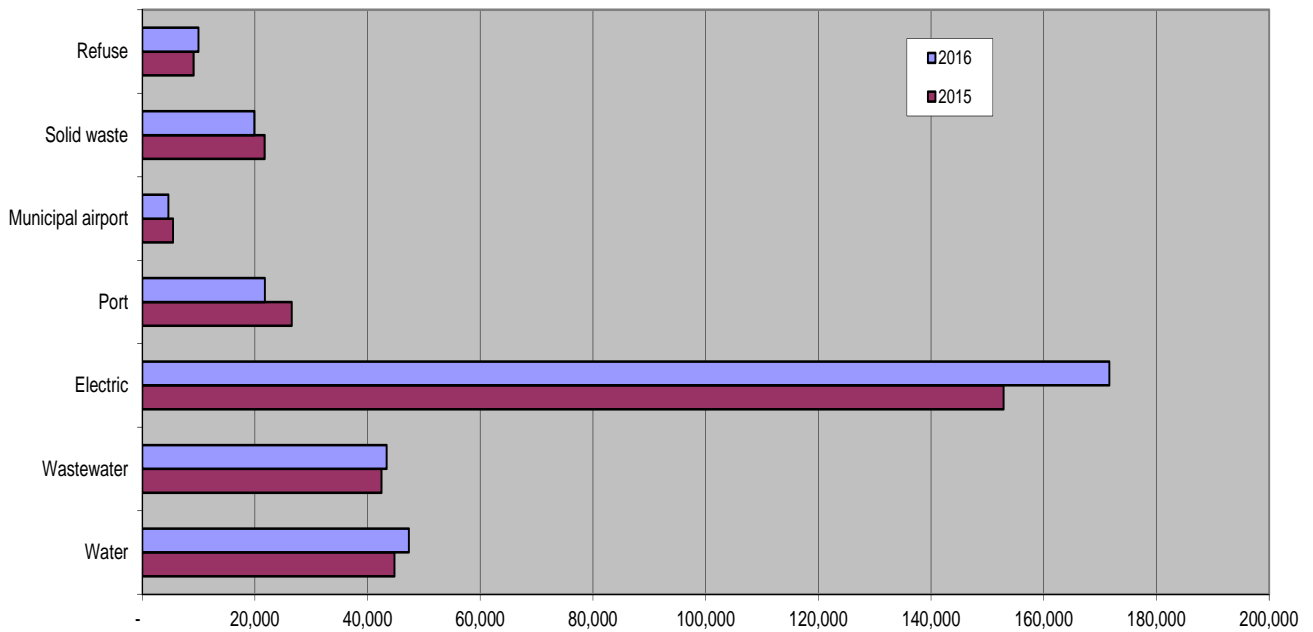
Graph A-4
Business-type Activities Revenue by Type (in thousands)



Graph A-5
2016 Program Revenue vs Expense by Function Business-type Activities (in thousands)



Graph A-6
Business-type Activities Expenses 2016 vs 2015 (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, 2016, the Municipality's governmental funds reported a combined ending fund balance of \$358.8 million, a decrease of \$26 million in comparison to the prior year. Of the total fund balance, \$3.1 million is non-spendable as it relates to prepaid, inventories and long-term loans receivable, \$253.8 million is restricted due to legal obligations from outside parties, \$61.6 million is committed, \$29.1 million is assigned, and \$11.2 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, 2016, the General fund reported total fund balance of \$65.1 million, a decrease of \$18.6 million over the prior year. The revenue over expenditure deficiency increased by approximately \$16.1 million 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 have not entered into an agreement to share the grant. This has delayed the FTA from awarding the grant and precludes the Municipality from seeking reimbursement for these expenditures. Other financing sources and uses decreased \$10.4 million due mostly to a decrease 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, 2016, combined committed, assigned, and unassigned fund balance represents 9.3 percent of total General Fund expenditures and total fund balance represents 9.6 percent of the same amount.

The MOA Trust Fund was reported as a major fund this year even though it does not meet the eligibility requirements due to its significance to the Municipality taxpayers. Investment income from the MOA Trust Fund was \$9 million in 2016. This was an increase of \$7.7 million from the prior year. The MOA Trust distributed the annual dividend to the General Fund in the amount of \$5.4 million in accordance the AMC 6.50.060.

The Capital Projects Road and Drainage Fund did not meet the major fund eligibility requirements in 2016. However, it is reported as a major fund due to its significance to the Municipality taxpayers. Capital outlay expenditures decreased \$10.1 million in 2016. Bonds were issued in 2016 to fund road and drainage capital projects. Intergovernmental Revenues decreased \$15.8 million in 2016.

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, therefore are not included in the following discussion.

At December 31, 2016, the net position for the proprietary funds (enterprise funds) increased by \$46.3 million.

The following funds are the Municipality's major funds:

- The Electric Utility's net position increased \$5.8 million or 2.3 percent over the prior year. Plant increased \$379.9 million during 2016 compared to an increase of \$66.8 million during 2015. This increase relates to the capitalization from construction work in progress for steam production plant and natural gas production and gathering plant, offset by accumulated depreciation. Total operating revenues increased \$3 million during 2016 compared to an increase of \$24.2 million during 2015, while operating expenses increased \$9.9 million during 2016 compared to an increase of 24.6 million during 2015.
- The Water Utility's net position increased by \$9.5 million over the prior year. Operating revenues decreased by \$20,242, due to consistency in the rates and customers between 2016 and 2015. Non-operating revenues increased by \$736,820 due to an increase in investment income. Total expenses increased by \$3.7 million in 2016 when compared to 2015, with operating expenses increasing by \$3.1 million, and non-operating expenses decreasing by \$620,052. The increase in operating expenses was primarily due to an increase in pension expense.
- The Wastewater Utility's net position increased by \$4.6 million over the prior year. Operating revenues increased by \$628,628, primarily due consistency in the rates and customers. Total operating expenses increased by \$1 million in 2016 over 2015. The increase in operating expenses was primarily due to an increase in pension expense.
- The Port's net position increased by \$16.4 million over the prior year. Total revenues increased overall by \$12.9 million in 2016 mainly due to the settlement with three subcontractors from the PIEP lawsuit. Operating expenses decreased by \$4.7 million, which was primarily due to their capital projects moving into the capitalizable phases of construction.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Municipality adopted its 2016 operating general fund budget in November 2015, which included projected revenue sources to support spending of \$430.5 million.

By April 2016, the Municipality had actual 2015 year-end financial data that was used in the first quarter amendment process, which resulted in budget revisions totaling \$5.7 million, bringing the 2016 revised general fund budget approved in April to \$436.2 million. 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. Significant first quarter budget revisions include:

- \$2.3 million increase for one-time legal costs and funding for projects including: Vote-by-Mail, IGC Review, and Homelessness.
- \$1.5 million increase for operations and maintenance and debt service costs associated with capital projects funded with voter approved bonds.

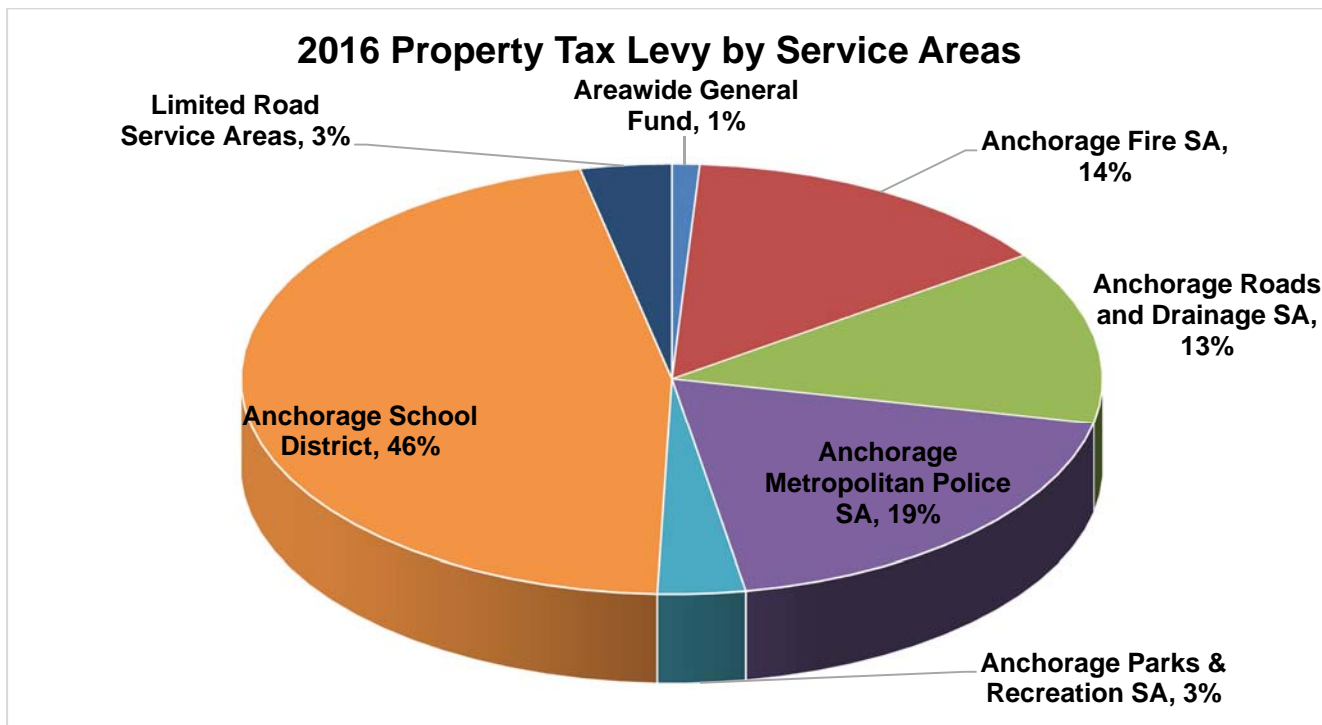
- \$1.5 million to the Anchorage Fire Department for operating expenses for the Anchorage Fire Service Area and for Area-wide Emergency Operations (appropriation was for an amount not-to-exceed \$1.5M).

Additionally, throughout the year, \$7.6 million of supplemental appropriations were requested for unanticipated and high priority needs taking the final amended budget to \$443.8 million. Significant supplemental appropriations include:

- \$2.1 million increase for on-going technology costs including improvements for Information Technology Department customer service and for SAP go-live support.
- \$2.2 million to multiple departments with Limited Service Areas for operating expenses, year round road maintenance, and/or contributions to capital projects.
- \$2 million to the Real Estate Department for Heritage Land Bank (Fund 221) activities.

The Anchorage School District's annual operating budget for its July 1 through June 30 fiscal year also had been approved by April 2016 and its mill rate also was set and taxes were levied based on its property tax requirements for the 2016 calendar year. This was reflected in the operating budget as a \$242.7 million contribution to Anchorage School District for property taxes collected on their behalf by general government.

The inclusion of the ASD annual operating budget as a revision into the general fund final amended budget brings the total to \$686.5 million.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016 and 2015, the Municipality had invested \$5,564,598,790 and \$5,341,743,265 in a broad range of capital assets, including police and fire equipment, buildings, land, and infrastructure (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	
	2016	2015	2016	Restated 2015	2016	Restated 2015
Land	\$ 1,261,309	\$ 1,248,154	\$ 67,500	\$ 67,488	\$ 1,328,809	\$ 1,315,642
Buildings and building improvements	271,478	264,791	456,850	390,361	728,328	655,152
Art	20,124	19,974	-	-	20,124	19,974
Equipment	50,901	50,639	-	-	50,901	50,639
Distribution and collection systems	-	-	1,573,843	1,245,146	1,573,843	1,245,146
Infrastructure	1,699,714	1,681,335	-	-	1,699,714	1,681,335
Construction work-in-progress	104,398	87,762	58,481	286,094	162,879	373,856
Total	<u>\$ 3,407,924</u>	<u>\$ 3,352,655</u>	<u>\$ 2,156,674</u>	<u>\$ 1,989,089</u>	<u>\$ 5,564,598</u>	<u>\$ 5,341,744</u>

In 2016, total governmental activities capital asset increased by \$55.3 million, with the majority of the increase resulting from additions to land, infrastructure and construction work in progress.

Business-type activities capital assets increased by \$167.6 million during 2016 with the majority of the increase resulting from additions to distribution and collection systems.

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 2016, actual road infrastructure maintenance and preservation expense was 6.5 percent more than estimated.

A condition assessment was performed in 2014 and indicated approximately 83.6 percent of total paved roads as being in good or better condition. This assessment result increased from the assessment results of 77.6 percent received during the 2011 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 2017.

Long-term Debt

At December 31, 2016, the Municipality had \$1,421,001,876 in debt outstanding, a decrease of less than 1 percent from 2015 debt outstanding of \$1,421,212,219 (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	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 474,668	\$ 487,289	\$ -	\$ -	\$ 474,668	\$ 487,289
Revenue bonds	-	-	524,307	537,971	524,307	537,971
CIVICVentures revenue bonds	98,417	100,502	-	-	98,417	100,502
Capital leases	33,185	19,154	-	-	33,185	19,154
Long-term contracts	4,032	4,182	286,392	270,765	290,424	274,947
HUD loans	-	1,350	-	-	-	1,350
Total	<u>\$ 610,302</u>	<u>\$ 612,477</u>	<u>\$ 810,699</u>	<u>\$ 808,736</u>	<u>\$ 1,421,001</u>	<u>\$ 1,421,213</u>

In 2016, the Municipality issued \$27.5 million of general obligation bonds and 17.3 million of capital lease debt in the governmental activities for capital projects and the SAP project. In 2016, the Municipality issued \$28.3 million in long-term notes to fund capital projects in the business-type activities.

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 increased less than percent¹ from the July 2015 estimate to the July 2016 estimate. The 2016 annual average unemployment rate was 5.3 percent for Anchorage-Matsu Region, 6.6 percent for the entire state, and the national average was 4.9 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 2016, property tax revenue represents 58.2 percent of the funding sources for the General Government Operating Budget; non-property taxes and program generated revenue account for 33.5 percent; intra-governmental charges outside of general government 7.5 percent; and fund balance applied constitutes the remaining 1 percent.

The 2017 approved General Government Operating Budget is \$505,597,113³, which is \$16,946,439 more than the 2016 revised budget of \$488,550,674⁴. Property taxes required to support the 2017 approved budget are \$303.9 million compared to \$284.6 million in 2016.

The Municipal Utilities and enterprise activities 2017 proposed operating budgets total \$291,196,853⁵ and 2017 proposed capital budgets total \$76,783,000⁶. The 2017 General Government Capital Improvement Budget is \$55,518,000⁷.

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

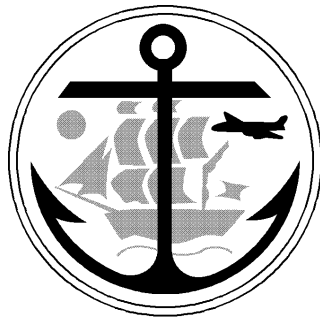
³ AR 2017-139(S) as Amended

⁴ AR 2016-104 as Amended

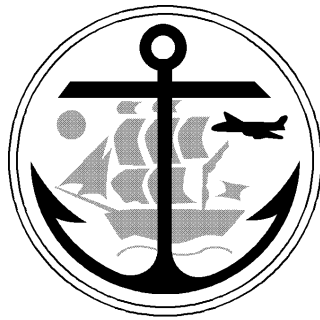
⁵ AO 2016-103(S)

⁶ AO 2016-103(S)

⁷ AO 2016-105 as Amended



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MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
December 31, 2016

Primary Government			
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash	\$ 66,841	\$ 6,525	\$ 73,366
Cash in central treasury	267,725,435	145,540,986	413,266,421
Bond and capital acquisition and construction accounts	-	8,949,988	8,949,988
Investments	34,263,367	-	34,263,367
Accrued interest on investments	738,582	744,395	1,482,977
Interest receivable	-	439,019	439,019
Receivables (net of allowance for uncollectibles)	26,579,678	26,684,734	53,264,412
Due from primary government	-	-	-
Due from component unit	5,743	-	5,743
Internal balances	2,211,527	(2,211,527)	-
Intergovernmental receivables	9,600,216	171,426	9,771,642
Inventories	1,594,751	32,645,779	34,240,530
Prepaid items and deposits	1,641,880	412,088	2,053,968
Other assets	-	1,627,207	1,627,207
Restricted assets:			
Investments	154,832,942	-	154,832,942
Investments in Angel Fund programs	1,278,236	-	1,278,236
Investment, art collection	-	-	-
Customer deposits	-	1,170,729	1,170,729
Restricted deposits	-	20,833,666	20,833,666
Legal settlement set aside	-	2,300,000	2,300,000
Bond and capital acquisition and construction accounts	-	8,540,469	8,540,469
Bond operation and maintenance	-	13,200,000	13,200,000
Debt service accounts	-	7,232,643	7,232,643
Landfill post closure cash reserve	-	32,408,184	32,408,184
Cash for unredeemed mini bonds	-	105,000	105,000
Total current assets	500,539,198	300,801,311	801,340,509
Noncurrent assets:			
Other assets	-	19,200,054	19,200,054
Prepaid OPEB	20,271,242	-	20,271,242
Internal balances	1,067,753	(1,067,753)	-
Loans and leases receivable, net	3,371,663	-	3,371,663
Restricted assets:			
Customer deposits	-	524,119	524,119
Capital inventory	-	559,373	559,373
Asset retirement obligation sinking fund	-	11,797,445	11,797,445
Intergovernmental receivables	22,881,853	9,806,098	32,687,951
Revenue bond reserve investments	-	23,143,622	23,143,622
Capital assets, not being depreciated	2,842,812,452	125,981,197	2,968,793,649
Capital assets, being depreciated, net	565,112,123	2,030,693,018	2,595,805,141
Total noncurrent assets	3,455,517,086	2,220,637,173	5,676,154,259
Total assets	3,956,056,284	2,521,438,484	6,477,494,768
Deferred Outflows of Resources			
Deferred outflow related to net pension liability	83,366,476	13,949,907	97,316,383
Deferred charge on refunding	5,634,752	1,502,100	7,136,852
Total deferred outflows of resources	\$ 89,001,228	\$ 15,452,007	\$ 104,453,235

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
December 31, 2016

	Component Units			Total Reporting Entity
	Anchorage School District	Anchorage Community Development Authority	Alaska Center for the Performing Arts	
Assets				
Current assets:				
Cash	\$ -	\$ 1,557,952	\$ 1,621,590	\$ 3,252,908
Cash in central treasury	-	3,469,183	-	416,735,604
Bond and capital acquisition and construction accounts	-	-	-	8,949,988
Investments	237,854,569	-	-	272,117,936
Accrued interest on investments	-	2,370	-	1,485,347
Interest receivable	46,826	-	-	485,845
Receivables (net of allowance for uncollectibles)	22,755,984	250,977	4,965	76,276,338
Due from primary government	123,001,633	4,422	-	123,006,055
Due from component unit	-	-	-	5,743
Internal balances	-	-	-	-
Intergovernmental receivables	-	-	-	9,771,642
Inventories	3,801,565	-	-	38,042,095
Prepaid items and deposits	1,546,671	100,683	62,893	3,764,215
Other assets	-	-	-	1,627,207
Restricted assets:				
Investments	-	-	-	154,832,942
Investments in Angel Fund programs	-	-	-	1,278,236
Investment, art collection	-	-	127,042	127,042
Customer deposits	-	-	-	1,170,729
Restricted deposits	-	23,266	744,854	21,601,786
Legal settlement set aside	-	-	-	2,300,000
Bond and capital acquisition and construction accounts	-	-	-	8,540,469
Bond operation and maintenance	-	-	-	13,200,000
Debt service accounts	-	-	-	7,232,643
Landfill post closure cash reserve	-	-	-	32,408,184
Cash for unredeemed mini bonds	-	-	-	105,000
Total current assets	389,007,248	5,408,853	2,561,344	1,198,317,954
Noncurrent assets:				
Other assets	-	2,757,894	-	21,957,948
Prepaid OPEB	-	-	-	20,271,242
Internal balances	-	-	-	-
Loans and leases receivable, net	-	-	-	3,371,663
Restricted assets:				
Customer deposits	-	-	-	524,119
Capital inventory	-	-	-	559,373
Asset retirement obligation sinking fund	-	-	-	11,797,445
Intergovernmental receivables	-	-	-	32,687,951
Revenue bond reserve investments	-	-	-	23,143,622
Capital assets, not being depreciated	43,376,782	11,059,217	-	3,023,229,648
Capital assets, being depreciated, net	1,234,752,678	14,793,527	-	3,845,351,346
Total noncurrent assets	1,278,129,460	28,610,638	-	6,982,894,357
Total assets	1,667,136,708	34,019,491	2,561,344	8,181,212,311
Deferred Outflows of Resources				
Deferred outflow related to net pension liability	104,890,233	670,978	-	202,877,594
Deferred charge on refunding	8,032,282	-	-	15,169,134
Total deferred outflows of resources	\$ 112,922,515	\$ 670,978	\$ -	\$ 218,046,728

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
December 31, 2016

Primary Government			
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable and retainages	\$ 21,035,879	\$ 30,857,922	\$ 51,893,801
Accrued interest payable	7,864,792	4,542,250	12,407,042
Accrued payroll liabilities	13,361,012	3,776,652	17,137,664
Current portion of long-term obligations	90,281,318	31,130,651	121,411,969
Notes payable	-	181,000,000	181,000,000
Due to primary government	-	-	-
Due to component unit	82,130,225	-	82,130,225
Unearned revenue	7,416,749	-	7,416,749
Unearned revenue and deposits	-	297,749	297,749
Liabilities payable from restricted assets	7,659,868	11,562,065	19,221,933
Total current liabilities	229,749,843	263,167,289	492,917,132
Noncurrent liabilities:			
Liabilities payable from restricted assets	-	524,119	524,119
Other long-term obligations	-	107,091,850	107,091,850
Noncurrent portion of long-term obligations	582,033,666	728,046,331	1,310,079,997
Net pension liability	446,495,821	62,883,354	509,379,175
Total noncurrent liabilities	1,028,529,487	898,545,654	1,927,075,141
Total liabilities	1,258,279,330	1,161,712,943	2,419,992,273
Deferred Inflows of Resources			
Contributions in aid of construction (net amortization)	-	562,544,873	562,544,873
Future natural gas purchases	-	16,477,276	16,477,276
Regulatory liability gas sales	-	20,236,871	20,236,871
Time restricted health permit receipts	560,045	-	560,045
Deferred inflow related to net pension liability	4,136,684	700,942	4,837,626
General property tax receipts	-	-	-
Debt service tax receipts	-	-	-
Total deferred inflows of resources	4,696,729	599,959,962	604,656,691
Net Position			
Net investment in capital assets	2,809,346,703	639,217,895	3,448,564,598
Restricted for:			
Debt service	13,868,255	5,403,893	19,272,148
Maintenance and operations	-	-	-
Acquisition and construction	16,523,342	12,106,098	28,629,440
Operations	-	13,200,000	13,200,000
Convention center operating reserve	15,086,845	-	15,086,845
Police and fire retiree medical liability	34,284,534	-	34,284,534
Grant activity	19,170,030	-	19,170,030
Perpetual care:			
Nonexpendable	150,000	-	150,000
MOA trust:			
Nonexpendable	147,548,268	-	147,548,268
Endowment	-	-	-
Bond rating	-	-	-
Federal Impact Aid 8003(d)	-	-	-
Unrestricted	(273,896,524)	105,289,700	(168,606,824)
Total net position	\$ 2,782,081,453	\$ 775,217,586	\$ 3,557,299,039

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
December 31, 2016

	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	\$ 12,161,969	\$ 488,206	441,197	\$ 64,985,173
Accrued interest payable	9,227,724	-	-	21,634,766
Accrued payroll liabilities	23,276,152	-	-	40,413,816
Current portion of long-term obligations	73,470,500	-	-	194,882,469
Notes payable	-	-	-	181,000,000
Due to primary government	-	68,891	122,010	190,901
Due to component unit	-	-	-	82,130,225
Unearned revenue	3,593,746	167,805	586,933	11,765,233
Unearned revenue and deposits	-	-	-	297,749
Liabilities payable from restricted assets	-	-	46,907	19,268,840
Total current liabilities	<u>121,730,091</u>	<u>724,902</u>	<u>1,197,047</u>	<u>616,569,172</u>
Noncurrent liabilities:				
Liabilities payable from restricted assets	-	-	-	524,119
Other long-term obligations	-	-	-	107,091,850
Noncurrent portion of long-term obligations	581,830,631	-	-	1,891,910,628
Net pension liability	454,712,187	4,766,948	-	968,858,310
Total noncurrent liabilities	<u>1,036,542,818</u>	<u>4,766,948</u>	<u>-</u>	<u>2,968,384,907</u>
Total liabilities	<u>1,158,272,909</u>	<u>5,491,850</u>	<u>1,197,047</u>	<u>3,584,954,079</u>
Deferred Inflows of Resources				
Contributions in aid of construction (net amortization)	-	-	-	562,544,873
Future natural gas purchases	-	-	-	16,477,276
Regulatory liability gas sales	-	-	-	20,236,871
Time restricted health permit receipts	-	-	-	560,045
Deferred inflow related to net pension liability	9,243,530	229,214	-	14,310,370
General property tax receipts	102,641,939	-	-	102,641,939
Debt service tax receipts	20,359,694	-	-	20,359,694
Total deferred inflows of resources	<u>132,245,163</u>	<u>229,214</u>	<u>-</u>	<u>737,131,068</u>
Net Position				
Net investment in capital assets	697,497,685	25,852,744	-	4,171,915,027
Restricted for:				
Debt service	4,020,159	-	-	23,292,307
Maintenance and operations	-	-	744,854	744,854
Acquisition and construction	-	2,340,972	26,103	30,996,515
Operations	-	-	-	13,200,000
Convention center operating reserve	-	-	-	15,086,845
Police and fire retiree medical liability	-	-	-	34,284,534
Grant activity	-	-	-	19,170,030
Perpetual care:				
Nonexpendable	-	-	-	150,000
MOA trust:				
Nonexpendable	-	-	-	147,548,268
Endowment	-	-	60,075	60,075
Bond rating	24,600,326	-	-	24,600,326
Federal Impact Aid 8003(d)	188,857	-	-	188,857
Unrestricted	<u>(236,765,876)</u>	<u>775,689</u>	<u>533,265</u>	<u>(404,063,746)</u>
Total net position	<u>\$ 489,541,151</u>	<u>\$ 28,969,405</u>	<u>\$ 1,364,297</u>	<u>\$ 4,077,173,892</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Activities
For the year ended December 31, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 31,777,644	\$ 7,397,112	\$ 2,437,272	\$ -
Fire services	127,750,790	11,218,269	2,645,190	2,980,863
Police services	146,997,658	11,883,107	4,581,479	1,932,674
Health and human services	27,028,516	2,606,170	10,282,399	-
Economic and community development	78,163,980	2,566,183	3,261,789	27,248,883
Public transportation	37,258,533	4,387,796	2,540,477	1,693,961
Public works	91,116,000	9,421,991	5,579,805	43,400,155
Maintenance and operations of roads and facilities	36,994,141	318,988	798,698	2,564,659
Education	243,841,632	-	71,800	997,500
Interest on long-term debt	22,793,843	-	-	-
Total governmental activities	843,722,737	49,799,616	32,198,909	80,818,695
Business-type activities:				
Electric	171,654,101	179,751,959	317,044	-
Water	47,332,911	62,834,038	416,209	-
Wastewater	43,372,095	52,629,855	401,308	-
Port	21,755,534	13,975,856	43,575	13,323,471
Refuse	9,997,351	11,112,587	59,168	-
Solid Waste	19,913,585	22,898,337	59,508	-
Municipal Airport	4,636,998	1,512,527	385,230	9,711,315
Total business-type activities	318,662,575	344,715,159	1,682,042	23,034,786
Total primary government	\$ 1,162,385,312	\$ 394,514,775	\$ 33,880,951	\$ 103,853,481
Component Units:				
Anchorage School District	\$ 882,766,137	\$ 6,286,818	\$ 168,651,599	\$ 57,757,752
Anchorage Community Development Authority	11,864,551	8,256,293	-	-
Alaska Center for the Performing Arts	3,099,123	2,669,055	211,733	200,695
Total Component Units	\$ 897,729,811	\$ 17,212,166	\$ 168,863,332	\$ 57,958,447

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, 2016

Net (Expense), Revenue and Changes in Net Position

Primary Government			Component Units			
Governmental Activities	Business-Type Activities	Total	Anchorage School District	Anchorage Community Development Authority	Alaska Center for the Performing Arts	Total Reporting Entity
\$ (21,943,260)		\$ (21,943,260)				\$ (21,943,260)
(110,906,468)		(110,906,468)				(110,906,468)
(128,600,398)		(128,600,398)				(128,600,398)
(14,139,947)		(14,139,947)				(14,139,947)
(45,087,125)		(45,087,125)				(45,087,125)
(28,636,299)		(28,636,299)				(28,636,299)
(32,714,049)		(32,714,049)				(32,714,049)
(33,311,796)		(33,311,796)				(33,311,796)
(242,772,332)		(242,772,332)				(242,772,332)
(22,793,843)		(22,793,843)				(22,793,843)
(680,905,517)	-	(680,905,517)	-	-	-	(680,905,517)
	8,414,902	8,414,902				8,414,902
	15,917,336	15,917,336				15,917,336
	9,659,068	9,659,068				9,659,068
	5,587,368	5,587,368				5,587,368
	1,174,404	1,174,404				1,174,404
	3,044,260	3,044,260				3,044,260
	6,972,074	6,972,074				6,972,074
-	50,769,412	50,769,412	-	-	-	50,769,412
\$ (680,905,517)	\$ 50,769,412	\$ (630,136,105)	\$ -	\$ -	\$ -	\$ (630,136,105)
			\$ (650,069,968)			\$ (650,069,968)
				(3,608,258)		(3,608,258)
					(17,640)	(17,640)
			\$ (650,069,968)	\$ (3,608,258)	\$ (17,640)	\$ (653,695,866)
\$ 528,814,024	\$ -	\$ 528,814,024	\$ -	\$ -	\$ -	\$ 528,814,024
17,394,515	-	17,394,515	-	-	-	17,394,515
24,920,069	-	24,920,069	-	-	-	24,920,069
22,281,630	-	22,281,630	-	-	-	22,281,630
3,189,013	-	3,189,013	-	-	-	3,189,013
9,280,122	-	9,280,122	350,168,907	-	-	359,449,029
-	-	-	239,410,965	-	-	239,410,965
13,403,562	5,724,649	19,128,211	1,602,140	75,766	317	20,806,434
-	12,600,000	12,600,000	3,061,278	-	-	15,661,278
22,791,338	(22,791,338)	-	-	-	-	-
642,074,273	(4,466,689)	637,607,584	594,243,290	75,766	317	1,231,926,957
(38,831,244)	46,302,723	7,471,479	(55,826,678)	(3,532,492)	(17,323)	(51,905,014)
2,820,912,697	728,914,863	3,549,827,560	545,367,829	32,501,897	1,381,620	4,129,078,906
\$ 2,782,081,453	\$ 775,217,586	\$ 3,557,299,039	\$ 489,541,151	\$ 28,969,405	\$ 1,364,297	\$ 4,077,173,892

MUNICIPALITY OF ANCHORAGE, ALASKA

Balance Sheet
Governmental Funds
December 31, 2016

Assets	General	MOA Trust	Capital	Other	Total
			Projects Roads and Drainage	Governmental Funds	Governmental Funds
Cash	\$ 19,826	\$ -	\$ -	\$ 47,015	\$ 66,841
Cash in central treasury	144,047,619	-	10,579,917	74,681,808	229,309,344
Investments	-	-	-	34,263,367	34,263,367
Accrued interest on investments	738,582	-	-	-	738,582
Receivables (net of allowance for uncollectibles)	19,499,342	-	-	3,304,765	22,804,107
Intergovernmental receivables	1,562,608	-	7,952,926	22,966,535	32,482,069
Due from other funds	11,904,429	-	3,678,430	5,996,847	21,579,706
Special assessments receivable	3,082,995	-	379,977	105,252	3,568,224
Due from component units	5,743	-	-	-	5,743
Inventories	1,358,986	-	-	-	1,358,986
Prepaid items and deposits	33,340	-	-	605,039	638,379
Advances to other funds	903,432	-	-	1,646,199	2,549,631
Investments	-	147,650,571	-	7,164,783	154,815,354
Investments in Angel Fund program	-	-	-	1,278,236	1,278,236
Accrued Investments	-	17,588	-	-	17,588
Loans receivable, net	-	-	-	3,371,663	3,371,663
Total assets	183,156,902	147,668,159	22,591,250	155,431,509	508,847,820
Liabilities					
Accounts payable and retainages	7,497,850	101,427	3,433,078	7,974,351	19,006,706
Accrued payroll liabilities	12,463,033	-	11	390,118	12,853,162
Due to other funds	-	18,464	-	11,752,554	11,771,018
Due to component unit	82,130,225	-	-	-	82,130,225
Unearned revenue and deposits	1,859,084	-	250,717	5,305,177	7,414,978
Advances from other funds	286,199	-	311,782	903,432	1,501,413
Total liabilities	104,236,391	119,891	3,995,588	26,325,632	134,677,502
Deferred Inflows of Resources					
Time restricted health permit receipts	560,045	-	-	-	560,045
Unavailable revenue-long-term HUD loan receivable	-	-	-	1,077,784	1,077,784
Unavailable revenue-property taxes	9,340,458	-	-	-	9,340,458
Unavailable revenue-risk management claims	160,928	-	-	-	160,928
Unavailable revenue-build american bonds interest	541,314	-	-	-	541,314
Unavailable revenue-special assessments	3,258,939	-	379,262	2,904	3,641,105
Total deferred inflows of resources	13,861,684	-	379,262	1,080,688	15,321,634
Fund Balances					
Nonspendable	2,295,758	-	-	755,039	3,050,797
Restricted	11,468	147,548,268	17,231,749	88,969,782	253,761,267
Committed	41,615,564	-	984,651	19,044,328	61,644,543
Assigned	7,242,461	-	-	21,918,179	29,160,640
Unassigned	13,893,576	-	-	(2,662,139)	11,231,437
Total fund balances	65,058,827	147,548,268	18,216,400	128,025,189	358,848,684
Total liabilities, deferred inflows of resources and fund balances	\$ 183,156,902	\$ 147,668,159	\$ 22,591,250	\$ 155,431,509	\$ 508,847,820

MUNICIPALITY OF ANCHORAGE, ALASKA

Reconciliation of Net Position Between the Government-wide and Fund Financial Statements
December 31, 2016

Amounts reported as fund balances on the governmental fund balance sheet		\$ 358,848,684
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.		3,407,924,575
Police and fire OPEB actuarial calculations reported overpayments for the current fiscal year:		
Police and fire postemployment healthcare benefit asset		20,271,242
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Property taxes	9,340,458	
Risk management claims	160,928	
Build america bond rebate	541,314	
Special assessments	3,641,105	
HUD Rehab Long-term loan receivable, net activity	<u>1,077,784</u>	
		14,761,589
Deferred outflows of resources are capitalized and expensed overtime.		
Deferred charges on bond refunding	5,634,752	
Deferred outflows of resources related to net pension liability	<u>83,366,476</u>	
		89,001,228
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	38,456,868	
Net of amounts included in:		
Capital assets, net of depreciation and amortization	(84,803,433)	
Accrued interest	95,594	
Compensated absences	<u>798,309</u>	
		(45,452,662)
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	(474,667,962)	
Long-term contracts	(4,032,452)	
Pollution remediation	(3,280,089)	
CIVICVentures revenue bonds	(98,416,838)	
Compensated absences	(24,378,565)	
Net pension liability	(446,495,821)	
Accrued interest payable	<u>(7,864,792)</u>	
		(1,059,136,519)
Deferred inflows of resources are capitalized and reduce expenses overtime.		
Deferred inflows of resources related to net pension liability		<u>(4,136,684)</u>
Net position of governmental activities		<u>\$ 2,782,081,453</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2016

	General	MOA Trust	Capital Projects Roads and Drainage	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 577,356,754	\$ -	\$ -	\$ 14,414,037	\$ 591,770,791
Assessments in lieu of taxes	3,189,013	-	-	-	3,189,013
Special assessments	639,251	-	149,514	1,176,208	1,964,973
Licenses and permits	9,322,822	-	-	-	9,322,822
Intergovernmental	21,460,560	-	23,150,113	59,541,730	104,152,403
Charges for services	23,076,407	-	-	913,929	23,990,336
Fines and forfeitures	4,703,932	-	-	343,817	5,047,749
E911 surcharges	-	-	-	6,558,506	6,558,506
Investment income	310,715	8,954,605	456,166	3,318,070	13,039,556
Restricted contributions	113,284	-	1,500,000	1,173,717	2,787,001
Other	3,174,574	-	-	1,148,877	4,323,451
Total revenues	<u>643,347,312</u>	<u>8,954,605</u>	<u>25,255,793</u>	<u>88,588,891</u>	<u>766,146,601</u>
Expenditures					
General government	21,395,276	490,685	378,549	4,032,778	26,297,288
Fire services	103,314,204	-	-	3,343,535	106,657,739
Police services	114,495,755	-	-	9,856,325	124,352,080
Health and human services	13,197,822	-	-	9,398,371	22,596,193
Economic and community development	44,060,883	-	-	11,213,066	55,273,949
Public transportation	26,335,201	-	-	2,482,085	28,817,286
Public works	23,667,593	-	-	5,479,673	29,147,266
Maintenance and operations of roads and facilities	32,812,383	-	-	-	32,812,383
Education	242,707,116	-	-	1,134,516	243,841,632
Debt service					
Principal	36,335,000	-	-	3,260,000	39,595,000
Interest	19,212,647	-	-	4,475,622	23,688,269
Bond issuance costs	-	-	94,500	13,574	108,074
Capital outlay	-	-	56,625,336	55,278,699	111,904,035
Total expenditures	<u>677,533,880</u>	<u>490,685</u>	<u>57,098,385</u>	<u>109,968,244</u>	<u>845,091,194</u>
Excess (deficiency) of revenues over expenditures	(34,186,568)	8,463,920	(31,842,592)	(21,379,353)	(78,944,593)
Other financing sources (uses)					
Transfers from other funds	28,490,445	-	4,345,379	19,930,817	52,766,641
Transfers to other funds	(15,380,180)	(5,400,000)	(5,900)	(9,154,758)	(29,940,838)
General obligation bonds and contracts issued	-	-	21,746,289	3,123,711	24,870,000
Premium on bond sale	-	-	2,337,112	335,711	2,672,823
Insurance recoveries	253,654	-	-	-	253,654
Sale of capital assets	2,253,791	-	-	35,202	2,288,993
Total other financing sources (uses)	<u>15,617,710</u>	<u>(5,400,000)</u>	<u>28,422,880</u>	<u>14,270,683</u>	<u>52,911,273</u>
Net change in fund balances	(18,568,858)	3,063,920	(3,419,712)	(7,108,670)	(26,033,320)
Fund balances, beginning of year	83,627,685	144,484,348	21,636,112	135,133,859	384,882,004
Fund balances, end of year	<u>\$ 65,058,827</u>	<u>\$ 147,548,268</u>	<u>\$ 18,216,400</u>	<u>\$ 128,025,189</u>	<u>\$ 358,848,684</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, 2016

Net change in fund balance – total governmental funds		\$ (26,033,320)
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	61,107,661	
Contributed assets	16,309,629	
Depreciation expense	(38,217,797)	
Other gain/(loss) on capital assets	<u>(3,640,773)</u>	35,558,720
Revenues in the statement of activities that do not provide current financial resources and are deferred in the funds:		
Property taxes	1,639,447	
Special assessments	(757,338)	
Build america bond rebate	541,314	
HUD 108 and Rehab Loans receivable	<u>(1,502,143)</u>	(78,720)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
New issuance of general obligation bonds	(24,870,000)	
Premium on bond sale	(2,672,823)	
Principal repayment	39,595,000	
Net change in premium/discount/deferred charge bonds	3,683,774	
Net change in interest accrual	<u>(2,364,216)</u>	13,371,735
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		(1,926,279)
Pollution remediation		55,631
Pension expense		(59,614,737)
Claims and judgments receipts		12,587
HUD section 108 loan payable, net activity		31,119
Police and fire postemployment healthcare benefits asset, net activity		3,403,945
Internal service funds are used by management to charge the costs of insurance, fleet management and information technology to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities.		
		<u>(3,611,925)</u>
Change in net position of governmental activities		<u>\$ (38,831,244)</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Proprietary Funds
December 31, 2016

Business-Type Activities – Enterprise Funds

Assets	Electric Utility	Water Utility	Wastewater Utility	Port
Current assets:				
Cash	\$ 1,000	\$ -	\$ 1,700	\$ 150
Cash in central treasury	47,335,490	36,343,020	29,455,979	16,076,128
Bond and capital acquisition and construction accounts	-	-	-	5,597,709
Accrued interest on investments	364,765	109,840	27,756	70,971
Interest receivable	197,790	241,229	-	-
Receivables (net of allowance for uncollectibles)	12,229,557	5,513,844	4,861,854	1,030,918
Intergovernmental receivables	-	-	-	-
Inventories	30,261,745	1,556,132	498,823	329,079
Prepaid items and deposits	-	144,829	138,960	120,146
Special assessments receivable	-	73,222	88,399	-
Unbilled reimbursable projects	887,420	60,017	6,837	-
Other assets	1,627,207	-	-	-
Restricted assets:				
Customer deposits	1,170,729	-	-	-
Restricted deposits	20,833,666	-	-	-
Legal settlement set aside	-	-	-	2,300,000
Bond and capital acquisition and construction accounts	2,525,855	4,222,552	1,792,062	-
Landfill post closure cash reserve	-	-	-	-
Revenue bond operations and maintenance accounts	13,200,000	-	-	-
Cash for unredeemed mini bonds	-	105,000	-	-
Debt service accounts	2,098,291	5,134,352	-	-
Total current assets	132,733,515	53,504,037	36,872,370	25,525,101
Noncurrent assets:				
Advances to other funds	-	-	-	-
Other assets	3,147,754	6,463,510	9,588,790	-
Restricted assets:				
Customer deposits	-	257,496	266,623	-
Capital inventory	-	-	-	559,373
Intergovernmental receivables	-	-	-	2,703,116
Revenue bond reserve investments	23,143,622	-	-	-
Asset retirement obligation sinking fund	11,797,445	-	-	-
Capital assets, net	896,237,015	543,017,365	407,184,785	171,317,508
Total noncurrent assets	934,325,836	549,738,371	417,040,198	174,579,997
Total assets	1,067,059,351	603,242,408	453,912,568	200,105,098
Deferred Outflows of Resources				
Deferred charge on refunding	516,907	985,193	-	-
Deferred outflow related to net pension liability	3,348,292	4,369,794	4,213,328	446,838
Total deferred outflows of resources	3,865,199	5,354,987	4,213,328	446,838
Total assets and deferred outflows of resources	\$ 1,070,924,550	\$ 608,597,395	\$ 458,125,896	\$ 200,551,936

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Proprietary Funds
December 31, 2016

Assets	Business-Type Activities Enterprise Funds (Continued)		Governmental Activities – Internal Service Funds	Total Proprietary Funds
	Other Enterprise Funds	Total Enterprise Funds	Funds	Funds
Current assets:				
Cash	\$ 3,675	\$ 6,525	\$ -	\$ 6,525
Cash in central treasury	16,330,369	145,540,986	36,132,592	181,673,578
Bond and capital acquisition and construction accounts	3,352,279	8,949,988	2,283,499	11,233,487
Accrued interest on investments	171,063	744,395	-	744,395
Interest receivable	-	439,019	-	439,019
Receivables (net of allowance for uncollectibles)	1,932,666	25,568,839	207,347	25,776,186
Intergovernmental receivables	171,426	171,426	-	171,426
Inventories	-	32,645,779	235,765	32,881,544
Prepaid items and deposits	8,153	412,088	1,003,501	1,415,589
Special assessments receivable	-	161,621	-	161,621
Unbilled reimbursable projects	-	954,274	-	954,274
Other assets	-	1,627,207	-	1,627,207
Restricted assets:				
Customer deposits	-	1,170,729	-	1,170,729
Restricted deposits	-	20,833,666	-	20,833,666
Legal settlement set aside	-	2,300,000	-	2,300,000
Bond and capital acquisition and construction accounts	-	8,540,469	-	8,540,469
Landfill post closure cash reserve	32,408,184	32,408,184	-	32,408,184
Revenue bond operations and maintenance accounts	-	13,200,000	-	13,200,000
Cash for unredeemed mini bonds	-	105,000	-	105,000
Debt service accounts	-	7,232,643	-	7,232,643
Total current assets	54,377,815	303,012,838	39,862,704	342,875,542
Noncurrent assets:				
Advances to other funds	-	-	311,782	311,782
Other assets	-	19,200,054	-	19,200,054
Restricted assets:				
Customer deposits	-	524,119	-	524,119
Capital inventory	-	559,373	-	559,373
Intergovernmental receivables	7,102,982	9,806,098	-	9,806,098
Revenue bond reserve investments	-	23,143,622	-	23,143,622
Asset retirement obligation sinking fund	-	11,797,445	-	11,797,445
Capital assets, net	138,917,542	2,156,674,215	84,803,433	2,241,477,648
Total noncurrent assets	146,020,524	2,221,704,926	85,115,215	2,306,820,141
Total assets	200,398,339	2,524,717,764	124,977,919	2,649,695,683
Deferred Outflows of Resources				
Deferred charge on refunding	-	1,502,100	-	1,502,100
Deferred outflow related to net pension liability	1,571,655	13,949,907	3,302,927	17,252,834
Total deferred outflows of resources	1,571,655	15,452,007	3,302,927	18,754,934
Total assets and deferred outflows of resources	\$ 201,969,994	\$ 2,540,169,771	\$ 128,280,846	\$ 2,668,450,617

MUNICIPALITY OF ANCHORAGE, ALASKA

Statement of Net Position
 Proprietary Funds
 December 31, 2016

Business-Type Activities – Enterprise Funds

Liabilities	Electric Utility	Water Utility	Wastewater Utility	Port
Current liabilities:				
Accounts payable, other accrued liabilities and retainages	\$ 26,291,384	\$ 701,796	\$ 707,536	\$ 1,288,081
Accrued payroll liabilities	1,505,570	792,080	802,291	139,054
Capital acquisition and construction accounts and retainage payable	-	-	-	656,863
Compensated absences	2,974,329	935,365	896,845	163,200
Claims payable	-	-	-	-
Claims incurred but not reported	-	-	-	-
Notes payable	181,000,000	-	-	-
Due to other funds	-	-	-	-
Accrued interest payable	1,614,313	1,600,071	1,197,657	45,226
Pollution remediation obligation	760,000	15,000	55,000	-
Long-term obligations maturing within one year	7,520,000	9,260,718	6,264,760	-
Unearned revenue and deposits	-	-	-	-
Current liabilities payable from restricted assets:				
Customer refunds and deposits payable	1,170,729	-	-	-
Unredeemed mini bonds payable	-	105,000	-	-
Capital acquisition and construction accounts and retainage payable	6,122,828	3,076,840	1,086,668	-
Total current liabilities	<u>228,959,153</u>	<u>16,486,870</u>	<u>11,010,757</u>	<u>2,292,424</u>
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts and premiums)	342,966,890	108,037,402	61,087,835	-
Advances from other funds	-	-	-	-
Alaska clean water loans payable	-	82,883,568	69,844,102	-
Asset retirement obligation	15,135,086	-	-	-
Capital leases payable	-	-	-	-
Claims incurred but not reported	-	-	-	-
Compensated absences	-	347,170	334,740	132,850
Net pension liability	15,093,423	19,698,145	18,992,829	2,014,253
Liabilities payable from restricted assets:				
Customer deposits	-	257,496	266,623	-
Other liabilities:				
Pollution remediation obligation	-	31,000	575,750	-
Future landfill closure costs	-	-	-	-
Notes payable	-	-	-	40,000,000
Other long-term obligations	-	28,625,600	36,651,000	1,815,250
Total noncurrent liabilities	<u>373,195,399</u>	<u>239,880,381</u>	<u>187,752,879</u>	<u>43,962,353</u>
Total liabilities	<u>602,154,552</u>	<u>256,367,251</u>	<u>198,763,636</u>	<u>46,254,777</u>
Deferred Inflows of Resources				
Contributions in aid of construction (net amortization)	177,321,176	212,125,041	173,098,656	-
Future natural gas purchases	16,477,276	-	-	-
Regulatory liability gas sales	20,236,871	-	-	-
Deferred inflow related to net pension liability	168,242	219,569	211,707	22,453
Total deferred inflows of resources	<u>214,203,565</u>	<u>212,344,610</u>	<u>173,310,363</u>	<u>22,453</u>
Net Position				
Net investment in capital assets	215,402,069	107,292,781	62,030,494	131,317,508
Restricted for:				
Debt service	269,541	5,134,352	-	-
Acquisition and construction	-	-	-	5,003,116
Operations	13,200,000	-	-	-
Unrestricted	25,694,823	27,458,401	24,021,403	17,954,082
Total net position	<u>254,566,433</u>	<u>139,885,534</u>	<u>86,051,897</u>	<u>154,274,706</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,070,924,550</u>	<u>\$ 608,597,395</u>	<u>\$ 458,125,896</u>	<u>\$ 200,551,936</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Statement of Net Position
 Proprietary Funds
 December 31, 2016

	Business-Type Activities Enterprise Funds (Continued)		Governmental Activities –	
	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	Total Proprietary Funds
Liabilities				
Current liabilities:				
Accounts payable, other accrued liabilities and retainages	\$ 859,621	\$ 29,848,418	\$ 2,029,316	\$ 31,877,734
Accrued payroll liabilities	537,657	3,776,652	507,850	4,284,502
Capital acquisition and construction accounts and retainage payable	352,641	1,009,504	7,659,868	8,669,372
Compensated absences	798,821	5,768,560	789,111	6,557,671
Claims payable	-	-	18,313,225	18,313,225
Claims incurred but not reported	-	-	9,311,485	9,311,485
Notes payable	-	181,000,000	-	181,000,000
Due to other funds	2,211,527	2,211,527	7,597,161	9,808,688
Accrued interest payable	84,983	4,542,250	95,594	4,637,844
Pollution remediation obligation	-	830,000	-	830,000
Long-term obligations maturing within one year	1,486,613	24,532,091	5,416,373	29,948,464
Unearned revenue and deposits	297,749	297,749	1,771	299,520
Current liabilities payable from restricted assets:				
Customer refunds and deposits payable	-	1,170,729	-	1,170,729
Unredeemed mini bonds payable	-	105,000	-	105,000
Capital acquisition and construction accounts and retainage payable	-	10,286,336	-	10,286,336
Total current liabilities	6,629,612	265,378,816	51,721,754	317,100,570
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts and premiums)	-	512,092,127	-	512,092,127
Advances from other funds	-	-	1,360,000	1,360,000
Alaska clean water loans payable	14,255,886	166,983,556	-	166,983,556
Asset retirement obligation	-	15,135,086	-	15,135,086
Capital leases payable	-	-	27,768,629	27,768,629
Claims incurred but not reported	-	-	6,729,223	6,729,223
Compensated absences	5,868	820,628	9,198	829,826
Net pension liability	7,084,704	62,883,354	14,888,923	77,772,277
Liabilities payable from restricted assets:				
Customer deposits	-	524,119	-	524,119
Other liabilities:				
Pollution remediation obligation	-	606,750	-	606,750
Future landfill closure costs	32,408,184	32,408,184	-	32,408,184
Notes payable	-	40,000,000	-	40,000,000
Other long-term obligations	-	67,091,850	-	67,091,850
Total noncurrent liabilities	53,754,642	898,545,654	50,755,973	949,301,627
Total liabilities	60,384,254	1,163,924,470	102,477,727	1,266,402,197
Deferred Inflows of Resources				
Contributions in aid of construction (net amortization)	-	562,544,873	-	562,544,873
Future natural gas purchases	-	16,477,276	-	16,477,276
Regulatory liability gas sales	-	20,236,871	-	20,236,871
Deferred inflow related to net pension liability	78,971	700,942	165,962	866,904
Total deferred inflows of resources	78,971	599,959,962	165,962	600,125,924
Net Position				
Net investment in capital assets	123,175,043	639,217,895	51,618,431	690,836,326
Restricted for:				
Debt service	-	5,403,893	-	5,403,893
Acquisition and construction	7,102,982	12,106,098	-	12,106,098
Operations	-	13,200,000	-	13,200,000
Unrestricted	11,228,744	106,357,453	(25,981,274)	80,376,179
Total net position	141,506,769	776,285,339	25,637,157	801,922,496
Total liabilities, deferred inflows of resources and net position	\$ 201,969,994		\$ 128,280,846	\$ 2,668,450,617

Adjustment to reflect the consolidation of internal
 (1,067,753) service fund activities related to enterprise funds
\$ 775,217,586 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, 2016

Business-Type Activities – Enterprise Funds

	Electric Utility	Water Utility	Wastewater Utility	Port
Operating revenues				
Charges for sales and services	\$ 159,299,669	\$ 59,940,424	\$ 51,034,547	\$ 7,811,443
Other	7,852,729	1,325,421	966,107	4,575,270
Total operating revenues	<u>167,152,398</u>	<u>61,265,845</u>	<u>52,000,654</u>	<u>12,386,713</u>
Operating expenses				
Operations	111,825,127	29,429,201	29,946,920	11,967,606
Amortization of future landfill closure costs	-	-	-	-
Depreciation and amortization	31,634,639	10,838,760	8,750,021	7,715,345
Total operating expenses	<u>143,459,766</u>	<u>40,267,961</u>	<u>38,696,941</u>	<u>19,682,951</u>
Operating income (loss)	<u>23,692,632</u>	<u>20,997,884</u>	<u>13,303,713</u>	<u>(7,296,238)</u>
Nonoperating revenues (expenses)				
Investment income (loss)	821,521	690,983	494,810	344,945
Legal Settlements	-	-	-	12,600,000
Interest subsidy on build america bonds	2,395,417	-	-	-
Other revenues	-	2,179	9,107	1,589,143
Intergovernmental revenue	317,044	416,209	401,308	43,575
Interest expense	(18,873,933)	(6,713,786)	(4,497,660)	(541,719)
Allowance for funds used during construction	12,599,561	1,566,014	620,094	-
Gain (loss) on sale of capital assets	(8,928,674)	-	-	-
Amortization of deferred charges	(131,819)	(141,357)	(25,448)	-
Other expenses	(123,039)	(7,386)	(1,414)	(1,504,007)
Net nonoperating revenues (expenses)	<u>(11,923,922)</u>	<u>(4,187,144)</u>	<u>(2,999,203)</u>	<u>12,531,937</u>
Income (loss) before capital contributions and transfers	11,768,710	16,810,740	10,304,510	5,235,699
Capital contributions	-	-	-	13,323,471
Transfers from other funds	13,456	-	-	-
Transfers to other funds	(5,988,574)	(7,314,997)	(5,704,269)	(2,114,268)
Change in net position	5,793,592	9,495,743	4,600,241	16,444,902
Net position, beginning of year	248,772,841	130,389,791	81,451,656	137,829,804
Net position, end of year	<u>\$ 254,566,433</u>	<u>\$ 139,885,534</u>	<u>\$ 86,051,897</u>	<u>\$ 154,274,706</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended December 31, 2016

	Business-Type Activities Enterprise Funds (Continued)		Governmental Activities –	
	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	Total Proprietary Funds
Operating revenues				
Charges for sales and services	\$ 33,495,571	\$ 311,581,654	\$ 86,935,224	\$ 398,516,878
Other	2,008,208	16,727,735	131,360	16,859,095
Total operating revenues	<u>35,503,779</u>	<u>328,309,389</u>	<u>87,066,584</u>	<u>415,375,973</u>
Operating expenses				
Operations	24,976,202	208,145,056	87,898,670	296,043,726
Amortization of future landfill closure costs	1,307,255	1,307,255	-	1,307,255
Depreciation and amortization	7,772,216	66,710,981	5,710,880	72,421,861
Total operating expenses	<u>34,055,673</u>	<u>276,163,292</u>	<u>93,609,550</u>	<u>369,772,842</u>
Operating income (loss)	<u>1,448,106</u>	<u>52,146,097</u>	<u>(6,542,966)</u>	<u>45,603,131</u>
Nonoperating revenues (expenses)				
Investment income (loss)	976,973	3,329,232	364,006	3,693,238
Legal Settlements	-	12,600,000	-	12,600,000
Interest subsidy on build america bonds	-	2,395,417	-	2,395,417
Other revenues	-	1,600,429	43,707	1,644,136
Intergovernmental revenue	503,906	1,682,042	313,345	1,995,387
Interest expense	(258,033)	(30,885,131)	(456,251)	(31,341,382)
Allowance for funds used during construction	-	14,785,669	-	14,785,669
Gain (loss) on sale of capital assets	(18,296)	(8,946,970)	(46,705)	(8,993,675)
Amortization of deferred charges	-	(298,624)	-	(298,624)
Other expenses	-	(1,635,846)	(25,799)	(1,661,645)
Net nonoperating revenues (expenses)	<u>1,204,550</u>	<u>(5,373,782)</u>	<u>192,303</u>	<u>(5,181,479)</u>
Income (loss) before capital contributions and transfers	2,652,656	46,772,315	(6,350,663)	40,421,652
Capital contributions	9,711,315	23,034,786	2,060,163	25,094,949
Transfers from other funds	-	13,456	-	13,456
Transfers to other funds	(1,682,686)	(22,804,794)	(34,465)	(22,839,259)
Change in net position	<u>10,681,285</u>	<u>47,015,763</u>	<u>(4,324,965)</u>	<u>42,690,798</u>
Net position, beginning of year	130,825,484		29,962,122	759,231,698
Net position, end of year	<u>\$ 141,506,769</u>		<u>\$ 25,637,157</u>	<u>\$ 801,922,496</u>

Adjustment to reflect the consolidation of internal
(713,040) service fund activities related to enterprise funds.
\$ 46,302,723 Change in net position of business-type activities.

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2016

Business-Type Activities – Enterprise Funds

	Electric Utility	Water Utility	Wastewater Utility	Port
Cash flows from operating activities				
Receipts from customers	\$ 171,095,193	\$ 60,049,231	\$ 50,658,730	\$ 12,868,580
Other operating cash receipts	20,605,761	-	-	-
Receipts for interfund services provided	-	-	-	-
Payments to employees	(30,161,783)	(15,714,640)	(16,054,393)	(2,777,222)
Payments to vendors	(71,260,358)	(8,427,654)	(10,858,514)	(7,051,141)
Payments for interfund services used	(1,692,777)	(1,860,894)	(4,438,322)	(951,146)
Net cash from operating activities	<u>88,586,036</u>	<u>34,046,043</u>	<u>19,307,501</u>	<u>2,089,071</u>
Cash flows from (for) non-capital financing activities				
Intergovernmental revenue	-	-	-	-
Transfers to other funds	(5,975,118)	(7,314,997)	(5,704,269)	(2,114,268)
Security contract	-	-	-	(82,713)
Right of way and security fees	-	-	-	167,849
Loan payments on interfund loans	-	-	-	-
Due to other funds	-	-	-	-
Due from other funds	-	-	-	-
Advance to other funds	-	-	-	-
Net cash from (for) non-capital financing activities	<u>(5,975,118)</u>	<u>(7,314,997)</u>	<u>(5,704,269)</u>	<u>(2,029,132)</u>
Cash flows from (for) capital and related financing activities				
Proceeds from issuance of short-term obligations	66,700,000	-	-	-
Interest payments on short-term obligations	(1,213,933)	-	-	-
Proceeds from issuance of long-term obligations	-	5,500,000	4,000,000	-
Principal payments on long-term obligations	(7,465,000)	(9,241,407)	(5,894,889)	-
Capital Claims and Judgements	-	-	-	12,600,000
Interest payments on long-term obligations	(18,673,761)	(6,607,235)	(4,407,729)	(532,074)
Interest subsidy on build america bonds	2,395,417	-	-	-
Acquisition and construction of capital assets	(165,134,315)	(22,698,091)	(15,066,412)	(15,502,488)
Landfill post closure cash reserve	-	-	-	-
Principal payments on interfund loans	-	-	-	-
Interest payments on interfund loans	-	-	-	-
Proceeds from Alaska clean water loans	-	9,998,202	8,815,244	-
Proceeds from issuance of debt	-	-	-	-
Proceeds (loss) from the sale or disposition of capital assets	49,456	-	-	-
Capital contributions – customers	343,884	532,065	574,187	-
Capital contributions – intergovernmental	250,188	32,452	345,151	12,697,946
Net cash from (for) capital and related financing activities	<u>(122,748,064)</u>	<u>(22,484,014)</u>	<u>(11,634,448)</u>	<u>9,263,384</u>
Cash flows from investing activities				
Proceeds from sale of investments	-	(64,926)	-	-
Purchase of investments	65,683,973	-	-	-
Investment income	852,971	588,253	492,902	307,518
Net cash from investing activities	<u>66,536,944</u>	<u>523,327</u>	<u>492,902</u>	<u>307,518</u>
Net increase (decrease) in cash	26,399,798	4,770,359	2,461,686	9,630,841
Cash, beginning of year	24,633,276	36,157,709	29,054,678	14,343,146
Cash, end of year	<u>51,033,074</u>	<u>40,928,068</u>	<u>31,516,364</u>	<u>23,973,987</u>
Cash	1,000	-	1,700	150
Cash in central treasury	47,335,490	36,343,020	29,455,979	16,076,128
Bond and capital acquisition and construction accounts	2,525,855	4,222,552	1,792,062	5,597,709
Legal Settlement Set-aside	-	-	-	2,300,000
Customer deposits	1,170,729	257,496	266,623	-
Mini Bonds accounts	-	105,000	-	-
Cash, December 31	<u>\$ 51,033,074</u>	<u>\$ 40,928,068</u>	<u>\$ 31,516,364</u>	<u>\$ 23,973,987</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2016

	Business-Type Activities Enterprise Funds (Continued)		Governmental Activities –	
	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	Total Proprietary Funds
Cash flows from operating activities				
Receipts from customers	\$ 36,118,520	\$ 330,790,254	\$ -	\$ 330,790,254
Other operating cash receipts	-	20,605,761	-	20,605,761
Receipts for interfund services provided	-	-	86,904,879	86,904,879
Payments to employees	(12,455,361)	(77,163,399)	(13,166,953)	(90,330,352)
Payments to vendors	(9,156,330)	(106,753,997)	(68,280,383)	(175,034,380)
Payments for interfund services used	(1,675,154)	(10,618,293)	(3,685,752)	(14,304,045)
Net cash from operating activities	<u>12,831,675</u>	<u>156,860,326</u>	<u>1,771,791</u>	<u>158,632,117</u>
Cash flows from (for) non-capital financing activities				
Intergovernmental revenue	612,214	612,214	-	612,214
Transfers to other funds	(1,682,686)	(22,791,338)	(34,465)	(22,825,803)
Security contract	-	(82,713)	-	(82,713)
Right of way and security fees	-	167,849	-	167,849
Loan payments on interfund loans	-	-	62,688	62,688
Due to other funds	2,211,527	2,211,527	2,984,843	5,196,370
Due from other funds	-	-	(164)	(164)
Advance to other funds	-	-	149,514	149,514
Net cash from (for) non-capital financing activities	<u>1,141,055</u>	<u>(19,882,461)</u>	<u>3,162,416</u>	<u>(16,720,045)</u>
Cash flows from (for) capital and related financing activities				
Proceeds from issuance of short-term obligations	-	66,700,000	-	66,700,000
Interest payments on short-term obligations	-	(1,213,933)	-	(1,213,933)
Proceeds from issuance of long-term obligations	-	9,500,000	-	9,500,000
Principal payments on long-term obligations	(2,044,410)	(24,645,706)	(3,260,168)	(27,905,874)
Capital Claims and Judgements	-	12,600,000	-	12,600,000
Interest payments on long-term obligations	(266,312)	(30,487,111)	(417,469)	(30,904,580)
Interest subsidy on build america bonds	-	2,395,417	-	2,395,417
Acquisition and construction of capital assets	(14,367,415)	(232,768,721)	(20,749,553)	(253,518,274)
Landfill post closure cash reserve	(1,307,255)	(1,307,255)	-	(1,307,255)
Principal payments on interfund loans	-	-	(85,000)	(85,000)
Interest payments on interfund loans	-	-	(44,554)	(44,554)
Proceeds from Alaska clean water loans	-	18,813,446	-	18,813,446
Proceeds from issuance of debt	-	-	17,291,500	17,291,500
Proceeds (loss) from the sale or disposition of capital assets	150,231	199,687	(35,273)	164,414
Capital contributions – customers	-	1,450,136	-	1,450,136
Capital contributions – intergovernmental	7,054,638	20,380,375	-	20,380,375
Net cash from (for) capital and related financing activities	<u>(10,780,523)</u>	<u>(158,383,665)</u>	<u>(7,300,517)</u>	<u>(165,684,182)</u>
Cash flows from investing activities				
Proceeds from sale of investments	-	(64,926)	-	(64,926)
Purchase of investments	-	65,683,973	-	65,683,973
Investment income	912,779	3,154,423	364,006	3,518,429
Net cash from investing activities	<u>912,779</u>	<u>68,773,470</u>	<u>364,006</u>	<u>69,137,476</u>
Net increase (decrease) in cash	4,104,986	47,367,670	(2,002,304)	45,365,366
Cash, beginning of year	15,581,337	119,770,146	40,418,395	160,188,541
Cash, end of year	<u>19,686,323</u>	<u>167,137,816</u>	<u>38,416,091</u>	<u>205,553,907</u>
Cash	3,675	6,525	-	6,525
Cash in central treasury	16,330,369	145,540,986	36,132,592	181,673,578
Bond and capital acquisition and construction accounts	3,352,279	17,490,457	2,283,499	19,773,956
Legal Settlement Set-aside	-	2,300,000	-	2,300,000
Customer deposits	-	1,694,848	-	1,694,848
Mini Bonds accounts	-	105,000	-	105,000
Cash, December 31	<u>\$ 19,686,323</u>	<u>\$ 167,137,816</u>	<u>\$ 38,416,091</u>	<u>\$ 205,553,907</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2016

Business-Type Activities – Enterprise Funds

	Electric Utility	Water Utility	Wastewater Utility	Port
Reconciliation of change in net position to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 23,692,632	\$ 20,997,884	\$ 13,303,713	\$ (7,296,238)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Amortization of future landfill closure costs	-	-	-	-
Depreciation and amortization	31,634,639	10,838,760	8,750,021	7,715,345
PERS relief-noncash expense	317,044	416,208	401,308	43,575
Other revenues / expenses	(123,039)	(5,207)	7,693	-
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:				
Accounts receivable, net	1,154,977	(927,212)	(1,764,757)	481,867
Inventories	(959,810)	146,245	(43,005)	-
Prepaid items and deposits	-	(17,625)	(9,597)	30,278
Unbilled reimbursable projects	21,185	(11,043)	4,202	-
Other assets current	(549,391)	-	-	-
Other assets noncurrent	(73,335)	290,314	(1,566,667)	-
Customer deposits and refunds payable	(125,604)	(65,608)	(1,880,077)	-
Deferred outflows of resource	(1,963,742)	(2,575,366)	(2,322,645)	(251,219)
Accounts payable, other accrued liabilities and retainages	(642,951)	(1,118,556)	(508,630)	803,801
Accrued payroll liabilities	425,678	57,844	37,165	(2,526)
Asset retirement obligation	6,599,158	-	-	-
Compensated absences	326,819	86,657	83,555	53,694
Claims payable	-	-	-	-
Net pension liability	4,599,415	6,097,520	4,662,651	531,587
Deferred inflows of resources	24,252,361	(42,272)	(64,179)	(6,091)
Unearned revenues and deposits	-	-	-	-
Other long-term obligations	-	-	-	(15,002)
Mini bonds transfer	-	(80,000)	-	-
Pollution remediation obligation	-	(42,500)	216,750	-
Total cash provided by operating activities	<u>88,586,036</u>	<u>34,046,043</u>	<u>19,307,501</u>	<u>2,089,071</u>
Noncash investing, capital, and financing activities:				
Capital purchases on account	7,872,006	100,796	353,855	656,863
Capital inventory additions, net of sale	-	-	-	559,373
Contributed capital and equipment	-	2,237,380	3,800,266	2,703,116
Capital in aid of construction funded from deferred inflows of resources	92,637,014	-	-	-
Portion of plant from AFUDC	12,599,561	-	-	-
Total noncash investing, capital, and financing activities	<u>\$ 113,108,581</u>	<u>\$ 2,338,176</u>	<u>\$ 4,154,121</u>	<u>\$ 3,919,352</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2016

	Business-Type Activities Enterprise Funds		Governmental Activities – Internal Service Funds	Total Proprietary Funds
	(Continued)			
	Other Enterprise Funds	Total Enterprise Funds		
Reconciliation of change in net position to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 1,448,106	\$ 52,146,097	\$ (6,542,966)	\$ 45,603,131
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Amortization of future landfill closure costs	1,307,255	1,307,255	-	1,307,255
Depreciation and amortization	7,772,216	66,710,981	5,710,880	72,421,861
PERS relief-noncash expense	150,360	1,328,495	313,345	1,641,840
Other revenues / expenses	-	(120,553)	43,871	(76,682)
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:				
Accounts receivable, net	758,902	(296,223)	(207,347)	(503,570)
Inventories	64,921	(791,649)	70,376	(721,273)
Prepaid items and deposits	2,203	5,259	61,378	66,637
Unbilled reimbursable projects	-	14,344	-	14,344
Other assets current	-	(549,391)	-	(549,391)
Other assets noncurrent	-	(1,349,688)	-	(1,349,688)
Customer deposits and refunds payable	-	(2,071,289)	-	(2,071,289)
Deferred outflows of resource	(905,372)	(8,018,344)	(1,808,205)	(9,826,549)
Accounts payable, other accrued liabilities and retainages	348,831	(1,117,505)	1,142,627	25,122
Accrued payroll liabilities	(58,281)	459,880	27,333	487,213
Asset retirement obligation	-	6,599,158	-	6,599,158
Compensated absences	70,246	620,971	(48,039)	572,932
Claims payable	-	-	(500,970)	(500,970)
Net pension liability	2,034,701	17,925,874	3,559,883	21,485,757
Deferred inflows of resources	(18,252)	24,121,567	(52,146)	24,069,421
Unearned revenues and deposits	(144,161)	(144,161)	1,771	(142,390)
Other long-term obligations	-	(15,002)	-	(15,002)
Mini bonds transfer	-	(80,000)	-	(80,000)
Pollution remediation obligation	-	174,250	-	174,250
Total cash provided by operating activities	<u>12,831,675</u>	<u>156,860,326</u>	<u>1,771,791</u>	<u>158,632,117</u>
Noncash investing, capital, and financing activities:				
Capital purchases on account	352,641	9,336,161	7,659,868	16,996,029
Capital inventory additions, net of sale	-	559,373	-	559,373
Contributed capital and equipment	7,102,982	15,843,744	2,060,163	17,903,907
Capital in aid of construction funded from deferred inflows of resources	-	92,637,014	-	92,637,014
Portion of plant from AFUDC	-	12,599,561	-	12,599,561
Total noncash investing, capital, and financing activities	<u>\$ 7,455,623</u>	<u>\$ 130,975,853</u>	<u>\$ 9,720,031</u>	<u>\$ 140,695,884</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Fiduciary Funds
December 31, 2016

	Pension and Other Post Employment Benefits Trust Funds
Assets	
Cash in central treasury	\$ 162,083
Cash, cash equivalents held under securities lending program	4,974,926
Investments, at fair value:	
Cash and money market funds	7,278,688
U.S. treasuries	5,460,921
U.S. TIPS	238,947
U.S. agencies	2,364,331
Corporate fixed income securities	74,704,183
Fixed income funds	1,187,935
Certificate of deposit	3,961,511
Domestic equity securities	138,614,466
International equity securities	62,219,137
Real estate funds	39,770,170
Total investments	335,800,289
Total assets	340,937,298
Liabilities	
Accounts payable	37,413
Payable under securities lending program	4,974,926
Total liabilities	5,012,339
Net Position	
Restricted for pensions:	
Employees' pension benefits	318,074,061
Employees' post employment healthcare benefits	17,850,898
Total net position restricted for pension benefits	335,924,959
Total liabilities and net position restricted for pension benefits	\$ 340,937,298

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Changes in Net Position
Fiduciary Funds
For the year ended December 31, 2016

	Pension and Other Post Employment Benefits Trust Funds
Additions	
Contributions from other funds	\$ 10,538,265
Contributions from employees	126,119
Investment income:	
Interest	3,203,805
Dividends	2,741,702
Net increase (decrease) in fair value of investments	20,781,771
Less: investment expense	(1,541,060)
Total additions	35,850,602
Deductions	
Regular benefit payments	35,647,009
Administrative expenses	708,727
Total deductions	36,355,736
Change in net position	(505,134)
Net position, beginning of year	336,430,093
Net position, end of year	\$ 335,924,959

MUNICIPALITY OF ANCHORAGE, ALASKA
Notes to the Basic Financial Statements
December 31, 2016

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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, 2016, 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, 2016.

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 fund based on the quantitative criteria:

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

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

- The **MOA Trust Fund** accounts for the endowment fund authorized by the voters of the Municipality.
- The **Roads and Drainage Capital Project Fund** accounts for the capital projects related to the roads and drainage system.

The 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). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". 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 2016, 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 revenue of \$123,001,633 for financing half of the 2016-2017 budget as of June 30, 2016. At December 31, 2016, property taxes receivable was \$11,497,108 including penalties and interest of \$1,477,142 and excluding allowance for uncollectable property tax receivable of \$130,606.

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

Prepaid 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 interest on construction work in progress in accordance with regulatory requirements. Interest was capitalized in 2016 in the amounts of \$12,599,561, \$1,566,014, and \$620,094 for the Electric, Water and Wastewater Utilities, respectively.

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

For all regulated utility property replaced or retired, the average cost of the property unit, plus removal cost less salvage value, is charged to accumulated depreciation. Gain or loss on the sale or retirement of plant is not

recognized, except for extraordinary retirement. For all other proprietary fund types, gain or loss on the sale or retirement is recognized.

Property, plant, and equipment of the 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, discounts, gains and losses on bond refunding, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premiums and discounts. Gains and losses on bond refunding are reported as deferred inflows of resources and deferred outflows of resources. 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, 2016, Electric, Water and Wastewater Utility deferred inflow of resources balances related to CIAC were \$177,321,176, \$212,125,041, and \$173,098,656 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 for business-type activities and the proprietary fund statement for the Electric and Water 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 are reported 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.

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, 2016, expenditures exceeded appropriations in the Economic and Community Development department of the general fund by \$96,023. Budgets, original and final, and actual amounts do not include PERS on-behalf expenditures and indirect charges.

B. Negative Fund Balance

As of December 31, 2016, an overall negative unassigned fund balance position were reported for the following funds:

Non-major Governmental Funds:

E911 Surcharge	\$	(828,616)
Other Restricted Resources		(46,130)
Public Safety Capital Projects		(1,787,393)
Total Non-major Governmental Funds	\$	<u>(2,662,139)</u>

The E911 Surcharge fund reported an overall negative unassigned fund balance as a result of insufficient surcharge revenues being collected to cover the expenditures for 2016. In 2016, the Municipality increased the surcharge to the maximum allowed under AMC 29.35.131 of \$2.00 per line, but still expects that expenditures will exceeds revenues generated from the surcharge. The Municipality is determining whether reductions in expenditures or supplemental appropriations from other sources are appropriate.

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. 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 unassigned fund balance as a result of Restricted and Committed fund balances calculated for the fund were in excess of total fund balance. At December 31, 2016, Public Safety Capital Projects fund had approximately \$10.225 million in authorized but not issued general obligation bonds available for capital projects. The Municipality will be looking into issuing additional debt to continue with future capital projects and also to resolve the negative fund balance.

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 2016, the Municipality paid a total of \$603,889 to ACDA for leased parking.

D. Material Violations of Contractual Provisions

There were no material violations of contractual provisions as of December 31, 2016.

NOTE 3 - CASH AND INVESTMENTS

At December 31, 2016, 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	\$ 73,366				
Central Treasury - Restricted					
Cash & Money Market Funds	47,692,839	-	-	-	-
Repurchase Agreements	2,902,556	2,902,556	-	-	-
Commercial Paper	299,827	299,827	-	-	-
Certificates of Deposit	240,900	240,900	-	-	-
U.S. Treasuries	13,307,427	4,282,430	7,879,780	1,145,217	-
U.S. Agencies	39,384,533	20,020,719	18,380,009	500,338	483,467
Municipal Bonds	19,726	-	-	19,726	-
Asset-Backed Securities**	3,944,233	83,298	2,604,572	591,869	664,494
Corporate Fixed Income Securities	16,708,812	6,771,159	5,691,704	3,973,028	272,921
	<u>\$ 124,500,853</u>	<u>\$ 34,600,889</u>	<u>\$ 34,556,065</u>	<u>\$ 6,230,178</u>	<u>\$ 1,420,882</u>
Central Treasury - Unrestricted					
Cash & Money Market Funds	6,556,270	-	-	-	-
Repurchase Agreements	34,032,002	34,032,002	-	-	-
Commercial Paper	3,515,419	3,515,419	-	-	-
Certificates of Deposit	2,824,520	2,824,520	-	-	-
U.S. Treasuries	123,312,501	17,495,823	92,389,185	13,427,493	-
U.S. Agencies	66,705,430	54,756,761	413,700	5,866,387	5,668,582
Municipal Bonds	231,288	-	-	231,288	-
Asset-Backed Securities**	46,245,507	976,652	30,538,202	6,939,573	7,791,080
Corporate Fixed Income Securities	137,193,556	20,676,137	66,734,333	46,583,129	3,199,957
	<u>\$ 420,616,493</u>	<u>\$ 134,277,314</u>	<u>\$ 190,075,420</u>	<u>\$ 73,047,870</u>	<u>\$ 16,659,619</u>

* Market value plus accrued income.

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

Investment Type	Fair Value*	Fixed Income Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
MOA Trust Fund					
Cash & Money Market Funds	2,492,668	-	-	-	-
Bank Loan Investments	4,725,662	-	-	4,725,662	-
Fixed Income Funds	39,921,998	-	39,921,998	-	-
Domestic Equities & Equity Funds	49,460,080	-	-	-	-
International Equities & Equity Funds	37,782,321	-	-	-	-
Real Estate Funds	13,285,430	-	-	-	-
	<u>\$ 147,668,159</u>	<u>\$ -</u>	<u>\$ 39,921,998</u>	<u>\$ 4,725,662</u>	<u>\$ -</u>
Police & Fire Retiree Medical Trust Fund					
Cash & Money Market Funds	1,056,174	-	-	-	-
Certificate of Deposit	3,961,511	-	3,961,511	-	-
U.S. Treasuries	5,460,921	2,224,921	3,236,000	-	-
U.S. TIPS	238,947	-	-	238,947	-
U.S. Agencies	2,364,331	-	2,364,331	-	-
Fixed Income Funds	1,187,935	-	282,530	905,405	-
Domestic Equity Funds	2,170,471	-	-	-	-
International Equity Funds	1,408,118	-	-	-	-
	<u>\$ 17,848,408</u>	<u>\$ 2,224,921</u>	<u>\$ 9,844,372</u>	<u>\$ 1,144,352</u>	<u>\$ -</u>
Police & Fire Retiree Medical Liability Fund					
Cash & Money Market Funds	\$ 306,410	\$ -	\$ -	\$ -	\$ -
Fixed Income Funds	8,086,711	-	-	8,086,711	-
Domestic Equities & Equity Funds	13,338,256	-	-	-	-
International Equities & Equity Funds	8,749,174	-	-	-	-
Real Estate Funds	3,782,809	-	-	-	-
	<u>\$ 34,263,360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,086,711</u>	<u>\$ -</u>
Police and Fire Retirement Pension Trust Fund					
Cash & Money Market Funds	6,222,514	-	-	-	-
Corporate Fixed Income Securities	74,704,183	10,051,360	32,943,729	28,969,310	2,739,784
Domestic Equities & Equity Funds	136,443,995	-	-	-	-
International Equities & Equity Funds	60,811,019	-	-	-	-
Real Estate Funds	39,770,170	-	-	-	-
	<u>\$ 317,951,881</u>	<u>\$ 10,051,360</u>	<u>\$ 32,943,729</u>	<u>\$ 28,969,310</u>	<u>\$ 2,739,784</u>
HUD Section 108 Loan Program Investment					
Cash & Money Market Funds	7	-	-	-	-
	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CIVICventures Component Unit					
Cash & Money Market Funds	196,155	-	-	-	-
U.S. Agencies	5,587,369	1,362,042	4,225,327	-	-
Corporate Fixed Income Securities	1,381,259	366,040	1,015,219	-	-
	<u>\$ 7,164,783</u>	<u>\$ 1,728,082</u>	<u>\$ 5,240,546</u>	<u>\$ -</u>	<u>\$ -</u>
Total Cash & Investments	<u>\$ 1,070,087,310</u>	<u>\$ 182,882,566</u>	<u>\$ 312,582,130</u>	<u>\$ 122,204,083</u>	<u>\$ 20,820,285</u>
Governmental Activities	457,627,167				
Business-Type Activities	276,497,771				
Fiduciary Funds	335,962,372				
	<u>\$ 1,070,087,310</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, 2016	Internally Managed Portfolio Holding % at December 31, 2016
U.S. Government Securities*	50% to 100% of investment portfolio	52%	51%
Repurchase Agreements	0% to 50% of investment portfolio	25%	0%
Certificates of Deposit**	0% to 50% of investment portfolio	0%	0%
Bankers Acceptances	Maximum 5% per issuer 0% to 25% of investment portfolio	0%	0%
Commercial Paper	Maximum 5% per issuer 0% to 15% of investment portfolio	0%	0%
Corporate Bonds	Maximum 5% per issuer 0% to 15% of investment portfolio	8%	8%
Alaska Municipal League Investment Pool (AMLIP)***	0% to 25% of investment portfolio	0%	0%
Money Market Mutual Funds****	0% to 25% of investment portfolio	15%	41%
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 policy limits CDs that are not secured by U.S. government securities to 20% of the internally managed portfolio.

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

****Internally Managed Portfolio, 2016, includes amounts in excess of \$21 million held in anticipation of planned spending. Excluding these amounts, the Internally Managed Portfolio meets the Concentration Limit.

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, 2016
Domestic Equities	30%	40%	33%
International Equities	22%	28%	26%
Fixed Income (excluding TIPS)	23%	29%	27%
Bank Loan Investments	0%	5%	3%
Treasury Inflation Protected Securities (TIPS)	0%	5%	0%
Real Estate	6%	11%	9%
Cash Equivalents	0%	0%	2%
			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 times 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, 2016
General Funds:		
Equities	70%	
Domestic Equities	42%	43%
International Equities	28%	28%
Fixed Income	30%	
Domestic Fixed Income	23%	22%
International Fixed Income	7%	7%
		100%

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2016
Member Allocated Funds:			
U.S. Treasuries	23%	33%	42%
Government Agencies	20%	30%	19%
Certificate of Deposit	35%	45%	31%
Cash Equivalents	4%	10%	8%
			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, 2016
Domestic Equities	34%	44%	39%
International Equity	22%	30%	25%
Fixed Income	22%	28%	24%
Real Estate	6%	14%	11%
Cash & Cash Equivalents	N/A	5%	1%
			<u>100%</u>

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, 2016
Domestic Equities:			
Large Cap Core	9%	16%	12%
Large Cap Growth	8%	12%	10%
Large Cap Value	8%	12%	10%
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%	10%
Fixed Income:			
Domestic Fixed Income	20%	30%	24%
Real Estate Funds:			
Equity Real Estate Investment Trust	1%	4%	2%
Open Ended Proprietary Fund	2%	6%	4%
Farmland	2%	7%	5%
UBS-TPI	2%	6%	4%
Cash & Cash Equivalents:			
Cash Equivalents	0%	1%	2%
			<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 Depositary 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. 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, 2016, the Working Capital Portfolio had a duration of 0.16 years, or approximately 58 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, 2016, the Contingency Reserve Portfolio had a duration of 1.88 years as compared to its benchmark, Barclays 1-3 Year Government Index, which had a duration of 1.92 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, 2016, the Strategic Reserve Portfolio had a duration of 3.88 years as compared to its benchmark, Barclays Intermediate Government/Corporate Index, which had a duration of 3.86 years.

The effective durations of the externally managed portfolios of the Municipal Central Treasury (working capital, contingency reserve and strategic reserve) at December 31, 2016, were 0.16 years, 1.88 years, and 3.88 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, 2016, the duration of the index was 5.89 years and the duration of the Police and Fire Retiree Medical Trust's fixed income portfolio, exclusive of member-allocated funds invested in U.S. Treasuries, was 5.96 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, 2016, the duration of the Barclays Capital Aggregate Index was 5.89 years, and the duration of the Police and Fire Retirement Trust's fixed income portfolio was 4.19 years, which is within the required duration per the policy.

G. 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 or 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, 2016, the Municipal Central Treasury's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$208,464,246. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	16%	AAA	17%
Aa	6%	AA	5%
A	21%	A	21%
Baa	23%	BBB	25%
Ba or Lower	20%	BB or Lower	20%
Not Rated	14%	Not Rated	12%
	<u>100%</u>		<u>100%</u>

At December 31, 2016, securities in the MOA Trust had an investment of \$39,921,998 in commingled fixed income funds with a weighted average credit quality rating of BBB.

At December 31, 2016, the Police and Fire Retiree Medical Trust had an investment of \$1,187,935 in commingled fixed income funds with a weighted average credit quality rating of A+, and an investment of \$238,947 in commingled TIPS funds with a weighted average credit quality rating of AAA.

At December 31, 2016, the Police and Fire Retiree Medical Liability Fund had an investment of \$6,563,440 in a commingled fixed income fund with a weighted average credit quality rating of BBB, and an investment of \$1,523,271 in a commingled fixed income fund with a weighted average credit quality rating of AA.

At December 31, 2016, the Police and Fire Retirement Pension Trust's total fixed income portfolio had a weighted average rating of A3 by Moody's. The Police and Fire Retirement Trust's investment in marketable debt securities totaled \$74,704,183, with ratings distributed as follows:

Moody's		S&P	
Aaa	1%	AAA	1%
Aa	6%	AA	7%
A	36%	A	38%
Baa	44%	BBB	41%
Ba or Lower	0%	BB or Lower	0%
Not Rated	13%	Not Rated	13%
	<u>100%</u>		<u>100%</u>

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, 2016, the Municipal Central Treasury had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2016, the MOA Trust had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2016, the Police and Fire Retiree Medical Trust had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2016, the Police and Fire Retiree Medical Liability Fund had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2016, the Police and Fire Retirement Trust 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, 2016, the Municipal Central Treasury had bank deposit carrying amounts totaling \$50,179,132, of which \$500,000 was covered by federal depository insurance. Bank deposits of \$13,478,739 were secured by collateral held by a third party and deposits of \$36,200,393 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, 2016 cash deposits and investments were not exposed to custodial risk.

H. Securities Lending

During 2016, 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, 2016, 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, 2016, the pool had a weighted average maturity of 13 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, 2016:

Securities Lent	Fair Value of Underlying Securities	Collateral Received
Domestic Securities	\$ 2,174,296	\$ 2,222,333
Domestic Equities	2,800,530	2,858,567
	<u>\$ 4,974,826</u>	<u>\$ 5,080,900</u>

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

I. 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, 2016, 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, 2016, these investments totaled \$37,782,321 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)
American Depositary Receipts	Various	\$ 1,313,905
Commingled International Equity Funds	Various	36,468,416
		<u>\$ 37,782,321</u>

The Police and Fire Retiree Medical Trust's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2016, this investment totaled \$1,408,118 and represented 8 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, 2016, this investment totaled \$8,749,174 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, 2016, this investment totaled \$60,811,019 and represented 19 percent of the Police and Fire Retirement Trust's aggregate portfolio.

J. Fair Value Measurements

At December 31, 2016, 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.
- Cash and 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, 2016:

Investment Type:	December 31, 2016	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Petty Cash	\$ 73,366		
Central Treasury- Unrestricted			
Investments Measured at Fair Value			
Repurchase Agreements	\$ 34,032,002	\$ -	\$ 34,032,002
Commercial Paper	3,515,419	-	3,515,419
U.S. Treasuries	123,312,501	123,312,501	-
U.S. Agencies	66,705,430	-	66,705,430
Municipal Bonds	231,288	-	231,288
Asset-backed Securities	46,245,507	-	46,245,507
Corporate Securities	137,193,556	-	137,193,556
	<u>411,235,703</u>	<u>123,312,501</u>	<u>287,923,202</u>
Investments Measured at Amortized Cost			
Cash & Money Market Funds	6,556,270		
Certificates of Deposits	2,824,520		
	<u>9,380,790</u>		
Total Central Treasury- Unrestricted	<u>\$ 420,616,493</u>		

Investment Type:	December 31, 2016	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Central Treasury- Restricted			
Investments Measured at Fair Value			
Repurchase Agreements	\$ 2,902,556	\$ -	\$ 2,902,556
Commercial Paper	299,827	-	299,827
U.S. Treasuries	13,307,427	13,307,427	-
U.S. Agencies	39,384,533	-	39,384,533
Municipal Bonds	19,726	-	19,726
Asset-backed Securities	3,944,233	-	3,944,233
Corporate Securities	16,708,812	-	16,708,812
	<u>76,567,114</u>	<u>13,307,427</u>	<u>63,259,687</u>
Investments Measured at Amortized Cost			
Cash & Money Market Funds	47,692,839		
Certificates of Deposits	240,900		
	<u>47,933,739</u>		
Total Central Treasury- Restricted	<u>\$ 124,500,853</u>		
MOA Trust Fund			
Investments Measured at Fair Value			
Domestic Equities & Equity Funds	\$ 49,460,080	\$ 49,460,080	\$ -
International Equities & Equity Funds	37,782,321	37,782,321	-
	<u>87,242,401</u>	<u>87,242,401</u>	<u>-</u>
Investments Measured at Net Asset Value (NAV)			
Bank Loan Investments	4,725,662		
Fixed Income Funds	39,921,998		
Real Estate Funds	13,285,430		
	<u>57,933,090</u>		
Investments Measured at Amortized Cost			
Cash & Money Market Funds	2,492,668		
Total MOA Trust Fund	<u>\$ 147,668,159</u>		
Police & Fire Retiree Medical Trust Fund			
U.S. Treasuries	\$ 5,460,921	\$ 5,460,921	\$ -
U.S. Agencies	2,364,331	-	2,364,331
U.S. TIPS	238,947	238,947	-
Fixed Income Funds	1,187,935	1,187,935	-
Domestic Equity Funds	2,170,471	2,170,471	-
International Equity Funds	1,408,118	1,408,118	-
	<u>12,830,723</u>	<u>10,466,392</u>	<u>2,364,331</u>
Investments Measured at Amortized Cost			
Cash & Money Market Funds	1,056,174		
Certificates of Deposits	3,961,511		
Total Police & Fire Retiree Medical Trust Fund	<u>\$ 17,848,408</u>		
Police & Fire Retiree Medical Liability Fund			
Investments Measured at Fair Value			
Fixed Income Funds	\$ 8,086,711	\$ 8,086,711	\$ -
Domestic Equities & Equity Funds	13,338,256	13,338,256	-
International Equities & Equity Funds	8,749,174	8,749,174	-
	<u>30,174,141</u>	<u>30,174,141</u>	<u>-</u>
Investments Measured at Net Asset Value (NAV)			
Real Estate Funds	3,782,809		
Investments Measured at Amortized Cost			
Cash & Money Market Funds	306,410		
Total Police & Fire Retiree Medical Liability Fund	<u>\$ 34,263,360</u>		

Investment Type:	December 31, 2016	Fair Value Measurements Using	
		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	\$ 74,704,183	\$ 10,051,360	\$ 64,652,823
Domestic Equities & Equity Funds	136,443,995	136,443,995	-
International Equities & Equity Funds	60,811,019	60,811,019	-
	<u>271,959,197</u>	<u>207,306,374</u>	<u>64,652,823</u>
Investments Measured at Net Asset Value (NAV)			
Real Estate Funds	39,770,170		
Investments Measured at Amortized Cost			
Cash & Money Market Funds	6,222,514		
Total Police & Fire Retiree Pension Trust Fund	<u>\$ 317,951,881</u>		
HUD Section 108 Loan Program Investments			
Investments Measured at Amortized Cost			
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	\$ 5,587,369	\$ -	\$ 5,587,369
Corporate Fixed Income Securities	1,381,259	-	1,381,259
	<u>6,968,628</u>	<u>-</u>	<u>6,968,628</u>
Investments Measured at Amortized Cost			
Cash & Money Market Funds	196,155		
Total CIVICVentures Component Unit	<u>\$ 7,164,783</u>		
Total Cash and Investments	<u>\$ 1,070,087,310</u>		
Governmental Activities	\$ 457,627,167		
Business-Type Activities	276,497,771		
Fiduciary Funds	335,962,372		
	<u>\$ 1,070,087,310</u>		

The unfunded commitments and redemption information for the investments reported as NAV for December 31, 2016 are as follows:

Net Asset Value (NAV) Investments	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Note Period
MOA Trust Fund:				
Trumbull Property Fund	\$ 13,285,430	\$ -	Quarterly	60 days
FIAM Core Plus LLC	39,921,998	-	Daily	5 Days
Western Asset Floating Rate High Income Fund	4,725,662	-	Daily	same day
	<u>\$ 57,933,090</u>			
Police & Fire Retiree Medical Liability Fund:				
Trumbull Property Fund	\$ 3,782,809	\$ -	Quarterly	60 days
Police & Fire Retirement Pension Trust Fund:				
AgriVest Farmland Fund	\$ 14,922,895	\$ -	Quarterly	60 days
Trumbull Property Fund	11,668,030	-	Quarterly	60 days
Trumbull Property Income Fund	13,179,245	-	Quarterly	60 days
	<u>\$ 39,770,170</u>			

K. 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 three main investing funds: 1) Alaska Opportunity Fund, 2) Alaska Accelerator Fund, and 3) 49th Angel Fund, who in turn, administer smaller distributions directly to the Anchorage area small businesses. The fair value of investments in these three 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, 2016 for the three investments is as follows:

Investments Measured at the Net Asset Value (NAV)	
Alaska Opportunity Fund	\$ 100,598
Alaska Accelerator Fund	677,638
49th Angel Fund	500,000
Total Investments Measured at NAV	<u>\$ 1,278,236</u>

The fair value for the Alaska Accelerator Fund and the 49th Angel Fund was determined using the balance in the capital accounts from the Internal Revenue Service's form K-1. The fair value for the Alaska Opportunity Fund was determined using the unaudited financial statements. Adjustments in fair value are recognized at year end as unrealized gains and losses, unless the change is a result of a liquidation of a particular investment. In 2016, the Alaska Opportunity Fund liquidated one of the investments, resulting in a realized gain of \$105,523. Net unrealized gains and losses as a result of changes in the capital accounts and equity from the Alaska Opportunity Fund and Alaska Accelerator Fund of \$54,389 were also recognized at year end. The 49th Angel Fund investment balance remained unchanged.

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 three investing funds for December 31, 2016 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Alaska Opportunity Fund	\$ 100,598	\$ 1,561,000	nondeterminable	N/A
Alaska Accelerator Fund	677,638	429,875	nondeterminable	N/A
49th Angel Fund	500,000	1,500,000	nondeterminable	N/A
Total Investments Measured at NAV	<u>\$ 1,278,236</u>	<u>\$ 3,490,875</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, 2016:

	Governmental Activities	Business-type Activities	Total
Current:			
Property taxes	\$ 11,627,714	\$ -	\$ 11,627,714
Accommodations taxes	3,631,988	-	3,631,988
Unbilled reimbursable projects	-	954,274	954,274
Special assessments receivable	3,568,224	161,621	3,729,845
Trade accounts, including internal service funds	11,951,422	25,997,518	37,948,940
Total accounts receivable	30,779,348	27,113,413	57,892,761
Allowance for uncollectible accounts	(4,199,670)	(428,679)	(4,628,349)
Total Accounts Receivable, net	26,579,678	26,684,734	53,264,412
Noncurrent:			
HUD loans (including section 108)	3,371,663	-	3,371,663
Total Loans and Leases, net	\$ 3,371,663	\$ -	\$ 3,371,663

Special assessments, loans and leases 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, 2016, was as follows (in thousands):

	Beginning Balance December 31, 2015	Increase	Decrease	Ending Balance December 31, 2016
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,248,154	\$ 15,501	\$ (2,346)	1,261,309
Artwork	19,974	150	-	20,124
Construction Work-in-Progress	87,762	78,137	(61,501)	104,398
Infrastructure	1,449,541	7,440	-	1,456,981
Total Capital Assets, Not Being Depreciated	2,805,431	101,228	(63,847)	2,842,812
Capital Assets, Being Depreciated				
Buildings & Improvements	675,302	24,062	(1,063)	698,301
Equipment	251,761	18,354	(6,555)	263,560
Infrastructure	514,534	21,087	(546)	535,075
Total Capital Assets, Being Depreciated	1,441,597	63,503	(8,164)	1,496,936
Less Accumulated Depreciation for:				
Buildings & Improvements	410,511	17,253	(941)	426,823
Equipment	201,122	16,555	(5,018)	212,659
Infrastructure	282,740	10,137	(535)	292,342
Total Accumulated Depreciation	894,373	43,945	(6,494)	931,824
Total Capital Assets, Being Depreciated, Net	547,224	19,558	(1,670)	565,112
Total Governmental Activities, Net	\$ 3,352,655	\$ 120,786	\$ (65,517)	\$ 3,407,924

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

	Beginning Balance December 31, 2015		Increase	Decrease	Ending Balance December 31, 2016			
Business-Type Activities:								
Capital Assets, Not Being Depreciated:								
Land and Property held for future use	\$	67,488	\$	12	\$	-	\$	67,500
Construction Work-in-Progress ¹		286,094		267,027		(494,640)		58,481
Total Capital Assets, Not Being Depreciated		353,582		267,039		(494,640)		125,981
Capital Assets, Being Depreciated:								
Distribution and Collection Systems, Infrastructure		2,222,996		414,733		(44,714)		2,593,015
Buildings and Improvements		592,751		86,243		(8,313)		670,681
Total Capital Assets, Being Depreciated		2,815,747		500,976		(53,027)		3,263,696
Less Accumulated Depreciation for:								
Distribution and Collection Systems, Infrastructure		977,850		70,788		(29,466)		1,019,172
Buildings and Improvements		202,390		19,475		(8,034)		213,831
Total Accumulated Depreciation		1,180,240		90,263		(37,500)		1,233,003
Total Capital Assets, Being Depreciated, Net		1,635,507		410,713		(15,527)		2,030,693
Total Business-Type Activities, Net	\$	1,989,089	\$	677,752	\$	(510,167)	\$	2,156,674

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

Construction Work-in-Progress	\$	39	\$	487	\$	(341)	\$	185
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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	\$ 6,329
Fire Services	4,223
Police Services	1,980
Health and Human Services	1,091
Economic & Community Development	15,062
Public Transportation	4,008
Public Works	10,050
Maintenance and Operations	1,202
Total Governmental Activities	\$ 43,945
Business-Type Activities:	
Electric	\$ 31,635
Water	10,839
Wastewater	8,750
Refuse	958
Solid Waste	4,272
Port	7,715
Municipal Airport	2,542
Total Business-Type Activities	66,711
Depreciation offset by amortization of regulatory liability- contributed plant	23,552
Gross increase in accumulated depreciation	\$ 90,263

The 2016 Utility construction budgets are \$40,769, \$32,226 and \$34,200 for Electric, Water, and Wastewater, respectively (in thousands).

B. Discretely Presented Component Units – Anchorage School District

Capital asset activity for the fiscal year ended June 30, 2016 is as follows (in thousands):

	Beginning Balance July 1, 2015	Increase	Decrease	Ending Balance June 30, 2016
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 42,357	\$ -	\$ -	\$ 42,357
Construction in Progress	845	78,694	(78,519)	1,020
Total Capital Assets not Being Depreciated	43,202	78,694	(78,519)	43,377
Capital Assets Being Depreciated:				
Land Improvements	66,690	3,452	-	70,142
Buildings and Equipment	1,701,619	76,315	(2,888)	1,775,046
Pupil Transportation	10,992	9,550	(383)	20,159
Total Capital Assets Being Depreciated	1,779,301	89,317	(3,271)	1,865,347
Less Accumulated Depreciation For:				
Land Improvements	43,636	1,847	-	45,483
Buildings and Equipment	539,157	39,818	(2,561)	576,414
Pupil Transportation	8,815	266	(383)	8,698
Total Accumulated Depreciation	591,608	41,931	(2,944)	630,595
Total Capital Assets, Being Depreciated, Net	1,187,693	47,386	(327)	1,234,752
Governmental Activities Capital Assets, Net	\$ 1,230,895	\$ 126,080	\$ (78,846)	\$ 1,278,129

C. Discretely Presented Component Units – Anchorage Community Development Authority

Capital asset activity for the year ended December 31, 2016 is as follows (in thousands):

	Beginning Balance December 31, 2015	Increase	Decrease	Ending Balance December 31, 2016
Business Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 11,059	\$ -	\$ -	\$ 11,059
Total Capital Assets not Being Depreciated	11,059	-	-	11,059
Capital Assets Being Depreciated				
Parking Garages	42,951	2,330	-	45,281
Lot Improvements	687	-	-	687
Furniture and Fixtures	100	3	-	103
Equipment and Vehicles	3,337	143	(31)	3,449
Parking meters	1,261	103	-	1,364
Total Capital Assets Being Depreciated	48,336	2,579	(31)	50,884
Less Accumulated Depreciation For				
Parking Garages	29,082	2,033	-	31,115
Lot Improvements	661	17	-	678
Furniture and Fixtures	99	1	-	100
Equipment and Vehicles	3,021	148	(22)	3,147
Parking meters	823	229	-	1,052
Total Accumulated Depreciation Net	33,686	2,428	(22)	36,092
Total Capital Assets, Being Depreciated, Net	14,650	151	(9)	14,792
Business Type Activities Capital Assets, Net	\$ 25,709	\$ 151	\$ (9)	\$ 25,851

NOTE 6 - PORT OF ANCHORAGE MODERNIZATION PROJECT

The Port of Anchorage (the Port) 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. During 2016, 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 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. During 2016, construction of a test-pile project was completed as well as continued design and permitting work for the first phase of the project to start construction in 2017. 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	\$ 18,464
Nonmajor Governmental Funds	2,162,277
Nonmajor Enterprise Funds	2,211,527
Internal Service Funds	7,512,161
Total Interfund Payable to General Fund	<u>11,904,429</u>
Interfund Payable to Roads & Drainage Capital Projects Fund from Nonmajor Governmental Funds	3,678,430
Interfund Payable between Nonmajor Governmental Funds	5,911,847
Interfund Payable to Nonmajor Governmental Funds from Internal Service Funds	85,000
Total Interfund Payable to Nonmajor Governmental Funds	<u>9,675,277</u>
Total Interfund Payables	<u>\$ 21,579,706</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, 2016 were as follows:

Advances from General Fund to Nonmajor Governmental Funds for Capital Assets	\$ 903,432
Advances from Internal Services Funds to Roads & Drainage Capital Projects Fund for Capital	311,782
Advances from Nonmajor Governmental Funds to General Fund for Capital Assets	286,199
Advances from Nonmajor Governmental Funds to Internal Service Funds for Capital Assets	1,360,000
Total Nonmajor Governmental Funds Advances To	<u>1,646,199</u>
Total Advances Receivable	<u>\$ 2,861,413</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	\$ 4,345,379
Nonmajor Governmental Funds for Debt Service	604,165
Nonmajor Governmental Funds for Grant Matching	2,844,586
Nonmajor Governmental Funds to Fund Pension Liability	969,532
Nonmajor Governmental Funds for Capital Assets	6,616,518
Total Transfers from General Fund	<u>15,380,180</u>
From MOA Trust Fund to:	
General Fund for Annual Operating Subsidy	5,400,000
From Capital Projects Roads and Drainage Fund to:	
General Fund for Debt Service	5,900
From Nonmajor Governmental Funds to:	
General Fund for Debt Service	258,170
General Fund for Operating Subsidy	5,572
Nonmajor Governmental Funds for Operating Subsidy	525
Nonmajor Governmental Funds for Capital Assets	2,943,644
Nonmajor Governmental Funds for Debt Service	5,946,847
Total Transfers from Nonmajor Governmental Funds	<u>\$ 9,154,758</u>

From Electric Utility Fund to:		
General Fund for Annual Revenue Distribution	\$	5,983,574
Nonmajor Governmental Funds for Capital Assets		5,000
Total Transfers from Electric Utility Fund		<u>5,988,574</u>
From Water Utility Fund to:		
General Fund for Annual Revenue Distribution		7,314,997
From Wastewater Utility Fund to:		
General Fund for Annual Revenue Distribution		5,704,269
From Port Fund to:		
General Fund for Annual Revenue Distribution		2,114,268
From Nonmajor Enterprise Funds to:		
General Fund for Annual Revenue Distribution		1,682,686
From Internal Service Funds to:		
General Fund for Capital Assets		21,009
Electric Utility Fund for Capital Assets		13,456
Total Transfers from Internal Service Funds		<u>34,465</u>
Total Transfers	\$	<u>52,780,097</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):

Years:	Governmental Activities	Business Type Activities
2017	\$ 5,114	\$ 18
2018	4,570	18
2019	4,532	18
2020	4,158	18
2021	4,022	18
2022-2026	16,156	90
2027-2031	-	46
2032-2036	-	10
2037-2041	-	6
2042-2046	-	6
2047-2051	-	6
2052-2056	-	4
Totals	<u>\$ 38,552</u>	<u>\$ 258</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 \$47,955,982 of information technology equipment and software, all of which is currently in service or being installed. As of December 31, 2016, all of the outstanding principal balance is recorded in the internal service funds. The annual debt service to maturity for the outstanding capital leases at is as follows (in thousands):

	Governmental Activities		
	Principal	Interest	Total
Years:			
2017	\$ 5,416	\$ 704	\$ 6,120
2018	6,246	673	6,919
2019	6,403	516	6,919
2020	4,864	363	5,227
2021	3,834	244	4,078
2022-2024	6,422	211	6,633
	<u>\$ 33,185</u>	<u>\$ 2,711</u>	<u>\$ 35,896</u>

C. Operating Leases (Municipality as Lessor)

The Municipality has leased to third parties parcels of real estate at both the Port of Anchorage and Merrill Field Airport that generate recurring revenues. The lease agreements are long term and allow the lessee(s) to use the leased parcels for industrial purposes tied to the port or airport. Generally, the property leased is land only 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:		
2017	\$ 4,366	\$ 732
2018	4,360	732
2019	4,359	716
2020	2,748	695
2021	1,277	624
2022-2026	6,091	2,796
2027-2031	5,757	2,626
2032-2036	4,789	2,626
2037-2041	2,809	2,157
2042-2046	2,668	1,263
2047-2051	-	490
2052-2056	-	42
Totals	<u>39,224</u>	<u>15,499</u>
Lease revenue for 2016	<u>4,326</u>	<u>665</u>
Carrying value of leased assets:		
Original cost	15,879	2,600
Accumulated depreciation	5,315	-
Net Book Value	<u>\$ 10,564</u>	<u>\$ 2,600</u>

NOTE 9 - SHORT-TERM OBLIGATIONS

A. Tax Anticipation Notes

On April 30, 2016, the Municipality issued tax anticipation notes in the General Fund with a face value of \$90,000,000. The purpose of the issuance was to raise money to pay current expenditures in anticipation of the collection of property taxes.

Short-term debt activity for the year ended December 31, 2016 was as follows (in thousands):

	Beginning Balance January 1, 2016	Issued	Redeemed	Ending Balance December 31, 2016
Tax Anticipation Notes	\$ -	\$ 90,000,000	\$ 90,000,000	\$ -

B. Commercial Paper

Electric Utility Commercial Paper

In February 2012, the Assembly authorized the issuance of commercial paper in one or more series in the aggregate principal amount not to exceed \$300 million. During January through March of 2015, the Electric Utility issued \$56.7 million in commercial paper. 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 continues 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 is being 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 million. It is anticipated that the DDPP balance outstanding will be refunded by long term revenue bonds. The Electric Utility's financial statements show DDPP notes as a current liability since the redemption date is less than one year from December 31, 2016.

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, 2016, was as follows (in thousands):

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 487,289	\$ 27,543	\$ (40,164)	\$ 474,668	\$ 36,160
CIVICVentures Revenue Bonds	100,502	-	(2,085)	98,417	1,935
Capital Leases	19,154	17,291	(3,260)	33,185	5,416
Long-Term Contracts	4,182	-	(150)	4,032	120
HUD Section 108 Loan	1,350	-	(1,350)	-	-
Total Debt Payable	612,477	44,834	(47,009)	610,302	43,631
Compensated Absences	22,500	21,375	(19,497)	24,378	18,973
Net Pension Liability	334,573	117,124	(5,201)	446,496	-
Pollution Remediation	3,335	27	(82)	3,280	62
Claims Payable and IBNR	34,855	58,951	(59,452)	34,354	27,625
Total Governmental Activities	\$ 1,007,740	\$ 242,311	\$ (131,241)	\$ 1,118,810	\$ 90,291
Business-type Activities:					
Revenue Bonds	\$ 537,971	\$ -	\$ (13,664)	\$ 524,307	\$ 12,215
Long-Term Contracts	228,935	28,313	(12,671)	244,577	12,317
Port Note Payable	40,000	-	-	40,000	-
Port Road Obligation	1,830	-	(15)	1,815	-
Total Debt Payable	808,736	28,313	(26,350)	810,699	24,532
Compensated Absences	5,968	6,726	(6,105)	6,589	5,769
Net Pension Liability	44,957	17,926	-	62,883	-
Asset Retirement Obligation	8,536	6,599	-	15,135	-
Pollution Remediation	503	977	(43)	1,437	830
Landfill Closure Liability	31,101	1,307	-	32,408	-
Total Business-type Activities	\$ 899,801	\$ 61,848	\$ (32,498)	\$ 929,151	\$ 31,131

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. As of December 31, 2016, the Municipality reported total outstanding general obligation bonds in the amount of \$428,485,000.

Description	Amount Outstanding
\$21,465,000 2004A General Obligation General Purpose Refunding Bonds due in annual installments of \$795,000 to \$8,560,000 through 2017, interest rate from 3.00% to 5.25%. This issue is for refunding 1994A GO Bonds, 1997A GO Bonds, a portion of 2000A GO Bonds, and a portion of 2002A GO bonds.	\$ 4,515
\$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.	24,360
\$52,795,000 2007C General Obligation General Purpose Bonds due in annual installments of \$1,745,000 to \$4,150,000 through 2027, interest rate from 4.25% to 5.00%. 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 2017.	2,550
\$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.	5,555
\$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.	43,300
\$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.	4,660
\$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.	23,230
\$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.	20,945
\$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.	6,865
\$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.	37,425
\$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.	71,245
\$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.	47,840
\$155,250,000 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.	111,125
\$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	\$ 428,485

ASD GO bonds are reported as obligations of the component unit since they are expected to be repaid from ASD revenues; such amounts total \$581,075,000 at June 30, 2016. 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 2016. 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:			
2017	\$ 36,160	\$ 19,852	\$ 56,012
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
2022-2026	133,845	44,472	178,317
2027-2031	77,185	17,318	94,503
2032-2036	32,680	3,681	36,361
Subtotal	428,485	148,454	576,939
Add unamortized premiums/(discounts), net	46,183	-	46,183
Total	\$ 474,668	\$ 148,454	\$ 623,122

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 Bond 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.

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, 2016, the Municipality reported as blended total outstanding tax-exempt non-recourse Revenue Bonds in the amount of \$92,000,000.

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

	CIVICVentures		
	Principal	Interest	Total
Years:			
2017	\$ 1,935	\$ 4,157	\$ 6,092
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
2022-2026	16,290	16,993	33,283
2027-2031	22,650	12,275	34,925
2032-2036	28,645	6,279	34,924
2037-2038	13,175	795	13,970
Total	92,000	56,367	148,367
Add unamortized premiums/(discounts), net	6,417	-	6,417
Total	\$ 98,417	\$ 56,367	\$ 154,784

Utility Revenue Bonds

Electric, Water, and Wastewater 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.

As of December 31, 2016, the Municipality reported total outstanding Utility Revenue bonds in the amount of \$502,950,000. 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%.	\$ 22,705
\$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.	178,185
Total Electric Utility Outstanding	<u>330,890</u>
<u>Water Utility</u>	
\$18,595,000 2004 Water Senior Lien Revenue Bonds due in annual installments of between \$20,000 to \$2,075,000 through 2021, interest rate from 2.00% to 4.80%.	1,050
\$91,315,000 2007 Water Senior Lien Revenue Bonds due in annual installments of between \$105,000 and \$8,010,000 through 2037, interest rate from 4.00% to 5.00%.	87,230
\$49,680,000 2009 Water Senior Lien Revenue Bonds due in annual installments of between \$2,625,000 and \$4,730,000 through 2023, interest rate from 1.50% to 5.00%.	22,265
Total Water Utility Outstanding	<u>110,545</u>
<u>Wastewater Utility</u>	
\$22,620,000 2004 Wastewater Senior Lien Revenue Bonds due in annual installments of between \$420,000 to \$835,000 through 2023, interest rate from 3.00% to 5.00%.	3,100
\$59,665,000 2007 Wastewater Senior Lien Revenue Bonds due in annual installments of between \$40,000 to \$5,405,000 through 2037, interest rate from 4.00% to 5.00%.	58,415
Total Wastewater Utility Outstanding	<u>61,515</u>
Total Utility Revenue Bonds Outstanding	<u>\$ 502,950</u>

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

Years:	Business-Type Activities		
	Principal	Interest	Total
2017	\$ 12,215	\$ 25,723	\$ 37,938
2018	12,730	25,203	37,933
2019	12,835	24,631	37,466
2020	13,435	24,052	37,487
2021	14,035	23,478	37,513
2022-2026	79,160	106,857	186,017
2027-2031	104,890	83,842	188,732
2032-2036	134,095	51,917	186,012
2037-2041	87,405	17,595	105,000
2042-2044	32,150	2,606	34,756
Subtotal	502,950	385,904	888,854
Add: unamortized premiums/discounts, net	21,357	-	21,357
Total	<u>\$ 524,307</u>	<u>\$ 385,904</u>	<u>\$ 910,211</u>

D. Notes and Contracts

PAC Roof Loan

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 Note 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, 2016, the Municipality reported an outstanding balance on this loan of \$3,495,000.

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

	Governmental Activities		
	Principal	Interest	Total
Years:			
2017	\$ 125	\$ 172	\$ 297
2018	130	167	297
2019	140	162	302
2020	145	155	300
2021	150	148	298
2022-2026	875	617	1,492
2027-2031	1,115	376	1,491
2032-2034	815	83	898
Subtotal	3,495	1,880	5,375
Add unamortized bond premiums net	537	-	537
Total	\$ 4,032	\$ 1,880	\$ 5,912

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 agreement was amended to extend the lending term for up to two additional years, expiring in March of 2019. The amendment also reduces the loan commitment to \$28,625,600 effective March 31, 2017; and to \$20,000,000 on September 29, 2017. The amount currently outstanding under the Loan Agreement will be refunded by the issuance of long term revenue bonds in 2017. The Water Utility's financial statements show the amount borrowed under the Loan Agreement as a non-current liability. In 2016, the Water Utility obtained additional loans of \$5,500,000 through this agreement to bring the loan balance to \$28,625,600. 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 authorized, but not drawn, loan amount calculated on a weekly basis. The interest rate on the loan varies. As of December 31, 2016, the interest rate for the loan was 1.22 percent; 0.72 percent 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 \$60,000,000 with a commercial bank. In 2017, the agreement was amended to extend the lending term for up to two additional years, maturing in March of 2019. The amendment also reduces the loan commitment to \$36,651,000 effective March 31, 2017; and to \$20,000,000 on September 29, 2017. The amount currently outstanding under the Loan Agreement will be refunded by the issuance of long term revenue bonds in 2017. The Wastewater Utility's financial statements show the amount borrowed under the Loan Agreement as a non-current liability. In 2016, the Wastewater Utility obtained additional loans of \$4,000,000 through this agreement to bring the loan balance to \$36,651,000. 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 authorized, but not drawn, loan amount calculated on a weekly basis. The interest rate on the loan varies. As of December 31, 2016, the interest rate for the loan was 1.22 percent; 0.72 percent 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, 2016 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 \$179,300,654 on December 31, 2016.

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

Years:	Business-Type Activities		
	Principal	Interest	Total
2017	\$ 12,317	\$ 3,147	\$ 15,464
2018	14,073	2,961	17,034
2019	119,099	2,270	121,369
2020	13,670	2,036	15,706
2021	13,228	1,834	15,062
2022-2026	58,450	6,431	64,881
2027-2031	39,271	2,457	41,728
2032-2036	13,467	559	14,026
2037-2038	1,002	12	1,014
Total	<u>\$ 284,577</u>	<u>\$ 21,707</u>	<u>\$ 306,284</u>

E. HUD Section 108 Loan

The Municipality entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) in August 2005 to borrow up to \$5,000,000 in HUD Section 108 Loan funds. On September 21, 2009, the Municipality notified HUD that no additional funds would be utilized under this agreement. The total amount of funds that had been borrowed as of that date was \$2,000,000. As of December 31, 2015, the outstanding loan balance was \$1,350,000, which was due to be paid in full by 2025. In July 2016, the Municipality paid the remaining balance of the loan.

F. Bonds Authorized But Unissued

At December 31, 2016, 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
Anchorage Roads & Drainage	April 2015	None	17,030	4,750	12,280
	April 2016	None	36,585	-	36,585
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
Anchorage Fire	April 2016	None	1,050	-	1,050
					<u>\$ 68,356</u>

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 2016.

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, 2016, the defeased balance of general obligation and revenue bonds remaining to be paid by the escrow agent was \$70,900,000 for the general government. ASD has defeased \$120,395,000 of bonds at June 30, 2016.

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, 2016 is as follows:

Beginning Asset Retirement Obligation	\$ 8,535,928
Current year additions to the liability balance	5,996,423
Current year accretion	123,778
Change in assumptions or cash flow revisions	478,957
Ending Asset Retirement Obligation	<u>\$ 15,135,086</u>

As of December 2016, the Electric Utility recognized total asset retirement obligation of \$15,135,086. 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, 2016 (in thousands):

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amount Due within 1 year
General Obligation Bonds	\$ 577,500	\$ 150,210	\$ 146,635	\$ 581,075	\$ 56,445
Compensated Absences	11,053	13,788	13,655	11,186	6,182
Workers Compensation	13,848	3,293	4,333	12,808	4,549
Medical Claims	7,872	33,415	34,993	6,294	6,294
Total	<u>\$ 610,273</u>	<u>\$ 200,706</u>	<u>\$ 199,616</u>	611,363	<u>\$ 73,470</u>
Unamortized premium on GO Bonds				43,937	
Total				<u>\$ 655,300</u>	

Bonds payable at June 30, 2016 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%.	\$ 46,130
\$48,495,000 2006 Series A School Construction Serial Bonds due in annual installments of \$2,000,000 to \$3,640,000 through October 2026; interest at 4.00% to 5.00%.	2,255
\$28,885,000 2006 Series B School Construction Refunding Bonds due in annual installments of \$5,890,000 to \$6,185,000 through October 2020; interest at 5.00%.	8,890
\$51,705,000 2006 Series C School Construction Refunding Bonds due in annual installments of \$65,000 to \$9,770,000 through July 2021; interest at 4.00% to 5.00%.	36,440
\$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%.	163,270
\$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%.	5,815
\$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%.	3,965
\$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%.	15,205
\$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%.	3,090
\$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%.	8,675
\$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%.	12,685
\$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%.	37,215
\$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%.	57,280
\$13,150,000 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%.	69,170
\$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%.	81,040
	<u>\$ 581,075</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2016 are as follows (in thousands):

	Anchorage School District		
	Principal	Interest	Total
Years:			
2017	\$ 56,445	\$ 26,814	\$ 83,259
2018	55,900	24,064	79,964
2019	55,145	21,315	76,460
2020	53,615	18,634	72,249
2021	56,260	15,927	72,187
2022-2026	177,215	48,344	225,559
2027-2031	75,105	19,926	95,031
2032-2036	51,390	5,066	56,456
Total	<u>\$ 581,075</u>	<u>\$ 180,090</u>	<u>\$ 761,165</u>

The amount of long-term liability that is due within one year as of June 30, 2016 is \$56,445,000. The Debt Service Fund has \$4,020,159 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 April 4, 2017, the Municipality issued \$98,000,000 of General Obligation Tax Anticipation Notes. The interest rate on the notes is 2.0 percent with a maturity date of September 15, 2017.

Anchorage School District

In December 2016, Anchorage School District issued \$20,270,000 in General Obligation School Bonds Series B and \$41,960,000 in General Obligation Refunding School Bonds Series C. Due to ASD’s fiscal year end of June 30, 2016, these bonds are not presented in the financial statements.

Water Utility

In July 2017, the Water Utility issued \$10 million in Water Revenue Refunding Bonds 2017 Series A to partially refund the Water Utility Commercial Bank Loans. These bonds have a variable interest rate and are set to mature in July 2027. The outstanding loan balance of the loans at December 31, 2016 was \$28,625,600.

Wastewater Utility

In July 2017, the Wastewater Utility issued \$20 million in Wastewater Revenue Refunding Bonds 2017 Series B to partially refund the Wastewater Utility Commercial Bank Loans. These bonds have a variable interest rate and are set to mature in July 2027. The outstanding loan balance of the loans at December 31, 2016 was \$36,651,000.

NOTE 12 - CONDUIT DEBT OBLIGATIONS

A. Nonrecourse Revenue Bonds - United Way of Anchorage

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

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

Years:	<u>Principal</u>
2017	\$ 61,712
2018	65,840
2019	70,180
2020	62,117
2021	<u>57,536</u>
Total	<u>\$ 317,385</u>

NOTE 13 - PENSIONS

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

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

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	\$ 371,112,927	\$ 62,883,354	\$433,996,281
Police and Fire Pension System	75,382,894	-	75,382,894
Total	<u>\$ 446,495,821</u>	<u>\$ 62,883,354</u>	<u>\$509,379,175</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/dr/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website. They may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by phoning (907) 465-4460.

The PERS I-III DB Plan was closed to new entrants effective 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. However, in state fiscal year 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion. As a result, the On-behalf Contribution Rate for State Fiscal Year 2015 (July 1, 2014 through June 30, 2015) significantly exceeds the statutory amount. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures during the calendar year 2016. On the proprietary fund and government-wide financial statements, the on-behalf amounts are included in revenue and expense only to the extent they are applicable to the measurement period, which is the same as the State's fiscal year ending June 30, 2016.

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 2016, the rate uses an 8.00 percent pension discount rate and a 4.55 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, 2013 and June 30, 2014 actuarial valuations, respectively. Municipality contribution rates for the 2016 calendar year were as follows:

January 1, 2016 to June 30, 2016	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	13.25%	19.04%	3.63%	37.79%
Postemployment healthcare (see Note 14)	8.75%	8.15%	1.56%	58.73%
Total Contribution Rates	22.00%	27.19%	5.19%	96.52%

July 1, 2016 to December 31, 2016	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
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%

In 2016, the Municipality was credited with the following contributions into the pension plan.

	Measurement Period July 1, 2015 to June 30, 2016	Municipality's Fiscal Year January 1, 2016 to December 31, 2016
Employer contributions (including DBUL)	\$ 22,648,610	\$ 24,562,145
Nonemployer contributions (on-behalf)	8,178,642	8,890,546
Total Contributions	\$ 30,827,252	\$ 33,452,691

In addition, employee contributions to the Plan totaled \$9,135,197 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, 2016, 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:

	2016
Municipality proportionate share of NPL	\$ 433,996,281
State's proportionate share of NPL associated with the Municipality	54,685,280
Total Net Pension Liability	\$ 488,681,561

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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, 2016 measurement date, the Municipality's proportion was 7.76 percent, which was an increase of 1.60 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Municipality recognized pension expense of \$108,191,947. Of this amount, \$7,371,634 was recorded as on-behalf revenue and expense for additional contributions paid by the State. At December 31, 2016, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Measurement Period June 30, 2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 39,903	\$ (4,837,626)
Changes in assumptions	2,001,688	-
Net difference between projected and actual earnings on pension plan investments	42,659,746	-
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	38,500,578	-
Municipality contributions subsequent to the measurement date	14,114,468	-
Total Deferred Outflows and Deferred Inflows Related to Pensions	\$ 97,316,383	\$ (4,837,626)

The \$14,114,468 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, 2016. 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
2017	\$ 39,701,611
2018	9,962,016
2019	17,439,427
2020	11,261,235
Total Amortization	<u>\$ 78,364,289</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement period, and rolled forward to the measurement date of June 30, 2016. The actuarial valuation for the year ended June 30, 2016 (latest available) was prepared by Conduent HR Services. The actuarial assumptions used in the June 30, 2015 valuation 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 over 4.88%.
Mortality (Pre-termination)	Based upon 2010-2013 actual mortality experience, 60% of male rates and 65% of female rates of 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	5.35%
Global equity (non-US)	5.55%
Private equity	6.25%
Fixed income composite	0.80%
Real estate	3.65%
Alternative equity	4.70%

Discount Rate

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

Discount Rate Sensitivity

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

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Municipality's proportionate share of the net pension liability	7.76436%	\$ 558,965,219	\$ 433,996,281	\$ 328,590,724

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

General Information About the Plan

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

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

- Plan I - Members employed on or before June 30, 1977
- 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, 2016, the following employees were covered by the benefit terms:

	Plan I	Plan II	Plan III	Total
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	193	119	403	715
Inactive Plan Members Entitled to but not yet Receiving Benefits	-	-	1	1
Active Plan Members	-	-	17	17
Totals	193	119	421	733

Employee Contribution Rates

Members of 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 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, 2016 actuarial valuation recommended contribution rates for Plans I, II and III not to exceed 6 percent for the employee and \$7.1 million for the Municipality for year-end December 31, 2016. All past contributions were made in accordance with actuarial recommendations.

Net Pension Liability and Pension Expense

At December 31, 2016, the Municipality reported a net pension liability (NPL) for Plans I, II, and III in the amount of \$75,382,894 in the Governmental Activities Statement of Net Position. The NPL for each of the Plans were calculated as follows:

	Plan I	Plan II	Plan III	Total
Total Pension Liability	\$ 83,859,817	\$ 63,570,183	\$ 246,026,955	\$ 393,456,955
Plan Net Assets	(66,679,528)	(51,447,193)	(199,947,340)	(318,074,061)
Municipality Net Pension Liability	\$ 17,180,289	\$ 12,122,990	\$ 46,079,615	\$ 75,382,894

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, 2015	\$ 86,282,317	\$ 68,545,419	\$ 17,736,898
Changes for the year:			
Service cost	-	-	-
Interest on total pension liability	6,317,389	-	6,317,389
Effect of plan changes	(263,269)	-	(263,269)
Effect of economic/demographic (gains) or losses	-	-	-
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(8,476,620)	(8,476,620)	-
Administrative expenses	-	(141,852)	141,852
Member contributions	-	-	-
Net investment income	-	5,206,406	(5,206,406)
Employer contributions	-	1,546,175	(1,546,175)
Balances as of December 31, 2016	\$ 83,859,817	\$ 66,679,528	\$ 17,180,289
<u>Police & Fire Retirement Plan II</u>			
Balances as of December 31, 2015	\$ 65,081,652	\$ 52,369,027	\$ 12,712,625
Changes for the year:			
Service cost	-	-	-
Interest on total pension liability	4,783,176	-	4,783,176
Effect of plan changes	-	-	-
Effect of economic/demographic (gains) or losses	-	-	-
Effect of assumptions changes or inputs	(369,686)	-	(369,686)
Benefit payments	(5,924,959)	(5,925,180)	221
Administrative expenses	-	(109,293)	109,293
Member contributions	-	-	-
Net investment income	-	4,004,263	(4,004,263)
Employer contributions	-	1,108,376	(1,108,376)
Balances as of December 31, 2016	\$ 63,570,183	\$ 51,447,193	\$ 12,122,990
<u>Police & Fire Retirement Plan III</u>			
Balances as of December 31, 2015	\$ 248,839,998	\$ 198,705,792	\$ 50,134,206
Changes for the year:			
Service cost	513,183	-	513,183
Interest on total pension liability	18,494,293	-	18,494,293
Effect of plan changes	(3,485,409)	-	(3,485,409)
Effect of economic/demographic (gains) or losses	-	-	-
Effect of assumptions changes or inputs	-	-	-
Benefit payments	(18,335,110)	(18,335,110)	-
Administrative expenses	-	(423,265)	423,265
Member contributions	-	126,119	(126,119)
Net investment income	-	15,433,835	(15,433,835)
Employer contributions	-	4,439,969	(4,439,969)
Balances as of December 31, 2016	\$ 246,026,955	\$ 199,947,340	\$ 46,079,615

For the year ended December 31, 2016, the Municipality recognized total pension expense of (\$5,200,835) for Plans I, II, and III.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2015 which was rolled forward to December 31, 2016, using the following actuarial assumptions, applied to all periods in the measurement. The actuarial assumptions used in the January 1, 2015 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	7.70% net of pension plan investment expenses. This is based on an average inflation rate of 3.00% and a real rate of return of 4.66%
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	4.55%
International equities	6.35%
Fixed income	1.00%
Real estate funds	3.75%

Discount Rate

The discount rate used to measure the total pension liability was 7.70 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 7.70 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.70 percent) or 1-percentage-point higher (8.70 percent) than the current rate:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Net Pension Liability:			
Plan I	\$ 23,993,694	\$ 17,180,289	\$ 11,297,558
Plan II	17,811,911	12,122,990	7,261,312
Plan III	71,855,299	46,079,615	24,460,743

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

Plan Information

The Electric Utility's IBEW members participate in a union-sponsored cost-sharing defined benefit plan, the Alaska Electrical Pension Plan of the Alaska Electrical Pension Fund (the Plan). The Alaska Electrical Trust Funds (AETF) Board of Trustees administers the Plan and has the authority to establish and amend benefit terms

and approve changes in employer required contributions. The 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, 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 172 and 173 employees covered by the plan as of December 31, 2016 and 2015, respectively. The 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 Plan for its covered employees according to the terms of its Agreement Covering Terms and Conditions of Employment (Agreement) with the IBEW Local 1547. The Agreement in effect during 2015 and 2016 expired on December 31, 2016. A new agreement was approved subsequent to year end 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 plan for each hour for which compensation is paid to the employee for January 1, 2016 to December 31, 2016 was \$7.75. The required contribution for January 1, 2015 to December 31, 2015 was \$7.50. The Electric Utility's total employer contributions to the Plan for 2016 and 2015 were \$3,396,484 and \$3,059,562, respectively. The Electric Utility had \$123,849 and \$67,737 in required contributions to the Plan payable to AETF at December 31, 2016 and 2015, respectively. 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 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 1.8 percent of each employee's gross wages to the Alaska Electrical Workers Money Purchase Plan (Money Purchase Plan). The Electric Utility's employer and employee contributions to the Money Purchase Plan during 2016 were \$412,473 and \$85,362, respectively. The Electric Utility's employer and employee contributions to the Money Purchase Plan during 2015 were \$389,491 and \$106,925, respectively.

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

Local 302 Pension 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 Plan). The Welfare and Pension Administration Services Inc. administers the Plan and has the authority to establish and amend benefit terms and approve changes in employer required contributions. The 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 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 137 employees covered by the plan as of December 31, 2016 and 2015. The 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 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 August 5, 2014 to December 31, 2016 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 \$5.25 per hour worked by a covered employee in 2016 and 2015. Further, seasonal employees are provided for contributions at .75 cents per hour worked in 2016 and 2015. Total employer retirement contributions (covered and seasonal employees) for 2016 and 2015 were \$1,619,742 and \$1,673,864, respectively. One hundred percent of the Municipality's required contributions to the Local 302 plan have been made through these contributions to the Local 302 International Operating Engineers Employers Construction Industry Retirement Fund.

B. Defined Contribution Pension Plans

Public Employees Retirement System (PERS IV)

Plan Information

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

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

Plan Participation and Benefit Terms

The Plan is governed by Section 401(a) of the Internal Revenue Code. A portion of employee wages and a matching employer 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	1.68%	1.18%	1.68%	1.18%
Death & Disability Benefit	1.05%	0.49%	0.22%	0.17%
Total Employer Contribution	10.73%	9.67%	9.90%	9.35%

*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, 2016 a flat rate of approximately \$2,005 per year for full time employees and \$1.28 per part time hour worked was paid. For pay periods ending after July 1, 2016, a flat rate of approximately \$2,049 per year for full time employees and \$1.31 per part time hour worked were paid.

For the year ended December 31, 2016, the Municipality contributed \$3,882,883 to PERS IV for retirement and retiree medical, and \$2,021,451 to PERS IV for Health Reimbursement Arrangement on-behalf of its employees. Employee contributions to the plan totaled \$6,212,200.

NOTE 14 - POSTEMPLOYMENT HEALTHCARE BENEFITS

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

A. Gentile Group

Members of the Police & Fire Retirement Plan who retired prior to January 1, 1995, and command personnel who were employed prior to that date, but not retired at that date, participate in the “Gentile Group” Plan. 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, 2016, there were 240 retiree participants. For 2016, the monthly contribution for each member ranged between \$2,751 and \$3,349 per member depending on age and years of service. Benefit costs totaled \$9,074,894 in 2016. There are no plans in place to terminate or discontinue this benefit for eligible members.

B. Police and Fire Retiree Medical Group & Associated Prefunding Arrangement

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

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

For 2016, the monthly contribution for each member ranges between \$501 and \$865 per member depending on age and years of service. The Municipality contributed \$3,443,745 to the Police and Fire Retiree Medical Trust Fund in 2016.

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 2021. 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 2016, 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 2016 are as follows:

	Gentile	Police and Fire
Actuarial Valuation Date	January 1, 2015	January 1, 2015
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Dollar, closed	Level Dollar, closed
Amortization Period	22 Years	22 Years
Asset Valuation Method	Unfunded	Unfunded
Actuarial Assumptions:		
Inflation Rate	Note (1)	3.04%
Annual Discount Rate	4.0%	6.9%
Healthcare Cost Trend Rate	8% assumed to decrease 0.5% until reaching 4.5%	8% assumed to decrease 0.5% until reaching 4.5%

Note (1) No inflation rate as there is no trust associated with the Gentile Plan

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 2016 (in thousands) are as follows:

	Postemployment Healthcare	
	Gentile Group	Police and Fire Retiree Medical Group
Annual Required Contribution (ARC)	\$ 6,677	\$ 3,146
Interest on the Net OPEB Obligation (NOO)	(489)	(218)
Adjustment to the ARC	831	334
Annual OPEB Cost (APC)	7,019	3,262
Contributions made	(9,075)	(4,610)
Increase (Decrease) in NOO	(2,056)	(1,348)
NOO, beginning of year	(12,878)	(3,989)
NOO (Asset), end of year	\$ (14,934)	\$ (5,337)
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%
Percentage of Post-Employment Health Care Cost Contributed (2014)	165.78%	155.66%

	Postemployment Healthcare Benefits (in thousands)						
	Actuarial Valuation Year	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
Gentile Group	2016	\$ -	\$ 99,485	\$ 99,485	0%	\$ -	100%
	2015	-	99,485	99,485	0%	-	100%
	2014	-	87,466	87,466	0%	119	73501%
Police & Fire	2016	\$ 16,332	\$ 50,120	\$ 33,788	33%	\$ 2,169	1558%
	2015	16,332	50,120	33,788	33%	2,199	1537%
	2014	12,948	41,275	28,327	31%	4,817	588%

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, 2016 the Municipality contributed \$1,166,306 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, 2016, 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	Other Governmental Funds	Total
Nonspendable					
Inventory	\$ 1,358,986	\$ -	\$ -	\$ -	\$ 1,358,986
Prepaid Items	33,340	-	-	605,039	638,379
Long-term Loans	903,432	-	-	-	903,432
Cemetery Perpetual Fund	-	-	-	150,000	150,000
Total Nonspendable	2,295,758	-	-	755,039	3,050,797
Restricted					
State Statute	11,468	-	-	-	11,468
Capital Improvements	-	-	17,231,749	6,951,461	24,183,210
MOA Trust Fund	-	147,548,268	-	-	147,548,268
Police & Fire Retiree Medical Liability	-	-	-	34,284,534	34,284,534
Federal Grants	-	-	-	2,040,521	2,040,521
State Grants	-	-	-	1,352,324	1,352,324
Federal/State Fines & Forfeitures	-	-	-	2,049,478	2,049,478
Misc Operations Grants	-	-	-	1,053,127	1,053,127
Convention Center Operating Fund	-	-	-	14,711,845	14,711,845
49 State Angel Fund	-	-	-	12,658,237	12,658,237
Debt Service	-	-	-	13,868,255	13,868,255
Total Restricted	11,468	147,548,268	17,231,749	88,969,782	253,761,267
Committed					
10% Bond Rating	41,615,564	-	-	-	41,615,564
Capital Improvements	-	-	984,651	13,656,067	14,640,718
Heritage Land Bank	-	-	-	5,388,261	5,388,261
Total Committed	41,615,564	-	984,651	19,044,328	61,644,543
Assigned					
2016 Budget Appropriations	7,242,461	-	-	-	7,242,461
Capital Improvements	-	-	-	287,039	287,039
Cemetery Perpetual Fund	-	-	-	356,026	356,026
State Grants	-	-	-	17,483,823	17,483,823
Federal Grants	-	-	-	140,829	140,829
Federal/State Fines & Forfeitures	-	-	-	436,162	436,162
Convention Center Operating Fund	-	-	-	3,214,300	3,214,300
Total Assigned	7,242,461	-	-	21,918,179	29,160,640
Unassigned					
2% Working Capital Reserve	9,245,380	-	-	-	9,245,380
Other Unassigned	4,648,196	-	-	(2,662,139)	1,986,057
Total Unassigned	13,893,576	-	-	(2,662,139)	11,231,437
Total Fund Balance	\$65,058,827	\$147,548,268	\$18,216,400	\$128,025,189	\$358,848,684

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 \$11,468 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	\$ 41,615,564
Working Capital Reserve:	
Unassigned	\$ 9,245,380

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

Major Funds:	
Capital Projects Roads & Drainage Fund	<u>\$ 17,981,429</u>
Non Major Capital Project Funds:	
Public Safety	2,227,102
Parks & Recreation	3,058,374
Areawide	12,615,055
Public Transportation	440,622
Heritage Land Bank	83,475
Miscellaneous	<u>2,666,122</u>
Total Non Major Capital Project Funds	<u>21,090,750</u>
Non Major Special Revenue Funds	
State Grants	7,473,828
Federal Grants	<u>4,833,842</u>
Total Non Major Special Revenue Funds	<u>\$ 12,307,670</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 2016, 2015 or 2014.

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, 2016, is dependent upon future developments. At December 31, 2016, claims incurred but not reported included in the liability accounts are \$16,040,708 in the General Liability/Workers' Compensation Fund and Medical/Dental Self Insurance Fund.

Changes in the funds' claim liability amounts in 2016 and 2015 are as follows:

	Balance January 1, 2016	Current Year Claims and Changes in Estimates	Claims Payment	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>

	Balance January 1, 2015	Current Year Claims and Changes in Estimates	Claims Payment	Balance December 31, 2015
General Liability/Workers' Compensation	\$ 18,030,928	\$ 14,931,121	\$ (7,075,555)	\$ 25,886,494
Medical/Dental	7,086,801	60,749,094	(58,933,939)	8,901,956
Unemployment	98,411	281,210	(313,025)	66,596
	<u>\$ 25,216,140</u>	<u>\$ 75,961,425</u>	<u>\$ (66,322,519)</u>	<u>\$ 34,855,046</u>

At December 31, 2016, the Medical and Dental Self Insurance Fund had unrestricted net position of \$528,796, a decrease of \$737,017 from 2015. The decrease in net position is due to an increase in reserves for medical and dental claims by margin of 5 percent to the actuarial estimates.

At December 31, 2016, the General Liability and Worker's Compensation Fund had a deficit of \$5,113,340, an increase in the deficit of \$1,908,247 from 2015. The deficit is due to an increased 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 2016, consistent with the policy limitations described above, \$5,400,000 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, 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, 2016 was \$16,477,276.

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

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

Regulatory Debits/Credits

The Electric Utility files a COPA rate quarterly with the RCA to recover cost of power expenses not recovered in base rates. The COPA calculation is based on the projected cost of fuel and purchased power for the applicable quarter, the projected kilowatt hour sales for the applicable quarter, and the over- or under- recovered balance in the cost of power clearing account. The Electric Utility records in the cost of power clearing account an asset with an offsetting credit to a contra revenue account for under recovered costs or a liability and an offsetting debit to a contra revenue account for over recovered costs. The Electric Utility under-recovered as of December 31, 2016 in the amount of \$1,358,355.

The Electric Utility annually sets the GTP with its third quarter COPA filings. Through the GTP, the Electric Utility recovers the Gas Fund's annual revenue requirement associated with the Electric Utility's ownership interest in the BRU and any over or under recovery from the prior year. The Electric Utility records in the cost of Gas Transfer Price Clearing Account an asset and a credit to an expense account for under-recovered costs or a liability and debit to a contra expense account for over-recovered costs. The Electric Utility over-recovered as of December 31, 2016 in the amount of \$11,423,365.

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 balances of the DRLGS account, as of December 31, 2016, was \$20,236,871.

Asset Retirement Obligation Sinking Fund

Asset Retirement Obligation (ARO) expenses associated with the future abandonment of the BRU are funded through a surcharge to the Electric Utility's GTP and third party gas sales and are deposited into a sinking fund. As of December 31, 2016, the sinking fund account balance was \$11,797,445.

Revenue Requirement Study

On September 9, 2013, the Electric Utility filed a petition with the RCA, based on a 2012 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 purchase of a 30 percent interest in Southcentral Power Project. A hearing was held April 6 through 17, 2015. The RCA issued Order U-13-184(22) on July 16, 2015 establishing the Electric Utility's revenue requirement, setting the 24.32 percent interim rate increase as the permanent rates, and ordering the Electric Utility to cease paying dividends to the Municipality.

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 37.3 percent, denied approval of the Electric Utility's proposed RSP, and suspended the Electric Utility's request into U-17-008 for further investigation. A hearing is set in this matter for November 20 through 22, 2017 and November 27 through December 22, 2017. The RCA shall issue a final order no later than March 25, 2018.

Acquisition of CPAI's Interest in the Beluga River Unit

In Order U-16-012(14), dated April 21, 2016, the RCA granted a joint petition filed by the Electric Utility and CEA requesting approval of a purchase and sale agreement for the acquisition of CPAI's one-third interest in the BRU. The total purchase price was \$152 million, with the Electric Utility acquiring 70 percent of that interest for \$106.4 million and CEA the remaining 30 percent for \$45.6 million. The Electric Utility funded its share of the acquisition

with DRLGS and Future Natural Gas Purchases Account funds, cumulative underlift proceeds owed to it by CPAI, and unrestricted gas fund cash. This purchase gives the Electric Utility a total 56.67 percent interest in the BRU, and it is seeking the RCA's approval of accounting and ratemaking treatment for this interest.

Eklutna Hydroelectric Project

On October 2, 1997, the ownership of the Eklutna Hydroelectric Project was formally transferred from the Alaska Power Administration, a unit of the United States Department of Energy, to the three participating utilities: the Electric Utility, CEA and Matanuska Electric Association (MEA). The project is jointly owned and operated by the participating utilities and each contributes their proportionate share for operation, maintenance, and capital improvement costs, as well as maintenance of the transmission line between Anchorage and the hydroelectric plant. The Electric Utility has a 53.33% ownership interest in the project and recorded costs of \$674,165 in 2016.

Bradley Lake Hydroelectric Project

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

The Project went on line September 1, 1991. The Electric Utility made payments to the Alaska Energy Authority (AEA) of \$5,101,368 in 2016 for its portion of costs, and received 90,390 megawatt hours of power from the Project. The Electric Utility received a budget surplus refund in the amount of \$549,177 for 2016. The Electric Utility's estimated cost of power from the Project for 2017 is \$5,097,474.

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, 2016 is \$54,138,709. 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 \$14,021,926. 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 \$17,527,407. The Electric Utility does not now know of or anticipate any such defaults.

Southcentral Power Project

The Electric Utility entered into a participation agreement with CEA on August 28, 2008, to proceed with the joint development, construction and operation of Southcentral Power Plant (SPP). The SPP went into service on January 31, 2013. It has a capacity of 200.3 MW, of which the Electric Utility's proportionate share is 60.1 MW, or 30 percent. The Electric Utility has recorded costs of \$14,302,236 in 2016.

B. Water Utility

2012 Test Year / 2015-2016 Rates

The current Water Utility rates have been in effect since June 5, 2015. Based on a 2012 test year revenue requirement filing, the RCA accepted a stipulation between the Water Utility and the Office of the Attorney General, Regulatory Affairs and Public Advocacy section (RAPA) and approving a permanent rate increase of 2.26 percent effective June 5, 2015. The Water Utility has not submitted a rate filing since the 2015 rate increase.

Acquisitions

The Water Utility entered into a Purchase and Sale Agreement with Southcentral Utilities Inc (SUI) to acquire SUI's distribution assets. The Water Utility filed a joint application to amend the Water Utility's CPCN No. 122 to incorporate customers from Southcentral Utilities in the Water Utility's service area and to allow SUI to discontinue service and cancel its Provisional CPCN No. 6088. The Water Utility received approval from the RCA to expand the service area on March 31, 2016 and began service to customers in the new service areas on July 18, 2016. As a result of the acquisition, the Water Utility gained 65 customers, resulting in an increase of annual revenues of approximately \$40,000.

C. Wastewater Utility

2015 Test Year / 2016-2017 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.

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, the project management team, continues to work on all aspects necessary to begin construction of Phase 1 of the updated project in 2018.

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, 2016, 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, 2016, SWS had a recorded liability of \$32,408,184 associated with these future costs, based on the use of 38 percent of the landfill's estimated capacity. Based upon the 2015 study, it is estimated SWS will recognize an additional \$52,884,636 in liability expense between 2017 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 2016. 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, 2016	Addition	Deletion	Balance December 31, 2016	Due in One Year
Future Landfill Closure Costs	\$ 31,100,929	\$ 1,307,255	\$ -	\$ 32,408,184	\$ -

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, 2016, SWS reported \$32,408,184 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). The Electric Utility is planning to replace security fencing around the power plant and to pave the northwestern section of the yard. Pre-construction soil sampling conducted in 2016 identified higher levels of PCBs than previously recorded. The cleanup activities were conducted in May 2017. The PCB contaminated soil identified in 2016 was removed and disposed of in accordance with the 2008 RBDP approved by EPA and ADEC. The Electric Utility will pave the surface of the cleanup area as an institutional control measure under the 2008 RBDP. The Electric Utility recorded a liability for the estimated cleanup costs of \$760,000 at December 31, 2016.

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. Electric Utility New Generation Permit Compliance at Plant Two

The Electric Utility's Plant 2 Air Quality permit requires operation with post-combustion emission controls for criteria pollutants, NOx and CO, as well as maintaining continuous emission monitoring systems (CEMS) on two new turbines. EPA regulations require annual third party emissions testing to assure accuracy of the CEMS. Newly installed turbines have significant emissions reductions compare to the existing turbines, however maintaining emissions control equipment and performing all testing required by EPA will add to the overall environmental compliance cost. The Electric Utility will oversee environmental compliance and contract qualified

third-party experts to perform necessary services. Environmental permitting and compliance will continue to require a consultant's expertise. The cost of compliance cannot be determined at this time.

E. Changes in Environmental Regulations Affecting Electric Utilities

The increasing scope and stringency of environmental regulations imposed by the Federal and State governments continues to pose technical and financial challenges to the electric utility industry. These challenges are strongly influencing the planning of new projects. Given the number of existing regulations to be implemented and the expected likelihood of additional new requirements in the coming years, environmental issues will continue to have a major impact on the planning and operation of the Electric Utility.

F. Pollution Remediation Obligation

Water Utility

In accordance with the State of Alaska Department of Environmental Conservation (ADEC) regulations, the Water Utility has removed three leaking, underground fuel storage tanks and the surrounding contaminated soils. Additional contamination was identified on the affected property (unrelated to the tank leakage) requiring additional removal of soils. In 2010, the Water Utility completed additional site characterization. With ADEC approval, the Water Utility has been conducting groundwater monitoring since 2011. The Water Utility plans to petition the ADEC to give the site a cleanup complete designation since average contaminant levels have been decreasing.

The Water Utility used the expected cash flow technique to measure the liability. The Water Utility estimated a reasonable range of potential outlays of \$15,000 to \$255,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$46,000. 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. With ADEC approval, the Wastewater Utility has been conducting groundwater monitoring of these sites since 2011. The Wastewater Utility received approval to close one of the sites in 2016 (Pump Station 31). The Wastewater Utility will continue groundwater monitoring at a second site. For a third site (Pump Station 12), the Wastewater Utility plans to petition ADEC to give the site a cleanup complete designation since average contaminant levels at the site have been decreasing. This same facility experienced an unrelated fuel spill in 2017 as discussed in Note 21- Subsequent Events. In 2016, the Wastewater Utility experienced a fuel spill 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 \$443,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$630,750. 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 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 \$1,815,250 at December 31, 2016. 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. The Port is required to submit annual ground water monitoring reports to ADEC for both tracts. In 2016, the monitoring and reporting costs for Tract J was \$18,010 and \$1,636 for Tract H.

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.

The Municipality used the expected cash flow technique to measure liability. The Municipality estimated a reasonable range of potential outlays of \$50,000 to \$100,000 for site assessment and characterization, which was the only part of the remediation process for which costs were reasonably estimable, and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$35,000.

The Municipality has received approval from ADEC in 2016 for a work plan to complete site characterization for the Site to be carried out during 2017. It is estimated that the work to be performed under the plan will cost approximately \$35,000. While it is anticipated that additional remediation work will be required, the cost of that work cannot reasonably be estimated and no accrual of a liability for that work recorded until the site characterization work is completed and a response received from ADEC. Accordingly, the Municipality has adjusted the estimated liability accrued for the Site to \$35,000 at December 31, 2016.

Transit Bus Barn Hydraulic Oil and Diesel Spills

The presence of soil contamination of subsurface hydraulic oil 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 of 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. The second year cost was \$29,666. The estimated remaining costs is \$366,778.

The Municipality is planning to request permission from ADEC to discontinue the work to recover the spilled hydraulic oil with the submission of the next report on the cleanup effort 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. There is no estimate at this time of any additional cost for remediation at the PWTF of the recently discovered diesel contamination.

Shannon and Wilson- Various Sites

Shannon and Wilson has developed a remediation work plan for ADEC. This plan is to review, install, develop, and sample on an additional recovery well; install passive skimmer in 4 wells; and conduct product recovery for one year from the passive skimmers. Shannon and Wilson will conduct one groundwater sampling event, investigate derived waste disposal, provide updates after field events and prepare a summary report. Based on estimated recovery rates, the required total treatment time is expected to be approximately 9 years.

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. The Municipality has previously accrued a liability of \$500,000 for environmental remediation at the site. There is no estimate at this time regarding any additional clean-up costs which may be incurred due to the higher level of lead detected in 2016.

The presence of contamination from gasoline range organic chemicals (GROs), DROs benzene, and toluene were discovered in 1994 at the location of the former Municipality of Anchorage Fire Station 7 at 3939 W 84th Avenue following removal of two storage tanks. Following remediation and subsequent monitoring through 2014, the Municipality received a determination of cleanup complete (with institutional controls) from ADEC in February of 2016. The property was subsequently sold. The Municipality believes it will have no further remediation liability for the site.

The presence of contamination from DROs, GROs, benzene, toluene, ethylbenzene, and xylene were detected at the Municipality of Anchorage 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. Estimated costs for the required testing in 2017 are \$6,536. Accordingly, the Municipality has accrued a liability of \$6,536 for the site at December 31, 2016.

The presence of contamination from DROs, GROs, RROs, benzene, and toluene, were detected at the Municipality of Anchorage Fleet Maintenance Facility at 4333 Bering Street in the 1990s. The Municipality is planning on having additional testing of groundwater from monitoring wells performed in 2017 as part of ongoing monitoring. The estimated cost of the work to be performed in 2017 is \$20,000. Accordingly, the Municipality has accrued a liability of \$20,000 for the site at December 31, 2016.

Peacock Cleaners

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

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 \$2,351,775.

NOTE 21 - SUBSEQUENT EVENTS

A. Port Subsequent Events

Tariff Rates

Effective January 1, 2017, Port tariff rates will be increasing through the published Terminal Tariff No. 8, 2015 publication.

Port of Anchorage Intermodal Expansion Litigation Settlement

On January 25, 2017, the Municipality and Integrated Concepts and Research Corporation (ICRC) 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 ICRC on the PIEP. The agreement requires ICRC to make payment in the amount of \$3.75 million within 30 calendar days of the effective date of the settlement agreement.

On January 26, 2017 the Municipality and CH2M Hill reached an agreement to fully and finally settle, release and resolve any and all claims, liabilities, and damages of the Municipality related to the work performed by CH2M Hill on the PIEP. The agreement requires CH2M Hill to make payment in immediately available funds to the Municipality of \$1.5 million within 30 calendar days of the effective date of the agreement.

On January 27, 2017, the Municipality and GeoEngineers Inc 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 GeoEngineers on the PIEP. The agreement requires GeoEngineers to make payment in immediately available funds to the Municipality of \$750,000 within 30 calendar days of the effective date of the agreement.

On January 30, 2017, the Municipality and PND Engineers Inc 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 PND Engineers Inc on the PIEP. The agreement requires PND Engineers Inc to make payment in the amount of \$750,000 within 30 calendar days of the effective date of the settlement agreement.

B. Electric Utility Subsequent Events

Authorization of Electric Revenue Refunding Bonds

In May 2017, the Municipality authorized the issuance of Electric Revenue Refunding Bonds. These bonds, if issued, would refund all or a portion of the following issues: 2005 Electric Senior Lien Revenue Bonds with a remaining outstanding balance of \$22.7 million, 2009 Electric Senior Lien Revenue Bonds with a remaining outstanding balance of \$15.2 million, 2009 Electric Senior Lien Revenue Bonds (BABS) with a remaining outstanding balance of \$114.8 million, and 2014A Electric Senior Lien Revenue Bonds with a remaining outstanding balance of \$178.2 million. Details of the Electric Utility outstanding revenue bonds are disclosed in Note 10(C) - Long-term Obligations.

C. Water Utility Subsequent Events

Alaska Drinking Water Loans

In February 2017, the Municipality authorized the Water Utility to borrow from the Alaska Clean Water Fund in an amount not to exceed \$13.5 million. Subsequent to December 31, 2016, the Water Utility entered into loan agreements for an additional \$1.8 million from the Alaska Drinking Water Fund to be used for capital construction projects to be drawn as needed.

Authorization of Water Utility Revenue Refunding Bonds

In March 2017, the Municipality authorized the issuance of Water Revenue Refunding Bonds. These bonds, if issued, would refund all or a portion of the following issues: 2004 Water Senior Lien Revenue Bonds with a remaining outstanding balance of \$1.1 million, 2007 Water Senior Lien Revenue Bonds with a remaining outstanding balance of \$87.2 million, 2009 Water Senior Lien Revenue Bonds with a remaining outstanding balance of \$22.3 million, and any or all outstanding Subordinate Lien Water Revenue Loans. Details of the Water Utility outstanding revenue bonds and loans are disclosed in Note 10(C) - Long-term Obligations. Details of debt issued subsequent to year end are disclosed in Note 11.

D. Wastewater Utility Subsequent Event

Fuel Spill at Pump Station 12 Facility

Subsequent to December 31, 2016, the Wastewater Utility experienced a diesel fuel spill at our Pump Station 12 Facility. The quantity of this fuel spill is currently estimated at less than 500 gallons. Preliminary actions have occurred to remove surface contamination, but subsurface contamination remains. The Wastewater Utility will be required to perform the cleanup in accordance with Alaska Department of Environmental Conservation regulations. It is reasonably possible that a liability has been incurred; however, it is not currently possible to estimate the amount of any potential liability so no liability has been recorded.

Alaska Clean Water Loans

In February 2017, the Municipality authorized the borrowing of Alaska Clean Water Loans in an amount not to exceed \$5.2 million. Subsequent to December 31, 2016, the Wastewater Utility entered into loan agreements for an additional \$5 million from the State of Alaska Clean Water Fund for capital construction projects to be drawn as needed.

Authorization of Wastewater Utility Revenue Refunding Bonds

In March 2017, the Municipality authorized the issuance of Wastewater Revenue Refunding Bonds. These bonds, if issued, would refund all or a portion of the following issues: 2004 Wastewater Senior Lien Revenue Bonds with a remaining outstanding balance of \$3.1 million, 2007 Wastewater Senior Lien Revenue Bonds with a remaining outstanding balance of \$58.4 million, and any or all outstanding Subordinate Lien Wastewater Revenue Loans. Details of the Wastewater Utility outstanding revenue bonds are disclosed in Note 10(C) - Long-term Obligations. Details of debt issued subsequent to year end are disclosed in Note 11.

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.

Master Lease Purchasing Agreement

The Municipality adopted an ordinance in April 2017 to authorize the use of Master Lease Purchasing Agreements not to exceed \$100 million for financing various municipal capital assets. Currently, the SAP project

is partially financed under a Master Lease Purchasing Agreement with an outstanding balance at December 31, 2016 of \$33.2 million (See Note 10(A) - Long-term Obligations). The increase would accommodate forecasted activity, which includes refinancing the SAP project once it goes live. ASD and the Electric Utility have also requested lease financing for capital projects.

Federal Transit Administration Section 5307 Grant FY2016

For fiscal year 2016, the Federal Transit Administration (FTA) apportioned \$15,582,899 under the Section 5307 federal grant for the purpose of capital and operating assistance in urbanized areas and for transportation-related planning. The Municipality has entered into agreements with the Alaska Railroad Corp over several years to split this grant for use by both organizations. The Municipality requested a change in allocation from the Alaska Railroad for the fiscal year 2016 apportionment. The Municipality and the Railroad have been in negotiation regarding the allocation split, and to date have not reached an agreement.

Because no agreement has been reached, FTA has not officially awarded the fiscal year 2016 apportionment, which means that there is no expectation of reimbursement. Expenditures incurred in 2016 cannot be presented as federal grant expenditures, with the corresponding reimbursement receivable and revenue, until the grant has been awarded by FTA, which resulted in \$3,066,677 of expenditures being reported in the general fund, using an appropriation of fund balance. So long as there is an agreement in place and FTA awards the grant before December 31, 2017, the Municipality will be able to seek reimbursement for the expenditures currently residing in the general fund and use a portion of the grant proceeds to replenish general fund's fund balance. If no agreement and award is in place by December 31, 2017, the entire \$15 million apportionment will become unavailable. The Municipality has budgeted approximately \$2 million in expenditures in 2017 and has incurred approximately \$203,706 of expenditures in 2017.

Eklutna Lawsuit Settlement

In 2013, Eklutna Inc filed a lawsuit against the Municipality claiming that they were entitled to 50 percent of the proceeds from the sale of landfill gas produced by the Anchorage Regional Landfill, since Eklutna Inc owned 50 percent of the land that the landfill sits on. On January 9, 2017, Eklutna Inc and the Municipality agreed on a settlement in which the Municipality would pay Eklutna Inc a one-time amount of \$5.75 million. In exchange, the Municipality will be entitled to all the proceeds from the sale of the landfill gas going forward. The settlement amount was split between the general fund and solid waste services, with each fund paying \$5 million and \$750,000, respectively.

Kennedy and Feliciano v MOA

On May 22, 2017, the Alaska Supreme Court entered judgements against the Municipality on behalf of two ex-APD officers, who filed a lawsuit in June 2010, claiming hostile work environment, retaliation, and breach of the implied covenant of good faith and fair dealing. The total amount awarded to the two plaintiffs, including enhanced attorney's fees, was \$2,687,876.

NOTE 22 - NEW ACCOUNTING PRONOUNCEMENTS

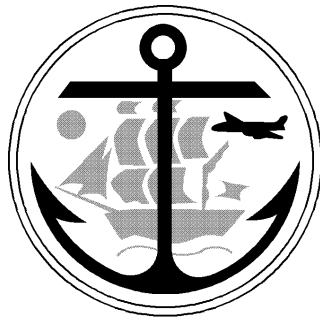
The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Municipality for 2016 reporting:

- **GASB 72 – Fair Value Measurement and Application.** The provisions of this Statement address accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this statement were applied to the investment balances present in the 2016 CAFR and additional disclosures as required by the statement were presented.
- **GASB 77 – Tax Abatement Disclosures.** The provisions of the Statement address accounting and reporting for tax abatements. Currently, the Municipality does not have any tax abatement agreements so the provisions of this statement were considered, but not applied. The Municipality will continue to review this statement each year to determine if it becomes applicable.

- GASB 79 – Certain External Investment Pools and Pool Participants. The provisions of this Statement address accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Municipality participates in an internal investment pool, but does not participate in an external investment pool. 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 74 – Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. The provisions of this Statement are required to be implemented for the 2017 financial reporting period.
- 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 80 – Blending Requirements for Certain Component Units, an Amendment of GASB Statement No. 14. The provisions of this Statement are required to be implemented for the 2017 financial reporting period.
- GASB 81 – Irrevocable Split-interest Agreements. The provisions of this Statement are required to be implemented for the 2017 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.



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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, 2016

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Revenues:						
Taxes	\$ 54,759,615	\$ 582,775,653	\$ 577,356,754	\$ -	\$ 577,356,754	\$ (5,418,899)
Assessments in lieu of taxes	3,055,562	3,113,326	3,189,013	-	3,189,013	75,687
Special assessments	220,000	220,000	639,251	-	639,251	419,251
Licenses and permits	11,115,645	11,027,745	9,322,822	-	9,322,822	(1,704,923)
Intergovernmental	13,137,048	13,145,611	12,667,016	(1) 8,793,544	21,460,560	(478,595)
Charges for services	23,472,759	24,631,046	23,076,407	-	23,076,407	(1,554,639)
Fines and forfeitures	7,908,883	7,191,461	4,703,932	-	4,703,932	(2,487,529)
Investment income	1,264,426	1,264,426	310,715	-	310,715	(953,711)
Restricted contributions	-	113,082	113,284	-	113,284	202
Other revenues	2,707,647	2,746,336	3,174,574	-	3,174,574	428,238
Total revenues	117,641,585	646,228,686	634,553,768	8,793,544	643,347,312	(11,674,918)
Expenditures:						
Current:						
General government	20,181,048	20,563,305	20,445,597	(1) 949,679	21,395,276	117,708
Fire services	97,946,549	100,166,094	100,613,999	(1) 2,700,205	103,314,204	(447,905)
Police services	110,940,910	111,475,049	111,567,157	(1) 2,928,598	114,495,755	(92,108)
Health and human services	13,252,266	13,166,220	12,889,999	(1) 307,823	13,197,822	276,221
Economic and community development	42,424,258	44,205,980	43,565,314	(1) 495,569	44,060,883	640,666
Public transportation	23,255,558	23,287,329	25,912,782	(1) 422,419	26,335,201	(2,625,453)
Public works	23,000,147	23,571,633	22,885,745	(1) 781,848	23,667,593	685,888
Education	-	242,707,116	242,707,116	-	242,707,116	-
Maintenance and operations	34,507,016	36,102,189	32,604,980	(1) 207,403	32,812,383	3,497,209
Debt service:						
Principal	35,970,005	36,339,000	36,335,000	-	36,335,000	4,000
Interest	19,514,432	19,349,308	19,212,647	-	19,212,647	136,661
Total expenditures	420,992,189	670,933,223	668,740,336	8,793,544	677,533,880	2,192,887
Deficiency of revenues over expenditures	(303,350,604)	(24,704,537)	(34,186,568)	-	(34,186,568)	(9,482,031)
Other financing sources (uses):						
Transfers in – from other funds	27,250,158	28,127,179	28,490,445	-	28,490,445	363,266
Transfers out – to other funds	(9,524,628)	(15,540,981)	(15,380,180)	-	(15,380,180)	160,801
Sale of capital assets	275,000	2,037,179	2,253,791	-	2,253,791	216,612
Insurance recoveries	41,500	104,686	253,654	-	253,654	148,968
Total other financing source (uses)	18,042,030	14,728,063	15,617,710	-	15,617,710	889,647
Net change in fund balance	(285,308,574)	(9,976,474)	(18,568,858)	-	(18,568,858)	(8,592,384)
Fund balance, beginning of year	83,627,685	83,627,685	83,627,685	-	83,627,685	-
Fund balance, end of year	\$ (201,680,889)	\$ 73,651,211	\$ 65,058,827	\$ -	\$ 65,058,827	\$ (8,592,384)

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, 2016

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 2016 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 2016 capital budgets with anticipated appropriation of resources for the general government and appropriations for each utility. Upon certification by the Chief Fiscal Officer that actual resources have become available for specific general government capital projects; e.g., when a grant is accepted, a bond sale or interfund transfer is approved, or a special assessment district is created, a supplemental appropriation is submitted to the Assembly for final approval. Supplemental appropriations are also submitted for approval upon certification by the Chief Fiscal Officer that operating grant funds have become available. The legal level of a budgetary control is the fund or sub-fund level for revenues and expenditures and the department level for expenditures and other financing uses.

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

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

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Required Supplementary Information – Budgetary Data

December 31, 2016

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, 2016

	Percentage of Lane - Miles in Good or Better Condition		
	2014	2011	2008
Anchorage Road District	80.20%	72.81%	75.51%
Chugiak/Eagle River Road District	95.60%	93.79%	95.87%
Girdwood Road District	93.20%	88.01%	94.32%
Other Road Districts	79.00%	71.71%	74.46%
New Road District	87.10%	0.00%	0.00%
Overall System	83.60%	77.62%	80.18%

	Percentage of Lane - Miles in Fair Condition		
	2014	2011	2008
Anchorage Road District	19.80%	27.19%	24.49%
Chugiak/Eagle River Road District	4.40%	6.21%	4.13%
Girdwood Road District	6.80%	11.99%	5.68%
Other Road Districts	21.00%	28.29%	25.54%
New Road District	12.90%	0.00%	0.00%
Overall System	16.40%	22.38%	19.82%

	Comparison of Estimated-to-Actual Maintenance/Preservation (in Thousands)				
	2016	2015	2014	2013	2012
Anchorage Road District:					
Needed	\$ 21,190	\$ 11,226	\$ 26,810	\$ 25,145	\$ 21,883
Actual	17,582	11,014	26,801	24,412	21,860
Chugiak/Eagle River Road District:					
Needed	4,260	6,149	5,393	5,916	4,582
Actual	5,055	7,046	5,901	6,333	4,062
Girdwood Road District:					
Needed	1,741	332	323	641	316
Actual	1,909	547	528	744	391
Other Road Districts:					
Needed	3,381	4,234	7,917	2,439	1,015
Actual	4,154	4,797	8,738	3,566	1,758
Overall System:					
Needed	30,572	21,942	40,443	34,141	27,796
Actual	28,700	23,405	41,968	35,055	28,071
Difference	1,872	1,463	1,525	914	275

Note: The condition of road pavement is measured based upon an assessment of the longitudinal profile (International Roughness Index) and rut depth provided by the Mandli Road Surface Profiler in 2014 and Dynatest Road Surface Profiler in prior years. The measurement system is an algorithm that combines the international roughness index, rut depth, and road profile to determine a condition index from two for pavement in excellent condition to seven for pavement in fair condition. The condition index is used to classify paved roads in good or better condition (4 or less) and fair condition (5 or more). It is 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 Two 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
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%

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information
 Public Employees Retirement System- Defined Benefit
 Schedule of Municipality Contributions
 Last Two 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
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%

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 Two Calendar Years

	2016	2015
Total pension liability:		
Service cost	\$ -	\$ -
Interest	6,317,389	6,480,803
Differences between expected and actual experiences	(263,269)	334,288
Changes of assumptions	-	657,285
Benefits payments, including refunds of member contributions	(8,476,620)	(8,554,565)
Net changes in total pension liability	(2,422,500)	(1,082,189)
Total pension liability - beginning	86,282,317	87,364,506
Total pension liability - ending (a)	83,859,817	86,282,317
Plan fiduciary net position:		
Contributions- Employer- Municipality of Anchorage	1,546,175	1,338,525
Contributions- Plan members	-	-
Total net investment income	5,206,406	416,540
Benefits payments, including refunds of member contributions	(8,476,620)	(8,554,565)
Administrative expenses	(141,852)	(148,501)
Net change in plan fiduciary net position	(1,865,891)	(6,948,001)
Plan fiduciary net position - beginning	68,545,419	75,493,420
Plan fiduciary net position - ending (b)	66,679,528	68,545,419
Plan's net pension liability (a) - (b)	\$ 17,180,289	\$ 17,736,898
Plan fiduciary net position as a percentage of the total pension liability	79.51%	79.44%
Covered-employee payroll	\$ -	\$ -
Net pension liability as a percentage of covered-employee payroll	N/A	N/A

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Required Supplementary Information
Police and Fire Retirement System- Defined Benefit
Schedule of Changes in the Municipality's Net Pension Liability and Related Ratios- Plan II
Last Two Calendar Years

	2016	2015
Total pension liability:		
Service cost	\$ -	\$ -
Interest	4,783,176	4,879,585
Differences between expected and actual experiences	(369,686)	53,268
Changes of assumptions	-	542,944
Benefits payments, including refunds of member contributions	(5,924,959)	(5,905,860)
Net changes in total pension liability	(1,511,469)	(430,063)
Total pension liability - beginning	65,081,652	65,511,715
Total pension liability - ending (a)	63,570,183	65,081,652
Plan fiduciary net position:		
Contributions- Employer- Municipality of Anchorage	1,108,376	964,863
Contributions- Plan members	-	3,114
Total net investment income	4,004,263	311,642
Benefits payments, including refunds of member contributions	(5,925,180)	(5,905,860)
Administrative expenses	(109,293)	(113,263)
Net change in plan fiduciary net position	(921,834)	(4,739,504)
Plan fiduciary net position - beginning	52,369,027	57,108,531
Plan fiduciary net position - ending (b)	51,447,193	52,369,027
Plan's net pension liability (a) - (b)	\$ 12,122,990	\$ 12,712,625
Plan fiduciary net position as a percentage of the total pension liability	80.93%	80.47%
Covered-employee payroll	\$ -	\$ -
Net pension liability as a percentage of covered-employee payroll	N/A	N/A

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

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information
 Police and Fire Retirement System- Defined Benefit
 Schedule of Changes in the Municipality's Net Pension Liability and Related Ratios- Plan III
 Last Two Calendar Years

	2016	2015
Total pension liability:		
Service cost	\$ 513,183	\$ 783,360
Interest	18,494,293	18,458,939
Differences between expected and actual experiences	(3,485,409)	33,760
Changes of assumptions	-	2,559,038
Benefits payments, including refunds of member contributions	(18,335,110)	(17,729,611)
Net changes in total pension liability	(2,813,043)	4,105,486
Total pension liability - beginning	248,839,998	244,734,512
Total pension liability - ending (a)	246,026,955	248,839,998
Plan fiduciary net position:		
Contributions- Employer- Municipality of Anchorage	4,439,969	3,587,533
Contributions- Plan members	126,119	186,947
Total net investment income	15,433,835	1,123,661
Benefits payments, including refunds of member contributions	(18,335,110)	(17,729,611)
Administrative expenses	(423,265)	(428,114)
Net change in plan fiduciary net position	1,241,548	(13,259,584)
Plan fiduciary net position - beginning	198,705,792	211,965,376
Plan fiduciary net position - ending (b)	199,947,340	198,705,792
Plan's net pension liability (a) - (b)	\$ 46,079,615	\$ 50,134,206
Plan fiduciary net position as a percentage of the total pension liability	81.27%	79.85%
Covered-employee payroll	\$ 2,168,836	\$ 2,199,063
Net pension liability as a percentage of covered-employee payroll	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 Two 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
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
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
2016	\$ 4,440,000	\$ 4,440,000	\$ -	\$ 2,168,836	204.718%
2015	3,588,000	3,588,000	-	2,199,063	163.160%

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
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%
2007	1,490,810	1,490,810	-	14,488,661	10.29%

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information
 International Union of Operating Engineers (Local 302)- Defined Benefit
 Schedule of Municipality Contributions
 Last Three 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
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%

MUNICIPALITY OF ANCHORAGE, ALASKA
Notes to the Required Supplementary Information
Pension Plans
December 31, 2016

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, 2016, the Plan measurement date is June 30, 2016.
- 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, 2016 allocated the net pension liability based on the present value of contributions for fiscal year 2018 through 2039, as determined by projections based on the June 30, 2015 actuarial valuation. This is the same allocation method used for the measurement period June 30, 2015.

Schedule of Municipality Contributions

- This table is based on the Municipality's contributions during calendar year 2016. A portion of these contributions are included in the plan measurement results, while a portion of the contributions are reported as a deferred outflow on the December 31, 2016 basic financial statements.

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 during calendar year 2016.
- 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 during calendar year 2016.

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. 78, "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, 2016

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 3 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 during calendar year 2016.
- In accordance with GASB Statement No. 78, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based.

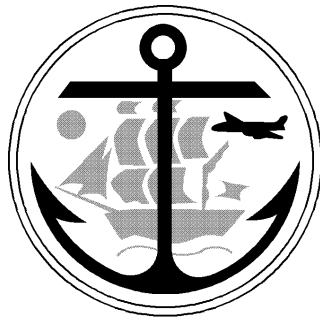
MUNICIPALITY OF ANCHORAGE, ALASKA
Other Postemployment Benefits Information
Schedule of Funding Progress
Police and Fire Retirement Systems
Valuation Years 2016 through 2014
(in thousands)

	Gentile Group		
	2016	2015	2014
Actuarial valuation date	January 1, 2016	January 1, 2015	January 1, 2014
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)*	99,485	99,485	87,466
Unfunded actuarial accrued liability (UAAL)	99,485	99,485	87,466
Funded ratio	0%	0%	0%

	Police & Fire Retiree Medical Group		
	2016	2015	2014
Actuarial valuation date	January 1, 2016	January 1, 2015	January 1, 2014
Actuarial value of plan assets	\$ 16,332	\$ 16,332	\$ 12,948
Actuarial accrued liability (AAL)*	50,120	50,120	41,275
Unfunded actuarial accrued liability (UAAL)	33,788	33,788	28,327
Funded ratio	33%	33%	31%

* 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	2016	\$ -	\$ 99,485	\$ 99,485	0%	\$ -	100%
	2015	-	99,485	99,485	0%	-	100%
	2014	-	87,466	87,466	0%	119	73501%
Police & Fire	2016	\$ 16,332	\$ 50,120	\$ 33,788	33%	\$ 2,169	1558%
	2015	16,332	50,120	33,788	33%	2,199	1537%
	2014	12,948	41,275	28,327	31%	4,817	588%



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SUPPLEMENTARY INFORMATION

Additional Budgetary Comparison Schedules

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Additional Supplementary Information- Budgetary Comparison Schedule
by General Fund and Sub-funds
For the year ended December 31, 2016

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Revenues & other financing sources:						
Areawide Service Area	\$ 113,921,145	\$ 366,362,874	\$ 361,328,815	\$ -	\$ 361,328,815	\$ (5,034,059)
Former City Service Area	-	-	(30)	-	(30)	(30)
Chugiak Fire Service Area	41,174	1,278,533	1,541,938	-	1,541,938	263,405
Glen Alps Service Area	10,005	347,915	348,127	-	348,127	212
Girdwood Valley Service Area	66,537	2,612,287	2,606,287	-	2,606,287	(6,000)
Former Borough Roads & Drainage Service Area	-	-	1,737	-	1,737	1,737
Fire Service Area	2,793,231	78,175,377	77,720,591	-	77,720,591	(454,786)
Roads & Drainage Service Area	3,799,669	72,767,904	72,345,539	-	72,345,539	(422,365)
Limited Service Areas	299,172	10,338,679	10,346,688	-	10,346,688	8,009
Anchorage Metropolitan Police Service Area	12,356,189	111,393,435	107,357,735	-	107,357,735	(4,035,700)
Anchorage Bowl Parks & Recreation Service Area	2,715,375	20,020,970	20,039,084	-	20,039,084	18,114
Eagle River - Chugiak Parks & Recreational Service Area	532,047	4,461,777	4,631,125	-	4,631,125	169,348
Building Safety Service Area	6,862,220	6,862,220	5,450,127	-	5,450,127	(1,412,093)
Public Finance & Investment	1,811,479	1,875,759	1,835,475	-	1,835,475	(40,284)
Police/Fire Retiree Medical Defined Contribution Support	-	-	(1,580)	-	(1,580)	(1,580)
SOA PERs On-Behalf Payments	-	-	-	(1) 8,793,544	8,793,544	-
MOA Trust Fund	-	-	-	-	-	-
Total revenues & other finance sources	145,208,243	676,497,730	665,551,658	8,793,544	674,345,202	(10,946,072)
Expenditures & other financing uses:						
Areawide Service Area	120,400,436	371,644,689	374,053,507	-	374,053,507	(2,408,818)
Former City Service Area	-	-	-	-	-	-
Chugiak Fire Service Area	1,404,521	1,278,533	1,212,763	-	1,212,763	65,770
Glen Alps Service Area	335,250	347,915	329,410	-	329,410	18,505
Girdwood Valley Service Area	2,208,885	3,066,787	2,764,130	-	2,764,130	302,657
Former Borough Roads & Drainage Service Area	-	-	-	-	-	-
Fire Service Area	78,157,275	79,159,254	79,142,882	-	79,142,882	16,372
Roads & Drainage Service Area	72,215,172	73,077,166	70,936,455	-	70,936,455	2,140,711
Limited Service Areas	10,172,708	11,309,179	9,998,959	-	9,998,959	1,310,220
Anchorage Metropolitan Police Service Area	111,727,119	111,929,419	112,190,034	-	112,190,034	(260,615)
Anchorage Parks & Recreation Service Area	19,700,479	20,020,970	19,623,886	-	19,623,886	397,084
Eagle River - Chugiak Parks & Recreational Service Area	4,316,468	5,211,777	4,669,303	-	4,669,303	542,474
Building Safety Service Area	7,925,307	7,377,999	7,098,976	-	7,098,976	279,023
Public Finance & Investment	1,747,199	1,812,625	1,914,631	-	1,914,631	(102,006)
Police/Fire Retiree Medical Defined Contribution Support	205,998	237,891	185,580	-	185,580	52,311
SOA PERs On-Behalf Payments	-	-	-	(1) 8,793,544	8,793,544	-
MOA Trust Fund	-	-	-	-	-	-
Total expenditures & other financing uses	430,516,817	686,474,204	684,120,516	8,793,544	692,914,060	2,353,688
 Net change in fund balance	 (285,308,574)	 (9,976,474)	 (18,568,858)	 -	 (18,568,858)	 (8,592,384)
Fund balance, beginning of year	83,627,685	83,627,685	83,627,685	-	83,627,685	-
Fund balance, end of year	\$ (201,680,889)	\$ 73,651,211	\$ 65,058,827	\$ -	\$ 65,058,827	\$ (8,592,384)

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.

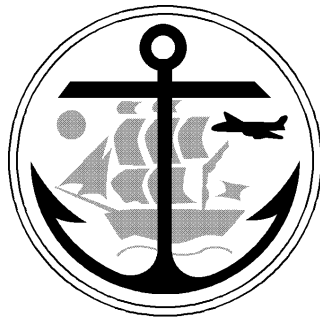
MUNICIPALITY OF ANCHORAGE, ALASKA
 Additional Supplementary Information - Budgetary Comparison Schedule
 by Department for the General Fund and Sub-funds
 For the year ended December 31, 2016

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Expenditures & other financing uses:						
Assembly	\$ 3,381,235	\$ 4,768,323	\$ 4,666,543	(1) \$ 88,789	\$ 4,755,332	\$ 101,780
Chief Fiscal Officer	660,543	476,240	396,837	(1) 7,551	404,388	79,403
Development Services	9,938,947	10,033,083	9,659,249	(1) 288,192	9,947,441	373,834
Economic & Community Development	23,107,535	23,872,213	23,968,236	(1) 262,782	24,231,018	(96,023)
Education	-	242,707,116	242,707,116	-	242,707,116	-
Employee Relations	3,811,287	3,811,287	3,456,801	(1) 65,772	3,522,573	354,486
Office of Equal Opportunity	197,602	197,602	190,614	(1) 3,627	194,241	6,988
Equal Rights Commission	775,779	775,779	693,525	(1) 13,196	706,721	82,254
Finance	14,102,996	14,364,540	14,306,519	(1) 272,206	14,578,725	58,021
Fire	93,907,677	95,712,843	95,591,729	(1) 2,700,205	98,291,935	121,114
Health & Human Services	11,472,082	11,918,056	11,744,651	(1) 307,823	12,052,474	173,405
Heritage Land Bank/Real Estate Services	7,251,994	9,024,518	8,764,940	(1) 166,768	8,931,708	259,579
Information Technology	1,195,940	1,195,940	1,154,304	(1) 21,963	1,176,267	41,636
Internal Audit	734,921	734,921	569,058	(1) 10,827	579,885	165,863
Maintenance & Operations	96,039,241	98,677,048	94,679,684	(1) 207,404	94,887,087	3,997,364
Management & Budget	1,099,866	1,249,866	1,137,646	(1) 21,646	1,159,292	112,220
Mayor	1,980,527	2,555,527	2,475,888	(1) 47,108	2,522,996	79,639
Municipal Attorney	7,557,281	7,490,255	7,490,255	(1) 142,516	7,632,771	-
Municipal Manager	2,741,984	2,990,139	2,896,470	(1) 55,111	2,951,581	93,669
Non Departmental - TANS	263,013	263,013	210,163	-	210,163	52,850
Parks & Recreation	17,120,499	18,085,551	17,118,115	(1) 192,407	17,310,522	967,436
Planning	3,680,906	3,727,432	3,592,539	(1) 40,380	3,632,919	134,893
Police	100,657,458	102,220,229	101,672,184	(1) 2,928,598	104,600,781	548,045
Police/Fire Retiree Medical	205,146	237,126	184,687	-	184,687	52,439
Project Management & Engineering	8,756,003	9,280,102	9,249,767	(1) 275,974	9,525,741	30,335
Public Transportation	23,366,540	23,362,097	23,181,949	(1) 422,419	23,604,368	180,148
Purchasing	1,811,040	1,811,040	1,713,315	(1) 32,599	1,745,914	97,725
Traffic	7,012,806	7,370,452	7,163,253	(1) 217,682	7,380,935	207,199
Total expenditures & other financing uses	<u>442,830,848</u>	<u>698,912,338</u>	<u>690,636,035</u>	<u>8,793,544</u>	<u>699,429,579</u>	<u>8,276,303</u>
Less: net intragovernmental costs & billings	<u>(12,314,031)</u>	<u>(12,438,247)</u>	<u>(6,515,519)</u>	<u>-</u>	<u>(6,515,519)</u>	<u>(5,922,728)</u>
Total expenditures & other financing uses	<u>\$ 430,516,817</u>	<u>\$ 686,474,091</u>	<u>\$ 684,120,516</u>	<u>\$ 8,793,544</u>	<u>\$ 692,914,060</u>	<u>\$ 2,353,575</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.



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

The **E911 Surcharge Fund** accounts for financial resources for acquisition, implementation and maintenance of the enhanced 911 emergency system.

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

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

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

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

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

Capital Projects Funds

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

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

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

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

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

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

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

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

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, 2016

	Special Revenue					
	Heritage Land Bank	Federal/State Fines and Forfeitures	Convention Center			Federal Grants
			Operating Reserve	E911 Surcharge	State Grants	
Assets						
Cash	\$ -	\$ 47,015	\$ -	\$ -	\$ -	\$ -
Cash in central treasury	3,685,379	2,442,314	22,865,658	-	15,417,122	1,656,149
Investments	-	-	-	-	-	7
Due from other funds	85,000	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	1,988,068	1,176,013	-	-
Intergovernmental receivables	-	-	-	-	5,521,210	2,516,398
Special assessments receivable	-	-	-	-	-	-
Prepaid items and deposits	-	77	375,000	-	16,266	-
Loans receivable	-	-	-	-	-	3,371,663
Advances to other funds	1,646,199	-	-	-	-	-
Investments	-	-	-	-	-	-
Investments in Angel Fund program	-	-	-	-	-	-
Total assets	<u>5,416,578</u>	<u>2,489,406</u>	<u>25,228,726</u>	<u>1,176,013</u>	<u>20,954,598</u>	<u>7,544,217</u>
Liabilities						
Accounts payable and retainages	14,850	3,689	1,015,734	-	1,549,415	403,701
Accrued payroll liabilities	13,467	-	-	-	334,191	41,208
Due to other funds	-	-	5,911,847	2,004,629	-	-
Unearned revenue and deposits	-	-	-	-	218,579	3,840,174
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>28,317</u>	<u>3,689</u>	<u>6,927,581</u>	<u>2,004,629</u>	<u>2,102,185</u>	<u>4,285,083</u>
Deferred Inflows of Resources						
Unavailable revenue-intergovernmental revenues	-	-	-	-	-	1,077,784
Unavailable revenue-special assessments	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,077,784</u>
Fund Balances (Deficits)						
Nonspendable	-	77	375,000	-	16,266	-
Restricted	-	2,049,478	14,711,845	-	1,352,324	2,040,521
Committed	5,388,261	-	-	-	-	-
Assigned	-	436,162	3,214,300	-	17,483,823	140,829
Unassigned	-	-	-	(828,616)	-	-
Total fund balances (deficits)	<u>5,388,261</u>	<u>2,485,717</u>	<u>18,301,145</u>	<u>(828,616)</u>	<u>18,852,413</u>	<u>2,181,350</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 5,416,578</u>	<u>\$ 2,489,406</u>	<u>\$ 25,228,726</u>	<u>\$ 1,176,013</u>	<u>\$ 20,954,598</u>	<u>\$ 7,544,217</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

Special Revenue (Continued)

	49th State Angel Fund	Police/Fire Retiree Medical Liability	Miscellaneous Operational Grants	Other Restricted Resources	Total Special Revenue
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 47,015
Cash in central treasury	11,380,006	21,174	1,076,162	-	58,543,964
Investments	-	34,263,360	-	-	34,263,367
Due from other funds	-	-	-	-	85,000
Receivables (net of allowance for uncollectibles)	-	-	18,674	-	3,182,755
Intergovernmental receivables	-	-	-	-	8,037,608
Special assessments receivable	-	-	-	105,103	105,103
Prepaid items and deposits	-	-	-	-	391,343
Loans receivable	-	-	-	-	3,371,663
Advances to other funds	-	-	-	-	1,646,199
Investments	-	-	-	-	-
Investments in Angel Fund program	1,278,236	-	-	-	1,278,236
Total assets	<u>12,658,242</u>	<u>34,284,534</u>	<u>1,094,836</u>	<u>105,103</u>	<u>110,952,253</u>
Liabilities					
Accounts payable and retainages	-	-	23,035	83,495	3,093,919
Accrued payroll liabilities	5	-	-	-	388,871
Due to other funds	-	-	-	67,738	7,984,214
Unearned revenue and deposits	-	-	18,674	-	4,077,427
Advances from other funds	-	-	-	-	-
Total liabilities	<u>5</u>	<u>-</u>	<u>41,709</u>	<u>151,233</u>	<u>15,544,431</u>
Deferred Inflows of Resources					
Unavailable revenue-intergovernmental revenues	-	-	-	-	1,077,784
Unavailable revenue-special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,077,784</u>
Fund Balances (Deficits)					
Nonspendable	-	-	-	-	391,343
Restricted	12,658,237	34,284,534	1,053,127	-	68,150,066
Committed	-	-	-	-	5,388,261
Assigned	-	-	-	-	21,275,114
Unassigned	-	-	-	(46,130)	(874,746)
Total fund balances (deficits)	<u>12,658,237</u>	<u>34,284,534</u>	<u>1,053,127</u>	<u>(46,130)</u>	<u>94,330,038</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 12,658,242</u>	<u>\$ 34,284,534</u>	<u>\$ 1,094,836</u>	<u>\$ 105,103</u>	<u>\$ 110,952,253</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Debt Service				Capital Projects
	Jail Revenue Bond	ACPA Surcharge		Total Debt Service	Areawide
		Revenue Bond	CIVICVentures		
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Cash in central treasury	-	669,615	-	669,615	1,926,170
Investments	-	-	-	-	-
Due from other funds	-	-	5,911,847	5,911,847	-
Receivables (net of allowance for uncollectibles)	-	122,010	-	122,010	-
Intergovernmental receivables	-	-	-	-	6,859,397
Special assessments receivable	-	-	-	-	-
Prepaid items and deposits	-	-	-	-	213,696
Loans receivable	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Investments	-	-	7,164,783	7,164,783	-
Investments in Angel Fund program	-	-	-	-	-
Total assets	-	791,625	13,076,630	13,868,255	8,999,263
Liabilities					
Accounts payable and retainages	-	-	-	-	1,853,407
Accrued payroll liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	89,910
Unearned revenue and deposits	-	-	-	-	-
Advances from other funds	-	-	-	-	903,432
Total liabilities	-	-	-	-	2,846,749
Deferred Inflows of Resources					
Unavailable revenue-intergovernmental revenues	-	-	-	-	-
Unavailable revenue-special assessments	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances (Deficits)					
Nonspendable	-	-	-	-	213,696
Restricted	-	791,625	13,076,630	13,868,255	-
Committed	-	-	-	-	5,938,818
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	-	791,625	13,076,630	13,868,255	6,152,514
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ -	\$ 791,625	\$ 13,076,630	\$ 13,868,255	\$ 8,999,263

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

Capital Projects (Continued)

	Public Safety	Public Transportation	Miscellaneous	Parks and Recreation	Historic Preservation
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Cash in central treasury	296,357	211,908	1,544,708	8,758,807	68,844
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	-	-
Intergovernmental receivables	3,865,719	390,476	2,135,442	1,677,893	-
Special assessments receivable	-	-	149	-	-
Prepaid items and deposits	-	-	-	-	-
Loans receivable	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Investments	-	-	-	-	-
Investments in Angel Fund program	-	-	-	-	-
Total assets	<u>4,162,076</u>	<u>602,384</u>	<u>3,680,299</u>	<u>10,436,700</u>	<u>68,844</u>
Liabilities					
Accounts payable and retainages	408,336	79,039	1,531,970	989,488	-
Accrued payroll liabilities	-	1,215	32	-	-
Due to other funds	3,678,430	-	-	-	-
Unearned revenue and deposits	-	12,551	1,211,783	3,416	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>4,086,766</u>	<u>92,805</u>	<u>2,743,785</u>	<u>992,904</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue-intergovernmental revenues	-	-	-	-	-
Unavailable revenue-special assessments	-	-	2,904	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>2,904</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)					
Nonspendable	-	-	-	-	-
Restricted	1,697,696	509,579	908,373	3,835,813	-
Committed	165,007	-	25,237	5,389,788	-
Assigned	-	-	-	218,195	68,844
Unassigned	(1,787,393)	-	-	-	-
Total fund balances (deficits)	<u>75,310</u>	<u>509,579</u>	<u>933,610</u>	<u>9,443,796</u>	<u>68,844</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 4,162,076</u>	<u>\$ 602,384</u>	<u>\$ 3,680,299</u>	<u>\$ 10,436,700</u>	<u>\$ 68,844</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	<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	\$ -	\$ -	\$ -	\$ 47,015
Cash in central treasury	2,155,409	14,962,203	506,026	74,681,808
Investments	-	-	-	34,263,367
Due from other funds	-	-	-	5,996,847
Receivables (net of allowance for uncollectibles)	-	-	-	3,304,765
Intergovernmental receivables	-	14,928,927	-	22,966,535
Special assessments receivable	-	149	-	105,252
Prepaid items and deposits	-	213,696	-	605,039
Loans receivable	-	-	-	3,371,663
Advances to other funds	-	-	-	1,646,199
Investments	-	-	-	7,164,783
Investments in Angel Fund program	-	-	-	1,278,236
Total assets	<u>2,155,409</u>	<u>30,104,975</u>	<u>506,026</u>	<u>155,431,509</u>
Liabilities				
Accounts payable and retainages	18,192	4,880,432	-	7,974,351
Accrued payroll liabilities	-	1,247	-	390,118
Due to other funds	-	3,768,340	-	11,752,554
Unearned revenue and deposits	-	1,227,750	-	5,305,177
Advances from other funds	-	903,432	-	903,432
Total liabilities	<u>18,192</u>	<u>10,781,201</u>	<u>-</u>	<u>26,325,632</u>
Deferred Inflows of Resources				
Unavailable revenue-intergovernmental revenues	-	-	-	1,077,784
Unavailable revenue-special assessments	-	2,904	-	2,904
Total deferred inflows of resources	<u>-</u>	<u>2,904</u>	<u>-</u>	<u>1,080,688</u>
Fund Balances (Deficits)				
Nonspendable	-	213,696	150,000	755,039
Restricted	-	6,951,461	-	88,969,782
Committed	2,137,217	13,656,067	-	19,044,328
Assigned	-	287,039	356,026	21,918,179
Unassigned	-	(1,787,393)	-	(2,662,139)
Total fund balances (deficits)	<u>2,137,217</u>	<u>19,320,870</u>	<u>506,026</u>	<u>128,025,189</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 2,155,409</u>	<u>\$ 30,104,975</u>	<u>\$ 506,026</u>	<u>\$ 155,431,509</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2016

	Special Revenue					
	Heritage Land Bank	Federal/State Fines and Forfeitures	Convention Center			Federal Grants
			Operating Reserve	E911 Surcharge	State Grants	
Revenues						
Hotel and motel taxes	\$ -	\$ -	\$ 14,414,037	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Intergovernmental	11,685	-	-	-	19,946,326	3,584,109
Charges for services	883,220	-	-	-	-	3,700
Fines and forfeitures	-	343,817	-	-	-	-
E911 surcharges	-	-	-	6,558,506	-	-
Investment income (loss)	190,799	36,270	259,783	-	601	2,075
Restricted contributions	-	-	-	-	-	(847)
Other	7,436	488	294,139	-	-	342,578
Total revenues	1,093,140	380,575	14,967,959	6,558,506	19,946,927	3,931,615
Expenditures						
Current:						
General government	952,055	-	-	-	1,625,793	206,564
Fire services	-	-	-	1,439,237	33,400	112,651
Police services	-	135,704	-	5,947,885	950,773	998,209
Health and human services	-	-	-	-	9,051,884	345,541
Economic and community development	-	-	6,716,875	-	1,769,907	2,457,322
Public transportation	-	-	-	-	2,008,841	473,244
Public works	-	-	-	-	5,422,665	57,008
Education	-	-	-	-	1,134,516	-
Debt service:						
Principal	-	-	-	-	-	1,350,000
Interest	-	-	-	-	-	74,686
Bond issuance costs	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	952,055	135,704	6,716,875	7,387,122	21,997,779	6,075,225
Excess (deficiency) of revenues over expenditures	141,085	244,871	8,251,084	(828,616)	(2,050,852)	(2,143,610)
Other financing sources (uses)						
Transfers from other funds	94,514	-	604,165	-	1,153,948	1,579,752
Transfers to other funds	(1,216,633)	-	(7,638,847)	-	(2,470)	(1,778)
General obligation bonds issued	-	-	-	-	-	-
Premium on bond sale	-	-	-	-	-	-
Sale of capital assets	41,252	-	-	-	-	(6,050)
Total other financing sources (uses)	(1,080,867)	-	(7,034,682)	-	1,151,478	1,571,924
Net change in fund balances	(939,782)	244,871	1,216,402	(828,616)	(899,374)	(571,686)
Fund balances (deficits), beginning of year	6,328,043	2,240,846	17,084,743	-	19,751,787	2,753,036
Fund balances (deficits), end of year	\$ 5,388,261	\$ 2,485,717	\$ 18,301,145	\$ (828,616)	\$ 18,852,413	\$ 2,181,350

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2016

Special Revenue (Continued)

	49th State Angel Fund	Police/Fire Retiree Medical Liability	Miscellaneous Operational Grants	Other Restricted Resources	Total Special Revenue
Revenues					
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ -	\$ 14,414,037
Special assessments	-	-	-	1,175,652	1,175,652
Intergovernmental	-	-	-	-	23,542,120
Charges for services	-	-	-	-	886,920
Fines and forfeitures	-	-	-	-	343,817
E911 surcharges	-	-	-	-	6,558,506
Investment income (loss)	63,730	2,420,052	13,426	(9,779)	2,976,957
Restricted contributions	-	-	691,241	-	690,394
Other	-	-	-	-	644,641
Total revenues	<u>63,730</u>	<u>2,420,052</u>	<u>704,667</u>	<u>1,165,873</u>	<u>51,233,044</u>
Expenditures					
Current:					
General government	16,983	48,557	16,741	1,166,085	4,032,778
Fire services	-	1,636,879	121,368	-	3,343,535
Police services	-	1,823,754	-	-	9,856,325
Health and human services	-	-	946	-	9,398,371
Economic and community development	-	-	268,962	-	11,213,066
Public transportation	-	-	-	-	2,482,085
Public works	-	-	-	-	5,479,673
Education	-	-	-	-	1,134,516
Debt service:					
Principal	-	-	-	-	1,350,000
Interest	-	-	-	-	74,686
Bond issuance costs	-	-	-	-	-
Capital projects	-	-	-	-	-
Total expenditures	<u>16,983</u>	<u>3,509,190</u>	<u>408,017</u>	<u>1,166,085</u>	<u>48,365,035</u>
Excess (deficiency) of revenues over expenditures	46,747	(1,089,138)	296,650	(212)	2,868,009
Other financing sources (uses)					
Transfers from other funds	-	969,532	56,897	-	4,458,808
Transfers to other funds	-	-	(258,181)	-	(9,117,909)
General obligation bonds issued	-	-	-	-	-
Premium on bond sale	-	-	-	-	-
Sale of capital assets	-	-	-	-	35,202
Total other financing sources (uses)	<u>-</u>	<u>969,532</u>	<u>(201,284)</u>	<u>-</u>	<u>(4,623,899)</u>
Net change in fund balances	46,747	(119,606)	95,366	(212)	(1,755,890)
Fund balances (deficits), beginning of year	12,611,490	34,404,140	957,761	(45,918)	96,085,928
Fund balances (deficits), end of year	<u>\$ 12,658,237</u>	<u>\$ 34,284,534</u>	<u>\$ 1,053,127</u>	<u>\$ (46,130)</u>	<u>\$ 94,330,038</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2016

	<u>Debt Service</u>				<u>Capital Projects</u>
	<u>Jail Revenue Bond</u>	<u>ACPA Surcharge Revenue Bond</u>	<u>CIVICVentures Revenue Bond</u>	<u>Total Debt Service</u>	<u>Areawide</u>
Revenues					
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	16,301,064
Charges for services	-	-	-	-	15,664
Fines and forfeitures	-	-	-	-	-
E911 surcharges	-	-	-	-	-
Investment income (loss)	(3)	11,351	64,436	75,784	129,420
Restricted contributions	-	-	-	-	313,049
Other	-	378,747	-	378,747	125,489
Total revenues	<u>(3)</u>	<u>390,098</u>	<u>64,436</u>	<u>454,531</u>	<u>16,884,686</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	-	120,000	1,790,000	1,910,000	-
Interest	-	173,700	4,227,236	4,400,936	-
Bond issuance costs	-	-	-	-	-
Capital projects	-	-	-	-	24,790,897
Total expenditures	<u>-</u>	<u>293,700</u>	<u>6,017,236</u>	<u>6,310,936</u>	<u>24,790,897</u>
Excess (deficiency) of revenues over expenditures	(3)	96,398	(5,952,800)	(5,856,405)	(7,906,211)
Other financing sources (uses)					
Transfers from other funds	-	-	5,911,847	5,911,847	5,094,065
Transfers to other funds	-	-	-	-	-
General obligation bonds issued	-	-	-	-	-
Premium on bond sale	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,911,847</u>	<u>5,911,847</u>	<u>5,094,065</u>
Net change in fund balances	(3)	96,398	(40,953)	55,442	(2,812,146)
Fund balances (deficits), beginning of year	3	695,227	13,117,583	13,812,813	8,964,660
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ 791,625</u>	<u>\$ 13,076,630</u>	<u>\$ 13,868,255</u>	<u>\$ 6,152,514</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the year ended December 31, 2016

Capital Projects(Continued)

	Public Safety	Public Transportation	Miscellaneous	Parks and Recreation	Historic Preservation
Revenues					
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	556	-	-
Intergovernmental	10,673,405	1,693,961	4,107,118	3,224,062	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
E911 surcharges	-	-	-	-	-
Investment income (loss)	(913)	-	-	125,652	3,223
Restricted contributions	-	-	-	170,274	-
Other	-	-	-	-	-
Total revenues	10,672,492	1,693,961	4,107,674	3,519,988	3,223
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	-	-	-	-	-
Bond issuance costs	2,561	-	-	11,013	-
Capital projects	15,908,419	1,862,256	4,192,866	8,058,321	-
Total expenditures	15,910,980	1,862,256	4,192,866	8,069,334	-
Excess (deficiency) of revenues over expenditures	(5,238,488)	(168,295)	(85,192)	(4,549,346)	3,223
Other financing sources (uses)					
Transfers from other funds	608,745	-	40,000	2,550,750	11
Transfers to other funds	(636)	(525)	-	(688)	(35,000)
General obligation bonds issued	589,379	-	-	2,534,332	-
Premium on bond sale	63,342	-	-	272,369	-
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	1,260,830	(525)	40,000	5,356,763	(34,989)
Net change in fund balances	(3,977,658)	(168,820)	(45,192)	807,417	(31,766)
Fund balances (deficits), beginning of year	4,052,968	678,399	978,802	8,636,379	100,610
Fund balances (deficits), end of year	\$ 75,310	\$ 509,579	\$ 933,610	\$ 9,443,796	\$ 68,844

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2016

	<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>	
Revenues				
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ 14,414,037
Special assessments	-	556	-	1,176,208
Intergovernmental	-	35,999,610	-	59,541,730
Charges for services	-	15,664	11,345	913,929
Fines and forfeitures	-	-	-	343,817
E911 surcharges	-	-	-	6,558,506
Investment income (loss)	-	257,382	7,947	3,318,070
Restricted contributions	-	483,323	-	1,173,717
Other	-	125,489	-	1,148,877
Total revenues	<u>-</u>	<u>36,882,024</u>	<u>19,292</u>	<u>88,588,891</u>
Expenditures				
Current:				
General government	-	-	-	4,032,778
Fire services	-	-	-	3,343,535
Police services	-	-	-	9,856,325
Health and human services	-	-	-	9,398,371
Economic and community development	-	-	-	11,213,066
Public transportation	-	-	-	2,482,085
Public works	-	-	-	5,479,673
Education	-	-	-	1,134,516
Debt service:				
Principal	-	-	-	3,260,000
Interest	-	-	-	4,475,622
Bond issuance costs	-	13,574	-	13,574
Capital projects	465,940	55,278,699	-	55,278,699
Total expenditures	<u>465,940</u>	<u>55,292,273</u>	<u>-</u>	<u>109,968,244</u>
Excess (deficiency) of revenues over expenditures	(465,940)	(18,410,249)	19,292	(21,379,353)
Other financing sources (uses)				
Transfers from other funds	1,266,591	9,560,162	-	19,930,817
Transfers to other funds	-	(36,849)	-	(9,154,758)
General obligation bonds issued	-	3,123,711	-	3,123,711
Premium on bond sale	-	335,711	-	335,711
Sale of capital assets	-	-	-	35,202
Total other financing sources (uses)	<u>1,266,591</u>	<u>12,982,735</u>	<u>-</u>	<u>14,270,683</u>
Net change in fund balances	800,651	(5,427,514)	19,292	(7,108,670)
Fund balances (deficits), beginning of year	1,336,566	24,748,384	486,734	135,133,859
Fund balances (deficits), end of year	<u>\$ 2,137,217</u>	<u>\$ 19,320,870</u>	<u>\$ 506,026</u>	<u>\$ 128,025,189</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 Heritage Land Bank
 Special Revenue Fund
 For the year ended December 31, 2016

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 11,685	\$ 11,685
Charges for services	291,633	877,636	883,220	5,584
Investment income	101,894	101,894	190,799	88,905
Other	-	380,634	7,436	(373,198)
Total revenues	<u>393,527</u>	<u>1,360,164</u>	<u>1,093,140</u>	<u>(267,024)</u>
Expenditures				
General government	992,510	1,197,378	952,055	245,323
Total expenditures	<u>992,510</u>	<u>1,197,378</u>	<u>952,055</u>	<u>245,323</u>
Deficiency of revenues over expenditures	(598,983)	162,786	141,085	(21,701)
Other financing sources (uses)				
Transfers to other funds	(80,000)	(1,554,093)	(1,216,633)	337,460
Transfers from other funds	-	94,514	94,514	-
Sale of capital assets	-	-	41,252	41,252
Total other financing sources (uses)	<u>(80,000)</u>	<u>(1,459,579)</u>	<u>(1,080,867)</u>	<u>378,712</u>
Net change in fund balance	(678,983)	(1,296,793)	(939,782)	357,011
Fund balance, beginning of year	(3,105,705)	(2,044,415)	6,328,043	8,372,458
Fund balance, end of year	<u>\$ (3,784,688)</u>	<u>\$ (3,341,208)</u>	<u>\$ 5,388,261</u>	<u>\$ 8,729,469</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 Convention Center Operating Reserve
 Special Revenue Fund
 For the year ended December 31, 2016

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Hotel and motel taxes	\$ 15,556,111	\$ 15,664,173	\$ 14,414,037	\$ (1,250,136)
Investment income	-	-	259,783	259,783
Other	-	-	294,139	294,139
Total revenues	<u>15,556,111</u>	<u>15,664,173</u>	<u>14,967,959</u>	<u>(696,214)</u>
Expenditures				
Economic and community development	<u>7,382,009</u>	<u>7,425,071</u>	<u>6,716,875</u>	<u>708,196</u>
Total expenditures	<u>7,382,009</u>	<u>7,425,071</u>	<u>6,716,875</u>	<u>708,196</u>
Excess of revenues over expenditures	8,174,102	8,239,102	8,251,084	11,982
Other financing sources (uses)				
Transfers to other funds	(5,911,847)	(7,638,847)	(7,638,847)	-
Transfers from other funds	586,264	586,264	604,165	17,901
Total other financing sources (uses)	<u>(5,325,583)</u>	<u>(7,052,583)</u>	<u>(7,034,682)</u>	<u>17,901</u>
Net change in fund balance	2,848,519	1,186,519	1,216,402	29,883
Fund balance, beginning of year	<u>12,196,480</u>	<u>12,113,954</u>	<u>17,084,743</u>	<u>4,970,789</u>
Fund balance, end of year	<u>\$ 15,044,999</u>	<u>\$ 13,300,473</u>	<u>\$ 18,301,145</u>	<u>\$ 5,000,672</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 E911 Surcharge
 Special Revenue Fund
 For the year ended December 31, 2016

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
E911 surcharges	\$ 6,475,000	\$ 6,475,000	\$ 6,558,506	\$ 83,506
Total revenues	6,475,000	6,475,000	6,558,506	83,506
Expenditures				
Fire services	1,472,180	1,472,180	1,439,237	32,943
Police services	5,002,820	5,002,820	5,947,885	(945,065)
Total expenditures	6,475,000	6,475,000	7,387,122	(912,122)
Net change in fund balance	-	-	(828,616)	(828,616)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ (828,616)	\$ (828,616)

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 Police/Fire Retiree Medical Liability
 Special Revenue Fund
 For the year ended December 31, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ 90,000	\$ 90,000	\$ 2,420,052	\$ 2,330,052
Total revenues	90,000	90,000	2,420,052	2,330,052
Expenditures				
General government	88,000	88,000	48,557	39,443
Fire services	1,613,964	1,654,531	1,636,879	17,652
Police services	1,798,222	1,843,421	1,823,754	19,667
Total expenditures	3,500,186	3,585,952	3,509,190	76,762
Deficiency of revenues over expenditures	(3,410,186)	(3,495,952)	(1,089,138)	2,406,814
Other financing sources				
Transfers from other funds	1,704,380	1,704,380	969,532	(734,848)
Total other financing sources	1,704,380	1,704,380	969,532	(734,848)
Net change in fund balance	(1,705,806)	(1,791,572)	(119,606)	1,671,966
Fund balance, beginning of year	23,079,700	22,813,315	34,404,140	11,590,825
Fund balance, end of year	<u>\$ 21,373,894</u>	<u>\$ 21,021,743</u>	<u>\$ 34,284,534</u>	<u>\$ 13,262,791</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 Jail Revenue Bond
 Debt Service Fund
 For the year ended December 31, 2016

	Budget		Actual	Variance With	
	Original	Final		Final Budget	
Revenues					
Charges for services	\$ -	\$ -	\$ -	\$ -	-
Investment income	-	-	(3)	-	(3)
Total revenues	-	-	(3)	-	(3)
Expenditures					
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	-	-	-	-
Net change in fund balance	-	-	(3)	-	(3)
Fund balance, beginning of year	8,639	(200)	3	-	203
Fund balance, end of year	\$ 8,639	\$ (200)	\$ -	\$ -	200

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 ACPA Surcharge Revenue Bond
 Debt Service Fund
 For the year ended December 31, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 11,351	\$ 11,351
Other	293,700	293,700	378,747	85,047
Total revenues	<u>293,700</u>	<u>293,700</u>	<u>390,098</u>	<u>96,398</u>
Expenditures				
Debt service:				
Principal	120,000	120,000	120,000	-
Interest	173,700	173,700	173,700	-
Total expenditures	<u>293,700</u>	<u>293,700</u>	<u>293,700</u>	<u>-</u>
Net change in fund balance	-	-	96,398	96,398
Fund balance, beginning of year	458,165	265,288	695,227	429,939
Fund balance, end of year	<u>\$ 458,165</u>	<u>\$ 265,288</u>	<u>\$ 791,625</u>	<u>\$ 526,337</u>

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2016

Assets	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds
Current assets:				
Cash	\$ 700	\$ 2,775	\$ 200	\$ 3,675
Cash in central treasury	8,177,115	8,153,254	-	16,330,369
Capital acquisition and construction accounts	1,453,797	1,898,482	-	3,352,279
Accrued interest on investments	171,063	-	-	171,063
Intergovernmental receivables	-	-	171,426	171,426
Receivables (net of allowance for uncollectibles)	1,147,762	783,844	1,060	1,932,666
Prepaid items and deposits	367	3,439	4,347	8,153
Restricted assets:				
Landfill post closure cash reserve	-	32,408,184	-	32,408,184
Total current assets	<u>10,950,804</u>	<u>43,249,978</u>	<u>177,033</u>	<u>54,377,815</u>
Noncurrent assets:				
Intergovernmental receivables	-	-	7,102,982	7,102,982
Capital assets, net	3,755,194	66,508,807	68,653,541	138,917,542
Total noncurrent assets	<u>3,755,194</u>	<u>66,508,807</u>	<u>75,756,523</u>	<u>146,020,524</u>
Total assets	<u>14,705,998</u>	<u>109,758,785</u>	<u>75,933,556</u>	<u>200,398,339</u>
Deferred Outflows of Resources				
Deferred outflow related to net pension liability	617,640	623,880	330,135	1,571,655
Total deferred outflows of resources	<u>617,640</u>	<u>623,880</u>	<u>330,135</u>	<u>1,571,655</u>
Total assets and deferred outflows of resources	<u>15,323,638</u>	<u>110,382,665</u>	<u>76,263,691</u>	<u>201,969,994</u>
Liabilities				
Current liabilities:				
Accounts payable and retainages	175,566	639,684	44,371	859,621
Accrued interest payable	-	84,983	-	84,983
Accrued payroll liabilities	92,706	389,032	55,919	537,657
Capital acquisition and construction accounts and retainage payable	149,715	2,054	200,872	352,641
Compensated absences	152,968	557,385	88,468	798,821
Due to other funds	-	-	2,211,527	2,211,527
Long-term obligations maturing within one year	-	1,486,613	-	1,486,613
Unearned revenues	197,113	9,807	90,829	297,749
Total current liabilities	<u>768,068</u>	<u>3,169,558</u>	<u>2,691,986</u>	<u>6,629,612</u>
Noncurrent liabilities:				
Alaska clean water loans payable	-	14,255,886	-	14,255,886
Compensated absences	-	-	5,868	5,868
Net pension liability	2,784,195	2,812,326	1,488,183	7,084,704
Total noncurrent liabilities	<u>2,784,195</u>	<u>17,068,212</u>	<u>1,494,051</u>	<u>21,346,458</u>
Other liabilities:				
Future landfill closure costs	-	32,408,184	-	32,408,184
Total liabilities	<u>3,552,263</u>	<u>52,645,954</u>	<u>4,186,037</u>	<u>60,384,254</u>
Deferred Inflows of Resources				
Deferred inflow related to net pension liability	31,035	31,348	16,588	78,971
Total deferred inflows of resources	<u>31,035</u>	<u>31,348</u>	<u>16,588</u>	<u>78,971</u>
Net Position				
Net investment in capital assets	3,755,194	50,766,308	68,653,541	123,175,043
Restricted for capital construction	-	-	7,102,982	7,102,982
Unrestricted	7,985,146	6,939,055	(3,695,457)	11,228,744
Total net position	<u>11,740,340</u>	<u>57,705,363</u>	<u>72,061,066</u>	<u>141,506,769</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 15,323,638</u>	<u>\$ 110,382,665</u>	<u>\$ 76,263,691</u>	<u>\$ 201,969,994</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the year ended December 31, 2016

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds
Operating revenues				
Charges for sales and services	\$ 11,062,317	\$ 20,920,727	\$ 1,512,527	\$ 33,495,571
Other	50,270	1,957,938	-	2,008,208
Total operating revenues	<u>11,112,587</u>	<u>22,878,665</u>	<u>1,512,527</u>	<u>35,503,779</u>
Operating expenses				
Operations	8,949,285	13,943,857	2,083,060	24,976,202
Amortization of future landfill closure costs	-	1,307,255	-	1,307,255
Depreciation and amortization	958,156	4,271,662	2,542,398	7,772,216
Total operating expenses	<u>9,907,441</u>	<u>19,522,774</u>	<u>4,625,458</u>	<u>34,055,673</u>
Operating income (loss)	<u>1,205,146</u>	<u>3,355,891</u>	<u>(3,112,931)</u>	<u>1,448,106</u>
Nonoperating revenues (expenses)				
Investment income	215,240	701,370	60,363	976,973
Intergovernmental revenue- non-capital	59,168	59,508	385,230	503,906
Interest expense	-	(258,033)	-	(258,033)
Gain (loss) on sale of capital assets	(37,968)	19,672	-	(18,296)
Net nonoperating revenues (expenses)	<u>236,440</u>	<u>522,517</u>	<u>445,593</u>	<u>1,204,550</u>
Income (loss) before capital contributions and transfers	1,441,586	3,878,408	(2,667,338)	2,652,656
Capital contributions	-	-	9,711,315	9,711,315
Transfers to other funds	(539,785)	(1,105,279)	(37,622)	(1,682,686)
Change in net position	901,801	2,773,129	7,006,355	10,681,285
Net position, beginning of year	10,838,539	54,932,234	65,054,711	130,825,484
Net position, end of year	<u>\$ 11,740,340</u>	<u>\$ 57,705,363</u>	<u>\$ 72,061,066</u>	<u>\$ 141,506,769</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the year ended December 31, 2016

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds
Cash flows from (for) operating activities				
Receipts from customers	\$ 11,034,016	\$ 23,584,015	\$ 1,500,489	\$ 36,118,520
Payments to employees	(2,984,904)	(8,205,315)	(1,265,142)	(12,455,361)
Payments to vendors	(3,866,928)	(4,642,806)	(646,596)	(9,156,330)
Payments to interfund services used	(1,435,300)	(433,307)	193,453	(1,675,154)
Net cash from (for) operating activities	<u>2,746,884</u>	<u>10,302,587</u>	<u>(217,796)</u>	<u>12,831,675</u>
Cash flows from (for) non-capital financing activities				
Intergovernmental revenue	-	-	612,214	612,214
Transfers to other funds	(539,785)	(1,105,279)	(37,622)	(1,682,686)
Due to other funds	-	-	2,211,527	2,211,527
Net cash from (for) non-capital financing activities	<u>(539,785)</u>	<u>(1,105,279)</u>	<u>2,786,119</u>	<u>1,141,055</u>
Cash flows from (for) capital and related financing activities				
Principal payments on long-term obligations	-	(2,044,410)	-	(2,044,410)
Interest payments on long-term obligations	-	(266,312)	-	(266,312)
Acquisition and construction of capital assets	(1,713,861)	(2,831,963)	(9,821,591)	(14,367,415)
Landfill post closure cash reserve	-	(1,307,255)	-	(1,307,255)
Proceeds (loss) from the sale or disposition of capital assets	57,683	210,499	(117,951)	150,231
Capital contributions	-	-	7,054,638	7,054,638
Net cash from (for) capital and related financing activities	<u>(1,656,178)</u>	<u>(6,239,441)</u>	<u>(2,884,904)</u>	<u>(10,780,523)</u>
Cash flows from investing activities				
Investment income	151,046	701,370	60,363	912,779
Net cash from investing activities	<u>151,046</u>	<u>701,370</u>	<u>60,363</u>	<u>912,779</u>
Net increase (decrease) in cash	701,967	3,659,237	(256,218)	4,104,986
Cash, beginning of year	8,929,645	6,395,274	256,418	15,581,337
Cash, end of year	<u>9,631,612</u>	<u>10,054,511</u>	<u>200</u>	<u>19,686,323</u>
Cash	700	2,775	200	3,675
Cash in central treasury	8,177,115	8,153,254	-	16,330,369
Capital acquisition and construction accounts	1,453,797	1,898,482	-	3,352,279
Cash, December 31	<u>\$ 9,631,612</u>	<u>\$ 10,054,511</u>	<u>\$ 200</u>	<u>\$ 19,686,323</u>
Reconciliation of change in net position to net cash provided by operating activities:				
Operating income (loss)	\$ 1,205,146	\$ 3,355,891	\$ (3,112,931)	\$ 1,448,106
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Amortization of landfill closure costs	-	1,307,255	-	1,307,255
Depreciation and amortization	958,156	4,271,662	2,542,398	7,772,216
PERS relief-noncash expense	59,168	59,508	31,684	150,360
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:				
Accounts receivable, net	(91,995)	851,177	(280)	758,902
Inventories	-	64,921	-	64,921
Prepaid items and deposits	17	208	1,978	2,203
Deferred outflows of resources	(368,836)	(337,200)	(199,336)	(905,372)
Accounts payable and retainages	64,274	252,291	32,266	348,831
Accrued payroll liabilities	5,767	(54,351)	(9,697)	(58,281)
Compensated absences payable	8,615	48,060	13,571	70,246
Unearned revenue and deposits	13,424	(145,827)	(11,758)	(144,161)
Net pension liability	898,418	639,476	496,807	2,034,701
Deferred inflows of resources	(5,270)	(10,484)	(2,498)	(18,252)
Total cash provided (used) by operating activities	<u>2,746,884</u>	<u>10,302,587</u>	<u>(217,796)</u>	<u>12,831,675</u>
Noncash investing, capital, and financing activities:				
Capital purchases on account	149,715	2,054	200,872	352,641
Contributed capital and equipment	-	-	7,102,982	7,102,982
Total noncash investing, capital, and financing activities	<u>\$ 149,715</u>	<u>\$ 2,054</u>	<u>\$ 7,303,854</u>	<u>\$ 7,455,623</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, 2016

	Risk Management		
	General Liability/ Workers' Compensation	Medical/ Dental	Unemployment Compensation
Assets			
Current assets:			
Cash in central treasury	\$ 20,559,734	\$ 8,924,992	\$ 1,506,249
Capital acquisition and construction accounts	-	-	-
Receivables (net of allowance for uncollectibles)	15,248	-	-
Inventories	-	-	-
Prepaid items and deposits	312,858	-	-
Total current assets	<u>20,887,840</u>	<u>8,924,992</u>	<u>1,506,249</u>
Noncurrent assets:			
Advances to other funds	311,782	-	-
Capital assets, net	-	-	-
Total noncurrent assets	<u>311,782</u>	<u>-</u>	<u>-</u>
Total assets	<u>21,199,622</u>	<u>8,924,992</u>	<u>1,506,249</u>
Deferred Outflows of Resources			
Deferred outflow related to net pension liability	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>21,199,622</u>	<u>8,924,992</u>	<u>1,506,249</u>
Liabilities			
Current liabilities:			
Accounts payable and retainages	381,352	4,468	143
Accrued payroll liabilities	15,367	1,304	-
Capital acquisition and construction accounts and retainage payable	-	-	-
Compensated absences	13,811	3,891	-
Claims payable	15,965,122	2,272,166	75,937
Claims incurred but not reported	3,198,889	6,112,596	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Unearned revenues	-	1,771	-
Long-term obligations maturing within one year	-	-	-
Total current liabilities	<u>19,574,541</u>	<u>8,396,196</u>	<u>76,080</u>
Noncurrent liabilities:			
Advances from other funds	-	-	-
Compensated absences	9,198	-	-
Capital leases payable	-	-	-
Claims incurred but not reported	6,729,223	-	-
Net pension liability	-	-	-
Total noncurrent liabilities	<u>6,738,421</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>26,312,962</u>	<u>8,396,196</u>	<u>76,080</u>
Deferred Inflows of Resources			
Deferred inflow related to net pension liability	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Net investment in capital assets	-	-	-
Unrestricted	(5,113,340)	528,796	1,430,169
Total net position	<u>(5,113,340)</u>	<u>528,796</u>	<u>1,430,169</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 21,199,622</u>	<u>\$ 8,924,992</u>	<u>\$ 1,506,249</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Internal Service Funds
December 31, 2016

Assets	Equipment Maintenance	Information Technology	Total Internal Service Funds
Current assets:			
Cash in central treasury	\$ 5,141,617	\$ -	\$ 36,132,592
Capital acquisition and construction accounts	2,283,499	-	2,283,499
Receivables (net of allowance for uncollectibles)	192,099	-	207,347
Inventories	235,765	-	235,765
Prepaid items and deposits	-	690,643	1,003,501
Total current assets	7,852,980	690,643	39,862,704
Noncurrent assets:			
Advances to other funds	-	-	311,782
Capital assets, net	20,278,680	64,524,753	84,803,433
Total noncurrent assets	20,278,680	64,524,753	85,115,215
Total assets	28,131,660	65,215,396	124,977,919
Deferred Outflows of Resources			
Deferred outflow related to net pension liability	801,148	2,501,779	3,302,927
Total deferred outflows of resources	801,148	2,501,779	3,302,927
Total assets and deferred outflows of resources	28,932,808	67,717,175	128,280,846
Liabilities			
Current liabilities:			
Accounts payable and retainages	168,586	1,474,767	2,029,316
Accrued payroll liabilities	143,334	347,845	507,850
Capital acquisition and construction accounts and retainage payable	273,194	7,386,674	7,659,868
Compensated absences	223,770	547,639	789,111
Claims payable	-	-	18,313,225
Claims incurred but not reported	-	-	9,311,485
Due to other funds	85,000	7,512,161	7,597,161
Accrued interest payable	-	95,594	95,594
Unearned revenues	-	-	1,771
Long-term obligations maturing within one year	-	5,416,373	5,416,373
Total current liabilities	893,884	22,781,053	51,721,754
Noncurrent liabilities:			
Advances from other funds	1,360,000	-	1,360,000
Compensated absences	-	-	9,198
Capital leases payable	-	27,768,629	27,768,629
Claims incurred but not reported	-	-	6,729,223
Net pension liability	3,611,413	11,277,510	14,888,923
Total noncurrent liabilities	4,971,413	39,046,139	50,755,973
Total liabilities	5,865,297	61,827,192	102,477,727
Deferred Inflows of Resources			
Deferred inflow related to net pension liability	40,255	125,707	165,962
Total deferred inflows of resources	40,255	125,707	165,962
Net Position			
Net investment in capital assets	20,278,680	31,339,751	51,618,431
Unrestricted	2,748,576	(25,575,475)	(25,981,274)
Total net position	23,027,256	5,764,276	25,637,157
Total liabilities, deferred inflows of resources and net position	\$ 28,932,808	\$ 67,717,175	\$ 128,280,846

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended December 31, 2016

	Risk Management		
	General Liability/ Workers' Compensation	Medical/ Dental	Unemployment Compensation
Operating revenues			
Charges for sales and services	\$ 11,113,391	\$ 49,371,076	\$ 514,607
Other	1,409	129,448	503
Total operating revenues	<u>11,114,800</u>	<u>49,500,524</u>	<u>515,110</u>
Operating expenses			
Operations	13,409,229	50,400,627	276,999
Depreciation and amortization	-	-	-
Total operating expenses	<u>13,409,229</u>	<u>50,400,627</u>	<u>276,999</u>
Operating income (loss)	<u>(2,294,429)</u>	<u>(900,103)</u>	<u>238,111</u>
Nonoperating revenues (expenses)			
Intergovernmental revenue	-	-	-
Investment income (loss)	386,182	163,086	20,394
Other revenues	-	-	-
Other expenses	-	-	-
Interest expense	-	-	-
Gain (loss) on sale of capital assets	-	-	-
Net nonoperating revenues (expenses)	<u>386,182</u>	<u>163,086</u>	<u>20,394</u>
Income (loss) before capital contributions and transfers	(1,908,247)	(737,017)	258,505
Capital contributions	-	-	-
Transfers to other funds	-	-	-
Change in net position	<u>(1,908,247)</u>	<u>(737,017)</u>	<u>258,505</u>
Net position, beginning of year	<u>(3,205,093)</u>	<u>1,265,813</u>	<u>1,171,664</u>
Net position, end of year	<u>\$ (5,113,340)</u>	<u>\$ 528,796</u>	<u>\$ 1,430,169</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended December 31, 2016

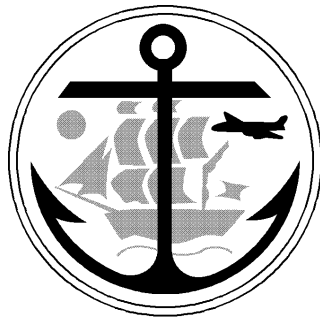
	Equipment Maintenance	Information Technology	Total Internal Service Funds
Operating revenues			
Charges for sales and services	\$ 9,757,597	\$ 16,178,553	\$ 86,935,224
Other	-	-	131,360
Total operating revenues	<u>9,757,597</u>	<u>16,178,553</u>	<u>87,066,584</u>
Operating expenses			
Operations	7,737,932	16,073,883	87,898,670
Depreciation and amortization	4,270,707	1,440,173	5,710,880
Total operating expenses	<u>12,008,639</u>	<u>17,514,056</u>	<u>93,609,550</u>
Operating income (loss)	<u>(2,251,042)</u>	<u>(1,335,503)</u>	<u>(6,542,966)</u>
Nonoperating revenues (expenses)			
Intergovernmental revenue	75,385	237,960	313,345
Investment income (loss)	163,754	(369,410)	364,006
Other revenues	43,871	(164)	43,707
Other expenses	-	(25,799)	(25,799)
Interest expense	(44,554)	(411,697)	(456,251)
Gain (loss) on sale of capital assets	(35,273)	(11,432)	(46,705)
Net nonoperating revenues (expenses)	<u>203,183</u>	<u>(580,542)</u>	<u>192,303</u>
Income (loss) before capital contributions and transfers	(2,047,859)	(1,916,045)	(6,350,663)
Capital contributions	2,060,163	-	2,060,163
Transfers to other funds	(13,456)	(21,009)	(34,465)
Change in net position	(1,152)	(1,937,054)	(4,324,965)
Net position, beginning of year	23,028,408	7,701,330	29,962,122
Net position, end of year	<u>\$ 23,027,256</u>	<u>\$ 5,764,276</u>	<u>\$ 25,637,157</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31, 2016

	Risk Management		
	General Liability/ Workers' Compensation	Medical/ Dental	Unemployment Compensation
Cash flows from (for) operating activities			
Receipts for interfund services provided	\$ 11,099,552	\$ 49,502,295	\$ 515,110
Payments to employees	(429,111)	(308,736)	-
Payments to vendors	(11,434,314)	(50,632,091)	(267,515)
Payments for interfund services used	(1,341,618)	(1,422)	-
Net cash from (for) operating activities	<u>(2,105,491)</u>	<u>(1,439,954)</u>	<u>247,595</u>
Cash flows from (for) non-capital financing activities			
Transfers to other funds	-	-	-
Loan payments received on interfund loans	62,688	-	-
Due to other funds	-	-	-
Non-operating cash receipts	-	-	-
Advance to other funds	149,514	-	-
Net cash from (for) non-capital financing activities	<u>212,202</u>	<u>-</u>	<u>-</u>
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 (loss) from the sale or disposition of capital assets	-	-	-
Net cash (for) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities			
Investment income (loss)	386,182	163,086	20,394
Net cash from investing activities	<u>386,182</u>	<u>163,086</u>	<u>20,394</u>
Net increase (decrease) in cash	(1,507,107)	(1,276,868)	267,989
Cash, beginning of year	22,066,841	10,201,860	1,238,260
Cash, end of year	<u>20,559,734</u>	<u>8,924,992</u>	<u>1,506,249</u>
Cash in central treasury	20,559,734	8,924,992	1,506,249
Capital acquisition and construction accounts	-	-	-
Cash, December 31	<u>\$ 20,559,734</u>	<u>\$ 8,924,992</u>	<u>\$ 1,506,249</u>
Reconciliation of change in net position to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (2,294,429)	\$ (900,103)	\$ 238,111
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	-	-	-
PERS relief-noncash expense	-	-	-
Other revenues	-	-	-
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:			
Accounts receivable, net	(15,248)	-	-
Prepaid items and deposits	49,827	-	-
Inventories	-	-	-
Deferred outflows of resources			
Accounts payable and retainages	150,968	(8,232)	-
Accrued payroll liabilities	(2,515)	(8,040)	-
Compensated absences payable	(834)	(8,156)	-
Claims payable	6,740	(517,194)	9,484
Unearned revenue	-	1,771	-
Net pension liability	-	-	-
Deferred inflows of resources	-	-	-
Total cash provided (used) by operating activities	<u>(2,105,491)</u>	<u>(1,439,954)</u>	<u>247,595</u>
Noncash investing, capital, and financing activities:			
Capital purchases on account	-	-	-
Contributed capital and equipment	-	-	-
Total noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31, 2016

	Equipment Maintenance	Information Technology	Total Internal Service Funds
Cash flows from (for) operating activities			
Receipts for interfund services provided	\$ 9,609,369	\$ 16,178,553	\$ 86,904,879
Payments to employees	(4,289,076)	(8,140,030)	(13,166,953)
Payments to vendors	(1,562,466)	(4,383,997)	(68,280,383)
Payments for interfund services used	(1,561,200)	(781,512)	(3,685,752)
Net cash from (for) operating activities	<u>2,196,627</u>	<u>2,873,014</u>	<u>1,771,791</u>
Cash flows from (for) non-capital financing activities			
Transfers to other funds	(13,456)	(21,009)	(34,465)
Loan payments received on interfund loans	-	-	62,688
Due to other funds	-	2,984,843	2,984,843
Non-operating cash receipts	-	(164)	(164)
Advance to other funds	-	-	149,514
Net cash from (for) non-capital financing activities	<u>(13,456)</u>	<u>2,963,670</u>	<u>3,162,416</u>
Cash flows (for) capital and related financing activities			
Principal payments on long-term obligations	-	(3,260,168)	(3,260,168)
Interest payments on long-term obligations	-	(417,469)	(417,469)
Acquisition and construction of capital assets	(1,668,416)	(19,081,137)	(20,749,553)
Principal payments on interfund loans	(85,000)	-	(85,000)
Interest payments on interfund loans	(44,554)	-	(44,554)
Proceeds from issuance of debt	-	17,291,500	17,291,500
Proceeds (loss) from the sale or disposition of capital assets	(35,273)	-	(35,273)
Net cash (for) capital and related financing activities	<u>(1,833,243)</u>	<u>(5,467,274)</u>	<u>(7,300,517)</u>
Cash flows from investing activities			
Investment income (loss)	163,754	(369,410)	364,006
Net cash from investing activities	<u>163,754</u>	<u>(369,410)</u>	<u>364,006</u>
Net increase (decrease) in cash	513,682	-	(2,002,304)
Cash, beginning of year	6,911,434	-	40,418,395
Cash, end of year	<u>7,425,116</u>	<u>-</u>	<u>38,416,091</u>
Cash in central treasury	5,141,617	-	36,132,592
Capital acquisition and construction accounts	2,283,499	-	2,283,499
Cash, December 31	<u>\$ 7,425,116</u>	<u>\$ -</u>	<u>\$ 38,416,091</u>
Reconciliation of change in net position to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (2,251,042)	\$ (1,335,503)	\$ (6,542,966)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	4,270,707	1,440,173	5,710,880
PERS relief-noncash expense	75,385	237,960	313,345
Other revenues	43,871	-	43,871
Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash:			
Accounts receivable, net	(192,099)	-	(207,347)
Prepaid items and deposits	-	11,551	61,378
Inventories	70,376	-	70,376
Deferred outflows of resources	(408,220)	(1,399,985)	(1,808,205)
Accounts payable and retainages	(31,419)	1,031,310	1,142,627
Accrued payroll liabilities	2,169	35,719	27,333
Compensated absences payable	713	(39,762)	(48,039)
Claims payable	-	-	(500,970)
Unearned revenue	-	-	1,771
Net pension liability	633,267	2,926,616	3,559,883
Deferred inflows of resources	(17,081)	(35,065)	(52,146)
Total cash provided (used) by operating activities	<u>2,196,627</u>	<u>2,873,014</u>	<u>1,771,791</u>
Noncash investing, capital, and financing activities:			
Capital purchases on account	273,194	7,386,674	7,659,868
Contributed capital and equipment	2,060,163	-	2,060,163
Total noncash investing, capital, and financing activities	<u>\$ 2,333,357</u>	<u>\$ 7,386,674</u>	<u>\$ 9,720,031</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 Fund** accounts for contributions and distributions on behalf of the Police and Fire retirees who are eligible for the plan covered by the Trust.

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Fiduciary Funds
December 31, 2016

	Police/Fire Retirement Trust Funds			
	Police/Fire Retirement System Plan I	Police/Fire Retirement System Plan II	Police/Fire Retirement System Plan III	Total
Assets				
Cash in central treasury	\$ 33,456	\$ 25,814	\$ 100,323	\$ 159,593
Cash, cash equivalents held under securities lending program	1,042,744	804,446	3,127,736	4,974,926
Investments, at fair value:				
Cash and money market funds	1,304,458	1,006,466	3,911,590	6,222,514
U.S. treasuries	-	-	-	-
U.S. TIPS	-	-	-	-
U.S. agencies	-	-	-	-
Corporate fixed income securities	15,660,628	12,083,099	46,960,456	74,704,183
Fixed income funds	-	-	-	-
Certificate of deposit	-	-	-	-
Domestic equity securities	28,603,468	22,069,264	85,771,263	136,443,995
International equity securities	12,748,132	9,835,936	38,226,951	60,811,019
Real estate funds	8,337,229	6,432,664	25,000,277	39,770,170
Total investments	<u>66,653,915</u>	<u>51,427,429</u>	<u>199,870,537</u>	<u>317,951,881</u>
Total assets	<u><u>67,730,115</u></u>	<u><u>52,257,689</u></u>	<u><u>203,098,596</u></u>	<u><u>323,086,400</u></u>
Liabilities				
Accounts payable	7,843	6,050	23,520	37,413
Payable under securities lending program	1,042,744	804,446	3,127,736	4,974,926
Total liabilities	<u>1,050,587</u>	<u>810,496</u>	<u>3,151,256</u>	<u>5,012,339</u>
Net Position				
Restricted for pensions:				
Employees' pension benefits	66,679,528	51,447,193	199,947,340	318,074,061
Employees' postemployment healthcare benefits	-	-	-	-
Total net position restricted for pension benefits	<u>66,679,528</u>	<u>51,447,193</u>	<u>199,947,340</u>	<u>318,074,061</u>
Total liabilities and net position restricted for pension benefits	<u><u>\$ 67,730,115</u></u>	<u><u>\$ 52,257,689</u></u>	<u><u>\$ 203,098,596</u></u>	<u><u>\$ 323,086,400</u></u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Fiduciary Funds
December 31, 2016

	Police/Fire Retiree Medical Trust Fund		Total Fiduciary Funds
Assets			
Cash in central treasury	\$	2,490	\$ 162,083
Cash, cash equivalents held under securities lending program			4,974,926
Investments, at fair value:			
Cash and money market funds		1,056,174	7,278,688
U.S. treasuries		5,460,921	5,460,921
U.S. TIPS		238,947	238,947
U.S. agencies		2,364,331	2,364,331
Corporate fixed income securities		-	74,704,183
Fixed income funds		1,187,935	1,187,935
Certificate of deposit		3,961,511	3,961,511
Domestic equity securities		2,170,471	138,614,466
International equity securities		1,408,118	62,219,137
Real estate funds		-	39,770,170
Total investments		<u>17,848,408</u>	<u>335,800,289</u>
Total assets		<u>17,850,898</u>	<u>340,937,298</u>
Liabilities			
Accounts payable		-	37,413
Payable under securities lending program		-	4,974,926
Total liabilities		<u>-</u>	<u>5,012,339</u>
Net Position			
Restricted for pensions:			
Employees' pension benefits		-	318,074,061
Employees' postemployment healthcare benefits		<u>17,850,898</u>	<u>17,850,898</u>
Total net position restricted for pension benefits		<u>17,850,898</u>	<u>335,924,959</u>
Total liabilities and net position restricted for pension benefits	\$	<u>17,850,898</u>	\$ <u>340,937,298</u>

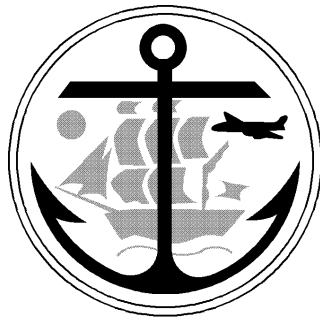
MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Changes in Net Position
Fiduciary Funds
For the year ended December 31, 2016

Police/Fire Retirement Pension 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	\$ 1,546,175	\$ 1,108,376	\$ 4,439,969	\$ 7,094,520
Contributions from employees	-	-	126,119	126,119
Interest	650,801	502,132	1,951,513	3,104,446
Dividends	523,275	403,737	1,569,108	2,496,120
Net increase in fair value of investments	4,358,778	3,349,158	12,877,062	20,584,998
Less: investment expense	(326,448)	(250,764)	(963,848)	(1,541,060)
Total additions	<u>6,752,581</u>	<u>5,112,639</u>	<u>19,999,923</u>	<u>31,865,143</u>
Deductions				
Regular benefit payments	8,476,620	5,925,180	18,335,110	32,736,910
Administrative expenses	141,852	109,293	423,265	674,410
Total deductions	<u>8,618,472</u>	<u>6,034,473</u>	<u>18,758,375</u>	<u>33,411,320</u>
Change in net position	(1,865,891)	(921,834)	1,241,548	(1,546,177)
Net position, beginning of year	68,545,419	52,369,027	198,705,792	319,620,238
Net position, end of year	<u>\$ 66,679,528</u>	<u>\$ 51,447,193</u>	<u>\$ 199,947,340</u>	<u>\$318,074,061</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Changes in Net Position
Fiduciary Funds
For the year ended December 31, 2016

	Police/Fire Retiree Medical Trust Fund	Total Fiduciary Funds
Additions		
Contributions from other funds	\$ 3,443,745	\$ 10,538,265
Contributions from employees	-	126,119
Interest	99,359	3,203,805
Dividends	245,582	2,741,702
Net increase in fair value of investments	196,773	20,781,771
Less: investment expense	-	(1,541,060)
Total additions	<u>3,985,459</u>	<u>35,850,602</u>
Deductions		
Regular benefit payments	2,910,099	35,647,009
Administrative expenses	34,317	708,727
Total deductions	<u>2,944,416</u>	<u>36,355,736</u>
Change in net position	1,041,043	(505,134)
Net position, beginning of year	16,809,855	336,430,093
Net position, end of year	<u>\$ 17,850,898</u>	<u>\$ 335,924,959</u>



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STATISTICAL SECTION

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

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

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

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA
 Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 2,549,539,076
Restricted	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	259,806,239
Unrestricted	(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	(103,725,438)
Total governmental activities net position	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	2,705,619,877
Business-type activities:										
Net investment in capital assets	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	397,162,624
Restricted	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	101,772,016
Unrestricted	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	54,823,246
Total business-type activities net position	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	553,757,886
Total primary government:										
Net investment in capital assets	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	2,946,701,700
Restricted	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	361,578,255
Unrestricted	(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	(48,902,192)
Total primary government net position	\$ 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	\$ 3,259,377,763

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.

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

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

Net position for 2007 Business-type activities have been restated for a prior period adjustment to the Port.

Source: Municipality of Anchorage, Finance Department

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 2

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental activities:										
General government	\$ 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	\$ 40,462,811
Fire services	127,750,790	128,860,990	112,672,964	105,134,071	96,285,981	94,499,286	86,837,324	80,454,433	81,588,328	72,220,757
Police services	146,997,658	149,235,914	129,723,388	127,840,572	118,098,035	116,362,828	107,677,900	104,474,503	102,916,651	87,247,327
Health and human services	27,028,516	25,915,204	26,668,108	24,620,859	25,029,632	28,268,547	26,632,664	27,082,391	26,458,471	25,972,527
Economic & community development	78,163,980	74,741,068	78,793,403	68,950,920	78,494,540	83,174,571	78,941,612	82,988,652	76,303,695	70,057,933
Public transportation	37,258,533	36,621,802	36,837,350	35,985,169	34,906,057	34,185,440	30,240,829	34,917,002	29,953,660	27,579,961
Public works	91,116,000	90,595,542	111,694,564	99,892,660	85,163,740	80,989,860	56,127,232	107,527,253	78,337,320	80,368,065
Maintenance and operations of roads and facilities	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	30,325,888
Education	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	200,028,978
Interest on long-term debt	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	29,613,108
Total governmental activities expenses	843,722,737	830,648,954	826,542,686	787,246,416	772,105,201	765,765,210	709,492,121	760,831,764	699,389,837	663,877,339
Business-type activities:										
Electric	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	78,901,165
Water	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	36,269,883
Wastewater	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	28,457,829
Port	21,755,534	26,544,273	16,657,324	12,346,924	11,840,713	11,489,233	10,518,074	11,533,424	10,710,625	10,710,625
Solid Waste	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	17,261,224
Refuse	19,913,585	21,710,342	8,568,651	8,649,190	8,644,522	8,262,213	8,176,402	7,816,221	7,367,979	6,548,379
Municipal Airport	4,636,998	5,475,101	3,701,188	3,632,872	4,196,663	4,093,796	3,325,730	3,229,054	3,229,607	2,980,806
Cooperative Services Authority	-	-	-	-	-	4,093,796	-	-	1,314,503	1,255,318
Total business-type expenses	318,662,575	302,871,338	249,352,671	228,884,113	230,135,980	240,862,052	232,204,235	213,034,112	200,954,736	182,385,229
Total primary government expenses	1,162,385,312	1,133,520,292	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	846,262,568
Program revenues: (see also Table 3)										
Governmental activities:										
Charges for services:										
General government	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	13,310,411
Fire services	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	8,267,074
Police services	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	21,147,627
Health and human services	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	3,715,952
Economic & community development	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	7,666,960
Public transportation	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	3,987,108
Public works	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	15,136,381
Maintenance and operations of roads and facilities	318,988	233,380	645,552	367,072	170,343	191,729	191,534	319,034	202,171	744,928
Total charges for services revenues	49,799,616	57,828,194	60,835,375	56,205,544	57,566,506	63,872,139	56,750,351	55,518,183	57,770,833	73,976,441
Operating grants and contributions	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	34,531,461
Capital grants and contributions	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	61,844,863
Total governmental activities program revenues	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	170,352,765
Business-type activities:										
Charges for services	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	215,858,228
Operating grants and contributions	1,682,042	958,210	260,620	121,173	116,452	111,731	108,584	108,584	1,615,050	1,600,351
Capital grants and contributions	23,034,786	11,490,032	5,021,006	6,634,793	8,797,587	11,981,787	47,442,806	14,581,877	39,135,924	5,666,752
Total business-type activities revenues	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	223,125,331
Total primary government program revenues	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	393,478,096
Net (Expense)/Revenue										
Governmental activities	(680,905,517)	(626,624,839)	(586,980,751)	(566,268,891)	(575,869,306)	(582,087,911)	(537,878,866)	(532,407,369)	(525,639,531)	(493,524,574)
Business-type activities	50,769,412	38,541,981	59,874,100	52,326,212	58,138,472	48,364,615	76,317,723	46,832,834	67,551,069	40,740,102
Total primary government net expense	\$ (630,136,105)	\$ (588,082,858)	\$ (527,106,651)	\$ (513,942,679)	\$ (517,730,834)	\$ (533,723,296)	\$ (461,561,143)	\$ (485,574,535)	\$ (458,088,462)	\$ (452,784,472)

MUNICIPALITY OF ANCHORAGE, ALASKA

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

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 381,995,766
Motor vehicle taxes	17,394,515	17,363,803	17,366,210	16,652,166	15,900,553	9,878,069	9,512,490	9,078,006	10,535,838	10,291,028
Hotel and motel taxes	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	20,209,303
Tobacco taxes	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	16,560,416
Assessments in lieu of taxes	3,189,013	3,124,513	3,052,584	3,135,217	3,050,828	2,232,706	2,284,762	2,324,750	2,086,576	1,775,622
Grants and entitlements not restricted to specific programs	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	13,536,127
Investment earnings (loss)	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)	33,098,513
Other	-	-	-	-	-	-	-	1,252,159	-	-
Transfers	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	20,573,196
Special item - NPO/OPEB write-off	-	-	-	-	-	-	-	-	-	-
Special item - HLB Land Sale Gain	-	-	-	4,076,934	-	-	-	-	-	22,986,984
Total governmental activities	642,074,273	628,945,186	620,105,136	632,649,534	626,879,342	585,839,519	588,532,684	581,693,419	498,529,675	498,039,971
Business-type activities:										
Investment earnings	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	12,399,226
Other	12,600,000	-	-	-	-	-	-	(95,304)	-	-
Special item - NPO/OPEB write-off	-	-	-	-	-	-	-	-	4,097,662	-
Transfers	(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)	(20,573,196)
Special item - AWWUJ Land Purchase	-	-	-	(61,562,051)	-	-	-	-	-	-
Extraordinary item - Port PIEP Impairment	(4,466,689)	(28,559,263)	(23,501,085)	(86,134,685)	(21,009,775)	(19,909,681)	(15,707,950)	(16,552,025)	(15,147,808)	(8,173,970)
Total business-type activities	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	489,866,001
Total primary government	(8,831,244)	2,320,347	33,124,385	66,380,643	51,010,036	3,751,608	50,653,818	49,286,050	(27,109,856)	4,515,397
Change in net position:										
Governmental activities	46,302,723	9,982,718	36,373,015	(33,808,473)	37,128,697	26,454,934	60,609,733	30,260,809	52,403,261	32,566,132
Business-type activities	7,477,479	12,503,065	69,497,400	32,572,170	88,138,733	30,206,542	111,263,551	79,566,859	25,293,405	37,081,529
Total primary government	\$ 53,780,202	\$ 22,485,783	\$ 105,870,415	\$ 31,316,273	\$ 125,267,430	\$ 56,661,476	\$ 171,923,284	\$ 109,827,659	\$ 77,696,666	\$ 70,647,661

Notes:
In 2007, Alaska Community Development Authority (ACDA) and Alaska Center for the Performing Arts (ACPA) were reclassified from blended component units to discretely presented component units. As a result, the ACDA and ACPA expenses, revenues, and net position will
In 2007, the Cooperative Services Authority was reclassified from a discretely presented component unit to a blended component unit.
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									
	2016	2015	2014	2013	2012	2011	2010	As Restated 2009	As Restated 2008	As Restated 2007
Program revenues - charges for services:										
Governmental activities:										
General government	\$ 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	\$ 13,310,411
Fire services	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	8,267,074
Police services	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	21,147,827
Health and human services	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	3,715,952
Economic & community development	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	7,666,960
Public transportation	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	3,987,108
Public works	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	15,136,381
Maintenance and operations of roads and facilities	318,988	233,380	645,552	367,072	170,343	191,729	191,534	319,034	202,171	744,928
Total governmental activities	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	73,976,441
Business-type activities:										
Electric	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	100,606,033
Water	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	43,870,404
Wastewater	52,629,855	52,814,630	51,774,890	50,465,806	48,135,325	42,894,791	37,994,692	37,019,347	35,151,553	35,157,366
Port	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	11,768,704
Solid waste	11,112,587	10,996,962	22,957,169	22,498,137	20,949,679	18,566,616	18,974,151	19,007,456	18,197,048	15,493,404
Refuse	22,898,337	22,601,619	10,754,905	8,807,046	8,787,550	8,820,754	8,744,034	8,515,349	8,013,803	7,177,811
Municipal airport	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	1,235,026
Cooperative Services Authority	-	-	-	-	-	-	-	-	642,496	549,480
Total business-type activities	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	215,858,228
Total primary government	\$ 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	\$ 289,834,669

Notes:
 In 2007, the Anchorage Community Development Authority and the Alaska Center for the Performing Arts were reclassified from blended component units to discretely presented component units.
 In 2007, the Cooperative Services Authority was reclassified from a discretely presented component unit to a blended component unit. In 2008, the Cooperative Services Authority was dissolved.
 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									
	2016	2015	2014	2013	2012	2011	As Restated 2010	2009	2008	2007
Pre-GASB 54 Presentation										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved - designated	-	-	-	-	-	-	-	-	-	-
Unreserved - undesignated	-	-	-	-	-	-	-	-	-	-
Total general funds	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved - designated	-	-	-	-	-	-	-	-	-	-
Unreserved - undesignated, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	-	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved - designated	-	-	-	-	-	-	-	-	-	-
Unreserved - undesignated, reported in:	-	-	-	-	-	-	-	-	-	-
General fund	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
Total governmental funds fund balance	-	-	-	-	-	-	-	-	-	-
\$	2,295,758	2,651,599	3,530,115	2,932,819	3,060,774	3,332,167	3,750,639	3,881,505	1,297,581	1,210,130
Restricted	11,468	11,881	189,145	2,595,783	3,441,095	13,443,010	17,039,469	33,059,151	19,782,164	28,613,168
Committed	41,615,564	40,024,969	40,811,180	37,267,885	37,093,804	25,257,793	19,680,810	8,256,412	4,988,645	12,529,965
Assigned	7,242,461	9,162,786	12,733,971	8,104,090	21,031,217	13,467,816	7,645,324	45,197,068	26,068,390	42,353,263
Unassigned	13,893,576	31,776,450	18,450,750	28,429,037	17,210,900	9,340,583	15,205,649	45,197,068	26,068,390	42,353,263
Total general funds	65,058,827	83,627,685	75,715,161	79,329,614	81,837,860	64,841,369	63,321,891	45,197,068	26,068,390	42,353,263
Restricted	147,548,268	144,484,348	148,990,379	144,181,374	127,632,975	116,757,912	120,279,315	210,745,488	228,973,762	254,532,562
Total MOA trust fund	147,548,268	144,484,348	148,990,379	144,181,374	127,632,975	116,757,912	120,279,315	210,745,488	228,973,762	254,532,562
Restricted	17,231,749	21,374,727	3,126,957	4,443,990	10,671,120	15,896,418	25,998,937	23,300,577	20,655,423	91,182,914
Committed	984,651	261,385	301,187	180,611	170,250	325,490	247,343	23,300,577	20,655,423	91,182,914
Assigned	-	-	-	-	1,056,588	975,033	948,786	-	-	-
Unassigned (deficit)	-	-	-	(14,041,418)	-	-	(9,922,181)	-	-	-
Total capital projects roads & drainage fund	18,216,400	21,636,112	3,428,144	(9,416,817)	11,897,958	17,196,941	17,272,885	-	-	-
Nonspendable	755,039	1,048,604	1,180,030	1,150,000	1,155,252	1,167,429	1,150,000	-	-	-
Restricted	86,969,782	90,917,166	83,244,307	74,971,749	60,947,704	53,416,639	64,384,701	-	-	-
Committed	19,044,328	18,575,285	18,444,025	19,408,994	18,908,485	18,724,646	20,753,368	-	-	-
Assigned	21,918,179	24,638,722	25,659,464	24,872,398	28,069,626	23,404,223	17,356,453	-	-	-
Unassigned (deficit)	(2,662,139)	(45,918)	(57,261)	(965,703)	(636,175)	(316,444)	(5,088,907)	-	-	-
Total other governmental funds	128,025,189	135,133,859	128,470,565	119,437,438	108,444,892	96,396,493	98,555,615	-	-	-
Nonspendable	3,050,797	3,700,203	4,710,145	4,082,819	4,216,026	4,499,596	4,900,639	-	-	-
Restricted	253,761,267	256,788,122	235,550,788	226,192,896	202,692,894	199,513,979	227,702,422	-	-	-
Committed	61,644,543	58,861,639	59,556,392	56,857,490	56,172,539	44,307,929	40,681,521	-	-	-
Assigned	29,160,640	33,801,508	38,393,435	32,976,488	50,157,431	37,847,072	25,950,563	-	-	-
Unassigned	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	\$ 355,848,684	\$ 384,882,004	\$ 356,604,249	\$ 333,551,609	\$ 329,813,705	\$ 295,192,715	\$ 299,429,706	\$ -	\$ -	\$ -

Notes:

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

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

In 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.

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									
	2016	2015	2014	2013	2012	2011	2010	2009	As Restated 2008	As Restated 2007
Revenues:										
Taxes and assessments in lieu of taxes	\$ 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	\$ 429,372,924
Special assessments	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	1,250,564
Licenses and permits	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	12,288,396
Intergovernmental	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	102,611,734
Charges for services	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	31,845,148
Fines and forfeitures	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	10,043,220
E911 surcharges	6,558,506	6,378,754	6,766,679	-	-	-	-	-	-	-
Investment income	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)	31,072,851
Restricted contributions	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	1,855,989
Other	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	5,004,863
Total revenues	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	625,345,689
Expenditures:										
General government	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	25,927,198
Fire services	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	69,692,211
Police services	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	90,424,063
Health and human services	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	25,043,484
Economic and community development	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	54,158,211
Public transportation	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	21,512,366
Public works	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	23,556,542
Education	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	200,028,978
Maintenance and operations of roads and facilities	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	29,719,944
Capital outlay	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	151,545,463
Debt service										
Principal	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	29,432,234
Interest	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	29,342,270
Bond issuance costs	108,074	877,799	462,954	-	232,046	224,194	497,504	-	441,158	102,345
Total expenditures	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	750,485,309
Deficiencies of revenues over expenditures	(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)	(125,139,620)
Other financing sources (uses):										
Transfers in	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	47,630,377
Transfers out	(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)	(27,207,181)
Bonds issued	24,870,000	256,880,000	122,600,001	-	53,785,000	52,298,250	78,610,000	-	60,000,000	54,630,000
Premium on bonds	2,672,823	31,361,323	21,857,443	-	7,875,284	796,626	945,968	-	788,975	1,681,507
Payment to bond escrow agent	-	(235,296,377)	(97,023,536)	-	(33,418,560)	(23,860,769)	(24,047,975)	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Loan Proceeds	-	-	-	-	-	-	507,250	-	175,000	-
Insurance recoveries	253,664	404,235	349,533	133,596	194,229	96,076	-	133,334	38,720	22,316
Sale of capital assets	2,288,993	282,180	718,971	6,386,450	3,431,355	193,831	98,627	990,835	1,152,346	1,071,446
Net other financing sources (uses)	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	77,828,465
Net change in fund balances	\$ (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)	\$ (47,311,155)

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

Source: Municipality of Anchorage, Finance Department

MUNICIPALITY OF ANCHORAGE, ALASKA
 Debt Service as a Percentage of Noncapital Expenditures
 Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenditures:										
General government	\$ 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	\$ 25,927,198
Fire services	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	69,692,211
Police services	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	90,424,063
Health and human services	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	25,043,484
Economic and community development	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	54,158,211
Public transportation	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	21,512,366
Public works	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	23,556,542
Education	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	200,028,978
Maintenance and operations of roads and facilities	32,812,383	31,942,531	34,338,414	32,977,338	35,482,336	33,805,423	34,484,210	32,752,300	35,630,185	29,719,944
Capital outlay	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	151,545,463
Debt service										
Principal	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	29,432,234
Interest	23,796,343	24,609,100	25,361,134	26,658,557	27,013,982	31,072,474	27,581,071	28,686,622	29,269,039	29,342,270
Total expenditures	845,091,194	874,765,606	869,826,826	833,303,363	811,377,311	780,331,003	759,325,134	801,245,648	821,396,971	750,382,964
Less:										
Amounts capitalized	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	104,733,796
Total non-capital expenditures	\$ 783,983,533	\$ 808,201,233	\$ 831,694,957	\$ 789,116,380	\$ 778,985,596	\$ 757,119,186	\$ 683,830,908	\$ 740,902,531	\$ 665,450,729	\$ 645,649,168
Debt service as a percentage of non-capital expenditures	8.09%	8.38%	7.72%	7.82%	8.51%	8.22%	7.05%	8.03%	8.96%	9.10%

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
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
2007	342,486,565	35,067,327	5,156,698	5,088,735	20,162,405	16,559,744	-	3,075,828	427,597,302

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
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
2007	198,981,074	48,707	4,085	178,572,818	283,823	629	377,553,892

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

Table 9

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

Fiscal Year	Real			Personal Property	Total Taxable Assessed Value	Areawide Tax Rate (mils)
	Residential Property	Commercial Property	Total Real			
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
2007	18,938,470,451	7,771,561,687	26,710,032,138	2,559,073,381	29,269,105,519	7.02

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Areawide:										
General Government	0.15	(0.14)	(0.35)	(0.43)	(0.29)	0.09	0.45	0.49	0.37	0.23
Schools	6.73	6.84	7.06	7.35	7.57	7.52	7.44	7.18	6.94	6.79
Property Tax Credit	-	-	-	-	-	-	-	(0.57)	(0.51)	-
Total Areawide	<u>6.88</u>	<u>6.70</u>	<u>6.71</u>	<u>6.92</u>	<u>7.28</u>	<u>7.61</u>	<u>7.89</u>	<u>7.10</u>	<u>6.80</u>	<u>7.02</u>
Former City Service Area	-	-	-	-	-	-	-	-	-	0.02
Chugiak Service Area	1.00	1.00	0.95	1.00	1.00	0.97	0.96	0.97	0.99	1.00
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	4.70	4.08	3.97	4.29	4.14	3.68	3.87	3.83	3.03	4.00
Former Borough Roads and Drainage Service Area	-	-	-	-	-	-	-	-	-	-
Fire Service Area	2.21	2.22	2.44	2.21	2.13	2.09	1.83	1.75	1.77	1.73
Roads and Drainage Service Area	2.43	2.31	2.36	2.60	2.78	2.46	2.13	2.77	2.60	2.59
Limited Service Areas ⁽¹⁾	1.30	1.30	1.29	1.29	1.31	1.33	1.33	1.32	1.30	1.28
Anchorage Metropolitan Police Service Area	2.82	2.93	2.95	3.23	2.76	2.70	2.67	2.61	2.56	2.60
Parks and Recreation Service Area	0.55	0.54	0.59	0.60	0.62	0.62	0.66	0.70	0.65	0.60
Building Safety Service Area	-	-	-	-	-	-	-	-	-	-
Eagle River/Chugiak Parks & Recreation Service Area	0.98	1.03	0.97	0.95	1.00	0.90	0.91	1.05	1.08	1.11

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

Principle Property Tax Payers
Current Year and Nine Years Ago

2016		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
GCI Communication Corp	\$ 202,364,172	0.56%
Calais Co Inc	187,609,488	0.52%
ACS Of Anchorage Inc	169,762,127	0.47%
Galen Hospital Alaska Inc	144,905,484	0.40%
Fred Meyer Stores Inc	141,231,772	0.39%
WEC 2000A-Alaska LLLC	139,492,920	0.39%
Enstar Natural Gas Company	120,167,915	0.33%
BP Exploration (Alaska) Inc	115,297,556	0.32%
Hickel Investment Co	104,038,078	0.29%
North Anchorage Real Estate	101,971,524	0.28%
	<u>\$ 1,426,841,036</u>	<u>3.95%</u>

2007		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
ACS Of Anchorage Inc	\$ 235,792,781	0.81%
Fred Meyer Stores Inc	130,784,635	0.45%
GCI Communication Corp	122,018,289	0.42%
Calais Company Inc	118,145,504	0.40%
Galen Hospital Alaska Inc	111,219,490	0.38%
WEC 2000A-Alaska LLC	96,329,216	0.33%
BP Exploration (Alaska) Inc	94,672,735	0.32%
Hickel Investment Co	90,874,907	0.31%
Enstar Natural Gas Company	89,881,836	0.31%
Anchorage Fueling & Svc Co	83,151,505	0.28%
	<u>\$ 1,172,870,898</u>	<u>4.01%</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	
2016	\$ 527,288,610	\$ 526,731,338	99.89%	\$ (649,490)	\$ 526,081,848	99.77%	\$ 1,206,762
2015	506,632,643	503,919,262	99.46%	(3,735,743)	500,183,519	98.73%	6,449,124
2014	503,962,630	500,381,108	99.29%	(6,412,951)	493,968,157	98.02%	9,994,473
2013	480,422,072	480,393,854	99.99%	(7,365,626)	473,028,228	98.46%	7,393,844
2012	477,009,470	477,142,831	100.03%	(2,509,692)	474,633,139	99.50%	2,376,331
2011	475,771,921	470,361,847	98.86%	5,211,978	475,573,825	99.96%	198,096
2010	463,732,284	454,799,895	98.07%	8,634,507	463,434,402	99.94%	297,882
2009	438,158,786	430,346,262	98.22%	7,521,535	437,867,797	99.93%	290,989
2008	386,615,505	378,829,566	97.99%	7,629,884	386,459,450	99.96%	156,055
2007	398,955,490	389,483,559	97.63%	9,468,920	398,952,479	100.00%	3,011

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⁾	Special Assessment Bonds	Notes and Loans	Capital Lease	
	2016	\$ 474,667,962	\$ 98,416,838	\$ -	\$ 4,032,452	
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
2007	441,657,000	159,175,000	335,000	7,060,000	1,558,751	609,785,751

Fiscal Year	Business-type Activities				Total Business-Type Activities	Total Primary Government	Percentage of Personal Income	Total Debt to Population
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Notes and Loans				
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
2007	1,401,428	396,391,269	40,000	98,010,000	495,842,697	1,105,628,448	8.42%	3,895

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
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
2007	283,823	29,269,105,519	443,058,428	1,139,219	441,919,209	1.51%	1,557

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, 2016

	Debt Outstanding	Percentage Overlap	Share of Direct and Overlapping Debt
Anchorage School District overlapping debt	\$ 581,075,000	100%	\$ 581,075,000
Anchorage's direct debt (Table 13)			<u>610,302,254</u>
Total direct and overlapping debt			<u><u>\$ 1,191,377,254</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 2016 CAFR.

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 16

Legal Debt Margin
December 31, 2016

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	
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
2007	103,846,120	42,968,092	60,878,028	17,725,000	10,714,687	28,439,687	2.14

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

⁽²⁾Excludes Federal subsidy for 2015 and 2016

⁽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. Commercial paper is not reflected on this schedule. If it were included, all-debt coverage for fiscal years 2014 and 2013 would be 1.53 and 1.33, 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	
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
2007	16,638,808	14,320,344	2,318,464	320,000	41,925	361,925	6.41

⁽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	
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	-	-	-	-
2007	12,981,129	6,212,308	6,768,821	-	-	-	-

⁽¹⁾Excludes interest charged to construction.

⁽²⁾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	
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
2007	44,755,119	292,321	26,714,777	18,332,663	3,960,000	5,549,972	9,509,972	1.93
2006	39,480,462	605,444	18,964,994	21,120,912	5,375,000	5,174,576	10,549,576	2.00

⁽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	
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
2007	35,566,755	481,651	23,627,253	12,421,153	520,000	1,672,649	2,192,649	5.66

⁽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	
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
2007	172,235	N/A	172,235	35,000	13,725	48,725	4

CIVICVentures							
Fiscal Year	Hotel & Motel Tax Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
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
2007	5,241,006	N/A	5,241,006	-	5,070,335	5,070,335	1.03

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
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
2007	283,823	46,243	13,124,827	48,707	6.0	244,452

Notes:

⁽¹⁾The Alaska Department of Labor and Workforce Development (ADLWD) has not published 2015 or 2016 Per Capita Personal Income for the Anchorage Municipal Area yet. Per capita income was estimated using the five previous years average increase for 2015 and 2016.

⁽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

Principle Employment by Industry
Current Year and Nine Years Ago

Industry	2016 (*)		2007	
	Average Quarterly Employment	% of Total Employment	Average Quarterly Employment	% of Total Employment
Retail Salespersons	6,566	19.92%	6,581	20.25%
Registered Nurses	3,293	9.99%	3,711	11.42%
Personal Care Aides	3,279	9.95%	3,532	10.87%
Cashiers	3,261	9.90%	3,209	9.88%
Office and Admin Support Workers, All Other	3,223	9.78%	2,884	8.87%
Waiters and Waitresses	3,012	9.14%	2,808	8.64%
Combined Food Preparation and Serving Workers, Including Fast Food	2,676	8.12%	2,625	8.08%
Office Clerks, General	2,634	7.99%	2,534	7.80%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	2,589	7.86%	2,374	7.31%
Food Preparation Workers	2,421	7.35%	2,238	6.89%
Total Employment	<u>32,954</u>		<u>32,496</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 2016 Average Quarterly Worker count utilized 2015 fourth quarter worker counts due to insufficient 2016 fourth quarter data.

(1) The Registered Nurses occupation for 2016 includes the worker counts for Nurse Anesthetists, Nurse Midwives, and Nurse Practitioners.

(2) The Office and Admin Support Workers, All Other occupation for 2016 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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Fire services	371	371	376	372	383	355	377	395	403	401
Police services	512	502	484	505	529	522	537	572	552	532
Subtotal - public safety	883	873	860	877	912	877	914	967	955	933
General government	334	317	315	318	309	299	324	365	345	369
Health and human services	91	103	103	98	120	128	141	148	141	166
Economic and community development	176	237	238	218	226	200	219	230	202	259
Public transportation	154	150	152	147	142	152	158	158	159	158
Public works	345	275	287	278	285	358	379	412	405	430
Subtotal - other	1,100	1,082	1,095	1,059	1,082	1,137	1,221	1,313	1,252	1,382
Total - general government	1,983	1,955	1,955	1,936	1,994	2,014	2,135	2,280	2,207	2,315
Enterprise Funds										
Water	129	129	122	127	133	131	129	138	133	129
Wastewater	128	128	122	127	133	131	129	139	134	129
Electric	231	232	215	230	228	236	245	244	240	240
Port	29	20	19	22	21	21	22	22	21	25
Municipal airport	9	9	9	8	9	9	8	9	9	10
Solid waste	69	69	68	66	72	73	75	72	72	76
Refuse	25	23	27	27	21	21	21	20	20	20
Total - enterprise funds	620	610	582	607	617	622	629	644	629	629
Total	2,603	2,565	2,537	2,543	2,611	2,636	2,764	2,924	2,836	2,944

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

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Fire services										
Number of stations	13	13	13	13	13	14	14	14	14	14
Fire incidents, other (*)	11,074	10,804	10,426	11,497	11,323	10,845	10,252	10,463	9,645	9,936
Emergency medical service incidents	24,188	22,563	20,719	21,183	21,485	19,505	19,749	19,072	18,716	18,297
Police services										
Number of stations	11	11	11	13	12	14	14	17	16	16
Health and human services										
Health clinic visits:										
Disease prevention and control	10,369	10,752	12,079	11,094	12,628	12,102	13,441	17,114	14,005	14,519
Reproductive health clinic	3,810	4,806	4,694	9,217	5,768	7,978	9,081	8,263	7,003	6,704
Women, Infants and Children (1)	27,008	25,636	23,685	22,958	22,601	24,954	26,564	25,953	19,882	16,525
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	21,390
Public facility inspections	2,826	2,546	2,327	2,260	2,225	2,519	1,801	2,650	3,002	3,683
Noise, nuisance, housing	610	642	733	817	1,169	973	1,046	1,370	1,141	760
Air quality and vehicle IM (3)	-	-	-	-	-	91,444	96,215	98,037	92,514	103,765
Daycare assistance families (4)	-	-	-	-	-	3,170	3,111	2,254	2,838	2,075
Licensed child care centers	123	123	117	112	106	109	104	109	111	118
Licensed child care homes	149	146	150	159	157	167	170	168	207	215
Economic and community development										
Cultural and recreation services:										
Total park acres	16,093	16,093	16,061	16,061	16,061	16,000	16,000	16,000	16,000	16,000
Parks	263	263	262	262	248	248	248	248	248	248
Swim pools, indoor	6	6	6	6	6	6	6	6	5	5
Bike/ski trails (Miles)	282	282	282	282	270	270	270	270	270	270
Ski trails (Km)	212	212	212	212	149	149	149	134	134	134
Community recreation centers	14	15	15	15	15	16	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)	191,347	200,218	200,000	179,052	186,603	186,529	212,514	95,000	119,854	132,309
Value of museum collection	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	9,623,771
MOA Public Works 1% for Art Program	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	10,331,978
Anchorage Public Library:										
Branches	5	5	5	5	5	5	6	6	6	5
Items	516,500	499,955	669,586	604,716	624,477	611,663	623,162	644,677	605,000	675,000
Items circulated (6)	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	1,542,800
Reference responses (7)	54,306	67,785	84,193	99,966	158,414	172,762	216,528	188,141	219,043	115,903
William Egan Civic and Convention Center:										
Events	235	227	268	211	231	254	203	248	443	513
Attendance	136,307	118,031	133,092	106,481	118,488	125,673	114,351	141,918	196,102	219,643
Denaina Civic and Convention Center:										
Events (**)	349	406	398	445	412	422	425	413	-	-
Attendance (**)	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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Alaska Center for the Performing Arts:										
Events	481	502	497	532	602	505	524	607	597	542
Attendance	226,769	224,361	228,705	220,391	266,205	226,799	231,556	300,293	251,258	230,436
George Sullivan Sports Arena:										
Events	107	129	136	130	105	140	150	167	163	169
Attendance (8)	155,933	218,934	296,296	267,404	269,981	290,380	310,219	395,382	347,993	385,738
Anchorage Golf Course:										
Rounds played	31,017	31,648	29,721	28,088	31,303	34,968	28,624	34,454	27,861	31,564
Department of Neighborhoods:										
Weatherization clients	-	-	-	-	-	693	596	535	226	187
Total dwellings upgraded	-	-	-	-	-	1,852	1,555	1,165	601	506
Number of people served										
Public transportation										
Average daily ridership:										
Weekdays	11,632	12,334	13,079	13,511	13,848	14,027	14,100	14,294	14,297	13,564
Saturdays	5,729	6,022	6,351	6,640	6,797	6,821	6,821	7,062	6,864	6,632
Sundays	3,308	3,457	3,753	3,777	3,848	3,881	3,899	3,816	3,670	3,486
Total annual ridership	3,450,261	3,649,698	3,860,714	3,986,877	4,088,549	4,148,501	4,145,569	4,184,141	4,220,677	3,989,137
Annual mileage	2,166,286	2,160,517	1,906,241	1,882,191	1,955,591	2,131,576	2,216,276	2,458,195	2,578,229	2,318,543
Timetable revenue hours	125,878	125,020	124,826	123,303	122,673	123,734	126,655	131,125	132,120	130,184
Public works										
Miles of streets and alleys:										
Anchorage Road Service Area										
Unpaved	6	6	6	6	7	7	7	9	12	12
Paved	663	663	663	617	614	613	608	606	600	596
Limited Road Service Area	315	315	315	313	316	313	307	298	298	298
Alleys	42	42	42	44	44	44	44	44	44	44
Water										
Number of customers	56,294	56,501	55,854	55,557	55,362	55,185	54,976	54,835	54,697	54,525
Average treatment plant production (9)										
(gallons/day)	22,700,000	23,600,000	22,183,241	22,900,000	22,100,000	22,700,000	23,100,000	22,600,000	21,930,000	22,850,000
Treatment plant capacity (gallons/day) (10)	62,000,000	67,000,000	64,000,000	65,000,000	65,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
Average well production (gallons/day) (11)	2,700,000	3,000,000	2,078,812	1,523,288	728,767	1,611,233	8,394,000	1,400,000	1,400,000	2,540,000
Miles of water mains	845	843	839	838	836	836	834	829	828	828
Public fire hydrants	6,027	5,999	5,949	5,917	5,897	5,887	5,874	5,851	5,817	5,786
Private fire hydrants	-	-	-	-	1,368	1,367	1,357	1,356	1,204	1,344
Wastewater										
Number of customers	57,163	57,086	56,711	56,432	56,251	56,107	55,898	55,783	55,635	55,470
Average treatment (gallons/day) (12)	27,710,000	27,000,000	28,700,000	30,800,000	29,500,000	26,800,000	28,500,000	29,900,000	31,210,000	29,400,000
Treatment plant capacity (gallons/day)	61,100,000	61,100,000	61,100,000	61,100,000	61,100,000	61,100,000	61,100,000	61,270,000	61,270,000	61,270,000
Miles of wastewater lines:										
Interceptors	45	45	45	45	45	45	45	45	45	45
Trunks	84	84	84	83	83	83	83	83	82	82
Laterals	629	628	625	622	634	624	623	623	616	596

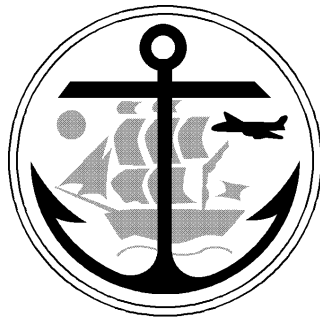
MUNICIPALITY OF ANCHORAGE, ALASKA
Miscellaneous Statistical Data by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Electric										
Number of customers	31,081	30,932	30,791	30,786	30,747	30,603	30,481	30,406	30,352	30,244
Number of street lights	3,891	3,897	3,900	3,908	3,924	3,930	3,948	4,027	4,132	4,146
Circuit miles of overhead distribution lines	118	133	122	123	124	125	130	131	136	136
Miles of underground distribution lines	253	253	254	248	250	252	257	254	243	237
Plant generation capacity (30 degrees Fahrenheit) - KW	544,260	424,560	424,560	424,560	364,500	364,500	364,500	366,100	366,100	366,100
Port										
Tonnage	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	4,316,392
Municipal airport										
Landings and take-offs	137,613	120,541	125,588	128,031	131,777	130,779	150,146	168,062	169,313	174,848
Solid waste										
Total landfill/disposal customers	263,544	260,477	253,397	253,872	256,479	242,646	238,993	245,590	247,788	273,262
Total waste land filled (tons)	330,806	284,050	306,723	308,164	331,413	308,646	317,891	320,983	338,499	359,165
Refuse collection										
Average residential billed customers	10,970	9,947	9,974	10,002	10,020	10,000	9,994	9,912	9,879	10,102
Residential tons collected	9,566	9,358	8,723	9,516	9,644	9,810	10,673	11,824	12,528	13,246
Average commercial billed customers	1,902	1,862	1,855	1,847	1,880	1,898	1,890	1,878	1,884	1,895
Commercial tons collected	27,267	21,023	24,802	26,985	26,922	26,896	26,749	26,818	27,100	27,958

Note:

- (*) 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) Staffing levels have been reduced so the customer service counter service has declined.
- (3) The I/M Program made up the vast majority of customers counted in 2011. This statistic is no longer tracked due to the termination of the program.
- (4) The Daycare Assistance family program no longer exist.
- (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) The decreased difference in treatment plant production from 2013 is the weather was cooler in 2014 than 2013. Also 2013 average treatment plant was changed from 22.9 million to 23.3 million due to the average did not include Girdwood wells.
- (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 2016, newer efficient generation was added; hence, increasing the Plant generation capacity.

Source: Municipality of Anchorage, Various Departments.



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