

**Municipality of Anchorage, Alaska  
Solid Waste Services**  
(Refuse and Disposal Utilities of the Municipality  
of Anchorage, Alaska)

Financial Statements, Required  
Supplementary Information, and Other  
Information  
December 31, 2021 and 2020 (Unaudited)

(With Independent Auditor's Report Thereon)

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**(Refuse and Disposal Utilities of the Municipality of Anchorage, Alaska)**

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Financial Statements, Required Supplementary Information, and Other  
Information

December 31, 2021 and 2020 (Unaudited)

(With Independent Auditor's Report Thereon)

# Municipality of Anchorage, Alaska Solid Waste Services

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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Solid Waste Services of Alaska, the enterprise funds Solid Waste Refuse Utility and Solid Waste Disposal Utility of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Solid Waste Services of Alaska's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Solid Waste Services of Alaska, as of December 31, 2021, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Solid Waste Services of Alaska and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Solid Waste Services of Alaska's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Solid Waste Services of Alaska's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Solid Waste Services of Alaska's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only Solid Waste Services of Alaska, the enterprise funds Solid Waste Refuse Utility and Solid Waste Disposal Utility of the Municipality of Anchorage, Alaska, and do not purport to, and do not present fairly the financial position of the Municipality of Anchorage, Alaska as of December 31, 2021, the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***2020 Financial Statements***

The December 31, 2020 information included in the financial statements for Solid Waste Services has been marked as unaudited. Solid Waste Services, as the Refuse and Disposal enterprise funds of the Municipality of Anchorage, was included in the business-type activities and aggregate remaining fund information of the audit of the financial statements of the Municipality of Anchorage for the year ended December 31, 2020. We have previously audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2021. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with those audited financial statements.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules of Solid Waste Services of Alaska's proportionate share of the net pension and net other postemployment benefit liability and asset and Solid Waste Service contributions to the pension and other postemployment benefit plans be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Solid Waste Services of Alaska's basic financial statements. The supplementary section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Our opinion on the basic financial statements does not cover the supplementary information, and we do not express an opinion or any form of assurance thereon.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 on our consideration of Solid Waste Services of Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Solid Waste Services of Alaska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Solid Waste Service's internal control over financial reporting and compliance.

*BDO USA, LLP*

Anchorage, Alaska  
September 27, 2022

## **Management's Discussion and Analysis**

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# Municipality of Anchorage, Alaska Solid Waste Services

## Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)

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Solid Waste Services is a department of the Municipality of Anchorage, Alaska (Municipality of Anchorage).

The Solid Waste & Recycling Advisory commission, consisting of between 4 and 6 members approved by the Municipal Assembly, acts as an advisory council to Solid Waste Services. The following is a discussion and analysis of Solid Waste Services' financial performance, providing an overview of the financial activities for the years ended December 31, 2021, 2020, and 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues, provide an overview of Solid Waste Services' financial activities and identify changes in Solid Waste Services' financial position. We encourage readers to consider the information presented here in conjunction with Solid Waste Services' financial statements and accompanying notes, taken as a whole.

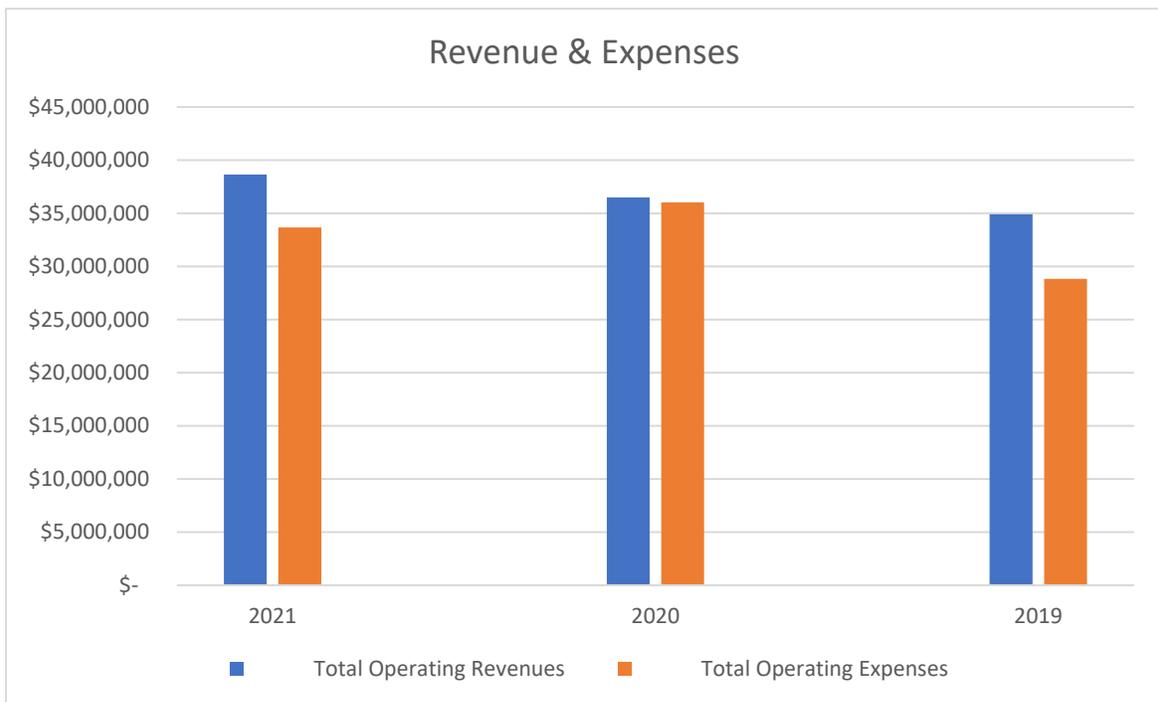
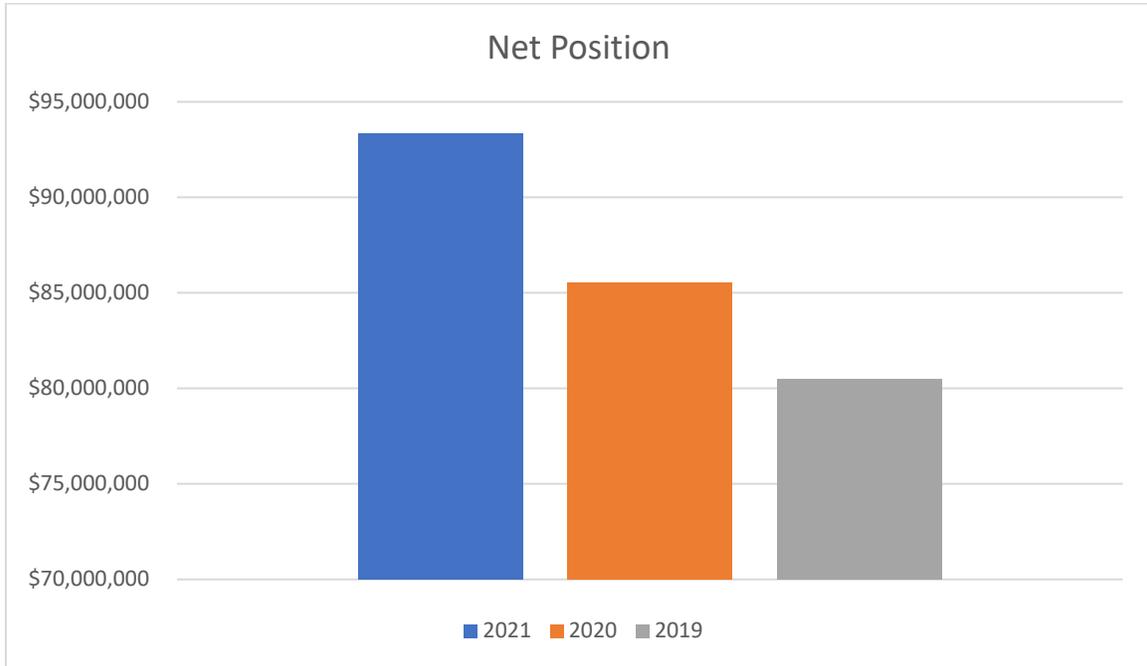
### Financial Highlights

- Net position increased \$7,837,961 or 9% in 2021. The increase in net position was primarily due to a rate increase of 5% for The Refuse Utility and 6.5% for the Disposal Utility instituted each year beginning in 2019. In 2020, net position increased \$5,054,603 or 6%. The increase in net position was primarily due to a rate increase of 5% for The Refuse Utility and 6.5% for the Disposal Utility instituted each year beginning in 2019.
- Operating revenues increased \$2,144,411 or 6% in 2021 and \$1,597,066 or 5% in 2020 due to scheduled increases in rates approved by Municipal Assembly.
- Operating expenses decreased by \$2,365,901 or 7% in 2021. The decrease is primarily due to stabilization of expenses back to the normal range. This was due to increased expenses in prior years from the 2018 earthquake which increased expenses, and the 2019 Covid protocols and additional expenses due to the Pandemic restrictions in the workplace (Remote work) which increased expenses in 2019 and 2020. Operating expense increased by \$7,192,938 or 18% in 2020. The increase is primarily due to November 2018 earthquake which increased expenses in 2019 and Covid which increased expenses in 2020.

# Municipality of Anchorage, Alaska Solid Waste Services

## Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)

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# Municipality of Anchorage, Alaska

## Solid Waste Services

### Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)

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#### Overview of the Financial Statements

Solid Waste Services is a business type activity of the Municipality that operates Solid Waste Services. Solid Waste Services reports as an enterprise fund of the Municipality.

Solid Waste Services' financial statements offer short and long-term information about activities of Solid Waste Services and collectively provide an indication of Solid Waste Services' financial health. The basic financial statements present on a comparative basis for the years ended December 31, 2021, and 2020, and include the following: Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; notes to the basic financial statements; and required supplementary information (RSI). The basic financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

**Statements of Net Position** - These statements include all Solid Waste Services' assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

**Statements of Revenues, Expenses, and Changes in Net Position** - These statements present Solid Waste Services' operating revenues and expenses and nonoperating revenues and expenses, and the change in net position of Solid Waste Services for the years presented.

**Statements of Cash Flows** - These statements report cash and cash equivalent activities for the year resulting from operating activities, noncapital financing activities, capital, and related financing activities, and investing activities. The net result of these activities added to beginning of year cash and cash equivalents reconciles to cash and cash equivalents at the end of the year. Solid Waste Services presents its Statements of Cash Flows using the direct method of reporting operating cash flows.

**Notes to Financial Statements** - The notes provide the reader with additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Required Supplementary Information** - The RSI presents certain information concerning the progress of funding Solid Waste Services' obligation to provide pension and other postemployment benefits.

**Supplementary Information** - The supplementary information provides the reader with the Statements of Revenue, Expenses, and Changes in Net Position for the Solid Waste Refuse Utility, the Solid Waste Disposal Utility, as well as the combining Statements of Revenue, Expenses, and Changes in Net Position for Solid Waste Services of Alaska.

# Municipality of Anchorage, Alaska Solid Waste Services

## Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)

### Financial Analysis of Solid Waste Services

One of the most important questions asked about Solid Waste Services' finances is whether Solid Waste Services, as a whole, is better off or worse off as a result of the year's activities. The Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position report information about Solid Waste Services' activities in a way that helps answer this question.

These two statements report Solid Waste Services' net position and changes in net position. One can think of Solid Waste Services' net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as one way to measure financial health and whether financial health is improving or deteriorating. However, one will need to also consider other nonfinancial factors such as changes in economic conditions, population growth and new or changed legislation.

Changes in Solid Waste Services' net position can be determined by reviewing the following condensed Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position as of December 31, 2021, 2020, and 2019. The analysis below focuses on Solid Waste Services' net position at the end of the year (Table 1) and changes in net position (Table 2) during the year.

TABLE 1  
Summary of Net Position

	2021	2020	2019
<b>Assets and Deferred Outflows of Resources</b>			
Current assets	\$ 54,471,792	\$ 24,895,293	\$ 25,586,188
Non current Assets	175,493,899	151,521,994	123,790,909
Deferred outflows of resources	327,335	623,491	593,115
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 230,293,026</b>	<b>\$ 177,040,778</b>	<b>\$ 149,970,212</b>
<b>Liabilities and Deferred Inflows of Resources</b>			
Current liabilities	\$ 16,063,565	\$ 7,237,072	\$ 4,875,407
Non current liabilities	118,504,692	83,994,482	64,258,935
Deferred inflows of resources	2,358,667	281,083	362,333
<b>Total liabilities and Deferred inflows of Resources</b>	<b>\$ 136,926,924</b>	<b>\$ 91,512,637</b>	<b>\$ 69,496,675</b>
<b>Net Position</b>			
Net investment in capital assets	\$ 71,322,412	\$ 62,948,490	\$ 58,772,514
Restricted for post closure care	-	3,742,561	3,377,837
Restricted for capital construction	5,170,488	-	-
Unrestricted	16,873,202	18,837,090	18,323,187
<b>Total net position</b>	<b>\$ 93,366,102</b>	<b>\$ 85,528,141</b>	<b>\$ 80,473,538</b>
<b>Total Liabilities, Deferered Inflows of Resources and Net Position</b>	<b>\$ 230,293,026</b>	<b>\$ 177,040,778</b>	<b>\$ 149,970,213</b>

# Municipality of Anchorage, Alaska Solid Waste Services

## Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)

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During 2021, Solid Waste Services' total assets and deferred outflows of resources increased by \$53,252,248. Noncurrent assets increased by \$23,971,905. Current assets increased by \$29,576,499 primarily due to an increase in equity in the general cash pool. During 2020, Solid Waste Services' total assets decreased by \$690,895. Noncurrent assets increased by \$27,791,905 primarily due to constructions of a new CTS building in process.

During 2021, Solid Waste Services' current liabilities increased by \$8,826,493 primarily due to FEMA projects in process from 2018 Earthquake construction. Total liabilities and deferred inflows of resources increased by \$45,414,287 due to the issuance of a short-term borrowing program for the CTS Construction project. During 2020, Solid Waste Services' current liabilities increased by \$2,361,666 primarily due to FEMA projects in process from 2018 Earthquake construction. Total liabilities increased by \$22,097,213 due to the increase in current liabilities discussed above.

Changes in Solid Waste Services' net position can be determined by reviewing the following condensed Summary of Revenues, Expenses, and Changes in Net Position for the years ending December 31, 2021, 2020, and 2019 (Table 2).

During 2021, Solid Waste Services' operating revenues increased by \$2,144,411 or 6%, due chiefly to the rate increase implemented in 2020 and 2021. During 2020, Solid Waste Services' operating revenues increased by \$1,597,066 or 5%, due to the rate increase for 6.5% done in 2020.

In 2021, Solid Waste Services' operating expenses decreased by \$2,365,901 due to stabilization back to normal after prior year increases in expenses. In 2020, Solid Waste Services' operating expenses increased by \$7,192,938 primarily due to the Covid Pandemic that disrupted normal business activity, causing increased expense to accommodate remote workstations.

# Municipality of Anchorage, Alaska Solid Waste Services

## Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)

Table 2

MUNICIPALITY OF ANCHORAGE, ALASKA  
Solid Waste Utility

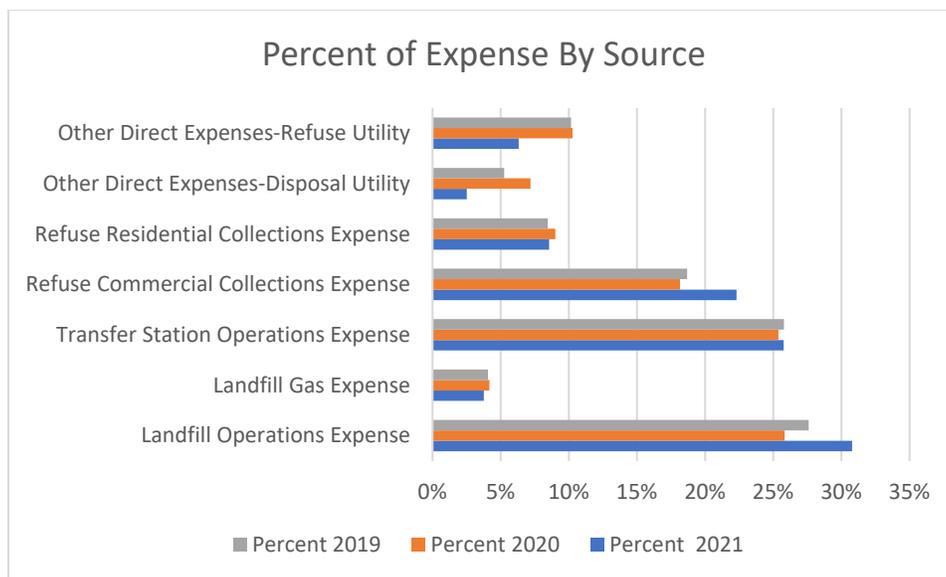
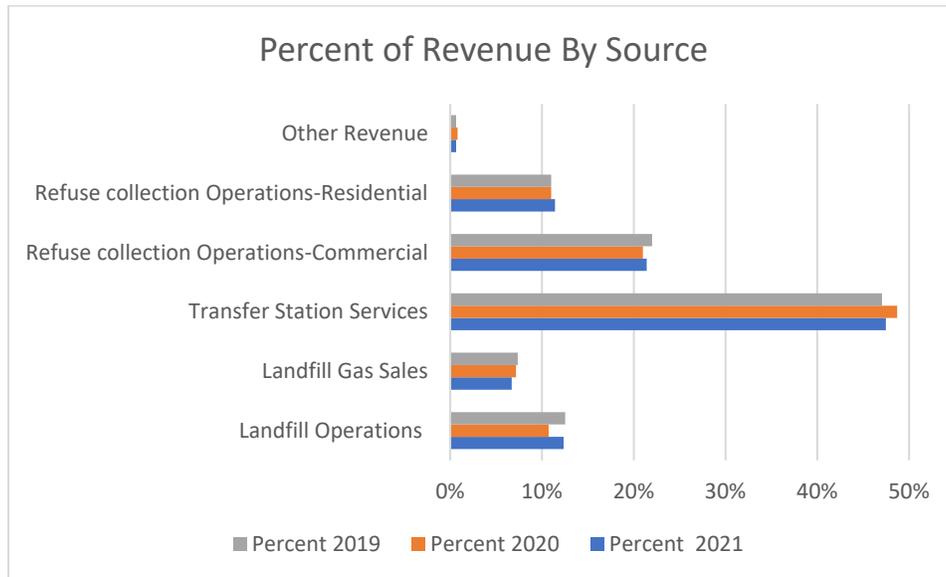
Comparative Statements of Revenues, Expenses, and Changes in Net Position  
For the Years Ended December 31, 2021 and 2020 and 2019  
Summary of Revenues, Expenses, and Changes in Net Position

	2021	2020	2019
<b>OPERATING REVENUES</b>			
Charges for Sales and Services:			
Landfill Operations	\$ 4,773,174	\$ 3,911,542	\$ 4,370,455
Landfill Gas Sales	2,587,675	2,614,604	2,567,710
Transfer Station Services	18,345,504	17,776,477	16,425,643
Refuse collection Operations-Commercial	8,277,806	7,827,042	7,592,866
Refuse collection Operations-Residential	4,409,742	4,076,993	# 3,720,686
<b>Total Charges for Sales and Services</b>	<b>\$ 38,393,901</b>	<b>\$ 36,206,658</b>	<b>\$ 34,677,360</b>
Other Revenue	247,691	290,523	222,755
<b>Total Operating Revenues</b>	<b>\$ 38,641,592</b>	<b>\$ 36,497,181</b>	<b>\$ 34,900,115</b>
<b>OPERATING EXPENSES</b>			
Landfill Operations Expense	8,056,976	6,773,537	4,723,304
Landfill Gas Expense	986,569	1,094,905	763,495
Transfer Station Operations Expense	6,741,552	6,654,663	4,640,411
Refuse Commercial Collections Expense	5,831,906	4,761,935	3,320,580
Refuse Residential Collections Expense	2,235,564	2,361,792	1,646,919
Other Direct Expenses-Disposal Utility	657,711	1,885,861	3,763,582
Other Direct Expenses-Refuse Utility	1,652,373	2,694,519	5,377,408
<b>Total Operations</b>	<b>26,162,651</b>	<b>26,227,212</b>	<b>24,235,699</b>
Amortization of Landfill Closure Costs	1,532,265	4,140,988	(907,592)
Depreciation	5,961,801	5,654,418	5,501,572
<b>Total Operating Expenses</b>	<b>\$ 7,494,066</b>	<b>\$ 9,795,406</b>	<b>\$ 4,593,980</b>
<b>Operating Income (Loss)</b>	<b>4,984,875</b>	<b>474,563</b>	<b>6,070,436</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment Income	311,180	810,719	1,154,226
Investment Gain on Landfill Post Closure Cash Reserve	2,480,648	4,670,515	5,492,439
Gain/ Loss On Disposal of Capital Assets	331,202	60,099	(264,569)
Intergovernmental Revenue- Pension & OPEB on-behalf	(95,602)	138,226	(61,639)
Intergovernmental Revenue	36,896	-	-
Interest on Long-Term Obligations	(714,852)	(498,376)	(677,492)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>\$ 2,349,472</b>	<b>\$ 5,181,183</b>	<b>\$ 5,642,965</b>
Income Before Contributions and Transfers	7,334,347	5,655,746	11,713,401
Capital Contributions & Transfers	503,614	(601,143)	(317,517)
<b>Change in Net Position</b>	<b>7,837,961</b>	<b>5,054,603</b>	<b>11,395,884</b>
Net Position, January 1	85,528,141	80,473,538	69,077,654
<b>Net Position, December 31</b>	<b>\$ 93,366,102</b>	<b>\$ 85,528,141</b>	<b>\$ 80,473,538</b>

# Municipality of Anchorage, Alaska Solid Waste Services

**Management’s Discussion and Analysis  
December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)**

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**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Management's Discussion and Analysis  
December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)**

**Capital Assets and Debt Administration**

**Capital Assets**

The following table summarizes Solid Waste Services' capital assets, at cost, as of December 31, 2021, 2020, and 2019.

**Table 3  
Net Capital Assets**

	2021	2020	2019
<b>CAPITAL ASSETS</b>			
Land	\$ 19,854,585	\$ 19,854,585	\$ 20,103,705
Land Improvements	49,598,154	51,332,295	46,681,240
Buildings	2,104,469	2,224,809	1,179,284
Building Improvements	1,847,426	1,552,023	1,457,763
Vehicles	7,591,869	6,998,729	6,377,225
Machinery and Equipment	5,955,216	7,512,896	5,953,973
Computer Hardware	327,422	437,351	142,609
Computer Software	97,656	129,383	-
Office Equipment	13,758	16,582	13,961
<b>Total Fixed Assets</b>	<b>\$ 87,390,555</b>	<b>\$ 90,058,653</b>	<b>\$ 81,909,760</b>
Construction Work in Progress	66,560,858	19,634,955	\$ 4,880,370
<b>Total Capital Assets</b>	<b>\$ 153,951,413</b>	<b>\$ 109,693,608</b>	<b>\$ 86,790,130</b>
Increase in Capital Assets	\$ 44,257,805	\$ 22,903,478	

2021 major additions include:

- Construction WIP - Transfer Station \$4,216,209
- Vehicles \$6,992,675
- Machinery and Equipment \$11,970,745

Construction work on the new CRT site began in 2020 with Land Improvement, Solid Waste Services Modernization Program.

Additional information on Solid Waste Services' capital assets can be found in Note 4.

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Management’s Discussion and Analysis  
December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)**

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**Debt**

The following table summarizes Solid Waste Services’ debt as of December 31, 2021, 2020, and 2019.

Table 4  
Net Debt

	2021	2020	2019
<b>Total Debt</b>			
Clean Water Loans	\$ 8,757,453	\$ 9,796,042	\$ 11,282,660
Notes Payable	68,449,122	33,146,174	16,734,956
<b>TOTAL</b>	<b>\$ 77,206,575</b>	<b>\$ 42,942,216</b>	<b>\$ 28,017,616</b>
Increase in Debt	\$ 34,264,359	\$ 14,924,600	

In 2020, Solid Waste Services started a Short-Term Borrowing agreement with a commercial bank predominantly for the Construction of the new Central Transfer Station.

**Budgetary Highlights**

The 2021 budget projected SWS operating revenues of \$40.35 million. Actual 2021 operating revenues earned \$38.6 million and were \$1.7 million under budget projections. The 2021 non-operating budget projected was \$369,981. Actual 2021 non-operating was \$2.3 million, attributable to investments, and cash pool investment.

The 2020 budget projected SWS operating revenues of \$37.8 million. Actual 2020 operating revenues earned were \$36.5 million and \$1.2 million under budget projections. The 2020 non-operating budget projected was \$712,348. Actual 2020 non-operating was \$531 million, attributable to investments, and cash pool investment.

**Brief History**

The Municipality of Anchorage maintains a co-located facility for its Central Transfer Station (CTS) and the Department of Solid Waste Services (SWS) Administration/Maintenance Building. The 11.4-acre facility, at 1111 East 56th Avenue in Anchorage, north of East 56th Avenue, has existed at this site for over 40 years. The CTS, operated by the SWS Solid Waste Disposal Utility, currently provides commercial, small contractor, and residential waste and recycling drop-off services, with an operating capacity of 1,600 tons per day. This location also hosts collection of residential bulky/white goods, used oil, batteries, and household hazardous waste. The CTS also operates a reuse center, where Anchorage residents can bring household items such as paints, cleaners, and solvents for pick up and reuse by other residents.

# Municipality of Anchorage, Alaska Solid Waste Services

## Management's Discussion and Analysis December 31, 2021, 2020 (Unaudited), and 2019 (Unaudited)

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In addition to the CTS and the SWS Administration/ Maintenance Building, the site supports the SWS Refuse Collections Utility, a fueling island for SWS operations vehicles, container repair and equipment storage areas, outdoor and warm storage for SWS operations vehicles, and parking for employee vehicles. The Solid Waste Disposal Utility operates a fleet of transfer trailers that transport solid waste from the CTS to the Anchorage Regional Landfill for final disposal.

### Current Challenges

The existing complex has been operating for over 40 years. Consideration of major revisions or development of a new solid waste transfer facility has been discussed for some time. A variety of factors have prompted discussions about major revisions or replacement for the solid waste transfer facility, include the age of the solid waste and recycling assets at the CTS, safety risks associated with intermingled customer/vehicle streams, and customer requests, concerns, and complaints. The most prominent customer feedback is related to the high volume and lengthy onsite dwell time of residential traffic, and the unavailability of solid waste and recycling (materials management) services and practices that have progressed since the facility's original design. The existing transfer station building needs comprehensive refurbishment and upgrade to enable continued efficient CTS conceptual planning and operations.

In 2017, SWS contracted with Tetra Tech Alaska, LLC to develop the *Central Transfer Station Conceptual Planning Design Basis Report*. The final report, submitted to SWS in August 2018, provided a comprehensive review of the current facilities, circulation, capacities, parking, security, safety, and operational systems of the complex. It also provided several options for renovation of existing structures and development of new structures to support SWS operations.

On November 14, 2018, the Municipality of Anchorage released a request for proposals to provide professional architectural and engineering services for a new Central Transfer Station. The solicitation sought an architectural-engineering firm to perform all aspects of planning, design, and construction administration for operational grounds, infrastructure, component buildings, and ancillary structures. The solicitation identified Concept 2A from the Master Plan Report as the initial basis of the design. Tetra Tech was awarded the contract.

Beginning in 2020 a new CTS facility started being constructed in a lot adjacent to the current facility, with a proposed opening date in May of 2023.

With the additional space, future modifications could include; re-routing of transfer station traffic to remove truck traffic from 54th and 56th Avenues and Juneau Street, improvements to the transfer station logistics, potential redevelopment of the aging administration building, relocating the household hazardous waste program to a more convenient location and expanding the facility, adapting of the facility to other uses within the waste management field such as an organics diversion program, recycling, and material processing which will better serve the needs of the community.

### Contacting Solid Waste Services' Financial Management

This financial report is designed to provide Solid Waste Services' customers, taxpayers, investors, and creditors with a general overview of Solid Waste Services' finances and to demonstrate Solid Waste Services' accountability for the money it receives. For questions about this report, or for additional financial information, contact the Municipality of Anchorage, Solid Waste Services Department, 1111 E 56<sup>th</sup> Ave, Anchorage, AK 99517.

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## Financial Statements

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# Municipality of Anchorage, Alaska

## Solid Waste Services

### Statements of Net Position

<i>December 31,</i>	2021	2020 (Unaudited)
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,475	\$ 3,475
Equity in general cash pool	35,972,973	6,109,360
Equity in bond and grant capital acquisition & construction pool	9,810,405	15,368,652
Accounts receivable, net	3,350,001	3,307,461
Accrued interest receivable	155,361	93,496
Prepaid items and deposits	9,089	12,849
Restricted assets:		
Intergovernmental receivables	5,170,488	-
<b>Total Current Assets</b>	<b>54,471,792</b>	<b>24,895,293</b>
<b>Noncurrent Assets</b>		
Unrestricted assets:		
Capital assets, net	87,396,555	90,058,653
Construction work in process	66,560,858	19,634,955
Net other postemployment benefits asset	2,185,119	352,598
<b>Total unrestricted noncurrent assets</b>	<b>156,142,532</b>	<b>110,046,206</b>
Restricted assets:		
Landfill postclosure cash reserve	19,351,367	41,475,788
<b>Total Noncurrent Assets</b>	<b>175,493,899</b>	<b>151,521,994</b>
<b>Total Assets</b>	<b>229,965,691</b>	<b>176,417,287</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	278,554	415,050
Related to other postemployment benefits asset	48,781	208,441
<b>Total Deferred Outflows of Resources</b>	<b>327,335</b>	<b>623,491</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 230,293,026</b>	<b>\$ 177,040,778</b>

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**Statements of Net Position, continued**

<i>December 31,</i>	2021	2020 (Unaudited)
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,883,548	\$ 879,144
Compensated absences payable	725,814	706,589
Accrued payroll liabilities	589,749	562,021
Accrued interest payable	147,990	111,045
Alaska Clean Water loans payable, current portion	1,038,590	1,038,590
Unearned revenue and deposits	141,381	136,781
Capital acquisition and construction accounts and retainages payable	5,428,424	3,802,902
Due to other funds	5,108,069	-
<b>Total Current Liabilities</b>	<b>16,063,565</b>	<b>7,237,072</b>
<b>Noncurrent Liabilities</b>		
Compensated absences payable	56,893	162,213
Net pension liability	3,014,322	4,189,297
Net other postemployment benefits liability	-	6,119
Alaska Clean Water loans payable, net of current portion	7,718,863	8,757,452
Notes payable	68,449,122	33,146,174
Landfill closure liability	39,265,492	37,733,227
<b>Total Noncurrent Liabilities</b>	<b>118,504,692</b>	<b>83,994,482</b>
<b>Total Liabilities</b>	<b>134,568,257</b>	<b>91,231,554</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	1,202,046	-
Related to net other postemployment benefits asset and liability	1,156,621	281,083
<b>Total Deferred Inflows of Resources</b>	<b>2,358,667</b>	<b>281,083</b>
<b>Net Position</b>		
Net investment in capital assets	71,322,412	62,948,490
Restricted for closure and postclosure care	-	3,742,561
Restricted for capital construction	5,170,488	-
Unrestricted	16,873,202	18,837,090
<b>Total Net Position</b>	<b>93,366,102</b>	<b>85,528,141</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 230,293,026</b>	<b>\$ 177,040,778</b>

*See accompanying notes to basic financial statements.*

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**Statements of Revenues, Expenses, and Changes in Net Position**

<i>Years Ended December 31,</i>	2021	2020 (Unaudited)
<b>Operating Revenues</b>		
Landfill services	\$ 4,773,174	\$ 3,911,542
Landfill gas sales	2,587,675	2,614,604
Transfer station services	18,345,504	17,776,477
Refuse collection operation-commercial	8,277,806	7,827,042
Refuse collection operation-residential	4,409,742	4,076,993
Total charges for sales and services	38,393,901	36,206,658
Other operating revenues - collection fees, late fees, surcharges	247,691	290,523
<b>Total Operating Revenues</b>	<b>38,641,592</b>	<b>36,497,181</b>
<b>Operating Expenses</b>		
Operations:		
Landfill operations	8,056,976	6,773,537
Landfill gas collection system	986,569	1,094,905
Transfer station operations	6,741,552	6,654,663
Refuse commercial collections	5,831,906	4,761,935
Refuse residential collections	2,235,564	2,361,792
Other direct expenses disposal	657,711	1,885,861
Other direct expenses refuse	1,652,373	2,694,519
Total operations	26,162,651	26,227,212
Amortization of landfill closure costs	1,532,265	4,140,988
Depreciation	5,961,801	5,654,418
<b>Total Operating Expenses</b>	<b>33,656,717</b>	<b>36,022,618</b>
Operating income	4,984,875	474,563

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**Statements of Revenues, Expenses, and Changes in Net Position, continued**

<i>Years Ended December 31,</i>	2021	2020 (Unaudited)
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	\$ 311,180	\$ 810,719
Investment gain on landfill postclosure cash reserve	2,480,648	4,670,515
Gain on disposal of capital assets	331,202	60,099
PERS on-behalf (credit)	(95,602)	138,226
Intergovernmental revenue	36,896	-
Interest on long-term obligations	(714,852)	(498,376)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,349,472</b>	<b>5,181,183</b>
Income before capital contributions and transfers	7,334,347	5,655,746
<b>Capital Contributions and Transfers</b>		
Capital contributions	5,146,179	54,179
Transfers to other funds:		
Municipal utility service assessment	(1,410,737)	(1,222,858)
Dividend	(1,056,000)	(1,050,000)
Other transfers from other funds	2,932,571	1,617,536
Other transfers to other funds	(5,108,399)	-
<b>Change in Net Position</b>	<b>7,837,961</b>	<b>5,054,603</b>
<b>Net Position, beginning</b>	<b>85,528,141</b>	<b>80,473,538</b>
<b>Net Position, ending</b>	<b>\$ 93,366,102</b>	<b>\$ 85,528,141</b>

*See accompanying notes to basic financial statements.*

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**Statements of Cash Flows**

<i>Years Ended December 31,</i>	2021	2020 (Unaudited)
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 38,603,652	\$ 36,990,162
Payments to employees	(13,206,967)	(12,793,079)
Payments to vendors	(8,944,463)	(10,170,974)
Internal activity - payments made to other funds	(2,796,900)	(3,028,660)
<b>Net cash flows from operating activities</b>	<b>13,655,322</b>	<b>10,997,449</b>
<b>Cash Flows for Noncapital Financing Activities</b>		
Transfers to other funds	(7,575,136)	(2,272,858)
Change in due to other funds	5,108,069	-
<b>Net cash flows for noncapital financing activities</b>	<b>(2,467,067)</b>	<b>(2,272,858)</b>
<b>Cash Flows from (for) Capital and Related Financing Activities</b>		
Principal payments on long-term obligations	(1,038,589)	(1,486,618)
Acquisition and construction of capital assets	(48,621,072)	(26,297,080)
Interest payments on long-term obligations	(677,908)	(521,878)
Transfers from other funds	2,932,571	1,617,536
Proceeds from issuance of notes payable	35,302,948	16,411,218
Proceeds from disposal of capital assets	352,190	368,365
Capital grant proceeds	12,587	54,179
<b>Net cash flows for capital and related financing activities</b>	<b>(11,737,273)</b>	<b>(9,854,278)</b>
<b>Cash Flows from Investing Activities</b>		
Investment income	2,729,963	5,470,144
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Investments</b>	<b>2,180,945</b>	<b>4,340,457</b>
<b>Cash, Cash Equivalents, and Investments, beginning</b>	<b>62,957,275</b>	<b>58,616,818</b>
<b>Cash, Cash equivalents, and Investments, ending</b>	<b>\$ 65,138,220</b>	<b>\$ 62,957,275</b>
<b>Components of Cash, Cash Equivalents, and Investments</b>		
Cash and cash equivalents	\$ 3,475	\$ 3,475
Equity in general cash pool	35,972,973	6,109,360
Equity in Bond and Grant Capital Acquisition and Construction Pool	9,810,405	15,368,652
Landfill postclosure cash reserve	19,351,367	41,475,788
<b>Cash, Cash Equivalents, and Investments, ending</b>	<b>\$ 65,138,220</b>	<b>\$ 62,957,275</b>

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**Statements of Cash Flows, continued**

<i>Years Ended December 31,</i>	2021	2020 (Unaudited)
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities:</b>		
Operating income	\$ 4,984,875	\$ 474,563
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	5,961,801	5,654,418
PERS relief - noncash expenses (credits)	(95,602)	138,226
Change in landfill closure liability	1,532,265	4,140,988
Increase (Decrease) in:		
Accounts receivable, net	(42,540)	485,637
Prepaid items and deposits	3,760	51,093
Net other postemployment benefits asset	(1,832,521)	(321,895)
Deferred outflows of resources related to pensions	136,496	(72,374)
Deferred outflows of resources related to other postemployment benefits	159,660	41,998
Accounts payable	2,004,405	126,871
Compensated absences payable	(86,095)	86,691
Net pension liability	(1,174,975)	609,523
Net other postemployment benefits liability	(6,119)	(466,399)
Accrued payroll liabilities	27,728	11,930
Unearned revenue and deposits	4,600	117,429
Deferred inflows of resources related to pensions	1,202,046	(184,596)
Deferred inflows of resources related to other postemployment benefits	875,538	103,346
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 13,655,322</b>	<b>\$ 10,997,449</b>
<b>Supplementary Disclosure of Cash Flow Information</b>		
Capital purchases on account	\$ 5,428,424	\$ 3,802,902
Contributed capital for equipment	5,146,179	54,179

*See accompanying notes to basic financial statements.*

# Municipality of Anchorage, Alaska Solid Waste Services

## Notes to Financial Statements December 31, 2021 and 2020 (Unaudited)

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### 1. Description of Business and Summary of Significant Accounting Policies

Solid Waste Services of Alaska (SWS), a nonmajor enterprise fund of the Municipality of Anchorage (MOA), is comprised of two separate utilities - the Refuse Collection Utility (RCU) which collects solid waste for disposal, and the Disposal Utility which owns a transfer station in Girdwood, the Central Transfer Station (CTS) in mid-town and the Anchorage Regional Landfill (ARL) located near Eagle River. The Disposal Utility (SWSDU) receives solid waste at the two transfer stations and hauls it to the Anchorage Regional Landfill for final disposal. The financial statements above present only the financial position RCU and SWSDU, and does not purport to, nor present fairly the financial position of the Municipality of Anchorage, Alaska as of December 31, 2021.

CTS was built in 1977 when the Merrill Field and International Airport Road Landfills were closed. The transfer site was established to provide a centralized location for the citizens of Anchorage to dispose of their solid waste. Originally designed as a shredder plant, CTS was modified in 1982, to the present-day tipping floor with a new scale-house and cash-booth added. A warm storage building for the growing Refuse Collections fleet and the administrative building were added in 1987. The Household Hazardous Waste Disposal program was established at the same time.

The current facility receives approximately 80% of the solid waste generated in Anchorage and is capable of handling upwards of 1,500 tons of refuse per day.

In 2011 SWS and the MOA signed an agreement with Doyon Utilities for the sale and transfer of excess Landfill Gas generated at the landfill site. This contract brings in approximately \$2.5 million annually, and the contract will remain active until 2033, when Doyon will have an option to extend to 2043. In 2012 the new facility was completed, and the gas-to-energy system went online January 2013. SWSDU is responsible for the transportation and storage of treated Landfill Gas from the Gas Processing System to the electrical generation plant that is owned by Doyon Utilities on Joint Base Elmendorf Richardson (JBER), which borders the Landfill facility.

#### ***Refuse Collection Utility (RCU)***

The RCU provides both residential and commercial service to the former City of Anchorage service area. The RCU has converted 99% of its residential customers to automated collections operations. There are approximately 100 customers which still receive manual can and bag pickup.

Commercial refuse collection consists of six routes serviced Monday through Friday and three additional routes serviced on Saturdays. This equates to the servicing of over 5,000 dumpsters on a weekly basis. All commercial refuse collected is unloaded at the CTS. There is also a commercial glass collection route that services numerous businesses throughout the SWS service area.

Residential refuse collection consists of 11 routes serviced Monday through Friday for over 10,000 customers-all residential refuse is collected and unloaded at CTS. Additionally, curbside recycling, mixed paper and cardboard recycling, as well as residential organics (food scraps and yard waste) are available for residential collection.

# Municipality of Anchorage, Alaska

## Solid Waste Services

### Notes to Financial Statements

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#### ***Solid Waste Disposal Utility (SWSDU)***

The main function of the SWSDU is to dispose of household and commercial refuse generated within the MOA. The solid waste is dropped off by the public at three locations: Girdwood Transfer Station (GTS), CTS, and ARL. The SWSDU has an extensive fleet of specialized equipment for the disposal of refuse that is maintained, operated, and supported by highly skilled and trained staff.

GTS received over 690 tons of refuse in 2020 (unaudited). GTS has a paved area where solid waste is discarded into an enclosure containing a 120-cubic yard trailer for transfer to CTS. GTS accepts used oil and batteries from customers and these items are picked up by SWS's household hazardous waste (HHW) contractors for proper disposal, recycling, or for reuse.

Solid waste disposed of at CTS is transferred by SWS tractors pulling 120 cubic yard (approximately 20-tons at a time) open top trailers to ARL. An average of 600 tons per day of solid waste is transferred from CTS to ARL. CTS also has a HHW disposal location and accepts residential used oil, batteries, and appliances that are picked up by contractors for proper disposal, recycling, or for reuse. Customers can drop off small quantities (less than 220 pounds per month) of unregulated hazardous waste which is not allowed to be disposed at ARL. A total of 25 SWS operators performs the various duties and operations associated with CTS.

It is a 275-acre, award-winning, subtitle D landfill that typically processes more than 1,000 tons of refuse daily. Currently, 11 cells are constructed, with a total of 12 cells to be developed at full build out of the facility. Every day solid waste is compacted and then covered with soil using bulldozers or alternative daily cover such as plastic tarps, grinded wood waste and recycled construction and demolition debris. The soil cover material comes from the excavation of future cells located on-site. Each landfill cell is lined and contains a leachate (water) collection system. Leachate is collected and transported in pipelines at the bottom of the landfill to collection lagoons for pre-treatment by aeration to increase the oxygen levels within it. On average, three specially designed leachate tankers transport and dispose of over 30 million gallons per year at the Anchorage Water & Wastewater Utility's Turpin Road dump station. ARL employees are responsible for the daily disposal of all of the MOA's refuse, the excavation and hauling of daily cover material, the installation and maintenance of landfill gas recovery wells and lines, the hauling of leachate, the building and maintaining of roads, snow removal, dust control and equipment repair. Located within a warm storage facility located at ARL, vehicle maintenance employees repair and maintain heavy equipment and SWSDU vehicles. A total of 26 SWS operators and mechanics perform the various duties and operations associated with ARL. The main HHW facility is located at ARL and is operated by a contractor that serves residential and small business customers.

#### ***Cash Pool and Investments***

The Municipality uses a central treasury to account for all cash and investments. Bond and grant proceeds are shown as equity in the bond and grant capital acquisition and construction pool and are used for capital projects; all other cash is shown as equity in the general cash pool. Equity in the general capital cash pools are treated as a cash equivalent for cash flow purposes. Investments are recorded at fair value. Interest on cash pool investments is allocated to Solid Waste Services each month based on its monthly closing cash pool equity balances.

# Municipality of Anchorage, Alaska

## Solid Waste Services

### Notes to Financial Statements

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For purposes of the Statements of Cash Flows, Solid Waste Services has defined cash as the demand deposits and all investments maintained in the general cash pool, regardless of maturity period, since Solid Waste Services uses the cash pool essentially as a demand deposit account.

#### ***Restricted Assets***

It is Solid Waste Services' policy to first use restricted assets to make certain payments when both restricted and unrestricted assets are available for the same purpose. "Intergovernmental receivables" represent grant receivables due from state and federal governments. "Landfill postclosure cash reserve" represents an investment that was restricted for the purpose of making payments related to future closure and postclosure costs of the Anchorage Regional Landfill. Solid Waste Services has restricted assets of \$24,521,855 and \$41,475,788 at December 31, 2021 and 2020 (unaudited), respectively.

#### ***Capital Assets***

Capital assets are stated at cost. To be considered for capitalization, the cost of an asset must exceed \$5,000 and the service life must exceed more than one year. Land, construction in progress, and works of art are not depreciated. Solid Waste Services depreciates all other assets using a straight-line method and whole life convention. Additions to plant in service are recorded at original cost of contracted services, direct labor and materials, interest and indirect overhead charges. 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.

Estimated lives of major capital asset categories follow:

Buildings	5-44 years
Building improvements	10-20 years
Land improvements	5-40 years
Vehicles	5-7 years
Machinery and equipment	3-20 years
Computer hardware and software	3-10 years
Office furniture and fixtures	5-20 years

#### ***Deferred Outflows of Resources***

In addition to assets, the Statements of Net Position report a separate section of deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. At December 31, 2021 and 2020 (unaudited), Solid Waste Services had deferred outflows of resources from pension and other postemployment benefits (OPEB) related items. These items are amortized to expense over time.

# Municipality of Anchorage, Alaska

## Solid Waste Services

### Notes to Financial Statements

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#### ***Operating Revenues and Expenses***

Operating revenues and expenses result from providing services in connection with Solid Waste Services' principal ongoing operations. Nonoperating revenues and expenses include those revenues and expenses not directly related to Solid Waste Services' principal ongoing operations.

#### ***Compensated Absences Payable***

Solid Waste Services records compensated absences payable, which includes cashable sick leave, when earned.

#### ***Pensions and Other Postemployment Benefits (OPEB)***

For the purposes of measuring the net pension and net OPEB liabilities or asset, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds or employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### ***Deferred Inflows of Resources***

In addition to liabilities, the Statements of Net Position present deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until then. At December 31, 2021 and 2020 (unaudited), Solid Waste Services had deferred inflows of resource for pension and OPEB related items. These items are amortized as a reduction of expense over varying periods of time based on their nature.

#### ***Intergovernmental Charges***

Certain functions of the Municipality of a general and administrative nature are centralized and the related cost is allocated to the various funds of the Municipality, including Solid Waste Services. Charges from other departments to Solid Waste Services totaled \$2,976,900 and \$3,028,660 for the years ended December 31, 2021 and 2020 (unaudited), respectively. These amounts do not include Solid Waste Services' payments to the Municipality's risk management programs.

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# Municipality of Anchorage, Alaska

## Solid Waste Services

### Notes to Financial Statements

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#### ***Net Position***

Solid Waste Services' net position is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, less the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Solid Waste Services' restricted net position represents assets restricted for capital construction in accordance with intergovernmental grant agreements or terms of legal settlements, as well as amounts restricted for closure and postclosure care of the Anchorage Regional Landfill. Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets. When both restricted and unrestricted resources are available for use, generally it is Solid Waste Services' policy to use restricted resources first, then unrestricted resources when they are needed.

#### ***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 2021, 2020 (unaudited), or 2019 (unaudited).

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 Municipality's 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. Solid Waste Services does not include any portion of the Municipality's claims payable among its liabilities on the Statements of Net Position.

#### ***Interfund Payable/Receivable***

In the event that Solid Waste Services borrows from the Municipal Central Treasury to fund capital projects, the Municipality assesses a monthly fee. The fee is based on the investment earnings rate plus a margin negotiated between the Municipality and Solid Waste Services. When Solid Waste Services sells commercial paper, the cash pool will be reimbursed from the debt proceeds. In the event that other funds borrow from Solid Waste Services, Solid Waste Services will receive the investment earnings. At December 31, 2021 and December 31, 2020 (unaudited), Solid Waste Services had no interfund receivables or payables outstanding to the Municipality related to the monthly assessment fee.

#### ***Reclassifications***

Certain amounts previously reported in the MOA ACFR for Solid Waste Services of Alaska have been reclassified in the 2020 (unaudited) financial statements presented above to conform to the current year's presentation. The reclassification had no effects on previously reported change in net position.

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

**2. Cash and Investments**

At December 31, 2021 and 2020 (unaudited), the Municipality had the following investments held in the Municipal Central Treasury:

December 31, 2021

Investment Type	Fair Value	Fixed Income Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Central treasury-unrestricted:					
Money market funds	\$ 80,191,431	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	27,285,694	27,285,694	-	-	-
Commercial paper	10,994,052	10,994,052	-	-	-
Certificates of Deposit	4,560,196	4,560,196	-	-	-
U.S. treasuries	120,975,556	13,900,572	90,219,967	16,855,017	-
U.S. agencies	8,226,227	-	1,073,504	4,595,007	2,557,716
Municipal bonds	162,814	-	18,610	144,204	-
Asset-backed securities**	21,500,890	-	11,114,637	1,915,491	8,470,762
Corporate fixed income securities	139,309,176	38,716,758	52,594,979	42,752,680	5,244,759
	<b>\$ 413,206,036</b>	<b>\$ 95,457,272</b>	<b>\$ 155,021,697</b>	<b>\$66,262,399</b>	<b>\$ 16,273,237</b>

Central treasury-restricted:					
Money market funds	\$ 54,814,675	\$ -	\$ -	\$ -	\$ -
U.S. treasuries	9,177,692	9,177,692	-	-	-
U.S. agencies	2,496,378	2,496,378	-	-	-
	<b>\$ 66,488,745</b>	<b>\$ 11,674,070</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund**

Money market funds	\$ 8,441	\$ -	\$ -	\$ -	\$ -
Fixed income funds	9,372,945	-	-	9,372,945	-
Domestic Equities & Equity Funds	6,156,663	-	-	-	-
International Equities & Equity Funds	3,813,318	-	-	-	-
	<b>\$ 19,351,367</b>	<b>\$ 11,674,070</b>	<b>\$ -</b>	<b>\$ 9,372,945</b>	<b>\$ -</b>

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

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

December 31, 2020 (Unaudited)

Investment Type	Fair Value*	Fixed Income Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Central treasury-unrestricted:					
Money market funds	\$ 78,959,479	\$ -	\$ -	\$ -	\$ -
U.S. treasuries	107,697,330	-	96,477,708	10,238,499	981,123
U.S. agencies	27,567,964	10,411,045	371,139	10,838,106	5,947,674
Municipal bonds	725,872	-	54,203	333,528	338,141
Asset-backed securities**	22,945,988	241,387	12,109,746	2,887,506	7,707,349
Corporate fixed income securities	130,020,418	12,172,799	59,734,200	54,905,810	3,207,609
Domestic equities***	9,486	-	-	-	-
	<b>\$ 367,926,537</b>	<b>\$ 22,825,231</b>	<b>\$ 168,746,996</b>	<b>\$ 79,203,449</b>	<b>\$ 18,181,896</b>

Central treasury-restricted:					
Money market funds	\$ 21,846,171	\$ -	\$ -	\$ -	\$ -
U.S. treasuries	54,488,045	-	54,488,045	-	-
U.S. agencies	40,528,022	-	40,528,022	-	-
Corporate fixed income securities***	1,035,136	-	1,035,136	-	-
	<b>\$ 117,897,374</b>	<b>\$ -</b>	<b>\$ 96,051,203</b>	<b>\$ -</b>	<b>\$ -</b>

Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund

Money market funds	\$ 73,510	\$ -	\$ -	\$ -	\$ -
Fixed income funds	20,660,286	-	-	20,660,286	-
Domestic Equities & Equity Funds	12,380,381	-	-	-	-
International Equities & Equity Funds	8,361,611	-	-	-	-
	<b>\$ 41,475,788</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,660,286</b>	<b>\$ -</b>

\* Fair value includes accrued income.

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

\*\*\* In 2019, the Central Treasury obtained an equity position when a corporate fixed income security was restructured via bankruptcy. The Municipality chose to hold this position until it is advantageous to sell it. The position was sold in 2021.

# Municipality of Anchorage, Alaska Solid Waste Services

## Notes to Financial Statements

Solid Waste Services had the following investment balances held in the Municipal Central Treasury at December 31, 2021 and 2020 (unaudited):

	2021	2020 (Unaudited)
Equity in general cash pool	\$ 35,972,973	\$ 6,109,360
Restricted cash - landfill postclosure cash reserve	19,351,367	41,475,788
Equity in bond and grant capital acquisition & construction pool	9,810,405	15,368,652
<hr/>		
Total cash, cash equivalents and investments held in central treasury	\$ 65,134,745	\$ 62,953,800

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.

# Municipality of Anchorage, Alaska

## Solid Waste Services

### Notes to Financial Statements

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- 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- (noninvestment 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 nonagency mortgage-backed securities, Collateralized Mortgage Obligations (CMOs), or Commercial Mortgage-Backed Securities (CMBS), which must have a credit rating of AA- or better by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Debt issued by the Tennessee Valley Authority.
- Money Market Mutual Funds rated Am or better by Standard & Poor's, or the equivalent by another nationally recognized rating agency, as long as they consist of allowable securities as outlined above.
- The Alaska Municipal League Investment Pool (AMLIP), except that the Working Capital portfolio may not be invested in AMLIP.
- Mutual Funds consisting of allowable securities as outlined above.
- Interfund Loans from a Municipal Cash Pool to a Municipal Fund.

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

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

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# Municipality of Anchorage, Alaska Solid Waste Services

## Notes to Financial Statements

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

Investment Type	Concentration Limit	Working Capital Portfolio Holding % at December 31, 2021	Working Capital Portfolio Holding % at December 31, 2020 (Unaudited)
U.S. government securities*	50% to 100% of investment portfolio	15%	13%
Repurchase agreements	0% to 50% of investment portfolio	13%	-%
Certificates of Deposit	0% to 25% of investment portfolio	2%	-%
Commercial paper	0% to 25% of investment portfolio; maximum 5% per issuer	6%	-%
Corporate fixed income securities**	0% to 25% of investment portfolio; maximum 5% per issuer	18%	8%
Money market mutual funds***	0% to 25% of investment portfolio	46%	79%
		<b>100%</b>	<b>100%</b>

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

\*\* The maximum exposure to Corporate floating rate and variable rate debt securities in the Working Capital Portfolio is 10 percent. Corporation fixed income debt securities must have a final maturity within one (1) year of purchase, and corporate floating rate or variable rate debt securities must have a final maturity within two (2) years of purchase.

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

\*\*\* The Working Capital Portfolio held a large proportion of investments in Cash Equivalents at December 31, 2021, in anticipation of liquidity needs.

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

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

Investment Type	Concentration Limit	Internally Managed Holding % at December 31, 2021	Internally Managed Holding % at December 31, 2020 (Unaudited)
U.S. government securities*	50% to 100% of portfolio	21%	76%
Corporate fixed income	0% to 25% of portfolio; maximum 5% per issuer	5%	1%
Money market mutual funds**	0% to 25% of portfolio	74%	23%
		100%	100%

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

\*\* The Internally Managed Portfolio contained an excess of cash equivalents at December 31, 2021 in anticipation of planned spending on debt service and a large cash payout to the Anchorage School District.

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**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

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***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 utilize the duration method to measure exposure to interest rate risk.

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

AMC 6.50.030 requires the Working Capital Portfolio have a duration of zero to 270 days. At December 31, 2021, the Working Capital Portfolio had a duration of 0.10 years, or approximately 37 days, and was within the targeted duration. AMC 6.50.030 also requires that the Contingency Reserve Portfolio have an average duration within half a year of its benchmark. At December 31, 2021, the Contingency Reserve Portfolio had a duration of 1.78 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, 2021, the Strategic Reserve Portfolio had a duration of 3.22 years as compared to its benchmark, Barclays Intermediate Government/Corporate Index, which had a duration of 3.92 years.

All other funds disclose interest rate risk through the segmented time distribution tables within this note, which categorize fixed income investments according to their maturities. The Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund and the MOA Trust Fund do not have investment policies addressing interest rate risk.

***Credit Risk***

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

At December 31, 2021, the Municipal Central Treasury’s investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$185,142,999. The distribution of ratings on these securities was as follows:

Moody’s		S&P	
Aaa	13%	AAA	7%
Aa	1%	AA	6%
A	18%	A	12%
Baa	31%	BBB	39%
Ba or lower	23%	BB or lower	23%
Not rated	14%	Not rated	13%
100%		100%	

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

At December 31, 2020 (unaudited), the Municipal Central Treasury’s investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$222,823,400. The distribution of ratings on these securities was as follows:

Moody’s		S&P	
Aaa	15%	AAA	7%
Aa	2%	AA	10%
A	19%	A	13%
Baa	16%	BBB	24%
Ba or lower	23%	BB or lower	21%
Not rated	25%	Not rated	25%
100%		100%	

At December 31, 2021, The Anchorage Regional Landfill Closure and Postclosure Liability Fund had one investment totaling \$9,372,945 in fixed income funds that were rated AA.

At December 31, 2020 (unaudited), The Anchorage Regional Landfill Closure and Postclosure Liability Fund had one investment totaling \$20,660,286 in fixed income funds that were rated AA.

***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, 2021 and 2020 (unaudited), the Municipal Central Treasury had no investments in any single issuer exceeding 5% of total investments.

At December 31, 2021 and 2020 (unaudited), The Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund had no policy regarding concentration of holdings with a single issuer. The Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund had no investments in any single issuer exceeding 5 percent of total investments at December 31, 2021 and 2020 (unaudited).

***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.

# Municipality of Anchorage, Alaska

## Solid Waste Services

### Notes to Financial Statements

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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, 2021 and 2020 (unaudited), the Municipality had \$157,329 and \$135,917, respectively, in cash deposits and investments exposed to custodial risk.

#### ***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, 2021 and 2020 (unaudited), all debt obligations held in the Municipal Central Treasury were payable in U.S. Dollars.

#### ***Fair Value Measurements***

At December 31, 2021 and 2020 (unaudited), 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 investment funds 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.
- 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 issues with similar credit ratings.
- Domestic equities are valued at the closing price reported on the active market on which the individual securities traded.
- Fixed income securities, including 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.

# Municipality of Anchorage, Alaska

## Solid Waste Services

### Notes to Financial Statements

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- Comingled funds are valued at NAV of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.
- Domestic equity funds are valued at the closing price reported on the active market on which individual funds are traded.
- Emerging market debt 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.
- International equity funds are valued at the closing price reported on the active market on which the individual funds traded.
- Municipal bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- Real estate funds are valued at NAV of units held. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.
- 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.

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.

# Municipality of Anchorage, Alaska Solid Waste Services

## Notes to Financial Statements

The Municipality had the following recurring fair value measurements as of December 31, 2021:

Investment type:	Total	Level 1	Level 2
Central treasury - unrestricted investments measured at fair value:			
Commercial paper	\$ 10,994,052	\$ -	\$ 10,994,052
U.S. treasuries	120,975,556	120,975,556	-
U.S. agencies	8,226,227	-	8,226,227
Municipal bonds	162,814	-	162,814
Asset-backed securities	21,500,890	-	21,500,890
Corporate fixed income securities	139,309,176	-	139,309,176
	<u>\$ 301,168,715</u>	<u>\$ 120,975,556</u>	<u>\$ 180,193,159</u>

Investments measured at amortized cost:	
Money market funds	80,191,431
Repurchase agreements	27,285,694
Certificate of Deposits	4,560,196

Total central treasury - unrestricted      \$ 413,206,036

Central treasury - restricted investments measured at fair value:			
U.S. treasuries	\$ 9,177,692	\$ 9,177,692	\$ -
U.S. agencies	2,496,378	-	2,496,378
	<u>\$ 11,674,070</u>	<u>\$ 9,177,692</u>	<u>\$ 2,496,378</u>

Investments measured at amortized cost -  
Money market funds      54,814,675

Total central treasury - restricted      \$ 66,488,745

Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund - investments measured at fair value:			
U.S. fixed income	\$ 9,372,945	\$ -	\$ 9,372,345
Domestic Equities and Equity Funds	6,156,663	6,156,663	-
International Equities and Equity Funds	3,813,318	3,813,318	-
	<u>\$ 19,342,926</u>	<u>\$ 9,969,981</u>	<u>\$ 9,372,945</u>

Investments measured at amortized cost -  
Money market funds      8,441

Total central treasury - unrestricted      \$ 19,351,367

# Municipality of Anchorage, Alaska Solid Waste Services

## Notes to Financial Statements

The Municipality had the following recurring fair value measurements as of December 31, 2020 (unaudited):

Investment type:	Total	Level 1	Level 2
Central treasury - unrestricted investments measured at fair value:			
U.S. treasuries	\$ 107,697,330	\$ 107,697,330	\$ -
U.S. agencies	27,567,964	-	27,567,964
Municipal bonds	725,872	-	725,872
Asset-backed securities	22,945,988	-	22,945,988
Corporate fixed income securities	130,020,418	-	130,020,418
Domestic equities	9,486	9,486	-
	<u>\$ 288,967,058</u>	<u>\$ 107,706,816</u>	<u>\$ 181,260,242</u>

Investments measured at amortized cost - Money market funds	<u>78,959,479</u>
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<u>Total central treasury - unrestricted</u>	<u>\$ 367,926,537</u>
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Central treasury - restricted investments measured at fair value:			
U.S. treasuries	\$ 54,488,045	\$ 54,488,045	\$ -
U.S. agencies	40,528,022	-	40,528,022
Corporate fixed income securities	1,035,136	-	1,035,136
	<u>\$ 96,051,203</u>	<u>\$ 54,488,045</u>	<u>\$ 41,563,158</u>

Investments measured at amortized cost - Money market funds	<u>21,846,171</u>
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<u>Total central treasury - restricted</u>	<u>\$ 117,897,374</u>
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Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund - investments measured at fair value:			
U.S. fixed income	\$ 20,660,286	\$ 20,660,286	\$ -
Domestic Equities and Equity Funds	12,380,381	12,380,381	-
International Equities and Equity Funds	8,361,611	8,361,611	-
	<u>\$ 41,402,278</u>	<u>\$ 41,402,278</u>	<u>\$ -</u>

Investments measured at amortized cost - Money market funds	<u>73,510</u>
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<u>Total central treasury - unrestricted</u>	<u>\$ 41,475,788</u>
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**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**Notes to Financial Statements**

**3. Accounts Receivable**

Solid Waste Services reports accounts receivable on its Statements of Net Position net of allowances for uncollectable accounts. At December 31, 2021 and 2020 (unaudited), Solid Waste Services reported gross receivables of \$3,501,676 and \$3,541,185, respectively. At December 31, 2021 and 2020 (unaudited), Solid Waste Services reported an allowance for uncollectable accounts of \$151,675 and \$233,724, respectively. At December 31, 2021 and 2020 (unaudited), Solid Waste Services reported net accounts receivables of \$3,350,001 and \$3,307,461, respectively.

**4. Capital Assets**

The following is a summary of the changes in capital assets for the year ended December 31, 2021:

	Balance January 1, 2021 (Unaudited)	Increase	Decrease	Balance December 31, 2021
<b>Capital assets not being depreciated:</b>				
Land	\$ 19,854,585	\$ -		\$ 19,854,585
Construction in progress	19,634,955	50,248,781	(3,322,878)	66,560,858
<b>Total capital assets not being depreciated</b>	<b>39,489,540</b>	<b>50,248,781</b>	<b>(3,322,878)</b>	<b>86,415,443</b>
<b>Capital assets being depreciated:</b>				
Buildings	\$ 14,939,022	\$ -	-	\$ 14,939,022
Building improvements	2,480,042	384,578	-	2,864,620
Land improvements	85,563,722	134,759	-	85,698,481
Vehicles	17,974,904	2,528,886	(985,711)	19,518,079
Machinery and equipment	23,570,841	230,752	(1,023,770)	22,777,823
Computer hardware	939,678	41,715	-	981,393
Computer software	231,724	-	-	231,724
Office furniture and fixtures	141,255	-	-	141,255
<b>Total capital assets being depreciated</b>	<b>145,841,188</b>	<b>3,320,690</b>	<b>(2,009,481)</b>	<b>147,152,397</b>
<b>Less accumulated depreciation for:</b>				
Buildings	\$ 12,714,213	\$ 120,340	-	\$ 12,834,553
Building improvements	928,019	89,175	-	1,017,195
Land improvements	34,231,428	1,868,900	-	36,100,328
Vehicles	10,976,175	1,888,894	(944,859)	11,920,209
Machinery and equipment	16,057,945	1,808,297	(1,043,635)	16,822,605
Computer hardware	502,327	151,644	-	653,971
Computer software	102,341	31,727	-	134,068
Office furniture and fixtures	124,673	2,824	-	127,498
<b>Total accumulated depreciation</b>	<b>75,637,120</b>	<b>5,961,801</b>	<b>(1,988,494)</b>	<b>79,610,427</b>
<b>Capital assets being depreciated, net</b>	<b>70,204,068</b>	<b>(2,641,111)</b>	<b>(20,987)</b>	<b>67,541,970</b>
<b>Total Capital Assets, net</b>	<b>\$ 109,693,608</b>	<b>\$ 47,607,670</b>	<b>(3,343,865)</b>	<b>\$ 153,957,413</b>

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2020 (unaudited):

	Balance January 1, 2020 (Unaudited)	Increase	Decrease	Balance December 31, 2020 (Unaudited)
<b>Capital assets not being depreciated:</b>				
Land	\$ 20,103,705	\$ -	\$ (249,120)	\$ 19,854,585
Construction in progress	4,880,370	28,811,984	(14,057,399)	19,634,955
<b>Total capital assets not being depreciated</b>	<b>24,984,075</b>	<b>28,811,984</b>	<b>(14,306,519)</b>	<b>39,489,540</b>
<b>Capital assets being depreciated:</b>				
Buildings	\$ 13,795,395	\$ 1,143,627	\$ -	\$ 14,939,022
Building improvements	2,308,365	171,677	-	2,480,042
Land improvements	79,209,528	6,354,194	-	85,563,722
Vehicles	16,585,694	2,380,905	(991,695)	17,974,904
Machinery and equipment	20,123,956	3,463,766	(16,881)	23,570,841
Computer hardware	506,201	433,477	-	939,678
Computer software	73,087	158,637	-	231,724
Other furniture and fixtures	135,961	5,294	-	141,255
<b>Total capital assets being depreciated</b>	<b>132,738,187</b>	<b>14,111,577</b>	<b>(1,008,576)</b>	<b>145,841,188</b>
<b>Less accumulated depreciation for:</b>				
Buildings	\$ 12,616,110	\$ 98,103	\$ -	\$ 12,714,213
Building improvements	850,603	77,416	-	928,019
Land improvements	32,528,288	1,703,139	-	34,231,428
Vehicles	10,208,468	1,703,854	(936,147)	10,976,175
Machinery and equipment	14,169,983	1,901,247	(13,285)	16,057,945
Computer hardware	363,592	138,735	-	502,327
Computer software	73,087	29,254	-	102,341
Office furniture and fixtures	122,001	2,672	-	124,673
<b>Total accumulated depreciation</b>	<b>70,932,132</b>	<b>5,654,420</b>	<b>(949,432)</b>	<b>75,637,120</b>
<b>Capital assets being depreciated, net</b>	<b>61,806,055</b>	<b>8,457,157</b>	<b>(59,144)</b>	<b>70,204,068</b>
<b>Total Capital Assets, net</b>	<b>\$ 86,790,130</b>	<b>\$ 37,269,141</b>	<b>\$ (14,365,665)</b>	<b>\$ 109,693,608</b>

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

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**5. Operating Leases**

Solid Waste Services has entered an operating lease for the use of 49.19 acres of land and three (3) groundwater monitoring wells. The total operating lease expense for 2021 was \$51,714. The annual rental payments of the lease commitments over the remaining terms are as follows:

*Years Ending December 31,*

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2022	\$ 53,266
2023	54,864
2024	56,510
2025	58,205
2026	59,951
2027-2031	327,837
2032-2036	380,052
2037-2040	347,183
<hr/>	
<b>Total</b>	<b>\$ 1,337,868</b>

**6. Noncurrent Liabilities**

*Long-Term Obligations Issued*

Solid Waste Services obtains low interest loans from the State of Alaska Department of Environmental Conservation Clean Water Fund to fund capital improvement projects. These loans were issued on per project basis until 2019 when the Programmatic Financial (ProFi), an annual loan, began being issued. The loans issued per project enter repayment status one year after initiation of operation of the facilities with loan terms included in the contract. The loans issued annually go into repayment the following year. These loans have repayment terms of up to 20 years. The total amounts payable December 31, 2021 and 2020 (unaudited), were \$8,757,453 and \$9,796,042, respectively. In 2020 the Alaska Department of Environmental Conservation's State Revolving Fund Program offered borrowers the opportunity to defer loan repayments for a portion of the year without incurring any additional interest or late fees and the Utility took advantage of the option, deferring \$2,318,248 in principal and \$396,636 in interest payments. The State of Alaska deferred 2020 (unaudited) payments on select loans, with no change to amortization schedules other than shifting the remaining payment due dates by one year.

*Notes Payable from Direct Borrowings*

In February 2019, the Refuse and Disposal Utilities entered into a joint Loan Agreement for up to \$55 million with a commercial bank. Revenues from customers of the Refuse and Disposal Utilities are pledged to pay the debt service for this loan. On June 24, 2021, the Solid Waste Utilities and its commercial bank amended this loan agreement, increasing the amount to be borrowed up to \$100 million with the maturity date of February 1, 2025. The interest rate percentage per annum is calculate based on the 90-Day SOFR times 0.79 plus 1.01 on the outstanding principal balance. The commitment fee percentage per annum is 0.10 percent on the un-utilized amount.

# Municipality of Anchorage, Alaska

## Solid Waste Services

### Notes to Financial Statements

As of December 31, 2021, the combined outstanding principal balance for both Solid Waste Utilities was \$68,449,122, with the Refuse Utility reporting \$24,368,154 of the outstanding principal and the Disposal Utility reporting \$44,080,968 of the outstanding principal. The interest fees incurred as of December 31, 2021, for both Solid Waste Utilities were \$461,979, with the Refuse Utility reporting \$164,902 and the Disposal Utility reporting \$297,077. The commitment fees incurred as of December 31, 2021, for both Solid Waste Utilities were \$89,378, with the Refuse Utility reporting \$30,104 and the Disposal Utility reporting \$59,274.

The amount of interest expense recognized on the notes for the year ended December 31, 2021 and 2020 (unaudited) was \$714,852 and \$498,376, respectively.

Changes in noncurrent liabilities for the year ended December 31, 2021 were as follows:

	Balance January 1, 2021 (Unaudited)	Addition	Reduction	Balance December 31, 2021	Due Within One Year
Notes payable from direct borrowings	\$ 33,146,174	\$ 35,302,948	\$ -	\$ 68,449,122	\$ -
Loans payable	9,796,042	-	(1,038,589)	8,757,453	1,038,590
Landfill closure liability	37,733,227	1,532,265	-	39,265,492	-
Compensated absences payable	868,802	835,088	(921,183)	782,707	725,814
<b>Total Noncurrent Liabilities</b>	<b>\$ 81,544,245</b>	<b>\$ 37,670,301</b>	<b>\$ (1,959,772)</b>	<b>\$ 117,254,774</b>	<b>\$ 1,764,404</b>

Debt service requirements to maturity follow:

<i>Year Ending December 31,</i>	Principal	Interest	Total
2022	\$ 1,038,590	\$ 848,640	\$ 1,887,230
2023	1,038,588	833,061	1,871,649
2024	1,038,588	817,483	1,856,071
2025	69,487,710	144,399	69,632,109
2026	1,038,588	69,047	1,107,635
2027-2031	2,586,085	176,711	2,762,796
2032-2036	978,426	29,353	1,007,779
	<b>\$ 77,206,575</b>	<b>\$ 2,918,694</b>	<b>\$ 80,125,269</b>

# Municipality of Anchorage, Alaska

## Solid Waste Services

### Notes to Financial Statements

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#### 7. 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. On December 31, 2021, 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.

##### ***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.

##### ***Air Quality Violations at Anchorage Regional Landfill***

On or about March 28, 2018, the Alaska Department of Environmental Conservation (ADEC) issued a Notice of Violation (NOV) to the Municipality of Anchorage, Solid Waste Fund, alleging multiple violations of the Municipality's Air Quality Operating Permits for the Anchorage Regional Landfill, all relating to the emission of landfill gas. On or about June 10, 2019, the ADEC issued a second NOV to the Solid Waste Fund alleging 1) failure to conduct surface emission monitoring (SEM), and 2) failure to meet certification requirements. The Solid Waste Fund met with ADEC on a several occasions in an attempt to resolve the alleged violations; the Solid Waste Fund and ADEC engaged in an exchange of letters discussing potential compliance measures and settlement of civil penalties.

On May 12, 2022, ADEC and the Municipality agreed to a Final Compliance Order by Consent in this matter. The order contained several mandatory corrective actions to be undertaken by the Solid Waste Fund in response to the violations, including installation of additional gas control capacity, surface emissions monitoring and reporting requirements. In addition, the Municipality has agreed to pay administrative fees, costs, and expenses of ADEC, a penalty of \$200,000, and to perform a Supplemental Environmental Project (SEP). The total costs of the SEP and corrective actions are not determinable at this time, however ADEC is requiring a minimum cost of the SEP to be \$271,000. The liabilities on December 31, 2021 for the Solid Waste Fund include the agreed upon penalty amount for this matter.

##### ***Landfill Closure and Postclosure 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 postclosure costs each year, the Solid Waste Fund records an operating expense based on landfill capacity. During 2020 (unaudited), the future closure and postclosure care costs were re-evaluated and adjusted to reflect current conditions. On December 31, 2021, the Solid Waste Fund had

# Municipality of Anchorage, Alaska Solid Waste Services

## Notes to Financial Statements

a recorded liability of \$39,265,492 associated with these future costs, based on the use of 38.295 percent of the landfill’s estimated capacity. Based upon the 2020 study (unaudited), it is estimated the Solid Waste Fund will recognize an additional \$63,267,818 in liability expense between 2021 and 2064, the current estimated date the landfill is expected to reach full capacity. These amounts are based upon what it would cost to perform all the closure and postclosure functions in 2021. 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 postclosure care cost was as follows:

	Balance January 1, 2021 (Unaudited)	Additions	Deletions	Balance December 31, 2021	Due in One Year
Future Landfill Closure Costs	\$ 37,733,227	\$ 1,532,265	-	\$ 39,265,492	-

State laws and federal regulations require the Municipality to provide financial assurances for future closure and postclosure costs by one of several allowable mechanisms available. The Municipality elected to use the “Local Government Test” financial assurance mechanism to comply with the regulation. Pursuant to the Anchorage Municipal Code 26.80.060 a restricted cash and investment account has been established to fund the liability for landfill closure and postclosure purposes. On December 31, 2021, Solid Waste Services reported \$19,351,367 of restricted assets for payment of closure and postclosure care costs.

## 8. Pension and Other Postemployment Benefits

### *(a) Defined Benefit (DB) Pension Plan*

#### *General Information About the Plan*

Solid Waste Services of Alaska participates in the Alaska Public Employees’ Retirement System (PERS). PERS 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 is included in an annual comprehensive 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.

The Plan provides for retirement, death and disability, and postemployment healthcare 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. Peace/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 postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

# Municipality of Anchorage, Alaska Solid Waste Services

## Notes to Financial Statements

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The PERS DB Plan was closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

### *Historical Context and Special Funding Situation*

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from a DB agent-multiple employer plan to a DB 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 these notes. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 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 (ARM Board). As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

Solid Waste Services of Alaska recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

### *Employee Contribution Rates*

Regular employees are required to contribute 6.75% of their annual covered salary.

### *Employer and Other Contribution Rates*

There are several contribution rates associated with the pension 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, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the DC plan. Contributions derived from the DC employee payroll is referred to as the Defined Benefit Unfunded Liability or 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. 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 change results in lower ARM Board Rates than previously adopted.

# Municipality of Anchorage, Alaska Solid Waste Services

## Notes to Financial Statements

*State Contribution Rate:* This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the proprietary funds and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

Contribution rates for the plan year ended June 30, 2021 and June 30, 2022 were determined in the June 30, 2019 and June 30, 2020 actuarial valuations, respectively. The Solid Waste Services' contribution rates for the 2021 and 2020 (unaudited) calendar years were as follows:

<i>January 1, 2021 to June 30, 2021</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	14.57%	26.58%	8.85%
Postemployment healthcare (ARHCT)	7.43%	4.27%	-%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>30.85%</b>	<b>8.85%</b>

<i>July 1, 2021 to December 31, 2021</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54%	26.99%	8.11%
Postemployment healthcare (ARHCT)	6.46%	3.12%	-%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>30.11%</b>	<b>8.11%</b>

<i>January 1, 2020 to June 30, 2020 (Unaudited)</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.72%	23.73%	6.62%
Postemployment healthcare (ARHCT)	6.28%	4.89%	-%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>28.62%</b>	<b>6.62%</b>

<i>July 1, 2020 to December 31, 2020 (Unaudited)</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	26.58%	8.85%
Postemployment healthcare (ARHCT)	-%	4.27%	-%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>30.85%</b>	<b>8.85%</b>

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

In 2021, Solid Waste Services was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2020 to June 30, 2021	SWS's Fiscal Year January 1, 2021 to December 31, 2021
Employer contributions (including DBUL)	\$ 303,389	\$ 312,002
Nonemployer contributions (on-behalf)	182,095	173,176
<b>Total Contributions</b>	<b>\$ 485,484</b>	<b>\$ 485,178</b>

In addition, employee contributions to the Plan totaled \$63,898 Solid Waste Services' 2021 fiscal year.

In 2020 (unaudited), Solid Waste Services was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2019 to June 30, 2020 (Unaudited)	City Fiscal Year January 1, 2020 to December 31, 2020 (Unaudited)
Employer contributions (including DBUL)	\$ 287,361	\$ 307,741
Nonemployer contributions (on-behalf)	150,823	178,529
<b>Total Contributions</b>	<b>\$ 438,184</b>	<b>\$ 486,270</b>

In addition, employee contributions to the Plan totaled \$74,072 Solid Waste Services of Alaska's 2020 (unaudited) fiscal year.

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

At December 31, 2021 and 2020 (unaudited), Solid Waste Services reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to Solid Waste Services. The amount recognized by Solid Waste Services for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with Solid Waste Services were as follows:

	2021
Solid Waste Services' proportionate share of NPL	\$ 3,014,322
State's proportionate share of NPL associated with Solid Waste Services	408,348
<b>Total Net Pension Liability</b>	<b>\$ 3,422,670</b>
	<b>2020 (Unaudited)</b>
Solid Waste Services' proportionate share of NPL	\$ 4,189,297
State's proportionate share of NPL associated with Solid Waste Services	1,733,515
<b>Total Net Pension Liability</b>	<b>\$ 5,922,812</b>

**Municipality of Anchorage, Alaska  
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**Notes to Financial Statements**

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net pension liability as of that date. The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net pension liability as of that date.

Solid Waste Services' proportion of the net pension liability was based on a projection of its 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, 2021 measurement date, the City's proportion was 0.08217 percent, which was a(n) decrease (increase) of 0.01118% from its proportion of 0.07099% measured as of June 30, 2020.

For the year ended December 31, 2021, Solid Waste Services recognized pension expense of \$647,662 and on-behalf revenue of \$585 for support provided by the State. At December 31, 2021, Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (13,354)
Net difference between projected and actual earnings on pension plan investments	-	(1,188,692)
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	118,437	-
Solid Waste Services contributions subsequent to the measurement date	160,117	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 278,554</b>	<b>\$ (1,202,046)</b>

For the year ended December 31, 2020 (unaudited), Solid Waste Services recognized pension expense of \$877,679 and on-behalf revenue of \$224,022 for support provided by the State. At December 31, 2020 (unaudited), Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources (Unaudited)	Deferred Inflows of Resources (Unaudited)
Difference between expected and actual experience	\$ 13,289	\$ -
Net difference between projected and actual earnings on pension plan investments	170,505	-
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	72,159	-
Solid Waste Services contributions subsequent to the measurement date	159,057	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 415,050</b>	<b>\$ -</b>

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

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The \$160,117 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, 2022. 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,*

2022	\$ (171,154)
2023	(272,282)
2024	(294,534)
2025	(345,639)
<hr/>	
<b>Total Amortization</b>	<b>\$ (1,083,609)</b>

***Actuarial Assumptions***

The total pension liability for the measurement period ended June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 40% of the time.

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# Municipality of Anchorage, Alaska

## Solid Waste Services

### Notes to Financial Statements

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The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2014 to June 30, 2018. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

The total pension liability for the measurement period ended June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

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Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50%
Salary increases	Increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 40% of the time.

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The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2014 to June 30, 2018. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience.

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

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***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.04%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

*June 30, 2021*

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-%	0.13%

*June 30, 2020 (Unaudited)*

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

***Discount Rate***

The discount rate used to measure the total pension liability was 7.38%. The discount rate used did not change from the prior measurement date. 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.

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Solid Waste Services' proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what Solid Waste Services' proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

<i>June 30, 2021</i>	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Solid Waste Services' proportionate share of the net pension liability	0.08217%	\$ 4,464,632	\$ 3,014,322	\$ 1,795,877

<i>June 30, 2020 (Unaudited)</i>	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Solid Waste Services' proportionate share of the net pension liability	0.07099%	\$ 5,446,973	\$ 4,189,297	\$ 3,131,459

***Pension Plan Fiduciary Net Position***

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

***(b) Defined Contribution (DC) Pension Plan***

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that Solid Waste Services of Alaska contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

# Municipality of Anchorage, Alaska

## Solid Waste Services

### Notes to Financial Statements

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#### ***Benefit Terms***

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended December 31, 2021 and 2020 to cover a portion of Solid Waste Services of Alaska's employer match contributions. For the year ended December 31, 2021 and 2020 (unaudited), forfeitures reduced pension expense by \$2,480 and \$124, respectively.

#### ***Employee Contribution Rate***

For the year ended December 31, 2021 and 2020 (unaudited), employees were required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

#### ***Employer Contribution Rate***

For the years ended December 31, 2021 and 2020 (unaudited), Solid Waste Services was required to contribute 5% of covered salary into the Plan.

Solid Waste Services of Alaska and employee contributions to PERS for pensions for the year ended December 31, 2021 were \$63,328 and \$101,324, respectively. Solid Waste Services of Alaska and employee contributions to PERS for pensions for the year ended December 31, 2020 (unaudited) were \$62,425 and \$99,884, respectively.

#### ***(c) Defined Benefit Other Postemployment Benefits (OPEB) Plans***

As part of its participation in PERS, the City participates in the following cost sharing multiple employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD).

The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

#### ***Employer Contribution Rate***

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

Employer contribution rates for the year ended December 31, 2021 and 2020 (unaudited) were as follows:

<i>January 1, 2021 to June 30, 2021</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	7.43%	7.43%
Retiree Medical Plan	1.27%	1.27%
Occupational Death and Disability Benefits	0.31%	0.31%

<b>Total Contribution Rates</b>	<b>9.01%</b>	<b>9.01%</b>
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<i>July 1, 2021 to December 31, 2021</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	6.46%	6.46%
Retiree Medical Plan	1.07%	1.07%
Occupational Death and Disability Benefits	0.31%	0.31%

<b>Total Contribution Rates</b>	<b>7.84%</b>	<b>7.84%</b>
---------------------------------	--------------	--------------

*January 1, 2020 to June 30, 2020 (unaudited)*

Alaska Retiree Healthcare Trust	6.28%
Retiree Medical Plan	1.32%
Occupational Death and Disability Benefits	0.26%

<b>Total Contribution Rates</b>	<b>7.86%</b>
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*July 1, 2020 to December 31, 2020 (unaudited)*

Alaska Retiree Healthcare Trust	-%
Retiree Medical Plan	1.27%
Occupational Death and Disability Benefits	0.31%

<b>Total Contribution Rates</b>	<b>1.58%</b>
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In 2021 and 2020 (unaudited), Solid Waste Services was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2020 to June 30, 2021	Solid Waste's Fiscal Year January 1, 2021 to December 31, 2021	Measurement Period July 1, 2019 to June 30, 2020 (Unaudited)	Solid Waste's Fiscal Year January 1, 2020 to December 31, 2020 (Unaudited)
Employer contributions - ARHCT	\$ 70,240	\$ 62,424	\$ 114,328	\$ 93,155
Employer contributions - RMP	15,612	14,791	16,016	16,159
Employer contributions - ODD	5,588	5,743	5,226	5,480
<b>Total Contributions</b>	<b>\$ 91,440</b>	<b>\$ 82,958</b>	<b>\$ 135,570</b>	<b>\$ 114,794</b>

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

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

At December 31, 2021, Solid Waste Services reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to Solid Waste Services. At December 31, 2020 (unaudited), Solid Waste Services reported an asset and liability for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to Solid Waste. The amount recognized by Solid Waste Services for its proportional share, the related State proportion, and the total were as follows:

	2021	2020 (Unaudited)
Solid Waste Services' proportionate share of NOL - RMP	\$ -	\$ 6,119
<b>Subtotal Net OPEB Liabilities</b>	<b>-</b>	<b>6,119</b>
<b>Total Net OPEB Liabilities</b>	<b>-</b>	<b>6,119</b>
Solid Waste Services' proportionate share of NOA - ARHCT	2,116,664	321,356
Solid Waste Services' proportionate share of NOA - RMP	22,550	-
Solid Waste Services' proportionate share of NOA - ODD	45,905	31,242
<b>Subtotal Net OPEB Assets</b>	<b>2,185,119</b>	<b>352,598</b>
State's proportionate share of the ARHCT NOA associated with Solid Waste Services	277,228	133,322
<b>Total Net OPEB Assets</b>	<b>\$ 2,462,347</b>	<b>\$ 485,920</b>

The total OPEB liabilities (asset) for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net OPEB liabilities (asset) as of that date. Solid Waste Services' proportion of the net OPEB liabilities (asset) were based on a projection of Solid Waste Services' long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	Employer Proportion		
	June 30, 2020 Measurement Date (Unaudited)	June 30, 2021 Measurement Date	
Port's proportionate share of the net OPEB liabilities (assets):			
ARHCT	0.0710%	0.0825%	(0.0015)%
RMP	0.0863%	0.0840%	(0.0023)%
ODD	0.1146%	0.1042%	(0.0104)%

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

**Collective Totals (All Plans)**

For the year ended December 31, 2021, Solid Waste Services recognized collective OPEB expense of \$(821,257) and on-behalf revenue of \$(96,188) for support provided by the Plans.

At December 31, 2021, Solid Waste Services reported collective deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>All Plans</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,677	\$ (35,839)
Changes in assumptions	7,009	(93,739)
Net difference between projected and actual earnings on OPEB plan investments	-	(1,018,020)
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	1,630	(9,023)
Solid Waste Services contributions subsequent to the measurement date	38,465	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ 48,781</b>	<b>\$ (1,156,621)</b>

For the year ended December 31, 2020 (unaudited), Solid Waste Services recognized collective OPEB expense of \$(232,071) and on-behalf revenue of \$(85,796) for support provided by the Plans.

At December 31, 2020 (unaudited), Solid Waste Services reported collective deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>All Plans</i>	Deferred Outflows of Resources (Unaudited)	Deferred Inflows of Resources (Unaudited)
Difference between expected and actual experience	\$ 32	\$ (37,577)
Changes in assumptions	8,593	(240,280)
Net difference between projected and actual earnings on OPEB plan investments	132,748	-
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	17,768	(3,226)
Solid Waste Services contributions subsequent to the measurement date	49,300	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ 208,441</b>	<b>\$ (281,083)</b>

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

The \$38,465 reported as collective deferred outflows of resources related to OPEB plans resulting from Solid Waste Services contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

*Year Ending December 31,*

2022	\$	(350,411)
2023		(237,816)
2024		(254,929)
2025		(296,282)
2026		(3,170)
Thereafter		(3,697)
<b>Total Amortization</b>		<b>\$ (1,146,305)</b>

**ARHCT Plan**

At December 31, 2021, Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to the ARHCT Plan from the following sources:

<i>ARHCT Plan</i>		Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$	-	\$ (22,228)
Changes in assumptions		-	(79,989)
Net difference between projected and actual earnings on OPEB plan investments		-	(990,487)
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions		-	(6,447)
Solid Waste Services contributions subsequent to the measurement date		28,622	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ARHCT Plan</b>		<b>\$ 28,622</b>	<b>\$ (1,099,151)</b>

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**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

At December 31, 2020 (unaudited), Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to the ARHCT Plan from the following sources:

<i>ARHCT Plan</i>	Deferred Outflows of Resources (Unaudited)	Deferred Inflows of Resources (Unaudited)
Difference between expected and actual experience	\$ -	\$ (25,780)
Changes in assumptions	-	(224,004)
Net difference between projected and actual earnings on OPEB plan investments	128,936	-
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	17,024	-
Solid Waste Services contributions subsequent to the measurement date	38,265	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ARHCT Plan</b>	<b>\$ 184,225</b>	<b>\$ (249,784)</b>

The \$28,623 reported as deferred outflows of resources at December 31, 2021 related to the ARHCT Plan resulting from Solid Waste Services contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

*Year Ending December 31,*

2022	\$ (340,707)
2023	(228,105)
2024	(244,938)
2025	(285,401)
<b>Total Amortization</b>	<b>\$ (1,099,151)</b>

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**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

**Retiree Medical Plan**

At December 31, 2021, Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to the RMP Plan from the following sources:

<i>RMP Plan</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,677	\$ (1,072)
Changes in assumptions	7,009	(13,401)
Net difference between projected and actual earnings on OPEB plan investments	-	(20,174)
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	814	-
Solid Waste Services contributions subsequent to the measurement date	6,926	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to RMP Plan</b>	<b>\$ 16,426</b>	<b>\$ (34,647)</b>

At December 31, 2020 (unaudited), Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to the RMP Plan from the following sources:

<i>RMP Plan</i>	Deferred Outflows of Resources (Unaudited)	Deferred Inflows of Resources (Unaudited)
Difference between expected and actual experience	\$ 32	\$ (1,315)
Changes in assumptions	8,593	-
Net difference between projected and actual earnings on OPEB plan investments	-	(15,818)
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	2,740	-
Solid Waste Services contributions subsequent to the measurement date	744	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to RMP Plan</b>	<b>\$ 12,109</b>	<b>\$ (17,133)</b>

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**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

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The \$6,926 reported as deferred outflows of resources at December 31, 2021 related to the RMP Plan resulting from Solid Waste Services contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

*Year Ending December 31,*

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2022	\$	(5,399)
2023		(5,408)
2024		(5,612)
2025		(6,254)
2026		(668)
Thereafter		(1,806)
<b>Total Amortization</b>		<b>\$ (25,147)</b>

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**ODD Plan**

At December 31, 2021, Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to the ODD Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>ODD Plan</i>		
Difference between expected and actual experience	\$ -	\$ (12,538)
Changes in assumptions	-	(349)
Net difference between projected and actual earnings on OPEB plan investments	-	(7,361)
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	816	(2,575)
Solid Waste Services contributions subsequent to the measurement date	2,917	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ODD Plan</b>	<b>\$ 3,733</b>	<b>\$ (22,823)</b>

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**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

At December 31, 2020 (unaudited), Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to the ODD Plan from the following sources:

<i>ODD Plan</i>	Deferred Outflows of Resources (Unaudited)	Deferred Inflows of Resources (Unaudited)
Difference between expected and actual experience	\$ -	\$ (10,482)
Changes in assumptions	-	(458)
Net difference between projected and actual earnings on OPEB plan investments	1,072	-
Changes in proportion and differences between Solid Waste Services contributions and proportionate share of contributions	-	(3,226)
Solid Waste Services contributions subsequent to the measurement date	2,900	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ODD Plan</b>	<b>\$ 3,972</b>	<b>\$ (14,166)</b>

The \$2,917 reported as deferred outflows of resources at December 31, 2021 related to the ODD Plan resulting from Solid Waste contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

*Year Ending December 31,*

2022	\$ (4,309)
2023	(4,303)
2024	(4,380)
2025	(4,626)
2026	(2,503)
Thereafter	(1,886)
<b>Total Amortization</b>	<b>\$ (22,007)</b>

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# Municipality of Anchorage, Alaska Solid Waste Services

## Notes to Financial Statements

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### *Actuarial Assumptions*

The total OPEB asset and liability for each plan for the measurement period ended June 30, 2021 was determined by actuarial valuations as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021:

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Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50%
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/ Firefighter. Graded by service from 6.75% to 2.75% for all others
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039, as determined by projections based on the June 30, 2020 valuation.
Healthcare cost trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%
Investment return of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality (ARHCT, RMP, and ODD Plans)	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
(ODD Plan)	Deaths are assumed to be occupational 40% of the time. Disability mortality in accordance with the RP-2014 Disabled Table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
Participation (ARHCT)	100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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# Municipality of Anchorage, Alaska Solid Waste Services

## Notes to Financial Statements

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year CY 20 and CY 21.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

### ***Long-Term Expected Rate of Return***

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

#### ***June 30, 2021***

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	-%	0.13%

#### ***June 30, 2020 (Unaudited)***

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

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***Discount Rate***

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2021 was 7.38%. The discount rate used did not change from the prior measurement date. 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 fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate***

The following presents Solid Waste Services' proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38%, as well as what Solid Waste Services' proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<i>2021</i>	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
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Solid Waste Services'

proportionate share of the net  
OPEB liability (asset):

ARHCT	0.0825%	\$ (1,384,266)	\$ (2,116,663)	\$(2,724,865)
RMP	0.0840%	14,718	(22,550)	(50,698)
ODD	0.1042%	(43,956)	(45,906)	(47,457)

<i>2020 (Unaudited)</i>	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
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Solid Waste Services'

proportionate share of the net  
OPEB liability (asset):

ARHCT	0.0710%	\$ (335,329)	\$ 321,356	\$ 865,285
RMP	0.0863%	(37,906)	(6,119)	17,943
ODD	0.1146%	29,357	31,242	32,747

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Financial Statements**

***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates***

The following presents the Solid Waste Services' proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports as well as what the Solid Waste Services' proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

2021	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Solid Waste Services' proportionate share of the net OPEB liability (asset):				
ARHCT	0.0825%	\$ (2,796,062)	\$ (2,116,663)	\$ (1,296,806)
RMP	0.0840%	(54,727)	(22,550)	21,294
ODD	0.1042%	-	(45,906)	-

2020 (Unaudited)	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Solid Waste Services' proportionate share of the net OPEB liability (asset):				
ARHCT	0.0710%	\$ 929,060	\$ 321,356	\$ (414,538)
RMP	0.0863%	21,469	(6,119)	(43,644)
ODD	0.1146%	-	31,242	-

***OPEB Plan Fiduciary Net Position***

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

***(d) Defined Contribution OPEB Plans***

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expense to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

# Municipality of Anchorage, Alaska

## Solid Waste Services

### Notes to Financial Statements

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#### ***Contribution Rate***

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2021, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,168 per year for each full-time employee, and \$1.39 per hour for part-time employees.

#### ***Annual Postemployment Healthcare Cost***

In 2021 and 2020 (unaudited), Solid Waste contributed \$31,030 and \$31,859 in DC OPEB costs, respectively. These amounts have been recognized as expense/expenditures.

### **9. Subsequent Events**

On May 1, 2022, Solid Waste Services Utility fund amended its Subordinate Lien Refuse Collection Utility and Solid Waste Disposal Utility Revenue Note, 2019 Series A to allow an increase in borrowing from \$100 million to \$130 million. The amount borrowed as of December 31, 2021, was \$68,449,122, with additional funds requested as of August 26, 2022, in the amount of \$30,510,205. Under the terms of the Loan Agreement, the interest on the loan is to be paid quarterly and is calculated based on the 90-day SOFR rate times .79 plus 1.01 percent. The maturity date of the Loan Agreement is on February 1, 2025. The Refuse and Disposal Utilities expected to continue borrowing on these available funds throughout the near future.

### **10. New Accounting Pronouncements**

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by Solid Waste Services in 2021:

- GASB 89- Accounting for Interest Costs Incurred before the End of a Construction Period. Interest expense on debt for financing construction projects is expensed in the periods incurred and is not included in the historical cost of the Municipality’s capital assets. For the regulated utilities, Allowance for Funds Used During Construction (AFUDC) is capitalized in the financial statements in accordance with GASB Statement No. 62, paragraph 485.
- GASB 95- Postponement of the Effective Dates of Certain Authoritative Guidance. Due to the COVID-19 pandemic, the GASB Board issued GASB Statement No. 95, which postponed the effective dates of several statements which were due to be implemented during the 2020 and 2021 reporting periods. The Municipality made the decision to early implement the aforementioned GASB Statements Nos. 84, 88, and 90, as the implementation of these Statements were already completed or were not applicable at the time of the issuance of GASB 95. The remainder of the Statements affected by GASB 95 will be implemented in accordance with their new effective dates as listed below.

# Municipality of Anchorage, Alaska

## Solid Waste Services

### Notes to Financial Statements

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

- GASB 87- Leases. The provisions of this Statements are required to be implemented for the 2022 financial reporting period.
- GASB 92- Omnibus 2020. The provisions of this statement are required to be implemented in the 2022 reporting period.
- GASB 93- Replacement of Interbank Offered Rates. The provisions of this statement are required to be implemented in the 2022 reporting period.
- GASB 94- Public-private and Public-public Partnerships and Availability Payment Arrangements. The provisions of this statement are required to be implemented in the 2023 reporting period.
- GASB 96- Subscription-based Information Technology Arrangements. The provisions of this statement are required to be implemented in the 2023 reporting period.
- GASB 99- Omnibus 2022. The provisions of this statements are required to be implemented in the 2023 and 2024 reporting periods.
- GASB 100- Accounting Changes and Error Corrections. The provisions of this statement are required to be implemented in the 2024 reporting period.
- GASB 101- Compensated Absences. The provisions of this statement are required to be implemented in the 2024 reporting period.

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## Required Supplementary Information

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## Municipality of Anchorage, Alaska

### Solid Waste Services Public Employees' Retirement System - Pension Plan

#### Schedule of the Solid Waste Services' Proportionate Share of the Net Pension Liability

<i>Years Ended December 31,</i>	2021	2020 (Unaudited)
Solid Waste Services' Proportion of the Net Pension Liability	0.08217%	0.07099%
Solid Waste Services' Proportionate Share of the Net Pension Liability	\$ 3,014,322	\$ 4,189,297
State of Alaska Proportionate Share of the Net Pension Liability	\$ 408,348	\$ 1,733,514
 Total Net Pension Liability	 \$ 3,422,670	 \$ 5,922,811
 Solid Waste Services' Covered Payroll	 \$ 2,229,340	 \$ 2,361,607
 Solid Waste Services' Proportionate Share of the Net Pension Liability as a Percentage of Payroll	 135.21%	 177.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.46%	76.46%

#### Schedule of Solid Waste Services Contributions

<i>Years Ended December 31,</i>	2021	2020 (Unaudited)
Contractually Required Contributions	\$ 312,002	\$ 307,741
Contributions Relative to the Contractually Required Contribution	312,002	307,741
 Contribution Deficiency (Excess)	 \$ -	 \$ -
 Solid Waste Services' Covered Payroll	 \$ 2,241,195	 \$ 2,316,446
Contributions as a Percentage of Covered Payroll	13.92%	13.29%

Separately issued financial statements for Solid Waste Services were issued beginning with the fiscal year ended December 31, 2021. Therefore, period prior to 2021 and 2020 are not presented.

*See accompanying notes to Required Supplementary Information.*

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**  
**Public Employees' Retirement System - OPEB Plans**

**Schedule of the Solid Waste Services ' Proportionate Share of the Net OPEB Liability (Asset)**

	ARHCT		RMP		ODD	
	2021	2020 (Unaudited)	2021	2020 (Unaudited)	2021	2020 (Unaudited)
<i>Years Ended December 31,</i>						
Solid Waste Services' Proportion of the Net OPEB Liability (Asset)	0.08251%	0.07096%	0.08401%	0.08626%	0.10416%	0.11461%
Solid Waste Services' Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,116,664)	\$ (321,356)	\$ (22,550)	\$ 6,119	\$ (45,905)	\$ (31,242)
State of Alaska Proportionate Share of the Net OPEB Liability	(277,228)	(133,322)	-	-	-	-
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (2,393,892)</b>	<b>\$ (454,678)</b>	<b>\$ (22,550)</b>	<b>\$ 6,119</b>	<b>\$ (45,905)</b>	<b>\$ (31,242)</b>
Solid Waste Services' Covered Payroll	\$ 2,229,340	\$ 2,361,607	\$ 2,229,340	\$ 2,361,607	\$ 2,229,340	\$ 2,361,607
Solid Waste Services' Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-94.95%	-13.61%	-1.01%	0.26%	-2.06%	-1.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	135.54%	106.15%	115.10%	95.23%	374.22%	283.80%

**Schedule of Solid Waste Services Contributions**

	ARHCT		RMP		ODD	
	2021	2020 (Unaudited)	2021	2020 (Unaudited)	2021	2020 (Unaudited)
<i>Years Ended December 31,</i>						
Contractually Required Contributions	\$ 62,424	\$ 93,156	\$ 14,791	\$ 16,159	\$ 5,743	\$ 5,480
Contributions Relative to the Contractually Required Contribution	62,424	93,156	14,791	16,159	5,743	5,480
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Solid Waste Services' Covered Payroll	\$ 2,241,195	\$ 2,316,466	\$ 2,241,195	\$ 2,316,466	\$ 2,241,195	\$ 2,316,466
Contributions as a Percentage of Covered Payroll	2.79%	4.02%	0.66%	0.70%	0.26%	0.24%

Separately issued financial statements for Solid Waste Services were issued beginning with the fiscal year ended December 31, 2021. Therefore, periods prior to 2020 are not presented.

*See accompanying notes to Required Supplementary Information.*

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Notes to Required Supplementary Information  
December 31, 2021**

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**1. Public Employees' Retirement System Pension Plan**

***Schedule of Solid Waste Services' Proportionate Share of the Net Pension Liability***

This table is presented based on the Plan measurement date. For December 31, 2021, the Plan measurement date is June 30, 2021. For December 31, 2020 (unaudited), the Plan measurement date is June 30, 2020.

*Changes in Assumptions:*

The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2014 to June 30, 2018. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

In 2020 (unaudited), the discount rate was lowered from 8.00% to 7.38%.

Amounts reported reflect a change in assumptions between 2017 and 2018 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

GASB requires ten years of information be presented. However, until a full ten years of information is available, Solid Waste Services will present only those years for which information is available.

***Schedule of Solid Waste Service's Contributions***

This table is based on Solid Waste Services' contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statements of Net Position.

GASB requires ten years of information be presented. However, until a full ten years of information is available, Solid Waste Services will present only those years for which information is available.

# Municipality of Anchorage, Alaska Solid Waste Services

## Notes to Required Supplementary Information, continued

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### 2. Public Employees' Retirement System OPEB Plans

#### *Schedule of Solid Waste Services' Proportionate Share of the Net OPEB Asset and Liability*

This table is presented based on the Plan measurement date. For December 31, 2021, the Plan measurement date is June 30, 2021. For December 31, 2020 (unaudited), the Plan measurement date is June 30, 2020.

#### *Changes in Assumptions:*

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2014 to June 30, 2018, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contributions were updated to reflect the 5% decrease from calendar year CY 20 to CY 21.
3. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2020 (unaudited), the discount rate was lowered from 8% to 7.38%.

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

GASB requires ten years of information be presented. However, until a full ten years of information is available, the Solid Waste Services will present only those years for which information is available.

#### *Schedule of Solid Waste Contributions*

This table is based on the Solid Waste Services' contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statements of Net Position.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the Solid Waste Services will present only those years for which information is available.

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## Supplementary Information

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**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**Combining Statements of Revenues, Expenses, and Changes in Net Position**

<i>Year Ended December 31, 2021</i>	Refuse	Disposal	Total
<b>Operating Revenues</b>			
Landfill services	\$ -	\$ 4,773,174	\$ 4,773,174
Landfill gas sales	-	2,587,675	2,587,675
Transfer station services	-	18,345,504	18,345,504
Refuse collection operation-commercial	8,277,806	-	8,277,806
Refuse collection operation-residential	4,409,742	-	4,409,742
<hr/>			
Total charges for sales and services	12,687,548	25,706,353	38,393,901
Other operating revenues - collection fees, late fees, surcharges	99,263	148,428	247,691
<hr/>			
<b>Total Operating Revenues</b>	<b>12,786,811</b>	<b>25,854,781</b>	<b>38,641,592</b>
<hr/>			
<b>Operating Expenses</b>			
Operations:			
Landfill operations	-	8,056,976	8,056,976
Landfill gas collection system	-	986,569	986,569
Transfer station operations	-	6,741,552	6,741,552
Refuse commercial collections	5,831,906	-	5,831,906
Refuse residential collections	2,235,564	-	2,235,564
Other direct expenses disposal	-	657,711	657,711
Other direct expenses refuse	1,652,373	-	1,652,373
<hr/>			
Total operations	9,719,843	16,442,808	26,162,651
Amortization of landfill closure costs	-	1,532,265	1,532,265
Depreciation	1,395,215	4,566,586	5,961,801
<hr/>			
<b>Total Operating Expenses</b>	<b>11,115,058</b>	<b>22,541,659</b>	<b>33,656,717</b>
<hr/>			
Operating income	1,671,753	3,313,122	4,984,875

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**Combining Statements of Revenues, Expenses, and Changes in Net Position, continued**

<i>Year Ended December 31,</i>	Refuse	Disposal	Total
<b>Nonoperating Revenues (Expenses)</b>			
Investment income	\$ 66,685	\$ 244,495	\$ 311,180
Investment gain on landfill postclosure cash reserve	-	2,480,648	2,480,648
Gain on disposal of capital assets	6,841	324,361	331,202
PERS on-behalf (credit)	(76,553)	(19,049)	(95,602)
Intergovernmental revenue	36,896	-	36,896
Interest on long-term obligations	(202,181)	(512,671)	(714,852)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(168,312)</b>	<b>2,517,784</b>	<b>2,349,472</b>
Income before capital contributions and transfers	1,503,441	5,830,906	7,334,347
<b>Capital Contributions and Transfers</b>			
Capital contributions	-	5,146,179	5,146,179
Transfers to other funds:			
Municipal service assessment	(200,208)	(1,210,529)	(1,410,737)
Dividend	(306,000)	(750,000)	(1,056,000)
Other transfers from other funds	-	2,932,571	2,932,571
Other transfers to other funds	(134)	(5,108,265)	(5,108,399)
<b>Change in Net Position</b>	<b>997,099</b>	<b>6,840,862</b>	<b>7,837,961</b>
<b>Net Position, beginning</b>	<b>13,998,397</b>	<b>71,529,744</b>	<b>85,528,141</b>
<b>Net Position, ending</b>	<b>\$ 14,995,496</b>	<b>\$ 78,370,606</b>	<b>\$ 93,366,102</b>

**Municipality of Anchorage, Alaska**  
**Solid Waste Services - Refuse Utility**

**Statements of Revenues, Expenses, and Changes in Net Position**

	Refuse Commercial Collection	Refuse Residential Collection	Other Direct Services	Total 2021	Total 2020 (Unaudited)
<b>Operating Revenues</b>					
Charges for Services:					
Refuse collection charges	\$7,731,236	\$4,409,742	\$ -	\$12,140,978	\$11,512,370
Container rental charges	546,570	-	-	546,570	391,665
<b>Total Charges for Services</b>	<b>8,277,806</b>	<b>4,409,742</b>	<b>-</b>	<b>12,687,548</b>	<b>11,904,035</b>
Other operating revenues - collection fees, late fees, surcharges	53,967	33,255	12,041	99,263	104,680
<b>Total Operating Revenues</b>	<b>8,331,773</b>	<b>4,442,997</b>	<b>12,041</b>	<b>12,786,811</b>	<b>12,008,715</b>
<b>Operating Expenses</b>					
Operations:					
Personnel services	2,594,875	994,702	735,215	4,324,792	3,469,908
Supplies	252,960	96,968	71,671	421,599	355,161
Other contracted services and expenses	2,151,098	824,588	609,478	3,585,164	3,298,658
Charges from other departments	832,973	319,306	236,009	1,388,288	2,694,519
<b>Total operations</b>	<b>5,831,906</b>	<b>2,235,564</b>	<b>1,652,373</b>	<b>9,719,843</b>	<b>9,818,246</b>
Depreciation	-	-	1,395,215	1,395,215	1,214,295
<b>Total Operating Expenses</b>	<b>5,831,906</b>	<b>2,235,564</b>	<b>3,047,588</b>	<b>11,115,058</b>	<b>11,032,541</b>
<b>Operating income (loss)</b>	<b>2,499,867</b>	<b>2,207,433</b>	<b>(3,035,547)</b>	<b>1,671,753</b>	<b>976,174</b>
<b>Nonoperating Revenues (Expenses)</b>					
Investment income	-	-	66,685	66,685	354,970
Gain on disposal of capital assets	-	-	6,841	6,841	25,955
PERS on-behalf revenue (credits)	(45,932)	(17,607)	(13,014)	(76,553)	97,616
Intergovernmental revenue	-	-	36,896	36,896	-
Interest on long-term obligations	-	-	(202,181)	(202,181)	(132,378)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(45,932)</b>	<b>(17,607)</b>	<b>(104,773)</b>	<b>(168,312)</b>	<b>346,163</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>2,453,935</b>	<b>2,189,826</b>	<b>(3,140,320)</b>	<b>1,503,441</b>	<b>1,322,337</b>
<b>Capital Contributions and Transfers</b>					
Transfers to other funds:					
Municipal utility service assessment	-	-	(200,208)	(200,208)	(186,177)
Dividend	-	-	(306,000)	(306,000)	(300,000)
Other transfers to other funds	-	-	(134)	(134)	-
<b>Change in Net Position</b>	<b>\$2,453,935</b>	<b>\$2,189,826</b>	<b>\$(3,646,662)</b>	<b>\$ 997,099</b>	<b>\$ 836,160</b>

**Municipality of Anchorage, Alaska**  
**Solid Waste Services - Disposal Utility**

**Statements of Revenues, Expenses, and Changes in Net Position**

	Landfill Services	Landfill Gas Services	Transfer Station Services	Other Direct Services	Total 2021	Total 2020 (Unaudited)
<b>Operating Revenues</b>						
Charges for Services:						
Landfill fees	\$ 4,773,095	\$ -	\$ 16,567,090	\$ -	\$ 21,340,185	\$ 20,173,044
Hazardous waste	79	-	854,029	-	854,108	810,461
Community Recycling Surcharge	-	-	924,385	-	924,385	704,514
Landfill gas sales	-	2,587,675	-	-	2,587,675	2,614,604
<b>Total Charges for Services</b>	<b>4,773,174</b>	<b>2,587,675</b>	<b>18,345,504</b>	<b>-</b>	<b>25,706,353</b>	<b>24,302,623</b>
Other operating revenues -						
collection fees, late fees, surcharges	53,750	-	94,678	-	148,428	185,843
<b>Total Operating Revenues</b>	<b>4,826,924</b>	<b>2,587,675</b>	<b>18,440,182</b>	<b>-</b>	<b>25,854,781</b>	<b>24,488,466</b>
<b>Operating Expenses</b>						
Operations:						
Personnel services	3,963,283	485,300	3,316,216	323,533	8,088,332	9,379,706
Supplies	642,096	78,624	537,264	52,416	1,310,400	987,033
Other contracted services and expenses	2,761,378	338,128	2,310,541	225,418	5,635,465	5,708,086
Charges from other departments	690,219	84,517	577,531	56,344	1,408,611	334,141
<b>Total operations</b>	<b>8,056,976</b>	<b>986,569</b>	<b>6,741,552</b>	<b>657,711</b>	<b>16,442,808</b>	<b>16,408,966</b>
Amortization of landfill closure costs	-	-	-	1,532,265	1,532,265	4,140,988
Depreciation	-	-	-	4,566,586	4,566,586	4,440,123
<b>Total Operating Expenses</b>	<b>8,056,976</b>	<b>986,569</b>	<b>6,741,552</b>	<b>6,756,562</b>	<b>22,541,659</b>	<b>24,990,077</b>
<b>Operating income (loss)</b>	<b>(3,230,052)</b>	<b>1,601,106</b>	<b>11,698,630</b>	<b>(6,756,562)</b>	<b>3,313,122</b>	<b>(501,611)</b>
<b>Nonoperating Revenues (Expenses)</b>						
Investment income	-	-	-	244,495	244,495	455,749
Investment gain on landfill postclosure cash reserve	-	-	-	2,480,648	2,480,648	4,670,515
Gain on disposal of capital assets	157,600	-	166,761	-	324,361	34,144
PEERS on-behalf revenue (credits)	(9,334)	(1,143)	(7,810)	(762)	(19,049)	40,610
Interest on long-term obligations	-	-	-	(512,671)	(512,671)	(365,998)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>148,266</b>	<b>(1,143)</b>	<b>158,951</b>	<b>2,211,710</b>	<b>2,517,784</b>	<b>4,835,020</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>(3,081,786)</b>	<b>1,599,963</b>	<b>11,857,581</b>	<b>(4,544,852)</b>	<b>5,830,906</b>	<b>4,333,409</b>
<b>Capital Contributions and Transfers</b>						
Capital contributions	-	-	-	5,146,179	5,146,179	54,179
Transfers to other funds:						
Municipal utility service assessment	-	-	-	(1,210,529)	(1,210,529)	(1,036,681)
Dividend	-	-	-	(750,000)	(750,000)	(750,000)
Other transfers from other funds	-	-	-	2,932,571	2,932,571	1,617,536
Other transfers to other funds	-	-	-	(5,108,265)	(5,108,265)	-
<b>Change in Net Position</b>	<b>\$ (3,081,786)</b>	<b>\$ 1,599,963</b>	<b>\$ 11,857,581</b>	<b>\$ (3,534,896)</b>	<b>\$ 6,840,862</b>	<b>\$ 4,218,443</b>

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## Statistical Section

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**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**Comparative Detail Schedule of Actual Revenues by Source**

	2021	2020
Landfill Fees	\$ 4,773,174	\$ 3,911,542
Transfer Station Fees	16,567,011	16,261,502
Hazardous Waste Fees	854,108	810,461
Community Recycling Surcharge	924,385	704,514
Landfill Gas Sales	2,587,675	2,614,604
Refuse Collection Charges	12,140,978	11,512,370
Container Rental Charges	546,570	391,665
Refuse Other Revenue	247,691	290,523
Subtotal	38,641,592	36,497,181
Capital contributions	5,146,179	54,179
Transfers from other funds	2,932,571	1,617,536
<b>Total</b>	<b>\$ 46,720,342</b>	<b>\$ 38,168,896</b>

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**  
**Current Collection Rates**

<b>Type of Service</b>	<b>Collection Rates</b>
Flat Rate Pickup	\$ 16.00
Central Transfer Station (CTS)	79.02
Alaska Regional Landfill (ARL)	67.73
32 Gal Roll Cart	15.25
64 Gal Roll Cart	30.45
96 Gal Roll Cart	42.25
3 CU YD Dumpster	145.00
4 CU YD Dumpster	174.00

Issued by Assembly Ordinances 2020-91 and 2020-92 on 10/1/2020, effective 1/1/2021.

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**Four-Year Annual Tonnage Report by Customer/Type**

	2021	2020	2019	2018
City Refuse	28,856	33,266	34,384	32,981
Alaska Waste Anchorage	105,311	103,818	138,587	117,480
Alaska Waste Eagle River	6	-	-	-
Alaska Waste Valley	-	-	510	-
Girdwood Transfer Station	505	662	669	496
FRF/FRMV/FRMC	644	-	881	-
JBER AFB	4,527	181	5,468	965
Permit	62,150	39,210	67,748	30,471
Weighted Cash	14,631	9,378	18,860	9,764
Automobiles	3,908	2,419	3,850	1,911
Pickup Trucks	18,955	15,943	19,691	12,519
MOA No Charge	25,253	2,542	23,617	2,917
<b>Total Tons</b>	<b>264,746</b>	<b>207,419</b>	<b>314,265</b>	<b>209,504</b>

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**  
**Financial Ratios**

<i>Description</i>	2021	2020
Current ratio (current assets / current liabilities)	3.39	3.44
Quick ratio (quick assets / current liabilities)	3.07	3.44
Return on investment (change in net position / total assets)	3%	3%
Return on equity (change in net position / net position)	9%	6%
Capital structure	91%	94%
Operating margin	13%	1%

Notes to financial ratios:

Quick or Acid-test ratio computed by removing from current assets inventory and restricted current assets.

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**Historical Revenues for Top Ten Customers**

<i>Customer Name</i>	2021
Waste Connections Inc.	\$ 10,006,603
SWS Refuse Collection Trucks	2,794,726
SWS Flat Rate Customers	2,457,111
SWS Weighed Customers	1,467,765
Northern Waste, LLC	1,387,444
Blue Arctic Waste Solutions LLC	1,293,626
Central Recycling Service Inc.	528,664
Ramsey & Sons Trucking	353,443
AK Alaska BTDT LLC	220,448
Penland Mobile Park	164,501

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**Schedule of Revenues, Expenses, and Changes in Net Position -  
Budget to Actual**

<i>Year Ended December 31, 2021</i>	Budget	Actual	Variance
<b>Operating Revenues</b>			
Landfill Fees	\$ 23,048,162	\$ 21,340,185	\$ (1,707,977)
Landfill Gas Sales	565,268	2,587,675	2,022,407
Hazardous Waste	678,692	854,107	175,415
Community Recycling Surcharge	2,500,000	924,386	(1,575,614)
Refuse Collection Charges	12,817,135	12,140,978	(676,157)
Container Rental Charges	548,329	546,570	(1,759)
<hr/>			
Total charges for sales and services	40,157,586	38,393,901	(1,763,685)
Other Revenue - collection fees, late fees, surcharges	193,734	247,691	53,957
<b>Total Operating Revenues</b>	<b>40,351,320</b>	<b>38,641,592</b>	<b>(1,709,728)</b>
<hr/>			
<b>Operating Expenses</b>			
Operations:			
Personnel Services	10,316,343	12,413,124	2,096,781
Supplies	1,664,817	1,731,999	67,182
Other Services and Charges	9,378,001	9,220,629	(157,372)
Charges from Other Departments	6,713,383	2,796,899	(3,916,484)
<hr/>			
Total operations	28,072,544	26,162,651	(1,909,893)
Amortization of Landfill Closure Costs	1,000,000	1,532,265	532,265
Depreciation	6,307,000	5,961,801	(345,199)
<hr/>			
<b>Total Operating Expenses</b>	<b>35,379,544</b>	<b>33,656,717</b>	<b>(1,722,827)</b>
<hr/>			
Operating Income	4,971,776	4,984,875	13,099

**Municipality of Anchorage, Alaska**  
**Solid Waste Services**

**Schedule of Revenues, Expenses, and Changes in Net Position -  
Budget to Actual, continued**

<i>Year Ended December 31, 2021</i>	Budget	Actual	Variance
<b>Nonoperating Revenues (Expenses)</b>			
Investment Gain on Landfill Postclosure Revenue	\$ 530,000	\$ 2,480,648	\$ 1,950,648
Investment Income(loss)	(208,019)	311,180	519,199
Intergovernmental Revenues-Pension and OPEB on-behalf	-	(95,602)	(95,602)
Intergovernmental Revenues	-	36,896	36,896
Interest on Long-Term Obligations	(2,186,100)	(714,852)	1,471,248
Gain on Disposal of Capital Assets	50,000	331,202	281,202
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,814,119)</b>	<b>2,349,472</b>	<b>4,163,591</b>
Income before capital contributions and transfers	3,157,657	7,334,347	4,176,690
<b>Capital Contributions and Transfers</b>			
Capital Contributions	50,000	5,146,179	5,096,179
Municipal Service Assessment	(1,037,612)	(1,410,737)	(373,125)
Dividend	(1,056,000)	(1,056,000)	-
Other Transfers from other funds	-	2,932,571	2,932,571
Transfers to/from Other Funds	-	(5,108,399)	(5,108,399)
<b>Change in Net Position</b>	<b>\$ 1,114,045</b>	<b>7,837,961</b>	<b>\$ 11,832,315</b>
<b>Net Position, beginning</b>		<b>85,528,141</b>	
<b>Net Position, ending</b>		<b>\$ 93,366,102</b>	

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

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## **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the 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, the financial statements of Solid Waste Services of Alaska Fund, the enterprise funds Solid Waste Refuse Utility and Solid Waste Disposal Utility of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Solid Waste Services of Alaska’s basic financial statements, and have issued our report thereon dated September 27, 2022.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Solid Waste Services of Alaska’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the Solid Waste Services of Alaska’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Solid Waste Services of Alaska’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2021-001 that we consider to be material weaknesses.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Solid Waste Services of Alaska's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Solid Waste Services of Alaska's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Solid Waste Services of Alaska's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses as item 2021-001. Solid Waste Services of Alaska's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Solid Waste Services of Alaska's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Solid Waste Services of Alaska's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska  
September 27, 2022

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Schedule of Findings and Responses  
For the Year Ended December 31, 2021**

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> yes	<u>   </u> no (none reported)
Significant deficiency(ies) identified?	<u>   </u> yes	<u> X </u> reported)
Noncompliance material to financial statements noted?	<u>   </u> yes	<u> X </u> no

**Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards**

<b><u>Finding 2021-001</u></b>	<b>Reporting of Deferred Inflows - Material Weakness over Financial Reporting</b>
<i>Criteria</i>	Generally accepted accounting principles do not allow for the deferral of revenue in proprietary funds due to timing of receipt of payment.
<i>Condition</i>	The financial statements initially reflected a deferred inflow for monies not received within 6 months under Disaster Grants - Public Assistance (FEMA) programs.
<i>Cause</i>	The Municipality had initially recorded a portion of these funds in a special revenue fund and later moved them. Because they were initially recorded in a governmental fund, policies around the recording of a deferred inflow were followed. Financial statement review procedures did not identify the difference in accounting between fund types.
<i>Effect or potential effect</i>	An adjustment of \$2 million to increase capital contributions and net position was made to correct the error.
<i>Recommendation</i>	Management should review the nature of deferred inflows for proper applicability based on fund type.
<i>Views of responsible officials</i>	Management concurs with the finding. Management plans to add additional financial statement review procedures around deferred inflow balances.

**Municipality of Anchorage, Alaska  
Solid Waste Services**

**Schedule of Findings and Responses, continued  
For the Year Ended December 31, 2021**

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<b>Section III - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards</b>
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<b><u>Finding 2021-001</u></b>	<b>Reporting of Deferred Inflows - Material Weakness over Financial Reporting</b>
<i>Criteria</i>	Generally accepted accounting principles do not allow for the deferral of revenue in proprietary funds due to timing of receipt of payment.
<i>Condition</i>	The financial statements initially reflected a deferred inflow for monies not received within 6 months under Disaster Grants - Public Assistance (FEMA) programs. A material adjustment was recorded to correct.
<i>Cause</i>	The Municipality had initially recorded a portion of these funds in a special revenue fund and later moved them. Because they were initially recorded in a governmental fund, policies around the recording of a deferred inflow were followed. Financial statement review procedures did not identify the difference in accounting between fund types.
<i>Effect or potential effect</i>	An adjustment of \$2 million increase capital contributions and net position.
<i>Recommendation</i>	Management should review the nature of deferred inflows for proper applicability based on fund type.
<i>Views of responsible officials</i>	Management plans to add additional financial statement review procedures around deferred inflow balances.



# Municipality of Anchorage

Office of the Chief Fiscal Officer

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Corrective Action Plan

Year Ended December 31, 2021

Name of Contact Person: Amy Demboski, Municipal Manager  
907-343-7110

**Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards***

**Finding 2021-001**                      **Reporting of Deferred Inflows - Material Weakness over Financial Reporting**

*Corrective Action Plan*                      Management is working to improve the preparation and review process for the stand-alone financial statements for Solid Waste Services. Management will provide training to staff and supervisors overseeing the preparation of the financial statements on the use of deferred outflows and inflows in both the modified and full accrual methods of accounting to ensure that financial statements are prepared and reviewed in accordance with our policies and GAAP.

*Expected Completion Date*                      December 31, 2022