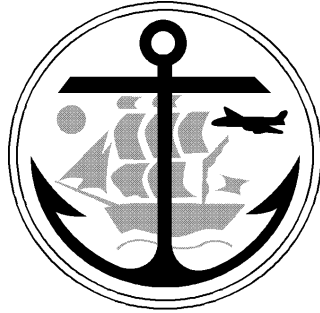


MUNICIPALITY OF ANCHORAGE, ALASKA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2013

**Daniel A. Sullivan
Mayor**

**Prepared by:
Finance Department**

**Lucinda Mahoney
CFO**

**Tom Fink
Controller**

MUNICIPALITY OF ANCHORAGE, ALASKA

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MUNICIPALITY OF ANCHORAGE



Office of the Chief Fiscal Officer

Phone: (907) 343-6110

Fax: (907) 343-6616

Mayor Dan Sullivan

June 09, 2014

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

The Comprehensive Annual Financial Report (CAFR) of the Municipality of Anchorage (Municipality) for the year ended December 31, 2013, is hereby submitted in accordance with Anchorage Home Rule Charter and Anchorage Municipal Code. These laws require an annual report on financial and administrative activities with an independent audit of all municipal accounts by a certified public accountant. BDO USA, LLP performed the independent audit. Management is responsible for the accuracy, completeness and fairness of the presentation including all disclosures.

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

As a recipient of federal grant awards, the Municipality is required to undergo an audit in accordance with the provisions of the U.S. Office of Management and Budget's (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and associated *Compliance Supplement*. A schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs will be included in a separately issued audit in accordance with OMB Circular A-133.

As a recipient of State of Alaska (State) grant awards, the Municipality is also required to undergo an audit in accordance with the provisions of Alaska State Regulation 2 AAC 45.010 and *Audit Guide and Compliance Supplement for State Single Audits*. A State Financial Assistance Schedule, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs will be included in separately issued State Financial Assistance Reports.

BDO USA, LLP was retained to perform both the financial and the compliance audits of Federal and State financial assistance programs for the year ended December 31, 2013. These audits were performed in accordance with Federal and State regulations and *Government Auditing Standards*. BDO USA, LLP audited all 2013 financial records except for those of Police & Fire Retirement Pension Trust Funds. BDO USA, LLP reports are included in the financial section of the CAFR and in both financial assistance reports. The Pension Trust Funds were audited by certified public accountants who issued an unmodified report.

Government Profile

The City of Anchorage was originally incorporated in 1920 and unified with the Greater Anchorage Area Borough in 1975 to create the Municipality of Anchorage. The Municipality encompasses approximately 1,955 square miles.

The Municipality is operated under a strong mayoral system with an eleven member Assembly serving as the legislative branch. Leading the executive branch, the Mayor is responsible for appointing top executives and running the day to day governmental activities. The Assembly is responsible for approving ordinances, Municipal contracts, budgets, and certain appointments. A compilation of Municipal ordinances can be reviewed on-line in the Anchorage Municipal Code at www.muni.org.

The Municipality provides a full range of services, including police services, fire services, emergency medical services, health and human services, construction/maintenance of infrastructure, recreation activities, and public transportation

services. Many of these services are provided on a service area basis with taxpayers residing in different property taxing districts paying for only those services they authorize and receive.

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

The Assembly approves operating budgets and appropriations of direct costs at the department level, and revenues, direct costs and indirect costs at the fund level. During the year, the Assembly may approve supplemental appropriations to increase or decrease the budget, or to transfer all or part of any unencumbered balance from one appropriation to another. The Assembly by ordinance may authorize a contract, lease or other obligation requiring financing from future appropriations. A lease purchase agreement with respect to acquisition of a capital improvement valued in excess of \$1 million is not valid until approved by the voters. The Mayor may transfer all or part of an unencumbered balance between categories within an appropriation. No obligation involving the expenditure of money may be made unless the Chief Fiscal Officer has certified that the funds required have been appropriated and/or are available for that purpose.

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

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

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

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

Local Economy

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

The Municipality has an approximate population of 301,134 which represents an increase of less than one percent over the prior year. As the largest city in Alaska, Anchorage is home to approximately 41 percent of the State's residents.

For 2013, the Anchorage School District had 48,028 students enrolled for the 2013-2014 academic year, a decrease of less than one percent from the prior year. The Municipality is also home to the University of Alaska Anchorage, a State operated university, and Alaska Pacific University, a private independent university.

Unemployment in the Municipality decreased less than one percent in 2013. The average unemployment rate in 2013 of 4.9 percent decreased from 5.6 percent in 2012 and was significantly better than the national average of 7.4 percent.

Anchorage has several major sectors that drive the local economy including health care, oil/gas, construction, transportation and tourism.

Health care employment continues to be one of the fastest growing service producing industries adding 150 jobs during 2013. The aging of the State's population will likely continue to generate higher health care employment, though possibly at a more moderate pace. Though there are limits to this industry's expansion, the population over age 65 in Anchorage is expected to grow from 21,000 to 40,000 by 2020, driving demand for more services.

Oil prices have remained at \$100-plus a barrel since 2011 and have helped boost employment in the oil and gas sector. The oil and gas sector is continuing to grow and has 167 more jobs in 2014 than 2013. Oil and gas related construction spending for 2014 in Alaska is estimated at \$4.255 billion, an increase of 33 percent over 2013.

The Municipality construction employment fell each year between 2007 and 2011, and continued to fall in 2013, losing 133 jobs. While construction jobs are down for 2013, the outlook for construction spending in 2014 is positive. The Associated General Contractors of Alaska 2014 forecasts estimates that over \$9 billion will be spent this year on construction projects throughout the state, up 18 percent from 2013. Both commercial and residential building assessed values in the Municipality increased 2% in 2013. Residential building is expected to grow in 2014 which is spurred by continued low interest rates, greater consumer confidence and the smallest housing inventory since 2005. Commercial activity, on the other hand, is expected to stay about the same. The biggest downside in the near term is the reduced Army Corps of Engineers construction budget. The Corps was a major source of work for a decade, underwriting annual construction budgets that topped \$550 million statewide. That amount fell to \$269 million in 2012, and 2013 is forecasted at just 20 percent of that amount. This is the main reason construction employment fell in 2013.

The transportation sector consists of air cargo activity at the Ted Stevens Anchorage International Airport; in-state freight and passenger transportation by the State owned Alaska Railroad; and maritime transportation through the Municipal-owned Port. The Ted Stevens Anchorage International Airport continues to be one of the busiest cargo airports in North America. With greater dependence on airplanes to move people and freight, Alaska has a larger percentage of employment in the air transportation industry than the rest of the country. The Alaska Railroad brought in revenues of \$23 million in 2013. The Port is ice free year round and is served by two major maritime carriers, Totem Ocean Trailer Express and Horizon Lines. With approximately 90 percent of all consumer goods arriving in Alaska through the port facilities and serving 85 percent of the population of Alaska, the Port is currently undergoing an intermodal expansion program that began in 2003. The Port's steady growth in the past decade is expected to continue.

The tourism sector is a major economic driver for the Municipality offering a central location, available transportation infrastructure, and abundant recreational opportunities. In addition to Anchorage's regional sport fishing and tourism destinations, visitors often use Anchorage as the gateway to other Alaska destinations. Alaska tourism industry accounts for more than 39,000 statewide jobs

Long-term Financial Planning

The Municipality has no legal debt limit mandated by its Charter, Code or State law. The Municipality continues to maintain outstanding credit ratings on all outstanding debt. Current long-term Municipality general obligation bond ratings are AAA by Standard and Poor's (S&P) and AA+ by Fitch Ratings (Fitch).

The rating by Fitch was unchanged from 2011 but the rating from S&P went from AA+ to AAA during 2013. Revenue bond covenants stipulating debt service coverage requirements were met in 2013.

The Municipality's percentage of net general obligation debt to assessed valuation and bonded debt per capita are useful indicators to citizens and investors of Anchorage's debt position. The percentage of net direct general obligation debt, exclusive of ASD debt, to assessed valuation was 1.40 percent as of December 31, 2013, and the net direct general obligation debt per capita was \$1,513. The respective amounts as of December 31, 2012 were 1.51 percent and \$1,602. When ASD debt is included, net direct general obligation debt to assessed value as of December 31, 2013 is 3.6 percent (4.0 percent in 2012) and the net direct general obligation debt per capita is \$3,943 (\$4,213 in 2012).

Awards and Acknowledgements

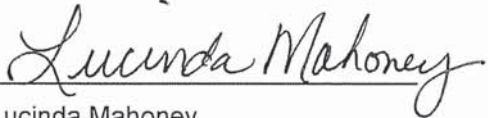
The Municipality of Anchorage and its employees are committed to the goal of making Anchorage a better place to live, work, and raise families.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Municipality for its CAFR for the fiscal year ended December 31, 2012. This was the twenty-sixth consecutive year that the Municipality has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. Our 2012 report satisfied both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. It is believed that our current report continues to conform to the Certificate of Achievement program requirements. The CAFR will be submitted to GFOA to determine its eligibility for another certification.

The preparation of the CAFR was made possible by the dedicated efforts of the entire Controller Division staff. We express sincere appreciation to our employees for their contribution to this report whether it was in processing daily transactions or in report preparation. We also express our appreciation to all other individuals who assisted in this effort.

Respectfully submitted:



Lucinda Mahoney
CFO



Thomas Fink
Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Municipality of Anchorage
Alaska

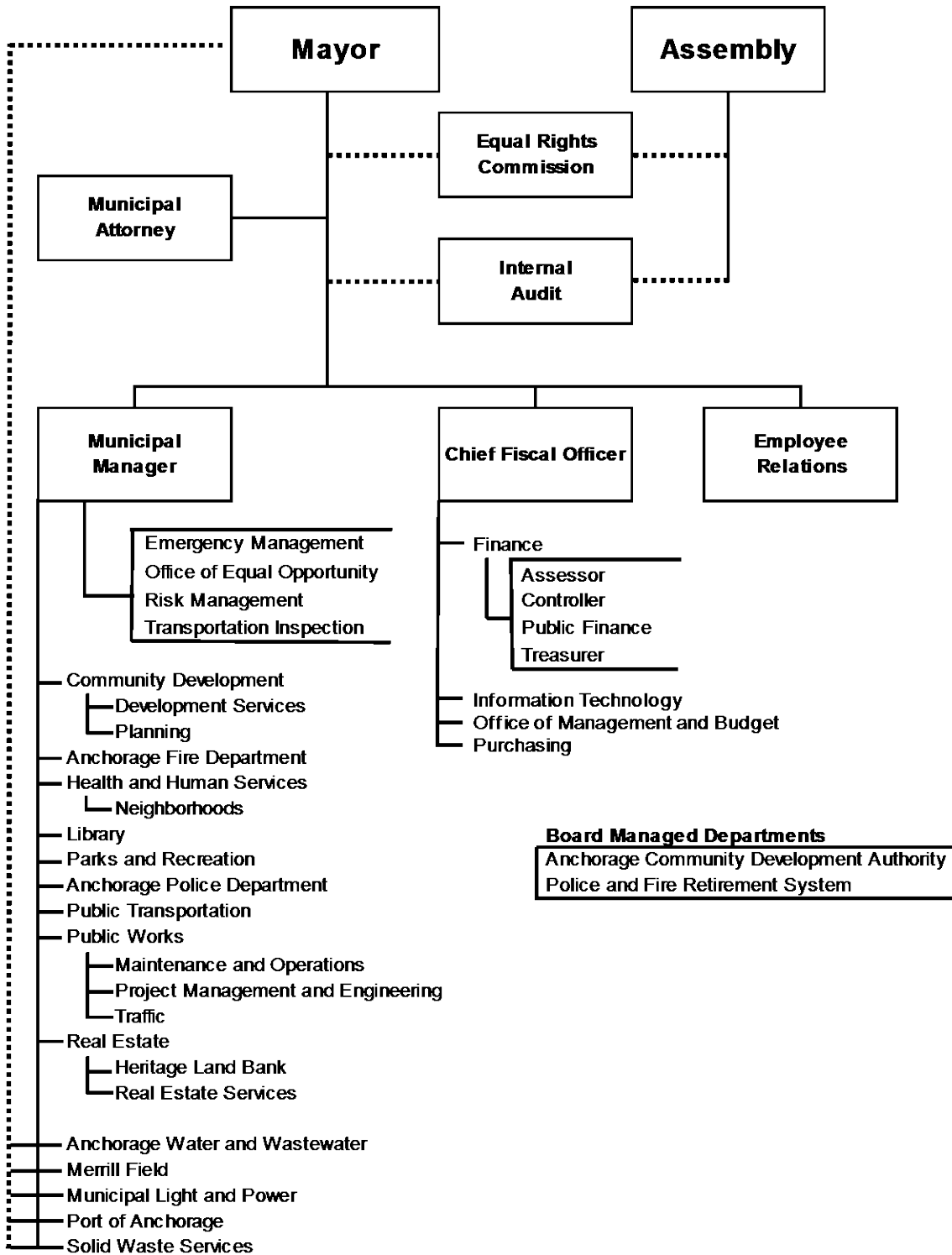
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO



MUNICIPALITY OF ANCHORAGE



MUNICIPALITY OF ANCHORAGE

2013

PRINCIPAL OFFICIALS

ASSEMBLY

The legislative power of Anchorage is vested in an eleven member elected assembly. The Assembly, by Charter, is required to meet twice each month. The body meets on Tuesdays in the Assembly Chambers at 3600 Denali Street (Z.J. Loussac Library). Numerous special meetings and work sessions are scheduled throughout the year. At December 31, 2013, the following citizens were elected to serve on the Assembly.

Ernie Hall, Chair

Chris Birch	Tim Steele
Patrick Flynn	Elvi Gray-Jackson
Jennifer Johnston, Vice Chair	Paul Honeman
Debbie Ossiander	Amy Demboski
Dick Traini	Adam Trombley

Barbara A. Jones, Municipal Clerk

ADMINISTRATION

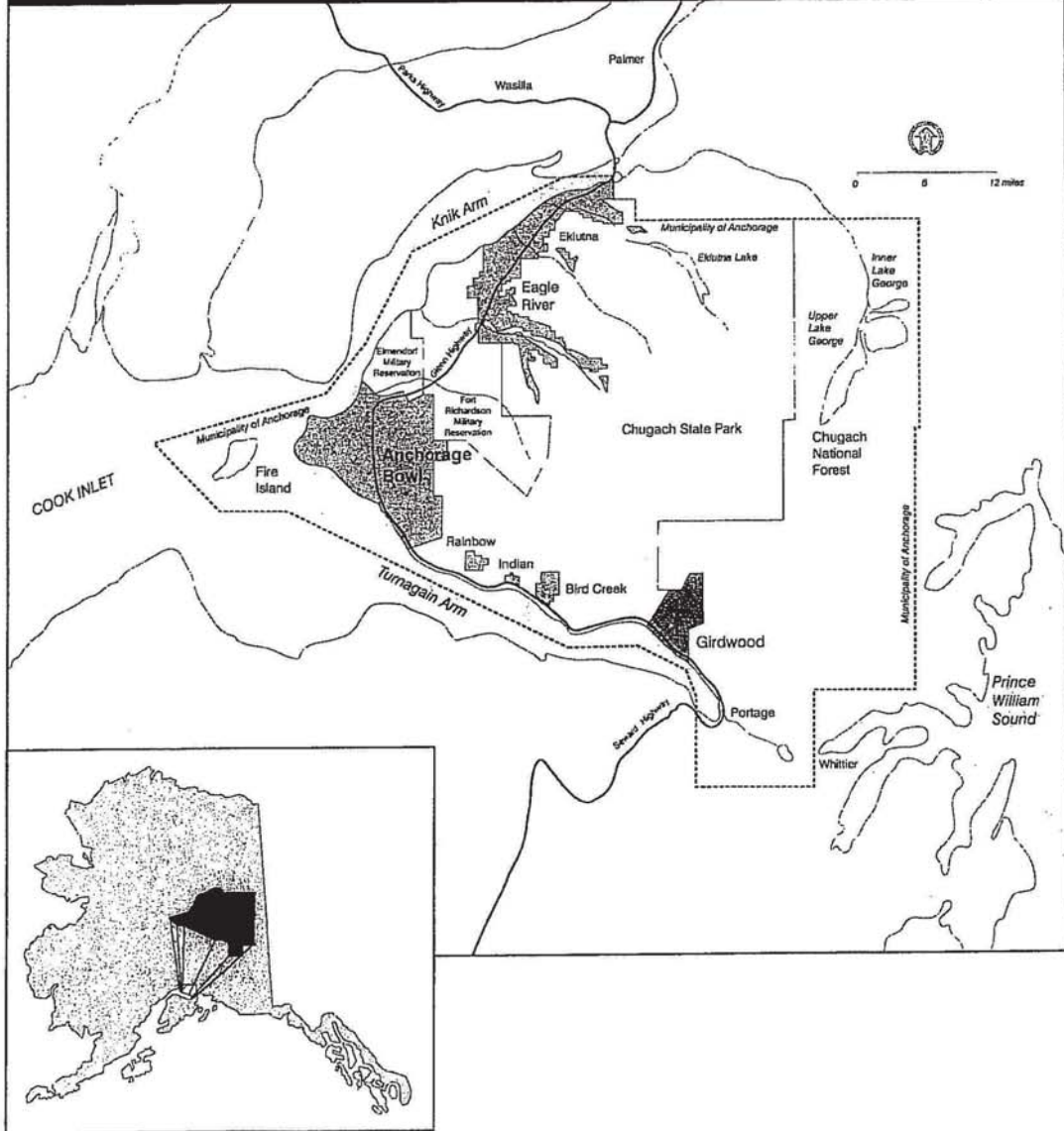
Daniel A. Sullivan, Mayor

George Vakalis, Municipal Manager

Dennis Wheeler, Municipal Attorney

Lucinda Mahoney, CFO

Municipality of Anchorage Vicinity Map





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3601 C Street, Suite 600
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police/Fire Retirement System fiduciary funds, which represent 45% and 53%, respectively, of the assets, and fund balance/net position of the aggregate remaining fund information. Those financial statement components were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police/Fire Retirement System fiduciary funds is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the operating account of the Police/Fire Retirement System fiduciary funds were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Municipality of Anchorage, Alaska as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 23 to the financial statements, Anchorage School District (a discretely presented component unit) adopted the provision of GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, in 2013. These provisions have been retrospectively applied to all periods presented in these financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-19, and the budgetary comparison information, the Condition Rating of the Anchorage Road Network, and the Schedule of Funding Progress for the Police and Fire Retirement Systems on pages 103-107, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended December 31, 2013 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Municipality of Anchorage's basic financial statements. The accompanying additional supplementary budgetary compliance schedules, the combining and individual nonmajor fund financial statements and other budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary information and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2013 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2013.

Municipality of Anchorage's basic financial statements for 2012 were audited by other auditors whose report thereon dated June 10, 2013, expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the remaining fund information. The 2013 basic financial statements include certain summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles in the United States of America. Accordingly, such information should be read in conjunction with Anchorage's financial statements for the year ended December 31, 2012, from which such summarized information was derived.

In addition, the report of the other auditors for 2012 stated that the supplementary individual fund financial statements and schedules for the year ended December 31, 2012 were subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, were fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2012.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2014 on our consideration of Municipality of Anchorage's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality of Anchorage's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
June 9, 2014

MUNICIPALITY OF ANCHORAGE MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Municipality of Anchorage (Municipality), we offer readers of the Municipality's Comprehensive Annual Financial Report (CAFR), this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All monetary amounts are in thousands of dollars, unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets of the Municipality exceeded its liabilities at the end of 2013 with reported net position of \$3.8 billion.
- The Municipality's total net position increased by \$32.6 million or less than one percent for 2013. The increase reflects a change in net position of governmental activities of \$66.4 million and a change in business-type activities of (\$33.8) million.
- During the year, the governmental activities generated \$822.6 million in revenues not including transfers from and special items, which was offset by expenses of \$787.2 million, not including transfers to.
- During the year, the business-type activities generated \$283.3 million in revenues not including transfers from and special items, that was offset by expenses of \$228.9 million, not including transfers to and extraordinary items.
- As of December 31, 2013, the Municipality's governmental funds reported a combined ending fund balance of \$333.5 million, an increase of \$3.7 million. Of the fund balance, \$4.1 million is nonspendable, \$219.8 is restricted, \$63.3 is committed, \$32.9 is assigned and \$13.4 is unassigned. Included in the restricted fund balances are \$897,419 bond rating set asides and \$43,749 working capital reserves. Included in the committed fund balances are \$36.3 million bond rating set asides.
- The Capital Projects Roads and Drainage Fund and the Port Fund did not meet the eligibility criteria as major funds but because of their significance to the Municipality's taxpayers they have been included.
- The Municipality's total capital assets (net of accumulated depreciation) at December 31, 2013 was \$5.1 billion.
- The Municipality's total long-term debt at December 31, 2013 was \$1.3 billion.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The statement of net position presents financial information on all of the Municipality's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Municipality is improving or deteriorating.

The statement of activities presents information showing how the Municipality's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event gives rise

and when the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement on an accrual basis, with related cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Municipality that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Municipality include general government, fire and police services, health and human services, economic and community development, public transportation, public works, education, maintenance and operations of roads and facilities, and debt service. Governmental activities also include information from CIVICVentures, a blended component unit. The business-type activities of the Municipality include water and wastewater services, electric generation and distribution, port services, Municipal airport services, solid waste disposal services, and refuse collection services.

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

Fund Financial Statements

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

Governmental Funds

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

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

The Municipality maintains twenty-four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, MOA Trust Fund, and Capital Projects Roads and Drainage Fund. Information from the other twenty-one governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Municipality maintains two different types of proprietary funds - enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Municipality uses enterprise funds to account for its water services; wastewater services; electric generation, transmission, and distribution; port services; Municipal airport services; solid waste disposal services, and refuse collection services.

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

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Municipality's disclosure of information relating to its paved road infrastructure network (accounted for under the modified approach) and general fund budgetary comparison schedule and schedule of funding status for the Police and Fire Retirement System.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position for December 31, 2013 compared to the prior year (reference Table A-1).

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

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 525,813	\$ 528,109	\$ 364,209	\$ 475,053	\$ 890,023	\$ 1,003,161
Capital assets	3,272,951	3,249,966	1,787,091	1,636,511	5,060,042	4,886,477
Total assets	<u>3,798,764</u>	<u>3,778,075</u>	<u>2,151,300</u>	<u>2,111,564</u>	<u>5,950,064</u>	<u>5,889,638</u>
Deferred outflows of resources	-	-	3,867	5,210	3,867	5,210
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>3,867</u>	<u>5,210</u>	<u>3,867</u>	<u>5,210</u>
Long-term liabilities	561,356	595,498	638,488	594,646	1,199,845	1,190,144
Other liabilities	197,617	200,041	190,963	167,400	388,580	367,441
Total liabilities	<u>758,973</u>	<u>795,539</u>	<u>829,452</u>	<u>762,046</u>	<u>1,588,425</u>	<u>1,557,585</u>
Deferred inflows of resources	6,442	7,692	600,710	595,914	607,153	603,606
Total deferred inflows of resources	<u>6,442</u>	<u>7,692</u>	<u>600,710</u>	<u>595,914</u>	<u>607,153</u>	<u>603,606</u>
Invested in capital assets, net of related debt	2,702,921	2,645,082	567,013	525,893	3,269,934	3,170,975
Restricted	221,075	206,055	65,818	184,402	286,893	390,457
Unrestricted	117,228	123,707	92,175	48,519	209,403	172,226
Total net position	<u>\$ 3,041,224</u>	<u>\$ 2,974,844</u>	<u>\$ 725,005</u>	<u>\$ 758,814</u>	<u>\$ 3,766,230</u>	<u>\$ 3,733,657</u>

Overall Analysis

At December 31, 2013, the Municipality's assets and deferred outflows exceeded its liabilities and deferred inflows by \$3.8 billion. Total net position increased \$32.6 million or less than one percent.

The largest portion of the Municipality's net position (87 percent) reflects its investment in capital assets less any outstanding debt used to acquire those assets. The Municipality's capital assets are used to provide services to its citizens, consequently; they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position in the amount of \$286.9 million represent those assets that the Municipality holds that are required to be spent for a specific purpose by outside sources and/or enabling legislation. Of this total, the Municipality reported \$28.7 million restricted net position for the acquisition and construction of capital and \$144.2 million representing the investment balance in the MOA Trust Fund.

The remaining balance of unrestricted net position of \$209.4 million may be used for the Municipality's ongoing obligations to citizens and creditors.

Governmental Activities

The governmental activities total net position increased \$66.4 million or 2.23 percent. The majority of this increase was due to increases in grants received for capital improvement projects. Unspent grant proceeds and acquisition and construction funds unspent at year end are reported as a portion of restricted net position totaled \$22.8 million.

Investment in capital assets, net of debt increased \$57.8 million or 2.19 percent. This increase is due to increased capital expenditures in the Capital Projects Roads and Drainage Fund, Area-wide Capital Projects Fund and Public Transportation Fund in 2013.

Unrestricted net position is the remaining total net position that is not classified as either investment in capital assets, net of debt or restricted net position. Any change to unrestricted net position is the reflection of changes in the other two net position categories. In 2013, unrestricted net position decreased \$6.5 million or 5.24 percent.

Business-type Activities

The business-type activities total net position decreased \$33.8 million or 4.46 percent. Investment in capital assets, net of debt reported an increase of \$41.1 million. This increase was due to the capitalization of assets from the Port's Advances to MARAD. The Water Utility also had additions to plant assets in 2013.

Restricted net position decreased \$118.6 million or 64.31 percent mainly due to capitalization of the Advances to MARAD funds. These funds were reported as a portion of restricted net position. In 2013, \$101.4 million was capitalized and reclassified to investment in capital, net of debt. There was also a write off of \$61.5 million of the balance which reflected advances related to assets that would never be realized. The write off is reported as an extraordinary item and is also partly responsible for the total decrease in net position.

Unrestricted net position is the remaining total net position that is not classified as either investment in capital assets, net of debt or restricted. Any change to unrestricted net position is the reflection of changes in the other two net position categories. In 2013, unrestricted net position increased by \$43.7 million.

At the end of the current fiscal year, the Municipality was able to report positive balances in all three categories of net position, for the government as a whole, as well as, for its separate governmental activities and business-type activities.

Statement of Activities

The state of activities can be used to determine if Municipality services are operating efficiently or if they are too reliant on general revenues. It can also be a good indicator of which functions the Municipality spends most of its resources. The following table reflects the condensed Statement of Activities of the Municipality for 2013 compared to the prior year and indicates the changes in position for governmental and business-type activities (reference Table A-2).

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

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 56,206	\$ 57,587	\$ 274,454	\$ 279,360	\$ 330,660	\$ 336,947
Operating grants & contributions	70,455	76,839	121	116	70,577	76,955
Capital grants & contributions	94,316	61,811	6,635	8,798	100,951	70,608
General revenues:						
Property taxes	493,149	490,582	-	-	493,149	490,582
Other taxes	65,566	64,275	-	-	65,566	64,275
Gain on sale of capital assets	-	-	-	-	-	-
Grants and entitlements not restricted to specific programs	14,698	21,154	-	-	14,698	21,154
Investment earnings	28,258	24,297	2,090	5,562	30,348	29,859
Total revenues	\$ 822,649	\$ 796,543	\$ 283,300	\$ 293,837	\$ 1,105,949	\$ 1,090,380

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

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Expenses:						
General government	\$ 23,955	\$ 21,710	\$ -	\$ -	\$ 23,955	\$ 21,710
Fire services	105,134	96,286	-	-	105,134	96,286
Police services	127,841	118,098	-	-	127,841	118,098
Health and human services	24,621	25,030	-	-	24,621	25,030
Economic and community dev.	68,951	78,495	-	-	68,951	78,495
Public transportation	35,985	34,906	-	-	35,985	34,906
Public works	99,893	85,164	-	-	99,893	85,164
Education	241,279	238,519	-	-	241,279	238,519
Maintenance and operations	34,057	47,778	-	-	34,057	47,778
Interest	25,530	26,121	-	-	25,530	26,121
Water	-	-	39,521	40,676	39,521	40,676
Wastewater	-	-	36,466	35,201	36,466	35,201
Electric	-	-	109,983	110,604	109,983	110,604
Port	-	-	12,347	11,841	12,347	11,841
Municipal airport	-	-	3,633	4,197	3,633	4,197
Solid waste	-	-	18,286	18,974	18,286	18,974
Refuse	-	-	8,649	8,645	8,649	8,645
Total expenses	787,246	772,105	228,884	230,136	1,016,130	1,002,241
Change in net position prior to transfers	35,402	24,438	54,416	63,701	89,819	88,139
Transfers	26,901	26,572	(26,901)	(26,572)	-	-
Special Item - (see footnote 23)	4,077	-	239	-	4,316	-
Extraordinary Item - (see footnote 23)	-	-	(61,562)	-	(61,562)	-
Change in net position	66,381	51,010	(33,808)	37,129	32,572	88,139
Beginning net position	2,974,844	2,923,834	758,814	721,685	3,733,657	3,645,519
Ending net position	\$ 3,041,224	\$ 2,974,844	\$ 725,005	\$ 758,814	\$ 3,766,230	\$ 3,733,658

Overall Analysis

The Municipality's total net position of \$3.8 billion increased by \$32.6 million as reported in the Statement of Activities. This increase is the net effect of an increase of \$66.4 million in governmental activities and a decrease of \$33.8 million in business-type activities.

Governmental Activities

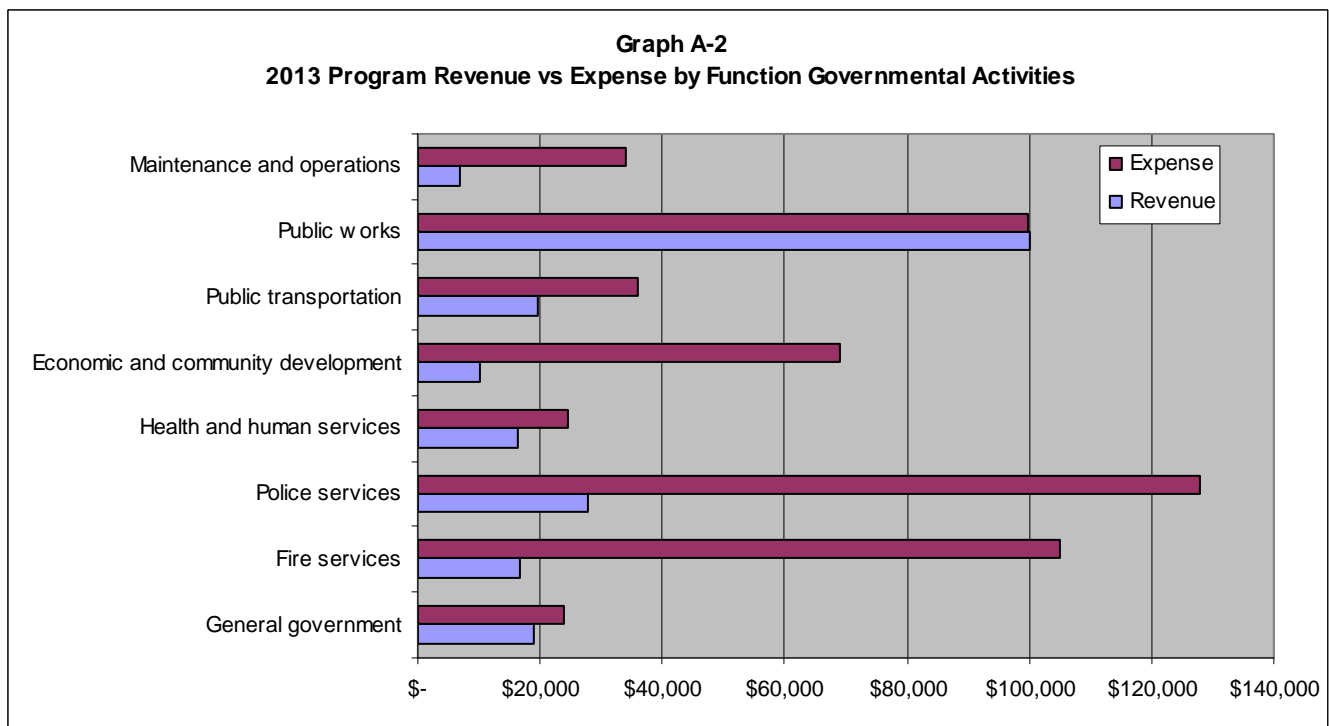
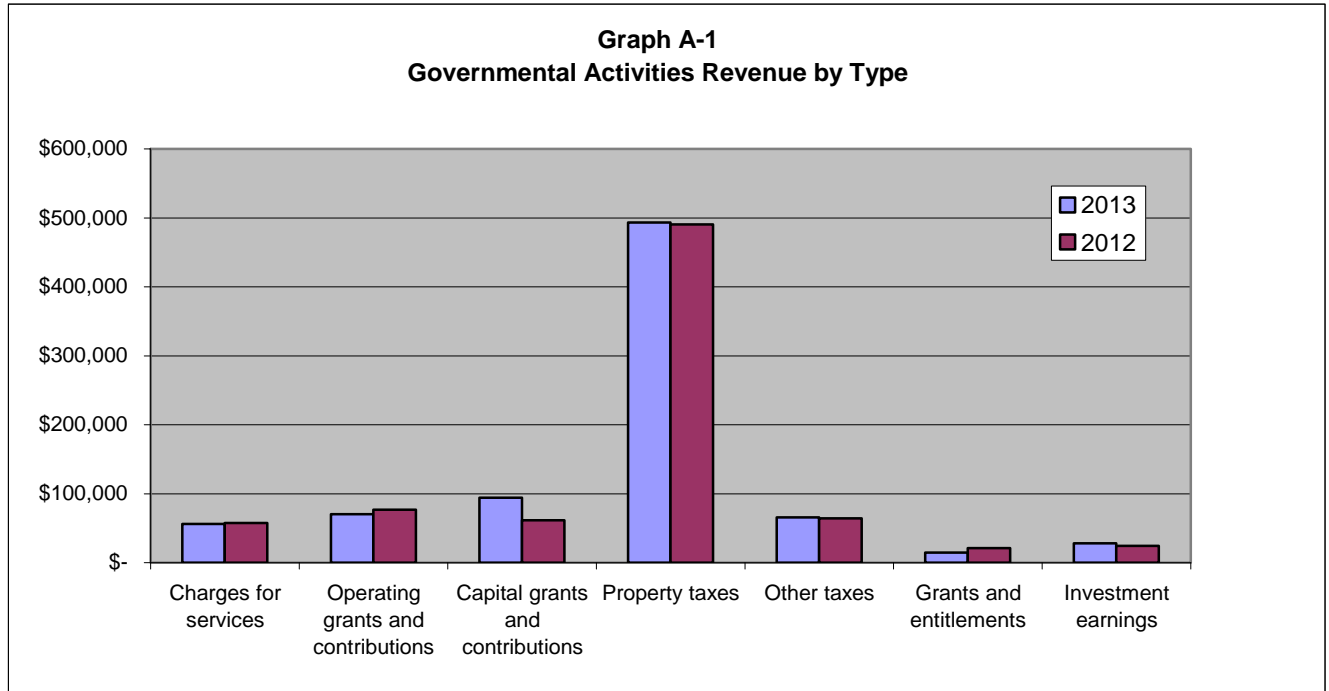
Governmental activities increased the Municipality's net position by \$66.4 million. The increase is the result of more revenues reported in 2013 and a concentrated effort by all governmental services to operate at reduced expenses.

Total governmental activity revenues were \$822.6 million, excluding transfers and special items. Revenues increased \$26.1 million or 3.28 percent over the prior year. Property taxes, the Municipality's largest single revenue source, increased less than one percent, but was the fourth largest increasing revenue stream. Capital Grants and Contributions had the largest increase due to an increase in capital grant funding in 2013. Investment earning also continues to increase in 2013.

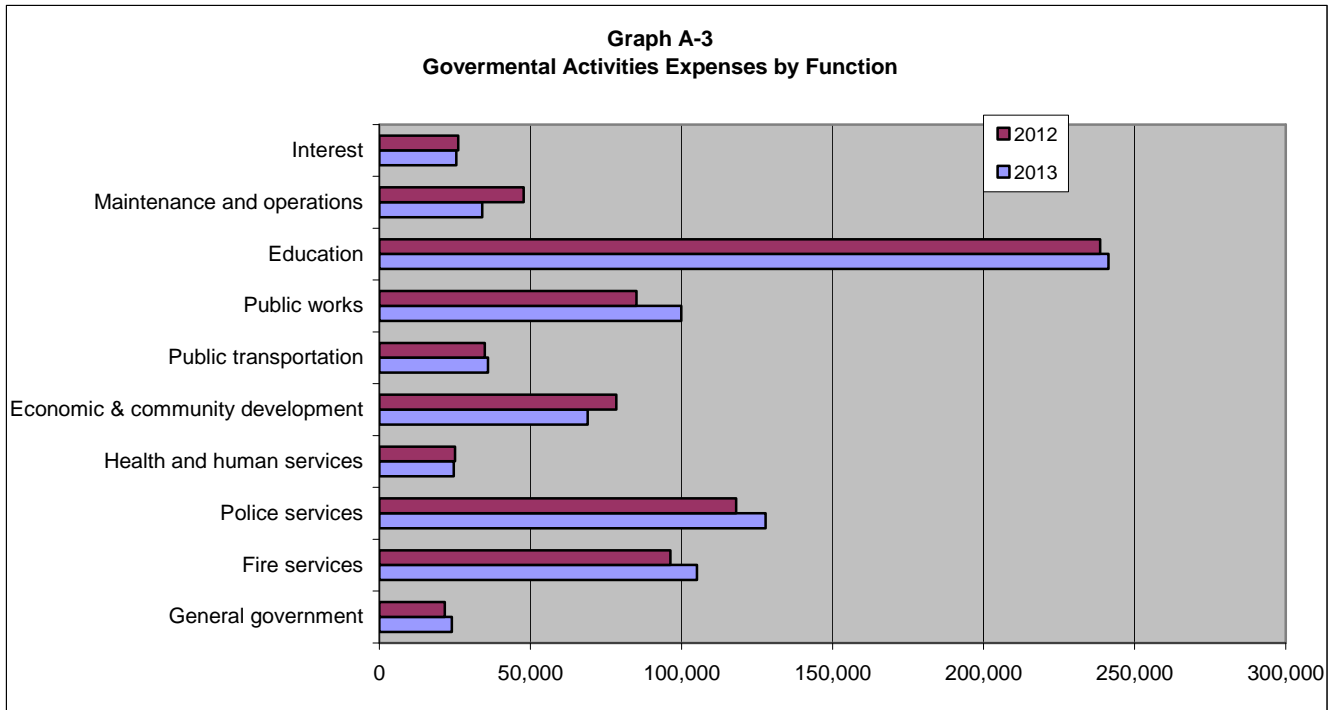
Total governmental activity expenses in 2013 were \$787.2 million, excluding transfers, an increase of \$15.1 million or 1.96 percent. Out of the total expenses, \$221 million was paid either by those directly benefiting from the programs or by other governments and organizations that subsidize certain programs with grants and contributions. The remaining net expense (total expenses less program revenues) of \$566.3 million was the cost of governmental services paid by the Municipality's taxpayers.

The Public Works functional expense category showed the largest increase in expense of \$14.7 million with Police Services as the second largest increase of \$9.7 million. This increase was due to increases in capital grant expenditures in both Public Works and Public Safety capital funds.

The first graph compares the Municipality's governmental activities program and general revenues for 2013 and 2012. The second graph compares the Municipality's 2013 governmental activities revenues vs expenses by function.



The third graph compares the Municipality's governmental activities expenses by function for 2013 and 2012.



Business-type Activities

Business-type activities decreased the Municipality’s net position by \$33.8 million. Key elements of the change in net position are as follows:

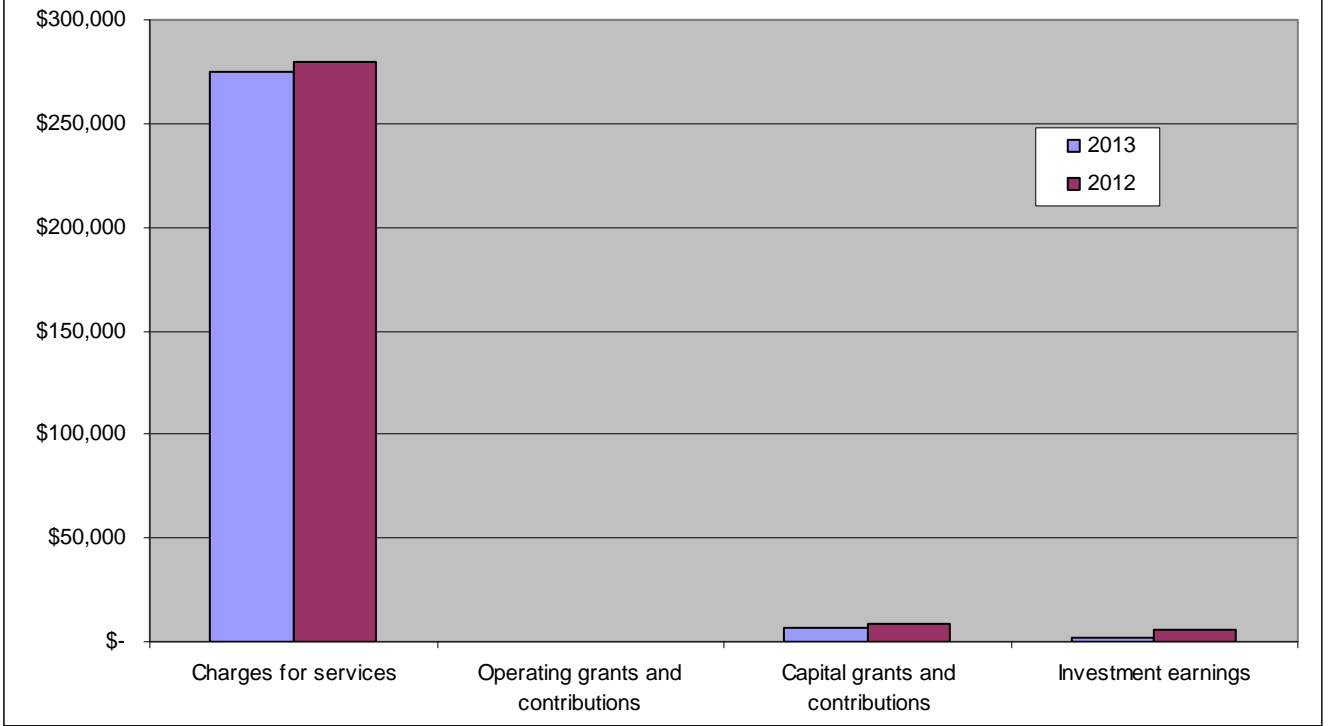
- Port capitalized \$101.4 million in Advances to MARAD which was reported as restricted net position. This transaction reclassified these assets to investment in capital assets, net of debt.
- Also resulting from the above transaction was a write off of \$61.5 million in Advance to MARAD that represents assets that will never be realized. This is reported as an extraordinary item.
- Both the Water and Wastewater Utility’s issued new loans for capital construction. The Water and Wastewater Utility’s had increases in investment in capital assets, net of debt.

Total business-type revenues were \$283.3 million, excluding transfers, special and extraordinary items. Revenues decreased \$10.5 million or 3.59 percent. There were decreases in every category of business-type revenues with the exception of Operating Grants and Contributions.

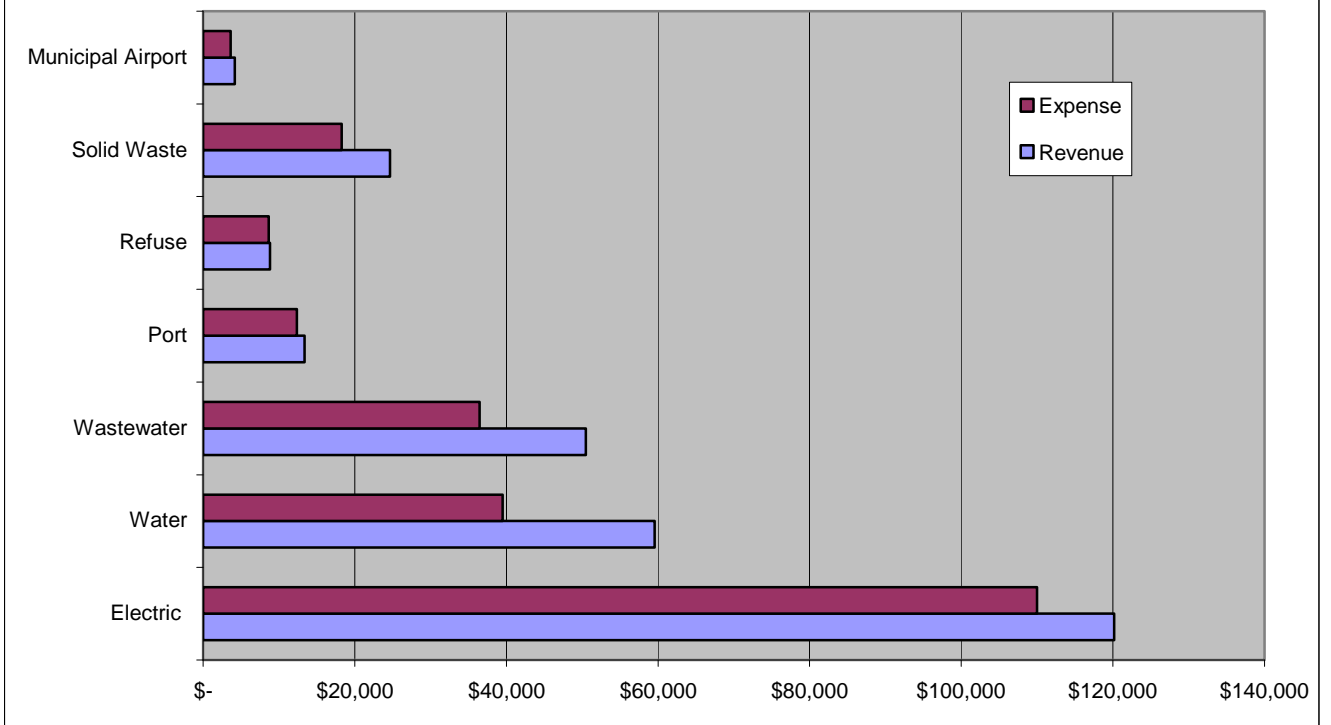
Total business-type expenses were \$228.9 million, down less than one percent from the prior year. The Water Utility experienced a decrease in expenses of \$1.2 million and the Wastewater Utility had an increase in expenses of \$1.3 million. The Water Utility’s decrease was primarily due to a decrease in source of supply. The Wastewater Utility’s increase was primarily due to an increase in operating expenses.

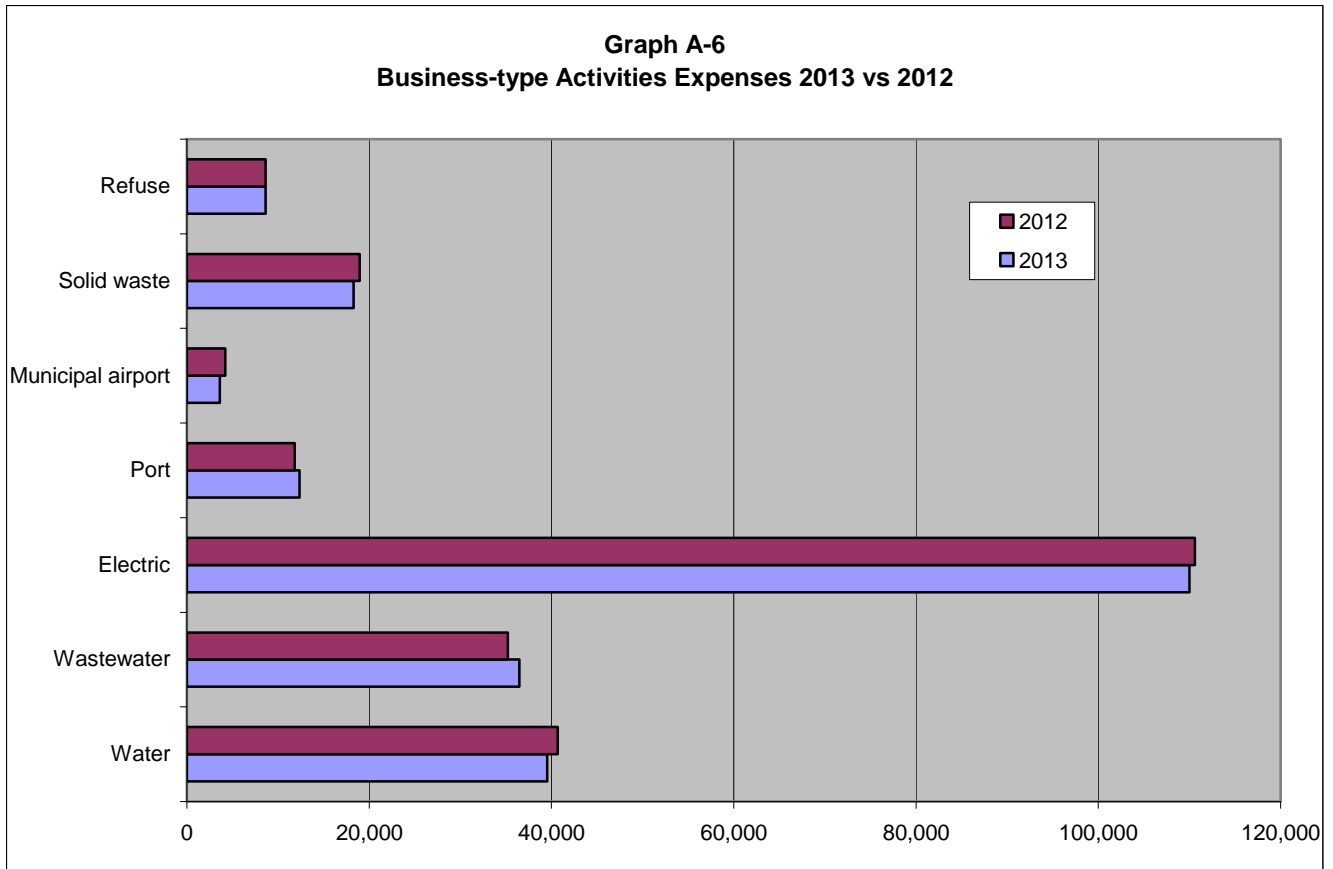
The first graph compares the Municipality’s business-type activities program and general revenues for 2013 and 2012. The second graph compares the Municipality’s 2013 business-type activities revenues vs expenses by function. The third graph compares the Municipality’s business-type activities expenses for 2013 and 2012.

**Graph A-4
Business-type Activities Revenue by Type**



**Graph A-5
2013 Program Revenue vs Expense by Function Business-type Activities**





FUND LEVEL FINANCIAL ANALYSIS

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

Governmental Funds

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

As of December 31, 2013, the Municipality’s governmental funds reported a combined ending fund balance of \$333.5 million, an increase of \$3.7 million in comparison to the prior year. Of the total fund balance, \$4.1 million is nonspendable as it relates to prepaid, inventories and long-term loans receivable, \$219.8 million is restricted due to legal obligations from outside parties, \$63.3 is committed, \$32.9 is assigned, and \$13.4 is unassigned.

The following funds are the Municipality’s major funds:

The General Fund is the primary operational fund for the Municipality. At December 31, 2013, the General fund reported total fund balance of \$79.3 million, a decrease of \$2.5 million over the prior year. The revenue over expenditure deficiency significantly increased approximately \$17.4 million in 2013. Other financing sources and uses decreased \$2.1 million due mostly to the fact that there were no general obligation bonds issued in 2013. These decreases were offset by net transfers in of \$18.3 million.

In measuring the General Fund’s liquidity, one may compare both the combination of committed, assigned, and unassigned fund balance and the total fund balance to total expenditures. At December 31, 2013,

combined committed, assigned, and unassigned fund balance represents 11.1 percent of total General Fund expenditures and total fund balance represents 11.9 percent of the same amount.

Investment income from the MOA Trust Fund was \$22 million in 2013. This was an increase of \$5.7 million from the prior year. Investment income has stabilized after a significant decrease in 2009.

The Capital Projects Roads and Drainage Fund was included as a major fund for the first time in 2008, as a result of meeting the eligibility criteria. Capital outlay in this fund decreased in 2013 by \$273,940 over the prior year.

The Capital Projects Road and Drainage Fund continues to be reported as a major fund even though it does not meet the eligibility requirements due to its significance to the Municipality taxpayers.

Proprietary Funds

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

At December 31, 2013, the net position for the proprietary funds (enterprise funds) decreased by \$33.8 million.

The following funds are the Municipality's major funds:

- The Electric Utility's net position decreased \$198,110 or less than one percent over the prior year. Plant increased \$39.9 million during 2013 compared to an increase of \$65.2 million during 2012. Total revenues decreased \$4.2 million during 2013 compared to an increase of \$15.4 million during 2012, while expenses increased \$5.0 million during 2013 compared to a decrease of \$18.4 million during 2012.
- The Water Utility's net position increased by \$12.1 million over the prior year. Operating revenues increased by \$3.9 million, due to a 6 percent rate increase effective January 1, 2013 and a less than one percent increase in customers during the year. Non-operating revenues decreased by \$0.7 million due primarily to a decrease in short term investment income. Total expenses decreased by \$0.9 million in 2013 when compared to 2012, with operating expenses decreasing by \$1.3 million, and non-operating expenses increasing by \$0.4 million. The decrease was primarily due to a \$1.0 million decrease in source of supply and a \$0.9 million decrease in transmission and distribution, offset by a \$0.1 million increase in administrative expense and a \$0.4 million increase in depreciation expense associated with increased plant in service.
- The Wastewater Utility's net position increased by \$8.1 million over the prior year. Operating revenues increased by \$2.3 million, primarily due to a 4.5 percent rate increase effective January 1, 2013. Non-operating decreased by \$0.1 million. A significant portion of this decrease was due to a decrease in investment income from short-term investments, due to unrealized losses on investments recorded at year-end. Total expenses increased by \$1.4 million in 2013 over 2012, with operating expenses increasing by \$1.0 million and non-operating expenses up by \$0.4 million. Collection, treatment, customer accounts and administrative and general expenses increased by \$0.2 million, and net depreciation expense increased by \$0.8 million. Non-operating expenses increased by \$0.4 million primarily due to interest expense on new borrowing to finance the capital improvement budget. The Municipal Utility Service Assessment (MUSA) increased by less than \$0.1 million.
- The Port's net position decreased by \$61 million over the prior year. Non-Current assets decreased by \$62 million mostly due to the write off of the advances to MARAD. Current Assets increased by \$861,963 primarily due to an increase in the construction cash pool. Operating revenues overall decreased by \$145,836 in 2013. This was mostly due to a reduction in petroleum related wharfage (liquid bulk). Operating expenses increased by \$544,197, which was primarily attributable to an increase in legal fees related to the Port Expansion Project as well as the intergovernmental charges.

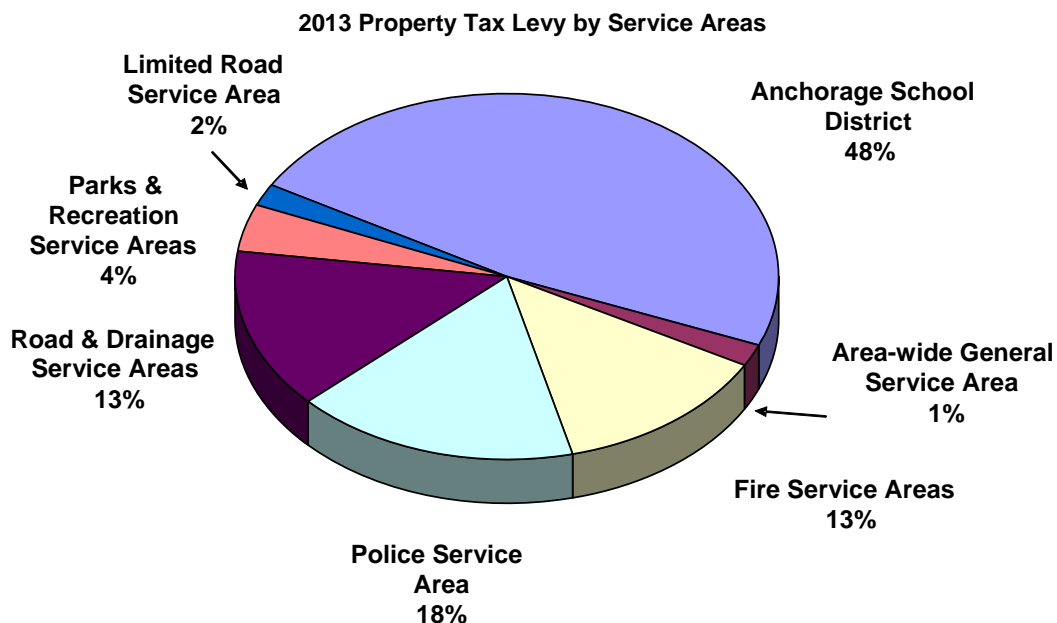
GENERAL FUND BUDGETARY HIGHLIGHTS

The Municipality adopted its 2013 operating budget in November 2012, which included projected revenue sources to support spending. By April 2013, the Municipality had actual year-end financial data that was used in the first quarter amendment process, which resulted in the 2013 revised budget approved in April. The revised budget served as the basis for calculating the property tax revenue requirements. The mill rates then were set and taxes were levied for general purposes and all service areas.

The Anchorage School District's annual operating budget for its July 1 through June 30 fiscal year also had been approved by this time and its mill rate also was set and taxes were levied based on its property tax requirements. This was reflected in the operating budget as a \$236.7 million contribution to Anchorage School District for property taxes collected on their behalf by general government.

Throughout the year, supplemental appropriations may be requested for unanticipated and high priority needs. The following appropriations were significant revisions to the 2013 budget in the general fund:

- \$800,000 Fire Department capital contribution to partially fund the rebuild of the Bill Lowe Fire Station 35 in Chugiak.
- \$400,000 Anchorage Parks and Recreation Department capital contribution to partially fund the replacement of the Mann Leiser Memorial Greenhouse boiler system.
- \$189,336 Health and Human Services funding for Anchorage Safety Patrol vans.
- \$195,000 Real Estate Department capital contribution to fund the remediation projects on contaminated municipal properties.
- \$1,715,578 Anchorage Fire Department funding for overtime.
- \$800,400 Public Works Department in total funding for Totem Limited Road Service Area (LRSA) road maintenance, Bear Valley LRSA road maintenance, Lakehill LRSA road maintenance, Mountain Park Estates LRSA road maintenance, Vali Vue Estates LRSA road maintenance, South Goldenview LRSA road maintenance, Chugiak/Birchwood/Eagle River Rural Road Service Area road maintenance, and Gambell Street revitalization.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013 and 2012, the Municipality had invested \$5,060,041 and \$4,886,477 in a broad range of capital assets, including police and fire equipment, buildings, land, and infrastructure (reference Table A-3). More detailed information about the Municipality's capital assets is presented in Note 5 - Capital Assets in the basic financial statements.

Table A-3
Municipality of Anchorage's Capital Assets
(net of accumulated depreciation, in thousands)

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,236,509	\$ 1,235,573	\$ 66,723	\$ 63,091	\$ 1,303,232	\$ 1,298,664
Buildings and building improvements	266,864	271,028	379,097	276,786	645,961	547,814
Art	19,652	18,799	-	-	19,652	18,799
Equipment	64,598	66,798	-	-	64,598	66,798
Distribution and collection systems	-	-	1,229,511	1,073,132	1,229,511	1,073,132
Infrastructure	1,646,308	1,628,489	-	-	1,646,308	1,628,489
Construction work-in-progress	39,020	29,279	111,759	223,502	150,779	252,781
Total	<u>\$ 3,272,951</u>	<u>\$ 3,249,966</u>	<u>\$ 1,787,090</u>	<u>\$ 1,636,511</u>	<u>\$ 5,060,041</u>	<u>\$ 4,886,477</u>

In 2013, total governmental activities capital asset increased by \$23 million, with the majority of the increase resulting from additions to building and improvements, equipment, and infrastructure.

Significant additions to governmental activities capital assets during 2013 were \$15.8 million of building and improvement additions, \$16.6 million of equipment, and \$19.4 million of infrastructure additions.

Business-type activities capital assets increased by \$150.6 million during 2013 primarily due to the capitalization of assets from the Advances to MARAD of \$101.4 million and the distribution and collection system additions of \$55 million.

Infrastructure Modified Approach

The Municipality manages its paved road network using its Pavement Management Plan and accounts for it using the modified approach. The condition of road pavement is measured based upon an assessment of the longitudinal profile (International Roughness Index) and rut depth provided by the Dynatest Road Surface Profiler. The measurement system is an algorithm that combines the international roughness index, rut depth, and road profile to determine a condition index from 2 for pavement in excellent condition to 7 for pavement in poor condition. The condition index is used to classify paved roads in good or better condition (4 or less) and fair condition (5 or more). It is the Municipality's policy to maintain 60% or more of the total paved road miles in good or better condition. The most recent condition assessment shows that the condition of the Municipality's paved road network is in accordance with its plan. Condition assessments are updated every three years.

A comparison of estimated to actual maintenance and preservation expense is presented in Required Supplementary Information. During 2013, actual road infrastructure maintenance and preservation expense was 2.7 percent more than estimated.

A condition assessment was performed in 2011 and indicated approximately 77.62% of total paved roads as being in good or better condition. This assessment result decreased slightly from the assessment results of 80.18% received during the 2008 assessment. The current assessment exceeds the Municipality's plan to maintain 60% of total paved roads in good or better condition. The next scheduled assessment is in 2014.

Long-term Debt

At December 31, 2013, the Municipality had \$1,220,058 in debt outstanding, an increase of less than one percent from 2012 debt outstanding of \$1,211,083 (reference Table A-4). More detailed information about the Municipality's long-term debt liabilities is presented in Note 10 - Long-term Obligations in the basic financial statements.

Table A-4
Municipality of Anchorage's Outstanding Debt
(in thousands)

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 451,264	\$ 482,047	\$ -	\$ -	\$ 451,264	\$ 482,047
Revenue bonds	9,486	13,067	399,716	419,246	409,202	432,313
CIVICVentures revenue bonds	104,720	106,145	-	-	104,720	106,145
Capital leases	9,613	11,634	-	-	9,613	11,634
Long-term contracts	4,432	4,560	239,286	172,755	243,719	177,315
HUD loans	1,541	1,629	-	-	1,541	1,629
Total	\$ 581,057	\$ 619,082	\$ 639,002	\$ 592,001	\$ 1,220,059	\$ 1,211,083

In 2013, the Municipality did not issue any general obligation debt in the governmental activities. In 2013, the Municipality issued \$67.9 million in long-term notes to fund capital projects in the business-type activities.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Municipal population rose .77 percent¹ from the July 2012 estimate to the July 2013 estimate. The 2013 annual average unemployment rate was 4.9 percent for Anchorage-Matsu Region and 6.5 percent for the entire state, both of which were below the national average of 7.4 percent².

The Municipality's Tax Limit allows for an increase in property taxes to be collected based on inflation, population, new construction and other factors such as debt service, operations and maintenance costs of voter-approved projects, and legal judgments and settlements. In 2014, property tax revenue represents 56 percent of the funding sources for the General Government Operating Budget; non-property taxes and program generated revenue account for 32 percent; intra-governmental charges outside of general government 8 percent; Federal and State revenues 4 percent; and fund balance applied constitutes the remaining less than one percent.

The 2014 approved General Government Operating Budget is \$471,316,518³, which is \$4,033,769 less than the 2013 revised budget of \$475,350,287⁴. Property taxes required to support the 2014 approved budget are \$260.1 million compared to \$253.2 million in 2013.

The Municipal Utilities and enterprise activities 2014 proposed operating budgets total \$216,631,756⁵ and 2014 proposed capital budgets total \$391,719,000⁶. The 2014 General Government Capital Improvement Budget is \$456,394,000⁷.

¹ State of Alaska, Department of Labor and Workforce Development

² United States Department of Labor, Bureau of Labor Statistics

³ AR 2014-94(S) as Amended

⁴ AR 2013-83 as Amended

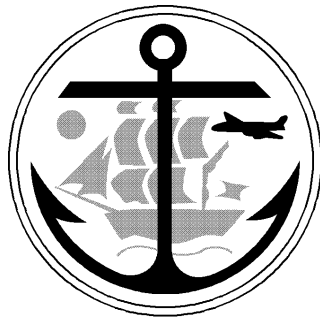
⁵ AO 2013-102(S) as Amended

⁶ AO 2013-102(S) as Amended

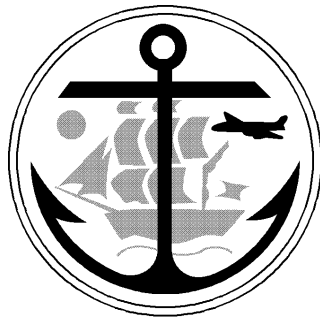
⁷ AO 2013-104 as Amended

REQUESTS FOR FINANCIAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Municipality's finances and to demonstrate our accountability for the monies we receive. If you have questions about this report or need additional financial information, please contact the Municipality of Anchorage, Controller Division, 632 W. 6th Avenue, P.O. Box 196650, Anchorage, AK 99519-6650.



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MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
at December 31, 2013
(with summarized financial information at December 31, 2012)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Anchorage School District
Assets				
Current assets:				
Cash	\$ 72,123	\$ 7,125	\$ 79,248	\$ -
Cash in central treasury	235,454,623	75,525,872	310,980,495	-
Master lease agreement escrow	-	-	-	-
Investments	37,528,918	-	37,528,918	170,587,244
Accrued interest on investments	653,364	714,834	1,368,198	-
Interest receivable	-	363,462	363,462	55,353
Receivables (net of allowance for uncollectibles)	25,842,745	26,600,851	52,443,596	23,654,340
Due from primary government	-	-	-	117,459,835
Due from component unit	4,114	-	4,114	-
Internal balances	261,585	(261,585)	-	-
Intergovernmental receivables	41,307,075	-	41,307,075	-
Inventories	1,798,060	36,648,224	38,446,284	4,036,104
Prepaid items and deposits	1,939,660	119,750	2,059,410	9,116,045
Other assets	-	1,151,214	1,151,214	-
Restricted assets:				
Investments	156,053,007	-	156,053,007	-
Investments in Angel Fund programs	340,000	-	340,000	-
Investments in TCH, LLC	373,978	-	373,978	-
Investment, art collection	-	-	-	-
Customer deposits	-	1,808,812	1,808,812	-
Restricted deposits	-	95,916,511	95,916,511	-
Bond acquisition and construction	-	42,850,492	42,850,492	-
Bond operation and maintenance	-	9,600,000	9,600,000	-
Debt service accounts	-	7,549,516	7,549,516	-
Landfill post closure cash reserve	-	10,015,200	10,015,200	-
Interest receivable	189,021	-	189,021	-
Intergovernmental receivables	-	1,536,005	1,536,005	-
Total current assets	501,818,273	310,146,283	811,964,556	324,908,921
Noncurrent assets:				
Other assets	-	22,159,474	22,159,474	-
Prepaid OPEB	9,072,143	-	9,072,143	-
Internal balances	(746,033)	746,033	-	-
Loans and leases receivable, net	15,669,026	2,676	15,671,702	-
Restricted assets:				
Customer deposits	-	-	-	-
Advances to MARAD	-	-	-	-
Revenue bond reserve investments	-	31,154,714	31,154,714	-
Capital assets, not being depreciated	2,720,665,752	178,481,591	2,899,147,343	43,614,897
Capital assets, being depreciated, net	552,285,203	1,608,608,990	2,160,894,193	1,140,214,421
Total noncurrent assets	3,296,946,091	1,841,153,478	5,138,099,569	1,183,829,318
Total assets	3,798,764,364	2,151,299,761	5,950,064,125	1,508,738,239
Deferred Outflows of Resources				
Deferred charge on refunding	-	3,867,375	3,867,375	1,110,076
Total deferred outflows of resources	\$ -	\$ 3,867,375	\$ 3,867,375	\$ 1,110,076

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
at December 31, 2013
(with summarized financial information at December 31, 2012)

	Component Units (Continued)		Total Reporting Entity	
	Anchorage Community Development Authority	Alaska Center for the Performing Arts	December 31, 2013	As Restated (Note 23) December 31, 2012
Assets				
Current assets:				
Cash	\$ 2,299,630	\$ 2,769,381	\$ 5,148,259	\$ 8,089,676
Cash in central treasury	4,001,036	-	314,981,531	309,400,295
Master lease agreement escrow	-	-	-	2,104,181
Investments	-	-	208,116,162	196,262,827
Accrued interest on investments	4,676	-	1,372,874	1,183,342
Interest receivable	-	-	418,815	297,600
Receivables (net of allowance for uncollectibles)	318,277	30,720	76,446,933	78,150,477
Due from primary government	3,452	-	117,463,287	120,115,770
Due from component unit	-	-	4,114	178,817
Internal balances	-	-	-	-
Intergovernmental receivables	-	-	41,307,075	46,230,758
Inventories	-	-	42,482,388	37,416,097
Prepaid items and deposits	111,022	40,971	11,327,448	12,148,722
Other assets	-	-	1,151,214	674,761
Restricted assets:				
Investments	-	-	156,053,007	146,694,699
Investments in Angel Fund programs	-	-	340,000	-
Investments in TCH, LLC	-	-	373,978	382,574
Investment, art collection	-	127,042	127,042	127,042
Customer deposits	-	-	1,808,812	1,170,978
Restricted deposits	58,902	495,938	96,471,351	79,854,893
Bond acquisition and construction	-	-	42,850,492	30,007,781
Bond operation and maintenance	-	-	9,600,000	9,600,000
Debt service accounts	-	-	7,549,516	7,550,053
Landfill post closure cash reserve	-	-	10,015,200	8,166,784
Interest receivable	-	-	189,021	279,060
Intergovernmental receivables	-	-	1,536,005	1,262,475
Total current assets	<u>6,796,995</u>	<u>3,464,052</u>	<u>1,147,134,524</u>	<u>1,097,349,662</u>
Noncurrent assets:				
Other assets	4,822,293	-	26,981,767	25,499,772
Prepaid OPEB	-	-	9,072,143	4,350,911
Internal balances	-	-	-	-
Loans and leases receivable, net	-	-	15,671,702	19,502,661
Restricted assets:				
Customer deposits	-	-	-	603,518
Advances to MARAD	-	-	-	162,939,619
Revenue bond reserve investments	-	-	31,154,714	31,122,578
Capital assets, not being depreciated	12,683,453	-	2,955,445,693	3,033,248,977
Capital assets, being depreciated, net	<u>14,076,582</u>	<u>-</u>	<u>3,315,185,196</u>	<u>3,071,105,139</u>
Total noncurrent assets	<u>31,582,328</u>	<u>-</u>	<u>6,353,511,215</u>	<u>6,348,373,175</u>
Total assets	<u>38,379,323</u>	<u>3,464,052</u>	<u>7,500,645,739</u>	<u>7,445,722,837</u>
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	4,977,451	7,683,737
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,977,451</u>	<u>\$ 7,683,737</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
at December 31, 2013
(with summarized financial information at December 31, 2012)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Anchorage School District
Liabilities				
Current liabilities:				
Accounts payable and retainages	\$ 15,849,781	\$ 15,002,461	\$ 30,852,242	\$ 12,478,306
Accrued interest payable	8,003,036	3,930,713	11,933,749	8,489,639
Accrued payroll liabilities	13,668,738	3,484,561	17,153,299	14,594,229
Current portion of long-term obligations	78,920,762	42,145,723	121,066,485	73,930,535
Notes payable	-	110,100,000	110,100,000	-
Due to primary government	-	-	-	-
Due to component unit	77,609,677	-	77,609,677	-
Unearned revenue	2,943,369	-	2,943,369	2,196,267
Unearned revenue and deposits	-	333,316	333,316	-
Liabilities payable from restricted assets	621,321	15,966,350	16,587,671	-
Total current liabilities	197,616,684	190,963,124	388,579,808	111,688,976
Noncurrent liabilities:				
Liabilities payable from restricted assets	-	40,000,000	40,000,000	-
Other long-term obligations	-	29,721,001	29,721,001	-
Noncurrent portion of long-term obligations	553,481,074	568,767,461	1,122,248,535	566,742,488
Total noncurrent liabilities	553,481,074	638,488,462	1,191,969,536	566,742,488
Total liabilities	751,097,758	829,451,586	1,580,549,344	678,431,464
Deferred Inflows of Resources				
Contributions in aid of construction (net amortization)	-	487,019,210	487,019,210	-
Future natural gas purchases	-	31,727,421	31,727,421	-
Regulatory liability gas sales	-	81,953,639	81,953,639	-
Deferred advanced lease payments	503,498	-	503,498	-
Deferred health permit receipts	438,287	-	438,287	-
Deferred intergovernmental-time requirement	5,500,560	9,916	5,510,476	-
General property tax receipts	-	-	-	97,050,636
Debt service tax receipts	-	-	-	20,409,199
Advance funding from electric fund for loan repayment	-	-	-	-
Total deferred inflows of resources	6,442,345	600,710,186	607,152,531	117,459,835
Net Position				
Net investment in capital assets	2,702,920,515	567,013,020	3,269,933,535	575,380,172
Restricted for:				
Debt service	8,448,825	37,639,640	46,088,465	2,179,593
Maintenance and operations	-	-	-	-
Acquisition and construction	10,152,380	18,577,899	28,730,279	-
Operations	-	9,600,000	9,600,000	-
Convention center operating reserve	9,453,857	-	9,453,857	-
Police and fire retiree medical liability	36,043,209	-	36,043,209	-
Grant activity	12,645,787	-	12,645,787	-
Perpetual care:				
Nonexpendable	150,000	-	150,000	-
MOA trust:				
Nonexpendable	144,181,374	-	144,181,374	-
Endowment	-	-	-	-
Bond rating	-	-	-	23,550,356
Federal Impact Aid 8003(d)	-	-	-	612,805
Unrestricted	117,228,314	92,174,805	209,403,119	112,234,090
Total net position	\$ 3,041,224,261	\$ 725,005,364	\$ 3,766,229,625	\$ 713,957,016

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
at December 31, 2013
(with summarized financial information at December 31, 2012)

	Component Units (Continued)		Total Reporting Entity	
	Anchorage Community Development Authority	Alaska Center for the Performing Arts	December 31, 2013	As Restated (Note 23) December 31, 2012
Liabilities				
Current liabilities:				
Accounts payable and retainages	\$ 550,847	\$ 560,484	\$ 44,441,879	\$ 46,689,666
Accrued interest payable	-	-	20,423,388	21,661,093
Accrued payroll liabilities	-	-	31,747,528	32,523,885
Current portion of long-term obligations	-	-	194,997,020	184,443,057
Notes payable	-	-	110,100,000	90,000,000
Due to primary government	205,519	132,367	337,886	452,003
Due to component unit	-	-	77,609,677	80,040,895
Unearned revenue	312,200	1,201,482	6,653,318	1,633,481
Unearned revenue and deposits	-	-	333,316	3,210,188
Liabilities payable from restricted assets	-	41,622	16,629,293	12,039,867
Total current liabilities	1,068,566	1,935,955	503,273,305	472,694,135
Noncurrent liabilities:				
Liabilities payable from restricted assets	-	-	40,000,000	603,518
Other long-term obligations	-	-	29,721,001	1,855,154
Noncurrent portion of long-term obligations	-	-	1,688,991,023	1,806,358,188
Total noncurrent liabilities	-	-	1,758,712,024	1,808,816,860
Total liabilities	1,068,566	1,935,955	2,261,985,329	2,281,510,995
Deferred Inflows of Resources				
Contributions in aid of construction (net amortization)	-	-	487,019,210	474,419,848
Future natural gas purchases	-	-	31,727,421	30,841,557
Regulatory liability gas sales	-	-	81,953,639	90,450,921
Deferred advanced lease payments	-	-	503,498	503,499
Deferred health permit receipts	-	-	438,287	463,163
Deferred intergovernmental-time requirement	-	-	5,510,476	6,841,136
General property tax receipts	-	-	97,050,636	99,950,770
Debt service tax receipts	-	-	20,409,199	20,030,890
Advance funding from electric fund for loan repayment	-	-	-	86,096
Total deferred inflows of resources	-	-	724,612,366	723,587,880
Net Position				
Net investment in capital assets	26,760,035	-	3,872,073,742	3,736,782,692
Restricted for:				
Debt service	-	-	48,268,058	48,587,399
Maintenance and operations	-	495,938	495,938	321,367
Acquisition and construction	-	-	28,730,279	166,990,424
Operations	-	-	9,600,000	-
Convention center operating reserve	-	-	9,453,857	7,953,365
Police and fire retiree medical liability	-	-	36,043,209	32,010,378
Grant activity	-	-	12,645,787	8,841,899
Perpetual care:				
Nonexpendable	-	-	150,000	150,000
MOA trust:				
Nonexpendable	-	-	144,181,374	127,632,975
Endowment	-	60,467	60,467	60,610
Bond rating	-	-	23,550,356	23,877,539
Federal Impact Aid 8003(d)	-	-	612,805	449,596
Unrestricted	10,550,722	971,692	333,159,623	294,649,455
Total net position	\$ 37,310,757	\$ 1,528,097	\$ 4,519,025,495	\$ 4,448,307,699

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Activities
For the year ended December 31, 2013
(with summarized financial information at December 31, 2012)

Functions/Programs	Program Revenues				Net (Expense), Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
Primary government:					
Governmental activities:					
General government	\$ 23,954,989	\$ 7,901,979	\$ 8,919,346	\$ 2,109,052	\$ (5,024,612)
Fire services	105,134,071	8,547,852	6,755,287	1,505,112	(88,325,820)
Police services	127,840,572	14,481,855	12,965,752	496,932	(99,896,033)
Health and human services	24,620,859	2,411,024	14,031,517	-	(8,178,318)
Economic and community development	68,950,920	4,498,090	1,951,491	3,619,585	(58,881,754)
Public transportation	35,985,169	5,227,218	6,983,525	7,342,235	(16,432,191)
Public works	99,892,660	12,770,454	17,041,058	70,216,652	135,504
Maintenance and operations of roads and facilities	34,057,619	367,072	1,543,555	5,050,954	(27,096,038)
Education	241,279,103	-	263,963	3,975,965	(237,039,175)
Interest on long-term debt	25,530,454	-	-	-	(25,530,454)
Total governmental activities	<u>787,246,416</u>	<u>56,205,544</u>	<u>70,455,494</u>	<u>94,316,487</u>	<u>(566,268,891)</u>
Business-type activities:					
Electric	109,982,575	120,158,837	-	-	-
Water	39,520,676	59,562,890	-	-	-
Wastewater	36,466,069	50,465,806	-	-	-
Port	12,346,924	11,555,611	-	1,811,983	-
Refuse	8,649,190	8,807,046	-	-	-
Solid Waste	18,285,807	22,498,137	-	2,167,996	-
Municipal Airport	3,632,872	1,406,032	121,173	2,654,814	-
Total business-type activities	<u>228,884,113</u>	<u>274,454,359</u>	<u>121,173</u>	<u>6,634,793</u>	<u>-</u>
Total primary government	<u>\$ 1,016,130,529</u>	<u>\$ 330,659,903</u>	<u>\$ 70,576,667</u>	<u>\$ 100,951,280</u>	<u>\$ (566,268,891)</u>
Component Units:					
Anchorage School District	\$ 821,678,736	\$ 6,403,507	\$ 213,328,761	\$ 52,622,060	
Anchorage Community Development Authority	9,563,073	9,320,647	-	-	
Alaska Center for the Performing Arts	2,656,438	2,609,690	197,510	-	
Total Component Units	<u>\$ 833,898,247</u>	<u>\$ 18,333,844</u>	<u>\$ 213,526,271</u>	<u>\$ 52,622,060</u>	
General revenues:					
Property taxes					493,148,928
Motor vehicle taxes					16,652,166
Hotel and motel taxes					22,988,779
Tobacco taxes					22,790,309
Assessments in lieu of taxes					3,135,217
Grants and entitlements not restricted to specific programs					14,697,818
Appropriation from Municipality of Anchorage					-
Investment income					28,258,065
Other					-
Transfers from (to) other funds					26,901,318
Special items (see footnote 23)					4,076,934
Extraordinary items (see footnote 23)					-
Total general revenues, transfers, special items and extraordinary items					<u>632,649,534</u>
Change in net position					66,380,643
Net position, beginning of year as restated					2,974,843,618
Net position, end of year					<u>\$ 3,041,224,261</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Balance Sheet
 Governmental Funds
 at December 31, 2013
 (with summarized financial information at December 31, 2012)

Assets	General	MOA Trust	Capital Projects Roads & Drainage
Cash	\$ 16,826	\$ -	\$ -
Cash in central treasury	139,463,638	31,792	40,459
Investments	-	-	-
Accrued interest on investments	653,307	-	-
Receivables (net of allowance for uncollectibles)	20,241,216	-	-
Intergovernmental receivables	2,280,586	-	8,360,166
Due from other funds	21,858,549	-	3,978,757
Special assessments receivable	3,535,603	-	-
Due from component units	4,114	-	-
Inventories	1,431,288	-	-
Prepaid items and deposits	-	-	-
Advances to other funds	1,258,746	-	-
Restricted assets:			
Investments	-	144,186,320	-
Investments in Angel Fund program	-	-	-
Investments in TCH, LLC	-	-	-
Accrued Investments	-	22,674	-
Loans receivable, net	9,215,000	-	-
Total assets	<u>199,958,873</u>	<u>144,240,786</u>	<u>12,379,382</u>
Liabilities			
Accounts payable and retainages	5,573,386	59,412	3,553,850
Accrued payroll liabilities	12,765,497	-	-
Due to other funds	-	-	16,541,670
Due to component unit	77,609,677	-	-
Unearned revenue and deposits	1,804,866	-	-
Advances from other funds	-	-	1,406,427
Total liabilities	<u>97,753,426</u>	<u>59,412</u>	<u>21,501,947</u>
Deferred Inflows of Resources			
Unavailable revenue-advanced lease payments	9,215,000	-	-
Unavailable revenue-health permit receipts	438,287	-	-
Unavailable revenue-intergovernmental revenues	-	-	294,252
Unavailable revenue-property taxes	9,195,131	-	-
Unavailable revenue-risk management claims	102,919	-	-
Unavailable revenue-special assessments	3,924,496	-	-
Total deferred inflows of resources	<u>22,875,833</u>	<u>-</u>	<u>294,252</u>
Fund Balances			
Nonspendable	2,932,819	-	-
Restricted	2,595,783	144,181,374	4,443,990
Committed	37,267,885	-	180,611
Assigned	8,104,090	-	-
Unassigned	28,429,037	-	(14,041,418)
Total fund balances (deficits)	<u>79,329,614</u>	<u>144,181,374</u>	<u>(9,416,817)</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 199,958,873</u>	<u>\$ 144,240,786</u>	<u>\$ 12,379,382</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Balance Sheet
 Governmental Funds
 at December 31, 2013
 (with summarized financial information at December 31, 2012)

	Total Governmental Funds		
	Other Governmental Funds	December 31, 2013	December 31, 2012
Assets			
Cash	\$ 55,297	\$ 72,123	\$ 93,174
Cash in central treasury	56,117,566	195,653,455	209,770,133
Investments	37,528,918	37,528,918	33,504,466
Accrued interest on investments	57	653,364	577,191
Receivables (net of allowance for uncollectibles)	2,044,208	22,285,424	25,370,647
Intergovernmental receivables	30,666,323	41,307,075	46,230,758
Due from other funds	9,982,588	35,819,894	12,378,103
Special assessments receivable	68,880	3,604,483	3,892,588
Due from component units	-	4,114	178,817
Inventories	-	1,431,288	1,223,693
Prepaid items and deposits	1,001,102	1,001,102	1,008,110
Advances to other funds	1,615,000	2,873,746	1,348,656
Restricted assets:			
Investments	8,478,771	152,665,091	142,308,271
Investments in Angel Fund program	340,000	340,000	-
Investments in TCH, LLC	373,978	373,978	382,574
Accrued Investments	-	22,674	17,747
Loans receivable, net	6,454,026	15,669,026	19,498,981
Total assets	<u>154,726,714</u>	<u>511,305,755</u>	<u>497,783,909</u>
Liabilities			
Accounts payable and retainages	5,535,580	14,722,228	20,699,132
Accrued payroll liabilities	340,739	13,106,236	12,528,645
Due to other funds	18,373,861	34,915,531	11,658,377
Due to component unit	-	77,609,677	80,040,895
Unearned revenue and deposits	1,138,503	2,943,369	2,880,001
Advances from other funds	1,258,746	2,665,173	2,755,083
Total liabilities	<u>26,647,429</u>	<u>145,962,214</u>	<u>130,562,133</u>
Deferred Inflows of Resources			
Unavailable revenue-advanced lease payments	503,498	9,718,498	13,188,499
Unavailable revenue-health permit receipts	-	438,287	463,163
Unavailable revenue-intergovernmental revenues	8,024,985	8,319,237	9,565,426
Unavailable revenue-property taxes	-	9,195,131	9,898,295
Unavailable revenue-risk management claims	-	102,919	71,144
Unavailable revenue-special assessments	113,364	4,037,860	4,221,544
Total deferred inflows of resources	<u>8,641,847</u>	<u>31,811,932</u>	<u>37,408,071</u>
Fund Balances			
Nonspendable	1,150,000	4,082,819	4,216,026
Restricted	68,556,147	219,777,294	202,692,894
Committed	25,824,596	63,273,092	56,172,539
Assigned	24,872,398	32,976,488	50,157,431
Unassigned	(965,703)	13,421,916	16,574,815
Total fund balances (deficits)	<u>119,437,438</u>	<u>333,531,609</u>	<u>329,813,705</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 154,726,714</u>	<u>\$ 511,305,755</u>	<u>\$ 497,783,909</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Reconciliation of Net Position Between the Government-wide and Fund Financial Statements
December 31, 2013

Amounts reported as fund balances on the governmental fund balance sheet		\$ 333,531,609
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,272,950,955
Police and fire OPEB actuarial calculations reported overpayments for the current fiscal year:		
Police and fire postemployment healthcare benefit asset		9,072,143
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Jail lease receivable, including accrued interest	9,404,021	
Property taxes	9,195,131	
Risk management claims	102,919	
Special assessments	3,990,698	
HUD 108 receivable	1,636,489	
Long term loan receivable, net activity	<u>1,182,188</u>	
		25,511,446
Internal service funds are used by management to charge the costs of fleet management, cost of insurance, and information technology to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position:		
Total internal service equity related to governmental activities	45,619,645	
Net of amounts included in:		
Capital assets, net of depreciation and amortization	(41,168,117)	
Capital lease	9,583,878	
Compensated absences	968,183	
Accrued interest payable	<u>47,020</u>	
		15,050,609
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation bonds	(451,264,548)	
Revenue bonds	(9,485,697)	
Master lease agreements	(9,613,455)	
Pollution remediation	(3,035,822)	
Notes and contracts	(5,973,442)	
CIVICVentures revenue bonds	(104,720,000)	
Compensated absences	(22,796,501)	
Accrued interest payable	<u>(8,003,036)</u>	
		(614,892,501)
Net position of governmental activities		<u>\$ 3,041,224,261</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2013
(with summarized financial information at December 31, 2012)

	General	MOA Trust	Capital Projects Roads & Drainage
Revenues:			
Taxes	\$ 542,565,522	\$ -	\$ -
Assessments in lieu of taxes	3,135,217	-	-
Special assessments	114,116	-	-
Licenses and permits	12,553,278	-	-
Intergovernmental	44,927,422	-	27,217,261
Charges for services	28,267,592	-	-
Fines and forfeitures	5,741,522	-	-
Investment income	483,138	22,035,612	933
Restricted contributions	2,899,532	-	125,000
Other	3,713,561	-	32,108
Total revenues	<u>644,400,900</u>	<u>22,035,612</u>	<u>27,375,302</u>
Expenditures:			
General government	19,640,328	787,213	-
Fire services	100,518,358	-	-
Police services	124,402,898	-	-
Health and human services	11,786,955	-	-
Economic and community development	38,640,753	-	-
Public transportation	24,550,318	-	-
Public works	25,640,443	-	-
Maintenance and operations of roads and facilities	32,977,338	-	-
Education	237,039,175	-	-
Debt service:			
Principal	29,914,883	-	-
Interest	20,917,501	-	-
Bond issuance costs	-	-	-
Capital outlay	-	-	50,950,465
Total expenditures	<u>666,028,950</u>	<u>787,213</u>	<u>50,950,465</u>
Excess (deficiency) of revenues over expenditures	<u>(21,628,050)</u>	<u>21,248,399</u>	<u>(23,575,163)</u>
Other financing sources (uses):			
Transfers from other funds	34,566,495	-	3,316,948
Transfers to other funds	(16,189,188)	(4,700,000)	(1,056,560)
General obligation bonds issued	-	-	-
Refunding bonds issued	-	-	-
Premium on bond sale	-	-	-
Payment to refunded bond escrow agent to extinguish debt	-	-	-
Insurance recoveries	133,596	-	-
Sale of capital assets	608,881	-	-
Total other financing sources (uses)	<u>19,119,784</u>	<u>(4,700,000)</u>	<u>2,260,388</u>
Net change in fund balances	(2,508,266)	16,548,399	(21,314,775)
Fund balances, beginning of year	81,837,880	127,632,975	11,897,958
Fund balances (deficits), end of year	<u>\$ 79,329,614</u>	<u>\$ 144,181,374</u>	<u>\$ (9,416,817)</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2013
(with summarized financial information at December 31, 2012)

	Other Governmental Funds	Total Governmental Funds	
		2013	2012
Revenues:			
Taxes	\$ 13,376,783	\$ 555,942,305	\$ 552,001,283
Assessments in lieu of taxes	-	3,135,217	3,050,828
Special assessments	1,067,705	1,181,821	1,273,593
Licenses and permits	-	12,553,278	10,372,797
Intergovernmental	83,953,825	156,098,508	149,037,822
Charges for services	4,871,730	33,139,322	33,242,521
Fines and forfeitures	790,989	6,532,511	6,232,471
Investment income	5,703,395	28,223,078	23,591,633
Restricted contributions	1,326,299	4,350,831	2,870,846
Other	1,670,405	5,416,074	6,121,264
Total revenues	<u>112,761,131</u>	<u>806,572,945</u>	<u>787,795,058</u>
Expenditures:			
General government	2,062,739	22,490,280	20,596,164
Fire services	2,685,439	103,203,797	95,195,623
Police services	5,410,898	129,813,796	115,967,228
Health and human services	11,955,814	23,742,769	24,115,392
Economic and community development	8,229,332	46,870,085	58,099,851
Public transportation	5,845,803	30,396,121	30,241,731
Public works	6,789,556	32,429,999	27,953,465
Maintenance and operations of roads and facilities	-	32,977,338	35,482,336
Education	4,239,928	241,279,103	238,519,174
Debt service:			
Principal	5,108,000	35,022,883	39,242,119
Interest	5,741,056	26,658,557	27,013,982
Bond issuance costs	-	-	232,046
Capital outlay	57,468,170	108,418,635	98,950,246
Total expenditures	<u>115,536,735</u>	<u>833,303,363</u>	<u>811,609,357</u>
Excess (deficiency) of revenues over expenditures	<u>(2,775,604)</u>	<u>(26,730,418)</u>	<u>(23,814,299)</u>
Other financing sources (uses):			
Transfers from other funds	18,492,321	56,375,764	52,186,974
Transfers to other funds	(10,501,740)	(32,447,488)	(25,618,993)
General obligation bonds issued	-	-	23,570,000
Refunding bonds issued	-	-	30,215,000
Premium on bond sale	-	-	7,875,284
Payment to refunded bond escrow agent to extinguish debt	-	-	(33,418,560)
Insurance recoveries	-	133,596	194,229
Sale of capital assets	5,777,569	6,386,450	3,431,355
Total other financing sources (uses)	<u>13,768,150</u>	<u>30,448,322</u>	<u>58,435,289</u>
Net change in fund balances	10,992,546	3,717,904	34,620,990
Fund balances, beginning of year	108,444,892	329,813,705	295,192,715
Fund balances (deficits), end of year	<u>\$ 119,437,438</u>	<u>\$ 333,531,609</u>	<u>\$ 329,813,705</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the year ended December 31, 2013

Net change in fund balance – total governmental funds	\$	3,717,904
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay and equipment purchases		44,186,983
Contributed assets		19,020,462
Depreciation expense		(48,665,725)
Other gain/(loss) on capital assets		<u>(93,608)</u>
		14,448,112
Revenues in the statement of activities that do not provide current financial resources and are deferred in the funds:		
Property taxes		(703,164)
Special assessments		560,537
Jail lease receivable, net activity		(3,542,292)
HUD 108 receivable		<u>(90,083)</u>
		(3,775,002)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Principal repayment		36,860,790
Net change in premium/discount		964,623
Net change in other State of Alaska jail debt refunding costs		111,568
Net change in interest accrual		<u>78,978</u>
		38,015,959
Some expenses and revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures or revenues in governmental funds:		
Compensated absences		(270,763)
Pollution remediation		(202,601)
Claims and judgments receipts		31,775
HUD section 108 loan payable, net activity		16,965
Police and fire postemployment healthcare benefits asset, net activity		4,721,232
Internal service funds are used by management to charge the costs of insurance, fleet management and information technology to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities.		9,677,062
Change in net position of governmental activities		<u>\$ 66,380,643</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Proprietary Funds
at December 31, 2013
(with summarized financial information at December 31, 2012)

Business-Type Activities – Enterprise Funds

Assets	Electric Utility	Water Utility	Wastewater Utility	Port
Current assets:				
Cash	\$ 1,600	\$ -	\$ 1,700	\$ 150
Cash in central treasury	7,132,233	24,984,337	19,719,113	6,951,590
Master lease agreement escrow	-	-	-	-
Accrued interest on investments	372,961	149,355	-	72,435
Interest receivable	281,796	72,750	8,903	-
Receivables (net of allowance for uncollectibles)	11,512,884	4,446,793	3,529,548	851,980
Due from other funds	-	-	-	-
Inventories	34,239,588	1,680,697	333,993	329,025
Prepaid items and deposits	-	35,897	28,860	38,845
Special assessments receivable	-	134,522	170,069	-
Unbilled reimbursable projects	3,632,828	23,791	14,078	-
Other assets	1,151,214	-	-	-
Restricted assets:				
Customer deposits	1,211,901	239,595	357,316	-
Restricted deposits	95,916,511	-	-	-
Intergovernmental receivables	-	-	-	24,757
Bond and acquisition and construction accounts	8,204,527	1,846,545	2,125,393	12,888,924
Landfill post closure cash reserve	-	-	-	-
Revenue bond operations and maintenance accounts	9,600,000	-	-	-
Debt service accounts	2,509,172	5,040,344	-	-
Total current assets	175,767,215	38,654,626	26,288,973	21,157,706
Noncurrent assets:				
Loans receivable, net	-	-	-	-
Advances to other funds	-	-	-	-
Other assets	8,114,284	7,391,166	6,654,024	-
Restricted assets:				
Customer deposits	-	-	-	-
Advances to MARAD	-	-	-	-
Revenue bond reserve investments	31,154,714	-	-	-
Capital assets, net	592,935,880	511,646,216	383,514,038	175,340,590
Total noncurrent assets	632,204,878	519,037,382	390,168,062	175,340,590
Total assets	807,972,093	557,692,008	416,457,035	196,498,296
Deferred Outflows of Resources				
Deferred charge on refunding	1,901,340	1,966,035	-	-
Total deferred outflows of resources	1,901,340	1,966,035	-	-
Total assets and deferred outflows of resources	\$ 809,873,433	\$ 559,658,043	\$ 416,457,035	\$ 196,498,296

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Proprietary Funds
at December 31, 2013
(with summarized financial information at December 31, 2012)

	Business-Type Activities Enterprise Funds (Continued)			Total Proprietary Funds	
	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities – Internal Service Funds	December 31, 2013	December 31, 2012
Assets					
Current assets:					
Cash	\$ 3,675	\$ 7,125	\$ -	\$ 7,125	\$ 5,425
Cash in central treasury	16,738,599	75,525,872	39,801,168	115,327,040	99,630,162
Master lease agreement escrow	-	-	-	-	2,104,181
Accrued interest on investments	120,083	714,834	-	714,834	606,151
Interest receivable	13	363,462	-	363,462	292,769
Receivables (net of allowance for uncollectibles)	2,284,358	22,625,563	-	22,625,563	21,206,001
Due from other funds	-	-	-	-	15,218,502
Inventories	64,921	36,648,224	366,772	37,014,996	31,931,730
Prepaid items and deposits	16,148	119,750	938,558	1,058,308	1,060,393
Special assessments receivable	-	304,591	-	304,591	320,436
Unbilled reimbursable projects	-	3,670,697	-	3,670,697	1,131,236
Other assets	-	1,151,214	-	1,151,214	674,761
Restricted assets:					
Customer deposits	-	1,808,812	-	1,808,812	1,170,978
Restricted deposits	-	95,916,511	-	95,916,511	79,478,604
Intergovernmental receivables	1,511,248	1,536,005	-	1,536,005	1,262,475
Bond and acquisition and construction accounts	17,785,103	42,850,492	3,365,242	46,215,734	34,394,209
Landfill post closure cash reserve	10,015,200	10,015,200	-	10,015,200	8,166,784
Revenue bond operations and maintenance accounts	-	9,600,000	-	9,600,000	9,600,000
Debt service accounts	-	7,549,516	-	7,549,516	7,550,053
Total current assets	48,539,348	310,407,868	44,471,740	354,879,608	315,804,850
Noncurrent assets:					
Loans receivable, net	2,676	2,676	-	2,676	3,680
Advances to other funds	-	-	1,406,427	1,406,427	1,406,427
Other assets	-	22,159,474	-	22,159,474	20,027,594
Restricted assets:					
Customer deposits	-	-	-	-	603,518
Advances to MARAD	-	-	-	-	162,939,619
Revenue bond reserve investments	-	31,154,714	-	31,154,714	31,122,578
Capital assets, net	123,653,857	1,787,090,581	41,168,117	1,828,258,698	1,670,990,770
Total noncurrent assets	123,656,533	1,840,407,445	42,574,544	1,882,981,989	1,887,094,186
Total assets	172,195,881	2,150,815,313	87,046,284	2,237,861,597	2,202,899,036
Deferred Outflows of Resources					
Deferred charge on refunding	-	3,867,375	-	3,867,375	5,210,051
Total deferred outflows of resources	-	3,867,375	-	3,867,375	5,210,051
Total assets and deferred outflows of resources	\$ 172,195,881	\$ 2,154,682,688	\$ 87,046,284	\$ 2,241,728,972	\$ 2,208,109,087

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Proprietary Funds
at December 31, 2013
(with summarized financial information at December 31, 2012)

Business-Type Activities – Enterprise Funds

Liabilities	Electric Utility	Water Utility	Wastewater Utility	Port
Current liabilities:				
Accounts payable, other accrued liabilities and retainages	\$ 12,459,458	\$ 893,127	\$ 940,755	\$ 296,212
Accrued payroll liabilities	1,279,059	708,196	736,029	132,067
Compensated absences	2,402,260	858,446	799,786	160,791
Claims payable	-	-	-	-
Claims incurred but not reported	-	-	-	-
Notes payable	110,100,000	-	-	-
Due to other funds	-	-	-	-
Accrued interest payable	1,136,880	1,509,082	1,160,453	-
Pollution remediation obligation	-	20,000	60,000	-
Long-term obligations maturing within one year	17,910,000	12,123,874	5,402,093	-
Unearned revenue and deposits	-	-	-	-
Current liabilities payable from restricted assets:				
Customer deposits payable	1,211,901	239,595	357,316	-
Capital acquisition and construction accounts and retainage payable	11,291,665	1,033,775	1,115,094	8,468
Total current liabilities	157,791,223	17,386,095	10,571,526	597,538
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts and premiums)	190,813,046	119,863,771	63,563,054	-
Advances from other funds	-	-	-	-
Accumulated provision for rate refunds	384,718	-	-	-
Alaska clean water loans payable	-	76,867,583	69,555,497	-
Asset retirement obligation	7,698,285	-	-	-
Capital leases payable	-	-	-	-
Claims incurred but not reported	-	-	-	-
Compensated absences	-	295,345	304,462	47,473
Liabilities payable from restricted assets:				
Customer deposits	-	-	-	-
Notes payable	-	-	-	40,000,000
Other liabilities:				
Pollution remediation obligation	-	68,500	414,000	-
Future landfill closure costs	-	-	-	-
Other long-term obligations	-	4,425,600	23,451,000	1,844,401
Total noncurrent liabilities	198,896,049	201,520,799	157,288,013	41,891,874
Total liabilities	356,687,272	218,906,894	167,859,539	42,489,412
Deferred Inflows of Resources				
Contributions in aid of construction (net amortization)	91,628,940	225,376,495	170,013,775	-
Future natural gas purchases	31,727,421	-	-	-
Regulatory liability gas sales	81,953,639	-	-	-
Deferred intergovernmental-time requirement	-	-	-	-
Advance funding from electric fund for loan repayment	-	-	-	-
Total deferred inflows of resources	205,310,000	225,376,495	170,013,775	-
Net Position				
Net investment in capital assets	192,589,761	76,801,473	53,654,012	135,340,590
Restricted for:				
Debt service	32,599,296	5,040,344	-	-
Acquisition and construction	-	-	-	-
Operations	9,600,000	-	-	-
Unrestricted	13,087,104	33,532,837	24,929,709	18,668,294
Total net position	247,876,161	115,374,654	78,583,721	154,008,884
Total liabilities, deferred inflows of resources and net position	\$ 809,873,433	\$ 559,658,043	\$ 416,457,035	\$ 196,498,296

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Proprietary Funds
at December 31, 2013
(with summarized financial information at December 31, 2012)

	Business-Type Activities Enterprise Funds (Continued)		Governmental Activities – Internal Service Funds	Total Proprietary Funds	
	Other Enterprise Funds	Total Enterprise Funds		December 31, 2013	December 31, 2012
Liabilities					
Current liabilities:					
Accounts payable, other accrued liabilities and retainages	\$ 412,909	\$ 15,002,461	\$ 1,127,553	\$ 16,130,014	\$ 18,501,993
Accrued payroll liabilities	629,210	3,484,561	562,502	4,047,063	4,955,161
Compensated absences	690,206	4,911,489	772,183	5,683,672	6,032,483
Claims payable	-	-	12,303,180	12,303,180	9,706,107
Claims incurred but not reported	-	-	7,455,377	7,455,377	8,637,145
Notes payable	-	110,100,000	-	110,100,000	90,000,000
Due to other funds	261,585	261,585	642,778	904,363	15,938,228
Accrued interest payable	124,298	3,930,713	47,020	3,977,733	4,084,929
Pollution remediation obligation	-	80,000	-	80,000	40,000
Long-term obligations maturing within one year	1,718,267	37,154,234	1,798,559	38,952,793	37,304,667
Unearned revenue and deposits	333,316	333,316	-	333,316	119,069
Current liabilities payable from restricted assets:					
Customer deposits payable	-	1,808,812	-	1,808,812	1,170,978
Capital acquisition and construction accounts and retainage payable	708,536	14,157,538	621,321	14,778,859	10,816,395
Total current liabilities	4,878,327	191,224,709	25,330,473	216,555,182	207,307,155
Noncurrent liabilities:					
Revenue bonds payable (net of unamortized discounts and premiums)	-	374,239,871	-	374,239,871	400,651,296
Advances from other funds	-	-	1,615,000	1,615,000	-
Accumulated provision for rate refunds	-	384,718	-	384,718	-
Alaska clean water loans payable	13,308,405	159,731,485	-	159,731,485	161,140,565
Asset retirement obligation	-	7,698,285	-	7,698,285	5,646,884
Capital leases payable	-	-	7,785,316	7,785,316	9,624,081
Claims incurred but not reported	-	-	5,753,817	5,753,817	5,518,284
Compensated absences	5,557	652,837	196,000	848,837	845,421
Liabilities payable from restricted assets:					
Customer deposits	-	-	-	-	603,518
Notes payable	-	40,000,000	-	40,000,000	-
Other liabilities:					
Pollution remediation obligation	-	482,500	-	482,500	436,500
Future landfill closure costs	25,577,765	25,577,765	-	25,577,765	23,723,952
Other long-term obligations	-	29,721,001	-	29,721,001	1,855,154
Total noncurrent liabilities	38,891,727	638,488,462	15,350,133	653,838,595	610,045,655
Total liabilities	43,770,054	829,713,171	40,680,606	870,393,777	817,352,810
Deferred Inflows of Resources					
Contributions in aid of construction (net amortization)	-	487,019,210	-	487,019,210	474,419,848
Future natural gas purchases	-	31,727,421	-	31,727,421	30,841,557
Regulatory liability gas sales	-	81,953,639	-	81,953,639	90,450,921
Deferred intergovernmental-time requirement	9,916	9,916	-	9,916	201,435
Advance funding from electric fund for loan repayment	-	-	-	-	86,096
Total deferred inflows of resources	9,916	600,710,186	-	600,710,186	595,999,857
Net Position					
Net investment in capital assets	108,627,184	567,013,020	31,584,242	598,597,262	548,863,095
Restricted for:					
Debt service	-	37,639,640	-	37,639,640	37,474,441
Acquisition and construction	18,577,899	18,577,899	2,743,921	21,321,820	152,575,396
Operations	-	9,600,000	-	9,600,000	-
Unrestricted	1,210,828	91,428,772	12,037,515	103,466,287	55,843,488
Total net position	128,415,911	724,259,331	46,365,678	770,625,009	794,756,420
Total liabilities, deferred inflows of resources and net position	\$ 172,195,881		\$ 87,046,284	\$ 2,241,728,972	\$ 2,208,109,087

Adjustment to reflect the consolidation of internal service fund
746,033 activities related to enterprise funds
\$ 725,005,364 Net position of business-type activities

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended December 31, 2013
(with summarized financial information at December 31, 2012)

Business-Type Activities – Enterprise Funds

	Electric Utility	Water Utility	Wastewater Utility	Port
Operating revenues:				
Charges for sales and services	\$ 114,901,375	\$ 57,971,202	\$ 48,681,220	\$ 5,506,798
Other	2,066,984	942,701	940,108	4,562,230
Total operating revenues	<u>116,968,359</u>	<u>58,913,903</u>	<u>49,621,328</u>	<u>10,069,028</u>
Operating expenses:				
Operations	64,440,027	22,235,446	24,239,091	6,283,728
Amortization of future landfill closure costs	-	-	-	-
Depreciation and amortization	31,184,140	9,835,700	7,798,747	4,060,256
Total operating expenses	<u>95,624,167</u>	<u>32,071,146</u>	<u>32,037,838</u>	<u>10,343,984</u>
Operating income (loss)	<u>21,344,192</u>	<u>26,842,757</u>	<u>17,583,490</u>	<u>(274,956)</u>
Nonoperating revenues (expenses):				
Investment income (loss)	1,814,990	49,725	(17,448)	78,006
Other revenues	36,464	154,463	2,991	1,486,583
Intergovernmental revenue	-	-	-	-
Interest expense	(14,307,923)	(7,491,369)	(4,617,646)	(707,003)
Allowance for funds used during construction	3,154,014	494,524	841,487	-
Gain on sale of capital assets	-	-	-	-
Financing costs on short-term obligations	-	-	-	-
Amortization of deferred charges	(155,433)	(311,039)	(36,518)	-
Other expenses	(275,245)	-	-	(1,325,141)
Net nonoperating revenues (expenses)	<u>(9,733,133)</u>	<u>(7,103,696)</u>	<u>(3,827,134)</u>	<u>(467,555)</u>
Income (loss) before capital contributions, transfers, special item, and extraordinary item	<u>11,611,059</u>	<u>19,739,061</u>	<u>13,756,356</u>	<u>(742,511)</u>
Capital contributions	-	-	-	1,811,983
Transfers from other funds	-	-	-	-
Transfers to other funds	(11,809,169)	(7,919,374)	(5,617,478)	(533,317)
Special item	-	238,737	-	-
Extraordinary item	-	-	-	(61,562,051)
Change in net position	(198,110)	12,058,424	8,138,878	(61,025,896)
Net position, beginning of year	248,074,271	103,316,230	70,444,843	215,034,780
Net position, end of year	<u>\$ 247,876,161</u>	<u>\$ 115,374,654</u>	<u>\$ 78,583,721</u>	<u>\$ 154,008,884</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended December 31, 2013
(with summarized financial information at December 31, 2012)

	Business-Type Activities Enterprise Funds (Continued)		Governmental Activities – Internal Service Funds	Total Proprietary Funds	
	Other Enterprise Funds	Total Enterprise Funds		2013	2012
Operating revenues:					
Charges for sales and services	\$ 30,331,953	\$ 257,392,548	\$ 102,684,484	\$ 360,077,032	\$ 351,654,452
Other	2,341,362	10,853,385	540	10,853,925	11,106,776
Total operating revenues	<u>32,673,315</u>	<u>268,245,933</u>	<u>102,685,024</u>	<u>370,930,957</u>	<u>362,761,228</u>
Operating expenses:					
Operations	22,253,900	139,452,192	89,213,950	228,666,142	232,266,147
Amortization of future landfill closure costs	1,853,813	1,853,813	-	1,853,813	1,574,818
Depreciation and amortization	6,504,090	59,382,933	6,082,273	65,465,206	60,881,100
Total operating expenses	<u>30,611,803</u>	<u>200,688,938</u>	<u>95,296,223</u>	<u>295,985,161</u>	<u>294,722,065</u>
Operating income (loss)	<u>2,061,512</u>	<u>67,556,995</u>	<u>7,388,801</u>	<u>74,945,796</u>	<u>68,039,163</u>
Nonoperating revenues (expenses):					
Investment income (loss)	164,674	2,089,947	107,279	2,197,226	6,300,561
Other revenues	4,421	1,684,922	101,793	1,786,715	1,870,322
Intergovernmental revenue	121,173	121,173	-	121,173	116,452
Interest expense	(233,631)	(27,357,572)	(50,520)	(27,408,092)	(26,921,237)
Allowance for funds used during construction	-	4,490,025	-	4,490,025	10,020,113
Gain on sale of capital assets	33,357	33,357	120,923	154,280	3,782,785
Financing costs on short-term obligations	-	-	-	-	(744,704)
Amortization of deferred charges	-	(502,990)	-	(502,990)	(564,914)
Other expenses	-	(1,600,386)	(11,790)	(1,612,176)	(1,581,970)
Net nonoperating revenues (expenses)	<u>89,994</u>	<u>(21,041,524)</u>	<u>267,685</u>	<u>(20,773,839)</u>	<u>(7,722,592)</u>
Income (loss) before capital contributions, transfers, special item, and extraordinary item	<u>2,151,506</u>	<u>46,515,471</u>	<u>7,656,486</u>	<u>54,171,957</u>	<u>60,316,571</u>
Capital contributions	4,822,810	6,634,793	316,639	6,951,432	8,878,037
Transfers from other funds	-	-	2,969,832	2,969,832	15,925
Transfers to other funds	(1,021,980)	(26,901,318)	-	(26,901,318)	(26,583,906)
Special item	-	238,737	-	238,737	-
Extraordinary item	-	(61,562,051)	-	(61,562,051)	-
Change in net position	<u>5,952,336</u>	<u>(35,074,368)</u>	<u>10,942,957</u>	<u>(24,131,411)</u>	<u>42,626,627</u>
Net position, beginning of year	<u>122,463,575</u>		<u>35,422,721</u>	<u>794,756,420</u>	<u>752,129,793</u>
Net position, end of year	<u>\$ 128,415,911</u>		<u>\$ 46,365,678</u>	<u>\$ 770,625,009</u>	<u>\$ 794,756,420</u>

Adjustment to reflect the consolidation of internal
1,265,895 service fund activities related to enterprise funds.
\$ (33,808,473) Change in net position of business-type activities.

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2013
(with summarized financial information at December 31, 2012)

Business-Type Activities – Enterprise Funds

	Electric Utility	Water Utility	Wastewater Utility	Port
Cash flows from operating activities:				
Receipts from customers	\$ 139,486,477	\$ 58,599,235	\$ 49,484,937	\$ 11,738,847
Receipts for interfund services provided	(1,918,367)	-	-	-
Payments to employees	(27,949,928)	(15,966,809)	(14,207,767)	(2,532,715)
Payments to vendors	(62,773,626)	(6,960,198)	(5,542,139)	(4,526,528)
Payments for interfund services used	1,254,968	796,406	(5,574,018)	(518,417)
Net cash from operating activities	<u>48,099,524</u>	<u>36,468,634</u>	<u>24,161,013</u>	<u>4,161,187</u>
Cash flows from noncapital and related financing activities:				
Intergovernmental revenue	-	-	-	-
Transfers to other funds	(11,809,169)	(7,919,374)	(5,617,478)	(533,317)
Transfers from other funds	-	-	-	-
Loan payments on interfund loans	-	-	-	-
Due to other funds	-	-	-	-
Advance to other funds	-	-	-	-
Net cash from noncapital and related financing activities	<u>(11,809,169)</u>	<u>(7,919,374)</u>	<u>(5,617,478)</u>	<u>(533,317)</u>
Cash flows from capital and related financing activities:				
Proceeds from issuance of short-term obligations	60,100,000	-	-	-
Interest payments on short-term obligations	(110,671)	-	-	-
Proceeds from issuance of long-term obligations	-	4,425,600	23,451,000	-
Principal payments on long-term obligations	(17,085,000)	(11,407,378)	(5,263,322)	-
Payments from (proceeds to) loan to Wastewater Utility CIP Fund	-	14,669,968	(14,669,968)	-
Financing costs on short-term obligations	-	-	-	-
Financing costs on long-term obligations	-	-	-	(707,003)
Interest payments on long-term obligations	(14,033,119)	(7,548,132)	(4,597,290)	-
Acquisition and construction of capital assets	(59,242,269)	(13,111,602)	(18,905,077)	(3,760,414)
Transfers from other funds	-	-	-	-
Landfill post closure cash reserve	-	-	-	-
Principal payments on interfund loans	-	-	-	-
Interest payments on interfund loans	-	-	-	-
Proceeds from Alaska clean water loans	-	3,814,332	6,509,823	-
Proceeds from issuance of debt	-	-	-	-
Proceeds from the sale or disposition of capital assets	25,648	-	-	-
Due to other funds	-	-	-	-
Loan proceeds from interfund loans	-	-	-	-
Capital contributions – customers	1,752,461	248,752	254,484	-
Capital contributions – intergovernmental	64,878	-	3,223,942	2,267,190
Net cash from capital and related financing activities	<u>(28,528,072)</u>	<u>(8,908,460)</u>	<u>(9,996,408)</u>	<u>(2,200,227)</u>
Cash flows from investing activities:				
Proceeds from sale of investments	9,919	-	-	-
Purchase of investments	(16,470,043)	(9,382)	-	-
Investment income (loss)	1,844,417	(114,886)	(43,930)	65,177
Net cash from investing activities	<u>(14,615,707)</u>	<u>(124,268)</u>	<u>(43,930)</u>	<u>65,177</u>
Net increase (decrease) in cash	(6,853,424)	19,516,532	8,503,197	1,492,820
Cash, beginning of year	23,403,685	7,553,945	13,700,325	18,347,844
Cash, end of year	<u>16,550,261</u>	<u>27,070,477</u>	<u>22,203,522</u>	<u>19,840,664</u>
Cash	1,600	-	1,700	150
Cash in central treasury	7,132,233	24,984,337	19,719,113	6,951,590
Capital acquisition and construction accounts	8,204,527	1,846,545	2,125,393	12,888,924
Customer deposits	1,211,901	239,595	357,316	-
Cash, December 31	<u>\$ 16,550,261</u>	<u>\$ 27,070,477</u>	<u>\$ 22,203,522</u>	<u>\$ 19,840,664</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2013
(with summarized financial information at December 31, 2012)

	Business-Type Activities			Total Proprietary Funds	
	Enterprise Funds (Continued)		Governmental Activities – Internal Service Funds		
	Other Enterprise Funds	Total Enterprise Funds		2013	2012
Cash flows from operating activities:					
Receipts from customers	\$ 32,482,033	\$ 291,791,529	\$ -	\$ 291,791,529	\$ 386,760,762
Receipts for interfund services provided	-	(1,918,367)	102,786,817	100,868,450	-
Payments to employees	(11,730,609)	(72,387,828)	(11,132,372)	(83,520,200)	(81,292,194)
Payments to vendors	(9,085,774)	(88,888,265)	(70,276,639)	(159,164,904)	(176,525,927)
Payments for interfund services used	(2,141,144)	(6,182,205)	(6,638,832)	(12,821,037)	-
Net cash from operating activities	<u>9,524,506</u>	<u>122,414,864</u>	<u>14,738,974</u>	<u>137,153,838</u>	<u>128,942,641</u>
Cash flows from noncapital and related financing activities:					
Intergovernmental revenue	121,173	121,173	-	121,173	116,452
Transfers to other funds	(1,021,980)	(26,901,318)	-	(26,901,318)	(26,583,906)
Transfers from other funds	-	-	40,000	40,000	12,000
Loan payments on interfund loans	-	-	548,534	548,534	(18)
Due to other funds	(458,141)	(458,141)	9,244	(448,897)	(1,392,055)
Advance to other funds	-	-	-	-	(179,976)
Net cash from noncapital and related financing activities	<u>(1,358,948)</u>	<u>(27,238,286)</u>	<u>597,778</u>	<u>(26,640,508)</u>	<u>(28,027,503)</u>
Cash flows from capital and related financing activities:					
Proceeds from issuance of short-term obligations	-	60,100,000	-	60,100,000	50,000,000
Interest payments on short-term obligations	-	(110,671)	-	(110,671)	-
Proceeds from issuance of long-term obligations	-	27,876,600	-	27,876,600	5,729,654
Principal payments on long-term obligations	(1,718,268)	(35,473,968)	(1,925,907)	(37,399,875)	(36,271,661)
Payments from (proceeds to) loan to Wastewater Utility CIP Fund	-	-	-	-	-
Financing costs on short-term obligations	-	-	-	-	(744,704)
Financing costs on long-term obligations	-	(707,003)	-	(707,003)	-
Interest payments on long-term obligations	(248,985)	(26,427,526)	(38,855)	(26,466,381)	(26,680,463)
Acquisition and construction of capital assets	(11,200,608)	(106,219,970)	(10,575,126)	(116,795,096)	(141,068,460)
Transfers from other funds	-	-	2,929,832	2,929,832	3,925
Landfill post closure cash reserve	(1,848,416)	(1,848,416)	-	(1,848,416)	(1,779,601)
Principal payments on interfund loans	-	-	-	-	(548,534)
Interest payments on interfund loans	-	-	-	-	(21,288)
Proceeds from Alaska clean water loans	-	10,324,155	-	10,324,155	1,628,396
Proceeds from issuance of debt	-	-	-	-	9,200,000
Proceeds from the sale or disposition of capital assets	33,479	59,127	124,754	183,881	2,670,772
Due to other funds	-	-	85,000	85,000	-
Loan proceeds from interfund loans	-	-	1,615,000	1,615,000	-
Capital contributions – customers	-	2,255,697	-	2,255,697	1,556,913
Capital contributions – intergovernmental	3,911,591	9,467,601	-	9,467,601	12,488,182
Net cash from capital and related financing activities	<u>(11,071,207)</u>	<u>(60,704,374)</u>	<u>(7,785,302)</u>	<u>(68,489,676)</u>	<u>(123,836,869)</u>
Cash flows from investing activities:					
Proceeds from sale of investments	-	9,919	-	9,919	3,277,965
Purchase of investments	-	(16,479,425)	-	(16,479,425)	(2,120,763)
Investment income (loss)	142,214	1,892,992	107,279	2,000,271	6,561,221
Net cash from investing activities	<u>142,214</u>	<u>(14,576,514)</u>	<u>107,279</u>	<u>(14,469,235)</u>	<u>7,718,423</u>
Net increase (decrease) in cash	(2,763,435)	19,895,690	7,658,729	27,554,419	(15,203,308)
Cash, beginning of year	<u>37,290,812</u>	<u>100,296,611</u>	<u>35,507,681</u>	<u>135,804,292</u>	<u>151,007,600</u>
Cash, end of year	<u>34,527,377</u>	<u>120,192,301</u>	<u>43,166,410</u>	<u>163,358,711</u>	<u>135,804,292</u>
Cash	3,675	7,125	-	7,125	5,425
Cash in central treasury	16,738,599	75,525,872	39,801,168	115,327,040	99,630,162
Capital acquisition and construction accounts	17,785,103	42,850,492	3,365,242	46,215,734	34,394,209
Customer deposits	-	1,808,812	-	1,808,812	1,774,496
Cash, December 31	<u>\$ 34,527,377</u>	<u>\$ 120,192,301</u>	<u>\$ 43,166,410</u>	<u>\$ 163,358,711</u>	<u>\$ 135,804,292</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2013
(with summarized financial information at December 31, 2012)

Business-Type Activities – Enterprise Funds

	Electric Utility	Water Utility	Wastewater Utility	Port
Reconciliation of change in net position to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 21,344,192	\$ 26,842,757	\$ 17,583,490	\$ (274,956)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Amortization of future landfill closure costs	-	-	-	-
Depreciation and amortization	31,184,140	9,835,700	7,798,747	4,060,256
Allowance for uncollectible accounts	32,526	5,667	84,442	-
Security contract	-	-	-	(1,325,141)
Security fees	-	-	-	1,325,901
Right-of-way fees	-	-	-	160,682
Other revenues / expenses	(264,429)	154,463	2,991	-
Changes in assets and liabilities which increase (decrease) cash:				
Accounts receivable, net	(1,189,990)	(35,716)	(129,808)	183,236
Inventories	(4,950,184)	(122,359)	31,440	-
Prepaid items and deposits	-	4,844	3,894	5,243
Unbilled reimbursable projects	(2,566,713)	25,109	2,143	-
Other assets current	(476,453)	-	-	-
Other assets noncurrent	(1,581,787)	504,097	(1,375,372)	-
Accumulated provision for rate refund	384,718	-	-	-
Customer deposits	40,923	(44,239)	37,632	-
Accounts payable, other accrued liabilities and retainages	(8,954,795)	(162,406)	264,490	25,707
Accrued payroll liabilities	(93,063)	(337,129)	(292,810)	(19,181)
Asset retirement obligation	2,051,401	-	-	-
Compensated absences	(140,383)	(68,154)	(70,266)	30,193
Claims payable	-	-	-	-
Deferred inflows of resources	13,279,421	-	-	-
Unearned revenues and deposits	-	-	-	-
Other long-term obligations	-	-	-	(10,753)
Pollution remediation obligation	-	(134,000)	220,000	-
Total cash provided by operating activities	<u>\$ 48,099,524</u>	<u>\$ 36,468,634</u>	<u>\$ 24,161,013</u>	<u>\$ 4,161,187</u>
Noncash investing, capital, and financing activities:				
Capital purchases on account	12,845,580	249,750	207,846	8,468
Contributed capital and equipment	-	959,614	1,752,046	101,377,568
Capital in aid of construction funded from deferred inflows of resources	20,890,839	-	-	-
Portion of plant from AFUDC	3,154,014	-	-	-
Total noncash investing, capital, and financing activities	<u>\$ 36,890,433</u>	<u>\$ 1,209,364</u>	<u>\$ 1,959,892</u>	<u>\$ 101,386,036</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2013
(with summarized financial information at December 31, 2012)

	Business-Type Activities		Governmental Activities – Internal Service Funds	Total Proprietary Funds	
	Enterprise Funds (Continued)			2013	2012
	Other Enterprise Funds	Total Enterprise Funds			
Reconciliation of change in net position to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 2,061,512	\$ 67,556,995	\$ 7,388,801	\$ 74,945,796	\$ 68,039,163
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Amortization of future landfill closure costs	1,853,813	1,853,813	-	1,853,813	1,574,818
Depreciation and amortization	6,504,090	59,382,933	6,082,273	65,465,206	60,881,100
Allowance for uncollectible accounts	-	122,635	-	122,635	(7,705)
Security contract	-	(1,325,141)	-	(1,325,141)	(1,312,914)
Security fees	-	1,325,901	-	1,325,901	1,340,280
Right-of-way fees	-	160,682	-	160,682	146,599
Other revenues / expenses	4,421	(102,554)	101,793	(761)	107,813
Changes in assets and liabilities which increase (decrease) cash:					
Accounts receivable, net	(418,821)	(1,591,099)	65,751	(1,525,348)	1,398,439
Inventories	(64,921)	(5,106,024)	22,758	(5,083,266)	(1,961,264)
Prepaid items and deposits	2,873	16,854	(14,770)	2,084	(410,784)
Unbilled reimbursable projects	-	(2,539,461)	-	(2,539,461)	(836,880)
Other assets current	-	(476,453)	-	(476,453)	(317,406)
Other assets noncurrent	-	(2,453,062)	-	(2,453,062)	(10,270,001)
Accumulated provision for rate refund	-	384,718	-	384,718	-
Customer deposits	-	34,316	-	34,316	(97,875)
Accounts payable, other accrued liabilities and retainages	(603,222)	(9,430,226)	(248,032)	(9,678,258)	(8,759,358)
Accrued payroll liabilities	(29,160)	(771,343)	(136,755)	(908,098)	1,463,475
Asset retirement obligation	-	2,051,401	-	2,051,401	5,646,884
Compensated absences	(9,198)	(257,808)	(87,587)	(345,395)	323,640
Claims payable	-	-	1,650,838	1,650,838	(5,143,482)
Deferred inflows of resources	-	13,279,421	(86,096)	13,193,325	17,123,143
Unearned revenues and deposits	223,119	223,119	-	223,119	-
Other long-term obligations	-	(10,753)	-	(10,753)	(11,044)
Pollution remediation obligation	-	86,000	-	86,000	26,000
Total cash provided by operating activities	<u>\$ 9,524,506</u>	<u>\$ 122,414,864</u>	<u>\$ 14,738,974</u>	<u>\$ 137,153,838</u>	<u>\$ 128,942,641</u>
Noncash investing, capital, and financing activities:					
Capital purchases on account	708,536	14,020,180	621,321	14,641,501	10,622,299
Contributed capital and equipment	-	104,089,228	316,639	104,405,867	4,331,016
Capital in aid of construction funded from deferred inflows of resources	-	20,890,839	-	20,890,839	26,641,401
Portion of plant from AFUDC	-	3,154,014	-	3,154,014	8,682,299
Total noncash investing, capital, and financing activities	<u>\$ 708,536</u>	<u>\$ 142,154,261</u>	<u>\$ 937,960</u>	<u>\$ 143,092,221</u>	<u>\$ 50,277,015</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Fiduciary Funds
at December 31, 2013
(with comparative information at December 31, 2012)

	Pension and Other Post Employment Benefit Trust Funds	
	2013	2012
Assets		
Cash in central treasury	\$ 143,076	\$ 76,969
Cash, cash equivalents held under securities lending program	3,217,251	6,753,264
Contribution receivable	384,602	231,107
Investments, at fair value:		
Cash and money market funds	2,345,901	4,504,878
U.S. treasuries	8,891,660	15,375,779
U.S. TIPS	248,270	250,899
Corporate fixed income securities	85,779,584	38,196,169
Asset-backed securities	-	28,933,815
Fixed income funds	1,448,865	9,404,861
Domestic equity securities	149,405,443	125,220,962
International equity securities	74,644,129	67,468,721
Real estate funds	42,011,857	41,183,806
Total investments	364,775,709	330,539,890
Capital assets, net	1,827	4,747
Total assets	368,522,465	337,605,977
Liabilities		
Accounts payable	23,042	61,218
Payable under securities lending program	3,217,251	6,753,264
Total liabilities	3,240,293	6,814,482
Net Position		
Held in trust for:		
Employees' pension benefits	349,842,533	316,572,627
Employees' post employment healthcare benefits	15,439,639	14,218,868
Total net position	365,282,172	330,791,495
Total liabilities and net position	\$ 368,522,465	\$ 337,605,977

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Changes in Net Position
Fiduciary Funds
For the year ended December 31, 2013
(with comparative information at December 31, 2012)

**Pension and Other Post Employment
Benefit Trust Funds**

	2013	2012
Additions:		
Contributions from other funds	\$ 13,043,961	\$ 9,125,735
Contributions from employees	357,248	379,085
Investment income:		
Interest	3,105,881	3,861,233
Dividends	2,734,027	1,408,233
Net increase (decrease) in fair value of investments	50,099,374	36,538,496
Less: investment expense	(1,108,087)	(1,485,608)
Total additions	<u>68,232,404</u>	<u>49,827,174</u>
Deductions:		
Regular benefit payments	33,000,553	31,914,362
Administrative expenses	741,174	833,207
Total deductions	<u>33,741,727</u>	<u>32,747,569</u>
Change in net position	34,490,677	17,079,605
Net position, beginning of year	330,791,495	313,711,890
Net position, end of year	<u>\$ 365,282,172</u>	<u>\$ 330,791,495</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Notes to the Basic Financial Statements
December 31, 2012

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Blended Component Units

CIVICVentures is a nonprofit corporation created to finance and construct a new convention center for the Municipality, as well as upgrades and improvements to the existing Egan Center. All of the board members are appointed by the Mayor. As of December 31, 2013, three of CIVICVentures' five-member board of directors are executive employees of the Municipality and management and accounting functions are performed by the Municipality or municipal employees. CIVICVentures is reported as a debt service fund.

Discretely Presented Component Units

The Anchorage School District (ASD) is responsible for elementary and secondary education within the Municipality. Members of the School Board are elected by the voters, however, the ASD is fiscally dependent upon the primary government because the Assembly approves the total budget of the ASD, levies the necessary taxes, and approves the borrowing of money and the issuance of bonds. The ASD has a June 30 fiscal year end, therefore, the financial information presented in these financial statements is as of and for the fiscal year ended June 30, 2013.

The Anchorage Community Development Authority (Authority or ACDA) is a legally separate public corporation created to operate and manage on-street and off-street parking, and purchase, develop, and sell properties and other economic development activities. The voting majority of the board is composed of members appointed by the Mayor and includes two executive employees of the Municipality. The budget is required to be approved annually by the primary government and the primary government has the ability to impose its will on the Authority. The Authority provides services to the general public.

The Alaska Center for Performing Arts, Inc. (ACPA) is a legally separate non-profit entity that operates, maintains and promotes the performing arts center, which is owned by the primary government. The budget is required to be approved annually by the primary government, and the entity is fiscally dependent upon the primary government. ACPA manages the performing arts center and provides facility management services for the Municipality to the general public.

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

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

Property taxes, lodging and other taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessment receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Municipality.

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

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

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

- The **Roads and Drainage Capital Project Fund**

The Municipality reports the following major proprietary funds:

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

Additionally, the Municipality reports the following fund types:

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

Investments at year end are reported at fair value. Investment income on cash pool investments is allocated to the various funds based on their average daily cash pool equity balances. Funds that have negative

balances in the cash pools are charged interest; the interest income is allocated to those funds having equity in the cash pools.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

All trade and property taxes receivable, including those business-type activities, are shown net of an allowance for uncollectable. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectable, including those related to business-type activities.

Property Taxes

Property taxes attach a lien on property on the first day of the tax year in which taxes are levied. For 2013, real and personal property taxes were levied on May 1st. Real property taxes were payable in two installments on June 15 and August 15, and personal property taxes in two installments on August 31 and October 31. ASD had accrued taxes and deferred revenue of \$117,459,835 for financing half of the 2013-2014 budget as of June 30, 2013. At December 31, 2013, property taxes receivable was \$12,284,146 including penalties and interest of \$1,546,859 and excluding allowance for uncollectable property tax receivable of \$111,267.

Inventories

Inventories are valued at cost (specific identification), except inventories of the Utilities, which are valued at the lower of average cost or market. All Municipality inventories are recorded as expenditures or expenses when used (consumption method).

Prepays

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

Restricted Assets

Assets restricted for specific uses by bond covenants, grant provisions or other requirements are classified as restricted assets. The “bond operation and maintenance account” is used to report resources set aside to subsidize potential deficiencies from the Municipality’s operations that could adversely affect debt service payments. The “bond acquisition and construction account” is used to report those proceeds of bond issuances that are restricted for use in construction. The “debt service account” is used to segregate resources accumulated for debt service payments. “Intergovernmental receivables” represent grant receivables due from state and federal governments for capital purposes. Liabilities payable from such restricted assets are separately classified.

Capital Assets

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

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

The Utilities capitalize interest on construction work in progress in accordance with regulatory requirements. Interest was capitalized in 2013 in the amounts of \$3,154,014, \$494,524, and \$841,487 for the Electric, Water and Wastewater Utilities, respectively.

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

For all regulated utility property replaced or retired, the average cost of the property unit, plus removal cost less salvage value, is charged to accumulated depreciation. Gain or loss on the sale or retirement of plant is not recognized, except for extraordinary retirement. For all other proprietary fund types, gain or loss on the sale or retirement is recognized.

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

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

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

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statements of net position. Bond premiums, discounts, gains and losses on bond refunding, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premiums and discounts. Gains and losses on bond refunding are reported as deferred inflows and outflows. Debt issuance costs are expensed in the period in which they are incurred.

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

Contributed Capital

The Utilities receive Contribution In Aid of Construction (CIAC), which they record as contributed plant in service and deferred inflows. For rate-making purposes, the Utilities amortize contributed plant over the life of the respective Utility plant as a reduction of depreciation expense and a reduction of deferred inflows. Consequently, CIAC's are recorded as deferred inflows in the accompanying financial statements. The Utilities' rates also include an Allowance for Funds Used During Construction (AFUDC), which is capitalized

in the accompanying financial statements. At December 31, 2013, Electric, Water and Wastewater Utility deferred inflow balances were \$91,628,940, \$225,376,495, and \$170,013,775 respectively.

E. Utility Revenues

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

F. Statement of Cash Flows

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

G. Reclassifications

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

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

A. Excess of Expenditures Over Appropriations

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

For the year ended December 31, 2013, expenditures exceeded appropriations in the following department: Development Services by \$122,225.

B. Negative Fund Balance

As of December 31, 2013 the following funds reported overall negative unassigned fund balance position: Other Restricted Resources at (\$114,307) and Public Transportation at (\$459,206).

The Other Restricted Resources fund reported an overall negative unassigned fund balance as a result of more than one year of cumulative expenditures being in excess of special assessment revenues. The Public Transportation fund reported an overall negative unassigned fund balance as capital outlay expenditures were in excess of revenues for the current fiscal year.

C. Related Party Transaction

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

Town Center Holdings, LLC - In 2008, the Municipality entered into an agreement with the Alaska Club Partners, LLC to form Town Center Holdings, LLC (TCH), a limited liability company, to purchase and renovate the Valley River Center in Eagle River. Under this agreement, the Municipality is a fifty percent owner, and its interest in TCH is recorded in the Area-wide Capital Projects Fund using the equity method of accounting. The Municipality is a member of the board of directors but does not have a controlling interest in the LLC.

NOTE 3 - CASH AND INVESTMENTS

At December 31, 2013, the Municipality had the following cash and investments, with fixed income maturities as noted:

Investment Type	Fair Value*	Fixed Income Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Petty Cash	\$ 79,248				
Central Treasury - Unrestricted					
Cash & Money Market Funds	14,322,148				
Repurchase Agreements	23,499,939	23,499,939	-	-	-
Certificates of Deposit	438,219	-	438,219	-	-
U.S. Treasuries	105,453,676	16,193,701	76,824,198	12,435,777	-
U.S. Agencies	57,157,602	37,252,419	9,112,391	5,482,491	5,310,301
Asset-Backed Securities**	35,132,934	600,816	21,989,004	3,086,178	9,456,936
Corporate Fixed Income Securities	86,346,764	18,478,155	55,586,726	10,762,629	1,519,254
Payables	(9,859,570)				
	<u>\$ 312,491,712</u>	<u>\$ 96,025,030</u>	<u>\$ 163,950,538</u>	<u>\$ 31,767,075</u>	<u>\$ 16,286,491</u>
Central Treasury - Restricted					
Cash & Money Market Funds	33,609,900				
Repurchase Agreements	10,266,869	10,266,869	-	-	-
Certificates of Deposit	938,720	747,267	191,453	-	-
U.S. Treasuries	49,144,686	10,147,970	33,563,660	5,433,056	-
U.S. Agencies	57,995,823	49,299,464	3,981,105	2,395,241	2,320,013
Asset-Backed Securities**	15,349,199	262,490	9,606,758	1,348,318	4,131,633
Corporate Fixed Income Securities	39,262,829	9,611,769	24,285,238	4,702,076	663,746
Payables	(4,307,539)				
	<u>\$ 202,260,487</u>	<u>\$ 80,335,829</u>	<u>\$ 71,628,214</u>	<u>\$ 13,878,691</u>	<u>\$ 7,115,392</u>
MOA Trust Fund					
Cash & Money Market Funds	54,811				
U.S. TIPS	4,043,711	-	-	4,043,711	-
Fixed Income Funds	34,541,706				
Domestic Equities & Equity Funds	54,570,640				
International Equities & Equity Funds	38,429,348				
Real Estate Funds	12,568,778				
	<u>\$ 144,208,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,043,711</u>	<u>\$ -</u>
Police & Fire Retiree Medical Trust Fund					
Cash & Money Market Funds	1,017,237				
U.S. Treasuries	8,891,660	-	7,013,958	1,877,702	-
U.S. TIPS	248,270	-	-	248,270	-
Fixed Income Funds	1,448,865	-	-	1,448,865	-
Domestic Equity Funds	2,323,556				
International Equity Funds	1,507,654				
	<u>\$ 15,437,242</u>	<u>\$ -</u>	<u>\$ 7,013,958</u>	<u>\$ 3,574,837</u>	<u>\$ -</u>

* Market value plus accrued income.

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

Police & Fire Retiree Medical Liability Fund					
Cash & Money Market Funds	281,817				
U.S. TIPS	1,458,773	-	-	1,458,773	-
Fixed Income Funds	7,140,054	-	-	7,140,054	-
Domestic Equities & Equity Funds	13,895,389				
International Equities & Equity Funds	9,401,158				
Real Estate Funds	3,870,191				
	<u>\$ 36,047,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,598,827</u>	<u>\$ -</u>
Police and Fire Retirement Pension Trust Fund					
Cash & Money Market Funds	1,328,664				
Corporate Fixed Income Securities	85,779,584	18,029,844	50,032,204	17,717,536	-
Domestic Equities & Equity Funds	147,081,887				
International Equities & Equity Funds	73,136,475				
Real Estate Funds	42,011,857				
	<u>\$ 349,338,467</u>	<u>\$ 18,029,844</u>	<u>\$ 50,032,204</u>	<u>\$ 17,717,536</u>	<u>\$ -</u>
HUD Section 108 Loan Program Investment					
Cash & Money Market Funds	24,897				
U.S. Treasuries	1,456,696	329,998	1,126,698	-	-
	<u>\$ 1,481,593</u>	<u>\$ 329,998</u>	<u>\$ 1,126,698</u>	<u>\$ -</u>	<u>\$ -</u>
CIVICVentures Component Unit					
Cash & Money Market Funds	1,189,747				
U.S. Agencies	7,289,024	7,289,024	-	-	-
	<u>\$ 8,478,771</u>	<u>\$ 7,289,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Cash & Investments	<u>\$ 1,069,823,896</u>	<u>\$ 202,009,725</u>	<u>\$ 293,751,612</u>	<u>\$ 79,580,677</u>	<u>\$ 23,401,883</u>
Governmental Activities	429,762,035				
Business-Type Activities	275,143,076				
Fiduciary Funds	364,918,785				
	<u>\$ 1,069,823,896</u>				

A. Anchorage Central Treasury

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

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

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

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

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

- Structured Investment Vehicles.
- Asset Backed Commercial Paper.

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

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

Investment Type	Concentration Limit	Working Capital Portfolio Holding % at December 31, 2013	Internally Managed Portfolio Holding % at December 31, 2013
U.S. Government Securities*	50% to 100% of investment portfolio	50%	57%
Repurchase Agreements	0% to 50% of investment portfolio	23%	2%
Certificates of Deposit**	0% to 50% of investment portfolio Maximum 5% per issuer	0%	1%
Bankers Acceptances	0% to 25% of investment portfolio Maximum 5% per issuer	0%	0%
Commercial Paper	0% to 15% of investment portfolio Maximum 5% per issuer	0%	0%
Corporate Bonds	0% to 15% of investment portfolio Maximum 5% per issuer	16%	2%
Alaska Municipal League Investment Pool (AMLIP)***	0% to 25% of investment portfolio	0%	0%
Money Market Mutual Funds	0% to 25% of investment portfolio	11%	38%
Dollar Denominated Fixed Income Securities, other than those listed herein, rated by at least one nationally recognized rating agency	0% to 15% of investment portfolio Maximum 5% per issuer	0%	0%
		100%	100%

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

**The policy limits CDs that are not secured by U.S. government securities to 20% of the internally managed portfolio.

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

B. MOA Trust Fund

The MOA Trust Fund (MOA Trust) has a long-term investment horizon and accepts near term market volatility to maximize rates of return through a balanced investment approach utilizing both equity and fixed income instruments.

To preserve the purchasing power of the corpus and to maximize the rates of return over time, the MOA Trust is authorized to invest in the following equity and fixed income instruments pursuant to Anchorage Municipal Code 6.50.030, 6.50.060, and the MOA Trust investment policy:

- All investments eligible for purchase by the Anchorage Central Treasury.
- Publicly traded equity investments.

- Debt instruments issued by the U.S. Government, its agencies and instrumentalities, and debt instruments that have been issued by domestic and non-domestic entities, subject to the following criteria:
 - a) No more than 5 percent of the fixed income portfolio may be invested in the fixed income securities of a single issuer, with the exception of the U.S. Government, its agencies and instrumentalities.
 - b) No more than 10 percent of the fixed income portfolio may be invested in domestic fixed income securities rated less than BBB- by Standard & Poor's or the equivalent by another nationally recognized rating agency.
 - c) No more than 30 percent of the fixed income portfolio may be invested in investment grade dollar denominated fixed income securities issued by non-domestic entities.
 - d) No more than 5 percent of the MOA Trust may be invested in non-dollar denominated fixed income securities.
- Real Estate investments in a diversified portfolio of institutional quality, income producing properties held in a collective investment vehicle which limits the MOA Trust's liability.
- Alternative basket clause investments utilizing special purpose investment vehicles.
- Fixed income derivative instruments used in an unlevered manner to implement portfolio strategies consistent with other authorized investments.
- Cash and cash equivalents, including but not limited to repurchase agreements, certificates of deposit, and shares in money market or short-term investment funds consistent with the investment criteria outlined above.
- Mutual funds or other commingled investment vehicles that predominantly consist of the authorized investments listed above.

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

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2013
Domestic Equities	30%	40%	38%
International Equities	22%	28%	26%
Fixed Income (excluding TIPS)	25%	33%	24%
Treasury Inflation Protected Securities (TIPS)	0%	5%	3%
Real Estate	6%	10%	9%
Cash Equivalents	0%	15%	0%
			<u>100%</u>

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

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

- No more than 5 percent of the voting stock of any corporation may be acquired by the Trust.

- Within the domestic equity portfolio, holdings in any one company should not exceed the greater of 5 percent of the respective portfolio or 1.5 times the stock's weighting in the S&P 500 (or other appropriate stock index) at the time of purchase.
- Within the international equity portfolio, holdings in any one company should not exceed more than 5 percent of the international equity portfolio. Countries represented by the Morgan Stanley Capital International Europe, Australia, Far East Index (MSCI-EAFE), as well as emerging markets, are available for investment. Allocations between countries are expected to be diversified.
- Investments in fixed income instruments may not exceed 5 percent for a single issuer, excluding securities issued by the U.S. Government or agencies thereof.

C. Police and Fire Retiree Medical Trust Fund

The Police and Fire Retiree Medical Trust Fund (Police and Fire Retiree Medical Trust) investment objective is to earn a rate of return on fund assets that exceeds the rate of inflation by at least five percent in order to maintain funding of accrued liabilities and enhance member health benefits. The Police and Fire Retiree Medical Trust investment objective is based upon a 5 - 10 year investment horizon and short-term market volatility is to be viewed with an appropriate perspective.

In accordance with its investment policy, Member Allocated Funds of the Police and Fire Medical Trust must be invested in cash equivalents. The Trust's general funds may be invested in the following instruments:

- Domestic equities.
- International equities.
- Domestic (dollar-denominated) fixed income securities.
- Cash equivalents.

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

- The use of leverage is prohibited, as are short sales and margin transactions.
- For equities, investment in any one company shall not exceed the greater of 5 percent or 1.5 times the company's weighting in an appropriate market index; investment in any one sector shall not exceed the greater of 30 percent or 1.5 time the sector's weighting in the appropriate market index.
- No position in an individual security shall exceed 5 percent of the fixed income portfolio's market value.
- The weighted average credit quality of the fixed income portfolio must be rated AA- by Standard and Poor's or Aa3 by Moody's.
- The duration of the fixed income portfolio shall be within 20 percent of the duration of the Barclay's Aggregate Index.

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

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2013
General Funds:			
Domestic Equities - Large/Mid Cap	27%	37%	32%
Domestic Equities - Small Cap	6%	12%	9%
International Equities	23%	31%	27%
Domestic Fixed Income (excluding TIPS)	23%	31%	27%
U.S. TIPS	3%	7%	5%
Cash Equivalents	0%	5%	0%
			<u>100%</u>
Member Allocated Funds:			
U.S. Treasuries	90%	96%	95%
Cash Equivalents	4%	10%	5%
			<u>100%</u>

D. Police and Fire Retiree Medical Liability Fund

The Police and Fire Retiree Medical Liability Fund's investment objectives reflect the long-term nature of the Fund as well as its shorter-term liquidity needs. Its investment policy seeks growth of assets by combining equity, fixed income, and real estate for a balanced approach that emphasizes total return while avoiding excessive risk.

In accordance with its investment policy, the Police and Fire Retiree Medical Liability Fund may invest in the following investment instruments:

- Domestic equities.
- International equities.
- Fixed income securities.
- Real estate equities.

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

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2013
Domestic Equities - Large/Mid Cap	25%	33%	33%
Domestic Equities - Small Cap	6%	12%	6%
International Equity	22%	30%	26%
Fixed Income - Nominal	19%	30%	20%
Fixed Income - TIPS	0%	7%	4%
Real Estate	6%	12%	11%
Cash & Cash Equivalents	N/A	N/A	0%
			<u>100%</u>

E. Police and Fire Retirement Pension Trust Fund

The investment objectives of the Police and Fire Retirement Pension Trust Fund (Police and Fire Retirement Trust) are to be viewed over the long term with investments in both equity and fixed income instruments utilized to maximize return while maintaining acceptable levels of risk and adequate liquidity for payment of benefits. When evaluating the risk and return tradeoffs of potential investments, safety of principal is a key selection criterion.

In accordance with its investment policy, the Police and Fire Retirement Trust may invest in the following types of securities, as long as they are traded on one of the major security exchanges or in the over-the-counter market:

- Domestic and International equities.
- Fixed income securities.
- Exchange-listed derivatives, subject to Board approval.
- Collateralized mortgage securities or mortgage-backed securities which have a Flow Uncertainty Index score of 15 or less.
- Cash and money market instruments.

The Police and Fire Retirement Trust's investment policy also prohibits the following investments:

- Letter stocks.
- Short sales.
- Tax exempt bonds that do not exceed the return on taxable bonds of equivalent duration and credit quality.
- Private placements other than Rule 144A securities with registration rights.
- Non-exchange-listed derivatives.

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

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2013
Domestic Equities:			
Large Cap Core	9%	16%	12%
Large Cap Growth	8%	12%	11%
Large Cap Value	8%	12%	10%
Subtotal Large Cap	29%	35%	33%
Small Cap Growth	2%	6%	4%
Small/Mid Cap Value	2%	6%	5%
Subtotal Small/Mid Cap	4%	12%	9%
Total Domestic Equity	34%	45%	42%
International Equities:			
MSCI ACWI ex US	7%	13%	11%
Growth	7%	13%	10%
Total International Equity	16%	24%	21%
Total All Equity	52%	68%	63%
Fixed Income:			
Domestic Fixed Income	25%	35%	25%
Real Estate Funds:			
Equity Real Estate Investment Trust	1%	9%	3%
Open Ended Proprietary Fund	2%	8%	4%
Farmland	0%	8%	5%
Total Real Estate	9%	15%	12%
Cash & Cash Equivalents:			
Cash Equivalents	0%	4%	0%
			100%

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

- No individual portfolio position shall constitute more than the greater of 5 percent of the security's weight in the agreed upon market index, plus or minus 2 percent, unless specifically authorized by the Police and Fire Retirement Trust's investment board.
- No group or industry sectors shall constitute more than 120 percent of the sector's weight in an appropriate market index or 25 percent of the market value of the assets controlled by any fund manager.
- Listed American Depositary Receipts shall constitute no more than 20 percent of the market value of the assets controlled by any fund manager.
- Commercial paper must be rated P-1 by Moody's or A-1 by Standard and Poor's.
- The average credit rating for the fixed income portfolio must be at least A by both Moody's and Standard and Poor's, and no more than 15 percent of the fixed income portfolio may be in issues rated lower than Baa by Moody's or BBB by Standard and Poor's at the time of purchase.

F. Interest Rate Risk

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

Duration is a measure of an investment's sensitivity to interest rate changes, and represents the sensitivity of an investment's market price to a 1 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.

The effective durations of the externally managed portfolios of the Anchorage Central Treasury (working capital, contingency reserve and strategic reserve) at December 31, 2013, were 0.27 years, 1.69 years, and 3.62 years, respectively.

The Police and Fire Retiree Medical Trust's investment policy requires that the weighted average duration of its fixed income portfolio be within 20 percent of the Barclays Capital Aggregate Index. At December 31, 2013, the duration of the index was 5.55 years and the duration of the Police and Fire Retiree Medical Trust's fixed income portfolio, exclusive of member-allocated funds invested in U.S. Treasuries, was 5.73 years.

The Police and Fire Retirement Trust's investment policy states that the total fixed income portfolio's weighted average duration cannot exceed 120 percent of the market's duration utilizing the Barclays Capital Aggregate Bond Index. At December 31, 2013, the duration of the Barclays Capital Aggregate Index was 5.55 years, and the duration of the Police and Fire Retirement Trust's fixed income portfolio was 4.09 years.

G. Credit Risk

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

The Anchorage Central Treasury's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$176,721,398 at December 31, 2013. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	19%	AAA	15%
Aa	8%	AA	12%
A	26%	A	31%
Baa	22%	BBB	14%
Ba or Lower	0%	BB or Lower	0%
Not Rated	25%	Not Rated	28%
	<u>100%</u>		<u>100%</u>

At December 31, 2013, Anchorage's Central Treasury was invested in Asset Backed Securities and Mortgage Backed Securities valued at \$245,473 which fell below the minimum credit rating of AA-/Aa3 required by AMC 6.50.030. These circumstances resulted from the downgrade of investments held in the contingency reserve and strategic reserve portfolios. Securities falling outside of compliance are divested as soon as it is prudent to do so.

At December 31, 2013, securities in the MOA Trust had an investment of \$34,541,706 in commingled fixed income funds with a weighted average credit quality rating of A+, and an investment of \$4,043,711 in commingled TIPS funds with a weighted average credit quality rating of AAA.

At December 31, 2013, the Police and Fire Retiree Medical Trust had an investment of \$1,448,865 in commingled fixed income funds with a weighted average credit quality rating of A+, and an investment of \$248,270 in commingled TIPS funds with a weighted average credit quality rating of AAA.

At December 31, 2013, the Police and Fire Retiree Medical Liability Fund had an investment of \$5,728,289 in a commingled fixed income fund with a weighted average credit quality rating of BB, an investment of \$1,411,765 in a commingled fixed income fund with a weighted average credit quality rating of AA, and an investment of \$1,458,773 in commingled TIPS funds with a weighted average credit quality rating of AAA.

At December 31, 2013, the Police and Fire Retirement Trust's total fixed income portfolio had a weighted average rating of A3 by Moody's. The Police and Fire Retirement Trust's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$85,779,584, with ratings distributed as follows:

Moody's		S&P	
Aaa	0%	AAA	0%
Aa	6%	AA	5%
A	34%	A	43%
Baa	38%	BBB	30%
Ba or Lower	0%	BB or Lower	0%
Not Rated	22%	Not Rated	22%
	<u>100%</u>		<u>100%</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure when the amount invested in a single issuer exceeds 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government, as well as mutual funds and other pooled investments, are exempted from this requirement.

At December 31, 2013, Anchorage had no investments in any single issuer exceeding 5 percent of total investments.

Custodial Credit Risk

Custodial credit risk is the risk, in event of the failure of a depository institution, that an entity will not be able to recover deposits or collateral securities in the possession of an outside party. For investments, custodial credit risk is the risk, in event of the failure of the counterparty to a transaction, that an entity will not be able to recover the value of the investment or collateral securities in the possession of an outside party.

At December 31, 2013, the Anchorage Central Treasury had bank deposit carrying amounts totaling \$43,133,702, of which \$500,000 was covered by federal depository insurance. Bank deposits of \$11,701,070 were secured by collateral held by a third party and deposits of \$30,932,632 were secured by collateral held at the depository bank. An additional \$1,160,000 was invested in overnight repurchase agreements and was secured by collateral held by a third party. All collateral consists of obligations issued, or fully insured or guaranteed as to payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation, with market value not less than the collateralized deposit balances.

H. Securities Lending

During 2013 and 2012, the Police and Fire Retirement Trust lent securities in its investment portfolio to financial institutions through a securities lending program administered by the Police and Fire Retirement Trust's custodian. At December 31, 2013, the amount of the collateral provided by borrowers averaged 102 percent of the value of securities lent. The Police and Fire Retirement Trust is authorized to lend its investment securities by its statement of investment policy, which is approved by the Board. The lending is managed by the Police and Fire Retirement Trust's custodian. All loans can be terminated on demand by either the Police and Fire Retirement Trust or the borrowers. The term of the loans can vary from one week to many months. The agent lends the Police and Fire Retirement Trust's U.S. Government and Agency securities and domestic corporate fixed income and equity securities for securities or cash collateral of 102 percent. The securities lending contracts do not allow the Police and Fire Retirement Trust to pledge or sell any collateral securities. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. At December 31, 2013, the pool had a weighted average maturity of 20 days. There are no restrictions on the amount of securities that can be lent at one time or to one borrower.

The following represents the balances relating to the securities lending transactions at December 31, 2013:

Securities Lent	Fair Value of Underlying Securities	Collateral Received
U.S. Government Securities	\$ 156,300	\$ 160,148
Domestic Equities	3,060,951	3,126,154
	<u>\$ 3,217,251</u>	<u>\$ 3,286,302</u>

The lending agent provides indemnification if the borrowers fail to return the underlying securities (and the collateral is inadequate to replace the securities lent) or if the borrowers fail to pay income distributions on borrowed securities.

I. Foreign Currency Risk

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

The Anchorage 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, 2013, all debt obligations held in the Anchorage Central Treasury were payable in U.S. Dollars.

The MOA Trust's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2013, this investment totaled \$38,429,348 and represented 27 percent of the Trust's aggregate portfolio.

The Police and Fire Retiree Medical Trust's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2013, this investment totaled \$1,507,654 and represented 27 percent of the Trust's general funds.

The Police and Fire Retiree Medical Liability Fund's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2013, this investment totaled \$9,401,158 and represented 26 percent of the Police and Fire Retiree Medical Liability Fund's aggregate portfolio.

The Police and Fire Retirement Trust's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2013, this investment totaled \$73,136,475 and represented 21 percent of the Police and Fire Retirement Trust's aggregate portfolio.

NOTE 4 - RECEIVABLES (Including Loans and Leases Receivable)

The Municipality's receivables including the applicable allowance for uncollectible accounts were reported as follows at December 31, 2013:

	Governmental Activities	Business-type Activities	Total
Current:			
Property taxes	\$ 12,284,146	\$ -	\$ 12,284,146
Accommodations taxes	3,567,789	-	3,567,789
Unbilled reimbursable projects	-	3,670,697	3,670,697
Special assessments receivable	3,557,321	304,591	3,861,912
Port leases	-	-	-
Trade accounts, including internal service funds	9,770,767	23,212,854	32,983,621
Total accounts receivable	29,180,023	27,188,142	56,368,165
Allowance for uncollectible accounts	(3,337,278)	(587,291)	(3,924,569)
Total Accounts Receivable, net	<u>25,842,745</u>	<u>26,600,851</u>	<u>52,443,596</u>
Noncurrent:			
Miscellaneous loans	-	2,676	2,676
HUD loans (including section 108)	6,454,026	-	6,454,026
Jail lease	9,215,000	-	9,215,000
Total Loans and Leases, net	<u>\$ 15,669,026</u>	<u>\$ 2,676</u>	<u>\$ 15,671,702</u>

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

In 1987 and 1988, the Municipality loaned the Alaska Center for Performing Arts, Inc. (ACPA) \$2,720,000 for seating, carpeting and general capital improvements. Repayment of this non-interest bearing loan was to come from a ticket surcharge that was established in 1987. Loan repayments were made until 2003, at which time, the balance owing on the loan was \$581,209. In 2004, a 30-year revenue bond was issued in the amount of \$5,365,000. The proceeds from the bond issue were used to pay for repairs to the roof of the ACPA and the surcharge was increased and fully diverted to fund the repayment of the bonds. After the roof bonds are fully repaid in 2035, or once the debt service reserve fund is fully funded, whichever occurs first, surplus revenues from the surcharge will be applied to the original loan until paid in full. Due to the anticipated extended timeline for repayment, the Municipality fully reserved for this receivable.

NOTE 5 - CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended December 31, 2013, was as follows (in thousands):

	Beginning Balance			Ending Balance
	December 31, 2012	Increase	Decrease	December 31, 2013
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,235,573	\$ 4,580	\$ (3,644)	\$ 1,236,509
Artwork	18,799	853	-	19,652
Construction Work-in-Progress	29,279	52,237	(42,496)	39,020
Infrastructure	1,406,119	19,366	-	1,425,485
Total Capital Assets, Not Being Depreciated	2,689,770	77,036	(46,140)	2,720,666
Capital Assets, Being Depreciated				
Buildings & Improvements	\$ 624,974	\$ 15,789	\$ (206)	\$ 640,557
Equipment	230,559	16,552	(5,342)	241,769
Infrastructure	475,550	9,089	(584)	484,055
Total Capital Assets, Being Depreciated	1,331,083	41,430	(6,132)	1,366,381
Less Accumulated Depreciation for:				
Buildings & Improvements	353,946	19,813	(66)	373,693
Equipment	163,761	18,352	(4,942)	177,171
Infrastructure	253,180	10,500	(448)	263,232
Total Accumulated Depreciation	770,887	48,665	(5,456)	814,096
Total Capital Assets, Being Depreciated, Net	560,196	(7,235)	(676)	552,285
Total Governmental Activities, Net	\$ 3,249,966	\$ 69,801	\$ (46,816)	\$ 3,272,951

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

	Beginning Balance			Ending Balance
	December 31, 2012	Increase	Decrease	December 31, 2013
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land and Property held for future use	\$ 63,091	\$ 3,632	\$ -	\$ 66,723
Construction Work-in-Progress ¹	223,502	117,709	(229,452)	111,759
Total Capital Assets, Not Being Depreciated	286,593	121,341	(229,452)	178,482
Capital Assets, Being Depreciated:				
Distribution and Collection Systems, Infrastructure	1,885,046	216,918	(11,448)	2,090,516
Buildings and Improvements	443,874	119,228	(9,158)	553,944
Total Capital Assets, Being Depreciated	2,328,920	336,146	(20,606)	2,644,460
Less Accumulated Depreciation for:				
Distribution and Collection Systems, Infrastructure	811,914	60,501	(11,410)	861,005
Buildings and Improvements	167,088	16,036	(8,277)	174,847
Total Accumulated Depreciation	979,002	76,537	(19,687)	1,035,852
Total Capital Assets, Being Depreciated, Net	1,349,918	259,609	(919)	1,608,608
Total Business-Type Activities, Net	\$ 1,636,511	\$ 380,950	\$ (230,371)	\$ 1,787,090

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

Construction Work-in-Progress	\$ 494	\$ 584	\$ (707)	\$ 371
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In accordance with the requirements of FERC, disposals of retirement assets are not placed in service, rather they are reported as reductions from accumulated depreciation.

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

Governmental Activities:	
General Government	\$ 6,648
Fire Services	4,199
Police Services	1,968
Health and Human Services	1,204
Economic & Community Development	18,308
Public Transportation	4,471
Public Works	10,942
Maintenance and Operations	926
Total Governmental Activities	<u>\$ 48,666</u>
Business-Type Activities:	
Electric	\$ 31,184
Water	9,836
Wastewater	7,799
Refuse	890
Solid Waste	3,261
Port	4,060
Municipal Airport	2,353
Total Business-Type Activities	<u>59,383</u>
Depreciation offset by amortization of regulatory liability- contributed plant	17,154
Gross increase in accumulated depreciation	<u>\$ 76,537</u>

The 2013 Utility construction budgets are \$125,445, \$33,240 and \$31,863 for Electric, Water, and Wastewater, respectively (in thousands).

B. Discretely Presented Component Units – Anchorage School District

Capital asset activity for the fiscal year ended June 30, 2013 is as follows (in thousands):

	Beginning Balance July 1, 2012	Increase	Decrease	Ending Balance June 30, 2013
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 42,357	\$ -	\$ -	\$ 42,357
Construction in Progress	1,846	30,083	(30,671)	1,258
Total Capital Assets not Being Depreciated	<u>44,203</u>	<u>30,083</u>	<u>(30,671)</u>	<u>43,615</u>
Capital Assets Being Depreciated:				
Land Improvements	55,559	5,584	-	61,143
Buildings and Equipment	1,570,968	26,998	(4,300)	1,593,666
Pupil Transportation	10,345	193	(597)	9,941
Total Capital Assets Being Depreciated	<u>1,636,872</u>	<u>32,775</u>	<u>(4,897)</u>	<u>1,664,750</u>
Less Accumulated Depreciation For:				
Land Improvements	38,194	1,463	-	39,657
Buildings and Equipment	443,043	36,266	(2,928)	476,381
Pupil Transportation	8,922	173	(597)	8,498
Total Accumulated Depreciation	<u>490,158</u>	<u>37,902</u>	<u>(3,525)</u>	<u>524,536</u>
Total Capital Assets, Being Depreciated, Net	<u>1,146,713</u>	<u>(5,127)</u>	<u>(1,372)</u>	<u>1,140,214</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 1,190,916</u>	<u>\$ 24,956</u>	<u>\$ (32,043)</u>	<u>\$ 1,183,829</u>

C. Discretely Presented Component Units – Anchorage Community Development Authority

Capital asset activity for the year ended December 31, 2013 is as follows (in thousands):

	Beginning Balance December 31, 2012	Increase	Decrease	Ending Balance December 31, 2013
Business Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 12,683	\$ -	\$ -	\$ 12,683
Total Capital Assets not Being Depreciated	12,683	-	-	12,683
Capital Assets Being Depreciated				
Parking Garages	37,882	1,035	-	38,917
Lot Improvements	646	356	(133)	869
Furniture and Fixtures	100	-	-	100
Equipment and Vehicles	4,080	34	-	4,114
Total Capital Assets Being Depreciated	42,708	1,425	(133)	44,000
Less Accumulated Depreciation For				
Parking Garages	24,829	1,226	-	26,055
Lot Improvements	542	337	(123)	756
Furniture and Fixtures	99	-	-	99
Equipment and Vehicles	2,960	53	-	3,013
Total Accumulated Depreciation Net	28,431	1,616	(123)	29,924
Total Capital Assets, Being Depreciated, Net	14,278	(191)	(10)	14,077
Business Type Activities Capital Assets, Net	\$ 26,961	\$ (191)	\$ (10)	\$ 26,760

NOTE 6 - PORT OF ANCHORAGE EXPANSION

The Municipality is in the process of expanding its port facilities. The multi-year project began in 2003. From March 2003 to October 2011, the Municipality and the Federal Maritime Administration (MARAD) operated under a Memorandum of Understanding, which was revised in October 2011 and renamed a Memorandum of Agreement. The 2011 Agreement was operational until May 31, 2012. Both contracts outlined the project administrative and funding responsibilities of the parties. The project encountered problems and work was suspended while the Municipality investigated the scope and cause of the problems and determines the most appropriate course of action in order to complete the project.

The investigative reports concluded the project design was flawed and that significant aspects of the work performed was constructed incorrectly. In March 2013, the Municipality filed suit against the engineers involved in the bulkhead design and ICRC, the project manager under contract with MARAD, to recover damages sustained as a result of design defects and faulty project oversight. That case is pending before the United States District Court of Alaska. In February 2014, the Municipality filed suit against MARAD to recover damages sustained as a result of its mishandling of the project. That case is pending before the United States Court of Federal Claims in Washington DC. There has been no reimbursement of damages to date.

In the meantime, the project is moving forward. A project management consultant team has been engaged and is proceeding with work to develop a project management plan; a new design concept; regulatory and environmental compliance data and other planning information required to proceed with the work.

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

A summary of interfund receivables and payables relating to short term operating advances is as follows:

Interfund payable to General Fund from:	
Roads & Drainage Capital Projects Fund	\$ 16,541,670
Nonmajor governmental funds	4,497,517
Nonmajor enterprise funds	261,585
Internal service funds	557,778
Total interfund payable to General Fund	<u>21,858,549</u>
Interfund payable to Roads & Drainage Capital Projects Fund from nonmajor governmental fund	3,978,757
Interfund payable between nonmajor governmental funds	9,897,588
Interfund payable to nonmajor governmental fund from internal service fund	85,000
Total interfund payables	<u>\$ 35,819,894</u>

All balances are expected to be settled within the next fiscal year, except for those interfund receivables and payables recorded as advances to/from other funds. Advances payable at December 31, 2013 were as follows:

Advance payable to internal service fund from Capital Projects Roads and Drainage Fund for capital assets	\$ 1,406,427
Advance payable to General Fund from nonmajor governmental fund for capital assets	1,258,746
Advance payable to nonmajor governmental fund from internal service fund for capital assets	1,615,000
Total advances payable	<u>\$ 4,280,173</u>

B. Interfund Transfers

A summary of interfund transfers is as follows:

From General Fund to:	
Capital Projects Roads and Drainage Fund for capital assets	\$ 3,316,948
Nonmajor governmental funds for capital assets	7,293,061
Nonmajor governmental funds for grant matching	811,124
Nonmajor governmental funds to fund pension liability	1,504,034
Nonmajor governmental funds for operating subsidy	500,949
Nonmajor governmental funds for debt service	523,869
Internal services fund for operating subsidy	40,000
Internal services fund for capital assets	2,199,203
Total transfers from General Fund	<u>16,189,188</u>
From MOA Trust Fund to:	
General Fund for annual operating subsidy	4,700,000
From Capital Projects Roads and Drainage Fund to:	
General Fund for debt service	1,056,560
From nonmajor governmental funds to:	
General Fund for debt service	1,108,870
General Fund for operating subsidy	1,772,322
Nonmajor governmental funds for debt service	6,373,714
Nonmajor governmental funds for capital assets	460,358
Nonmajor governmental funds for operating subsidy	786,476
Total transfers from nonmajor governmental funds	<u>10,501,740</u>

From Electric Utility Fund to:	
General Fund for annual revenue distribution	11,558,202
Internal services fund for SAP labor costs	247,757
Total transfers from Electric Utility fund	<u>11,805,959</u>
From Water Utility Fund to:	
General Fund for annual revenue distribution	7,439,549
Nonmajor governmental funds for capital assets	238,737
Internal services fund for SAP labor costs	241,088
Total transfers from Water Utility fund	<u>7,919,374</u>
From Wastewater Utility fund to:	
General Fund for annual revenue distribution	5,376,225
Internal services fund for SAP labor costs	241,253
Total transfers from Wastewater Utility fund	<u>5,617,478</u>
From Port Fund to:	
General Fund for annual revenue distribution	530,886
General Fund for capital assets	1,900
Internal services fund for SAP labor costs	531
Total transfers from Port fund	<u>533,317</u>
From nonmajor enterprise funds to:	
General Fund for annual revenue distribution	1,020,080
General Fund for capital assets	1,900
Total transfers from nonmajor enterprise funds	<u>1,021,980</u>
Total transfers	<u>\$ 59,345,595</u>

NOTE 8 - LEASE AGREEMENTS

A. Operating Leases (Anchorage as lessee)

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

Years:	Governmental Activities	Business Type Activities
2014	\$ 4,860	\$ 64
2015	4,347	18
2016	3,944	18
2017	3,736	17
2018	3,736	17
2019-2023	18,880	89
2024-2028	8,507	89
2029-2033	-	14
2034-2038	-	10
2039-2043	-	5
2044-2048	-	5
2049-2053	-	5
2054-2057	-	2
Totals	<u>48,010</u>	<u>353</u>
2013 Rent Expense	<u>\$ 6,945</u>	<u>\$ 138</u>

B. Capital Leases (Anchorage as lessee)

The Municipality has entered into revolving Master Tax-Exempt Lease/Purchase agreements with Key Bank and Sun Life Trust to finance various capital expenditures. The capitalized leases in place at year end have financed \$12,562,250 of information technology equipment and software, all of which is currently in service or being installed. As of December 31, 2013, \$9,583,874 of the outstanding principal balance is recorded in the internal service funds and \$29,577 in the governmental funds. The annual debt service to maturity for the outstanding capital leases at is as follows (in thousands):

Years:	Governmental Activities		
	Principal	Interest	Total
2014	\$ 1,828	\$ 178	\$ 2,006
2015	1,856	140	1,996
2016	1,500	103	1,603
2017	1,333	76	1,409
2018	1,359	50	1,409
2019-2020	1,736	25	1,762
	<u>\$ 9,613</u>	<u>\$ 572</u>	<u>\$ 10,186</u>

C. Operating Leases (Anchorage as lessor)

The Municipality has leased to third parties parcels of real estate at both the Port of Anchorage and Merrill Field Airport that generate recurring revenues. The lease agreements are long term and allow the lessee(s) to use the leased parcels for industrial purposes tied to the port or airport. Generally, the property leased is land only and improvements built on the leased parcels are done at the expense of the lessee(s). Future minimum rents scheduled for these agreements are as follows (in thousands):

Years:	Port of Anchorage	Merrill Field Airport
2014	\$ 3,936	\$ 661
2015	3,717	636
2016	709	619
2017	313	598
2018	247	597
2019-2023	1,153	2,448
2024-2028	917	1,900
2029-2033	647	549
2034-2038	-	1,853
2039-2043	-	1,254
2044-2048	-	356
Totals	<u>11,639</u>	<u>11,471</u>
Lease revenue for 2013	<u>4,166</u>	<u>634</u>
Carrying value of leased assets:		
Original cost	15,879	2,600
Accumulated depreciation	4,584	-
Net Book Value	<u>\$ 11,295</u>	<u>\$ 2,600</u>

NOTE 9 - SHORT-TERM OBLIGATIONS

A. Tax Anticipation Notes

On March 13, 2013 the Municipality issued tax anticipation notes in the General Fund with a face value of \$107,000,000. The purpose of the issuance was to raise money to pay current expenditures in anticipation of the collection of property taxes.

Short-term debt activity for the year ended December 31, 2013 was as follows (in thousands):

	Beginning Balance January 1, 2013	Issued	Redeemed	Ending Balance December 31, 2013
Tax Anticipation Notes	\$ -	\$ 107,000	\$ 107,000	\$ -

B. Commercial Paper

Electric Utility Commercial Paper

The Electric Utility currently has a six-year capital improvement plan that aggregates \$577 million of which \$364 million is expected to be funded by revenue bonds. In February 2012, the Anchorage Assembly authorized the issuance of commercial paper in one or more series in the aggregate principal amount not to exceed \$300,000,000 as an interim financing program for the Electric Utility's capital improvement program. The outstanding balance of commercial paper notes as of December 31, 2013 was \$110,100,000. It is anticipated that the commercial paper outstanding will be refunded by long term revenue bonds. The Electric Utility's fund financial statements show the commercial paper as a current liability since the lending term cannot exceed 270 days (less than one year).

NOTE 10 – LONG TERM OBLIGATIONS

A. Changes in Long-Term Liabilities

Long-term liability activity, net of related premium and discount amortizations, for the year ended December 31, 2013, was as follows (in thousands):

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 482,047	\$ -	\$ (30,782)	\$ 451,265	\$ 34,378
Revenue Bonds	13,067	-	(3,582)	9,485	3,767
CIVICVentures	106,145	-	(1,425)	104,720	1,555
Capital Leases	11,634	-	(2,021)	9,613	1,828
Long-Term Contracts	4,560	-	(127)	4,433	132
HUD Section 108 Loan	1,629	-	(88)	1,541	93
Total Debt Payable	619,082	-	(38,025)	581,057	41,753
Compensated Absences	22,613	18,628	(18,445)	22,796	17,201
Pollution Remediation	2,833	275	(73)	3,035	208
Claims Payable and IBNR	23,862	61,907	(60,256)	25,513	19,759
Total Governmental Activities	\$ 668,390	\$ 80,810	\$ (116,799)	\$ 632,401	\$ 78,921
Business-type Activities:					
Revenue Bonds	\$ 424,456	\$ -	\$ (24,740)	\$ 399,716	\$ 25,476
Long-Term Contracts	172,755	78,201	(11,669)	239,287	11,678
Total Debt Payable	597,211	78,201	(36,409)	639,003	37,154
Compensated Absences	5,822	6,279	(6,536)	5,565	4,911
Asset Retirement Obligation	5,647	2,051	-	7,698	-
Pollution Remediation	477	220	(134)	563	80
Landfill Closure Liability	23,724	1,854	-	25,578	-
Total Business-type Activities	632,880	88,605	(43,079)	678,407	\$ 42,146

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

B. General Obligation Bonds

The Municipality issues general obligation (GO) bonds to provide funds for capital acquisition and construction. GO bonds are direct obligations and pledge the full faith and credit of the government. They are generally issued as 20-year serial bonds with principal and interest payments due each year. As of December 31, 2013, the Municipality reported total outstanding general obligation bonds in the amount of \$441,720,000.

Description	Amount Outstanding
\$33,095,000 1999A General Obligation General Purpose Bonds due in annual installments of \$1,933,000 to \$4,870,000 through 2014, interest rate from 4.25% to 5.25%. This issue is for the purpose of road and drainage, public transit, fire, and parks and recreation capital improvements.	\$ 2,760
\$15,560,000 2003A General Obligation General Purpose Bonds due in annual installments of \$1,245,000 to \$1,675,000 through 2014, interest rate from 2.00% to 4.25%. The issue is for the purpose of general capital projects within the Municipality.	1,675
\$21,465,000 2004A General Obligation General Purpose Refunding Bonds due in annual installments of \$795,000 to \$8,560,000 through 2017, interest rate from 3.00% to 5.25%. This issue is for refunding 1994A GO Bonds, 1997A GO Bonds, a portion of 2002A GO bonds.	13,075
\$52,375,000 2004C General Obligation General Purpose Bonds due in annual installments of \$1,655,000 to \$3,870,000 through 2024, interest rate from 2.00% to 5.00%. The issue is for the purpose of general capital projects within the Municipality.	33,875
\$18,145,000 2005C General Obligation General Purpose Refunding Bonds due in annual installments of \$3,485,000 to \$7,635,000 through 2020, interest rate fixed at 5.00%. The issue is for the purpose of refunding a portion of 1999A and a portion of 2000A.	18,145
\$43,110,000 2005D General Obligation General Purpose Refunding Bonds due in annual installments of \$3,540,000 to \$13,830,000 through 2020, interest rate fixed at 5.00%. The issue is for the purpose of refunding a portion of 1999A, a portion of 2000A, and a portion of 2002A.	43,110
\$96,805,000 2005F General Obligation General Purpose Bonds due in annual installments of \$3,295,000 to \$6,910,000 through 2025, interest rate from 3.50% to 5.00%. The issue is for the purpose of public safety, road and drainage, and public transit capital improvements within the Municipality.	67,225
\$32,245,000 2007A General Obligation General Purpose Refunding Bonds due in annual installments of \$130,000 to \$6,605,000 through 2023, interest rate from 4.00% to 4.25%. The issue is for the purpose of refunding a portion of 2002A and all of 2003A.	31,040
\$52,795,000 2007C General Obligation General Purpose Bonds due in annual installments of \$1,745,000 to \$4,150,000 through 2027, interest rate from 4.25% to 5.00%. The issue is for the purpose of general capital projects within the Municipality.	43,130
\$58,005,000 2008A General Obligation General Purpose Bonds due in annual installments of \$1,245,000 to \$4,600,000 through 2028, interest rate from 4.00% to 5.125%. The issue is for the purpose of general capital projects within the Municipality.	50,260
\$11,560,000 2010A-1 General Obligation General Purpose Bonds due in annual installments of \$2,185,000 to \$2,440,000 through 2016, interest rate from 2.50% to 3.00%. The issue is for the purpose of general capital projects within the Municipality.	7,125
\$43,300,000 2010A-2 General Obligation General Purpose Bonds (Build America) due in annual installments of \$2,505,000 to \$3,845,000 through 2030, interest rate from 3.897% to 5.91%. The issue is for the purpose of general capital projects within the Municipality.	43,300

\$23,750,000 2010C General Obligation General Purpose Refunding Bonds, due in annual installments of \$155,000 to \$4,830,000, interest rate from 2.00% to 4.00%. The issue is for the purpose of refunding a portion of 1999A, a portion of 2002A, a portion of 2007C, and a portion of 2008A.	14,710
\$28,390,000 2011A General Obligation General Purpose Bonds due in annual installments of \$855,000 to \$2,015,000 through 2031, interest rate from 2.00% to 4.125%. The issue is for the purpose of general capital projects within the Municipality.	26,505
\$23,570,000 2012A General Obligation General Purpose Bonds due in annual installments of \$860,000 to \$1,840,000 through 2032, interest rate from 2.00% to 5.00%. The issue is for the purpose of general capital projects within the Municipality.	23,570
\$30,215,000 2012B General Obligation General Purpose Refunding Bonds due in annual installments of \$1,925,000 to \$8,425,000 through 2018, interest rate from 2.00% to 5.00%. The issue is for the purpose of refunding the remainder of 2002A.	22,215
Total General Obligation Debt	\$ 441,720

ASD GO bonds are reported as obligations of the component unit since they are expected to be repaid from ASD revenues; such amounts total \$598,480,000 at June 30, 2013. All other Municipality GO bonds are reported in the government-wide financial statements.

The Municipality did not issue any new GO debt in 2013. Annual debt service requirements to maturity for general obligation bonds are as follows (in thousands):

	Governmental Activities		
	Principal	Interest	Total
Years:			
2014	\$ 33,395	\$ 20,010	\$ 53,405
2015	34,990	18,652	53,642
2016	36,410	17,233	53,643
2017	38,150	15,477	53,627
2018	39,935	13,643	53,578
2019-2023	151,895	44,348	196,243
2024-2028	86,760	15,841	102,601
2029-2032	20,185	1,691	21,876
Subtotal	441,720	146,894	588,614
Add unamortized premiums/(discounts), net	9,545	-	9,545
Total	\$ 451,265	\$ 146,894	\$ 598,159

C. Revenue Bonds

Jail Lease Revenue Bonds

In April 2000, the Municipality issued revenue bonds to construct and operate the new municipal jail facility that is leased to the State of Alaska. Jail revenue bond covenants require an "absolute net lease" pursuant to which the Municipality shall not be expected or required to make any payment of any kind under the Agreement of Lease. The State of Alaska Department of Administration (DOA) is required to make all payments under the Agreement of Lease. The DOA's obligation to make lease payments and to perform and observe all other covenants and agreements is absolute and unconditional except as expressly provided in the Agreement of Lease. In 2005, the Municipality issued \$40,835,000 in Lease Revenue Refunding Bonds to refund the 2000 Revenue Bonds. In October 2011, the Municipality defeased \$20,615,000 in Lease Revenue Refunding Bonds with proceeds provided by the State of Alaska. As of December 31, 2013, the Municipality reported total outstanding Lease revenue Refunding Bonds in the amount of \$9,215,000.

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

	Governmental Activities		
	Principal	Interest	Total
Years:			
2014	\$ 3,655	\$ 362	\$ 4,017
2015	3,840	178	4,018
2016	1,720	43	1,763
Subtotal	9,215	584	9,799
Add unamortized premiums, net	271	-	271
Total	\$ 9,486	\$ 584	\$ 10,069

CIVICVeture Revenue Bonds

In February 2006, CIVICVentures, a blended component unit, issued \$110,920,000 in Tax-exempt, Non-recourse Revenue Bonds to finance the acquisition of land and construction of a new civic and convention center. Revenues pledged to pay the debt are those revenues identified in the Indenture of Trust between CIVICVentures and U.S. Bank National Association, consisting of Hotel, Motel, and Bed and Breakfast room taxes collected and remitted pursuant to agreement, by the Municipality. In the event room tax collections are not sufficient to pay the debt, the Municipality is not obligated in any way to pay the debt on behalf of CIVICVentures.

The bonds are due in semi-annual installments ranging annually from \$6,395,010 to \$8,448,825 including interest at 3.75 percent to 5 percent through 2038. As of December 31, 2013, the Municipality reported as blended total outstanding Tax-exempt non-recourse Revenue Bonds in the amount of \$104,720,000.

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

	CIVICVentures		
	Principal	Interest	Total
Years:			
2014	\$ 1,555	\$ 4,840	\$ 6,395
2015	1,690	4,778	6,468
2016	1,835	4,710	6,545
2017	1,985	4,637	6,622
2018	2,165	4,538	6,703
2019-2023	13,580	21,122	34,702
2024-2028	19,165	17,603	36,768
2029-2033	26,565	12,400	38,965
2034-2038	36,180	5,105	41,285
Total	\$ 104,720	\$ 79,731	\$ 184,451

Utility Revenue Bonds

Electric, Water, and Wastewater revenue bond covenants require establishment of certain cash reserves. Revenue bond covenants further stipulate that operating income, as defined in the covenants, will be at least equal to 1.35 times the debt service requirement for that year.

The proceeds of the bonds, together with other legally available funds, are used for the following purposes: (i) to provide for the cost of certain capital improvement projects; (ii) to reimburse the Utility for costs of such capital improvement projects; (iii) to pay costs of issuance; and (iv) to provide funds for deposit in the Reserve Account. As of December 31, 2013, the Municipality reported total outstanding Utility Revenue bonds in the amount of \$395,021,000. The details of those bonds are as follows (in thousands):

Description	Amount Outstanding
<u>Electric Utility</u>	
\$48,855,000 1996 Electric Senior Lien Revenue Bonds due in annual installments of between \$280,000 and \$11,135,000 through 2015, interest rate from 3.80% to 6.50%.	\$ 21,590
\$109,350,000 2005 Electric Senior Lien Revenue Bonds due in annual installments of between \$105,000 and \$11,100,000 through 2026, interest rate from 3.00% to 5.13%.	54,960
\$15,240,000 2009 Electric Senior Lien Revenue Bonds due in annual installments of between \$1,265,000 and \$3,050,000 through 2024, interest rate from 4.00% to 5.00%.	15,240
\$114,760,000 2009 Electric Senior Lien Revenue Bonds (BABS) due in annual installments of between \$1,925,000 and \$10,350,000 through 2039, interest rate from 5.88% to 6.56%. The United States Treasury will provide a subsidy to the Electric Utility in the amount of 35% of the annual interest payment.	114,760
Total Electric Utility Outstanding	<u>206,550</u>
<u>Water Utility</u>	
\$18,595,000 2004 Water Senior Lien Revenue Bonds due in annual installments of between \$20,000 to \$2,075,000 through 2021, interest rate from 2.00% to 4.80%.	1,855
\$2,000,000 2004 Water Junior Lien Revenue Bonds due in 2014 in a single remaining installment of \$1,956,000 with an interest rate of 4.35% per annum.	1,956
\$91,315,000 2007 Water Senior Lien Revenue Bonds due in annual installments of between \$105,000 and \$8,010,000 through 2037, interest rate from 4.00% to 5.00%.	88,500
\$49,680,000 2009 Water Senior Lien Revenue Bonds due in annual installments of between \$2,625,000 and \$4,730,000 through 2023, interest rate from 1.50% to 5.00%.	32,350
Total Water Utility Outstanding	<u>124,661</u>
<u>Wastewater Utility</u>	
\$22,620,000 Wastewater Senior Lien Revenue Bonds due in annual installments of between \$420,000 to \$835,000 through 2023, interest rate from 3.00% to 5.00%.	4,795
\$59,665,000 2007 Wastewater Senior Lien Revenue Bonds due in annual installments of between \$40,000 to \$5,405,000 through 2037, interest rate from 4.00% to 5.00%.	59,015
Total Wastewater Utility Outstanding	<u>63,810</u>
Total Utility Revenue Bonds Outstanding	<u>\$ 395,021</u>

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

	Business-Type Activities		
	Principal	Interest	Total
Years:			
2014	\$ 25,476	\$ 20,858	\$ 46,334
2015	22,910	19,589	42,499
2016	11,825	18,348	30,173
2017	12,105	17,800	29,905
2018	12,675	17,265	29,940
2019-2023	53,295	78,730	132,025
2024-2028	63,710	65,001	128,711
2029-2033	87,085	44,668	131,753
2034-2038	95,590	17,783	113,373
2039	10,350	679	11,029
Subtotal	<u>395,021</u>	<u>300,722</u>	<u>695,743</u>
Add: unamortized premiums/discounts, net	4,695		4,695
Total	<u>\$ 399,716</u>	<u>\$ 300,722</u>	<u>\$ 700,438</u>

D. Notes and Contracts

PAC Roof Loan

In 2004, the Municipality entered into a loan agreement with the Alaska Municipal Bond Bank Authority to provide funding for repairs to the Anchorage Center for the Performing Arts roof. This loan will be repaid with revenues from an ACPA ticket surcharge. The Municipality reported an outstanding balance on this loan of \$4,385,000 on December 31, 2013.

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

Years:	Governmental Activities		
	Principal	Interest	Total
2014	\$ 130	\$ 210	\$ 340
2015	135	204	339
2016	140	199	339
2017	145	193	338
2018	150	187	337
2019-2023	865	832	1,697
2024-2028	1,090	606	1,696
2029-2033	1,405	299	1,704
2034	325	16	341
Subtotal	4,385	2,747	7,132
Add unamortized bond premiums net	47		47
Total	\$ 4,432	\$ 2,747	\$ 7,180

Water Utility Commercial Bank Loan Agreement

In March 2013, the Water Utility entered into a Loan Agreement for up to \$75,000,000 with a commercial bank. It is anticipated that the amount outstanding under the Loan Agreement will be refunded by long term revenue bonds. The amount borrowed under the Loan Agreement is shown as a non-current liability since the lending term under the Loan Agreement is up to three years with no principal payments due before the end of the loan term. In 2013, the Water Utility obtained loans of \$4,425,600 through this program. Under the terms of the Loan Agreement, the Water Utility pays fees quarterly of 0.5 percent per annum based upon the amount of the authorized, but not drawn, loan amount calculated on a weekly basis. The interest rate on the loan varies. As of December 31, 2013, the interest rate for the loan was 0.56 percent; 0.06 percent plus a 0.5 percent lender margin.

Wastewater Utility Commercial Bank Loan Agreement

In March 2013, the Wastewater Utility entered into a Loan Agreement for up to \$60,000,000 with a commercial bank. It is anticipated that the amount outstanding under the Loan Agreement will be refunded by long term revenue bonds. The amount borrowed under the Loan Agreement is shown as a non-current liability since the lending term under the Loan Agreement is up to three years with no principal payments due before the end of the loan term. In 2013, the Wastewater Utility obtained loans of \$23,451,000 through this program. Under the terms of the Loan Agreement, the Wastewater Utility pays fees quarterly of 0.5 percent per annum based upon the amount of the authorized, but not drawn, loan amount calculated on a weekly basis. The interest rate on the loan varies. As of December 31, 2013, the interest rate for the loan was 0.56 percent; 0.06 percent plus a 0.5 percent lender margin.

Port Revolving Credit Agreement

In June 2013, the Port entered into a \$40,000,000 Revolving Credit Agreement (Agreement) with a commercial bank. A draw in the amount of \$40,000,000 under the Agreement on June 24, 2013 was used to refinance the Port's outstanding commercial paper notes. The outstanding balance under the Agreement as of December 31, 2013 was \$40,000,000. It is anticipated that the amount outstanding under the Agreement will be refunded by long term revenue bonds. The Port financial statements show the Agreement's note as a non-current liability since the lending term under the Agreement is up to three years.

State of Alaska Clean Water and Drinking Water Loans

The Municipality has various clean water and drinking water fund loans in its Solid Waste, Water, and Wastewater Utilities from the State of Alaska. The Municipality reported a total outstanding balance on all these loans of \$171,409,729 on December 31, 2013.

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

Years:	Business-Type Activities		
	Principal	Interest	Total
2014	\$ 11,678	\$ 2,486	\$ 14,164
2015	12,303	2,683	14,986
2016	12,330	2,211	14,541
2017	11,801	2,026	13,827
2018	11,829	1,849	13,679
2019-2023	53,545	6,673	60,219
2024-2028	43,514	2,964	46,478
2029-2033	13,658	484	14,142
2034	752	11	763
Total	<u>\$ 171,410</u>	<u>\$ 21,389</u>	<u>\$ 192,798</u>

E. HUD Section 108 Loan

The Municipality entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) in August 2005 to borrow up to \$5,000,000 in HUD Section 108 Loan funds. On September 21, 2009, the Municipality notified HUD that no additional funds would be utilized under this agreement. The total amount of funds that had been borrowed as of that date was \$2,000,000. As of December 31, 2013, the Municipality reported an outstanding loan balance of \$1,541,000.

Annual debt service requirements to maturity for the HUD Section 108 Loan are as follows (in thousands):

Years:	Governmental Activities		
	Principal	Interest	Total
2014	\$ 93	\$ 84	\$ 177
2015	98	80	178
2016	104	75	179
2017	110	69	179
2018	116	64	180
2019-2023	687	215	902
2024-2025	333	29	362
Total	<u>\$ 1,541</u>	<u>\$ 616</u>	<u>\$ 2,157</u>

F. Bonds Authorized But Unissued

At December 31, 2013, the Municipality has the following authorized but unissued general obligation bonds (in thousands):

Purpose	Ordinance Date	Interest Limitation	Amount Authorized	Amount Issued	Remaining Authorized
Anchorage Parks & Recreation	April 2012	None	\$ 2,750	\$ -	\$ 2,750
	April 2013	None	\$ 2,500	\$ -	\$ 2,500
Anchorage Roads & Drainage	April 2010	None	37,090	22,770	14,320
	April 2011	None	30,850	9,395	21,455
	April 2012	None	27,472	-	27,472
	April 2013	None	20,525	-	20,525
Area Wide Transportation Capital Improvement	April 2011	None	421	190	231
	April 2012	None	1,068	520	548
Public Safety/Transportation	April 2012	None	520	-	520
Areawide	April 2013	None	525	-	525
EMS	April 2013	None	2,095	-	2,095
					\$ 92,941

In 2014, the Municipality voters approved the issuance of \$55,693,000 in area wide, road and drainage, public safety, fire protection, parks and recreation, and transportation bonds.

G. Refunded Bond Issues

The Municipality did not refund any bonds in 2013.

H. Defeasance of Debt

The Municipality defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other available funds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, trust account assets and liabilities for defeased bonds are not included in the Municipality's financial statements. At December 31, 2013, the defeased balance of general obligation and revenue bonds remaining to be paid by the escrow agent was \$65,805,000 for general government, including \$14,575,000 of revenue bonds from the Wastewater Utility and \$11,175,000 of revenue bonds from the Water Utility. ASD has defeased \$178,820,000 of bonds at June 30, 2013.

I. Electric Utility Asset Retirement Obligation

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

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

Beginning Asset Retirement Obligation	\$ 5,646,884
Current year additions to the liability balance	-
Current year amounts settled	-
Current year accretion	327,088
Change in assumptions or cash flow revisions	<u>1,724,313</u>
Ending Asset Retirement Obligation	<u>\$ 7,698,285</u>

As of December 2013, the Electric Utility recognized total asset retirement obligation of \$7,698,285. Because the Electric Utility follows regulated reporting for rate-making purposes, this increase in the liability was offset to a regulatory asset, therefore having no affect on the current year operating expenses. During 2013, the Electric Utility commissioned a study of costs associated with abandoning the BRU field and as a result of the findings of that study, adjusted the ARO liability and accretion.

J. ASD Debt

The following is a summary of long-term ASD debt transactions for fiscal year ended June 30, 2013 (in thousands):

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amount Due within 1 year
General Obligation Bonds	\$ 640,120	\$ 38,505	\$ 80,145	\$ 598,480	\$ 57,340
Compensated Absences	10,412	3,889	3,829	10,471	3,928
Workers Compensation	15,910	4,944	5,448	15,406	5,621
Medical Claims	9,165	30,807	32,930	7,041	-
Total	<u>\$ 675,606</u>	<u>\$ 78,144</u>	<u>\$ 122,352</u>	631,399	<u>\$ 66,889</u>
Unamortized premium on GO Bonds				9,274	
Total				<u>\$ 640,673</u>	

Bonds payable at June 30, 2013 are comprised of the following individual issues (in thousands):

General Obligation Bonds	Amount
\$60,000,000 1995 series A school construction serial bonds due in annual installments of \$4,710,000 to \$5,030,000 through October 2015; interest at 5.0% to 6.0%.	\$ 9,740
\$20,735,000 1998 series A school construction refunding bonds due in annual installments of \$4,880,000 to \$5,120,000 through July 2014; interest at 5.0%.	10,000
\$126,770,000 2003 series B school construction serial bonds due in annual installments of \$5,835,000 to \$6,080,000 through September 2014; interest at 4.125% to 4.25%.	11,915
\$80,735,000 2004 series B school construction refunding bonds due in annual installments of \$3,000,000 to \$27,390,000 through December 2017; interest at 3.80% to 5.25%.	76,765
\$86,240,000 2004 series D school construction serial bonds due in annual installments of \$3,775,000 to \$4,170,000 through December 2015; interest at 5%.	11,910
\$63,850,000 2005 series A school construction serial bonds due in annual installments of \$2,820,000 to \$3,050,000 through March 2016; interest at 4.00% to 5.0%.	8,805
\$29,155,000 2005 series B school construction refunding bonds due in annual installments of \$55,000 to \$8,140,000 through December 2020; interest at 4.0% to 5.0%.	28,795

\$14,790,000 2005 series E school construction refunding bonds due in annual installments of \$3,735,000 to \$4,110,000 through December 2018; interest at 5.0%.	11,755
\$48,495,000 2006 series A school construction serial bonds due in annual installments of \$2,000,000 to \$3,640,000 through October 2026; interest at 4.0% to 5.0%.	38,015
\$28,885,000 2006 series B school construction refunding bonds due in annual installments of \$5,890,000 to \$6,185,000 through October 2020; interest at 5.0%.	12,075
\$51,705,000 2006 series C school construction refunding bonds due in annual installments of \$65,000 to \$9,770,000 through July 2021; interest at 4.0% to 5.0%.	50,665
\$171,155,000 2007 series B school construction refunding bonds due in annual installments of \$60,000 to \$29,530,000 through September 2024; interest at 4.0% to 5.0%.	169,790
\$63,790,000 2007 series D school construction serial bonds due in annual installments of \$2,450,000 to \$4,885,000 through August 2027; interest at 4.25% to 5.0%.	52,955
\$29,840,000 2008 series B school construction serial bonds due in annual installments of \$1,105,000 to \$2,285,000 through August 2028; interest at 4.0% to 5.25%.	25,835
\$20,025,000 2010 series B school construction serial bonds due in annual installments of \$830,000 to \$1,345,000 through April 2030; interest at 2.0 % to 5.91%.	17,740
\$4,940,000 2011 series B school construction serial bonds due in annual installments of \$460,000 to \$550,000 through August 2021; interest at 2.0% to 3.0%.	4,490
\$28,310,000 2011 series C school construction refunding bonds due in annual installments of \$1,285,000 to \$10,050,000 through August 2020; interest at 4.0% to 5.0%.	18,725
\$14,425,000 2012 series C school construction serial bonds due in annual installments of \$615,000 to \$975,000 through August 2032; interest at 2.0% to 5.0%.	14,425
\$24,080,000 2012 series D school construction refunding bonds due in annual installments of \$4,290,000 to \$15,265,000 through August 2015; interest at 2.0% to 5.0%.	24,080
	<u>\$ 598,480</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2013 are as follows (in thousands):

Years:	Anchorage School District		
	Principal	Interest	Total
2014	\$ 57,340	\$ 27,354	\$ 84,694
2015	58,425	24,925	83,350
2016	55,900	22,222	78,122
2017	53,700	19,448	73,148
2018	50,885	16,852	67,737
2019-2023	226,435	48,840	275,275
2024-2028	86,360	10,456	96,816
2029-2033	9,435	804	10,239
Total	<u>\$ 598,480</u>	<u>\$ 170,901</u>	<u>\$ 769,381</u>

The amount of long-term liability that is due within one year as of June 30, 2013 is \$57,340,000. The Debt Service Fund has \$2,179,593 available to service the general obligation bonds. There are a number of restrictions contained in the various bond indentures. ASD is in compliance with all significant restrictions.

NOTE 11 - DEBT ISSUED SUBSEQUENT TO YEAR END

Municipality of Anchorage

On March 27, 2014, the Municipality issued \$95,000,000 of General Obligation Tax Anticipation Notes. The interest rate on the Notes is 0.5% with a maturity date of September 16, 2014.

Anchorage School District

In August 2013, ASD issued \$39,345,000 in Series A General Obligation School Bonds. The ASD year ended on June 30, 2013 and these bonds are not reflected in these financial statements.

NOTE 12 - CONDUIT DEBT OBLIGATIONS

A. Nonrecourse Revenue Bonds - United Way of Anchorage

On November 1, 2000, the Municipality issued \$850,000 of Nonrecourse Revenue Bonds on behalf of the United Way of Anchorage. On July 30, 2001, the Municipality issued \$900,000 of Nonrecourse Revenue Bonds on behalf of the United Way of Anchorage. The Municipality has no direct involvement with the administration of these bonds except to allow their issuance under the name of the Municipality of Anchorage. These revenue bonds are issued under provisions of State and Federal law that provide that the bonds do not constitute an indebtedness of the Municipality. The bonds do not constitute a general obligation or pledge of the full faith and credit of the Municipality. Accordingly, the bonds and the related assets are not reflected in the accompanying financial statements.

A schedule of the remaining debt service on the 2000 issue bonds follows:

	<u>Principal</u>
Years:	
2014	\$ 81,829
2015	80,007
Total	<u>\$ 161,836</u>

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

	<u>Principal</u>
Years:	
2014	\$ 50,802
2015	54,204
2016	57,824
2017	61,712
2018	65,840
2019-2021	189,903
Total	<u>\$ 480,285</u>

NOTE 13 - RETIREMENT PLANS

Substantially all regular employees of the Municipality are members of a public employees' retirement system except for employees who are members of the International Brotherhood of Electrical Workers (IBEW) and International Union of Operating Engineers, Local 302 (Local 302) (effective July 1, 2004).

IBEW members participate in a union sponsored cost-sharing defined benefit plan. Employer contributions are determined from hours of work reported by participating employers and the contractual employer contribution rate in effect. The current agreement increased contributions during 2009. Contributions to the plan for each hour worked by a covered employee were \$7.00 for 2013 and \$6.75 for 2012 and 2011. The total employer contributions for 2013, 2012, and 2011 were \$3,315,106, \$3,316,273, and \$3,303,672,

respectively. One hundred percent of the Municipality's required contributions to the IBEW plan have been made through these contributions to the Alaska Electrical Trust Fund. Each year, IBEW issues audited financial statements that can be obtained by writing the plan administrator, Alaska Electrical Trust Fund, 2600 Denali Street, Suite 200, Anchorage, Alaska, 99503.

Local 302 members participate in a union sponsored cost-sharing defined benefit plan. Employer contributions are determined from compensable work hours and the contractual employer contribution rate in effect. The current agreement provides for contributions of \$5.00 per hour worked by a covered employee in 2013, 2012 and 2011. Total employer contributions for 2013, 2012, and 2011 were \$1,589,080, \$1,676,002, and \$1,542,746, respectively. One hundred percent of the Municipality's required contributions to the Local 302 plan have been made through these contributions to the Local 302 International Operating Engineers Employers Construction Industry Retirement Fund. Each year, Local 302 issues audited financial statements that can be obtained by writing the plan administrator, Welfare and Pension Administration Service, Inc., P.O. Box 34203, Seattle, Washington, 98124.

All Municipal employees who are members of a public employees' retirement system participate in the State of Alaska Public Employees' Retirement System (PERS) except for police officers hired prior to October 6, 1994, paramedics, and fire fighters hired prior to July 18, 1994, and command officers hired prior to May 24, 1994, who participate in either Plan I, Plan II, or Plan III of the Anchorage Police and Fire Retirement System. Police officers, command officers, paramedics, and fire fighters hired subsequent to these dates are in the State of Alaska Plan. All pension and postemployment healthcare benefit obligations of Anchorage are included on the government-wide, proprietary, or fiduciary financial statements.

A. State of Alaska Public Employees' Retirement System

Plan Descriptions

Employees hired prior to July 1, 2006, and employees hired after July 1, 2006 who have PERS enrollment from prior employment, participate in PERS Tiers I-III, a defined benefit cost sharing plan that acts as a common investment and administrative agent for political subdivisions within the State of Alaska. Employees hired on or after July 1, 2006 who have no prior PERS participating employment participate in PERS Tier IV, a defined contribution plan with a component of defined benefit postemployment healthcare.

The defined benefit plan was originally established as an agent multiple-employer plan, but was converted by legislation to a cost-sharing plan, effective July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities will be shared among all participating employers. Both plans are administered by the State of Alaska (State) to provide pension, postemployment healthcare, death, and disability benefits to eligible employees.

All full-time and regular part-time Municipal employees not covered by the State of Alaska Teacher's Retirement System (TRS) or another retirement plan are eligible to participate in PERS. For both the defined benefit plan and the defined contribution plan, benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

Each fiscal year, PERS issues publicly available financial reports that include financial statements and required supplementary information. They may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203, by phoning (907) 465-4460, or via the web at www.state.ak.us/drb/pers/.

Funding Policy and Annual Pension and Postemployment Healthcare Cost - PERS Tier I-III Defined Benefit Plan

Participating employees are required to contribute 6.75 percent of their annual covered salary, Police Officers and Firefighters contribute 7.5 percent. Employer contribution rates are established by State statute. Employer contribution rates are established annually by the State's sanctioned management board. The funding policy for PERS provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The employer contribution rate is statutorily capped at 22 percent of annual covered salary. State legislation currently provides that the State contribute any amount over 22 percent such that the total contribution equals the Alaska Retirement Management Board adopted rate, but not the same as the Governmental Accounting Standards Board (GASB) Statement No. 43 accounting rate.

Detailed contribution rates for the Municipality and actuarial methods for the plan for the year ended 2013 are as follows:

	Employee Rate		Contractual Rate		Rate		GASB 43*	
	1/1 to 6/30/13	7/1 to 12/31/13	1/1 to 6/30/13	7/1 to 12/31/13	1/1 to 6/30/13	7/1 to 12/31/13	1/1 to 6/30/13	7/1 to 12/31/13
<u>Police Officers and Firefighters</u>								
Pension	3.29%	3.86%	9.67%	10.64%	15.75%	18.38%	24.95%	27.94%
Postemployment Healthcare	4.21%	3.64%	12.33%	11.36%	20.09%	17.30%	39.93%	52.55%
Total Contribution Rate	<u>7.50%</u>	<u>7.50%</u>	<u>22.00%</u>	<u>22.00%</u>	<u>35.84%</u>	<u>35.68%</u>	<u>64.88%</u>	<u>80.49%</u>
<u>Other Employees</u>								
Pension	2.97%	3.48%	9.67%	10.64%	15.75%	18.38%	24.95%	27.94%
Postemployment Healthcare	3.78%	3.27%	12.33%	11.36%	20.09%	17.30%	39.93%	52.55%
Total Contribution Rate	<u>6.75%</u>	<u>6.75%</u>	<u>22.00%</u>	<u>22.00%</u>	<u>35.84%</u>	<u>35.68%</u>	<u>64.88%</u>	<u>80.49%</u>

* This rate uses an 8.00% pension discount rate and a 5.41% healthcare discount rate from 1/1/2012 to 12/31/2012 and disregards future Medical Part D payments.

Annual Pension and Postemployment Healthcare Cost

The Municipality is required to contribute 22 percent of covered payroll, subject to a wage floor. In addition, the State contributed approximately 13.84 percent from January 1 through June 30 and 13.68 percent between July 1 and December 31, 2013 of covered payroll to the Plan. In accordance with the provisions of GASB Statement No. 24, the Municipality has recorded the State contribution in the General Fund in the amount of \$25,984,106 as a PERS on-behalf payment. However, because the Municipality is not statutorily obligated for these payments, this amount has been excluded from pension and OPEB cost as described here. Pension and OPEB payments for the three years from December 31, 2011 to December 31, 2013 are shown in thousands below:

Year	Annual Pension Cost	Annual OPEB Cost	Total Benefit Cost (TBC)	Anchorage Contributions	% of TBC Contributed
2013	19,111	17,988	37,099	37,099	100%
2012	16,088	20,518	36,606	36,606	100%
2011	17,074	19,206	36,280	36,280	100%

Funding Policy and Annual Pension and Postemployment HealthCare Costs – PERS Tier IV Defined Contribution Plan

Employees first enrolling into PERS after July 1, 2006 participate in PERS Tier IV. PERS Tier IV is a defined contribution retirement plan that includes a component of defined benefit post-employment health care. The plan requires both employer and employee contributions. Employees may make additional contributions into the plan, subject to limitations. Contribution rates are as follows:

	Police/Fire		Others	
	1/1 - 6/30	7/1 - 12/31	1/1 - 6/30	7/1 - 12/31
Employee Contribution	<u>8.00%</u>	<u>8.00%</u>	<u>8.00%</u>	<u>8.00%</u>
Employer Contribution				
Retirement	5.00%	5.00%	5.00%	5.00%
Health Reimbursement Arrangement *	3.00%	3.00%	3.00%	3.00%
Retiree Medical Plan	0.48%	0.48%	0.48%	0.48%
Death & Disability Benefit	0.99%	1.14%	0.14%	0.20%
Total Employer Contribution	<u>9.47%</u>	<u>9.62%</u>	<u>8.62%</u>	<u>8.68%</u>

*Health Reimbursement Arrangement - AS 39.30.370 requires that the employer contribute "an amount equal to three percent of the employer's average annual employee compensation." For actual remittance, this amount is calculated as

a flat rate per full time employee and a flat rate per hour for part time employees. Prior to July 1, 2013 a rate of \$71.09 per full time employee per pay period and \$1.18 per part time hour worked was paid. For pay periods ending after July 1, 2013, a rate of \$72.95 per full time employee per pay period and \$1.22 per part time hour worked were paid.

For the year ended December 31, 2013, the Municipality contributed \$2,713,182 to PERS Tier IV for retirement and retiree medical, and \$1,167,541 to PERS Tier IV for Health Reimbursement Arrangement on-behalf of its employees. Employee contributions to the plan totaled \$3,669,411.

Under the newly adopted cost-sharing arrangement for the PERS defined benefit plan (Tiers I – III), the State statute employer contribution rate of 22 percent, includes Tier IV employees. In addition to the amounts above, the Municipality contributed approximately 12.38 percent on Police & Fire Tier IV employee payroll and approximately 13.32 percent on other Tier IV employee payroll. This amount was applied to the obligation of the PERS defined benefit plan and is included in the contributions (ARC) recorded in the defined benefit cost-sharing plan.

B. Police and Fire Pension System Plans

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

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

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

Members of Plan I, II, and III are required to contribute an amount not to exceed 6 percent of compensation if the assets to liabilities ratio falls below 100 percent. Additionally, the Municipality is required to contribute 2.5:1 Municipality/member contribution ratio and any additional contributions to ensure that Plans I, II, and III are adequately funded as determined by the actuary and approved by the Retirement Board.

Benefit and contribution provisions are established by Code and may be amended only by the Assembly. The January 1, 2013 actuarial valuation recommended contribution rates for Plans I, II and III are 6 percent for the employee and \$10 million for the Municipality. All past contributions were made in accordance with actuarial recommendations.

Benefits for all three plans include voluntary normal, early, and deferred retirement benefits and occupational and non-occupational disability and death benefits. The extent of benefits varies by plan and basic benefit provisions are discussed in the following paragraphs. Benefits vest after five years of service for all plans, retirement benefits are paid monthly for life and are equal to 2.5 percent of average monthly compensation times years of credited service. A member may retire after 20 years of credited service and immediately begin receiving a monthly benefit. For Plans I and II average monthly compensation is the amount paid during the period of the highest three consecutive calendar years divided by the number of months for which compensation was received. For Plan III, final average compensation is the greater of the average of the two highest consecutive tax years of base compensation or average of total base compensation for the last 52 pay periods.

Plan I and II members may elect early retirement after five years of credited service and attainment of age 55 and receive a retirement benefit. Plan III members may elect early retirement after 15 years of credited service and either withdraw their contributions or start receiving a retirement benefit. All three plans have deferred retirement options for members who have at least five years credited service and have not

reached age 55. Plan I and II members may either withdraw their contributions or remain in the plan and begin receiving a retirement benefit upon reaching age 55. Plan III members may either withdraw their contributions or receive a retirement benefit beginning the date on which he or she would have completed 20 years of credited service or upon reaching age 55. All benefits or refunds of the Plans are recognized when due and payable in accordance with the plan terms as noted. Disability benefits may be either occupational or non-occupational.

Benefits are payable for life, and are subject to certain restrictions. To be eligible for non-occupational benefits, a member must have five years credited service prior to date of disability. Plan I and II members receive an occupational benefit of 66 2/3 percent of gross monthly compensation at time of disability and a non-occupational disability of 50 percent of monthly compensation. Plan III members receive an occupational benefit of 50 percent of final average compensation at time of disability and a non-occupational disability of 25 percent of final average compensation at time of disability with more than five but less than ten years credited service. For each additional year of service up to 20 years, the benefit shall increase by 2.5 percent of final average compensation.

Plan III beneficiaries are entitled to receive limited cost of living adjustments and children's benefits until dependent children reach age eighteen.

Information regarding the Plans is available upon request and may be obtained by writing to Anchorage Police and Fire Retirement System, 3650 E. Tudor Road, P.O. Box 196650, Anchorage, Alaska 99519-6650 or by phoning (907) 343-8400.

Funding Status and Funding Progress

Annual pension cost and the related information for 2013 and the two prior years is as follows:

	Police and Fire Retirement Systems		
	Plan I	Plan II	Plan III
Annual pension cost (in thousands)	\$2,246	\$1,755	\$5,999
Contributions made (in thousands)	\$2,246	\$1,755	\$5,999
Percentage of Pension Costs Contributed	100%	100%	100%
Actuarial valuation date	January 1, 2013	January 1, 2013	January 1, 2013
Actuarial cost method	Modified Aggregate	Modified Aggregate	Modified Aggregate
Amortization period	15 years	15 years	15 years
Asset valuation method	Market	Market	Market
Actuarial assumptions:			
Inflation rate	3.0%	3.0%	3.0%
Investment rate of return	7.9%	7.9%	7.9%
Projected salary increase	3.5%	3.5%	3.5%
Cost of living adjustment	N/A	N/A	0.75% to 1.50% *
Annual pension cost (in thousands)	\$1,220	\$1,127	\$3,893
Contributions made (in thousands)	\$1,220	\$1,127	\$3,893
Percentage of Pension Costs Contributed	100%	100%	100%
Actuarial valuation date	January 1, 2012	January 1, 2012	January 1, 2012
Actuarial cost method	Modified Aggregate	Modified Aggregate	Modified Aggregate
Amortization period	15 years	15 years	15 years
Asset valuation method	Market	Market	Market
Actuarial assumptions:			
Inflation rate	3.0%	3.0%	3.0%
Investment rate of return	8.0%	8.0%	8.0%
Projected salary increase	3.5%	3.5%	3.5%
Cost of living adjustment	N/A	N/A	0.75% to 1.50% *

	Police and Fire Retirement Systems		
	Plan I	Plan II	Plan III
Annual pension cost (in thousands)	\$1,780	\$1,490	\$5,293
Contributions made (in thousands)	\$1,780	\$1,490	\$5,293
Percentage of Pension Costs Contributed	100%	100%	100%
Actuarial valuation date	January 1, 2011	January 1, 2011	January 1, 2011
Actuarial cost method	Modified Aggregate	Modified Aggregate	Modified Aggregate
Amortization period	15 years	15 years	15 years
Asset valuation method	Market	Market	Market
Actuarial assumptions:			
Inflation rate	3.0%	3.0%	3.0%
Investment rate of return	8.0%	8.0%	8.0%
Projected salary increase	3.5%	3.5%	3.5%
Cost of living adjustment	N/A	N/A	0.75% to 1.50% *

.75% for present retirees and after retirement for current active members after 20th anniversary of hire, and 1.50% after 25th anniversary of hire

Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and that the information presented is intended to approximate the funding progress of the plan.

The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits (in thousands).

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
January 1, 2014:						
Plan I	\$ 78,262	\$ 88,793	\$ 10,531	88.10%	\$ -	0.00%
Plan II	58,510	66,010	7,500	88.60%	119	6302.50%
Plan III	212,964	238,977	26,013	89.10%	4,817	540.00%
January 1, 2013:						
Plan I	\$ 72,633	\$ 89,266	\$ 16,633	81.40%	\$ -	0.00%
Plan II	53,655	66,588	12,933	80.60%	257	5032.30%
Plan III	190,281	232,841	42,560	81.70%	6,161	690.80%
January 1, 2012:						
Plan I	\$ 71,033	\$ 91,014	\$ 19,981	78.00%	\$ -	0.00%
Plan II	51,730	67,288	15,558	76.90%	262	5938.20%
Plan III	178,092	228,737	50,645	77.90%	6,489	780.50%

Contribution Requirements

In May 2003, the Retirement Board elected to change the methodology for calculating contributions to the modified aggregate actuarial cost method, effective with the plan year beginning January 1, 2004.

Member contributions, if needed, are calculated to be 40 percent of the Municipality contributions (ratio of 2.5:1) subject to a maximum level of 6 percent of salary. Employer contributions are calculated annually as part of the Actuarial Valuation of the Plans Assets. Based on this methodology, Municipality contributions of \$5.9 million are required in 2014.

C. Investments

The State Plan and the Police & Fire Retirement System do not own any notes, bonds, or other instruments of the Municipality.

NOTE 14 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Members of the Police & Fire Retirement Plan participate in one of two post-employment health benefit plans.

A. Gentile Group

Members of the Police & Fire Retirement Plan who retired prior to January 1, 1995, and command personnel who were employed prior to that date, but not retired at that date, participate in the “Gentile Group” Plan. The Municipality pays 100 percent of a defined benefit insurance premium including health for all eligible retirees as well as dental, audio and vision coverage for police retirees. Optional dental, audio and vision coverage is paid by the fire and command retirees. The plan is accounted for on a “pay as you go” method with costs recognized as expenditures as premiums are paid. At December 31, 2013, there were 256 retiree participants. For 2013, the monthly contribution for each member ranged between \$2,513 and \$3,060 per member depending on age and years of service. Benefit costs totaled \$8,813,673 in 2013. There are no plans in place to terminate or discontinue this benefit for eligible members.

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

Active duty and non-command personnel members who were employed prior to January 1, 1995, but who were scheduled to retire after that date, as well as non-represented command personnel appointed after January 1, 1995 participate in the Police and Fire Retiree Medical Plan. Established with both defined benefit and defined contribution characteristics, the Municipality contributes a fixed dollar contribution to each member on a monthly basis. Those funds are placed into individual member accounts and can be used to fund any qualifying medical costs or health insurance premiums. Additionally, members have access to the Municipality’s health insurance program if they elect to pay the associated premium.

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

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

For 2013, the monthly contribution for each member ranges between \$495 and \$822 per member depending on age and years of service. The Municipality contributed \$3,044,309 to the Police and Fire Retiree Medical Trust Fund in 2013.

Concurrent with the establishment of the plan, the Municipality initiated a “Prefunding” arrangement. The terms of the prefunding call for annual deposits through 2014 into a special revenue fund for the purpose of accumulating resources to pay the annual required contributions to the Police and Fire Retiree Medical Plan beginning in 2014. Based on an actuarial report dated September 2009, the original payment schedule would not fully prefund the plan by 2014. The Municipality opted to continue contributions to the Trust through 2021 to fully prefund the plan. This change required an Amendment to the Anchorage Municipal Code, which was approved by the Assembly in December 2009. In accordance with the current prefunding arrangement, the Municipality is required to contribute \$1,869,000 to the special revenue fund on an annual basis in order to fully fund the actuarially determined liability by 2021.

In 2013, the Municipality contributed the annual \$1,869,000 to the fund. The Municipality will perform an actuarial funding study every two years and adjust the required annual contribution as needed and/or extend the final payment, as done in 2009 which requires a Code amendment.

Detailed information regarding rates and actuarial methods for the plan for the year ended 2013 are as follows:

	Gentile	Police and Fire
Actuarial Valuation Date	January 1, 2013	January 1, 2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Dollar, closed	Level Dollar, closed
Amortization Period	24 Years	24 Years
Asset Valuation Method	Unfunded	Unfunded
Actuarial Assumptions:		
Inflation Rate	Note (1)	3.4%
Annual Discount Rate	4.5%	8.0%
Healthcare Cost Trend Rate	9% assumed to decrease 0.5% until reaching 5%	9% assumed to decrease 0.5% until reaching 5%

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

The components of annual postemployment healthcare costs for the year ended 2013 (in thousands) are as follows:

	Postemployment Healthcare	
	Gentile Group	Police and Fire Retiree Medical Group
Annual Required Contribution (ARC)	\$ 6,012	\$ 2,835
Interest on the Net OPEB Obligation (NOO)	(193)	(4)
Adjustment to the ARC	282	3
Annual OPEB Cost (APC)	6,101	2,834
Contributions made	(9,713)	(3,943)
Increase (Decrease) in NOO	(3,612)	(1,109)
NOO, beginning of year	(4,295)	(55)
NOO (Asset), end of year	\$ (7,907)	\$ (1,164)
Percentage of Post-Employment Health Care Cost Contributed (2013)	144.47%	139.13%
Percentage of Post-Employment Health Care Cost Contributed (2012)	132.39%	116.49%
Percentage of Post-Employment Health Care Cost Contributed (2011)	120.81%	89.84%

	Postemployment Healthcare Benefits (in thousands)							
	Actuarial Valuation Year	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of Covered Payroll	
Gentile Group	2013	-	\$ 87,466	\$ 87,466	0%	\$ 257	34033%	
	2012	-	96,100	96,100	0%	257	37393%	
	2011	-	96,100	96,100	0%	262	36679%	
Police & Fire	2013	\$ 12,948	\$ 41,275	\$ 28,327	31%	\$ 6,161	460%	
	2012	11,123	42,833	31,710	26%	6,161	515%	
	2011	11,123	42,833	31,710	26%	6,489	489%	

MOA Premium Discount

In 2012 as authorized in Anchorage Municipal Code 3.87.050A, the Municipality provided a premium discount to all members of the Police and Fire Retiree Medical Trust that purchase municipal health insurance. At December 31, 2013 the Municipality contributed \$899,125 for that plan.

State Public Employee Retirement Plan

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

Deferred Compensation Plan

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

NOTE 15 - FUND BALANCE - GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

The Municipality has implemented the provisions of GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions. Fund balance, reported in aggregate on the governmental funds balance sheet is subject to the following constraints:

	General	MOA Trust	Capital Projects Road & Drainage	Other Governmental Funds	Total
Nonspendable					
Inventory	\$ 1,431,288	\$ -	\$ -	\$ -	\$ 1,431,288
Prepaid Items	-	-	-	1,000,000	1,000,000
Long-term Loans	1,501,531	-	-	-	1,501,531
Cemetery Perpetual Fund	-	-	-	150,000	150,000
Total Nonspendable	2,932,819	-	-	1,150,000	4,082,819
Restricted					
State Statute	2,595,783	-	-	-	2,595,783
Capital Improvements	-	-	4,443,990	2,964,469	7,408,459
MOA Trust Fund	-	144,181,374	-	-	144,181,374
Police & Fire Retiree Medical Liability	-	-	-	36,043,209	36,043,209
Federal Grants	-	-	-	1,723,303	1,723,303
State Grants	-	-	-	436,513	436,513
Federal/State Fines & Forfeitures	-	-	-	1,057,397	1,057,397
Misc Operations Grants	-	-	-	958,614	958,614
Convention Center Operating Fund	-	-	-	8,453,857	8,453,857
49th State Angle Fund	-	-	-	8,469,960	8,469,960
Debt Service	-	-	-	8,448,825	8,448,825
Total Restricted	2,595,783	144,181,374	4,443,990	68,556,147	219,777,294
Committed					
10% Bond Rating	37,267,885	-	-	-	37,267,885
Capital Improvements	-	-	180,611	12,084,563	12,265,174
Heritage Land Bank	-	-	-	6,670,173	6,670,173
State Grants	-	-	-	8,452	8,452
Debt Service	-	-	-	7,061,408	7,061,408
Total Committed	37,267,885	-	180,611	25,824,596	63,273,092
Assigned					
TAPS (Trans-Alaska Pipeline System)	8,104,090	-	-	-	8,104,090
Capital Improvements	-	-	-	431,544	431,544
State Grants	-	-	-	20,241,033	20,241,033
Federal Grants	-	-	-	839,401	839,401
Federal/State Fines & Forfeitures	-	-	-	1,186,521	1,186,521
Misc Operating Grants	-	-	-	229,160	229,160
Convention Center Operating Fund	-	-	-	1,935,961	1,935,961
Debt Service	-	-	-	8,778	8,778
Total Assigned	8,104,090	-	-	24,872,398	32,976,488
Unassigned					
2% Working Capital Reserve	6,522,473	-	-	-	6,522,473
Other Unassigned	21,906,564	-	(14,041,418)	(965,703)	6,899,443
Total Unassigned	28,429,037	-	(14,041,418)	(965,703)	13,421,916
Total Fund Balance	\$ 79,329,614	\$ 144,181,374	\$ (9,416,817)	\$ 119,437,438	\$ 333,531,609

Alaska State Statute 29.35.460 states that taxes levied within a differential tax zone that exceed the amount that would have otherwise been levied may only be used for the services provided in that zone. The Municipality has \$2,595,783 of restricted fund balance in several of the sub funds of the General Fund. The Municipality, by resolution, established a bond rating that is included in restricted and committed fund balance and a Working Capital Reserve that is included in unassigned fund balance, except for a portion that is included in the restricted fund balance as a result of the State Statute. In addition, a portion of the Trans-Alaska Pipeline System (TAPS) payment of property taxes in 2013 is included in restricted fund balance.

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

Bond Rating:	
Restricted	\$ 879,419
Committed	<u>36,267,885</u>
	<u><u>37,147,304</u></u>
TAPS:	
Assigned	<u>8,104,090</u>
	<u><u>8,104,090</u></u>
Working Capital Reserve:	
Restricted	43,749
Unassigned	<u>6,522,473</u>
	<u><u>\$ 6,566,222</u></u>

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

Major Funds:	
Capital Projects Roads & Drainage Fund	<u><u>\$ 29,450,879</u></u>
Non Major Capital Project Funds:	
Public Safety	2,937,912
Parks & Recreation	1,335,427
Areawide	7,166,176
Public Transportation	353,277
Heritage Land Bank	28,397
Miscellaneous	4,537,601
Historic Preservation	<u>7,690</u>
Total Non Major Capital Project Funds	<u><u>16,366,480</u></u>
Non Major Special Revenue Funds	
State Grants	13,214,928
Federal Grants	567,992
Federal/State Fines & Forfeitures	<u>25,852</u>
Total Non Major Special Revenue Funds	<u><u>\$ 13,808,772</u></u>

NOTE 16 - RISK MANAGEMENT AND SELF-INSURANCE

The Municipality is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; illness of and injuries to employees; unemployment; and natural disasters. The Municipality utilizes three risk management funds to account for and finance its uninsured risks of loss.

The Municipality provides coverage up to the maximum of \$2,000,000 per occurrence for automobile and general liability claims and \$2,000,000 for each workers' compensation claim. No settled claim exceeded this commercial coverage in 2013 while one claim exceeded this coverage in 2012 and two claims exceeded this coverage in 2011.

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

All Municipal departments participate in the risk management program and make payments to the risk management funds based on actuarial estimates of the amounts needed to pay prior and current year claims.

Claims payable represent estimates of claims to be paid based upon past experience modified for current trends and information. The ultimate amount of losses incurred through December 31, 2013, is dependent upon future developments. At December 31, 2013, claims incurred but not reported included in the liability accounts are \$13,209,194 in the General Liability/Workers' Compensation Fund and Medical/Dental Self Insurance Fund.

Changes in the funds' claim liability amounts in 2012 and 2013 are as follows:

	Balance January 1, 2013	Current Year Claims and Changes in Estimates	Claims Payment	Balance December 31, 2013
2012:				
General Liability/Workers' Compensation	\$ 21,085,683	\$ 7,983,278	\$ (12,354,406)	\$ 16,714,555
Medical/Dental	7,812,769	51,146,314	(51,930,734)	7,028,349
Unemployment	106,566	458,412	(446,346)	118,632
	<u>29,005,018</u>	<u>59,588,004</u>	<u>(64,731,486)</u>	<u>23,861,536</u>
2013:				
General Liability/Workers' Compensation	16,714,555	8,977,822	(7,208,027)	18,484,350
Medical/Dental	7,028,349	52,485,460	(52,580,535)	6,933,274
Unemployment	118,632	443,265	(467,147)	94,750
	<u>\$ 23,861,536</u>	<u>\$ 61,906,547</u>	<u>\$ (60,255,709)</u>	<u>\$ 25,512,374</u>

At December 31, 2013, the Medical and Dental Self Insurance Fund had unrestricted net position of \$4,135,683, an improvement of \$3,039,665 from 2012. Medical and Dental rates were increased by a margin of 3 percent in 2013 to ensure an adequate reserve.

At December 31, 2013, the General Liability and Worker's Compensation Fund had positive unrestricted net position of \$2,903,134. Insurance rates were increased to offset deficits in 2012 and 2011.

NOTE 17 - MOA TRUST FUND

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

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

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

Depending on the investment market conditions in any given year, the MOA Trust Fund may or may not generate sufficient realized and unrealized net earnings to cover the 5 percent dividend payout. Under the endowment model, however, up to 5 percent of the market value of the MOA Trust Fund for the twenty consecutive quarters ending on March 31 of each year is available for appropriation by the Assembly to help fund the general government budget. The endowment model is tied to an average market value, not to annual earnings, and it assumes a long-term investment return of 8 percent and inflation of 3 percent. During periods of market decline, the MOA Trust Fund may experience a negative return; nonetheless the

voter approved endowment model for the MOA Trust Fund makes it possible for the Assembly to pay out a 5 percent dividend by drawing from the fund's corpus. Over time the MOA Trust Fund is also expected to benefit from positive years in the market (i.e., years in which the real rate of return exceeds 5 percent); however the Assembly must abide by the 5 percent cap on annual distributions. This means that any excess returns generated during positive years in the market effectively are converted to corpus. Additionally, the Municipal Treasurer is required by the Anchorage Municipal Code to determine whether the MOA Trust Fund's purchasing power is being maintained, by performing an analysis at least every five years beginning in year 2007.

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

In 2013, consistent with the policy limitations described above, \$4,700,000 of the MOA Trust Fund balance was determined to be expendable and transferred to the General Fund.

NOTE 18 - REGULATORY AND OTHER MATTERS

A. Electric Utility

Beluga River Unit (BRU) Underlift Cash Settlement

Each of the three participants in the BRU has a right to take one-third of the gas produced by the Unit each year. Imbalances between the Unit owners are resolved each year in accordance with the BRU Gas Balancing Agreement. "Over lifted" parties (parties that have taken more than one-third of the Unit output) must offer to "under lifted" parties (parties that have taken less than one-third of the Unit output) the option to either accept a cash settlement for their under lift for the year, or accept a right to take the under lift in future years, subject to certain restrictions.

The Electric Utility received monetary settlements totaling \$22,950,406 after lease burdens and taxes were satisfied for the 2005 under lift in April 2006. The Electric Utility proposed to use this money to fund future gas purchases beginning in approximately 2018, and to preserve the value of the cash until that time by setting up a loan from the Gas Fund to the Electric Fund for the purpose of replacing the retired Unit 3. Repayment of the loan is scheduled to make funds available for future natural gas purchases by the time those purchases are needed. The RCA approved this plan in Order U-06-89(2). The Electric Utility recorded a deferred inflow for future natural gas purchases as of December 31, 2013 and 2012, which includes original principal plus interest earnings of \$31,727,421 and \$30,841,557 respectively.

Regulatory Debits/Credits

The revenue requirement methodology approved by the RCA for setting the gas transfer price the Electric Utility uses to produce power requires an estimate for the current year revenue requirement along with the prior year under or over recovered costs be used to compute the price to be charged. The Electric Utility records an asset and a regulatory credit for under recovered costs or a liability and a regulatory debit for over recovered costs by recording the difference between the revenue received and the actual revenue requirement. The Electric Utility had under-recovered as of December 31, 2013 and over-recovered for 2012 in the amounts of \$1,051,841 and \$4,681,518, respectively.

Petition to Adjust Gas Transfer Price Methodology

On April 3, 2007, the Electric Utility filed a petition with the RCA to adjust its gas transfer price methodology, which is the basis by which the gas price component in rates charged to customers is established. According to this methodology, the revenue requirement is reduced by revenue realized from third party gas sales to Chugach Electric Association, Inc. (CEA) and ENSTAR Natural Gas Company. The Electric Utility's petition proposed to remove the third party gas sales from the revenue requirement calculation and instead use those proceeds for future natural gas purchases or BRU construction when the BRU gas field no longer meets all of the Electric Utility's gas requirements for thermal generation.

The RCA granted the Electric Utility's petition on May 15, 2007, in Order U-07-45(2), reiterating that the revenue must be dedicated directly to the benefit of the Electric Utility's rate payers. As of January 2007, the Electric Utility recorded gas sales as a deferred inflow for future BRU construction or natural gas purchases, rather than revenue, which as of December 31, 2013 and 2012, totaled \$81,953,639 and \$90,450,921, respectively. Also as of January 2007, the Electric Utility recorded gas sales as a restricted investment for future BRU construction or natural gas purchases which as of December 31, 2013 and 2012 totaled \$81,756,623 and \$67,375,365, respectively. The difference in the deferred inflow and the investment is due to BRU construction spending not yet completed and capitalized.

Petition for Approval to use Deferred Regulatory Liability from Gas Sales Funds and to Modify Gas Transfer Price Methodology

On January 27, 2014, the Electric Utility filed a petition with the RCA for approval of a limited, one-time use of funds from its "deferred regulatory liability from gas sales" (DRLGS) account and to modify the methodology for determining the Electric Utility's gas transfer price (GTP). The Electric Utility requested approval of a one-time use of its DRLGS account to fund ARO expenses that the Electric Utility has incurred as of December 31, 2013. In addition, the Electric Utility requested approval on an ARO surcharge methodology for future recovery, through the GTP calculation, of the Electric Utility's future ARO expenses on a levelized dollar per Mcf basis over the Electric Utility's future BRU production. The Electric Utility did not request approval of any particular rate or rate change in the petition. If the requested ARO surcharge methodology is approved, the ARO surcharge will be reviewed annually as part of the Commission's review of the Electric Utility's annual GTP calculation in the Electric Utility's third quarter COPA filings. The Electric Utility requested the Commission issue a decision on this petition by April 30, 2014. On April 30, 2014, the Electric Utility received communication from the RCA that the Commission has determined to allow the Electric Utility a one-time use of \$6,208,891 in DRLGS funds for ARO expenses incurred as of December 31, 2013.

Revenue Requirement Study

The Electric Utility filed a request for rate relief with the RCA based on a 2011 test year revenue requirement study requesting a 9.72 percent permanent across-the-board rate increase to demand and energy charges. The RCA suspended the Electric Utility's request for permanent rate relief into docket U-13-006 for further investigation and granted a 7.78 percent interim and refundable increase effective March 1, 2013. The RCA is required by AS 42.05.175(c) to issue a final decision not later than 450 days after a complete tariff filing is made regarding a tariff filing that changes a utility's revenue requirement or rate design. The Electric Utility stipulated and consented to a revised procedural schedule. In this matter, the RCA is required to issue a final order no later than May 27, 2014. As a result of the agreements/concessions developed in testimony and at hearings the Electric Utility owes a refund of approximately \$384,718 to rate payers. The actual amount to be refunded is unknown until the Commission issues its final order. A large portion of the refund is due to depreciation.

The Electric Utility filed a request for rate relief with the RCA based on a 2012 test year revenue requirement study requesting a two-phase permanent across-the-board rate increase to demand and energy charges.

The Electric Utility proposed to implement the Phase One increase through a 24.32 percent across-the-board increase to the currently effective retail interim demand and energy charges approved in Order No. U-13-006(1). Phase One rates are at a reduced level as compared to Phase Two as a result of the Electric Utility's request to use up to \$5.5 million from the Gas Fund deferred regulatory liability for gas sales (DRLGS account) established in RCA Order No. U-07-045(2). The Electric Utility proposed to implement the Phase 2 increase through a 31.52 percent across-the-board increase to the same currently effective retail interim demand and energy charges approved in Order No. U-13-006(1) effective one year after the effective date of the Phase One permanent increase. The RCA suspended the Electric Utility's request for permanent rate relief into docket U-13-184 for further investigation and granted a 24.32 percent interim and refundable increase effective October 24, 2013. The RCA is required by AS 42.05.175(c) to issue a final decision not later than 450 days after a complete tariff filing is made regarding a tariff filing that changes a utility's revenue requirement or rate design. The parties in the proceeding agreed to an extension of the statutory timeline which requires the RCA to issue a decision no later than January 6, 2015.

Eklutna Hydroelectric Project

On October 2, 1997, the ownership of the Eklutna Hydroelectric Project was formally transferred from the Alaska Power Administration, a unit of the United States Department of Energy, to the three participating utilities: the Electric Utility, Chugach CEA and Matanuska Electric Association (MEA). The project is jointly owned and operated by the participating utilities and each contributes their proportionate share for operation, maintenance, and capital improvement costs, as well as maintenance of the transmission line between Anchorage and the hydroelectric plant. The Electric Utility has a 53.33 percent ownership interest in the project and recorded costs of \$417,399 and \$416,380 in 2013 and 2012, respectively.

Bradley Lake Hydroelectric Project

The Electric Utility agreed to acquire a portion of the output of the Bradley Lake Hydroelectric Project (Project) pursuant to a Power Sales Agreement (Agreement). The Agreement specifies the Electric Utility acquire 25.9 percent of the output of the Project. The Project went on line September 1, 1991. The Electric Utility made payments to the Alaska Energy Authority (AEA) of \$4,426,614 in 2013 for its portion of costs, and received 80,928 megawatt hours of power in 2013 from the Project. The Electric Utility received a budget surplus refund in the amount of \$267,135 for 2013. The Electric Utility's estimated cost of power from the Project for 2013 is \$4,874,880.

AEA issued the Power Revenue bonds, First and Second Series in September 1989 and August 1990, respectively, for the long term financing of the construction costs of the Project. On July 1, 2010, AEA issued \$28,800,000 principal amount of Power Revenue Bonds, Sixth Series. The Sixth Series Bonds were issued for the purpose of refunding the Power Revenue Bonds, Fifth Series Bonds to take advantage of lower interest rates. The total amount of debt outstanding as of December 31, 2012 is \$80,020,685. The pro rata share of the debt service costs of the Project, for which the Electric Utility is responsible, given its 25.9 percent share of the Project, is \$20,725,357. In the event of payment defaults by other power purchasers, the Electric Utility's share could be increased by up to 25 percent, which would then cause the Electric Utility's pro rata share of project debt service to be a total of \$25,906,696: the Electric Utility does not now know of or anticipate any such defaults.

Southcentral Power Project

The Electric Utility entered into a participation agreement with CEA on August 28, 2008, to proceed with the joint development, construction and operation of SPP. SPP went into service on January 30, 2013. It has a capacity of 200.3 MW, of which the Electric Utility's proportionate share is 60.09 MW, or 30 percent. The Electric Utility has recorded costs of \$4,767,860 and \$29,707,109 in 2013 and 2012, respectively.

B. Water Utility

2011 Test Year / 2013 Rates

On November 14, 2012, the Water Utility filed a revenue requirement study requesting an interim refundable rate increase of 6 percent to become effective January 1, 2013. On December 21, 2012, the RCA issued a letter order approving the requested rate increase on a permanent basis without suspension into a docket for further investigation.

2012 Test Year / 2014 Rates

On November 14, 2013, the Water Utility filed a revenue requirement study requesting an interim refundable rate increase of 4 percent to become effective January 1, 2014. The RCA granted the requested interim rate increase effective January 1, 2014. The RCA will issue a decision on the permanent rate increase no later than February 6, 2015.

C. Wastewater Utility

2011 Test Year / 2013 Rates

On November 14, 2012, the Wastewater Utility filed a revenue requirement study requesting an interim refundable rate increase of 4.5 percent to become effective January 1, 2013. On December 21, 2012, the RCA issued a letter order approving the requested rate increase on a permanent basis without suspension into a docket for further investigation.

2012 Test Year / 2014 Rates

On November 14, 2013, the Wastewater Utility filed a revenue requirement study requesting an interim refundable rate increase of 5.5 percent to become effective January 1, 2014. The RCA granted the requested interim rate increase effective January 1, 2014. The RCA will issue a decision on the permanent rate increase no later than February 6, 2015.

NOTE 19 - CONTINGENCIES**A. Litigation****Appeal of Property Taxes**

These are a series of actions filed by the Trans Alaska Pipeline System ("TAPS") owners for partial refund of taxes paid under protest to the Municipality for 2006-2011 tax years under AS 43.56. The actions have been filed as a protective measure while the court, in separate captioned matters, resolves the issue of whether the State over or undervalued TAPS' property for those years. In the 2006 action, the Supreme Court upheld the Superior Court's revaluation of the property at a substantially higher amount than the State valued the property. The taxes paid under the new assessment are unlikely to be at risk of being repaid; the only remaining avenue for appeal is a cert petition to the U.S. Supreme Court. For the 2007-2009 years, the Superior Court again revalued the property at substantially higher amount than the State and TAPS paid the Municipality approximately \$4.5 million under the new assessment for those years. If the Supreme Court reverses the Superior Court's decision, those amounts may be subject to refund with interest at a rate of 8 percent. Given the Supreme Court's decision in the 2006 matter, however, that risk is somewhat reduced. Finally, for the 2010 and 2011 tax years, the matter has not yet been adjudicated in the Superior Court. For those years, TAPS paid approximately \$5 million in taxes, some portion of which may be a risk of refund with interest depending on any adjustments to value that may be made by either the Superior or Supreme Court in subsequent proceedings.

Petroleum Severance Tax Appeal

For the period from January 1, 1999 through December 31, 2005, the Electric Utility paid under protest un-refunded severance taxes on BRU gas of \$4,524,351. The Electric Utility is not liable for taxes on BRU gas used to internally generate electricity and has allocated its BRU gas to its use for electric generation rather than to satisfy its gas sale obligations to third-parties. DOR contends the Electric Utility was required to limit its allocation of BRU gas for its own use to one-third of its requirements, with the remaining requirements satisfied through gas purchase contracts with Chevron and ConocoPhillips, and therefore the Electric Utility's additional BRU production is taxable due to its sale to third parties. On July 7, 2008, the Appeals Officer for DOR denied the Electric Utility's refund claims and, in addition, upheld additional assessments for the relevant period. The Electric Utility paid under protest the additional assessments plus accrued interest in the amount of \$282,524 in November 2007, and has timely appealed DOR's denial of refund claims and additional assessments to the State of Alaska Office of Administrative Hearings.

After submission of prefiled testimony, oral argument was held in December 2010. As of the current time, no decision has been issued. If successful, the Electric Utility will be entitled to return of the principal amounts paid under protest plus interest accruing at the rate of 11 percent per annum from the date paid.

Port Expansion

During 2003, the Municipality began expanding its port facilities. The project encountered problems and work was suspended on May 31, 2012. In March 2013, the Municipality filed suit in the State of Alaska Superior Court to against the engineers involved in the bulkhead design and ICRC, the project manager under contract with MARAD, to recover damages sustained as a result of design defects and faulty project oversight. In February 2014, the Municipality filed suit against MARAD to recover damages sustained as a result of its mishandling of the project. That case is pending before the United States Court of Federal Claims in Washington DC. For additional disclosure information, see Note 6 - Port of Anchorage Expansion.

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

B. Grants

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

C. Property Tax Limitation

On October 4, 1983, the Municipality voters approved a charter amendment limiting the amount of taxes the Municipality can levy except for debt service. With certain other exceptions, the amendment limits taxes to the amount levied in the previous year increased by Anchorage Consumer Price Index (CPI) and 5-year average population growth. In the opinion of management, the Municipality is in compliance with this limitation.

D. Spending Limitation

On August 3, 1983, the Assembly adopted an ordinance limiting the amount of expenditures in the general government operating budget for tax-supported services. The amount is limited to the previous year's budget increased by amounts no more than the percentage increase in the July CPI over the previous July CPI and those additional increases necessary to provide voter and legally mandated services. In the opinion of management, the Municipality is in compliance with this limitation.

E. Plumbers and Pipefitters, Local 367 Union Contract

The Plumbers and Pipefitters, Local 367 Union (Plumbers Union) contract expired June 30, 2010. The Municipality and the Plumbers Union entered negotiations in March 2010. The parties proceeded through negotiations, mediation, and arbitration in 2011. The arbitrator issued a decision in 2011, which was rejected by the Municipal Assembly. The Municipality and the Plumbers Union went to Superior Court in November 2011. In February 2012, the Superior Court issued a decision in favor of the Municipality's last best offer. In March 2012, the Plumbers Union filed an appeal to the Alaska Supreme Court. The Plumbers Union continues to work under the expired contract until a new contract is ratified. On March 29, 2013, the Alaska Supreme Court issued its decision in Plumbers & Pipefitters Local 367 v. Municipality of Anchorage affirming the Superior Court decision. The Wastewater Utility included an estimated liability in accrued payroll at December 31, 2012 of \$226,848. The Water Utility included an estimated liability in accrued payroll at December 31, 2012 of \$244,556. In April 2013, the Utility and the Plumbers Union agreed to certain provisions effectively extending the expired contract through December 31, 2013. The 2012 estimated liability was liquidated as a result of this agreement.

NOTE 20 - ENVIRONMENTAL ISSUES

The Municipality has adopted an aggressive proactive policy designed to identify and mitigate the potential effects of past, present and future activity that may result in environmental impact. It is accounting policy to record a liability when the likelihood of responsibility for an environmental impact is probable and the cost of mitigating the impact is estimable within reasonable limits. At December 31, 2013, there are environmental issues that meet both of these criteria and, accordingly, a provision has been made in the accompanying financial statements for the cost of mitigating environmental concerns of underground fuel and hazardous waste contamination. The following is a summary of environmental concerns.

A. Solid Waste Landfill Sites

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

In 1996, a project was undertaken to improve existing groundwater controls and to construct a new system to control and collect groundwater from beneath the site for treatment in the municipal wastewater system. This collection system has operated without fail, and has been effective in mitigating potential offsite

migration of contaminants. The Municipality continues to maintain landfill gas and groundwater control systems and to perform monitoring of this site in compliance with state and federal regulations governing closure of solid waste facilities.

B. Landfill Closure and 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, Solid Waste Services Utility (SWS) records an operating expense based on landfill capacity. During 2005, the future closure and postclosure care costs were reevaluated and adjusted to reflect current conditions. At December 31, 2013, SWS had a recorded liability of \$25,577,765 associated with these future costs, based on the use of 43 percent of the landfill’s estimated capacity. Based upon the 2005 study, it is estimated SWS will recognize an additional \$31,527,719 in liability expense between 2014 and 2043, the current estimated date the landfill is expected to reach full capacity. These amounts are based upon what it would cost to perform all the closure and postclosure functions in 2013. 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, 2013	Addition	Deletion	Balance December 31, 2013	Due in One Year
Future Landfill Closure Costs	\$ 23,723,952	\$ 1,853,813	\$ -	\$ 25,577,765	\$ -

State laws and federal regulations require the Municipality to provide financial assurances for future closure and postclosure costs by one of a number of allowable mechanisms available. Anchorage elected to use the “Local Government Test” financial assurance mechanism to comply with the regulation. Pursuant to AO2008-46, the Anchorage Assembly amended the Anchorage Municipal Code to establish a restricted account to fund the liability for landfill closure and postclosure purposes. At December 31, 2013, SWS reported \$10,015,200 of restricted assets for payment of closure and postclosure care costs.

C. Fuel/Polychlorinated Biphenyl (PCB) Contaminated Site at Hank Nikkels Power Plant One

During the 1964 earthquake, approximately 250,000-400,000 gallons of diesel fuel spilled on the ground. Based on numerous environmental investigations, the spill impacted soil and groundwater at the Hank Nikkels Power Plant One and properties west/northwest of the plant. During the 2006-2007 sub-surface investigation, in addition to diesel contamination known from the 1964 spill, PCBs were detected in the soil. All soil disturbing activities at the site are governed by the Risk-Based Disposal Plan (RBDP) administered by the Alaska Department of Environmental Conservation (ADEC) and the Environmental Protection Agency (EPA). In 2014, the Electric Utility does not have any plans for large scale soil disturbing activities that will result in significant environmental cost.

D. Electric Utility New Generation Permitting at Plant Two

Environmental permitting has been initiated prior to the construction of new generation units. ADEC issued an air quality construction permit in May 2013. This permit is currently under revisions to remove some operational limits. The permit is expected to be revised by ADEC by summer 2014. The Electric Utility will continue to oversee the process of obtaining all the necessary permits for the new and existing generation equipment immediately after that. Environmental permitting and compliance will continue to require a consultant’s expertise. The cost of compliance cannot be determined.

The increasing scope and stringency of environmental regulations continues to pose technical and financial challenges to the Electric Utility industry. These challenges are strongly influencing the planning of new generation projects. Given the number of existing regulations to be implemented and the expected

likelihood of additional new requirements in the coming years, environmental issues will continue to have a major impact on the planning and operation of the Electric Utility.

E. Pollution Remediation Obligation

Water Utility

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

The Water Utility used the expected cash flow technique to measure the liability. The Water Utility estimated a reasonable range of potential outlays of \$70,000 to \$225,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$85,000. The potential for a material change in the estimate is possible depending upon the response received from the ADEC.

Wastewater Utility

Beginning in 1992, in accordance with the Alaska Department of Environmental Conservation (ADEC) regulations, the Wastewater Utility commenced activities to remove three leaking underground fuel storage tanks and the surrounding contaminated soils. The Wastewater Utility used the expected cash flow technique to measure the liability. The Wastewater Utility estimated a reasonable range of potential outlays of \$370,000 to \$578,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$474,000. The potential for a material change in the estimate is possible depending upon the response received from the ADEC.

Other Environmental Issues

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

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

The Municipality used the expected cash flow technique to measure liability. The Municipality estimated a reasonable range of potential outlays of \$50,000 to \$100,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$87,501. The potential for a material change in the estimate is possible depending on the final outcome of the remediation.

The presence of soil contamination of subsurface hydraulic oil was discovered in 1990 at the Public Works Transit Facility. Bus hydraulic lifts 4, 6, 9 and 10 were the source of leak. In November, 2011 a work plan was proposed to repair existing monitoring of wells, measure product thickness, collect ground water samples for laboratory analysis and conduct a short-term product recovery assessment. The new lifts have not been installed as of December 2013.

Shannon and Wilson are in the process of developing a 9 year work plan for ADEC. This plan will be to review, install, develop, and sample on an additional recovery well, install passive skimmer in (4) wells, and conduct product recovery for one year from the passive skimmers. Shannon and Wilson will conduct one groundwater sampling event, investigate derived waste disposal, provide updates after field events and prepare a summary report. The cost for the first year is \$48,556. The estimated total costs for this cleanup is \$445,000. ADEC would like to have the product recovery started as soon as possible. The potential for a material change in the estimate is possible depending on the final outcome of the remediation.

The presence of diesel range organics, tetrachloroethylene and trichloroethylene chemicals exceeding applicable clean up levels were discovered on a parcel of land at 4501 Lake Otis Parkway owned by the

Municipality. From 1996 through 2008, this property was operated as a dry cleaning facility. The Municipality foreclosed on the property in 1993 but leased it back to the former owner until 2008.

The Municipality used the expected cash flow technique to measure liability. The Municipality estimated a reasonable range of potential outlays of \$922,344 to \$3,844,297 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$2,388,321. The potential for a material change in the estimate is possible depending on the final outcome of the remediation.

The presence of pesticides were spilled or sprayed on the ground at Muldoon and Debarr. The site was occupied by two greenhouses. Based off an assessment from the EPA, in 2012, the clean up is to remove the soils from the area which has been identified. The Municipality will start the work in June 2014.

The estimated total cost for the cleanup is \$120,000. The potential for a material change in the estimate is possible depending on the final outcome of the remediation.

Both Tract H and Tract J at the Port of Anchorage are ADEC designated contaminated sites. The Port is required to submit annual ground water monitoring reports to ADEC for both tracts. In 2013, the monitoring and reporting costs for Tract H were approximately \$12,000 and Tract J was approximately \$11,000.

Product releases on Lot 7B (Tesoro Terminal 2), most likely occurring during the period from 1964 to 1979, have contaminated groundwater that is now infiltrating Port Storm Drain System 3 resulting in contaminated storm water discharge at concentrations exceeding Alaska water quality standards. A project to rehabilitate the portion of Storm Drain System 3 that passes through the groundwater contamination plume is scheduled for 2014. The Port is responsible for the storm drain system repairs and Tesoro is responsible for the costs to manage and dispose of the contaminated soil and water encountered during the project. The project is estimated to cost \$2 million with a 40 percent share borne by the Port and a 60 percent share borne by Tesoro.

NOTE 21 - SUBSEQUENT EVENTS

Port Intermodal Expansion Project New Contractor

Subsequent to December 31, 2013, the Port Expansion executive committee executed a new project management contract with CH2MHILL. It is a 5 year not to exceed \$30 million for the completion of the Port expansion project.

Debt

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

Labor Law Ordinance, AO 37

On March 26, 2013, the Assembly approved an ordinance that rewrites city labor law. In part, the Ordinance removes the right to strike, limits annual pay increases, removes performance bonuses and incentives in future labor contracts and sets up a system for outsourcing some work done by city employees. On September 14, 2013, the Assembly approved a second ordinance that suspended the City Labor Law Ordinance AO 37 and could be put a referendum to the Municipal voters as early as November 2014, but no later than April 2015.

NOTE 22 - NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Municipality for 2013 reporting:

- GASB 65 – Items Previously Reported as Assets and Liabilities. This standard establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard also provides other financial reporting guidance related to the impact of the

financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. This standard was required to be implemented for the 2013 financial reporting period, however, the Municipality decided to early implement this standard since it was significantly linked to GASB Statement No. 63, which was required to be implemented in 2012.

- GASB 66 – Technical Corrections – 2012 – an amendment to GASB Statements No. 10 and No. 62. This standard amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported. This standard also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. This standard was required to be implemented for the 2013 financial reporting period. Provisions of this standard were considered during the preparation of the financial statements for 2013, but no significant changes were reported.

The following standards are either not required to be implemented for the 2013 reporting period or do not have a material effect on the Municipality's financial statements.

- GASB 67 – Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The objective of this standard is to improve financial reporting by state and local governmental pension plans. This standard results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this standard will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. This standard is required to be implemented for the 2014 financial reporting period.
- GASB 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. The primary objective of this standard is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This standard results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This standard is required to be implemented for the 2015 financial reporting period.
- GASB 69 – Government Combinations and Disposals of Government Operations. This standard establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this standard, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This standard is required to be implemented for the 2014 financial reporting period.
- GASB 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that

receive nonexchange financial guarantees. This standard is required to be implemented for the 2014 financial reporting period.

- GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB Statement No. 68, which is required to be implemented for the 2015 financial reporting period.

NOTE 23 – OTHER ACCOUNTING MATTERS

Water Utility Special Item

The Municipality sold the Water Utility a parcel of land for \$384,000, a price determined to be the Fair Market Value (FMV) of the land. The carrying value of the land at the time of the transaction on the Municipality's statement of net position was \$145,263. As required by GAAP, the Municipality recorded a transfer from the Water Utility for the difference between the FMV and carrying cost on the governmental fund statements and the statement of activities.

The Water Utility follows regulatory accounting and as such, has recorded the full FMV of the purchased land in its statement of net position as it is probable that future revenue in an amount at least equal to the FMV of the purchased land will be included as an allowable cost for rate-making purposes and the RCA will permit recovery of such cost. To properly reflect the rate-making adjustments, the Water Utility has shown a special item of \$238,737 to offset the transfer to the Municipality in connection with the land purchase as described above.

Port Extraordinary Item

In 2003, the Port and the Federal Maritime Administration (MARAD) began a project to expand the Port, operating under a Memorandum of Understanding (MOU). The MOU appointed MARAD as the project manager and \$163 million was advanced to MARAD which derived from state and local sources. In 2012, investigative reports determined that the project design was flawed and that significant aspects of the work performed was constructed incorrectly. (See Note 6- Port Expansion for discussion on subsequent legal issues). In 2013, it was determined that some of the assets built with the advances were viable for use. The Port capitalized \$101,377,568 in land improvements and infrastructure, leaving \$61,562,051 remaining in advances related to assets that will never be realized. Since this transaction is infrequent in occurrence and unusual in nature, and was outside management's control, the Port reported this write-off as an extraordinary item.

Heritage Land Bank Land Sale Special Item

The Municipality's special revenue fund Heritage Land Bank sold a parcel of land to Alaska Master Park LLC for \$4,500,000, a price determined to be the Fair Market Value (FMV) of the land. The carrying value of the land at the time of the transaction on the Municipality's statement of net position was \$423,066 which resulted in a significant gain in the amount of \$4,076,934. Although these types of transactions are typical for the Heritage Land Bank, this significant of a gain is unusual. Since this transaction was unusual in nature and within the control of management, the Municipality reported this transaction as a special item.

ASD 2012 Restatement for GASB 63 and GASB 65

ASD has adopted newly issued GASB pronouncements 63 and 65, resulting in a change in presentation for the financial statements. The new pronouncements require, among other things, that debt issuance costs be recognized as an expense in the year incurred, rather than capitalizing and amortizing these costs over the life of the debt. Retroactive restatement is required in the year of adoption and for the prior year comparative balances as well. The beginning net position for fiscal year 2012 has been restated causing a decrease of \$3,572,149.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information- Budgetary Comparison Schedule
 with Expenditures by Function for the General Fund and Sub-funds
 For the year ended December 31, 2013

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Revenues:						
Taxes	\$ 48,795,108	\$541,294,812	\$542,565,522	\$ -	\$542,565,522	\$ 1,270,710
Assessments in lieu of taxes	3,109,881	3,109,881	3,135,217	-	3,135,217	25,336
Special assessments	-	220,000	114,116	-	114,116	(105,884)
Licenses and permits	9,040,823	9,331,385	12,553,278	-	12,553,278	3,221,893
Intergovernmental	19,009,180	18,693,407	18,943,316	(1) 25,984,106	44,927,422	249,909
Charges for services	30,642,119	28,432,502	28,267,592	-	28,267,592	(164,910)
Fines and forfeitures	6,361,800	6,261,800	5,741,522	-	5,741,522	(520,278)
Investment income	1,848,293	2,979,748	483,138	-	483,138	(2,496,610)
Restricted contributions	2,887,995	3,000,267	2,899,532	-	2,899,532	(100,735)
Other revenues	3,611,110	3,448,459	3,713,561	-	3,713,561	265,102
Total revenues	<u>125,306,309</u>	<u>616,772,261</u>	<u>618,416,794</u>	<u>25,984,106</u>	<u>644,400,900</u>	<u>1,644,533</u>
Expenditures:						
Current:						
General government	19,096,651	16,400,867	16,218,817	(1) 3,421,511	19,640,328	182,050
Fire services	87,233,004	95,431,015	94,851,980	(1) 5,666,378	100,518,358	579,035
Police services	117,662,952	119,492,084	117,883,773	(1) 6,519,125	124,402,898	1,608,311
Health and human services	10,827,024	11,046,978	10,843,118	(1) 943,837	11,786,955	203,860
Economic and community development	38,516,509	39,538,003	37,380,915	(1) 1,259,838	38,640,753	2,157,088
Public transportation	23,963,331	23,084,427	23,159,984	(1) 1,390,334	24,550,318	(75,557)
Public works	23,790,110	21,503,839	19,728,795	(1) 5,911,648	25,640,443	1,775,044
Education	1,500,000	238,191,495	237,039,175	-	237,039,175	1,152,320
Maintenance and operations	35,024,702	35,729,396	32,105,903	(1) 871,435	32,977,338	3,623,493
Debt service:						
Principal	30,142,682	29,939,691	29,914,883	-	29,914,883	24,808
Interest	20,944,143	20,957,269	20,917,501	-	20,917,501	39,768
Total expenditures	<u>408,701,108</u>	<u>651,315,064</u>	<u>640,044,844</u>	<u>25,984,106</u>	<u>666,028,950</u>	<u>11,270,220</u>
Deficiency of revenues over expenditures	<u>(283,394,799)</u>	<u>(34,542,803)</u>	<u>(21,628,050)</u>	<u>-</u>	<u>(21,628,050)</u>	<u>12,914,753</u>
Other financing sources (uses):						
Transfers in – from other funds	36,502,495	32,885,619	34,566,495	-	34,566,495	1,680,876
Transfers out – to other funds	(22,363,349)	(18,752,212)	(16,189,188)	-	(16,189,188)	2,563,024
Sale of capital assets	10,000	10,000	608,881	-	608,881	598,881
Insurance recoveries	41,500	41,500	133,596	-	133,596	92,096
Total other financing source (uses)	<u>14,190,646</u>	<u>14,184,907</u>	<u>19,119,784</u>	<u>-</u>	<u>19,119,784</u>	<u>4,934,877</u>
Net change in fund balance	(269,204,153)	(20,357,896)	(2,508,266)	-	(2,508,266)	17,849,630
Fund balance, beginning of year	81,837,880	81,837,880	81,837,880	-	81,837,880	-
Fund balance, end of year	<u>\$ (187,366,273)</u>	<u>\$ 61,479,984</u>	<u>\$ 79,329,614</u>	<u>\$ -</u>	<u>\$ 79,329,614</u>	<u>\$17,849,630</u>

Explanation of differences:

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Required Supplementary Information – Budgetary Data

December 31, 2013

In 2003, the Municipality implemented GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*. This statement, an amendment to GASB Statement No. 34, clarifies the budgetary presentation requirements for governments with significant budgetary perspective differences that result in not being able to present budgetary comparison information for their general fund and major special revenue funds. The estimated appropriations in the Municipality's General Fund Budget do not correspond to the expenditures that are reported for the general fund on a GAAP basis. A reconciliation from GAAP to budgetary basis is provided to present the actual amounts on a budgetary basis for the budget to actual comparison.

In accordance with the Anchorage Home Rule Charter, the Mayor is required to submit a proposed budget for the next fiscal year to the Assembly at least 90 days before the end of the current fiscal year. The Assembly holds two public hearings on the proposed budget. The Assembly may increase or decrease any item, and may add or delete items; but must approve a budget and appropriate the necessary resources by ordinance at least 21 days prior to year end. Otherwise, the Mayor's proposal becomes the budget and appropriation.

The Assembly approved 2013 operating budgets and appropriations of direct costs at the department level, and indirect costs at the fund or sub-fund level. Some departmental appropriations span more than one fund. The Assembly approved 2013 capital budgets with anticipated appropriation of resources for the general government and appropriations for each utility. Upon certification by the Chief Fiscal Officer that actual resources have become available for specific general government capital projects; e.g., when a grant is accepted, a bond sale or interfund transfer is approved, or a special assessment district is created, a supplemental appropriation is submitted to the Assembly for final approval. Supplemental appropriations are also submitted for approval upon certification by the Chief Fiscal Officer that operating grant funds have become available. The legal level of a budgetary control is the fund or sub-fund level for revenues and expenditures and the department level for expenditures and other financing uses.

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

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

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Required Supplementary Information – Budgetary Data

December 31, 2013

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

The Municipal Assembly is required to approve the School District budget (in total only) and appropriate by ordinance the necessary resources at least sixty days prior to the current School District year end. Any budget revisions during the year increasing the total appropriation require approval by the Assembly. Expenditures may not exceed the aggregate total amount of the budget.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information- Condition Rating of Anchorage's Road Network
 December 31, 2013

	Percentage of Lane – Miles in Good or Better Condition		
	2011	2008	2005
Anchorage Road District	72.81%	75.51%	73.40%
Chugiak/Eagle River Road District	93.79%	95.87%	94.32%
Girdwood Road District	88.01%	94.32%	93.01%
Other Road Districts	71.71%	74.46%	76.95%
Overall System	77.62%	80.18%	78.48%

	Percentage of Lane – Miles in Fair Condition		
	2011	2008	2005
Anchorage Road District	27.19%	24.49%	26.60%
Chugiak/Eagle River Road District	6.21%	4.13%	5.68%
Girdwood Road District	11.99%	5.68%	6.99%
Other Road Districts	28.29%	25.54%	23.05%
Overall System	22.38%	19.82%	21.52%

Comparison of Estimated-to-Actual Maintenance/Preservation (in Thousands)

	2013	2012	2011	2010	2009
Anchorage Road District:					
Needed	\$ 25,145	21,883	13,782	11,772	\$ 79,137
Actual	24,412	21,860	12,966	11,800	78,094
Chugiak/Eagle River Road District:					
Needed	5,916	4,582	2,468	2,990	7,854
Actual	6,333	4,062	2,775	3,778	8,296
Girdwood Road District:					
Needed	641	316	282	313	330
Actual	744	391	444	263	303
Other Road Districts:					
Needed	2,439	1,015	1,012	1,059	1,097
Actual	3,566	1,758	1,443	1,509	2,207
Overall System:					
Needed	34,141	27,796	17,544	16,134	88,418
Actual	35,055	28,071	17,658	17,349	88,900
Difference	914	275	114	1,216	482

Note: The condition of road pavement is measured based upon an assessment of the longitudinal profile (International Roughness Index) and rut depth provided by the Dynatest Road Surface Profiler. The measurement system is an algorithm that combines the international roughness index, rut depth, and road profile to determine a condition index from two for pavement in excellent condition to seven for pavement in fair condition. The condition index is used to classify paved roads in good or better condition (4 or less) and fair condition (5 or more). It is Anchorage's policy to maintain 60% or more of the total paved road miles in good or better condition. Condition assessments are updated every three years.

MUNICIPALITY OF ANCHORAGE, ALASKA
Other Postemployment Benefits Information
Schedule of Funding Progress
Police and Fire Retirement Systems
Valuation Years 2013 through 2011
(in thousands)

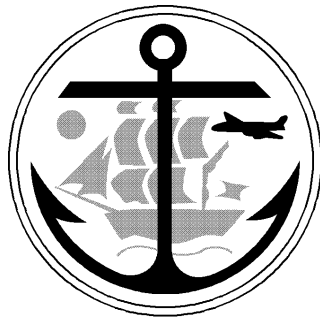
	Gentile Group		
	2013	2012	2011
Actuarial valuation date	January 1, 2013	January 1, 2012	January 1, 2011
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)*	87,466	96,100	96,100
Unfunded actuarial accrued liability (UAAL)	87,466	96,100	96,100
Funded ratio	0%	0%	0%

	Police & Fire Retiree Medical Group		
	2013	2012	2011
Actuarial valuation date	January 1, 2013	January 1, 2012	January 1, 2011
Actuarial value of plan assets	\$ 12,948	\$ 11,123	\$ 11,123
Actuarial accrued liability (AAL)*	41,275	42,833	42,833
Unfunded actuarial accrued liability (UAAL)	28,327	31,710	31,710
Funded ratio	31%	26%	26%

* Based on projected unit credit actuarial cost method.

Police and Fire Pension System Plans

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
January 1, 2014:						
Plan I	\$ 78,262	\$ 88,793	\$ 10,531	88.10%	\$ -	0.00%
Plan II	58,510	66,010	7,500	88.60%	257	2918.30%
Plan III	212,964	242,977	30,013	87.60%	6,161	487.10%
January 1, 2013:						
Plan I	\$ 72,633	\$ 89,266	\$ 16,633	81.40%	\$ -	0.00%
Plan II	53,655	66,588	12,933	80.60%	257	5032.30%
Plan III	190,281	232,841	42,560	81.70%	6,161	690.80%
January 1, 2012:						
Plan I	\$ 71,033	\$ 91,014	\$ 19,981	78.00%	\$ -	0.00%
Plan II	51,730	67,288	15,558	76.70%	262	5938.20%
Plan III	178,092	228,737	50,645	77.90%	6,489	780.50%



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SUPPLEMENTARY INFORMATION

Additional Budgetary Comparison Schedules

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Additional Supplementary Information- Budgetary Comparison Schedule
by General Fund and Sub-funds
For the year ended December 31, 2013

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Revenues & other financing sources:						
Areawide Service Area	\$ 130,228,380	\$349,752,307	\$ 351,950,358	\$ -	\$351,950,358	\$ 2,198,051
Former City Service Area	-	-	208	-	208	208
Chugiak Fire Service Area	50,970	1,200,493	1,428,087	-	1,428,087	227,594
Glen Alps Service Area	11,357	317,984	304,159	-	304,159	(13,825)
Girdwood Valley Service Area	53,830	2,152,226	2,441,024	-	2,441,024	288,798
Former Borough Roads & Drainage Service Area	-	-	(41)	-	(41)	(41)
Fire Service Area	2,610,921	69,732,682	69,903,798	-	69,903,798	171,116
Roads & Drainage Service Area	3,813,072	70,137,840	70,031,321	-	70,031,321	(106,519)
Limited Service Areas	252,602	8,848,372	9,728,155	-	9,728,155	879,783
Anchorage Metropolitan Police Service Area	13,780,355	115,937,561	115,294,243	-	115,294,243	(643,318)
Anchorage Bowl Parks & Recreation Service Area	2,846,866	19,645,458	19,611,787	-	19,611,787	(33,671)
Eagle River - Chugiak Parks & Recreational Service Area	481,777	3,943,970	4,099,949	-	4,099,949	155,979
Building Safety Service Area	5,951,370	6,251,370	7,270,940	-	7,270,940	1,019,570
Public Finance & Investment	1,778,194	1,788,507	1,662,071	-	1,662,071	(126,436)
Police/Fire Retiree Medical Defined Contribution Support	610	610	(293)	-	(293)	(903)
SOA PERs On-Behalf Payments	-	-	-	(1) 25,984,106	25,984,106	-
MOA Trust Fund	-	-	-	-	-	-
Total revenues & other finance sources	<u>161,860,304</u>	<u>649,709,380</u>	<u>653,725,766</u>	<u>25,984,106</u>	<u>679,709,872</u>	<u>4,016,386</u>
Expenditures & other financing uses:						
Areawide Service Area	133,146,175	365,110,662	358,855,201	-	358,855,201	6,255,461
Former City Service Area	-	-	-	-	-	-
Chugiak Fire Service Area	1,154,907	2,000,493	1,829,114	-	1,829,114	171,379
Glen Alps Service Area	344,342	317,984	317,563	-	317,563	421
Girdwood Valley Service Area	2,043,027	2,155,226	2,042,525	-	2,042,525	112,701
Fire Service Area	70,540,034	73,017,142	72,903,842	-	72,903,842	113,300
Roads & Drainage Service Area	67,618,911	68,070,657	65,626,281	-	65,626,281	2,444,376
Limited Service Areas	9,886,608	10,708,734	9,549,162	-	9,549,162	1,159,572
Anchorage Metropolitan Police Service Area	113,987,221	115,016,477	113,290,684	-	113,290,684	1,725,793
Anchorage Parks & Recreation Service Area	19,778,274	20,632,040	19,332,941	-	19,332,941	1,299,099
Eagle River - Chugiak Parks & Recreational Service Area	4,096,227	3,943,970	3,556,890	-	3,556,890	387,080
Building Safety Service Area	6,621,229	7,244,410	7,155,726	-	7,155,726	88,684
Public Finance & Investment	1,660,495	1,662,474	1,604,300	-	1,604,300	58,174
Police/Fire Retiree Medical Defined Contribution Support	187,007	187,007	169,803	-	169,803	17,204
SOA PERs On-Behalf Payments	-	-	-	(1) 25,984,106	25,984,106	-
Total expenditures & other financing uses	<u>431,064,457</u>	<u>670,067,276</u>	<u>656,234,032</u>	<u>25,984,106</u>	<u>682,218,138</u>	<u>13,833,244</u>
Net change in fund balance	<u>(269,204,153)</u>	<u>(20,357,896)</u>	<u>(2,508,266)</u>	<u>-</u>	<u>(2,508,266)</u>	<u>17,849,630</u>
Fund balance, beginning of year	<u>81,837,880</u>	<u>81,837,880</u>	<u>81,837,880</u>	<u>-</u>	<u>81,837,880</u>	<u>-</u>
Fund balance, end of year	<u>\$ (187,366,273)</u>	<u>\$ 61,479,984</u>	<u>\$ 79,329,614</u>	<u>\$ -</u>	<u>\$ 79,329,614</u>	<u>\$ 17,849,630</u>

Explanation of differences:

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

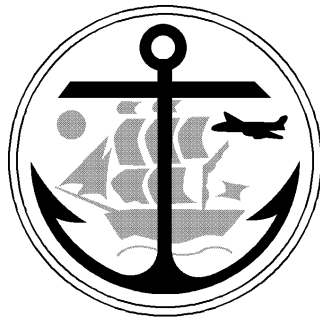
MUNICIPALITY OF ANCHORAGE, ALASKA
Additional Supplementary Information- Budgetary Comparison Schedule
by Department for the General Fund and Sub-funds
For the year ended December 31, 2013

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Expenditures & other financing uses:						
Assembly	\$ 2,874,931	\$ 2,968,108	\$ 2,851,252	(1) \$ 140,452	\$ 2,991,704	\$ 116,856
Chief Fiscal Officer	5,507,546	4,713,725	4,130,264	(1) 193,598	4,323,862	583,461
Development Services	8,917,804	8,661,681	8,783,906	(1) 1,916,109	10,700,015	(122,225)
Economic & Community Development	17,249,374	17,267,351	16,599,018	(1) 525,066	17,124,084	668,333
Education	-	236,691,495	236,691,495	-	236,691,495	-
Employee Relations	3,264,289	3,837,521	3,126,202	(1) 528,953	3,655,155	711,319
Office of Equal Opportunity	219,127	230,414	182,203	(1) 56,766	238,969	48,211
Equal Rights Commission	758,892	759,023	618,845	(1) 252,676	871,521	140,178
Finance	14,013,279	14,152,843	12,403,737	(1) 576,858	12,980,595	1,749,106
Fire	89,324,951	90,597,485	90,530,216	(1) 5,668,644	96,198,860	67,269
Health & Human Services	10,054,394	10,115,440	9,777,952	(1) 946,104	10,724,056	337,488
Heritage Land Bank/Real Estate Services	7,353,060	7,546,693	7,406,453	(1) 120,243	7,526,696	140,240
Information Technology	1,407,168	1,394,239	1,221,254	(1) 144,382	1,365,636	172,985
Internal Audit	701,432	705,588	659,495	(1) 53,837	713,332	46,093
Maintenance & Operations	91,610,831	92,736,701	89,013,436	(1) 873,702	89,887,138	3,723,265
Management & Budget	768,218	817,102	656,396	(1) 32,675	689,071	160,706
Mayor	2,739,853	3,337,689	3,323,063	(1) 996,229	4,319,292	14,626
Municipal Attorney	7,367,439	7,745,952	7,178,896	(1) 69,821	7,248,717	567,056
Municipal Manager	2,797,288	2,762,070	2,609,213	(1) 65,011	2,674,224	152,857
Non Departmental - TANS	116,779	110,914	109,423	-	109,423	1,491
Parks & Recreation	20,496,780	20,749,984	19,591,077	(1) 619,303	20,210,380	1,158,907
Planning	3,735,730	4,277,439	3,810,120	(1) 122,270	3,932,390	467,319
Police	98,332,140	97,674,743	97,069,182	(1) 6,521,391	103,590,573	605,561
Police/Fire Retiree Medical	185,992	185,992	168,873	-	168,873	17,119
Project Management & Engineering	8,991,296	8,950,637	8,922,373	(1) 1,946,278	10,868,651	28,264
Public Transportation	22,689,086	22,528,575	22,521,937	(1) 1,392,601	23,914,538	6,638
Purchasing	1,630,778	1,659,043	1,473,919	(1) 165,075	1,638,994	185,124
Traffic	9,440,899	9,453,160	9,426,243	(1) 2,056,062	11,482,305	26,917
Total expenditures & other financing uses	<u>432,549,356</u>	<u>672,631,607</u>	<u>660,856,443</u>	<u>25,984,106</u>	<u>686,840,549</u>	<u>11,775,164</u>
Less: net intragovernmental costs & billings	<u>(1,484,899)</u>	<u>(2,564,331)</u>	<u>(4,622,411)</u>	<u>-</u>	<u>(4,622,411)</u>	<u>2,058,080</u>
Total expenditures & other financing uses	<u>\$ 431,064,457</u>	<u>\$ 670,067,276</u>	<u>\$ 656,234,032</u>	<u>\$ 25,984,106</u>	<u>\$ 682,218,138</u>	<u>\$ 13,833,244</u>

Explanation of differences:

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

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



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

Debt Service Funds

The **Special Assessment Bonds Fund** accounts for special assessments and interest used to retire special assessment bonds which were issued to finance improvements to the assessed properties, except for special assessment bonds accounted for in proprietary funds.

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

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

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

Capital Projects Funds

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

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

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

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

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

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

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

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

Permanent Fund

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
at December 31, 2013
(with summarized financial information at December 31, 2012)

	Special Revenue					
	Heritage Land Bank	Federal/State Fines and Forfeitures	Convention Center Operating Reserve	State Grants	Federal Grants	49th State Angel Fund
Assets						
Cash	\$ -	\$ 55,297	\$ -	\$ -	\$ -	\$ -
Cash in central treasury	5,036,956	2,232,154	15,911,890	14,993,508	-	8,135,701
Investments	-	-	-	-	1,481,536	-
Accrued interest on investments	-	-	-	-	57	-
Due from other funds	85,000	-	-	-	-	-
Due from component units	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	1,887,162	-	-	-
Intergovernmental receivables	-	-	-	8,886,686	7,139,708	-
Special assessments receivable	725	-	-	-	-	-
Prepaid items and deposits	-	-	1,000,000	302	-	-
Loans receivable	-	-	-	-	6,454,026	-
Advances to other funds	1,615,000	-	-	-	-	-
Restricted assets:						
Investments	-	-	-	-	-	-
Investments in Angel Fund program	-	-	-	-	-	340,000
Investments in TCH, LLC	-	-	-	-	-	-
Total assets	<u>6,737,681</u>	<u>2,287,451</u>	<u>18,799,052</u>	<u>23,880,496</u>	<u>15,075,327</u>	<u>8,475,701</u>
Liabilities						
Accounts payable and retainages	46,428	43,533	1,013,537	1,761,154	312,629	-
Accrued payroll liabilities	20,355	-	-	249,800	64,843	5,741
Due to other funds	-	-	6,395,697	-	4,262,504	-
Unearned revenue and deposits	167	-	-	-	1,138,336	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>66,950</u>	<u>43,533</u>	<u>7,409,234</u>	<u>2,010,954</u>	<u>5,778,312</u>	<u>5,741</u>
Deferred Inflows of Resources						
Unavailable revenue-advanced lease payments	-	-	-	-	-	-
Unavailable revenue-intergovernmental revenues	-	-	-	1,183,544	6,734,311	-
Unavailable revenue-special assessments	558	-	-	-	-	-
Total deferred inflows of resources	<u>558</u>	<u>-</u>	<u>-</u>	<u>1,183,544</u>	<u>6,734,311</u>	<u>-</u>
Fund Balances (Deficits)						
Nonspendable	-	-	1,000,000	-	-	-
Restricted	-	1,057,397	8,453,857	436,513	1,723,303	8,469,960
Committed	6,670,173	-	-	8,452	-	-
Assigned	-	1,186,521	1,935,961	20,241,033	839,401	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>6,670,173</u>	<u>2,243,918</u>	<u>11,389,818</u>	<u>20,685,998</u>	<u>2,562,704</u>	<u>8,469,960</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 6,737,681</u>	<u>\$ 2,287,451</u>	<u>\$ 18,799,052</u>	<u>\$ 23,880,496</u>	<u>\$ 15,075,327</u>	<u>\$ 8,475,701</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
at December 31, 2013
(with summarized financial information at December 31, 2012)

	Special Revenue (Continued)				Debt Service	
	Police/Fire Retiree Medical Liability	Miscellaneous Operational Grants	Other Restricted Resources	Total Special Revenue	Special Assessment Bonds	Jail Revenue Bond
Assets						
Cash	\$ -	\$ -	\$ -	\$ 55,297	\$ -	\$ -
Cash in central treasury	-	1,206,116	-	47,516,325	-	512,276
Investments	36,047,382	-	-	37,528,918	-	-
Accrued interest on investments	-	-	-	57	-	-
Due from other funds	-	-	-	85,000	-	-
Due from component units	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	24,679	-	1,911,841	-	-
Intergovernmental receivables	-	-	-	16,026,394	-	-
Special assessments receivable	-	-	61,789	62,514	-	-
Prepaid items and deposits	-	-	-	1,000,302	-	-
Loans receivable	-	-	-	6,454,026	-	-
Advances to other funds	-	-	-	1,615,000	-	-
Restricted assets:						
Investments	-	-	-	-	-	-
Investments in Angel Fund program	-	-	-	340,000	-	-
Investments in TCH, LLC	-	-	-	-	-	-
Total assets	<u>36,047,382</u>	<u>1,230,795</u>	<u>61,789</u>	<u>112,595,674</u>	<u>-</u>	<u>512,276</u>
Liabilities						
Accounts payable and retainages	-	18,342	45,208	3,240,831	-	-
Accrued payroll liabilities	-	-	-	340,739	-	-
Due to other funds	4,173	-	130,888	10,793,262	-	-
Unearned revenue and deposits	-	-	-	1,138,503	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>4,173</u>	<u>18,342</u>	<u>176,096</u>	<u>15,513,335</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue-advanced lease payments	-	-	-	-	-	503,498
Unavailable revenue-intergovernmental revenues	-	24,679	-	7,942,534	-	-
Unavailable revenue-special assessments	-	-	-	558	-	-
Total deferred inflows of resources	<u>-</u>	<u>24,679</u>	<u>-</u>	<u>7,943,092</u>	<u>-</u>	<u>503,498</u>
Fund Balances (Deficits)						
Nonspendable	-	-	-	1,000,000	-	-
Restricted	36,043,209	958,614	-	57,142,853	-	-
Committed	-	-	-	6,678,625	-	-
Assigned	-	229,160	-	24,432,076	-	8,778
Unassigned	-	-	(114,307)	(114,307)	-	-
Total fund balances (deficits)	<u>36,043,209</u>	<u>1,187,774</u>	<u>(114,307)</u>	<u>89,139,247</u>	<u>-</u>	<u>8,778</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 36,047,382</u>	<u>\$ 1,230,795</u>	<u>\$ 61,789</u>	<u>\$ 112,595,674</u>	<u>\$ -</u>	<u>\$ 512,276</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 at December 31, 2013
 (with summarized financial information at December 31, 2012)

	Debt Service (Continued)			Capital Projects			
	ACPA Surcharge Revenue Bond	CIVICVentures	Total Debt Service	Areawide	Public Safety	Public Transportation	Miscellaneous
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash in central treasury	513,439	-	1,025,715	404,800	1,482,209	-	-
Investments	-	-	-	-	-	-	-
Accrued interest on investments	-	-	-	-	-	-	-
Due from other funds	-	6,385,656	6,385,656	3,511,932	-	-	-
Due from component units	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	132,367	-	132,367	-	-	-	-
Intergovernmental receivables	-	-	-	3,365,399	3,724,278	910,494	5,975,994
Special assessments receivable	-	-	-	291	-	-	6,075
Prepaid items and deposits	-	-	-	-	-	-	800
Loans receivable	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Restricted assets:							
Investments	-	8,478,771	8,478,771	-	-	-	-
Investments in Angel Fund program	-	-	-	-	-	-	-
Investments in TCH, LLC	-	-	-	373,978	-	-	-
Total assets	<u>645,806</u>	<u>14,864,427</u>	<u>16,022,509</u>	<u>7,656,400</u>	<u>5,206,487</u>	<u>910,494</u>	<u>5,982,869</u>
Liabilities							
Accounts payable and retainages	-	-	-	685,664	352,952	45,639	879,261
Accrued payroll liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	89,910	2,187,872	1,324,060	3,978,757
Unearned revenue and deposits	-	-	-	-	-	-	-
Advances from other funds	-	-	-	1,258,746	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,034,320</u>	<u>2,540,824</u>	<u>1,369,699</u>	<u>4,858,018</u>
Deferred Inflows of Resources							
Unavailable revenue-advanced lease payments	-	-	503,498	-	-	-	-
Unavailable revenue-intergovernmental revenues	-	-	-	-	33,718	-	-
Unavailable revenue-special assessments	-	-	-	291	-	1	112,514
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>503,498</u>	<u>291</u>	<u>33,718</u>	<u>1</u>	<u>112,514</u>
Fund Balances (Deficits)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	8,448,825	8,448,825	223,267	1,722,437	-	1,007,001
Committed	645,806	6,415,602	7,061,408	5,945,191	887,244	-	5,336
Assigned	-	-	8,778	-	22,264	-	-
Unassigned	-	-	-	(546,669)	-	(459,206)	-
Total fund balances (deficits)	<u>645,806</u>	<u>14,864,427</u>	<u>15,519,011</u>	<u>5,621,789</u>	<u>2,631,945</u>	<u>(459,206)</u>	<u>1,012,337</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 645,806</u>	<u>\$ 14,864,427</u>	<u>\$ 16,022,509</u>	<u>\$ 7,656,400</u>	<u>\$ 5,206,487</u>	<u>\$ 910,494</u>	<u>\$ 5,982,869</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
at December 31, 2013
(with summarized financial information at December 31, 2012)

	Capital Projects (Continued)				Permanent Fund	Total Nonmajor Governmental Funds	
	Parks and Recreation	Historic Preservation	Heritage Land Bank	Total Capital Projects	Cemetery Perpetual Maintenance	December 31, 2013	December 31, 2012
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,297	\$ 76,028
Cash in central treasury	4,233,769	181,716	819,036	7,121,530	453,996	56,117,566	49,545,449
Investments	-	-	-	-	-	37,528,918	33,504,466
Accrued interest on investments	-	-	-	-	-	57	-
Due from other funds	-	-	-	3,511,932	-	9,982,588	4,291,412
Due from component units	-	-	-	-	-	-	165,789
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	2,044,208	2,087,944
Intergovernmental receivables	663,764	-	-	14,639,929	-	30,666,323	30,628,574
Special assessments receivable	-	-	-	6,366	-	68,880	102,765
Prepaid items and deposits	-	-	-	800	-	1,001,102	1,005,252
Loans receivable	-	-	-	-	-	6,454,026	6,813,981
Advances to other funds	-	-	-	-	-	1,615,000	-
Restricted assets:							
Investments	-	-	-	-	-	8,478,771	14,650,597
Investments in Angel Fund program	-	-	-	-	-	340,000	-
Investments in TCH, LLC	-	-	-	373,978	-	373,978	382,574
Total assets	4,897,533	181,716	819,036	25,654,535	453,996	154,726,714	143,254,831
Liabilities							
Accounts payable and retainages	257,374	4,800	69,059	2,294,749	-	5,535,580	10,420,718
Accrued payroll liabilities	-	-	-	-	-	340,739	532,018
Due to other funds	-	-	-	7,580,599	-	18,373,861	11,658,377
Unearned revenue and deposits	-	-	-	-	-	1,138,503	1,373,503
Advances from other funds	-	-	-	1,258,746	-	1,258,746	1,348,656
Total liabilities	257,374	4,800	69,059	11,134,094	-	26,647,429	25,333,272
Deferred Inflows of Resources							
Unavailable revenue-advanced lease payments	-	-	-	-	-	503,498	503,499
Unavailable revenue-intergovernmental revenues	48,733	-	-	82,451	-	8,024,985	8,876,090
Unavailable revenue-special assessments	-	-	-	112,806	-	113,364	97,078
Total deferred inflows of resources	48,733	-	-	195,257	-	8,641,847	9,476,667
Fund Balances (Deficits)							
Nonspendable	-	-	-	-	150,000	1,150,000	1,155,252
Restricted	3,145	8,619	-	2,964,469	-	68,556,147	60,947,704
Committed	4,496,815	-	749,977	12,084,563	-	25,824,596	18,908,485
Assigned	240,983	168,297	-	431,544	-	24,872,398	28,069,626
Unassigned	(149,517)	-	-	(1,155,392)	303,996	(965,703)	(636,175)
Total fund balances (deficits)	4,591,426	176,916	749,977	14,325,184	453,996	119,437,438	108,444,892
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 4,897,533	\$ 181,716	\$ 819,036	\$ 25,654,535	\$ 453,996	\$ 154,726,714	\$ 143,254,831

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
the year ended December 31, 2013
(summarized financial info at December 31, 2012)

Special Revenue

	Heritage Land Bank	Federal/State Fines and Forfeitures	Convention Center Operating Reserve	State Grants	Federal Grants	49th State Angel Fund	Police/Fire Retiree Medical Liability
Revenues:							
Hotel and motel taxes	\$ -	\$ -	\$ 13,376,783	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	-	26,485,050	10,297,399	4,345,555	-
Charges for services	768,341	-	-	-	-	-	-
Fines and forfeitures	-	790,989	-	-	-	-	-
Investment income (loss)	6,171	(474)	(9,271)	6,024	16,920	(8,634)	5,628,783
Restricted contributions	-	-	-	-	-	-	-
Other	438	87,463	321,609	2,881	353,302	1,007	-
Total revenues	774,950	877,978	13,689,121	26,493,955	10,667,621	4,337,928	5,628,783
Expenditures:							
Current:							
General government	1,311,356	-	-	(1,054,311)	-	180,997	42,623
Fire services	-	-	-	20,541	1,148,204	-	1,514,944
Police services	-	754,241	-	243,900	2,870,338	-	1,542,419
Health and human services	-	-	-	10,252,477	1,675,228	-	-
Economic and community development	-	-	6,014,863	904,144	1,231,743	-	-
Public transportation	-	-	-	1,910,869	3,921,381	-	-
Public works	-	-	-	6,781,839	7,717	-	-
Education	-	-	-	4,239,928	-	-	-
Debt service:							
Principal	-	-	-	-	88,000	-	-
Interest	-	-	-	-	88,834	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital projects	-	-	-	2,355,692	-	-	-
Total expenditures	1,311,356	754,241	6,014,863	25,655,079	11,031,445	180,997	3,099,986
Excess (deficiency) of revenues over expenditures	(536,406)	123,737	7,674,258	838,876	(363,824)	4,156,931	2,528,797
Other financing sources (uses):							
Transfers from other funds	1,004,373	-	524,227	424,539	386,585	-	1,504,034
Transfers to other funds	(460,000)	-	(6,373,713)	(20,257)	-	-	-
General obligation bonds issued	-	-	-	-	-	-	-
Premium on bond sale	-	-	-	-	-	-	-
Sale of capital assets	5,777,211	-	-	-	-	-	-
Total other financing sources (uses)	6,321,584	-	(5,849,486)	404,282	386,585	-	1,504,034
Net change in fund balances	5,785,178	123,737	1,824,772	1,243,158	22,761	4,156,931	4,032,831
Fund balances (deficits), beginning of year	884,995	2,120,181	9,565,046	19,442,840	2,539,943	4,313,029	32,010,378
Fund balances (deficits), end of year	\$ 6,670,173	\$ 2,243,918	\$ 11,389,818	\$ 20,685,998	\$ 2,562,704	\$ 8,469,960	\$ 36,043,209

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
the year ended December 31, 2013
(summarized financial info at December 31, 2012)

	Special Revenue (Continued)			Debt Service			
	Miscellaneous	Other	Total	Special	Jail	ACPA	CIVICVentures
	Operational	Restricted	Special	Assessment	Revenue	Surcharge	Revenue Bond
	Grants	Resources	Revenue	Bonds	Bond	Revenue Bond	Revenue Bond
Revenues:							
Hotel and motel taxes	\$ -	\$ -	\$ 13,376,783	\$ -	\$ -	\$ -	\$ -
Special assessments	-	1,031,768	1,031,768	(4,025)	-	-	-
Intergovernmental	-	-	41,128,004	-	-	-	-
Charges for services	60	-	768,401	-	4,010,400	-	-
Fines and forfeitures	-	-	790,989	-	-	-	-
Investment income (loss)	(189)	(7,599)	5,631,731	(309)	68	(943)	27,547
Restricted contributions	174,318	-	174,318	-	-	-	-
Other	23	-	766,723	-	-	385,261	-
Total revenues	174,212	1,024,169	63,668,717	(4,334)	4,010,468	384,318	27,547
Expenditures:							
Current:							
General government	502,226	1,079,848	2,062,739	-	-	-	-
Fire services	1,750	-	2,685,439	-	-	-	-
Police services	-	-	5,410,898	-	-	-	-
Health and human services	28,109	-	11,955,814	-	-	-	-
Economic and community development	78,582	-	8,229,332	-	-	-	-
Public transportation	13,553	-	5,845,803	-	-	-	-
Public works	-	-	6,789,556	-	-	-	-
Education	-	-	4,239,928	-	-	-	-
Debt service:							
Principal	-	-	88,000	-	3,470,000	125,000	1,425,000
Interest	-	-	88,834	-	540,400	214,812	4,897,010
Bond issuance costs	-	-	-	-	-	-	-
Capital projects	-	-	2,355,692	-	-	-	-
Total expenditures	624,220	1,079,848	49,752,035	-	4,010,400	339,812	6,322,010
Excess (deficiency) of revenues over expenditures	(450,008)	(55,679)	13,916,682	(4,334)	68	44,506	(6,294,463)
Other financing sources (uses):							
Transfers from other funds	521,793	-	4,365,551	-	-	-	6,373,713
Transfers to other funds	-	-	(6,853,970)	(1,108,870)	-	-	(358)
General obligation bonds issued	-	-	-	-	-	-	-
Premium on bond sale	-	-	-	-	-	-	-
Sale of capital assets	-	-	5,777,211	-	-	-	358
Total other financing sources (uses)	521,793	-	3,288,792	(1,108,870)	-	-	6,373,713
Net change in fund balances	71,785	(55,679)	17,205,474	(1,113,204)	68	44,506	79,250
Fund balances (deficits), beginning of year	1,115,989	(58,628)	71,933,773	1,113,204	8,710	601,300	14,785,177
Fund balances (deficits), end of year	\$ 1,187,774	\$ (114,307)	\$ 89,139,247	\$ -	\$ 8,778	\$ 645,806	\$ 14,864,427

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
the year ended December 31, 2013
(summarized financial info at December 31, 2012)

	Debt Service (Continued)		Capital Projects				
	Total Debt Service	Areawide	Public Safety	Public Transportation	Miscellaneous	Parks and Recreation	Historic Preservation
Revenues:							
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	(4,025)	4,146	-	-	35,816	-	-
Intergovernmental	-	10,468,825	9,468,660	7,342,235	12,709,853	2,836,248	-
Charges for services	4,010,400	82,593	-	-	-	(914)	-
Fines and forfeitures	-	-	-	-	-	-	-
Investment income (loss)	26,363	19,006	125	-	-	24,609	1,718
Restricted contributions	-	-	-	-	-	1,151,981	-
Other	385,261	462,432	-	-	-	55,989	-
Total revenues	4,417,999	11,037,002	9,468,785	7,342,235	12,745,669	4,067,913	1,718
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Fire services	-	-	-	-	-	-	-
Police services	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-
Economic and community development	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Debt service:							
Principal	5,020,000	-	-	-	-	-	-
Interest	5,652,222	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital projects	-	14,927,149	11,609,811	7,856,247	12,863,842	7,398,058	18,710
Total expenditures	10,672,222	14,927,149	11,609,811	7,856,247	12,863,842	7,398,058	18,710
Excess (deficiency) of revenues over expenditures	(6,254,223)	(3,890,147)	(2,141,026)	(514,012)	(118,173)	(3,330,145)	(16,992)
Other financing sources (uses):							
Transfers from other funds	6,373,713	4,329,383	941,240	157,438	40,000	1,824,996	-
Transfers to other funds	(1,109,228)	(351,025)	(1,181,091)	(19,256)	(8,535)	(177,629)	(35,370)
General obligation bonds issued	-	-	-	-	-	-	-
Premium on bond sale	-	-	-	-	-	-	-
Sale of capital assets	358	-	-	-	-	-	-
Total other financing sources (uses)	5,264,843	3,978,358	(239,851)	138,182	31,465	1,647,367	(35,370)
Net change in fund balances	(989,380)	88,211	(2,380,877)	(375,830)	(86,708)	(1,682,778)	(52,362)
Fund balances (deficits), beginning of year	16,508,391	5,533,578	5,012,822	(83,376)	1,099,045	6,274,204	229,278
Fund balances (deficits), end of year	\$ 15,519,011	\$ 5,621,789	\$ 2,631,945	\$ (459,206)	\$ 1,012,337	\$ 4,591,426	\$ 176,916

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
the year ended December 31, 2013
(summarized financial info at December 31, 2012)

	Capital Projects (Continued)		Permanent Fund	Total Nonmajor Governmental Funds	
	Heritage Land Bank	Total Capital Projects	Cemetery Perpetual Maintenance	2013	2012
Revenues:					
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ 13,376,783	\$ 13,334,414
Special assessments	-	39,962	-	1,067,705	1,103,634
Intergovernmental	-	42,825,821	-	83,953,825	81,567,198
Charges for services	-	81,679	11,250	4,871,730	4,354,640
Fines and forfeitures	-	-	-	790,989	460,257
Investment income (loss)	-	45,458	(157)	5,703,395	4,770,036
Restricted contributions	-	1,151,981	-	1,326,299	59,003
Other	-	518,421	-	1,670,405	2,691,230
Total revenues	-	44,663,322	11,093	112,761,131	108,340,412
Expenditures:					
Current:					
General government	-	-	-	2,062,739	(727,987)
Fire services	-	-	-	2,685,439	4,397,182
Police services	-	-	-	5,410,898	4,439,038
Health and human services	-	-	-	11,955,814	11,911,139
Economic and community development	-	-	-	8,229,332	11,015,691
Public transportation	-	-	-	5,845,803	5,491,729
Public works	-	-	-	6,789,556	8,748,534
Education	-	-	-	4,239,928	7,448,791
Debt service:					
Principal	-	-	-	5,108,000	4,803,000
Interest	-	-	-	5,741,056	5,968,032
Bond issuance costs	-	-	-	-	15,828
Capital projects	438,661	55,112,478	-	57,468,170	47,725,841
Total expenditures	438,661	55,112,478	-	115,536,735	111,236,818
Excess (deficiency) of revenues over expenditures	(438,661)	(10,449,156)	11,093	(2,775,604)	(2,896,406)
Other financing sources (uses):					
Transfers from other funds	460,000	7,753,057	-	18,492,321	17,224,457
Transfers to other funds	(765,636)	(2,538,542)	-	(10,501,740)	(6,674,510)
General obligation bonds issued	-	-	-	-	3,668,502
Premium on bond sale	-	-	-	-	706,264
Sale of capital assets	-	-	-	5,777,569	20,092
Total other financing sources (uses)	(305,636)	5,214,515	-	13,768,150	14,944,805
Net change in fund balances	(744,297)	(5,234,641)	11,093	10,992,546	12,048,399
Fund balances (deficits), beginning of year	1,494,274	19,559,825	442,903	108,444,892	96,396,493
Fund balances (deficits), end of year	\$ 749,977	\$ 14,325,184	\$ 453,996	\$ 119,437,438	\$ 108,444,892

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 Heritage Land Bank
 Special Revenue Fund
 For the year ended December 31, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 201,000	\$ 201,000	\$ 768,341	\$ 567,341
Investment income	12,647	24,541	6,171	(18,370)
Other	5,000	5,000	438	(4,562)
Total revenues	<u>218,647</u>	<u>230,541</u>	<u>774,950</u>	<u>544,409</u>
Expenditures:				
General government	<u>2,394,217</u>	<u>1,508,949</u>	<u>1,311,356</u>	<u>197,593</u>
Total expenditures	<u>2,394,217</u>	<u>1,508,949</u>	<u>1,311,356</u>	<u>197,593</u>
Deficiency of revenues over expenditures	(2,175,570)	(1,278,408)	(536,406)	742,002
Other financing sources (uses):				
Transfers to other funds	(80,000)	(460,000)	(460,000)	-
Transfers from other funds	-	-	765,636	765,636
Sale of capital assets	<u>400,000</u>	<u>780,000</u>	<u>6,015,948</u>	<u>5,235,948</u>
Total other financing sources (uses)	<u>320,000</u>	<u>320,000</u>	<u>6,321,584</u>	<u>6,001,584</u>
Net change in fund balance	(1,855,570)	(958,408)	5,785,178	6,743,586
Fund balance, beginning of year	395,356	500,109	884,995	384,886
Fund balance, end of year	<u>\$ (1,460,214)</u>	<u>\$ (458,299)</u>	<u>\$ 6,670,173</u>	<u>\$ 7,128,472</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Budgetary Comparison Schedule
 Convention Center Operating Reserve
 Special Revenue Fund
 For the year ended December 31, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Hotel and motel taxes	\$ 13,266,538	\$ 13,521,228	\$ 13,376,783	\$ (144,445)
Investment income (loss)	-	-	(9,271)	(9,271)
Other	-	-	321,609	321,609
Total revenues	<u>13,266,538</u>	<u>13,521,228</u>	<u>13,689,121</u>	<u>167,893</u>
Expenditures:				
Economic and community development	6,179,449	6,280,942	6,014,863	266,079
Total expenditures	<u>6,179,449</u>	<u>6,280,942</u>	<u>6,014,863</u>	<u>266,079</u>
Excess of revenues over expenditures	7,087,089	7,240,286	7,674,258	433,972
Other financing sources (uses):				
Transfers to other funds	(6,395,010)	(6,395,010)	(6,373,713)	21,297
Transfers from other funds	500,000	523,872	524,227	355
Total other financing sources (uses)	<u>(5,895,010)</u>	<u>(5,871,138)</u>	<u>(5,849,486)</u>	<u>21,652</u>
Net change in fund balance	1,192,079	1,369,148	1,824,772	455,624
Fund balance, beginning of year	8,127,477	8,052,343	9,565,046	1,512,703
Fund balance, end of year	<u>\$ 9,319,556</u>	<u>\$ 9,421,491</u>	<u>\$ 11,389,818</u>	<u>\$ 1,968,327</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

Budgetary Comparison Schedule

Police/Fire Retiree Medical Liability

Special Revenue Fund

For the year ended December 31, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Investment income	\$ 90,000	\$ 90,000	\$ 5,628,783	\$ 5,538,783
Total revenues	90,000	90,000	5,628,783	5,538,783
Expenditures:				
General government	88,000	88,000	42,623	45,377
Fire services	1,495,859	1,518,401	1,514,944	3,457
Police services	1,522,988	1,545,938	1,542,419	3,519
Total expenditures	3,106,847	3,152,339	3,099,986	52,353
Excess (deficiency) of revenues over expenditures	(3,016,847)	(3,062,339)	2,528,797	5,591,136
Other financing sources:				
Transfers from other funds	1,504,120	1,504,120	1,504,034	(86)
Total other financing sources	1,504,120	1,504,120	1,504,034	(86)
Net change in fund balance	(1,512,727)	(1,558,219)	4,032,831	5,591,050
Fund balance, beginning of year	28,053,478	28,053,478	32,010,378	3,956,900
Fund balance, end of year	\$ 26,540,751	\$ 26,495,259	\$ 36,043,209	\$ 9,547,950

MUNICIPALITY OF ANCHORAGE, ALASKA

Budgetary Comparison Schedule

Special Assessment Bonds

Debt Service Fund

For the year ended December 31, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Special assessments	\$ -	\$ 9,228	\$ (4,025)	\$ (13,253)
Investment income (loss)	-	-	(309)	(309)
Total revenues	-	9,228	(4,334)	(13,562)
Other financing uses:				
Transfers to other funds	-	(1,122,431)	(1,108,870)	13,561
Total other financing sources	-	(1,122,431)	(1,108,870)	13,561
Net change in fund balance	-	(1,113,203)	(1,113,204)	(1)
Fund balance, beginning of year	1,089,868	1,089,868	1,113,204	23,336
Fund balance, end of year	\$ 1,089,868	\$ (23,335)	\$ -	\$ 23,335

MUNICIPALITY OF ANCHORAGE, ALASKA

Budgetary Comparison Schedule
 Jail Revenue Bond
 Debt Service Fund
 For the year ended December 31, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 5,034,675	\$ 5,034,675	\$ 4,010,400	\$ (1,024,275)
Investment income	-	-	68	68
Total revenues	5,034,675	5,034,675	4,010,468	(1,024,207)
Expenditures:				
Debt service:				
Principal	5,034,675	5,034,675	3,470,000	1,564,675
Interest	-	-	540,400	(540,400)
Total expenditures	5,034,675	5,034,675	4,010,400	1,024,275
Excess of revenues over expenditures	-	-	68	68
Net change in fund balance	-	-	68	68
Fund balance, beginning of year	8,639	8,639	8,710	71
Fund balance, end of year	\$ 8,639	\$ 8,639	\$ 8,778	\$ 139

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 ACPA Surcharge Revenue Bond
 Debt Service Fund
 For the year ended December 31, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment loss	\$ -	\$ -	\$ (943)	\$ (943)
Other	339,813	339,813	385,261	45,448
Total revenues	<u>339,813</u>	<u>339,813</u>	<u>384,318</u>	<u>44,505</u>
Expenditures:				
Debt service:				
Principal	125,000	125,000	125,000	-
Interest	214,813	214,813	214,812	1
Total expenditures	<u>339,813</u>	<u>339,813</u>	<u>339,812</u>	<u>1</u>
Excess of revenues over expenditures	-	-	44,506	44,506
Net change in fund balance	-	-	44,506	44,506
Fund balance, beginning of year	458,165	458,165	601,300	143,135
Fund balance, end of year	<u>\$ 458,165</u>	<u>\$ 458,165</u>	<u>\$ 645,806</u>	<u>\$ 187,641</u>

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Nonmajor Enterprise Funds
at December 31, 2013
(with summarized financial information at December 31, 2012)

Assets	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds	
				December 31, 2013	December 31, 2012
Current assets:					
Cash	\$ 700	\$ 2,775	\$ 200	\$ 3,675	\$ 3,675
Cash in central treasury	5,327,964	11,410,635	-	16,738,599	20,964,236
Accrued interest on investments	20,125	99,958	-	120,083	97,622
Interest receivable	-	-	13	13	14
Intergovernmental receivables	-	-	1,511,248	1,511,248	782,511
Receivables (net of allowance for uncollectibles)	654,420	1,628,551	1,387	2,284,358	1,864,533
Inventories	-	64,921	-	64,921	-
Prepaid items and deposits	1,437	3,553	11,158	16,148	19,022
Restricted assets:					
Capital acquisition and construction accounts	1,291,388	11,948,263	4,545,452	17,785,103	16,322,901
Landfill post closure cash reserve	-	10,015,200	-	10,015,200	8,166,784
Total current assets	7,296,034	35,173,856	6,069,458	48,539,348	48,221,298
Noncurrent assets:					
Restricted assets:					
Loans receivable, net	-	-	2,676	2,676	3,680
Capital assets, net	3,776,557	59,767,398	60,109,902	123,653,857	119,234,004
Total noncurrent assets	3,776,557	59,767,398	60,112,578	123,656,533	119,237,684
Total assets	11,072,591	94,941,254	66,182,036	172,195,881	167,458,982
Liabilities					
Current liabilities:					
Accounts payable and retainages	48,751	342,795	21,363	412,909	1,016,131
Accrued interest payable	-	124,298	-	124,298	139,652
Accrued payroll liabilities	87,195	478,147	63,868	629,210	658,370
Compensated absences	140,006	470,903	79,297	690,206	701,820
Due to other funds	-	-	261,585	261,585	719,726
Long-term obligations maturing within one year	-	1,718,267	-	1,718,267	1,718,267
Unearned revenues	87,427	146,271	99,618	333,316	101,161
Current liabilities payable from restricted assets:					
Capital acquisition and construction accounts and retainage payable	-	550,791	157,745	708,536	985,079
Total current liabilities	363,379	3,831,472	683,476	4,878,327	6,040,206
Noncurrent liabilities:					
Alaska clean water loans payable	-	13,308,405	-	13,308,405	15,026,673
Compensated absences	-	-	5,557	5,557	3,141
Total noncurrent liabilities	-	13,308,405	5,557	13,313,962	15,029,814
Other liabilities:					
Future landfill closure costs	-	25,577,765	-	25,577,765	23,723,952
Total liabilities	363,379	42,717,642	689,033	43,770,054	44,793,972
Deferred Inflows of Resources					
Deferred intergovernmental-time requirement	-	-	9,916	9,916	201,435
Total deferred inflows of resources	-	-	9,916	9,916	201,435
Net Position					
Net investment in capital assets	3,776,557	44,740,725	60,109,902	108,627,184	102,489,064
Restricted for capital construction	1,291,388	11,397,472	5,889,039	18,577,899	16,118,898
Unrestricted	5,641,267	(3,914,585)	(515,854)	1,210,828	3,855,613
Total net position	10,709,212	52,223,612	65,483,087	128,415,911	122,463,575
Total liabilities, deferred inflows of resources and net position	\$ 11,072,591	\$ 94,941,254	\$ 66,182,036	\$ 172,195,881	\$ 167,458,982

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
The year ended December 31, 2013
(with summarized financial info at December 31, 2012)

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds	
				2013	2012
Operating revenues:					
Charges for sales and services	\$ 8,726,815	\$ 20,203,527	\$ 1,401,611	\$ 30,331,953	\$ 30,396,054
Other	46,752	2,294,610	-	2,341,362	739,392
Total operating revenues	<u>8,773,567</u>	<u>22,498,137</u>	<u>1,401,611</u>	<u>32,673,315</u>	<u>31,135,446</u>
Operating expenses:					
Operations	7,828,552	13,133,138	1,292,210	22,253,900	22,107,268
Amortization of future landfill closure costs	-	1,853,813	-	1,853,813	1,574,818
Depreciation and amortization	889,752	3,260,936	2,353,402	6,504,090	7,194,985
Total operating expenses	<u>8,718,304</u>	<u>18,247,887</u>	<u>3,645,612</u>	<u>30,611,803</u>	<u>30,877,071</u>
Operating income (loss)	<u>55,263</u>	<u>4,250,250</u>	<u>(2,244,001)</u>	<u>2,061,512</u>	<u>258,375</u>
Nonoperating revenues (expenses):					
Investment income	7,134	124,637	32,903	164,674	814,536
Other revenues	-	-	4,421	4,421	18,445
Intergovernmental revenue	-	-	121,173	121,173	116,452
Interest expense	-	(233,631)	-	(233,631)	(237,671)
Gain (loss) on sale of capital assets	33,479	(122)	-	33,357	3,750,679
Net nonoperating revenues (expenses)	<u>40,613</u>	<u>(109,116)</u>	<u>158,497</u>	<u>89,994</u>	<u>4,462,441</u>
Income before capital contributions and transfers	95,876	4,141,134	(2,085,504)	2,151,506	4,720,816
Capital contributions	-	2,167,996	2,654,814	4,822,810	6,581,297
Transfers to other funds	(71,165)	(910,221)	(40,594)	(1,021,980)	(1,021,407)
Change in net position	<u>24,711</u>	<u>5,398,909</u>	<u>528,716</u>	<u>5,952,336</u>	<u>10,280,706</u>
Net position, beginning of year	<u>10,684,501</u>	<u>46,824,703</u>	<u>64,954,371</u>	<u>122,463,575</u>	<u>112,182,869</u>
Net position, end of year	<u>\$ 10,709,212</u>	<u>\$ 52,223,612</u>	<u>\$ 65,483,087</u>	<u>\$ 128,415,911</u>	<u>\$ 122,463,575</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
 Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the year ended December 31, 2013
 (with summarized financial information at December 31, 2012)

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds	
				2013	2012
Cash flows from operating activities:					
Receipts from customers	\$ 8,813,756	\$ 22,264,783	\$ 1,403,494	\$ 32,482,033	\$ 31,714,335
Payments to employees	(2,704,987)	(7,991,349)	(1,034,273)	(11,730,609)	(11,194,373)
Payments to vendors	(3,535,742)	(5,763,403)	213,371	(9,085,774)	(10,356,098)
Payments to interfund services used	(1,649,819)	(26,016)	(465,309)	(2,141,144)	-
Net cash from operating activities	923,208	8,484,015	117,283	9,524,506	10,163,864
Cash flows from noncapital and related financing activities:					
Intergovernmental revenue	-	-	121,173	121,173	116,452
Transfers to other funds	(71,165)	(910,221)	(40,594)	(1,021,980)	(1,021,407)
Due to other funds	-	-	(458,141)	(458,141)	(438,415)
Net cash from noncapital and related financing activities	(71,165)	(910,221)	(377,562)	(1,358,948)	(1,343,370)
Cash flows from capital and related financing activities:					
Principal payments on long-term obligations	-	(1,718,268)	-	(1,718,268)	(1,718,267)
Interest payments on long-term obligations	-	(248,985)	-	(248,985)	(239,878)
Acquisition and construction of capital assets	(18,762)	(7,721,969)	(3,459,877)	(11,200,608)	(7,678,034)
Landfill post closure cash reserve	-	(1,848,416)	-	(1,848,416)	(1,779,601)
Proceeds from the sale or disposition of capital assets	33,479	-	-	33,479	4,928,782
Capital contributions - intergovernmental	-	1,967,996	1,943,595	3,911,591	5,253,219
Net cash from capital and related financing activities	14,717	(9,569,642)	(1,516,282)	(11,071,207)	(1,233,779)
Cash flows from investing activities:					
Investment income	1,349	107,961	32,904	142,214	858,969
Net cash from investing activities	1,349	107,961	32,904	142,214	858,969
Net increase (decrease) in cash	868,109	(1,887,887)	(1,743,657)	(2,763,435)	8,445,684
Cash, beginning of year	5,751,943	25,249,560	6,289,309	37,290,812	28,845,128
Cash, end of year	\$ 6,620,052	\$ 23,361,673	\$ 4,545,652	\$ 34,527,377	\$ 37,290,812
Cash					
Cash	700	2,775	200	3,675	3,675
Cash in central treasury	5,327,964	11,410,635	-	16,738,599	20,964,236
Capital acquisition and construction accounts	1,291,388	11,948,263	4,545,452	17,785,103	16,322,901
Cash, December 31	\$ 6,620,052	\$ 23,361,673	\$ 4,545,652	\$ 34,527,377	\$ 37,290,812
Reconciliation of change in net position to net cash provided by operating activities:					
Operating income (loss)	\$ 55,263	\$ 4,250,250	\$ (2,244,001)	\$ 2,061,512	\$ 258,375
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Amortization of landfill closure costs	-	1,853,813	-	1,853,813	1,574,818
Depreciation and amortization	889,752	3,260,936	2,353,402	6,504,090	7,194,985
Other revenues	-	-	4,421	4,421	18,445
Changes in assets and liabilities which increase (decrease) cash:					
Accounts receivable, net	(47,238)	(379,625)	8,042	(418,821)	547,700
Inventories	-	(64,921)	-	(64,921)	-
Prepaid items and deposits	194	479	2,200	2,873	1,615
Accounts payable and retainages	(54,257)	(531,593)	(17,372)	(603,222)	375,797
Accrued payroll liabilities	(13,563)	(18,921)	3,324	(29,160)	168,149
Compensated absences payable	5,630	(32,674)	17,846	(9,198)	11,236
Unearned revenue and deposits	87,427	146,271	(10,579)	223,119	12,744
Total cash provided (used) by operating activities	923,208	8,484,015	117,283	9,524,506	10,163,864
Noncash investing, capital, and financing activities:					
Capital purchases on account	-	550,791	157,745	708,536	985,079
Contributed capital and equipment	-	-	-	-	1,687,718
Total noncash investing, capital, and financing activities	\$ -	\$ 550,791	\$ 157,745	\$ 708,536	\$ 2,672,797

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, on a cost reimbursement basis.

Three **Risk Management Funds** account for money received from other Municipal funds to pay for the costs of self-insurance claims in the following categories:

- General liability, automobile liability, workers' compensation
- Medical/Dental
- Unemployment compensation

The **Equipment Maintenance Fund** accounts for the management and maintenance of general government equipment and vehicles.

The **Information Technology Fund** accounts for management information services.

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Internal Service Funds
at December 31, 2013
(with summarized financial information at December 31, 2012)

	Risk Management			
	General Liability/ Workers' Compensation	Medical/ Dental	Unemployment Compensation	Equipment Maintenance
Assets				
Current assets:				
Cash in central treasury	\$ 19,880,982	\$ 11,112,726	\$ 933,618	\$ 7,873,842
Master lease agreement escrow	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	366,772
Prepaid items and deposits	390,559	-	-	-
Restricted assets:				
Capital acquisition and construction accounts	-	-	-	2,478,855
Total current assets	<u>20,271,541</u>	<u>11,112,726</u>	<u>933,618</u>	<u>10,719,469</u>
Noncurrent assets:				
Advances to other funds	1,406,427	-	-	-
Capital assets, net	-	-	-	19,765,657
Total noncurrent assets	<u>1,406,427</u>	<u>-</u>	<u>-</u>	<u>19,765,657</u>
Total assets	<u><u>21,677,968</u></u>	<u><u>11,112,726</u></u>	<u><u>933,618</u></u>	<u><u>30,485,126</u></u>
Liabilities				
Current liabilities:				
Accounts payable and retainages	254,559	40,166	-	251,516
Accrued payroll liabilities	14,338	25	-	142,776
Compensated absences	4,557	3,579	-	183,319
Claims payable	11,189,368	1,019,061	94,751	-
Claims incurred but not reported	1,541,165	5,914,212	-	-
Due to other funds	-	-	-	85,000
Accrued interest payable	-	-	-	-
Long-term obligations maturing within one year	-	-	-	-
Current liabilities payable from restricted assets:				
Capital acquisition and construction accounts and retainage payable	-	-	-	236,660
Total current liabilities	<u>13,003,987</u>	<u>6,977,043</u>	<u>94,751</u>	<u>899,271</u>
Noncurrent liabilities:				
Advances from other funds	-	-	-	1,615,000
Compensated absences	17,030	-	-	-
Capital leases payable	-	-	-	-
Claims incurred but not reported	5,753,817	-	-	-
Total noncurrent liabilities	<u>5,770,847</u>	<u>-</u>	<u>-</u>	<u>1,615,000</u>
Total liabilities	<u><u>18,774,834</u></u>	<u><u>6,977,043</u></u>	<u><u>94,751</u></u>	<u><u>2,514,271</u></u>
Deferred Inflows of Resources				
Advance funding from electric fund for loan repayment				
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Net investment in capital assets	-	-	-	19,765,657
Restricted for capital acquisitions	-	-	-	2,242,195
Unrestricted	2,903,134	4,135,683	838,867	5,963,003
Total net position	<u>2,903,134</u>	<u>4,135,683</u>	<u>838,867</u>	<u>27,970,855</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 21,677,968</u></u>	<u><u>\$ 11,112,726</u></u>	<u><u>\$ 933,618</u></u>	<u><u>\$ 30,485,126</u></u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Internal Service Funds
at December 31, 2013
(with summarized financial information at December 31, 2012)

	Information Technology	Total Internal Service Funds	
		December 31, 2013	December 31, 2012
Assets			
Current assets:			
Cash in central treasury	\$ -	\$ 39,801,168	\$ 31,121,253
Master lease agreement escrow	-	-	2,104,181
Receivables (net of allowance for uncollectibles)	-	-	65,751
Due from other funds	-	-	548,534
Inventories	-	366,772	389,530
Prepaid items and deposits	547,999	938,558	923,788
Restricted assets:			
Capital acquisition and construction accounts	886,387	3,365,242	4,386,428
Total current assets	1,434,386	44,471,740	39,539,465
Noncurrent assets:			
Advances to other funds	-	1,406,427	1,406,427
Capital assets, net	21,402,460	41,168,117	34,479,959
Total noncurrent assets	21,402,460	42,574,544	35,886,386
Total assets	22,836,846	87,046,284	75,425,851
Liabilities			
Current liabilities:			
Accounts payable and retainages	581,312	1,127,553	1,375,585
Accrued payroll liabilities	405,363	562,502	699,257
Compensated absences	580,728	772,183	798,785
Claims payable	-	12,303,180	9,706,107
Claims incurred but not reported	-	7,455,377	8,637,145
Due to other funds	557,778	642,778	548,534
Accrued interest payable	47,020	47,020	23,566
Long-term obligations maturing within one year	1,798,559	1,798,559	1,885,700
Current liabilities payable from restricted assets:			
Capital acquisition and construction accounts and retainage payable	384,661	621,321	843,005
Total current liabilities	4,355,421	25,330,473	24,517,684
Noncurrent liabilities:			
Advances from other funds	-	1,615,000	-
Compensated absences	178,970	196,000	256,985
Capital leases payable	7,785,316	7,785,316	9,624,081
Claims incurred but not reported	-	5,753,817	5,518,284
Total noncurrent liabilities	7,964,286	15,350,133	15,399,350
Total liabilities	12,319,707	40,680,606	39,917,034
Deferred Inflows of Resources			
Advance funding from electric fund for loan repayment	-	-	86,096
Total deferred inflows of resources	-	-	86,096
Net Position			
Net investment in capital assets	11,818,585	31,584,242	22,970,178
Restricted for capital acquisitions	501,726	2,743,921	5,647,604
Unrestricted	(1,803,172)	12,037,515	6,804,939
Total net position	10,517,139	46,365,678	35,422,721
Total liabilities, deferred inflows of resources and net position	\$ 22,836,846	\$ 87,046,284	\$ 75,425,851

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
The year ended December 31, 2013
(with summarized financial info at December 31, 2012)

	Risk Management			
	General Liability/ Workers' Compensation	Medical/ Dental	Unemployment Compensation	Equipment Maintenance
Operating revenues:				
Charges for sales and services	\$ 16,289,089	\$ 57,700,894	\$ 464,836	\$ 9,894,074
Other	540	-	-	-
Total operating revenues	<u>16,289,629</u>	<u>57,700,894</u>	<u>464,836</u>	<u>9,894,074</u>
Operating expenses:				
Operations	11,890,236	54,658,745	443,265	7,214,252
Depreciation and amortization	-	-	-	4,187,102
Total operating expenses	<u>11,890,236</u>	<u>54,658,745</u>	<u>443,265</u>	<u>11,401,354</u>
Operating income (loss)	<u>4,399,393</u>	<u>3,042,149</u>	<u>21,571</u>	<u>(1,507,280)</u>
Nonoperating revenues (expenses):				
Investment income (loss)	94,085	(2,484)	(227)	27,219
Other revenues	-	-	-	88,466
Other expenses	-	-	-	-
Interest expense	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	124,754
Net nonoperating revenues (expenses)	<u>94,085</u>	<u>(2,484)</u>	<u>(227)</u>	<u>240,439</u>
Income (loss) before capital contributions and transfers	4,493,478	3,039,665	21,344	(1,266,841)
Capital contributions	-	-	-	316,639
Transfers from other funds	-	-	-	-
Change in net position	4,493,478	3,039,665	21,344	(950,202)
Net position, beginning of year	(1,590,344)	1,096,018	817,523	28,921,057
Net position, end of year	<u>\$ 2,903,134</u>	<u>\$ 4,135,683</u>	<u>\$ 838,867</u>	<u>\$ 27,970,855</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
The year ended December 31, 2013
(with summarized financial info at December 31, 2012)

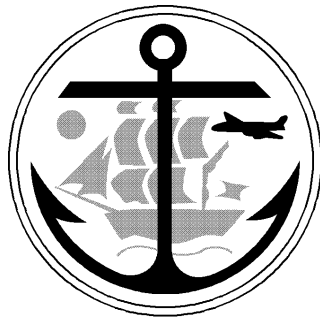
	Information Technology	Total Internal Service Funds	
		2013	2012
Operating revenues:			
Charges for sales and services	\$ 18,335,591	\$ 102,684,484	\$ 99,715,927
Other	-	540	14,984
Total operating revenues	<u>18,335,591</u>	<u>102,685,024</u>	<u>99,730,911</u>
Operating expenses:			
Operations	15,007,452	89,213,950	88,013,895
Depreciation and amortization	1,895,171	6,082,273	6,408,524
Total operating expenses	<u>16,902,623</u>	<u>95,296,223</u>	<u>94,422,419</u>
Operating income (loss)	<u>1,432,968</u>	<u>7,388,801</u>	<u>5,308,492</u>
Nonoperating revenues (expenses):			
Investment income (loss)	(11,314)	107,279	738,430
Other revenues	13,327	101,793	195,536
Other expenses	(11,790)	(11,790)	-
Interest expense	(50,520)	(50,520)	(99,649)
Gain (loss) on sale of capital assets	(3,831)	120,923	32,106
Net nonoperating revenues (expenses)	<u>(64,128)</u>	<u>267,685</u>	<u>866,423</u>
Income (loss) before capital contributions and transfers	1,368,840	7,656,486	6,174,915
Capital contributions	-	316,639	80,450
Transfers from other funds	2,969,832	2,969,832	3,925
Change in net position	<u>4,338,672</u>	<u>10,942,957</u>	<u>6,259,290</u>
Net position, beginning of year	6,178,467	35,422,721	29,163,431
Net position, end of year	<u>\$ 10,517,139</u>	<u>\$ 46,365,678</u>	<u>\$ 35,422,721</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31, 2013
(with summarized financial information at December 31, 2012)

	Risk Management			
	General Liability/ Workers' Compensation	Medical/ Dental	Unemployment Compensation	Equipment Maintenance
Cash flows from operating activities:				
Receipts for interfund services provided	\$ 16,289,629	\$ 57,700,894	\$ 464,836	\$ 9,982,540
Payments to employees	(233,590)	(48,956)	-	(3,959,434)
Payments to vendors	(8,699,335)	(54,675,430)	(467,146)	(3,007,379)
Payments for interfund services used	(1,170,289)	(275)	-	(304,701)
Net cash from operating activities	<u>6,186,415</u>	<u>2,976,233</u>	<u>(2,310)</u>	<u>2,711,026</u>
Cash flows from noncapital and related financing activities:				
Transfers from other funds	-	-	-	-
Loan payments received on interfund loans	548,534	-	-	-
Due to other funds	-	-	-	-
Advance to other funds	-	-	-	-
Net cash from noncapital and related financing activities	<u>548,534</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Principal payments on long-term obligations	-	-	-	-
Interest payments on long-term obligations	-	-	-	-
Acquisition and construction of capital assets	-	-	-	(5,539,864)
Transfers from other funds	-	-	-	-
Due to other funds	-	-	-	85,000
Loan proceeds from interfund loans	-	-	-	1,615,000
Principal payments on interfund loans	-	-	-	-
Interest payments on interfund loans	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Proceeds from the sale or disposition of capital assets	-	-	-	124,754
Net cash from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,715,110)</u>
Cash flows from investing activities:				
Investment income (loss)	94,085	(2,484)	(227)	27,219
Net cash from investing activities	<u>94,085</u>	<u>(2,484)</u>	<u>(227)</u>	<u>27,219</u>
Net increase (decrease) in cash	6,829,034	2,973,749	(2,537)	(976,865)
Cash, beginning of year	13,051,948	8,138,977	936,155	11,329,562
Cash, end of year	<u>\$ 19,880,982</u>	<u>\$ 11,112,726</u>	<u>\$ 933,618</u>	<u>\$ 10,352,697</u>
Cash in central treasury	19,880,982	11,112,726	933,618	7,873,842
Capital acquisition and construction accounts	-	-	-	2,478,855
Cash, December 31	<u>\$ 19,880,982</u>	<u>\$ 11,112,726</u>	<u>\$ 933,618</u>	<u>\$ 10,352,697</u>
Reconciliation of change in net position to net cash provided (used) by operating activities:				
Operating income (loss)	4,399,393	3,042,149	21,571	(1,507,280)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	-	-	-	4,187,102
Other revenues	-	-	-	88,466
Changes in assets and liabilities which increase (decrease) cash:				
Accounts receivable, net	-	-	-	65,751
Prepaid items and deposits	3,512	-	-	-
Inventories	-	-	-	22,758
Accounts payable and retainages	13,243	25,556	-	(91,812)
Accrued payroll liabilities	(2,316)	25	-	(37,027)
Compensated absences payable	2,788	3,579	-	(16,932)
Deferred revenue and deposits	-	-	-	-
Claims payable	1,769,795	(95,076)	(23,881)	-
Total cash provided (used) by operating activities	<u>6,186,415</u>	<u>2,976,233</u>	<u>(2,310)</u>	<u>2,711,026</u>
Noncash investing, capital, and financing activities:				
Capital purchases on account	-	-	-	236,660
Contributed capital and equipment	-	-	-	316,639
Total noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 553,299</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31, 2013
(with summarized financial information at December 31, 2012)

	Information	Total Internal Service Funds	
	Technology	2013	2012
Cash flows from operating activities:			
Receipts for interfund services provided	\$ 18,348,918	\$ 102,786,817	\$ 99,926,447
Payments to employees	(6,890,392)	(11,132,372)	(11,605,614)
Payments to vendors	(3,427,349)	(70,276,639)	(81,321,331)
Payments for interfund services used	(5,163,567)	(6,638,832)	-
Net cash from operating activities	<u>2,867,610</u>	<u>14,738,974</u>	<u>6,999,502</u>
Cash flows from noncapital and related financing activities:			
Transfers from other funds	40,000	40,000	-
Loan payments received on interfund loans	-	548,534	(18)
Due to other funds	9,244	9,244	(953,640)
Advance to other funds	-	-	(179,976)
Net cash from noncapital and related financing activities	<u>49,244</u>	<u>597,778</u>	<u>(1,133,634)</u>
Cash flows from capital and related financing activities:			
Principal payments on long-term obligations	(1,925,907)	(1,925,907)	(1,064,501)
Interest payments on long-term obligations	(38,855)	(38,855)	(79,857)
Acquisition and construction of capital assets	(5,035,262)	(10,575,126)	(13,024,719)
Transfers from other funds	2,929,832	2,929,832	3,925
Due to other funds	-	85,000	-
Loan proceeds from interfund loans	-	1,615,000	-
Principal payments on interfund loans	-	-	(548,534)
Interest payments on interfund loans	-	-	(21,288)
Proceeds from issuance of debt	-	-	9,200,000
Proceeds from the sale or disposition of capital assets	-	124,754	(2,264,584)
Net cash from capital and related financing activities	<u>(4,070,192)</u>	<u>(7,785,302)</u>	<u>(7,799,558)</u>
Cash flows from investing activities:			
Investment income (loss)	(11,314)	107,279	738,430
Net cash from investing activities	<u>(11,314)</u>	<u>107,279</u>	<u>738,430</u>
Net increase (decrease) in cash	(1,164,652)	7,658,729	(1,195,260)
Cash, beginning of year	2,051,039	35,507,681	36,702,941
Cash, end of year	<u>\$ 886,387</u>	<u>\$ 43,166,410</u>	<u>\$ 35,507,681</u>
Cash in central treasury	-	39,801,168	31,121,253
Capital acquisition and construction accounts	886,387	3,365,242	4,386,428
Cash, December 31	<u>\$ 886,387</u>	<u>\$ 43,166,410</u>	<u>\$ 35,507,681</u>
Reconciliation of change in net position to net cash provided (used) by operating activities:			
Operating income (loss)	1,432,968	\$ 7,388,801	\$ 5,308,492
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	1,895,171	6,082,273	6,408,524
Other revenues	13,327	101,793	195,536
Changes in assets and liabilities which increase (decrease) cash:			
Accounts receivable, net	-	65,751	51,457
Prepaid items and deposits	(18,282)	(14,770)	(411,493)
Inventories	-	22,758	(53,778)
Accounts payable and retainages	(195,019)	(248,032)	448,776
Accrued payroll liabilities	(97,437)	(136,755)	232,099
Compensated absences payable	(77,022)	(87,587)	49,467
Deferred revenue and deposits	(86,096)	(86,096)	(86,096)
Claims payable	-	1,650,838	(5,143,482)
Total cash provided (used) by operating activities	<u>2,867,610</u>	<u>14,738,974</u>	<u>6,999,502</u>
Noncash investing, capital, and financing activities:			
Capital purchases on account	384,661	621,321	843,005
Contributed capital and equipment	-	316,639	80,450
Total noncash investing, capital, and financing activities	<u>\$ 384,661</u>	<u>\$ 937,960</u>	<u>\$ 923,455</u>



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FIDUCIARY FUNDS

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

The **Police/Fire Retirement Trust Funds** account for the contributions, revenues, expenses and distributions of the three Municipal Police and Fire Retirement Plans.

The **Police/Fire Retiree Medical Trust Fund** accounts for contributions and distributions on behalf of the Police and Fire retirees who are eligible for the plan covered by the Trust.

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Fiduciary Funds
at December 31, 2013
(with summarized financial information at December 31, 2012)

	Police/Fire Retirement Trust Funds			
	Police/Fire Retirement System Plan I	Police/Fire Retirement System Plan II	Police/Fire Retirement System Plan III	Total
Assets				
Cash in central treasury	\$ 32,286	\$ 23,845	\$ 84,548	\$ 140,679
Cash, cash equivalents held under securities lending program	720,021	538,246	1,958,984	3,217,251
Contribution receivable	86,371	67,485	230,746	384,602
Investments, at fair value:				
Cash and money market funds	297,330	222,276	809,058	1,328,664
U.S. treasuries	-	-	-	-
U.S. TIPS	-	-	-	-
Corporate fixed income securities	19,195,857	14,350,295	52,233,432	85,779,584
Asset-backed securities	-	-	-	-
Fixed income funds	-	-	-	-
Domestic equity securities	32,914,159	24,605,720	89,562,008	147,081,887
International equity securities	16,366,567	12,235,195	44,534,713	73,136,475
Real estate funds	9,401,463	7,028,275	25,582,119	42,011,857
Total investments	<u>78,175,376</u>	<u>58,441,761</u>	<u>212,721,330</u>	<u>349,338,467</u>
Capital assets, net	419	310	1,098	1,827
Total assets	<u><u>79,014,473</u></u>	<u><u>59,071,647</u></u>	<u><u>214,996,706</u></u>	<u><u>353,082,826</u></u>
Liabilities				
Accounts payable	5,288	3,906	13,848	23,042
Payable under securities lending program	720,021	538,246	1,958,984	3,217,251
Total liabilities	<u>725,309</u>	<u>542,152</u>	<u>1,972,832</u>	<u>3,240,293</u>
Net Position				
Held in trust for:				
Employees' pension benefits	78,289,164	58,529,495	213,023,874	349,842,533
Employees' postemployment healthcare benefits	-	-	-	-
Total net position	<u>78,289,164</u>	<u>58,529,495</u>	<u>213,023,874</u>	<u>349,842,533</u>
Total liabilities and net position	<u><u>\$ 79,014,473</u></u>	<u><u>\$ 59,071,647</u></u>	<u><u>\$ 214,996,706</u></u>	<u><u>\$ 353,082,826</u></u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Fiduciary Funds
at December 31, 2013
(with summarized financial information at December 31, 2012)

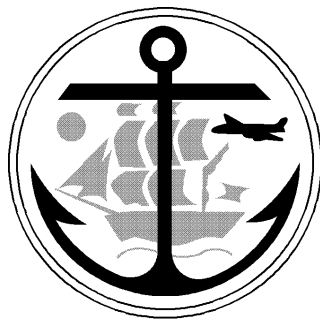
	Police/Fire Retiree Medical Trust Fund	Total Fiduciary Funds	
		December 31, 2013	December 31, 2012
Assets			
Cash in central treasury	\$ 2,397	\$ 143,076	\$ 76,969
Cash, cash equivalents held under securities lending program	-	3,217,251	6,753,264
Contribution receivable	-	384,602	231,107
Investments, at fair value:			
Cash and money market funds	1,017,237	2,345,901	4,504,878
U.S. treasuries	8,891,660	8,891,660	15,375,779
U.S. TIPS	248,270	248,270	250,899
Corporate fixed income securities	-	85,779,584	38,196,169
Asset-backed securities	-	-	28,933,815
Fixed income funds	1,448,865	1,448,865	9,404,861
Domestic equity securities	2,323,556	149,405,443	125,220,962
International equity securities	1,507,654	74,644,129	67,468,721
Real estate funds	-	42,011,857	41,183,806
Total investments	<u>15,437,242</u>	<u>364,775,709</u>	<u>330,539,890</u>
Capital assets, net	-	1,827	4,747
Total assets	<u><u>15,439,639</u></u>	<u><u>368,522,465</u></u>	<u><u>337,605,977</u></u>
Liabilities			
Accounts payable	-	23,042	61,218
Payable under securities lending program	-	3,217,251	6,753,264
Total liabilities	<u>-</u>	<u>3,240,293</u>	<u>6,814,482</u>
Net Position			
Held in trust for:			
Employees' pension benefits	-	349,842,533	316,572,627
Employees' postemployment healthcare benefits	15,439,639	15,439,639	14,218,868
Total net position	<u>15,439,639</u>	<u>365,282,172</u>	<u>330,791,495</u>
Total liabilities and net position	<u><u>\$ 15,439,639</u></u>	<u><u>\$ 368,522,465</u></u>	<u><u>\$ 337,605,977</u></u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Changes in Net Position
Fiduciary Funds
For the year ended December 31, 2013
(with summarized financial information at December 31, 2012)

	Police/Fire Retirement Pension Trust Funds			
	Police/Fire Retirement System Plan I	Police/Fire Retirement System Plan II	Police/Fire Retirement System Plan III	Total
Additions:				
Contributions from other funds	\$ 2,245,646	\$ 1,754,610	\$ 5,999,396	\$ 9,999,652
Contributions from employees	-	10,670	346,578	357,248
Interest	673,969	497,768	1,764,947	2,936,684
Dividends	595,363	439,712	1,559,098	2,594,173
Net increase (decrease) in fair value of investments	11,324,755	8,426,904	30,347,715	50,099,374
Less: investment expense	(362,577)	(267,785)	(949,493)	(1,579,855)
Total additions	<u>14,477,156</u>	<u>10,861,879</u>	<u>39,068,241</u>	<u>64,407,276</u>
Deductions:				
Regular benefit payments	8,663,807	5,871,078	15,900,876	30,435,761
Administrative expenses	161,019	118,923	421,667	701,609
Total deductions	<u>8,824,826</u>	<u>5,990,001</u>	<u>16,322,543</u>	<u>31,137,370</u>
Change in net position	5,652,330	4,871,878	22,745,698	33,269,906
Net position, beginning of year	72,636,834	53,657,617	190,278,176	316,572,627
Net position, end of year	<u>\$ 78,289,164</u>	<u>\$ 58,529,495</u>	<u>\$ 213,023,874</u>	<u>\$349,842,533</u>

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Changes in Net Position
Fiduciary Funds
For the year ended December 31, 2013
(with summarized financial information at December 31, 2012)

	Police/Fire Retiree Medical Trust Fund	Total Fiduciary Funds	
		December 31, 2013	December 31, 2012
Additions:			
Contributions from other funds	\$ 3,044,309	\$ 13,043,961	\$ 9,125,735
Contributions from employees	-	357,248	379,085
Interest	169,197	3,105,881	3,861,233
Dividends	139,854	2,734,027	1,408,233
Net increase (decrease) in fair value of investments	-	50,099,374	36,538,496
Less: investment expense	471,768	(1,108,087)	(1,485,608)
Total additions	3,825,128	68,232,404	49,827,174
Deductions:			
Regular benefit payments	2,564,792	33,000,553	31,914,362
Administrative expenses	39,565	741,174	833,207
Total deductions	2,604,357	33,741,727	32,747,569
Change in net position	1,220,771	34,490,677	17,079,605
Net position, beginning of year	14,218,868	330,791,495	313,711,890
Net position, end of year	\$ 15,439,639	\$ 365,282,172	\$ 330,791,495



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STATISTICAL SECTION

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

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

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

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

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

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities:										
Net investment in capital assets	\$ 2,702,920,515	\$ 2,645,081,616	\$ 2,637,498,499	\$ 2,690,946,874	\$ 2,689,939,470	\$ 2,620,279,025	\$ 2,549,539,076	\$ 2,537,136,632	\$ 2,485,270,733	\$ 2,472,454,545
Restricted	221,075,432	206,054,655	184,705,421	175,099,975	165,637,114	168,742,562	259,806,239	241,714,127	212,619,180	214,684,422
Unrestricted	117,228,314	123,707,347	105,856,844	58,377,890	18,194,337	35,463,284	(103,725,438)	(77,746,279)	(84,043,560)	(87,866,060)
Total governmental activities net position	3,041,224,261	2,974,843,618	2,928,060,764	2,924,424,739	2,873,770,921	2,824,484,871	2,705,619,877	2,701,104,480	2,613,846,353	2,599,272,907
Business-type activities:										
Net investment in capital assets	567,013,020	525,892,917	499,643,067	453,327,512	419,148,666	430,705,921	397,162,624	388,614,000	318,829,727	257,844,237
Restricted	65,817,539	184,402,233	182,771,686	166,914,727	136,376,232	113,883,731	101,772,016	105,727,434	103,454,088	98,379,013
Unrestricted	92,174,805	48,518,687	42,089,727	76,809,449	80,917,057	61,571,494	54,823,246	50,592,777	88,048,950	101,389,544
Total business-type activities net position	725,005,364	758,813,837	724,504,480	697,051,688	636,441,955	606,161,146	553,757,886	544,934,211	510,332,765	457,612,794
Total primary government:										
Net investment in capital assets	3,269,933,535	3,170,974,533	3,137,141,566	3,144,274,386	3,109,088,136	3,050,984,946	2,946,701,700	2,925,750,632	2,804,100,460	2,730,298,782
Restricted	286,892,971	390,456,888	367,477,107	342,014,702	302,013,346	282,626,293	361,578,255	347,441,561	316,073,268	313,063,435
Unrestricted	209,403,119	172,226,034	147,946,571	135,187,339	99,111,394	97,034,778	(48,902,192)	(27,153,502)	4,005,390	13,523,484
Total primary government net position	\$ 3,766,229,625	\$ 3,733,657,455	\$ 3,652,565,244	\$ 3,621,476,427	\$ 3,510,212,876	\$ 3,430,646,017	\$ 3,259,377,763	\$ 3,246,038,691	\$ 3,124,179,118	\$ 3,056,885,701

Notes:

In 2007, Anchorage Community Development Authority (ACDA) and Alaska Center for the Performing Arts (ACPA) were reclassified from blended component units to discretely presented component units.

As a result, the ACDA and ACPA net position will not be included as part of the totals for 2007 and subsequent years.

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

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

Source: Municipality of Anchorage, Finance Department

MUNICIPALITY OF ANCHORAGE, ALASKA

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:										
Governmental activities:										
General government	\$ 23,954,989	\$ 21,709,649	\$ 21,999,859	\$ 22,466,640	\$ 29,050,467	\$ 26,337,901	\$ 40,462,811	\$ 44,414,290	\$ 33,149,639	\$ 28,412,366
Fire services	105,134,071	96,285,981	94,499,296	88,837,324	80,454,433	81,588,328	72,220,757	39,818,913	82,517,923	55,208,871
Police services	127,840,572	118,098,035	116,362,828	107,677,900	104,474,503	102,916,651	87,247,323	52,291,313	98,669,291	69,371,463
Health and human services	24,620,859	25,029,632	28,268,547	26,632,684	27,082,391	26,458,471	25,972,527	25,045,197	31,155,930	24,312,243
Cultural and recreation services	68,950,920	78,494,540	83,174,571	78,941,612	82,988,652	76,303,695	70,057,933	62,090,686	47,652,399	46,849,814
Economic & community development	35,985,169	34,906,057	34,185,440	30,240,829	34,517,002	29,953,660	27,579,961	24,039,863	21,162,017	20,283,370
Public transportation	99,892,660	85,163,740	80,989,860	56,127,232	107,527,253	78,337,320	80,368,055	92,686,550	60,434,830	37,096,194
Education	241,279,103	238,519,174	240,834,968	235,125,354	231,378,123	212,266,737	200,028,978	184,566,894	170,393,368	154,278,770
Maintenance and operations of roads and facilities	34,057,619	47,777,794	36,316,900	35,241,475	33,758,467	35,404,978	30,325,886	32,036,221	27,657,703	26,663,041
Interest on long-term debt	25,530,454	26,120,599	29,132,941	28,201,071	29,600,473	29,822,096	29,613,108	29,723,363	21,568,745	19,944,303
Total governmental activities expenses	<u>787,246,416</u>	<u>772,105,201</u>	<u>765,765,210</u>	<u>709,492,121</u>	<u>760,831,764</u>	<u>699,389,837</u>	<u>663,877,339</u>	<u>586,713,280</u>	<u>594,361,845</u>	<u>482,420,435</u>
Business-type activities:										
Water	39,520,676	40,675,916	39,754,921	38,759,459	38,484,886	39,388,902	36,269,883	37,215,822	35,840,802	31,739,512
Wastewater	36,466,069	35,200,550	33,988,296	32,916,342	30,491,470	31,803,895	28,457,829	28,187,998	26,702,698	24,452,663
Electric	109,982,575	110,603,719	126,040,240	122,331,031	105,530,769	90,760,462	78,901,165	99,850,090	101,351,360	93,047,721
Port	12,346,924	11,840,713	11,489,233	10,518,074	11,105,399	11,533,424	10,710,625	10,076,243	9,676,376	8,165,915
Municipal airport	3,632,872	4,196,663	4,093,756	3,325,730	3,279,054	2,980,806	2,980,806	2,983,778	2,569,643	2,152,012
Solid waste	18,285,807	18,973,897	17,233,393	16,177,197	15,555,914	15,555,914	17,261,224	14,250,955	13,613,706	13,086,817
Refuse	8,649,190	8,644,522	8,262,213	8,176,402	7,816,221	7,367,979	6,548,379	6,304,451	5,938,896	5,902,024
Cooperative Services Authority	-	-	-	-	-	1,314,503	1,255,318	-	-	202,210
Anchorage Community Development Authority	-	-	-	-	-	-	-	6,533,183	5,304,643	4,731,366
Alaska Center for the Performing Arts	-	-	-	-	-	-	-	1,986,912	1,934,907	1,726,324
Total business-type expenses	<u>228,884,113</u>	<u>230,135,980</u>	<u>240,862,052</u>	<u>232,204,235</u>	<u>213,034,112</u>	<u>200,954,736</u>	<u>182,385,229</u>	<u>207,389,432</u>	<u>202,933,031</u>	<u>185,206,564</u>
Total primary government expenses	<u>\$ 1,016,130,529</u>	<u>\$ 1,002,241,181</u>	<u>\$ 1,006,627,262</u>	<u>\$ 941,696,356</u>	<u>\$ 973,865,876</u>	<u>\$ 900,344,573</u>	<u>\$ 846,262,568</u>	<u>\$ 794,102,712</u>	<u>\$ 797,294,876</u>	<u>\$ 667,626,999</u>

Program revenues: (see also Table 3)

Governmental activities:										
Charges for services:										
General government	\$ 7,901,979	\$ 7,306,404	\$ 9,497,748	\$ 7,656,683	\$ 6,519,429	\$ 8,176,803	\$ 13,310,411	\$ 17,450,777	\$ 11,525,168	\$ 14,016,015
Fire services	8,547,852	8,347,086	8,224,213	7,494,561	7,551,666	8,864,033	8,267,074	7,672,974	6,636,585	5,655,912
Police services	14,481,855	14,227,236	22,021,740	18,521,825	17,866,612	18,649,891	21,147,627	12,194,471	12,707,148	9,784,179
Health and human services	2,411,024	2,932,137	4,022,702	3,680,732	3,748,435	3,689,266	3,715,952	3,787,127	4,334,673	3,781,694
Economic & community development	4,498,090	5,036,711	4,369,182	5,875,077	5,406,449	7,666,960	6,278,744	7,555,914	6,278,744	5,817,018
Public transportation	5,227,218	5,140,290	5,121,736	4,659,923	4,435,263	4,545,387	3,987,108	3,941,306	3,250,901	3,002,525
Public works	12,770,454	14,426,299	10,423,089	8,669,482	9,202,667	8,286,833	15,136,381	16,911,964	30,394,761	10,332,321
Maintenance and operations of roads and facilities	367,072	170,343	191,729	319,034	319,034	202,171	744,928	1,418,615	1,553,757	1,906,892
Total charges for services revenues	<u>56,205,544</u>	<u>57,586,506</u>	<u>63,872,139</u>	<u>56,750,351</u>	<u>55,518,183</u>	<u>57,770,833</u>	<u>73,976,441</u>	<u>70,933,148</u>	<u>76,681,737</u>	<u>54,296,556</u>
Operating grants and contributions	70,455,494	76,838,701	60,469,943	47,876,617	64,619,647	47,769,996	34,531,461	53,470,466	29,048,223	25,158,092
Capital grants and contributions	94,316,487	61,810,688	59,335,217	66,986,287	108,286,565	68,209,477	61,844,863	48,274,799	18,358,385	12,275,783
Total governmental activities program revenues	<u>220,977,525</u>	<u>196,235,895</u>	<u>183,677,299</u>	<u>171,613,255</u>	<u>228,424,395</u>	<u>173,750,306</u>	<u>170,362,765</u>	<u>172,678,413</u>	<u>124,088,345</u>	<u>91,730,431</u>
Business-type activities:										
Charges for services	274,454,359	279,360,413	275,133,149	260,970,568	245,176,485	227,754,831	215,858,228	231,062,446	225,779,021	206,386,340
Operating grants and contributions	121,173	116,452	111,731	108,584	108,584	1,615,050	1,600,351	975,495	-	407,337
Capital grants and contributions	6,634,793	8,797,587	11,981,787	47,442,806	14,581,877	39,135,924	5,666,752	7,555,178	4,137,718	2,303,543
Total business-type activities revenues	<u>281,210,325</u>	<u>288,274,452</u>	<u>287,226,667</u>	<u>308,521,958</u>	<u>259,866,946</u>	<u>268,505,805</u>	<u>223,125,331</u>	<u>239,693,119</u>	<u>229,916,739</u>	<u>209,097,220</u>
Total primary government program revenues	<u>502,187,850</u>	<u>484,510,347</u>	<u>470,903,966</u>	<u>480,135,213</u>	<u>488,291,341</u>	<u>442,256,111</u>	<u>393,478,096</u>	<u>412,271,532</u>	<u>354,005,084</u>	<u>300,827,651</u>
Net (Expense)/Revenue										
Governmental activities	(566,268,891)	(575,869,306)	(582,087,911)	(537,878,866)	(532,407,369)	(525,639,531)	(483,524,574)	(414,034,867)	(470,273,500)	(390,690,004)
Business-type activities	52,326,212	58,138,472	46,364,615	76,317,723	46,832,834	67,551,069	40,740,102	32,203,687	26,983,708	23,890,656
Total primary government net expense	<u>\$ (513,942,679)</u>	<u>\$ (517,730,834)</u>	<u>\$ (535,723,296)</u>	<u>\$ (461,561,143)</u>	<u>\$ (485,574,535)</u>	<u>\$ (458,088,462)</u>	<u>\$ (452,784,472)</u>	<u>\$ (381,831,180)</u>	<u>\$ (443,289,792)</u>	<u>\$ (366,799,348)</u>

MUNICIPALITY OF ANCHORAGE, ALASKA

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

	2013	2012	Fiscal Year										
			As Restated 2011	As Restated 2010	As Restated 2009	As Restated 2008	As Restated 2007	2006	2005	2004			
General revenues and other changes in net position:													
Governmental activities:													
Taxes:													
Property taxes	\$ 493,148,928	\$ 490,581,658	\$ 482,411,497	\$ 479,409,921	\$ 461,906,542	\$ 435,202,824	\$ 381,995,766	\$ 392,314,240	\$ 362,963,283	\$ 333,690,024			
Motor vehicle taxes	16,652,166	15,990,553	9,878,069	9,512,490	9,078,006	10,535,938	10,291,028	10,021,797	9,962,376	10,131,578			
Hotel and motel taxes	22,988,779	23,013,548	21,033,287	19,604,118	17,846,829	22,173,862	20,209,303	19,093,196	11,933,792	11,680,274			
Tobacco taxes	22,790,309	22,219,610	19,716,300	17,334,746	16,581,627	16,658,407	16,560,416	17,676,774	14,060,448	8,631,780			
Assessments in lieu of taxes	3,135,217	3,050,828	2,232,706	2,284,762	2,324,750	2,086,576	1,775,622	16,200,594	14,933,858	9,181,929			
Grants and entitlements not restricted to specific programs	14,697,818	21,154,092	19,984,139	15,053,452	15,018,748	15,112,751	13,536,127	-	-	-			
Investment earnings (loss)	28,258,065	24,297,147	4,601,926	20,838,767	35,064,547	(47,269,808)	33,098,513	39,161,900	15,590,837	18,162,086			
Other	-	-	-	-	1,252,159	-	-	-	-	(3,494,292)			
Transfers	26,901,318	26,571,906	25,981,595	24,494,428	22,620,211	21,042,141	20,573,196	6,824,493	598,704	465,838			
Special item - NPO/OPEB write-off	-	-	-	-	-	22,986,984	-	-	-	-			
Retroactive infrastructure capitalization	-	-	-	-	-	-	-	-	-	-			
Special item - (see footnote 23)	4,076,934	-	-	-	-	-	-	-	54,803,648	-			
Total governmental activities	632,649,534	626,879,342	585,839,519	588,532,684	581,693,419	498,529,675	498,039,971	501,292,994	484,846,946	388,449,217			
Business-type activities:													
Investment earnings	2,089,947	5,562,131	6,071,914	8,457,540	9,288,490	1,796,671	12,399,226	9,222,252	6,505,202	2,276,444			
Other	-	-	-	-	(95,304)	-	-	-	-	109,211			
Regulatory adjustment	-	-	-	-	-	-	-	-	-	-			
Special item - NPO/OPEB write-off	-	-	-	-	-	-	-	-	-	-			
Transfers	(26,901,318)	(26,571,906)	(25,981,595)	(24,165,530)	(25,745,211)	(4,097,662)	(20,573,196)	(6,824,493)	(598,704)	(465,838)			
Special item - (see footnote 23)	238,737	-	-	-	-	-	-	-	-	-			
Extraordinary item - (see footnote 23)	(61,562,051)	-	-	-	-	-	-	-	-	-			
Total business-type activities	(86,134,685)	(21,009,775)	(19,909,681)	(15,707,990)	(16,552,025)	(15,147,808)	(8,173,970)	2,397,759	25,759,053	13,871,469			
Total primary government	\$ 546,514,849	\$ 605,869,567	\$ 565,929,838	\$ 572,824,694	\$ 565,141,394	\$ 483,381,867	\$ 489,866,001	\$ 503,690,753	\$ 510,605,999	\$ 402,320,686			
Change in net position:													
Governmental activities	66,380,643	51,010,036	3,751,608	50,653,818	49,286,050	(27,109,866)	4,515,397	87,258,127	14,573,446	(2,240,787)			
Business-type activities	(33,808,473)	37,128,697	26,454,934	60,609,733	30,280,809	52,403,261	32,566,132	34,601,446	52,742,761	37,762,125			
Total primary government	\$ 32,572,170	\$ 88,138,733	\$ 30,206,542	\$ 111,263,551	\$ 79,566,859	\$ 25,283,405	\$ 37,081,529	\$ 121,859,573	\$ 67,316,207	\$ 35,521,338			

Notes:
In 2004, the Cooperative Services Authority (CSA) was established as a fund and function of Anchorage. In 2005 it was classified as a discreet component unit. In 2008 CSA was dissolved.

In 2004, the Cultural and Recreation Services Department was combined with the Economic and Community Development Department.

In 2007, Alaska Community Development Authority (ACDA) and Alaska Center for the Performing Arts (ACPA) were reclassified from blended component units to discretely presented component units.

As a result, the ACDA and ACPA expenses, revenues, and net position will not be included as part of totals for 2007 and subsequent years.

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

Source: Municipality of Anchorage, Finance Department.

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

	Fiscal Year									
	2013	2012	2011	2010	As Restated 2009	2008	As Restated 2007	2006	2005	2004
Program revenues - charges for services:										
Governmental activities:										
General government	\$ 7,901,979	\$ 7,306,404	\$ 9,497,748	\$ 7,656,683	\$ 6,519,429	\$ 8,176,803	\$ 13,310,411	\$ 12,030,314	\$ 11,525,168	\$ 14,016,015
Fire services	8,547,852	8,347,086	8,224,213	7,494,561	7,551,666	8,864,033	8,267,074	7,672,974	6,636,585	5,655,912
Police services	14,481,855	14,227,236	22,021,740	18,521,825	17,866,612	18,649,891	21,147,627	17,614,934	12,707,148	9,784,179
Health and human services	2,411,024	2,932,137	4,022,702	3,680,732	3,748,435	3,669,266	3,715,952	3,787,127	4,334,673	3,781,694
Economic & community development	4,498,090	5,036,711	4,369,182	5,875,611	5,875,077	5,406,449	7,666,960	7,555,914	6,278,744	5,817,018
Public transportation	5,227,218	5,140,290	5,121,736	4,659,923	4,435,263	4,545,387	3,987,108	3,941,306	3,250,901	3,002,525
Public works	12,770,454	14,426,299	10,423,089	8,669,482	9,202,667	8,256,833	15,136,381	16,911,964	30,394,761	10,332,321
Maintenance and operations of roads and facilities	367,072	170,343	191,729	191,534	319,034	202,171	744,928	1,418,615	1,553,757	1,906,892
Total governmental activities	56,205,544	57,586,506	63,872,139	56,750,351	55,518,183	57,770,833	73,976,441	70,933,148	76,681,737	54,296,556
Business-type activities:										
Water	59,562,890	55,664,095	52,081,778	51,056,732	48,248,827	43,613,176	43,870,404	39,545,747	38,473,142	33,397,222
Wastewater	50,465,806	48,135,325	42,894,791	37,994,692	37,019,347	35,151,553	35,157,366	31,269,830	28,746,892	26,590,207
Electric	120,158,837	128,070,159	139,609,558	131,520,920	120,008,455	108,272,636	100,606,033	115,656,934	117,032,992	107,656,289
Port	11,555,611	11,701,746	11,819,075	11,452,966	11,140,822	12,574,534	11,768,704	11,881,314	11,793,322	10,284,368
Municipal airport	8,807,046	6,051,859	1,340,577	1,227,073	1,236,229	1,289,585	1,235,026	1,196,622	1,111,842	1,055,742
Solid waste	22,498,137	20,949,679	18,566,616	18,974,151	19,007,456	18,197,048	15,493,404	15,185,485	15,593,309	15,722,106
Refuse	1,406,032	8,787,550	8,820,754	8,744,034	8,515,349	8,013,803	7,177,811	6,785,718	6,596,336	6,033,272
Cooperative Services Authority	-	-	-	-	-	642,496	549,480	-	-	-
Anchorage Community Development Authority	-	-	-	-	-	-	-	5,361,114	5,335,641	4,951,013
Alaska Center for the Performing Arts	-	-	-	-	-	-	-	1,244,739	1,095,545	696,121
Total business-type activities	274,454,359	279,360,413	275,133,149	260,970,568	245,176,485	227,754,831	215,858,228	228,127,503	225,779,021	206,386,340
Total primary government	\$ 330,659,903	\$ 336,946,919	\$ 339,005,288	\$ 317,720,919	\$ 300,694,668	\$ 285,525,664	\$ 289,834,669	\$ 299,060,651	\$ 302,460,758	\$ 260,682,896

Notes:

In 2007, the Anchorage Community Development Authority and the Alaska Center for the Performing Arts were reclassified from blended component units to discretely presented component units.

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

In 2008, the Cooperative Services Authority was dissolved.

Source: Municipality of Anchorage, Finance Department.

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Pre-GASB 54 Presentation										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 3,881,505	\$ 1,297,581	\$ 1,210,130	\$ 2,174,624	\$ 2,702,499	\$ 2,800,697
Unreserved - designated	-	-	-	-	33,059,151	19,782,164	28,613,168	53,275,788	30,278,253	27,843,180
Unreserved - undesignated	-	-	-	-	8,256,412	4,988,645	12,529,965	16,311,739	13,280,944	12,271,734
Total general funds	-	-	-	-	45,197,068	26,068,390	42,353,263	71,762,151	46,261,696	42,915,611
Reserved	-	-	-	-	210,745,488	228,973,762	254,532,582	241,709,679	206,582,469	205,545,886
Unreserved - designated	-	-	-	-	23,300,577	20,655,423	91,182,914	-	-	-
Unreserved - undesignated, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	554,232	752,158	837,020	7,905,228	10,396,106	12,570,336
Capital project funds	-	-	-	-	(31,211,824)	(21,620,598)	2,468,555	88,689,016	87,658,628	41,766,862
Total all other governmental funds	-	-	-	-	203,383,473	228,760,745	349,021,071	338,303,923	304,637,203	259,883,084
Reserved	-	-	-	-	214,626,993	230,271,343	255,742,712	243,884,303	209,284,968	208,346,583
Unreserved - designated	-	-	-	-	56,359,728	40,437,587	119,796,082	53,275,788	30,278,253	27,843,180
Unreserved - undesignated, reported in:	-	-	-	-	-	-	-	-	-	-
General fund	-	-	-	-	8,256,412	4,988,645	12,529,965	16,311,739	13,280,944	12,271,734
Special revenue funds	-	-	-	-	554,232	752,158	837,020	7,905,228	10,396,106	12,570,336
Capital project funds	-	-	-	-	(31,211,824)	(21,620,598)	2,468,555	88,689,016	87,658,628	41,766,862
Total governmental funds fund balance	\$ -	\$ -	\$ -	\$ -	\$ 248,585,541	\$ 254,829,135	\$ 391,374,334	\$ 410,066,074	\$ 350,898,899	\$ 302,798,695
Post GASB 54 Presentation										
Restricted	144,181,374	127,632,975	116,757,912	120,279,315	-	-	-	-	-	-
Total MOA trust fund	144,181,374	127,632,975	116,757,912	120,279,315	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	4,443,990	10,671,120	15,896,418	25,998,937	-	-	-	-	-	-
Committed	180,611	170,250	325,490	247,343	-	-	-	-	-	-
Assigned	-	1,056,588	975,033	948,786	-	-	-	-	-	-
Unassigned (deficit)	(14,041,418)	-	-	(9,922,181)	-	-	-	-	-	-
Total capital projects roads & drainage fund	(9,416,817)	11,897,958	17,195,941	17,272,885	-	-	-	-	-	-
Nonspendable	1,150,000	1,155,252	1,167,429	1,150,000	-	-	-	-	-	-
Restricted	68,556,147	60,947,704	53,416,639	64,384,701	-	-	-	-	-	-
Committed	25,824,596	18,908,485	18,724,646	20,753,368	-	-	-	-	-	-
Assigned	24,872,398	28,069,626	23,404,223	17,356,453	-	-	-	-	-	-
Unassigned (deficit)	(965,703)	(636,175)	(316,444)	(5,088,907)	-	-	-	-	-	-
Total other governmental funds	119,437,438	108,444,892	96,398,493	98,553,615	-	-	-	-	-	-
Nonspendable	4,082,819	4,216,026	4,499,596	4,900,639	-	-	-	-	-	-
Restricted	219,777,294	202,692,894	199,513,979	227,702,422	-	-	-	-	-	-
Committed	63,273,092	56,172,539	44,307,929	40,681,521	-	-	-	-	-	-
Assigned	32,976,488	50,157,431	37,847,072	25,960,563	-	-	-	-	-	-
Unassigned	13,421,916	16,574,815	9,024,139	194,561	-	-	-	-	-	-
Total governmental funds fund balance	\$ 333,531,609	\$ 329,813,705	\$ 295,192,715	\$ 299,429,706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

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

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

Source: Municipality of Anchorage, Finance Department.

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Taxes and assessments in lieu of taxes	\$ 569,077,522	\$ 555,052,111	\$ 534,724,811	\$ 527,757,094	\$ 506,700,676	\$ 486,293,914	\$ 429,372,924	\$ 455,172,329	\$ 398,135,665	\$ 372,606,202
Special assessments	1,181,821	1,273,593	1,410,956	1,559,801	1,080,120	1,159,628	1,250,564	1,287,799	1,717,412	1,650,613
Licenses and permits	12,553,278	10,372,797	11,367,098	9,727,381	11,137,072	10,950,551	12,288,396	13,840,537	13,012,040	12,624,998
Intergovernmental	156,098,508	149,037,822	119,711,543	121,565,389	172,943,841	124,425,213	102,611,734	82,592,145	49,406,608	37,433,876
Charges for services	33,139,322	33,242,521	34,161,923	35,151,606	31,898,045	34,112,140	31,845,148	35,348,493	41,918,152	24,776,906
Fines and forfeitures	6,532,511	6,232,471	8,468,178	7,761,674	8,372,541	8,996,470	10,043,220	5,678,880	9,098,207	6,957,579
Investment income	28,223,078	23,591,633	4,518,123	19,923,545	33,133,010	(47,288,530)	31,072,851	37,853,203	12,455,565	14,727,452
Restricted contributions	4,350,831	2,870,846	3,932,885	1,852,653	746,194	3,326,186	1,855,989	1,203,042	485,249	1,294,335
Other	5,416,074	6,121,264	7,987,619	5,095,912	5,140,839	4,802,460	5,004,863	5,440,632	3,457,580	3,261,388
Total revenues	806,572,945	787,795,058	726,283,136	730,395,055	771,152,338	626,778,032	625,345,689	638,417,060	529,686,478	475,333,349
Expenditures:										
General government	22,490,280	20,596,164	21,982,842	17,931,545	21,529,868	25,049,556	25,927,198	25,864,299	17,373,936	16,514,722
Fire services	103,203,797	95,195,623	90,763,653	83,670,491	76,265,286	76,322,626	69,692,211	63,512,191	58,252,110	50,902,167
Police services	129,813,796	115,967,228	111,510,172	102,926,771	99,974,274	101,537,582	90,424,063	82,191,066	74,316,323	66,316,356
Health and human services	23,742,769	24,115,392	26,823,415	25,144,569	26,589,623	25,953,139	25,043,484	24,360,212	26,190,221	23,765,640
Cultural and recreation services	46,870,085	58,099,851	60,989,689	63,627,692	62,988,984	61,635,730	54,158,211	53,881,037	44,120,594	37,949,866
Economic and community development	30,396,121	30,241,731	28,169,896	21,556,120	22,220,628	24,625,761	21,512,366	20,644,987	19,819,015	18,002,811
Public transportation	32,429,999	27,953,465	20,907,921	20,934,441	22,822,998	26,436,195	23,556,542	20,456,482	16,774,304	14,987,397
Public works	241,279,103	238,519,174	240,834,968	235,125,354	231,378,123	212,266,737	200,028,978	185,077,206	170,393,368	154,278,770
Education	32,977,338	35,482,336	33,805,423	34,484,210	32,752,300	35,830,185	29,719,944	30,028,685	27,206,940	24,357,789
Maintenance and operations of roads and facilities	108,418,635	98,950,246	82,333,411	105,694,920	145,213,610	172,099,343	151,545,463	130,232,159	75,629,256	58,750,450
Capital outlay										
Debt service										
Principal	35,022,883	39,242,119	31,137,139	20,647,950	30,823,332	30,371,078	29,432,234	34,949,110	30,128,791	27,501,762
Interest	26,658,557	27,013,982	31,072,474	27,581,071	28,686,622	29,269,039	29,342,270	28,066,471	19,837,168	19,652,378
Bond issuance costs	-	232,046	224,194	497,504	-	441,158	102,345	2,722,984	1,281,946	843,788
Total expenditures	833,303,363	811,609,357	780,555,197	759,822,638	801,245,648	821,838,129	750,485,309	701,986,889	581,323,972	513,823,896
Deficiencies of revenues over expenditures	(26,730,418)	(23,814,299)	(54,272,061)	(29,427,583)	(30,093,310)	(195,060,097)	(125,139,620)	(63,569,829)	(51,637,494)	(38,490,547)
Other financing sources (uses):										
Transfers in	56,375,764	52,186,974	52,622,964	47,683,059	56,159,016	71,752,640	47,630,377	47,837,359	20,395,441	24,108,152
Transfers out	(32,447,488)	(25,618,993)	(32,111,908)	(23,525,181)	(33,433,469)	(46,779,615)	(27,207,181)	(41,012,866)	(19,996,737)	(25,083,344)
Contributions to component unit	-	-	-	-	-	-	-	-	(300,000)	-
Bonds issued	-	53,785,000	52,298,250	78,610,000	-	60,000,000	54,630,000	110,920,000	198,895,000	73,840,000
Other long-term debt issues	-	-	-	-	-	-	-	-	350,000	5,365,000
Premium on bonds	-	7,875,284	796,626	945,968	-	788,975	1,681,507	33,142	8,504,209	4,226,536
Payment to bond escrow agent	-	(33,418,560)	(23,860,769)	(24,047,975)	-	-	-	-	(109,094,800)	(23,087,336)
Capital leases	-	-	-	-	-	-	-	-	673,553	1,146,807
Loan Proceeds	-	-	-	507,250	-	175,000	-	-	-	-
Insurance recoveries	133,596	194,229	96,076	-	133,334	38,720	22,316	41,915	114,300	-
Sale of capital assets	6,386,450	3,431,355	193,831	98,627	990,835	1,152,346	1,071,446	4,243,901	870,285	2,149,378
Net other financing sources (uses)	30,448,322	58,435,289	50,035,070	80,271,748	23,849,716	87,128,066	77,828,465	122,737,004	99,737,698	62,665,193
Net change in fund balances	\$ 3,717,904	\$ 34,620,990	\$ (4,236,991)	\$ 50,844,165	\$ (6,243,594)	\$ (107,932,031)	\$ (47,311,155)	\$ 59,167,175	\$ 48,100,204	\$ 24,174,646

Notes:
 In 2004, the Cultural and Recreation Services Department was combined with the Economic and Community Development Department.
 For years 2007 and later, Municipal Utility/Enterprise Service Assessments have been reclassified from tax revenue to transfers in accordance with GAAP.
 Source: Municipality of Anchorage, Finance Department

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenditures:										
General government	\$ 22,490,280	\$ 20,596,164	\$ 21,982,842	\$ 17,931,545	\$ 21,529,868	\$ 25,049,556	\$ 25,927,198	\$ 25,864,299	\$ 17,373,936	\$ 16,514,722
Fire services	103,203,797	95,195,623	90,763,653	83,670,491	76,265,286	76,322,626	69,692,211	63,512,191	58,252,110	50,902,167
Police services	129,813,796	115,967,228	111,510,172	102,926,771	99,974,274	101,537,582	90,424,063	82,191,066	74,316,323	66,316,356
Health and human services	23,742,769	24,115,392	26,823,415	25,144,569	26,589,623	25,953,139	25,043,484	24,360,212	26,190,221	23,765,640
Cultural and recreation services										
Economic and community development	46,870,085	58,099,851	60,989,689	63,627,692	62,988,984	61,635,730	54,158,211	53,881,037	44,120,594	37,949,866
Public transportation	30,396,121	30,241,731	28,169,896	21,556,120	22,220,628	24,625,761	21,512,366	20,644,987	19,819,015	18,002,811
Public works	32,429,999	27,953,465	20,907,921	20,934,441	22,822,998	26,436,195	23,556,542	20,456,482	16,774,304	14,987,397
Education	241,279,103	238,519,174	240,834,968	235,125,354	231,378,123	212,266,737	200,028,978	185,077,206	170,393,368	154,278,770
Maintenance and operations of roads and facilities	32,977,338	35,482,336	33,805,423	34,484,210	32,752,300	35,830,185	29,719,944	30,028,685	27,206,940	24,357,789
Capital outlay	108,418,635	98,950,246	82,333,411	105,694,920	145,213,610	172,099,343	151,545,463	126,763,050	75,629,256	58,750,450
Debt service										
Principal	35,022,883	39,242,119	31,137,139	20,647,950	30,823,332	30,371,078	29,432,234	34,949,110	30,128,791	27,501,762
Interest	26,658,557	27,013,982	31,072,474	27,581,071	28,686,622	29,269,039	29,342,270	28,066,471	19,837,168	19,652,378
Total expenditures	833,303,363	811,377,311	780,331,003	759,325,134	801,245,648	821,396,971	750,382,964	695,794,796	580,042,026	512,980,108
Less:										
Debt service										
Amounts capitalized	44,186,983	32,391,715	23,211,817	75,494,226	60,343,117	155,946,242	104,733,796	78,490,668	87,813,000	48,282,000
Total non-capital expenditures	\$ 789,116,380	\$ 778,985,596	\$ 757,119,186	\$ 683,830,908	\$ 740,902,531	\$ 665,450,729	\$ 645,649,168	\$ 617,304,128	\$ 492,229,026	\$ 464,698,108
Debt service as a percentage of non-capital expenditures	7.82%	8.51%	8.22%	7.05%	8.03%	8.96%	9.10%	10.21%	10.15%	10.15%

Note:

In 2004, Cultural and Recreation services were combined with various other activities into Economic and Community Development Department

Source: Municipality of Anchorage, Finance Department

MUNICIPALITY OF ANCHORAGE, ALASKA
 Tax Revenue by Source- Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 7

Fiscal Year	Real Property	Personal Property	Motor Vehicle	Motor Vehicle Rental	Hotel - Motel	Tobacco	Assessments In Lieu of Taxes & MUSA		Total
							MUSA	Other	
2013	\$443,778,926	\$46,571,533	\$ 11,448,632	\$ 5,265,282	\$ 22,949,191	\$ 22,789,454	\$ -	\$ 3,139,287	\$ 555,942,305
2012	437,675,314	48,684,789	11,303,053	4,817,450	22,700,161	22,219,610	-	4,600,906	552,001,283
2011	436,812,135	42,069,391	4,823,011	5,074,906	20,967,057	19,672,105	-	3,073,500	532,492,105
2010	426,969,356	47,371,702	4,881,941	4,692,648	19,530,750	17,321,934	-	4,704,001	525,472,332
2009	414,139,893	43,437,488	4,700,829	4,357,508	17,763,896	16,550,062	-	3,426,250	504,375,926
2008	393,226,611	37,984,281	5,183,112	5,339,159	22,081,280	16,524,753	-	3,868,142	484,207,338
2007	342,486,565	35,067,327	5,156,698	5,088,735	20,162,405	16,559,744	-	3,075,828	427,597,302
2006	351,930,570	36,852,875	5,283,655	4,756,868	19,021,469	17,662,355	-	3,463,943	438,971,735
2005	324,720,303	34,635,366	5,200,151	4,525,798	11,836,725	14,050,603	-	3,166,719	398,135,665
2004	295,913,480	34,009,541	5,351,524	4,503,742	11,627,259	8,627,333	9,642,123	2,931,200	372,606,202

Notes: Beginning in 2005, local Assessments in Lieu of Taxes and Municipal Utility Service Assessment (MUSA) payments have been removed from the tax category. "Other" consists of aircraft, tax cost recoveries, and penalties and interest.

Source: Municipality of Anchorage, Finance Department.

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 8

Use of Property Taxes
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Anchorage School District Property Taxes	Anchorage School District Enrollment	Property Tax Support Per Pupil	Municipality of Anchorage Property Taxes	Municipality of Anchorage Population	Property Tax Support Per Citizen	Total Property Taxes
2013	\$ 236,691,495	48,028	\$ 4,928	\$ 253,218,733	301,134	\$ 841	\$ 489,910,228
2012	238,775,383	48,734	4,900	247,584,720	298,842	828	486,360,103
2011	236,173,709	48,761	4,843	242,707,817	296,197	819	478,881,526
2010	233,853,777	48,570	4,815	240,487,281	291,826	824	474,341,058
2009	225,459,645	49,381	4,566	232,117,736	290,588	799	457,577,381
2008	212,165,785	48,440	4,380	219,045,107	284,994	769	431,210,892
2007	198,981,074	48,707	4,085	178,572,818	283,823	629	377,553,892
2006	184,379,644	49,320	3,738	204,403,801	282,813	723	388,783,445
2005	170,080,162	49,182	3,458	189,275,507	278,241	680	359,355,669
2004	153,993,490	49,265	3,126	175,929,531	277,498	634	329,923,021

Source: Municipality of Anchorage Finance Department; Anchorage School District Annual Financial Reports; and the U.S. Census Bureau.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Table 9

Fiscal Year	Real			Personal Property	Total Taxable Assessed Value	Areawide Tax Rate (mils)
	Residential Property	Commercial Property	Total Real			
2013	\$ 19,844,447,084	\$ 9,394,322,157	\$ 29,238,769,241	\$ 3,072,941,642	\$ 32,311,710,883	6.92
2012	19,617,776,607	9,152,490,728	28,770,267,335	2,944,070,041	31,714,337,376	7.28
2011	19,734,533,714	9,095,615,110	28,830,148,824	2,766,391,727	31,596,540,551	7.61
2010	19,538,749,838	8,982,605,974	28,521,355,812	2,942,321,080	31,463,676,892	7.89
2009	19,669,462,275	8,964,468,173	28,633,930,448	2,819,418,266	31,453,348,714	7.67
2008	19,467,058,556	8,706,338,583	28,173,397,139	2,407,424,007	30,580,821,146	7.31
2007	18,938,470,451	7,771,561,687	26,710,032,138	2,559,073,381	29,269,105,519	7.02
2006	17,043,312,074	6,622,078,149	23,665,390,223	2,178,724,534	25,844,114,757	7.59
2005	14,498,860,789	5,682,627,289	20,181,488,078	1,908,057,825	22,089,545,903	8.23
2004	13,802,206,345	5,082,013,558	18,884,219,903	1,843,145,621	20,727,365,524	8.36

Notes: Municipality of Anchorage assesses properties at 100% of estimated actual value

Source: Municipality of Anchorage, Property Appraisal Division

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 10

Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 assessed value)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Areawide:										
General Government	(0.43)	(0.29)	0.09	0.45	0.49	0.37	0.23	0.46	0.64	1.10
Schools	7.35	7.57	7.52	7.44	7.18	6.94	6.79	7.13	7.59	7.26
Property Tax Credit	0.00	0.00	0.00	0.00	(0.57)	(0.51)	0.00	0.00	0.00	0.00
Total Areawide	<u>6.92</u>	<u>7.28</u>	<u>7.61</u>	<u>7.89</u>	<u>7.10</u>	<u>6.80</u>	<u>7.02</u>	<u>7.59</u>	<u>8.23</u>	<u>8.36</u>
Former City Service Area	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02	0.01	0.02
Chugiak Service Area	1.00	1.00	0.97	0.96	0.97	0.99	1.00	0.91	1.00	0.89
Glen Alps Service Area	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Girdwood Service Area	4.29	4.14	3.68	3.87	3.83	3.03	4.00	3.97	3.47	3.47
Former Borough Roads and Drainage Service Area	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire Service Area	2.21	2.13	2.09	1.83	1.75	1.77	1.73	1.76	1.97	1.87
Roads and Drainage Service Area	2.60	2.78	2.46	2.13	2.77	2.60	2.59	2.80	2.75	2.90
Limited Service Areas	1.29	1.31	1.33	1.33	1.32	1.30	1.28	1.21	1.31	1.26
Anchorage Metropolitan Police Service Area	3.23	2.76	2.70	2.67	2.61	2.56	2.60	2.57	2.71	2.37
Parks and Recreation Service Area	0.60	0.62	0.62	0.66	0.70	0.65	0.60	0.56	0.62	0.68
Building Safety Service Area	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Eagle River/Chugiak Parks & Recreation Service Area	0.95	1.00	0.90	0.91	1.05	1.08	1.11	1.13	1.17	1.18

Source: Municipality of Anchorage, Assembly Ordinances.

MUNICIPALITY OF ANCHORAGE, ALASKA

Principle Property Tax Payers
Current Year and Nine Years Ago

Table 11

2013		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
ACS of Anchorage Inc.	\$ 207,511,412	0.64%
GCI Communication Corporation	198,174,700	0.61%
Calais Company, Inc.	175,827,700	0.54%
Fred Meyer Stores, Inc.	133,321,898	0.41%
Galen Hospital Alaska, Inc.	126,388,610	0.39%
BP Exploration (Alaska), Inc.	117,757,367	0.36%
Enstar Natural Gas Company	116,768,027	0.36%
Wec 2000A-Alaska LLC	106,353,862	0.33%
Anchorage Fueling & Svc Co	100,015,416	0.31%
Sisters of Providence	94,991,560	0.29%
	<u>\$ 1,377,110,552</u>	<u>4.26%</u>

2004		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Alaska Communications	\$ 180,733,155	0.87%
Fred Meyer Stores, Inc.	84,465,980	0.41%
Galen Hospital Alaska, Inc.	70,997,379	0.34%
Calais Company, Inc.	70,930,555	0.34%
Hickel Investment Company	69,664,202	0.34%
WEC 2000A-Alaska LLC	68,643,460	0.33%
Federal Express Corp.	65,987,184	0.32%
BP Exploration (Alaska), Inc.	55,936,593	0.27%
Hilton MD Finance Company	55,323,100	0.27%
First National Bank	45,548,058	0.22%
	<u>\$ 768,229,666</u>	<u>3.71%</u>

Notes: Assessed values include both real and personal property.

Source: Municipality of Anchorage, Property Appraisal Division.

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

Table 12

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Balance
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2013	489,910,228	488,240,741	99.66%	-	482,516,384	98.49%	7,393,844
2012	480,422,072	480,393,854	99.99%	-	478,045,741	99.51%	2,376,331
2011	477,009,470	477,142,831	100.03%	-	476,811,374	99.96%	198,096
2010	475,771,921	470,361,847	98.86%	5,112,192	475,474,039	99.94%	297,882
2009	463,732,284	454,799,895	98.07%	8,641,400	463,441,295	99.94%	290,989
2008	438,158,786	430,346,262	98.22%	7,656,469	438,002,731	99.96%	156,055
2007	386,615,505	378,829,566	97.99%	7,782,928	386,612,494	100.00%	3,011
2006	398,955,490	389,483,559	97.63%	9,470,545	398,954,104	100.00%	1,386
2005	357,895,662	353,993,904	98.91%	3,900,811	357,894,715	100.00%	947
2004	337,190,170	325,033,543	96.39%	12,153,158	337,186,701	100.00%	3,469

Source: Municipality of Anchorage, Treasury Division.

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

Table 13

Fiscal Year	Governmental Activities						Total Governmental Activities
	General Obligation Bonds	Revenue Bonds (1)	Special Assessment Bonds	Certificates of Participation	Notes and Loans	Capital Lease	
2013	\$ 451,264,548	\$ 114,205,696	\$ -	\$ -	\$ 5,973,442	\$ 9,613,451	\$ 581,057,137
2012	482,046,822	119,212,265	-	-	6,188,701	11,634,331	619,082,119
2011	488,862,810	123,923,833	-	-	6,393,960	3,794,941	622,975,544
2010	487,341,763	148,375,000	-	-	6,535,000	3,642,532	645,894,295
2009	448,590,369	152,430,000	-	-	6,719,000	3,143,291	610,882,660
2008	475,781,420	156,180,000	-	-	6,894,000	4,088,564	642,943,984
2007	441,657,000	159,175,000	335,000	-	7,060,000	1,558,751	609,785,751
2006	411,256,115	161,725,000	600,000	-	7,160,000	2,014,682	582,755,797
2005	440,262,898	53,620,000	630,000	3,360,000	9,255,000	1,565,243	508,693,141

Fiscal Year	Business-type Activities				Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (Table 18)	Total Debt to Population (Table 14)
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Notes and Loans				
2013	\$ -	\$ 399,715,871	\$ -	\$ 239,286,318	\$ 639,002,189	\$ 1,220,059,326	6.97%	\$ 4,052
2012	-	419,246,245	-	172,754,534	592,000,779	1,211,082,898	7.48%	4,053
2011	-	442,161,368	-	177,208,651	619,370,019	1,242,345,563	8.30%	4,194
2010	-	463,891,471	-	158,588,588	622,480,059	1,268,374,354	8.76%	4,346
2009	503,673	486,026,173	-	132,016,611	618,546,457	1,229,429,117	8.93%	4,231
2008	970,177	375,390,296	-	114,647,859	491,008,332	1,133,952,316	7.84%	3,979
2007	1,401,428	396,391,269	40,000	98,010,000	495,842,697	1,105,628,448	8.42%	3,895
2006	1,798,224	316,923,801	109,630	84,657,947	403,489,602	986,245,399	7.93%	3,487
2005	8,165,166	334,214,124	186,446	72,107,899	414,673,635	923,366,776	7.99%	3,319
2004	15,997,050	350,440,344	272,363	66,207,324	432,917,081	868,953,572	7.99%	3,131

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

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

(1) Includes CIVICVentures revenue bonds issued in 2006.

Source: Municipality of Anchorage, Finance Department.

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 14

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	General Obligation Bonds	Less: Available Resources	Net General Obligation Bonds	Ratio of GO Debt to Assessed Value of Property	Net GO Debt Per Capita
2013	301,134	\$ 32,599,587,241	\$ 451,264,548	\$ 3,535,603	\$ 447,728,945	1.37%	\$ 1,487
2012	298,576	\$ 31,714,337,376	\$ 482,046,822	\$ 3,789,823	\$ 478,256,999	1.51%	\$ 1,602
2011	296,197	31,596,540,551	488,862,809	774,548	488,088,261	1.54%	1,648
2010	291,826	31,463,676,892	487,341,763	1,070,990	486,270,773	1.55%	1,666
2009	290,588	31,453,348,714	449,094,042	814,460	448,279,582	1.43%	1,543
2008	284,994	30,580,821,146	476,751,597	1,007,077	475,744,520	1.56%	1,669
2007	283,823	29,269,105,519	443,058,428	1,139,219	441,919,209	1.51%	1,557
2006	282,813	25,844,114,757	413,054,339	1,230,134	411,824,205	1.59%	1,456
2005	278,241	22,089,545,903	448,428,064	1,855,430	446,572,634	2.02%	1,605
2004	277,498	20,727,365,524	383,383,509	2,001,815	381,381,694	1.84%	1,374

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

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

Source: Municipality of Anchorage, Treasury Division and Finance Division

MUNICIPALITY OF ANCHORAGE, ALASKA

Direct and Overlapping Debt
December 31, 2013

Table 15

	Debt Outstanding	Percentage Overlap	Share of Direct and Overlapping Debt
Anchorage School District overlapping debt	598,480,000	100%	\$ 598,480,000
Anchorage's direct debt (Table 13)			<u>581,057,137</u>
Total direct and overlapping debt			<u>\$ 1,179,537,137</u>

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

Percentage of overlap is based on assessed property values.

Source: Debt outstanding balance obtained from Anchorage School District 2013 CAFR.

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 16

Legal Debt Margin
December 31, 2013

Legal Debt Margin

The Municipality of Anchorage has no legal debt limit mandated by the Municipal Charter, Municipal Code or state law.

Source: Municipality of Anchorage, Finance Department.

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 17

Pledged- Revenue Coverage
Last Ten Fiscal Years

Electric Utility							
Fiscal Year	Revenue (1)(2)	Operating Expenses (3)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (4)
				Principal	Interest (2)	Total	
2013	\$ 116,439,242	\$ 69,979,738	\$ 46,459,504	\$ 17,085,000	\$ 10,684,851	\$ 27,769,851	1.67
2012	122,973,354	73,853,642	49,119,712	16,915,000	13,953,484	30,868,484	1.59
2011	138,326,743	88,336,864	49,989,879	16,945,000	14,969,376	\$ 31,914,376	1.57
2010	134,571,665	82,342,389	52,229,276	16,995,000	15,974,962	\$ 32,969,962	1.58
2009	120,484,857	71,496,357	48,988,500	17,270,000	9,460,410	26,730,410	1.83
2008	108,120,323	56,737,791	51,382,532	17,295,000	9,775,653	27,070,653	1.90
2007	103,846,120	42,968,092	60,878,028	17,725,000	10,714,687	28,439,687	2.14
2006	122,317,974	61,133,040	61,184,934	21,225,000	11,675,721	32,900,721	1.86
2005	119,283,380	71,146,481	48,136,899	13,310,000	12,650,207	25,960,207	1.85
2004	108,480,057	63,518,720	44,961,337	12,830,000	12,981,045	25,811,045	1.74

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

(2) Excludes Federal subsidy for 2013

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

(4) The requirement minimum revenue bond coverage is 1.35 and the all-debt minimum coverage is 1.10.

Commercial paper is not reflected on this schedule. If it were included, all-debt coverage for fiscal years 2013 and 2012 would be 1.33 and 1.44, respectively.

Solid Waste							
Fiscal Year	Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (3)
				Principal	Interest	Total	
2013	\$ 22,622,652	\$ 14,986,951	\$ 7,635,701	\$ -	\$ -	\$ -	-
2012	20,668,046	14,207,765	6,460,281	-	-	-	-
2011	19,015,890	12,893,218	6,122,672	-	-	-	-
2010	19,384,938	12,150,796	7,234,142	-	-	-	-
2009	20,094,151	12,546,222	7,547,929	360,000	4,837	364,837	20.69
2008	18,319,902	12,310,770	6,009,132	340,000	23,919	363,919	16.51
2007	16,638,808	14,320,344	2,318,464	320,000	41,925	361,925	6.41
2006	16,004,058	11,723,024	4,281,034	305,000	58,923	363,923	11.76
2005	16,250,609	9,837,244	6,413,365	290,000	74,844	364,844	17.58
2004	16,205,018	8,230,463	7,974,555	270,000	89,026	359,026	22.21

(1) Excludes interest charged to construction.

(2) Excludes depreciation and Municipal Utility Service Assessment.

(3) Required minimum coverage 1.25.

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

Table 17 (continued)

Port								
Fiscal Year	Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (3)	
				Principal	Interest	Total		
2013	\$ 11,633,618	\$ 8,315,872	\$ 3,317,746	\$ -	\$ -	\$ -	-	
2012	12,062,773	7,863,295	4,199,478	-	-	-	-	
2011	12,252,134	6,158,691	6,093,443	-	-	-	-	
2010	12,427,622	5,818,956	6,608,666	-	-	-	-	
2009	12,978,363	6,549,724	6,428,639	-	-	-	-	
2008	12,543,838	6,900,782	5,643,056	-	-	-	-	
2007	12,981,129	6,212,308	6,768,821	-	-	-	-	
2006	12,599,691	4,270,976	8,328,715	1,330,000	39,900	1,369,900	6.08	
2005	12,888,242	3,788,630	9,099,612	1,250,000	117,300	1,367,300	6.66	
2004	10,470,461	4,608,950	5,861,511	1,180,000	190,200	1,370,200	4.28	

- (1) Excludes interest charged to construction.
(2) Excludes depreciation and Municipal Utility Service Assessment.
(3) Required minimum coverage 1.35.

Water Utility									
Fiscal Year	Revenue (1)	Assessment Collections (2)	Operating Expenses (3)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (5)	
					Principal (4)	Interest	Total		
2013	\$ 59,118,091	\$ 248,752	\$ 29,916,083	\$ 29,450,760	\$ 6,015,000	\$ 5,785,568	11,800,568	2.50	
2012	55,900,765	241,708	31,362,002	24,780,471	5,810,000	6,000,111	11,810,111	2.10	
2011	52,238,591	351,036	30,811,206	21,778,421	4,760,000	6,206,089	10,966,089	1.99	
2010	50,860,139	312,253	29,456,391	21,716,001	5,255,000	6,094,343	11,349,343	1.91	
2009	50,391,141	301,479	28,054,018	22,638,602	4,095,000	7,632,687	11,727,687	1.93	
2008	44,264,376	326,820	27,725,271	16,865,925	4,250,000	7,836,288	12,086,288	1.40	
2007	44,755,119	292,321	26,714,777	18,332,663	3,960,000	5,549,972	9,509,972	1.93	
2006	39,480,462	605,444	18,964,994	21,120,912	5,375,000	5,174,576	10,549,576	2.00	
2005	39,214,137	475,004	18,733,157	20,955,984	5,185,000	5,394,050	10,579,050	1.98	
2004	33,688,579	560,866	17,094,054	17,155,391	4,595,000	5,277,793	9,872,793	1.74	

- (1) Excludes interest restricted for construction, interest on advanced grants, amortization of premiums on investments, includes special items, transfers from other funds and antenna revenue.
(2) Assessment collections represent payments made by benefited property owners, see Capital contributions -customer/special assessments on the Statements of Cash Flows.
(3) Excludes depreciation and Public Employees Retirement System (PERS) relief distributed to labor, includes Municipal Utility Service Assessment as per the 2007 bond covenants.
(4) Does not include Mini-Bonds as they have no debt service requirements.
(5) Required minimum coverage 1.35 for bonds issued prior to 1999, 1.15 times for bonds in subsequent years.

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 17 (continued)

Pledged- Revenue Coverage
Last Ten Fiscal Years

Wastewater Utility									
Fiscal Year	Revenue (1)	Assessment Collections (2)	Operating Expenses (3)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (4)	
					Principal	Interest	Total		
2013	\$ 49,606,871	\$ 254,484	\$ 29,856,569	\$ 20,004,786	\$ 705,000	\$ 3,099,794	\$ 3,804,794	5.26	
2012	47,373,573	308,997	29,383,573	18,298,997	670,000	3,127,634	3,797,634	4.82	
2011	42,523,838	344,946	28,790,317	14,078,467	650,000	3,153,650	3,803,650	3.70	
2010	37,853,165	501,616	27,872,010	10,482,771	615,000	3,181,475	3,796,475	2.76	
2009	37,346,056	420,981	26,417,348	11,349,689	595,000	3,204,697	3,799,697	2.99	
2008	34,954,522	842,664	24,844,546	10,952,640	575,000	3,225,638	3,800,638	2.88	
2007	35,566,755	481,651	23,627,253	12,421,153	520,000	1,672,649	2,192,649	5.66	
2006	31,163,232	1,017,357	17,576,955	14,603,634	95,000	1,361,319	1,456,319	10.03	
2005	29,168,118	919,373	16,401,620	13,685,871	90,000	1,365,706	1,455,706	9.40	
2004	26,802,108	886,986	15,821,938	11,867,156	90,000	707,312	797,312	14.88	

- (1) Excludes interest restricted for construction, interest on advanced grants, amortization of premiums on investments, includes special items and transfers from other funds.
- (2) Assessment collections represent payments made by benefited property owners.
- (3) Excludes depreciation and Public Employees Retirement System (PERS) relief distributed to labor, includes Municipal Utility Service Assessment as per the 2007 bond covenants.
- (4) Required minimum coverage 1.15.

Roads and Drainage Special Assessments							
Fiscal Year	Assessment Collected	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2013	\$ 114,125	n/a	\$ 114,125	\$ -	\$ -	\$ -	-
2012	226,889	n/a	226,889	-	-	-	-
2011	297,055	n/a	297,055	-	-	-	-
2010	652,751	n/a	652,751	-	-	-	-
2009	193,337	n/a	193,337	-	-	-	-
2008	195,300	n/a	195,300	145,000	11,056	156,056	1.25
2007	172,235	n/a	172,235	35,000	13,725	48,725	3.53
2006	252,409	n/a	252,409	30,000	51,083	81,083	3.11
2005	349,442	n/a	349,442	60,000	55,658	115,658	3.02
2004	649,186	n/a	649,186	205,000	72,775	277,775	2.34

CIVICVentures							
Fiscal Year	Hotel & Motel Tax Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2013	\$ 6,373,713	n/a	\$ 6,373,713	\$ 1,425,000	\$ 4,897,010	\$ 6,322,010	1.01
2012	6,322,010	n/a	6,322,010	1,300,000	4,945,760	6,245,760	1.01
2011	6,198,549	n/a	6,198,549	1,180,000	4,990,010	6,170,010	1.00
2010	6,125,400	n/a	6,125,400	1,070,000	5,027,460	6,097,460	1.00
2009	5,448,157	n/a	5,448,157	920,000	5,059,660	5,979,660	0.91
2008	5,827,392	n/a	5,827,392	305,000	5,070,335	5,375,335	1.08
2007	5,241,006	n/a	5,241,006	-	5,070,335	5,070,335	1.03
2006	5,053,453	n/a	5,053,453	-	2,943,611	2,943,611	1.72

Source: Municipality of Anchorage Finance Department; Municipal Light & Power Finance Department, Anchorage Water & Wastewater Finance Department, and Port of Anchorage Finance Department.

MUNICIPALITY OF ANCHORAGE, ALASKA
Demographic Statistics
Last Ten Fiscal Years

Table 18

Fiscal Year	Population	Per Capita Personal Income (1)	Total Personal Income (in thousands)	School Enrollment	Unemployment Rate (2)	Registered Voters (3)
2013	301,134	\$ 58,156	\$ 17,512,749	48,028	4.9	204,360
2012	298,842	54,196	16,196,041	48,734	5.6	211,989
2011	296,197	50,540	14,969,796	48,761	6.1	261,121
2010	291,826	49,629	14,483,033	48,570	6.9	262,792
2009	290,588	47,381	13,768,350	49,381	6.6	257,334
2008	284,994	50,755	14,464,870	48,440	5.9	264,880
2007	283,823	46,243	13,124,827	48,707	6.0	244,452
2006	282,813	43,957	12,431,611	49,320	5.0	201,440
2005	278,241	41,522	11,553,123	49,182	5.4	201,007
2004	277,498	39,206	10,879,587	49,265	5.7	184,162

Notes:

(1) The Alaska Department of Labor and Workforce Development (ADLWD) has not published 2012 or 2013 Per Capita Personal Income for the Anchorage Municipal Area yet. Per capita income was estimated using the five previous years average increase for 2012 and 2013.

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

Source:

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA

Principle Employment by Industry
Current Year and Nine Years Ago

Industry	2013 (*)		2004		% of Total Employment
	Average Quarterly Employment	% of Total Employment	Average Quarterly Employment	% of Total Employment	
Retail Salespersons	6,222	19.05%	6,881	22.44%	
Cashiers	3,854	11.80%	3,724	12.15%	
Office and Admin Support Workers, All Other	(1)	10.39%	3,304	10.78%	
Registered Nurses	(2)	9.89%	2,890	9.43%	
Combined Food Preparation and Serving Workers, Including Fast Food		9.01%	2,558	8.34%	
Office Clerks, General		8.99%	2,410	7.86%	
Personal Care Aides		8.34%	2,385	7.78%	
Waiters and Waitresses		8.11%	2,269	7.40%	
Janitors and Cleaners, Except Maids and Housekeeping Cleaners		7.99%	2,122	6.92%	
Food Preparation Workers	2,101	6.43%	2,118	6.91%	
Total Employment	32,668		30,661		

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

- (*) The 2013 Average Quarterly Worker count utilized 2012 fourth quarter worker counts due to insufficient 2013 fourth quarter data.
 (1) The Office and Admin Support Workers, All Other occupation for 2013 includes Financial Clerks, All Others.
 (2) The Registered Nurses occupation for 2013 includes the worker counts for Nurse Anesthetists, Nurse Midwives, and Nurse Practitioners.

Source: State of Alaska Department of Labor Workforce and Development, Research and Analysis Section

MUNICIPALITY OF ANCHORAGE, ALASKA
Full-time Equivalent Employees
Last Ten Fiscal Years

Table 20

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Fire services	372	383	355	377	395	403	401	385	363	352
Police services	505	529	522	537	572	552	532	521	517	484
Subtotal - public safety	877	912	877	914	967	955	933	906	880	836
General government	318	309	299	324	365	345	369	337	331	328
Health and human services	98	120	128	141	148	141	166	145	159	157
Economic and community development	218	226	200	219	230	202	259	215	192	194
Public transportation	147	142	152	158	158	159	158	156	153	141
Public works	278	285	358	379	412	405	430	408	386	380
Subtotal - other	1,059	1,082	1,137	1,221	1,313	1,252	1,382	1,261	1,221	1,200
Total - general government	1,936	1,994	2,014	2,135	2,280	2,207	2,315	2,167	2,101	2,036
Enterprise Funds										
Water	127	133	131	129	138	133	129	126	129	128
Wastewater	127	133	131	129	139	134	129	125	128	127
Electric	230	228	236	245	244	240	240	235	227	224
Port	22	21	21	22	22	21	25	21	20	21
Municipal airport	8	9	9	8	9	9	10	10	10	10
Solid waste	66	72	73	75	72	72	76	68	60	64
Refuse	27	21	21	21	20	20	20	21	20	19
Total - enterprise funds	607	617	622	629	644	629	629	606	594	593
Total	2,543	2,611	2,636	2,764	2,924	2,836	2,944	2,773	2,695	2,629

Note:

This table includes regular, seasonal and temporary full-time employees.

All election workers, Assembly members, and Board and Commission members were excluded.

Source: Municipality of Anchorage, Employee Relations Department.

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

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Fire services										
Number of stations	13	14	14	14	14	14	14	19	19	13
Fire suppression incidents	11,497	11,323	10,845	10,252	10,463	9,645	9,936	9,032	9,044	9,086
Emergency medical service incidents	21,183	21,485	19,505	19,749	19,072	18,716	18,297	18,730	17,480	17,727
Police services										
Number of stations	13	12	14	14	17	16	16	14	14	13
Health and human services										
Health clinic visits:										
Disease prevention and control	11,094	12,628	12,102	13,441	17,114	14,005	14,519	17,423	18,750	18,919
Reproductive health clinic	9,217	5,768	7,978	9,081	8,263	7,003	6,704	9,370	10,467	10,784
Maternal child health clinic	-	-	-	-	-	-	-	1,011	3,167	2,828
Women, infants and Children	68,873	67,802	74,863	79,693	77,859	59,647	49,575	51,695	16,054	56,281
Environmental service customers:										
Customer service counter	7,404	6,135	12,894	14,302	10,726	10,238	21,390	21,890	27,565	26,917
Public facility inspections	2,260	2,225	2,519	1,801	2,650	3,002	3,683	3,210	2,587	4,012
Noise, nuisance, housing	817	1,169	973	1,046	1,370	1,141	760	361	1,080	921
Air quality and vehicle IM (1)	-	-	91,444	96,215	98,037	92,514	103,765	105,037	110,131	114,622
Daycare assistance families (2)	-	-	3,170	3,111	2,254	2,838	2,075	2,000	3,007	1,913
Licensed child care centers	112	106	109	104	109	111	118	113	124	125
Licensed child care homes	159	157	167	170	168	207	215	210	225	236
Economic and community development										
Cultural and recreation services:										
Total park acres (3)	16,061	16,061	16,000	16,000	16,000	16,000	16,000	16,000	10,938	15,068
Parks	262	248	248	248	248	248	248	248	242	237
Swim pools, indoor	6	6	6	6	6	5	5	6	5	6
Bike/ski trails (Miles)	282	270	270	270	270	270	270	270	250	128
Ski trails (Km)	212	149	149	149	134	134	134	na	na	134
Community recreation centers	15	15	16	16	16	16	16	16	4	6
Historic sites	27	27	27	27	27	27	27	27	27	27
Anchorage Museum at Rasmuson Center:										
Number of visitors	179,052	186,603	186,529	212,514	95,000	119,854	132,309	142,843	164,311	183,956
Value of museum collection	11,837,463	11,215,858	10,275,327	10,009,399	9,946,210	9,732,176	9,623,771	9,442,409	9,211,480	8,916,030
Value of 1% for Art collection	13,169,276	12,843,530	12,709,330	12,129,948	11,387,908	11,104,208	10,331,978	9,875,328	8,033,818	7,852,168
Anchorage Public Library:										
Branches	5	5	5	6	6	6	5	5	5	5
Items	604,716	624,477	611,663	623,162	644,677	605,000	675,000	644,332	654,418	615,480
Items circulated	1,520,188	1,743,508	1,579,366	1,642,303	1,500,716	1,600,000	1,542,800	1,542,800	1,442,997	1,438,887
Reference responses	99,966	158,414	172,762	216,528	188,141	219,043	115,903	181,414	180,877	156,033
William Egan Civic and Convention Center:										
Events	211	231	254	203	248	443	513	458	323	396
Attendance	106,481	118,488	125,673	114,351	141,918	196,102	219,643	263,946	232,882	247,172

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

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Dena'ina Civic and Convention Center:										
Events (*)	445	412	422	425	413	-	-	-	-	-
Attendance (*)	198,411	211,315	203,754	159,134	206,358	-	-	-	-	-
Alaska Center for the Performing Arts:										
Events	532	602	505	524	607	597	542	483	598	588
Attendance	220,391	266,205	226,799	231,556	300,293	251,258	230,436	221,744	238,300	244,017
George Sullivan Sports Arena:										
Events	130	105	140	150	167	163	169	172	171	156
Attendance	267,404	269,981	290,380	310,219	395,382	347,993	385,738	380,043	384,952	356,088
Anchorage Golf Course:										
Rounds played	28,088	31,303	34,968	28,624	34,454	27,861	31,564	29,075	35,250	33,933
Department of Neighborhoods:										
Weatherization clients (4)	-	-	693	596	535	226	187	171	142	204
Total dwellings upgraded	-	-	1,852	1,555	1,165	601	506	607	436	750
Number of people served										
Public transportation										
Average daily ridership:										
Weekdays	13,511	13,848	14,027	14,100	14,294	14,297	13,564	13,401	13,498	11,921
Saturdays	6,640	6,797	6,821	6,821	7,062	6,864	6,632	6,529	6,619	5,904
Sundays	3,777	3,848	3,881	3,899	3,816	3,670	3,486	3,518	3,499	3,034
Total annual ridership	3,986,877	4,088,549	4,148,501	4,145,569	4,184,141	4,220,677	3,989,137	3,948,228	3,975,074	3,536,059
Annual mileage	1,882,191	1,955,591	2,131,576	2,216,276	2,458,195	2,578,229	2,318,543	2,433,270	2,417,503	2,318,308
Timetable revenue hours	123,303	122,673	123,734	126,655	131,125	132,120	130,184	130,324	131,037	124,724
Public works										
Miles of streets and alleys:										
Anchorage Road Service Area										
Unpaved	6	7	7	7	9	12	12	12	12	12
Paved	617	614	613	608	606	600	596	595	594	591
Limited Road Service Area	313	316	313	307	298	298	298	297	297	297
Alleys	44	44	44	44	44	44	44	53	53	53
Water										
Number of customers	55,557	55,362	55,185	54,976	54,835	54,697	54,525	54,316	53,906	52,742
Average treatment plant production (5)										
(gallons/day)	22,900,000	22,100,000	22,700,000	23,100,000	22,600,000	21,930,000	22,850,000	22,095,359	22,958,708	21,189,127
Treatment plant capacity (gallons/day) (6)	65,000,000	65,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	59,000,000	59,000,000	59,000,000
Average well production (gallons/day) (7)	1,523,288	728,767	1,611,233	8,394,000	1,400,000	1,400,000	2,540,000	3,941,915	4,164,856	5,321,938
Miles of water mains	838	836	836	834	829	828	828	882	864	808
Public fire hydrants	5,917	5,897	5,887	5,874	5,851	5,817	5,786	5,775	5,724	5,645
Private fire hydrants	-	1,368	1,367	1,357	1,356	1,204	1,344	1,255	1,115	1,100

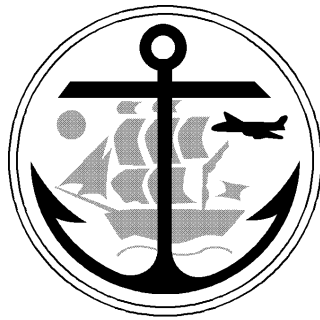
MUNICIPALITY OF ANCHORAGE, ALASKA
Miscellaneous Statistical Data by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Fire services										
Number of customers	56,432	56,251	56,107	55,898	55,783	55,635	55,470	55,272	54,892	54,171
Average treatment (gallons/day) (8)	30,800,000	29,500,000	26,800,000	28,500,000	29,900,000	31,210,000	29,400,000	30,141,960	30,170,000	31,280,000
Treatment plant capacity (gallons/day)	61,100,000	61,100,000	61,100,000	61,100,000	61,270,000	61,270,000	61,270,000	61,270,000	61,100,000	61,100,000
Miles of wastewater lines:										
Interceptors	45	45	45	45	45	45	45	45	45	45
Trunks	83	83	83	83	83	82	82	82	82	82
Laterals	622	634	624	623	623	616	596	594	590	585
Electric										
Number of customers	30,786	30,747	30,603	30,481	30,406	30,352	30,244	30,091	30,100	29,876
Number of street lights	3,908	3,924	3,930	3,948	4,027	4,132	4,146	4,167	4,187	4,207
Circuit miles of overhead distribution lines	123	124	125	130	131	136	136	135	137	138
Miles of underground distribution lines	248	250	252	257	254	243	237	236	232	228
Plant generation capacity (30 degrees Fahrenheit) - KW	424,560	364,500	364,500	364,500	366,100	366,100	366,100	333,200	333,200	333,200
Port										
Tonnage	3,396,544	3,754,231	4,135,214	3,962,962	3,798,272	4,370,277	4,316,392	4,347,289	5,101,816	4,628,010
Municipal airport										
Landings and take-offs	128,031	131,777	130,779	150,146	168,062	169,313	174,848	187,798	190,816	191,516
Solid waste										
Total landfill/disposal customers	253,872	256,479	242,646	238,993	245,590	247,788	273,262	267,639	279,735	367,614
Total waste land filled (tons)	308,164	331,413	308,646	317,891	320,983	338,499	359,165	356,387	368,182	277,038
Refuse collection										
Average residential billed customers	10,002	10,020	10,000	9,994	9,912	9,879	10,102	9,929	9,978	9,946
Residential tons collected	9,516	9,644	9,810	10,673	11,824	12,528	13,246	13,519	13,946	14,757
Average commercial billed customers	1,847	1,880	1,898	1,890	1,878	1,884	1,895	1,895	1,824	1,835
Commercial tons collected	26,985	26,922	26,896	26,749	26,818	27,100	27,958	28,401	29,146	29,244

Note:

- (*) Denaina Civic and Convention Center first opened for operation in September 2008. The first available information for events and attendance was in the fiscal year 2009.
- 1 The I/M Program made up the vast majority of customers counted in 2011. This statistic is no longer tracked due to the termination of the program.
- 2 The Daycare Assistance family program no longer exist.
- 3 Increase acreage is due to the conveyance of 61 acres of land located on the Campbell Creek Estuary from Great Land Trust in the form of a donation to the Municipality of Anchorage.
- 4 As of 2012, the Weatherization Program has been discontinued and transferred to Rural Cap.
- 5 In 2012, the decrease in average treatment plant production was weather related. The extremely wet conditions during last summer decreased the demand for water and therefore decreased the number of gallons treated.
- 6 In 2012, the change in capacity is due to standardization of the numbers being used. There has been some mixing of design capacity numbers with plant flow capacity in the past. The numbers represent the agreed upon system capacity at the current time.
- 7 The average well production decreased from 2011 to 2012 for the same reason given in # 6, the weather.
- 8 The increase for treatment per the experts at Asplund, does not appear to be abnormal and could be attributed to several factors including new service connections and the possibility of an increase of flow and infiltration of the collection system.

Source: Municipality of Anchorage, Various Departments.



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