

MUNICIPALITY OF ANCHORAGE, ALASKA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2015

**Ethan Berkowitz
Mayor**

**Prepared by:
Controller's Division**

**Robert Harris
CFO**

**Tom Fink
Controller**

Cover photo courtesy of Tina Verheyen- Grant Accountant, Controller's Division.

MUNICIPALITY OF ANCHORAGE, ALASKA

Comprehensive Annual Financial Report

December 31, 2015

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Municipality of Anchorage

Ethan Berkowitz, Mayor

October 26, 2016

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, 2015, 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) 2CFR Part 200 (formerly 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 Uniform Guidance.

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, 2015. These audits were performed in accordance with Federal and State regulations and *Government Auditing Standards*. BDO USA, LLP audited all 2015 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 for management of its sports arena, performing arts center, convention center, ice arenas, golf courses and equestrian center.

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

Local Economy

The information presented in the financial statements is 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 298,908 which represents a slight decrease of less than 1 percent over the prior year. As the largest city in Alaska, the Municipality is home to approximately 41 percent of the State's residents.

For 2015, the Anchorage School District had 48,477 students enrolled for the 2014-2015 academic year, an increase of about 1 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 1 percent in 2015. The average unemployment rate in 2015 was 5 percent, a decrease from the 5.1 percent in 2014. The 2015 rate mirrors the national average and is lower than the 6.3 percent for the State of Alaska.

The Municipality 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 500 jobs during 2015. The aging of the State's population will likely continue to generate higher health care employment, though possibly at a more moderate pace. There continues to be considerable uncertainty due to the implementation of the Affordable Care Act and Medicaid expansion. Though there are limits to this industry's expansion, the population over age 65 in the Municipality is expected to grow from 38,700 to 52,100 by 2020, driving demand for more services.

Employment in the oil and gas industry stayed constant with 2014 but is projected to decline in 2016. Oil prices have been on the decline resulting in cost cutting in the oil and gas sector. Oil and gas related spending for 2016 in Alaska is estimated at \$3.1 billion, a decrease of 25 percent from 2015.

The Municipality's construction employment increased 600 from 2014. Commercial building assessed values in the Municipality increased by 4 percent in 2015 while residential building assessed values increased by 3.7 percent. The state budget has been reduced due, in part, to falling oil prices. The Associated General Contractors of Alaska 2016 forecasts estimates that \$7.3 billion will be spent this year on construction projects throughout the state, down 18 percent from 2015.

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 is among the top five airports in the world for cargo throughput. 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 passenger revenues of \$30.8 million in 2015, an increase of \$3.2 million over 2014. The Port is ice free year round and is served by two major maritime carriers, Totem Ocean Trailer Express and Matson, Inc. With approximately 90 percent of all consumer goods arriving in Alaska through the port facilities and serving 87 percent of the population of Alaska, the Port is currently undergoing a modernization project that began in 2014. The Port's steady growth in the past decade is expected to continue. Overall tonnage was up 11.5 percent over 2014. In addition, 14 million barrels of fuel came through the Port compared to 10.8 million barrels in 2014.

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. In 2015, a record number of two million tourists came through Anchorage. The Alaska tourism industry accounts for more than 39,700 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 2015. The outlook of S&P's rating is negative, based upon S&P's view of weakening available reserves in the context of limited direct revenue effects from a fall in oil prices during 2015 that has affected the state's economy as a whole.

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 1.38 percent as of December 31, 2015 and the net direct general obligation debt per capita was \$1,618. The respective amounts as of December 31, 2014 were 1.38 percent and \$1,534. When ASD debt is included, net direct general obligation debt to assessed value as of December 31, 2015 is 3.03 percent (3.13 percent in 2014) and the net direct general obligation debt per capita is \$3,550 (\$3,466 in 2014).

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, 2014. This was the twenty-eighth 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 2014 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.

In 2015, the Municipality implemented GASB Statement No. 68 "Accounting and Financial Report for Pension", which changed the way that we reported pensions. In order to implement this standard, we required actuarially prepared information from the State of Alaska. Due to the complex nature of the information needed, there were significant delays in obtaining this data from the State, which in turn caused the delay in the issuance of the Municipality's CAFR.

Respectfully submitted:



Robert Harris
Chief Financial Officer



Thomas Fink
Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Municipality of Anchorage
Alaska**

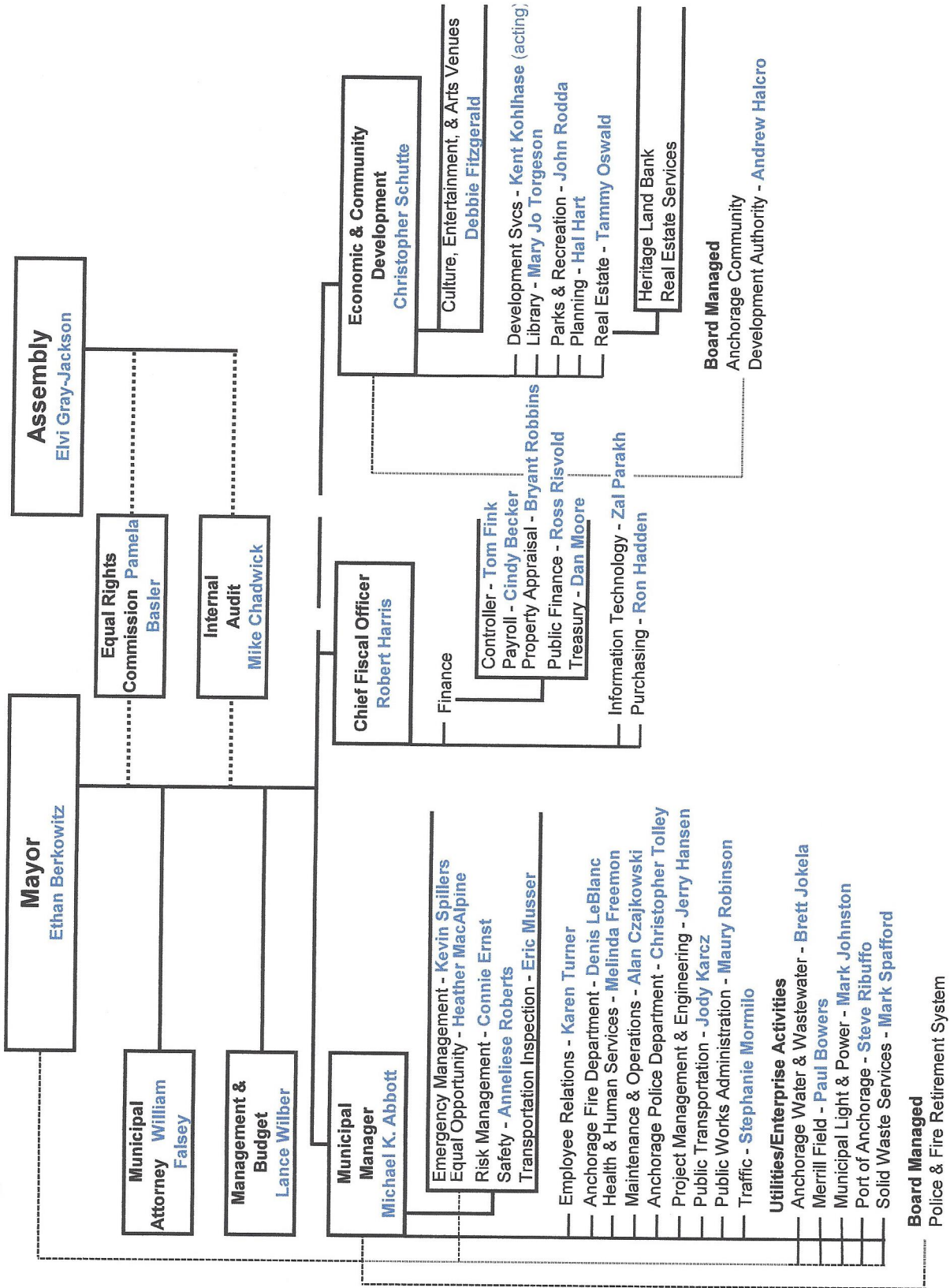
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



MUNICIPALITY OF ANCHORAGE



MUNICIPALITY OF ANCHORAGE

2015

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, 2015, the following citizens were elected to serve on the Assembly.

Dick Traini, Chair

| | |
|-------------------------------|--------------|
| Patrick Flynn | Tim Steele |
| Bill Evans | Paul Honeman |
| Jennifer Johnston | Ernie Hall |
| Pete Petersen | Amy Demboski |
| Elvi Gray-Jackson, Vice Chair | Bill Starr |

Barbara A. Jones, Municipal Clerk

ADMINISTRATION

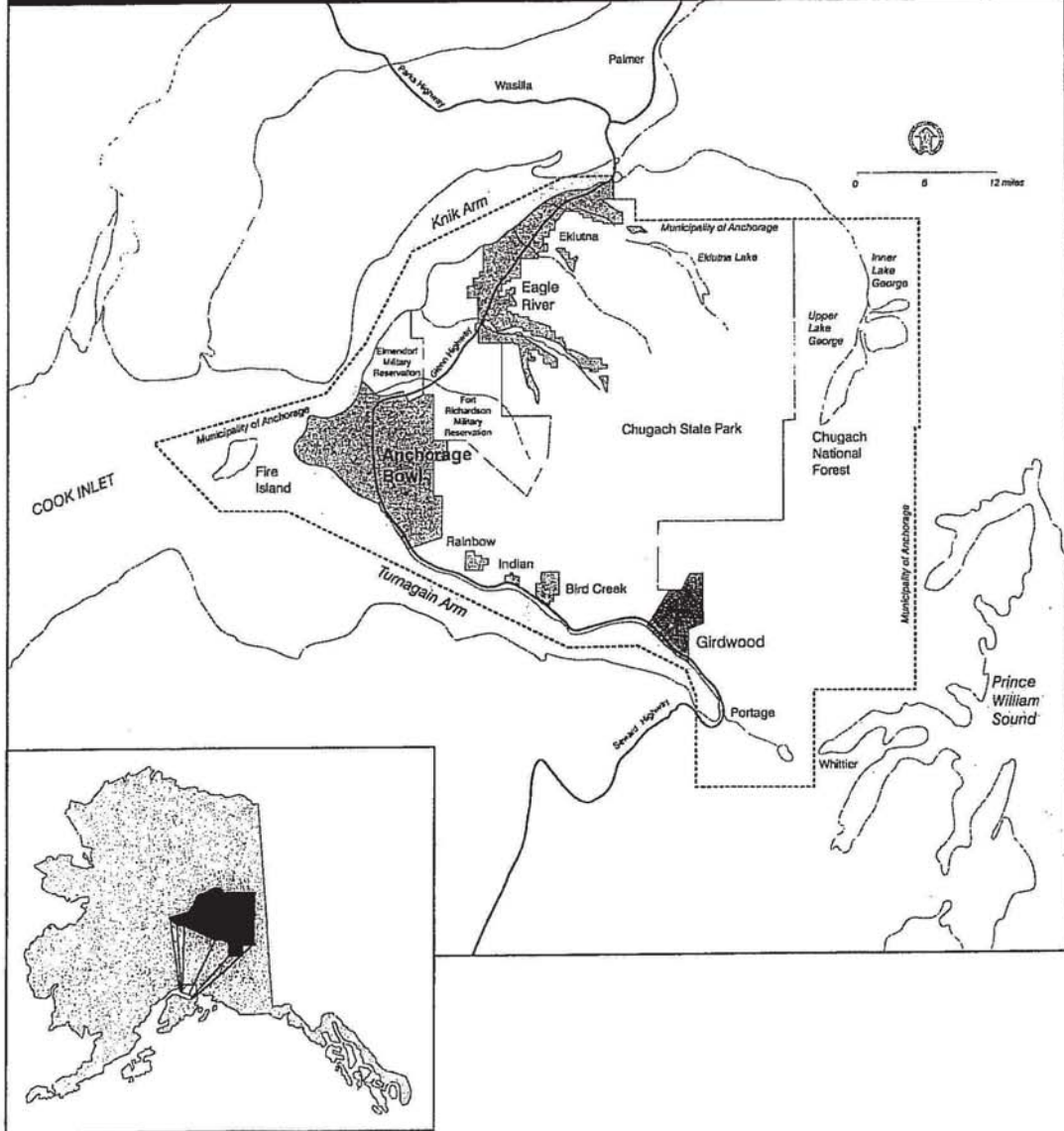
Ethan Berkowitz, Mayor

Mike Abbott, Municipal Manager

William D. Falsey, Municipal Attorney

Robert Harris, 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, 2015, 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 41% and 51%, respectively, of the assets and deferred outflows of resources, and fund balance/net position of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police/Fire Retirement System fiduciary funds is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Police/Fire Retirement System fiduciary funds were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Municipality of Anchorage, Alaska as of December 31, 2015, 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, in 2015 the Municipality adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with the 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 5-18, the budgetary comparison information, the condition rating of the Anchorage road network, the schedules of net pension liability and pension contributions - PERS, the schedules of changes in employer net pension liability, and related ratios, investment returns, employer contributions and funding progress on pages 101-115, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge

we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Municipality of Anchorage's basic financial statements. The accompanying supplementary budgetary comparison schedules, the combining fund financial statements, and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

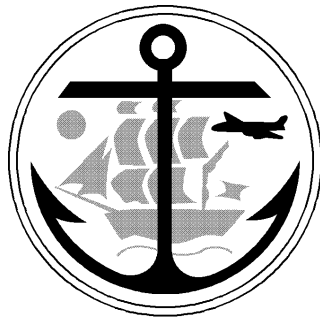
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2016 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
October 26, 2016



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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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All monetary amounts are in thousands of dollars, unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Municipality exceeded its liabilities and deferred inflows of resources at the end of 2015 with reported net position of \$3.5 billion.
- The Municipality's total net position decreased by \$279.5 million or approximately 7.3 percent for 2015. The decrease reflects a change in net position of governmental activities of \$253.4 million and a change in business-type activities of \$26.1 million. This decrease is due in part to the restatement of beginning net position required for the implementation of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" (GASB 68).
- During the year, the governmental activities generated \$800.3 million in revenues not including transfers from, which was offset by expenses of \$830.6 million, not including transfers to.
- During the year, the business-type activities generated \$345.6 million in revenues not including transfers from, that was offset by expenses of \$302.9 million, not including transfers to.
- As of December 31, 2015, the Municipality's governmental funds reported a combined ending fund balance of \$384.9 million, an increase of \$28.3 million. Of the fund balance, \$3.7 million is non-spendable, \$256.8 is restricted, \$58.9 is committed, \$33.8 is assigned and \$31.7 is unassigned. Included in the committed fund balances are \$40 million bond rating set asides.
- The MOA Trust 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, 2015 was \$5.3 billion.
- The Municipality's total long-term debt at December 31, 2015 was \$1.4 billion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the Municipality's basic financial statements. The Municipality's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, 3) the notes to financial statements, and 4) required supplementary information. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

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

The statement of net position presents financial information on all of the Municipality's assets, liabilities, and deferred inflows/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 non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds

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

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

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

The proprietary fund financial statements provide separate information for the electric generation/distribution services, water services, wastewater services, and port services, all of which are considered to be major enterprise funds of the Municipality. Information from the other three proprietary enterprise funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary enterprise funds is provided in the form of combining statements elsewhere in this report. All proprietary internal service funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 the general fund's budgetary comparison schedule, its paved road infrastructure network (accounted for under the modified approach), schedules for its various pension plans, and schedules for the Police and Fire Retirement System other post-employment benefits.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position for December 31, 2015 compared to the prior year (reference Table A-1).

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

| | Governmental activities | | Business-type activities | | Total | |
|--------------------------------------|----------------------------|-------------|-----------------------------|------------|-------------|-------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and other assets | \$ 571,877 | \$ 559,865 | \$ 378,730 | \$ 362,457 | \$ 950,607 | \$ 922,322 |
| Capital assets | 3,352,654 | 3,291,592 | 1,989,089 | 1,901,287 | 5,341,743 | 5,192,879 |
| Total assets | 3,924,531 | 3,851,457 | 2,367,819 | 2,263,744 | 6,292,350 | 6,115,201 |
| Deferred outflows of resources | 39,615 | - | 8,090 | 2,895 | 47,704 | 2,895 |
| Total deferred outflows of resources | 39,615 | - | 8,090 | 2,895 | 47,704 | 2,895 |
| Long-term liabilities | 914,732 | 560,819 | 872,163 | 813,766 | 1,786,895 | 1,374,585 |
| Other liabilities | 223,061 | 215,294 | 185,601 | 111,697 | 408,662 | 326,991 |
| Total liabilities | 1,137,793 | 776,113 | 1,057,764 | 925,463 | 2,195,557 | 1,701,576 |
| Deferred inflows of resources | 5,440 | 995 | 589,230 | 586,119 | 594,670 | 587,114 |
| Total deferred inflows of resources | 5,440 | 995 | 589,230 | 586,119 | 594,670 | 587,114 |
| Net invested in capital assets | 2,753,763 | 2,712,415 | 613,549 | 629,848 | 3,367,311 | 3,342,263 |
| Restricted | 252,408 | 226,231 | 24,846 | 22,001 | 277,254 | 248,232 |
| Unrestricted | (185,258) | 135,703 | 90,520 | 103,208 | (94,738) | 238,911 |
| Total net position | \$2,820,913 | \$3,074,349 | \$ 728,915 | \$ 755,057 | \$3,549,828 | \$3,829,406 |

Overall Analysis

At December 31, 2015, the Municipality's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3.5 billion. Total net position decreased \$279.5 million or 7.3 percent, including the effects of GASB 68.

The largest portion of the Municipality's net position (95 percent) reflects its investment in capital assets less any outstanding debt used to acquire those assets. The Municipality's capital assets are used to provide services to its citizens, consequently; they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position in the amount of \$277.2 million represent those assets that the Municipality holds that are required to be spent for a specific purpose by outside sources and/or enabling legislation. Of this total, the Municipality reported \$34.6 million restricted net position for the acquisition and construction of capital and \$144.5 million representing the investment balance in the MOA Trust Fund.

The remaining balance of unrestricted net position may be used for the Municipality's ongoing obligations to citizens and creditors. For 2015, the unrestricted net position was a deficit of \$94.7 million. This was due to the implementation of GASB 68, which required the recognition of an actuarially calculated pension liability. The liability was significant enough to cause the unrestricted net position of the Municipality into a deficit position.

Governmental Activities

The governmental activities total net position decreased \$253.4 million or 8.4 percent. The majority of this decrease was due to the implementation of GASB 68, which required the recognition of an actuarially calculated pension liability. For 2015, the net pension liability was \$334.6 million, which caused a significant reduction in net position.

Investment in capital assets, net of debt increased \$41.3 million or 1.5 percent. This increase is due to increased capitalizable expenditures in the Capital Projects Roads and Drainage Fund and Area-wide Capital Projects Fund in 2015.

Restricted net position increased \$26.2 million or 11.6 percent. This increase is due to an increase in unspent grant and bond proceeds.

Unrestricted net position is the remaining total net position that is not classified as either investment in capital assets, net of debt or restricted net position. Any change to unrestricted net position is the reflection of changes in the other two net position categories. In 2015, unrestricted net position decreased \$320.9 million or 236.5 percent.

Business-type Activities

The business-type activities total net position decreased \$26.1 million or 3.5 percent. Investment in capital assets, net of debt reported a decrease of \$16.3 million. This decrease is mainly due to the reclassification of construction work in progress to expense in the Port fund. The Solid Waste fund also issued more Alaska State Clean Water loans, which are offset against their capital assets.

Restricted net position increased \$2.8 million or 12.9 percent mainly due to the increase in the Electric Utility funds increase in net position restricted for operation.

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 2015, unrestricted net position decreased by \$12.7 million.

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

Statement of Activities

The Statement of Activities can be used to determine if Municipality services are operating efficiently or if they are too reliant on general revenues. It can also be a good indicator of which functions the Municipality spends most of its resources. The following table reflects the condensed Statement of Activities of the Municipality for 2015 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 | |
|---|-------------------------|----------------|--------------------------|----------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 57,828 | \$ 60,836 | \$ 329,065 | \$ 303,946 | \$ 386,893 | \$ 364,782 |
| Operating grants & contributions | 41,331 | 94,699 | 958 | 261 | 42,289 | 94,960 |
| Capital grants & contributions | 104,865 | 84,027 | 11,490 | 5,007 | 116,355 | 89,034 |
| General revenues: | | | | | | |
| Property taxes | 509,725 | 497,351 | - | - | 509,725 | 497,351 |
| Other taxes | 70,672 | 67,373 | - | - | 70,672 | 67,373 |
| Gain on sale of capital assets | - | - | - | - | - | - |
| Grants and entitlements not restricted to specific programs | 14,043 | 14,831 | - | - | 14,043 | 14,831 |
| Investment earnings | 1,878 | 12,510 | 4,068 | 4,539 | 5,946 | 17,049 |
| Total revenues | <u>800,342</u> | <u>831,627</u> | <u>345,581</u> | <u>313,753</u> | <u>1,145,923</u> | <u>1,145,380</u> |

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

| | Governmental activities | | Business-type activities | | Total | |
|---|----------------------------|---------------------|-----------------------------|-------------------|---------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Expenses: | | | | | | |
| General government | \$ 29,240 | \$ 28,922 | \$ - | \$ - | \$ 29,240 | \$ 28,922 |
| Fire services | 128,861 | 112,673 | - | - | 128,861 | 112,673 |
| Police services | 149,236 | 129,723 | - | - | 149,236 | 129,723 |
| Health and human services | 25,915 | 26,668 | - | - | 25,915 | 26,668 |
| Economic and community dev. | 74,741 | 78,793 | - | - | 74,741 | 78,793 |
| Public transportation | 36,622 | 36,937 | - | - | 36,622 | 36,937 |
| Public works | 90,596 | 111,695 | - | - | 90,596 | 111,695 |
| Education | 240,240 | 240,753 | - | - | 240,240 | 240,753 |
| Maintenance and operations | 35,416 | 35,861 | - | - | 35,416 | 35,861 |
| Interest | 19,782 | 24,518 | - | - | 19,782 | 24,518 |
| Water | - | - | 44,769 | 40,797 | 44,769 | 40,797 |
| Wastewater | - | - | 42,495 | 37,609 | 42,495 | 37,609 |
| Electric | - | - | 152,869 | 123,897 | 152,869 | 123,897 |
| Port | - | - | 26,544 | 16,657 | 26,544 | 16,657 |
| Municipal airport | - | - | 5,475 | 3,701 | 5,475 | 3,701 |
| Solid waste | - | - | 21,710 | 18,111 | 21,710 | 18,111 |
| Refuse | - | - | 9,109 | 8,567 | 9,109 | 8,567 |
| Total expenses | <u>830,649</u> | <u>826,543</u> | <u>302,971</u> | <u>249,339</u> | <u>1,133,620</u> | <u>1,075,882</u> |
| Change in net position prior to transfers | (30,307) | 5,084 | 42,610 | 64,414 | 12,303 | 69,498 |
| Transfers | 32,627 | 28,041 | (32,627) | (28,041) | - | - |
| Special Item - (see footnote 23) | - | - | - | - | - | - |
| Extraordinary Item - (see footnote 23) | - | - | - | - | - | - |
| Change in net position | <u>2,320</u> | <u>33,125</u> | <u>9,983</u> | <u>36,373</u> | <u>12,303</u> | <u>69,498</u> |
| Beginning net position, as restated | 2,818,592 | 3,041,224 | 718,932 | 718,684 | 3,537,524 | 3,759,908 |
| Ending net position | <u>\$ 2,820,913</u> | <u>\$ 3,074,349</u> | <u>\$ 728,915</u> | <u>\$ 755,057</u> | <u>\$ 3,549,828</u> | <u>\$ 3,829,406</u> |

Overall Analysis

The Municipality's total net position of \$3.5 billion decreased by \$12.3 million from current year operations as reported in the Statement of Activities. This decrease is the net effect of a \$2.3 million increase in governmental activities and a \$10 million increase in business-type activities.

Governmental Activities

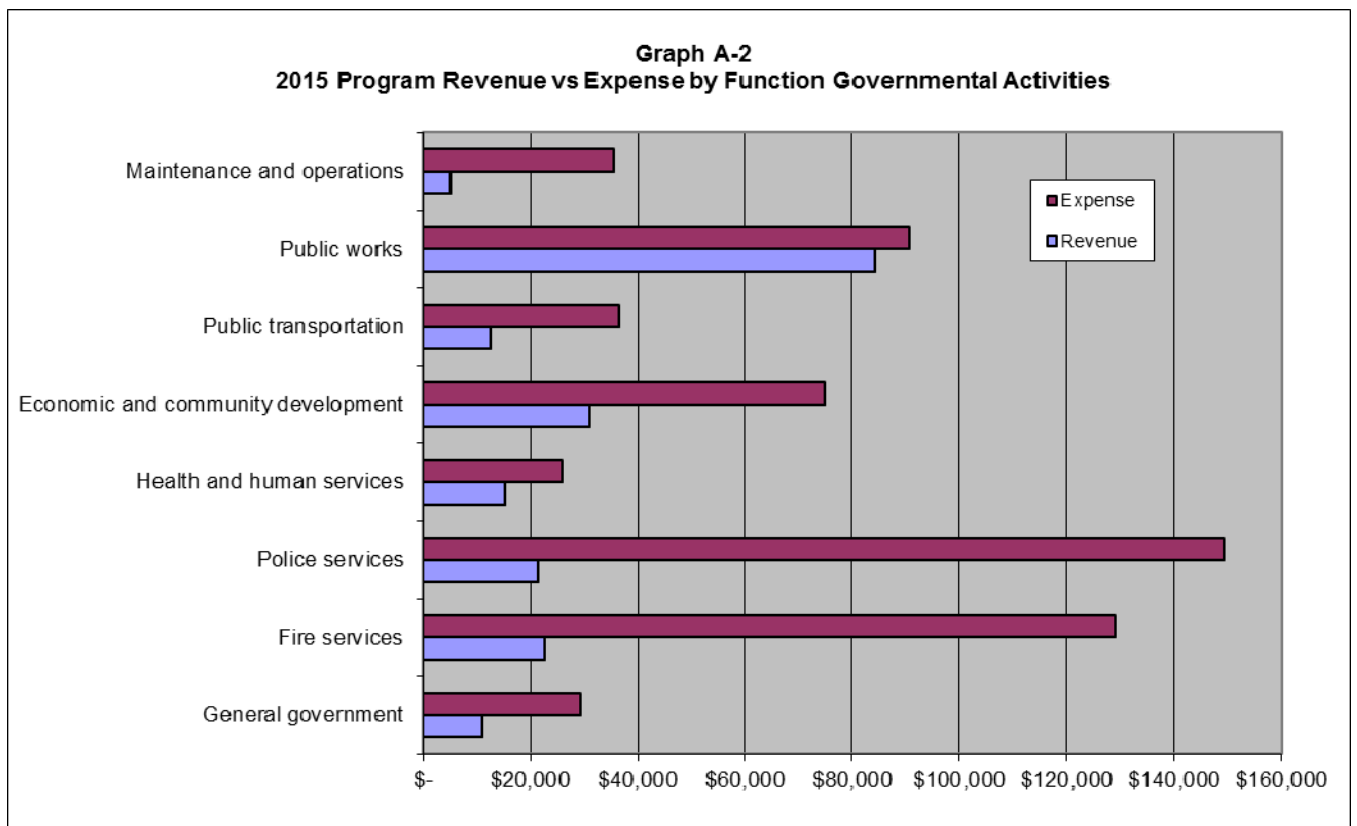
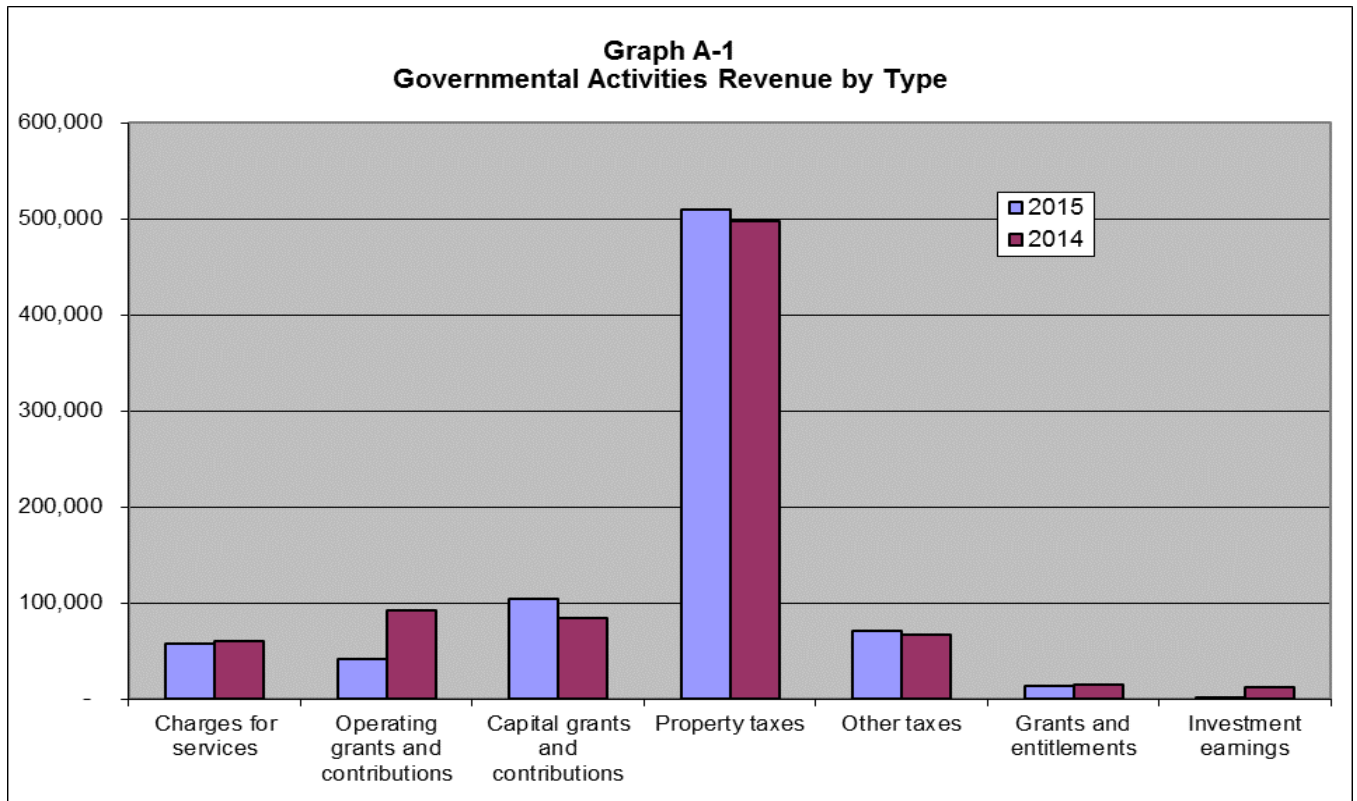
Governmental activities decreased the Municipality's net position by \$253.4 million. The decrease is the result of less revenues available to offset the increased costs in 2015.

Total governmental activity revenues were \$800.3 million, excluding transfers. Revenues decreased \$31.3 million or 3.8 percent over the prior year. Property taxes, the Municipality's largest single revenue source, increased 2.5 percent, but was the second largest increasing revenue stream. Capital Grants and Contributions had the largest increase due to an increase in grant funding in 2015.

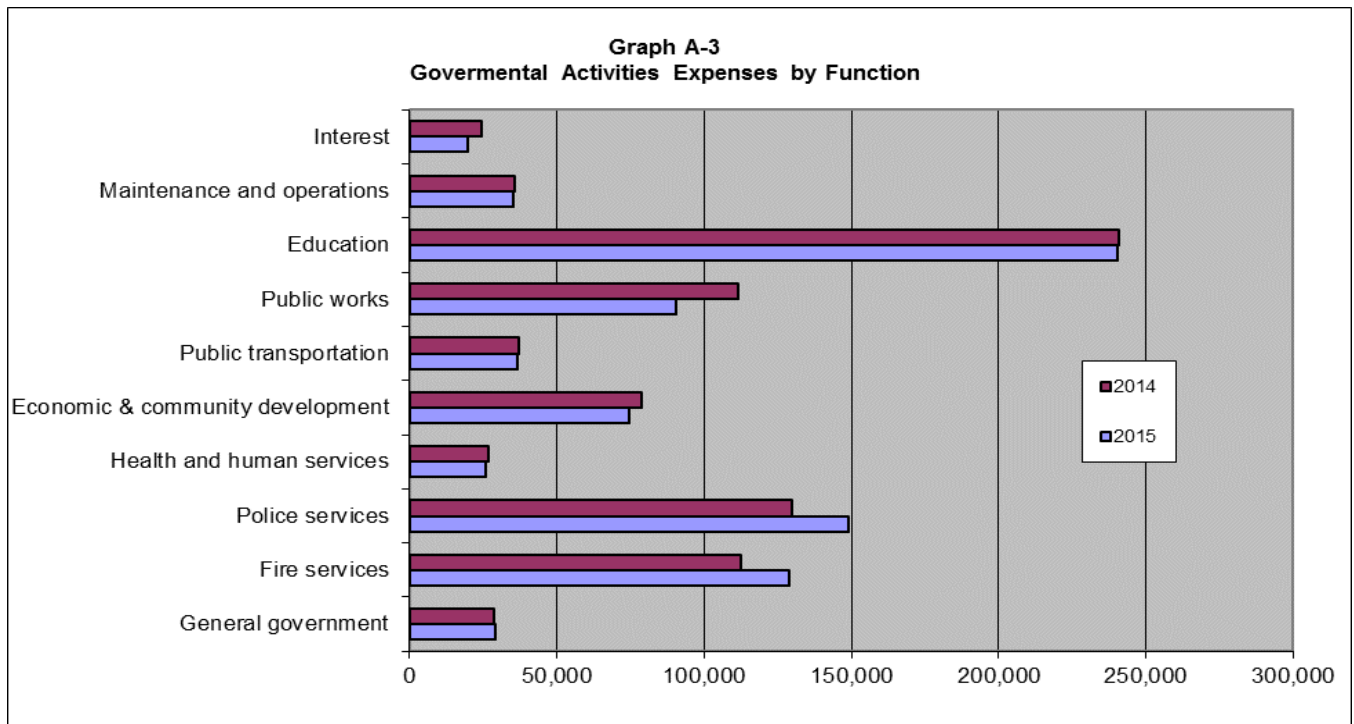
Total governmental activity expenses in 2015 were \$830.6 million, excluding transfers, an increase of \$4.1 million or .5 percent. Out of the total expenses, \$204 million was paid either by those directly benefiting from the programs or by other governments and organizations that subsidize certain programs with grants and contributions. The remaining net expense (total expenses less program revenues) of \$626.6 million was the cost of governmental services paid by the Municipality's taxpayers.

The Police Services functional expense category showed the largest increase in expense of \$19.5 million with Fire Services as the second largest increase of \$16.2 million. This increase in both these functions is mostly due to increased pension expense related to the implementation of GASB 68. These two functions report pension expense related to the Public Employees Retirement System (PERS) and the Police and Fire Retirement Pension plan.

The first graph compares the Municipality's governmental activities program and general revenues for 2015 and 2014. The second graph compares the Municipality's 2015 governmental activities revenues vs expenses by function.



The third graph compares the Municipality's governmental activities expenses by function for 2015 and 2014.



Business-type Activities

Business-type activities increased the Municipality's net position by \$10 million from current operations. Key elements of the change in net position are as follows:

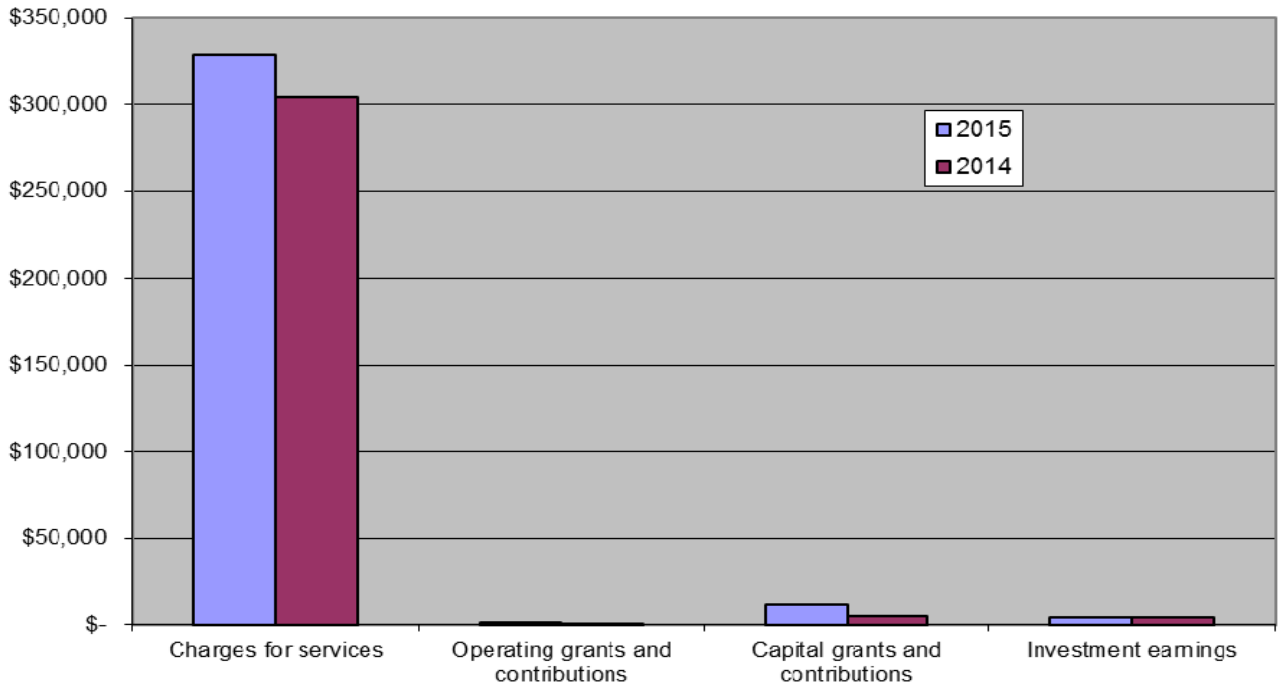
- The Port had an increase in capital expenses due to the reclassification of construction work in progress transactions to expenses.
- All enterprise funds had an increase in pension expense due to the implementation of GASB 68.

Total business-type revenues were \$345.6 million, excluding transfers. Revenues increased \$31.8 million or 10.1 percent. There were increases in every category of business-type revenues, except investment earnings.

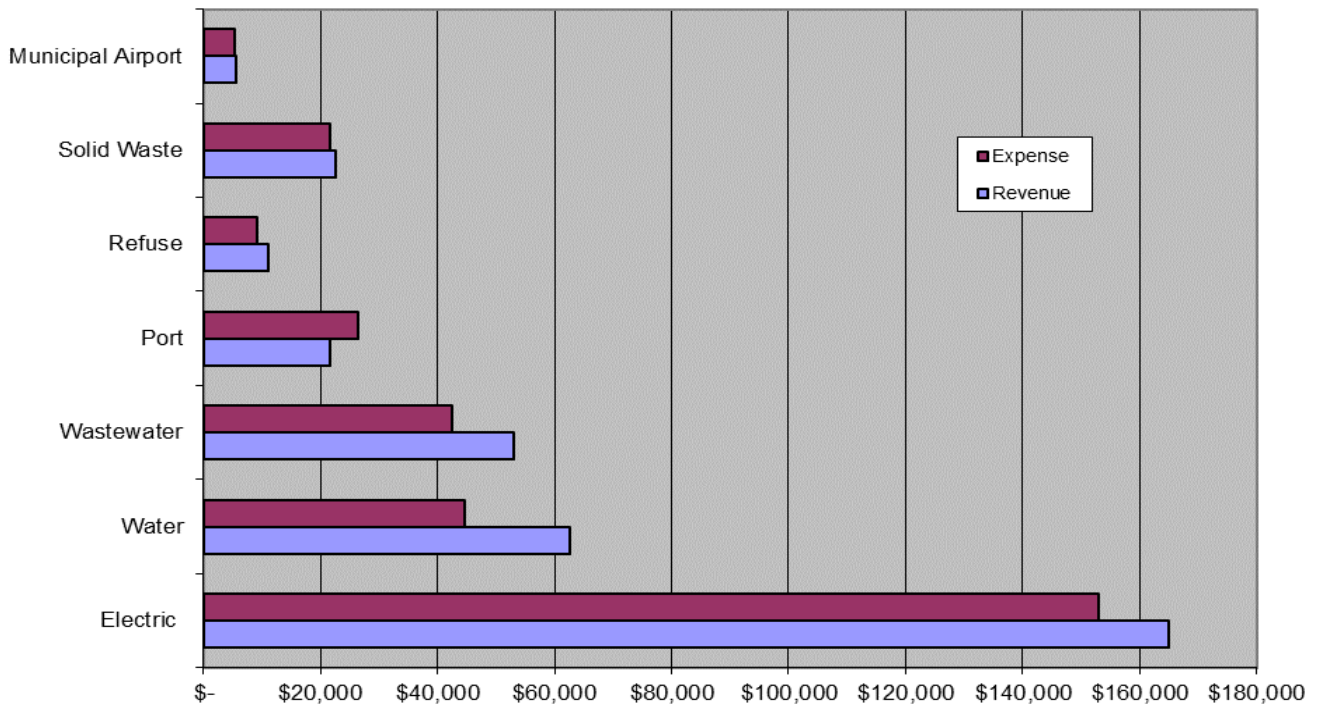
Total business-type expenses were \$302.9 million, up 21.5 percent from the prior year. The Electric Utility had an increase in expenses of \$28.9 million from operations. The primary reason for this increase was due to an increase in fuel costs. The Water Utility experienced an increase in expenses of \$4 million and the Wastewater Utility had an increase in expenses of \$4.9 million, both from operations. The Port expenses increased \$9.9 million mainly due to the reclassification of construction work in progress to expense.

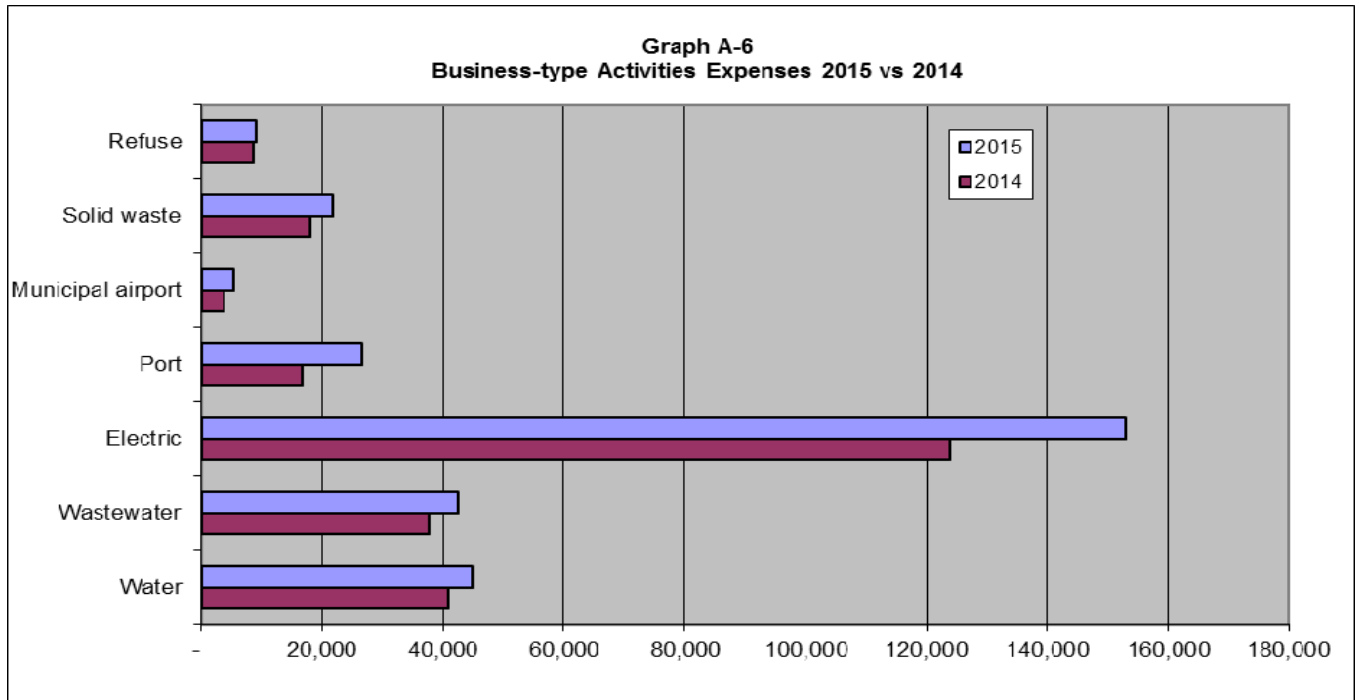
The first graph compares the Municipality's business-type activities program and general revenues for 2015 and 2014. The second graph compares the Municipality's 2015 business-type activities revenues vs expenses by function. The third graph compares the Municipality's business-type activities expenses for 2015 and 2014.

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



**Graph A-5
2015 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, 2015, the Municipality's governmental funds reported a combined ending fund balance of \$384.9 million, an increase of \$28.3 million in comparison to the prior year. Of the total fund balance, \$3.7 million is non-spendable as it relates to prepaid, inventories and long-term loans receivable, \$256.8 million is restricted due to legal obligations from outside parties, \$58.9 is committed, \$33.8 is assigned, and \$31.7 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, 2015, the General fund reported total fund balance of \$83.6 million, an increase of \$7.9 million over the prior year. The revenue over expenditure deficiency decreased by approximately \$3.9 million in 2015. Other financing sources and uses increased \$7.6 million due mostly to an increase in transfers in and a reduction of transfers out. Transfers in related to annual revenue distributions from the Utilities increased \$5.3 million in 2015 and in 2014 there was a transfer out to the MOA Trust fund for dividend re-investment of approximately \$2 million that did not occur in 2015.

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, 2015, combined committed, assigned, and unassigned fund balance represents 11.8 percent of total General Fund expenditures and total fund balance represents 12.2 percent of the same amount.

The MOA Trust Fund was reported as a major fund this year even though it does not meet the eligibility requirements due to its significance to the Municipality taxpayers. Investment income from the MOA Trust

Fund was \$1.3 million in 2015. This was a decrease of \$7.4 million from the prior year. This is the second year of significant decreases in investment income for the MOA Trust Fund.

The Capital Projects Road and Drainage Fund did meet the eligibility requirements in 2015 to be reported as a major fund. Capital outlay expenditures increased \$969,019 in 2015. Bonds were issued in 2015 to fund capital projects and Intergovernmental Revenues increased \$7.8 million to maintain approximately the same level of capital projects compared to the prior year.

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, 2015, the net position for the proprietary funds (enterprise funds) decreased by \$26.1 million, including the effects of the restatement from GASB 68.

The following funds are the Municipality's major funds:

- The Electric Utility's net position decreased \$6.7 million or 2.6 percent over the prior year. Plant increased \$66.8 million during 2015 compared to an increase of \$99.5 million during 2014. Total operating revenues increased \$24.2 million during 2015 compared to an increase of \$23.5 million during 2014, while operating expenses increased \$24.6 million during 2015 compared to an increase of \$13.9 million during 2014.
- The Water Utility's net position increased by \$387,910 over the prior year. Operating revenues increased by \$763,519, due to a 2.26 percent rate increase effective June, 2015 and a 0.53 percent increase in customers during the year. Non-operating revenues decreased by \$1.3 million due to a decrease in miscellaneous revenues. Total expenses increased by \$1.9 million in 2015 when compared to 2014, with operating expenses increasing by \$3.6 million, and non-operating expenses decreasing by \$659,151. The increase in operating expenses was primarily due to increases of \$1.3 million in transmission and distribution, and an increase in administrative and general expenses of \$1.6 million due to an increase in pension expense from the implementation of GASB 68.
- The Wastewater Utility's net position decreased by \$5.8 million over the prior year. Operating revenues decreased by \$54,497, primarily due to a 4.34 percent rate increase effective June 2015. Total operating expenses increased by \$4.4 million in 2015 over 2014. All categories of operating expenses increased, including an increase in administrative and general expenses of \$1.1 million, due to an increase in pension expense from the implementation of GASB 68.
- The Port's net position decreased by \$7.8 million over the prior year. Non-Current assets decreased by \$4.6 million mostly due to the reclassification of expenses in construction work in progress. Operating revenues overall increased by \$1.7 million in 2015. Operating expenses increased by \$9.5, which was primarily due to the reclassification of expenses in construction work in progress.

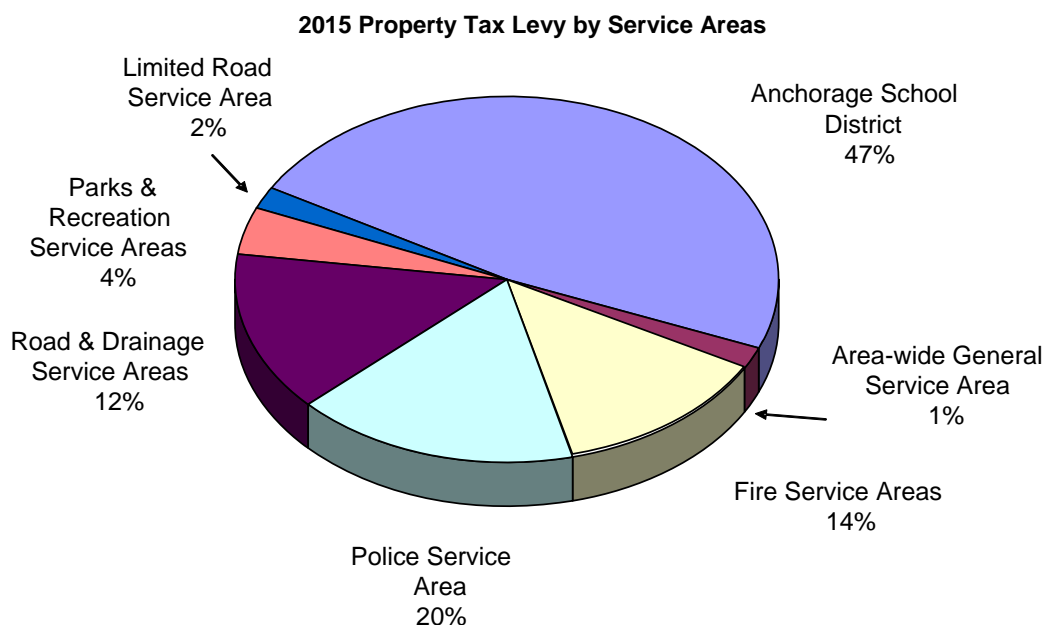
GENERAL FUND BUDGETARY HIGHLIGHTS

The Municipality adopted its 2015 operating budget in November 2014, which included projected revenue sources to support spending. By April 2014, the Municipality had actual year-end financial data that was used in the first quarter amendment process, which resulted in the 2015 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 for the 2015 calendar year. This was reflected in the operating budget as a \$239.4 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 2015 budget in the general fund:

- \$578,000 Parks and Recreation Department- for capital equipment, maintenance and improvements at various parks and recreation facilities.
- \$1,108,763 Public Works Department- for major Municipal facilities upgrades and repairs, including City Hall capital maintenance and improvements and roof repairs at Sullivan Arena, Rasmuson Center, and Z.J. Loussac Library.
- \$530,000 Limited Road Service Areas- 2015 operating expenses for year round road maintenance.
- \$510,000 Public Transportation Department- to fund local match to the Federal Transit Administration (FTA) capital grants.
- \$930,000 Fire Department- Fire anticipated 2015 expenditures, funded with Anchorage Fire Department Fund 131 fund balance and Areawide Service Area Fund 101 fund balance.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015 and 2014, the Municipality had invested \$5,341,743,265 and \$5,192,878,851 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 | |
|-------------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2015 | 2014 | 2015 | Restated 2014 | 2015 | Restated 2014 |
| Land | \$ 1,248,154 | \$ 1,237,236 | \$ 67,488 | \$ 66,042 | \$ 1,315,642 | \$ 1,303,278 |
| Buildings and building improvements | 264,791 | 266,515 | 390,361 | 374,794 | 655,152 | 641,309 |
| Art | 19,974 | 19,834 | - | - | 19,974 | 19,834 |
| Equipment | 50,639 | 58,311 | - | - | 50,639 | 58,311 |
| Distribution and collection systems | - | - | 1,245,146 | 1,226,640 | 1,245,146 | 1,226,640 |
| Infrastructure | 1,681,335 | 1,660,945 | - | - | 1,681,335 | 1,660,945 |
| Construction work-in-progress | 87,762 | 48,752 | 286,094 | 233,811 | 373,856 | 282,563 |
| Total | \$ 3,352,655 | \$ 3,291,592 | \$ 1,989,089 | \$ 1,901,287 | \$ 5,341,744 | \$ 5,192,879 |

In 2015, total governmental activities capital asset increased by \$61.1 million, with the majority of the increase resulting from additions to infrastructure and construction work in progress.

Business-type activities capital assets increased by \$87.8 million during 2015 with the majority of the increase resulting from additions to construction work in progress.

Infrastructure Modified Approach

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

A comparison of estimated to actual maintenance and preservation expense is presented in Required Supplementary Information. During 2015, actual road infrastructure maintenance and preservation expense was 6.3 percent more than estimated.

A condition assessment was performed in 2014 and indicated approximately 83.6 percent of total paved roads as being in good or better condition. This assessment result increased from the assessment results of 77.6 percent received during the 2011 assessment. The current assessment exceeds the Municipality's plan to maintain 60 percent of total paved roads in good or better condition. The next scheduled assessment is in 2017.

Long-term Debt

At December 31, 2015, the Municipality had \$1,421,212,219 in debt outstanding, an increase 2.1 percent from 2014 debt outstanding of \$1,391,984,112 (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 | |
|-----------------------------|-------------------------|-------------------|--------------------------|-------------------|---------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| General obligation bonds | \$ 487,289 | \$ 464,818 | \$ - | \$ - | \$ 487,289 | \$ 464,818 |
| Revenue bonds | - | 5,719 | 537,971 | 551,509 | 537,971 | 557,228 |
| CIVICVentures revenue bonds | 100,502 | 103,165 | - | - | 100,502 | 103,165 |
| Capital leases | 19,154 | 15,310 | - | - | 19,154 | 15,310 |
| Long-term contracts | 4,182 | 4,332 | 270,765 | 245,683 | 274,947 | 250,015 |
| HUD loans | 1,350 | 1,448 | - | - | 1,350 | 1,448 |
| Total | <u>\$ 612,477</u> | <u>\$ 594,792</u> | <u>\$ 808,736</u> | <u>\$ 797,192</u> | <u>\$ 1,421,213</u> | <u>\$ 1,391,984</u> |

In 2015, the Municipality issued \$163.1 million of general obligation and refunding bonds, \$93.8 million of revenue refunding bonds for CIVICVentures, and 6.8 million of capital leases debt in the governmental activities. In 2015, the Municipality issued \$35.8 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 decreased less than percent¹ from the July 2014 estimate to the July 2015 estimate. The 2015 annual average unemployment rate was 5 percent for Anchorage-Matsu Region, 6.3 percent for the entire state, and the national average was 5.2 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 2015, property tax revenue represents 55.3 percent of the funding sources for the General Government Operating Budget; non-property taxes and program generated revenue account for 35.8 percent; intra-governmental charges outside of general government 7.2 percent; and fund balance applied constitutes the remaining 1.7 percent.

The 2016 approved General Government Operating Budget is \$445,666,104³, which is \$1,887,121 less than the 2015 revised budget of \$447,553,225⁴. Property taxes required to support the 2016 approved budget are \$284.6 million compared to \$267.2 million in 2015.

The Municipal Utilities and enterprise activities 2016 proposed operating budgets total \$256,173,307⁵ and 2016 proposed capital budgets total \$184,909,000⁶. The 2016 General Government Capital Improvement Budget is \$336,745,000⁷.

REQUESTS FOR FINANCIAL INFORMATION

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

¹ State of Alaska, Department of Labor and Workforce Development

² United States Department of Labor, Bureau of Labor Statistics

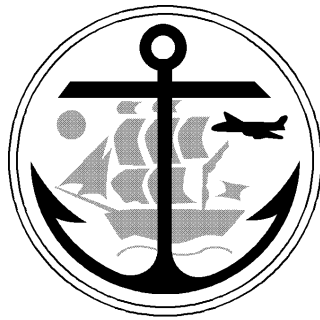
³ AR 2016-104 as Amended

⁴ AR 2015-107(S) as Amended

⁵ AO 2015-107

⁶ AO 2015-107

⁷ AO 2015-109(S) as Amended



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MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
December 31, 2015

| Primary Government | | | | |
|--|----------------------------|-----------------------------|---------------|--|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets | | | | |
| Current assets: | | | | |
| Cash | \$ 54,403 | \$ 7,125 | \$ 61,528 | |
| Cash in central treasury | 272,663,887 | 104,787,061 | 377,450,948 | |
| Bond and capital acquisition and construction accounts | - | 8,887,738 | 8,887,738 | |
| Investments | 35,792,896 | - | 35,792,896 | |
| Accrued interest on investments | 560,858 | 686,243 | 1,247,101 | |
| Assets held for resale | 1,472,241 | - | 1,472,241 | |
| Interest receivable | - | 322,362 | 322,362 | |
| Receivables (net of allowance for uncollectibles) | 30,835,641 | 26,402,854 | 57,238,495 | |
| Due from primary government | - | - | - | |
| Due from component unit | 12,966 | - | 12,966 | |
| Intergovernmental receivables | 9,710,132 | - | 9,710,132 | |
| Inventories | 1,814,611 | 31,854,131 | 33,668,742 | |
| Prepaid items and deposits | 2,044,424 | 417,347 | 2,461,771 | |
| Other assets | - | 1,077,816 | 1,077,816 | |
| Restricted assets: | | | | |
| Investments | 157,854,177 | - | 157,854,177 | |
| Investments in Angel Fund programs | 1,157,500 | - | 1,157,500 | |
| Investment, art collection | - | - | - | |
| Customer deposits | - | 1,296,333 | 1,296,333 | |
| Restricted deposits | - | 86,729,509 | 86,729,509 | |
| Bond and capital acquisition and construction accounts | - | 2,137,085 | 2,137,085 | |
| Bond operation and maintenance | - | 12,450,000 | 12,450,000 | |
| Debt service accounts | - | 7,190,217 | 7,190,217 | |
| Landfill post closure cash reserve | - | 31,100,929 | 31,100,929 | |
| BRU underlift settlement | - | 2,421,817 | 2,421,817 | |
| Cash for unredeemed mini bonds | - | 185,000 | 185,000 | |
| Intergovernmental receivables | 35,506,110 | 6,953,990 | 42,460,100 | |
| Total current assets | 549,479,846 | 324,907,557 | 874,387,403 | |
| Noncurrent assets: | | | | |
| Other assets | - | 18,113,115 | 18,113,115 | |
| Prepaid OPEB | 16,867,297 | - | 16,867,297 | |
| Internal balances | 354,713 | (354,713) | - | |
| Loans and leases receivable, net | 5,175,139 | - | 5,175,139 | |
| Restricted assets: | | | | |
| Customer deposits | - | 2,469,804 | 2,469,804 | |
| Capital inventory | - | 559,373 | 559,373 | |
| Asset retirement obligation sinking fund | - | 9,828,391 | 9,828,391 | |
| Revenue bond reserve investments | - | 23,206,490 | 23,206,490 | |
| Capital assets, not being depreciated | 2,805,430,570 | 353,582,351 | 3,159,012,921 | |
| Capital assets, being depreciated, net | 547,223,521 | 1,635,506,823 | 2,182,730,344 | |
| Total noncurrent assets | 3,375,051,240 | 2,042,911,634 | 5,417,962,874 | |
| Total assets | 3,924,531,086 | 2,367,819,191 | 6,292,350,277 | |
| Deferred Outflows of Resources | | | | |
| Deferred outflow related to net pension liability | 33,510,567 | 5,931,563 | 39,442,130 | |
| Deferred charge on refunding | 6,104,315 | 2,157,997 | 8,262,312 | |
| Total deferred outflows of resources | \$ 39,614,882 | \$ 8,089,560 | \$ 47,704,442 | |

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
December 31, 2015

| | Component Units | | | Total Reporting Entity |
|--|------------------------------|--|--|---------------------------|
| | Anchorage School District | Anchorage Community Development Authority | Alaska Center for the Performing Arts | |
| Assets | | | | |
| Current assets: | | | | |
| Cash | \$ - | \$ 1,808,962 | \$ 1,630,708 | \$ 3,501,198 |
| Cash in central treasury | - | 4,610,767 | - | 382,061,715 |
| Bond and capital acquisition and construction accounts | - | - | - | 8,887,738 |
| Investments | 231,495,061 | - | - | 267,287,957 |
| Accrued interest on investments | - | 1,390 | - | 1,248,491 |
| Assets held for resale | - | - | - | 1,472,241 |
| Interest receivable | 29,735 | - | - | 352,097 |
| Receivables (net of allowance for uncollectibles) | 22,794,789 | 414,784 | 99,535 | 80,547,603 |
| Due from primary government | 119,705,484 | 4,386 | - | 119,709,870 |
| Due from component unit | - | - | - | 12,966 |
| Intergovernmental receivables | - | - | - | 9,710,132 |
| Inventories | 3,538,805 | - | - | 37,207,547 |
| Prepaid items and deposits | 1,313,623 | 68,876 | 61,178 | 3,905,448 |
| Other assets | - | - | - | 1,077,816 |
| Restricted assets: | | | | |
| Investments | - | - | - | 157,854,177 |
| Investments in Angel Fund programs | - | - | - | 1,157,500 |
| Investment, art collection | - | - | 127,042 | 127,042 |
| Customer deposits | - | - | - | 1,296,333 |
| Restricted deposits | - | 43,434 | 746,786 | 87,519,729 |
| Bond and capital acquisition and construction accounts | - | - | - | 2,137,085 |
| Bond operation and maintenance | - | - | - | 12,450,000 |
| Debt service accounts | - | - | - | 7,190,217 |
| Landfill post closure cash reserve | - | - | - | 31,100,929 |
| BRU underlift settlement | - | - | - | 2,421,817 |
| Cash for unredeemed mini bonds | - | - | - | 185,000 |
| Intergovernmental receivables | - | - | - | 42,460,100 |
| Total current assets | <u>378,877,497</u> | <u>6,952,599</u> | <u>2,665,249</u> | <u>1,262,882,748</u> |
| Noncurrent assets: | | | | |
| Other assets | - | 4,117,732 | - | 22,230,847 |
| Prepaid OPEB | - | - | - | 16,867,297 |
| Internal balances | - | - | - | - |
| Loans and leases receivable, net | - | - | - | 5,175,139 |
| Restricted assets: | | | | |
| Customer deposits | - | - | - | 2,469,804 |
| Capital inventory | - | - | - | 559,373 |
| Asset retirement obligation sinking fund | - | - | - | 9,828,391 |
| Revenue bond reserve investments | - | - | - | 23,206,490 |
| Capital assets, not being depreciated | 43,202,102 | 11,059,217 | - | 3,213,274,240 |
| Capital assets, being depreciated, net | 1,187,693,238 | 14,648,933 | - | 3,385,072,515 |
| Total noncurrent assets | <u>1,230,895,340</u> | <u>29,825,882</u> | <u>-</u> | <u>6,678,684,096</u> |
| Total assets | <u>1,609,772,837</u> | <u>36,778,481</u> | <u>2,665,249</u> | <u>7,941,566,844</u> |
| Deferred Outflows of Resources | | | | |
| Deferred outflow related to net pension liability | 21,904,013 | 1,159,022 | - | 62,505,165 |
| Deferred charge on refunding | 2,886,162 | - | - | 11,148,474 |
| Total deferred outflows of resources | <u>\$ 24,790,175</u> | <u>\$ 1,159,022</u> | <u>\$ -</u> | <u>\$ 73,653,639</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
December 31, 2015

| Primary Government | | | |
|---|----------------------------|-----------------------------|------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable and retainages | \$ 18,321,941 | \$ 22,123,818 | \$ 40,445,759 |
| Accrued interest payable | 5,511,668 | 4,289,285 | 9,800,953 |
| Accrued payroll liabilities | 12,614,367 | 3,316,772 | 15,931,139 |
| Current portion of long-term obligations | 93,008,085 | 30,107,397 | 123,115,482 |
| Notes payable | - | 114,300,000 | 114,300,000 |
| Due to primary government | - | - | - |
| Due to component unit | 79,803,656 | - | 79,803,656 |
| Unearned revenue | 8,384,683 | - | 8,384,683 |
| Unearned revenue and deposits | - | 441,910 | 441,910 |
| Liabilities payable from restricted assets | 5,416,557 | 11,021,455 | 16,438,012 |
| Total current liabilities | 223,060,957 | 185,600,637 | 408,661,594 |
| Noncurrent liabilities: | | | |
| Other long-term obligations | - | 97,606,852 | 97,606,852 |
| Noncurrent portion of long-term obligations | 580,159,442 | 729,598,915 | 1,309,758,357 |
| Net pension liability | 334,572,514 | 44,957,480 | 379,529,994 |
| Total noncurrent liabilities | 914,731,956 | 872,163,247 | 1,786,895,203 |
| Total liabilities | 1,137,792,913 | 1,057,763,884 | 2,195,556,797 |
| Deferred Inflows of Resources | | | |
| Contributions in aid of construction (net amortization) | - | 483,299,468 | 483,299,468 |
| Future natural gas purchases | - | 33,705,285 | 33,705,285 |
| Regulatory liability gas sales | - | 68,937,909 | 68,937,909 |
| Regulatory liability BRU underlift settlement | - | 2,421,817 | 2,421,817 |
| Time restricted health permit receipts | 550,545 | - | 550,545 |
| Deferred inflow related to net pension liability | 4,889,813 | 865,525 | 5,755,338 |
| General property tax receipts | - | - | - |
| Debt service tax receipts | - | - | - |
| Total deferred inflows of resources | 5,440,358 | 589,230,004 | 594,670,362 |
| Net Position | | | |
| Net investment in capital assets | 2,753,762,553 | 613,548,627 | 3,367,311,180 |
| Restricted for: | | | |
| Debt service | 13,812,810 | 5,872,255 | 19,685,065 |
| Maintenance and operations | - | - | - |
| Acquisition and construction | 28,075,424 | 6,523,896 | 34,599,320 |
| Operations | - | 12,450,000 | 12,450,000 |
| Convention center operating reserve | 14,424,365 | - | 14,424,365 |
| Police and fire retiree medical liability | 34,404,140 | - | 34,404,140 |
| Grant activity | 17,057,201 | - | 17,057,201 |
| Perpetual care: | | | |
| Nonexpendable | 150,000 | - | 150,000 |
| MOA trust: | | | |
| Nonexpendable | 144,484,348 | - | 144,484,348 |
| Endowment | - | - | - |
| Bond rating | - | - | - |
| Federal Impact Aid 8003(d) | - | - | - |
| Unrestricted | (185,258,144) | 90,520,085 | (94,738,059) |
| Total net position | \$ 2,820,912,697 | \$ 728,914,863 | \$ 3,549,827,560 |

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
December 31, 2015

| | Component Units | | | Total Reporting Entity |
|---|------------------------------|--|--|---------------------------|
| | Anchorage School District | Anchorage Community Development Authority | Alaska Center for the Performing Arts | |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable and retainages | \$ 8,494,371 | \$ 478,456 | 423,197 | \$ 49,841,783 |
| Accrued interest payable | 8,815,772 | - | - | 18,616,725 |
| Accrued payroll liabilities | 21,340,553 | - | - | 37,271,692 |
| Current portion of long-term obligations | 78,998,391 | - | - | 202,113,873 |
| Notes payable | - | - | - | 114,300,000 |
| Due to primary government | - | 210,641 | 139,608 | 350,249 |
| Due to component unit | - | - | - | 79,803,656 |
| Unearned revenue | 4,674,931 | 268,130 | 678,459 | 14,006,203 |
| Unearned revenue and deposits | - | - | - | 441,910 |
| Liabilities payable from restricted assets | - | - | 42,365 | 16,480,377 |
| Total current liabilities | 122,324,018 | 957,227 | 1,283,629 | 533,226,468 |
| Noncurrent liabilities: | | | | |
| Other long-term obligations | - | - | - | 97,606,852 |
| Noncurrent portion of long-term obligations | 555,169,665 | - | - | 1,864,928,022 |
| Net pension liability | 259,453,534 | 4,400,472 | - | 643,384,000 |
| Total noncurrent liabilities | 814,623,199 | 4,400,472 | - | 2,605,918,874 |
| Total liabilities | 936,947,217 | 5,357,699 | 1,283,629 | 3,139,145,342 |
| Deferred Inflows of Resources | | | | |
| Contributions in aid of construction (net amortization) | - | - | - | 483,299,468 |
| Future natural gas purchases | - | - | - | 33,705,285 |
| Regulatory liability gas sales | - | - | - | 68,937,909 |
| Regulatory liability BRU underlift settlement | - | - | - | 2,421,817 |
| Time restricted health permit receipts | - | - | - | 550,545 |
| Deferred inflow related to net pension liability | 32,542,482 | 77,907 | - | 38,375,727 |
| General property tax receipts | 100,301,268 | - | - | 100,301,268 |
| Debt service tax receipts | 19,404,216 | - | - | 19,404,216 |
| Total deferred inflows of resources | 152,247,966 | 77,907 | - | 746,996,235 |
| Net Position | | | | |
| Net investment in capital assets | 658,250,945 | 25,708,150 | - | 4,051,270,275 |
| Restricted for: | | | | |
| Debt service | 3,019,088 | - | - | 22,704,153 |
| Maintenance and operations | - | - | 746,786 | 746,786 |
| Acquisition and construction | - | 2,276,924 | 46,967 | 36,923,211 |
| Operations | - | - | - | 12,450,000 |
| Convention center operating reserve | - | - | - | 14,424,365 |
| Police and fire retiree medical liability | - | - | - | 34,404,140 |
| Grant activity | - | - | - | 17,057,201 |
| Perpetual care: | | | | |
| Nonexpendable | - | - | - | 150,000 |
| MOA trust: | | | | |
| Nonexpendable | - | - | - | 144,484,348 |
| Endowment | - | - | 60,180 | 60,180 |
| Bond rating | 23,941,097 | - | - | 23,941,097 |
| Federal Impact Aid 8003(d) | 358,295 | - | - | 358,295 |
| Unrestricted | (140,201,596) | 4,516,823 | 527,687 | (229,895,145) |
| Total net position | \$ 545,367,829 | \$ 32,501,897 | \$ 1,381,620 | \$ 4,129,078,906 |

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Activities
For the year ended December 31, 2015

| Functions/Programs | Program Revenues | | | |
|--|-------------------------|-----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 29,239,850 | \$ 7,085,977 | \$ 3,002,209 | \$ - |
| Fire services | 128,860,990 | 12,282,488 | 3,829,590 | 6,528,087 |
| Police services | 149,235,914 | 13,601,445 | 5,362,214 | 2,393,728 |
| Health and human services | 25,915,204 | 2,798,396 | 12,433,080 | - |
| Economic and community development | 74,741,068 | 4,200,935 | 2,989,519 | 23,963,393 |
| Public transportation | 36,621,802 | 4,804,523 | 6,414,482 | 1,314,366 |
| Public works | 90,595,542 | 12,821,050 | 5,840,847 | 65,528,250 |
| Maintenance and operations of roads and facilities | 35,416,462 | 233,380 | 1,277,029 | 4,573,073 |
| Education | 240,239,749 | - | 182,053 | 564,001 |
| Interest on long-term debt | 19,782,373 | - | - | - |
| Total governmental activities | <u>830,648,954</u> | <u>57,828,194</u> | <u>41,331,023</u> | <u>104,864,898</u> |
| Business-type activities: | | | | |
| Electric | 152,868,514 | 164,910,039 | 133,224 | - |
| Water | 44,769,187 | 62,371,849 | 169,958 | - |
| Wastewater | 42,494,673 | 52,814,630 | 179,073 | - |
| Port | 26,544,273 | 13,861,999 | 18,075 | 7,834,571 |
| Refuse | 9,109,248 | 10,996,962 | 23,765 | - |
| Solid Waste | 21,710,342 | 22,601,619 | 26,805 | - |
| Municipal Airport | 5,475,101 | 1,507,979 | 407,310 | 3,655,461 |
| Total business-type activities | <u>302,971,338</u> | <u>329,065,077</u> | <u>958,210</u> | <u>11,490,032</u> |
| Total primary government | <u>\$ 1,133,620,292</u> | <u>\$ 386,893,271</u> | <u>\$ 42,289,233</u> | <u>\$ 116,354,930</u> |
| Component Units: | | | | |
| Anchorage School District | \$ 898,995,284 | \$ 4,809,087 | \$ 291,396,193 | \$ 72,187,560 |
| Anchorage Community Development Authority | 11,356,102 | 8,950,438 | - | - |
| Alaska Center for the Performing Arts | 2,915,491 | 2,631,755 | 186,803 | 267,247 |
| Total Component Units | <u>\$ 913,266,877</u> | <u>\$ 16,391,280</u> | <u>\$ 291,582,996</u> | <u>\$ 72,454,807</u> |

General revenues:

Property taxes
Motor vehicle taxes
Hotel and motel taxes
Tobacco taxes
Assessments in lieu of taxes
Grants and entitlements not restricted to specific programs
Appropriation from Municipality of Anchorage
Investment income
Other
Transfers from (to) other funds
Total general revenues and transfers
Change in net position
Net position, beginning of year, as restated
Net position, end of year

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Activities
For the year ended December 31, 2015

Net (Expense), Revenue and Changes in Net Position

| Primary Government | | | Component Units | | | |
|-------------------------|--------------------------|------------------|---------------------------|---|---------------------------------------|------------------------|
| Governmental Activities | Business-Type Activities | Total | Anchorage School District | Anchorage Community Development Authority | Alaska Center for the Performing Arts | Total Reporting Entity |
| \$ (19,151,664) | | \$ (19,151,664) | | | | \$ (19,151,664) |
| (106,220,825) | | (106,220,825) | | | | (106,220,825) |
| (127,878,527) | | (127,878,527) | | | | (127,878,527) |
| (10,683,728) | | (10,683,728) | | | | (10,683,728) |
| (43,587,221) | | (43,587,221) | | | | (43,587,221) |
| (24,088,431) | | (24,088,431) | | | | (24,088,431) |
| (6,405,395) | | (6,405,395) | | | | (6,405,395) |
| (29,332,980) | | (29,332,980) | | | | (29,332,980) |
| (239,493,695) | | (239,493,695) | | | | (239,493,695) |
| (19,782,373) | | (19,782,373) | | | | (19,782,373) |
| (626,624,839) | - | (626,624,839) | - | - | - | (626,624,839) |
| | 12,174,749 | 12,174,749 | | | | 12,174,749 |
| | 17,772,620 | 17,772,620 | | | | 17,772,620 |
| | 10,499,030 | 10,499,030 | | | | 10,499,030 |
| | (4,829,628) | (4,829,628) | | | | (4,829,628) |
| | 1,911,479 | 1,911,479 | | | | 1,911,479 |
| | 918,082 | 918,082 | | | | 918,082 |
| | 95,649 | 95,649 | | | | 95,649 |
| - | 38,541,981 | 38,541,981 | - | - | - | 38,541,981 |
| \$ (626,624,839) | \$ 38,541,981 | \$ (588,082,858) | \$ - | \$ - | \$ - | \$ (588,082,858) |
| | | | | | | |
| | | | \$ (530,602,444) | | | \$ (530,602,444) |
| | | | | (2,405,664) | | (2,405,664) |
| | | | | | 170,314 | 170,314 |
| | | | \$ (530,602,444) | \$ (2,405,664) | \$ 170,314 | \$ (532,837,794) |
| | | | | | | |
| \$ 509,725,344 | | \$ 509,725,344 | \$ - | \$ - | \$ - | \$ 509,725,344 |
| 17,363,803 | | 17,363,803 | - | - | - | 17,363,803 |
| 26,083,585 | | 26,083,585 | - | - | - | 26,083,585 |
| 24,100,565 | | 24,100,565 | - | - | - | 24,100,565 |
| 3,124,513 | | 3,124,513 | - | - | - | 3,124,513 |
| 14,042,608 | | 14,042,608 | 349,913,918 | - | - | 363,956,526 |
| - | | - | 239,576,423 | - | - | 239,576,423 |
| 1,877,744 | 4,067,761 | 5,945,505 | 1,147,782 | 32,558 | 1,911 | 7,127,756 |
| - | | - | 13,587,963 | - | - | 13,587,963 |
| 32,627,024 | (32,627,024) | - | - | - | - | - |
| 628,945,186 | (28,559,263) | 600,385,923 | 604,226,086 | 32,558 | 1,911 | 1,204,646,478 |
| 2,320,347 | 9,982,718 | 12,303,065 | 73,623,642 | (2,373,106) | 172,225 | 83,725,826 |
| 2,818,592,350 | 718,932,145 | 3,537,524,495 | 471,744,187 | 34,875,003 | 1,209,395 | 4,045,353,080 |
| \$ 2,820,912,697 | \$ 728,914,863 | \$ 3,549,827,560 | \$ 545,367,829 | \$ 32,501,897 | \$ 1,381,620 | \$ 4,129,078,906 |

MUNICIPALITY OF ANCHORAGE, ALASKA

Balance Sheet
Governmental Funds
December 31, 2015

| Assets | General | MOA Trust | Capital | Other | Total |
|--|----------------|----------------|--------------------------------|-----------------------|-----------------------|
| | | | Projects Roads and Drainage | Governmental Funds | Governmental Funds |
| Cash | \$ 18,709 | \$ - | \$ - | \$ 35,694 | \$ 54,403 |
| Cash in central treasury | 156,265,802 | - | 14,770,994 | 61,208,696 | 232,245,492 |
| Investments | - | - | - | 35,792,896 | 35,792,896 |
| Accrued interest on investments | 560,858 | - | - | - | 560,858 |
| Assets held for resale | - | - | 1,472,241 | - | 1,472,241 |
| Receivables (net of allowance for uncollectibles) | 23,397,352 | - | - | 3,097,323 | 26,494,675 |
| Intergovernmental receivables | 1,923,263 | - | 14,879,945 | 28,413,034 | 45,216,242 |
| Due from other funds | 7,472,864 | - | - | 5,260,998 | 12,733,862 |
| Special assessments receivable | 3,730,810 | - | 515,731 | 94,425 | 4,340,966 |
| Due from component units | 12,966 | - | - | - | 12,966 |
| Inventories | 1,508,470 | - | - | - | 1,508,470 |
| Prepaid items and deposits | 80,941 | - | - | 898,604 | 979,545 |
| Advances to other funds | 1,062,188 | - | - | 2,115,400 | 3,177,588 |
| Investments | - | 144,719,076 | - | 13,117,583 | 157,836,659 |
| Investments in Angel Fund program | - | - | - | 1,157,500 | 1,157,500 |
| Accrued Investments | - | 17,518 | - | - | 17,518 |
| Loans receivable, net | - | - | - | 5,175,139 | 5,175,139 |
| Total assets | 196,034,223 | 144,736,594 | 31,638,911 | 156,367,292 | 528,777,020 |
| Liabilities | | | | | |
| Accounts payable and retainages | 5,682,210 | 122,175 | 5,041,385 | 6,589,625 | 17,435,395 |
| Accrued payroll liabilities | 11,809,781 | - | 3,929 | 320,140 | 12,133,850 |
| Due to other funds | 62,688 | 130,071 | 3,514,310 | 4,477,163 | 8,184,232 |
| Due to component unit | 79,803,656 | - | - | - | 79,803,656 |
| Unearned revenue and deposits | 1,715,827 | - | 468,031 | 6,200,825 | 8,384,683 |
| Advances from other funds | 670,400 | - | 461,296 | 1,062,188 | 2,193,884 |
| Total liabilities | 99,744,562 | 252,246 | 9,488,951 | 18,649,941 | 128,135,700 |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue-long-term loan receivable | - | - | - | 661 | 661 |
| Time restricted health permit receipts | 550,545 | - | - | - | 550,545 |
| Unavailable revenue-long-term HUD loan receivable | - | - | - | 2,579,927 | 2,579,927 |
| Unavailable revenue-property taxes | 8,082,060 | - | - | - | 8,082,060 |
| Unavailable revenue-risk management claims | 147,680 | - | - | - | 147,680 |
| Unavailable revenue-special assessments | 3,881,691 | - | 513,848 | 2,904 | 4,398,443 |
| Total deferred inflows of resources | 12,661,976 | - | 513,848 | 2,583,492 | 15,759,316 |
| Fund Balances | | | | | |
| Nonspendable | 2,651,599 | - | - | 1,048,604 | 3,700,203 |
| Restricted | 11,881 | 144,484,348 | 21,374,727 | 90,917,166 | 256,788,122 |
| Committed | 40,024,969 | - | 261,385 | 18,575,285 | 58,861,639 |
| Assigned | 9,162,786 | - | - | 24,638,722 | 33,801,508 |
| Unassigned | 31,776,450 | - | - | (45,918) | 31,730,532 |
| Total fund balances | 83,627,685 | 144,484,348 | 21,636,112 | 135,133,859 | 384,882,004 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 196,034,223 | \$ 144,736,594 | \$ 31,638,911 | \$ 156,367,292 | \$ 528,777,020 |

MUNICIPALITY OF ANCHORAGE, ALASKA

Reconciliation of Net Position Between the Government-wide and Fund Financial Statements
December 31, 2015

| | | |
|--|---------------|------------------|
| Amounts reported as fund balances on the governmental fund balance sheet | | \$ 384,882,004 |
| 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. | | 3,352,654,091 |
| Police and fire OPEB actuarial calculations reported overpayments for the current fiscal year: | | |
| Police and fire postemployment healthcare benefit asset | | 16,867,297 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds: | | |
| Property taxes | 8,082,060 | |
| Risk management claims | 147,680 | |
| Long-term loan receivable | 661 | |
| Special assessments | 4,398,443 | |
| HUD 108 receivable | 1,484,239 | |
| HUD Rehab Long-term loan receivable, net activity | 1,095,688 | |
| | | 15,208,771 |
| Deferred outflows of resources are capitalized and expensed overtime. | | |
| Deferred charges on bond refunding | 6,104,315 | |
| Deferred inflows of resources related to net pension liability | 33,510,567 | |
| | | 39,614,882 |
| 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 | 40,369,261 | |
| Net of amounts included in: | | |
| Capital assets, net of depreciation and amortization | (65,472,718) | |
| Accrued interest | 75,567 | |
| Compensated absences | 846,348 | |
| | | (24,181,542) |
| Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds: | | |
| General obligation bonds, including premium and discount | (487,288,591) | |
| Long-term contracts | (4,182,310) | |
| Pollution remediation | (3,335,720) | |
| Notes and contracts | (1,350,000) | |
| CIVICVentures revenue bonds | (100,501,865) | |
| Compensated absences | (22,500,325) | |
| Net pension liability | (334,572,514) | |
| Accrued interest payable | (5,511,668) | |
| | | (959,242,993) |
| Deferred inflows of resources are capitalized and reduce expenses overtime. | | |
| Deferred inflows of resources related to net pension liability | | (4,889,813) |
| Net position of governmental activities | | \$ 2,820,912,697 |

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended December 31, 2015

| | General | MOA Trust | Capital Projects Roads and Drainage | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|-----------------------|---|--------------------------------|--------------------------------|
| Revenues | | | | | |
| Taxes | \$ 562,712,915 | \$ - | \$ - | \$ 15,144,345 | \$ 577,857,260 |
| Assessments in lieu of taxes | 3,124,513 | - | - | - | 3,124,513 |
| Special assessments | 788,495 | - | 792,579 | 1,169,114 | 2,750,188 |
| Licenses and permits | 10,999,964 | - | - | - | 10,999,964 |
| Intergovernmental | 56,863,661 | - | 38,965,435 | 73,630,212 | 169,459,308 |
| Charges for services | 25,667,015 | - | - | 6,530,083 | 32,197,098 |
| Fines and forfeitures | 6,230,076 | - | - | 380,958 | 6,611,034 |
| E911 surcharges | - | - | - | 6,378,754 | 6,378,754 |
| Investment income (loss) | 74,480 | 1,276,386 | (401,782) | 709,697 | 1,658,781 |
| Restricted contributions | 107,051 | - | - | 1,713,005 | 1,820,056 |
| Other | 3,188,328 | - | - | 1,221,306 | 4,409,634 |
| Total revenues | <u>669,756,498</u> | <u>1,276,386</u> | <u>39,356,232</u> | <u>106,877,474</u> | <u>817,266,590</u> |
| Expenditures | | | | | |
| General government | 23,678,845 | 582,417 | - | 3,880,144 | 28,141,406 |
| Fire services | 108,290,619 | - | - | 2,769,535 | 111,060,154 |
| Police services | 122,225,077 | - | - | 8,650,026 | 130,875,103 |
| Health and human services | 14,361,722 | - | - | 10,307,804 | 24,669,526 |
| Economic and community development | 42,960,053 | - | - | 11,706,152 | 54,666,205 |
| Public transportation | 24,489,638 | - | - | 6,269,293 | 30,758,931 |
| Public works | 25,895,861 | - | - | 2,520,682 | 28,416,543 |
| Maintenance and operations of roads and facilities | 31,942,531 | - | - | - | 31,942,531 |
| Education | 239,493,695 | - | - | 746,054 | 240,239,749 |
| Debt service | | | | | |
| Principal | 35,649,998 | - | - | 7,468,000 | 43,117,998 |
| Interest | 18,540,620 | - | - | 5,190,681 | 23,731,301 |
| Bond issuance costs | 290,109 | - | 94,411 | 493,279 | 877,799 |
| Capital outlay | - | - | 66,766,975 | 59,501,385 | 126,268,360 |
| Total expenditures | <u>687,818,768</u> | <u>582,417</u> | <u>66,861,386</u> | <u>119,503,035</u> | <u>874,765,606</u> |
| Excess (deficiency) of revenues over expenditures | (18,062,270) | 693,969 | (27,505,154) | (12,625,561) | (57,499,016) |
| Other financing sources (uses) | | | | | |
| Transfers from other funds | 37,833,788 | - | 3,873,712 | 15,172,563 | 56,880,063 |
| Transfers to other funds | (12,839,086) | (5,200,000) | (1,875) | (6,693,692) | (24,734,653) |
| General obligation bonds and contracts issued | - | - | 37,328,614 | 10,511,386 | 47,840,000 |
| Refunding bonds issued | 115,250,000 | - | - | 93,790,000 | 209,040,000 |
| Premium on bond sale | 18,866,060 | - | 4,512,672 | 7,982,591 | 31,361,323 |
| Payment to refunded bond escrow agent to extinguish debt | (133,821,377) | - | - | (101,475,000) | (235,296,377) |
| Insurance recoveries | 404,236 | - | (1) | - | 404,235 |
| Sale of capital assets | 281,173 | - | - | 1,007 | 282,180 |
| Total other financing sources (uses) | <u>25,974,794</u> | <u>(5,200,000)</u> | <u>45,713,122</u> | <u>19,288,855</u> | <u>85,776,771</u> |
| Net change in fund balances | 7,912,524 | (4,506,031) | 18,207,968 | 6,663,294 | 28,277,755 |
| Fund balances, beginning of year | 75,715,161 | 148,990,379 | 3,428,144 | 128,470,565 | 356,604,249 |
| Fund balances, end of year | <u>\$ 83,627,685</u> | <u>\$ 144,484,348</u> | <u>\$ 21,636,112</u> | <u>\$ 135,133,859</u> | <u>\$ 384,882,004</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, 2015

| | | |
|---|--------------------|---------------------|
| Net change in fund balance – total governmental funds | | \$ 28,277,755 |
| 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 | 71,527,912 | |
| Contributed assets | 15,388,569 | |
| Depreciation expense | (38,629,596) | |
| Other gain/(loss) on capital assets | <u>(2,217,156)</u> | |
| | | 46,069,729 |
| Revenues in the statement of activities that do not provide current financial resources and are deferred in the funds: | | |
| Property taxes | (583,963) | |
| Special assessments | (329,512) | |
| Jail lease receivable, net activity | (5,672,875) | |
| HUD 108 and Rehab Loans receivable | <u>(143,667)</u> | |
| | | (6,730,017) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities: | | |
| New issuance of general obligation bonds | (47,840,000) | |
| Refunding issuance of general obligation bonds | (209,040,000) | |
| Premium on bond sale | (31,361,322) | |
| Principal repayment | 43,117,998 | |
| Payment to escrow agent for refunding | 235,296,377 | |
| Net change in premium/discount/deferred charge bonds | 1,902,168 | |
| Net change in interest accrual | <u>2,379,737</u> | |
| | | (5,545,042) |
| 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 | | 624,718 |
| Pollution remediation | | 80,102 |
| Pension expense | | (50,195,914) |
| Claims and judgments receipts | | 49,689 |
| HUD section 108 loan payable, net activity | | 2,079 |
| Police and fire postemployment healthcare benefits asset, net activity | | 3,267,591 |
| Internal service funds are used by management to charge the costs of insurance, fleet management and information technology to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities. | | |
| | | <u>(13,580,343)</u> |
| Change in net position of governmental activities | | <u>\$ 2,320,347</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Proprietary Funds
December 31, 2015

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 | 23,335,343 | 34,125,523 | 26,293,275 | 10,113,362 |
| Bond and capital acquisition and construction accounts | - | - | - | 4,229,634 |
| Accrued interest on investments | 380,526 | 165,304 | - | 33,544 |
| Interest receivable | 213,479 | 83,035 | 25,848 | - |
| Receivables (net of allowance for uncollectibles) | 13,384,533 | 4,578,918 | 3,083,239 | 1,512,785 |
| Due from other funds | - | - | - | - |
| Inventories | 29,301,935 | 1,702,377 | 455,819 | 329,079 |
| Prepaid items and deposits | - | 127,204 | 129,363 | 150,424 |
| Special assessments receivable | - | 80,936 | 102,257 | - |
| Unbilled reimbursable projects | 908,605 | 48,974 | 11,039 | - |
| Other assets | 1,077,816 | - | - | - |
| Restricted assets: | | | | |
| Customer deposits | 1,296,333 | - | - | - |
| Restricted deposits | 86,729,509 | - | - | - |
| Intergovernmental receivables | - | - | - | 2,077,591 |
| Bond and capital acquisition and construction accounts | - | 1,524,082 | 613,003 | - |
| Landfill post closure cash reserve | - | - | - | - |
| Revenue bond operations and maintenance accounts | 12,450,000 | - | - | - |
| BRU underlift settlement | 2,421,817 | - | - | - |
| Cash for unredeemed mini bonds | - | 185,000 | - | - |
| Debt service accounts | 2,120,791 | 5,069,426 | - | - |
| Total current assets | <u>173,622,287</u> | <u>47,690,779</u> | <u>30,715,543</u> | <u>18,446,569</u> |
| Noncurrent assets: | | | | |
| Advances to other funds | - | - | - | - |
| Other assets | 3,206,238 | 6,834,858 | 8,072,019 | - |
| Restricted assets: | | | | |
| Customer deposits | - | 323,104 | 2,146,700 | - |
| Capital inventory | - | - | - | 559,373 |
| Revenue bond reserve investments | 23,206,490 | - | - | - |
| Asset retirement obligation sinking fund | 9,828,391 | - | - | - |
| Capital assets, net | <u>759,179,355</u> | <u>531,962,839</u> | <u>402,356,310</u> | <u>163,153,679</u> |
| Total noncurrent assets | <u>795,420,474</u> | <u>539,120,801</u> | <u>412,575,029</u> | <u>163,713,052</u> |
| Total assets | <u>969,042,761</u> | <u>586,811,580</u> | <u>443,290,572</u> | <u>182,159,621</u> |
| Deferred Outflows of Resources | | | | |
| Deferred charge on refunding | 885,450 | 1,272,547 | - | - |
| Deferred outflow related to net pension liability | 1,384,550 | 1,794,428 | 1,890,683 | 195,619 |
| Total deferred outflows of resources | <u>2,270,000</u> | <u>3,066,975</u> | <u>1,890,683</u> | <u>195,619</u> |
| Total assets and deferred outflows of resources | <u>\$ 971,312,761</u> | <u>\$ 589,878,555</u> | <u>\$ 445,181,255</u> | <u>\$ 182,355,240</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Proprietary Funds
December 31, 2015

| Assets | Business-Type Activities Enterprise Funds (Continued) | | Governmental Activities – | |
|--|--|------------------------------|------------------------------|-------------------------------|
| | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds | Total Proprietary Funds |
| Current assets: | | | | |
| Cash | \$ 3,675 | \$ 7,125 | \$ - | \$ 7,125 |
| Cash in central treasury | 10,919,558 | 104,787,061 | 38,254,529 | 143,041,590 |
| Bond and capital acquisition and construction accounts | 4,658,104 | 8,887,738 | 2,163,866 | 11,051,604 |
| Accrued interest on investments | 106,869 | 686,243 | - | 686,243 |
| Interest receivable | - | 322,362 | - | 322,362 |
| Receivables (net of allowance for uncollectibles) | 2,691,568 | 25,251,043 | - | 25,251,043 |
| Due from other funds | - | - | 62,688 | 62,688 |
| Inventories | 64,921 | 31,854,131 | 306,141 | 32,160,272 |
| Prepaid items and deposits | 10,356 | 417,347 | 1,064,879 | 1,482,226 |
| Special assessments receivable | - | 183,193 | - | 183,193 |
| Unbilled reimbursable projects | - | 968,618 | - | 968,618 |
| Other assets | - | 1,077,816 | - | 1,077,816 |
| Restricted assets: | | | | |
| Customer deposits | - | 1,296,333 | - | 1,296,333 |
| Restricted deposits | - | 86,729,509 | - | 86,729,509 |
| Intergovernmental receivables | 4,876,399 | 6,953,990 | - | 6,953,990 |
| Bond and capital acquisition and construction accounts | - | 2,137,085 | - | 2,137,085 |
| Landfill post closure cash reserve | 31,100,929 | 31,100,929 | - | 31,100,929 |
| Revenue bond operations and maintenance accounts | - | 12,450,000 | - | 12,450,000 |
| BRU underlift settlement | - | 2,421,817 | - | 2,421,817 |
| Cash for unredeemed mini bonds | - | 185,000 | - | 185,000 |
| Debt service accounts | - | 7,190,217 | - | 7,190,217 |
| Total current assets | 54,432,379 | 324,907,557 | 41,852,103 | 366,759,660 |
| Noncurrent assets: | | | | |
| Advances to other funds | - | - | 461,296 | 461,296 |
| Other assets | - | 18,113,115 | - | 18,113,115 |
| Restricted assets: | | | | |
| Customer deposits | - | 2,469,804 | - | 2,469,804 |
| Capital inventory | - | 559,373 | - | 559,373 |
| Revenue bond reserve investments | - | 23,206,490 | - | 23,206,490 |
| Asset retirement obligation sinking fund | - | 9,828,391 | - | 9,828,391 |
| Capital assets, net | 132,436,991 | 1,989,089,174 | 65,472,718 | 2,054,561,892 |
| Total noncurrent assets | 132,436,991 | 2,043,266,347 | 65,934,014 | 2,109,200,361 |
| Total assets | 186,869,370 | 2,368,173,904 | 107,786,117 | 2,475,960,021 |
| Deferred Outflows of Resources | | | | |
| Deferred charge on refunding | - | 2,157,997 | - | 2,157,997 |
| Deferred outflow related to net pension liability | 666,283 | 5,931,563 | 1,494,722 | 7,426,285 |
| Total deferred outflows of resources | 666,283 | 8,089,560 | 1,494,722 | 9,584,282 |
| Total assets and deferred outflows of resources | \$ 187,535,653 | \$ 2,376,263,464 | \$ 109,280,839 | \$ 2,485,544,303 |

MUNICIPALITY OF ANCHORAGE, ALASKA

Statement of Net Position
 Proprietary Funds
 December 31, 2015

Business-Type Activities – Enterprise Funds

| Liabilities | Electric Utility | Water Utility | Wastewater Utility | Port |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Current liabilities: | | | | |
| Accounts payable, other accrued liabilities and retainages | \$ 17,513,310 | \$ 1,820,352 | \$ 1,216,147 | \$ 484,280 |
| Accrued payroll liabilities | 1,079,892 | 734,236 | 765,126 | 141,580 |
| Capital acquisition and construction accounts and retainage payable | - | - | - | 280,177 |
| Compensated absences | 2,647,510 | 946,712 | 885,498 | 167,525 |
| Claims payable | - | - | - | - |
| Claims incurred but not reported | - | - | - | - |
| Notes payable | 114,300,000 | - | - | - |
| Due to other funds | - | - | - | - |
| Accrued interest payable | 1,559,196 | 1,493,520 | 1,107,726 | 35,581 |
| Pollution remediation obligation | - | 20,000 | 60,000 | - |
| Long-term obligations maturing within one year | 7,465,000 | 9,241,407 | 5,894,889 | - |
| Unearned revenue and deposits | - | - | - | - |
| Current liabilities payable from restricted assets: | | | | |
| Customer refunds and deposits payable | 1,296,333 | - | - | - |
| Unredeemed mini bonds payable | - | 185,000 | - | - |
| Capital acquisition and construction accounts and retainage payable | 8,431,849 | 674,172 | 434,101 | - |
| Total current liabilities | <u>154,293,090</u> | <u>15,115,399</u> | <u>10,363,487</u> | <u>1,109,143</u> |
| Noncurrent liabilities: | | | | |
| Revenue bonds payable (net of unamortized discounts and premiums) | 351,924,311 | 112,119,433 | 61,952,283 | - |
| Advances from other funds | - | - | - | - |
| Alaska clean water loans payable | - | 78,291,084 | 66,453,618 | - |
| Asset retirement obligation | 8,535,928 | - | - | - |
| Capital leases payable | - | - | - | - |
| Claims incurred but not reported | - | - | - | - |
| Compensated absences | - | 249,166 | 262,532 | 74,831 |
| Net pension liability | 10,494,008 | 13,600,625 | 14,330,178 | 1,482,666 |
| Liabilities payable from restricted assets: | | | | |
| Customer deposits | - | 323,104 | 2,146,700 | - |
| Other liabilities: | | | | |
| Pollution remediation obligation | - | 68,500 | 354,000 | - |
| Future landfill closure costs | - | - | - | - |
| Notes payable | - | - | - | 40,000,000 |
| Other long-term obligations | - | 23,125,600 | 32,651,000 | 1,830,252 |
| Total noncurrent liabilities | <u>370,954,247</u> | <u>227,777,512</u> | <u>178,150,311</u> | <u>43,387,749</u> |
| Total liabilities | <u>525,247,337</u> | <u>242,892,911</u> | <u>188,513,798</u> | <u>44,496,892</u> |
| Deferred Inflows of Resources | | | | |
| Contributions in aid of construction (net amortization) | 92,025,541 | 216,334,012 | 174,939,915 | - |
| Future natural gas purchases | 33,705,285 | - | - | - |
| Regulatory liability gas sales | 68,937,909 | - | - | - |
| Regulatory liability BRU underlift settlement | 2,421,817 | - | - | - |
| Deferred inflow related to net pension liability | 202,031 | 261,841 | 275,886 | 28,544 |
| Total deferred inflows of resources | <u>197,292,583</u> | <u>216,595,853</u> | <u>175,215,801</u> | <u>28,544</u> |
| Net Position | | | | |
| Net investment in capital assets | 219,019,326 | 95,647,932 | 61,077,608 | 123,153,679 |
| Restricted for: | | | | |
| Debt service | 802,829 | 5,069,426 | - | - |
| Acquisition and construction | - | - | - | 2,077,591 |
| Operations | 12,450,000 | - | - | - |
| Unrestricted | 16,500,686 | 29,672,433 | 20,374,048 | 12,598,534 |
| Total net position | <u>248,772,841</u> | <u>130,389,791</u> | <u>81,451,656</u> | <u>137,829,804</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 971,312,761</u> | <u>\$ 589,878,555</u> | <u>\$ 445,181,255</u> | <u>\$ 182,355,240</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA

Statement of Net Position
 Proprietary Funds
 December 31, 2015

| | Business-Type Activities Enterprise Funds (Continued) | | Governmental Activities – | |
|---|--|------------------------------|------------------------------|-------------------------------|
| | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds | Total Proprietary Funds |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable, other accrued liabilities and retainages | \$ 510,790 | \$ 21,544,879 | \$ 886,546 | \$ 22,431,425 |
| Accrued payroll liabilities | 595,938 | 3,316,772 | 480,517 | 3,797,289 |
| Capital acquisition and construction accounts and retainage payable | 298,762 | 578,939 | 5,416,557 | 5,995,496 |
| Compensated absences | 734,443 | 5,381,688 | 800,902 | 6,182,590 |
| Claims payable | - | - | 17,134,820 | 17,134,820 |
| Claims incurred but not reported | - | - | 11,399,786 | 11,399,786 |
| Notes payable | - | 114,300,000 | - | 114,300,000 |
| Due to other funds | - | - | 4,612,318 | 4,612,318 |
| Accrued interest payable | 93,262 | 4,289,285 | 75,567 | 4,364,852 |
| Pollution remediation obligation | - | 80,000 | - | 80,000 |
| Long-term obligations maturing within one year | 2,044,413 | 24,645,709 | 3,260,168 | 27,905,877 |
| Unearned revenue and deposits | 441,910 | 441,910 | - | 441,910 |
| Current liabilities payable from restricted assets: | | | | |
| Customer refunds and deposits payable | - | 1,296,333 | - | 1,296,333 |
| Unredeemed mini bonds payable | - | 185,000 | - | 185,000 |
| Capital acquisition and construction accounts and retainage payable | - | 9,540,122 | - | 9,540,122 |
| Total current liabilities | 4,719,518 | 185,600,637 | 44,067,181 | 229,667,818 |
| Noncurrent liabilities: | | | | |
| Revenue bonds payable (net of unamortized discounts and premiums) | - | 525,996,027 | - | 525,996,027 |
| Advances from other funds | - | - | 1,445,000 | 1,445,000 |
| Alaska clean water loans payable | 15,742,496 | 160,487,198 | - | 160,487,198 |
| Asset retirement obligation | - | 8,535,928 | - | 8,535,928 |
| Capital leases payable | - | - | 15,893,502 | 15,893,502 |
| Claims incurred but not reported | - | - | 6,320,440 | 6,320,440 |
| Compensated absences | - | 586,529 | 45,446 | 631,975 |
| Net pension liability | 5,050,003 | 44,957,480 | 11,329,040 | 56,286,520 |
| Liabilities payable from restricted assets: | | | | |
| Customer deposits | - | 2,469,804 | - | 2,469,804 |
| Other liabilities: | | | | |
| Pollution remediation obligation | - | 422,500 | - | 422,500 |
| Future landfill closure costs | 31,100,929 | 31,100,929 | - | 31,100,929 |
| Notes payable | - | 40,000,000 | - | 40,000,000 |
| Other long-term obligations | - | 57,606,852 | - | 57,606,852 |
| Total noncurrent liabilities | 51,893,428 | 872,163,247 | 35,033,428 | 907,196,675 |
| Total liabilities | 56,612,946 | 1,057,763,884 | 79,100,609 | 1,136,864,493 |
| Deferred Inflows of Resources | | | | |
| Contributions in aid of construction (net amortization) | - | 483,299,468 | - | 483,299,468 |
| Future natural gas purchases | - | 33,705,285 | - | 33,705,285 |
| Regulatory liability gas sales | - | 68,937,909 | - | 68,937,909 |
| Regulatory liability BRU underlift settlement | - | 2,421,817 | - | 2,421,817 |
| Deferred inflow related to net pension liability | 97,223 | 865,525 | 218,108 | 1,083,633 |
| Total deferred inflows of resources | 97,223 | 589,230,004 | 218,108 | 589,448,112 |
| Net Position | | | | |
| Net investment in capital assets | 114,650,082 | 613,548,627 | 46,319,048 | 659,867,675 |
| Restricted for: | | | | |
| Debt service | - | 5,872,255 | - | 5,872,255 |
| Acquisition and construction | 4,446,305 | 6,523,896 | - | 6,523,896 |
| Operations | - | 12,450,000 | - | 12,450,000 |
| Unrestricted | 11,729,097 | 90,874,798 | (16,356,926) | 74,517,872 |
| Total net position | 130,825,484 | 729,269,576 | 29,962,122 | 759,231,698 |
| Total liabilities, deferred inflows of resources and net position | \$ 187,535,653 | | \$ 109,280,839 | \$ 2,485,544,303 |

Adjustment to reflect the consolidation of internal
 (354,713) service fund activities related to enterprise funds
\$ 728,914,863 Net position of business-type activities

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended December 31, 2015

Business-Type Activities – Enterprise Funds

| | Electric Utility | Water Utility | Wastewater Utility | Port |
|--|-----------------------------|--------------------------|-------------------------------|-----------------------|
| Operating revenues | | | | |
| Charges for sales and services | \$ 160,954,742 | \$ 59,960,903 | \$ 50,304,246 | \$ 7,609,925 |
| Other | 3,181,925 | 1,325,184 | 1,067,780 | 4,660,672 |
| Total operating revenues | <u>164,136,667</u> | <u>61,286,087</u> | <u>51,372,026</u> | <u>12,270,597</u> |
| Operating expenses | | | | |
| Operations | 103,937,280 | 26,980,378 | 29,326,874 | 16,691,332 |
| Amortization of future landfill closure costs | - | - | - | - |
| Depreciation and amortization | 29,643,901 | 10,191,049 | 8,366,414 | 7,733,968 |
| Total operating expenses | <u>133,581,181</u> | <u>37,171,427</u> | <u>37,693,288</u> | <u>24,425,300</u> |
| Operating income (loss) | <u>30,555,486</u> | <u>24,114,660</u> | <u>13,678,738</u> | <u>(12,154,703)</u> |
| Nonoperating revenues (expenses) | | | | |
| Investment income (loss) | 382,388 | 201,063 | 239,607 | 344,603 |
| Interest subsidy on build america bonds | 2,420,703 | - | - | - |
| Other revenues | - | 1,530 | 7,455 | 1,591,402 |
| Intergovernmental revenue | 133,224 | 169,958 | 179,073 | 18,075 |
| Interest expense | (18,417,252) | (6,798,837) | (4,376,823) | (407,004) |
| Allowance for funds used during construction | 773,372 | 1,084,232 | 1,435,149 | - |
| Gain (loss) on sale of capital assets | - | - | - | (243,779) |
| Amortization of deferred charges | (141,127) | (162,722) | (29,432) | - |
| Other expenses | (119,975) | (39,240) | (33,215) | (1,425,306) |
| Net nonoperating revenues (expenses) | <u>(14,968,667)</u> | <u>(5,544,016)</u> | <u>(2,578,186)</u> | <u>(122,009)</u> |
| Income (loss) before capital contributions and transfers | 15,586,819 | 18,570,644 | 11,100,552 | (12,276,712) |
| Capital contributions | - | - | - | 7,834,571 |
| Transfers from other funds | - | - | - | - |
| Transfers to other funds | (14,575,544) | (7,120,904) | (5,292,895) | (2,056,004) |
| Change in net position | 1,011,275 | 11,449,740 | 5,807,657 | (6,498,145) |
| Net position, beginning of year, as restated | 247,761,566 | 118,940,051 | 75,643,999 | 144,327,949 |
| Net position, end of year | <u>\$ 248,772,841</u> | <u>\$ 130,389,791</u> | <u>\$ 81,451,656</u> | <u>\$ 137,829,804</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year ended December 31, 2015

| | Business-Type Activities Enterprise Funds (Continued) | | Governmental Activities – | |
|--|--|---------------------------------------|---|---|
| | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds | Total Proprietary Funds |
| Operating revenues | | | | |
| Charges for sales and services | \$ 32,300,544 | \$ 311,130,360 | \$ 89,791,504 | \$ 400,921,864 |
| Other | 2,806,016 | 13,041,577 | 2,878 | 13,044,455 |
| Total operating revenues | <u>35,106,560</u> | <u>324,171,937</u> | <u>89,794,382</u> | <u>413,966,319</u> |
| Operating expenses | | | | |
| Operations | 24,387,178 | 201,323,042 | 102,370,248 | 303,693,290 |
| Amortization of future landfill closure costs | 4,037,768 | 4,037,768 | - | 4,037,768 |
| Depreciation and amortization | 7,293,737 | 63,229,069 | 5,402,185 | 68,631,254 |
| Total operating expenses | <u>35,718,683</u> | <u>268,589,879</u> | <u>107,772,433</u> | <u>376,362,312</u> |
| Operating income (loss) | <u>(612,123)</u> | <u>55,582,058</u> | <u>(17,978,051)</u> | <u>37,604,007</u> |
| Nonoperating revenues (expenses) | | | | |
| Investment income (loss) | 479,397 | 1,647,058 | 331,838 | 1,978,896 |
| Interest subsidy on build america bonds | - | 2,420,703 | - | 2,420,703 |
| Other revenues | - | 1,600,387 | 60,778 | 1,661,165 |
| Intergovernmental revenue | 457,880 | 958,210 | 139,125 | 1,097,335 |
| Interest expense | (183,124) | (30,183,040) | (335,056) | (30,518,096) |
| Allowance for funds used during construction | - | 3,292,753 | - | 3,292,753 |
| Gain (loss) on sale of capital assets | 149,000 | (94,779) | 43,389 | (51,390) |
| Amortization of deferred charges | - | (333,281) | - | (333,281) |
| Other expenses | - | (1,617,736) | (9,526) | (1,627,262) |
| Net nonoperating revenues (expenses) | <u>903,153</u> | <u>(22,309,725)</u> | <u>230,548</u> | <u>(22,079,177)</u> |
| Income (loss) before capital contributions and transfers | 291,030 | 33,272,333 | (17,747,503) | 15,524,830 |
| Capital contributions | 3,655,461 | 11,490,032 | 743,696 | 12,233,728 |
| Transfers from other funds | - | - | 500,724 | 500,724 |
| Transfers to other funds | (3,581,677) | (32,627,024) | (19,110) | (32,646,134) |
| Change in net position | 364,814 | 12,135,341 | (16,522,193) | (4,386,852) |
| Net position, beginning of year, as restated | 130,460,670 | | 46,484,315 | 763,618,550 |
| Net position, end of year | <u>\$ 130,825,484</u> | | <u>\$ 29,962,122</u> | <u>\$ 759,231,698</u> |
| | | | Adjustment to reflect the consolidation of internal (2,152,623) service fund activities related to enterprise funds. | |
| | | | <u>\$ 9,982,718</u> | Change in net position of business-type activities. |

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2015

Business-Type Activities – Enterprise Funds

| | Electric Utility | Water Utility | Wastewater Utility | Port |
|---|-----------------------------|--------------------------|-------------------------------|--------------------|
| Cash flows from operating activities | | | | |
| Receipts from customers | \$ 165,266,993 | \$ 57,453,262 | \$ 48,584,416 | \$ 12,499,366 |
| Other operating cash receipts | 5,592,012 | - | - | - |
| Receipts for interfund services provided | - | - | - | - |
| Payments to employees | (30,945,246) | (16,971,468) | (15,231,955) | (2,524,906) |
| Payments to vendors | (81,991,825) | (7,925,129) | (7,439,870) | (13,690,662) |
| Payments for interfund services used | (1,751,394) | 4,162,131 | 96,631 | (591,109) |
| Net cash from operating activities | <u>56,170,540</u> | <u>36,718,796</u> | <u>26,009,222</u> | <u>(4,307,311)</u> |
| Cash flows from non-capital financing activities | | | | |
| Intergovernmental revenue | - | - | - | - |
| Transfers to other funds | (14,575,544) | (7,120,904) | (5,292,895) | (2,056,004) |
| Security contract | - | - | - | 1,418 |
| Right of way and security fees | - | - | - | 164,678 |
| Loan payments on interfund loans | - | - | - | - |
| Due to other funds | - | - | - | - |
| Due from other funds | - | - | - | - |
| Advance to other funds | - | - | - | - |
| Net cash from non-capital financing activities | <u>(14,575,544)</u> | <u>(7,120,904)</u> | <u>(5,292,895)</u> | <u>(1,889,908)</u> |
| Cash flows from capital and related financing activities | | | | |
| Proceeds from issuance of short-term obligations | 89,600,000 | - | - | - |
| Interest payments on short-term obligations | (385,151) | - | - | - |
| Proceeds from issuance of long-term obligations | - | 11,000,000 | 3,500,000 | - |
| Principal payments on long-term obligations | (7,440,000) | (8,982,338) | (5,833,205) | - |
| Grant proceeds capital | - | - | - | 6,152,664 |
| Interest payments on long-term obligations | (19,501,295) | (6,776,377) | (4,584,788) | (404,731) |
| Interest subsidy on build america bonds | 2,420,703 | - | - | - |
| Acquisition and construction of capital assets | (93,276,051) | (27,884,913) | (20,977,313) | (2,762,657) |
| 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 | - | 9,378,767 | 5,388,405 | - |
| Proceeds from issuance of debt | - | - | - | - |
| Proceeds (loss) from the sale or disposition of capital assets | - | - | - | 3,084 |
| Capital contributions – customers | 1,059,825 | 282,443 | 416,239 | - |
| Capital contributions – intergovernmental | 67,872 | (9,111) | 4,262,740 | - |
| Net cash from capital and related financing activities | <u>(27,454,097)</u> | <u>(22,991,529)</u> | <u>(17,827,922)</u> | <u>2,988,360</u> |
| Cash flows from investing activities | | | | |
| Proceeds from sale of investments | - | 8,138 | - | - |
| Purchase of investments | (6,095,453) | - | - | - |
| Investment income | 272,273 | 147,042 | 218,195 | 358,336 |
| Net cash from investing activities | <u>(5,823,180)</u> | <u>155,180</u> | <u>218,195</u> | <u>358,336</u> |
| Net increase (decrease) in cash | 8,317,719 | 6,761,543 | 3,106,600 | (2,850,523) |
| Cash, beginning of year | 16,315,557 | 29,396,166 | 25,948,078 | 17,193,669 |
| Cash, end of year | <u>24,633,276</u> | <u>36,157,709</u> | <u>29,054,678</u> | <u>14,343,146</u> |
| Cash | 1,600 | - | 1,700 | 150 |
| Cash in central treasury | 23,335,343 | 34,125,523 | 26,293,275 | 10,113,362 |
| Bond and capital acquisition and construction accounts | - | 1,524,082 | 613,003 | 4,229,634 |
| Customer deposits | 1,296,333 | 323,104 | 2,146,700 | - |
| Mini Bonds accounts | - | 185,000 | - | - |
| Cash, December 31 | <u>24,633,276</u> | <u>36,157,709</u> | <u>29,054,678</u> | <u>14,343,146</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2015

| | Business-Type Activities Enterprise Funds (Continued) | | Governmental Activities – | |
|---|--|---------------------------------------|---------------------------------------|--|
| | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds | Total Proprietary Funds |
| Cash flows from operating activities | | | | |
| Receipts from customers | \$ 34,740,187 | \$ 318,544,224 | \$ - | \$ 318,544,224 |
| Other operating cash receipts | - | 5,592,012 | - | 5,592,012 |
| Receipts for interfund services provided | - | - | 89,855,160 | 89,855,160 |
| Payments to employees | (12,159,247) | (77,832,822) | (13,126,345) | (90,959,167) |
| Payments to vendors | (12,072,445) | (123,119,931) | (74,708,318) | (197,828,249) |
| Payments for interfund services used | (1,650,603) | 265,656 | (4,049,518) | (3,783,862) |
| Net cash from operating activities | <u>8,857,892</u> | <u>123,449,139</u> | <u>(2,029,021)</u> | <u>121,420,118</u> |
| Cash flows from non-capital financing activities | | | | |
| Intergovernmental revenue | 162,519 | 162,519 | - | 162,519 |
| Transfers to other funds | (3,581,677) | (32,627,024) | (19,110) | (32,646,134) |
| Security contract | - | 1,418 | - | 1,418 |
| Right of way and security fees | - | 164,678 | - | 164,678 |
| Loan payments on interfund loans | - | - | 817,182 | 817,182 |
| Due to other funds | - | - | 2,948,003 | 2,948,003 |
| Due from other funds | - | - | (551,837) | (551,837) |
| Advance to other funds | - | - | 1,494,417 | 1,494,417 |
| Net cash from non-capital financing activities | <u>(3,419,158)</u> | <u>(32,298,409)</u> | <u>4,688,655</u> | <u>(27,609,754)</u> |
| Cash flows from capital and related financing activities | | | | |
| Proceeds from issuance of short-term obligations | - | 89,600,000 | - | 89,600,000 |
| Interest payments on short-term obligations | - | (385,151) | - | (385,151) |
| Proceeds from issuance of long-term obligations | - | 14,500,000 | - | 14,500,000 |
| Principal payments on long-term obligations | (2,058,508) | (24,314,051) | (2,907,087) | (27,221,138) |
| Grant proceeds capital | 1,148,109 | 7,300,773 | - | 7,300,773 |
| Interest payments on long-term obligations | (198,642) | (31,465,833) | (321,539) | (31,787,372) |
| Interest subsidy on build america bonds | - | 2,420,703 | - | 2,420,703 |
| Acquisition and construction of capital assets | (6,398,359) | (151,299,293) | (14,389,677) | (165,688,970) |
| Transfers from other funds | - | - | 500,724 | 500,724 |
| Landfill post closure cash reserve | (19,463,597) | (19,463,597) | - | (19,463,597) |
| Principal payments on interfund loans | - | - | (85,000) | (85,000) |
| Interest payments on interfund loans | - | - | (29,917) | (29,917) |
| Proceeds from Alaska clean water loans | 6,522,916 | 21,290,088 | - | 21,290,088 |
| Proceeds from issuance of debt | - | - | 6,750,500 | 6,750,500 |
| Proceeds (loss) from the sale or disposition of capital assets | 185,994 | 189,078 | 11,736 | 200,814 |
| Capital contributions – customers | - | 1,758,507 | - | 1,758,507 |
| Capital contributions – intergovernmental | - | 4,321,501 | - | 4,321,501 |
| Net cash from capital and related financing activities | <u>(20,262,087)</u> | <u>(85,547,275)</u> | <u>(10,470,260)</u> | <u>(96,017,535)</u> |
| Cash flows from investing activities | | | | |
| Proceeds from sale of investments | - | 8,138 | - | 8,138 |
| Purchase of investments | - | (6,095,453) | - | (6,095,453) |
| Investment income | 459,508 | 1,455,354 | 331,838 | 1,787,192 |
| Net cash from investing activities | <u>459,508</u> | <u>(4,631,961)</u> | <u>331,838</u> | <u>(4,300,123)</u> |
| Net increase (decrease) in cash | (14,363,845) | 971,494 | (7,478,788) | (6,507,294) |
| Cash, beginning of year | 29,945,182 | 118,798,652 | 47,897,183 | 166,695,835 |
| Cash, end of year | <u>15,581,337</u> | <u>119,770,146</u> | <u>40,418,395</u> | <u>160,188,541</u> |
| Cash | 3,675 | 7,125 | - | 7,125 |
| Cash in central treasury | 10,919,558 | 104,787,061 | 38,254,529 | 143,041,590 |
| Bond and capital acquisition and construction accounts | 4,658,104 | 11,024,823 | 2,163,866 | 13,188,689 |
| Customer deposits | - | 3,766,137 | - | 3,766,137 |
| Mini Bonds accounts | - | 185,000 | - | 185,000 |
| Cash, December 31 | <u>15,581,337</u> | <u>119,770,146</u> | <u>40,418,395</u> | <u>160,188,541</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2015

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) | \$ 30,555,486 | \$ 24,114,660 | \$ 13,678,738 | \$ (12,154,703) |
| Transfer to escrow account | - | 1,881,616 | 2,317,531 | - |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Amortization of future landfill closure costs | - | - | - | - |
| Depreciation and amortization | 29,643,901 | 10,191,049 | 8,366,414 | 7,733,968 |
| PERS relief-noncash expense | 133,224 | 169,958 | 179,073 | 18,075 |
| Other revenues / expenses | (119,975) | (37,709) | (25,760) | - |
| Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash: | | | | |
| Accounts receivable, net | 4,880,015 | 151,166 | 590,674 | 228,769 |
| Inventories | 2,897,134 | (24,802) | (63,732) | - |
| Prepaid items and deposits | - | (90,295) | (99,689) | (110,483) |
| Unbilled reimbursable projects | 1,847,929 | (37,071) | 2,996 | - |
| Other assets current | (262,195) | - | - | - |
| Other assets noncurrent | (500,329) | 43,936 | (1,007,272) | - |
| Customer deposits and refunds payable | 68,325 | (1,077,927) | 55,509 | - |
| Deferred outflows of resource | (1,017,517) | (1,270,062) | (1,338,189) | (133,806) |
| Accounts payable, other accrued liabilities and retainages | (17,997,464) | 1,161,059 | 691,031 | 2,664 |
| Accrued payroll liabilities | (909,819) | (900,798) | 311,706 | (35,892) |
| Asset retirement obligation | 429,634 | - | - | - |
| Compensated absences | (121,121) | (17,254) | (18,180) | 10,437 |
| Claims payable | - | - | - | - |
| Net pension liability | 3,282,379 | 3,297,648 | 3,474,538 | 268,144 |
| Deferred inflows of resources | 3,360,933 | (1,021,378) | (1,076,166) | (122,723) |
| Unearned revenues and deposits | - | - | - | - |
| Other long-term obligations | - | - | - | (11,761) |
| Mini bonds transfer | - | 185,000 | - | - |
| Pollution remediation obligation | - | - | (30,000) | - |
| Total cash provided by operating activities | <u>56,170,540</u> | <u>36,718,796</u> | <u>26,009,222</u> | <u>(4,307,311)</u> |
| Noncash investing, capital, and financing activities: | | | | |
| Capital purchases on account | 9,241,600 | 1,151,706 | 689,987 | 280,177 |
| Contributed capital and equipment | - | 3,341,937 | 8,350,448 | 559,373 |
| Capital in aid of construction funded from deferred inflows of resources | 2,394,722 | - | - | - |
| Portion of plant from AFUDC | 773,373 | - | - | - |
| Total noncash investing, capital, and financing activities | <u>\$ 12,409,695</u> | <u>\$ 4,493,643</u> | <u>\$ 9,040,435</u> | <u>\$ 839,550</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2015

| | Business-Type Activities Enterprise Funds (Continued) | | Governmental Activities – | |
|--|--|---------------------------------------|---------------------------------------|--|
| | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds | Total Proprietary Funds |
| Reconciliation of change in net position to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ (612,123) | \$ 55,582,058 | \$ (17,978,051) | \$ 37,604,007 |
| Transfer to escrow account | - | 4,199,147 | - | 4,199,147 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Amortization of future landfill closure costs | 4,037,768 | 4,037,768 | - | 4,037,768 |
| Depreciation and amortization | 7,293,737 | 63,229,069 | 5,402,185 | 68,631,254 |
| PERS relief-noncash expense | 63,194 | 563,524 | 139,125 | 702,649 |
| Other revenues / expenses | - | (183,444) | 60,778 | (122,666) |
| Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash: | | | | |
| Accounts receivable, net | (467,161) | 5,383,463 | - | 5,383,463 |
| Inventories | - | 2,808,600 | 39,129 | 2,847,729 |
| Prepaid items and deposits | 4,056 | (296,411) | 175,776 | (120,635) |
| Unbilled reimbursable projects | - | 1,813,854 | - | 1,813,854 |
| Other assets current | - | (262,195) | - | (262,195) |
| Other assets noncurrent | - | (1,463,665) | - | (1,463,665) |
| Customer deposits and refunds payable | - | (954,093) | - | (954,093) |
| Deferred outflows of resource | (459,569) | (4,219,143) | (1,055,596) | (5,274,739) |
| Accounts payable, other accrued liabilities and retainages | (1,528,890) | (17,671,600) | 60,979 | (17,610,621) |
| Accrued payroll liabilities | (143,775) | (1,678,578) | (213,478) | (1,892,056) |
| Asset retirement obligation | - | 429,634 | - | 429,634 |
| Compensated absences | (9,871) | (155,989) | (143,147) | (299,136) |
| Claims payable | - | - | 9,638,906 | 9,638,906 |
| Net pension liability | 988,383 | 11,311,092 | 2,700,888 | 14,011,980 |
| Deferred inflows of resources | (408,645) | 732,021 | (856,515) | (124,494) |
| Unearned revenues and deposits | 100,788 | 100,788 | - | 100,788 |
| Other long-term obligations | - | (11,761) | - | (11,761) |
| Mini bonds transfer | - | 185,000 | - | 185,000 |
| Pollution remediation obligation | - | (30,000) | - | (30,000) |
| Total cash provided by operating activities | <u>8,857,892</u> | <u>123,449,139</u> | <u>(2,029,021)</u> | <u>121,420,118</u> |
| Noncash investing, capital, and financing activities: | | | | |
| Capital purchases on account | 298,762 | 11,662,232 | 5,416,557 | 17,078,789 |
| Contributed capital and equipment | - | 12,251,758 | 743,696 | 12,995,454 |
| Capital in aid of construction funded from deferred inflows of resources | - | 2,394,722 | - | 2,394,722 |
| Portion of plant from AFUDC | - | 773,373 | - | 773,373 |
| Total noncash investing, capital, and financing activities | <u>\$ 298,762</u> | <u>\$ 27,082,085</u> | <u>\$ 6,160,253</u> | <u>\$ 33,242,338</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Statement of Net Position
Fiduciary Funds
December 31, 2015

| | Pension and Other Post Employment Benefits Trust Funds |
|--|---|
| | |
| Assets | |
| Cash in central treasury | \$ 108,145 |
| Cash, cash equivalents held under securities lending program | 4,345,102 |
| Contribution receivable | 33,000 |
| Investments, at fair value: | |
| Cash and money market funds | 2,030,468 |
| U.S. treasuries | 6,631,698 |
| U.S. TIPS | 253,761 |
| Corporate fixed income securities | 85,355,062 |
| Fixed income funds | 2,486,682 |
| Certificate of deposit | 2,724,702 |
| Domestic equity securities | 131,361,059 |
| International equity securities | 62,419,668 |
| Real estate funds | 43,056,254 |
| Total investments | 336,319,354 |
| Total assets | 340,805,601 |
| Liabilities | |
| Accounts payable | 30,406 |
| Payable under securities lending program | 4,345,102 |
| Total liabilities | 4,375,508 |
| Net Position | |
| Held in trust for: | |
| Employees' pension benefits | 319,620,238 |
| Employees' post employment healthcare benefits | 16,809,855 |
| Total net position | 336,430,093 |
| Total liabilities and net position | \$ 340,805,601 |

MUNICIPALITY OF ANCHORAGE, ALASKA
 Statement of Changes in Net Position
 Fiduciary Funds
 For the year ended December 31, 2015

| | Pension and Other Post Employment Benefits Trust Funds |
|--|---|
| Additions | |
| Contributions from other funds | \$ 9,243,697 |
| Contributions from employees | 190,061 |
| Investment income: | |
| Interest | 3,537,643 |
| Dividends | 2,623,132 |
| Net increase (decrease) in fair value of investments | (2,657,809) |
| Less: investment expense | (1,540,796) |
| Total additions | 11,395,928 |
| Deductions | |
| Regular benefit payments | 35,119,996 |
| Administrative expenses | 745,128 |
| Total deductions | 35,865,124 |
| Change in net position | (24,469,196) |
| Net position, beginning of year | 360,899,289 |
| Net position, end of year | \$ 336,430,093 |

MUNICIPALITY OF ANCHORAGE, ALASKA
Notes to the Basic Financial Statements
December 31, 2015

Index

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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, 2015, two of CIVICVentures' five-member Board of Directors are executive employees of the Municipality and management and accounting functions are performed by the Municipality. CIVICVentures is reported as a debt service fund.

Discretely Presented Component Units

The Anchorage School District (ASD) is 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, 2015.

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

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

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

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The Municipality reports the following major proprietary funds:

- The **Electric Utility Fund** accounts for the operations of the Municipality owned Electric Utility.
- The **Water Utility Fund** accounts for the operations of the Municipality owned Water Utility.

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

Additionally, the Municipality reports the following fund types:

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

Investments at year end are reported at fair value. Investment income on cash pool investments is allocated to the various funds based on their average daily cash pool equity balances. Funds that have negative balances in the cash pools are charged interest; the interest income is allocated to those funds having equity in the cash pools. Details regarding investments are discussed in Note 3.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and

business-type activities are reported in the government-wide financial statements as “internal balances”. Details regarding interfund activity is discussed in Note 7.

All trade and property taxes receivable, including those business-type activities, are shown net of an allowance for uncollectable. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectable, including those related to business-type activities. Details regarding receivables are discussed in Note 4.

Property Taxes

Property taxes attach a lien on property on the first day of the tax year in which taxes are levied. For 2015, real and personal property taxes were levied on May 1st. Real property taxes were payable in two installments on June 15 and August 15, and personal property taxes in two installments on August 31 and October 31. ASD had accrued taxes and deferred inflows of resources of \$119,705,484 for financing half of the 2015-2016 budget as of June 30, 2015. At December 31, 2015, property taxes receivable was \$11,265,681 including penalties and interest of \$1,347,386 and excluding allowance for uncollectable property tax receivable of \$138,099.

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 2015 in the amounts of \$773,372, \$1,084,232, and \$1,435,149 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. Details regarding capital assets are discussed in Note 5.

Compensated Absences

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

Long-Term Obligations

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

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

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Net pension liability is also reported for the Police and Fire Retirement Pension. Details regarding net pension liability are discussed in Note 13.

Contributed Capital

The Utilities receive Contribution In Aid of Construction (CIAC), which they record as contributed plant in service and deferred inflows of resources. For rate-making purposes, the Utilities amortize contributed plant over the life of the respective Utility plant as a reduction of depreciation expense and a reduction of deferred inflows of resources. Consequently, CIAC's are recorded as deferred inflows of resources in the accompanying financial statements. The Utilities' rates also include an Allowance for Funds Used During Construction (AFUDC), which is capitalized in the accompanying financial statements. At December 31, 2015, Electric, Water and Wastewater Utility deferred inflow of resources balances related to CIAC were \$92,025,541, \$216,334,012, and \$174,939,915 respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Fund Balance

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

E. Utility Revenues

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

F. Statement of Cash Flows

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

G. Reclassifications

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

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

A. Excess of Expenditures Over Appropriations

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

For the year ended December 31, 2015, expenditures exceeded appropriations in the following departments of the general fund:

| | | |
|----------------------------------|----|-------------|
| Maintenance & Operations | \$ | 100,687,786 |
| Fire | | 12,588,970 |
| Economic & Community Development | | 8,996,860 |
| Municipal Manager | | 3,727,929 |
| Public Transportation | | 967,240 |
| Health & Human Services | | 698,372 |
| Police & Fire Retiree Medical | | 3,067 |

B. Negative Fund Balance

As of December 31, 2015, an overall negative unassigned fund balance position was reported in the Other Restricted Resources Special Revenue Fund in the amount of (\$45,918).

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.

C. Related Party Transaction

Anchorage Community Development Authority - The Municipality has leased 516 spaces located on four sites to the Authority for a period of 35 years. The agreement included an advance payment of \$350 per lot and will terminate in 2019. In 2015, the Municipality paid a total of \$647,890 to ACDA for leased parking.

D. Material Violations of Contractual Provisions

There were no material violations of contractual provisions as of December 31, 2015.

NOTE 3 - CASH AND INVESTMENTS

At December 31, 2015, 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 | \$ 61,528 | | | | |
| Central Treasury - Unrestricted | | | | | |
| Cash & Money Market Funds | 15,594,205 | - | - | - | - |
| Repurchase Agreements | 30,464,960 | 30,464,960 | - | - | - |
| U.S. Treasuries | 135,314,192 | 36,177,696 | 81,901,486 | 17,235,010 | - |
| U.S. Agencies | 73,147,659 | 47,153,231 | 18,769,036 | 3,711,622 | 3,513,770 |
| Municipal Bonds | 210,342 | - | - | 210,342 | - |
| Asset-Backed Securities** | 56,051,278 | 954,777 | 37,256,637 | 5,474,217 | 12,365,647 |
| Corporate Fixed Income Securities | 98,487,247 | 21,676,845 | 60,798,871 | 14,323,744 | 1,687,787 |
| Payables | (19,154,134) | - | - | - | - |
| | <u>\$ 390,115,749</u> | <u>\$ 136,427,509</u> | <u>\$ 198,726,030</u> | <u>\$ 40,954,935</u> | <u>\$ 17,567,204</u> |
| Central Treasury - Restricted | | | | | |
| Cash & Money Market Funds | 25,049,307 | - | - | - | - |
| Repurchase Agreements | 8,495,115 | 8,495,115 | - | - | - |
| U.S. Treasuries | 49,809,259 | 22,165,175 | 22,838,124 | 4,805,960 | - |
| U.S. Agencies | 54,134,455 | 42,376,670 | 9,742,994 | 1,034,981 | 979,810 |
| Municipal Bonds | 58,654 | - | - | 58,654 | - |
| Asset-Backed Securities** | 15,629,826 | 266,238 | 10,388,965 | 1,526,478 | 3,448,145 |
| Corporate Fixed Income Securities | 28,758,248 | 7,339,767 | 16,953,687 | 3,994,158 | 470,637 |
| Payables | (5,341,106) | - | - | - | - |
| | <u>\$ 176,593,758</u> | <u>\$ 80,642,965</u> | <u>\$ 59,923,770</u> | <u>\$ 11,420,231</u> | <u>\$ 4,898,592</u> |
| MOA Trust Fund | | | | | |
| Cash & Money Market Funds | 104,117 | - | - | - | - |
| U.S. TIPS | 4,112,981 | - | - | 4,112,981 | - |
| Bank Loan Investments | 4,301,419 | - | - | - | - |
| Fixed Income Funds | 37,593,329 | - | - | 37,593,329 | - |
| Domestic Equities & Equity Funds | 47,647,747 | - | - | - | - |
| International Equities & Equity Funds | 35,574,658 | - | - | - | - |
| Real Estate Funds | 15,402,343 | - | - | - | - |
| | <u>\$ 144,736,594</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 41,706,310</u> | <u>\$ -</u> |

* Market value plus accrued income.

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

| Investment Type | Fair Value* | Fixed Income Investment Maturities (in years) | | | |
|---|-------------------------|---|-----------------------|-----------------------|----------------------|
| | | Less Than 1 | 1 - 5 | 6 - 10 | More Than 10 |
| Police & Fire Retiree Medical Trust Fund | | | | | |
| Cash & Money Market Funds | \$ 1,371,641 | \$ - | \$ - | \$ - | \$ - |
| Certificate of Deposit | 2,724,702 | - | 2,724,702 | - | - |
| U.S. Treasuries | 6,631,698 | 1,690,600 | 4,941,098 | - | - |
| U.S. TIPS | 253,761 | - | - | 253,761 | - |
| Fixed Income Funds | 2,486,682 | 1,361,352 | 1,125,330 | - | - |
| Domestic Equity Funds | 2,037,350 | - | - | - | - |
| International Equity Funds | 1,268,571 | - | - | - | - |
| | <u>\$ 16,774,405</u> | <u>\$ 3,051,952</u> | <u>\$ 8,791,130</u> | <u>\$ 253,761</u> | <u>\$ -</u> |
| Police & Fire Retiree Medical Liability Fund | | | | | |
| Cash & Money Market Funds | 604,276 | - | - | - | - |
| U.S. TIPS | 11,687 | - | - | 11,687 | - |
| Fixed Income Funds | 7,718,039 | - | - | 7,718,039 | - |
| Domestic Equities & Equity Funds | 13,003,105 | - | - | - | - |
| International Equities & Equity Funds | 8,402,731 | - | - | - | - |
| Real Estate Funds | 4,673,552 | - | - | - | - |
| | <u>\$ 34,413,390</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,729,726</u> | <u>\$ -</u> |
| Police and Fire Retirement Pension Trust Fund | | | | | |
| Cash & Money Market Funds | 658,827 | - | - | - | - |
| Corporate Fixed Income Securities | 85,355,062 | 19,666,960 | 33,708,974 | 29,333,685 | 2,645,443 |
| Domestic Equities & Equity Funds | 129,323,709 | - | - | - | - |
| International Equities & Equity Funds | 61,151,097 | - | - | - | - |
| Real Estate Funds | 43,056,254 | - | - | - | - |
| | <u>\$ 319,544,949</u> | <u>\$ 19,666,960</u> | <u>\$ 33,708,974</u> | <u>\$ 29,333,685</u> | <u>\$ 2,645,443</u> |
| HUD Section 108 Loan Program Investment | | | | | |
| Cash & Money Market Funds | 1,379,506 | - | - | - | - |
| | <u>\$ 1,379,506</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| CIVICventures Component Unit | | | | | |
| Cash & Money Market Funds | 1,292,447 | - | - | - | - |
| U.S. Agencies | 10,426,619 | 8,360,055 | 2,066,564 | - | - |
| Corporate Fixed Income Securities | 1,398,517 | - | - | 1,398,517 | - |
| | <u>\$ 13,117,583</u> | <u>\$ 8,360,055</u> | <u>\$ 2,066,564</u> | <u>\$ 1,398,517</u> | <u>\$ -</u> |
| Total Cash & Investments | <u>\$ 1,096,737,462</u> | <u>\$ 248,149,441</u> | <u>\$ 303,216,468</u> | <u>\$ 132,797,165</u> | <u>\$ 25,111,239</u> |
| Governmental Activities | 466,926,221 | | | | |
| Business-Type Activities | 293,383,742 | | | | |
| Fiduciary Funds | 336,427,499 | | | | |
| | <u>\$ 1,096,737,462</u> | | | | |

A. Municipal Central Treasury

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

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

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

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

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

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

The Investment Management Agreement (IMA) for each external manager and the policy and procedures (P&P) applicable to the internally managed investments provide additional guidelines for each portfolio's investment

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

| Investment Type | Concentration Limit | Working Capital Portfolio Holding % at December 31, 2015 | Internally Managed Holding % at December 31, 2015 |
|---|--|--|---|
| U.S. Government Securities* | 50% to 100% of investment portfolio | 55% | 83% |
| Repurchase Agreements | 0% to 50% of investment portfolio | 21% | 2% |
| Certificates of Deposit** | 0% to 50% of investment portfolio Maximum 5% per issuer | 0% | 0% |
| Bankers Acceptances | 0% to 25% of investment portfolio Maximum 5% per issuer | 0% | 0% |
| Commercial Paper | 0% to 15% of investment portfolio Maximum 5% per issuer | 0% | 0% |
| Corporate Bonds | 0% to 15% of investment portfolio Maximum 5% per issuer | 10% | 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 | 14% | 13% |
| 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% |
| | | <u>100%</u> | <u>100%</u> |

*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 AMC 6.50.030, 6.50.060, and the MOA Trust investment policy:

- All investments eligible for purchase by the Anchorage Central Treasury.
- Publicly traded equity investments.
- Debt instruments issued by the U.S. Government, its agencies and instrumentalities, and debt instruments that have been issued by domestic and non-domestic entities, subject to the following criteria:
 - a) No more than 5 percent of the fixed income portfolio may be invested in the fixed income securities of a single issuer, with the exception of the U.S. Government, its agencies and instrumentalities.
 - b) No more than 10 percent of the fixed income portfolio may be invested in domestic fixed income securities rated less than BBB- by Standard & Poor's or the equivalent by another nationally recognized rating agency.
 - c) No more than 30 percent of the fixed income portfolio may be invested in investment grade dollar denominated fixed income securities issued by non-domestic entities.
 - d) No more than 5 percent of the MOA Trust may be invested in non-dollar denominated fixed income securities.
- Real Estate investments in a diversified portfolio of institutional quality, income producing properties held in a collective investment vehicle which limits the MOA Trust's liability.
- Alternative basket clause investments utilizing special purpose investment vehicles.
- Fixed income derivative instruments used in an unlevered manner to implement portfolio strategies consistent with other authorized investments.

- Cash and cash equivalents, including but not limited to repurchase agreements, certificates of deposit, and shares in money market or short-term investment funds consistent with the investment criteria outlined above.
- Mutual funds or other commingled investment vehicles that predominantly consist of the authorized investments listed above.

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

| Investment Type | Lower Limit | Upper Limit | Investment Holding % at December 31, 2015 |
|--|-------------|-------------|--|
| Domestic Equities | 30% | 40% | 32% |
| International Equities | 22% | 28% | 25% |
| Fixed Income (excluding TIPS) | 23% | 29% | 26% |
| Bank Loan Investments | 0% | 5% | 3% |
| Treasury Inflation Protected Securities (TIPS) | 0% | 5% | 3% |
| Real Estate | 6% | 10% | 11% |
| Cash Equivalents | 0% | 15% | 0% |
| | | | 100% |

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

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

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

C. Police and Fire Retiree Medical Trust Fund

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

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

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

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

- The use of leverage is prohibited, as are short sales and margin transactions.
- For equities, investment in any one company shall not exceed the greater of 5 percent or 1.5 times the company's weighting in an appropriate market index; investment in any one sector shall not exceed the greater of 30 percent or 1.5 time the sector's weighting in the appropriate market index.

- No position in an individual security shall exceed 5 percent of the fixed income portfolio's market value.
- The weighted average credit quality of the fixed income portfolio must be rated AA- by Standard and Poor's or Aa3 by Moody's.
- The duration of the fixed income portfolio shall be within 20 percent of the duration of the Barclay's Aggregate Index.

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

| Investment Type | Lower Limit | Upper Limit | Investment Holding % at December 31, 2015 |
|--|-------------|-------------|---|
| General Funds: | | | |
| Domestic Equities - Large/Mid Cap | 27% | 37% | 32% |
| Domestic Equities - Small Cap | 6% | 12% | 9% |
| International Equities | 23% | 31% | 26% |
| Domestic Fixed Income (excluding TIPS) | 23% | 31% | 28% |
| U.S. TIPS | 3% | 7% | 5% |
| Cash Equivalents | 0% | 5% | 0% |
| | | | 100% |
| Member Allocated Funds: | | | |
| U.S. Treasuries | 23% | 33% | 56% |
| Government Agencies | 20% | 30% | 9% |
| Certificate of Deposit | 35% | 45% | 23% |
| Cash Equivalents | 4% | 10% | 12% |
| | | | 100% |

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, 2015 |
|-------------------------|-------------|-------------|---|
| Domestic Equities | 34% | 44% | 38% |
| International Equity | 22% | 30% | 24% |
| Fixed Income | 22% | 28% | 22% |
| Real Estate | 6% | 14% | 14% |
| Cash & Cash Equivalents | N/A | 5% | 2% |
| | | | 100% |

E. Police and Fire Retirement Pension Trust Fund

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

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

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

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

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

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

| Investment Type | Lower Limit | Upper Limit | Investment Holding % at December 31, 2015 |
|-------------------------------------|-------------|-------------|---|
| Domestic Equities: | | | |
| Large Cap Core | 9% | 16% | 12% |
| Large Cap Growth | 8% | 12% | 10% |
| Large Cap Value | 8% | 12% | 10% |
| Subtotal Large Cap | 29% | 35% | 32% |
| Small Cap Growth | 2% | 6% | 4% |
| Small/Mid Cap Value | 2% | 6% | 4% |
| Subtotal Small/Mid Cap | 4% | 12% | 8% |
| Total Domestic Equity | 34% | 45% | 40% |
| International Equities: | | | |
| MSCI ACWI ex US | 7% | 13% | 10% |
| Growth | 7% | 13% | 9% |
| Total International Equity | 16% | 24% | 19% |
| Total All Equity | 52% | 68% | 59% |
| Fixed Income: | | | |
| Domestic Fixed Income | 22% | 35% | 27% |
| Real Estate Funds: | | | |
| Equity Real Estate Investment Trust | 1% | 9% | 3% |
| Open Ended Proprietary Fund | 2% | 8% | 5% |
| Farmland | 0% | 8% | 6% |
| Total Real Estate | 5% | 15% | 14% |
| Cash & Cash Equivalents: | | | |
| Cash Equivalents | 0% | 4% | 0% |
| | | | <u>100%</u> |

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

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

F. Interest Rate Risk

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

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

AMC 6.50.030 requires the Working Capital Portfolio have a duration of zero to 270 days. At December 31, 2015, the Working Capital Portfolio had a duration of .33 years, or approximately 120 days. AMC 6.50.030 also requires that the Contingency Reserve Portfolio have an average duration within half a year of its benchmark. At December 31, 2015, the Contingency Reserve Portfolio had a duration of 1.69 years as compared to its benchmark, Barclays 1-3 Year Government Index, which had a duration of 1.86 years. AMC 6.50.030 requires the Strategic Reserve Portfolio have a maximum duration no greater than one year in excess of its benchmark. At December 31, 2015, the Strategic Reserve Portfolio had a duration of 3.72 years as compared to its benchmark, Barclays Intermediate Government/Corporate Index, which had a duration of 3.96 years.

The effective durations of the externally managed portfolios of the Municipal Central Treasury (working capital, contingency reserve and strategic reserve) at December 31, 2015, were 0.33 years, 1.69 years, and 3.72 years, respectively, which are within the required durations per the policy.

The Police and Fire Retiree Medical Trust's investment policy requires that the weighted average duration of its fixed income portfolio be within 20 percent of the Barclays Capital Aggregate Index. At December 31, 2015, the duration of the index was 5.68 years and the duration of the Police and Fire Retiree Medical Trust's fixed income portfolio, exclusive of member-allocated funds invested in U.S. Treasuries, was 6.51 years, which is within the required duration per the policy.

The Police and Fire Retirement Pension Trust's investment policy states that the total fixed income portfolio's weighted average duration cannot exceed 120 percent of the market's duration utilizing the Barclays Capital Aggregate Bond Index. At December 31, 2015, the duration of the Barclays Capital Aggregate Index was 5.68 years, and the duration of the Police and Fire Retirement Trust's fixed income portfolio was 4.29 years, which is within the required duration per the policy.

G. Credit Risk

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

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

At December 31, 2015, the Municipal Central Treasury's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$224,499,722. The distribution of ratings on these securities was as follows:

| Moody's | | S&P | |
|-------------|-------------|-------------|-------------|
| Aaa | 22% | AAA | 20% |
| Aa | 6% | AA | 6% |
| A | 23% | A | 23% |
| Baa | 25% | BBB | 27% |
| Ba or Lower | 1% | BB or Lower | 0% |
| Not Rated | 23% | Not Rated | 24% |
| | <u>100%</u> | | <u>100%</u> |

At December 31, 2015, Anchorage's Central Treasury had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2015, securities in the MOA Trust had an investment of \$37,593,329 in commingled fixed income funds with a weighted average credit quality rating of AAA, and an investment of \$4,112,981 in commingled TIPS funds with a weighted average credit quality rating of AAA. At December 31, 2015, the MOA Trust had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2015, the Police and Fire Retiree Medical Trust had an investment of \$1,361,352 in commingled fixed income funds with a weighted average credit quality rating of BBB, and an investment of \$253,761 in commingled TIPS funds with a weighted average credit quality rating of AAA. At December 31, 2015, the Police and Fire Retiree Medical Trust had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2015, the Police and Fire Retiree Medical Liability Fund had an investment of \$6,369,217 in a commingled fixed income fund with a weighted average credit quality rating of BBB, an investment of \$1,348,822 in a commingled fixed income fund with a weighted average credit quality rating of AA, and an investment of \$11,687 in commingled TIPS funds with a weighted average credit quality rating of AAA. At December 31, 2015, the Police and Fire Retiree Medical Liability Fund had no investments in any single issuer exceeding 5 percent of total investments.

At December 31, 2015, the Police and Fire Retirement Pension Trust's total fixed income portfolio had a weighted average rating of A3 by Moody's. The Police and Fire Retirement Trust's investment in marketable debt securities totaled \$77,952,827, with ratings distributed as follows:

| Moody's | | S&P | |
|-------------|-------------|-------------|-------------|
| Aaa | 0% | AAA | 0% |
| Aa | 6% | AA | 9% |
| A | 38% | A | 37% |
| Baa | 40% | BBB | 38% |
| Ba or Lower | 0% | BB or Lower | 0% |
| Not Rated | 16% | Not Rated | 16% |
| | <u>100%</u> | | <u>100%</u> |

At December 31, 2015, the Police and Fire Retirement Trust had no investments in any single issuer exceeding 5 percent of total investments.

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, 2015, the Municipal Central Treasury 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, 2015, the Municipal Central Treasury had bank deposit carrying amounts totaling \$41,559,645, of which \$500,000 was covered by federal depository insurance. Bank deposits of \$13,993,299 were secured by collateral held by a third party and deposits of \$27,066,346 were secured by collateral held at the depository bank. An additional \$2,917,500 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.

AMC 6.50.030 requires that repurchase agreements be secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies. As of December 31, 2015 cash deposits and investments were not exposed to custodial risk.

H. Securities Lending

During 2015, the Police and Fire Retirement Pension Trust lent securities in its investment portfolio to financial institutions through a securities lending program administered by the Police and Fire Retirement Pension Trust's custodian. At December 31, 2015, the amount of the collateral provided by borrowers averaged 102 percent of the value of securities lent. The Police and Fire Retirement Pension Trust is authorized to lend its investment securities by its statement of investment policy, which is approved by the Board. The lending is managed by the Police and Fire Retirement Pension Trust's custodian. All loans can be terminated on demand by either the Police and Fire Retirement Pension Trust or the borrowers. The term of the loans can vary from one week to many months. The agent lends the Police and Fire Retirement Pension Trust's U.S. Government and Agency securities and domestic corporate fixed income and equity securities for securities or cash collateral of 102 percent. The securities lending contracts do not allow the Police and Fire Retirement Pension Trust to pledge or sell any collateral securities. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. At December 31, 2015, the pool had a weighted average maturity of 23 days. There are no restrictions on the amount of securities that can be lent at one time or to one borrower.

The investments are classified in category 1 because the securities are held by the Police and Fire Retirement Pension Trust's agent (which is not affiliated with or related to the investment broker) in the Police and Fire Retirement Pension Trust's name. Category 1 is defined as insured or collateralized with securities held by the entity or by its agent in the entity's name.

The following represents the balances relating to the securities lending transactions at December 31, 2015:

| Securities Lent | Fair Value of Underlying Securities | Collateral Received |
|---------------------|---|---------------------|
| Domestic Securities | \$ 1,173,881 | \$ 1,197,412 |
| Domestic Equities | 3,171,221 | 3,238,920 |
| | <u>\$ 4,345,102</u> | <u>\$ 4,436,332</u> |

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

I. Foreign Currency Risk

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

The Municipal Central Treasury is not exposed to foreign currency risk because AMC 6.50.030 explicitly prohibits the purchase of securities not denominated in U.S. Dollars. At December 31, 2015, all debt obligations held in the Municipal Central Treasury were payable in U.S. Dollars.

The MOA Trust's investment in commingled international equity funds and individual investments within other funds expose it to exchange risk in various foreign currencies. At December 31, 2015, these investments totaled \$36,345,244 and represented 25 percent of the Trust's aggregate portfolio. Exposure to foreign currency risk was as follows:

| Investment Type | Underlying Currency | Fair Value (U.S. Dollars) |
|---------------------------------------|---------------------|---------------------------|
| American Depositary Receipts | Various | \$ 770,587 |
| Commingled International Equity Funds | Various | 35,574,657 |
| | | <u>\$ 36,345,244</u> |

The Police and Fire Retiree Medical Trust's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2015, this investment totaled \$1,268,571 and represented 26 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, 2015, this investment totaled \$8,402,731 and represented 24 percent of the Police and Fire Retiree Medical Liability Fund's aggregate portfolio.

The Police and Fire Retirement Pension Trust's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2015, this investment totaled \$61,151,097 and represented 19 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, 2015:

| | Governmental Activities | Business-type Activities | Total |
|--|-------------------------|--------------------------|---------------------|
| Current: | | | |
| Property taxes | \$ 11,403,780 | \$ - | \$ 11,403,780 |
| Accommodations taxes | 3,821,297 | - | 3,821,297 |
| Unbilled reimbursable projects | - | 968,618 | 968,618 |
| Special assessments receivable | 5,185,091 | 183,193 | 5,368,284 |
| Trade accounts, including internal service funds | 14,905,937 | 25,782,891 | 40,688,828 |
| Total accounts receivable | 35,316,105 | 26,934,702 | 62,250,807 |
| Allowance for uncollectible accounts | (4,480,464) | (531,848) | (5,012,312) |
| Total Accounts Receivable, net | <u>30,835,641</u> | <u>26,402,854</u> | <u>57,238,495</u> |
| Noncurrent: | | | |
| HUD loans (including section 108) | 5,175,139 | - | 5,175,139 |
| Total Loans and Leases, net | <u>\$ 5,175,139</u> | <u>\$ -</u> | <u>\$ 5,175,139</u> |

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

NOTE 5 - CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended December 31, 2015, was as follows (in thousands):

| | Beginning Balance December 31, 2014 | | Increase | Decrease | Ending Balance December 31, 2015 |
|---|--|-------------------|--------------------|----------|-------------------------------------|
| Governmental Activities: | | | | | |
| Capital Assets, Not Being Depreciated | | | | | |
| Land | \$ 1,237,236 | \$ 11,786 | \$ (868) | | 1,248,154 |
| Artwork | 19,834 | 140 | - | | 19,974 |
| Construction Work-in-Progress | 48,751 | 90,041 | (51,030) | | 87,762 |
| Infrastructure | 1,435,740 | 13,801 | - | | 1,449,541 |
| Total Capital Assets, Not Being Depreciated | 2,741,561 | 115,768 | (51,898) | | 2,805,431 |
| Capital Assets, Being Depreciated | | | | | |
| Buildings & Improvements | 660,196 | 15,241 | (135) | | 675,302 |
| Equipment | 246,214 | 10,701 | (5,154) | | 251,761 |
| Infrastructure | 498,019 | 16,792 | (277) | | 514,534 |
| Total Capital Assets, Being Depreciated | 1,404,429 | 42,734 | (5,566) | | 1,441,597 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings & Improvements | 393,681 | 16,830 | - | | 410,511 |
| Equipment | 187,903 | 17,008 | (3,789) | | 201,122 |
| Infrastructure | 272,814 | 10,193 | (267) | | 282,740 |
| Total Accumulated Depreciation | 854,398 | 44,031 | (4,056) | | 894,373 |
| Total Capital Assets, Being Depreciated, Net | 550,031 | (1,297) | (1,510) | | 547,224 |
| Total Governmental Activities, Net | \$ 3,291,592 | \$ 114,471 | \$ (53,408) | | \$ 3,352,655 |

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

| | Beginning Balance December 31, 2014 | | Increase | Decrease | Ending Balance December 31, 2015 |
|---|---|-------------------|---------------------|----------|--|
| Business-Type Activities: | | | | | |
| Capital Assets, Not Being Depreciated: | | | | | |
| Land and Property held for future use | \$ 66,042 | \$ 1,446 | \$ - | | \$ 67,488 |
| Construction Work-in-Progress ¹ | 233,811 | 163,689 | (111,406) | | 286,094 |
| Total Capital Assets, Not Being Depreciated | 299,853 | 165,135 | (111,406) | | 353,582 |
| Capital Assets, Being Depreciated: | | | | | |
| Distribution and Collection Systems, Infrastructure | 2,143,330 | 89,805 | (10,139) | | 2,222,996 |
| Buildings and Improvements | 565,987 | 29,756 | (2,992) | | 592,751 |
| Total Capital Assets, Being Depreciated | 2,709,317 | 119,561 | (13,131) | | 2,815,747 |
| Less Accumulated Depreciation for: | | | | | |
| Distribution and Collection Systems, Infrastructure | 916,690 | 70,631 | (9,471) | | 977,850 |
| Buildings and Improvements | 191,193 | 14,430 | (3,233) | | 202,390 |
| Total Accumulated Depreciation | 1,107,883 | 85,061 | (12,704) | | 1,180,240 |
| Total Capital Assets, Being Depreciated, Net | 1,601,434 | 34,500 | (427) | | 1,635,507 |
| Total Business-Type Activities, Net | \$ 1,901,287 | \$ 199,635 | \$ (111,833) | | \$ 1,989,089 |

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

| | | | | |
|-------------------------------|--------|--------|----------|-------|
| Construction Work-in-Progress | \$ 303 | \$ 627 | \$ (891) | \$ 39 |
|-------------------------------|--------|--------|----------|-------|

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 | \$ 5,852 |
| Fire Services | 4,130 |
| Police Services | 1,966 |
| Health and Human Services | 1,220 |
| Economic & Community Development | 14,938 |
| Public Transportation | 4,423 |
| Public Works | 10,309 |
| Maintenance and Operations | 1,193 |
| Total Governmental Activities | <u>\$ 44,031</u> |
| Business-Type Activities: | |
| Electric | \$ 29,644 |
| Water | 10,191 |
| Wastewater | 8,366 |
| Refuse | 928 |
| Solid Waste | 3,875 |
| Port | 7,734 |
| Municipal Airport | 2,491 |
| Total Business-Type Activities | <u>63,229</u> |
| Depreciation offset by amortization of regulatory liability- contributed plant | 21,832 |
| Gross increase in accumulated depreciation | <u>\$ 85,061</u> |

The 2015 Utility construction budgets are \$57,709, \$31,700 and \$33,345 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, 2015 is as follows (in thousands):

| | Beginning Balance July 1, 2014 | Increase | Decrease | Ending Balance June 30, 2015 |
|--|-----------------------------------|-------------------|--------------------|---------------------------------|
| Governmental Activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 42,357 | \$ - | \$ - | \$ 42,357 |
| Construction in Progress | 951 | 80,487 | (80,593) | 845 |
| Total Capital Assets not Being Depreciated | <u>43,308</u> | <u>80,487</u> | <u>(80,593)</u> | <u>43,202</u> |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 63,579 | 3,111 | - | 66,690 |
| Buildings and Equipment | 1,632,516 | 80,120 | (11,017) | 1,701,619 |
| Pupil Transportation | 10,263 | 788 | (59) | 10,992 |
| Total Capital Assets Being Depreciated | <u>1,706,358</u> | <u>84,019</u> | <u>(11,076)</u> | <u>1,779,301</u> |
| Less Accumulated Depreciation For: | | | | |
| Land Improvements | 41,640 | 1,996 | - | 43,636 |
| Buildings and Equipment | 508,112 | 37,689 | (6,644) | 539,157 |
| Pupil Transportation | 8,672 | 202 | (59) | 8,815 |
| Total Accumulated Depreciation | <u>558,424</u> | <u>39,887</u> | <u>(6,703)</u> | <u>591,608</u> |
| Total Capital Assets, Being Depreciated, Net | <u>1,147,934</u> | <u>44,132</u> | <u>(4,373)</u> | <u>1,187,693</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 1,191,242</u> | <u>\$ 124,619</u> | <u>\$ (84,966)</u> | <u>\$ 1,230,895</u> |

C. Discretely Presented Component Units – Anchorage Community Development Authority

Capital asset activity for the year ended December 31, 2015 is as follows (in thousands):

| | Beginning Balance December 31, 2014 | Increase | Decrease | Ending Balance December 31, 2015 |
|--|--|---------------|-------------|-------------------------------------|
| Business Type Activities: | | | | |
| Capital Assets, Not Being Depreciated | | | | |
| Land | \$ 11,059 | \$ - | \$ - | \$ 11,059 |
| Total Capital Assets not Being Depreciated | <u>11,059</u> | <u>-</u> | <u>-</u> | <u>11,059</u> |
| Capital Assets Being Depreciated | | | | |
| Parking Garages | 40,399 | 2,551 | - | 42,950 |
| Lot Improvements | 680 | 7 | - | 687 |
| Furniture and Fixtures | 100 | - | - | 100 |
| Equipment and Vehicles | 3,186 | 204 | (53) | 3,337 |
| Parking meters | 1,227 | 34 | - | 1,261 |
| Total Capital Assets Being Depreciated | <u>45,592</u> | <u>2,796</u> | <u>(53)</u> | <u>48,335</u> |
| Less Accumulated Depreciation For | | | | |
| Parking Garages | 27,460 | 1,622 | - | 29,082 |
| Lot Improvements | 635 | 26 | - | 661 |
| Furniture and Fixtures | 99 | - | - | 99 |
| Equipment and Vehicles | 2,915 | 159 | (53) | 3,021 |
| Parking meters | 620 | 203 | - | 823 |
| Total Accumulated Depreciation Net | <u>31,729</u> | <u>2,010</u> | <u>(53)</u> | <u>33,686</u> |
| Total Capital Assets, Being Depreciated, Net | <u>13,863</u> | <u>786</u> | <u>-</u> | <u>14,649</u> |
| Business Type Activities Capital Assets, Net | <u>\$ 24,922</u> | <u>\$ 786</u> | <u>\$ -</u> | <u>\$ 25,708</u> |

NOTE 6 - PORT OF ANCHORAGE MODERNIZATION PROJECT

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

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

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

| | |
|--|----------------------|
| Interfund Payable to General Fund from: | |
| MOA Trust Fund | \$ 130,071 |
| Nonmajor Governmental Funds | 2,815,475 |
| Internal Service Funds | 4,527,318 |
| Total Interfund Payable to General Fund | <u>7,472,864</u> |
| Interfund Payable to Nonmajor Governmental Funds from Roads & Drainage Capital Projects Fund | 3,514,310 |
| Interfund Payable between Nonmajor Governmental Funds | 1,661,688 |
| Interfund Payable to Nonmajor Governmental Funds from Internal Service Funds | 85,000 |
| Total Interfund Payable to Nonmajor Governmental Funds | <u>5,260,998</u> |
| Interfund Payable to Internal Service Funds from General Fund | 62,688 |
| Total Interfund Payables | <u>\$ 12,796,550</u> |

All balances are expected to be settled within the next fiscal year, except for those interfund receivables and payables recorded as advances to/from other funds. Advances receivable at December 31, 2015 were as follows:

| | |
|---|----------------------------|
| Advances from General Fund to Nonmajor Governmental Funds for Capital Assets | \$ 1,062,188 |
| Advances from Internal Services Funds to Roads & Drainage Capital Projects Fund for Capital | 461,296 |
| Advances from Nonmajor Governmental Funds to General Fund for Capital Assets | 670,400 |
| Advances from Nonmajor Governmental Funds to Internal Service Funds for Capital Assets | <u>1,445,000</u> |
| Total Nonmajor Governmental Funds Advances To | <u>2,115,400</u> |
| | |
| Total Advances Receivable | <u><u>\$ 3,638,884</u></u> |

B. Interfund Transfers

A summary of interfund transfers is as follows:

| | |
|---|-----------------------------|
| From General Fund to: | |
| Capital Projects Roads and Drainage Fund for Capital Assets | \$ 3,873,712 |
| Nonmajor Governmental Funds for Debt Service | 567,054 |
| Nonmajor Governmental Funds for Grant Matching | 1,027,170 |
| Nonmajor Governmental Funds to Fund Pension Liability | 1,504,034 |
| Nonmajor Governmental Funds for Capital Assets | 5,389,611 |
| Internal Services Fund for Capital Assets | <u>477,505</u> |
| Total Transfers from General Fund | <u>12,839,086</u> |
| | |
| From MOA Trust Fund to: | |
| General Fund for Annual Operating Subsidy | 5,200,000 |
| | |
| From Capital Projects Roads and Drainage Fund to: | |
| General Fund for Debt Service | 1,875 |
| | |
| From Nonmajor Governmental Funds to: | |
| General Fund for Refund of Prior Year Contributions | 8,471 |
| General Fund for Debt Service | 527 |
| Nonmajor Governmental Funds for Operating Subsidy | 691,952 |
| Nonmajor Governmental Funds for Debt Service | <u>5,992,742</u> |
| Total Transfers from Nonmajor Governmental Funds | <u>6,693,692</u> |
| | |
| From Electric Utility Fund to: | |
| General Fund for Annual Revenue Distribution | 14,566,965 |
| Internal Services Fund for SAP Labor Costs | <u>8,579</u> |
| Total Transfers from Electric Utility Fund | <u>14,575,544</u> |
| | |
| From Water Utility Fund to: | |
| General Fund for Annual Revenue Distribution | 7,113,584 |
| Internal Services Fund for SAP Labor Costs | <u>7,320</u> |
| Total Transfers from Water Utility Fund | <u>7,120,904</u> |
| | |
| From Wastewater Utility Fund to: | |
| General Fund for Annual Revenue Distribution | 5,285,575 |
| Internal Services Fund for SAP Labor Costs | <u>7,320</u> |
| Total Transfers from Wastewater Utility Fund | <u>5,292,895</u> |
| | |
| From Port Fund to: | |
| General Fund for Annual Revenue Distribution | 2,056,004 |
| | |
| From Nonmajor Enterprise Funds to: | |
| General Fund for Annual Revenue Distribution | 3,581,677 |
| | |
| From Internal Service Funds to: | |
| General Fund for Capital Assets | 19,110 |
| Total Transfers | <u><u>\$ 57,380,787</u></u> |

NOTE 8 - LEASE AGREEMENTS

A. Operating Leases (Municipality as lessee)

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

| | Governmental Activities | Business Type Activities |
|-----------|----------------------------|-----------------------------|
| Years: | | |
| 2016 | \$ 4,492 | \$ 18 |
| 2017 | 4,001 | 18 |
| 2018 | 3,807 | 18 |
| 2019 | 3,810 | 18 |
| 2020 | 3,756 | 18 |
| 2021-2025 | 18,020 | 90 |
| 2026-2030 | 1,870 | 62 |
| 2031-2035 | - | 10 |
| 2036-2040 | - | 7 |
| 2041-2045 | - | 6 |
| 2046-2050 | - | 6 |
| 2051-2055 | - | 6 |
| Totals | <u>\$ 39,756</u> | <u>\$ 277</u> |

B. Capital Leases (Municipality as lessee)

The Municipality has entered into revolving Master Tax-Exempt Lease/Purchase agreements with Key Bank and Sun Life Trust to finance various capital expenditures. The capitalized leases in place at year end have financed \$29,194,240 of information technology equipment and software, all of which is currently in service or being installed. As of December 31, 2015, all of the outstanding principal balance is recorded in the internal service funds. The annual debt service to maturity for the outstanding capital leases at is as follows (in thousands):

| | Governmental Activities | | |
|-----------|-------------------------|-----------------|------------------|
| | Principal | Interest | Total |
| Years: | | | |
| 2016 | \$ 3,260 | \$ 392 | \$ 3,652 |
| 2017 | 3,371 | 353 | 3,724 |
| 2018 | 3,449 | 275 | 3,724 |
| 2019 | 3,530 | 194 | 3,724 |
| 2020 | 2,550 | 117 | 2,667 |
| 2021-2023 | 2,993 | 87 | 3,080 |
| | <u>\$ 19,153</u> | <u>\$ 1,418</u> | <u>\$ 20,571</u> |

C. Operating Leases (Municipality as Lessor)

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

| | Port of Anchorage | Merrill Field Airport |
|----------------------------------|----------------------|--------------------------|
| Years: | | |
| 2016 | \$ 4,302 | \$ 687 |
| 2017 | 3,967 | 664 |
| 2018 | 3,900 | 664 |
| 2019 | 1,813 | 648 |
| 2020 | 1,813 | 627 |
| 2021-2025 | 3,873 | 2,551 |
| 2026-2030 | 3,517 | 2,281 |
| 2031-2035 | 3,387 | 2,281 |
| 2036-2040 | 495 | 2,154 |
| 2041-2045 | 495 | 1,196 |
| 2046-2048 | - | 345 |
| Totals | <u>27,562</u> | <u>14,098</u> |
| Lease revenue for 2015 | <u>4,302</u> | <u>687</u> |
| Carrying value of leased assets: | | |
| Original cost | 15,879 | 2,600 |
| Accumulated depreciation | 5,115 | - |
| Net Book Value | <u>\$ 10,764</u> | <u>\$ 2,600</u> |

NOTE 9 - SHORT-TERM OBLIGATIONS

A. Tax Anticipation Notes

On April 30, 2015, the Municipality issued tax anticipation notes in the General Fund with a face value of \$97,000,000. 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, 2015 was as follows (in thousands):

| | Beginning Balance January 1, 2015 | Issued | Redeemed | Ending Balance December 31, 2015 |
|------------------------|--------------------------------------|---------------|---------------|-------------------------------------|
| Tax Anticipation Notes | \$ - | \$ 97,000,000 | \$ 97,000,000 | \$ - |

B. Commercial Paper

Electric Utility Commercial Paper

In February 2012, the Assembly authorized the issuance of commercial paper in one or more series in the aggregate principal amount not to exceed \$300 million. During 2014, 2013 and 2012, the Electric Utility issued commercial paper notes for \$98.6 million, \$60.1 million and \$50 million, respectively, at between 0.05 percent and 0.23 percent interest for terms of up to 245 days. In November 2014, the Electric Utility issued revenue bonds and used proceeds from those bonds to retire the \$184 million in commercial paper outstanding at that time. During January through March of 2015, the Electric Utility issued \$56.7 million in commercial paper. In April 2015, the Electric Utility redeemed all outstanding commercial paper and entered into a short-term borrowing agreement with Wells Fargo Municipal Capital Strategies, LLC, herein referred to as the Direct Drawdown Purchase Program (DDPP). This borrowing program continues to fulfill the purpose of the Commercial Paper program, but at a lower aggregate fee and interest cost to the Electric Utility over the life of the program. The DDPP is being used by the Electric Utility to complete construction of Generation Plant 2A. At December 31, 2015 the outstanding balance of DDPP notes payable was \$114,300,000. It is anticipated that the DDPP balance outstanding will be refunded by long term revenue bonds. The Electric Utility's financial statements show DDPP notes as a current liability since the redemption date is less than one year from December 31, 2015.

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, 2015, was as follows (in thousands):

| | Balance January 1, 2015 | Additions | Reductions | Balance December 31, 2015 | Due Within One Year |
|----------------------------------|-------------------------------|------------|--------------|---------------------------------|------------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds | \$ 464,818 | \$ 187,740 | \$ (165,269) | \$ 487,289 | \$ 40,163 |
| Revenue Bonds | 5,719 | - | (5,719) | - | - |
| CIVICVentures Revenue Bonds | 103,165 | 100,502 | (103,165) | 100,502 | 2,085 |
| Capital Leases | 15,310 | 6,751 | (2,907) | 19,154 | 3,260 |
| Long-Term Contracts | 4,332 | - | (150) | 4,182 | 150 |
| HUD Section 108 Loan | 1,448 | - | (98) | 1,350 | 104 |
| Total Debt Payable | 594,792 | 294,993 | (277,308) | 612,477 | 45,762 |
| Compensated Absences | 23,268 | 18,802 | (19,570) | 22,500 | 18,623 |
| Net Pension Liability | 241,850 | 92,723 | - | 334,573 | - |
| Pollution Remediation | 3,415 | - | (80) | 3,335 | 88 |
| Claims Payable and IBNR | 25,217 | 75,961 | (66,323) | 34,855 | 28,535 |
| Total Governmental Activities | \$ 888,542 | \$ 482,479 | \$ (363,281) | \$ 1,007,740 | \$ 93,008 |
| Business-type Activities: | | | | | |
| Revenue Bonds | \$ 551,509 | \$ - | \$ (13,538) | \$ 537,971 | \$ 11,975 |
| Long-Term Contracts | 205,684 | 35,790 | (12,539) | 228,935 | 12,671 |
| Port Note Payable | 40,000 | - | - | 40,000 | - |
| Port Road Obligation | 1,842 | - | (12) | 1,830 | - |
| Total Debt Payable | 799,035 | 35,790 | (26,089) | 808,736 | 24,646 |
| Compensated Absences | 6,124 | 6,545 | (6,701) | 5,968 | 5,382 |
| Net Pension Liability | 33,646 | 11,311 | - | 44,957 | - |
| Asset Retirement Obligation | 8,106 | 430 | - | 8,536 | - |
| Pollution Remediation | 533 | - | (30) | 503 | 80 |
| Landfill Closure Liability | 27,063 | 4,038 | - | 31,101 | - |
| Total Business-type Activities | \$ 874,507 | \$ 58,114 | \$ (32,820) | \$ 899,801 | \$ 30,108 |

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, 2015, the Municipality reported total outstanding general obligation bonds in the amount of \$439,950,000.

| Description | Amount Outstanding |
|--|-----------------------|
| \$21,465,000 2004A General Obligation General Purpose Refunding Bonds due in annual installments of \$795,000 to \$8,560,000 through 2017, interest rate from 3.00% to 5.25%. This issue is for refunding 1994A GO Bonds, 1997A GO Bonds, a portion of 2000A GO Bonds, and a portion of 2002A GO bonds. | \$ 13,075 |
| \$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. | 26,310 |
| \$52,795,000 2007C General Obligation General Purpose Bonds due in annual installments of \$1,745,000 to \$4,150,000 through 2027, interest rate from 4.25% to 5.00%. The issue is for the purpose of general capital projects within the Municipality. This bond was partially refunded in 2015, with remaining annual installments due through 2017. | 4,975 |

| Description | Amount Outstanding |
|---|-----------------------|
| \$58,005,000 2008A General Obligation General Purpose Bonds due in annual installments of \$1,245,000 to \$4,600,000 through 2028, interest rate from 4.00% to 5.125%. The issue is for the purpose of general capital projects within the Municipality. This bond was partially refunded in 2015, with remaining annual installments due through 2018. | \$ 8,145 |
| \$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. | 2,440 |
| \$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. | 7,930 |
| \$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. | 24,360 |
| \$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. | 21,835 |
| \$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. | 8,790 |
| \$40,435,000 2014A General Obligation General Purpose Bonds due in annual installments of \$1,355,000 to \$3,005,000 through 2034, interest rate from 1.25% to 5.00%. The issue is for the purpose of general capital projects within the Municipality. | 38,780 |
| \$78,430,000 2014B General Obligation General Purpose Refunding Bonds due in annual installments of \$1,510,000 to \$10,390,000 through 2025, interest rate from 1.25% to 5.00%. The issue was for the purpose of refunding the remainder of 2004C and partially refunding 2005F. | 76,920 |
| \$47,840,000 2015A General Obligation General Purpose Refunding Bonds due in annual installments of \$1,765,000 to \$3,635,000 through 2035, interest rate from 2.00% to 5.00%. The issue was for the purpose of general capital projects within the Municipality. | 47,840 |
| \$155,250,000 2015B General Obligation General Purpose Refunding Bonds due in annual installments of \$4,125,000 to \$20,140,000 through 2028, interest rate from 2.00% to 5.00%. The issue was for the purpose of refunding the remainder of 2005C and 2005D and partially refunding 2007C and 2008A. | 115,250 |
| Total General Obligation Debt | <u>\$ 439,950</u> |

ASD GO bonds are reported as obligations of the component unit since they are expected to be repaid from ASD revenues; such amounts total \$577,500,000 at June 30, 2015. ASD GO bonds are discussed in detail in section J. All other Municipality GO bonds are reported in the government-wide financial statements.

The Municipality issued new GO and Refunding debt in 2015. Refunding debt is discussed in detail in Section G. GO General Purpose Bonds Series A in the amount of \$47,840,000 was issued to fund Municipality-wide capital projects.

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

| | Governmental Activities | | |
|---|-------------------------|------------|------------|
| | Principal | Interest | Total |
| Years: | | | |
| 2016 | \$ 36,335 | \$ 18,892 | \$ 55,227 |
| 2017 | 36,160 | 19,046 | 55,206 |
| 2018 | 37,790 | 17,382 | 55,172 |
| 2019 | 37,450 | 15,637 | 53,087 |
| 2020 | 38,780 | 13,899 | 52,679 |
| 2021-2025 | 140,295 | 46,820 | 187,115 |
| 2026-2030 | 79,695 | 18,361 | 98,056 |
| 2031-2035 | 33,445 | 3,999 | 37,444 |
| Subtotal | 439,950 | 154,036 | 593,986 |
| Add unamortized premiums/(discounts), net | 47,339 | - | 47,339 |
| Total | \$ 487,289 | \$ 154,036 | \$ 641,325 |

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. The Municipality defeased \$20,615,000 in Lease Revenue Refunding Bonds in October 2011, with proceeds provided by the State of Alaska. In the beginning of 2015, the remaining principal balance was \$5,560,000, which was due to be paid in full in 2016. The DOA instead paid the remaining principal balance in 2015.

CIVICVentures 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.

In August 2015, CIVICVentures, a blended component unit, issued \$93,790,000 in Tax Exempt, Non-recourse Revenue Refunding Bonds. Refunding debt is discussed in detail in Section G.

The bond payments are due in annual installments ranging annually from \$1,790,000 to \$6,715,000 through 2038, with interest rates ranging between 3.75 percent and 5 percent. As of December 31, 2015, the Municipality reported as blended total outstanding tax-exempt non-recourse Revenue Bonds in the amount of \$93,790,000.

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

| | CIVICVentures | | |
|---|---------------|-----------|------------|
| | Principal | Interest | Total |
| Years: | | | |
| 2016 | \$ 1,790 | \$ 4,227 | \$ 6,017 |
| 2017 | 1,935 | 4,157 | 6,092 |
| 2018 | 2,080 | 4,098 | 6,178 |
| 2019 | 2,240 | 4,015 | 6,255 |
| 2020 | 2,405 | 3,926 | 6,331 |
| 2021-2025 | 15,120 | 17,749 | 32,869 |
| 2026-2030 | 21,420 | 13,346 | 34,766 |
| 2031-2035 | 27,415 | 7,506 | 34,921 |
| 2036-2038 | 19,385 | 1,571 | 20,956 |
| Total | 93,790 | 60,595 | 154,385 |
| Add unamortized premiums/(discounts), net | 6,712 | - | 6,712 |
| Total | \$ 100,502 | \$ 60,595 | \$ 161,097 |

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, 2015, the Municipality reported total outstanding Utility Revenue bonds in the amount of \$514,925,000. The details of those bonds are as follows (in thousands):

| Description | Amount Outstanding |
|---|-----------------------|
| <u>Electric Utility</u> | |
| \$109,350,000 2005 Electric Senior Lien Revenue Bonds due in annual installments of between \$105,000 and \$11,100,000 through 2026, interest rate from 3.00% to 5.13%. | \$ 27,780 |
| \$15,240,000 2009 Electric Senior Lien Revenue Bonds due in annual installments of between \$1,265,000 and \$3,050,000 through 2024, interest rate from 4.00% to 5.00%. | 15,240 |
| \$114,760,000 2009 Electric Senior Lien Revenue Bonds (BABS) due in annual installments of between \$1,925,000 and \$10,350,000 through 2039, interest rate from 5.88% to 6.56%. The United States Treasury will provide a subsidy to the Electric Utility in the amount of 35% of the annual interest payment. | 114,760 |
| \$180,575,000 2014A Electric Senior Lien Revenue Bonds due in annual installments of between \$2,390,000 to \$11,140,000 through 2044, interest rate from 3.00% to 5.00%. A portion of the proceeds were used to refund the remainder of 1996 and a portion of 2005A. | 180,575 |
| Total Electric Utility Outstanding | <u>338,355</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%. | 1,460 |
| \$91,315,000 2007 Water Senior Lien Revenue Bonds due in annual installments of between \$105,000 and \$8,010,000 through 2037, interest rate from 4.00% to 5.00%. | 87,800 |
| \$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%. | 24,995 |
| Total Water Utility Outstanding | <u>114,255</u> |
| <u>Wastewater Utility</u> | |
| \$22,620,000 2004 Wastewater Senior Lien Revenue Bonds due in annual installments of between \$420,000 to \$835,000 through 2023, interest rate from 3.00% to 5.00%. | 3,690 |
| \$59,665,000 2007 Wastewater Senior Lien Revenue Bonds due in annual installments of between \$40,000 to \$5,405,000 through 2037, interest rate from 4.00% to 5.00%. | 58,625 |
| Total Wastewater Utility Outstanding | <u>62,315</u> |
| Total Utility Revenue Bonds Outstanding | <u>\$ 514,925</u> |

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

| Years: | Business-Type Activities | | |
|--|--------------------------|-------------------|-------------------|
| | Principal | Interest | Total |
| 2016 | \$ 11,975 | \$ 26,230 | \$ 38,205 |
| 2017 | 12,215 | 25,723 | 37,938 |
| 2018 | 12,730 | 25,203 | 37,933 |
| 2019 | 12,835 | 24,631 | 37,466 |
| 2020 | 13,435 | 24,052 | 37,487 |
| 2021-2025 | 76,040 | 110,521 | 186,561 |
| 2026-2030 | 98,815 | 89,179 | 187,994 |
| 2031-2035 | 127,895 | 58,979 | 186,874 |
| 2036-2040 | 107,025 | 23,234 | 130,259 |
| 2041-2044 | 41,960 | 4,382 | 46,342 |
| Subtotal | 514,925 | 412,134 | 927,059 |
| Add: unamortized premiums/discounts, net | 23,046 | - | 23,046 |
| Total | <u>\$ 537,971</u> | <u>\$ 412,134</u> | <u>\$ 950,105</u> |

D. Notes and Contracts

PAC Roof Loan

In 2004, the Municipality entered into a loan agreement with the Alaska Municipal Bond Bank Authority to provide funding for repairs to the Anchorage Center for the Performing Arts roof. This loan will be repaid with revenues from an ACPA ticket surcharge. In 2014, the PAC Roof Note was refinanced in the amount of \$3,735,000 with annual debt service payments ranging from \$120,000 to \$285,000, with an interest rate between 1.25 percent and 5.00 percent. As of December 31, 2015, the Municipality reported an outstanding balance on this loan of \$3,615,000.

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

| Years: | Governmental Activities | | |
|-----------------------------------|-------------------------|----------|----------|
| | Principal | Interest | Total |
| 2016 | \$ 120 | 172 | \$ 292 |
| 2017 | 125 | 172 | 297 |
| 2018 | 130 | 167 | 297 |
| 2019 | 140 | 162 | 302 |
| 2020 | 145 | 155 | 300 |
| 2021-2025 | 835 | 659 | 1,494 |
| 2026-2030 | 1,060 | 429 | 1,489 |
| 2031-2034 | 1,060 | 136 | 1,196 |
| Subtotal | 3,615 | 2,052 | 5,667 |
| Add unamortized bond premiums net | 567 | - | 567 |
| Total | \$ 4,182 | \$ 2,052 | \$ 6,234 |

Water Utility Commercial Bank Loan Agreement

In March 2013, the Water Utility entered into a Loan Agreement for up to \$75,000,000 with a commercial bank. In May 2015, the Water Utility reduced the commitment under the Loan Agreement to \$40,000,000. In 2016, the agreement was amended to extend the lending term for up to one additional year, maturing in March of 2017. It is anticipated that the amount outstanding under the Loan Agreement will be refunded by long term revenue bonds. The Water Utility's financial statements show the amount borrowed under the Loan Agreement as a non-current liability since there are no principal payments due before the end of the loan term. In 2015, the Water Utility obtained additional loans of \$11,000,000 through this program to bring the loan balance to \$23,125,600. Under the terms of the Loan Agreement, the Water Utility pays fees quarterly of 0.5 percent per annum based upon the amount of the authorized, but not drawn, loan amount calculated on a weekly basis. The interest rate on the loan varies. As of December 31, 2015, the interest rate for the loan was 0.51 percent; 0.01 percent plus a 0.5 percent lender margin.

Wastewater Utility Commercial Bank Loan Agreement

In March 2013, the Wastewater Utility entered into a Loan Agreement for up to \$60,000,000 with a commercial bank. In 2016, the agreement was amended to extend the lending term for up to one additional year, maturing in March of 2017. It is anticipated that the amount outstanding under the Loan Agreement will be refunded by long term revenue bonds. The Wastewater Utility's financial statements show the amount borrowed under the Loan Agreement as a non-current liability since there are no principal payments due before the end of the loan term. In 2015, the Wastewater Utility obtained loans of \$3,500,000 through this program to bring the loan balance to \$32,651,000. Under the terms of the Loan Agreement, the Wastewater Utility pays fees quarterly of 0.5 percent per annum based upon the amount of the authorized, but not drawn, loan amount calculated on a weekly basis. The interest rate on the loan varies. As of December 31, 2015, the interest rate for the loan was 0.51 percent; 0.01 percent plus a 0.5 percent lender margin.

Port Revolving Credit Agreement

In June 2013, the Port entered into a \$40,000,000 Revolving Credit Agreement (Agreement) with a commercial bank. A draw in the amount of \$40,000,000 under the Agreement on June 24, 2013 was used to refinance the Port's outstanding commercial paper notes. The original Agreement was for a three year term, coming due on June 30, 2016. On June 20, 2016, the Port entered into an extension to the Agreement, which extended the due date to June 30, 2019. The Port financial statements continue to show the Agreement as a non-current liability. The outstanding balance under the Agreement as of December 31, 2015 was \$40,000,000.

State of Alaska Clean Water and Drinking Water Loans

The Municipality has various clean water and drinking water fund loans in its Solid Waste, Water, and Wastewater Utilities from the State of Alaska. The Municipality reported a total outstanding balance on all these loans of \$173,157,911 on December 31, 2015.

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

| Years: | Business-Type Activities | | |
|-----------|--------------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2016 | \$ 12,671 | \$ 2,570 | \$ 15,241 |
| 2017 | 68,880 | 2,689 | 71,569 |
| 2018 | 13,132 | 2,211 | 15,343 |
| 2019 | 12,881 | 2,014 | 14,895 |
| 2020 | 12,729 | 1,821 | 14,550 |
| 2021-2025 | 55,817 | 6,417 | 62,234 |
| 2026-2030 | 41,028 | 2,542 | 43,570 |
| 2031-2035 | 10,833 | 491 | 11,324 |
| 2036-2037 | 963 | 14 | 977 |
| Total | <u>\$ 228,934</u> | <u>\$ 20,769</u> | <u>\$ 249,703</u> |

E. HUD Section 108 Loan

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

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

| Years: | Governmental Activities | | |
|-----------|-------------------------|---------------|-----------------|
| | Principal | Interest | Total |
| 2016 | \$ 104 | \$ 75 | \$ 179 |
| 2017 | 110 | 69 | 179 |
| 2018 | 116 | 63 | 179 |
| 2019 | 122 | 57 | 179 |
| 2020 | 130 | 51 | 181 |
| 2021-2025 | 768 | 136 | 904 |
| Total | <u>\$ 1,350</u> | <u>\$ 451</u> | <u>\$ 1,801</u> |

F. Bonds Authorized But Unissued

At December 31, 2015, 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 2014 | None | \$ 2,550 | \$ 1,900 | \$ 650 |
| | April 2015 | None | 2,750 | 605 | 2,145 |
| Anchorage Roads & Drainage | April 2011 | None | 21,455 | 19,050 | 2,405 |
| | April 2012 | None | 27,472 | 20,532 | 6,940 |
| | April 2013 | None | 20,525 | 15,067 | 5,458 |
| | April 2014 | None | 20,200 | 11,020 | 9,180 |
| | April 2015 | None | 17,030 | 4,750 | 12,280 |

| Purpose | Ordinance Date | Interest Limitation | Amount Authorized | Amount Issued | Remaining Authorized |
|--|----------------|---------------------|-------------------|---------------|----------------------|
| Area Wide Transportation Capital Improvement | April 2012 | None | \$ 548 | \$ 290 | \$ 258 |
| | April 2014 | None | 573 | 15 | 558 |
| | April 2015 | None | 250 | 10 | 240 |
| Public Safety- Areawide | April 2013 | None | 525 | 15 | 510 |
| Public Safety- EMS | April 2013 | None | 2,095 | 920 | 1,175 |
| Public Safety- Areawide | April 2014 | None | 700 | 115 | 585 |
| Public Safety- Areawide | April 2015 | None | 5,990 | 1,620 | 4,370 |
| Public Safety- EMS | April 2015 | None | 520 | - | 520 |
| Anchorage Police | April 2014 | None | 650 | - | 650 |
| | | | | | \$ 47,924 |

In 2016, the Municipality voters approved the issuance of \$47,860,000 in area wide, road and drainage, public-safety, fire protection, parks and recreation, and transportation bonds.

G. Refunded Bond Issues

Municipality General Obligation Refunding Bonds

In November 2015, Anchorage issued \$115,250,000 in General Purpose Refunding Bonds Series B. Proceeds of \$134,116,059 were used to refund of a total of \$125,090,000 principal from all of 2005C and 2005D General Purpose Bonds and a portion of the 2007C and 2008A General Purpose GO Bonds and to pay costs of issuance of the General Obligation Bonds. The refunding resulted in a cash flow savings of \$13.1 million and an economic gain of \$12.7 million. However, for accounting purposes, the transaction results in a deferred charge of \$6.1 million. This amount has been reported as a deferred outflow of resources and will be amortized to interest expense over the life of the debt.

CIVICVenture Revenue Refunding Bonds

In September 2015, CIVICVentures, a blended component unit, issued \$93,790,000 in Tax-exempt, Non-recourse Revenue Refunding Bonds. Proceeds of \$100,501,865 (including a premium of \$6,711,865) were used to refund a total of \$101,475,000 in outstanding 2006 Series Revenue Bonds. The refunding will result in a cash flow savings of \$17,203,908 and an economic gain of \$9,099,922. The revenue bonds are secured by the funds pledged under the Indenture of Trust between CIVICVenture and U.S. Bank National Association. Funds pledged include only amounts collected by the Municipality and transferred to CIVICVenture in the form of Hotel, Motel and Bed & Breakfast room taxes.

The proceeds of the refunding were placed into an irrevocable trust for the purpose of making the final debt payment. The old bonds were called and paid in full on September 1, 2015.

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, 2015, the defeased balance of general obligation and revenue bonds remaining to be paid by the escrow agent was \$70,900,000 for the general government. ASD has defeased \$44,900,000 of bonds at June 30, 2015.

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 | \$ 8,106,294 |
| Current year additions to the liability balance | - |
| Current year amounts settled | - |
| Current year accretion | 429,634 |
| Change in assumptions or cash flow revisions | - |
| Ending Asset Retirement Obligation | <u>\$ 8,535,928</u> |

As of December 2015, the Electric Utility recognized total asset retirement obligation of \$8,535,928. Because the Electric Utility follows regulated reporting for rate-making purposes, this increase in the liability was offset to a regulatory asset, therefore having no effect on the current year operating expenses.

J. ASD Debt

The following is a summary of long-term ASD debt transactions for fiscal year ended June 30, 2015 (in thousands):

| | Balance July 1, 2014 | Additions | Reductions | Balance June 30, 2015 | Amount Due within 1 year |
|---------------------------------|-------------------------|-------------------|-------------------|--------------------------|-----------------------------|
| General Obligation Bonds | \$ 580,485 | \$ 96,225 | \$ 99,210 | \$ 577,500 | \$ 58,940 |
| Compensated Absences | 10,861 | 13,516 | 13,324 | 11,053 | 6,027 |
| Workers Compensation | 13,477 | 6,237 | 5,865 | 13,849 | 6,159 |
| Medical Claims | 8,154 | 30,835 | 31,117 | 7,872 | 7,872 |
| Total | <u>\$ 612,977</u> | <u>\$ 146,813</u> | <u>\$ 149,516</u> | 610,274 | <u>\$ 78,998</u> |
| Unamortized premium on GO Bonds | | | | 23,895 | |
| Total | | | | <u>\$ 634,169</u> | |

Bonds payable at June 30, 2015 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 5.00% to 6.00%. | \$ 5,030 |
| \$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%. | 59,980 |
| \$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 4.00% to 5.00%. | 21,845 |
| \$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 5.00%. | 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 4.00% to 5.00%. | 4,420 |
| \$28,885,000 2006 Series B School Construction Refunding Bonds due in annual installments of \$5,890,000 to \$6,185,000 through October 2020; interest at 5.00%. | 8,890 |
| \$51,705,000 2006 Series C School Construction Refunding Bonds due in annual installments of \$65,000 to \$9,770,000 through July 2021; interest at 4.00% to 5.00%. | 43,615 |
| \$171,155,000 2007 Series B School Construction Refunding Bonds due in annual installments of \$60,000 to \$29,530,000 through September 2024; interest at 4.00% to 5.00%. | 169,665 |

| General Obligation Bonds | Amount |
|---|-------------------|
| \$63,790,000 2007 Series D School Construction Serial Bonds due in annual installments of \$2,450,000 to \$4,885,000 through August 2027; interest at 4.25% to 5.00%. | \$ 47,935 |
| \$29,840,000 2008 Series B School Construction Serial Bonds due in annual installments of \$1,105,000 to \$2,285,000 through August 2028; interest at 4.00% to 5.25%. | 23,575 |
| \$20,025,000 2010 Series B School Construction Serial Bonds due in annual installments of \$830,000 to \$1,345,000 through April 2030; interest at 2.00% to 5.91%. | 16,065 |
| \$4,940,000 2011 Series B School Construction Serial Bonds due in annual installments of \$460,000 to \$550,000 through August 2021; interest at 2.00% to 3.00%. | 3,565 |
| \$28,310,000 2011 Series C School Construction Refunding Bonds due in annual installments of \$1,285,000 to \$10,050,000 through August 2020; interest at 4.00% to 5.00%. | 8,675 |
| \$14,425,000 2012 Series C School Construction Serial Bonds due in annual installments of \$615,000 to \$975,000 through August 2032; interest at 2.00% to 5.00%. | 13,255 |
| \$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 2.00% to 5.00%. | 4,525 |
| \$39,345,000 2013 Series A School Construction Serial Bonds due in annual installments of \$865,000 to \$2,920,000 through August 2033; interest at 4.00% to 5.00%. | 38,480 |
| \$59,075,000 2014 Series CA School Construction Serial Bonds due in annual installments of \$1,795,000 to \$4,555,000 through September 2034; interest in 1.25% to 5.0%. | 59,075 |
| \$13,150,000 2013 Series A School Construction Serial Bonds due in annual installments of \$2,120,000 to \$7,200,000 through September 2026; interest at 1.25% to 5.0%. | 37,150 |
| | <u>\$ 577,500</u> |

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2015 are as follows (in thousands):

| Years: | Anchorage School District | | |
|-----------|---------------------------|-------------------|-------------------|
| | Principal | Interest | Total |
| 2016 | \$ 58,940 | \$ 26,506 | \$ 85,446 |
| 2017 | 56,880 | 23,821 | 80,701 |
| 2018 | 53,995 | 21,064 | 75,059 |
| 2019 | 53,135 | 18,419 | 71,554 |
| 2020 | 51,500 | 15,845 | 67,345 |
| 2021-2025 | 201,845 | 45,531 | 247,376 |
| 2026-2030 | 66,725 | 15,145 | 81,870 |
| 2031-2035 | 34,480 | 3,784 | 38,264 |
| Total | <u>\$ 577,500</u> | <u>\$ 170,115</u> | <u>\$ 747,615</u> |

The amount of long-term liability that is due within one year as of June 30, 2015 is \$58,940,000. The Debt Service Fund has \$3,019,088 available to service the general obligation bonds. There are a number of restrictions contained in the various bond indentures. ASD is in compliance with all significant restrictions.

NOTE 11 - DEBT ISSUED SUBSEQUENT TO YEAR END

Municipality of Anchorage

On April 5, 2016, the Municipality issued \$110,000,000 of General Obligation Tax Anticipation Notes. The interest rate on the notes is 0.2 percent with a maturity date of September 15, 2016.

Anchorage School District

In November 2015, ASD issued \$69,170,000 in General Obligation School Bonds Series C and \$81,040,000 in General Obligation Refunding School Bonds Series D. Due to ASD's fiscal year end of June 30, 2015, these bonds are not presented in the 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. These bonds were paid in full in 2015. On July 30, 2001, the Municipality issued an additional \$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 2001 issue bonds is as follows:

| Years: | <u>Principal</u> | |
|--------|------------------|----------------|
| 2016 | \$ | 57,824 |
| 2017 | | 61,712 |
| 2018 | | 65,840 |
| 2019 | | 70,180 |
| 2020 | | 62,117 |
| 2021 | | 57,536 |
| Total | \$ | <u>375,209</u> |

NOTE 13 - PENSIONS

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

All Municipal employees who are members of a public employees' retirement system participate in the State of Alaska Public Employees' Retirement System (PERS) except for police officers hired prior to October 6, 1994, paramedics, and fire fighters hired prior to July 18, 1994, and command officers hired prior to May 24, 1994, who participate in either Plan I, Plan II, or Plan III of the Police and Fire Retirement System. The Police and Fire Retirement System is a defined benefit single-employer plans established by Chapter 3.85 of the Code. Police officers, command officers, paramedics, and fire fighters hired subsequent to these dates are in the PERS Plan. IBEW and Local 302 are union sponsored cost-sharing defined benefit plans. All pension and postemployment healthcare benefit obligations of the Municipality are included on the government-wide, proprietary, or fiduciary financial statements.

A. Defined Benefit Pension Plans

The Municipality participates in two defined benefit pension plans; Public Employees Retirement System (PERS) and the Police and Fire Pension System. The Net Pension Liability reported in the Statement of Net Position for the defined benefit pension plans is as follows:

| | Governmental Activities | Business-type Activities | Total |
|------------------------------------|----------------------------|-----------------------------|----------------------|
| <u>Net Pension Liability</u> | | | |
| Public Employees Retirement System | \$ 253,988,785 | \$ 44,957,480 | \$298,946,265 |
| Police and Fire Pension System | 80,583,729 | - | 80,583,729 |
| Total | <u>\$ 334,572,514</u> | <u>\$ 44,957,480</u> | <u>\$379,529,994</u> |

Public Employees Retirement System (PERS I-III)

General Information About the Plan

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

Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

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

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

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

Historical Context and Special Funding Situation

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

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

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

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

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

Employer Effective Rate

This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22 percent of eligible wages, subject to a wage floor, and other termination events. This 22 percent rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan.

Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability (DBUL) contribution.

ARM Board Adopted Rate

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

On-behalf Contribution Rate

This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. However, in state fiscal year 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion. As a result, the On-behalf Contribution Rate for State Fiscal Year 2015 (July 1, 2014 through June 30, 2015) significantly exceeds the statutory amount. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures during the calendar year 2015. On the proprietary fund and government-wide financial statements, the on-behalf amounts are included in revenue and expense only to the extent they are applicable to the measurement period, which is the same as the State's fiscal year ending June 30, 2015.

GASB Rate

This is the Rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For Fiscal Year 2015, the rate uses an 8.00 percent pension discount rate and a 4.90 percent healthcare discount rate.

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

Contribution rates for the years ended June 30, 2015 and June 30, 2016 were determined in the June 30, 2012 and June 30, 2013 actuarial valuations, respectively. Municipality contribution rates for the 2015 calendar year were as follows:

| January 1, 2015 to June 30, 2015 | Employer Effective Rate | ARM Board Adopted Rate | State Contribution Rate | GASB Rate |
|---|-------------------------|------------------------|-------------------------|---------------|
| Pension | 12.54% | 25.09% | 42.41% | 33.05% |
| Postemployment healthcare (see Note 14) | 9.46% | 18.94% | 0.00% | 55.07% |
| Total Contribution Rates | 22.00% | 44.03% | 42.41% | 88.12% |

| July 1, 2015 to December 31, 2015 | Employer Effective Rate | ARM Board Adopted Rate | State Contribution Rate | GASB Rate |
|---|-------------------------|------------------------|-------------------------|---------------|
| Pension | 13.25% | 16.38% | 3.63% | 37.79% |
| Postemployment healthcare (see Note 14) | 8.75% | 10.81% | 1.56% | 58.73% |
| Total Contribution Rates | 22.00% | 27.19% | 5.19% | 96.52% |

In 2015, the Municipality was credited with the following contributions into the pension plan.

| | <u>Measurement Period</u> | <u>Municipality's Fiscal Year</u> |
|---|----------------------------------|---|
| | July 1, 2014 to June 30, 2015 | January 1, 2015 to December 31, 2015 |
| Employer contributions (including DBUL) | \$ 20,997,173 | \$ 21,876,448 |
| Nonemployer contributions (on-behalf) | 85,772,027 | 45,610,582 |
| Total Contributions | <u>\$ 106,769,200</u> | <u>\$ 67,487,030</u> |

In addition, employee contributions to the Plan totaled \$9,401,945 during the Municipality's fiscal year.

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

At December 31, 2015, the Municipality reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Municipality. The amount recognized by the Municipality for its proportional share, the related State proportion, and the total were as follows:

| | <u>2015</u> |
|---|-----------------------|
| Municipality proportionate share of NPL | \$ 298,946,265 |
| State's proportionate share of NPL associated with the Municipality | 80,071,590 |
| Total Net Pension Liability | <u>\$ 379,017,855</u> |

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 to calculate the net pension liability as of that date. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2015 measurement date, the Municipality's proportion was 6.16 percent, which was an increase of 1.39 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Municipality recognized pension expense of \$59,742,977. Of this amount, \$11,057,633 was recorded as on-behalf revenue and expense for additional contributions paid by the State. At December 31, 2015, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Measurement Period</u> | |
|---|---|--|
| | June 30, 2015 | |
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference between expected and actual experience | \$ 348,455 | \$ - |
| Changes in assumptions | 17,479,691 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (5,292,586) |
| Changes in proportion and differences between Municipality contributions and proportionate share of contributions | 9,413,051 | (462,752) |
| Municipality contributions subsequent to the measurement date | 12,200,933 | - |
| Total Deferred Outflows and Deferred Inflows Related to Pensions | <u>\$ 39,442,130</u> | <u>\$ (5,755,338)</u> |

The \$12,200,933 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending December 31, | Net Amortization of Deferred Outflows and Deferred Inflows of Resources |
|--------------------------|---|
| 2016 | \$ 20,902,902 |
| 2017 | (922,599) |
| 2018 | (3,399,071) |
| 2019 | 4,904,627 |
| Total Amortization | <u>\$ 21,485,859</u> |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement period, and rolled forward to the measurement date of June 30, 2015. The actuarial valuation for the year ended June 30, 2014 (latest available) was prepared by Buck Consultants. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2005 to June 30, 2009, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

| | |
|-----------------------------------|---|
| Inflation | 3.12% |
| Salary Increases | Graded by service, from 9.66% to 4.92% for Peace Officers/Firefighters. Graded by age and service, from 8.55% to 4.34% for all others. |
| Investment Return / Discount Rate | 8.00% net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and real rate of return over 4.88%. |
| Mortality | Rates based on the 1994 Group Annuity Mortality Table, sex distinct, 1994 Base year without margin projected to 2013 using Projection Scale AA, 80% of the male table and 60% of the female table for pre-termination mortality for Peace officers/fire fighters. 75% for male and 55% for female for pre-termination for all others; and 100% for males and 1-year set-forward for females for post-termination. |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

| Asset Class | Long-term Expected Real Rate of Return |
|----------------------|---|
| Domestic equity | 5.35% |
| International equity | 5.55% |
| Private equity | 6.25% |
| Fixed income | 0.80% |
| Real estate | 3.65% |
| Absolute return | 4.70% |

Discount Rate

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

Discount Rate Sensitivity

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Municipality's proportionate share of the net pension liability would

be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

| | Proportional Share | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
|---|--------------------|------------------------|----------------------------------|------------------------|
| Municipality's proportionate share of the net pension liability | 6.16382% | \$ 397,423,750 | \$ 298,946,265 | \$ 216,038,412 |

Pension Plan Fiduciary Net Position

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

Police and Fire Pension System Plans

General Information About the Plan

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

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

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

This is a closed plan, which means that there are no new participants. As of December 31, 2015, the following employees were covered by the benefit terms:

| | Plan I | Plan II | Plan III | Total |
|---|--------|---------|----------|-------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefit: | 197 | 120 | 405 | 722 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | - | - | 1 | 1 |
| Active Plan Members | - | - | 17 | 17 |
| Totals | 197 | 120 | 423 | 740 |

Employee Contribution Rates

Members of Plan I, II, and III are required to contribute an amount not to exceed 6 percent of compensation if the assets to liabilities ratio falls below 100 percent.

Employer Contribution Rates

The Municipality is required to contribute 2.5:1 Municipality/member contribution ratio and any additional contributions to ensure that Plans I, II, and III are adequately funded as determined by the actuary and approved by the Retirement Board.

Benefit and contribution provisions are established by Code and may be amended only by the Assembly. The January 1, 2015 actuarial valuation recommended contribution rates for Plans I, II and III not to exceed 6 percent for the employee and \$5.9 million for the Municipality for year-end December 31, 2015. All past contributions were made in accordance with actuarial recommendations.

Net Pension Liability and Pension Expense

At December 31, 2015, the Municipality reported a net pension liability (NPL) for Plans I, II, and III in the amount of \$80,583,729 in the Governmental Activities Statement of Net Position. The NLP for each of the Plans were calculated as follows:

| | Plan I | Plan II | Plan III | Total |
|------------------------------------|---------------|---------------|----------------|----------------|
| Total Pension Liability | \$ 86,282,317 | \$ 65,081,652 | \$ 248,839,998 | \$ 400,203,967 |
| Plan Net Assets | (68,545,419) | (52,369,027) | (198,705,792) | (319,620,238) |
| Municipality Net Pension Liability | \$ 17,736,898 | \$ 12,712,625 | \$ 50,134,206 | \$ 80,583,729 |

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

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
|--|-----------------------------------|---------------------------------------|-------------------------------------|
| <u>Police & Fire Retirement Plan I</u> | | | |
| Balances as of December 31, 2014 | \$ 87,364,506 | \$ 75,493,420 | \$ 11,871,086 |
| Changes for the year: | | | - |
| Service cost | - | - | - |
| Interest on total pension liability | 6,480,803 | - | 6,480,803 |
| Effect of plan changes | - | - | - |
| Effect of economic/demographic (gains) or losses | 334,288 | - | 334,288 |
| Effect of assumptions changes or inputs | 657,285 | - | 657,285 |
| Benefit payments | (8,554,565) | (8,554,565) | - |
| Administrative expenses | - | (148,501) | 148,501 |
| Member contributions | - | - | - |
| Net investment income | - | 416,540 | (416,540) |
| Employer contributions | - | 1,338,525 | (1,338,525) |
| Balances as of December 31, 2015 | \$ 86,282,317 | \$ 68,545,419 | \$ 17,736,898 |
| <u>Police & Fire Retirement Plan II</u> | | | |
| Balances as of December 31, 2014 | \$ 65,511,715 | \$ 57,108,531 | \$ 8,403,184 |
| Changes for the year: | | | - |
| Service cost | - | - | - |
| Interest on total pension liability | 4,879,585 | - | 4,879,585 |
| Effect of plan changes | - | - | - |
| Effect of economic/demographic (gains) or losses | 53,268 | - | 53,268 |
| Effect of assumptions changes or inputs | 542,944 | - | 542,944 |
| Benefit payments | (5,905,860) | (5,905,860) | - |
| Administrative expenses | - | (113,263) | 113,263 |
| Member contributions | - | 3,114 | (3,114) |
| Net investment income | - | 311,642 | (311,642) |
| Employer contributions | - | 964,863 | (964,863) |
| Balances as of December 31, 2015 | \$ 65,081,652 | \$ 52,369,027 | \$ 12,712,625 |
| <u>Police & Fire Retirement Plan III</u> | | | |
| Balances as of December 31, 2014 | \$ 244,734,512 | \$ 211,965,376 | \$ 32,769,136 |
| Changes for the year: | | | - |
| Service cost | 783,360 | - | 783,360 |
| Interest on total pension liability | 18,458,939 | - | 18,458,939 |
| Effect of plan changes | - | - | - |
| Effect of economic/demographic (gains) or losses | 33,760 | - | 33,760 |
| Effect of assumptions changes or inputs | 2,559,038 | - | 2,559,038 |
| Benefit payments | (17,729,611) | (17,729,611) | - |
| Administrative expenses | - | (428,114) | 428,114 |
| Member contributions | - | 186,947 | (186,947) |
| Net investment income | - | 1,123,661 | (1,123,661) |
| Employer contributions | - | 3,587,533 | (3,587,533) |
| Balances as of December 31, 2015 | \$ 248,839,998 | \$ 198,705,792 | \$ 50,134,206 |

For the year ended December 31, 2015, the Municipality recognized total pension expense of \$27,540,323 for Plans I, II, and III.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2015 which was rolled forward to December 31, 2015, using the following actuarial assumptions, applied to all periods in the measurement. The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study performed in December 2011, resulting in changes in actuarial assumptions adopted by the Anchorage Police and Fire Retirement Board (APFRB) to better reflect expected future experience.

| | |
|-------------------|--|
| Inflation | 3.00% |
| Salary Increases | 3.50% |
| Investment Return | 7.70% net of pension plan investment expenses. This is based on an average inflation rate of 3.50% and a real rate of return of 4.66% |
| Mortality | Rates based on the RP 2000 Combined Healthy tables for males and females, projected to 2025 with Projected Scale AA. Disabled mortality was assumed to follow the RP 2000 Combined Healthy tables for males and females set forward two years. |

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

| Asset Class | Long-term Expected Real Rate of Return |
|------------------------|--|
| Domestic equities | 5.35% |
| International equities | 5.25% |
| Fixed income | 0.75% |
| Real estate funds | 7.35% |

Discount Rate

The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policy which meets statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

| | 1% Decrease (6.70%) | Current Discount Rate (7.70%) | 1% Increase (8.70%) |
|------------------------|------------------------|----------------------------------|------------------------|
| Net Pension Liability: | | | |
| Plan I | \$ 24,870,045 | \$ 17,753,044 | \$ 11,572,768 |
| Plan II | 18,642,068 | 12,725,182 | 7,644,311 |
| Plan III | 76,652,512 | 50,181,229 | 27,892,526 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Anchorage Police and Fire Retirement System financial report.

IBEW Pension Plan

Plan Information

The Electric Utility's IBEW members participate in a union-sponsored cost-sharing defined benefit plan, the Alaska Electrical Pension Plan of the Alaska Electrical Pension Fund (the Plan). The Alaska Electrical Trust Funds (AETF) Board of Trustees administers the Plan and has the authority to establish and amend benefit terms and approve changes in employer required contributions. The Plan is not a state or local government, it provides defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and has no predominant state or local governmental employer. Each year, AETF issues annual financial reports that can be obtained by writing the plan administrator, Alaska Electrical Pension Trust, 2600 Denali Street, Suite 200, Anchorage, Alaska, 99503.

Plan Participation and Benefit Terms

The Electric Utility has 173 and 171 employees covered by the plan as of December 31, 2015 and 2014, respectively. The Plan provides several levels of retirement benefits, including early retirement, normal retirement, late retirement, and disability retirement and includes several options for spouse participation and death benefits. The Electric Utility contributes to the Plan for its covered employees according to the terms of its Agreement Covering Terms and Conditions of Employment (Agreement) with the IBEW Local 1547. The current Agreement is effective from August 5, 2014 to December 31, 2016 and automatically renews for a period of one year from its expiration date and for successive periods of one year each thereafter for so long as there is no proper notification of an intent to negotiate a successor Agreement.

Plan Contributions Requirements

Employer contributions are determined from hours of work reported by participating employers and the contractual employer contribution rate in effect. The current agreement increased contributions during 2014. The Electric Utility's required contribution to the plan for each hour for which compensation is paid to the employee for January 1, 2015 to December 31, 2015 was \$7.50. The required contribution for January 1, 2014 to August 17, 2014 was \$7.00, and from August 18, 2014 to December 31, 2014 was \$7.25. The Electric Utility's total employer contributions to the Plan for 2015 and 2014 were \$3,059,562 and \$2,642,768, respectively. The Electric Utility had \$67,737 and \$78,974 in required contributions to the Plan payable to AETF at December 31, 2015 and 2014, respectively. These amounts are paid during the normal course of business in the month following each year end.

Money Purchase Plan

The Agreement requires employer contributions to be made in an amount of 1.8 percent of each employee's gross wages to the Alaska Electrical Workers Money Purchase Plan (Money Purchase Plan). The Electric Utility's employer and employee contributions to the Money Purchase Plan during 2015 were \$389,491 and \$106,925, respectively. The Electric Utility's employer and employee contributions to the Money Purchase Plan during 2014 were \$310,709 and \$59,452, respectively.

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

Local 302 Pension Plan

Plan Information

The Municipality's Local 302 members participate in a union-sponsored cost-sharing defined benefit plan, the Local 302 International Operating Engineers Employers Construction Industry Retirement Fund (the Plan). The Welfare and Pension Administration Services Inc. administers the Plan and has the authority to establish and amend benefit terms and approve changes in employer required contributions. The Plan is not a state or local government, it provides defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and has no predominant state or local governmental employer. Each year, the Plan issues annual financial reports that can be obtained by writing the plan administrator, Welfare and Pension Administration Services Inc., P.O. Box 34203, Seattle, Washington, 98124.

Plan Participation and Benefit Terms

The Municipality has 137 and 136 employees covered by the plan as of December 31, 2015 and 2014, respectively. The Plan provides several levels of retirement benefits, including early retirement, normal retirement, late retirement, and disability retirement and includes several options for spouse participation and death benefits. The Municipality contributes to the Plan for its covered employees according to the terms of its Agreement Covering Terms and Conditions of Employment (Agreement) with the Local 302. The current Agreement is

effective from August 5, 2014 to December 31, 2016 and automatically renews for a period of one year from its expiration date and for successive periods of one year each thereafter for so long as there is no proper notification of an intent to negotiate a successor Agreement.

Plan Contributions Requirements

Employer contributions are determined from compensable work hours and the contractual employer contribution rate in effect. The current agreement provides for contributions of \$5.25 per hour worked by a covered employee in 2015 and \$5.00 in 2014. Further, seasonal employees are provided for contributions at .75 cents per hour worked in 2015 and 2014. Total employer retirement contributions (covered and seasonal employees) for 2015 and 2014 were \$1,673,864 and \$1,519,659, respectively. One hundred percent of the Municipality's required contributions to the Local 302 plan have been made through these contributions to the Local 302 International Operating Engineers Employers Construction Industry Retirement Fund.

B. Defined Contribution Pension Plans

Public Employees Retirement System (PERS IV)

Plan Information

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

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

Plan Participation and Benefit Terms

The Plan is governed by Section 401(a) of the Internal Revenue Code. A portion of employee wages and a matching employer contributions are made to the Plan before tax. These contributions plus any change in value (interest, gains and losses), and minus any Plan administrative fees or other charges, are payable to the employee or the employee's beneficiary at a future date. The Plan is a participant-directed plan with investment options offered by providers that are selected by the Alaska Retirement Management (ARM) Board.

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

Plan Contribution Requirements

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

| | Police/Fire | | Others | |
|------------------------------------|-------------|-------------|------------|-------------|
| | 1/1 - 6/30 | 7/1 - 12/31 | 1/1 - 6/30 | 7/1 - 12/31 |
| Employee Contribution | 8.00% | 8.00% | 8.00% | 8.00% |
| Employer Contribution | | | | |
| Retirement | 5.00% | 5.00% | 5.00% | 5.00% |
| Health Reimbursement Arrangement * | 3.00% | 3.00% | 3.00% | 3.00% |
| Retiree Medical Plan | 1.66% | 1.68% | 1.66% | 1.68% |
| Death & Disability Benefit | 1.06% | 1.05% | 0.22% | 0.22% |
| Total Employer Contribution | 10.72% | 10.73% | 9.88% | 9.90% |

Health Reimbursement Arrangement

Alaska Statute 39.30.370 requires that the employer contribute "an amount equal to three percent of the employer's average annual employee compensation." For actual remittance, this amount is calculated as a flat rate per full time employee and a flat rate per hour for part time employees. Prior to July 1, 2015 a flat rate of approximately \$1,961 per year for full time employees and \$1.26 per part time hour worked was paid. For pay

periods ending after July 1, 2015, a flat rate of approximately \$2,005 per year for full time employees and \$1.28 per part time hour worked were paid.

For the year ended December 31, 2015, the Municipality contributed \$3,287,101 to PERS IV for retirement and retiree medical, and \$1,709,437 to PERS IV for Health Reimbursement Arrangement on-behalf of its employees. Employee contributions to the plan totaled \$5,264,982.

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, 2015, there were 242 retiree participants. For 2015, the monthly contribution for each member ranged between \$2,689 and \$3,274 per member depending on age and years of service. Benefit costs totaled \$8,947,591 in 2015. 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 2015, the monthly contribution for each member ranges between \$501 and \$850 per member depending on age and years of service. The Municipality contributed \$3,352,776 to the Police and Fire Retiree Medical Trust Fund in 2015.

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 June 2012, 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 \$1,504,034 to the special revenue fund on an annual basis in order to fully fund the actuarially determined liability by 2021.

In 2015, the Municipality contributed the annual \$1,504,034 to the fund. The Municipality will perform an actuarial funding study every two years and adjust the required annual contribution as needed and/or extend the final payment, as authorized in Anchorage Municipal Code 3.88.020.

Detailed information regarding rates and actuarial methods for the plan for the year ended 2015 are as follows:

| | Gentile | Police and Fire |
|----------------------------|---|---|
| Actuarial Valuation Date | January 1, 2015 | January 1, 2015 |
| Actuarial Cost Method | Projected Unit Credit | Projected Unit Credit |
| Amortization Method | Level Dollar, closed | Level Dollar, closed |
| Amortization Period | 22 Years | 22 Years |
| Asset Valuation Method | Unfunded | Unfunded |
| Actuarial Assumptions: | | |
| Inflation Rate | Note (1) | 3.4% |
| Annual Discount Rate | 4.0% | 6.9% |
| Healthcare Cost Trend Rate | 8% assumed to decrease 0.5% until reaching 4.5% | 8% assumed to decrease 0.5% until reaching 4.5% |

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

The components of annual postemployment healthcare costs for the year ended 2015 (in thousands) are as follows:

| | Postemployment Healthcare | |
|---|---------------------------|---------------------------------------|
| | Gentile Group | Police and Fire Retiree Medical Group |
| Annual Required Contribution (ARC) | \$ 6,677 | \$ 3,146 |
| Interest on the Net OPEB Obligation (NOO) | (435) | (188) |
| Adjustment to the ARC | 702 | 228 |
| Annual OPEB Cost (APC) | 6,944 | 3,186 |
| Contributions made | (8,948) | (4,450) |
| Increase (Decrease) in NOO | (2,004) | (1,264) |
| NOO, beginning of year | (10,874) | (2,725) |
| NOO (Asset), end of year | \$ (12,878) | \$ (3,989) |
| Percentage of Post-Employment Health Care Cost Contributed (2015) | 77.60% | 71.48% |
| Percentage of Post-Employment Health Care Cost Contributed (2014) | 165.78% | 155.66% |
| Percentage of Post-Employment Health Care Cost Contributed (2013) | 144.47% | 139.13% |

| | 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 | 2015 | - | \$ 99,485 | \$ 99,485 | 0% | \$ - | 100% |
| | 2014 | - | 87,466 | 87,466 | 0% | 119 | 73501% |
| | 2013 | - | 87,466 | 87,466 | 0% | 257 | 34033% |
| Police & Fire | 2015 | \$ 16,332 | \$ 50,120 | \$ 33,788 | 33% | \$ 2,199 | 1537% |
| | 2014 | 12,948 | 41,275 | 28,327 | 31% | 4,817 | 588% |
| | 2013 | 12,948 | 41,275 | 28,327 | 31% | 6,161 | 460% |

MOA Premium Discount

In 2013 as authorized in Anchorage Municipal Code 3.87.050A, the Municipality provided a premium discount to all members of the Police and Fire Retiree Medical Trust that purchase municipal health insurance. At December 31, 2015 the Municipality contributed \$1,097,355 for that plan.

State Public Employee Retirement Plan

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

Deferred Compensation Plan

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

NOTE 15 - FUND BALANCE - GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

In 2011, the Assembly approved AR2011-345(S) which set the fund balance policy in accordance with GASB 54. In 2014, the Assembly approved AR2014-221 which revised the method of calculating certain components of the fund balance categories, to better aid in assessing the needs of the Municipality. Managements spending policy is to use restricted fund balance first when expenditures are incurred to which any resource is available, then to use unrestricted fund balances in the following order; committed, assigned, and unassigned. In 2015, the Assembly approved AR2015-84 which amended the definition of expenditures used in the calculation of certain components of fund balance.

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 | \$ 1,508,470 | \$ - | \$ - | \$ - | \$ 1,508,470 |
| Prepaid Items | 80,941 | - | - | 898,604 | 979,545 |
| Long-term Loans | 1,062,188 | - | - | - | 1,062,188 |
| Cemetery Perpetual Fund | - | - | - | 150,000 | 150,000 |
| Total Nonspendable | \$ 2,651,599 | \$ - | \$ - | \$ 1,048,604 | \$ 3,700,203 |
| Restricted | | | | | |
| State Statute | \$ 11,881 | \$ - | \$ - | \$ - | \$ 11,881 |
| Capital Improvements | - | - | 21,374,727 | 12,117,254 | 33,491,981 |
| MOA Trust Fund | - | 144,484,348 | - | - | 144,484,348 |
| Police & Fire Retiree Medical Liability | - | - | - | 34,404,140 | 34,404,140 |
| Federal Grants | - | - | - | 1,929,869 | 1,929,869 |
| State Grants | - | - | - | 958,154 | 958,154 |
| Federal/State Fines & Forfeitures | - | - | - | 821,034 | 821,034 |
| Misc Operations Grants | - | - | - | 713,050 | 713,050 |
| Convention Center Operating Fund | - | - | - | 13,549,365 | 13,549,365 |
| 49th State Angle Fund | - | - | - | 12,611,490 | 12,611,490 |
| Debt Service | - | - | - | 13,812,810 | 13,812,810 |
| Total Restricted | 11,881 | 144,484,348 | 21,374,727 | 90,917,166 | 256,788,122 |
| Committed | | | | | |
| 10% Bond Rating | 40,024,969 | - | - | - | 40,024,969 |
| Capital Improvements | - | - | 261,385 | 12,247,242 | 12,508,627 |
| Heritage Land Bank | - | - | - | 6,328,043 | 6,328,043 |
| Total Committed | 40,024,969 | - | 261,385 | 18,575,285 | 58,861,639 |
| Assigned | | | | | |
| Residential Tax Rebate | 5,000,000 | - | - | - | 5,000,000 |
| 2015 Budget Appropriations | 4,162,786 | - | - | - | 4,162,786 |
| Capital Improvements | - | - | - | 383,888 | 383,888 |
| Cemetery Perpetual Fund | - | - | - | 336,734 | 336,734 |
| State Grants | - | - | - | 18,770,029 | 18,770,029 |
| Federal Grants | - | - | - | 823,167 | 823,167 |
| Federal/State Fines & Forfeitures | - | - | - | 1,419,812 | 1,419,812 |
| Misc Operating Grants | - | - | - | 244,711 | 244,711 |
| Convention Center Operating Fund | - | - | - | 2,660,378 | 2,660,378 |
| Debt Service | - | - | - | 3 | 3 |
| Total Assigned | 9,162,786 | - | - | 24,638,722 | 33,801,508 |
| Unassigned | | | | | |
| 2% Working Capital Reserve | \$ 8,858,425 | \$ - | \$ - | \$ - | \$ 8,858,425 |
| Other Unassigned | 22,918,025 | - | - | (45,918) | 22,872,107 |
| Total Unassigned | 31,776,450 | - | - | (45,918) | 31,730,532 |
| Total Fund Balance | \$ 83,627,685 | \$144,484,348 | \$ 21,636,112 | \$135,133,859 | \$384,882,004 |

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 \$11,881 of restricted fund balance in one of the sub funds of the General Fund. The Municipality, by resolution, established a bond rating that is included in committed fund balance and a Working Capital Reserve that is included in unassigned fund balance.

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

| | |
|---------------------------------|---------------------|
| Bond Rating: | |
| Committed | \$ 40,024,969 |
| | <u>40,024,969</u> |
| Working Capital Reserve: | |
| Unassigned | 8,858,425 |
| | <u>\$ 8,858,425</u> |

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

| | |
|--|----------------------|
| Major Funds: | |
| Capital Projects Roads & Drainage Fund | <u>\$ 28,004,903</u> |
| Non Major Capital Project Funds: | |
| Public Safety | 5,300,792 |
| Parks & Recreation | 1,561,002 |
| Areawide | 23,945,033 |
| Public Transportation | 704,908 |
| Heritage Land Bank | 47,290 |
| Miscellaneous | <u>4,603,669</u> |
| Total Non Major Capital Project Funds | <u>36,162,694</u> |
| Non Major Special Revenue Funds | |
| State Grants | <u>29,055,548</u> |
| Total Non Major Special Revenue Funds | <u>\$ 29,055,548</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 \$2,500,000 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 2015, 2014 or 2013.

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, 2015, is dependent upon future developments. At December 31, 2015, claims incurred but not reported included in the liability accounts are \$17,720,226 in the General Liability/Workers' Compensation Fund and Medical/Dental Self Insurance Fund.

Changes in the funds' claim liability amounts in 2015 and 2014 are as follows:

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

| | Balance January 1, 2014 | Current Year Claims and Changes in Estimates | Claims Payment | Balance December 31, 2014 |
|---|-------------------------------|---|------------------------|---------------------------------|
| General Liability/Workers' Compensation | \$ 18,484,350 | \$ 8,590,527 | \$ (9,043,949) | \$ 18,030,928 |
| Medical/Dental | 6,933,274 | 47,412,207 | (47,258,680) | 7,086,801 |
| Unemployment | 94,750 | 364,529 | (360,868) | 98,411 |
| | <u>\$ 25,512,374</u> | <u>\$ 56,367,263</u> | <u>\$ (56,663,497)</u> | <u>\$ 25,216,140</u> |

At December 31, 2015, the Medical and Dental Self Insurance Fund had unrestricted net position of \$1,265,813, a decrease of \$9,022,479 from 2014. The decrease in net position is due to increase in reserves for medical and dental claims by margin of 3 percent to the actuarial estimates.

At December 31, 2015, the General Liability and Worker's Compensation Fund had negative net position of \$3,205,093, a decrease of \$6,465,493 from 2014. The deficit is due to increased reserves for worker's comp claims based on actuarial estimates.

NOTE 17 - MOA TRUST FUND

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

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

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

Depending on the investment market conditions in any given year, the Trust may or may not generate sufficient realized and unrealized net earnings to cover the 5 percent dividend payout. Under the endowment model, however, up to 5 percent of the market value of the Trust for the twenty consecutive quarters ending on March 31 of each year is available for appropriation by the Assembly to help fund the general government budget. The endowment model is tied to an average market value, not to annual earnings, and it assumes a long-term investment return of 8 percent and inflation of 3 percent. During periods of market decline, the Trust may experience a negative return; nonetheless the voter approved endowment model for the Trust makes it possible for the Assembly to pay out a 5 percent dividend by drawing from the fund's corpus. Over time the Trust is also expected to benefit from positive years in the market (i.e., years in which the real rate of return exceeds 5 percent); however the Assembly must abide by the 5 percent cap on annual distributions. This means that any excess returns generated during positive years in the market effectively are converted to corpus. Additionally, the Municipal Treasurer is required by the Code to determine whether the Trust's purchasing power is being maintained, by performing an analysis at least every five years beginning in year 2007.

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

In 2015, consistent with the policy limitations described above, \$5,200,000 of the Trust fund balance was determined to be expendable and transferred to the General Fund.

NOTE 18 - REGULATORY AND OTHER MATTERS

A. Electric Utility

Beluga River Unit (BRU) Underlift Cash Settlement

During 2015, the Electric Utility owned a one-third interest in annual production of the BRU. Its field partners at that time, CPAI and Hilcorp Alaska, LLC, each also owned a one-third interest in BRU production. Each BRU owner has a right to take a portion of annually produced gas proportionate to its interest. Imbalances between owners are resolved every year in accordance with the BRU Gas Balancing Agreement. "Overlifted" parties (parties that have taken more than their interest in BRU's annual output) must offer to "Underlifted" parties (parties

that have taken less than their interest) the option to accept a cash settlement for their underlift or a right to take the underlifted volumes in future years.

Funds from the Electric Utility's 2005 underlift settlement were deposited in a Future Natural Gas Purchases Account and the Utility recorded a deferred inflow of resources for future natural gas purchases. The balance of the Future Natural Gas Purchases, as of December 31, 2015 was \$33,705,285.

The Electric Utility received a monetary settlement for its 2014 underlift from its BRU partners totaling \$2,594,857. After the ARO surcharge was deducted, the balance of the settlement proceeds was \$2,423,797. In 2015, the Electric Utility petitioned the RCA for authorization to apply the 2014 underlift settlement proceeds to reduce its Gas Transfer Price (GTP) in effect from July 1, 2016 through June 30, 2017. The RCA approved the Electric Utility's unopposed proposal in Order U-15-116(2), dated March 10, 2016.

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

Regulatory Debits/Credits

The Electric Utility files a COPA rate quarterly with the RCA to recover cost of power expenses not recovered in base rates. The COPA calculation is based on the projected cost of fuel and purchased power for the applicable quarter, the projected kilowatt hour sales for the applicable quarter, and the over or under recovered balance in the cost of power clearing account. The Electric Utility records in the cost of power clearing account an asset with an offsetting credit to a contra revenue account for under recovered costs or a liability and an offsetting debit to a contra revenue account for over recovered costs. The Electric Utility over recovered as of December 31, 2015 in the amounts of \$3,938,760.

The Electric Utility annually sets the GTP with its third quarter COPA filings. Through the GTP, the Electric Utility recovers the Gas Fund's annual revenue requirement associated with its ownership interest in BRU and any over or under recovery from the prior year. The Electric Utility records in the cost of gas clearing account an asset and a credit to an expense account for under recovered costs or a liability and debit to a contra expense account for over recovered costs. The Electric Utility under recovered as of December 31, 2015 in the amount of \$2,607,495.

Deferred Regulatory Liability for Gas Sales

Revenue from third party sales of natural gas produced at the BRU is excluded from the GTP calculation. These funds, net of royalties, are recorded in the Electric Utility's Future BRU Construction or Natural Gas Purchases account, referred to for regulatory purposes as the Deferred Regulatory Liability from Gas Sales (DRLGS) Account to be used for future BRU construction or natural gas purchases. The balance of the DRLGS account, as of December 31, 2015 was \$68,937,909.

Asset Retirement Obligation Sinking Fund

Asset Retirement Obligation (ARO) expenses associated with the future abandonment of the BRU are funded through a surcharge to the Electric Utility's GTP and third party gas sales and are deposited into a sinking fund. As of December 31, 2015, the sinking fund account balance was \$9,828,391.

Revenue Requirement Study

On September 9, 2013 the Electric Utility filed a petition with the RCA, based on a 2012 test year revenue requirement study, for interim and permanent across-the-board rate increases in energy and demand charges in order to recover costs associated with its purchase of a 30 percent interest in SPP. The Electric Utility requested that the rate increase be implemented in two phases, with a 24.32 percent interim and refundable increase to take effect within 45 days of filing and the second to take effect one year after approval of the permanent rates, for a total increase of 31.52 percent. The RCA granted the Electric Utility an interim and refundable rate increase and suspended the Electric Utility's request into docket U-13-184 for further investigation. A hearing was held April 6 through 17, 2015. The RCA issued Order U-13-184(22) on July 16, 2015 establishing the Electric Utility's revenue requirement, setting the 24.32 percent interim rates as the permanent rates, ordering the Electric Utility to cease paying dividends to the Municipality, and opening two investigatory dockets. The first docket is to investigate the appropriate use of the DRLGS Account and the other is to review the interconnection section of the Electric Utility's tariff.

The Electric Utility plans to file its next revenue requirement with the RCA during the fourth quarter of 2016 requesting interim and permanent rate relief based on a 2015 test year.

Acquisition of CPAI's Interest in the Beluga River Unit

In Order U-16-012(14), dated April 22, 2016, the RCA affirmed a bench ruling the day earlier granting a joint petition filed by the Electric Utility and CEA requesting approval of a purchase and sale agreement for the acquisition of CPAI's one-third interest in the BRU. Hearing was held on an expedited basis April 18 through 20, 2016. The total purchase price is \$152 million, with the Electric Utility acquiring 70 percent of that interest for \$106.4 million and CEA the remaining 30 percent for \$45.6 million. The Electric Utility funded its share of the acquisition with DRLGS and Future Natural Gas Purchases Account funds, cumulative underlift proceeds owed to it by CPAI, and unrestricted gas fund cash. This purchase gives the Electric Utility a total 56.67 percent interest in the BRU, and it will seek the RCA's approval of accounting and ratemaking treatment for this interest.

Eklutna Hydroelectric Project

On October 2, 1997, the ownership of the Eklutna Hydroelectric Project was formally transferred from the Alaska Power Administration, a unit of the United States Department of Energy, to the three participating utilities: the Electric Utility, CEA and Matanuska Electric Association (MEA). The project is jointly owned and operated by the participating utilities and each contributes their proportionate share for operation, maintenance, and capital improvement costs, as well as maintenance of the transmission line between Anchorage and the hydroelectric plant. The Electric Utility has a 53.33 percent ownership interest in the project and recorded costs of \$1,049,113 in 2015.

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 \$4,821,250 in 2015 for its portion of costs, and received 117,013 megawatt hours of power in 2014 from the Project. The Electric Utility received a budget surplus refund in the amount of \$366,346 for 2015. The Electric Utility's estimated cost of power from the Project for 2016 is \$5,101,368.

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, 2015 is \$63,451,825. 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 \$16,434,023. 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 \$20,542,528: 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 31, 2013. It has a capacity of 200.3 MW, of which the Electric Utility's proportionate share is 60.1 MW, or 30 percent. The Electric Utility has recorded costs of \$22,033,772 in 2015.

B. Water Utility

2012 Test Year / 2014-2015 Rates

On November 14, 2013, the Water Utility filed a revenue requirement study requesting an interim and refundable rate increase of 4.0 percent. The Regulatory Commission of Alaska (RCA) granted the requested interim rate increase effective January 1, 2014. The RCA accepted a stipulation between AWWU and the Office of the Attorney General, Regulatory Affairs and Public Advocacy section (RAPA) resolving this matter and approving a permanent rate increase of 2.26 percent effective June 5th 2015, which resulted in a partial refund of interim rates charged from January 1, 2014 through June 4, 2015.

C. Wastewater Utility

2012 Test Year / 2014-2015 Rates

On November 14, 2013, the Wastewater Utility filed a revenue requirement study requesting an interim and refundable rate increase of 5.5 percent. The Regulatory Commission of Alaska (RCA) granted the requested interim rate increase effective January 1, 2014. The RCA accepted a stipulation between AWWU and the Office of

the Attorney General, Regulatory Affairs and Public Advocacy section (RAPA) resolving this matter and approving a permanent rate increase of 4.34 percent effective June 5th 2015, which resulted in a partial refund of interim rates charged from January 1, 2014 through June 4, 2015.

NOTE 19 – CONTINGENCIES

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

A. Litigation

Port Expansion

A multi-year expansion project at the Port began in 2003 and continued until May 31, 2012. The project encountered problems and work was suspended while the Port investigated the scope and cause of the problems and determined how to proceed. Investigative reports concluded the project design was flawed and significant aspects of the work were constructed incorrectly. In March 2013, the Port filed suit to recover damages. That case is pending before the United States District Court of Alaska. A separate action was filed in the United States Court of Federal Claims against the U.S. Maritime Administration. Both cases are active and no claims have been asserted against the Municipality.

In the meantime, the project is moving forward. A project management consultant team has been engaged; a new design concept has been approved by stakeholders and the Port; regulatory and environmental compliance data is being assembled and a test pile program is underway to evaluate alternative ways of installing pile and mitigating environmental impacts.

Petroleum Severance Tax Appeal

The Electric Utility is exempt from State of Alaska gas severance taxes on BRU-produced gas it uses for its own generation. However, it pays severance taxes on gas it produces and sells to third parties. For this reason, in 1999 the Electric Utility began allocating purchased gas to satisfy third party gas contracts it acquired with Shell Western E&P, Inc.'s one-third BRU interest. The Electric Utility sought refunds from the State of Alaska Division of Revenue (DOR) totaling \$4,657,112 for severance taxes it paid on purchased gas used to satisfy these contracts from 1999 through 2005, when they expired. In 2008 the DOR denied the Electric Utility's claim for refunds, finding that the Electric Utility insufficiently proved it used purchased gas to fulfill these contracts. The Electric Utility appealed to the Office of Administrative Hearings (OAH). The OAH denied the Electric Utility's refund claim on May 22, 2013. The Electric Utility appealed this decision to the Superior Court, which affirmed the OAH's decision on August 25, 2014. The Alaska Supreme Court affirmed the Superior Court decision on November 12, 2015. Although the Electric Utility was not successful in its appeals, it owes no further severance taxes for this gas.

B. Grants

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

NOTE 20 - ENVIRONMENTAL ISSUES

The Municipality has adopted an aggressive proactive policy designed to identify and mitigate the potential effects of past, present and future activity that may result in environmental impact. It is accounting policy to record a liability when the likelihood of responsibility for an environmental impact is probable and the cost of mitigating the impact is estimable within reasonable limits. At December 31, 2015, there are environmental issues that meet both of these criteria and, accordingly, a provision has been made in the accompanying financial statements for the cost of mitigating environmental concerns of underground fuel and hazardous waste contamination. The following is a summary of environmental concerns.

A. Solid Waste Landfill Sites

The Municipality's landfill at Merrill Field was closed during 1987 following approximately 50 years of usage. An active gas migration control system was constructed in 1992 and has since operated without fail. Operation of the

gas control system has been effective in maintaining compliance with regulations pertaining to landfill gas and protecting public safety.

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

B. Landfill Closure and Post-closure Care Cost

State and federal laws and regulations require the Municipality to place a final cover on its current regional landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the landfill for thirty years after closure. To properly account for these future closure and post-closure costs each year, Solid Waste Services Utility (SWS) records an operating expense based on landfill capacity. During 2015, the future closure and post-closure care costs were re-evaluated and adjusted to reflect current conditions. At December 31, 2015, SWS had a recorded liability of \$31,100,929 associated with these future costs, based on the use of 45 percent of the landfill’s estimated capacity. Based upon the 2015 study, it is estimated SWS will recognize an additional \$53,831,071 in liability expense between 2016 and 2043, the current estimated date the landfill is expected to reach full capacity. These amounts are based upon what it would cost to perform all the closure and post-closure functions in 2015. Future inflation costs and additional costs that might arise from changes in requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both. Activity in the long term liability for landfill closure and post-closure care cost was as follows:

| | Balance January 1, 2015 | Addition | Deletion | Balance December 31, 2015 | Due in One Year |
|-------------------------------|-------------------------------|--------------|----------|---------------------------------|--------------------|
| Future Landfill Closure Costs | \$27,063,161 | \$ 4,037,768 | \$ - | \$ 31,100,929 | \$ - |

State laws and federal regulations require the Municipality to provide financial assurances for future closure and post-closure costs by one of a number of allowable mechanisms available. The Municipality elected to use the “Local Government Test” financial assurance mechanism to comply with the regulation. Pursuant to AO2008-46, the Anchorage Assembly amended the Anchorage Municipal Code to establish a restricted account to fund the liability for landfill closure and post-closure purposes. At December 31, 2015, SWS reported \$31,100,929 of restricted assets for payment of closure and post-closure care costs.

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

During the 1964 earthquake, approximately 250,000-400,000 gallons of diesel fuel spilled on the ground. Based on numerous environmental investigations, the spill impacted soil and groundwater at the Hank Nikkels Power Plant 1 and properties west/northwest of the plant. During the 2006-2007 subsurface investigation, in addition to diesel contamination known from the 1964 spill, PCBs were detected in the soil. All soil disturbing activities at the site are governed by the Risk-Based Disposal Plan (RBDP) administered by the Alaska Department of Environmental Conservation (ADEC) and the Environmental Protection Agency (EPA). In 2016, the Electric Utility is planning to replace security fencing around the power plant. Additionally, the northwest section of the yard will be paved. Environmental testing, monitoring and disposal of contaminated soil and groundwater will significantly increase the cost for this project. The cost associated with this work plan cannot be determined at this time.

In 2009, PCB contaminated soil was discovered near the Operations/Dispatch building during excavation to install water lines for a fire suppression system. In 2010 and 2015, additional site investigations were conducted to determine a horizontal and vertical extent of PCB contamination. The Electric Utility is currently monitoring groundwater quality and awaiting for EPA’s decision on whether contaminated soil removal or institutional controls will be appropriate for this site. The cost associated with this work plan cannot be determined at this time.

D. Electric Utility New Generation Permitting at Plant Two

Environmental permits have been obtained prior to the construction of new generation units. Ammonia will be used to control NOx emissions of the new turbines. To comply with all applicable ammonia regulations, the

Electric Utility registered the facility with EPA, prepared a Risk Management Plan and will comply with all emergency preparedness and response actions specified in the Risk Management Plan.

Air quality permits require the Utility to perform emissions testing prior to the operation of the new turbines. The Electric Utility will oversee environmental compliance and contract qualified third-party experts to perform necessary services. Environmental permitting and compliance will continue to require a consultant's expertise. The cost of compliance cannot be determined at this time.

E. Changes in Environmental Regulations Affecting Electric Utilities

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

F. Pollution Remediation Obligation

Water Utility

Beginning in 1993, in accordance with the State of Alaska Department of Environmental Conservation (ADEC) regulations, the Water Utility commenced activities to remove three leaking, underground fuel storage tanks and the surrounding contaminated soils. 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, AWWU submitted work plans and received approval from ADEC for continued groundwater monitoring while working towards closure of the case on this site.

The Water Utility used the expected cash flow technique to measure the liability. The Water Utility estimated a reasonable range of potential outlays of \$70,000 to \$255,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$88,500. The potential for a material change in the estimate is possible depending upon the response received from ADEC.

Wastewater Utility

In accordance with the State of Alaska Department of Environmental Conservation (ADEC) regulations, the Wastewater Utility is engaging in activities to remove four leaking, underground fuel storage tanks and the surrounding contaminated soils. In 2011, the Wastewater Utility submitted work plans and received approval from ADEC for continued groundwater monitoring while working towards closure of the cases on these sites.

The Wastewater Utility used the expected cash flow technique to measure the liability. The Wastewater Utility estimated a reasonable range of potential outlays of \$70,000 to \$358,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$414,000. The potential for a material change in the estimate is possible depending upon the response received from ADEC.

Port

In February 2012, the Port entered into an agreement with the Department of Defense to acquire 48 acres of undeveloped land (Tract J) for fair market value of \$10,305,000. In exchange, the Port has committed to provide a permanent access road connecting Joint Base Elmendorf-Richardson to the Port and to accept responsibility for the environmental condition of the transferred land, this obligation is reflected on the Port's Statement of Net Position as a non-current liability totaling \$1,830,252 at December 31, 2015. In 2011, the Port recognized a capital contribution in the amount of \$8,425,612.

Both Tract H and Tract J at the Port are ADEC designated contaminated sites. The Port is required to submit annual ground water monitoring reports to ADEC for both tracts. In 2015, the monitoring and reporting costs for Tract H was \$1,127 and Tract J was \$11,761.

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. BGES through DOWL Engineering provided the Site Characterization report. The Municipality worked with the

ADEC and the EPA on proper characterization and remediation of the site. In June 2015, the ADEC reviewed the environmental records for Tract 1A Fragment Lot 12 and determined no further remedial action to be required.

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 were installed in 2014. The first year cost was \$48,556. The estimated total remaining cost is \$396,444.

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: 4333 Bering Street, 4350 Mac Innes Street, 3939 West 84th Avenue, and 1021 East Third Avenue) 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 estimated total costs for this cleanup for the 1021 East Third Avenue property is \$500,000. There are no estimates at this time for the other three properties. 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 \$2,351,775. The potential for a material change in the estimate is possible depending on the final outcome of the remediation.

NOTE 21 - SUBSEQUENT EVENTS

A. Port Subsequent Events

Tariff Rates

Effective January 1, 2016 Port tariff rates will be increasing through the published Terminal Tariff No. 8, 2015 publication.

Port of Anchorage Intermodal Expansion Litigation Settlement

On June 21, 2016, the Mayor recommended and the Anchorage Assembly approved a resolution AR2016-175 involving an agreement to fully and finally settle, release and resolve any and all claims, liabilities and damages of the Municipality relative to work performed by MKB Constructors on the Port Intermodal Expansion Project (PIEP). The resolution required the Assembly to appropriate \$5.5 million of settlement proceeds as a contribution to the Port operating fund and restrict \$350,000 of that contribution to a Port litigation escrow account.

On August 30, 2016, the Municipality and Colaska Inc. d/b/a Quality Asphalt Paving (QAP) reached an agreement to fully and finally settle, release and resolve any and all claims, liabilities and damages of the Municipality relative to work performed by QAP on the PIEP. The agreement requires QAP to make payment in immediately available funds to the Municipality of \$5.15 million within 30 calendar days of the effective date of the agreement or September 29, 2016.

On October 19, 2016, the Municipality and Terracon Consultants Inc. reached an agreement to fully and finally settle, release and resolve any and all claims, liabilities and damages of the Municipality relative to work performed by Terracon on the PIEP. The agreement requires Terracon to make payment in the amount of \$1.95 million within 30 calendar days of the effective date of the settlement agreement.

B. Electric Utility Subsequent Events

Acquire Additional Interest in Beluga River Unit

On April 22, 2016, the Electric Utility and CEA purchased CPAI's one-third interest in the BRU. The total purchase price is \$152 million, with the Electric Utility acquiring 70 percent of that interest for \$106.4 million and CEA the remaining 30 percent for \$45.6 million. This purchase gives the Electric Utility a total 56.67 percent interest in the BRU.

C. Water Utility Subsequent Events

Alaska Drinking Water Loans

Subsequent to December 31, 2015, the Water Utility received authorization to amend Alaska Drinking Water Fund loan number 130941 increasing it by \$5 million for a total loan amount of \$8.7 million used for capital construction projects to be drawn as needed. Subsequent to December 31, 2015, the Water Utility received \$6 million in loans from the State of Alaska Clean Water Fund for capital construction projects.

Damage to the Eklutna Water Treatment Facility

On Friday, September 9th, the Water Utility's Eklutna Water Treatment Facility experienced an electrical fault. This electrical event caused damage to electrical equipment that allows the Water Utility to generate hydroelectric power from the raw water coming from Eklutna Lake and entering the treatment plant. This equipment will require repair/replacement. The Water Utility is currently investigating the extent of the damages. The Water Utility has communicated the loss with our insurer, FM Global, and we have identified the deductible for this type of event to be \$100,000.

D. Wastewater Utility Subsequent Event

Subsequent to December 31, 2015, the Wastewater Utility experienced a diesel fuel spill at our King Street Operations & Maintenance Facility. The quantity of this fuel spill is currently estimated at less than 500 gallons. The Wastewater Utility is investigating the cause of the spill, and there may be a third party who is fully or partially responsible for the cost associated with the cleanup of the spill. Preliminary actions have occurred to remove surface and some subsurface contamination, but subsurface contamination remains. The Wastewater Utility will be required to perform the cleanup in accordance with Alaska Department of Environmental Conservation regulations. It is reasonably possible that a liability has been incurred, however, it is not currently possible to estimate the amount of any potential liability so no liability has been recorded.

E. Municipality Subsequent Events

Debt

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

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 2015 reporting:

- 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 inter-period equity, and creating additional transparency. This standard was implemented for the 2015 financial reporting period and resulted in a significant reporting change.
- 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

non-employer 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 were applied simultaneously with the provisions of GASB Statement No. 68, which was implemented for the 2015 financial reporting period.

- GASB 73 – Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 - Information about investment related factors that significantly affect trends in the amounts reported should be limited to those factors over which the pension plan or participating governments have influence (for example, changes in investment policies). Information about external, economic factors (for example, changes in market prices) should not be presented. The Statement also clarifies the application of certain provisions of Statements 67 and 68 with regards to the following issues: (1) information that is required to be presented of required supplementary information about investment-related factors that significantly affect trends in the amounts reported, (2) accounting and financial reporting for separately financed specific liabilities of individual employers and non-employer contributing entities for defined pensions and (3) timing of employer recognition of revenue for the support of non-employer contributing entities not in a special funding situation. The provisions of this Statement were applied simultaneously with the provisions of GASB Statement No. 68, which was implemented for the 2015 financial reporting period.
- GASB 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments - This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The provisions of this Statement were implemented for the 2015 financial reporting period.
- GASB 78 – Pensions Provided through Certain Multiple-employer Defined Benefit Pension Plans - This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The provisions of this Statement were applied simultaneously with the provisions of GASB Statement No. 68, which was implemented for the 2015 financial reporting period.
- GASB 82 – Pension Issues, An Amendment of GASB Statements No. 67, 68 and 73 - This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions of this Statement were applied simultaneously with the provisions of GASB Statement No. 68, which was implemented for the 2015 financial reporting period.

The following standards are either not required to be implemented for the 2015 reporting period or do not have a material effect on the Municipality's financial statements.

- GASB 72 – Fair Value Measurement and Application. The provisions of this Statement are required to be implemented for the 2016 financial reporting period.
- GASB 74 – Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. The provisions of this Statement are required to be implemented for the 2017 financial reporting period.
- GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The provisions of this Statement are required to be implemented for the 2018 financial reporting period.
- GASB 77 – Tax Abatement Disclosures. The provisions of the Statement are required to be implemented for the 2016 financial reporting period.
- GASB 79 – Certain External Investment Pools and Pool Participants. The provisions of the Statement are required to be implemented for the 2016 financial reporting period.

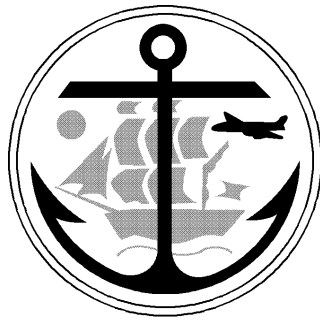
- GASB 80 – Blending Requirements for Certain Component Units, an Amendment of GASB Statement No. 14. The provisions of the Statement are required to be implemented for the 2017 financial reporting period.
- GASB 81 – Irrevocable Split-interest Agreements. The provisions of the Statement are required to be implemented for the 2017 financial reporting period.

NOTE 23 - OTHER ACCOUNTING MATTERS

A. Change in Accounting Principles – Implementation of GASB Statement No. 68, 71, 73, 78, and 82

As discussed in Note 13 to the financial statements, the Municipality participates in the Alaska Public Employees Retirement System (PERS) plan and the Police and Fire Retirement Pension System. In 2015, the Municipality adopted the provisions of GASB Statement No. 68 Accounting and Financial Reporting for Pensions, which, among other accounting and reporting criteria, requires the Municipality to recognize its proportional share of the Net Pension Liability (and related deferred inflow/outflow accounts), as of the beginning of the Municipality’s fiscal year. As a result of the implementation of this statement, the Municipality has recorded an opening balance adjustment to reflect opening balance pension liabilities and related accounts and to decrease opening net position as follows:

| | Opening Net Position, as Originally Presented | Change in Accounting Principle Adjustment | Opening Net Position, as Restated |
|--------------------------|--|--|--------------------------------------|
| Governmental Activities | \$ 3,074,348,646 | \$ (255,756,296) | \$ 2,818,592,350 |
| Business-type Activities | 755,056,716 | (36,124,571) | 718,932,145 |
| Electric Utility | 255,504,359 | (7,742,793) | 247,761,566 |
| Water Utility | 130,001,881 | (11,061,830) | 118,940,051 |
| Wastewater Utility | 87,299,197 | (11,655,198) | 75,643,999 |
| Refuse Utility | 12,860,423 | (1,596,182) | 11,264,241 |
| Solid Waste | 56,358,152 | (2,025,824) | 54,332,328 |
| Port | 145,631,925 | (1,303,976) | 144,327,949 |
| Airport | 65,602,869 | (738,768) | 64,864,101 |
| Equipment Maintenance | 26,832,158 | (2,514,052) | 24,318,106 |
| Information Technology | 14,405,547 | (6,749,597) | 7,655,950 |



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MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information- Budgetary Comparison Schedule
 with Expenditures by Function for the General Fund and Sub-funds
 For the year ended December 31, 2015

| | Budget | | Actual Budgetary Basis | Budget to GAAP Difference | Actual GAAP Basis | Variance With Final Budget |
|---|-------------------------|----------------------|---------------------------|---------------------------------|----------------------|-------------------------------|
| | Original | Final | | | | |
| Revenues: | | | | | | |
| Taxes | \$ 54,275,388 | \$ 560,952,822 | \$ 562,712,915 | \$ - | \$ 562,712,915 | \$ 1,760,093 |
| Assessments in lieu of taxes | 2,900,449 | 3,071,484 | 3,124,513 | - | 3,124,513 | 53,029 |
| Special assessments | 220,000 | 220,000 | 788,495 | - | 788,495 | 568,495 |
| Licenses and permits | 10,705,404 | 10,725,404 | 10,999,964 | - | 10,999,964 | 274,560 |
| Intergovernmental | 17,891,674 | 17,808,634 | 18,300,370 | (1) 38,563,291 | 56,863,661 | 491,736 |
| Charges for services | 22,754,793 | 23,387,173 | 25,667,015 | - | 25,667,015 | 2,279,842 |
| Fines and forfeitures | 6,118,695 | 6,566,970 | 6,230,076 | - | 6,230,076 | (336,894) |
| Investment income | 1,641,293 | 945,836 | 74,480 | - | 74,480 | (871,356) |
| Restricted contributions | 125,756 | 125,756 | 107,051 | - | 107,051 | (18,705) |
| Other revenues | 2,816,770 | 3,471,736 | 3,188,328 | - | 3,188,328 | (283,408) |
| Total revenues | 119,450,222 | 627,275,815 | 631,193,207 | 38,563,291 | 669,756,498 | 3,917,392 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 20,207,703 | 21,983,603 | 19,590,138 | (1) 4,088,707 | 23,678,845 | 2,393,465 |
| Fire services | 94,016,779 | 96,408,514 | 96,766,512 | (1) 11,524,107 | 108,290,619 | (357,998) |
| Police services | 109,292,742 | 111,790,474 | 109,308,235 | (1) 12,916,842 | 122,225,077 | 2,482,239 |
| Health and human services | 12,029,425 | 13,173,299 | 12,800,495 | (1) 1,561,227 | 14,361,722 | 372,804 |
| Economic and community development | 41,888,119 | 42,562,278 | 40,880,429 | (1) 2,079,624 | 42,960,053 | 1,681,849 |
| Public transportation | 23,318,143 | 22,775,899 | 22,484,726 | (1) 2,004,912 | 24,489,638 | 291,173 |
| Public works | 22,408,607 | 22,543,550 | 22,371,305 | (1) 3,524,556 | 25,895,861 | 172,245 |
| Education | - | 239,493,695 | 239,493,695 | - | 239,493,695 | - |
| Maintenance and operations | 34,674,518 | 35,305,180 | 31,079,215 | (1) 863,316 | 31,942,531 | 4,225,965 |
| Debt service: | | | | | | |
| Principal | 34,837,044 | 35,649,998 | 35,649,998 | - | 35,649,998 | - |
| Interest | 19,138,644 | 19,716,357 | 18,830,729 | - | 18,830,729 | 885,628 |
| Total expenditures | 411,811,724 | 661,402,847 | 649,255,477 | 38,563,291 | 687,818,768 | 12,147,370 |
| Deficiency of revenues over expenditures | (292,361,502) | (34,127,032) | (18,062,270) | - | (18,062,270) | 16,064,762 |
| Other financing sources (uses): | | | | | | |
| Transfers in – from other funds | 34,225,084 | 36,369,530 | 37,833,788 | - | 37,833,788 | 1,464,258 |
| Transfers out – to other funds | (9,622,546) | (13,158,599) | (12,839,086) | - | (12,839,086) | 319,513 |
| Proceeds from bond sale | - | - | 115,250,000 | - | 115,250,000 | 115,250,000 |
| Proceeds from premium on bond sale | - | - | 18,866,060 | - | 18,866,060 | 18,866,060 |
| Payment to refunded bond escrow agent | - | - | (133,821,377) | - | (133,821,377) | (133,821,377) |
| Sale of capital assets | 285,000 | 296,983 | 281,173 | - | 281,173 | (15,810) |
| Insurance recoveries | 41,500 | 72,745 | 404,236 | - | 404,236 | 331,491 |
| Total other financing source (uses) | 24,929,038 | 23,580,659 | 25,974,794 | - | 25,974,794 | 2,394,135 |
| Net change in fund balance | (267,432,464) | (10,546,373) | 7,912,524 | - | 7,912,524 | 18,458,897 |
| Fund balance, beginning of year | 75,715,161 | 75,715,161 | 75,715,161 | - | 75,715,161 | - |
| Fund balance, end of year | \$ (191,717,303) | \$ 65,168,788 | \$ 83,627,685 | - | \$ 83,627,685 | \$ 18,458,897 |

Explanation of differences:

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA

Notes to Required Supplementary Information – Budgetary Data

December 31, 2015

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 2015 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 2015 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, 2015

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information - Condition Rating of Anchorage's Road Network
 December 31, 2015

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

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

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

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Anchorage Road District: | | | | | |
| Needed | 11,226 | 26,810 | 25,145 | 21,883 | 13,782 |
| Actual | 11,014 | 26,801 | 24,412 | 21,860 | 12,966 |
| Chugiak/Eagle River Road District: | | | | | |
| Needed | 6,149 | 5,393 | 5,916 | 4,582 | 2,468 |
| Actual | 7,046 | 5,901 | 6,333 | 4,062 | 2,775 |
| Girdwood Road District: | | | | | |
| Needed | 332 | 323 | 641 | 316 | 282 |
| Actual | 547 | 528 | 744 | 391 | 444 |
| Other Road Districts: | | | | | |
| Needed | 4,234 | 7,917 | 2,439 | 1,015 | 1,012 |
| Actual | 4,797 | 8,738 | 3,566 | 1,758 | 1,443 |
| Overall System: | | | | | |
| Needed | 21,942 | 40,443 | 34,141 | 27,796 | 17,544 |
| Actual | 23,405 | 41,968 | 35,055 | 28,071 | 17,658 |
| Difference | 1,463 | 1,525 | 914 | 275 | 114 |

Note: The condition of road pavement is measured based upon an assessment of the longitudinal profile (International Roughness Index) and rut depth provided by the Mandli Road Surface Profiler in 2014 and Dynatest Road Surface Profiler in prior years. The measurement system is an algorithm that combines the international roughness index, rut depth, and road profile to determine a condition index from two for pavement in excellent condition to seven for pavement in fair condition. The condition index is used to classify paved roads in good or better condition (4 or less) and fair condition (5 or more). It is the Municipality's policy to maintain 60% or more of the total paved road miles in good or better condition. Condition assessments are updated every three years.

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information
 Public Employees Retirement System- Defined Benefit
 Schedule of the Municipality's Information on the Net Pension Liability
 Last Fiscal Year

| Year Ended December 31, | Measurement Period Ended June 30, | Municipality's Proportion of the Net Pension Liability | Municipality's Proportionate Share of the Net Pension Liability | State of Alaska Proportionate Share of the Net Pension Liability | Total Net Pension Liability | Municipality's Covered Payroll | Municipality's Proportionate Share of the Net Pension Liability as a percentage of Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|----------------------------|---|--|---|---|-----------------------------------|--------------------------------------|--|---|
| 2015 | 2015 | 6.16382% | \$ 298,946,265 | \$ 80,071,590 | \$ 379,017,855 | \$ 194,627,317 | 154% | 63.96% |

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

| Year Ended December 31, | Measurement Period Ended June 30, | Contractually Required Contribution | Contributions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | Municipality's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|----------------------------|---|---|---|--|--------------------------------------|---|
| 2015 | 2015 | \$ 21,876,448 | \$ 21,876,448 | - | \$ 199,173,691 | 10.984% |

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

| | 2015 |
|--|----------------------|
| Total pension liability: | |
| Service cost | \$ - |
| Interest | 6,480,803 |
| Differences between expected and actual experiences | 334,288 |
| Changes of assumptions | 657,285 |
| Benefits payments, including refunds of member contributions | <u>(8,554,565)</u> |
| Net changes in total pension liability | <u>(1,082,189)</u> |
| | |
| Total pension liability - beginning | <u>87,364,506</u> |
| Total pension liability - ending (a) | <u>86,282,317</u> |
| | |
| Plan fiduciary net position: | |
| Contributions- Employer- Municipality of Anchorage | 1,338,525 |
| Contributions- Plan members | - |
| Total net investment income | 416,540 |
| Benefits payments, including refunds of member contributions | (8,554,565) |
| Administrative expenses | <u>(148,501)</u> |
| Net change in plan fiduciary net position | <u>(6,948,001)</u> |
| | |
| Plan fiduciary net position - beginning | <u>75,493,420</u> |
| Plan fiduciary net position - ending (b) | <u>68,545,419</u> |
| Plan's net pension liability (a) - (b) | <u>\$ 17,736,898</u> |
| | |
| Plan fiduciary net position as a percentage of the total pension liability | 79.44% |
| Covered-employee payroll | \$ - |
| Net pension liability as a percentage of covered-employee payroll | N/A |

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

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

| | 2015 |
|--|---------------|
| Total pension liability: | |
| Service cost | \$ - |
| Interest | 4,879,585 |
| Differences between expected and actual experiences | 53,268 |
| Changes of assumptions | 542,944 |
| Benefits payments, including refunds of member contributions | (5,905,860) |
| Net changes in total pension liability | (430,063) |
| | |
| Total pension liability - beginning | 65,511,715 |
| Total pension liability - ending (a) | 65,081,652 |
| | |
| Plan fiduciary net position: | |
| Contributions- Employer- Municipality of Anchorage | 964,863 |
| Contributions- Plan members | 3,114 |
| Total net investment income | 311,642 |
| Benefits payments, including refunds of member contributions | (5,905,860) |
| Administrative expenses | (113,263) |
| Net change in plan fiduciary net position | (4,739,504) |
| | |
| Plan fiduciary net position - beginning | 57,108,531 |
| Plan fiduciary net position - ending (b) | 52,369,027 |
| Plan's net pension liability (a) - (b) | \$ 12,712,625 |
| | |
| Plan fiduciary net position as a percentage of the total pension liability | 80.47% |
| Covered-employee payroll | \$ - |
| Net pension liability as a percentage of covered-employee payroll | N/A |

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

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

| | 2015 |
|--|---------------|
| Total pension liability: | |
| Service cost | \$ 783,360 |
| Interest | 18,458,939 |
| Differences between expected and actual experiences | 33,760 |
| Changes of assumptions | 2,559,038 |
| Benefits payments, including refunds of member contributions | (17,729,611) |
| Net changes in total pension liability | 4,105,486 |
| | |
| Total pension liability - beginning | 244,734,512 |
| Total pension liability - ending (a) | 248,839,998 |
| | |
| Plan fiduciary net position: | |
| Contributions- Employer- Municipality of Anchorage | 3,587,533 |
| Contributions- Plan members | 186,947 |
| Total net investment income | 1,123,661 |
| Benefits payments, including refunds of member contributions | (17,729,611) |
| Administrative expenses | (428,114) |
| Net change in plan fiduciary net position | (13,259,584) |
| | |
| Plan fiduciary net position - beginning | 211,965,376 |
| Plan fiduciary net position - ending (b) | 198,705,792 |
| Plan's net pension liability (a) - (b) | \$ 50,134,206 |
| | |
| Plan fiduciary net position as a percentage of the total pension liability | 79.85% |
| Covered-employee payroll | \$ 2,199,063 |
| Net pension liability as a percentage of covered-employee payroll | 2279.80% |

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

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

| Plan I | | | | | |
|----------------------------|---|---|--|--------------------------------------|---|
| Year Ended December 31, | Contractually Required Contribution | Contribtuions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | Municipality's Covered Payroll | Contributions as a Percentage of Covered Payroll |
| 2015 | \$ 1,339,000 | \$ 1,339,000 | \$ - | \$ - | 0.000% |

| Plan II | | | | | |
|----------------------------|---|---|--|--------------------------------------|---|
| Year Ended December 31, | Contractually Required Contribution | Contribtuions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | Municipality's Covered Payroll | Contributions as a Percentage of Covered Payroll |
| 2015 | \$ 965,000 | \$ 965,000 | \$ - | \$ - | 0.000% |

| Plan III | | | | | |
|----------------------------|---|---|--|--------------------------------------|---|
| Year Ended December 31, | Contractually Required Contribution | Contribtuions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | Municipality's Covered Payroll | Contributions as a Percentage of Covered Payroll |
| 2015 | \$ 3,588,000 | \$ 3,588,000 | \$ - | \$ 2,199,063 | 163.160% |

MUNICIPALITY OF ANCHORAGE, ALASKA
 Required Supplementary Information
 International Brotherhood of Electrical Workers (IBEW)- Defined Benefit
 Schedule of Municipality Contributions
 Last Ten Calendar Years

| Year Ended December 31, | Contractually Required Contribution | Contributions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | Municipality's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|----------------------------|---|---|--|--------------------------------------|---|
| 2015 | \$ 3,059,562 | \$ 3,059,562 | \$ - | \$ 20,773,482 | 14.73% |
| 2014 | 2,642,768 | 2,642,768 | - | 19,554,891 | 13.51% |
| 2013 | 2,637,978 | 2,637,978 | - | 19,679,139 | 13.40% |
| 2012 | 2,778,451 | 2,778,451 | - | 19,988,244 | 13.90% |
| 2011 | 2,649,741 | 2,649,741 | - | 18,622,524 | 14.23% |
| 2010 | 2,560,129 | 2,560,129 | - | 17,589,819 | 14.55% |
| 2009 | 2,560,894 | 2,560,894 | - | 16,854,932 | 15.19% |
| 2008 | 2,324,707 | 2,324,707 | - | 15,402,081 | 15.09% |
| 2007 | 1,490,810 | 1,490,810 | - | 14,488,661 | 10.29% |
| 2006 | 1,472,067 | 1,472,067 | - | 13,869,619 | 10.61% |

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

| Year Ended December 31, | Contractually Required Contribution | Contributions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | Municipality's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|----------------------------|---|---|--|--------------------------------------|---|
| 2015 \$ | 1,673,864 | \$ 1,673,864 | \$ - | \$ 8,615,835 | 19.43% |
| 2014 | 1,519,659 | 1,519,659 | - | 8,336,369 | 18.23% |

MUNICIPALITY OF ANCHORAGE, ALASKA
Notes to the Required Supplementary Information
Pension Plans
December 31, 2015

Public Employees Retirement System- Defined Benefit

In accordance with GASB Statement No. 82, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based. Because a portion of the Municipality's contributions to the Plan (the DBUL) are based on Defined Contribution Wages, covered payroll reported here includes all PERS participating wages (both Defined Benefit and Defined Contribution).

Both pension tables are intended to present 10 years of information. Additional year's information will be added to the schedules as it becomes available.

Schedule of Municipality's Information on the Net Pension Liability

- This table is presented based on the Plan measurement date. For December 31, 2015, the Plan measurement date is June 30, 2015.
- There were no changes in benefit terms from the prior measurement period.
- There were no changes in assumptions from the prior measurement period.
- There was a material change in the allocation methodology from the prior measurement period. The measurement period ended June 30, 2014 allocated the net pension liability based in actual contributions for 2014. The measurement period ended June 30, 2015 allocated the net pension liability based on the present value of contributions for fiscal year 2017 through 2039, as determined by projections based on the June 30, 2014 actuarial valuation.

Schedule of Municipality Contributions

- This table is based on the Municipality's contributions during calendar year 2015. A portion of these contributions are included in the plan measurement results, while a portion of the contributions are reported as a deferred outflow on the December 31, 2015 basic financial statements.

Police and Fire Retirement System- Defined Benefit

These schedules for the Police and Fire Retirement System are presented for Plans I, II, and III separately. Both pension tables are intended to present 10 years of information. Additional year's information will be added to the schedules as it becomes available.

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

- This table is based on the Municipality's contributions during calendar year 2015.
- In accordance with GASB Statement No. 82, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based.

Schedule of Municipality Contributions

- This table is based on the Municipality's contributions during calendar year 2015.

International Brotherhood of Electrical Workers (IBEW)- Defined Benefit

Schedule of Electric Utility Contributions

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Notes to the Required Supplementary Information
Pension Plans
December 31, 2015

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

This pension table is intended to present 10 years of information. At this time, it is not practical to reconstruct more than 2 years of data. Additional year's information will be added to the schedules as it becomes available.

Schedule of Municipality Contributions

- This table is based on the Municipality's contributions during calendar year 2015.
- In accordance with GASB Statement No. 78, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based.

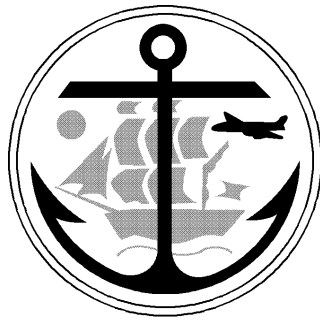
MUNICIPALITY OF ANCHORAGE, ALASKA
Other Postemployment Benefits Information
Schedule of Funding Progress
Police and Fire Retirement Systems
Valuation Years 2015 through 2013
(in thousands)

| | Gentile Group | | |
|---|-----------------|-----------------|-----------------|
| | 2015 | 2014 | 2013 |
| Actuarial valuation date | January 1, 2015 | January 1, 2014 | January 1, 2013 |
| Actuarial value of plan assets | \$ - | \$ - | \$ - |
| Actuarial accrued liability (AAL)* | 99,485 | 87,466 | 87,466 |
| Unfunded actuarial accrued liability (UAAL) | 99,485 | 87,466 | 87,466 |
| Funded ratio | 0% | 0% | 0% |

| | Police & Fire Retiree Medical Group | | |
|---|-------------------------------------|-----------------|-----------------|
| | 2015 | 2014 | 2013 |
| Actuarial valuation date | January 1, 2015 | January 1, 2014 | January 1, 2013 |
| Actuarial value of plan assets | \$ 16,332 | \$ 12,948 | \$ 12,948 |
| Actuarial accrued liability (AAL)* | 50,120 | 41,275 | 41,275 |
| Unfunded actuarial accrued liability (UAAL) | 33,788 | 28,327 | 28,327 |
| Funded ratio | 33% | 31% | 31% |

* Based on projected unit credit actuarial cost method.

| Postemployment Healthcare Benefits (in thousands) | | | | | | | |
|---|--------------------------|--------------------------------|-----------------------------------|-------------------------------------|--------------|-----------------|---|
| | Actuarial Valuation Year | Actuarial Value of Plan Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Liability (UAAL) | Funded Ratio | Covered Payroll | Unfunded Liability as Percentage of Covered Payroll |
| Gentile Group | 2015 | - | \$ 99,485 | \$ 99,485 | 0% | \$ - | 100% |
| | 2014 | - | 87,466 | 87,466 | 0% | 119 | 73501% |
| | 2013 | - | 87,466 | 87,466 | 0% | 257 | 34033% |
| Police & Fire | 2015 | \$ 16,332 | \$ 50,120 | \$ 33,788 | 33% | \$ 2,199 | 1537% |
| | 2014 | 12,948 | 41,275 | 28,327 | 31% | 4,817 | 588% |
| | 2013 | 12,948 | 41,275 | 28,327 | 31% | 6,161 | 460% |



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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, 2015

| | Budget | | Actual Budgetary Basis | Budget to GAAP Difference | Actual GAAP Basis | Variance With Final Budget |
|---|--------------------|--------------------|---------------------------|---------------------------------|----------------------|-------------------------------|
| | Original | Final | | | | |
| Revenues & other financing sources: | | | | | | |
| Areawide Service Area | \$ 124,859,386 | \$ 362,009,777 | \$ 376,020,114 | \$ - | \$ 376,020,114 | \$ 14,010,337 |
| Former City Service Area | - | - | (19) | - | (19) | (19) |
| Chugiak Fire Service Area | 57,865 | 1,314,120 | 1,342,315 | - | 1,342,315 | 28,195 |
| Glen Alps Service Area | 12,759 | 335,372 | 333,333 | - | 333,333 | (2,039) |
| Girdwood Valley Service Area | 58,892 | 2,245,386 | 2,274,760 | - | 2,274,760 | 29,374 |
| Former Borough Roads & Drainage Service Area | - | - | 721 | - | 721 | 721 |
| Fire Service Area | 2,725,550 | 75,884,784 | 87,175,314 | - | 87,175,314 | 11,290,530 |
| Roads & Drainage Service Area | 4,000,786 | 67,999,037 | 173,699,642 | - | 173,699,642 | 105,700,605 |
| Limited Service Areas | 288,730 | 10,169,039 | 10,188,628 | - | 10,188,628 | 19,589 |
| Anchorage Metropolitan Police Service Area | 10,319,313 | 111,716,835 | 111,171,510 | - | 111,171,510 | (545,325) |
| Anchorage Bowl Parks & Recreation Service Area | 2,770,323 | 19,310,672 | 27,058,697 | - | 27,058,697 | 7,748,025 |
| Eagle River - Chugiak Parks & Recreational Service Area | 505,726 | 4,468,908 | 5,553,545 | - | 5,553,545 | 1,084,637 |
| Building Safety Service Area | 6,621,400 | 6,621,400 | 6,774,796 | - | 6,774,796 | 153,396 |
| Public Finance & Investment | 1,780,466 | 1,939,133 | 2,234,380 | - | 2,234,380 | 295,247 |
| Police/Fire Retiree Medical Defined Contribution Support | 610 | 610 | 728 | - | 728 | 118 |
| SOA PERs On-Behalf Payments | - | - | - | (1) 38,563,291 | 38,563,291 | - |
| MOA Trust Fund | - | - | - | - | - | - |
| Total revenues & other finance sources | 154,001,806 | 664,015,073 | 803,828,464 | 38,563,291 | 842,391,755 | 139,813,391 |
| Expenditures & other financing uses: | | | | | | |
| Areawide Service Area | 118,554,770 | 362,919,222 | 370,848,185 | - | 370,848,185 | (7,928,963) |
| Former City Service Area | - | - | - | - | - | - |
| Chugiak Fire Service Area | 1,282,512 | 1,314,120 | 1,231,937 | - | 1,231,937 | 82,183 |
| Glen Alps Service Area | 324,425 | 335,372 | 306,889 | - | 306,889 | 28,483 |
| Girdwood Valley Service Area | 2,127,917 | 2,245,386 | 2,198,077 | - | 2,198,077 | 47,309 |
| Former Borough Roads & Drainage Service Area | - | - | - | - | - | - |
| Fire Service Area | 75,710,032 | 78,048,748 | 86,964,014 | - | 86,964,014 | (8,915,266) |
| Roads & Drainage Service Area | 69,773,876 | 71,181,557 | 173,844,973 | - | 173,844,973 | (102,663,416) |
| Limited Service Areas | 9,899,411 | 11,088,403 | 9,019,106 | - | 9,019,106 | 2,069,297 |
| Anchorage Metropolitan Police Service Area | 110,481,451 | 112,979,691 | 110,581,734 | - | 110,581,734 | 2,397,957 |
| Anchorage Parks & Recreation Service Area | 20,032,346 | 20,461,724 | 27,074,474 | - | 27,074,474 | (6,612,750) |
| Eagle River - Chugiak Parks & Recreational Service Area | 4,113,882 | 4,468,908 | 4,713,620 | - | 4,713,620 | (244,712) |
| Building Safety Service Area | 7,291,845 | 7,487,168 | 6,967,732 | - | 6,967,732 | 519,436 |
| Public Finance & Investment | 1,648,279 | 1,837,623 | 1,937,900 | - | 1,937,900 | (100,277) |
| Police/Fire Retiree Medical Defined Contribution Support | 193,524 | 193,524 | 227,299 | - | 227,299 | (33,775) |
| SOA PERs On-Behalf Payments | - | - | - | (1) 38,563,291 | 38,563,291 | - |
| MOA Trust Fund | - | - | - | - | - | - |
| Total expenditures & other financing uses | 421,434,270 | 674,561,446 | 795,915,940 | 38,563,291 | 834,479,231 | (121,354,494) |
| Net change in fund balance | (267,432,464) | (10,546,373) | 7,912,524 | - | 7,912,524 | 18,458,897 |
| Fund balance, beginning of year | 75,715,161 | 75,715,161 | 75,715,161 | - | 75,715,161 | - |
| Fund balance, end of year | \$ (191,717,303) | \$ 65,168,788 | \$ 83,627,685 | \$ - | \$ 83,627,685 | \$ 18,458,897 |

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.

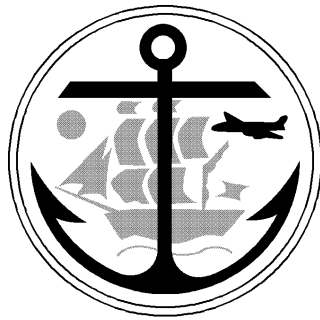
MUNICIPALITY OF ANCHORAGE, ALASKA
Additional Supplementary Information - Budgetary Comparison Schedule
by Department for the General Fund and Sub-funds
For the year ended December 31, 2015

| | Budget | | Actual Budgetary Basis | Budget to GAAP Difference | Actual GAAP Basis | Variance With Final Budget |
|--|----------------|----------------|---------------------------|---------------------------------|----------------------|-------------------------------|
| | Original | Final | | | | |
| Expenditures & other financing uses: | | | | | | |
| Assembly | \$ 3,635,639 | \$ 4,241,152 | \$ 3,820,760 | (1) \$ 305,742 | \$ 4,126,502 | \$ 420,392 |
| Chief Fiscal Officer | 464,136 | 779,076 | 606,969 | (1) 48,571 | 655,540 | 172,107 |
| Development Services | 9,354,809 | 9,354,809 | 8,943,438 | (1) 1,213,896 | 10,157,334 | 411,371 |
| Economic & Community Development | 23,034,403 | 23,450,800 | 32,447,660 | (1) 1,284,908 | 33,732,568 | (8,996,860) |
| Education | - | 239,493,695 | 239,493,695 | - | 239,493,695 | - |
| Employee Relations | 3,887,275 | 4,035,407 | 3,460,419 | (1) 276,907 | 3,737,326 | 574,988 |
| Office of Equal Opportunity | 243,901 | 243,901 | 200,144 | (1) 16,017 | 216,161 | 43,757 |
| Equal Rights Commission | 752,768 | 752,768 | 623,600 | (1) 49,902 | 673,502 | 129,168 |
| Finance | 13,485,647 | 15,808,646 | 13,700,950 | (1) 1,096,368 | 14,797,318 | 2,107,696 |
| Fire | 90,394,756 | 93,105,314 | 105,694,284 | (1) 11,524,107 | 117,218,391 | (12,588,970) |
| Health & Human Services | 10,510,522 | 11,377,650 | 12,076,022 | (1) 1,561,227 | 13,637,249 | (698,372) |
| Heritage Land Bank/Real Estate Services | 7,324,964 | 7,652,831 | 7,582,109 | (1) 606,730 | 8,188,839 | 70,722 |
| Information Technology | 1,246,211 | 1,246,211 | 1,168,899 | (1) 93,537 | 1,262,436 | 77,312 |
| Internal Audit | 744,389 | 859,389 | 749,509 | (1) 59,977 | 809,486 | 109,880 |
| Maintenance & Operations | 93,131,612 | 95,867,482 | 196,555,268 | (1) 1,048,014 | 197,603,281 | (100,687,786) |
| Management & Budget | 1,049,668 | 1,074,668 | 975,351 | (1) 78,049 | 1,053,400 | 99,317 |
| Mayor | 2,151,919 | 2,473,492 | 2,436,419 | (1) 194,965 | 2,631,384 | 37,073 |
| Municipal Attorney | 7,881,630 | 7,881,630 | 7,315,097 | (1) 585,364 | 7,900,461 | 566,533 |
| Municipal Manager | 3,078,194 | 3,175,685 | 6,903,614 | (1) 552,436 | 7,456,050 | (3,727,929) |
| Non Departmental - TANS | 267,600 | 180,001 | 60,234 | - | 60,234 | 119,767 |
| Parks & Recreation | 16,438,923 | 16,903,706 | 15,832,046 | (1) 626,939 | 16,458,985 | 1,071,660 |
| Planning | 4,084,924 | 4,276,644 | 4,236,859 | (1) 167,777 | 4,404,636 | 39,785 |
| Police | 97,754,193 | 100,703,022 | 99,112,330 | (1) 12,916,842 | 112,029,173 | 1,590,692 |
| Police/Fire Retiree Medical | 192,714 | 192,714 | 195,781 | - | 195,781 | (3,067) |
| Project Management & Engineering | 9,118,148 | 9,176,775 | 9,108,742 | (1) 1,236,332 | 10,345,074 | 68,033 |
| Public Transportation | 23,447,820 | 23,526,556 | 24,493,796 | (1) 2,004,912 | 26,498,708 | (967,240) |
| Purchasing | 1,737,979 | 1,787,356 | 1,551,367 | (1) 124,142 | 1,675,509 | 235,989 |
| Traffic | 6,646,255 | 6,641,255 | 6,554,385 | (1) 889,630 | 7,444,015 | 86,870 |
| Total expenditures & other financing uses | 432,060,999 | 686,262,635 | 805,899,747 | 38,563,291 | 844,463,038 | (119,637,112) |
| Less: net intragovernmental costs & billings | (10,626,729) | (11,701,189) | (9,983,807) | - | (9,983,807) | (1,717,382) |
| Total expenditures & other financing uses | \$ 421,434,270 | \$ 674,561,446 | \$ 795,915,940 | \$ 38,563,291 | \$ 834,479,231 | \$ (121,354,494) |

Explanation of differences:

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

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



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

Debt Service Funds

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

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

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

Capital Projects Funds

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

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

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

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

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

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

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

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

Permanent Fund

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

| | Special Revenue | | | | | |
|---|-------------------------------|--|---|---------------------------|-------------------------|---------------------------|
| | Convention | | | | | |
| | Heritage Land Bank | Federal/State Fines and Forfeitures | Center Operating Reserve | E911 Surcharge | State Grants | Federal Grants |
| Assets | | | | | | |
| Cash | \$ - | \$ 35,694 | \$ - | \$ - | \$ - | \$ - |
| Cash in central treasury | 4,138,795 | 2,247,625 | 15,528,534 | - | 17,842,211 | - |
| Investments | - | - | - | - | - | 1,379,506 |
| Due from other funds | 85,000 | - | - | - | - | - |
| Receivables (net of allowance for uncollectibles) | - | - | 2,092,911 | 844,125 | - | - |
| Intergovernmental receivables | - | - | - | - | 3,470,618 | 4,853,781 |
| Special assessments receivable | - | - | - | - | - | - |
| Prepaid items and deposits | - | - | 875,000 | - | 23,604 | - |
| Loans receivable | - | - | - | - | - | 5,175,139 |
| Advances to other funds | 2,115,400 | - | - | - | - | - |
| Investments | - | - | - | - | - | - |
| Investments in Angel Fund program | - | - | - | - | - | - |
| Total assets | <u>6,339,195</u> | <u>2,283,319</u> | <u>18,496,445</u> | <u>844,125</u> | <u>21,336,433</u> | <u>11,408,426</u> |
| Liabilities | | | | | | |
| Accounts payable and retainages | 707 | 42,473 | 1,411,702 | 13,415 | 696,064 | 121,498 |
| Accrued payroll liabilities | 9,784 | - | - | - | 258,485 | 48,819 |
| Due to other funds | - | - | - | 830,710 | - | 1,758,226 |
| Unearned revenue and deposits | - | - | - | - | 630,097 | 4,146,920 |
| Advances from other funds | - | - | - | - | - | - |
| Total liabilities | <u>10,491</u> | <u>42,473</u> | <u>1,411,702</u> | <u>844,125</u> | <u>1,584,646</u> | <u>6,075,463</u> |
| Deferred Inflows of Resources | | | | | | |
| Unavailable revenue-advanced lease payments | 661 | - | - | - | - | - |
| Unavailable revenue-intergovernmental revenues | - | - | - | - | - | 2,579,927 |
| Unavailable revenue-special assessments | - | - | - | - | - | - |
| Total deferred inflows of resources | <u>661</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,579,927</u> |
| Fund Balances (Deficits) | | | | | | |
| Nonspendable | - | - | 875,000 | - | 23,604 | - |
| Restricted | - | 821,034 | 13,549,365 | - | 958,154 | 1,929,869 |
| Committed | 6,328,043 | - | - | - | - | - |
| Assigned | - | 1,419,812 | 2,660,378 | - | 18,770,029 | 823,167 |
| Unassigned | - | - | - | - | - | - |
| Total fund balances (deficits) | <u>6,328,043</u> | <u>2,240,846</u> | <u>17,084,743</u> | <u>-</u> | <u>19,751,787</u> | <u>2,753,036</u> |
| Total liabilities, deferred inflows of resources and fund balances (deficits) | <u>\$ 6,339,195</u> | <u>\$ 2,283,319</u> | <u>\$ 18,496,445</u> | <u>\$ 844,125</u> | <u>\$ 21,336,433</u> | <u>\$ 11,408,426</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2015

Special Revenue (Continued)

| | 49th State Angel Fund | Police/Fire Retiree Medical Liability | Miscellaneous Operational Grants | Other Restricted Resources | Total Special Revenue |
|---|--------------------------------------|--|---|---|--------------------------------------|
| Assets | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ 35,694 |
| Cash in central treasury | 11,453,997 | - | 1,164,643 | - | 52,375,805 |
| Investments | - | 34,413,390 | - | - | 35,792,896 |
| Due from other funds | - | - | - | - | 85,000 |
| Receivables (net of allowance for uncollectibles) | - | - | 20,679 | - | 2,957,715 |
| Intergovernmental receivables | - | - | - | - | 8,324,399 |
| Special assessments receivable | - | - | - | 93,797 | 93,797 |
| Prepaid items and deposits | - | - | - | - | 898,604 |
| Loans receivable | - | - | - | - | 5,175,139 |
| Advances to other funds | - | - | - | - | 2,115,400 |
| Investments | - | - | - | - | - |
| Investments in Angel Fund program | 1,157,500 | - | - | - | 1,157,500 |
| Total assets | <u>12,611,497</u> | <u>34,413,390</u> | <u>1,185,322</u> | <u>93,797</u> | <u>109,011,949</u> |
| Liabilities | | | | | |
| Accounts payable and retainages | - | - | 206,882 | 12,336 | 2,505,077 |
| Accrued payroll liabilities | 7 | - | - | - | 317,095 |
| Due to other funds | - | 9,250 | - | 127,379 | 2,725,565 |
| Unearned revenue and deposits | - | - | 20,679 | - | 4,797,696 |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | <u>7</u> | <u>9,250</u> | <u>227,561</u> | <u>139,715</u> | <u>10,345,433</u> |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue-advanced lease payments | - | - | - | - | 661 |
| Unavailable revenue-intergovernmental revenues | - | - | - | - | 2,579,927 |
| Unavailable revenue-special assessments | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,580,588</u> |
| Fund Balances (Deficits) | | | | | |
| Nonspendable | - | - | - | - | 898,604 |
| Restricted | 12,611,490 | 34,404,140 | 713,050 | - | 64,987,102 |
| Committed | - | - | - | - | 6,328,043 |
| Assigned | - | - | 244,711 | - | 23,918,097 |
| Unassigned | - | - | - | (45,918) | (45,918) |
| Total fund balances (deficits) | <u>12,611,490</u> | <u>34,404,140</u> | <u>957,761</u> | <u>(45,918)</u> | <u>96,085,928</u> |
| Total liabilities, deferred inflows of resources and fund balances (deficits) | <u>\$ 12,611,497</u> | <u>\$ 34,413,390</u> | <u>\$ 1,185,322</u> | <u>\$ 93,797</u> | <u>\$ 109,011,949</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

| | <u>Debt Service</u> | | | | <u>Capital Projects</u> |
|---|----------------------|-------------------|----------------------|-----------------------|-------------------------|
| | Jail Revenue Bond | ACPA Surcharge | | Total Debt Service | Areawide |
| | | Revenue Bond | CIVICVentures | | |
| Assets | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ - |
| Cash in central treasury | 3 | 555,619 | - | 555,622 | 532,401 |
| Investments | - | - | - | - | - |
| Due from other funds | - | - | - | - | 5,175,998 |
| Receivables (net of allowance for uncollectibles) | - | 139,608 | - | 139,608 | - |
| Intergovernmental receivables | - | - | - | - | 5,897,235 |
| Special assessments receivable | - | - | - | - | - |
| Prepaid items and deposits | - | - | - | - | - |
| Loans receivable | - | - | - | - | - |
| Advances to other funds | - | - | - | - | - |
| Investments | - | - | 13,117,583 | 13,117,583 | - |
| Investments in Angel Fund program | - | - | - | - | - |
| Total assets | <u>3</u> | <u>695,227</u> | <u>13,117,583</u> | <u>13,812,813</u> | <u>11,605,634</u> |
| Liabilities | | | | | |
| Accounts payable and retainages | - | - | - | - | 1,488,876 |
| Accrued payroll liabilities | - | - | - | - | - |
| Due to other funds | - | - | - | - | 89,910 |
| Unearned revenue and deposits | - | - | - | - | - |
| Advances from other funds | - | - | - | - | 1,062,188 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,640,974</u> |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue-advanced lease payments | - | - | - | - | - |
| Unavailable revenue-intergovernmental revenues | - | - | - | - | - |
| Unavailable revenue-special assessments | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances (Deficits) | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | - | 695,227 | 13,117,583 | 13,812,810 | 3,860,348 |
| Committed | - | - | - | - | 5,104,312 |
| Assigned | 3 | - | - | 3 | - |
| Unassigned | - | - | - | - | - |
| Total fund balances (deficits) | <u>3</u> | <u>695,227</u> | <u>13,117,583</u> | <u>13,812,813</u> | <u>8,964,660</u> |
| Total liabilities, deferred inflows of resources and fund balances (deficits) | <u>\$ 3</u> | <u>\$ 695,227</u> | <u>\$ 13,117,583</u> | <u>\$ 13,812,813</u> | <u>\$ 11,605,634</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

Capital Projects (Continued)

| | Public Safety | Public Transportation | Miscellaneous | Parks and Recreation | Historic Preservation |
|---|--------------------------|----------------------------------|----------------------|---------------------------------|----------------------------------|
| Assets | | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - | \$ - |
| Cash in central treasury | 1,601,047 | 368,746 | - | 3,848,044 | 100,610 |
| Investments | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Receivables (net of allowance for uncollectibles) | - | - | - | - | - |
| Intergovernmental receivables | 4,607,407 | 339,755 | 3,780,010 | 5,464,228 | - |
| Special assessments receivable | - | - | 628 | - | - |
| Prepaid items and deposits | - | - | - | - | - |
| Loans receivable | - | - | - | - | - |
| Advances to other funds | - | - | - | - | - |
| Investments | - | - | - | - | - |
| Investments in Angel Fund program | - | - | - | - | - |
| Total assets | <u>6,208,454</u> | <u>708,501</u> | <u>3,780,638</u> | <u>9,312,272</u> | <u>100,610</u> |
| Liabilities | | | | | |
| Accounts payable and retainages | 1,028,020 | 27,057 | 875,656 | 661,818 | - |
| Accrued payroll liabilities | - | 3,045 | - | - | - |
| Due to other funds | 1,094,676 | - | 567,012 | - | - |
| Unearned revenue and deposits | 32,790 | - | 1,356,264 | 14,075 | - |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | <u>2,155,486</u> | <u>30,102</u> | <u>2,798,932</u> | <u>675,893</u> | <u>-</u> |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue-advanced lease payments | - | - | - | - | - |
| Unavailable revenue-intergovernmental revenues | - | - | - | - | - |
| Unavailable revenue-special assessments | - | - | 2,904 | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>2,904</u> | <u>-</u> | <u>-</u> |
| Fund Balances (Deficits) | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 2,528,305 | 678,399 | 919,495 | 4,130,707 | - |
| Committed | 1,523,484 | - | 59,307 | 4,223,573 | - |
| Assigned | 1,179 | - | - | 282,099 | 100,610 |
| Unassigned | - | - | - | - | - |
| Total fund balances (deficits) | <u>4,052,968</u> | <u>678,399</u> | <u>978,802</u> | <u>8,636,379</u> | <u>100,610</u> |
| Total liabilities, deferred inflows of resources and fund balances (deficits) | <u>\$ 6,208,454</u> | <u>\$ 708,501</u> | <u>\$ 3,780,638</u> | <u>\$ 9,312,272</u> | <u>\$ 100,610</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

| | <u>Capital Projects (Continued)</u> | | <u>Permanent Fund</u> | <u>Total Nonmajor Governmental Fund</u> |
|---|-------------------------------------|---------------------------------------|---|---|
| | <u>Heritage Land Bank</u> | <u>Total Capital Projects</u> | <u>Cemetery Perpetual Maintenance</u> | |
| Assets | | | | |
| Cash | \$ - | \$ - | \$ - | \$ 35,694 |
| Cash in central treasury | 1,339,687 | 7,790,535 | 486,734 | 61,208,696 |
| Investments | - | - | - | 35,792,896 |
| Due from other funds | - | 5,175,998 | - | 5,260,998 |
| Receivables (net of allowance for uncollectibles) | - | - | - | 3,097,323 |
| Intergovernmental receivables | - | 20,088,635 | - | 28,413,034 |
| Special assessments receivable | - | 628 | - | 94,425 |
| Prepaid items and deposits | - | - | - | 898,604 |
| Loans receivable | - | - | - | 5,175,139 |
| Advances to other funds | - | - | - | 2,115,400 |
| Investments | - | - | - | 13,117,583 |
| Investments in Angel Fund program | - | - | - | 1,157,500 |
| Total assets | <u>1,339,687</u> | <u>33,055,796</u> | <u>486,734</u> | <u>156,367,292</u> |
| Liabilities | | | | |
| Accounts payable and retainages | 3,121 | 4,084,548 | - | 6,589,625 |
| Accrued payroll liabilities | - | 3,045 | - | 320,140 |
| Due to other funds | - | 1,751,598 | - | 4,477,163 |
| Unearned revenue and deposits | - | 1,403,129 | - | 6,200,825 |
| Advances from other funds | - | 1,062,188 | - | 1,062,188 |
| Total liabilities | <u>3,121</u> | <u>8,304,508</u> | <u>-</u> | <u>18,649,941</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue-advanced lease payments | - | - | - | 661 |
| Unavailable revenue-intergovernmental revenues | - | - | - | 2,579,927 |
| Unavailable revenue-special assessments | - | 2,904 | - | 2,904 |
| Total deferred inflows of resources | <u>-</u> | <u>2,904</u> | <u>-</u> | <u>2,583,492</u> |
| Fund Balances (Deficits) | | | | |
| Nonspendable | - | - | 150,000 | 1,048,604 |
| Restricted | - | 12,117,254 | - | 90,917,166 |
| Committed | 1,336,566 | 12,247,242 | - | 18,575,285 |
| Assigned | - | 383,888 | 336,734 | 24,638,722 |
| Unassigned | - | - | - | (45,918) |
| Total fund balances (deficits) | <u>1,336,566</u> | <u>24,748,384</u> | <u>486,734</u> | <u>135,133,859</u> |
| Total liabilities, deferred inflows of resources and fund balances (deficits) | <u>\$ 1,339,687</u> | <u>\$ 33,055,796</u> | <u>\$ 486,734</u> | <u>\$ 156,367,292</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2015

| | Special Revenue | | | | | |
|---|-----------------------|---|----------------------|-------------------|-----------------|-------------------|
| | Heritage Land Bank | Federal/State Fines and Forfeitures | Convention Center | | | Federal Grants |
| | | | Operating Reserve | E911 Surcharge | State Grants | |
| Revenues | | | | | | |
| Hotel and motel taxes | \$ - | \$ - | \$ 15,144,345 | \$ - | \$ - | \$ - |
| Special assessments | - | - | - | - | - | - |
| Intergovernmental | 51,748 | - | - | - | 18,130,996 | 7,034,488 |
| Charges for services | 767,407 | - | - | - | - | - |
| Fines and forfeitures | - | 380,958 | - | - | - | - |
| E911 surcharges | - | - | - | 6,378,754 | - | - |
| Investment income (loss) | 101,445 | 15,150 | 116,789 | - | 1,079 | 7,778 |
| Restricted contributions | - | - | - | - | - | - |
| Other | 50,000 | 1,940 | 271,899 | - | 1,500 | 486,448 |
| Total revenues | 970,600 | 398,048 | 15,533,033 | 6,378,754 | 18,133,575 | 7,528,714 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 804,725 | 2,532 | - | - | 1,775,259 | - |
| Fire services | - | - | - | 793,844 | 89,788 | 68,298 |
| Police services | - | 356,765 | - | 5,584,910 | 154,085 | 785,228 |
| Health and human services | - | - | - | - | 9,809,017 | 469,720 |
| Economic and community development | - | - | 7,255,080 | - | 2,202,342 | 2,116,628 |
| Public transportation | - | - | - | - | 1,974,319 | 4,273,974 |
| Public works | - | - | - | - | 2,519,932 | 750 |
| Education | - | - | - | - | 746,054 | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | 98,000 |
| Interest | - | - | - | - | - | 79,674 |
| Bond issuance costs | - | - | - | - | - | - |
| Capital projects | - | - | - | - | - | - |
| Total expenditures | 804,725 | 359,297 | 7,255,080 | 6,378,754 | 19,270,796 | 7,892,272 |
| Excess (deficiency) of revenues over expenditures | 165,875 | 38,751 | 8,277,953 | - | (1,137,221) | (363,558) |
| Other financing sources (uses) | | | | | | |
| Transfers from other funds | - | - | 567,054 | - | 425,034 | 533,943 |
| Transfers to other funds | (630,000) | - | (5,992,742) | - | - | - |
| General obligation bonds issued | - | - | - | - | - | - |
| Refunding bonds issued | - | - | - | - | - | - |
| Premium on bond sale | - | - | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - |
| Total other financing sources (uses) | (630,000) | - | (5,425,688) | - | 425,034 | 533,943 |
| Net change in fund balances | (464,125) | 38,751 | 2,852,265 | - | (712,187) | 170,385 |
| Fund balances (deficits), beginning of year | 6,792,168 | 2,202,095 | 14,232,478 | - | 20,463,974 | 2,582,651 |
| Fund balances (deficits), end of year | \$ 6,328,043 | \$ 2,240,846 | \$ 17,084,743 | \$ - | \$ 19,751,787 | \$ 2,753,036 |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2015

Special Revenue (Continued)

| | 49th State Angel Fund | Police/Fire Retiree Medical Liability | Miscellaneous Operational Grants | Other Restricted Resources | Total Special Revenue |
|---|--------------------------------------|--|---|---|--------------------------------------|
| Revenues | | | | | |
| Hotel and motel taxes | \$ - | \$ - | \$ - | \$ - | \$ 15,144,345 |
| Special assessments | - | - | - | 1,168,235 | 1,168,235 |
| Intergovernmental | - | - | - | - | 25,217,232 |
| Charges for services | - | - | - | - | 767,407 |
| Fines and forfeitures | - | - | - | - | 380,958 |
| E911 surcharges | - | - | - | - | 6,378,754 |
| Investment income (loss) | 13,292 | 220,442 | 7,878 | (8,361) | 475,492 |
| Restricted contributions | - | - | 179,092 | - | 179,092 |
| Other | 3,759 | - | - | - | 815,546 |
| Total revenues | 17,051 | 220,442 | 186,970 | 1,159,874 | 50,527,061 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 745 | 51,136 | 97,216 | 1,148,531 | 3,880,144 |
| Fire services | - | 1,600,559 | 217,046 | - | 2,769,535 |
| Police services | - | 1,769,038 | - | - | 8,650,026 |
| Health and human services | - | - | 29,067 | - | 10,307,804 |
| Economic and community development | - | - | 132,102 | - | 11,706,152 |
| Public transportation | - | - | 21,000 | - | 6,269,293 |
| Public works | - | - | - | - | 2,520,682 |
| Education | - | - | - | - | 746,054 |
| Debt service: | | | | | |
| Principal | - | - | - | - | 98,000 |
| Interest | - | - | - | - | 79,674 |
| Bond issuance costs | - | - | - | - | - |
| Capital projects | - | - | - | - | - |
| Total expenditures | 745 | 3,420,733 | 496,431 | 1,148,531 | 47,027,364 |
| Excess (deficiency) of revenues over expenditures | 16,306 | (3,200,291) | (309,461) | 11,343 | 3,499,697 |
| Other financing sources (uses) | | | | | |
| Transfers from other funds | - | 1,504,034 | 142,355 | - | 3,172,420 |
| Transfers to other funds | - | - | (8,786) | - | (6,631,528) |
| General obligation bonds issued | - | - | - | - | - |
| Refunding bonds issued | - | - | - | - | - |
| Premium on bond sale | - | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - |
| Total other financing sources (uses) | - | 1,504,034 | 133,569 | - | (3,459,108) |
| Net change in fund balances | 16,306 | (1,696,257) | (175,892) | 11,343 | 40,589 |
| Fund balances (deficits), beginning of year | 12,595,184 | 36,100,397 | 1,133,653 | (57,261) | 96,045,339 |
| Fund balances (deficits), end of year | \$ 12,611,490 | \$ 34,404,140 | \$ 957,761 | \$ (45,918) | \$ 96,085,928 |

MUNICIPALITY OF ANCHORAGE, ALASKA
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the year ended December 31, 2015

| | Debt Service | | | | Capital Projects |
|---|-------------------------|-----------------------------------|-------------------------------|-----------------------|------------------|
| | Jail Revenue Bond | ACPA Surcharge Revenue Bond | CIVICVentures Revenue Bond | Total Debt Service | Areawide |
| Revenues | | | | | |
| Hotel and motel taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | - | - | - |
| Intergovernmental | - | - | - | - | 20,355,928 |
| Charges for services | 5,722,431 | - | - | 5,722,431 | 28,495 |
| Fines and forfeitures | - | - | - | - | - |
| E911 surcharges | - | - | - | - | - |
| Investment income (loss) | 17 | 3,846 | 54,769 | 58,632 | 92,715 |
| Restricted contributions | - | - | - | - | 522,646 |
| Other | - | 383,663 | - | 383,663 | 22,076 |
| Total revenues | 5,722,448 | 387,509 | 54,769 | 6,164,726 | 21,021,860 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Fire services | - | - | - | - | - |
| Police services | - | - | - | - | - |
| Health and human services | - | - | - | - | - |
| Economic and community development | - | - | - | - | - |
| Public transportation | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Education | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | 5,560,000 | 120,000 | 1,690,000 | 7,370,000 | - |
| Interest | 171,283 | 161,914 | 4,777,810 | 5,111,007 | - |
| Bond issuance costs | - | - | 466,694 | 466,694 | 5,473 |
| Capital projects | - | - | - | - | 23,099,885 |
| Total expenditures | 5,731,283 | 281,914 | 6,934,504 | 12,947,701 | 23,105,358 |
| Excess (deficiency) of revenues over expenditures | (8,835) | 105,595 | (6,879,735) | (6,782,975) | (2,083,498) |
| Other financing sources (uses) | | | | | |
| Transfers from other funds | - | - | 5,992,742 | 5,992,742 | 1,842,147 |
| Transfers to other funds | - | - | - | - | (108) |
| General obligation bonds issued | - | - | - | - | 2,163,978 |
| Refunding bonds issued | - | - | 93,790,000 | 93,790,000 | - |
| Premium on bond sale | - | - | 6,711,865 | 6,711,865 | 261,603 |
| Payment to refunded bond escrow agent | - | - | (101,475,000) | (101,475,000) | - |
| Sale of capital assets | - | - | - | - | - |
| Total other financing sources (uses) | - | - | 5,019,607 | 5,019,607 | 4,267,620 |
| Net change in fund balances | (8,835) | 105,595 | (1,860,128) | (1,763,368) | 2,184,122 |
| Fund balances (deficits), beginning of year | 8,838 | 589,632 | 14,977,711 | 15,576,181 | 6,780,538 |
| Fund balances (deficits), end of year | \$ 3 | \$ 695,227 | \$ 13,117,583 | \$ 13,812,813 | \$ 8,964,660 |

MUNICIPALITY OF ANCHORAGE, ALASKA
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the year ended December 31, 2015

Capital Projects(Continued)

| | Public Safety | Public Transportation | Miscellaneous | Parks and Recreation | Historic Preservation |
|---|--------------------------|----------------------------------|----------------------|---------------------------------|----------------------------------|
| Revenues | | | | | |
| Hotel and motel taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | 879 | - | - |
| Intergovernmental | 12,600,463 | 1,314,365 | 8,111,700 | 6,030,524 | - |
| Charges for services | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - |
| E911 surcharges | - | - | - | - | - |
| Investment income (loss) | 35 | - | - | 75,363 | 4,250 |
| Restricted contributions | - | - | - | 1,011,267 | - |
| Other | - | - | - | 21 | - |
| Total revenues | <u>12,600,498</u> | <u>1,314,365</u> | <u>8,112,579</u> | <u>7,117,175</u> | <u>4,250</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Fire services | - | - | - | - | - |
| Police services | - | - | - | - | - |
| Health and human services | - | - | - | - | - |
| Economic and community development | - | - | - | - | - |
| Public transportation | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Education | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Bond issuance costs | 8,480 | 655 | - | 11,977 | - |
| Capital projects | 16,573,569 | 1,696,911 | 8,181,342 | 9,915,783 | - |
| Total expenditures | <u>16,582,049</u> | <u>1,697,566</u> | <u>8,181,342</u> | <u>9,927,760</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | (3,981,551) | (383,201) | (68,763) | (2,810,585) | 4,250 |
| Other financing sources (uses) | | | | | |
| Transfers from other funds | 968,015 | 718,228 | 115,237 | 1,733,459 | 315 |
| Transfers to other funds | (169) | (13) | - | (237) | (61,637) |
| General obligation bonds issued | 3,353,270 | 259,320 | - | 4,734,818 | - |
| Refunding bonds issued | - | - | - | - | - |
| Premium on bond sale | 405,379 | 31,348 | - | 572,396 | - |
| Payment to refunded bond escrow agent | - | - | - | - | - |
| Sale of capital assets | - | - | 1,007 | - | - |
| Total other financing sources (uses) | <u>4,726,495</u> | <u>1,008,883</u> | <u>116,244</u> | <u>7,040,436</u> | <u>(61,322)</u> |
| Net change in fund balances | 744,944 | 625,682 | 47,481 | 4,229,851 | (57,072) |
| Fund balances (deficits), beginning of year | 3,308,024 | 52,717 | 931,321 | 4,406,528 | 157,682 |
| Fund balances (deficits), end of year | <u>\$ 4,052,968</u> | <u>\$ 678,399</u> | <u>\$ 978,802</u> | <u>\$ 8,636,379</u> | <u>\$ 100,610</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended December 31, 2015

| | <u>Capital Projects(Continued)</u> | | <u>Permanent Fund</u> | <u>Total Nonmajor Governmental Fund</u> |
|---|------------------------------------|---------------------------------------|---|---|
| | <u>Heritage Land Bank</u> | <u>Total Capital Projects</u> | <u>Cemetery Perpetual Maintenance</u> | |
| Revenues | | | | |
| Hotel and motel taxes | \$ - | \$ - | \$ - | \$ 15,144,345 |
| Special assessments | - | 879 | - | 1,169,114 |
| Intergovernmental | - | 48,412,980 | - | 73,630,212 |
| Charges for services | - | 28,495 | 11,750 | 6,530,083 |
| Fines and forfeitures | - | - | - | 380,958 |
| E911 surcharges | - | - | - | 6,378,754 |
| Investment income (loss) | - | 172,363 | 3,210 | 709,697 |
| Restricted contributions | - | 1,533,913 | - | 1,713,005 |
| Other | - | 22,097 | - | 1,221,306 |
| Total revenues | <u>-</u> | <u>50,170,727</u> | <u>14,960</u> | <u>106,877,474</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | - | - | - | 3,880,144 |
| Fire services | - | - | - | 2,769,535 |
| Police services | - | - | - | 8,650,026 |
| Health and human services | - | - | - | 10,307,804 |
| Economic and community development | - | - | - | 11,706,152 |
| Public transportation | - | - | - | 6,269,293 |
| Public works | - | - | - | 2,520,682 |
| Education | - | - | - | 746,054 |
| Debt service: | | | | |
| Principal | - | - | - | 7,468,000 |
| Interest | - | - | - | 5,190,681 |
| Bond issuance costs | - | 26,585 | - | 493,279 |
| Capital projects | 33,895 | 59,501,385 | - | 59,501,385 |
| Total expenditures | <u>33,895</u> | <u>59,527,970</u> | <u>-</u> | <u>119,503,035</u> |
| Excess (deficiency) of revenues over expenditures | (33,895) | (9,357,243) | 14,960 | (12,625,561) |
| Other financing sources (uses) | | | | |
| Transfers from other funds | 630,000 | 6,007,401 | - | 15,172,563 |
| Transfers to other funds | - | (62,164) | - | (6,693,692) |
| General obligation bonds issued | - | 10,511,386 | - | 10,511,386 |
| Refunding bonds issued | - | - | - | 93,790,000 |
| Premium on bond sale | - | 1,270,726 | - | 7,982,591 |
| Payment to refunded bond escrow agent | - | - | - | (101,475,000) |
| Sale of capital assets | - | 1,007 | - | 1,007 |
| Total other financing sources (uses) | <u>630,000</u> | <u>17,728,356</u> | <u>-</u> | <u>19,288,855</u> |
| Net change in fund balances | 596,105 | 8,371,113 | 14,960 | 6,663,294 |
| Fund balances (deficits), beginning of year | 740,461 | 16,377,271 | 471,774 | 128,470,565 |
| Fund balances (deficits), end of year | <u>\$ 1,336,566</u> | <u>\$ 24,748,384</u> | <u>\$ 486,734</u> | <u>\$ 135,133,859</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 Heritage Land Bank
 Special Revenue Fund
 For the year ended December 31, 2015

| | Budget | | Actual | Variance With Final Budget |
|--|-----------------------|-----------------------|---------------------|---------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ - | \$ - | \$ 51,748 | \$ 51,748 |
| Charges for services | 292,346 | 792,346 | 767,407 | (24,939) |
| Investment income | 15,264 | 8,906 | 101,445 | 92,539 |
| Other | - | 50,000 | 50,000 | - |
| Total revenues | <u>307,610</u> | <u>851,252</u> | <u>970,600</u> | <u>119,348</u> |
| Expenditures | | | | |
| General government | 1,148,189 | 1,085,591 | 804,725 | 280,866 |
| Total expenditures | <u>1,148,189</u> | <u>1,085,591</u> | <u>804,725</u> | <u>280,866</u> |
| Deficiency of revenues over expenditures | (840,579) | (234,339) | 165,875 | 400,214 |
| Other financing sources (uses) | | | | |
| Transfers to other funds | (80,000) | (630,000) | (630,000) | - |
| Total other financing sources (uses) | <u>(80,000)</u> | <u>(630,000)</u> | <u>(630,000)</u> | <u>-</u> |
| Net change in fund balance | (920,579) | (864,339) | (464,125) | 400,214 |
| Fund balance, beginning of year | (2,185,126) | (1,180,076) | 6,792,168 | 7,972,244 |
| Fund balance, end of year | <u>\$ (3,105,705)</u> | <u>\$ (2,044,415)</u> | <u>\$ 6,328,043</u> | <u>\$ 8,372,458</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 Convention Center Operating Reserve
 Special Revenue Fund
 For the year ended December 31, 2015

| | Budget | | Actual | Variance With Final Budget |
|---------------------------------------|----------------------|----------------------|----------------------|---------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Hotel and motel taxes | \$ 14,920,400 | \$ 15,276,339 | \$ 15,144,345 | \$ (131,994) |
| Investment income | - | - | 116,789 | 116,789 |
| Other | - | - | 271,899 | 271,899 |
| Total revenues | <u>14,920,400</u> | <u>15,276,339</u> | <u>15,533,033</u> | <u>256,694</u> |
| Expenditures | | | | |
| Economic and community development | <u>6,751,897</u> | <u>7,049,659</u> | <u>7,255,080</u> | <u>(205,421)</u> |
| Total expenditures | <u>6,751,897</u> | <u>7,049,659</u> | <u>7,255,080</u> | <u>(205,421)</u> |
| Excess of revenues over expenditures | 8,168,503 | 8,226,680 | 8,277,953 | 51,273 |
| Other financing sources (uses) | | | | |
| Transfers to other funds | (6,617,210) | (6,617,210) | (5,992,742) | 624,468 |
| Transfers from other funds | 552,858 | 567,058 | 567,054 | (4) |
| Total other financing sources (uses) | <u>(6,064,352)</u> | <u>(6,050,152)</u> | <u>(5,425,688)</u> | <u>624,464</u> |
| Net change in fund balance | 2,104,151 | 2,176,528 | 2,852,265 | 675,737 |
| Fund balance, beginning of year | 10,092,329 | 9,937,426 | 14,232,478 | 4,295,052 |
| Fund balance, end of year | <u>\$ 12,196,480</u> | <u>\$ 12,113,954</u> | <u>\$ 17,084,743</u> | <u>\$ 4,970,789</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 E911 Surcharge
 Special Revenue Fund
 For the year ended December 31, 2015

| | Budget | | Actual | Variance With Final Budget |
|---------------------------------|-----------------|--------------|---------------|---------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| E911 surcharges | \$ 6,730,439 | \$ 6,766,679 | \$ 6,378,754 | \$ (387,925) |
| Total revenues | 6,730,439 | 6,766,679 | 6,378,754 | (387,925) |
| Expenditures | | | | |
| Fire services | 1,332,627 | 1,332,627 | 793,844 | 538,783 |
| Police services | 5,330,508 | 5,330,508 | 5,584,910 | (254,402) |
| Total expenditures | 6,663,135 | 6,663,135 | 6,378,754 | 284,381 |
| Net change in fund balance | 67,304 | 103,544 | - | (103,544) |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | \$ 67,304 | \$ 103,544 | \$ - | \$ (103,544) |

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 Police/Fire Retiree Medical Liability
 Special Revenue Fund
 For the year ended December 31, 2015

| | Budget | | Actual | Variance With Final Budget |
|--|---------------|---------------|---------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Investment income | \$ 90,000 | \$ 90,000 | \$ 220,442 | \$ 130,442 |
| Total revenues | 90,000 | 90,000 | 220,442 | 130,442 |
| Expenditures | | | | |
| General government | 88,000 | 72,550 | 51,136 | 21,414 |
| Fire services | 1,550,848 | 1,600,192 | 1,600,559 | (367) |
| Police services | 1,714,096 | 1,768,634 | 1,769,038 | (404) |
| Total expenditures | 3,352,944 | 3,441,376 | 3,420,733 | 20,643 |
| Deficiency of revenues over expenditures | (3,262,944) | (3,351,376) | (3,200,291) | 151,085 |
| 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 | (1,758,824) | (1,847,256) | (1,696,257) | 150,999 |
| Fund balance, beginning of year | 24,838,524 | 24,660,571 | 36,100,397 | 11,439,826 |
| Fund balance, end of year | \$ 23,079,700 | \$ 22,813,315 | \$ 34,404,140 | \$ 11,590,825 |

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 Jail Revenue Bond
 Debt Service Fund
 For the year ended December 31, 2015

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance With Final Budget</u> |
|---------------------------------|------------------|------------------|------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Charges for services | \$ 4,018,450 | \$ 5,722,432 | \$ 5,722,431 | \$ (1) |
| Investment income | - | 14 | 17 | 3 |
| Total revenues | <u>4,018,450</u> | <u>5,722,446</u> | <u>5,722,448</u> | <u>2</u> |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal | 3,840,000 | 5,560,000 | 5,560,000 | - |
| Interest | 178,450 | 171,285 | 171,283 | 2 |
| Total expenditures | <u>4,018,450</u> | <u>5,731,285</u> | <u>5,731,283</u> | <u>2</u> |
| Net change in fund balance | - | (8,839) | (8,835) | 4 |
| Fund balance, beginning of year | 8,639 | 8,639 | 8,838 | 199 |
| Fund balance, end of year | <u>\$ 8,639</u> | <u>\$ (200)</u> | <u>\$ 3</u> | <u>\$ 203</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
 Budgetary Comparison Schedule
 ACPA Surcharge Revenue Bond
 Debt Service Fund
 For the year ended December 31, 2015

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance With Final Budget</u> |
|---------------------------------|-------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Investment income | \$ - | \$ - | \$ 3,846 | \$ 3,846 |
| Other | 339,288 | 281,915 | 383,663 | 101,748 |
| Total revenues | <u>339,288</u> | <u>281,915</u> | <u>387,509</u> | <u>105,594</u> |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal | 135,000 | 120,000 | 120,000 | - |
| Interest | 204,288 | 161,915 | 161,914 | 1 |
| Total expenditures | <u>339,288</u> | <u>281,915</u> | <u>281,914</u> | <u>1</u> |
| Net change in fund balance | - | - | 105,595 | 105,595 |
| Fund balance, beginning of year | 458,165 | 265,288 | 589,632 | 324,344 |
| Fund balance, end of year | <u>\$ 458,165</u> | <u>\$ 265,288</u> | <u>\$ 695,227</u> | <u>\$ 429,939</u> |

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2015

| Assets | Refuse Utility | Solid Waste | Municipal Airport | Total Nonmajor Enterprise Funds |
|---|---------------------------|------------------------|------------------------------|--|
| Current assets: | | | | |
| Cash | \$ 700 | \$ 2,775 | \$ 200 | \$ 3,675 |
| Cash in central treasury | 6,966,968 | 3,952,590 | - | 10,919,558 |
| Capital acquisition and construction accounts | 1,961,977 | 2,439,909 | 256,218 | 4,658,104 |
| Accrued interest on investments | 106,869 | - | - | 106,869 |
| Intergovernmental receivables | - | - | 4,876,399 | 4,876,399 |
| Receivables (net of allowance for uncollectibles) | 1,055,767 | 1,635,021 | 780 | 2,691,568 |
| Inventories | - | 64,921 | - | 64,921 |
| Prepaid items and deposits | 384 | 3,647 | 6,325 | 10,356 |
| Restricted assets: | | | | |
| Landfill post closure cash reserve | - | 31,100,929 | - | 31,100,929 |
| Total current assets | <u>10,092,665</u> | <u>39,199,792</u> | <u>5,139,922</u> | <u>54,432,379</u> |
| Noncurrent assets: | | | | |
| Capital assets, net | <u>2,956,102</u> | <u>68,311,133</u> | <u>61,169,756</u> | <u>132,436,991</u> |
| Total noncurrent assets | <u>2,956,102</u> | <u>68,311,133</u> | <u>61,169,756</u> | <u>132,436,991</u> |
| Total assets | <u>13,048,767</u> | <u>107,510,925</u> | <u>66,309,678</u> | <u>186,869,370</u> |
| Deferred Outflows of Resources | | | | |
| Deferred outflow related to net pension liability | <u>248,804</u> | <u>286,680</u> | <u>130,799</u> | <u>666,283</u> |
| Total deferred outflows of resources | <u>248,804</u> | <u>286,680</u> | <u>130,799</u> | <u>666,283</u> |
| Total assets and deferred outflows of resources | <u>13,297,571</u> | <u>107,797,605</u> | <u>66,440,477</u> | <u>187,535,653</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable and retainages | 111,292 | 387,393 | 12,105 | 510,790 |
| Accrued interest payable | - | 93,262 | - | 93,262 |
| Accrued payroll liabilities | 86,939 | 443,383 | 65,616 | 595,938 |
| Capital acquisition and construction accounts and retainage payable | 10,677 | 173,854 | 114,231 | 298,762 |
| Compensated absences | 144,353 | 509,325 | 80,765 | 734,443 |
| Long-term obligations maturing within one year | - | 2,044,413 | - | 2,044,413 |
| Unearned revenues | 183,689 | 155,634 | 102,587 | 441,910 |
| Total current liabilities | <u>536,950</u> | <u>3,807,264</u> | <u>375,304</u> | <u>4,719,518</u> |
| Noncurrent liabilities: | | | | |
| Alaska clean water loans payable | - | 15,742,496 | - | 15,742,496 |
| Net pension liability | <u>1,885,777</u> | <u>2,172,850</u> | <u>991,376</u> | <u>5,050,003</u> |
| Total noncurrent liabilities | <u>1,885,777</u> | <u>17,915,346</u> | <u>991,376</u> | <u>20,792,499</u> |
| Other liabilities: | | | | |
| Future landfill closure costs | - | 31,100,929 | - | 31,100,929 |
| Total liabilities | <u>2,422,727</u> | <u>52,823,539</u> | <u>1,366,680</u> | <u>56,612,946</u> |
| Deferred Inflows of Resources | | | | |
| Deferred inflow related to net pension liability | <u>36,305</u> | <u>41,832</u> | <u>19,086</u> | <u>97,223</u> |
| Total deferred inflows of resources | <u>36,305</u> | <u>41,832</u> | <u>19,086</u> | <u>97,223</u> |
| Net Position | | | | |
| Net investment in capital assets | 2,956,102 | 50,524,224 | 61,169,756 | 114,650,082 |
| Restricted for capital construction | - | - | 4,446,305 | 4,446,305 |
| Unrestricted | <u>7,882,437</u> | <u>4,408,010</u> | <u>(561,350)</u> | <u>11,729,097</u> |
| Total net position | <u>10,838,539</u> | <u>54,932,234</u> | <u>65,054,711</u> | <u>130,825,484</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 13,297,571</u> | <u>\$ 107,797,605</u> | <u>\$ 66,440,477</u> | <u>\$ 187,535,653</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the year ended December 31, 2015

| | Refuse Utility | Solid Waste | Municipal Airport | Total Nonmajor Enterprise Funds |
|--|---------------------------|------------------------|------------------------------|--|
| Operating revenues | | | | |
| Charges for sales and services | \$ 10,948,577 | \$ 19,843,988 | \$ 1,507,979 | \$ 32,300,544 |
| Other | 48,385 | 2,757,631 | - | 2,806,016 |
| Total operating revenues | <u>10,996,962</u> | <u>22,601,619</u> | <u>1,507,979</u> | <u>35,106,560</u> |
| Operating expenses | | | | |
| Operations | 8,026,970 | 13,397,307 | 2,962,901 | 24,387,178 |
| Amortization of future landfill closure costs | - | 4,037,768 | - | 4,037,768 |
| Depreciation and amortization | 928,211 | 3,874,708 | 2,490,818 | 7,293,737 |
| Total operating expenses | <u>8,955,181</u> | <u>21,309,783</u> | <u>5,453,719</u> | <u>35,718,683</u> |
| Operating income (loss) | <u>2,041,781</u> | <u>1,291,836</u> | <u>(3,945,740)</u> | <u>(612,123)</u> |
| Nonoperating revenues (expenses) | | | | |
| Investment income | 103,358 | 262,409 | 113,630 | 479,397 |
| Intergovernmental revenue- non-capital | 23,765 | 26,805 | 407,310 | 457,880 |
| Interest expense | - | (183,124) | - | (183,124) |
| Gain (loss) on sale of capital assets | - | 149,000 | - | 149,000 |
| Net nonoperating revenues (expenses) | <u>127,123</u> | <u>255,090</u> | <u>520,940</u> | <u>903,153</u> |
| Income (loss) before capital contributions and transfers | 2,168,904 | 1,546,926 | (3,424,800) | 291,030 |
| Capital contributions | - | - | 3,655,461 | 3,655,461 |
| Transfers to other funds | (2,594,606) | (947,020) | (40,051) | (3,581,677) |
| Change in net position | <u>(425,702)</u> | <u>599,906</u> | <u>190,610</u> | <u>364,814</u> |
| Net position, beginning of year, as restated | 11,264,241 | 54,332,328 | 64,864,101 | 130,460,670 |
| Net position, end of year | <u>\$ 10,838,539</u> | <u>\$ 54,932,234</u> | <u>\$ 65,054,711</u> | <u>\$ 130,825,484</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the year ended December 31, 2015

| | Refuse Utility | Solid Waste | Municipal Airport | Total Nonmajor Enterprise Funds |
|--|--------------------|---------------------|----------------------|------------------------------------|
| Cash flows from operating activities | | | | |
| Receipts from customers | \$ 10,775,403 | \$ 22,438,074 | \$ 1,526,710 | \$ 34,740,187 |
| Payments to employees | (2,945,131) | (8,021,822) | (1,192,294) | (12,159,247) |
| Payments to vendors | (3,542,794) | (6,620,678) | (1,908,973) | (12,072,445) |
| Payments to interfund services used | (1,532,108) | (362,356) | 243,861 | (1,650,603) |
| Net cash from operating activities | <u>2,755,370</u> | <u>7,433,218</u> | <u>(1,330,696)</u> | <u>8,857,892</u> |
| Cash flows from non-capital financing activities | | | | |
| Intergovernmental revenue | - | - | 162,519 | 162,519 |
| Transfers to other funds | (2,594,606) | (947,020) | (40,051) | (3,581,677) |
| Net cash from non-capital financing activities | <u>(2,594,606)</u> | <u>(947,020)</u> | <u>122,468</u> | <u>(3,419,158)</u> |
| Cash flows from capital and related financing activities | | | | |
| Principal payments on long-term obligations | - | (2,058,508) | - | (2,058,508) |
| Interest payments on long-term obligations | - | (198,642) | - | (198,642) |
| Acquisition and construction of capital assets | (374,173) | (2,722,315) | (3,301,871) | (6,398,359) |
| Landfill post closure cash reserve | - | (19,463,597) | - | (19,463,597) |
| Proceeds from Alaska clean water loans | - | 6,522,916 | - | 6,522,916 |
| Proceeds (loss) from the sale or disposition of capital assets | - | 185,994 | - | 185,994 |
| Grant proceeds capital | - | - | 1,148,109 | 1,148,109 |
| Net cash from capital and related financing activities | <u>(374,173)</u> | <u>(17,734,152)</u> | <u>(2,153,762)</u> | <u>(20,262,087)</u> |
| Cash flows from investing activities | | | | |
| Investment income | 83,462 | 262,409 | 113,637 | 459,508 |
| Net cash from investing activities | <u>83,462</u> | <u>262,409</u> | <u>113,637</u> | <u>459,508</u> |
| Net increase (decrease) in cash | (129,947) | (10,985,545) | (3,248,353) | (14,363,845) |
| Cash, beginning of year | 9,059,592 | 17,380,819 | 3,504,771 | 29,945,182 |
| Cash, end of year | <u>8,929,645</u> | <u>6,395,274</u> | <u>256,418</u> | <u>15,581,337</u> |
| Cash | 700 | 2,775 | 200 | 3,675 |
| Cash in central treasury | 6,966,968 | 3,952,590 | - | 10,919,558 |
| Capital acquisition and construction accounts | 1,961,977 | 2,439,909 | 256,218 | 4,658,104 |
| Cash, December 31 | <u>8,929,645</u> | <u>6,395,274</u> | <u>256,418</u> | <u>15,581,337</u> |
| Reconciliation of change in net position to net cash provided by operating activities: | | | | |
| Operating income (loss) | 2,041,781 | 1,291,836 | (3,945,740) | (612,123) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Amortization of landfill closure costs | - | 4,037,768 | - | 4,037,768 |
| Depreciation and amortization | 928,211 | 3,874,708 | 2,490,818 | 7,293,737 |
| PERS relief-noncash expense | 23,765 | 26,805 | 12,624 | 63,194 |
| Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash: | | | | |
| Accounts receivable, net | (307,201) | (162,032) | 2,072 | (467,161) |
| Prepaid items and deposits | 1,094 | 6 | 2,956 | 4,056 |
| Deferred outflows of resources | (173,140) | (190,650) | (95,779) | (459,569) |
| Accounts payable and retainages | (63,154) | (1,438,857) | (26,879) | (1,528,890) |
| Accrued payroll liabilities | (24,396) | (105,279) | (14,100) | (143,775) |
| Compensated absences payable | (7,468) | 7,598 | (10,001) | (9,871) |
| Unearned revenue and deposits | 85,642 | (1,513) | 16,659 | 100,788 |
| Net pension liability | 399,095 | 286,000 | 303,288 | 988,383 |
| Deferred inflows of resources | (148,859) | (193,172) | (66,614) | (408,645) |
| Total cash provided (used) by operating activities | <u>2,755,370</u> | <u>7,433,218</u> | <u>(1,330,696)</u> | <u>8,857,892</u> |
| Noncash investing, capital, and financing activities: | | | | |
| Capital purchases on account | 10,677 | 173,854 | 114,231 | 298,762 |
| Total noncash investing, capital, and financing activities | <u>\$ 10,677</u> | <u>\$ 173,854</u> | <u>\$ 114,231</u> | <u>\$ 298,762</u> |

INTERNAL SERVICE FUNDS

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

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

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

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Internal Service Funds
December 31, 2015

| | Risk Management | | |
|---|---|----------------------------|--------------------------------------|
| | General Liability/ Workers' Compensation | Medical/ Dental | Unemployment Compensation |
| Assets | | | |
| Current assets: | | | |
| Cash in central treasury | \$ 22,066,841 | \$ 10,201,860 | \$ 1,238,260 |
| Capital acquisition and construction accounts | - | - | - |
| Due from other funds | 62,688 | - | - |
| Inventories | - | - | - |
| Prepaid items and deposits | 362,685 | - | - |
| Total current assets | <u>22,492,214</u> | <u>10,201,860</u> | <u>1,238,260</u> |
| Noncurrent assets: | | | |
| Advances to other funds | 461,296 | - | - |
| Capital assets, net | - | - | - |
| Total noncurrent assets | <u>461,296</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>22,953,510</u> | <u>10,201,860</u> | <u>1,238,260</u> |
| Deferred Outflows of Resources | | | |
| Deferred outflow related to net pension liability | - | - | - |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>22,953,510</u> | <u>10,201,860</u> | <u>1,238,260</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable and retainages | 230,384 | 12,700 | - |
| Accrued payroll liabilities | 17,882 | 9,344 | - |
| Capital acquisition and construction accounts and retainage payable | - | - | - |
| Compensated absences | 9,255 | 7,007 | - |
| Claims payable | 16,858,327 | 209,897 | 66,596 |
| Claims incurred but not reported | 2,707,727 | 8,692,059 | - |
| Due to other funds | - | - | - |
| Accrued interest payable | - | - | - |
| Long-term obligations maturing within one year | - | - | - |
| Total current liabilities | <u>19,823,575</u> | <u>8,931,007</u> | <u>66,596</u> |
| Noncurrent liabilities: | | | |
| Advances from other funds | - | - | - |
| Compensated absences | 14,588 | 5,040 | - |
| Capital leases payable | - | - | - |
| Claims incurred but not reported | 6,320,440 | - | - |
| Net pension liability | - | - | - |
| Total noncurrent liabilities | <u>6,335,028</u> | <u>5,040</u> | <u>-</u> |
| Total liabilities | <u>26,158,603</u> | <u>8,936,047</u> | <u>66,596</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflow related to net pension liability | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Position | | | |
| Net investment in capital assets | - | - | - |
| Unrestricted | (3,205,093) | 1,265,813 | 1,171,664 |
| Total net position | <u>(3,205,093)</u> | <u>1,265,813</u> | <u>1,171,664</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 22,953,510</u> | <u>\$ 10,201,860</u> | <u>\$ 1,238,260</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Internal Service Funds
December 31, 2015

| Assets | Equipment Maintenance | Information Technology | Total Internal Service Funds |
|---|----------------------------------|-----------------------------------|---|
| Current assets: | | | |
| Cash in central treasury | \$ 4,747,568 | \$ - | \$ 38,254,529 |
| Capital acquisition and construction accounts | 2,163,866 | - | 2,163,866 |
| Due from other funds | - | - | 62,688 |
| Inventories | 306,141 | - | 306,141 |
| Prepaid items and deposits | - | 702,194 | 1,064,879 |
| Total current assets | 7,217,575 | 702,194 | 41,852,103 |
| Noncurrent assets: | | | |
| Advances to other funds | - | - | 461,296 |
| Capital assets, net | 20,558,173 | 44,914,545 | 65,472,718 |
| Total noncurrent assets | 20,558,173 | 44,914,545 | 65,934,014 |
| Total assets | 27,775,748 | 45,616,739 | 107,786,117 |
| Deferred Outflows of Resources | | | |
| Deferred outflow related to net pension liability | 392,928 | 1,101,794 | 1,494,722 |
| Total deferred outflows of resources | 392,928 | 1,101,794 | 1,494,722 |
| Total assets and deferred outflows of resources | 28,168,676 | 46,718,533 | 109,280,839 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable and retainages | 200,005 | 443,457 | 886,546 |
| Accrued payroll liabilities | 141,165 | 312,126 | 480,517 |
| Capital acquisition and construction accounts and retainage payable | 10,559 | 5,405,998 | 5,416,557 |
| Compensated absences | 223,057 | 561,583 | 800,902 |
| Claims payable | - | - | 17,134,820 |
| Claims incurred but not reported | - | - | 11,399,786 |
| Due to other funds | 85,000 | 4,527,318 | 4,612,318 |
| Accrued interest payable | - | 75,567 | 75,567 |
| Long-term obligations maturing within one year | - | 3,260,168 | 3,260,168 |
| Total current liabilities | 659,786 | 14,586,217 | 44,067,181 |
| Noncurrent liabilities: | | | |
| Advances from other funds | 1,445,000 | - | 1,445,000 |
| Compensated absences | - | 25,818 | 45,446 |
| Capital leases payable | - | 15,893,502 | 15,893,502 |
| Claims incurred but not reported | - | - | 6,320,440 |
| Net pension liability | 2,978,146 | 8,350,894 | 11,329,040 |
| Total noncurrent liabilities | 4,423,146 | 24,270,214 | 35,033,428 |
| Total liabilities | 5,082,932 | 38,856,431 | 79,100,609 |
| Deferred Inflows of Resources | | | |
| Deferred inflow related to net pension liability | 57,336 | 160,772 | 218,108 |
| Total deferred inflows of resources | 57,336 | 160,772 | 218,108 |
| Net Position | | | |
| Net investment in capital assets | 20,558,173 | 25,760,875 | 46,319,048 |
| Unrestricted | 2,470,235 | (18,059,545) | (16,356,926) |
| Total net position | 23,028,408 | 7,701,330 | 29,962,122 |
| Total liabilities, deferred inflows of resources and net position | \$ 28,168,676 | \$ 46,718,533 | \$ 109,280,839 |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended December 31, 2015

| | Risk Management | | |
|--|---|----------------------------|--------------------------------------|
| | General Liability/ Workers' Compensation | Medical/ Dental | Unemployment Compensation |
| Operating revenues | | | |
| Charges for sales and services | \$ 11,311,822 | \$ 54,022,949 | \$ 484,375 |
| Other | 2,878 | - | - |
| Total operating revenues | <u>11,314,700</u> | <u>54,022,949</u> | <u>484,375</u> |
| Operating expenses | | | |
| Operations | 17,964,239 | 63,173,260 | 281,210 |
| Depreciation and amortization | - | - | - |
| Total operating expenses | <u>17,964,239</u> | <u>63,173,260</u> | <u>281,210</u> |
| Operating income (loss) | <u>(6,649,539)</u> | <u>(9,150,311)</u> | <u>203,165</u> |
| Nonoperating revenues (expenses) | | | |
| Intergovernmental revenue | - | - | - |
| Investment income (loss) | 184,046 | 127,832 | 6,932 |
| Other revenues | - | - | - |
| Other expenses | - | - | - |
| Interest expense | - | - | - |
| Gain (loss) on sale of capital assets | - | - | - |
| Net nonoperating revenues (expenses) | <u>184,046</u> | <u>127,832</u> | <u>6,932</u> |
| Income (loss) before capital contributions and transfers | (6,465,493) | (9,022,479) | 210,097 |
| Capital contributions | - | - | - |
| Transfers from other funds | - | - | - |
| Transfers to other funds | - | - | - |
| Change in net position | <u>(6,465,493)</u> | <u>(9,022,479)</u> | <u>210,097</u> |
| Net position, beginning of year, as restated | <u>3,260,400</u> | <u>10,288,292</u> | <u>961,567</u> |
| Net position, end of year | <u>\$ (3,205,093)</u> | <u>\$ 1,265,813</u> | <u>\$ 1,171,664</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year ended December 31, 2015

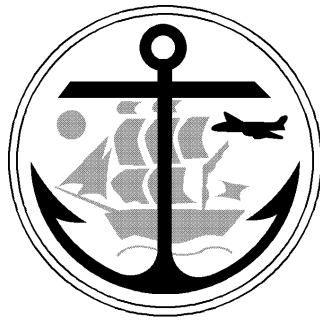
| | Equipment Maintenance | Information Technology | Total Internal Service Funds |
|--|----------------------------------|-----------------------------------|---|
| Operating revenues | | | |
| Charges for sales and services | \$ 9,712,389 | \$ 14,259,969 | \$ 89,791,504 |
| Other | - | - | 2,878 |
| Total operating revenues | <u>9,712,389</u> | <u>14,259,969</u> | <u>89,794,382</u> |
| Operating expenses | | | |
| Operations | 7,697,327 | 13,254,212 | 102,370,248 |
| Depreciation and amortization | 4,280,652 | 1,121,533 | 5,402,185 |
| Total operating expenses | <u>11,977,979</u> | <u>14,375,745</u> | <u>107,772,433</u> |
| Operating income (loss) | <u>(2,265,590)</u> | <u>(115,776)</u> | <u>(17,978,051)</u> |
| Nonoperating revenues (expenses) | | | |
| Intergovernmental revenue | 35,986 | 103,139 | 139,125 |
| Investment income (loss) | 121,266 | (108,238) | 331,838 |
| Other revenues | 58,547 | 2,231 | 60,778 |
| Other expenses | - | (9,526) | (9,526) |
| Interest expense | (29,917) | (305,139) | (335,056) |
| Gain (loss) on sale of capital assets | 46,314 | (2,925) | 43,389 |
| Net nonoperating revenues (expenses) | <u>232,196</u> | <u>(320,458)</u> | <u>230,548</u> |
| Income (loss) before capital contributions and transfers | (2,033,394) | (436,234) | (17,747,503) |
| Capital contributions | 743,696 | - | 743,696 |
| Transfers from other funds | - | 500,724 | 500,724 |
| Transfers to other funds | - | (19,110) | (19,110) |
| Change in net position | <u>(1,289,698)</u> | <u>45,380</u> | <u>(16,522,193)</u> |
| Net position, beginning of year, as restated | <u>24,318,106</u> | <u>7,655,950</u> | <u>46,484,315</u> |
| Net position, end of year | <u>\$ 23,028,408</u> | <u>\$ 7,701,330</u> | <u>\$ 29,962,122</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
 Combining Statement of Cash Flows
 Internal Service Funds
 For the year ended December 31, 2015

| | Risk Management | | |
|--|---|----------------------------|--------------------------------------|
| | General Liability/ Workers' Compensation | Medical/ Dental | Unemployment Compensation |
| Cash flows from operating activities | | | |
| Receipts for interfund services provided | \$ 11,314,700 | \$ 54,022,949 | \$ 484,375 |
| Payments to employees | (326,818) | (297,072) | - |
| Payments to vendors | (8,352,765) | (61,027,710) | (313,025) |
| Payments for interfund services used | (1,418,507) | (1,620) | - |
| Net cash from operating activities | <u>1,216,610</u> | <u>(7,303,453)</u> | <u>171,350</u> |
| Cash flows from non-capital financing activities | | | |
| Transfers to other funds | - | - | - |
| Loan payments received on interfund loans | 817,182 | - | - |
| Due to other funds | - | - | - |
| Due from other funds | (551,837) | - | - |
| Advance to other funds | 1,494,417 | - | - |
| Net cash from non-capital financing activities | <u>1,759,762</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 | - | - | - |
| Transfers from other funds | - | - | - |
| Principal payments on interfund loans | - | - | - |
| Interest payments on interfund loans | - | - | - |
| Proceeds from issuance of debt | - | - | - |
| Proceeds (loss) from the sale or disposition of capital assets | - | - | - |
| Net cash from capital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash flows from investing activities | | | |
| Investment income (loss) | 184,046 | 127,832 | 6,932 |
| Net cash from investing activities | <u>184,046</u> | <u>127,832</u> | <u>6,932</u> |
| Net increase (decrease) in cash | 3,160,418 | (7,175,621) | 178,282 |
| Cash, beginning of year | 18,906,423 | 17,377,481 | 1,059,978 |
| Cash, end of year | <u>22,066,841</u> | <u>10,201,860</u> | <u>1,238,260</u> |
| Cash in central treasury | 22,066,841 | 10,201,860 | 1,238,260 |
| Capital acquisition and construction accounts | - | - | - |
| Cash, December 31 | <u>22,066,841</u> | <u>10,201,860</u> | <u>1,238,260</u> |
| Reconciliation of change in net position to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | (6,649,539) | (9,150,311) | 203,165 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation and amortization | - | - | - |
| PERS relief-noncash expense | - | - | - |
| Other revenues | - | - | - |
| Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash: | | | |
| Prepaid items and deposits | 57,007 | - | - |
| Inventories | - | - | - |
| Deferred outflows of resources | | | |
| Accounts payable and retainages | (49,687) | 12,700 | - |
| Accrued payroll liabilities | 2,080 | 6,956 | - |
| Compensated absences payable | 1,183 | 12,047 | - |
| Claims payable | 7,855,566 | 1,815,155 | (31,815) |
| Net pension liability | | | |
| Deferred inflows of resources | | | |
| Total cash provided (used) by operating activities | <u>1,216,610</u> | <u>(7,303,453)</u> | <u>171,350</u> |
| Noncash investing, capital, and financing activities: | | | |
| Capital purchases on account | - | - | - |
| Contributed capital and equipment | - | - | - |
| Total noncash investing, capital, and financing activities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Cash Flows
Internal Service Funds
For the year ended December 31, 2015

| | Equipment Maintenance | Information Technology | Total Internal Service Funds |
|--|--------------------------|---------------------------|---------------------------------|
| Cash flows from operating activities | | | |
| Receipts for interfund services provided | \$ 9,770,936 | \$ 14,262,200 | \$ 89,855,160 |
| Payments to employees | (4,097,480) | (8,404,975) | (13,126,345) |
| Payments to vendors | (1,666,574) | (3,348,244) | (74,708,318) |
| Payments for interfund services used | (1,854,983) | (774,408) | (4,049,518) |
| Net cash from operating activities | <u>2,151,899</u> | <u>1,734,573</u> | <u>(2,029,021)</u> |
| Cash flows from non-capital financing activities | | | |
| Transfers to other funds | - | (19,110) | (19,110) |
| Loan payments received on interfund loans | - | - | 817,182 |
| Due to other funds | - | 2,948,003 | 2,948,003 |
| Due from other funds | - | - | (551,837) |
| Advance to other funds | - | - | 1,494,417 |
| Net cash from non-capital financing activities | <u>-</u> | <u>2,928,893</u> | <u>4,688,655</u> |
| Cash flows from capital and related financing activities | | | |
| Principal payments on long-term obligations | - | (2,907,087) | (2,907,087) |
| Interest payments on long-term obligations | - | (321,539) | (321,539) |
| Acquisition and construction of capital assets | (5,846,429) | (8,543,248) | (14,389,677) |
| Transfers from other funds | - | 500,724 | 500,724 |
| Principal payments on interfund loans | (85,000) | - | (85,000) |
| Interest payments on interfund loans | (29,917) | - | (29,917) |
| Proceeds from issuance of debt | - | 6,750,500 | 6,750,500 |
| Proceeds (loss) from the sale or disposition of capital assets | 46,314 | (34,578) | 11,736 |
| Net cash from capital and related financing activities | <u>(5,915,032)</u> | <u>(4,555,228)</u> | <u>(10,470,260)</u> |
| Cash flows from investing activities | | | |
| Investment income (loss) | 121,266 | (108,238) | 331,838 |
| Net cash from investing activities | <u>121,266</u> | <u>(108,238)</u> | <u>331,838</u> |
| Net increase (decrease) in cash | (3,641,867) | - | (7,478,788) |
| Cash, beginning of year | 10,553,301 | - | 47,897,183 |
| Cash, end of year | <u>6,911,434</u> | <u>-</u> | <u>40,418,395</u> |
| Cash in central treasury | 4,747,568 | - | 38,254,529 |
| Capital acquisition and construction accounts | 2,163,866 | - | 2,163,866 |
| Cash, December 31 | <u>6,911,434</u> | <u>-</u> | <u>40,418,395</u> |
| Reconciliation of change in net position to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | (2,265,590) | (115,776) | (17,978,051) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation and amortization | 4,280,652 | 1,121,533 | 5,402,185 |
| PERS relief-noncash expense | 35,986 | 103,139 | 139,125 |
| Other revenues | 58,547 | 2,231 | 60,778 |
| Changes in assets, deferred outflows and inflows of resources, and liabilities which increase (decrease) cash: | | | |
| Prepaid items and deposits | - | 118,769 | 175,776 |
| Inventories | 39,129 | - | 39,129 |
| Deferred outflows of resources | (273,754) | (781,842) | (1,055,596) |
| Accounts payable and retainages | (46,449) | 144,415 | 60,979 |
| Accrued payroll liabilities | (55,580) | (166,934) | (213,478) |
| Compensated absences payable | (23,298) | (133,079) | (143,147) |
| Claims payable | - | - | 9,638,906 |
| Net pension liability | 636,561 | 2,064,327 | 2,700,888 |
| Deferred inflows of resources | (234,305) | (622,210) | (856,515) |
| Total cash provided (used) by operating activities | <u>2,151,899</u> | <u>1,734,573</u> | <u>(2,029,021)</u> |
| Noncash investing, capital, and financing activities: | | | |
| Capital purchases on account | 10,559 | 5,405,998 | 5,416,557 |
| Contributed capital and equipment | 743,696 | - | 743,696 |
| Total noncash investing, capital, and financing activities | <u>\$ 754,255</u> | <u>\$ 5,405,998</u> | <u>\$ 6,160,253</u> |



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FIDUCIARY FUNDS

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

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

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

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Fiduciary Funds
December 31, 2015

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 | \$ 22,667 | \$ 17,318 | \$ 65,710 | \$ 105,695 |
| Cash, cash equivalents held under securities lending program | 932,024 | 711,728 | 2,701,350 | 4,345,102 |
| Contribution receivable | - | - | - | - |
| Investments, at fair value: | | | | |
| Cash and money market funds | 141,291 | 107,947 | 409,589 | 658,827 |
| U.S. treasuries | - | - | - | - |
| U.S. TIPS | - | - | - | - |
| Corporate fixed income securities | 18,305,157 | 13,985,227 | 53,064,678 | 85,355,062 |
| Fixed income funds | - | - | - | - |
| Certificate of deposit | - | - | - | - |
| Domestic equity securities | 27,734,626 | 21,189,387 | 80,399,696 | 129,323,709 |
| International equity securities | 13,114,400 | 10,019,464 | 38,017,233 | 61,151,097 |
| Real estate funds | 9,233,799 | 7,054,666 | 26,767,789 | 43,056,254 |
| Total investments | <u>68,529,273</u> | <u>52,356,691</u> | <u>198,658,985</u> | <u>319,544,949</u> |
| Total assets | <u><u>69,483,964</u></u> | <u><u>53,085,737</u></u> | <u><u>201,426,045</u></u> | <u><u>323,995,746</u></u> |
| Liabilities | | | | |
| Accounts payable | 6,521 | 4,982 | 18,903 | 30,406 |
| Payable under securities lending program | 932,024 | 711,728 | 2,701,350 | 4,345,102 |
| Total liabilities | <u>938,545</u> | <u>716,710</u> | <u>2,720,253</u> | <u>4,375,508</u> |
| Net Position | | | | |
| Held in trust for: | | | | |
| Employees' pension benefits | 68,545,419 | 52,369,027 | 198,705,792 | 319,620,238 |
| Employees' postemployment healthcare benefits | - | - | - | - |
| Total net position | <u>68,545,419</u> | <u>52,369,027</u> | <u>198,705,792</u> | <u>319,620,238</u> |
| Total liabilities and net position | <u><u>\$ 69,483,964</u></u> | <u><u>\$ 53,085,737</u></u> | <u><u>\$ 201,426,045</u></u> | <u><u>\$ 323,995,746</u></u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Net Position
Fiduciary Funds
December 31, 2015

| | Police/Fire Retiree Medical Trust Fund | | Total Fiduciary Funds |
|--|---|----|----------------------------------|
| Assets | | | |
| Cash in central treasury | \$ 2,450 | \$ | 108,145 |
| Cash, cash equivalents held under securities lending program | | | 4,345,102 |
| Contribution receivable | 33,000 | | 33,000 |
| Investments, at fair value: | | | |
| Cash and money market funds | 1,371,641 | | 2,030,468 |
| U.S. treasuries | 6,631,698 | | 6,631,698 |
| U.S. TIPS | 253,761 | | 253,761 |
| Corporate fixed income securities | - | | 85,355,062 |
| Fixed income funds | 2,486,682 | | 2,486,682 |
| Certificate of deposit | 2,724,702 | | 2,724,702 |
| Domestic equity securities | 2,037,350 | | 131,361,059 |
| International equity securities | 1,268,571 | | 62,419,668 |
| Real estate funds | - | | 43,056,254 |
| Total investments | 16,774,405 | | 336,319,354 |
| Total assets | 16,809,855 | | 340,805,601 |
| Liabilities | | | |
| Accounts payable | - | | 30,406 |
| Payable under securities lending program | - | | 4,345,102 |
| Total liabilities | - | | 4,375,508 |
| Net Position | | | |
| Held in trust for: | | | |
| Employees' pension benefits | - | | 319,620,238 |
| Employees' postemployment healthcare benefits | 16,809,855 | | 16,809,855 |
| Total net position | 16,809,855 | | 336,430,093 |
| Total liabilities and net position | \$ 16,809,855 | \$ | 340,805,601 |

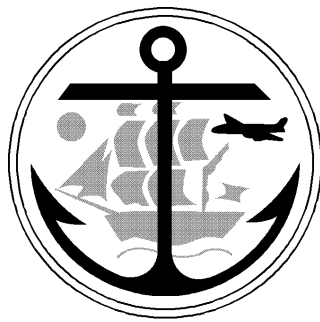
MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Changes in Net Position
Fiduciary Funds
For the year ended December 31, 2015

Police/Fire Retirement Pension Trust Funds

| | Police/Fire Retirement System Plan I | Police/Fire Retirement System Plan II | Police/Fire Retirement System Plan III | Total |
|---|---|--|---|----------------------|
| Additions | | | | |
| Contributions from other funds | \$ 1,338,525 | \$ 964,863 | \$ 3,587,533 | \$ 5,890,921 |
| Contributions from employees | - | 3,114 | 186,947 | 190,061 |
| Interest | 758,075 | 579,173 | 2,197,578 | 3,534,826 |
| Dividends | 486,019 | 371,321 | 1,408,917 | 2,266,257 |
| Net (decrease) in fair value of investments | (493,495) | (384,897) | (1,530,052) | (2,408,444) |
| Less: investment expense | (334,059) | (253,955) | (952,782) | (1,540,796) |
| Total additions | <u>1,755,065</u> | <u>1,279,619</u> | <u>4,898,141</u> | <u>7,932,825</u> |
| Deductions | | | | |
| Regular benefit payments | 8,554,565 | 5,905,860 | 17,729,611 | 32,190,036 |
| Administrative expenses | 148,501 | 113,263 | 428,114 | 689,878 |
| Total deductions | <u>8,703,066</u> | <u>6,019,123</u> | <u>18,157,725</u> | <u>32,879,914</u> |
| Change in net position | (6,948,001) | (4,739,504) | (13,259,584) | (24,947,089) |
| Net position, beginning of year | 75,493,420 | 57,108,531 | 211,965,376 | 344,567,327 |
| Net position, end of year | <u>\$ 68,545,419</u> | <u>\$ 52,369,027</u> | <u>\$ 198,705,792</u> | <u>\$319,620,238</u> |

MUNICIPALITY OF ANCHORAGE, ALASKA
Combining Statement of Changes in Net Position
Fiduciary Funds
For the year ended December 31, 2015

| | Police/Fire Retiree Medical Trust Fund | Total Fiduciary Funds |
|---|---|----------------------------------|
| Additions | | |
| Contributions from other funds | \$ 3,352,776 | \$ 9,243,697 |
| Contributions from employees | - | 190,061 |
| Interest | 2,817 | 3,537,643 |
| Dividends | 356,875 | 2,623,132 |
| Net (decrease) in fair value of investments | (249,365) | (2,657,809) |
| Less: investment expense | - | (1,540,796) |
| Total additions | <u>3,463,103</u> | <u>11,395,928</u> |
| Deductions | | |
| Regular benefit payments | 2,929,960 | 35,119,996 |
| Administrative expenses | 55,250 | 745,128 |
| Total deductions | <u>2,985,210</u> | <u>35,865,124</u> |
| Change in net position | 477,893 | (24,469,196) |
| Net position, beginning of year | 16,331,962 | 360,899,289 |
| Net position, end of year | <u>\$ 16,809,855</u> | <u>\$ 336,430,093</u> |



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STATISTICAL SECTION

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

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

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

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

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

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

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 2,753,762,553 | \$ 2,712,415,165 | \$ 2,711,369,340 | \$ 2,645,081,616 | \$ 2,637,498,499 | \$ 2,690,946,874 | \$ 2,689,939,470 | \$ 2,620,279,025 | \$ 2,549,539,076 | \$ 2,537,136,632 |
| Restricted | 252,408,288 | 226,230,204 | 221,075,432 | 206,054,655 | 184,705,421 | 175,099,975 | 165,637,114 | 168,742,562 | 259,806,239 | 241,714,127 |
| Unrestricted | (185,258,144) | 135,703,277 | 108,779,489 | 123,707,347 | 105,856,844 | 58,377,890 | 18,194,337 | 35,463,284 | (103,725,438) | (77,746,279) |
| Total governmental activities net position | 2,820,912,697 | 3,074,348,646 | 3,041,224,261 | 2,974,843,618 | 2,928,060,764 | 2,924,424,739 | 2,873,770,921 | 2,824,484,871 | 2,705,619,877 | 2,701,104,480 |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | 613,548,627 | 629,847,882 | 493,665,151 | 525,892,917 | 499,643,067 | 453,327,512 | 419,148,666 | 430,705,921 | 397,162,624 | 388,614,000 |
| Restricted | 24,846,151 | 22,000,520 | 77,596,655 | 184,402,233 | 182,771,686 | 166,914,727 | 136,376,232 | 113,883,731 | 101,772,016 | 105,727,434 |
| Unrestricted | 90,520,085 | 103,208,314 | 153,743,558 | 48,518,687 | 42,089,727 | 76,809,449 | 80,917,057 | 61,571,494 | 54,823,246 | 50,592,777 |
| Total business-type activities net position | 728,914,863 | 755,056,716 | 725,005,364 | 758,813,837 | 724,504,480 | 697,051,688 | 636,441,955 | 606,161,146 | 553,757,886 | 544,934,211 |
| Total primary government: | | | | | | | | | | |
| Net investment in capital assets | 3,367,311,180 | 3,342,263,047 | 3,269,933,535 | 3,170,974,533 | 3,137,141,566 | 3,144,274,386 | 3,109,088,136 | 3,050,984,946 | 2,946,701,700 | 2,925,750,632 |
| Restricted | 277,254,439 | 248,230,724 | 286,892,971 | 390,456,888 | 367,477,107 | 342,014,702 | 302,013,346 | 282,626,293 | 361,578,255 | 347,441,561 |
| Unrestricted | (94,738,059) | 238,911,591 | 209,403,119 | 172,226,034 | 147,946,571 | 135,187,339 | 99,111,394 | 97,034,778 | (48,902,192) | (27,153,502) |
| Total primary government net position | \$ 3,549,827,560 | \$ 3,829,405,362 | \$ 3,766,229,625 | \$ 3,733,657,455 | \$ 3,652,565,244 | \$ 3,621,476,427 | \$ 3,510,212,876 | \$ 3,430,646,017 | \$ 3,259,377,763 | \$ 3,246,038,691 |

Notes:

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

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

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

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

Source: Municipality of Anchorage, Finance Department

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

| | Fiscal Year | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | As Restated 2009 | As Restated 2008 | As Restated 2007 | 2006 |
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 29,239,850 | \$ 28,921,894 | \$ 23,954,989 | \$ 21,709,649 | \$ 21,999,859 | \$ 22,466,640 | \$ 29,050,467 | \$ 26,337,901 | \$ 40,462,811 | \$ 44,414,290 |
| Fire services | 128,860,990 | 112,672,964 | 105,134,071 | 96,285,981 | 94,499,296 | 88,837,324 | 80,454,433 | 81,588,328 | 72,220,757 | 39,818,913 |
| Police services | 149,235,914 | 129,723,388 | 127,840,572 | 118,098,035 | 116,362,828 | 107,677,900 | 104,474,503 | 102,916,651 | 87,247,323 | 52,291,313 |
| Health and human services | 25,915,204 | 26,668,108 | 24,620,859 | 25,029,632 | 28,268,547 | 26,632,684 | 27,082,391 | 26,458,471 | 25,972,527 | 25,045,197 |
| Economic & community development | 74,741,068 | 78,793,403 | 68,950,920 | 78,494,540 | 83,174,571 | 78,941,612 | 82,988,652 | 76,303,695 | 70,057,933 | 62,090,686 |
| Public transportation | 36,621,802 | 31,937,350 | 35,985,169 | 34,906,057 | 34,185,440 | 30,240,829 | 34,517,002 | 29,953,660 | 27,579,961 | 24,039,865 |
| Public works | 90,595,542 | 111,694,564 | 99,892,660 | 85,163,740 | 80,989,860 | 56,127,232 | 107,527,253 | 78,337,320 | 80,368,055 | 92,686,550 |
| Maintenance and operations of roads and facilities | 35,416,462 | 35,860,531 | 34,057,619 | 47,777,794 | 36,316,900 | 35,241,475 | 33,758,467 | 35,404,978 | 30,325,886 | 32,036,221 |
| Education | 240,239,749 | 240,752,791 | 241,279,103 | 238,519,174 | 240,834,968 | 235,125,354 | 231,378,123 | 212,266,737 | 200,028,978 | 184,566,884 |
| Interest on long-term debt | 19,782,373 | 24,517,693 | 25,530,454 | 26,120,599 | 29,132,941 | 28,201,071 | 29,600,473 | 29,822,096 | 29,613,108 | 29,723,363 |
| Total governmental activities expenses | 830,648,954 | 826,542,686 | 787,246,416 | 772,105,201 | 765,762,210 | 709,492,121 | 760,831,764 | 699,389,837 | 663,877,339 | 586,713,280 |
| Business-type activities: | | | | | | | | | | |
| Electric | 152,868,514 | 123,896,740 | 109,982,575 | 110,603,719 | 126,040,240 | 122,331,031 | 105,530,769 | 90,760,462 | 78,901,165 | 99,850,090 |
| Water | 44,769,187 | 40,796,522 | 39,520,676 | 40,675,916 | 39,754,921 | 38,759,459 | 38,484,886 | 39,388,902 | 36,269,883 | 37,215,822 |
| Wastewater | 42,494,673 | 37,609,422 | 36,466,069 | 35,200,550 | 33,988,296 | 32,916,342 | 30,491,470 | 31,803,895 | 28,457,829 | 28,187,998 |
| Port | 26,544,273 | 16,937,324 | 12,346,924 | 11,840,713 | 11,489,233 | 10,518,074 | 11,105,399 | 11,533,424 | 10,710,625 | 10,076,243 |
| Solid waste | 9,109,248 | 18,124,824 | 18,285,807 | 18,973,897 | 17,233,393 | 16,177,197 | 16,326,313 | 15,555,914 | 17,261,224 | 14,250,955 |
| Refuse | 21,710,342 | 8,566,651 | 8,649,190 | 8,644,522 | 8,262,213 | 8,176,402 | 7,816,221 | 7,367,979 | 6,548,379 | 6,304,451 |
| Municipal airport | 5,475,101 | 3,701,188 | 3,632,872 | 4,196,663 | 4,093,756 | 3,325,730 | 3,279,054 | 3,229,657 | 2,980,806 | 2,983,778 |
| Cooperative Services Authority | - | - | - | - | - | - | - | 1,314,503 | 1,255,318 | - |
| Anchorage Community Development Authority | - | - | - | - | - | - | - | - | - | 6,533,183 |
| Alaska Center for the Performing Arts | - | - | - | - | - | - | - | - | - | 1,986,912 |
| Total business-type expenses | 302,971,338 | 249,352,671 | 228,884,113 | 230,135,980 | 240,862,052 | 232,204,235 | 213,034,112 | 200,954,736 | 182,385,229 | 207,389,432 |
| Total primary government expenses | \$ 1,133,620,292 | \$ 1,075,895,357 | \$ 1,016,130,529 | \$ 1,002,241,181 | \$ 1,006,627,262 | \$ 941,696,356 | \$ 973,865,876 | \$ 900,344,573 | \$ 846,262,568 | \$ 794,102,712 |
| Program revenues: (see also Table 3) | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 7,085,977 | \$ 7,264,871 | \$ 7,901,979 | \$ 7,306,404 | \$ 9,497,748 | \$ 7,656,683 | \$ 6,519,429 | \$ 8,176,803 | \$ 13,310,411 | \$ 17,450,777 |
| Fire services | 12,282,488 | 11,174,742 | 8,547,852 | 8,347,086 | 8,224,213 | 7,494,561 | 7,551,666 | 8,864,033 | 8,267,074 | 7,672,974 |
| Police services | 13,601,445 | 14,623,458 | 14,481,855 | 14,227,236 | 22,021,740 | 18,521,825 | 17,866,612 | 18,649,891 | 21,147,627 | 12,194,471 |
| Health and human services | 2,798,396 | 2,803,642 | 2,411,024 | 2,932,137 | 4,022,702 | 3,680,732 | 3,748,435 | 3,669,266 | 3,715,952 | 3,787,127 |
| Economic & community development | 4,200,935 | 4,689,244 | 4,489,090 | 5,036,711 | 4,369,182 | 5,875,611 | 5,875,077 | 5,406,449 | 7,666,960 | 7,555,914 |
| Public transportation | 4,804,523 | 5,243,968 | 5,227,218 | 5,140,290 | 5,121,736 | 4,659,923 | 4,435,263 | 4,545,387 | 3,987,108 | 3,941,306 |
| Public works | 12,821,050 | 14,389,898 | 12,770,454 | 14,426,299 | 10,423,089 | 8,669,482 | 9,202,667 | 8,256,833 | 15,136,381 | 16,911,964 |
| Maintenance and operations of roads and facilities | 233,380 | 645,552 | 367,072 | 170,343 | 191,729 | 191,534 | 319,034 | 202,171 | 744,928 | 1,418,615 |
| Total charges for services revenues | 57,828,194 | 60,835,375 | 56,205,544 | 57,586,506 | 63,872,139 | 56,750,351 | 55,518,183 | 57,770,833 | 73,976,441 | 70,933,148 |
| Operating grants and contributions | 41,331,023 | 94,699,088 | 70,455,494 | 76,838,701 | 60,469,943 | 47,876,617 | 64,619,647 | 47,769,996 | 34,531,461 | 53,470,466 |
| Capital grants and contributions | 104,864,898 | 84,027,472 | 94,316,487 | 61,810,688 | 59,335,217 | 66,986,287 | 108,286,565 | 68,209,477 | 61,844,863 | 48,274,739 |
| Total governmental activities program revenues | 204,024,115 | 239,561,935 | 220,977,525 | 196,235,895 | 183,677,299 | 171,613,255 | 228,424,395 | 173,750,306 | 170,352,765 | 172,678,413 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | 329,065,077 | 303,945,145 | 274,454,359 | 279,360,413 | 275,133,149 | 260,970,568 | 245,176,485 | 227,754,831 | 215,858,228 | 231,062,446 |
| Operating grants and contributions | 1,958,210 | 260,620 | 121,173 | 116,452 | 111,731 | 108,584 | 108,584 | 1,615,050 | 1,600,351 | 975,495 |
| Capital grants and contributions | 11,490,032 | 5,021,006 | 6,634,793 | 8,797,587 | 11,981,787 | 47,442,806 | 14,581,877 | 39,135,924 | 5,666,752 | 7,555,178 |
| Total business-type activities revenues | 341,513,319 | 309,226,771 | 281,210,325 | 288,274,452 | 287,226,667 | 308,521,958 | 259,866,946 | 268,505,805 | 223,125,331 | 239,593,119 |
| Total primary government program revenues | 545,537,434 | 548,788,706 | 502,187,850 | 484,510,347 | 470,903,966 | 480,135,213 | 488,291,341 | 442,256,111 | 393,478,096 | 412,271,532 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | (626,624,839) | (586,980,751) | (566,268,891) | (575,869,306) | (582,087,911) | (537,878,866) | (532,407,369) | (525,639,531) | (493,524,574) | (414,034,867) |
| Business-type activities | 38,541,981 | 59,874,100 | 52,326,212 | 58,138,472 | 46,364,615 | 76,317,723 | 46,832,834 | 67,551,069 | 40,740,102 | 32,203,687 |
| Total primary government net expense | \$ (588,082,858) | \$ (527,106,651) | \$ (513,942,679) | \$ (517,730,834) | \$ (535,723,296) | \$ (461,561,143) | \$ (485,574,535) | \$ (458,088,462) | \$ (452,784,472) | \$ (381,831,180) |

MUNICIPALITY OF ANCHORAGE, ALASKA

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

| | Fiscal Year | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------|
| | 2015 | 2014 | 2013 | 2012 | As Restated 2011 | As Restated 2010 | As Restated 2009 | As Restated 2008 | As Restated 2007 | 2006 |
| General revenues and other changes in net position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | \$ 509,725,344 | \$ 497,351,213 | \$ 493,148,928 | \$ 490,581,658 | \$ 482,411,497 | \$ 479,409,921 | \$ 461,906,542 | \$ 435,202,824 | \$ 381,995,766 | \$ 392,314,240 |
| Motor vehicle taxes | 17,363,803 | 17,366,210 | 16,652,166 | 15,990,553 | 9,878,069 | 9,512,490 | 9,078,006 | 10,535,938 | 10,291,028 | 10,021,797 |
| Hotel and motel taxes | 26,083,585 | 25,002,097 | 22,988,779 | 23,013,548 | 21,033,287 | 19,604,118 | 17,846,829 | 22,173,862 | 20,209,303 | 19,093,196 |
| Tobacco taxes | 24,100,565 | 21,950,759 | 22,790,309 | 22,219,610 | 19,716,300 | 17,334,746 | 16,581,627 | 16,658,407 | 16,560,416 | 17,676,774 |
| Assessments in lieu of taxes | 3,124,513 | 3,052,584 | 3,135,217 | 3,050,828 | 2,232,706 | 2,284,762 | 2,324,750 | 2,086,576 | 1,775,622 | 16,200,594 |
| Grants and entitlements not restricted to specific programs | 14,042,608 | 14,831,485 | 14,697,818 | 21,154,092 | 19,984,139 | 15,053,452 | 15,018,748 | 15,112,751 | 13,536,127 | - |
| Investment earnings (loss) | 1,877,744 | 12,510,253 | 28,258,065 | 24,297,147 | 4,601,926 | 20,838,767 | 35,064,547 | (47,269,808) | 33,098,513 | 39,161,900 |
| Other | - | - | - | - | - | - | 1,252,159 | - | - | - |
| Transfers | 32,627,024 | 28,040,535 | 26,901,318 | 26,571,906 | 25,981,595 | 24,494,428 | 22,620,211 | 21,042,141 | 20,573,196 | 6,824,493 |
| Special item - (see footnote 23) | - | - | 4,076,934 | - | - | - | - | - | - | - |
| Total governmental activities | 628,945,186 | 620,105,136 | 632,649,534 | 626,879,342 | 585,839,519 | 588,532,684 | 581,693,419 | 498,529,675 | 498,039,971 | 501,292,994 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 4,067,761 | 4,539,450 | 2,089,947 | 5,562,131 | 6,071,914 | 8,457,540 | 9,288,490 | 1,796,671 | 12,399,226 | 9,222,252 |
| Other | - | - | - | - | - | - | (95,304) | - | - | - |
| Special item - NPO/OPEB write-off | - | - | - | - | - | - | - | 4,097,662 | - | - |
| Transfers | (32,627,024) | (28,040,535) | (26,901,318) | (26,571,906) | (25,981,595) | (24,165,530) | (25,745,211) | (21,042,141) | (20,573,196) | (6,824,493) |
| Special item - (see footnote 23) | - | - | 238,737 | - | - | - | - | - | - | - |
| Extraordinary item - (see footnote 23) | - | - | (61,562,051) | - | - | - | - | - | - | - |
| Total business-type activities | (28,559,263) | (23,501,085) | (86,134,685) | (21,009,775) | (19,909,681) | (15,707,990) | (16,552,025) | (15,147,808) | (8,173,970) | 2,397,759 |
| Total primary government | \$ 600,385,923 | \$ 596,604,051 | \$ 546,514,849 | \$ 605,869,567 | \$ 565,929,838 | \$ 572,824,694 | \$ 565,141,394 | \$ 483,381,867 | \$ 489,866,001 | \$ 503,690,753 |
| Change in net position: | | | | | | | | | | |
| Governmental activities | 2,320,347 | 33,124,385 | 66,380,643 | 51,010,036 | 3,751,608 | 50,653,818 | 49,286,050 | (27,109,856) | 4,515,397 | 87,258,127 |
| Business-type activities | 9,982,718 | 36,373,015 | (33,808,473) | 37,128,697 | 26,454,934 | 60,609,733 | 30,280,809 | 52,403,261 | 32,566,132 | 34,601,446 |
| Total primary government | \$ 12,303,065 | \$ 69,497,400 | \$ 32,572,170 | \$ 88,138,733 | \$ 30,206,542 | \$ 111,263,551 | \$ 79,566,859 | \$ 25,293,405 | \$ 37,081,529 | \$ 121,859,573 |

Notes:

In 2007, Alaska Community Development Authority (ACDA) and Alaska Center for the Performing Arts (ACPA) were reclassified from blended component units to discretely presented component units. As a result, the ACDA and ACPA expenses, revenues, and net position will 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 | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|---------------------|---------------------|---------------------|----------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | As Restated 2009 | As Restated 2008 | As Restated 2007 | 2006 |
| Program revenues - charges for services: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 7,085,977 | \$ 7,264,871 | \$ 7,901,979 | \$ 7,306,404 | \$ 9,497,748 | \$ 7,656,683 | \$ 6,519,429 | \$ 8,176,803 | \$ 13,310,411 | \$ 12,030,314 |
| Fire services | 12,282,488 | 11,174,742 | 8,547,852 | 8,347,086 | 8,224,213 | 7,494,561 | 7,551,666 | 8,864,033 | 8,267,074 | 7,672,974 |
| Police services | 13,601,445 | 14,623,458 | 14,481,855 | 14,227,236 | 22,021,740 | 18,521,825 | 17,866,612 | 18,649,891 | 21,147,627 | 17,614,934 |
| Health and human services | 2,798,396 | 2,803,642 | 2,411,024 | 2,932,137 | 4,022,702 | 3,680,732 | 3,748,435 | 3,669,266 | 3,715,952 | 3,787,127 |
| Economic & community development | 4,200,935 | 4,689,244 | 4,498,090 | 5,036,711 | 4,369,182 | 5,875,611 | 5,875,077 | 5,406,449 | 7,666,960 | 7,555,914 |
| Public transportation | 4,804,523 | 5,243,968 | 5,227,218 | 5,140,290 | 5,121,736 | 4,659,923 | 4,435,263 | 4,545,387 | 3,987,108 | 3,941,306 |
| Public works | 12,821,050 | 14,389,898 | 12,770,454 | 14,426,299 | 10,423,089 | 8,669,482 | 9,202,667 | 8,256,833 | 15,136,381 | 16,911,964 |
| Maintenance and operations of roads and facilities | 233,380 | 645,552 | 367,072 | 170,343 | 191,729 | 191,534 | 319,034 | 202,171 | 744,928 | 1,418,615 |
| Total governmental activities | 57,828,194 | 60,835,375 | 56,205,544 | 57,586,506 | 63,872,139 | 56,750,351 | 55,518,183 | 57,770,833 | 73,976,441 | 70,933,148 |
| Business-type activities: | | | | | | | | | | |
| Electric | 164,910,039 | 142,382,804 | 120,158,837 | 128,070,159 | 139,609,558 | 131,520,920 | 120,008,455 | 108,272,636 | 100,606,033 | 115,656,934 |
| Water | 62,371,849 | 62,527,066 | 59,562,890 | 55,664,095 | 52,081,778 | 51,056,732 | 48,248,827 | 43,613,176 | 43,870,404 | 39,545,747 |
| Wastewater | 52,814,630 | 51,774,890 | 50,465,806 | 48,135,325 | 42,894,791 | 37,994,692 | 37,019,347 | 35,151,553 | 35,157,366 | 31,269,830 |
| Port | 13,861,999 | 12,099,083 | 11,555,611 | 11,701,746 | 11,819,075 | 11,452,966 | 11,140,822 | 12,574,534 | 11,768,704 | 11,881,314 |
| Solid waste | 10,996,962 | 22,957,169 | 22,498,137 | 20,949,679 | 18,566,616 | 18,974,151 | 19,007,456 | 18,197,048 | 15,493,404 | 15,185,485 |
| Refuse | 22,601,619 | 10,754,905 | 8,807,046 | 8,787,550 | 8,820,754 | 8,744,034 | 8,515,349 | 8,013,803 | 7,177,811 | 6,785,718 |
| Municipal airport | 1,507,979 | 1,449,228 | 1,406,032 | 6,051,859 | 1,340,577 | 1,227,073 | 1,236,229 | 1,289,585 | 1,235,026 | 1,196,622 |
| Cooperative Services Authority | - | - | - | - | - | - | - | 642,496 | 549,480 | - |
| Anchorage Community Development Authority | - | - | - | - | - | - | - | - | - | 5,361,114 |
| Alaska Center for the Performing Arts | - | - | - | - | - | - | - | - | - | 1,244,739 |
| Total business-type activities | 329,065,077 | 303,945,145 | 274,454,359 | 279,360,413 | 275,133,149 | 260,970,568 | 245,176,485 | 227,754,831 | 215,858,228 | 228,127,503 |
| Total primary government | \$ 386,893,271 | \$ 364,780,520 | \$ 330,659,903 | \$ 336,946,919 | \$ 339,005,288 | \$ 317,720,919 | \$ 300,694,668 | \$ 285,525,664 | \$ 289,834,669 | \$ 299,060,651 |

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 | | | | | | | | | |
|---|-------------|------|------|------|------|------|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Pre-GASB 54 Presentation | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,881,505 | \$ 1,297,581 | \$ 1,210,130 | \$ 2,174,624 |
| Unreserved - designated | - | - | - | - | - | - | 33,059,151 | 19,782,164 | 28,613,168 | 53,275,788 |
| Unreserved - undesignated | - | - | - | - | - | - | 8,256,412 | 4,988,645 | 12,529,965 | 16,311,739 |
| Total general funds | - | - | - | - | - | - | 45,197,068 | 26,068,390 | 42,353,263 | 71,762,151 |
| Reserved | - | - | - | - | - | - | 210,745,488 | 228,973,762 | 254,532,582 | 241,709,679 |
| 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 |
| Capital project funds | - | - | - | - | - | - | (31,211,824) | (21,620,598) | 2,468,555 | 88,689,016 |
| Total all other governmental funds | - | - | - | - | - | - | 203,388,473 | 228,760,745 | 349,021,071 | 338,303,923 |
| Reserved | - | - | - | - | - | - | 214,626,993 | 230,271,343 | 255,742,712 | 243,884,303 |
| Unreserved - designated | - | - | - | - | - | - | 56,359,728 | 40,437,587 | 119,796,082 | 53,275,788 |
| Unreserved - undesignated, reported in: | | | | | | | | | | |
| General fund | - | - | - | - | - | - | 8,256,412 | 4,988,645 | 12,529,965 | 16,311,739 |
| Special revenue funds | - | - | - | - | - | - | 554,232 | 752,158 | 837,020 | 7,905,228 |
| Capital project funds | - | - | - | - | - | - | (31,211,824) | (21,620,598) | 2,468,555 | 88,689,016 |
| Total governmental funds fund balance | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 248,585,541 | \$ 254,829,135 | \$ 391,374,334 | \$ 410,066,074 |

| | Fiscal Year | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|------|------|------|------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Post GASB 54 Presentation | | | | | | | | | | |
| Nonspendable | \$ 2,661,599 | \$ 3,530,115 | \$ 2,932,819 | \$ 3,060,774 | \$ 3,332,167 | \$ 3,750,639 | \$ - | \$ - | \$ - | \$ - |
| Restricted | 11,881 | 189,145 | 2,595,783 | 3,441,095 | 13,443,010 | 17,039,469 | - | - | - | - |
| Committed | 40,024,969 | 40,811,180 | 37,267,885 | 37,093,804 | 25,257,793 | 19,680,810 | - | - | - | - |
| Assigned | 9,162,786 | 12,733,971 | 8,104,090 | 21,031,217 | 13,467,816 | 7,645,324 | - | - | - | - |
| Unassigned | 31,776,450 | 18,450,750 | 28,429,037 | 17,210,990 | 9,340,583 | 15,205,649 | - | - | - | - |
| Total general funds | 83,627,685 | 75,715,161 | 79,329,614 | 81,837,880 | 64,841,369 | 63,321,891 | - | - | - | - |
| Restricted | 144,484,348 | 148,990,379 | 144,181,374 | 127,632,975 | 116,757,912 | 120,279,315 | - | - | - | - |
| Total MOA trust fund | 144,484,348 | 148,990,379 | 144,181,374 | 127,632,975 | 116,757,912 | 120,279,315 | - | - | - | - |
| Restricted | 21,374,727 | 3,126,957 | 4,443,990 | 10,671,120 | 15,896,418 | 25,998,937 | - | - | - | - |
| Committed | 261,385 | 301,187 | 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 | 21,636,112 | 3,428,144 | (9,416,817) | 11,897,958 | 17,196,941 | 17,272,885 | - | - | - | - |
| Nonspendable | 1,048,604 | 1,180,030 | 1,150,000 | 1,155,252 | 1,167,429 | 1,150,000 | - | - | - | - |
| Restricted | 90,917,166 | 83,244,307 | 74,971,749 | 60,947,704 | 53,416,639 | 64,384,701 | - | - | - | - |
| Committed | 18,575,285 | 18,444,025 | 19,408,994 | 18,908,485 | 18,724,646 | 20,753,368 | - | - | - | - |
| Assigned | 24,638,722 | 25,659,464 | 24,872,398 | 28,069,626 | 23,404,223 | 17,356,453 | - | - | - | - |
| Unassigned (deficit) | (45,918) | (57,261) | (965,703) | (636,175) | (316,444) | (5,088,907) | - | - | - | - |
| Total other governmental funds | 135,133,859 | 128,470,565 | 119,437,438 | 108,444,862 | 96,396,493 | 98,555,615 | - | - | - | - |
| Nonspendable | 3,700,203 | 4,710,145 | 4,082,819 | 4,216,026 | 4,499,596 | 4,900,639 | - | - | - | - |
| Restricted | 256,788,122 | 235,550,788 | 226,192,896 | 202,692,894 | 199,513,979 | 227,702,422 | - | - | - | - |
| Committed | 58,861,639 | 59,556,392 | 56,857,490 | 56,172,539 | 44,307,929 | 40,681,521 | - | - | - | - |
| Assigned | 33,801,508 | 38,393,435 | 32,976,488 | 50,157,431 | 37,847,072 | 25,950,563 | - | - | - | - |
| Unassigned | 31,730,532 | 18,393,489 | 13,421,916 | 16,574,815 | 9,024,139 | 194,561 | - | - | - | - |
| Total governmental funds fund balance | \$ 384,882,004 | \$ 356,604,249 | \$ 333,531,609 | \$ 329,813,705 | \$ 295,192,715 | \$ 299,429,706 | \$ - | \$ - | \$ - | \$ - |

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

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

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 | | | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Revenues: | | | | | | | | | | |
| Taxes and assessments in lieu of taxes | \$ 580,981,773 | \$ 565,413,760 | \$ 559,077,522 | \$ 555,052,111 | \$ 534,724,811 | \$ 527,757,094 | \$ 506,700,676 | \$ 486,293,914 | \$ 429,372,924 | \$ 455,172,329 |
| Special assessments | 2,750,188 | 1,468,716 | 1,181,821 | 1,273,593 | 1,410,956 | 1,559,801 | 1,080,120 | 1,159,628 | 1,250,564 | 1,287,799 |
| Licenses and permits | 10,999,964 | 12,941,960 | 12,553,278 | 10,372,797 | 11,367,098 | 9,727,381 | 11,137,072 | 10,950,551 | 12,288,396 | 13,840,537 |
| Intergovernmental | 169,459,308 | 176,898,245 | 156,098,508 | 149,037,822 | 119,711,543 | 121,565,389 | 172,943,841 | 124,425,213 | 102,611,734 | 82,592,145 |
| Charges for services | 32,197,098 | 29,019,610 | 33,139,322 | 33,242,521 | 34,161,923 | 35,151,606 | 31,898,045 | 34,112,140 | 31,845,493 | 35,348,493 |
| Fines and forfeitures | 6,611,034 | 6,970,300 | 6,532,511 | 6,232,471 | 8,468,178 | 7,761,674 | 8,372,541 | 8,996,470 | 10,043,220 | 5,678,880 |
| E911 surcharges | 6,378,754 | 6,766,679 | - | - | - | - | - | - | - | - |
| Investment income | 1,658,781 | 11,934,747 | 28,223,078 | 23,591,633 | 4,518,123 | 19,923,545 | 33,133,010 | (47,288,530) | 31,072,851 | 37,853,203 |
| Restricted contributions | 1,820,056 | 501,774 | 4,350,831 | 2,870,846 | 3,932,885 | 1,852,653 | 746,194 | 3,326,186 | 1,855,989 | 1,203,042 |
| Other | 4,409,634 | 6,210,488 | 5,416,074 | 6,121,264 | 7,987,619 | 5,095,912 | 5,140,839 | 4,802,460 | 5,004,863 | 5,440,632 |
| Total revenues | 817,266,590 | 818,126,279 | 806,572,945 | 787,795,058 | 726,283,136 | 730,395,055 | 771,152,338 | 626,778,032 | 625,345,689 | 638,417,060 |
| Expenditures: | | | | | | | | | | |
| General government | 28,141,406 | 29,547,245 | 22,490,280 | 20,596,164 | 21,982,842 | 17,931,545 | 21,529,868 | 25,049,556 | 25,927,198 | 25,864,299 |
| Fire services | 111,060,154 | 111,777,871 | 103,203,797 | 95,195,623 | 90,763,653 | 83,670,491 | 76,265,286 | 76,322,626 | 69,692,211 | 63,512,191 |
| Police services | 130,875,103 | 132,839,308 | 129,813,796 | 115,967,228 | 111,510,172 | 102,926,771 | 99,974,274 | 101,537,582 | 90,424,063 | 82,191,066 |
| Health and human services | 24,669,526 | 25,650,935 | 23,742,769 | 24,115,392 | 26,823,415 | 25,144,569 | 26,589,623 | 25,953,139 | 25,043,484 | 24,360,212 |
| Economic and community development | 54,666,205 | 53,875,368 | 46,870,085 | 58,099,851 | 60,989,689 | 63,627,692 | 62,988,984 | 61,635,730 | 54,158,211 | 53,881,037 |
| Public transportation | 30,758,931 | 31,549,000 | 30,396,121 | 30,241,731 | 28,169,896 | 21,556,120 | 22,220,628 | 24,625,761 | 21,512,366 | 20,644,987 |
| Public works | 28,416,543 | 39,492,078 | 32,429,989 | 27,953,465 | 20,907,921 | 20,934,441 | 22,822,998 | 26,436,195 | 23,556,542 | 20,456,482 |
| Education | 240,239,749 | 34,338,414 | 241,279,103 | 238,519,174 | 240,834,968 | 235,125,354 | 231,378,123 | 212,266,737 | 200,028,978 | 185,077,206 |
| Maintenance and operations of roads and facilities | 31,942,531 | 240,752,791 | 32,977,338 | 35,482,336 | 33,805,423 | 34,484,210 | 32,752,300 | 35,830,185 | 29,719,944 | 30,028,685 |
| Capital outlay | 126,268,360 | 105,785,105 | 108,418,635 | 98,950,246 | 82,333,411 | 105,694,920 | 145,213,610 | 172,099,343 | 151,545,463 | 130,232,159 |
| Debt service | | | | | | | | | | |
| Principal | 43,117,998 | 38,857,577 | 35,022,883 | 39,242,119 | 31,137,139 | 20,647,950 | 30,823,332 | 30,371,078 | 29,432,234 | 34,949,110 |
| Interest | 23,731,301 | 24,898,180 | 26,658,557 | 27,013,982 | 31,072,474 | 27,581,071 | 28,686,622 | 29,269,039 | 29,342,270 | 28,066,471 |
| Bond issuance costs | 877,799 | 462,954 | - | 232,046 | 224,194 | 497,504 | - | 441,158 | 102,345 | 2,722,984 |
| Total expenditures | 874,765,606 | 869,826,826 | 833,303,363 | 811,609,357 | 780,555,197 | 759,822,638 | 801,245,648 | 821,838,129 | 750,485,309 | 701,986,889 |
| Deficiencies of revenues over expenditures | (57,499,016) | (51,700,547) | (26,730,418) | (23,814,299) | (54,272,061) | (29,427,583) | (30,093,310) | (195,060,097) | (125,139,620) | (63,569,829) |
| Other financing sources (uses): | | | | | | | | | | |
| Transfers in | 56,880,063 | 52,648,722 | 56,375,764 | 52,186,974 | 52,622,964 | 47,683,059 | 56,159,016 | 71,752,640 | 47,630,377 | 47,837,359 |
| Transfers out | (24,734,653) | (26,377,947) | (32,447,488) | (25,618,993) | (32,111,908) | (23,525,181) | (33,433,469) | (46,779,615) | (27,207,181) | (41,012,866) |
| Bonds issued | 256,880,000 | 122,600,001 | - | 53,785,000 | 52,298,250 | 78,610,000 | - | 60,000,000 | 54,630,000 | 110,920,000 |
| Premium on bonds | 31,361,323 | 21,857,443 | - | 7,875,284 | 796,626 | 945,968 | - | 788,975 | 1,681,507 | 33,142 |
| Payment to bond escrow agent | (235,296,377) | (97,023,536) | - | (33,418,560) | (23,860,769) | (24,047,975) | - | - | - | - |
| Capital leases | - | - | - | - | - | - | - | - | - | - |
| Loan Proceeds | - | - | - | - | - | 507,250 | - | 175,000 | - | 673,553 |
| Insurance recoveries | 404,235 | 349,533 | 133,596 | 194,229 | 96,076 | - | 133,334 | 38,720 | 22,316 | 41,915 |
| Sale of capital assets | 282,180 | 718,971 | 6,386,450 | 3,431,355 | 193,831 | 98,627 | 990,835 | 1,152,346 | 1,071,446 | 4,243,901 |
| Net other financing sources (uses) | 85,776,771 | 74,773,187 | 30,448,322 | 58,435,289 | 50,035,070 | 80,271,748 | 23,849,716 | 87,128,066 | 77,828,465 | 122,737,004 |
| Net change in fund balances | \$ 28,277,755 | \$ 23,072,640 | \$ 3,717,904 | \$ 34,620,990 | \$ (4,236,991) | \$ 50,844,165 | \$ (6,243,594) | \$ (107,932,031) | \$ (47,311,155) | \$ 59,167,175 |

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

Source: Municipality of Anchorage, Finance Department

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

| | Fiscal Year | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Expenditures: | | | | | | | | | | |
| General government | \$ 28,141,406 | \$ 29,547,245 | \$ 22,490,280 | \$ 20,596,164 | \$ 21,982,842 | \$ 17,931,545 | \$ 21,529,868 | \$ 25,049,556 | \$ 25,927,198 | \$ 25,864,299 |
| Fire services | 111,060,154 | 111,777,871 | 103,203,797 | 95,195,623 | 90,763,653 | 83,670,491 | 76,265,286 | 76,322,626 | 69,692,211 | 63,512,191 |
| Police services | 130,875,103 | 132,839,308 | 129,813,796 | 115,967,228 | 111,510,172 | 102,926,771 | 99,974,274 | 101,537,582 | 90,424,063 | 82,191,066 |
| Health and human services | 24,669,526 | 25,650,935 | 23,742,769 | 24,115,392 | 26,823,415 | 25,144,569 | 26,589,623 | 25,953,139 | 25,043,484 | 24,360,212 |
| Economic and community development | 54,666,205 | 53,875,368 | 46,870,085 | 58,099,851 | 60,989,689 | 63,627,692 | 62,988,984 | 61,635,730 | 54,158,211 | 53,881,037 |
| Public transportation | 30,758,931 | 31,549,000 | 30,396,121 | 30,241,731 | 28,169,896 | 21,556,120 | 22,220,628 | 24,625,761 | 21,512,366 | 20,644,987 |
| Public works | 28,416,543 | 39,492,078 | 32,429,999 | 27,953,465 | 20,907,921 | 20,934,441 | 22,822,998 | 26,436,195 | 23,556,542 | 20,456,482 |
| Education | 240,239,749 | 240,752,791 | 241,279,103 | 238,519,174 | 240,834,968 | 235,125,354 | 231,378,123 | 212,266,737 | 200,028,978 | 185,077,206 |
| Maintenance and operations of roads and facilities | 31,942,531 | 34,338,414 | 32,977,338 | 35,482,336 | 33,805,423 | 34,484,210 | 32,752,300 | 35,830,185 | 29,719,944 | 30,028,685 |
| Capital outlay | 126,268,360 | 105,785,105 | 108,418,635 | 98,950,246 | 82,333,411 | 105,694,920 | 145,213,610 | 172,099,343 | 151,545,463 | 126,763,050 |
| Debt service | | | | | | | | | | |
| Principal | 43,117,998 | 38,857,577 | 35,022,883 | 39,242,119 | 31,137,139 | 20,647,950 | 30,823,332 | 30,371,078 | 29,432,234 | 34,949,110 |
| Interest | 24,609,100 | 25,361,134 | 26,658,557 | 27,013,982 | 31,072,474 | 27,581,071 | 28,686,622 | 29,269,039 | 29,342,270 | 28,066,471 |
| Total expenditures | 874,765,606 | 869,826,826 | 833,303,363 | 811,377,311 | 780,331,003 | 759,325,134 | 801,245,648 | 821,396,971 | 750,382,964 | 695,794,796 |
| Less: | | | | | | | | | | |
| Amounts capitalized | 66,564,373 | 38,131,869 | 44,186,983 | 32,391,715 | 23,211,817 | 75,494,226 | 60,343,117 | 155,946,242 | 104,733,796 | 78,490,668 |
| Total non-capital expenditures | \$ 808,201,233 | \$ 831,694,957 | \$ 789,116,380 | \$ 778,985,596 | \$ 757,119,186 | \$ 683,830,908 | \$ 740,902,531 | \$ 665,450,729 | \$ 645,649,168 | \$ 617,304,128 |
| Debt service as a percentage of non-capital expenditures | 8.38% | 7.72% | 7.82% | 8.51% | 8.22% | 7.05% | 8.03% | 8.96% | 9.10% | 10.21% |

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 | Other | Total |
|-------------|----------------|-------------------|---------------|----------------------|---------------|---------------|--------------|----------------|
| 2015 | \$ 458,731,864 | \$ 48,522,246 | \$ 11,712,417 | \$ 5,800,051 | \$ 25,986,940 | \$ 24,081,507 | \$ 3,022,235 | \$ 577,857,260 |
| 2014 | 446,813,325 | 48,181,620 | 11,818,369 | 5,637,102 | 24,936,211 | 21,926,133 | 3,048,416 | 562,361,176 |
| 2013 | 443,778,926 | 46,571,533 | 11,448,632 | 5,265,282 | 22,949,191 | 22,789,454 | 3,139,287 | 555,942,305 |
| 2012 | 437,675,314 | 48,684,789 | 11,303,053 | 4,817,450 | 22,700,161 | 22,219,610 | 4,600,906 | 552,001,283 |
| 2011 | 436,812,135 | 42,069,391 | 4,823,011 | 5,074,906 | 20,967,057 | 19,672,105 | 3,073,500 | 532,492,105 |
| 2010 | 426,969,356 | 47,371,702 | 4,881,941 | 4,692,648 | 19,530,750 | 17,321,934 | 4,704,001 | 525,472,332 |
| 2009 | 414,139,893 | 43,437,488 | 4,700,829 | 4,357,508 | 17,763,896 | 16,550,062 | 3,426,250 | 504,375,926 |
| 2008 | 393,226,611 | 37,984,281 | 5,183,112 | 5,339,159 | 22,081,280 | 16,524,753 | 3,868,142 | 484,207,338 |
| 2007 | 342,486,565 | 35,067,327 | 5,156,698 | 5,088,735 | 20,162,405 | 16,559,744 | 3,075,828 | 427,597,302 |
| 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 |

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 |
|-------------|--|--------------------------------------|--------------------------------|--|--------------------------------------|----------------------------------|----------------------|
| 2015 | \$ 239,410,965 | 48,447 | \$ 4,942 | \$ 267,221,678 | 298,908 | \$ 894 | \$ 506,632,643 |
| 2014 | 236,498,047 | 47,929 | 4,934 | 267,464,583 | 300,549 | 890 | 503,962,630 |
| 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 |

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 | | | |
| 2015 | \$ 21,626,494,295 | \$ 10,109,822,456 | \$ 31,736,316,751 | \$ 3,302,128,224 | \$ 35,038,444,975 | 6.70 |
| 2014 | 20,727,659,820 | 9,726,237,558 | 30,453,897,378 | 3,218,472,804 | 33,672,370,182 | 6.71 |
| 2013 | 19,844,447,084 | 9,394,322,157 | 29,238,769,241 | 3,072,941,642 | 32,311,710,883 | 6.92 |
| 2012 | 19,617,776,607 | 9,152,490,728 | 28,770,267,335 | 2,944,070,041 | 31,714,337,376 | 7.28 |
| 2011 | 19,734,533,714 | 9,095,615,110 | 28,830,148,824 | 2,766,391,727 | 31,596,540,551 | 7.61 |
| 2010 | 19,538,749,838 | 8,982,605,974 | 28,521,355,812 | 2,942,321,080 | 31,463,676,892 | 7.89 |
| 2009 | 19,669,462,275 | 8,964,468,173 | 28,633,930,448 | 2,819,418,266 | 31,453,348,714 | 7.67 |
| 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 |
| 2003 | 12,131,461,007 | 5,094,240,309 | 17,225,701,316 | 1,854,219,932 | 19,079,921,248 | 8.87 |

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)

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Areawide: | | | | | | | | | | |
| General Government | (0.14) | (0.35) | (0.43) | (0.29) | 0.09 | 0.45 | 0.49 | 0.37 | 0.23 | 0.46 |
| Schools | 6.84 | 7.06 | 7.35 | 7.57 | 7.52 | 7.44 | 7.18 | 6.94 | 6.79 | 7.13 |
| Property Tax Credit | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.57) | (0.51) | 0.00 | 0.00 |
| Total Areawide | <u>6.70</u> | <u>6.71</u> | <u>6.92</u> | <u>7.28</u> | <u>7.61</u> | <u>7.89</u> | <u>7.10</u> | <u>6.80</u> | <u>7.02</u> | <u>7.59</u> |
| Former City Service Area | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.02 | 0.02 |
| Chugiak Service Area | 1.00 | 0.95 | 1.00 | 1.00 | 0.97 | 0.96 | 0.97 | 0.99 | 1.00 | 0.91 |
| 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 | 4.08 | 3.97 | 4.29 | 4.14 | 3.68 | 3.87 | 3.83 | 3.03 | 4.00 | 3.97 |
| 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 | 2.22 | 2.44 | 2.21 | 2.13 | 2.09 | 1.83 | 1.75 | 1.77 | 1.73 | 1.76 |
| Roads and Drainage Service Area | 2.31 | 2.36 | 2.60 | 2.78 | 2.46 | 2.13 | 2.77 | 2.60 | 2.59 | 2.80 |
| Limited Service Areas | 1.30 | 1.29 | 1.29 | 1.31 | 1.33 | 1.33 | 1.32 | 1.30 | 1.28 | 1.21 |
| Anchorage Metropolitan Police Service Area | 2.93 | 2.95 | 3.23 | 2.76 | 2.70 | 2.67 | 2.61 | 2.56 | 2.60 | 2.57 |
| Parks and Recreation Service Area | 0.54 | 0.59 | 0.60 | 0.62 | 0.62 | 0.66 | 0.70 | 0.65 | 0.60 | 0.56 |
| 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 | 1.03 | 0.97 | 0.95 | 1.00 | 0.90 | 0.91 | 1.05 | 1.08 | 1.11 | 1.13 |

Source: Municipality of Anchorage, Assembly Ordinances.

MUNICIPALITY OF ANCHORAGE, ALASKA

Principle Property Tax Payers
Current Year and Nine Years Ago

Table 11

| 2015 | | |
|-----------------------------|-------------------------|---|
| <u>Taxpayer</u> | <u>Assessed Value</u> | <u>Percentage of Total Assessed Value</u> |
| GCI Communication Corp | \$ 202,368,472 | 0.58% |
| Calais Co Inc | 186,322,140 | 0.53% |
| ACS Of Anchorage Inc | 169,736,027 | 0.48% |
| Galen Hospital Alaska Inc | 143,894,702 | 0.41% |
| WEC 2000A-Alaska Llc | 142,327,232 | 0.41% |
| Fred Meyer Stores Inc | 138,547,623 | 0.40% |
| Enstar Natural Gas Company | 120,107,043 | 0.34% |
| BP Exploration (Alaska) Inc | 115,554,734 | 0.33% |
| Hickel Investment Co | 115,014,672 | 0.33% |
| Anchorage Fueling & Svc Co | 82,818,701 | 0.24% |
| | <u>\$ 1,416,691,346</u> | <u>4.04%</u> |

| 2006 | | |
|-----------------------------|-------------------------|---|
| <u>Taxpayer</u> | <u>Assessed Value</u> | <u>Percentage of Total Assessed Value</u> |
| ACS Of Anchorage Inc | \$ 271,857,152 | 1.05% |
| Fred Meyer Stores Inc | 133,817,630 | 0.52% |
| GCI Communication Corp | 110,109,048 | 0.43% |
| Wec 2000A-Alaska Llc | 108,395,835 | 0.42% |
| Calais Co Inc | 106,943,521 | 0.41% |
| Galen Hospital Alaska Inc | 103,422,501 | 0.40% |
| BP Exploration (Alaska) Inc | 91,724,813 | 0.35% |
| Anchorage Fueling & Svc Co | 86,322,647 | 0.33% |
| Hickel Investment Co | 71,748,976 | 0.28% |
| Enstar Natural Gas Company | 64,423,278 | 0.25% |
| | <u>\$ 1,148,765,401</u> | <u>4.44%</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 | |
| 2015 | \$ 506,632,643 | \$ 503,919,262 | 99.46% | \$ (3,735,743) | \$ 500,183,519 | 98.73% | \$ 6,449,124 |
| 2014 | 503,962,630 | 500,381,108 | 99.29% | (6,412,951) | 493,968,157 | 98.02% | 9,994,473 |
| 2013 | 480,422,072 | 480,393,854 | 99.99% | (7,365,626) | 473,028,228 | 98.46% | 7,393,844 |
| 2012 | 477,009,470 | 477,142,831 | 100.03% | (2,509,692) | 474,633,139 | 99.50% | 2,376,331 |
| 2011 | 475,771,921 | 470,361,847 | 98.86% | 5,211,978 | 475,573,825 | 99.96% | 198,096 |
| 2010 | 463,732,284 | 454,799,895 | 98.07% | 8,634,507 | 463,434,402 | 99.94% | 297,882 |
| 2009 | 438,158,786 | 430,346,262 | 98.22% | 7,521,535 | 437,867,797 | 99.93% | 290,989 |
| 2008 | 386,615,505 | 378,829,566 | 97.99% | 7,629,884 | 386,459,450 | 99.96% | 156,055 |
| 2007 | 398,955,490 | 389,483,559 | 97.63% | 9,468,920 | 398,952,479 | 100.00% | 3,011 |
| 2006 | 357,895,662 | 353,993,904 | 98.91% | 3,900,372 | 357,894,276 | 100.00% | 1,386 |

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 | Percentage of Personal Income | Total Debt to Population |
|-------------|--------------------------|-------------------|--------------------------|-----------------|---------------|-------------------------------|-------------------------------|--------------------------|
| | General Obligation Bonds | Revenue Bonds (1) | Special Assessment Bonds | Notes and Loans | Capital Lease | | | |
| 2015 | \$ 487,288,591 | \$ 100,501,865 | \$ - | \$ 5,532,310 | \$ 19,153,669 | \$ 612,476,435 | | |
| 2014 | 464,818,361 | 108,884,128 | - | 5,780,168 | 15,310,257 | 594,792,914 | | |
| 2013 | 451,264,548 | 114,205,696 | - | 5,973,442 | 9,613,451 | 581,057,137 | | |
| 2012 | 482,046,822 | 119,212,265 | - | 6,188,701 | 11,634,331 | 619,082,119 | | |
| 2011 | 488,862,810 | 123,923,833 | - | 6,393,960 | 3,794,941 | 622,975,544 | | |
| 2010 | 487,341,763 | 148,375,000 | - | 6,535,000 | 3,642,532 | 645,894,295 | | |
| 2009 | 448,590,369 | 152,430,000 | - | 6,719,000 | 3,143,291 | 610,882,660 | | |
| 2008 | 475,781,420 | 156,180,000 | - | 6,894,000 | 4,088,564 | 642,943,984 | | |
| 2007 | 441,657,000 | 159,175,000 | 335,000 | 7,060,000 | 1,558,751 | 609,785,751 | | |
| 2006 | 411,256,115 | 161,725,000 | 600,000 | 7,160,000 | 2,014,682 | 582,755,797 | | |

| Fiscal Year | Business-type Activities | | | | Total Business-Type Activities | Total Primary Government | Percentage of Personal Income | Total Debt to Population |
|-------------|--------------------------|----------------|--------------------------|-----------------|--------------------------------|--------------------------|-------------------------------|--------------------------|
| | General Obligation Bonds | Revenue Bonds | Special Assessment Bonds | Notes and Loans | | | | |
| 2015 | \$ - | \$ 537,971,027 | \$ - | \$ 270,764,757 | \$ 808,735,784 | \$ 1,421,212,219 | 8.29% | \$ 4,755 |
| 2014 | - | 551,508,730 | - | 245,683,469 | 797,192,199 | 1,391,985,113 | 8.12% | 4,631 |
| 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 |

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 2015.

Source: Municipality of Anchorage, Finance Department.

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 14

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year | Population (Table 18) | Assessed Value | General Obligation Bonds (Table 13) | Less: Available Resources | Net General Obligation Bonds | Ratio of GO Debt to Assessed Value of Property | Net GO Debt Per Capita |
|-------------|-----------------------|-------------------|-------------------------------------|---------------------------|------------------------------|--|------------------------|
| 2015 | 298,908 | \$ 35,038,444,975 | \$ 487,288,591 | \$ 3,730,810 | \$ 483,557,781 | 1.38% | \$ 1,618 |
| 2014 | 300,549 | 33,304,523,825 | 464,818,361 | 3,603,206 | 461,215,155 | 1.38% | 1,535 |
| 2013 | 301,134 | 32,599,587,241 | 451,264,548 | 3,535,603 | 447,728,945 | 1.37% | 1,487 |
| 2012 | 298,576 | 31,714,337,376 | 482,046,822 | 3,789,823 | 478,256,999 | 1.51% | 1,602 |
| 2011 | 296,197 | 31,596,540,551 | 488,862,809 | 774,548 | 488,088,261 | 1.54% | 1,648 |
| 2010 | 291,826 | 31,463,676,892 | 487,341,763 | 1,070,990 | 486,270,773 | 1.55% | 1,666 |
| 2009 | 290,588 | 31,453,348,714 | 449,094,042 | 814,460 | 448,279,582 | 1.43% | 1,543 |
| 2008 | 284,994 | 30,580,821,146 | 476,751,597 | 1,007,077 | 475,744,520 | 1.56% | 1,669 |
| 2007 | 283,823 | 29,269,105,519 | 443,058,428 | 1,139,219 | 441,919,209 | 1.51% | 1,557 |
| 2006 | 282,813 | 25,844,114,757 | 413,054,339 | 1,230,134 | 411,824,205 | 1.59% | 1,456 |

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, 2015

Table 15

| | Debt Outstanding | Percentage Overlap | Share of Direct and Overlapping Debt |
|--|---------------------|-----------------------|---|
| Anchorage School District overlapping debt | \$ 577,500,000 | 100% | \$ 577,500,000 |
| Anchorage's direct debt (Table 13) | | | <u>612,476,435</u> |
| Total direct and overlapping debt | | | <u><u>\$ 1,189,976,435</u></u> |

Notes:

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

Percentage of overlap is based on assessed property values.

Source: Debt outstanding balance obtained from Anchorage School District 2015 CAFR.

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 16

Legal Debt Margin
December 31, 2015

Legal Debt Margin

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

Source: Municipality of Anchorage, Finance Department.

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

Table 17

| Electric Utility | | | | | | | |
|------------------|----------------|---------------------------|--|--|---------------|---------------|--------------|
| Fiscal Year | Revenue (1)(2) | Operating Expenses (3) | Net Revenue Available for Debt Service | Debt Service Requirement (accrual basis) | | | Coverage (4) |
| | | | | Principal (4) | Interest (2) | Total | |
| 2015 | \$ 164,652,279 | \$ 111,475,302 | \$ 53,176,977 | \$ 7,440,000 | \$ 15,868,460 | \$ 23,308,460 | 2.28 |
| 2014 | 140,578,329 | 85,614,254 | 54,964,075 | 17,910,000 | 10,719,674 | 28,629,674 | 1.92 |
| 2013 | 116,439,242 | 69,979,738 | 46,459,504 | 17,085,000 | 10,684,851 | 27,769,851 | 1.67 |
| 2012 | 122,973,354 | 73,853,642 | 49,119,712 | 16,915,000 | 13,953,484 | 30,868,484 | 1.59 |
| 2011 | 138,326,743 | 88,336,864 | 49,989,879 | 16,945,000 | 14,969,376 | 31,914,376 | 1.57 |
| 2010 | 134,571,665 | 82,342,389 | 52,229,276 | 16,995,000 | 15,974,962 | 32,969,962 | 1.58 |
| 2009 | 120,484,857 | 71,496,357 | 48,988,500 | 17,270,000 | 9,460,410 | 26,730,410 | 1.83 |
| 2008 | 108,120,323 | 56,737,791 | 51,382,532 | 17,295,000 | 9,775,653 | 27,070,653 | 1.90 |
| 2007 | 103,846,120 | 42,968,092 | 60,878,028 | 17,725,000 | 10,714,687 | 28,439,687 | 2.14 |
| 2006 | 122,317,974 | 61,133,040 | 61,184,934 | 21,225,000 | 11,675,721 | 32,900,721 | 1.86 |

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

(2) Excludes Federal subsidy for 2014 and 2015

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

(4) The required minimum revenue bond coverage is 1.35 and the all-debt minimum coverage is 1.10. Commercial paper is not reflected on this schedule. If it were included, all-debt coverage for fiscal years 2014 and 2013 would be 1.53 and 1.33, respectively.

| Solid Waste | | | | | | | |
|----------------|---------------|---------------------------|--|--|----------|---------|--------------|
| Fiscal Year | Revenue (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirement (accrual basis) | | | Coverage (3) |
| | | | | Principal | Interest | Total | |
| 2015 | \$ 22,864,028 | \$ 17,435,075 | \$ 5,428,953 | \$ - | \$ - | \$ - | - |
| 2014 | 23,329,004 | 14,536,455 | 8,792,549 | - | - | - | - |
| 2013 | 22,622,652 | 14,986,951 | 7,635,701 | - | - | - | - |
| 2012 | 20,668,046 | 14,207,765 | 6,460,281 | - | - | - | - |
| 2011 | 19,015,890 | 12,893,218 | 6,122,672 | - | - | - | - |
| 2010 | 19,384,938 | 12,150,796 | 7,234,142 | - | - | - | - |
| 2009 | 20,094,151 | 12,546,222 | 7,547,929 | 360,000 | 4,837 | 364,837 | 20.69 |
| 2008 | 18,319,902 | 12,310,770 | 6,009,132 | 340,000 | 23,919 | 363,919 | 16.51 |
| 2007 | 16,638,808 | 14,320,344 | 2,318,464 | 320,000 | 41,925 | 361,925 | 6.41 |
| 2006 | 16,004,058 | 11,723,024 | 4,281,034 | 305,000 | 58,923 | 363,923 | 11.76 |

(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 | | |
| 2015 | \$ 14,224,677 | \$ 16,691,332 | \$ (2,466,655) | - | - | - | - | |
| 2014 | 12,310,089 | 7,451,830 | 4,858,259 | - | - | - | - | |
| 2013 | 11,633,618 | 8,315,872 | 3,317,746 | - | - | - | - | |
| 2012 | 12,062,773 | 7,863,295 | 4,199,478 | - | - | - | - | |
| 2011 | 12,252,134 | 6,158,691 | 6,093,443 | - | - | - | - | |
| 2010 | 12,427,622 | 5,818,956 | 6,608,666 | - | - | - | - | |
| 2009 | 12,978,363 | 6,549,724 | 6,428,639 | - | - | - | - | |
| 2008 | 12,543,838 | 6,900,782 | 5,643,056 | - | - | - | - | |
| 2007 | 12,981,129 | 6,212,308 | 6,768,821 | - | - | - | - | |
| 2006 | 12,599,691 | 4,270,976 | 8,328,715 | 1,330,000 | 39,900 | 1,369,900 | 6.08 | |

- (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 | |
| 2015 | 61,488,680 | 282,443 | 33,931,324 | 27,839,799 | 3,570,000 | 5,393,402 | 8,963,402 | 3.11 |
| 2014 | 62,165,080 | 471,667 | 30,728,442 | 31,908,305 | 4,880,000 | 5,588,355 | 10,468,355 | 3.05 |
| 2013 | 59,140,595 | 248,752 | 29,916,083 | 29,473,264 | 6,015,000 | 5,785,568 | 11,800,568 | 2.50 |
| 2012 | 55,900,765 | 241,708 | 31,362,002 | 24,780,471 | 5,810,000 | 6,000,111 | 11,810,111 | 2.10 |
| 2011 | 52,238,591 | 351,036 | 30,811,206 | 21,778,421 | 4,760,000 | 6,206,089 | 10,966,089 | 1.99 |
| 2010 | 50,860,139 | 312,253 | 29,456,391 | 21,716,001 | 5,255,000 | 6,094,343 | 11,349,343 | 1.91 |
| 2009 | 50,391,141 | 301,479 | 28,054,018 | 22,638,602 | 4,095,000 | 7,632,687 | 11,727,687 | 1.93 |
| 2008 | 44,264,376 | 326,820 | 27,725,271 | 16,865,925 | 4,250,000 | 7,836,288 | 12,086,288 | 1.40 |
| 2007 | 44,755,119 | 292,321 | 26,714,777 | 18,332,663 | 3,960,000 | 5,549,972 | 9,509,972 | 1.93 |
| 2006 | 39,480,462 | 605,444 | 18,964,994 | 21,120,912 | 5,375,000 | 5,174,576 | 10,549,576 | 2.00 |

- (1) Excludes allowance for funds used during construction and includes non-operating revenue except for payments received for PERS relief from State of Alaska.
(2) Assessment Collections represent payments made by benefited property owners.
(3) Excludes Depreciation and 2015 PERS relief, but includes special items, transfers to other funds and pension expense.
(4) Does not include Mini-bonds of \$1,956,000 repaid in 2014 as there were no debt service coverage requirements.
(5) Required Minimum Coverage is 1.15.

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

Table 17 (continued)

| Wastewater Utility | | | | | | | | |
|--------------------|---------------|----------------------------|------------------------|--|--|--------------|--------------|--------------|
| Fiscal Year | Revenue (1) | Assessment Collections (2) | Operating Expenses (3) | Net Revenue Available for Debt Service | Debt Service Requirement (accrual basis) | | | Coverage (4) |
| | | | | | Principal | Interest | Total | |
| 2015 | \$ 51,619,089 | \$ 416,239 | \$ 34,440,700 | \$ 17,594,628 | \$ 765,000 | \$ 3,037,578 | \$ 3,802,578 | 4.63 |
| 2014 | 51,711,625 | 351,374 | 31,018,722 | 21,044,277 | 730,000 | 4,118,817 | 4,848,817 | 4.34 |
| 2013 | 49,606,871 | 254,484 | 29,856,569 | 20,004,786 | 705,000 | 3,099,794 | 3,804,794 | 5.26 |
| 2012 | 47,373,573 | 308,997 | 29,383,573 | 18,298,997 | 670,000 | 3,127,634 | 3,797,634 | 4.82 |
| 2011 | 42,523,838 | 344,946 | 28,790,317 | 14,078,467 | 650,000 | 3,153,650 | 3,803,650 | 3.70 |
| 2010 | 37,853,165 | 501,616 | 27,872,010 | 10,482,771 | 615,000 | 3,181,475 | 3,796,475 | 2.76 |
| 2009 | 37,346,056 | 420,981 | 26,417,348 | 11,349,689 | 595,000 | 3,204,697 | 3,799,697 | 2.99 |
| 2008 | 34,954,522 | 842,664 | 24,844,546 | 10,952,640 | 575,000 | 3,225,638 | 3,800,638 | 2.88 |
| 2007 | 35,566,755 | 481,651 | 23,627,253 | 12,421,153 | 520,000 | 1,672,649 | 2,192,649 | 5.66 |
| 2006 | 31,163,232 | 1,017,357 | 17,576,955 | 14,603,634 | 95,000 | 1,361,319 | 1,456,319 | 10.03 |

(1) Excludes allowance for funds used during construction and includes non-operating revenue except for payments received for PERS relief from State of Alaska.

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

(3) Excludes depreciation and 2015 PERS relief, but includes special items and transfers to other funds, and pension expense.

(4) Required minimum coverage is 1.15.

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

| CIVICVentures | | | | | | | |
|---------------|---------------------------|--------------------|--|--------------------------|--------------|--------------|----------|
| Fiscal Year | Hotel & Motel Tax Revenue | Operating Expenses | Net Revenue Available for Debt Service | Debt Service Requirement | | | Coverage |
| | | | | Principal | Interest | Total | |
| 2015 | \$ 5,992,742 | n/a | \$ 5,992,742 | \$ 1,690,000 | \$ 5,244,504 | \$ 6,934,504 | 0.86 |
| 2014 | 6,461,469 | n/a | 6,461,469 | 1,555,000 | 4,840,010 | 6,395,010 | 1.01 |
| 2013 | 6,373,713 | n/a | 6,373,713 | 1,425,000 | 4,897,010 | 6,322,010 | 1.01 |
| 2012 | 6,322,010 | n/a | 6,322,010 | 1,300,000 | 4,945,760 | 6,245,760 | 1.01 |
| 2011 | 6,198,549 | n/a | 6,198,549 | 1,180,000 | 4,990,010 | 6,170,010 | 1.00 |
| 2010 | 6,125,400 | n/a | 6,125,400 | 1,070,000 | 5,027,460 | 6,097,460 | 1.00 |
| 2009 | 5,448,157 | n/a | 5,448,157 | 920,000 | 5,059,660 | 5,979,660 | 0.91 |
| 2008 | 5,827,392 | n/a | 5,827,392 | 305,000 | 5,070,335 | 5,375,335 | 1.08 |
| 2007 | 5,241,006 | n/a | 5,241,006 | - | 5,070,335 | 5,070,335 | 1.03 |
| 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 |
|----------------|------------|--------------------------------------|---|----------------------|--------------------------|----------------------|
| 2015 | 298,908 | \$ 60,822 | \$ 18,180,182 | 48,477 | 5.0 | 208,759 |
| 2014 | 300,549 | 56,140 | 16,872,821 | 47,929 | 5.1 | 199,606 |
| 2013 | 301,134 | 59,158 | 17,814,485 | 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 |

Notes:

(1) The Alaska Department of Labor and Workforce Development (ADLWD) has not published 2014 or 2015 Per Capita Personal Income for the Anchorage Municipal Area yet. Per capita income was estimated using the five previous years average increase for 2014 and 2015.

(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 | 2015 (*) | | 2006 | | % of Total Employment |
|--|------------------------------|-----------------------|------------------------------|-----------------------|-----------------------|
| | Average Quarterly Employment | % of Total Employment | Average Quarterly Employment | % of Total Employment | |
| Retail Salespersons | 7,359 | 20.99% | 7,069 | 22.19% | |
| Cashiers | 3,745 | 10.68% | 3,643 | 11.43% | |
| Registered Nurses | 3,499 | 9.98% | 3,381 | 10.61% | |
| Office and Admin Support Workers, All Other | (1) | 9.89% | 3,042 | 9.55% | |
| Personal Care Aides | (2) | 9.64% | 2,728 | 8.56% | |
| Waiters and Waitresses | 3,378 | 9.64% | 2,487 | 7.81% | |
| Office Clerks, General | 3,050 | 8.70% | 2,473 | 7.76% | |
| Combined Food Preparation and Serving Workers, Including Fast Food | 2,962 | 8.45% | 2,391 | 7.50% | |
| Janitors and Cleaners, Except Maids and Housekeeping Cleaners | 2,777 | 7.92% | 2,353 | 7.39% | |
| Laborers and Freight, Stock, and Material Movers, Hand | 2,543 | 7.25% | 2,294 | 7.20% | |
| Total Employment | 35,058 | 6.50% | 31,861 | | |

Note:

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

(*) The 2015 Average Quarterly Worker count utilized 2014 fourth quarter worker counts due to insufficient 2015 fourth quarter data.

(1) The Registered Nurses occupation for 2015 includes the worker counts for Nurse Anesthetists, Nurse Midwives, and Nurse Practitioners.

(2) The Office and Admin Support Workers, All Other occupation for 2015 includes Financial Clerks, All Other.

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

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

| Function | Fiscal Year | | | | | | | | | |
|------------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| General Government | | | | | | | | | | |
| Fire services | 371 | 376 | 372 | 383 | 355 | 377 | 395 | 403 | 401 | 385 |
| Police services | 502 | 484 | 505 | 529 | 522 | 537 | 572 | 552 | 532 | 521 |
| Subtotal - public safety | 873 | 860 | 877 | 912 | 877 | 914 | 967 | 955 | 933 | 906 |
| General government | 317 | 315 | 318 | 309 | 299 | 324 | 365 | 345 | 369 | 337 |
| Health and human services | 103 | 103 | 98 | 120 | 128 | 141 | 148 | 141 | 166 | 145 |
| Economic and community development | 237 | 238 | 218 | 226 | 200 | 219 | 230 | 202 | 259 | 215 |
| Public transportation | 150 | 152 | 147 | 142 | 152 | 158 | 158 | 159 | 158 | 156 |
| Public works | 275 | 287 | 278 | 285 | 358 | 379 | 412 | 405 | 430 | 408 |
| Subtotal - other | 1,082 | 1,095 | 1,059 | 1,082 | 1,137 | 1,221 | 1,313 | 1,252 | 1,382 | 1,261 |
| Total - general government | 1,955 | 1,955 | 1,936 | 1,994 | 2,014 | 2,135 | 2,280 | 2,207 | 2,315 | 2,167 |
| Enterprise Funds | | | | | | | | | | |
| Water | 129 | 122 | 127 | 133 | 131 | 129 | 138 | 133 | 129 | 126 |
| Wastewater | 128 | 122 | 127 | 133 | 131 | 129 | 139 | 134 | 129 | 125 |
| Electric | 232 | 215 | 230 | 228 | 236 | 245 | 244 | 240 | 240 | 235 |
| Port | 20 | 19 | 22 | 21 | 21 | 22 | 22 | 21 | 25 | 21 |
| Municipal airport | 9 | 9 | 8 | 9 | 9 | 8 | 9 | 9 | 10 | 10 |
| Solid waste | 69 | 68 | 66 | 72 | 73 | 75 | 72 | 72 | 76 | 68 |
| Refuse | 23 | 27 | 27 | 21 | 21 | 21 | 20 | 20 | 20 | 21 |
| Total - enterprise funds | 610 | 582 | 607 | 617 | 622 | 629 | 644 | 629 | 629 | 606 |
| Total | 2,565 | 2,537 | 2,543 | 2,611 | 2,636 | 2,764 | 2,924 | 2,836 | 2,944 | 2,773 |

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 | | | | | | | | | | | | |
|---|-------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | | | |
| Fire services | | | | | | | | | | | | | |
| Number of stations | 13 | 13 | 13 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 19 |
| Fire suppression incidents | 10,804 | 10,426 | 11,497 | 11,323 | 10,845 | 10,252 | 10,463 | 9,645 | 9,936 | 9,032 | 9,032 | 9,032 | 9,032 |
| Emergency medical service incidents | 22,563 | 20,719 | 21,183 | 21,485 | 19,505 | 19,749 | 19,072 | 18,716 | 18,297 | 18,730 | 18,730 | 18,730 | 18,730 |
| Police services | | | | | | | | | | | | | |
| Number of stations | 11 | 11 | 13 | 12 | 14 | 14 | 17 | 16 | 16 | 16 | 14 | 14 | 14 |
| Health and human services | | | | | | | | | | | | | |
| Health clinic visits: | | | | | | | | | | | | | |
| Disease prevention and control | 10,752 | 12,079 | 11,094 | 12,628 | 12,102 | 13,441 | 17,114 | 14,005 | 14,519 | 14,519 | 17,423 | 17,423 | 17,423 |
| Reproductive health clinic | 4,806 | 4,694 | 9,217 | 5,768 | 7,978 | 9,081 | 8,263 | 7,003 | 6,704 | 6,704 | 9,370 | 9,370 | 9,370 |
| Maternal child health clinic | | | | | | | | | | | | | 1,011 |
| Women, Infants and Children | 76,897 | 71,056 | 68,873 | 67,802 | 74,863 | 79,693 | 77,859 | 59,647 | 49,575 | 49,575 | 51,695 | 51,695 | 51,695 |
| Environmental service customers: | | | | | | | | | | | | | |
| Customer service counter (1) | 2,391 | 9,224 | 7,404 | 6,135 | 12,894 | 14,302 | 10,726 | 10,238 | 21,390 | 21,390 | 21,890 | 21,890 | 21,890 |
| Public facility inspections | 2,546 | 2,327 | 2,260 | 2,225 | 2,519 | 1,801 | 2,650 | 3,002 | 3,683 | 3,683 | 3,210 | 3,210 | 3,210 |
| Noise, nuisance, housing | 642 | 733 | 817 | 1,169 | 973 | 1,046 | 1,370 | 1,141 | 760 | 760 | 361 | 361 | 361 |
| Air quality and vehicle IM (2) | - | - | - | - | 91,444 | 96,215 | 98,037 | 92,514 | 103,765 | 103,765 | 105,037 | 105,037 | 105,037 |
| Daycare assistance families (3) | - | - | - | - | 3,170 | 3,111 | 2,254 | 2,838 | 2,075 | 2,075 | 2,000 | 2,000 | 2,000 |
| Licensed child care centers | 123 | 117 | 112 | 106 | 109 | 104 | 109 | 111 | 118 | 118 | 113 | 113 | 113 |
| Licensed child care homes | 146 | 150 | 159 | 157 | 167 | 170 | 168 | 207 | 215 | 215 | 210 | 210 | 210 |
| Economic and community development | | | | | | | | | | | | | |
| Cultural and recreation services: | | | | | | | | | | | | | |
| Total park acres (4) | 16,093 | 16,061 | 16,061 | 16,061 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 |
| Parks | 263 | 262 | 262 | 248 | 248 | 248 | 248 | 248 | 248 | 248 | 248 | 248 | 248 |
| Swim pools, indoor | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Bike/ski trails (Miles) | 282 | 282 | 282 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 |
| Ski trails (Km) | 212 | 212 | 212 | 149 | 149 | 149 | 134 | 134 | 134 | 134 | na | na | na |
| Community recreation centers | 15 | 15 | 15 | 15 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Historic sites | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| Anchorage Museum at Rasmuson Center: | | | | | | | | | | | | | |
| Number of visitors | 200,218 | 200,000 | 179,052 | 186,603 | 186,529 | 212,514 | 95,000 | 119,854 | 132,309 | 142,843 | 142,843 | 142,843 | 142,843 |
| Value of museum collection | 12,052,655 | 11,911,955 | 11,837,463 | 11,215,858 | 10,275,327 | 10,009,399 | 9,946,210 | 9,732,176 | 9,623,771 | 9,442,409 | 9,442,409 | 9,442,409 | 9,442,409 |
| Value of 1% for Art collection | 13,632,930 | 13,632,930 | 13,169,276 | 12,843,530 | 12,709,330 | 12,129,948 | 11,387,908 | 11,104,208 | 10,331,978 | 9,875,328 | 9,875,328 | 9,875,328 | 9,875,328 |
| Anchorage Public Library: | | | | | | | | | | | | | |
| Branches | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Items (5) | 499,955 | 669,586 | 604,716 | 624,477 | 611,663 | 623,162 | 644,677 | 605,000 | 675,000 | 675,000 | 644,332 | 644,332 | 644,332 |
| Items circulated (6) | 1,808,530 | 1,834,266 | 1,520,188 | 1,743,508 | 1,579,366 | 1,642,303 | 1,500,716 | 1,600,000 | 1,542,800 | 1,542,800 | 1,542,800 | 1,542,800 | 1,542,800 |
| Reference responses | 67,785 | 84,193 | 99,966 | 158,414 | 172,762 | 216,528 | 188,141 | 219,043 | 115,903 | 115,903 | 181,414 | 181,414 | 181,414 |
| William Egan Civic and Convention Center: | | | | | | | | | | | | | |
| Events | 227 | 268 | 211 | 231 | 254 | 203 | 248 | 443 | 513 | 458 | 458 | 458 | 458 |
| Attendance | 118,031 | 133,092 | 106,481 | 118,488 | 125,673 | 114,351 | 141,918 | 196,102 | 219,643 | 263,946 | 263,946 | 263,946 | 263,946 |
| Dena'ina Civic and Convention Center: | | | | | | | | | | | | | |
| Events (*) | 406 | 398 | 445 | 412 | 422 | 425 | 413 | - | - | - | - | - | - |
| Attendance (*) | 212,609 | 220,171 | 198,411 | 211,315 | 203,754 | 159,134 | 206,358 | - | - | - | - | - | - |
| Alaska Center for the Performing Arts: | | | | | | | | | | | | | |
| Events | 502 | 497 | 532 | 602 | 505 | 524 | 607 | 597 | 542 | 542 | 483 | 483 | 483 |
| Attendance | 224,361 | 228,705 | 220,391 | 266,205 | 226,799 | 231,556 | 300,293 | 251,258 | 230,436 | 230,436 | 221,744 | 221,744 | 221,744 |

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

| Function | Fiscal Year | | | | | | | | | |
|--|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| George Sullivan Sports Arena: | | | | | | | | | | |
| Events | 129 | 136 | 130 | 105 | 140 | 150 | 167 | 163 | 169 | 172 |
| Attendance | 218,934 | 296,296 | 267,404 | 269,981 | 290,380 | 310,219 | 395,382 | 347,993 | 385,738 | 380,043 |
| Anchorage Golf Course: | | | | | | | | | | |
| Rounds played | 31,648 | 29,721 | 28,088 | 31,303 | 34,968 | 28,624 | 34,454 | 27,861 | 31,564 | 29,075 |
| Department of Neighborhoods: | | | | | | | | | | |
| Weatherization clients (7) | - | - | - | - | 693 | 596 | 535 | 226 | 187 | 171 |
| Total dwellings upgraded | - | - | - | - | 1,852 | 1,555 | 1,165 | 601 | 506 | 607 |
| Number of people served | | | | | | | | | | |
| Public transportation | | | | | | | | | | |
| Average daily ridership: | | | | | | | | | | |
| Weekdays | 12,334 | 13,079 | 13,511 | 13,848 | 14,027 | 14,100 | 14,294 | 14,297 | 13,564 | 13,401 |
| Saturdays | 6,022 | 6,351 | 6,640 | 6,797 | 6,821 | 6,821 | 7,062 | 6,864 | 6,632 | 6,529 |
| Sundays | 3,457 | 3,753 | 3,777 | 3,848 | 3,881 | 3,899 | 3,816 | 3,670 | 3,486 | 3,518 |
| Total annual ridership | 3,649,698 | 3,860,714 | 3,986,877 | 4,088,549 | 4,148,501 | 4,145,569 | 4,184,141 | 4,220,677 | 3,989,137 | 3,948,228 |
| Annual mileage | 2,160,517 | 1,906,241 | 1,882,191 | 1,955,591 | 2,131,576 | 2,216,276 | 2,458,195 | 2,578,229 | 2,318,543 | 2,433,270 |
| Timetable revenue hours | 125,020 | 124,826 | 123,303 | 122,673 | 123,734 | 126,655 | 131,125 | 132,120 | 130,184 | 130,324 |
| Public works | | | | | | | | | | |
| Miles of streets and alleys: | | | | | | | | | | |
| Anchorage Road Service Area | | | | | | | | | | |
| Unpaved | 6 | 6 | 6 | 7 | 7 | 7 | 9 | 12 | 12 | 12 |
| Paved | 663 | 663 | 617 | 614 | 613 | 608 | 606 | 600 | 596 | 595 |
| Limited Road Service Area | | | | | | | | | | |
| Alleys | 315 | 315 | 313 | 316 | 313 | 307 | 298 | 298 | 298 | 297 |
| | 42 | 42 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 53 |
| Water | | | | | | | | | | |
| Number of customers | 56,501 | 55,854 | 55,557 | 55,362 | 55,185 | 54,976 | 54,835 | 54,697 | 54,525 | 54,316 |
| Average treatment plant production (8) | | | | | | | | | | |
| (gallons/day) | 23,600,000 | 22,183,241 | 22,900,000 | 22,100,000 | 22,700,000 | 23,100,000 | 22,600,000 | 21,930,000 | 22,850,000 | 22,095,359 |
| Treatment plant capacity (gallons/day) (9) | 67,000,000 | 64,000,000 | 65,000,000 | 65,000,000 | 75,000,000 | 75,000,000 | 75,000,000 | 75,000,000 | 75,000,000 | 59,000,000 |
| Average well production (gallons/day) (10) | 3,000,000 | 2,078,812 | 1,523,288 | 728,767 | 1,611,233 | 8,394,000 | 1,400,000 | 1,400,000 | 2,540,000 | 3,941,915 |
| Miles of water mains | 843 | 839 | 838 | 836 | 836 | 834 | 829 | 828 | 828 | 882 |
| Public fire hydrants | 5,999 | 5,949 | 5,917 | 5,897 | 5,887 | 5,874 | 5,851 | 5,817 | 5,786 | 5,775 |
| Private fire hydrants | - | - | - | 1,368 | 1,367 | 1,357 | 1,356 | 1,204 | 1,344 | 1,255 |
| Wastewater | | | | | | | | | | |
| Number of customers | 57,086 | 56,711 | 56,432 | 56,251 | 56,107 | 55,898 | 55,783 | 55,635 | 55,470 | 55,272 |
| Average treatment (gallons/day) (11) | 27,000,000 | 28,700,000 | 30,800,000 | 29,500,000 | 26,800,000 | 28,500,000 | 29,900,000 | 31,210,000 | 29,400,000 | 30,141,960 |
| Treatment plant capacity (gallons/day) | 61,100,000 | 61,100,000 | 61,100,000 | 61,100,000 | 61,100,000 | 61,100,000 | 61,270,000 | 61,270,000 | 61,270,000 | 61,270,000 |
| Miles of wastewater lines: | | | | | | | | | | |
| Interceptors | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| Trunks | 84 | 84 | 83 | 83 | 83 | 83 | 83 | 82 | 82 | 82 |
| Laterals | 628 | 625 | 622 | 634 | 624 | 623 | 623 | 616 | 596 | 594 |

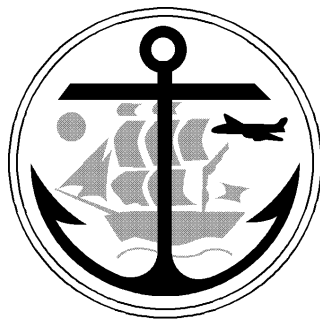
MUNICIPALITY OF ANCHORAGE, ALASKA
Miscellaneous Statistical Data by Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Electric | | | | | | | | | | |
| Number of customers | 30,932 | 30,791 | 30,786 | 30,747 | 30,603 | 30,481 | 30,406 | 30,352 | 30,244 | 30,091 |
| Number of street lights | 3,897 | 3,900 | 3,908 | 3,924 | 3,930 | 3,948 | 4,027 | 4,132 | 4,146 | 4,167 |
| Circuit miles of overhead distribution lines | 133 | 122 | 123 | 124 | 125 | 130 | 131 | 136 | 136 | 135 |
| Miles of underground distribution lines | 253 | 254 | 248 | 250 | 252 | 257 | 254 | 243 | 237 | 236 |
| Plant generation capacity (30 degrees Fahrenheit) - KW | 424,560 | 424,560 | 424,560 | 364,500 | 364,500 | 364,500 | 366,100 | 366,100 | 366,100 | 333,200 |
| Port | | | | | | | | | | |
| Tonnage | 3,773,584 | 3,455,707 | 3,396,544 | 3,754,231 | 4,135,214 | 3,962,962 | 3,798,272 | 4,370,277 | 4,316,392 | 4,347,289 |
| Municipal airport | | | | | | | | | | |
| Landings and take-offs | 120,541 | 125,588 | 128,031 | 131,777 | 130,779 | 150,146 | 168,062 | 169,313 | 174,848 | 187,798 |
| Solid waste | | | | | | | | | | |
| Total landfill/disposal customers | 260,477 | 253,397 | 253,872 | 256,479 | 242,646 | 238,993 | 245,590 | 247,788 | 273,262 | 267,639 |
| Total waste land filled (tons) | 284,050 | 306,723 | 308,164 | 331,413 | 308,646 | 317,891 | 320,983 | 338,499 | 359,165 | 356,387 |
| Refuse collection | | | | | | | | | | |
| Average residential billed customers | 9,947 | 9,974 | 10,002 | 10,020 | 10,000 | 9,994 | 9,912 | 9,879 | 10,102 | 9,929 |
| Residential tons collected | 9,358 | 8,723 | 9,516 | 9,644 | 9,810 | 10,673 | 11,824 | 12,528 | 13,246 | 13,519 |
| Average commercial billed customers | 1,862 | 1,855 | 1,847 | 1,880 | 1,898 | 1,890 | 1,878 | 1,884 | 1,895 | 1,895 |
| Commercial tons collected | 21,023 | 24,802 | 26,985 | 26,922 | 26,896 | 26,749 | 26,818 | 27,100 | 27,958 | 28,401 |

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) Staffing levels have been reduced so the customer service counter service has declined.
- (2) 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.
- (3) The Daycare Assistance family program no longer exist.
- (4) 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.
- (5) In 2015, the "Number of Items" were reduced when updating books with radio frequency tags; outdated and worn out materials were disposed of.
- (6) In 2014, the "Number of Items Circulated" increased because it now includes downloadable materials (electronic books) as well as data base usage.
- (7) As of 2012, the Weatherization Program has been discontinued and transferred to Rural Cap.
- (8) The decreased difference in treatment plant production from 2013 is the weather was cooler in 2014 than 2013. Also 2013 average treatment plant was changed from 22,900,000 to 23,262,274 due to the average did not include Girdwood wells.
- (9) 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.
- (10) In 2014 well production increased because Eklutna treatment plant was shut down for a couple of months for maintenance in the fall which increased well production. A change was made to 2013 average well production because Girdwood wells were not included in the average well production.
- (11) In 2014, the change in the average wastewater treatment is attributed to the reduction in rainfall, water production and repairs of the wastewater collection system.

Source: Municipality of Anchorage, Various Departments.



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