

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

Financial Statements, Required
Supplementary Information, Supplementary
Information, and Other Information
December 31, 2022

(With Independent Auditor's Report Thereon)

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Municipality of Anchorage, Alaska Solid Waste Services

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Municipality of Anchorage, Alaska Solid Waste Services

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Solid Waste Services, the enterprise funds Solid Waste Refuse Utility and Solid Waste Disposal Utility of the Municipality of Anchorage, Alaska (Solid Waste Services), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Solid Waste Services' basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Solid Waste Services of Alaska, as of December 31, 2022, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only Solid Waste Services, the enterprise funds Solid Waste Refuse Utility and Solid Waste Disposal Utility of the Municipality of Anchorage, Alaska, and do not purport to, and do not present fairly the financial position of the Municipality of Anchorage, Alaska as of December 31, 2022, the changes in its financial position, or where applicable, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 10, Solid Waste Services has adopted the provisions of Government Accounting Standards Board Statement Number 87, *Leases*. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Solid Waste Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Solid Waste Services' ability to continue as a going concern for a reasonable period of time.



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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules of Solid Waste Services' proportionate share of the net pension and net other postemployment benefit liability and asset and Solid Waste Services' contributions to the pension and other postemployment benefit plans be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended December 31, 2022 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Solid Waste Services' basic financial statements. The accompanying individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2022 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 individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2022.



We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Solid Waste Services' as of and for the year ended December 31, 2021 (not presented herein) and have issued our report thereon dated September 27, 2022 which contained an unmodified opinion on the respective basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2021.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024 on our consideration of Solid Waste Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Solid Waste Services' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Solid Waste Services' internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
June 4, 2024

Management's Discussion and Analysis

Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis December 31, 2022

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

The Solid Waste & Recycling Advisory Commission, which consists of between 4 and 6 members approved by the Municipal Assembly, acts as an advisory council to Solid Waste Services. The following is a discussion and analysis of Solid Waste Services' financial performance, providing an overview of the financial activities for the years ended December 31, 2022, 2021 and 2020. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues, provide an overview of Solid Waste Services' financial activities and identify changes in Solid Waste Services' financial position. We encourage readers to consider the information presented here in conjunction with Solid Waste Services' financial statements and accompanying notes, taken as a whole.

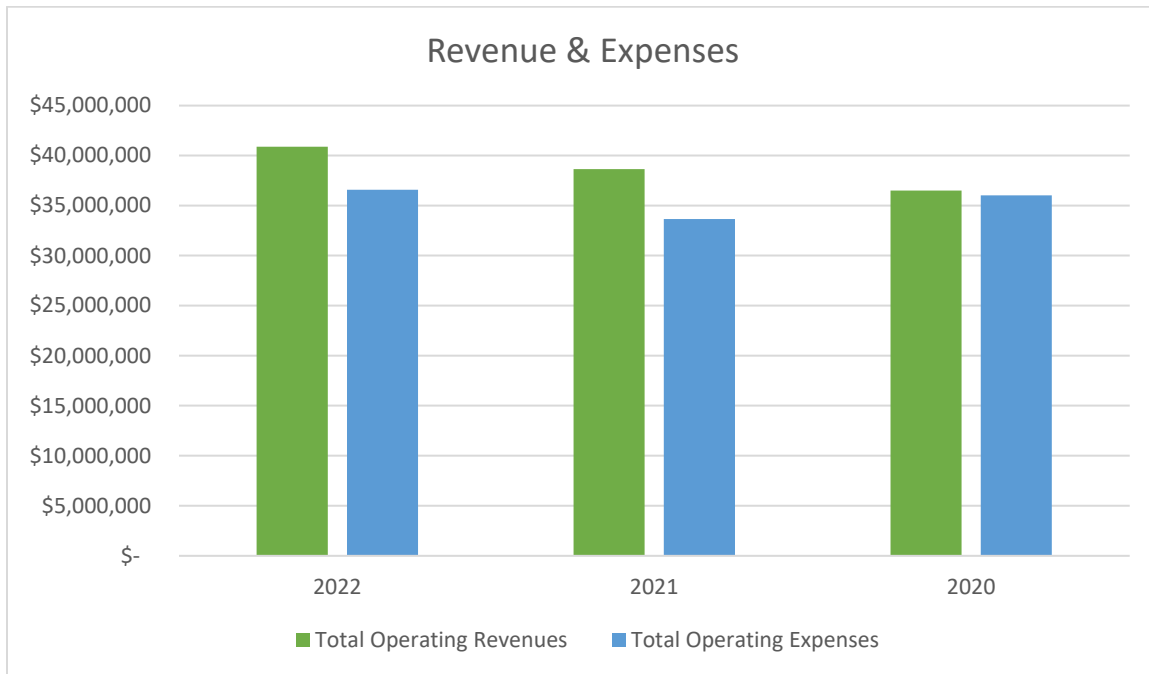
Financial Highlights

- Net position increased \$2,266,594 or 2.4% in 2022. The increase in net position was primarily due to a rate increase of 5% for the Refuse Utility and 6.25% for the Disposal Utility for 2022.
- Operating revenues increased \$2,233,073 or 5.8% in 2022 due to scheduled increases in rates approved by the Municipal Assembly.
- Operating expenses increased by \$2,918,537 or 8.7% in 2022. This increase is partially due to fluctuating prices of goods during the year, as well as an increased estimate on future landfill closure costs that caused an increased annual accrual of these future expenses.



Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis



Overview of the Financial Statements

Solid Waste Services is a business type activity of the Municipality that operates both the Refuse Collections department and the Disposal department. Solid Waste Services reports as an enterprise fund of the Municipality.

Solid Waste Services' financial statements offer short and long-term information about activities of Solid Waste Services and collectively provide an indication of Solid Waste Services' financial health for the year ended December 31, 2022, and include the following: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; Notes to the Basic Financial Statements; and Required Supplementary Information (RSI). The basic financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

Statement of Net Position - This statement includes all Solid Waste Services' assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

Statement of Revenues, Expenses, and Changes in Net Position - This statement presents Solid Waste Services' operating revenues and expenses and nonoperating revenues and expenses, and the change in net position for the year presented.

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

Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis

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

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

Financial Analysis of Solid Waste Services

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

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

Changes in Solid Waste Services' net position can be determined by reviewing the following condensed Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position as of December 31, 2022, 2021 and 2020. The analysis below focuses on Solid Waste Services' net position at the end of the year (Table 1) and changes in net position (Table 2) during the year.

TABLE 1
Summary of Net Position

	2022	2021	2020
Assets and Deferred Outflows of Resources			
Current assets	\$ 52,668,937	\$ 54,471,792	\$ 24,895,293
Noncurrent assets	223,765,774	175,493,899	151,521,994
Deferred outflows of resources	483,686	327,335	623,491
Total Assets and Deferred Outflows of Resources	276,918,397	230,293,026	177,040,778
Liabilities and Deferred Inflows of Resources			
Current liabilities	9,376,057	16,063,565	7,237,072
Noncurrent liabilities	171,766,411	118,504,692	83,994,482
Deferred inflows of resources	143,233	2,358,667	281,083
Total Liabilities and Deferred Inflows of Resources	181,285,701	136,926,924	91,512,637
Net Position			
Net investment in capital assets	75,315,128	71,322,412	62,948,490
Restricted for post closure care	-	-	3,742,561
Restricted for capital construction	7,024	5,170,488	-
Unrestricted	20,310,544	16,873,202	18,837,090
Total Net Position	95,632,696	93,366,102	85,528,141
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 276,918,397	\$ 230,293,026	\$ 177,040,778

During 2022, Solid Waste Services' total assets and deferred outflows of resources increased by \$46,625,371. Noncurrent assets increased by \$48,271,875, primarily due to construction on the new central transfer station. Current assets decreased by \$1,802,855 primarily due to a decrease in intergovernmental receivables.

Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis

During 2022, Solid Waste Services' current liabilities decreased by \$6,687,508 primarily due recording a FEMA project with the Municipality. Total liabilities and deferred inflows of resources increased by \$44,358,777 due to the issuance of a short-term borrowing program for the CTS Construction project and subsequent issue of bonds.

Changes in Solid Waste Services' net position can be determined by reviewing the following Summary of Revenues, Expenses, and Changes in Net Position for the years ending December 31, 2022, 2021, and 2020 (Table 2).

During 2022, Solid Waste Services' operating revenues increased by \$2,233,073 or 5.8%, due chiefly to the rate increase implemented.

In 2022, Solid Waste Services' operating expenses increased by \$2,918,537 or 8.7% due to fluctuations in prices of goods and an increased estimate of landfill closure costs, necessitating a greater level of amortization of these costs.

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Municipality of Anchorage, Alaska Solid Waste Services

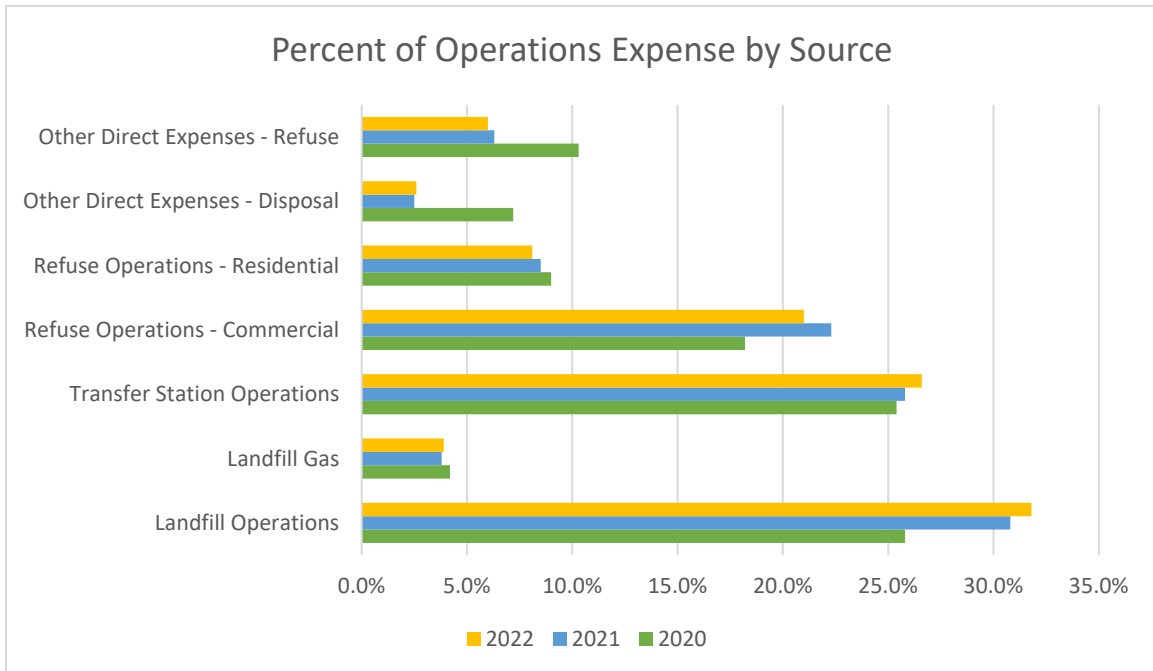
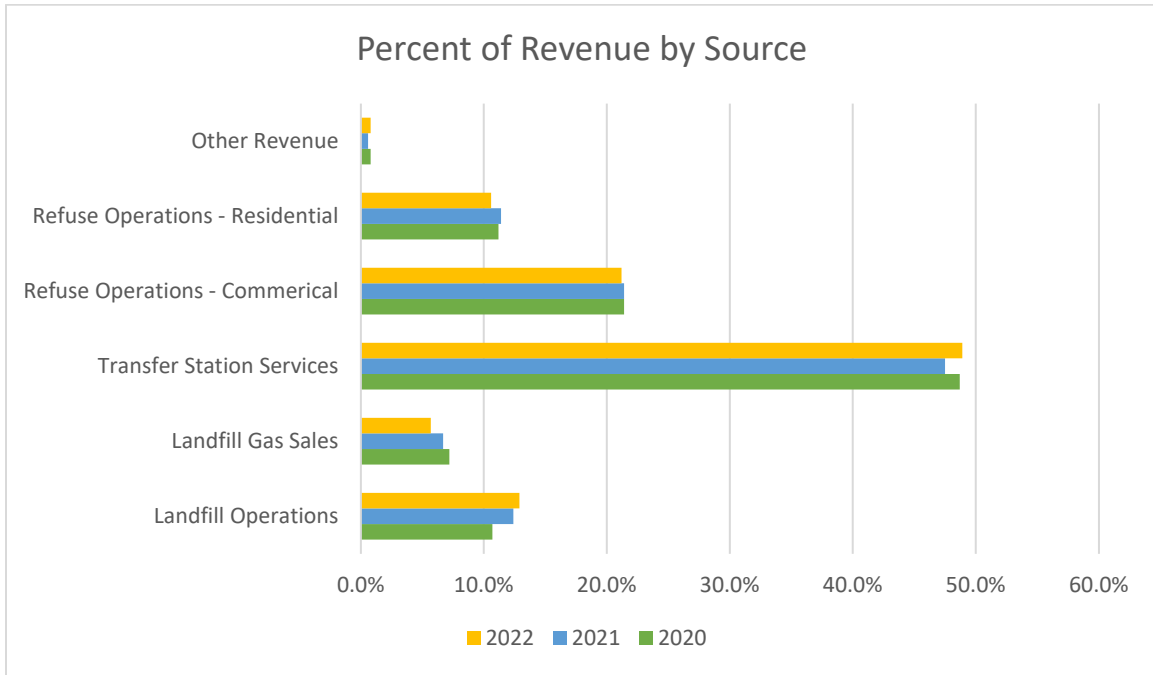
Management's Discussion and Analysis

Table 2
Summary of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
OPERATING REVENUES			
Charges for sales and services:			
Landfill operations	\$ 5,259,892	\$ 4,773,174	\$ 3,911,542
Landfill gas sales	2,310,919	2,587,675	2,614,604
Transfer station services	19,961,802	18,345,504	17,776,477
Refuse collection operations - commercial	8,674,876	8,277,806	7,827,042
Refuse collection operations - residential	4,343,313	4,409,742	4,076,993
Total charges for sales and services	40,550,802	38,393,901	36,206,658
Other revenues	323,863	247,691	290,523
Total Operating Revenues	40,874,665	38,641,592	36,497,181
OPERATING EXPENSES			
Operatios:			
Landfill operations	8,634,033	8,056,976	6,773,537
Landfill gas collection system	1,057,228	986,569	1,094,905
Transfer station operations	7,224,396	6,741,552	6,654,663
Refuse collection operations - commercial	5,706,540	5,831,906	4,761,935
Refuse collection operations - residential	2,187,507	2,235,564	2,361,792
Other direct expenses - disposal utility	704,818	657,711	1,885,861
Other direct expenses - refuse utility	1,616,853	1,652,373	2,694,519
Total operations	27,131,375	26,162,651	26,227,212
Amortization of landfill closure costs	3,356,019	1,532,265	4,140,988
Depreciation	6,087,860	5,961,801	5,654,418
Total Operating Expenses	36,575,254	33,656,717	36,022,618
Operating Income	4,299,411	4,984,875	474,563
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	(752,355)	311,180	810,719
Investment income (loss) on landfill post closure cash reserve	(2,913,635)	2,480,648	4,670,515
Gain (loss) on disposal of capital assets	(13,130)	331,202	60,099
Intergovernmental revenue - pension & OPEB on-behalf	(79,081)	(95,602)	138,226
Intergovernmental revenue	10,236	36,896	-
Interest on leases	(26,657)	-	-
Interest on long-term obligations	(1,911,005)	(714,852)	(498,376)
Total nonoperating revenues (expenses)	(5,685,627)	2,349,472	5,181,183
Income (loss) before contributions and transfers	(1,386,216)	7,334,347	5,655,746
Capital contributions and transfers	3,652,810	503,614	(601,143)
Change in net position	2,266,594	7,837,961	5,054,603
Net position, January 1	93,366,102	85,528,141	80,473,538
Net position, December 31	\$ 95,632,696	\$ 93,366,102	\$ 85,528,141

Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis



Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets

The following table summarizes Solid Waste Services' capital assets as of December 31, 2022, 2021 and 2020.

Table 3
Net Capital Assets

	2022	2021	2020
CAPITAL ASSETS			
Land	\$ 19,854,585	\$ 19,854,585	\$ 19,854,585
Land improvements	47,725,135	49,598,154	51,332,295
Buildings	1,984,129	2,104,469	2,224,809
Building improvements	1,757,190	1,847,425	1,552,023
Right to use building	975,942	-	-
Vehicles	7,108,557	7,625,984	6,998,729
Machinery and equipment	7,036,032	5,927,103	7,512,896
Computer hardware	232,204	327,422	437,351
Computer software	65,928	97,656	129,383
Office equipment	10,933	13,757	16,582
Total capital assets	86,750,635	87,396,555	90,058,653
Construction work In progress	118,451,946	66,560,858	19,634,955
Total Net Capital Assets	\$ 205,202,581	\$ 153,957,413	\$ 109,693,608
Increase in net capital assets	\$ 51,245,168	\$ 44,263,805	

Major capital additions include:

- Continuing construction on the Central Transfer Station, which began in 2020. This continues to increase the value of construction in progress.
- Regular replacement of vehicles and heavy equipment as items age out of use.

Implementation of GASB Statement, No. 87, *Leases*, occurred at the beginning of 2022. The implementation adjusted beginning 2022 balances by \$1,030,161. Additional information on Solid Waste Services' leases can be found in Note 5.

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

Loans, Revenue Bonds and Notes Payable

The following table summarizes Solid Waste Services' debt as of December 31, 2022, 2021 and 2020.

Table 4
Net Debt

	2022	2021	2020
LONG TERM DEBT			
Clean Water Loans	\$ 7,718,865	\$ 8,757,453	\$ 9,796,042
Notes Payable	9,703,565	68,449,122	33,146,174
Bonds Payable	109,755,000	-	-
TOTAL	\$ 127,177,430	\$ 77,206,575	\$ 42,942,216
Increase in Debt	\$ 49,970,855	\$ 34,264,359	

Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis

In 2020, Solid Waste Services started a Short-Term Borrowing agreement with a commercial bank predominantly for the construction of the new Central Transfer Station. On November 11, 2022, \$107 million of this accumulated borrowing was rolled into a bond. Additional information regarding Solid Waste Services' debt can be found in Note 6.

Budgetary Highlights

The 2022 budget projected SWS revenues of \$41.14 million. Actual 2022 revenues were \$37.23 million and were \$3.91 million under budget projections, fueled almost exclusively by poorly performing investments.

The 2022 budget projected SWS expenses of \$41.07 million. Actual 2022 expenses were \$41.38 million, and \$302,084 over budget projections. Though the projected landfill closure added over a million to the budgeted level of expenses, lower costs in other areas kept expenses in line with the budget.

Brief History

The Municipality of Anchorage maintains a co-located facility for its Central Transfer Station (CTS), Department of Solid Waste Services (SWS) Administration/Maintenance Building and the Household Hazardous Waste building, and the Vehicle Maintenance building. The new facility, at 1208 East 56th Avenue in Anchorage, South of East 56th Avenue, opened their gates September 8, 2023. The CTS, operated by the SWS Solid Waste Disposal Utility, currently provides commercial, residential waste, recycling drop-off services. This location also hosts collection of residential bulky/white goods, used oil, batteries, and household hazardous waste in its own dedicated building. The CTS also operates a reuse station, where Anchorage residents can bring up to 40 pounds of household items such as paints, cleaners, and solvents for free to drop off or pick up and reuse by other residents. The new campus is designed to separate different users into different traffic patterns. Residents only seeking to drop off or pick up items at the Household Hazardous Waste building or Reuse Station have a dedicated bypass lane that exists behind the facility with access to Dowling Road. Residents recycling or dropping off trash over the public wall have their own lane that proceeds through the covered area of the tipping building to dispose of garbage indoors. Residents wishing to visit the customer service team or visit the observation deck and learn more about reducing, reusing, recycling, composting and vermicomposting have their own dedicated lane toward the administration building.

In addition to the CTS and the SWS Administration/ Maintenance Building, the site supports the SWS Refuse Collections Utility, a fueling island for SWS operations and collections vehicles, container repair and equipment storage areas, outdoor and warm storage for SWS operations and collections vehicles, and parking for employee vehicles. The Solid Waste Disposal Utility operates a fleet of transfer trailers that transport solid waste from the CTS to the Anchorage Regional Landfill for final disposal. In the new facility, transfer trailers park indoors, a welcome upgrade from having to start the trucks outdoors in freezing temperatures.

Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis

Beyond the Central Transfer Station, SWS also manages the Anchorage Regional Landfill (ARL). ARL includes a public wall where residents can dispose of their garbage and recycle. There is a commercial lane for commercial haulers as well as transfer trucks from the Central Transfer Station. There is also a Household Hazardous Waste facility that operates like the CTS facility however in addition they also accept household hazardous waste from Very Small Quantity Generators - one step up from residential disposal that is designed to help small businesses dispose of hazardous waste responsibly, but not large-scale hazardous waste disposal. SWS also operates a Girdwood Transfer Station located in the community of Girdwood, Alaska. The transfer station is open less often than the Central Transfer Station but offers a convenient place for Girdwood Residents to safely dispose of Municipal Solid Waste.

Current Challenges

The previous Central Transfer Station located at 1111 E. 56th Street closed the gates September 7, 2023. During the planning phase of the new facility, the public was promised that the old facility would become a Materials Recovery Facility. A new Materials Recovery Facilities' main purpose is to divert more materials from being buried in the landfill. The old administration building was refurbished into an emergency cold weather shelter with capacity for 200 homeless residents to seek shelter from freezing temperatures. By leasing the building to the Anchorage Health Department, SWS was able to cover the overhead costs including utilities and the MUSA tax payment. There have been multiple challenges with this new partnership, however over time we have been able to work well with the contractor and ensuring safety and security of MOA property. The future of the administration building is unknown currently, however there are discussions about extending the Anchorage Health Department lease through the summer of 2024, beyond the original April 30, 2024, lease.

Plans for the Materials Recovery Facility (MRF) are ongoing beginning with creating efficiencies with SWS Collections and Disposal activities related to the organics program. In 2024, SWS will open the MRF to collecting organics from their curbside organics program and bringing materials to the MRF to combine with other organics brought in from commercial landscapers, tree chipping businesses, and other organics waste generators. The organics will be combined and transferred via the transfer trailers to the Matanuska Valley for disposal on a farm. By opening the MRF, curbside collections will no longer have to drive out to the Anchorage Regional Landfill for daily disposal, a 24-mile round trip savings in time and money. By offering a centrally located Materials Recovery Facility, more organics will be diverted from the landfill resulting in less greenhouse gas emissions, leachate production, and increasing municipal operations efficiencies. The tipping fees for commercial organics will be 75% of the original commercial and residential disposal fees as a pilot program in 2024, also saving private citizens time and money in a more accessible location.

The Anchorage Regional Landfill (ARL) continues to manage their aging infrastructure. The maintenance/administrative building was rebuilt following extensive damage to the building due to the earthquake in 2018. SWS is working to finalize the project since their move into the new facility December 2023. Managing the landfill presents operational challenges related to the amount of leachate, landfill gas production and emissions, and preserving airspace. The public wall, part of the original infrastructure, is in que for an upgrade to make improvements for the safety of Anchorage residents. Other upgrades include the blower and flare infrastructure that moves the landfill gas, the leachate ponds will be revised, increasing the capacity of the pond storage and reconstruction of the leachate loadout station to improve efficiency and increase the safety of our drivers of the leachate tanker trucks.

Municipality of Anchorage, Alaska Solid Waste Services

Management's Discussion and Analysis

On May 16, 2022, SWS entered into a Compliance Order By Consent with the Alaska Department of Environmental Conservation. As part of the COBC, SWS pledged to assess a method of managing leachate by either a deep well injection or by installing an evaporator system. On Thanksgiving evening 2020, there was a tremendous fire that broke out near Cell 9 in the landfill. It is 95% conclusive that the cause of the fire was from a medium size commercial lithium battery that exploded near a tire pile, creating a very hot, long-burning fire. Despite normal operating procedures to not operate large equipment near the liner of a working cell, SWS had to use heavy equipment to disperse material to extinguish the fire. In August 2023, leachate began seeping from an unknown source without warning in the near proximity of the fire. SWS has a strong working relationship with the Alaska Department of Environmental Conservation, and it was collaboratively determined SWS will be digging over 4 years of garbage to inspect the liner where it is presumed the leachate is seeping out to confirm the source and make necessary repairs to mitigate the leachate seep. This type of work is unprecedented for the history of SWS, and in the State of Alaska. This work will be extremely costly, odorous, and a major burden on our staff and operations during the summer of 2024. Other aging infrastructure that is quickly becoming obsolete is our software system. The software that is the foundation and infrastructure of SWS is our Customer Relationship System, data collection system, and other integrated software is glitching, not going to be upgraded and will be coming offline soon. SWS staff is currently working with MOA IT Department and vendors to assess our needs and find a comparable solution quickly. The long-range plan includes utilizing Driver Assisted Technology for paying with a credit card or RFID with a commercial account minimizing the need for additional labor, and transitioning from a flat rate fee to a weighed structure using the scales that would be integrated into the software system. Very few landfills and transfer stations charge flat fees, most use scales and charge by weight. Charging by weight is more of a user pay, user benefit, encourages diversion and provides more data for tracking the landfill closure estimates and planning purposes.

Contacting Solid Waste Services' Financial Management

This financial report is designed to provide Solid Waste Services' customers, taxpayers, investors, and creditors with a general overview of Solid Waste Services' finances and to demonstrate Solid Waste Services' accountability for the money it receives. For questions about this report, or for additional financial information, contact the Municipality of Anchorage, Solid Waste Services Department, 1208 E 56th Ave, Anchorage, AK 99517.

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Financial Statements

Municipality of Anchorage, Alaska
Solid Waste Services
Statement of Net Position

<i>December 31,</i>	<i>2022</i>
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Assets and Deferred Outflows of Resources	
Current Assets	
Cash and cash equivalents	\$ 3,475
Equity in general cash pool	36,597,628
Equity in bond and grant capital acquisition & construction pool	12,203,321
Accounts receivable, net	3,418,990
Intergovernmental receivables	7,024
Accrued interest receivable	377,841
Inventory	47,695
Prepaid items and deposits	12,963
<hr/>	
Total Current Assets	52,668,937
<hr/>	
Noncurrent Assets	
Unrestricted assets:	
Capital assets, net	86,750,635
Construction work in process	118,451,946
Net other postemployment benefits	1,666,192
<hr/>	
Total unrestricted noncurrent assets	206,868,773
<hr/>	
Restricted assets:	
Debt service investments	11,356
Landfill postclosure cash reserve	16,885,645
<hr/>	
Total restricted noncurrent assets	16,897,001
<hr/>	
Total Noncurrent Assets	223,765,774
<hr/>	
Total Assets	276,434,711
<hr/>	
Deferred Outflows of Resources	
Related to pensions	326,486
Related to other postemployment benefits	157,200
<hr/>	
Total Deferred Outflows of Resources	483,686
<hr/>	
Total Assets and Deferred Outflows of Resources	\$ 276,918,397
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Municipality of Anchorage, Alaska
Solid Waste Services

Statement of Net Position, continued

December 31,

2022

Liabilities, Deferred Inflows of Resources and Net Position

Current Liabilities

Accounts payable	\$ 2,960,203
Compensated absences payable	731,206
Accrued payroll liabilities	413,682
Accrued interest payable	178,616
Leases payable, current portion	28,874
Alaska Clean Water loans payable, current portion	1,038,590
Unearned revenue and deposits	156,430
Capital acquisition and construction accounts and retainages payable	3,868,456

Total Current Liabilities 9,376,057

Noncurrent Liabilities

Compensated absences payable	63,205
Net pension liability	4,130,162
Leases payable, net of current portion	972,483
Bonds payable	107,595,210
Alaska Clean Water loans payable, net of current portion	6,680,275
Notes payable	9,703,565
Landfill closure liability	42,621,511

Total Noncurrent Liabilities 171,766,411

Total Liabilities 181,142,468

Deferred Inflows of Resources

Related to other postemployment benefits	143,233
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Total Deferred Inflows of Resources 143,233

Net Position

Net investment in capital assets	75,315,128
Restricted for capital construction	7,024
Unrestricted	20,310,544

Total Net Position 95,632,696

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 276,918,397

See accompanying notes to financial statements.

Municipality of Anchorage, Alaska
Solid Waste Services

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended December 31, 2022

Operating Revenues

Charges for sales and services:

Landfill services	\$ 5,259,892
Landfill gas sales	2,310,919
Transfer station services	19,961,802
Refuse collection operation-commercial	8,674,876
Refuse collection operation-residential	4,343,313

Total charges for sales and services	40,550,802
Other operating revenues - collection fees, late fees, surcharges	323,863

Total Operating Revenues 40,874,665

Operating Expenses

Operations:

Landfill operations	8,634,033
Landfill gas collection system	1,057,228
Transfer station operations	7,224,396
Refuse commercial collections	5,706,540
Refuse residential collections	2,187,507
Other direct expenses - disposal	704,818
Other direct expenses - refuse	1,616,853

Total operations	27,131,375
Amortization of landfill closure costs	3,356,019
Depreciation	6,087,860

Total Operating Expenses 36,575,254

Operating income 4,299,411

Municipality of Anchorage, Alaska
Solid Waste Services

Statement of Revenues, Expenses, and Changes in Net Position, continued

Year Ended December 31, 2022

Nonoperating Revenues (Expenses)	
Investment loss	\$ (752,355)
Investment loss on landfill postclosure cash reserve	(2,913,635)
Loss on disposal of capital assets	(13,130)
PERS on-behalf (credit)	(79,081)
Intergovernmental revenue	10,236
Interest on leases	(26,657)
Interest on long-term obligations	(1,911,005)
Total Nonoperating Revenues (Expenses)	(5,685,627)
Loss before capital contributions and transfers	(1,386,216)
Capital Contributions and Transfers	
Capital contributions	6,074,682
Transfers to other funds:	
Municipal utility service assessment	(1,371,872)
Dividend	(1,050,000)
Change in Net Position	2,266,594
Net Position, beginning	93,366,102
Net Position, ending	\$ 95,632,696

See accompanying notes to financial statements.

Municipality of Anchorage, Alaska
Solid Waste Services

Statement of Cash Flows

Year Ended December 31, 2022

Cash Flows from Operating Activities

Receipts from customers	\$ 40,820,724
Payments to employees	(13,029,520)
Payments to vendors	(12,143,994)
Internal activity - payments made to other funds	(2,913,237)

Net cash flows from operating activities	12,733,973
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Cash Flows for Noncapital Financing Activities

Transfers to other funds	(2,421,872)
Change in due to other funds	(5,108,069)

Net cash flows for noncapital financing activities	(7,529,941)
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Cash Flows for Capital and Related Financing Activities

Principal payments on long-term obligations	(108,038,586)
Acquisition and construction of capital assets	(57,875,964)
Interest payments on long-term obligations	(1,882,575)
Interest payments on leases	(24,463)
Proceeds from issuance of notes payable	48,254,443
Proceeds from issuance of bonds	107,595,210
Principal payments on leases	(28,804)
Capital grant proceeds	11,248,382

Net cash flows for capital and related financing activities	(752,357)
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Cash Flows for Investing Activities

Investment loss	(3,888,470)
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Net Increase in Cash, Cash Equivalents, and Investments	563,205
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Cash, Cash Equivalents, and Investments, beginning	65,138,220
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Cash, Cash equivalents, and Investments, ending	\$ 65,701,425
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Components of Cash, Cash Equivalents, and Investments

Cash and cash equivalents	\$ 3,475
Equity in general cash pool	36,597,628
Equity in bond and grant capital acquisition and construction pool	12,203,321
Debt service investments	11,356
Landfill postclosure cash reserve	16,885,645

Cash, Cash Equivalents, and Investments, ending	\$ 65,701,425
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Municipality of Anchorage, Alaska
Solid Waste Services

Statement of Cash Flows, continued

Year Ended December 31, 2022

**Reconciliation of Operating Income to Net Cash Flows
from Operating Activities:**

Operating income	\$ 4,299,411
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	6,087,860
PERS relief - noncash expenses (credits)	(79,081)
Change in landfill closure liability	3,356,019
(Increase) Decrease in:	
Accounts receivable, net	(68,989)
Inventory	(47,695)
Prepaid items and deposits	(3,875)
Net other postemployment benefits asset	518,927
Deferred outflows of resources related to pensions	(47,932)
Deferred outflows of resources related to other postemployment benefits	(108,419)
Increase (Decrease) in:	
Accounts payable	76,655
Compensated absences payable	11,704
Accrued payroll liabilities	(176,067)
Unearned revenue and deposits	15,049
Net pension liability	1,115,840
Deferred inflows of resources related to pensions	(1,202,046)
Deferred inflows of resources related to other postemployment benefits	(1,013,388)

Net Cash Flows from Operating Activities **\$ 12,733,973**

Noncash Capital and Related Financing Activities

Capital purchases on account	\$ 3,868,456
Capital contributions	\$ 6,074,682

See accompanying notes to financial statements.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements Year Ended December 31, 2022

1. Description of Business and Summary of Significant Accounting Policies

The financial statements of Solid Waste Services have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Solid Waste Services' significant accounting policies are described below.

Reporting Entity

Solid Waste Services (SWS), enterprise funds of the Municipality of Anchorage (MOA), is comprised of two separate utilities - the Refuse Utility (RCU) which collects solid waste for disposal, and the Disposal Utility which owns a transfer station in Girdwood, the Central Transfer Station (CTS) in mid-town and the Anchorage Regional Landfill (ARL) located near Eagle River. The Disposal Utility (SWSDU) receives solid waste at the two transfer stations and hauls it to the Anchorage Regional Landfill for final disposal. The financial statements present only the financial position of RCU and SWSDU (collectively SWS), and do not purport to, nor present fairly the financial position of the Municipality of Anchorage, Alaska as of December 31, 2022.

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

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

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

Refuse Collection Utility (RCU)

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

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

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

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

Solid Waste Disposal Utility (SWSDU)

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

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

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

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

Measurement Focus, Basis of Accounting, and Basis of Presentation

The proprietary fund financial statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred regardless of the timing of the cash flows.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 result from providing services in connection with Solid Waste Services' principal ongoing operations. Operating expenses for Solid Waste Services include direct operational costs, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash Pool and Investments

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

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

Inventories

Inventories are valued at cost using the specific identification method and is expensed when used (consumption method). The value of Solid Waste Services' inventory totaled \$47,695 at December 31, 2022.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the Statement of Net Position. The cost of prepaid items are recorded as expenses in the period the expenses are recognized.

Interfund Receivables and Payables

In the event that Solid Waste Services borrows from the Municipal Central Treasury to fund capital projects, the Municipality assesses a monthly fee. The fee is based on the investment earnings rate plus a margin negotiated between the Municipality and Solid Waste Services. When Solid Waste Services sells commercial paper, the cash pool will be reimbursed from the debt proceeds. In the event that other funds borrow from Solid Waste Services, Solid Waste Services will receive the investment earnings. At December 31, 2022, Solid Waste Services had no interfund receivables or payables outstanding to the Municipality related to the monthly assessment fee.

Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

Restricted Assets

It is Solid Waste Services' policy to first use restricted assets to make certain payments when both restricted and unrestricted assets are available for the same purpose. "Debt service investments" represent an investment that was restricted for the purpose of making debt service payments. "Landfill postclosure cash reserve" represents an investment that was restricted for the purpose of making payments related to future closure and postclosure costs of the Anchorage Regional Landfill. Solid Waste Services has restricted assets of \$16,897,001 at December 31, 2022.

Capital Assets

Capital assets are stated at cost. To be considered for capitalization, the cost of an asset must exceed \$5,000 and the service life must exceed more than one year. Land and construction in progress are not depreciated. Solid Waste Services depreciates all other assets using a straight-line method and whole life convention. Additions to plant in service are recorded at original cost of contracted services, direct labor and materials, interest and indirect overhead charges. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Estimated lives of major capital asset categories follow:

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

Leases

Solid Waste Services is party to leases of nonfinancial assets as a lessee. Solid Waste Services recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the Statement of Net Position.

At the commencement of a lease, Solid Waste Services initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

Key estimates and judgments related to leases include how Solid Waste Services determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. Solid Waste Services uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, Solid Waste Services generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that Solid Waste Services is reasonably certain to exercise.

Solid Waste Services monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section of deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. At December 31, 2022, Solid Waste Services had deferred outflows of resources from pension and other postemployment benefits (OPEB) related items. These items are amortized to expense over time.

Compensated Absences Payable

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

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable unamortized bond premiums and discounts. Debt issuance costs are expensed in the period in which they are incurred.

Pensions and Other Postemployment Benefits (OPEB)

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

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position presents deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2022, Solid Waste Services had deferred inflows of resources for OPEB related items. These items are amortized as a reduction of expense over varying periods of time based on their nature.

Net Position

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

Intergovernmental Charges

Certain functions of the Municipality of a general and administrative nature are centralized and the related cost is allocated to the various funds of the Municipality, including Solid Waste Services. Charges from other departments to Solid Waste Services totaled \$2,913,237 for the year ended December 31, 2022. These amounts do not include Solid Waste Services' payments to the Municipality's risk management programs.

Municipal Utility Service Assessment (MUSA)

The Municipality requires the Utility to pay a municipal utility service assessment for governmental services provided by the Municipality, other than those services received on a contract or interfund basis between the Utility and the Municipality. MUSA is reflected in the transfers on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Risk Management and Self-Insurance

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

The Municipality provides coverage up to the maximum of \$3,000,000 per occurrence for automobile and general liability claims and for each workers' compensation claim. No settled claim exceeded this commercial coverage in 2022.

Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

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

All Municipal departments participate in the Municipality's risk management program and make payments to the risk management funds based on actuarial estimates of the amounts needed to pay prior and current year claims. Solid Waste Services does not include any portion of the Municipality's claims payable among its liabilities on the Statement of Net Position.

2. Cash and Investments

At December 31, 2022, the Municipality had the following investments held in the Municipal Central Treasury:

December 31, 2022

Investment Type	Fair Value*	Fixed Income Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Central treasury:					
Money market funds	\$ 29,453,454	\$ -	\$ -	\$ -	\$ -
Repurchase agreements	64,023,338	64,023,338	-	-	-
Commercial paper	18,854,955	18,854,955	-	-	-
Certificates of deposit	650,075	650,075	-	-	-
U.S. treasuries	138,538,863	14,547,369	108,661,513	15,301,531	28,450
U.S. agencies	100,017,438	-	96,049,203	2,658,139	1,310,096
Municipal bonds	1,700,731	1,529,133	14,814	139,910	16,874
Asset-backed securities**	20,242,516	-	11,019,196	1,565,512	7,657,808
Corporate fixed income securities	156,818,950	79,264,875	40,433,615	33,626,133	3,494,327
	\$ 530,300,320	\$ 178,869,745	\$ 256,178,341	\$ 53,291,225	\$ 12,507,555

Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund

Money market funds	\$ 19,437	\$ -	\$ -	\$ -	\$ -
Fixed income funds	8,412,338	-	-	8,412,338	-
Domestic equities & equity funds	5,082,944	-	-	-	-
International equities & equity funds	3,370,926	-	-	-	-
	\$ 16,885,645	\$ -	\$ -	\$ 8,412,338	\$ -

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

The Municipality has total accrued interest in cash and investments for Central Treasury of \$2,954,678 as of December 31, 2022.

Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

Solid Waste Services had the following investment balances held in the Municipal Central Treasury at December 31, 2022:

	2022
Equity in general cash pool	\$ 36,597,628
Equity in bond and grant capital acquisition & construction pool	12,203,321
Restricted cash - debt service investments	11,356
Restricted cash - Landfill postclosure cash reserve	16,885,645
Total cash, cash equivalents and investments held in central treasury	\$ 65,697,950

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.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

- 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), except that the Working Capital portfolio may not be invested in AMLIP.
- Mutual funds consisting of allowable securities as outlined above.
- Interfund loans from a Municipal Cash Pool to a Municipal Fund.

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

- Structured investment vehicles.
- Asset-Backed commercial paper.
- Short sales.
- Securities not denominated in U.S. Dollars.
- Commodities.
- Real estate investments.
- Derivatives, except "to be announced" forward mortgage-backed securities (TBAs) and derivatives for which payment is guaranteed by the U.S. government or an agency thereof.

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Notes to Financial Statements

The Investment Management Agreement (IMA) for each external manager and the policy and procedures (P&P) applicable to the internally managed investments provide additional guidelines for each portfolio's investment mandate. The IMA limits the concentration of investments for the Working Capital Portfolio at the time new investments are purchased as follows, with year-end concentrations listed for 2022:

Investment Type	Concentration Limit	Working Capital Portfolio Holding % at December 31, 2022
U.S. government securities*	Maximum of 100% of investment portfolio	26%
Repurchase agreements	Maximum of 50% of investment portfolio	25%
Certificates of deposit	Maximum of 25% of investment portfolio; Maximum 5% per issuer	0%
Commercial paper	Maximum of 25% of investment portfolio; Maximum 5% per issuer	7%
Bankers acceptances	Maximum of 25% of investment portfolio; Maximum 5% per issuer	0%
Corporate fixed income, corporate floating rate and variable rate debt securities**	Maximum of 35% of investment portfolio; Maximum 5% per issuer	27%
Corporate floating rate and variable rate debt securities***	Maximum of 25% of Corporate Securities; Maximum 5% per issuer	3%
Taxable and tax-exempt municipality debt securities	Maximum of 15% of investment portfolio; Maximum 5% per issuer	1%
Dollar denominated debt of foreign governments and the International Bank for Reconstruction and Development (IBRD)	Maximum of 10% of investment portfolio; Maximum 5% per issuer	0%
Money market mutual funds****	Maximum of 25% of investment portfolio	11%
		100%

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

**The maximum exposure to Corporate fixed, floating and variable rate debt securities in the Working Capital Portfolio is 35 percent.

***Corporate floating rate and variable rate debt securities must be 25% or less of the total of Corporate debt securities. Corporate Fixed Income Debt Securities must have a final maturity within one (1) year of purchase, and Corporate Floating Rate or Variable Rate Debt Securities must have a final maturity within two (2) years of purchase.

Taxable and Tax-Exempt Municipal Debt Securities must have a final maturity within two (2) years of purchase.

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

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

Notes to Financial Statements

The P&P limits the concentration of investments for the internally managed portfolio at the time new investments are purchased as follows, with year-end concentrations listed for 2022:

Investment Type	Concentration Limit	Internally Managed Holding % at December 31, 2022
U.S. government securities*	50% to 100% of portfolio	85%
Money market mutual funds	0% to 25% of portfolio	15%
		100%

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

Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund

Funds set aside to pay for the closure and post-closure maintenance of the Anchorage Regional Landfill were transferred from the MOA Central Treasury to a separate investment portfolio in 2017, per assembly ordinance.

The Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund investment policy is designed to insure funds are available to meet current and future needs of the fund, while minimizing costs incurred in managing and administering the assets, and earning the maximum rate of return that can be realistically achieved with an acceptable level of risk, in order to minimize future contributions.

The Anchorage Regional Landfill Closure and Post-closure Reserve Liability Fund limits the concentration of its investments as follows:

Investment Type	Lower Limit	Target Allocation	Upper Limit	Investment Holding % at December 31, 2022
Domestic equities	24%	30%	36%	30%
International equities	16%	20%	24%	20%
Domestic fixed income	45%	50%	55%	50%
				100%
				100%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The externally managed portfolios of the Municipal Central Treasury utilize the duration method to measure exposure to interest rate risk.

**Municipality of Anchorage, Alaska
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Notes to Financial Statements

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

AMC 6.50.030 requires the Working Capital Portfolio have a duration of zero to 270 days. At December 31, 2022, the Working Capital Portfolio had a duration of 0.05 years, or approximately 18 days, and was within the targeted duration. AMC 6.50.030 also requires that the Contingency Reserve Portfolio have an average duration within half a year of its benchmark. At December 31, 2022, the Contingency Reserve Portfolio had a duration of 1.80 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, 2022, the Strategic Reserve Portfolio had a duration of 3.32 years as compared to its benchmark, Barclays Intermediate Government/Corporate Index, which had a duration of 3.79 years.

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

Credit Risk

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

At December 31, 2022, the Municipal Central Treasury’s investment in marketable debt securities, excluding U.S. Treasuries, totaled \$292,950,920. The distribution of ratings on these securities was as follows:

	Moody’s		S&P
Aaa	8%	AAA	4%
Aa	2%	AA	6%
A	20%	A	19%
Baa	20%	BBB	22%
Ba or lower	11%	BB or lower	10%
Not rated	39%	Not rated	39%
	100%		100%

At December 31, 2022, the Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund had one investment totaling \$8,412,338 in fixed income funds that were rated A.

Municipality of Anchorage, Alaska

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Notes to Financial Statements

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, 2022, the Municipal Central Treasury had no investments in any single issuer exceeding 5% of total investments.

The Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund has no policy regarding concentration of holdings with a single issuer. The Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund had no investments in any single issuer exceeding 5 percent of total investments.

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.

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, 2022, the Municipality of Anchorage holds deposits in the amount of \$1,353,883 that are not covered by depository insurance and are collateralized with securities held by KeyBank's agent but not in the name of the Municipality of Anchorage.

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, 2022, all debt obligations held in the Municipal Central Treasury were payable in U.S. Dollars.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

Fair Value Measurements

At December 31, 2022, the Municipality had the following cash and investments, valued as follows:

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

Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

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

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

The Municipality categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Municipality has the following recurring fair value measurements as of December 31, 2022:

Investment type:	Total	Level 1	Level 2
Central treasury - investments measured at fair value:			
Commercial paper	\$ 18,854,955	\$ -	\$ 18,854,955
U.S. treasuries	138,538,863	138,538,863	-
U.S. agencies	100,017,438	-	100,017,438
Municipal bonds	1,700,731	-	1,700,731
Asset-backed securities	20,242,516	-	20,242,516
Corporate fixed income securities	156,818,950	-	156,818,950
	436,173,453	\$ 138,538,863	\$ 297,634,590
Investments measured at amortized cost:			
Money market funds	29,453,454		
Repurchase agreements	64,023,338		
Certificates of deposit	650,075		
Total central treasury	\$ 530,300,320		

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

Notes to Financial Statements

Investment type:	Total	Level 1	Level 2
Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund - investments measured at fair value:			
U.S. fixed income funds	\$ 8,412,338	\$ -	\$ 8,412,338
Domestic equities and equity Funds	5,082,944	5,082,944	-
International equities and equity funds	3,370,926	3,370,926	-
	16,866,208	\$ 8,453,870	\$ 8,412,338
Investments measured at amortized cost -			
Money market funds	19,437		
Total Anchorage Regional Landfill Closure and Postclosure Reserve Liability Fund	\$ 16,885,645		

3. Accounts Receivable

Solid Waste Services reports accounts receivable on its Statement of Net Position net of allowances for uncollectable accounts. At December 31, 2022, Solid Waste Services reported gross receivables of \$3,579,004 and an allowance for uncollectable accounts of \$160,014, leaving net accounts receivables of \$3,418,990.

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

Notes to Financial Statements

4. Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2022:

	Balance January 1, 2022, As Adjusted	Additions	Deletions and Reclassification	Balance December 31, 2022
Capital assets not being depreciated:				
Land	\$ 19,854,585	\$ -	-	\$ 19,854,585
Construction in progress	66,560,858	56,327,751	(4,436,663)	118,451,946
Total capital assets not being depreciated	86,415,443	56,327,751	(4,436,663)	138,306,531
Capital assets being depreciated or amortized:				
Buildings	14,939,022	-	-	14,939,022
Building improvements	2,864,620	-	-	2,864,620
Right-of-use assets -				
Buildings and improvements	1,030,161	-	-	1,030,161
Land improvements	85,698,481	-	-	85,698,481
Vehicles	19,518,079	1,541,500	(171,892)	20,887,687
Machinery and equipment	22,777,823	2,874,329	(1,958,924)	23,693,228
Computer hardware	981,393	9,079	-	990,472
Computer software	231,724	-	-	231,724
Office furniture and fixtures	141,255	-	(58,481)	82,774
Total capital assets being depreciated and amortized	148,182,558	4,424,908	(2,189,297)	150,418,169
Less accumulated depreciation and amortization for:				
Buildings	12,834,553	120,340	-	12,954,893
Building improvements	1,017,195	90,235	-	1,107,430
Right-of-use assets -				
Buildings and improvements	-	54,219	-	54,219
Land improvements	36,100,328	1,873,018	-	37,973,346
Vehicles	11,920,209	2,058,927	(200,006)	13,779,130
Machinery and equipment	16,822,605	1,752,272	(1,917,681)	16,657,196
Computer hardware	653,971	104,297	-	758,268
Computer software	134,068	31,728	-	165,796
Office furniture and fixtures	127,498	2,824	(58,481)	71,841
Total accumulated depreciation and amortization	79,610,427	6,087,860	(2,176,168)	83,522,119
Capital assets being depreciated or amortized, net	68,572,131	(1,662,952)	(13,129)	66,896,050
Total Capital Assets, net	\$ 154,987,574	\$ 54,664,799	(4,449,792)	\$ 205,202,581

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

Notes to Financial Statements

5. Leases

Solid Waste Services has retroactively implemented Governmental Accounting Standards Board (GASB) Statement Number 87, *Leases*, (GASB 87) effective for Solid Waste Services' fiscal year beginning January 1, 2022. GASB establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, thereby enhancing the relevance and consistency of information about leasing activities. There was no significant impact from GASB 87 implementation on Solid Waste Services' opening net position.

As of December 31, 2022, Solid Waste Services had one lease agreement as lessee of a nonfinancial asset, with an outstanding balance of \$1,001,357. Solid Waste Services is required to make monthly principal and interest payments. The lease agreement did not contain a stated interest rate, therefore, Solid Waste Services has used the Municipality of Anchorage's incremental borrowing rate of 2.63% as the discount rate for the lease. The nonfinancial asset has a useful life of 20 years. No material direct cost payments were made. The book value of the right-to-use asset as of December 31, 2022 was \$1,030,161 and had accumulated amortization of \$54,219.

The future principal and interest lease payments as of December 31, 2022, are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 28,874	\$ 25,989	\$ 54,863
2024	31,309	25,201	56,510
2025	33,858	24,347	58,205
2026	36,527	23,424	59,951
2027	39,320	22,430	61,750
2028-2032	243,183	94,489	337,672
2033-2037	334,642	56,813	391,455
2038-2042	253,644	10,552	264,196
Total	\$ 1,001,357	\$ 283,245	\$ 1,284,602

6. Noncurrent Liabilities

Revenue Bonds

In October 2022, Solid Waste Services issued 2022 Series A Refunding Revenue Bonds. The proceeds of the 2022 Series A bonds will be used to refinance capital improvements to the solid waste facilities of the Municipality including a portion of the costs of the new Central Transfer Station by refunding the outstanding subordinate lien note and to pay the costs of issuance of the 2022 Solid Waste Services bonds. The 2022 Series A bonds have a total authorized amount of \$109,755,000, are due in annual installments of \$995,000 to \$2,425,000 with principal payments beginning in 2024 through 2062 plus interest ranging from 5.0% to 5.5%. The bonds were issued at a discount of \$2,159,790.

Municipality of Anchorage, Alaska

Solid Waste Services

Notes to Financial Statements

Long-Term Obligations Issued

Solid Waste Services obtains low interest loans from the State of Alaska Department of Environmental Conservation Clean Water Fund to fund capital improvement projects. These loans were issued on a per project basis until 2019 when the Programmatic Financial (ProFi), an annual loan, began being issued. The loans issued per project enter repayment status one year after initiation of operation of the facilities with loan terms included in the contract. The loans issued annually go into repayment the following year and have repayment terms of up to 20 years. The total amount of Clean Water loans payable at December 31, 2022 was \$7,718,865. In 2020, the Alaska Department of Environmental Conservation's State Revolving Fund Program offered borrowers the opportunity to defer loan repayments for a portion of the year without incurring any additional interest or late fees and Solid Waste Services took advantage of the option, deferring \$2,318,248 in principal and \$396,636 in interest payments. The State of Alaska deferred 2020 (unaudited) payments on select loans, with no change to amortization schedules other than shifting the remaining payment due dates by one year.

Notes Payable from Direct Borrowings

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

As of December 31, 2022, the combined outstanding principal balance for both Solid Waste Utilities was \$9,703,565, with the Refuse Utility reporting \$2,963,254 of the outstanding principal and the Disposal Utility reporting \$6,740,311 of the outstanding principal. The interest fees incurred for the year ended December 31, 2022, for both Solid Waste Utilities were \$1,141,131, with the Refuse Utility reporting \$401,698 and the Disposal Utility reporting \$739,433. The commitment fees incurred for the year ended December 31, 2022, for both Solid Waste Utilities were \$59,386, with the Refuse Utility reporting \$21,032 and the Disposal Utility reporting \$38,354.

The amount of interest expense recognized for the year ended December 31, 2022 was \$1,911,005.

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

Notes to Financial Statements

Changes in noncurrent liabilities for the year ended December 31, 2022 were as follows:

	Balance January 1, 2022 As Adjusted	Additions	Reductions	Balance December 31, 2022	Due Within One Year
Revenue bonds payable	\$ -	\$ 109,755,000	\$ -	\$ 109,755,000	\$ -
Unamortized discount	-	(2,159,790)	-	(2,159,790)	-
Total revenue bonds payable	-	107,595,210	-	107,595,210	-
Loans payable	8,757,453	-	(1,038,588)	7,718,865	1,038,590
Notes payable from direct borrowings	68,449,122	48,254,443	(107,000,000)	9,703,565	-
Landfill closure liability	39,265,492	3,356,019	-	42,621,511	-
Compensated absences payable	782,707	11,704	-	794,411	731,206
Leases payable	1,030,161	-	(28,804)	1,001,357	28,874
Net pension liability	3,014,322	1,115,840	-	4,130,162	-
Total Noncurrent Liabilities	\$ 121,299,257	\$ 160,333,216	\$ (108,067,392)	\$ 173,565,081	\$ 1,798,670

Debt service requirements to maturity for revenue bonds follow:

<i>Year Ending December 31,</i>	Principal	Interest	Total
2023	\$ -	\$ 5,145,957	\$ 5,145,957
2024	995,000	5,354,175	6,349,175
2025	1,045,000	5,304,425	6,349,425
2026	1,095,000	5,252,175	6,347,175
2027	1,150,000	5,197,425	6,347,425
2028-2032	6,675,000	25,065,125	31,740,125
2033-2037	8,525,000	23,216,163	31,741,163
2038-2042	10,990,000	20,743,512	31,733,512
2043-2047	13,920,000	17,812,050	31,732,050
2048-2052	16,940,000	14,796,250	31,736,250
2053-2057	21,130,000	10,605,000	31,735,000
2058-2062	27,290,000	4,444,650	31,734,650
	\$ 109,755,000	\$ 142,936,907	\$ 252,691,907

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

Notes to Financial Statements

Debt service requirements to maturity for loans and notes payable follow:

<i>Year Ending December 31,</i>	Principal	Interest	Total
2023	\$ 1,038,590	\$ 115,783	\$ 1,154,373
2024	1,038,590	100,204	1,138,794
2025	1,038,590	84,625	1,123,215
2026	1,038,590	69,047	1,107,637
2027	760,988	53,467	814,455
2028-2032	11,854,808	137,920	11,992,728
2033-2037	652,274	14,677	666,951
	\$ 17,422,430	\$ 575,723	\$ 17,998,153

Revenue Bond Coverage Requirements

Solid Waste Services' Schedule of Revenue Bond Coverage follows:

Fiscal Year	Revenue (1)	Operating Expenses (2)	Amount Available for Debt Service	Principal (3)	Interest (3)	Total	Coverage (4)
2022	\$ 40,805,820	\$ 34,843,919	\$ 5,961,901	-	-	-	n/a

1. Excludes allowance for funds used during construction, includes nonoperating revenue. Excludes payments received for PERS relief from the State of Alaska.
2. Excludes pension expense, PERS on behalf expense, OPEB on behalf expense, OPEB expense, depreciation and transfers to other funds; but includes regular/recurring nonoperating expenses.
3. Includes debt service on Parity Bonds. Excludes amounts funded out of bond proceeds.
4. Required minimum coverage is 1.35.

7. Environmental Issues

The Municipality has adopted an aggressive proactive policy designed to identify and mitigate the potential effects of past, present, and future activity that may result in environmental impact. It is accounting policy to record a liability when the likelihood of responsibility for an environmental impact is probable and the cost of mitigating the impact is estimable within reasonable limits. On December 31, 2022, there are environmental issues that meet both of these criteria and, accordingly, a provision has been made in the accompanying financial statements for the cost of mitigating environmental concerns of underground fuel and hazardous waste contamination. The following is a summary of environmental concerns.

Solid Waste Landfill Sites

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

Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

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

Air Quality Violations at Anchorage Regional Landfill

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

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

Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the Municipality to place a final cover on its current regional landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the landfill for thirty years after closure. To properly account for these future closure and postclosure costs each year, the Solid Waste Fund records an operating expense based on landfill capacity. During 2020 (unaudited), the future closure and postclosure care costs were re-evaluated and adjusted to reflect current conditions. On December 31, 2022, the Solid Waste Fund had a recorded liability of \$42,621,511 associated with these future costs, based on the use of 38.295 percent of the landfill’s estimated capacity. Based upon the 2022 study (unaudited), it is estimated the Solid Waste Fund will recognize an additional \$67,074,604 in liability expense between 2022 and 2064, the current estimated date the landfill is expected to reach full capacity. These amounts are based upon what it would cost to perform all the closure and postclosure functions in 2022. Future inflation costs and additional costs that might arise from, changes in requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both. Activity in the long-term liability for landfill closure and postclosure care cost was as follows:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022	Due in One Year
Future Landfill Closure Costs	\$ 39,265,492	\$ 3,356,019	\$ -	\$ 42,621,511	\$ -

Municipality of Anchorage, Alaska Solid Waste Services

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State laws and federal regulations require the Municipality to provide financial assurances for future closure and postclosure costs by one of several allowable mechanisms available. The Municipality elected to use the “Local Government Test” financial assurance mechanism to comply with the regulation. Pursuant to the Anchorage Municipal Code 26.80.060 a restricted cash and investment account has been established to fund the liability for landfill closure and postclosure purposes. On December 31, 2022, Solid Waste Services reported \$16,885,645 of restricted assets for payment of closure and postclosure care costs.

8. Pension and Other Postemployment Benefits Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

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

The Plan is included in an annual comprehensive financial report that includes financial statements and other required supplemental information. That report is available via the internet at <https://drb.alaska.gov/docs/reports/#pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

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

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

Historical Context and Special Funding Situation

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

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Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board (ARM Board). As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

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

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Peace officers and firefighters are required to contribute 7.50% of their annual covered salary.

Employer and Other Contribution Rates

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

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the DC plan. Contributions derived from the DC employee payroll is referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

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

Municipality of Anchorage, Alaska Solid Waste Services

Notes to Financial Statements

Contribution rates are actuarially determined. Solid Waste Services' contribution rates for the 2022 calendar year were as follows:

<i>January 1, 2022 to June 30, 2022</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:			
Pension	15.54%	20.89%	8.11%
Postemployment healthcare (ARHCT)	6.46%	3.12%	-%
Defined contribution - Pension	-%	6.10%	-%
Total Contribution Rates	22.00%	30.11%	8.11%

<i>July 1, 2022 to December 31, 2022</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Defined benefit - Pension	22.00%	18.38%	2.79%
Defined contribution - Pension	-%	6.41%	-%
Total Contribution Rates	22.00%	24.79%	2.79%

Alaska Statute 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the period from January 1, 2022 to June 30, 2022 the employer rate is 15.54% for pension and 6.46% for ARHCT and for the period from July 1, 2022 to December 31, 2022 the employer rate is 22.00% for pension and 0.00% for ARHCT. The contribution requirements for Solid Waste Services of Alaska are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

In 2022, Solid Waste Services was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2021 to June 30, 2022	Solid Waste Services' Fiscal Year January 1, 2022 to December 31, 2022
Employer contributions (including DBUL)	\$ 357,128	\$ 384,518
Nonemployer contributions (on-behalf)	191,311	125,565
Total Contributions	\$ 548,439	\$ 510,083

In addition, employee contributions to the Plan totaled \$66,655 during Solid Waste Services' fiscal year.

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Notes to Financial Statements

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

At December 31, 2022, Solid Waste Services reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to Solid Waste Services. The amount recognized by Solid Waste Services for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with Solid Waste Services were as follows:

	<u>2022</u>
Solid Waste Service's proportionate share of NPL	\$ 4,130,162
State's proportionate share of NPL associated with Solid Waste Services	1,143,083
Total Net Pension Liability	\$ 5,273,245

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 and adjusted to reflect updated assumptions to calculate the net pension liability as of that date. Solid Waste Services' proportion of the net pension liability was based on a projection of Solid Waste Services' 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, 2022 measurement date, Solid Waste Services' proportion was 0.08103 percent, which was a decrease of 0.00114 from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, Solid Waste Services recognized pension expense (benefit) of \$(216,251) and on-behalf revenue of \$74,672 for support provided by the State. At December 31, 2022, Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 118,083	\$ -
Solid Waste Services contributions subsequent to the measurement date	208,403	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 326,486	\$ -

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The \$208,403 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, 2023. 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,

2023	\$ (14,038)
2024	(35,983)
2025	(86,382)
2026	254,486
<hr/>	
Total Amortization	\$ 118,083

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.

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Mortality Peace officer/firefighter	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
All others	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Other	See the experience study report dated July 15, 2022.

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

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Notes to Financial Statements

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.88%, for each major asset class included in the pension plan’s target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.51 %
Global equity (non-U.S.)	18%	+/- 4%	5.70 %
Aggregate bonds	21%	+/- 10%	0.31 %
Opportunistic	6%	+/- 4%	-
Real assets	14%	+/- 7%	3.71 %
Private equity	14%	+/- 6%	9.61 %
Cash equivalents	-%	-%	(0.50) %

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The discount rate used changed from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents Solid Waste Services’ proportionate share of the net pension liability calculated using the discount rate of 7.25% in 2022, as well as what Solid Waste Services’ proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the applicable rate:

<i>June 30, 2022</i>	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Solid Waste Services’ proportionate share of the net pension liability	0.08103%	\$ 5,560,086	\$ 4,130,162	\$ 2,924,441

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Notes to Financial Statements

Pension Plan Fiduciary Net Position

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

(b) Defined Contribution (DC) Pension Plan

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

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

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended December 31, 2022 to cover a portion of Solid Waste Services' employer match contributions. For the year ended December 31, 2022, forfeitures reduced pension expense by \$4,016.

Employee Contribution Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended December 31, 2022, Solid Waste Services was required to contribute 5% of covered salary into the Plan.

Solid Waste Services and employee contributions to PERS for pensions for the year ended December 31, 2022 were \$74,699 and \$119,519, respectively. Solid Waste Services' contribution amount was recognized as pension expense.

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(c) Defined Benefit OPEB Plans

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

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

Employer Contribution Rates

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

Employer contribution rates for the year ended December 31, 2022 , were as follows:

<i>January 1, 2022 to June 30, 2022</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	6.46%	6.46%
Retiree Medical Plan	1.07%	1.07%
Occupational Death and Disability	0.31%	0.68%
Total Contribution Rates	7.84%	8.21%

<i>July 1, 2022 to December 31, 2022</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.10%	1.10%
Occupational Death and Disability	0.30%	0.68%
Total Contribution Rates	1.40%	1.78%

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In 2022, Solid Waste Services was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2021 to June 30, 2022		Solid Waste Services' Fiscal Year January 1, 2022 to December 31, 2022
Employer contributions - ARHCT	\$ 62,590	\$	30,240
Employer contributions - RMP	15,685		16,214
Employer contributions - ODD	6,627		6,740
Total Contributions	\$ 84,902	\$	53,194

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At December 31, 2022, Solid Waste Services reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to Solid Waste Services. The amount recognized by Solid Waste Services for its proportional share, the related State proportion, and the total were as follows:

	2022
Solid Waste Services' proportionate share of NOA - ARHCT	\$ 1,583,466
Solid Waste Services' proportionate share of NOA - RMP	32,395
Solid Waste Services' proportionate share of NOA - ODD	50,331
Subtotal Net OPEB Assets	1,666,192
State's proportionate share of the ARHCT NOA associated with Solid Waste Services	452,677
Total Net OPEB Assets	\$ 2,118,869

The total OPEB liabilities (asset) for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 and adjusted to reflect updated assumptions to calculate the net OPEB liabilities (asset) as of that date. Solid Waste Services' proportion of the net OPEB liabilities (asset) was based on a projection of Solid Waste Services' long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

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	June 30, 2021 Measurement Date Employer Proportion	June 30, 2022 Measurement Date Employer Proportion	Change
Solid Waste Service's proportionate share of the net OPEB asset:			
ARHCT	0.08251%	0.08048%	(0.00203)%
RMP	0.08401%	0.09328%	0.00927 %
ODD	0.10416%	0.11481%	0.01065 %

For the year ended December 31, 2022, Solid Waste Services recognized OPEB expense (benefit) of \$(531,140). Of this amount, \$(153,754) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	OPEB Expense (Benefit)	On-behalf Revenue
ARHCT	\$ (537,142)	\$ (153,754)
RMP	6,752	-
ODD	(750)	-
Total	\$ (531,140)	\$ (153,754)

At December 31, 2022, Solid Waste Services reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ 1,606	\$ -	\$ 1,606
Changes in assumptions	-	6,272	-	6,272
Difference between projected and actual investment earnings	89,834	4,621	1,705	96,160
Changes in proportion and differences between Solid Waste Services' contributions and proportionate share of contributions	39,209	748	1,428	41,385
Solid Waste Services' contributions subsequent to the measurement date	8	8,358	3,411	11,777
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 129,051	\$ 21,605	\$ 6,544	\$ 157,200

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<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ (11,206)	\$ (1,274)	\$ (16,512)	\$ (28,992)
Changes in assumptions	(72,668)	(38,843)	(320)	(111,831)
Changes in proportion and differences between Solid Waste Services' contributions and proportionate share of contributions	-	(60)	(2,350)	(2,410)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (83,874)	\$ (40,177)	\$ (19,182)	\$ (143,233)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Solid Waste Services' contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending December 31,</i>	ARHCT	RMP	ODD	Total
2023	\$ (59,754)	\$ (4,503)	\$ (3,426)	\$ (67,683)
2024	(31,505)	(4,729)	(3,512)	(39,746)
2025	(70,974)	(5,443)	(3,782)	(80,199)
2026	207,403	759	(1,442)	206,720
2027	-	(5,812)	(1,917)	(7,729)
Thereafter	-	(7,201)	(1,972)	(9,173)
Total Amortization	\$ 45,170	\$ (26,929)	\$ (16,051)	\$ 2,190

Actuarial Assumptions

The total OPEB liabilities (asset) for each plan was determined by actuarial valuations as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.

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Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment rate of return	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are from FY 2023 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
All others (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based

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Notes to Financial Statements

on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ODD Plan)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ARHCT and ODD Plans)

Deaths are assumed to result from occupational causes 35% of the time.

Participation (ARHCT)

100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.
20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

Other

See the experience study report dated July 15, 2022.

The total OPEB liabilities (asset) for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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Solid Waste Services**

Notes to Financial Statements

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.88% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.51 %
Global equity (non-U.S.)	18%	+/- 4%	5.70 %
Aggregate bonds	21%	+/- 10%	0.31 %
Opportunistic	6%	+/- 4%	-
Real assets	14%	+/- 7%	3.71 %
Private equity	14%	+/- 6%	9.61 %
Cash equivalents	-%	-%	(0.50) %

Discount Rate

The discount rate used to measure the total OPEB liabilities (asset) for each plan as of June 30, 2022 was 7.25%. The discount rate used changed from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liabilities (asset) for each plan.

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

The following presents Solid Waste Services' proportionate share of the net OPEB liabilities (asset) calculated using the discount rate of 7.25% in 2022, as well as what Solid Waste Services' proportionate share of the respective plan's net OPEB liabilities (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

2022	Proportion al Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Solid Waste Services' proportionate share of the net OPEB liabilities (asset):				
ARHCT	0.08048%	\$ 940,807	\$ 1,583,466	\$ 2,122,392
RMP	0.09328%	\$ (5,959)	\$ 32,395	\$ 61,643
ODD	0.11481%	\$ 47,412	\$ 50,331	\$ 52,615

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Notes to Financial Statements

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents Solid Waste Services' proportionate share of the net OPEB liabilities (asset) calculated using the healthcare cost trend rates as summarized in the 2021 actuarial valuation reports as well as what Solid Waste Services' proportionate share of the respective plan's net OPEB liabilities (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

2022	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Solid Waste Services' proportionate share of the net OPEB liabilities (asset):				
ARHCT	0.08048%	\$ 2,185,790	\$ 1,583,466	\$ 864,173
RMP	0.09328%	\$ 65,660	\$ 32,395	\$ (12,410)
ODD	0.11481%	n/a	n/a	n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

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

Contribution Rate

AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2022, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,237 per year for each full-time employee, and \$1.43 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2022, Solid Waste Services contributed \$35,887 in DC OPEB costs. This amount has been recognized as expense.

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Notes to Financial Statements

9. Subsequent Events

Solid Waste Services has evaluated subsequent events through June 4, 2024, the date these financial statements were available to be issued.

10. Adoption of New Accounting Principle

In 2022, Solid Waste Services adopted the provisions of GASB Statement No. 87, *Leases*, which among other accounting and reporting criteria, requires Solid Waste Services to recognize the lease liability/asset and related deferred inflow/outflow accounts, as of the beginning of Solid Waste Services' fiscal year. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The effect on beginning net position of adopting GASB Statement No. 87 in Solid Waste Services financial statements for the year ended December 31, 2022 is zero since the balances for lease liabilities and intangible right-to-use assets are the same. As a result of the implementation of this Statement, Solid Waste Services did not record any opening balance adjustments to net position.

11. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*). The following new accounting standards were considered and/or implemented by Solid Waste Services for 2022 reporting:

GASB Statement No. 87 - *Leases* - Effective for year-end December 31, 2022, This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Solid Waste Services analyzed all active leases to determine which leases applied to GASB 87, then accounted for those leases accordingly.

GASB Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period* - Effective for year-end December 31, 2022. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Solid Waste Services evaluated the impacts of GASB 89 and determined there to be no impact to Solid Waste Services' financial statements for the current fiscal year.

GASB Statement No. 91 - *Conduit Debt Obligations* - Effective for year-end December 31, 2022. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting. Solid Waste Services evaluated the impacts of GASB 91 and determined there to be no impact to Solid Waste Services' financial statements for the current fiscal year.

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Notes to Financial Statements

GASB Statement No. 92 - *Omnibus 2020* - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end December 31, 2022. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments. Solid Waste Services evaluated the impacts of GASB 92 and determined there to be no impact to Solid Waste Services' financial statements for the current fiscal year.

GASB Statement No. 93 - *Replacement of Interbank Offered Rates* - The provisions of this Statement, except for paragraph 11b, 13 and 14, are required to be implemented for year-end December 31, 2021. The requirements in paragraph 11b, 13 and 14 are required to be implemented for year-end December 31, 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). Solid Waste Services evaluated the impacts of GASB 93 and determined there to be no impact to Solid Waste Services' financial statements for the current fiscal year.

GASB Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* - Effective for year-end December 31, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end December 31, 2020. This Statement modifies certain guidance contained in Statement No. 84 and enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Solid Waste Services evaluated the impacts of GASB 97 and determined there to be no impact to Solid Waste Services' financial statements for the current fiscal year.

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB 95). Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* - Effective for year-end December 31, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements* - Effective for year-end December 31, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

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Notes to Financial Statements

GASB Statement No. 99 - *Omnibus 2022* - Provisions of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end December 31, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end December 31, 2024.

GASB Statement No. 100 - *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62 - Effective for year-end December 31, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101 - *Compensated Absences* - Effective for year-end December 31, 2024. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 - *Certain Risk Disclosures* - Effective for year-end December 31, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

Required Supplementary Information

Municipality of Anchorage, Alaska
Solid Waste Services
Public Employees' Retirement System - Pension Plan

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

<i>Years Ended December 31,</i>	2022	2021	2020 (Unaudited)
Solid Waste Services' Proportion of the Net Pension Liability	0.08103%	0.08217%	0.07099%
Solid Waste Services' Proportionate Share of the Net Pension Liability	\$ 4,130,162	\$ 3,014,322	\$ 4,189,297
State of Alaska Proportionate Share of the Net Pension Liability	1,143,083	408,348	1,733,514
Total Net Pension Liability	\$ 5,273,245	\$ 3,422,670	\$ 5,922,811
Solid Waste Services' Covered Payroll	\$ 2,522,570	\$ 2,229,340	\$ 2,361,607
Solid Waste Services' Proportionate Share of the Net Pension Liability as a Percentage of Payroll	163.73%	135.21%	177.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.97%	76.46%	76.46%

Schedule of Solid Waste Services' Contributions

<i>Years Ended December 31,</i>	2022	2021	2020 (Unaudited)
Contractually Required Contributions	\$ 384,518	\$ 312,002	\$ 307,741
Contributions Relative to the Contractually Required Contribution	384,518	312,002	307,741
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Solid Waste Services' Covered Payroll	\$ 2,511,195	\$ 2,241,195	\$ 2,316,446
Contributions as a Percentage of Covered Payroll	15.31%	13.92%	13.29%

Note: Separately issued financial statements for Solid Waste Services were issued beginning with the periods are not presented.

See accompanying notes to Required Supplementary Information.

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

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

Years Ended December 31,	ARHCT			RMP			ODD		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
			(Unaudited)			(Unaudited)			(Unaudited)
Solid Waste Services' Proportion of the Net OPEB Liability (Asset)	0.08048%	0.08251%	0.07096%	0.09328%	0.08401%	0.08626%	0.11481%	0.10416%	0.11461%
Solid Waste Services' Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,583,466)	\$ (2,116,664)	\$ (321,356)	\$ (32,395)	\$ (22,550)	\$ 6,119	\$ (50,331)	\$ (45,905)	\$ (31,242)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(452,677)	(277,228)	(133,322)	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (2,036,143)	\$ (2,393,892)	\$ (454,678)	\$ (32,395)	\$ (22,550)	\$ 6,119	\$ (50,331)	\$ (45,905)	\$ (31,242)
Solid Waste Services' Covered Payroll	\$ 2,522,570	\$ 2,229,340	\$ 2,361,607	\$ 2,522,570	\$ 2,229,340	\$ 2,361,607	\$ 2,522,570	\$ 2,229,340	\$ 2,361,607
Solid Waste Services' Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-62.77%	-94.95%	-13.61%	-1.28%	-1.01%	0.26%	-2.00%	-2.06%	-1.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	128.51%	135.54%	106.15%	120.08%	115.10%	95.23%	348.80%	374.22%	283.80%

Schedule of Solid Waste Services' Contributions

Years Ended December 31,	ARHCT			RMP			ODD		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
			(Unaudited)			(Unaudited)			(Unaudited)
Contractually Required Contributions	\$ 30,240	\$ 62,424	\$ 93,156	\$ 16,214	\$ 14,791	\$ 16,159	\$ 6,740	\$ 5,743	\$ 5,480
Contributions Relative to the Contractually Required Contribution	30,240	62,424	93,156	16,214	14,791	16,159	6,740	5,743	5,480
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Solid Waste Services' Covered Payroll	\$ 2,511,195	\$ 2,241,195	\$ 2,316,466	\$ 2,511,195	\$ 2,241,195	\$ 2,316,466	\$ 2,511,195	\$ 2,241,195	\$ 2,316,466
Contributions as a Percentage of Covered Payroll	1.20%	2.79%	4.02%	0.65%	0.66%	0.70%	0.27%	0.26%	0.24%

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

See accompanying notes to Required Supplementary Information.

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

**Notes to Required Supplementary Information
December 31, 2022**

1. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For December 31, 2022, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

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

Schedule of Solid Waste Services' Contributions

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

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

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

Notes to Required Supplementary Information, continued

2. Public Employees' Retirement System OPEB Plans

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

This table is presented based on the Plan measurement date. For December 31, 2022, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

The total OPEB liability (asset) for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

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

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

Schedule of Solid Waste Services' Contributions

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

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

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Supplementary Information

Municipality of Anchorage, Alaska
Solid Waste Services
Statements of Net Position

<i>December 31,</i>	2022	2021
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 3,475	\$ 3,475
Equity in general cash pool	36,597,628	35,972,973
Equity in bond and grant capital acquisition & construction pool	12,203,321	9,810,405
Accounts receivable, net	3,418,990	3,350,001
Intergovernmental receivables	7,024	5,170,488
Accrued interest receivable	377,841	155,361
Inventory	47,695	-
Prepaid items and deposits	12,963	9,089
Total Current Assets	52,668,937	54,471,792
Noncurrent Assets		
Unrestricted assets:		
Capital assets, net	86,750,635	87,396,555
Construction work in process	118,451,946	66,560,858
Net other postemployment benefits	1,666,192	2,185,119
Total unrestricted noncurrent assets	206,868,773	156,142,532
Restricted assets:		
Debt service investments	11,356	-
Landfill postclosure cash reserve	16,885,645	19,351,367
Total restricted noncurrent assets	16,897,001	19,351,367
Total Noncurrent Assets	223,765,774	175,493,899
Total Assets	276,434,711	229,965,691
Deferred Outflows of Resources		
Related to pensions	326,486	278,554
Related to other postemployment benefits	157,200	48,781
Total Deferred Outflows of Resources	483,686	327,335
Total Assets and Deferred Outflows of Resources	\$ 276,918,397	\$ 230,293,026

Municipality of Anchorage, Alaska
Solid Waste Services
Statements of Net Position, continued

<i>December 31,</i>	2022	2021
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 2,960,203	\$ 2,883,548
Compensated absences payable	731,206	725,814
Accrued payroll liabilities	413,682	589,749
Accrued interest payable	178,616	147,990
Leases payable, current portion	28,874	-
Alaska Clean Water loans payable, current portion	1,038,590	1,038,590
Unearned revenue and deposits	156,430	141,381
Capital acquisition and construction accounts and retainages payable	3,868,456	5,428,424
Due to other funds	-	5,108,069
Total Current Liabilities	9,376,057	16,063,565
Noncurrent Liabilities		
Compensated absences payable	63,205	56,893
Net pension liability	4,130,162	3,014,322
Leases payable, net of current portion	972,483	-
Bonds payable	107,595,210	-
Alaska Clean Water loans payable, net of current portion	6,680,275	7,718,863
Notes payable	9,703,565	68,449,122
Landfill closure liability	42,621,511	39,265,492
Total Noncurrent Liabilities	171,766,411	118,504,692
Total Liabilities	181,142,468	134,568,257
Deferred Inflows of Resources		
Related to pensions	-	1,202,046
Related to net other postemployment benefits	143,233	1,156,621
Related to leases	-	-
Total Deferred Inflows of Resources	143,233	2,358,667
Net Position		
Net investment in capital assets	75,315,128	71,322,412
Restricted for capital construction	7,024	5,170,488
Unrestricted	20,310,544	16,873,202
Total Net Position	95,632,696	93,366,102
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 276,918,397	\$ 230,293,026

Note: Balances for 2021 were not adjusted for effects of GASB 87 implementation

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Solid Waste Services

Statements of Revenues, Expenses, and Changes in Net Position

<i>Years Ended December 31,</i>	2022	2021
Operating Revenues		
Charges for sales and services:		
Landfill services	\$ 5,259,892	\$ 4,773,174
Landfill gas sales	2,310,919	2,587,675
Transfer station services	19,961,802	18,345,504
Refuse collection operation-commercial	8,674,876	8,277,806
Refuse collection operation-residential	4,343,313	4,409,742
Total charges for sales and services	40,550,802	38,393,901
Other operating revenues - collection fees, late fees, surcharges	323,863	247,691
Total Operating Revenues	40,874,665	38,641,592
Operating Expenses		
Operations:		
Landfill operations	8,634,033	8,056,976
Landfill gas collection system	1,057,228	986,569
Transfer station operations	7,224,396	6,741,552
Refuse commercial collections	5,706,540	5,831,906
Refuse residential collections	2,187,507	2,235,564
Other direct expenses - disposal	704,818	657,711
Other direct expenses - refuse	1,616,853	1,652,373
Total operations	27,131,375	26,162,651
Amortization of landfill closure costs	3,356,019	1,532,265
Depreciation	6,087,860	5,961,801
Total Operating Expenses	36,575,254	33,656,717
Operating income	4,299,411	4,984,875

Municipality of Anchorage, Alaska
Solid Waste Services

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

<i>Years Ended December 31,</i>	2022	2021
Nonoperating Revenues (Expenses)		
Investment income (loss)	\$ (752,355)	\$ 311,180
Investment income (loss) on landfill postclosure cash reserve	(2,913,635)	2,480,648
Gain (loss) on disposal of capital assets	(13,130)	331,202
PERS on-behalf (credit)	(79,081)	(95,602)
Intergovernmental revenue	10,236	36,896
Interest on leases	(26,657)	-
Interest on long-term obligations	(1,911,005)	(714,852)
Total Nonoperating Revenues (Expenses)	(5,685,627)	2,349,472
Income (loss) before capital contributions and transfers	(1,386,216)	7,334,347
Capital Contributions and Transfers		
Capital contributions	6,074,682	5,146,179
Transfers to other funds:		
Municipal utility service assessment	(1,371,872)	(1,410,737)
Dividend	(1,050,000)	(1,056,000)
Other transfers from other funds	-	2,932,571
Other transfers to other funds	-	(5,108,399)
Change in Net Position	2,266,594	7,837,961
Net Position, beginning	93,366,102	85,528,141
Net Position, ending	\$ 95,632,696	\$ 93,366,102

Note: Balances for 2021 were not adjusted for effects of GASB 87 implementation

Municipality of Anchorage, Alaska
Solid Waste Services

Statements of Cash Flows

<i>Years Ended December 31,</i>	2022	2021
Cash Flows from Operating Activities		
Receipts from customers	\$ 40,820,724	\$ 38,603,652
Payments to employees	(13,029,520)	(13,206,967)
Payments to vendors	(12,143,994)	(8,944,463)
Internal activity - payments made to other funds	(2,913,237)	(2,796,900)
Net cash flows from operating activities	12,733,973	13,655,322
Cash Flows for Noncapital Financing Activities		
Transfers to other funds	(2,421,872)	(7,575,136)
Change in due to other funds	(5,108,069)	5,108,069
Net cash flows for noncapital financing activities	(7,529,941)	(2,467,067)
Cash Flows for Capital and Related Financing Activities		
Principal payments on long-term obligations	(108,038,586)	(1,038,589)
Acquisition and construction of capital assets	(57,875,964)	(48,621,072)
Interest payments on long-term obligations	(1,882,575)	(677,908)
Interest payments on leases	(24,463)	-
Transfers from other funds	-	2,932,571
Proceeds from issuance of notes payable	48,254,443	35,302,948
Proceeds from issuance of bonds	107,595,210	-
Principal payments on leases	(28,804)	-
Proceeds from disposal of capital assets	-	352,190
Capital grant proceeds	11,248,382	12,587
Net cash flows for capital and related financing activities	(752,357)	(11,737,273)
Cash Flows (for) from Investing Activities		
Investment (loss) income	(3,888,470)	2,729,963
Net Increase in Cash, Cash Equivalents, and Investments	563,205	2,180,945
Cash, Cash Equivalents, and Investments, beginning	65,138,220	62,957,275
Cash, Cash equivalents, and Investments, ending	\$ 65,701,425	\$ 65,138,220
Components of Cash, Cash Equivalents, and Investments		
Cash and cash equivalents	\$ 3,475	\$ 3,475
Equity in general cash pool	36,597,628	35,972,973
Equity in bond and grant capital acquisition and construction pool	12,203,321	9,810,405
Debt service investments	11,356	-
Landfill postclosure cash reserve	16,885,645	19,351,367
Cash, Cash Equivalents, and Investments, ending	\$ 65,701,425	\$ 65,138,220

Municipality of Anchorage, Alaska
Solid Waste Services

Statements of Cash Flows, continued

<i>Years Ended December 31,</i>	2022	2021
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:		
Operating income	\$ 4,299,411	\$ 4,984,875
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	6,087,860	5,961,801
PERS relief - noncash expenses (credits)	(79,081)	(95,602)
Change in landfill closure liability	3,356,019	1,532,265
(Increase) Decrease in:		
Accounts receivable, net	(68,989)	(42,540)
Inventory	(47,695)	-
Prepaid items and deposits	(3,875)	3,760
Net other postemployment benefits asset	518,927	(1,832,521)
Deferred outflows of resources related to pensions	(47,932)	136,496
Deferred outflows of resources related to other postemployment benefits	(108,419)	159,660
Increase (Decrease) in:		
Accounts payable	76,655	2,004,405
Compensated absences payable	11,704	(86,095)
Accrued payroll liabilities	(176,067)	27,728
Unearned revenue and deposits	15,049	4,600
Net pension liability	1,115,840	(1,174,975)
Net other postemployment benefits liability	-	(6,119)
Deferred inflows of resources related to pensions	(1,202,046)	1,202,046
Deferred inflows of resources related to other postemployment benefits	(1,013,388)	875,538
Net Cash Flows from Operating Activities	\$ 12,733,973	\$ 13,655,322
Noncash Capital and Related Financing Activities		
Capital purchases on account	\$ 3,868,456	\$ 5,428,424
Capital contributions	\$ 6,074,682	\$ 5,146,179

Note: Balances for 2021 were not adjusted for effects of GASB 87 implementation

Municipality of Anchorage, Alaska
Solid Waste Services

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

<i>Year Ended December 31, 2022</i>	Refuse	Disposal	Total
Operating Revenues			
Charges for sales and services:			
Landfill services	\$ -	\$ 5,259,892	\$ 5,259,892
Landfill gas sales	-	2,310,919	2,310,919
Transfer station services	-	19,961,802	19,961,802
Refuse collection operation-commercial	8,674,876	-	8,674,876
Refuse collection operation-residential	4,343,313	-	4,343,313
<hr/>			
Total charges for sales and services	13,018,189	27,532,613	40,550,802
Other operating revenues - collection fees, late fees, and surcharges	151,525	172,338	323,863
<hr/>			
Total Operating Revenues	13,169,714	27,704,951	40,874,665
<hr/>			
Operating Expenses			
Operations:			
Landfill operations	-	8,634,033	8,634,033
Landfill gas collection system	-	1,057,228	1,057,228
Transfer station operations	-	7,224,396	7,224,396
Refuse commercial collections	5,706,540	-	5,706,540
Refuse residential collections	2,187,507	-	2,187,507
Other direct expenses - disposal	-	704,818	704,818
Other direct expenses - refuse	1,616,853	-	1,616,853
<hr/>			
Total operations	9,510,900	17,620,475	27,131,375
Amortization of landfill closure costs	-	3,356,019	3,356,019
Depreciation	1,511,928	4,575,932	6,087,860
<hr/>			
Total Operating Expenses	11,022,828	25,552,426	36,575,254
<hr/>			
Operating income	2,146,886	2,152,525	4,299,411

Municipality of Anchorage, Alaska
Solid Waste Services

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

<i>Year Ended December 31, 2022</i>	Refuse	Disposal	Total
Nonoperating Revenues (Expenses)			
Investment loss	\$ (136,482)	\$ (615,873)	\$ (752,355)
Investment loss on landfill postclosure cash reserve	-	(2,913,635)	(2,913,635)
Loss on disposal of capital assets	(13,130)	-	(13,130)
PERS on-behalf (credit)	(65,269)	(13,812)	(79,081)
Intergovernmental revenue	10,236	-	10,236
Interest on leases	-	(26,657)	(26,657)
Interest on long-term obligations	(633,115)	(1,277,890)	(1,911,005)
Total Nonoperating Revenues (Expenses)	(837,760)	(4,847,867)	(5,685,627)
Income before capital contributions and transfers	1,309,126	(2,695,342)	(1,386,216)
Capital Contributions and Transfers			
Capital contributions	-	6,074,682	6,074,682
Transfers to other funds:			
Municipal utility service assessment	(212,984)	(1,158,888)	(1,371,872)
Dividend	(300,000)	(750,000)	(1,050,000)
Change in Net Position	796,142	1,470,452	2,266,594
Net Position, beginning	14,995,496	78,370,606	93,366,102
Net Position, ending	\$ 15,791,638	\$ 79,841,058	\$ 95,632,696

Municipality of Anchorage, Alaska
Solid Waste Services - Refuse Utility

Combining Statements of Revenues, Expenses, and Changes in Net Position
Year ended December 31, 2022 with Comparative Totals for 2021

	Refuse Commercial Collection	Refuse Residential Collection	Other Direct Services	Total 2022	Total 2021
Operating Revenues					
Charges for services:					
Refuse collection charges	\$ 8,101,454	\$ 4,343,313	\$ -	\$ 12,444,767	\$ 12,140,978
Container rental charges	573,422	-	-	573,422	546,570
Total charges for services	8,674,876	4,343,313	-	13,018,189	12,687,548
Other operating revenues - collection fees, late fees, surcharges	86,691	-	64,834	151,525	99,263
Total Operating Revenues	8,761,567	4,343,313	64,834	13,169,714	12,786,811
Operating Expenses					
Operations:					
Personnel services	2,287,335	876,812	648,078	3,812,225	4,324,792
Supplies	301,825	115,699	85,517	503,041	421,599
Other contracted services and expenses	2,352,991	901,980	666,681	3,921,652	3,585,164
Charges from other departments	764,389	293,016	216,577	1,273,982	1,388,288
Total operations	5,706,540	2,187,507	1,616,853	9,510,900	9,719,843
Depreciation	-	-	1,511,928	1,511,928	1,395,215
Total Operating Expenses	5,706,540	2,187,507	3,128,781	11,022,828	11,115,058
Operating income (loss)	3,055,027	2,155,806	(3,063,947)	2,146,886	1,671,753
Nonoperating Revenues (Expenses)					
Investment (loss) income	-	-	(136,482)	(136,482)	66,685
(Loss) Gain on disposal of capital assets	-	-	(13,130)	(13,130)	6,841
PERS on-behalf revenue (credits)	(39,161)	(15,012)	(11,096)	(65,269)	(76,553)
Intergovernmental revenue	-	-	10,236	10,236	36,896
Interest on long-term obligations	-	-	(633,115)	(633,115)	(202,181)
Total Nonoperating Revenues (Expenses)	(39,161)	(15,012)	(783,587)	(837,760)	(168,312)
Income (loss) before capital contributions and transfers	3,015,866	2,140,794	(3,847,534)	1,309,126	1,503,441
Capital Contributions and Transfers					
Transfers to other funds:					
Municipal utility service assessment	-	-	(212,984)	(212,984)	(200,208)
Dividend	-	-	(300,000)	(300,000)	(306,000)
Other transfers to other funds	-	-	-	-	(134)
Change in Net Position	\$ 3,015,866	\$ 2,140,794	\$ (4,360,518)	\$ 796,142	\$ 997,099

Note: Balances for 2021 were not adjusted for effects of GASB 87 implementation

Municipality of Anchorage, Alaska
Solid Waste Services - Disposal Utility

Combining Statements of Revenues, Expenses, and Changes in Net Position
Year ended December 31, 2022 with Comparative Totals for 2021

	Landfill Services	Landfill Gas Services	Transfer Station Services	Other Direct Services	Total 2022	Total 2021
Operating Revenues						
Charges for services:						
Landfill fees	\$ 4,979,608	\$ -	\$ 18,403,433	\$ -	\$ 23,383,041	\$ 21,340,185
Hazardous waste	269,650	-	762,554	-	1,032,204	854,108
Community recycling surcharge	10,634	-	795,815	-	806,449	924,385
Landfill gas sales	-	2,310,919	-	-	2,310,919	2,587,675
Total charges for services	5,259,892	2,310,919	19,961,802	-	27,532,613	25,706,353
Other operating revenues - collection fees, late fees, surcharges						
	27,548	-	144,790	-	172,338	148,428
Total Operating Revenues	5,287,440	2,310,919	20,106,592	-	27,704,951	25,854,781
Operating Expenses						
Operations:						
Personnel services	4,036,048	494,210	3,377,101	329,473	8,236,832	8,088,332
Supplies	966,541	118,352	808,739	78,901	1,972,533	1,310,400
Other contracted services and expenses	2,828,209	346,311	2,366,461	230,874	5,771,855	5,635,465
Charges from other departments	803,235	98,355	672,095	65,570	1,639,255	1,408,611
Total operations	8,634,033	1,057,228	7,224,396	704,818	17,620,475	16,442,808
Amortization of landfill closure costs	-	-	-	3,356,019	3,356,019	1,532,265
Depreciation	-	-	-	4,575,932	4,575,932	4,566,586
Total Operating Expenses	8,634,033	1,057,228	7,224,396	8,636,769	25,552,426	22,541,659
Operating income (loss)	(3,346,593)	1,253,691	12,882,196	(8,636,769)	2,152,525	3,313,122
Nonoperating Revenues (Expenses)						
Investment income (loss)	-	-	-	(615,873)	(615,873)	244,495
Investment gain (loss) on landfill postclosure cash reserve	-	-	-	(2,913,635)	(2,913,635)	2,480,648
Gain on disposal of capital assets	-	-	-	-	-	324,361
PERS on-behalf revenue (credits)	(6,768)	(829)	(5,663)	(552)	(13,812)	(19,049)
Interest on leases	-	-	-	(26,657)	(26,657)	-
Interest on long-term obligations	-	-	-	(1,277,890)	(1,277,890)	(512,671)
Total Nonoperating Revenues (Expenses)	(6,768)	(829)	(5,663)	(4,834,607)	(4,847,867)	2,517,784
Income (loss) before capital contributions and transfers	(3,353,361)	1,252,862	12,876,533	(13,471,376)	(2,695,342)	5,830,906
Capital Contributions and Transfers						
Capital contributions	-	-	-	6,074,682	6,074,682	5,146,179
Transfers to other funds:						
Municipal utility service assessment	-	-	-	(1,158,888)	(1,158,888)	(1,210,529)
Dividend	-	-	-	(750,000)	(750,000)	(750,000)
Other transfers from other funds	-	-	-	-	-	2,932,571
Other transfers to other funds	-	-	-	-	-	(5,108,265)
Change in Net Position	\$ (3,353,361)	\$ 1,252,862	\$ 12,876,533	\$ (9,305,582)	\$ 1,470,452	\$ 6,840,862

Note: Balances for 2021 were not adjusted for effects of GASB 87 implementation

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Statistical Section (Unaudited)

Municipality of Anchorage, Alaska
Solid Waste Services

Comparative Detail Schedule of Actual Revenues by Source (Unaudited)

<i>Years Ended December 31,</i>	2022	2021
Charges for sales and services:		
Landfill Fees	\$ 4,979,608	\$ 4,773,174
Transfer Station Fees	18,403,433	16,567,011
Hazardous Waste Fees	1,032,204	854,108
Community Recycling Surcharge	806,449	924,385
Landfill Gas Sales	2,310,919	2,587,675
Refuse Collection Charges	12,444,767	12,140,978
Container Rental Charges	573,422	546,570
Refuse and Disposal Other Revenue	323,863	247,691
Total charges for sales and services	40,874,665	38,641,592
Capital contributions	6,074,682	5,146,179
Transfers from other funds	-	2,932,571
Total	\$ 46,949,347	\$ 46,720,342

Municipality of Anchorage, Alaska
Solid Waste Services
Current Collection Rates (Unaudited)

Type of Service	Collection Rates
Flat Rate Pickup	\$ 16.00
Central Transfer Station (CTS)	83.96
Alaska Regional Landfill (ARL)	71.97
32 Gal Roll Cart	16.00
64 Gal Roll Cart	31.97
96 Gal Roll Cart	44.35
3 CU YD Dumpster	152.00
4 CU YD Dumpster	183.00

Issued by Assembly Ordinances 2021-104 and 2021-105 on 10/12/2021, effective 1/1/2022.

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

Four-Year Annual Tonnage Report by Customer/Type (Unaudited)

<i>Years ended December 31,</i>	2022	2021	2020	2019
City Refuse	34,478	28,856	33,266	34,384
Alaska Waste Anchorage	124,969	105,311	103,818	138,587
Alaska Waste Eagle River	9	6	-	-
Alaska Waste Valley	-	-	-	510
Girdwood Transfer Station	532	505	662	669
FRF/FRMV/FRMC	604	644	-	881
JBER AFB	5,186	4,527	181	5,468
Permit	87,087	62,150	39,210	67,748
Weighted Cash	16,931	14,631	9,378	18,860
Automobiles	3,881	3,908	2,419	3,850
Pickup Trucks	21,340	18,955	15,943	19,691
MOA No Charge	6,520	25,253	2,542	23,617
Total Tons	301,537	264,746	207,419	314,265

Municipality of Anchorage, Alaska
Solid Waste Services
Financial Ratios (Unaudited)

<i>Description</i>	2022	2021	2020
Current ratio (current assets / current liabilities)	5.62	3.39	3.44
Quick ratio (quick assets / current liabilities)	5.61	3.07	3.44
Return on investment (change in net position / total assets)	1%	3%	3%
Return on equity (change in net position / net position)	2%	9%	6%
Capital structure	98%	91%	94%
Operating margin	11%	13%	1%

Notes to financial ratios:

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

Municipality of Anchorage, Alaska
Solid Waste Services
Historical Revenues for Top Ten Customers (Unaudited)

<i>Customer Name</i>	2022 Ranking	2022	2021 Ranking	2021
Waste Connections Inc.	1	\$ 10,651,828	1	\$ 10,006,603
SWS Refuse Collection Trucks	2	\$ 2,987,132	2	\$ 2,794,726
SWS Flat Rate Disposal Customers	3	\$ 2,399,694	3	\$ 2,457,111
Northern Waste, LLC	4	\$ 1,709,439	5	\$ 1,387,444
SWS Weighed Customers	5	\$ 1,614,069	4	\$ 1,467,765
Blue Arctic Waste Solutions LLC	6	\$ 1,464,783	6	\$ 1,293,626
Ramsey & Sons Trucking	7	\$ 495,209	8	\$ 353,443
Central Recycling Service Inc.	8	\$ 333,801	7	\$ 528,664
Roger Hickel Contracting Inc.	9	\$ 291,978	*	
Red Box Refuse LLC	10	\$ 276,049	*	
AK Alaska BTDT LLC	*		9	\$ 220,448
Penland Mobile Park	*		10	\$ 164,501

*Not included in Top Ten Customers for the respective year

Municipality of Anchorage, Alaska
Solid Waste Services

Schedule of Revenues, Expenses, and Changes in Net Position -
Budget to Actual (Unaudited)

<i>Year Ended December 31, 2022</i>	Budget	Actual	Variance
Operating Revenues			
Charges for sales and services:			
Landfill Fees	\$ 22,932,573	\$ 23,383,041	\$ 450,468
Landfill Gas Sales	2,500,000	2,310,919	(189,081)
Hazardous Waste	595,864	1,032,204	436,340
Community Recycling Surcharge	899,895	806,449	(93,446)
Refuse Collection Charges	12,515,247	12,444,767	(70,480)
Container Rental Charges	531,948	573,422	41,474
<hr/>			
Total charges for sales and services	39,975,527	40,550,802	575,275
Other revenues - collection fees, late fees, surcharges	353,502	323,863	(29,639)
Total Operating Revenues	40,329,029	40,874,665	545,636
<hr/>			
Operating Expenses			
Operations:			
Personnel services	9,890,329	12,049,057	(2,158,728)
Supplies	2,208,586	2,475,574	(266,988)
Other services and charges	9,562,895	9,693,507	(130,612)
Charges from other departments	6,719,392	2,913,237	3,806,155
<hr/>			
Total operations	28,381,202	27,131,375	1,249,827
Amortization of landfill closure costs	1,510,686	3,356,019	(1,845,333)
Depreciation	6,807,000	6,087,860	719,140
<hr/>			
Total Operating Expenses	36,698,888	36,575,254	123,634
<hr/>			
Operating income	3,630,141	4,299,411	669,270

Municipality of Anchorage, Alaska
Solid Waste Services

Schedule of Revenues, Expenses, and Changes in Net Position -
Budget to Actual, continued (Unaudited)

<i>Year Ended December 31, 2022</i>	Budget	Actual	Variance
Nonoperating Revenues (Expenses)			
Investment income(loss)	\$ 402,000	\$ (752,355)	\$ (1,154,355)
Investment income(loss) on landfill postclosure reserve	300,000	(2,913,635)	(3,213,635)
Gain (loss) on disposal of capital assets	100,000	(13,130)	(113,130)
Intergovernmental revenues - pension and OPEB on-behalf credit	-	(79,081)	(79,081)
Intergovernmental revenues	-	10,236	10,236
Interest income on lease	5,118	-	(5,118)
Interest on leases	(29,822)	(26,657)	3,165
Interest on long term obligations	(1,923,430)	(1,911,005)	12,425
Total Nonoperating Revenues (Expenses)	(1,146,134)	(5,685,627)	(4,539,493)
Income before capital contributions and transfers	2,484,007	(1,386,216)	(3,870,223)
Capital Contributions and Transfers			
Capital contributions	-	6,074,682	6,074,682
Municipal utility service assessment	(1,372,420)	(1,371,872)	548
Dividend	(1,050,000)	(1,050,000)	-
Change in Net Position	\$ 61,587	2,266,594	\$ 2,205,007
Net Position, beginning		93,366,102	
Net Position, ending		\$ 95,632,696	

Other Reporting Required by *Government Auditing Standards*



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Solid Waste Services, the enterprise funds Solid Waste Refuse Utility and Solid Waste Disposal Utility of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Solid Waste Services’ basic financial statements, and have issued our report thereon dated June 4, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material* weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Solid Waste Services’ financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-001, 2022-002, 2022-003, and 2022-004 to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-005 to be a significant deficiency.



Report on Compliance and Other Matters

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

Solid Waste Services' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Solid Waste Services' response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Solid Waste Services' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

BDO USA, P.C.

Anchorage, Alaska
June 4, 2024

Municipality of Anchorage, Alaska Solid Waste Services

Schedule of Findings and Responses For the Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no (none reported)
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> reported)

Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no
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Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

Finding 2022-001

Closure of Books and Records - Material Weakness in Internal Control over Financial Reporting

Criteria

Governmental Accounting Standards Board Concepts Statement No. 1, *Objectives of Financial Reporting*, which establishes the conceptual framework around which GAAP is formed, identifies the objectives of external financial reporting by state and local government entities. These objectives encompass concepts of financial reporting that will promote public accountability. Users of these financial reports include the citizenry, legislative and oversight bodies, and investors and creditors. In order for information in financial reporting to be useful and of value, the information needs to be sufficiently detailed and encompass the basic characteristics of understandability, reliability, relevance, timeliness, consistency, and comparability.

Specifically, GASB Concepts Statement No. 1 states "If financial reports are to be useful, they must be issued soon enough after the reported events to affect decisions. Timeliness alone does not make information useful, but the passage of time usually diminishes the usefulness that the information otherwise would have had."

Condition

The Municipality failed to perform closure of books and records in a timely manner after its fiscal year end. This resulted in delayed completion of reconciliations and final period-ending trial balances necessary for the production and issuance of annual financial reports.

Cause

There were limited personnel resources at the Municipality to assist in the timely completion of the Municipality's close of books and records for its fiscal year end and accuracy in financial reporting.

Municipality of Anchorage, Alaska

Solid Waste Services

Schedule of Findings and Responses, continued

Effect or potential effect The delay in issuing municipal financial statements could diminish their usefulness to the users of the financial statements and undermine public accountability.

Recommendation Management should prepare a close schedule and perform timely reconciliations of the Municipality's books and records to its supporting schedules. Management should reconcile draft financial reports to underlying books and records. Management should incorporate a review process for reconciliations and financial reports.

Views of responsible officials Solid Waste Services will work with MOA to improve the timeliness of these closures by keeping all Solid Waste Services work up to date and submitting it for review to the Controller Division timely.

Finding 2022-002 **Reconciliation and Review Controls - Material Weakness in Internal Control Over Financial Reporting**

Criteria Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

COSO Internal Control Integrated Framework defines internal control at the organizational level and identifies objectives, components, and principles of internal control to establish and maintain an effective internal control environment. Control Activities Principle Number 10 states that an organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. These control activities should ensure the general ledger and accounting records used to maintain the financial information of the Municipality are reconciled in conjunction with closing of the fiscal year and preparation of the financial statements.

Condition During the audit, multiple reconciliation errors were identified which resulted in material corrections for the following financial statement classifications:

- Net position required material adjustments between classes (restricted and unrestricted). In addition, opening net position did not agree to the prior year ending net position by \$2.1 million, capital contributions were overstated by \$7.9 million, transfers were overstated by \$3 million, and intergovernmental receivables were overstated by \$2 million.
- Material misstatements identified in the reconciliation of the financial statements resulted in corrections to revenue, intergovernmental receivables, and interfund activity. The volume of these misstatements recorded as \$25.3 million resulting in an increase to net income of \$2.3 million.

Municipality of Anchorage, Alaska

Solid Waste Services

Schedule of Findings and Responses, continued

<i>Cause</i>	There was insufficient supervisory review of the general ledger and related financial reporting elements against reconciliation details and activity throughout the fiscal year.
<i>Effect or potential effect</i>	Financial statements and trial balances required multiple material adjustments as described under the condition. Internal controls are not operating effectively to ensure that financial statements are free of material misstatement.
<i>Recommendation</i>	Management should ensure supervisory review of the reconciliation details and activity throughout the fiscal year are performed at a sufficient level of precision to support the financial reporting elements. The CFO should consider having a single person in a position of authority to oversee accurate and comprehensive financial reporting that coordinates between various control owners.
<i>Views of responsible officials</i>	Solid Waste Services will establish appropriate close schedules and reconciliations. Reconciliations will be reviewed by two senior level Solid Waste Services accounting personnel to ensure these are timely and accurate.
<u>Finding 2022-003</u>	Landfill Closure Costs Reconciliation - Material Weakness in Internal Control Over Financial Reporting
<i>Criteria</i>	<p>Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>COSO Internal Control Integrated Framework defines internal control at the organizational level and identifies objectives, components, and principles of internal control to establish and maintain an effective internal control environment. Control Activities Principle Number 10 states that an organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. These control activities should ensure the general ledger and accounting records used to maintain the financial information of the Municipality are reconciled in conjunction with closing of the fiscal year and preparation of the financial statements.</p>
<i>Condition</i>	Calculations and related reconciliations for the landfill closure costs based on the most recent engineer's study contained material inaccuracies. The landfill closure study was performed during the fiscal year but the calculations included an inflation factor for future periods that resulted in an adjustment to the landfill closure costs for \$3.9 million.

Municipality of Anchorage, Alaska

Solid Waste Services

Schedule of Findings and Responses, continued

<i>Cause</i>	There was insufficient supervisory review of the general ledger and related financial reporting elements against reconciliation details and activity throughout the fiscal year.
<i>Effect or potential effect</i>	BDO identified one material adjustment related to landfill closure costs. Internal controls are not operating effectively to ensure that financial statements are free of material misstatement.
<i>Recommendation</i>	Management should ensure supervisory review of the reconciliation details and activity throughout the fiscal year are performed at a sufficient level of precision to support the financial reporting elements.
<i>Views of responsible officials</i>	Solid Waste Services will establish appropriate close schedules and reconciliations. Reconciliations will be reviewed by two senior level Solid Waste Services accounting personnel to ensure these are timely and accurate.
<u>Finding 2022-004</u>	Implementation of Governmental Accounting Standards Board Statement No. 87 (GASBS No. 87), <i>Leases</i> - Material Weakness in Internal Control over Financial Reporting
<i>Criteria</i>	GASB 87 defines the lease term as periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option. GASB 87 further states that a lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term and should be measured at the present value of the lease payments expected to be received during the lease term. GASB 87 provides for recognition of intra-entity leases only between the primary government and a discreetly presented component unit. There is no provision in GASB 87 establishing recognition of leases between funds within the primary government.
<i>Condition</i>	Solid Waste Services is an enterprise fund of the Municipality and a component of the primary government. As such, the provisions of GASB 87 do not apply to leases between the general government and Solid Waste Services nor between Solid Waste Services Refuse Utility and Solid Waste Services Disposal Utility. The Municipality incorrectly recorded intra-entity leases during the implementation of GASB 87. This resulted in approximately \$160,000 in adjustments to lease receivables and related deferred inflows related to leases and approximately \$162,000 in lease liabilities and related right-to-use assets.
<i>Cause</i>	Internal controls were not established to ensure that lease amortization schedules were accurate and reflected appropriate inputs to initially measure the lease receivable, right-of-use assets, lease payables, and deferred inflows related to leases that were applicable to the Municipality.

Municipality of Anchorage, Alaska

Solid Waste Services

Schedule of Findings and Responses, continued

<i>Effect or potential effect</i>	Lease receivables, deferred inflows related to leases, right-of-use lease assets and lease liabilities were overstated in the Disposal Utility and Refuse Utility enterprise funds.
<i>Recommendation</i>	Management should evaluate GASB standards required for implementation to ensure the transaction are booked in accordance with the applicable standards and to determine the applicability to the Municipality. Internal control over review by a knowledgeable person of implementation of new standards should be established.
<i>Views of responsible officials and planned corrective actions</i>	Solid Waste Services will work with the Controller Division for review and preparation of the Solid Waste Services' lease entries to ensure these comply with GASB Statement No. 87.
<u>Finding 2022-005</u>	
Monitoring of Debt Covenants and Restricted Cash Reconciliations - Significant Deficiency of Internal Control over Financial Reporting	
<i>Criteria</i>	Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Specifically, restricted cash and debt covenant calculations should be performed on a periodic basis throughout the year to ensure compliance with debt covenant requirements.
<i>Condition</i>	Restricted cash calculations and debt covenant calculations were not performed nor reviewed on a periodic basis to ensure compliance with debt covenant requirements or financial reporting requirements.
<i>Cause</i>	There were significant staffing changes within the Controller division during the fiscal year that resulted in a shifting of responsibilities that included reconciliations of restricted cash and debt covenant calculations for financial reporting purposes to ensure compliance with debt covenants.
<i>Effect or potential effect</i>	Debt covenant and restricted cash reconciliations are not timely performed which could result in the Municipality not being in compliance with debt covenants requirements.
<i>Recommendation</i>	Management should ensure debt covenant compliance and restricted cash is monitored on a quarterly basis. Management should identify control owners for this process to ensure debt covenant compliance is appropriately monitored.
<i>Views of responsible officials</i>	Solid Waste Services will work with the Controller Division to ensure reconciliations of restricted cash and debt covenants are performed in a timely manner.



MUNICIPALITY OF ANCHORAGE



Solid Waste Services Department

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Phone – (907) 343-6262 Fax – (907) 561-1357

Summary Schedule of Prior Year Audit Findings Year Ended December 31, 2021

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

Corrective Action Plan - Follow Up: Management is working with the MOA Controller Division to train newly hired Solid Waste Services (SWS) staff to accurately apply GAAP and complete workpapers in support of SWS' stand-alone statements.

Completion Date: June 30, 2024

Contact: Orin Carpenter
SWS Chief Financial Officer
907-343-6287



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Corrective Action Plan Year Ended December 31, 2022

Finding 2022-001: Closure of Books and Records – Material Weakness in Internal Control over Financial Reporting

Planned Corrective Action Plan: Solid Waste Services (SWS) uses a general ledger program that is a Municipality of Anchorage (MOA) system. SWS can only close periods when all of MOA is ready to close periods. SWS will work with the MOA to improve the timeliness of these closures by keeping all SWS work up to date and submitting it for review to the Controller Division in a timely fashion.

Completion Date: June 30, 2024

Finding 2022-002: Reconciliation and Review Controls – Material Weakness in Internal Control Over Financial Reporting

Planned Corrective Action Plan: Solid Waste Services (SWS) will establish appropriate close schedules and reconciliations, which will be reviewed by both the Accounting Supervisor and Chief Financial Officer. This will ensure reconciliations of net position are performed in an accurate and timely manner.

Completion Date: May 1, 2024

Finding 2022-003: Landfill Closure Costs Reconciliation – Material Weakness in Internal Control Over Financial Reporting

Planned Corrective Action Plan: Solid Waste Services (SWS) will establish appropriate close schedules and reconciliations, which will be reviewed by both the Accounting Supervisor and Chief Financial Officer. This will ensure reconciliations in relation to landfill closure costs are performed and reviewed in an accurate and timely manner.

Completion Date: May 1, 2024



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Finding 2022-004: Implementation of Government Accounting Standards Board Statement No. 87 (GASBS No. 87), Leases – Material Weakness in Internal Control over Financial Reporting

Planned Corrective Action Plan: Solid Waste Services (SWS) will work with the Controller Division to assist in the review and preparation of the SWS lease entries to reflect and comply with the standards set forth in GASB87. SWS will provide updates for all lease activity throughout the year to alleviate a backlog of information transmitted for review and processing at yearend.

Completion Date: May 1, 2024

Finding 2022-005: Monitoring of Debt Covenants and Restricted Cash Reconciliations – Significant Deficiency of Internal Control over Financial Reporting

Planned Corrective Action Plan: Solid Waste Services (SWS) will work with the Controller Division to ensure and assist with reconciliation of restricted cash and debt covenant calculations for compliance with debt covenants in a timely manner.

Completion Date: May 1, 2024

Contact: Orin Carpenter
SWS Chief Financial Officer
907-343-6287