

# **MUNICIPALITY OF ANCHORAGE, ALASKA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended December 31, 2012**

**Daniel A. Sullivan  
Mayor**

**Prepared by:  
Finance Department**

**Lucinda Mahoney  
CFO**

**Nanette Spear  
Controller**



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# MUNICIPALITY OF ANCHORAGE



Mayor Dan Sullivan

June 10, 2013

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

The Comprehensive Annual Financial Report (CAFR) of the Municipality of Anchorage (Anchorage) for the year ended December 31, 2012, is hereby submitted in accordance with Anchorage Home Rule Charter and Anchorage Municipal Code. These laws require an annual report on financial and administrative activities with an independent audit of all municipal accounts by a certified public accountant. Mikunda, Cottrell & Co. performed the independent audit. Management is responsible for the accuracy, completeness and fairness of the presentation including all disclosures.

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

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

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

Mikunda, Cottrell & Co. was retained to perform both the financial and the compliance audits of Federal and State financial assistance programs for the year ended December 31, 2012. These audits were performed in accordance with Federal and State regulations and *Government Auditing Standards*. Mikunda, Cottrell & Co. audited all 2012 financial records except for those of Police & Fire Retirement Pension Trust Funds. Mikunda, Cottrell & Co.'s reports are included in the financial section of the CAFR and in both financial assistance reports. The Pension Trust Funds were audited by certified public accountants who issued an unqualified report.

## **Government Profile**

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

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

Anchorage provides a full range of services, including police services, fire services, emergency medical services, health and human services, construction/maintenance of infrastructure, recreation activities, and public transportation services. Many of these services are provided on a service area basis with taxpayers residing in different property taxing districts paying for only those services they authorize and receive.

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

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

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

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

Anchorage owns and operates several utilities and other enterprise activities including electric, water, wastewater, refuse collection, solid waste disposal, port, and Municipal airport. Anchorage contracts out

management of its sports arena, performing arts center, convention center, ice arenas, golf courses and equestrian center.

Additional information regarding Anchorage's government, services, current events, economic indicators and other statistics is located on its municipal web site at [www.muni.org](http://www.muni.org).

## **Local Economy**

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

Anchorage has an approximate population of 298,842 which represents an increase of .9% over the prior year. As the largest city in Alaska, Anchorage is home to approximately 41% of the State's residents.

For 2012, the Anchorage School District had 48,734 students enrolled for the 2012-2013 academic year, a decrease of 0.06% from the prior year. Anchorage is also home to the University of Alaska Anchorage, a State operated university, and Alaska Pacific University, a private independent university.

Unemployment in Anchorage decreased 0.5% in 2012. The average unemployment rate in 2012 of 5.6% decreased from 6.1% in 2011 and was significantly better than the national average of 8.2%. With the approach of the next federal fiscal year, which begins October 2013, significant cuts to the federal budget could put a squeeze on Anchorage's economy during the latter part of 2013.

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

Health care employment continues to be one of the fastest growing service producing industries. It is estimated that an additional 500 jobs were created in this industry during 2012 with the same level of growth predicted during 2013. The aging of the State's population will likely continue to generate higher health care employment, though possibly at a more moderate pace. Though there are limits to this industry's expansion, the population over age 65 in Anchorage is expected to grow from 21,000 to 40,000 by 2020, driving demand for more services.

Oil prices have remained at \$100-plus a barrel since 2011 and have helped boost employment in the oil and gas sector. It is estimated that there were 600 more jobs created in 2012 compared to 2011. During the 2013 legislative session, the Alaska Legislature passed Senate Bill 21, the More Alaska Production Act, which changes the tax structure on oil production. By reducing oil taxes the State should be more competitive with other oil-producing regions, spurring new investment thereby reversing the trend of declining oil production on the North Slope. The State is already seeing positive effects of the legislation.

Anchorage construction employment fell each year between 2007 and 2011, but in 2012 it changed course and grew moderately. Building values in Anchorage also increased somewhat for the first time in four years. Residential building is expected to pick up in 2013 which is spurred by low interest rates, greater consumer confidence and the smallest housing inventory since 2005. Commercial activity, on the other hand, is expected to stay about the same. The biggest downside in the near term is the rapidly shrinking Army Corps of Engineers construction budget. The Corps was a major source of work for a decade, underwriting annual construction budgets that topped \$550 million statewide. That amount fell to

\$269 million in 2012, and 2013 is forecasted at just 20 percent of that amount. This is the main reason construction employment is not expected to grow overall in 2013.

The transportation sector consists of air cargo activity at the Ted Stevens Anchorage International Airport; in-state freight and passenger transportation by the State owned Alaska Railroad; and maritime transportation through the Municipal-owned Port. The Ted Stevens Anchorage International Airport continues to be one of the busiest cargo airports in the world. With greater dependence on airplanes to move people and freight, Alaska has a larger percentage of employment in the air transportation industry than the rest of the country. Air transportation is the largest sector of Alaska's transportation industry, accounting for 30 percent of its jobs. The Alaska Railroad had another good year with \$12.5 million in earnings. The Port is ice free year round and is served by two major maritime carriers, Totem Ocean Trailer Express and Horizon Lines. With approximately 90% of all consumer goods arriving in Alaska through the port facilities and serving 85 percent of the population of Alaska, the Port is currently undergoing an intermodal expansion program that began in 2003. This expansion program targets two main facility improvements – road and rail extension and marine terminal redevelopment. The Port's steady growth in the past decade is expected to continue.

The tourism sector is a major economic driver for Anchorage offering a central location, available transportation infrastructure, and abundant recreational opportunities. In addition to Anchorage's regional sport fishing and tourism destinations, visitors often use Anchorage as the gateway to other Alaska destinations. This sector increased by 400 jobs in 2012 and this trend is expected to continue in 2013. An increase in the number of restaurants serving Anchorage and an increase in the number of port calls from cruise ships in 2012 helped drive employment.

### **Long-term Financial Planning**

Anchorage has no legal debt limit mandated by its Charter, Code or State law. Anchorage continues to maintain outstanding credit ratings on all outstanding debt. Current long-term Municipality general obligation bond ratings are AA+ by both Standard and Poor's (S&P) and by Fitch Ratings (Fitch). The rating by Fitch was unchanged from 2011 but the rating from S&P went from AA to AA+ during 2012. Revenue bond covenants stipulating debt service coverage requirements were met in 2012.

Anchorage's percentage of net general obligation debt to assessed valuation and bonded debt per capita are useful indicators to citizens and investors of Anchorage's debt position. The percentage of net direct general obligation debt, exclusive of ASD debt, to assessed valuation was 1.51% as of December 31, 2012, and the net direct general obligation debt per capita was \$1,600. The respective amounts as of December 31, 2011 were 1.54% and \$1,648. When ASD debt is included, net direct general obligation debt to assessed value as of December 31, 2012 is 4.0% (4.2% in 2011) and the net direct general obligation debt per capita is \$4,213 (\$4,450 in 2011).

### **Awards and Acknowledgements**

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

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Anchorage for its CAFR for the fiscal year ended December 31, 2011. This was the twenty-fifth consecutive year that Anchorage has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and

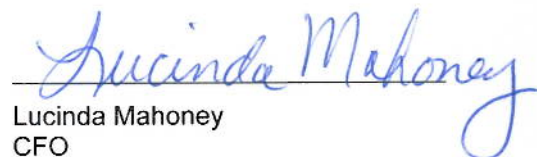



efficiently organized CAFR. Our 2011 report satisfied both Generally Accepted Accounting Principles and applicable legal requirements.

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

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

Respectfully submitted:

  
\_\_\_\_\_  
Lucinda Mahoney  
CFO

  
\_\_\_\_\_  
Nanette Spear  
Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Municipality of Anchorage  
Alaska

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Morill*

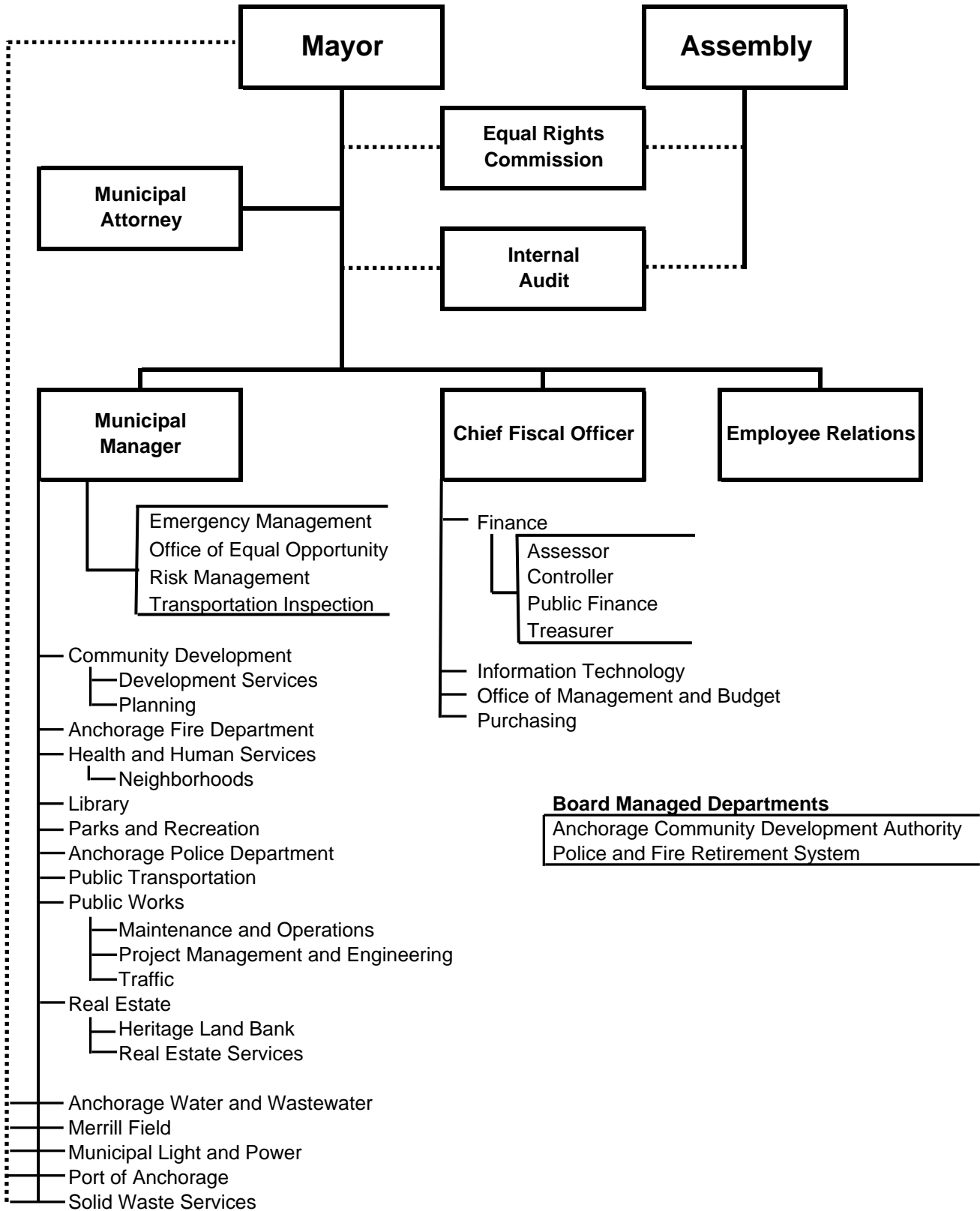
President

*Jeffrey R. Enev*

Executive Director



# MUNICIPALITY OF ANCHORAGE



# MUNICIPALITY OF ANCHORAGE

2012

## PRINCIPAL OFFICIALS

### ASSEMBLY

The legislative power of Anchorage is vested in an eleven member elected assembly. The Assembly, by Charter, is required to meet twice each month. The body meets on Tuesdays in the Assembly Chambers at 3600 Denali Street (Z.J. Loussac Library). Numerous special meetings and work sessions are scheduled throughout the year. At December 31, 2012, the following citizens were elected to serve on the Assembly.

Ernie Hall, Chair

Chris Birch	Harriet Drummond
Patrick Flynn	Elvi Gray-Jackson
Jennifer Johnston, Vice Chair	Paul Honeman
Debbie Ossiander	Bill Starr
Dick Traini	Adam Trombley

Barbara A. Jones, Municipal Clerk

### ADMINISTRATION

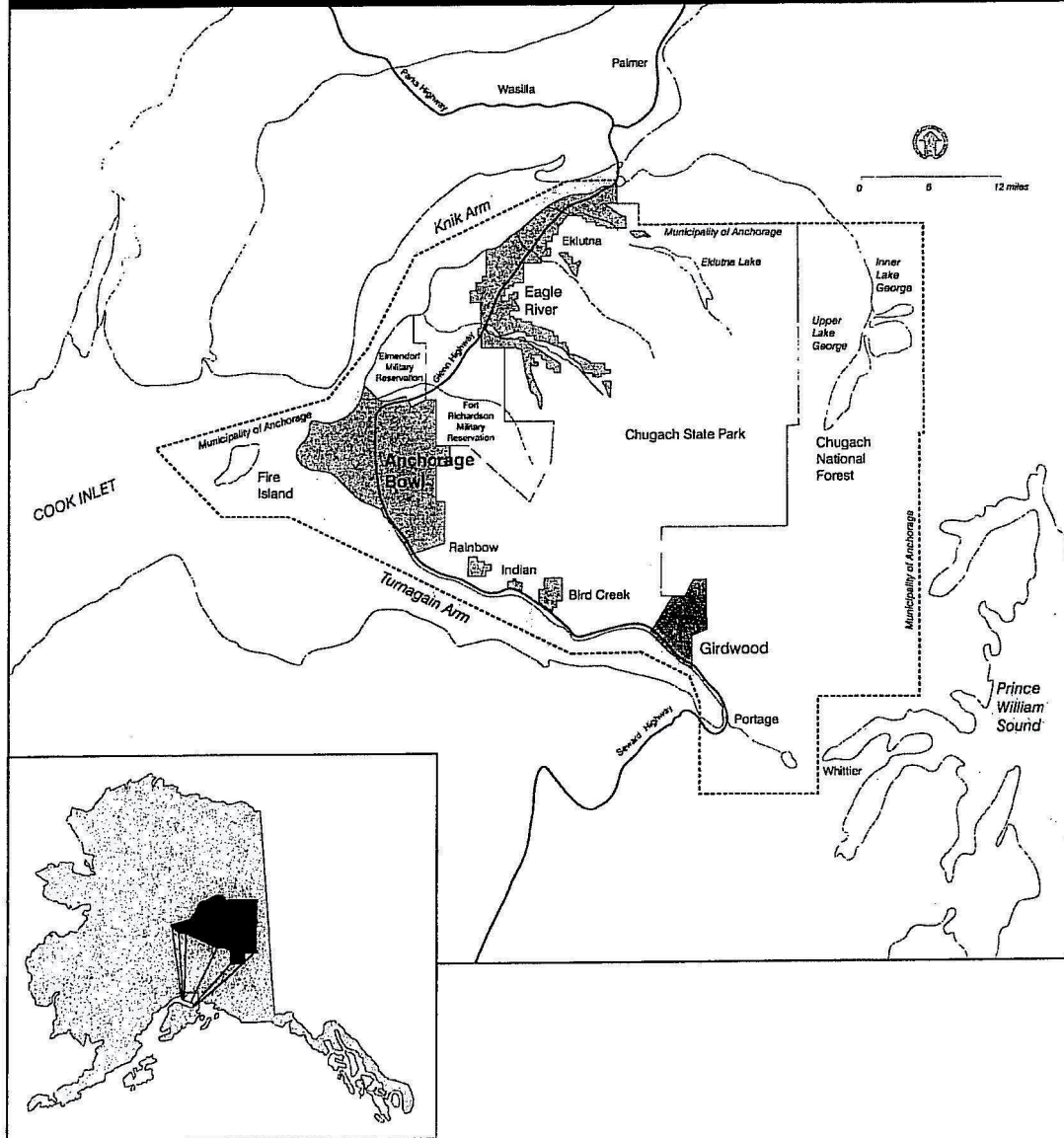
Daniel A. Sullivan, Mayor

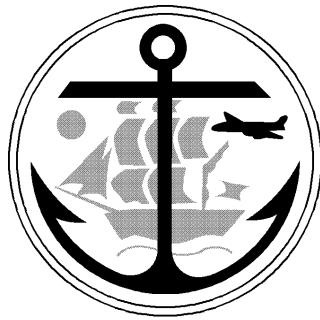
George Vakalis, Municipal Manager

Dennis Wheeler, Municipal Attorney

Lucinda Mahoney, CFO

# Municipality of Anchorage Vicinity Map





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Independent Auditor's Report

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

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Anchorage, Alaska (Anchorage) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Anchorage's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Anchorage, Alaska, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 23 to the financial statements, Anchorage adopted the provisions of GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities* in 2012. These provisions have been retrospectively applied to all periods presented in these financial statements. Our opinion is not modified with respect to this matter.

As discussed in Note 23 to the financial statements, beginning net position in the Port Enterprise Fund and the Business-Type Activities have been restated to correct for a misstatement. Our opinions are not modified with respect to this matter.



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

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-10 and 101-105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The additional supplementary information 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

These financial statements and schedules include certain summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Anchorage's financial statements for the year ended December 31, 2011, from which such summarized information was derived.

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

*Other Information, continued*

The other data included in this report, designated as the “introductory” and “statistical” section in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2013 on our consideration of Anchorage’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Anchorage’s internal control over financial reporting and compliance.

*Mikunda, Cottrell & Co.*

Anchorage, Alaska  
June 10, 2013

## **MUNICIPALITY OF ANCHORAGE MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Municipality of Anchorage (Municipality), we offer readers of the Municipality's Comprehensive Annual Financial Report (CAFR), this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All monetary amounts are in thousands of dollars, unless otherwise indicated.

### **FINANCIAL HIGHLIGHTS**

- The assets of the Municipality exceeded its liabilities at the end of 2012 with reported net position of \$3.7 billion.
- The Municipality's total net position increased by \$88.1 million or approximately 2.42% for 2012. The increase reflects a change in net position of governmental activities of \$51 million and a change in business-type activities of \$37.1 million.
- During the year, the business-type activities generated \$293.8 million in revenues not including transfers from, that was offset by expenses of \$230.1 million, not including transfers to.
- As of December 31, 2012, the Municipality's governmental funds reported a combined ending fund balance of \$329.8 million, an increase of \$34.6 million. Of the fund balance, \$4.2 million is nonspendable, \$202.7 is restricted, \$56.2 is committed, \$50.1 is assigned and \$16.6 is unassigned. Included in the restricted fund balances are \$1.6 million bond rating set asides and \$185,225 working capital reserves. Included in the committed fund balances are \$36.4 million bond rating set asides.
- The Capital Projects Roads and Drainage Fund and the MOA Trust Fund did not meet the eligibility criteria as major funds but because of their significance to the Municipality's taxpayers they have been included.
- The Municipality's total capital assets (net of accumulated depreciation) at December 31, 2012 was \$4.87 billion.
- The Municipality's total long-term debt at December 31, 2012 was \$1.21 billion.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **Government-wide Financial Statements**

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

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

The statement of activities presents information showing how the Municipality's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event gives rise and when the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement on an accrual basis, with related cash flows in future fiscal periods.

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

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

### **Fund Financial Statements**

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

### **Governmental Funds**

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

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

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

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

### **Proprietary Funds**

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

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

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

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

### **Fiduciary Funds**

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

### **Notes to the Financial Statements**

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

### **Other Information**

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Statement of Net Position**

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position for December 31, 2012 compared to the prior year (reference Table A-1).

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

	Governmental activities		Business-type activities		Total	
	2012	2011*	2012	2011*	2012	2011*
Current and other assets	\$ 528,109	\$ 488,738	\$ 475,053	\$ 475,677	\$ 1,003,161	\$ 964,415
Capital assets	3,249,966	3,243,328	1,636,511	1,554,437	4,886,477	4,797,766
Total assets	<u>3,778,075</u>	<u>3,732,066</u>	<u>2,111,564</u>	<u>2,030,114</u>	<u>5,889,638</u>	<u>5,762,181</u>
Deferred outflows of resources	-	-	5,210	6,802	5,210	6,802
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>5,210</u>	<u>6,802</u>	<u>5,210</u>	<u>6,802</u>
Long-term liabilities	595,498	596,948	594,646	616,928	1,190,144	1,213,876
Other liabilities	200,041	199,055	167,400	118,215	367,441	317,271
Total liabilities	<u>795,539</u>	<u>796,004</u>	<u>762,046</u>	<u>735,143</u>	<u>1,557,585</u>	<u>1,531,147</u>
Deferred inflows of resources	7,692	12,229	595,914	580,089	603,606	592,318
Total deferred inflows of resources	<u>7,692</u>	<u>12,229</u>	<u>595,914</u>	<u>580,089</u>	<u>603,606</u>	<u>592,318</u>
Invested in capital assets, net of related debt	2,645,082	2,637,498	525,893	499,643	3,170,975	3,137,142
Restricted	206,055	184,705	184,402	179,952	390,457	364,658
Unrestricted	123,707	101,630	48,519	42,090	172,226	143,719
Total net position	<u>\$ 2,974,844</u>	<u>\$ 2,923,834</u>	<u>\$ 758,814</u>	<u>\$ 721,685</u>	<u>\$ 3,733,657</u>	<u>\$ 3,645,519</u>

\* Restated

### Overall Analysis

At December 31, 2012, the Municipality's assets exceeded its liabilities by \$3.7 billion. Total net position increased 88.1 million or 2.42%.

The largest portion of the Municipality's net position (85 percent) reflects its investment in capital assets less any outstanding debt used to acquire those assets. The Municipality's capital assets are used to provide services to its citizens, consequently; they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position in the amount of \$390.4 million represent those assets that the Municipality holds that are required to be spent for a specific purpose by outside sources and/or enabling legislation. Of this total, the Municipality reported \$166.9 million restricted net position for the acquisition and construction of capital and \$127.6 million representing the investment balance in the MOA Trust Fund.

The remaining balance of unrestricted net position of \$172.2 million may be used for the Municipality's ongoing obligations to citizens and creditors.

### Governmental Activities

The governmental activities total net position increased \$51 million or 1.74%. The majority of this increase was due to the bond issue that occurred in 2012 for general capital improvement projects. Unspent bond proceeds at year end are reported in restricted net position which increased by \$21.3 million or 11.56%.

Investment in capital assets, net of debt increased \$7.6 million or .29%. This increase is mainly due to increased capital expenditures in the Capital Projects Roads and Drainage Fund in 2012.

Unrestricted net position is the remaining total net position that is not classified as either investment in capital assets, net of debt or restricted net position. Any change to unrestricted net position is the reflection of changes in the other two net position categories. In 2012, unrestricted net position increased \$22.1 million or 21.7%.

### Business-type Activities

The business-type activities total net position increased \$37.1 million or 5.14%. Net investment in capital assets reported the largest portion of the total increase of \$26.3 million, which resulted from the Electric Utility's completion of several major plant-in-service projects in 2012.

Restricted net position increased \$4.4 million or 2.47% mainly due to draw downs from the Alaska Clean Water Fund and the Alaska Drinking Water Fund by the Water, Wastewater, and Solid Waste Utilities for various construction projects. Proceeds from these funds that are unspent at year end are reported as restricted net position.

Unrestricted net position is the remaining total net position that is not classified as either investment in capital assets, net of debt or restricted. Any change to unrestricted net position is the reflection of changes in the other two net position categories. In 2012, unrestricted net position increased by \$6.4 million.

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

### Statement of Activities

The state of activities can be used to determine if Municipality services are operating efficiently or if they are too reliant on general revenues. It can also be a good indicator of which functions the Municipality spends most of its resources. The following table reflects the condensed Statement of Activities of the Municipality for 2012 compared to the prior year and indicates the changes in position for governmental and business-type activities (reference Table A-2).

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

	Governmental activities		Business-type activities		Total	
	2012	2011*	2012	2011*	2012	2011*
Revenues:						
Program revenues:						
Charges for services	\$ 57,587	\$ 63,872	\$ 279,360	\$ 275,133	\$ 336,947	\$ 339,005
Operating grants & contributions	76,839	60,470	116	112	76,955	60,582
Capital grants & contributions	61,811	59,335	8,798	11,982	70,608	71,317
General revenues:						
Property taxes	490,582	482,411	-	-	490,582	482,411
Other taxes	64,275	52,860	-	-	64,275	52,860
Gain on sale of capital assets	-	-	-	-	-	-
Grants and entitlements not restricted to specific programs	21,154	19,984	-	-	21,154	19,984
Investment earnings	24,297	4,602	5,562	6,072	29,859	10,674
Total revenues	<u>796,543</u>	<u>743,535</u>	<u>293,837</u>	<u>293,299</u>	<u>1,090,380</u>	<u>1,036,834</u>

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

	Governmental activities		Business-type activities		Total	
	2012	2011*	2012	2011*	2012	2011*
<b>Expenses:</b>						
General government	21,710	22,000	-	-	21,710	22,000
Fire services	96,286	94,499	-	-	96,286	94,499
Police services	118,098	116,363	-	-	118,098	116,363
Health and human services	25,030	28,269	-	-	25,030	28,269
Economic and community development	78,495	83,175	-	-	78,495	83,175
Public transportation	34,906	34,185	-	-	34,906	34,185
Public works	85,164	80,990	-	-	85,164	80,990
Education	238,519	240,835	-	-	238,519	240,835
Maintenance and operations	47,778	36,317	-	-	47,778	36,317
Interest	26,121	29,133	-	-	26,121	29,133
Water	-	-	40,676	39,755	40,676	39,755
Wastewater	-	-	35,201	33,988	35,201	33,988
Electric	-	-	110,604	126,040	110,604	126,040
Port	-	-	11,841	11,489	11,841	11,489
Municipal airport	-	-	4,197	4,094	4,197	4,094
Solid waste	-	-	18,974	17,233	18,974	17,233
Refuse	-	-	8,645	8,262	8,645	8,262
<b>Total expenses</b>	<b>772,105</b>	<b>765,765</b>	<b>230,136</b>	<b>240,862</b>	<b>1,002,241</b>	<b>1,006,627</b>
Change in net assets position to transfers	24,438	(22,230)	63,701	52,437	88,139	30,207
Transfers	26,572	25,982	(26,572)	(25,982)	-	-
<b>Change in net position</b>	<b>51,010</b>	<b>3,752</b>	<b>37,129</b>	<b>26,455</b>	<b>88,139</b>	<b>30,207</b>
Beginning net position	2,923,834	2,920,082	721,685	695,230	3,645,519	3,615,312
<b>Ending net position</b>	<b>\$ 2,974,844</b>	<b>\$ 2,923,834</b>	<b>\$ 758,814</b>	<b>\$ 721,685</b>	<b>\$ 3,733,658</b>	<b>\$ 3,645,519</b>

\*Restated

### Overall Analysis

The Municipality's total net position of \$3.7 billion increased by \$88.1 million as reported in the Statement of Activities. This increase is the net effect of an increase of \$51 million in governmental activities and \$37.1 million in business-type activities.

### Governmental Activities

Governmental activities increased the Municipality's net position by \$51 million. The increase appears to be the result of more revenues reported in 2012 and a concentrated effort by all governmental services to operate at reduced expenses.

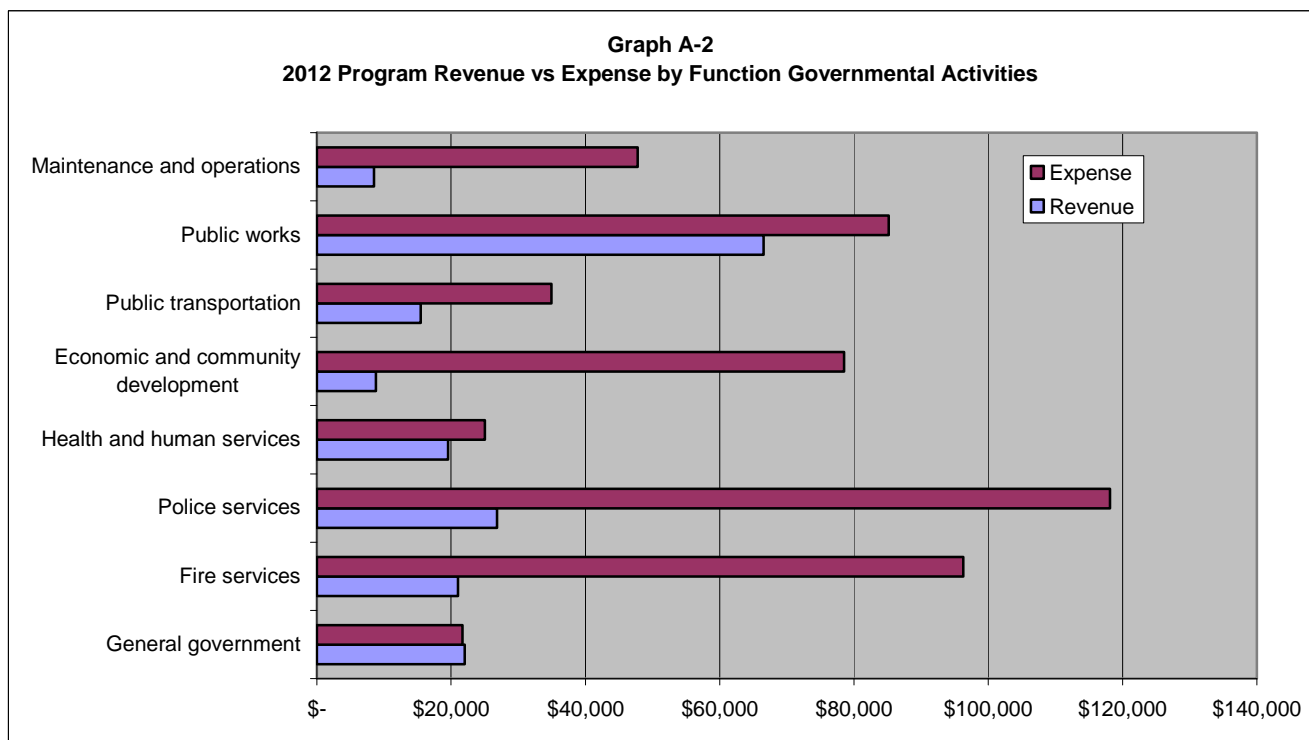
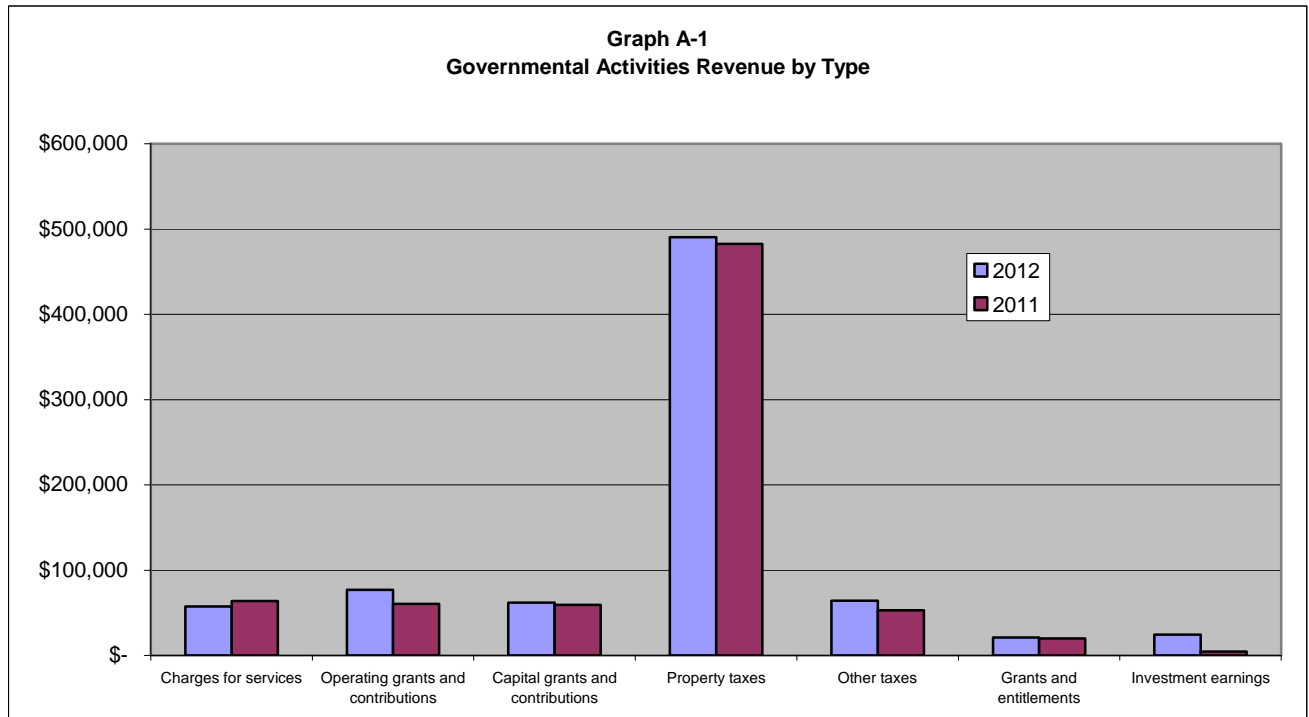
Total governmental activity revenues were \$796.5 million, excluding transfers. Revenues increased \$53 million or 7.13% over the prior year. Property taxes, the Municipality's largest single revenue source, increased 1.69%, but was the fourth largest increasing revenue stream. Investment earning had the largest increase of \$19.7 million due to favorable market conditions in 2012 and a larger cash and investment balance. Operating grants and contributions increased \$16.4 million partly due to the 49<sup>th</sup> State Angel Fund program that was initiated in 2012 and other increases in state and federal grant programs.

Total governmental activity expenses in 2012 were \$772 million, excluding transfers, an increase of \$6.3 million or less than one percent. Out of the total expenses, \$196.2 million was paid either by those directly benefiting from the programs or by other governments and organizations that subsidize certain programs with grants and contributions. The remaining net expense (total expenses less program revenues) of \$575.8 million was the cost of governmental services paid by the Municipality's taxpayers.

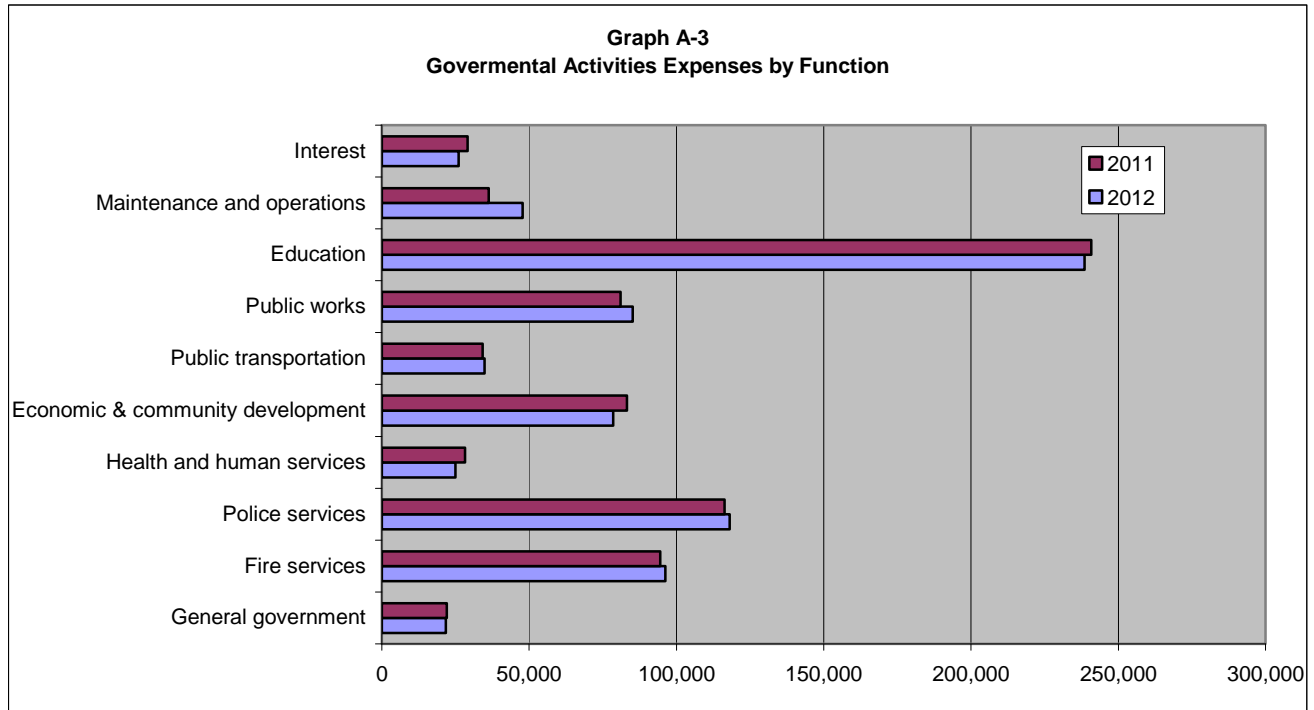


The Maintenance and Operations functional expense category showed the largest increase in expense of \$11.5 million with Public Works as the second largest increase of \$4.2 million. This increase was due to maintenance work done on the Municipality's infrastructure.

The first graph compares the Municipality's governmental activities program and general revenues for 2012 and 2011. The second graph compares the Municipality's 2012 governmental activities revenues vs expenses by function.



The third graph compares the Municipality's governmental activities expenses by function for 2012 and 2011.



### Business-type Activities

Business-type activities increased the Municipality's net position by \$37.1 million. Key elements of the change in net position are as follows:

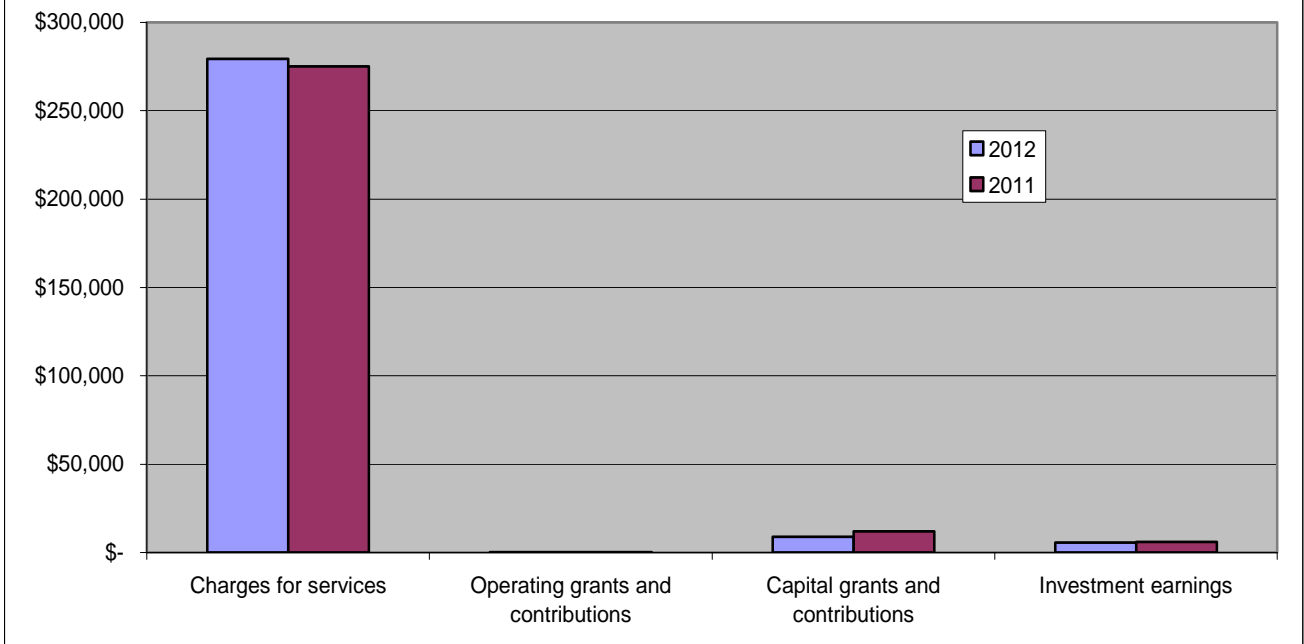
- Electric Utility had a significant reduction in expenses of \$15.4 million.
- All business-type charges for services revenue increased \$4.2 million most notably from Water Utility and Wastewater Utility operating revenues. Both experienced a rate increase without a decrease in demand.
- Port reported a prior period adjustment which decreased beginning net position by \$4.6 million.

Total business-type revenues were \$293.8 million, excluding transfers. Revenues increased \$538,182 or less than one percent. The increase in charges for services was almost directly offset by a decrease in capital grants and contributions, with a small loss in investment earnings.

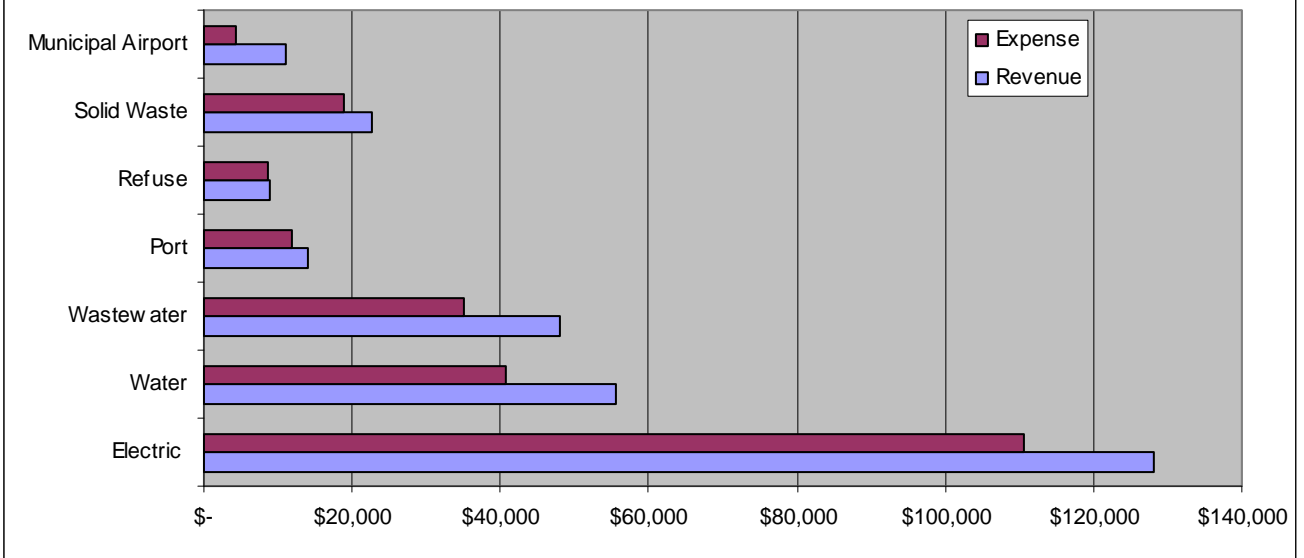
Total business-type expenses were \$230.1 million, down 4.5% from the prior year. This was mainly due to the decrease in expenses by the Electric Utility which resulted from a reduced demand for purchased fuel because of lower overall volume of sales.

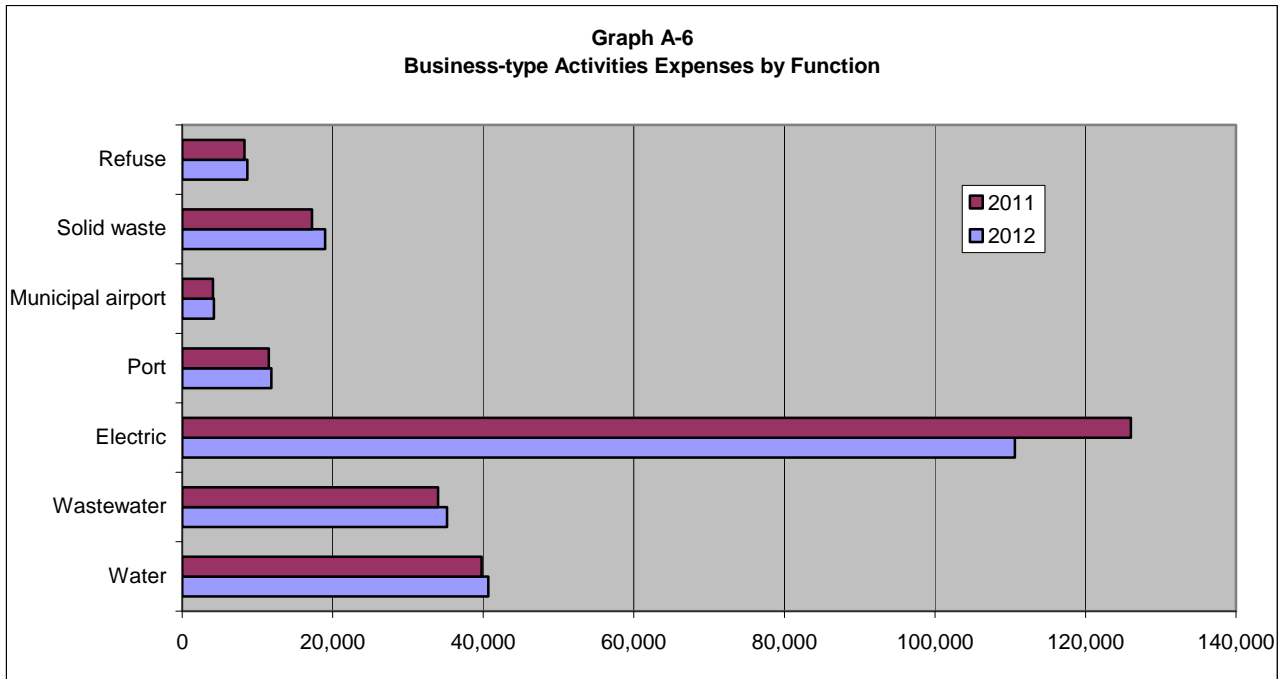
The first graph compares the Municipality's business-type activities program and general revenues for 2012 and 2011. The second graph compares the Municipality's 2012 business-type activities revenues vs expenses by function. The third graph compares the Municipality's business-type activities expenses by function for 2012 and 2011.

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



**Graph A-5  
2012 Program Revenue vs Expense by Function Business-type Activities**





**FUND LEVEL FINANCIAL ANALYSIS**

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

**Governmental Funds**

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

As of December 31, 2012, the Municipality’s governmental funds reported a combined ending fund balance of \$329.8 million, an increase of \$34.6 million in comparison to the prior year. Of the total fund balance, \$4.2 million is nonspendable as it relates to prepaid, inventories and long-term loans receivable, \$202.7 million is restricted due to legal obligations from outside parties, \$56.2 is committed, \$50.1 is assigned, and \$16.6 is unassigned.

The following funds are the Municipality’s major funds:

The General Fund is the primary operational fund for the Municipality. At December 31, 2012, the General fund reported total fund balance of \$81.8 million, an increase of \$17 million over the prior year. The revenue over expenditure deficiency was cut by approximately \$6 million in 2012. Other financing sources and uses increased \$9.5 million due mostly to an increase in transfer in from other funds and gain on sale of capital assets.

In measuring the General Fund’s liquidity, one may compare both the combination of committed, assigned, and unassigned fund balance and the total fund balance to total expenditures. At December 31, 2012, combined committed, assigned, and unassigned fund balance represents 11.6% of total General Fund expenditures and total fund balance represents 12.6% of the same amount.

Investment income from the MOA Trust Fund were \$16.4 million in 2012. This was an increase of \$14.3 million from the prior year. Investment income has stabilized after a significant decrease in 2009.

The Capital Projects Roads and Drainage Fund was included as a major fund for the first time in 2008, as a result of meeting the eligibility criteria. Capital outlay in this fund increased in 2012 by \$7.5 million over the prior year.

The MOA Trust Fund and the Capital Projects Road and Drainage Fund continue to be reported as major funds even though they do not meet the eligibility requirements due to their significance to the Municipality taxpayers.

### **Proprietary Funds**

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

At December 31, 2012, the net position for the proprietary funds (enterprise funds) increased by \$37.1 million.

The following funds are the Municipality's major funds:

- The Electric Utility's net position increased \$8.5 million or 3.5% over the prior year. The Electric Utility's total plant increased \$65.2 million or 13.4% in 2012, while increasing \$70.8 million or 17% in 2011. Total revenues for 2012 decreased \$15.4 million or 11.1% compared to an increase in 2011 of \$3.6 million or 2.7%, while expenses (excluding dividend) decreased \$19.6 million or 14.5% in 2012 compared to an increase of \$.7 million or .6% in 2011.
- The Water Utility's net position increased by \$8.2 million or 8.6% over the prior year. Operating revenues increased by \$3.8 million due to a 6.0% rate increase effective January 1, 2012 and a small increase in customers of 0.29%. Total expenses increased by \$1.5 million in 2012 over the prior year, while operating expenses increased by \$1.4 million in 2012. This increase was due primarily to \$1 million increase in depreciation expense associated with increased plant in service, and a \$0.6 million increase in source of supply netted with a \$0.2 million decrease in administrative expenses.
- The Wastewater Utility's net position increased by \$7.5 million or 11.9% over the prior year. Operating revenues increased by \$5 million, primarily due to an 11% rate increase effective January 1, 2012. Non-operating revenues remained relatively stable with a \$0.1 million decrease. A significant portion of this decrease was due to a decrease in investment income from short-term investments, which is a result of reduced liquidity. Total expenses increased by \$1.1 million in 2012 over the prior year, with operating expenses increasing by \$1.4 million and non-operating expenses down by \$0.3 million. Collection, treatment, customer accounts and administrative and general expenses increased by \$0.5 million, and net depreciation expense increased by \$0.9 million. The allowance for funds used during construction (AFUDC) increased by \$0.3 million, which was the primary factor in the reduction in non-operating expenses. The Municipal Utility Service Assessment (MUSA) increased by less than \$0.1 million.
- The Port's total assets increased by \$2.1 million over the prior year. Non-current assets decreased by \$602 thousand due mostly to a reclassification of legal fees and commercial paper fees. Current assets increased by \$2.7 million due to an increase in restricted assets. Operating revenues overall decreased in 2012 by \$156,133. This was mostly due to a reduction in overall wharfage and Industrial Park Lease Rental revenue from the US Coast Guard termination of its lease with the Port. Operating expenses increased by \$483,255, which was primarily attributable to an increase in legal fees related to the Port Expansion Project.

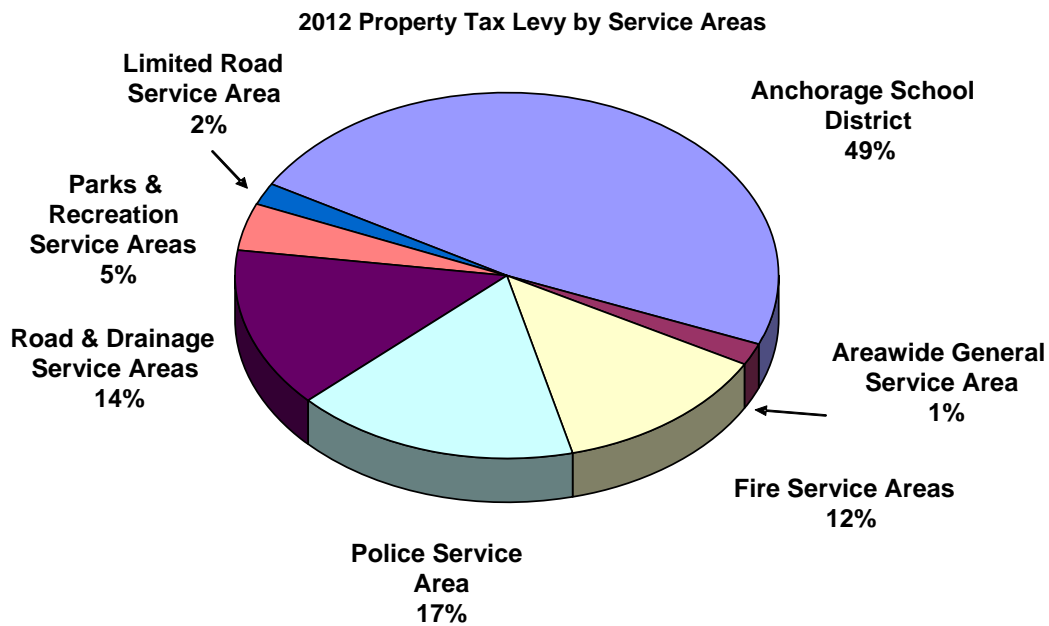
### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Municipality adopted its 2012 operating budget in December 2011, which included projected revenue sources to support spending. By April 2012, the Municipality had actual year-end financial data that was used in the first quarter amendment process, which resulted in the 2012 revised budget approved in April. The revised budget served as the basis for calculating the property tax revenue requirements. The mill rates then were set and taxes were levied for general purposes and all service areas.

The Anchorage School District's annual operating budget for its July 1 through June 30 fiscal year also had been approved by this time and its mill rate also was set and taxes were levied based on its property tax requirements. This was reflected in the operating budget as a \$238.8 million contribution to Anchorage School District for property taxes collected on their behalf by general government.

Throughout the year, supplemental appropriations are requested for unanticipated and high priority needs. The following were significant revisions to the 2012 budget in the general fund:

- \$218,054 in appropriations to Community Development for Hansen Technology Project and OAHM Public Preservation Education Project.
- \$2,583,842 in appropriations to the Fire Department for Fire Station 5 Rebuild, Refurbish and Upgrade Engine #32, Girdwood Valley SA Workers' Compensation Payments and State Land Block Revenue.
- \$19,000 in appropriations to Internal Audit for the ASD Auditor.
- \$1,275,868 in appropriations to the Parks and Recreation Department for 435 W. 10<sup>th</sup> Ave Repair, Kincaid Park Improvements and State Land Block Revenue.
- \$291,350 in appropriations to the Public Transportation Department for the increased cost of fuel expenses.
- \$241,000 in appropriations to the Public Works Department for Bear Valley road maintenance, Villages LRSA road maintenance, Glen Alps Road & Drainage Improvements and Birchtree Elmore Road & Drainage Maintenance.



## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2012 and 2011, the Municipality had invested \$4,886,477 and \$4,797,766 in a broad range of capital assets, including police and fire equipment, buildings, land, and infrastructure (reference Table A-3). More detailed information about the Municipality's capital assets is presented in Note 5, Capital Assets, in the basic financial statements.

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

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,235,573	\$ 1,233,994	\$ 63,091	\$ 62,157	\$ 1,298,664	\$ 1,296,151
Buildings and building improvements	271,028	270,858	276,786	278,295	547,814	549,153
Art	18,799	17,772	-	-	18,799	17,772
Equipment	66,798	65,074	-	-	66,798	65,074
Distribution and collection systems	-	-	1,073,132	1,038,175	1,073,132	1,038,175
Infrastructure	1,628,489	1,626,017	-	-	1,628,489	1,626,017
Construction work-in-progress	29,279	29,613	223,502	175,811	252,781	205,424
<b>Total</b>	<b>\$ 3,249,966</b>	<b>\$ 3,243,328</b>	<b>\$ 1,636,511</b>	<b>\$ 1,554,438</b>	<b>\$ 4,886,477</b>	<b>\$ 4,797,766</b>

In 2012, total governmental activities capital asset additions were \$60.1 million, with the majority of the additions in construction work-in-progress and equipment.

Significant additions to governmental activities capital assets during 2012 were \$19.7 million of building and improvement additions, \$20.2 million of equipment, and \$13.4 million of infrastructure additions.

Business-type activities capital assets increased by \$193.6 million during 2012 primarily due to distribution and collection system additions of \$93.6 million and construction work-in-progress additions of \$152.9 million.

#### **Infrastructure Modified Approach**

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

A comparison of estimated to actual maintenance and preservation expense is presented in Required Supplementary Information. During 2012, actual road infrastructure maintenance and preservation expense was 1% more than estimated.

A condition assessment was performed in 2011 and indicated approximately 77.62% of total paved roads as being in good or better condition. This assessment result decreased slightly from the assessment results of 80.18% received during the 2008 assessment. The current assessment exceeds the Municipality's plan to maintain 60% of total paved roads in good or better condition. The next scheduled assessment is in 2015.

#### **Long-term Debt**

At December 31, 2012 the Municipality had \$1,211,083 in debt outstanding, a decrease of 2.5% from 2011 debt outstanding of \$1,242,346 (reference Table A-4). More detailed information about the Municipality's long-term debt liabilities is presented in Note 10, Long-term Obligations, in the basic financial statements.

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

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 482,047	\$ 488,863	\$ -	\$ -	\$ 482,047	\$ 488,863
Revenue bonds	13,067	16,479	419,246	442,161	432,313	458,640
CIVICVentures revenue bonds	106,145	107,445	-	-	106,145	107,445
Capital leases	11,634	3,795	-	-	11,634	3,795
Long-term contracts	4,560	4,682	172,755	177,209	177,315	181,891
HUD loans	1,629	1,712	-	-	1,629	1,712
Total	<u>\$ 619,082</u>	<u>\$ 622,976</u>	<u>\$ 592,001</u>	<u>\$ 619,370</u>	<u>\$ 1,211,083</u>	<u>\$ 1,242,346</u>

In 2012, the Municipality issued \$53.8 million in general obligation bonds and general obligation refunding bonds, and \$9.2 million of capital leases to fund various governmental activities. In 2012, the Municipality issued \$7.3 million in long-term notes to fund capital projects in the business-type activities.

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

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Municipal population rose .89%<sup>1</sup> from the July 2011 estimate to the July 2012 estimate. The 2012 annual average unemployment rate was 6.0% for Anchorage-Matsu Region and 6.6% for the entire state, both of which were below the national average of 8.1%<sup>2</sup>.

The Municipality's Tax Limit allows for an increase in property taxes to be collected based on inflation, population, new construction and other factors such as debt service, operations and maintenance costs of voter-approved projects, and legal judgments and settlements. In 2013, property tax revenue represents 53% of the funding sources for the General Government Operating Budget; non-property taxes and program generated revenue account for 34%; intra-governmental charges outside of general government 7%; Federal and State revenues 4%; and fund balance applied constitutes the remaining 3%.

The 2013 revised General Government Operating Budget is \$475,350,287<sup>3</sup>, which is \$20,767,227 more than the 2012 revised budget of \$454,583,060<sup>4</sup>. This includes a \$5 million decrease in debt service related to voter-approved bonds. Property taxes required to support the 2013 revised budget are \$253.2 million compared to \$241.6 million in 2012.

The Municipal Utilities and enterprise activities 2013 revised operating budgets total \$218,580,088<sup>5</sup> and 2013 approved capital budgets total \$511,389,000<sup>6</sup>. The 2013 General Government Capital Improvement Budget is \$495,340,000<sup>7</sup>.

### REQUESTS FOR FINANCIAL INFORMATION

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

<sup>1</sup> State of Alaska, Department of Labor and Workforce Development

<sup>2</sup> United States Department of Labor, Bureau of Labor Statistics

<sup>3</sup> AR 2013-83 as Amended

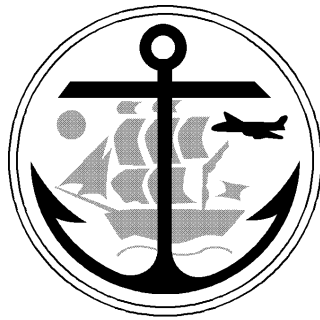
<sup>4</sup> AR 2012-98(S) as Amended

<sup>5</sup> AR 2013-84

<sup>6</sup> AO 2012-101(S)

<sup>7</sup> AO 2012-100(S) as Amended





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**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Anchorage School District
<b>Assets</b>				
Current assets:				
Cash	\$ 93,174	\$ 5,425	\$ 98,599	\$ -
Cash in central treasury	240,891,386	68,508,909	309,400,295	-
Master lease agreement escrow	2,104,181	-	2,104,181	-
Investments	33,504,466	-	33,504,466	162,758,361
Accrued interest on investments	577,191	606,151	1,183,342	-
Interest receivable	-	292,769	292,769	4,831
Receivables (net of allowance for uncollectibles)	28,537,603	22,591,922	51,129,525	26,869,064
Due from primary government	-	-	-	119,981,660
Due from component unit	178,817	-	178,817	-
Internal balances	719,726	(719,726)	-	-
Inventories	1,613,223	31,542,200	33,155,423	4,260,674
Prepaid items and deposits	1,931,898	136,605	2,068,503	9,902,759
Deferred charges	-	-	-	5,673,220
Other assets	-	674,761	674,761	-
Restricted assets:				
Investments	146,694,699	-	146,694,699	-
Investments in TCH, LLC	382,574	-	382,574	-
Investment, art collection	-	-	-	-
Customer deposits	-	1,170,978	1,170,978	-
Interim rate escrow investments				
Restricted deposits	-	79,478,604	79,478,604	-
Bond acquisition and construction	-	30,007,781	30,007,781	-
Bond operation and maintenance	-	9,600,000	9,600,000	-
Debt service accounts	-	7,550,053	7,550,053	-
Landfill post closure cash reserve	-	8,166,784	8,166,784	-
Mitigation reserve investment				
Interest receivable	279,060	-	279,060	-
Receivables, net				
Intergovernmental receivables	46,230,758	1,262,475	47,493,233	-
Total current assets	503,738,756	260,875,691	764,614,447	329,450,569
Noncurrent assets:				
Unearned revenues and other assets	-	20,027,594	20,027,594	-
Prepaid OPEB	4,350,911	-	4,350,911	-
Internal balances	519,862	(519,862)	-	-
Loans and leases receivable, net	19,498,981	3,680	19,502,661	-
Net OPEB				
Restricted assets:				
Customer deposits	-	603,518	603,518	-
Advances to MARAD	-	162,939,619	162,939,619	-
Debt service accounts				
Revenue bond reserve investments	-	31,122,578	31,122,578	-
Capital assets, not being depreciated	2,689,769,808	286,593,095	2,976,362,903	44,202,621
Capital assets, being depreciated, net	560,196,494	1,349,917,716	1,910,114,210	1,146,713,387
Total noncurrent assets	3,274,336,056	1,850,687,938	5,125,023,994	1,190,916,008
Total assets	3,778,074,812	2,111,563,629	5,889,638,441	1,520,366,577
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	5,210,051	5,210,051	-
Total deferred outflows of resources	\$ -	\$ 5,210,051	\$ 5,210,051	\$ -

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<b>Component Units (Continued)</b>		<b>Total Reporting Entity</b>	
	<b>Anchorage Community Development Authority</b>	<b>Alaska Center for the Performing Arts</b>	<b>December 31, 2012</b>	<b>As Restated December 31, 2011</b>
<b>Assets</b>				
Current assets:				
Cash	\$ 5,880,148	\$ 2,110,929	\$ 8,089,676	\$ 5,498,028
Cash in central treasury	-	-	309,400,295	316,584,491
Master lease agreement escrow	-	-	2,104,181	656,850
Investments	-	-	196,262,827	187,422,463
Accrued interest on investments	-	-	1,183,342	1,911,716
Interest receivable	-	-	297,600	317,932
Receivables (net of allowance for uncollectibles)	136,199	15,689	78,150,477	88,131,790
Due from primary government	134,110	-	120,115,770	118,802,448
Due from component unit	-	-	178,817	182,286
Internal balances	-	-	-	-
Inventories	-	-	37,416,097	34,269,741
Prepaid items and deposits	109,456	68,004	12,148,722	10,459,519
Deferred charges	-	-	5,673,220	6,262,190
Other assets	-	-	674,761	357,355
Restricted assets:				
Investments	-	-	146,694,699	138,308,646
Investments in TCH, LLC	-	-	382,574	384,488
Investment, art collection	-	127,042	127,042	127,042
Customer deposits	-	-	1,170,978	1,171,415
Interim rate escrow investments	-	-	-	-
Restricted deposits	54,922	321,367	79,854,893	78,580,048
Bond acquisition and construction	-	-	30,007,781	28,921,595
Bond operation and maintenance	-	-	9,600,000	10,625,000
Debt service accounts	-	-	7,550,053	7,597,685
Landfill post closure cash reserve	-	-	8,166,784	6,387,183
Mitigation reserve investment	-	-	-	-
Interest receivable	-	-	279,060	294,229
Receivables, net	-	-	-	-
Intergovernmental receivables	-	-	47,493,233	26,135,210
Total current assets	6,314,835	2,643,031	1,103,022,882	1,069,389,350
Noncurrent assets:				
Unearned revenues and other assets	5,472,178	-	25,499,772	20,543,035
Prepaid OPEB	-	-	4,350,911	2,245,567
Internal balances	-	-	-	-
Loans and leases receivable, net	-	-	19,502,661	23,233,523
Net OPEB	-	-	-	-
Restricted assets:				
Customer deposits	-	-	603,518	700,956
Advances to MARAD	-	-	162,939,619	162,939,619
Debt service accounts	-	-	-	-
Revenue bond reserve investments	-	-	31,122,578	32,357,430
Capital assets, not being depreciated	12,683,453	-	3,033,248,977	2,972,832,267
Capital assets, being depreciated, net	14,277,542	-	3,071,105,139	3,059,931,623
Total noncurrent assets	32,433,173	-	6,348,373,175	6,274,784,020
Total assets	38,748,008	2,643,031	7,451,396,057	7,344,173,370
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	-	5,210,051	6,802,385
Total deferred outflows of resources	\$ -	\$ -	\$ 5,210,051	\$ 6,802,385

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Anchorage School District
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and retainages	\$ 22,074,717	\$ 17,126,408	\$ 39,201,125	\$ 5,863,881
Accrued expenses	-	-	-	-
Accrued interest payable	8,082,014	4,061,363	12,143,377	9,517,716
Accrued payroll liabilities	13,227,902	4,255,904	17,483,806	15,040,079
Current portion of long-term obligations	72,892,577	40,692,665	113,585,242	70,857,815
Notes payable	-	90,000,000	90,000,000	-
Due to primary government	-	-	-	-
Due to component unit	80,040,895	-	80,040,895	-
Unearned revenue	-	-	-	-
Deferred credits	-	-	-	121,169,068
Unearned revenue and deposits	2,880,001	119,069	2,999,070	-
Liabilities payable from restricted assets	843,005	11,144,368	11,987,373	-
Total current liabilities	200,041,111	167,399,777	367,440,888	222,448,559
Noncurrent liabilities:				
Liabilities payable from restricted assets	-	603,518	603,518	-
Other long-term obligations	-	1,855,154	1,855,154	-
Net OPEB	-	-	-	-
Noncurrent portion of long-term obligations	595,497,624	592,187,633	1,187,685,257	618,672,931
Total noncurrent liabilities	595,497,624	594,646,305	1,190,143,929	618,672,931
Total liabilities	795,538,735	762,046,082	1,557,584,817	841,121,490
<b>Deferred Inflows of Resources</b>				
Contributions in aid of construction (net amortization)	-	474,419,848	474,419,848	-
Future natural gas purchases	-	30,841,557	30,841,557	-
Regulatory liability gas sales	-	90,450,921	90,450,921	-
Deferred advanced lease payments	503,499	-	503,499	-
Deferred health permit receipts	463,163	-	463,163	-
Deferred intergovernmental-time requirement	6,639,701	201,435	6,841,136	-
Unavailable revenues-risk management claims	-	-	-	-
Unavailable revenues-special assessments	-	-	-	-
Advance funding from electric fund for loan repayment	86,096	-	86,096	-
Total deferred inflows of resources	7,692,459	595,913,761	603,606,220	-
<b>Net Position</b>				
Net investment in capital assets	2,645,081,616	525,892,917	3,170,974,533	538,847,164
Restricted for:				
Debt service	9,403,406	37,474,441	46,877,847	-
Interim rate escrow requirement	-	-	-	-
Maintenance and operations	-	-	-	-
Acquisition and construction	20,062,632	146,927,792	166,990,424	-
Convention center operating reserve	7,953,365	-	7,953,365	-
Police and fire retiree medical liability	32,010,378	-	32,010,378	-
Grant activity	8,841,899	-	8,841,899	-
Heritage land bank	-	-	-	-
Perpetual care:				
Nonexpendable	150,000	-	150,000	-
MOA trust:				
Nonexpendable	127,632,975	-	127,632,975	-
Endowment	-	-	-	-
Unrestricted	123,707,347	48,518,687	172,226,034	140,397,923
Total net position	\$ 2,974,843,618	\$ 758,813,837	\$ 3,733,657,455	\$ 679,245,087

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<b>Component Units (Continued)</b>		<b>Total Reporting Entity</b>	
	<b>Anchorage Community Development Authority</b>	<b>Alaska Center for the Performing Arts</b>	<b>December 31, 2012</b>	<b>As Restated December 31, 2011</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and retainages	\$ 704,678	\$ 919,982	\$ 46,689,666	\$ 43,154,881
Accrued expenses	-	-	-	-
Accrued interest payable	-	-	21,661,093	22,072,631
Accrued payroll liabilities	-	-	32,523,885	26,743,183
Current portion of long-term obligations	-	-	184,443,057	188,859,745
Notes payable	-	-	90,000,000	40,000,000
Due to primary government	286,214	165,789	452,003	181,050
Due to component unit	-	-	80,040,895	79,195,816
Unearned revenue	-	446,073	446,073	982,197
Deferred credits	-	-	121,169,068	122,405,454
Unearned revenue and deposits	211,118	-	3,210,188	-
Liabilities payable from restricted assets	-	52,494	12,039,867	13,573,701
Total current liabilities	<u>1,202,010</u>	<u>1,584,338</u>	<u>592,675,795</u>	<u>537,168,658</u>
Noncurrent liabilities:				
Liabilities payable from restricted assets	-	-	603,518	700,956
Other long-term obligations	-	-	1,855,154	2,038,390
Net OPEB	-	-	-	456,346
Noncurrent portion of long-term obligations	-	-	1,806,358,188	1,889,663,020
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>1,808,816,860</u>	<u>1,892,858,712</u>
Total liabilities	<u>1,202,010</u>	<u>1,584,338</u>	<u>2,401,492,655</u>	<u>2,430,027,370</u>
<b>Deferred Inflows of Resources</b>				
Contributions in aid of construction (net amortization)	-	-	474,419,848	449,350,606
Future natural gas purchases	-	-	30,841,557	29,666,548
Regulatory liability gas sales	-	-	90,450,921	101,070,836
Deferred advanced lease payments	-	-	503,499	1,094,289
Deferred health permit receipts	-	-	463,163	455,068
Deferred intergovernmental-time requirement	-	-	6,841,136	10,508,319
Unavailable revenues-risk management claims	-	-	-	-
Unavailable revenues-special assessments	-	-	-	-
Advance funding from electric fund for loan repayment	-	-	86,096	172,192
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>603,606,220</u>	<u>592,317,858</u>
<b>Net Position</b>				
Net investment in capital assets	26,960,995	-	3,736,782,692	3,669,395,164
Restricted for:				
Debt service	-	-	46,877,847	43,149,953
Interim rate escrow requirement	-	-	-	-
Maintenance and operations	-	321,367	321,367	207,368
Acquisition and construction	-	-	166,990,424	178,055,547
Convention center operating reserve	-	-	7,953,365	6,245,852
Police and fire retiree medical liability	-	-	32,010,378	29,112,600
Grant activity	-	-	8,841,899	4,871,546
Heritage land bank	-	-	-	-
Perpetual care:				
Nonexpendable	-	-	150,000	150,000
MOA trust:				
Nonexpendable	-	-	127,632,975	116,757,912
Endowment	-	60,610	60,610	60,604
Unrestricted	10,585,003	676,716	323,885,676	280,623,981
Total net position	<u>\$ 37,545,998</u>	<u>\$ 1,058,693</u>	<u>\$ 4,451,507,233</u>	<u>\$ 4,328,630,527</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Activities  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

Functions/Programs	Program Revenues				Net (Expense), Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 21,709,649	\$ 7,306,404	\$ 8,803,529	\$ 5,902,530	\$ 302,814
Fire services	96,285,981	8,347,086	8,130,670	4,539,004	(75,269,221)
Police services	118,098,035	14,227,236	11,548,841	1,064,559	(91,257,399)
Health and human services	25,029,632	2,932,137	16,629,910	-	(5,467,585)
Economic and community development	78,494,540	5,036,711	1,742,676	2,043,336	(69,671,817)
Public transportation	34,906,057	5,140,290	6,332,310	3,995,143	(19,438,314)
Public works	85,163,740	14,426,299	15,516,329	36,588,933	(18,632,179)
Maintenance and operations of roads and facilities	47,777,794	170,343	1,469,958	6,892,870	(39,244,623)
Education	238,519,174	-	6,664,478	784,313	(231,070,383)
Interest on long-term debt	26,120,599	-	-	-	(26,120,599)
Total governmental activities	<u>772,105,201</u>	<u>57,586,506</u>	<u>76,838,701</u>	<u>61,810,688</u>	<u>(575,869,306)</u>
Business-type activities:					
Electric	110,603,719	128,070,159	-	-	-
Water	40,675,916	55,664,095	-	-	-
Wastewater	35,200,550	48,135,325	-	-	-
Port	11,840,713	11,701,746	-	2,216,290	-
Refuse	8,644,522	8,787,550	-	-	-
Solid Waste	18,973,897	20,949,679	-	1,800,000	-
Municipal Airport	4,196,663	6,051,859	116,452	4,781,297	-
Total business-type activities	<u>230,135,980</u>	<u>279,360,413</u>	<u>116,452</u>	<u>8,797,587</u>	<u>-</u>
Total primary government	<u>\$ 1,002,241,181</u>	<u>\$ 336,946,919</u>	<u>\$ 76,955,153</u>	<u>\$ 70,608,275</u>	<u>\$ (575,869,306)</u>
Component Units:					
Anchorage School District	\$ 801,680,169	\$ 6,079,822	\$ 204,363,184	\$ 45,937,003	
Anchorage Community Development Authority	8,797,904	9,690,257	-	-	
Alaska Center for the Performing Arts	2,757,081	2,680,523	229,488	-	
Total Component Units	<u>\$ 813,235,154</u>	<u>\$ 18,450,602</u>	<u>\$ 204,592,672</u>	<u>\$ 45,937,003</u>	
General revenues:					
Property taxes					490,581,658
Motor vehicle taxes					15,990,553
Hotel and motel taxes					23,013,548
Tobacco taxes					22,219,610
Assessments in lieu of taxes					3,050,828
Grants and entitlements not restricted to specific programs					21,154,092
Appropriation from Municipality of Anchorage					-
Investment income					24,297,147
Other					-
Transfers from (to) other funds					<u>26,571,906</u>
Total general revenues and transfers					<u>626,879,342</u>
Change in net position					51,010,036
Net position, beginning of year					<u>2,923,833,582</u>
Net position, end of year					<u>\$ 2,974,843,618</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Activities  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

**Net (Expense), Revenue and  
Changes in Net Assets (Continued)**

Primary Government		Component Units					
Business-Type Activities	Total	Anchorage School District	Anchorage Community Development Authority	Alaska Center for the Performing Arts	Total 2012	As Restated Total 2011	
\$ -	\$ 302,814	\$ -	\$ -	\$ -	\$ 302,814	\$ (6,312,168)	
-	(75,269,221)	-	-	-	(75,269,221)	(79,193,782)	
-	(91,257,399)	-	-	-	(91,257,399)	(82,711,102)	
-	(5,467,585)	-	-	-	(5,467,585)	(4,653,690)	
-	(69,671,817)	-	-	-	(69,671,817)	(73,855,529)	
-	(19,438,314)	-	-	-	(19,438,314)	(15,489,611)	
-	(18,632,179)	-	-	-	(18,632,179)	(23,760,586)	
-	(39,244,623)	-	-	-	(39,244,623)	(30,721,300)	
-	(231,070,383)	-	-	-	(231,070,383)	(236,173,632)	
-	(26,120,599)	-	-	-	(26,120,599)	(29,132,941)	
-	(575,869,306)	-	-	-	(575,869,306)	(582,004,341)	
17,466,440	17,466,440	-	-	-	17,466,440	13,569,318	
14,988,179	14,988,179	-	-	-	14,988,179	12,326,857	
12,934,775	12,934,775	-	-	-	12,934,775	8,906,495	
2,077,323	2,077,323	-	-	-	2,077,323	9,667,560	
143,028	143,028	-	-	-	143,028	558,541	
3,775,782	3,775,782	-	-	-	3,775,782	1,333,223	
6,752,945	6,752,945	-	-	-	6,752,945	2,621	
58,138,472	58,138,472	-	-	-	58,138,472	46,364,615	
<b>\$ 58,138,472</b>	<b>\$ (517,730,834)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (517,730,834)</b>	<b>\$ (535,639,726)</b>	
			\$ (545,300,160)	\$ -	\$ (545,300,160)	\$ (541,104,523)	
			-	892,353	-	892,353	611,060
			-	-	152,930	152,930	(449,924)
			<b>\$ (545,300,160)</b>	<b>\$ 892,353</b>	<b>\$ 152,930</b>	<b>\$ (544,254,877)</b>	<b>\$ (540,943,387)</b>
-	490,581,658	-	-	-	490,581,658	482,411,497	
-	15,990,553	-	-	-	15,990,553	9,878,069	
-	23,013,548	-	-	-	23,013,548	21,033,287	
-	22,219,610	-	-	-	22,219,610	19,716,300	
-	3,050,828	-	-	-	3,050,828	2,232,706	
-	21,154,092	331,811,937	-	-	352,966,029	354,277,260	
-	-	237,587,445	-	-	237,587,445	234,759,972	
5,562,131	29,859,278	1,446,162	9,199	128,942	31,443,581	13,165,390	
-	-	8,009,165	-	-	8,009,165	1,188,572	
(26,571,906)	-	-	-	-	-	-	
(21,009,775)	605,869,567	578,854,709	9,199	128,942	1,184,862,417	1,138,663,053	
37,128,697	88,138,733	33,554,549	901,552	281,872	122,876,706	61,996,370	
721,685,140	3,645,518,722	645,690,538	36,644,446	776,821	4,328,630,527	4,266,634,157	
<b>\$ 758,813,837</b>	<b>\$ 3,733,657,455</b>	<b>\$ 679,245,087</b>	<b>\$ 37,545,998</b>	<b>\$ 1,058,693</b>	<b>\$ 4,451,507,233</b>	<b>\$ 4,328,630,527</b>	

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Balance Sheet  
Governmental Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

<b>Assets</b>	<b>General</b>	<b>MOA Trust</b>	<b>Capital Projects Roads &amp; Drainage</b>
Cash	\$ 17,146	\$ -	\$ -
Cash in central treasury	154,193,405	12,661	6,018,618
Master lease agreement escrow	-	-	-
Investments	-	-	-
Accrued interest on investments	577,191	-	-
Receivables (net of allowance for uncollectibles)	23,192,403	-	90,300
Due from other funds	8,086,691	-	-
Special assessments receivable	3,789,823	-	-
Due from component units	13,028	-	-
Inventories	1,223,693	-	-
Prepaid items and deposits	2,858	-	-
Advances to other funds	1,348,656	-	-
Restricted assets:			
Investments	-	127,657,674	-
Investments in TCH, LLC	-	-	-
Intergovernmental receivables	3,755,462	-	11,846,722
Accrued Investments	-	17,747	-
Loans receivable, net	12,685,000	-	-
Total assets	<u>208,885,356</u>	<u>127,688,082</u>	<u>17,955,640</u>
<b>Liabilities</b>			
Accounts payable and retainages	6,261,388	55,107	3,961,919
Accrued payroll liabilities	11,996,627	-	-
Due to other funds	-	-	-
Due to component unit	80,040,895	-	-
Unearned revenue and deposits	1,506,498	-	-
Advances from other funds	-	-	1,406,427
Total liabilities	<u>99,805,408</u>	<u>55,107</u>	<u>5,368,346</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue-advanced lease payments	12,685,000	-	-
Unavailable revenue-health permit receipts	463,163	-	-
Unavailable revenue-intergovernmental revenues	-	-	689,336
Unavailable revenue-long-term loan repayment from ACDA	-	-	-
Unavailable revenue-property taxes	9,898,295	-	-
Unavailable revenue-risk management claims	71,144	-	-
Unavailable revenue-special assessments	4,124,466	-	-
Total deferred inflows of resources	<u>27,242,068</u>	<u>-</u>	<u>689,336</u>
<b>Fund Balances</b>			
Nonspendable	3,060,774	-	-
Restricted	3,441,095	127,632,975	10,671,120
Committed	37,093,804	-	170,250
Assigned	21,031,217	-	1,056,588
Unassigned	17,210,990	-	-
Total fund balances	<u>81,837,880</u>	<u>127,632,975</u>	<u>11,897,958</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 208,885,356</u>	<u>\$ 127,688,082</u>	<u>\$ 17,955,640</u>



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Balance Sheet  
 Governmental Funds  
 For the year ended December 31, 2012  
 (with summarized financial information at December 31, 2011)

	<b>Total Governmental Funds</b>		
	<b>Other Governmental Funds</b>	<b>December 31, 2012</b>	<b>December 31, 2011</b>
<b>Assets</b>			
Cash	\$ 76,028	\$ 93,174	\$ 71,587
Cash in central treasury	49,545,449	209,770,133	203,634,447
Master lease agreement escrow	-	-	206,644
Investments	33,504,466	33,504,466	30,583,665
Accrued interest on investments	-	577,191	1,001,770
Receivables (net of allowance for uncollectibles)	2,087,944	25,370,647	26,012,440
Due from other funds	4,291,412	12,378,103	6,699,518
Special assessments receivable	102,765	3,892,588	904,511
Due from component units	165,789	178,817	182,286
Inventories	-	1,223,693	1,095,337
Prepaid items and deposits	1,005,252	1,008,110	1,081,269
Advances to other funds	-	1,348,656	1,439,596
Restricted assets:			
Investments	14,650,597	142,308,271	131,035,886
Investments in TCH, LLC	382,574	382,574	384,488
Intergovernmental receivables	30,628,574	46,230,758	25,110,836
Accrued Investments	-	17,747	14,595
Loans receivable, net	6,813,981	19,498,981	23,228,939
Total assets	<u>143,254,831</u>	<u>497,783,909</u>	<u>452,687,814</u>
<b>Liabilities</b>			
Accounts payable and retainages	10,420,718	20,699,132	17,170,588
Accrued payroll liabilities	532,018	12,528,645	10,619,889
Due to other funds	11,658,377	11,658,377	4,587,719
Due to component unit	-	80,040,895	79,195,816
Unearned revenue and deposits	1,373,503	2,880,001	3,776,737
Advances from other funds	1,348,656	2,755,083	2,117,513
Total liabilities	<u>25,333,272</u>	<u>130,562,133</u>	<u>117,468,262</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue-advanced lease payments	503,499	13,188,499	17,079,289
Unavailable revenue-health permit receipts	-	463,163	455,068
Unavailable revenue-intergovernmental revenues	8,876,090	9,565,426	10,507,660
Unavailable revenue-long-term loan repayment from ACDA	-	-	619,368
Unavailable revenue-property taxes	-	9,898,295	10,151,524
Unavailable revenue-risk management claims	-	71,144	175,395
Unavailable revenue-special assessments	97,078	4,221,544	1,038,533
Total deferred inflows of resources	<u>9,476,667</u>	<u>37,408,071</u>	<u>40,026,837</u>
<b>Fund Balances</b>			
Nonspendable	1,155,252	4,216,026	4,499,596
Restricted	60,947,704	202,692,894	199,513,979
Committed	18,908,485	56,172,539	44,307,929
Assigned	28,069,626	50,157,431	37,847,072
Unassigned	(636,175)	16,574,815	9,024,139
Total fund balances	<u>108,444,892</u>	<u>329,813,705</u>	<u>295,192,715</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 143,254,831</u>	<u>\$ 497,783,909</u>	<u>\$ 452,687,814</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Reconciliation of Net Position Between the Government-wide and Fund Financial Statements  
December 31, 2012

Amounts reported as fund balances on the governmental fund balance sheet		\$ 329,813,705
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,249,966,302
Police and fire OPEB actuarial calculations reported overpayments for the current fiscal year:		
Police and fire postemployment healthcare benefit asset		4,350,911
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Jail lease receivable, including accrued interest	12,946,313	
Property taxes	9,898,295	
Risk management claims	71,144	
Special assessments	3,430,161	
HUD 108 receivable	1,726,572	
Long term loan receivable, net activity	1,199,153	
		29,271,638
Internal service funds are used by management to charge the costs of fleet management, cost of insurance, and information technology to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position:		
Total internal service equity related to governmental activities	35,942,583	
Net of amounts included in:		
Capital assets, net of depreciation and amortization	(34,479,959)	
Accrued interest payable	23,566	
Compensated absences	1,055,770	
	2,541,960	
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds:		
General obligation bonds	(482,046,822)	
Revenue bonds	(13,067,265)	
Master lease agreements	(124,550)	
Pollution remediation	(2,833,221)	
Notes and contracts	(6,225,715)	
CIVICVentures revenue bonds	(106,145,000)	
Compensated absences	(22,613,325)	
Accrued interest payable	(8,045,000)	
	(641,100,898)	
Net position of governmental activities		\$ 2,974,843,618

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	General	MOA Trust	Capital Projects Roads & Drainage
Revenues:			
Taxes	\$ 538,666,869	\$ -	\$ -
Assessments in lieu of taxes	3,050,828	-	-
Special assessments	169,959	-	-
Licenses and permits	10,372,797	-	-
Intergovernmental	48,818,331	-	18,652,293
Charges for services	28,883,132	-	4,749
Fines and forfeitures	5,772,214	-	-
Investment income	2,359,958	16,380,783	80,856
Restricted contributions	2,721,543	-	90,300
Other	3,350,953	-	79,081
Total revenues	<u>644,166,584</u>	<u>16,380,783</u>	<u>18,907,279</u>
Expenditures:			
General government	20,618,431	705,720	-
Fire services	90,798,441	-	-
Police services	111,528,190	-	-
Health and human services	12,204,253	-	-
Economic and community development	47,084,160	-	-
Public transportation	24,750,002	-	-
Public works	19,204,931	-	-
Maintenance and operations of roads and facilities	35,482,336	-	-
Education	231,070,383	-	-
Debt service:			
Principal	34,439,119	-	-
Interest	21,045,950	-	-
Bond issuance costs	130,357	-	85,861
Capital outlay	-	-	51,224,405
Total expenditures	<u>648,356,553</u>	<u>705,720</u>	<u>51,310,266</u>
Excess (deficiency) of revenues over expenditures	<u>(4,189,969)</u>	<u>15,675,063</u>	<u>(32,402,987)</u>
Other financing sources (uses):			
Transfers from other funds	31,645,569	-	3,316,948
Transfers to other funds	(14,139,395)	(4,800,000)	(5,088)
General obligation bonds issued	-	-	19,901,498
State of Alaska jail lease advance payment	-	-	-
Refunding bonds issued	30,215,000	-	-
Premium on bond sale	3,337,569	-	3,831,451
Payment to refunded bond escrow agent to extinguish debt	(33,418,560)	-	-
Insurance recoveries	135,034	-	59,195
Sale of capital assets	3,411,263	-	-
Total other financing sources (uses)	<u>21,186,480</u>	<u>(4,800,000)</u>	<u>27,104,004</u>
Net change in fund balances	16,996,511	10,875,063	(5,298,983)
Fund balances, beginning of year	64,841,369	116,757,912	17,196,941
Fund balances, end of year	<u>\$ 81,837,880</u>	<u>\$ 127,632,975</u>	<u>\$ 11,897,958</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	Other Governmental Funds	Total Governmental Funds	
		2012	2011
Revenues:			
Taxes	\$ 13,334,414	\$ 552,001,283	\$ 532,492,105
Assessments in lieu of taxes	-	3,050,828	2,232,706
Special assessments	1,103,634	1,273,593	1,410,956
Licenses and permits	-	10,372,797	11,367,098
Intergovernmental	81,567,198	149,037,822	119,711,543
Charges for services	4,354,640	33,242,521	34,161,923
Fines and forfeitures	460,257	6,232,471	8,468,178
Investment income	4,770,036	23,591,633	4,518,123
Restricted contributions	59,003	2,870,846	3,932,885
Other	2,691,230	6,121,264	7,987,619
Total revenues	<u>108,340,412</u>	<u>787,795,058</u>	<u>726,283,136</u>
Expenditures:			
General government	(727,987)	20,596,164	21,982,842
Fire services	4,397,182	95,195,623	90,763,653
Police services	4,439,038	115,967,228	111,510,172
Health and human services	11,911,139	24,115,392	26,823,415
Economic and community development	11,015,691	58,099,851	60,989,689
Public transportation	5,491,729	30,241,731	28,169,896
Public works	8,748,534	27,953,465	20,907,921
Maintenance and operations of roads and facilities	-	35,482,336	33,805,423
Education	7,448,791	238,519,174	240,834,968
Debt service:			
Principal	4,803,000	39,242,119	31,137,139
Interest	5,968,032	27,013,982	31,072,474
Bond issuance costs	15,828	232,046	224,194
Capital outlay	47,725,841	98,950,246	82,333,411
Total expenditures	<u>111,236,818</u>	<u>811,609,357</u>	<u>780,555,197</u>
Excess (deficiency) of revenues over expenditures	<u>(2,896,406)</u>	<u>(23,814,299)</u>	<u>(54,272,061)</u>
Other financing sources (uses):			
Transfers from other funds	17,224,457	52,186,974	52,622,964
Transfers to other funds	(6,674,510)	(25,618,993)	(32,111,908)
General obligation bonds issued	3,668,502	23,570,000	28,390,000
State of Alaska jail lease advance payment	-	-	23,908,250
Refunding bonds issued	-	30,215,000	-
Premium on bond sale	706,264	7,875,284	796,626
Payment to refunded bond escrow agent to extinguish debt	-	(33,418,560)	(23,860,769)
Insurance recoveries	-	194,229	96,076
Sale of capital assets	20,092	3,431,355	193,831
Total other financing sources (uses)	<u>14,944,805</u>	<u>58,435,289</u>	<u>50,035,070</u>
Net change in fund balances	12,048,399	34,620,990	(4,236,991)
Fund balances, beginning of year	96,396,493	295,192,715	299,429,706
Fund balances, end of year	<u>\$ 108,444,892</u>	<u>\$ 329,813,705</u>	<u>\$ 295,192,715</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the year ended December 31, 2012

Net change in fund balance – total governmental funds		\$ 34,620,990
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay and equipment purchases	32,391,715	
Contributed assets	7,894,810	
Depreciation expense	(41,798,412)	
Other gain/(loss) on capital assets	<u>(51,741)</u>	(1,563,628)
Revenues in the statement of activities that do not provide current financial resources and are deferred in the funds:		
Property taxes	(195,914)	
Special assessments	3,430,161	
Jail lease receivable, net activity	(3,332,916)	
HUD 108 receivable	<u>(85,084)</u>	(183,753)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
New issuance of general obligation bonds	(23,570,000)	
Refunding issuance of general obligation bonds	(30,215,000)	
Premium on bond sale	(7,875,284)	
Payment to escrow agent for refunding	33,418,560	
Principal repayment	39,242,119	
Net change in premium/discount	916,961	
Net change in other State of Alaska jail debt refunding costs	(980,182)	
Net change in interest accrual	<u>(37,237)</u>	10,899,937
Some expenses and revenues reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures or revenues in governmental funds:		
Compensated absences		(647,812)
Pollution remediation		(248,202)
Claims and judgments receipts		71,144
HUD section 108 loan payable, net activity		1,740
Police and fire postemployment healthcare benefits asset, net activity		2,561,690
Internal service funds are used by management to charge the costs of insurance, fleet management and information technology to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities.		5,497,930
Change in net position of governmental activities		<u><u>\$ 51,010,036</u></u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
Proprietary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

**Business-Type Activities – Enterprise Funds**

<b>Assets</b>	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Port</b>
<b>Current assets:</b>				
Cash	\$ 1,600	\$ -	\$ -	\$ 150
Cash in central treasury	19,872,932	3,825,555	13,380,641	10,465,545
Master lease agreement escrow	-	-	-	-
Accrued interest on investments	391,429	57,494	-	59,606
Interest receivable	292,755	-	-	-
Receivables (net of allowance for uncollectibles)	10,355,420	4,407,684	3,477,397	1,035,216
Due from other funds	-	14,669,968	-	-
Inventories	29,289,404	1,558,338	365,433	329,025
Prepaid items and deposits	-	40,741	32,754	44,088
Special assessments receivable	-	143,582	176,854	-
Unbilled reimbursable projects	1,066,115	48,900	16,221	-
Other assets	674,761	-	-	-
<b>Restricted assets:</b>				
Customer deposits	1,170,978	-	-	-
Restricted deposits	79,478,604	-	-	-
Intergovernmental receivables	-	-	-	479,964
Bond and acquisition and construction accounts	2,358,175	3,444,556	-	7,882,149
Landfill post closure cash reserve	-	-	-	-
Revenue bond operations and maintenance accounts	9,600,000	-	-	-
Debt service accounts	2,519,091	5,030,962	-	-
<b>Total current assets</b>	<b>157,071,264</b>	<b>33,227,780</b>	<b>17,449,300</b>	<b>20,295,743</b>
<b>Noncurrent assets:</b>				
Loans receivable, net	-	-	-	-
Advances to other funds	-	-	-	-
Other assets	6,687,930	8,003,026	5,336,638	-
<b>Restricted assets:</b>				
Customer deposits	-	283,834	319,684	-
Advances to MARAD	-	-	-	162,939,619
Revenue bond reserve investments	31,122,578	-	-	-
<b>Capital assets, net</b>	<b>553,001,409</b>	<b>513,764,388</b>	<b>375,763,776</b>	<b>74,747,234</b>
<b>Total noncurrent assets</b>	<b>590,811,917</b>	<b>522,051,248</b>	<b>381,420,098</b>	<b>237,686,853</b>
<b>Total assets</b>	<b>747,883,181</b>	<b>555,279,028</b>	<b>398,869,398</b>	<b>257,982,596</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	2,807,629	2,402,422	-	-
<b>Total deferred outflows of resources</b>	<b>2,807,629</b>	<b>2,402,422</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 750,690,810</b>	<b>\$ 557,681,450</b>	<b>\$ 398,869,398</b>	<b>\$ 257,982,596</b>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
Proprietary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<u>Business-Type Activities Enterprise Funds (Continued)</u>		<b>Governmental Activities – Internal Service Funds</b>	<u>Total Proprietary Funds</u>	
	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>		<b>December 31, 2012</b>	<b>As Restated December 31, 2011</b>
<b>Assets</b>					
Current assets:					
Cash	\$ 3,675	\$ 5,425	\$ -	\$ 5,425	\$ 5,425
Cash in central treasury	20,964,236	68,508,909	31,121,253	99,630,162	112,950,044
Master lease agreement escrow	-	-	2,104,181	2,104,181	450,206
Accrued interest on investments	97,622	606,151	-	606,151	909,946
Interest receivable	14	292,769	-	292,769	296,074
Receivables (net of allowance for uncollectibles)	1,864,533	21,140,250	65,751	21,206,001	22,771,768
Due from other funds	-	14,669,968	548,534	15,218,502	6,994,250
Inventories	-	31,542,200	389,530	31,931,730	29,971,356
Prepaid items and deposits	19,022	136,605	923,788	1,060,393	649,609
Special assessments receivable	-	320,436	-	320,436	148,911
Unbilled reimbursable projects	-	1,131,236	-	1,131,236	294,356
Other assets	-	674,761	-	674,761	357,355
Restricted assets:					
Customer deposits	-	1,170,978	-	1,170,978	1,171,415
Restricted deposits	-	79,478,604	-	79,478,604	78,328,322
Intergovernmental receivables	782,511	1,262,475	-	1,262,475	1,024,374
Bond and acquisition and construction accounts	16,322,901	30,007,781	4,386,428	34,394,209	36,179,760
Landfill post closure cash reserve	8,166,784	8,166,784	-	8,166,784	6,387,183
Revenue bond operations and maintenance accounts	-	9,600,000	-	9,600,000	10,625,000
Debt service accounts	-	7,550,053	-	7,550,053	7,597,685
Total current assets	<u>48,221,298</u>	<u>276,265,385</u>	<u>39,539,465</u>	<u>315,804,850</u>	<u>317,113,039</u>
Noncurrent assets:					
Loans receivable, net	3,680	3,680	-	3,680	4,584
Advances to other funds	-	-	1,406,427	1,406,427	1,226,451
Other assets	-	20,027,594	-	20,027,594	10,113,492
Restricted assets:					
Customer deposits	-	603,518	-	603,518	700,956
Advances to MARAD	-	162,939,619	-	162,939,619	162,939,619
Revenue bond reserve investments	-	31,122,578	-	31,122,578	32,357,430
Capital assets, net	119,234,004	1,636,510,811	34,479,959	1,670,990,770	1,580,773,002
Total noncurrent assets	<u>119,237,684</u>	<u>1,851,207,800</u>	<u>35,886,386</u>	<u>1,887,094,186</u>	<u>1,788,115,534</u>
Total assets	<u>167,458,982</u>	<u>2,127,473,185</u>	<u>75,425,851</u>	<u>2,202,899,036</u>	<u>2,105,228,573</u>
<b>Deferred Outflows of Resources</b>					
Deferred charge on refunding	-	5,210,051	-	5,210,051	6,802,385
Total deferred outflows of resources	-	5,210,051	-	5,210,051	6,802,385
Total assets and deferred outflows of resources	<u>\$ 167,458,982</u>	<u>\$ 2,132,683,236</u>	<u>\$ 75,425,851</u>	<u>\$ 2,208,109,087</u>	<u>\$ 2,112,030,958</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
Proprietary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

**Business-Type Activities – Enterprise Funds**

<b>Liabilities</b>	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Port</b>
<b>Current liabilities:</b>				
Accounts payable, other accrued liabilities and retainages	\$ 14,125,882	\$ 1,037,625	\$ 676,265	\$ 270,505
Accrued payroll liabilities	1,372,122	1,045,325	1,028,839	151,248
Compensated absences	2,542,643	940,226	890,987	158,022
Claims payable	-	-	-	-
Claims incurred but not reported	-	-	-	-
Notes payable	50,000,000	-	-	40,000,000
Due to other funds	-	-	14,669,968	-
Accrued interest payable	1,198,190	1,565,845	1,157,676	-
Pollution remediation obligation	-	20,000	20,000	-
Long-term obligations maturing within one year	17,085,000	11,352,378	5,263,322	-
Unearned revenue and deposits	-	17,908	-	-
Current liabilities payable from restricted assets:				
Customer deposits payable	1,170,978	-	-	-
Capital acquisition and construction accounts and retainage payable	5,734,456	1,477,073	1,283,944	492,838
Total current liabilities	<u>93,229,271</u>	<u>17,456,380</u>	<u>24,991,001</u>	<u>41,072,613</u>
<b>Noncurrent liabilities:</b>				
Revenue bonds payable (net of unamortized discounts and premiums)	209,403,891	126,932,883	64,314,522	-
Advances from other funds	-	-	-	-
Alaska clean water loans payable	-	78,396,125	67,717,767	-
Asset retirement obligation	5,646,884	-	-	-
Capital leases payable	-	-	-	-
Claims incurred but not reported	-	-	-	-
Compensated absences	-	281,719	283,527	20,049
Liabilities payable from restricted assets:				
Customer deposits	-	283,834	319,684	-
Other liabilities:				
Pollution remediation obligation	-	202,500	234,000	-
Future landfill closure costs	-	-	-	-
Other long-term obligations	-	-	-	1,855,154
Total noncurrent liabilities	<u>215,050,775</u>	<u>206,097,061</u>	<u>132,869,500</u>	<u>1,875,203</u>
Total liabilities	<u>308,280,046</u>	<u>223,553,441</u>	<u>157,860,501</u>	<u>42,947,816</u>
<b>Deferred Inflows of Resources</b>				
Contributions in aid of construction (net amortization)	73,044,015	230,811,779	170,564,054	-
Future natural gas purchases	30,841,557	-	-	-
Regulatory liability gas sales	90,450,921	-	-	-
Deferred intergovernmental-time requirement	-	-	-	-
Advance funding from electric fund for loan repayment	-	-	-	-
Total deferred inflows of resources	<u>194,336,493</u>	<u>230,811,779</u>	<u>170,564,054</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	208,634,307	72,118,201	67,904,111	74,747,234
Restricted for:				
Debt service	32,443,479	5,030,962	-	-
Acquisition and construction	-	-	-	130,808,894
Unrestricted	6,996,485	26,167,067	2,540,732	9,478,652
Total net position	<u>248,074,271</u>	<u>103,316,230</u>	<u>70,444,843</u>	<u>215,034,780</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 750,690,810</u>	<u>\$ 557,681,450</u>	<u>\$ 398,869,398</u>	<u>\$ 257,982,596</u>



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
Proprietary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<b>Business-Type Activities Enterprise Funds (Continued)</b>			<b>Total Proprietary Funds</b>	
	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Governmental Activities – Internal Service Funds</b>	<b>December 31, 2012</b>	<b>As Restated December 31, 2011</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable, other accrued liabilities and retainages	\$ 1,016,131	\$ 17,126,408	\$ 1,375,585	\$ 18,501,993	\$ 18,405,466
Accrued payroll liabilities	658,370	4,255,904	699,257	4,955,161	3,491,686
Compensated absences	701,820	5,233,698	798,785	6,032,483	5,785,848
Claims payable	-	-	9,706,107	9,706,107	14,697,856
Claims incurred but not reported	-	-	8,637,145	8,637,145	8,744,273
Notes payable	-	90,000,000	-	90,000,000	40,000,000
Due to other funds	719,726	15,389,694	548,534	15,938,228	9,106,049
Accrued interest payable	139,652	4,061,363	23,566	4,084,929	4,182,748
Pollution remediation obligation	-	40,000	-	40,000	40,000
Long-term obligations maturing within one year	1,718,267	35,418,967	1,885,700	37,304,667	36,036,480
Unearned revenue and deposits	101,161	119,069	-	119,069	101,130
Current liabilities payable from restricted assets:					
Customer deposits payable	-	1,170,978	-	1,170,978	1,171,415
Capital acquisition and construction accounts and retainage payable	985,079	9,973,390	843,005	10,816,395	12,360,551
Total current liabilities	<u>6,040,206</u>	<u>182,789,471</u>	<u>24,517,684</u>	<u>207,307,155</u>	<u>154,123,502</u>
Noncurrent liabilities:					
Revenue bonds payable (net of unamortized discounts and premiums)	-	400,651,296	-	400,651,296	425,568,752
Advances from other funds	-	-	-	-	548,534
Alaska clean water loans payable	15,026,673	161,140,565	-	161,140,565	165,631,662
Asset retirement obligation	-	5,646,884	-	5,646,884	-
Capital leases payable	-	-	9,624,081	9,624,081	2,309,781
Claims incurred but not reported	-	-	5,518,284	5,518,284	5,562,889
Compensated absences	3,141	588,436	256,985	845,421	768,416
Liabilities payable from restricted assets:					
Customer deposits	-	603,518	-	603,518	700,956
Other liabilities:					
Pollution remediation obligation	-	436,500	-	436,500	410,500
Future landfill closure costs	23,723,952	23,723,952	-	23,723,952	22,149,134
Other long-term obligations	-	1,855,154	-	1,855,154	1,866,198
Total noncurrent liabilities	<u>38,753,766</u>	<u>594,646,305</u>	<u>15,399,350</u>	<u>610,045,655</u>	<u>625,516,822</u>
Total liabilities	<u>44,793,972</u>	<u>777,435,776</u>	<u>39,917,034</u>	<u>817,352,810</u>	<u>779,640,324</u>
<b>Deferred Inflows of Resources</b>					
Contributions in aid of construction (net amortization)	-	474,419,848	-	474,419,848	449,350,606
Future natural gas purchases	-	30,841,557	-	30,841,557	29,666,548
Regulatory liability gas sales	-	90,450,921	-	90,450,921	101,070,836
Deferred intergovernmental-time requirement	201,435	201,435	-	201,435	659
Advance funding from electric fund for loan repayment	-	-	86,096	86,096	172,192
Total deferred inflows of resources	<u>201,435</u>	<u>595,913,761</u>	<u>86,096</u>	<u>595,999,857</u>	<u>580,260,841</u>
<b>Net Position</b>					
Net investment in capital assets	102,489,064	525,892,917	22,970,178	548,863,095	522,604,429
Restricted for:					
Debt service	-	37,474,441	-	37,474,441	38,707,069
Acquisition and construction	16,118,898	146,927,792	5,647,604	152,575,396	148,915,598
Unrestricted	3,855,613	49,038,549	6,804,939	55,843,488	41,902,697
Total net position	<u>122,463,575</u>	<u>759,333,699</u>	<u>35,422,721</u>	<u>794,756,420</u>	<u>752,129,793</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 167,458,982</u>		<u>\$ 75,425,851</u>	<u>\$ 2,208,109,087</u>	<u>\$ 2,112,030,958</u>
			Adjustment to reflect the consolidation of internal service fund		
			(519,862) activities related to enterprise funds		
			<u>\$ 758,813,837</u> Net position of business-type activities		

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
December 31, 2012  
(with summarized financial information at December 31, 2011)

**Business-Type Activities – Enterprise Funds**

	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Port</b>	<b>Other Enterprise Funds</b>
Operating revenues:					
Charges for sales and services	\$ 116,147,584	\$ 53,631,892	\$ 45,911,497	\$ 5,851,498	\$ 30,396,054
Other	3,231,506	1,367,638	1,389,887	4,363,369	739,392
Total operating revenues	<u>119,379,090</u>	<u>54,999,530</u>	<u>47,301,384</u>	<u>10,214,867</u>	<u>31,135,446</u>
Operating expenses:					
Operations	68,303,908	23,994,231	24,041,168	5,805,677	22,107,268
Amortization of future landfill closure costs	-	-	-	-	1,574,818
Depreciation and amortization	26,877,295	9,387,673	7,018,513	3,994,110	7,194,985
Total operating expenses	<u>95,181,203</u>	<u>33,381,904</u>	<u>31,059,681</u>	<u>9,799,787</u>	<u>30,877,071</u>
Operating income	<u>24,197,887</u>	<u>21,617,626</u>	<u>16,241,703</u>	<u>415,080</u>	<u>258,375</u>
Nonoperating revenues (expenses):					
Investment income	3,585,836	747,654	53,078	361,027	814,536
Other revenues	8,770	141,581	19,111	1,486,879	18,445
Intergovernmental revenue	-	-	-	-	116,452
Interest expense	(15,216,970)	(7,132,680)	(4,234,267)	-	(237,671)
Allowance for funds used during construction	8,682,299	522,984	814,830	-	-
Gain (loss) on sale of capital assets	-	-	-	-	3,750,679
Financing costs on short-term obligations	-	-	-	(744,704)	-
Amortization of deferred charges	(177,124)	(348,094)	(39,696)	-	-
Other expenses	(269,056)	-	-	(1,312,914)	-
Net nonoperating revenues (expenses)	<u>(3,386,245)</u>	<u>(6,068,555)</u>	<u>(3,386,944)</u>	<u>(209,712)</u>	<u>4,462,441</u>
Income before capital contributions and transfers	<u>20,811,642</u>	<u>15,549,071</u>	<u>12,854,759</u>	<u>205,368</u>	<u>4,720,816</u>
Capital contributions	-	-	-	2,216,290	6,581,297
Transfers from other funds	-	12,000	-	-	-
Transfers to other funds	(12,335,914)	(7,367,771)	(5,342,405)	(516,409)	(1,021,407)
Change in net position	8,475,728	8,193,300	7,512,354	1,905,249	10,280,706
Net position, beginning of year	239,598,543	95,122,930	62,932,489	213,129,531	112,182,869
Net position, end of year	<u>\$ 248,074,271</u>	<u>\$ 103,316,230</u>	<u>\$ 70,444,843</u>	<u>\$ 215,034,780</u>	<u>\$ 122,463,575</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
December 31, 2012  
(with summarized financial information at December 31, 2011)

	<b>Business-Type Activities Enterprise Funds (Continued)</b>		<b>Total Proprietary Funds</b>	
	<b>Total Enterprise Funds</b>	<b>Governmental Activities – Internal Service Funds</b>	<b>2012</b>	<b>As Restated 2011</b>
Operating revenues:				
Charges for sales and services	\$ 251,938,525	\$ 99,715,927	\$ 351,654,452	\$ 351,594,609
Other	11,091,792	14,984	11,106,776	10,080,959
Total operating revenues	<u>263,030,317</u>	<u>99,730,911</u>	<u>362,761,228</u>	<u>361,675,568</u>
Operating expenses:				
Operations	144,252,252	88,013,895	232,266,147	246,413,163
Amortization of future landfill closure costs	1,574,818	-	1,574,818	1,689,202
Depreciation and amortization	54,472,576	6,408,524	60,881,100	61,368,998
Total operating expenses	<u>200,299,646</u>	<u>94,422,419</u>	<u>294,722,065</u>	<u>309,471,363</u>
Operating income	<u>62,730,671</u>	<u>5,308,492</u>	<u>68,039,163</u>	<u>52,204,205</u>
Nonoperating revenues (expenses):				
Investment income	5,562,131	738,430	6,300,561	6,675,644
Other revenues	1,674,786	195,536	1,870,322	1,755,497
Intergovernmental revenue	116,452	-	116,452	111,731
Interest expense	(26,821,588)	(99,649)	(26,921,237)	(28,135,546)
Allowance for funds used during construction	10,020,113	-	10,020,113	6,497,521
Gain (loss) on sale of capital assets	3,750,679	32,106	3,782,785	80,736
Financing costs on short-term obligations	(744,704)	-	(744,704)	(866,808)
Amortization of deferred charges	(564,914)	-	(564,914)	(624,394)
Other expenses	(1,581,970)	-	(1,581,970)	(1,602,007)
Net nonoperating revenues (expenses)	<u>(8,589,015)</u>	<u>866,423</u>	<u>(7,722,592)</u>	<u>(16,107,626)</u>
Income before capital contributions and transfers	<u>54,141,656</u>	<u>6,174,915</u>	<u>60,316,571</u>	<u>36,096,579</u>
Capital contributions	8,797,587	80,450	8,878,037	12,007,325
Transfers from other funds	12,000	3,925	15,925	5,511,039
Transfers to other funds	(26,583,906)	-	(26,583,906)	(26,022,095)
Change in net position	<u>36,367,337</u>	<u>6,259,290</u>	<u>42,626,627</u>	<u>27,592,848</u>
Net position, beginning of year		<u>29,163,431</u>	<u>752,129,793</u>	<u>724,536,945</u>
Net position, end of year		<u>\$ 35,422,721</u>	<u>\$ 794,756,420</u>	<u>\$ 752,129,793</u>
	<u>761,360</u>	Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		
	<u>\$ 37,128,697</u>	Change in net position of business-type activities.		

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

**Business-Type Activities – Enterprise Funds**

	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Port</b>
Cash flows from operating activities:				
Receipts from customers and users	\$ 142,318,201	\$ 54,406,819	\$ 46,578,873	\$ 11,816,087
Payments to employees	(26,703,824)	(15,880,489)	(13,506,730)	(2,401,164)
Payments to vendors	(58,383,948)	(10,250,881)	(11,545,460)	(4,668,209)
Net cash from operating activities	<u>57,230,429</u>	<u>28,275,449</u>	<u>21,526,683</u>	<u>4,746,714</u>
Cash flows from noncapital and related financing activities:				
Intergovernmental revenue	-	-	-	-
Transfers to other funds	(12,335,914)	(7,367,771)	(5,342,405)	(516,409)
Transfers from other funds	-	12,000	-	-
Loan proceeds from interfund loans	-	-	-	-
Loan payments on interfund loans	-	-	-	-
Interest payments from interfund loans	-	-	-	-
Due to other funds	-	-	-	-
Advance to other funds	-	-	-	-
Net cash from noncapital and related financing activities	<u>(12,335,914)</u>	<u>(7,355,771)</u>	<u>(5,342,405)</u>	<u>(516,409)</u>
Cash flows from capital and related financing activities:				
Proceeds from issuance of short-term obligations	50,000,000	-	-	-
Proceeds from issuance of long-term obligations	-	-	5,729,654	-
Principal payments on long-term obligations	(16,915,000)	(10,960,761)	(5,613,132)	-
Payments from (proceeds to) loan to Wastewater Utility CIP Fund	-	(8,224,234)	8,224,234	-
Payments to MARAD	-	-	-	-
Financing costs on short-term obligations	-	-	-	(744,704)
Interest payments on long-term obligations	(14,949,521)	(7,195,292)	(4,215,915)	-
Acquisition and construction of capital assets	(76,837,097)	(19,198,609)	(21,106,613)	(3,223,388)
Transfers from other funds	-	-	-	-
Landfill post closure cash reserve	-	-	-	-
Principal payments on interfund loans	-	-	-	-
Interest payments on interfund loans	-	-	-	-
Proceeds from Alaska clean water loans	-	1,628,396	-	-
Proceeds from issuance of debt	-	-	-	-
Proceeds from the sale or disposition of capital assets	6,574	-	-	-
Due to other funds	-	-	-	-
Capital contributions – customers	1,006,208	241,708	308,997	-
Capital contributions – intergovernmental	121,574	552,115	4,732,912	1,828,362
Net cash from capital and related financing activities	<u>(57,567,262)</u>	<u>(43,156,677)</u>	<u>(11,939,863)</u>	<u>(2,139,730)</u>
Cash flows from investing activities:				
Proceeds from sale of investments	3,277,965	-	-	-
Purchase of investments	(2,108,981)	(11,782)	-	-
Investment income	3,688,319	842,936	59,914	372,653
Net cash from investing activities	<u>4,857,303</u>	<u>831,154</u>	<u>59,914</u>	<u>372,653</u>
Net increase (decrease) in cash	(7,815,444)	(21,405,845)	4,304,329	2,463,228
Cash, beginning of year	31,219,129	28,959,790	9,395,996	15,884,616
Cash, end of year	<u>23,403,685</u>	<u>7,553,945</u>	<u>13,700,325</u>	<u>18,347,844</u>
Cash	1,600	-	-	150
Cash in central treasury	19,872,932	3,825,555	13,380,641	10,465,545
Capital acquisition and construction accounts	2,358,175	3,444,556	-	7,882,149
Customer deposits	1,170,978	283,834	319,684	-
Cash, December 31	<u>\$ 23,403,685</u>	<u>\$ 7,553,945</u>	<u>\$ 13,700,325</u>	<u>\$ 18,347,844</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<b>Business-Type Activities</b>		<b>Governmental Activities – Internal Service Funds</b>	<b>Total Proprietary Funds</b>	
	<b>Enterprise Funds (Continued)</b>	<b>Enterprise Funds</b>		<b>2012</b>	<b>As Restated 2011</b>
Cash flows from operating activities:					
Receipts from customers and users	\$ 31,714,335	\$ 286,834,315	\$ 99,926,447	\$ 386,760,762	\$ 375,548,681
Payments to employees	(11,194,373)	(69,686,580)	(11,605,614)	(81,292,194)	(81,910,350)
Payments to vendors	(10,356,098)	(95,204,596)	(81,321,331)	(176,525,927)	(162,866,260)
Net cash from operating activities	<u>10,163,864</u>	<u>121,943,139</u>	<u>6,999,502</u>	<u>128,942,641</u>	<u>130,772,071</u>
Cash flows from noncapital and related financing activities:					
Intergovernmental revenue	116,452	116,452	-	116,452	-
Transfers to other funds	(1,021,407)	(26,583,906)	-	(26,583,906)	(26,022,095)
Transfers from other funds	-	12,000	-	12,000	54,300
Loan proceeds from interfund loans	-	-	-	-	4,635,347
Loan payments on interfund loans	-	-	(18)	(18)	-
Interest payments from interfund loans	-	-	-	-	30,720
Due to other funds	(438,415)	(438,415)	(953,640)	(1,392,055)	(3,205,244)
Advance to other funds	-	-	(179,976)	(179,976)	(713,568)
Net cash from noncapital and related financing activities	<u>(1,343,370)</u>	<u>(26,893,869)</u>	<u>(1,133,634)</u>	<u>(28,027,503)</u>	<u>(25,220,540)</u>
Cash flows from capital and related financing activities:					
Proceeds from issuance of short-term obligations	-	50,000,000	-	50,000,000	-
Proceeds from issuance of long-term obligations	-	5,729,654	-	5,729,654	3,895,599
Principal payments on long-term obligations	(1,718,267)	(35,207,160)	(1,064,501)	(36,271,661)	(34,694,821)
Payments from (proceeds to) loan to Wastewater Utility CIP Fund	-	-	-	-	-
Payments to MARAD	-	-	-	-	(23,000,000)
Financing costs on short-term obligations	-	(744,704)	-	(744,704)	(866,808)
Interest payments on long-term obligations	(239,878)	(26,600,606)	(79,857)	(26,680,463)	(27,747,717)
Acquisition and construction of capital assets	(7,678,034)	(128,043,741)	(13,024,719)	(141,068,460)	(144,156,575)
Transfers from other funds	-	-	3,925	3,925	5,456,739
Landfill post closure cash reserve	(1,779,601)	(1,779,601)	-	(1,779,601)	(1,790,024)
Principal payments on interfund loans	-	-	(548,534)	(548,534)	(548,516)
Interest payments on interfund loans	-	-	(21,288)	(21,288)	(39,552)
Proceeds from Alaska clean water loans	-	1,628,396	-	1,628,396	22,001,505
Proceeds from issuance of debt	-	-	9,200,000	9,200,000	5,779,318
Proceeds from the sale or disposition of capital assets	4,928,782	4,935,356	(2,264,584)	2,670,772	456,089
Due to other funds	-	-	-	-	(855,565)
Capital contributions – customers	-	1,556,913	-	1,556,913	2,040,761
Capital contributions – intergovernmental	5,253,219	12,488,182	-	12,488,182	9,655,766
Net cash from capital and related financing activities	<u>(1,233,779)</u>	<u>(116,037,311)</u>	<u>(7,799,558)</u>	<u>(123,836,869)</u>	<u>(184,413,801)</u>
Cash flows from investing activities:					
Proceeds from sale of investments	-	3,277,965	-	3,277,965	14,286,087
Purchase of investments	-	(2,120,763)	-	(2,120,763)	(3,299,110)
Investment income	858,969	5,822,791	738,430	6,561,221	7,147,080
Net cash from investing activities	<u>858,969</u>	<u>6,979,993</u>	<u>738,430</u>	<u>7,718,423</u>	<u>18,134,057</u>
Net increase (decrease) in cash	8,445,684	(14,008,048)	(1,195,260)	(15,203,308)	(60,728,213)
Cash, beginning of year	<u>28,845,128</u>	<u>114,304,659</u>	<u>36,702,941</u>	<u>151,007,600</u>	<u>211,735,813</u>
Cash, end of year	<u><u>37,290,812</u></u>	<u><u>100,296,611</u></u>	<u><u>35,507,681</u></u>	<u><u>135,804,292</u></u>	<u><u>151,007,600</u></u>
Cash	3,675	5,425	-	5,425	5,425
Cash in central treasury	20,964,236	68,508,909	31,121,253	99,630,162	112,950,044
Capital acquisition and construction accounts	16,322,901	30,007,781	4,386,428	34,394,209	36,179,760
Customer deposits	-	1,774,496	-	1,774,496	1,872,371
Cash, December 31	<u>\$ 37,290,812</u>	<u>\$ 100,296,611</u>	<u>\$ 35,507,681</u>	<u>\$ 135,804,292</u>	<u>\$ 151,007,600</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

**Business-Type Activities – Enterprise Funds**

	<b>Electric Utility</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Port</b>
Reconciliation of change in net position to net cash provided (used) by operating activities:				
Operating income	\$ 24,197,887	\$ 21,617,626	\$ 16,241,703	\$ 415,080
Transfer to escrow account	-	-	-	-
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Amortization of future landfill closure costs	-	-	-	-
Depreciation and amortization	26,877,295	9,387,673	7,018,513	3,994,110
Allowance for uncollectible accounts	47,986	(20,557)	(35,134)	-
Security contract	-	-	-	(1,312,914)
Security fees	-	-	-	1,340,280
Right-of-way fees	-	-	-	146,599
Other revenues / expenses	(266,860)	141,581	19,111	-
Changes in assets and liabilities which increase (decrease) cash:				
Accounts receivable, net	1,215,496	(206,947)	(323,608)	114,341
Inventories	(1,828,500)	(37,350)	(41,636)	-
Prepaid items and deposits	-	(62)	259	(1,103)
Unbilled reimbursable projects	(795,401)	(36,219)	(5,260)	-
Other assets current	(317,406)	-	-	-
Other assets noncurrent	(4,850,024)	(3,444,350)	(1,975,627)	-
Customer deposits	(437)	(30,879)	(66,559)	-
Accounts payable, other accrued liabilities and retainages	(10,203,721)	390,045	207,181	22,564
Accrued payroll liabilities	200,348	396,814	415,150	50,915
Asset retirement obligation	5,646,884	-	-	-
Compensated absences	110,387	82,074	82,590	(12,114)
Claims payable	-	-	-	-
Deferred inflows of resources	17,196,495	-	-	-
Other long-term obligations	-	-	-	(11,044)
Pollution remediation obligation	-	36,000	(10,000)	-
Total cash provided by operating activities	<u>\$ 57,230,429</u>	<u>\$ 28,275,449</u>	<u>\$ 21,526,683</u>	<u>\$ 4,746,714</u>
Noncash investing, capital, and financing activities:				
Capital purchases on account	7,512,631	740,970	47,776	492,838
Contributed capital and equipment	-	1,544,679	1,018,169	-
Capital in aid of construction funded from deferred inflows of resources	26,641,401	-	-	-
Portion of plant from AFUDC	8,682,299	-	-	-
Total noncash investing, capital, and financing activities	<u>\$ 42,836,331</u>	<u>\$ 2,285,649</u>	<u>\$ 1,065,945</u>	<u>\$ 492,838</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Cash Flows  
Proprietary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<b>Business-Type Activities</b>		<b>Governmental Activities – Internal Service Funds</b>	<b>Total Proprietary Funds</b>	
	<b>Enterprise Funds (Continued)</b>			<b>2012</b>	<b>As Restated 2011</b>
	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>			
Reconciliation of change in net position to net cash provided (used) by operating activities:					
Operating income	\$ 258,375	\$ 62,730,671	\$ 5,308,492	\$ 68,039,163	\$ 52,204,205
Transfer to escrow account	-	-	-	-	4,075,170
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Amortization of future landfill closure costs	1,574,818	1,574,818	-	1,574,818	1,689,202
Depreciation and amortization	7,194,985	54,472,576	6,408,524	60,881,100	61,368,998
Allowance for uncollectible accounts	-	(7,705)	-	(7,705)	(197,256)
Security contract	-	(1,312,914)	-	(1,312,914)	(1,304,957)
Security fees	-	1,340,280	-	1,340,280	1,306,697
Right-of-way fees	-	146,599	-	146,599	141,378
Other revenues / expenses	18,445	(87,723)	195,536	107,813	8,427
Changes in assets and liabilities which increase (decrease) cash:					
Accounts receivable, net	547,700	1,346,982	51,457	1,398,439	(114,684)
Inventories	-	(1,907,486)	(53,778)	(1,961,264)	(508,934)
Prepaid items and deposits	1,615	709	(411,493)	(410,784)	(44,396)
Unbilled reimbursable projects	-	(836,880)	-	(836,880)	(75,928)
Other assets current	-	(317,406)	-	(317,406)	50,694
Other assets noncurrent	-	(10,270,001)	-	(10,270,001)	(285,278)
Customer deposits	-	(97,875)	-	(97,875)	144,168
Accounts payable, other accrued liabilities and retainages	375,797	(9,208,134)	448,776	(8,759,358)	(4,373,998)
Accrued payroll liabilities	168,149	1,231,376	232,099	1,463,475	(51,972)
Asset retirement obligation	-	5,646,884	-	5,646,884	-
Compensated absences	11,236	274,173	49,467	323,640	(157,632)
Claims payable	-	-	(5,143,482)	(5,143,482)	6,027,430
Deferred inflows of resources	12,744	17,209,239	(86,096)	17,123,143	10,771,237
Other long-term obligations	-	(11,044)	-	(11,044)	-
Pollution remediation obligation	-	26,000	-	26,000	99,500
Total cash provided by operating activities	<u>\$ 10,163,864</u>	<u>\$ 121,943,139</u>	<u>\$ 6,999,502</u>	<u>\$ 128,942,641</u>	<u>\$ 130,772,071</u>
Noncash investing, capital, and financing activities:					
Capital purchases on account	985,079	9,779,294	843,005	10,622,299	10,503,236
Contributed capital and equipment	1,687,718	4,250,566	80,450	4,331,016	12,300,876
Capital in aid of construction funded from deferred inflows of resources	-	26,641,401	-	26,641,401	585,812
Portion of plant from AFUDC	-	8,682,299	-	8,682,299	5,168,598
Total noncash investing, capital, and financing activities	<u>\$ 2,672,797</u>	<u>\$ 49,353,560</u>	<u>\$ 923,455</u>	<u>\$ 50,277,015</u>	<u>\$ 28,558,522</u>

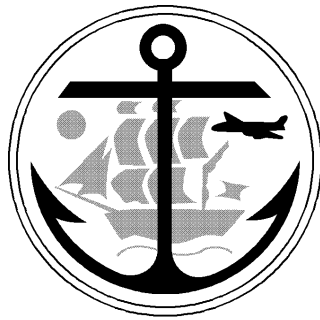
**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Net Position  
Fiduciary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<b>Pension and Other Post Employment Benefit Trust Funds</b>	
	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Cash in central treasury	\$ 76,969	\$ 2,351
Cash, cash equivalents held under securities lending program	6,753,264	21,849,791
Contribution receivable	231,107	-
Investments, at fair value:		
Cash and money market funds	4,504,878	5,933,484
U.S. treasuries	15,375,779	17,792,210
U.S. agencies	250,899	-
Corporate fixed income securities	38,196,169	34,687,173
Asset-backed securities	28,933,815	30,988,213
Fixed income funds	9,404,861	8,572,061
Domestic equity securities	125,220,962	121,174,154
International equity securities	67,468,721	55,907,766
Real estate funds	41,183,806	38,745,723
Total investments	330,539,890	313,800,784
Capital assets, net	4,747	8,841
Total assets	337,605,977	335,661,767
<b>Liabilities</b>		
Accounts payable	61,218	100,086
Payable under securities lending program	6,753,264	21,849,791
Total liabilities	6,814,482	21,949,877
<b>Net Position</b>		
Held in trust for:		
Employees' pension benefits	316,572,627	300,763,926
Employees' post employment healthcare benefits	14,218,868	12,947,964
Total net position	330,791,495	313,711,890
Total liabilities and net position	\$ 337,605,977	\$ 335,661,767



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Statement of Changes in Net Position  
Fiduciary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<b>Pension and Other Post Employment Benefit Trust Funds</b>	
	<b>2012</b>	<b>2011</b>
Additions:		
Contributions from other funds	\$ 9,125,735	\$ 11,349,104
Contributions from employees	379,085	417,107
Investment income:		
Interest	3,861,233	4,424,151
Dividends	1,408,233	1,271,756
Net increase (decrease) in fair value of investments	36,538,496	(6,063,776)
Less: investment expense	(1,485,608)	(1,533,229)
Total additions	49,827,174	9,865,113
Deductions:		
Regular benefit payments	31,914,362	31,075,337
Administrative expenses	833,207	883,559
Total deductions	32,747,569	31,958,896
Change in net position	17,079,605	(22,093,783)
Net position, beginning of year	313,711,890	335,805,673
Net position, end of year	\$ 330,791,495	\$ 313,711,890



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

**Index**

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### A. Reporting Entity

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

#### Blended Component Units

CIVICVentures is a nonprofit corporation created to finance and construct a new convention center for the Municipality, as well as upgrades and improvements to the existing Egan Center. All of the board members are appointed by the Mayor. As of December 31, 2012, three of CIVICVentures' five-member board of directors are executive employees of the Municipality and management and accounting functions are performed by the Municipality or municipal employees. CIVICVentures is reported as a debt service fund.

#### Discretely Presented Component Units

The Anchorage School District (ASD) is responsible for elementary and secondary education within Anchorage. Members of the School Board are elected by the voters, however, the ASD is fiscally dependent upon the primary government because the Assembly approves the total budget of the ASD, levies the necessary taxes, and approves the borrowing of money and the issuance of bonds. The ASD has a June 30 fiscal year end, therefore, the financial information presented in these financial statements is as of and for the fiscal year ended June 30, 2012.

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

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

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

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

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

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

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

## **B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

The Municipality reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

##### **Cash and Cash Equivalents**

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

##### **Investments**

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

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

### **Receivables and Payables**

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

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

### **Property Taxes**

Property taxes attach a lien on property on the first day of the tax year in which taxes are levied. For 2012, real and personal property taxes were levied on April 24th. Real property taxes were payable in two installments on June 15 and August 15, and personal property taxes in two installments on August 31 and October 31. ASD had accrued taxes and deferred revenue of \$119,981,660 for financing half of the 2012-2013 budget as of June 30, 2012. At December 31, 2012, property taxes receivable was \$12,606,290 including penalties and interest of \$1,611,590 and excluding allowance for uncollectable property tax receivable of \$111,515.

### **Inventories**

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

### **Restricted Assets**

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

### **Capital Assets**

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

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

The Utilities capitalize interest on construction work in progress in accordance with regulatory requirements. Interest was capitalized in 2012 in the amounts of \$8,682,299, \$522,984, and \$814,830 for the Electric, Water and Wastewater Utilities, respectively. The Port capitalized \$72,069 in interest for 2012.

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

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

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

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

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

### **Compensated Absences**

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

### **Long-Term Obligations**

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

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

### **Contributed Capital**

The Utilities receive CIAC, which they record as contributed plant in service and deferred inflows. For rate-making purposes the Utilities amortize contributed plant over the life of the respective Utility plant as a reduction of depreciation expense and a reduction of deferred inflows. Consequently, CIAC are recorded as deferred inflows in the accompanying financial statements. The Utilities' rates also include an AFUDC, which is capitalized in the accompanying financial statements. At December 31, 2012, Electric, Water and Wastewater Utility deferred liability balances were \$73,044,015, \$230,811,779, and \$170,564,054 respectively.



**E. Utility Revenues**

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

**F. Statement of Cash Flows**

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

**G. Reclassifications**

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

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

**A. Excess of Expenditures Over Appropriations**

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

Excluding the impact of bond refunding which was not appropriated because expenditures were equal to revenues with no impact to fund balance, expenditures exceeded appropriations in the following departments: Development Services by \$145,233 and Project Management and Engineering by \$37,056. Including the impact of bond refunding, for the year ended December 31, 2012, expenditures exceeded appropriations in the following departments: Development Services by \$145,233, Fire by \$2,401,398, Health and Human Services by \$144,385, Maintenance and Operations by \$23,161,641, Municipal Manager by \$941,243, Parks and Recreation by \$2,146,815, Project Management and Engineering by \$37,056 and Public Transportation by \$74,007. For the year ended December 31, 2012, expenditures exceeded appropriations in the following sub funds of the General Fund: Fire Service Area by \$3,126,500, Roads and Drainage Service Area by \$25,107,552, Anchorage Parks and Recreation Service Area by \$2,006,395, and Eagle River – Chugiak Parks and Recreation Service Area by \$332,882.

**B. Related Party Transaction**

Anchorage Community Development Authority - The primary government has leased 600 spaces located on four sites to the Authority for a period of 35 years at \$10 per year per lot.

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

**NOTE 3 - CASH AND INVESTMENTS**

At December 31, 2012, the Municipality had the following cash and investments, with fixed income maturities as noted:

Investment Type	Fair Value*	Fixed Income Investment Maturities (in years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Petty Cash	\$ 98,599				
Master Lease Agreement	2,104,181				
Central Treasury - Unrestricted					
Cash & Money Market Funds	8,974,027				
Repurchase Agreements	28,899,991	28,899,991	-	-	
Commercial Paper	542,294	542,294	-	-	-
U.S. Treasuries	117,932,446	9,968,090	94,631,575	12,351,876	980,905
U.S. Agencies	35,859,264	21,874,386	13,501,462	483,416	-
Asset-Backed Securities**	58,423,918	494,929	22,753,176	14,245,733	20,930,080
Corporate Fixed Income Securities	74,844,939	13,247,946	49,460,822	11,411,786	724,385
Payables	(14,816,273)				
	<u>\$ 310,660,606</u>	<u>\$ 75,027,636</u>	<u>\$ 180,347,035</u>	<u>\$ 38,492,811</u>	<u>\$ 22,635,370</u>
Central Treasury - Restricted					
Cash & Money Market Funds	8,447,658				
Repurchase Agreements	9,802,252	9,802,252	-	-	-
Commercial Paper	9,920,209	9,920,209	-	-	-
U.S. Treasuries	40,000,135	3,380,960	32,096,984	4,189,489	332,702
U.S. Agencies***	57,459,058	51,566,885	5,728,209	163,964	-
Foreign Governments & Agencies	2,761,724	2,761,724	-	-	-
Asset-Backed Securities**	19,816,130	167,869	7,717,386	4,831,845	7,099,030
Corporate Fixed Income Securities	28,904,919	8,012,552	16,776,040	3,870,631	245,696
Payables	(5,025,360)				
	<u>\$ 172,086,725</u>	<u>\$ 85,612,451</u>	<u>\$ 62,318,619</u>	<u>\$ 13,055,929</u>	<u>\$ 7,677,428</u>
MOA Trust Fund					
Cash & Money Market Funds	148,238				
U.S. TIPS	3,791,164	-	-	3,791,164	-
Fixed Income Funds	34,639,584	-	-	-	34,639,584
Domestic Equities & Equity Funds	44,108,802				
International Equities & Equity Funds	33,479,734				
Real Estate Funds	11,507,898				
	<u>\$ 127,675,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,791,164</u>	<u>\$ 34,639,584</u>

\* Market value plus accrued income.

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

\*\*\* \$31,669,965 in callable 1-5 year notes are expected to be called within the next year and are classified as Less Than 1.

Police & Fire Retiree Medical Trust Fund					
Cash & Money Market Funds	457,426				
U.S. Treasuries	8,742,971	1,605,031	7,137,940	-	-
U.S. TIPS	250,899	-	-	250,899	-
Fixed Income Funds	1,355,636	-	-	1,355,636	-
Domestic Equity Funds	2,048,535				
International Equity Funds	1,361,002				
	<u>\$ 14,216,469</u>	<u>\$ 1,605,031</u>	<u>\$ 7,137,940</u>	<u>\$ 1,606,535</u>	<u>\$ -</u>
Police & Fire Retiree Medical Liability Fund					
Cash & Money Market Funds	263,209				
U.S. TIPS	1,500,056	-	-	1,500,056	-
Fixed Income Funds	6,792,158	-	-	6,792,158	-
Domestic Equities & Equity Funds	11,565,281				
International Equities & Equity Funds	8,344,831				
Real Estate Funds	3,543,524				
	<u>\$ 32,009,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,292,214</u>	<u>\$ -</u>
Police and Fire Retirement Pension Trust Fund					
Cash & Money Market Funds	4,047,453				
U.S. Treasuries	6,632,808	-	828,808	2,457,274	3,346,726
Corporate Fixed Income Securities	38,196,169	1,036,730	25,233,621	9,166,514	2,759,304
Asset-Backed Securities	28,933,816	-	1,922,532	-	27,011,284
Fixed Income Funds	8,049,225	-	8,049,225	-	-
Domestic Equities & Equity Funds	123,172,426				
International Equities & Equity Funds	66,107,719				
Real Estate Funds	41,183,805				
	<u>\$ 316,323,421</u>	<u>\$ 1,036,730</u>	<u>\$ 36,034,186</u>	<u>\$ 11,623,788</u>	<u>\$ 33,117,314</u>
HUD Section 108 Loan Program Investment					
Cash & Money Market Funds	9,728				
U.S. Treasuries	1,485,679	1,485,679	-	-	-
	<u>\$ 1,495,407</u>	<u>\$ 1,485,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CIVICVentures Component Unit					
Cash & Money Market Funds	8,484,827				
Foreign Governments & Agencies	6,165,770	6,165,746	-	-	-
	<u>\$ 14,650,597</u>	<u>\$ 6,165,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Cash & Investments	<u>\$ 991,320,484</u>	<u>\$ 170,933,273</u>	<u>\$ 285,837,780</u>	<u>\$ 76,862,441</u>	<u>\$ 98,069,696</u>
Governmental Activities	423,882,844				
Business-Type Activities	236,820,781				
Fiduciary Funds	330,616,859				
	<u>\$ 991,320,484</u>				

#### A. Anchorage Central Treasury

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

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

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

- Mutual Funds consisting of allowable securities as outlined above.
- Interfund Loans from a Municipal Cash Pool to a Municipal Fund.

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

- Structured Investment Vehicles.
- Asset Backed Commercial Paper.
- Short Sales.
- Securities not denominated in U.S. Dollars.
- Commodities.
- Real Estate Investments.

Derivatives, except “to be announced” forward mortgage-backed securities (TBAs) and derivatives for which payment is guaranteed by the U.S. government or an agency thereof.

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

Investment Type	Concentration Limit	Working Capital Portfolio Holding % at December 31, 2012	Internally Managed Portfolio Holding % at December 31, 2012
U.S. Government Securities*	50% to 100% of investment portfolio	42%	63%
Repurchase Agreements	0% to 50% of investment portfolio	27%	13%
Certificates of Deposit**	0% to 50% of investment portfolio Maximum 5% per issuer	0%	0%
Bankers Acceptances	0% to 25% of investment portfolio Maximum 5% per issuer	0%	0%
Commercial Paper	0% to 15% of investment portfolio Maximum 5% per issuer	1%	13%
Corporate Bonds	0% to 15% of investment portfolio Maximum 5% per issuer	10%	5%
Alaska Municipal League Investment Pool (AMLIP)***	0% to 25% of investment portfolio	0%	0%
Money Market Mutual Funds	0% to 25% of investment portfolio	20%	2%
Dollar Denominated Fixed Income Securities, other than those listed herein, rated by at least one nationally recognized rating agency	0% to 15% of investment portfolio Maximum 5% per issuer	0%	4%
		100%	100%

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

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

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

## B. MOA Trust Fund

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

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

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

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

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2012
Domestic Equities*	30%	40%	35%
International Equities	22%	28%	26%
Fixed Income (excluding TIPS)	25%	33%	27%
Treasury Inflation Protected Securities (TIPS)	0%	5%	3%
Real Estate	6%	10%	9%
Cash Equivalents	0%	15%	0%
			100%

\*Includes American depository receipts

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

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

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

### **C. Police and Fire Retiree Medical Trust Fund**

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

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

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

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

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

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

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2012
<b>General Funds:</b>			
Domestic Equities - Large/Mid Cap	27%	37%	31%
Domestic Equities - Small Cap	6%	12%	9%
International Equities	23%	31%	27%
Domestic Fixed Income (excluding TIPS)	23%	31%	27%
U.S. TIPS	3%	7%	5%
Cash Equivalents	0%	5%	1%
			100%
<b>Member allocated Funds:</b>			
U.S. Treasuries	90%	96%	95%
Cash Equivalents	4%	10%	5%
			100%

#### **D. Police and Fire Retiree Medical Liability Fund**

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

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

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

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

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2012
Domestic Equities - Large/Mid Cap*	25%	33%	27%
Domestic Equities - Small Cap	6%	12%	9%
International Equity	22%	30%	26%
Fixed Income - Nominal	19%	30%	21%
Fixed Income - TIPS	0%	7%	5%
Real Estate	6%	12%	11%
Cash & Cash Equivalents	N/A	N/A	1%
			100%

\*Includes American depository receipts

#### **E. Police and Fire Retirement Pension Trust Fund**

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



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

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

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

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

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

Investment Type	Lower Limit	Upper Limit	Investment Holding % at December 31, 2012
<b>Domestic Equities:</b>			
Large Cap Core	9%	16%	10%
Large Cap Growth	8%	12%	10%
Large Cap Value	8%	12%	11%
All Large Cap	29%	35%	31%
Small Cap Growth	2%	6%	4%
Small/Mid Cap Value	2%	6%	4%
All Small/Mid Cap	4%	12%	8%
All Domestic Equity	34%	45%	39%
<b>International Equities:</b>			
MSCI ACWI ex US	7%	13%	11%
Growth	7%	13%	10%
All International Equity	16%	24%	21%
All Equity	52%	68%	60%
<b>Fixed Income:</b>			
Domestic Fixed Income	25%	35%	26%
<b>Real Estate Funds:</b>			
Equity Real Estate Investment Trust	1%	9%	3%
Open Ended Proprietary Fund	2%	8%	5%
Farmland	0%	8%	5%
All Real Estate	9%	15%	13%
<b>Cash &amp; Cash Equivalents:</b>			
Cash Equivalents	0%	4%	1%
			<u>100%</u>

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

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

#### **F. Interest Rate Risk**

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

Duration is a measure of an investment's sensitivity to interest rate changes, and represents the sensitivity of an investment's market price to a 1% change in interest rates. The effective duration of an investment is determined by its expected future cash flows, factoring in uncertainties introduced through options, prepayments, and variable rates. The effective duration of a pool is the average fair value weighted effective duration of each security in the pool.

The effective durations of the externally managed portfolios of the Anchorage Central Treasury (working capital, contingency reserve and strategic reserve) at December 31, 2012, were 0.45 years, 1.68 years, and 3.65 years, respectively.

The Police and Fire Retiree Medical Trust's investment policy requires that the weighted average duration of its fixed income portfolio be within 20% of the Barclays Capital Aggregate Index. At December 31, 2012, the duration of the index was 5.06 years and the duration of the Police and Fire Retiree Medical Trust's fixed income portfolio, exclusive of member-allocated funds invested in U.S. Treasuries, was 5.34 years.

The Police and Fire Retirement Trust's investment policy states that the total fixed income portfolio's weighted average duration cannot exceed 120% of the market's duration utilizing the Barclays Capital Aggregate Bond Index. At December 31, 2012, the duration of the Barclays Capital Aggregate Index was 5.06 years, and the duration of the Police and Fire Retirement Trust's fixed income portfolio was 4.95 years.

#### **G. Credit Risk**

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

At December 31, 2012, the Anchorage Central Treasury's investment in commercial paper totaled \$10,462,503, and was rated A-1 by Standard & Poor's and P-1 by Moody's. All commercial paper is purchased with a maturity of 270 days or less. The Anchorage Central Treasury's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$184,168,245 at December 31, 2012. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	21%	AAA	17%
Aa	10%	AA	11%
A	23%	A	31%
Baa	20%	BBB	14%
Ba or Lower	0%	BB or Lower	0%
Not Rated	26%	Not Rated	27%
	<u>100%</u>		<u>100%</u>

At December 31, 2012, Anchorage's Central Treasury was invested in Asset Backed Securities and Mortgage Backed Securities valued at \$1,948,319 which fell below the minimum credit rating of AA-/Aa3 required by AMC 6.50.030. These circumstances resulted from the downgrade of investments held in the contingency reserve and strategic reserve portfolios. Securities falling outside of compliance are divested as soon as it is prudent to do so.

At December 31, 2012, securities in the MOA Trust had an investment of \$34,639,584 in commingled fixed income funds with a weighted average credit quality rating of AA-, and an investment of \$3,791,164 in commingled TIPS funds with a weighted average credit quality rating of AAA.

At December 31, 2012, the Police and Fire Retiree Medical Trust had an investment of \$1,355,636 in commingled fixed income funds with a weighted average credit quality rating of A+, and an investment of \$250,899 in commingled TIPS funds with a weighted average credit quality rating of AAA.

At December 31, 2012, the Police and Fire Retiree Medical Liability Fund had an investment of \$5,110,525 in a commingled fixed income fund with a weighted average credit quality rating of BB, an investment of \$1,681,633 in a commingled fixed income fund with a weighted average credit quality rating of AA, and an investment of \$1,500,056 in commingled TIPS funds with a weighted average credit quality rating of AAA.

At December 31, 2012, the Police and Fire Retirement Trust's total fixed income portfolio had a weighted average rating of Aa3 by Moody's. The Police and Fire Retirement Trust's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled \$49,853,039, with ratings distributed as follows:

Moody's		S&P	
Aaa	5%	AAA	6%
Aa	8%	AA	9%
A	35%	A	41%
Baa	31%	BBB	26%
Ba or Lower	16%	BB or Lower	16%
Not Rated	5%	Not Rated	2%
	<u>100%</u>		<u>100%</u>

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure when the amount invested in a single issuer exceeds 5% 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, 2012, Anchorage had no investments in any single issuer exceeding 5% of total investments.

### Custodial Credit Risk

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

At December 31, 2012, the Anchorage Central Treasury had bank deposit carrying amounts totaling \$30,312,810, of which \$500,000 was covered by federal depository insurance. Bank deposits of \$2,002,762 were secured by collateral held by a third party and deposits of \$27,810,048 were secured by collateral held at the depository bank. An additional \$9,620,000 was invested in overnight repurchase agreements and was secured by collateral held by a tri-party. All collateral consists of obligations issued, or fully insured or guaranteed as to payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation, with market value not less than the collateralized deposit balances.

## H. Securities Lending

During 2012, the Police and Fire Retirement Trust lent securities in its investment portfolio to financial institutions through a securities lending program administered by the Police and Fire Retirement Trust's custodian. At December 31, 2012, the amount of the collateral provided by borrowers averaged 102.1% of the value of securities lent. The Police and Fire Retirement Trust is authorized to lend its investment securities by its statement of investment policy, which is approved by the Board. The lending is managed by the Police and Fire Retirement Trust's custodian. All loans can be terminated on demand by either the Police and Fire Retirement Trust or the borrowers. The term of the loans can vary from one week to many months. The agent lends the Police and Fire Retirement Trust's U.S. Government and Agency securities and domestic corporate fixed income and equity securities for securities or cash collateral of 102 percent. The securities lending contracts do not allow the Police and Fire Retirement Trust to pledge or sell any collateral securities. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. At December 31, 2012, the pool had a weighted average maturity of 20 days. There are no restrictions on the amount of securities that can be lent at one time or to one borrower.

The following represents the balances relating to the securities lending transactions at December 31, 2012:

Securities Lent	Fair Value of Underlying Securities	Collateral Received
U.S. Government Securities	\$ 4,692,670	\$ 4,788,766
Domestic Equities	2,060,594	2,106,573
	<u>\$ 6,753,264</u>	<u>\$ 6,895,339</u>

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

## I. Foreign Currency Risk

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

The Anchorage Central Treasury is not exposed to foreign currency risk because AMC 6.50.030 explicitly prohibits the purchase of securities not denominated in U.S. Dollars. At December 31, 2012 all debt obligations held in the Anchorage Central Treasury were payable in U.S. Dollars.

The MOA Trust's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2012, this investment totaled \$33,479,734 and represented 26% of the Trust's aggregate portfolio.

The Police and Fire Retiree Medical Trust's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2012, this investment totaled \$1,361,002 and represented 27% of the Trust's general funds.

The Police and Fire Retiree Medical Liability Fund's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2012, this investment totaled \$8,344,831 and represented 26% of the Police and Fire Retiree Medical Liability Fund's aggregate portfolio.

The Police and Fire Retirement Trust's investment in commingled international equity funds exposes it to exchange risk in various foreign currencies. At December 31, 2012, this investment totaled \$66,107,719 and represented 21% of the Police and Fire Retirement Trust's aggregate portfolio.

**NOTE 4 - RECEIVABLES (Including Loans and Leases Receivable)**

The Municipality's receivables including the applicable allowance for uncollectible accounts were reported as follows at December 31, 2012:

	Governmental Activities	Business-type Activities	Total
Current:			
Property taxes	\$ 12,606,290	\$ -	\$ 12,606,290
Accommodations taxes	3,756,072	-	3,756,072
Unbilled reimbursable projects	-	1,131,236	1,131,236
Special assessments receivable	3,892,588	320,436	4,213,024
Port leases	-	-	-
Trade accounts, including internal service funds	11,805,300	21,526,764	33,332,064
Total accounts receivable	32,060,250	22,978,436	55,038,686
Allowance for uncollectible accounts	(3,522,647)	(386,514)	(3,909,161)
Total Accounts Receivable, net	<u>28,537,603</u>	<u>22,591,922</u>	<u>51,129,525</u>
Noncurrent:			
Miscellaneous loans	-	3,680	3,680
HUD loans (including section 108)	6,813,981	-	6,813,981
Jail lease	12,685,000	-	12,685,000
Total Loans and Leases, net	<u>\$ 19,498,981</u>	<u>\$ 3,680</u>	<u>\$ 19,502,661</u>

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

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

**NOTE 5 - CAPITAL ASSETS**

**A. Primary Government**

Capital asset activity for the year ended December 31, 2012, was as follows (in thousands):

	Beginning Balance December 31, 2011	Increase	Decrease	Ending Balance December 31, 2012
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 1,233,994	\$ 7,379	\$ (5,800)	\$ 1,235,573
Artwork	17,772	1,027	-	18,799
Construction Work-in-Progress	29,613	46,908	(47,242)	29,279
Infrastructure	1,397,756	8,363	-	1,406,119
<b>Total Capital Assets, Not Being Depreciated</b>	<b>2,679,135</b>	<b>63,677</b>	<b>(53,042)</b>	<b>2,689,770</b>
Capital Assets, Being Depreciated				
Buildings & Improvements	605,879	19,760	(665)	624,974
Equipment	215,441	20,203	(5,085)	230,559
Infrastructure	470,880	5,040	(370)	475,550
<b>Total Capital Assets, Being Depreciated</b>	<b>1,292,200</b>	<b>45,003</b>	<b>(6,120)</b>	<b>1,331,083</b>
Less Accumulated Depreciation for:				
Buildings & Improvements	335,021	19,284	(359)	353,946
Equipment	150,367	18,369	(4,975)	163,761
Infrastructure	242,619	10,885	(324)	253,180
<b>Total Accumulated Depreciation</b>	<b>728,007</b>	<b>48,538</b>	<b>(5,658)</b>	<b>770,887</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>564,193</b>	<b>(3,535)</b>	<b>(462)</b>	<b>560,196</b>
<b>Total Governmental Activities, Net</b>	<b>\$ 3,243,328</b>	<b>\$ 60,142</b>	<b>\$ (53,504)</b>	<b>\$ 3,249,966</b>

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

	Beginning Balance December 31, 2011	Increase	Decrease	Ending Balance December 31, 2012
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land and Property held for future use	\$ 62,157	\$ 2,679	\$ (1,745)	\$ 63,091
Construction Work-in-Progress <sup>1</sup>	175,811	152,850	(105,159)	223,502
<b>Total Capital Assets, Not Being Depreciated</b>	<b>237,968</b>	<b>155,529</b>	<b>(106,904)</b>	<b>286,593</b>
Capital Assets, Being Depreciated:				
Distribution and Collection Systems, Infrastructure	1,811,668	93,649	(20,271)	1,885,046
Buildings and Improvements	434,188	14,628	(4,942)	443,874
<b>Total Capital Assets, Being Depreciated</b>	<b>2,245,856</b>	<b>108,277</b>	<b>(25,213)</b>	<b>2,328,920</b>
Less Accumulated Depreciation for:				
Distribution and Collection Systems, Infrastructure	773,493	55,195	(16,774)	811,914
Buildings and Improvements	155,893	14,991	(3,796)	167,088
<b>Total Accumulated Depreciation</b>	<b>929,386</b>	<b>70,186</b>	<b>(20,570)</b>	<b>979,002</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>1,316,470</b>	<b>38,091</b>	<b>(4,643)</b>	<b>1,349,918</b>
<b>Total Business-Type Activities, Net</b>	<b>\$ 1,554,438</b>	<b>\$ 193,620</b>	<b>\$ (111,547)</b>	<b>\$ 1,636,511</b>

<sup>1</sup>Included in Construction Work-in-Progress are retirement assets as follows:

Construction Work-in-Progress	\$ 229	\$ 601	\$ (336)	\$ 494
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In accordance with the requirements of FERC, disposals of retirement assets are not placed in service, rather they are reported as reductions from accumulated depreciation.

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

Governmental Activities:	
General Government	\$ 7,355
Fire Services	3,830
Police Services	2,366
Health and Human Services	1,229
Economic & Community Development	17,825
Public Transportation	3,939
Public Works	11,345
Maintenance and Operations	649
Total Governmental Activities	<u>\$ 48,538</u>
Business-Type Activities:	
Electric	\$ 26,877
Water	9,388
Wastewater	7,019
Refuse	776
Solid Waste	3,777
Port	3,994
Municipal Airport	2,642
Total Business-Type Activities	<u>54,473</u>
Depreciation offset by amortization of regulatory liability- contributed plant	15,713
Gross increase in accumulated depreciation	<u>\$ 70,186</u>

The 2012 Utility construction budgets are \$127,009, \$38,760 and \$30,381 for Electric, Water, and Wastewater, respectively (in thousands).

#### B. Discretely Presented Component Units – Anchorage School District

Capital asset activity for the fiscal year ended June 30, 2012 is as follows (in thousands):

	Beginning Balance July 1, 2011	Increase	Decrease	Ending Balance June 30, 2012
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 42,357	\$ -	\$ -	\$ 42,357
Construction in Progress	2,313	16,345	(16,813)	1,846
Total Capital Assets not Being Depreciated	<u>44,670</u>	<u>16,345</u>	<u>(16,813)</u>	<u>44,203</u>
Capital Assets Being Depreciated:				
Land Improvements	52,343	3,217	-	55,559
Buildings and Equipment	1,560,294	20,822	(10,148)	1,570,968
Pupil Transportation	9,493	851	-	10,345
Total Capital Assets Being Depreciated	<u>1,622,130</u>	<u>24,889</u>	<u>(10,148)</u>	<u>1,636,872</u>
Less Accumulated Depreciation For:				
Land Improvements	36,856	1,338	-	38,194
Buildings and Equipment	412,006	35,658	(4,621)	443,043
Pupil Transportation	8,623	299	-	8,922
Total Accumulated Depreciation	<u>457,485</u>	<u>37,295</u>	<u>(4,621)</u>	<u>490,158</u>
Total Capital Assets, Being Depreciated, Net	<u>1,164,645</u>	<u>(12,405)</u>	<u>(5,527)</u>	<u>1,146,713</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,209,315</u>	<u>\$ 3,940</u>	<u>\$ (22,340)</u>	<u>\$ 1,190,916</u>

**C. Discretely Presented Component Units – Anchorage Community Development Authority**

Capital asset activity for the year ended December 31, 2012 is as follows (in thousands):

	Beginning Balance December 31, 2011	Increase	Decrease	Ending Balance December 31, 2012
Business Type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 11,059	\$ 1,624	\$ -	\$ 12,683
Total Capital Assets not Being Depreciated	11,059	1,624	-	12,683
Capital Assets Being Depreciated				
Parking Garages	37,675	207	-	37,882
Lot Improvements	594	52	-	646
Furniture and Fixtures	100	-	-	100
Equipment and Vehicles	3,144	936	-	4,080
Total Capital Assets Being Depreciated	41,513	1,195	-	42,708
Less Accumulated Depreciation For				
Parking Garages	23,637	1,192	-	24,829
Lot Improvements	482	59	-	542
Furniture and Fixtures	98	1	-	99
Equipment and Vehicles	2,672	288	-	2,960
Total Accumulated Depreciation Net	26,890	1,541	-	28,431
Total Capital Assets, Being Depreciated, Net	14,624	(346)	-	14,278
Business Type Activities Capital Assets, Net	\$ 25,683	\$ 1,278	\$ -	\$ 26,961

**NOTE 6 - PORT OF ANCHORAGE EXPANSION**

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

Between 2003 and May 31, 2012, MARAD and/or its contractor, Integrated Concepts and Research Corporation (ICRC), administered the project. To fund the construction costs, the Municipality advanced funds to MARAD and MARAD also received project funding from federal appropriations. The Municipality classifies the advances it has made to MARAD as an asset in the Statement of Net Position and reclassifies the advances to capital assets upon transfer of the completed construction and an accounting of the project costs by MARAD. Project costs which are funded by federal appropriations are also recognized (with a concurrent recognition of contributed capital) upon transfer and accounting of project costs by MARAD. A summary of the advances made by the Municipality to MARAD is provided below:

Source of Contributions to MARAD	Amounts
State of Alaska Grants	\$ 89,990,164
Commercial Paper	40,000,000
Port Funds	33,409,837
Total Contributions	163,400,001
Classified as advances	162,939,619
Classified as capital assets	460,382
Total contributions	\$ 163,400,001



The preliminary investigative reports indicate the project design was flawed and that significant aspects of the project completed to date was constructed incorrectly. In March 2013, the Municipality filed suit in the Superior Court for the State of Alaska against the engineers involved in the bulkhead design and ICRC, to recover the damages the Municipality has sustained as a result of design defects and faulty project oversight. There have been no entries made in the accompanying financial statements for the impairment of the project assets, as the analysis of the extent of the impairment is still yet to be determined. There has been no reimbursement of damages to date.

**NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**A. Interfund Receivables and Payables**

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

Interfund payable to General Fund from:	
Nonmajor governmental funds	\$ 7,366,965
Nonmajor enterprise funds	<u>719,726</u>
Total interfund payable to General Fund	<u>8,086,691</u>
Interfund payable to Water Enterprise Fund from Wastewater Enterprise Fund	14,669,968
Interfund payable between nonmajor governmental funds	4,291,412
Interfund payable between internal service funds for capital assets	<u>548,534</u>
Total interfund payables	<u>\$ 27,596,605</u>

All balances are expected to be settled within the next fiscal year, except for those interfund receivables and payables recorded as advances to/from other funds. Advances payable at December 31, 2012 were as follows:

Advance payable to internal service fund from Capital Projects Roads and Drainage Fund for capital assets	\$ 1,406,427
Advance payable to General Fund from nonmajor governmental fund for capital assets	<u>1,348,656</u>
Total advances payable	<u>\$ 2,755,083</u>

**B. Interfund Transfers**

A summary of interfund transfers is as follows:

From General Fund to:	
Capital Projects Roads and Drainage Fund for capital assets	\$ 3,316,948
Nonmajor governmental funds for capital assets	7,401,976
Nonmajor governmental funds for grant matching	962,723
Nonmajor governmental funds to fund pension liability	1,869,000
Nonmajor governmental funds for operating subsidy	477,748
Nonmajor governmental funds for debt service	<u>111,000</u>
Total transfers from General Fund	<u>14,139,395</u>
From MOA Trust Fund to:	
General Fund for annual operating subsidy	4,800,000
From Capital Projects Roads and Drainage Fund to:	
General Fund for debt service	5,088

From nonmajor governmental funds to:	
General Fund for debt service	261,118
General Fund for operating subsidy	11,382
Nonmajor governmental funds for debt service	6,322,010
Nonmajor governmental funds for capital assets	80,000
Total transfers from nonmajor governmental funds	<u>6,674,510</u>
From Electric Utility Fund to:	
General Fund for annual revenue distribution	12,335,914
From Water Utility Fund to:	
General Fund for annual revenue distribution	7,367,771
From Wastewater Utility fund to:	
General Fund for annual revenue distribution	5,342,405
From Port Enterprise Fund to:	
General Fund for annual revenue distribution	516,409
From nonmajor enterprise funds to:	
General Fund for annual revenue distribution	1,005,482
Internal Service Fund for capital assets	3,925
Water Utility Fund for capital assets	12,000
Total transfers from nonmajor enterprise funds	<u>1,021,407</u>
Total transfers	<u>\$ 52,202,899</u>

In addition, governmental funds transferred capital assets to Internal Service Funds in the amount of \$80,450. These items are not reflected as transfers at the fund level, but are included in capital contributions in the Internal Service Funds.

## NOTE 8 - LEASE AGREEMENTS

### A. Operating Leases (Anchorage as lessee)

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

Years:	Governmental Activities	Business Type Activities
2013	\$ 4,685	\$ 84
2014	4,457	64
2015	4,347	18
2016	3,944	18
2017	3,736	18
2018-2022	18,880	89
2023-2027	12,243	89
2028-2032	-	30
2033-2037	-	10
2038-2042	-	5
2043-2047	-	5
2048-2052	-	5
2053-2057	-	3
Totals	<u>52,292</u>	<u>438</u>
2012 Rent Expense	<u>\$ 6,945</u>	<u>\$ 195</u>

**B. Capital Leases (Anchorage as lessee)**

Anchorage has entered into revolving Master Tax-Exempt Lease/Purchase agreements, with KeyBank and Sun Life Trust, to finance various capital expenditures by the Anchorage. During 2012, Anchorage issued new leases in the amount of \$9,200,000 and at December 31, 2012, \$11,509,781 of the outstanding principal balance is recorded in the Internal Service Funds and \$124,550 in the governmental funds. The capitalized leases in place at December 31, 2012 have financed \$12,301,000 of information technology equipment and software, all of which is currently in service or being installed. The annual debt service to maturity for the outstanding capital leases at December 31, 2012, is as follows (in thousands):

	Governmental Activities		
	Principal	Interest	Total
Years:			
2013	\$ 1,981	\$ 191	\$ 2,172
2014	1,868	180	2,048
2015	1,856	140	1,996
2016	1,500	103	1,603
2017	1,333	76	1,409
2018-2022	3,096	75	3,171
	<u>\$ 11,634</u>	<u>\$ 765</u>	<u>\$ 12,399</u>

**C. Operating Leases (Anchorage as lessor)**

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

	Port of Anchorage	Merrill Field Airport
Years:		
2013	\$ 3,950	\$ 627
2014	3,735	603
2015	3,521	603
2016	552	588
2017	492	567
2018-2022	455	2,489
2023-2027	332	1,869
2028-2032	-	1,782
2033-2037	-	1,782
2038-2042	-	1,383
2043-2047	-	525
Totals	<u>13,037</u>	<u>12,818</u>
Lease revenue for 2012	<u>3,933</u>	<u>629</u>
Carrying value of leased assets:		
Original cost	17,942	2,600
Accumulated depreciation	6,063	-
Net Book Value	<u>\$ 11,879</u>	<u>\$ 2,600</u>

**NOTE 9 - SHORT-TERM OBLIGATIONS**

**A. Tax Anticipation Notes**

On February 29, 2012 Anchorage issued tax anticipation notes in the General Fund with a face value of \$120,000,000. The purpose of the issuance was to raise money to pay current expenditures in anticipation of the collection of property taxes.

Short-term debt activity for the year ended December 31, 2012 was as follows (in thousands):

	Beginning Balance January 1, 2012	Issued	Redeemed	Ending Balance December 31, 2012
Tax Anticipation Notes	\$ -	\$ 120,000	\$ 120,000	\$ -

## B. Commercial Paper

### Port Commercial Paper

In January 2008, the Anchorage Assembly authorized the issuance of Commercial Paper in one or more series in the aggregate principal amount not to exceed two hundred fifteen million dollars (\$215,000,000) as an interim financing program for the port expansion project until such time that the outstanding balance of commercial paper notes are refunded by long term Port revenue bonds. The expansion project is expected to continue until 2021. In 2008, commercial paper notes were issued in the amount of \$40,000,000 and were shown on the Port Enterprise Fund financial statements as a current liability since the lending term on commercial paper cannot exceed 270 days (less than one year). During 2012 the notes were redeemed and reissued numerous times; however, the total balance outstanding remains at \$40 million.

### Electric Utility Commercial Paper

The Electric Utility currently has a six-year capital improvement plan that aggregates \$474 million of which \$300 million is expected to be funded by revenue bonds. In February 2012, the Anchorage Assembly authorized the issuance of Commercial Paper in one or more series in the aggregate principal amount not to exceed three hundred million dollars (\$300,000,000) as an interim financing program for the six-year capital improvement plan, which will target among other things replacing the aging electric generation infrastructure. In August 2012, the Electric Utility issued \$25 million in commercial paper and issued another \$25 million in December 2012. The Electric Utility Fund financial statements show the commercial paper as a current liability since the lending term cannot exceed 270 days (less than one year).

## NOTE 10 - LONG TERM OBLIGATIONS

### A. Changes in Long-Term Liabilities

Long-term liability activity, net of related premium and discount amortizations, for the year ended December 31, 2012, was as follows (in thousands):

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 488,863	\$ 61,660	\$ (68,476)	\$ 482,047	\$ 30,776
Revenue Bonds	16,479	-	(3,412)	13,067	3,582
CIVICVentures	107,445	-	(1,300)	106,145	1,425
Capital Leases	3,795	9,200	(1,361)	11,634	1,981
Long-Term Contracts	4,682	-	(122)	4,560	127
HUD Section 108 Loan	1,712	-	(83)	1,629	88
Total Debt Payable	622,976	70,860	(74,754)	619,082	37,978
Compensated Absences	21,916	19,271	(18,574)	22,613	16,483
Pollution Remediation	2,585	475	(227)	2,833	88
Claims Payable and IBNR	29,005	59,588	(64,731)	23,862	18,343
Total Governmental Activities	\$ 676,482	\$ 150,195	\$ (158,286)	\$ 668,390	\$ 72,893

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Due Within One Year
<b>Business-type Activities:</b>					
Revenue Bonds	\$ 442,161	\$ -	\$ (22,915)	\$ 419,246	\$ 23,805
Long-Term Contracts	177,209	7,358	(11,812)	172,755	11,614
Total Debt Payable	619,370	7,358	(34,727)	592,001	35,419
Compensated Absences	5,548	6,427	(6,153)	5,822	5,234
Asset Retirement Obligation	-	5,647	-	5,647	-
Pollution Remediation	451	68	(42)	477	40
Landfill Closure Liability	22,149	1,575	-	23,724	-
Total Business-type Activities	647,518	21,075	(40,922)	627,671	\$ 40,693

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

## B. General Obligation Bonds

Anchorage issues general obligation (GO) bonds to provide funds for capital acquisition and construction. GO bonds are direct obligations and pledge the full faith and credit of the government. They are generally issued as 20-year serial bonds with principal and interest payments due each year. As of December 31, 2012, Anchorage reported total outstanding general obligation bonds in the amount of \$471,540,000.

ASD GO bonds are reported as obligations of the component unit since they are expected to be repaid from ASD revenues; such amounts total \$640,120,000 at June 30, 2012. All other Anchorage GO bonds are reported in the government-wide financial statements.

In September 2012, Anchorage issued \$23,570,000 principal amount of General Obligation Bonds 2012 Series A and \$30,215,000 principal amount of General Obligation Refunding Bonds 2012 Series B. The proceeds of the Series A bonds, together with other legally available funds, will be used for the following purposes: (i) to provide for the cost of certain capital improvement projects (ii) to reimburse Anchorage for costs of such capital improvement projects; (iii) to pay costs of issuance; and (iv) to provide funds for deposit in the Reserve Account. The Series A bonds are payable in installments between \$860,000 and \$1,840,000 with an interest rate of 3.306% per annum. The proceeds of the Series B Refunding Bonds are to refund the remaining outstanding principal of the 2002 General Obligation Bonds. The Series B Refunding bonds are payable in installments between \$1,925,000 and \$8,425,000 with an interest rate of .852% per annum.

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

Years:	Governmental Activities		
	Principal	Interest	Total
2013	\$ 29,820	\$ 20,728	\$ 50,548
2014	33,395	20,010	53,405
2015	34,990	18,652	53,642
2016	36,410	17,227	53,637
2017	38,150	15,482	53,632
2018-2022	166,280	51,698	217,978
2023-2027	100,705	20,651	121,356
2028-2032	31,790	3,173	34,963
Subtotal	471,540	167,621	639,161
Add unamortized premiums/(discounts), net	10,507	-	10,507
Total	\$ 482,047	\$ 167,621	\$ 649,668

## C. Revenue Bonds

### Jail Lease Revenue Bonds

In April 2000, Anchorage issued revenue bonds to construct and operate the new municipal jail facility that is leased to the State of Alaska. Jail revenue bond covenants require an “absolute net lease” pursuant to which Anchorage shall not be expected or required to make any payment of any kind under the Agreement of Lease. The State of Alaska Department of Administration (DOA) is required to make all payments under the Agreement of Lease. The DOA’s obligation to make lease payments and to perform and observe all other covenants and agreements is absolute and unconditional except as expressly provided in the Agreement of Lease. In 2005, Anchorage issued \$40,835,000 in Lease Revenue Refunding Bonds to refund the 2000 Revenue Bonds. In October 2011, Anchorage defeased \$20,615,000 in Lease Revenue Refunding Bonds with proceeds provided by the State of Alaska. As of December 31, 2012, Anchorage reported total outstanding Lease revenue Refunding Bonds in the amount of \$12,685,000.

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

	Governmental Activities		
	Principal	Interest	Total
Years:			
2013	\$ 3,470	\$ 540	\$ 4,010
2014	3,655	362	4,017
2015	3,840	178	4,018
2016	1,720	43	1,763
Subtotal	12,685	1,124	13,809
Add unamortized premiums, net	382	-	382
Total	\$ 13,067	\$ 1,124	\$ 14,191

### CIVICVeture Revenue Bonds

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

The bonds are due in semi-annual installments ranging annually from \$6,322,010 to \$8,448,825 including interest at 3.75% to 5.0% through 2038. As of December 31, 2012, Anchorage reported as blended total outstanding Tax-exempt non-recourse Revenue Bonds in the amount of \$106,145,000.

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

	CIVICVentures		
	Principal	Interest	Total
Years:			
2013	\$ 1,425	\$ 4,897	\$ 6,322
2014	1,555	4,840	6,395
2015	1,690	4,778	6,468
2016	1,835	4,710	6,545
2017	1,985	4,637	6,622
2018-2022	12,655	21,647	34,302
2023-2027	17,885	18,461	36,346
2028-2032	24,920	13,593	38,513
2033-2037	34,110	6,702	40,812
2038	8,085	364	8,449
Total	\$ 106,145	\$ 84,628	\$ 190,773

### Utility Revenue Bonds

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

The proceeds of the bonds, together with other legally available funds, are used for the following purposes: (i) to provide for the cost of certain capital improvement projects (ii) to reimburse the Utility for costs of such capital improvement projects; (iii) to pay costs of issuance; and (iv) to provide funds for deposit in the Reserve Account. As of December 31, 2012, Anchorage reported total outstanding Utility Revenue bonds in the amount of \$418,826,000. The details of those bonds are as follows (in thousands):

Description	Amount Outstanding
<u>Electric Utility</u>	
\$48,855,000 1996 Electric Senior Lien Revenue Bonds due in annual installments of between \$5,985,000 and \$11,135,000 with an interest rate of 5.77% per annum.	\$ 27,575
\$109,350,000 2005 Electric Senior Lien Revenue Bonds due in annual installments of between \$1,850,000 and \$11,100,000 with an interest rate of 4.29% per annum.	66,060
\$15,240,000 2009 Electric Senior Lien Revenue Bonds due in annual installments of between \$1,265,000 and \$3,050,000 with a net effective interest rate of 4.23% per annum.	15,240
\$114,760,000 2009 Electric Senior Lien Revenue Bonds (BABS) due in annual installments of between \$1,925,000 and \$10,350,000 with a net effective interest rate of 6.53% per annum. The United States Treasury will provide a subsidy to the Electric Utility in the amount of 35% of the annual interest payment.	114,760
Total Electric Utility Outstanding	<u>223,635</u>
<u>Water Utility</u>	
\$18,595,000 2004 Water Senior Lien Revenue Bonds due in annual installments of between \$20,000 to \$595,000 with an interest rate of 5% per annum.	2,450
\$2,000,000 2004 Water Junior Lien Revenue Bonds due in 2014 in a single remaining installment of \$1,956,000 with an interest rate of 4.35% per annum.	1,956
\$91,315,000 2007 Water Senior Lien Revenue Bonds due in annual installments of between \$150,000 and \$8,010,000 with an interest rate of 4.35% per annum.	89,360
\$49,680,000 2009 Water Senior Lien Revenue Bonds due in annual installments of between \$2,625,000 and \$4,730,000 with an interest rate of 3.27% per annum.	36,910
Total Water Utility Outstanding	<u>130,676</u>
<u>Wastewater Utility</u>	
\$22,620,000 2004 Wastewater Senior Lien Revenue Bonds due in annual installments of between \$520,000 to \$835,000 with an interest rate of 5.07% per annum.	5,315
\$59,665,000 2007 Wastewater Senior Lien Revenue Bonds due in annual installments of between \$185,000 to \$5,405,000 with an interest rate of 4.35% per annum.	59,200
Total Wastewater Utility Outstanding	<u>64,515</u>
Total Utility Revenue Bonds Outstanding	<u>\$ 418,826</u>

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

	Business-Type Activities		
	Principal	Interest	Total
Years:			
2013	\$ 23,805	\$ 22,029	\$ 45,834
2014	25,476	20,858	46,334
2015	22,910	19,589	42,499
2016	11,825	18,348	30,173
2017	12,105	17,800	29,905
2018-2022	53,880	81,240	135,120
2023-2027	60,605	68,127	128,732
2028-2032	83,240	49,324	132,564
2033-2037	104,705	23,427	128,132
2038-2039	20,275	2,008	22,283
Subtotal	418,826	322,751	741,577
Add: unamortized premiums/discounts, net	420	-	420
Total	\$ 419,246	\$ 322,751	\$ 741,997

#### D. Notes and Contracts

##### PAC Roof Loan

In 2004, Anchorage entered into a loan agreement with the Alaska Municipal Bond Bank Authority to provide funding for repairs to the Anchorage Center for the Performing Arts roof. This loan will be repaid with revenues from an ACPA ticket surcharge. Anchorage reported an outstanding balance on this loan of \$4,510,000 on December 31, 2012.

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

	Governmental Activities		
	Principal	Interest	Total
Years:			
2013	\$ 125	\$ 215	\$ 340
2014	130	210	340
2015	135	204	339
2016	140	199	339
2017	145	193	338
2018-2022	825	868	1,693
2023-2027	1,040	658	1,698
2028-2032	1,335	367	1,702
2033-2035	635	48	683
Subtotal	4,510	2,962	7,472
Add unamortized bond premiums net	49		49
Total	\$ 4,559	\$ 2,962	\$ 7,521

##### State of Alaska Clean Water and Drinking Water Loans

Anchorage has various clean water and drinking water fund loans in its Solid Waste, Water, and Wastewater Utilities from the State of Alaska. Anchorage reported a total outstanding balance on all these loans of \$172,754,533 on December 31, 2012.

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



Years:	Business-Type Activities		
	Principal	Interest	Total
2013	\$ 11,614	\$ 2,509	\$ 14,123
2014	11,914	2,414	14,328
2015	11,786	2,237	14,024
2016	11,814	2,061	13,875
2017	11,284	1,884	13,169
2018-2022	53,139	6,915	60,054
2023-2027	43,258	3,251	46,509
2028-2032	17,543	578	18,121
2033	402	6	408
Total	\$ 172,754	\$ 21,857	\$ 194,611

#### E. HUD Section 108 Loan

Anchorage entered into an agreement with the U.S. Department of Housing and Urban Development (HUD) in August 2005 to borrow up to \$5,000,000 in HUD Section 108 Loan funds. On September 21, 2009, Anchorage notified HUD that no additional funds would be utilized under this agreement. The total amount of funds that had been borrowed as of that date was \$2,000,000. As of December 31, 2012 Anchorage reported an outstanding loan balance of \$1,629,000.

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

Years:	Governmental Activities		
	Principal	Interest	Total
2013	\$ 88	\$ 89	\$ 177
2014	93	84	177
2015	98	80	178
2016	104	75	179
2017	110	69	179
2018-2022	650	251	901
2023-2025	486	57	543
Total	\$ 1,629	\$ 705	\$ 2,334

#### F. Bonds Authorized But Unissued

At December 31, 2012, Anchorage has the following authorized but unissued general obligation bonds (in thousands):

Purpose	Ordinance Date	Interest Limitation	Amount Authorized	Amount Issued	Remaining Authorized
Anchorage Parks & Recreation	April 2012	None	\$ 2,750	\$ -	\$ 2,750
Anchorage Roads & Drainage	April 2010	None	37,090	22,770	14,320
	April 2011	None	30,850	9,395	21,455
	April 2012	None	27,472	-	27,472
Area Wide Transportation Capital Improvement	April 2011	None	421	190	231
	April 2012	None	1,068	520	548
Public Safety/Transportation	April 2012	None	520	-	520
					<u>\$ 67,296</u>

In April 2013, Anchorage voters approved the issuance of \$80,470,000 in roads, public safety, public transportation, parks and schools bonds.

#### **G. Refunded Bond Issues**

In September 2012, Anchorage issued \$30,215,000 in General Purpose Refunding Bonds. Proceeds of \$33,418,559 were used to provide defeasance and redemption of a total of \$32,735,000 principal amount of the 2002A General Purpose Bonds and to pay costs of issuance of the General Obligation Bonds. As a result of the refunding, Anchorage decreased its total debt service requirements by \$1,080,276.

#### **H. Defeasance of Debt**

Anchorage defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other available funds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, trust account assets and liabilities for defeased bonds are not included in Anchorage's financial statements. At December 31, 2012, the amount of general obligation and revenue bonds remaining to be defeased was \$65,805,000 for general government, including \$14,575,000 of revenue bonds from the Wastewater Utility and \$11,175,000 of revenue bonds from the Water Utility. ASD has defeased \$214,675,000 of bonds at June 30, 2012.

#### **I. Electric Utility Asset Retirement Obligation**

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

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

Beginning Asset Retirement Obligation	\$ -
Current year additions to the liability balance	1,461,335
Current year amounts settled	-
Current year accretion	4,185,549
Change in assumptions or cash flow revisions	-
Ending Asset Retirement Obligation	<u>\$ 5,646,884</u>

As of December 2012, the Electric Utility recognized total asset retirement obligation of \$5,646,844. Because the Electric Utility follows regulated reporting for rate-making purposes, this increase in the liability was offset to a regulatory asset, therefore having no effect on the current year operating expenses.

## J. ASD Debt

The following is a summary of long-term ASD debt transactions for fiscal year ended June 30, 2012 (in thousands):

	Balance			Balance		Amount Due
	July 1, 2011	Additions	Reductions	June 30, 2012	within 1 year	
General Obligation Bonds	\$ 694,995	\$ -	\$ 54,875	\$ 640,120	\$ 55,425	
Compensated Absences	10,191	3,770	3,549	10,412	3,616	
Workers Compensation	16,979	4,340	5,409	15,910	2,652	
Unemployment	118	437	496	59	-	
Medical Claims	8,361	30,363	29,559	9,165	-	
Total	<u>\$ 730,644</u>	<u>\$ 38,910</u>	<u>\$ 93,888</u>	<u>675,666</u>	<u>\$ 61,693</u>	
Unamortized premium on GO Bonds				13,925		
Total				<u>\$ 689,591</u>		

Bonds payable at June 30, 2012 are comprised of the following individual issues (in thousands):

General Obligation Bonds	Amount
\$60,000,000 1995 series A school construction serial bonds due in annual installments of \$4,710,000 to \$5,030,000 through October 2015; interest at 5.0% to 6.0%.	\$ 9,740
\$20,735,000 1998 series A school construction refunding bonds due in annual installments of \$4,650,000 to \$5,120,000 through July 2014; interest at 5.0%.	14,650
\$131,800,000 2002 series B school construction serial bonds due in annual installments of \$6,010,000 to \$6,350,000 through July 2013; Interest at 5.5%.	12,360
\$70,345,000 2002 school construction refunding bonds due in annual installments of \$4,700,000 to \$8,690,000 through July 2015; Interest at 5.5%.	24,820
\$126,770,000 2003 series B school construction serial bonds due in annual installments of \$5,610,000 to \$6,080,000 through September 2014; interest at 4.0% to 4.25%.	17,525
\$80,735,000 2004 series B school construction refunding bonds due in annual installments of \$3,000,000 to \$27,390,000 through December 2017; interest at 3.75% to 5.25%.	80,250
\$86,240,000 2004 series D school construction serial bonds due in annual installments of \$3,590,000 to \$4,170,000 through December 2015; interest at 5%.	15,500
\$63,850,000 2005 series A school construction serial bonds due in annual installments of \$2,720,000 to \$3,050,000 through March 2016; interest at 3.75% to 5.0%.	11,525
\$29,155,000 2005 series B school construction refunding bonds due in annual installments of \$45,000 to \$8,140,000 through December 2020; interest at 3.6% to 5.0%.	28,840
\$14,790,000 2005 series E school construction refunding bonds due in annual installments of \$3,035,000 to \$4,110,000 through December 2018; interest at 5.0%.	14,790
\$48,495,000 2006 series A school construction serial bonds due in annual installments of \$1,920,000 to \$3,640,000 through October 2026; interest at 4.0% to 5.0%.	39,935

\$28,885,000 2006 series B school construction refunding bonds due in annual installments of \$3,405,000 to \$6,185,000 through October 2020; interest at 5.0%.	15,480
\$51,705,000 2006 series C school construction refunding bonds due in annual installments of \$65,000 to \$9,770,000 through July 2021; interest at 4.0% to 5.0%.	50,855
\$171,155,000 2007 series B school construction refunding bonds due in annual installments of \$60,000 to \$29,530,000 through September 2024; interest at 4.0% to 5.0%.	169,850
\$63,790,000 2007 series D school construction serial bonds due in annual installments of \$2,345,000 to \$4,885,000 through August 2027; interest at 4.25% to 5.0%.	55,300
\$29,840,000 2008 series B school construction serial bonds due in annual installments of \$1,060,000 to \$2,285,000 through August 2028; interest at 4.0% to 5.25%.	26,895
\$20,025,000 2010 series B school construction serial bonds due in annual installments of \$815,000 to \$1,345,000 through April 2030; interest at 2.0 % to 5.91%.	18,555
\$4,940,000 2011 series B school construction serial bonds due in annual installments of \$450,000 to \$550,000 through August 2021; interest at 2.0% to 3.0%.	4,940
\$28,310,000 2011 series C school construction refunding bonds due in annual installments of \$1,285,000 to \$10,050,000 through August 2020; interest at 3.0% to 5.0%.	28,310
	<u>\$ 640,120</u>

The annual requirements to amortize all general obligation debt outstanding as of June 30, 2012 are as follows (in thousands):

Years:	Anchorage School District		
	Principal	Interest	Total
2013	\$ 55,425	\$ 29,755	\$ 85,180
2014	56,500	27,234	83,734
2015	58,280	24,533	82,813
2016	55,785	21,795	77,580
2017	53,120	19,012	72,132
2018-2022	234,390	58,262	292,652
2023-2027	113,390	13,814	127,204
2028-2031	13,230	822	14,052
Total	<u>\$ 640,120</u>	<u>\$ 195,227</u>	<u>\$ 835,347</u>

The amount of long-term liability that is due within one year as of June 30, 2012 is \$55,425,000. The Debt Service Fund has \$2,136,337 available to service the general obligation bonds. There are a number of restrictions contained in the various bond indentures. ASD is in compliance with all significant restrictions.

#### **NOTE 11 - DEBT ISSUED SUBSEQUENT TO YEAR END**

##### **Municipality of Anchorage**

On March 13, 2013, Anchorage issued \$107,000,000 of General Obligation Tax Anticipation Notes. The interest rate on the Notes is 2% with a maturity date of September 17, 2013.

**Water Utility**

Subsequent to December 31, 2012, the Water Utility received \$962,864 in loans from the State of Alaska Drinking Water Fund for capital construction projects. These loans will be included in the long-term debt reported in the 2013 financial statements.

**Wastewater Utility**

Subsequent to December 31, 2012, the Wastewater Utility received authorization for up to \$60 million in short term loans for capital construction projects to be drawn as needed. In March 2013, the Wastewater Utility received the first draw on the short term loan for \$13.7 million.

In addition, the Wastewater Utility received \$2,240,073 in loans from the State of Alaska Clean Water Fund also for capital construction projects. These loans will be included in the long-term debt reported in the 2013 financial statements.

**NOTE 12 - CONDUIT DEBT OBLIGATIONS****A. Nonrecourse Revenue Bonds - United Way of Anchorage**

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

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

	<u>Principal</u>
Years:	
2013	\$ 76,506
2014	81,829
2015	80,007
Total	<u>\$ 238,342</u>

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

	<u>Principal</u>
Years:	
2013	\$ 47,621
2014	50,802
2015	54,204
2016	57,824
2017	61,712
2018-2022	255,743
Total	<u>\$ 527,906</u>

**NOTE 13 - RETIREMENT PLANS**

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

IBEW members participate in a union sponsored cost-sharing defined benefit plan. Employer contributions are determined from hours of work reported by participating employers and the contractual employer contribution rate in effect. The current agreement increased contributions during 2009. Contributions to the

plan for each hour worked by a covered employee for 2012 and 2011 were \$6.75, and 2010 was \$6.50. The total employer contributions for 2012, 2011, and 2010 were \$3,316,273, \$3,303,672, and \$3,297,677, respectively. One hundred percent (100%) of Anchorage's required contributions to the IBEW plan have been made through these contributions to the Alaska Electrical Trust Fund. Each year, IBEW issues audited financial statements that can be obtained by writing the plan administrator, Alaska Electrical Trust Fund, 2600 Denali Street, Suite 200, Anchorage, Alaska, 99503.

Local 302 members participate in a union sponsored cost-sharing defined benefit plan. Employer contributions are determined from compensable work hours and the contractual employer contribution rate in effect. The current agreement provides for contributions of \$5.00 per hour worked by a covered employee in 2012 and 2011, and \$4.50 in 2010. Total employer contributions for 2012, 2011, and 2010 were \$1,676,002, \$1,542,746, and \$1,423,400, respectively. One hundred percent (100%) of Anchorage's required contributions to the Local 302 plan have been made through these contributions to the Local 302 International Operating Engineers Employers Construction Industry Retirement Fund. Each year, Local 302 issues audited financial statements that can be obtained by writing the plan administrator, Welfare and Pension Administration Service, Inc., P.O. Box 34203, Seattle, Washington, 98124.

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

#### **A. State of Alaska Public Employees' Retirement System**

##### **Plan Descriptions**

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

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

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

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

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

Participating employees are required to contribute 6.75% of their annual covered salary, Police Officers and Firefighters contribute 7.5%. Employer contribution rates are established by State statute. Employer contribution rates are established annually by the State's sanctioned management board. The funding policy for PERS provides for periodic employer contributions at actuarially determined rates that, expressed

as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The employer contribution rate is statutorily capped at 22% of annual covered salary. State legislation currently provides that the State contribute any amount over 22% such that the total contribution equals the Alaska Retirement Management Board adopted rate, but not the same as the Governmental Accounting Standards Board (GASB) Statement 43 accounting rate.

Detailed contribution rates for Anchorage and actuarial methods for the plan for the year ended 2012 are as follows:

	Employee Rate		Contractual Rate		ARM Board Adopted		GASB 43*	
	1/1 to 6/30/12	7/1 to 12/31/12	1/1 to 6/30/12	7/1 to 12/31/12	1/1 to 6/30/12	7/1 to 12/31/12	1/1 to 6/30/12	7/1 to 12/31/12
<u>Police Officers and Firefighters</u>								
Pension	3.29%	3.29%	9.92%	9.67%	15.10%	15.75%	23.10%	24.95%
Postemployment Healthcare	4.21%	4.21%	12.08%	12.33%	18.39%	20.09%	32.74%	39.93%
<b>Total Contribution Rate</b>	<b>7.50%</b>	<b>7.50%</b>	<b>22.00%</b>	<b>22.00%</b>	<b>33.49%</b>	<b>35.84%</b>	<b>55.84%</b>	<b>64.88%</b>
<u>Other Employees</u>								
Pension	2.97%	2.97%	9.92%	9.67%	15.10%	15.75%	23.10%	24.95%
Postemployment Healthcare	3.78%	3.78%	12.08%	12.33%	18.39%	20.09%	32.74%	39.93%
<b>Total Contribution Rate</b>	<b>6.75%</b>	<b>6.75%</b>	<b>22.00%</b>	<b>22.00%</b>	<b>33.49%</b>	<b>35.84%</b>	<b>55.84%</b>	<b>64.88%</b>

\* This rate uses an 8.00% pension discount rate and a 6.88% healthcare discount rate from 1/1/2012 to 12/31/2012 and disregards future Medical Part D payments.

### Annual Pension and Postemployment Healthcare Cost

Anchorage is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State contributed approximately 11.49% from January 1 through June 30 and 13.84% between July 1 and December 31, 2012 of covered payroll to the Plan. In accordance with the provisions of GASB Statement 24, Anchorage has recorded the State contribution in the General Fund in the amount of \$23,583,206 as a PERS on-behalf payment. However, because Anchorage is not statutorily obligated for these payments, this amount has been excluded from pension and OPEB cost as described here. Pension and OPEB payments for the three years from December 31, 2010 to December 31, 2012 are shown in thousands below:

Year	Annual Pension Cost	Annual OPEB Cost	Total Benefit Cost (TBC)	Anchorage Contributions	% of TBC Contributed
2012	16,088	20,518	36,606	36,606	100%
2011	17,074	19,206	36,280	36,280	100%
2010	16,952	18,640	35,592	35,592	100%

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

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

	Police/Fire		Others	
	1/1 - 6/30	7/1 - 12/31	1/1 - 6/30	7/1 - 12/31
Employee Contribution	8.00%	8.00%	8.00%	8.00%
Employer Contribution				
Retirement	5.00%	5.00%	5.00%	5.00%
Health Reimbursement Arrangement *	3.00%	3.00%	3.00%	3.00%
Retiree Medical Plan	0.51%	0.48%	0.51%	0.48%
Death & Disability Benefit	0.97%	0.99%	0.20%	0.14%
<b>Total Employer Contribution</b>	<b>9.48%</b>	<b>9.47%</b>	<b>8.71%</b>	<b>8.62%</b>

\*Health Reimbursement Arrangement - AS 39.30.370 requires that the employer contribute "an amount equal to three percent of the employer's average annual employee compensation." For actual remittance, this amount is calculated as a flat rate per full time employee and a flat rate per hour for part time employees. Prior to July 1, 2012 a rate of \$68.39 per full time employee per pay period

and \$1.14 per part time hour worked was paid. For pay periods ending after July 1, 2012, a rate of \$71.09 per full time employee per pay period and \$1.18 per part time hour worked were paid.

For the year ended December 31, 2012, Anchorage contributed \$2,353,762 to PERS Tier IV for retirement and retiree medical, and \$1,036,035 to PERS Tier IV for Health Reimbursement Arrangement on-behalf of its employees. Employee contributions to the plan totaled \$3,214,240.

Under the newly adopted cost-sharing arrangement for the PERS defined benefit plan (Tiers I – III), the State statute employer contribution rate of 22%, includes Tier IV employees. In addition to the amounts above, Anchorage contributed approximately 12.53% on Police & Fire Tier IV employee payroll and approximately 13.38% on other Tier IV employee payroll. This amount was applied to the obligation of the PERS defined benefit plan and is included in the contributions (ARC) recorded in the defined benefit cost-sharing plan.

## **B. Police and Fire Pension System Plans**

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

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

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

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

Benefit and contribution provisions are established by Code and may be amended only by the Assembly. The January 1, 2012 actuarial valuation recommended contribution rates for Plans I, II and III are 6% for the employee and \$6.2 million for Anchorage. All past contributions were made in accordance with actuarial recommendations.

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

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



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

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

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

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

### Funding Status and Funding Progress

Annual pension cost for the current year and the related information is as follows:

	Police and Fire Retirement Systems		
	Plan I	Plan II	Plan III
2012:			
Annual pension cost (in thousands)	\$1,220	\$1,127	\$3,892
Contributions made (in thousands)	\$1,220	\$1,127	\$3,892
Actuarial valuation date	January 1, 2012	January 1, 2012	January 1, 2012
Actuarial cost method	Modified Aggregate	Modified Aggregate	Modified Aggregate
Amortization period	15 years	15 years	15 years
Asset valuation method	Market	Market	Market
Actuarial assumptions:			
Inflation rate	3.0%	3.0%	3.0%
Investment rate of return	8.0%	8.0%	8.0%
Projected salary increase	3.5%	3.5%	3.5%
Cost of living adjustment	N/A	N/A	0.75% to 1.50% *
2011:			
Annual pension cost (in thousands)	\$1,780	\$1,490	\$5,293
Contributions made (in thousands)	\$1,780	\$1,490	\$5,293
Actuarial valuation date	January 1, 2011	January 1, 2011	January 1, 2011
Actuarial cost method	Modified Aggregate	Modified Aggregate	Modified Aggregate
Amortization period	15 years	15 years	15 years
Asset valuation method	Market	Market	Market
Actuarial assumptions:			
Inflation rate	3.0%	3.0%	3.0%
Investment rate of return	8.0%	8.0%	8.0%
Projected salary increase	3.5%	3.5%	3.5%
Cost of living adjustment	N/A	N/A	0.75% to 1.50% *

	Police and Fire Retirement Systems		
	Plan I	Plan II	Plan III
2010:			
Annual pension cost (in thousands)	\$8,540	\$5,636	\$13,731
Contributions made (in thousands)	\$1,780	\$1,507	\$5,638
Actuarial valuation date	January 1, 2010	January 1, 2010	January 1, 2010
Actuarial cost method	Modified Aggregate	Modified Aggregate	Modified Aggregate
Amortization period	15 years	15 years	15 years
Asset valuation method	Market	Market	Market
Actuarial assumptions:			
Inflation rate	3.0%	3.0%	3.0%
Investment rate of return	8.0%	8.0%	8.0%
Projected salary increase	3.5%	3.5%	3.5%
Cost of living adjustment	N/A	N/A	0.75% to 1.50% *

.75% for present retirees and after retirement for current active members after 20th anniversary of hire, and 1/50% after 25th anniversary of hire

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

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
January 1, 2013:						
Plan I	\$ 72,633	\$ 89,266	\$ 16,633	81.40%	\$ -	n/a
Plan II	53,655	66,588	12,933	80.60%	257	5032.30%
Plan III	190,281	232,841	42,560	81.70%	6,161	690.80%
January 1, 2012:						
Plan I	\$ 71,033	\$ 91,014	\$ 19,981	78.00%	\$ -	n/a
Plan II	51,730	67,403	15,558	76.70%	262	5938.20%
Plan III	178,092	228,737	50,645	77.90%	6,489	780.50%
January 1, 2011:						
Plan I	\$ 78,411	\$ 90,173	\$ 11,762	87.00%	\$ 136	8648.50%
Plan II	56,352	67,017	10,665	84.10%	536	1989.70%
Plan III	188,591	222,810	34,219	84.60%	6,568	521.00%

### Contribution Requirements

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

Member contributions, if needed, are calculated to be 40% of Anchorage contributions (ratio of 2.5:1) subject to a maximum level of 6% of salary. Employer contributions are calculated annually as part of the Actuarial Valuation of the Plans Assets. Based on this methodology, Anchorage contributions of \$8.8 million are required in 2013.

### C. Investments

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

**NOTE 14 - POSTEMPLOYMENT HEALTHCARE BENEFITS**

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

**A. Gentile Group**

Members of the Police & Fire Retirement Plan who retired prior to January 1, 1995, and command personnel who were employed prior to that date, but not retired at that date, participate in the “Gentile Group” Plan. Anchorage pays 100% of a defined benefit insurance premium including health for all eligible retirees as well as dental, audio and vision coverage for police retirees. Optional dental, audio and vision coverage is paid by the fire and command retirees. The plan is accounted for on a “pay as you go” method with costs recognized as expenditures as premiums are paid. At December 31, 2012, there were 257 retiree participants. For 2012, the monthly contribution for each member ranged between \$2,110 and \$2,848 per member depending on age and years of service. Benefit costs totaled \$8,379,354 in 2012. There are no plans in place to terminate or discontinue this benefit for eligible members.

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

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

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

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

For 2012 the monthly contribution for each member ranges between \$490 and \$796 per member depending on age and years of service. Anchorage contributed \$2,885,860 to the Police and Fire Retiree Medical Trust Fund in 2012.

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

In 2012, Anchorage contributed the annual \$1,869,000 to the fund. Anchorage will perform an actuarial funding study every two years and adjust the required annual contribution as needed and/or extend the final payment, as done in 2009 which requires a Code amendment.

Detailed information regarding rates and actuarial methods for the plan for the year ended 2012 are as follows:

	Gentile	Police and Fire
Actuarial Valuation Date	January 1, 2011	January 1, 2011
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Dollar, closed	Level Dollar, closed
Amortization Period	26 Years	26 Years
Asset Valuation Method	Unfunded	Unfunded
Actuarial Assumptions:		
Inflation Rate	Note (1)	5.3%
Annual Discount Rate	4.5%	8.0%
Healthcare Cost Trend Rate	10% assumed to decrease 0.5% until reaching 5%	10% assumed to decrease 0.5% until reaching 5%

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

The components of annual postemployment healthcare costs for the year ended 2012 (in thousands) are as follows:

	Postemployment Healthcare	
	Gentile Group	Police and Fire Retiree Medical Group
Annual Required Contribution (ARC)	\$ 6,290	\$ 3,102
Interest on the Net OPEB Obligation (NOO)	(101)	36
Adjustment to the ARC	140	(39)
Annual OPEB Cost (APC)	6,329	3,099
Contributions made	(8,379)	(3,610)
Increase (Decrease) in NOO	(2,050)	(511)
NOO, beginning of year	(2,245)	456
NOO (Asset), end of year	\$ (4,295)	\$ (55)
Percentage of Post-Employment Health Care Cost Contributed (2012)	132.39%	116.49%
Percentage of Post-Employment Health Care Cost Contributed (2011)	120.81%	89.84%
Percentage of Post-Employment Health Care Cost Contributed (2010)	103.96%	83.88%

Postemployment Healthcare Benefits (in thousands)

	Actuarial Valuation Year	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio
	2011	-	96,100	96,100	0%
	2010	-	90,819	90,819	0%
Police & Fire	2012	\$ 11,123	\$ 42,833	\$ 31,710	26%
	2011	11,123	42,833	31,710	26%
	2010	9,506	41,433	31,927	23%

**MOA Premium Discount**

In 2012 as authorized in Anchorage Municipal Code 3.87.050A, the Municipality of Anchorage provided a premium discount to all members of the Police and Fire Retiree Medical Trust that purchase municipal health insurance. At December 31, 2012 the Municipality of Anchorage contributed \$724,476 for that plan.

**State Public Employee Retirement Plan**

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

**Deferred Compensation Plan**

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

**NOTE 15 - FUND BALANCE - GOVERNMENTAL FUNDS**

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

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

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

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

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

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

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

The Municipality has implemented the provisions of GASB Statement number 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balance, reported in aggregate on the governmental funds balance sheet is subject to the following constraints:

	General	MOA Trust	Capital Projects Road & Drainage	Other Governmental Funds	Total
<b>Nonspendable</b>					
Inventory	\$ 1,223,693	\$ -	\$ -	\$ -	\$ 1,223,693
Prepaid Items	2,859	-	-	1,005,252	1,008,111
Long-term Loans	1,834,222	-	-	-	1,834,222
Cemetery Perpetual Fund	-	-	-	150,000	150,000
<b>Total Nonspendable</b>	<b>3,060,774</b>	<b>-</b>	<b>-</b>	<b>1,155,252</b>	<b>4,216,026</b>
<b>Restricted</b>					
State Statute	3,441,095	-	-	-	3,441,095
Capital Improvements	-	-	10,671,120	3,743,908	14,415,028
MOA Trust Fund	-	127,632,975	-	-	127,632,975
Police & Fire Retiree Medical Liability	-	-	-	32,010,378	32,010,378
Federal Grants	-	-	-	1,951,547	1,951,547
State Grants	-	-	-	544,450	544,450
Federal/State Fines & Forfeitures	-	-	-	1,140,974	1,140,974
Misc Operations Grants	-	-	-	886,647	886,647
Convention Center Operating Fund	-	-	-	6,953,365	6,953,365
49th State Angle Fund	-	-	-	4,313,029	4,313,029
Debt Service	-	-	-	9,403,406	9,403,406
<b>Total Restricted</b>	<b>3,441,095</b>	<b>127,632,975</b>	<b>10,671,120</b>	<b>60,947,704</b>	<b>202,692,894</b>
<b>Committed</b>					
10% Bond Rating	37,093,804	-	-	-	37,093,804
Capital Improvements	-	-	170,250	12,257,093	12,427,343
Heritage Land Bank	-	-	-	301,587	301,587
State Grants	-	-	-	13,453	13,453
Debt Service	-	-	-	6,336,352	6,336,352
<b>Total Committed</b>	<b>37,093,804</b>	<b>-</b>	<b>170,250</b>	<b>18,908,485</b>	<b>56,172,539</b>
<b>Assigned</b>					
TAPS (Trans-Alaska Pipeline System)	10,713,038	-	-	-	10,713,038
2012 Budget Appropriations	10,318,179	-	-	-	10,318,179
Capital Improvements	-	-	1,056,588	4,136,371	5,192,959
Heritage Land Bank	-	-	-	583,408	583,408
State Grants	-	-	-	18,881,424	18,881,424
Federal Grants	-	-	-	588,396	588,396
Federal/State Fines & Forfeitures	-	-	-	977,468	977,468
Misc Operating Grants	-	-	-	229,342	229,342
Convention Center Operating Fund	-	-	-	1,611,681	1,611,681
Debt Service	-	-	-	768,633	768,633
Cemetery Perpetual Fund	-	-	-	292,903	292,903
<b>Total Assigned</b>	<b>21,031,217</b>	<b>-</b>	<b>1,056,588</b>	<b>28,069,626</b>	<b>50,157,431</b>
<b>Unassigned</b>					
2% Working Capital Reserve	5,748,625	-	-	-	5,748,625
Other Unassigned	11,462,365	-	-	(636,175)	10,826,190
<b>Total Unassigned</b>	<b>17,210,990</b>	<b>-</b>	<b>-</b>	<b>(636,175)</b>	<b>16,574,815</b>
<b>Total Fund Balance</b>	<b>\$ 81,837,880</b>	<b>\$ 127,632,975</b>	<b>\$ 11,897,958</b>	<b>\$ 108,444,892</b>	<b>\$ 329,813,705</b>

Alaska State Statute 29.35.460 states that taxes levied within a differential tax zone that exceed the amount that would have otherwise been levied may only be used for the services provided in that zone. Anchorage has \$3,441,095 of restricted fund balance in several of the sub funds of the General Fund. Anchorage, by resolution, established a bond rating that is included in restricted and committed fund balance and a Working Capital Reserve that is included in unassigned fund balance except for a portion that is included in the restricted fund balance as a result of the State Statute. In addition, a portion of the Trans-Alaska Pipeline System (TAPS) payment of property taxes in 2012 is included in restricted fund balance.

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

Bond Rating:	
Restricted	\$ 1,594,847
Committed	<u>36,384,116</u>
	<u><u>37,978,963</u></u>

TAPS:	
Assigned	<u>10,713,039</u>
	<u><u>10,713,039</u></u>

Working Capital Reserve:	
Restricted	185,225
Unassigned	<u>5,748,625</u>
	<u><u>\$ 5,933,850</u></u>

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

Major Funds:	
Capital Projects Roads & Drainage Fund	<u>\$ 21,427,861</u>

Non Major Capital Project Funds:	
Public Safety	3,712,351
Parks & Recreation	618,409
Areawide	2,362,482
Public Transportation	2,162,458
Miscellaneous	<u>3,315,965</u>
Total Non Major Capital Project Funds	<u><u>12,171,665</u></u>

Non Major Special Revenue Funds	
State Grants	13,126,867
Federal/State Fines & Forfeitures	77,697
Miscellaneous Operational Grants	<u>19,596</u>
Total Non Major Special Revenue Funds	<u><u>\$ 13,224,160</u></u>

**NOTE 16 - RISK MANAGEMENT AND SELF-INSURANCE**

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

The primary government provides coverage up to the maximum of \$2,000,000 per occurrence for automobile and general liability claims and \$1,000,000 for each workers' compensation claim (\$2,000,000 for firefighters). One settled claim exceeded this commercial coverage in 2012 while two claims exceeded this coverage in 2011 and no claims exceeded this coverage in 2010.

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

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

Claims payable represent estimates of claims to be paid based upon past experience modified for current trends and information. The ultimate amount of losses incurred through December 31, 2012, is dependent upon future developments. At December 31, 2012, claims incurred but not reported included in the liability

accounts are \$14,155,429 in the General Liability/Workers' Compensation Fund and Medical/Dental Self Insurance Fund.

Changes in the funds' claim liability amounts in 2011 and 2012 are as follows:

	Balance January 1, 2012	Current Year Claims and Changes in Estimates	Claims Payment	Balance December 31, 2012
<b>2011:</b>				
General Liability/Workers' Compensation	\$ 16,284,545	\$ 12,979,419	\$ (8,178,281)	\$ 21,085,683
Medical/Dental	6,586,478	49,651,504	(48,425,213)	7,812,769
Unemployment	169,316	522,267	(585,017)	106,566
	<u>23,040,339</u>	<u>63,153,190</u>	<u>(57,188,511)</u>	<u>29,005,018</u>
<b>2012:</b>				
General Liability/Workers' Compensation	21,085,683	7,983,278	(12,354,406)	16,714,555
Medical/Dental	7,812,769	51,146,314	(51,930,734)	7,028,349
Unemployment	106,566	458,412	(446,346)	118,632
	<u>\$ 29,005,018</u>	<u>\$ 59,588,004</u>	<u>\$ (64,731,486)</u>	<u>\$ 23,861,536</u>

At December 31, 2012 the Medical and Dental Self Insurance Fund had unrestricted net position of \$1,096,018, an improvement of \$2,132,089 from 2011. Medical and Dental rates were increased by 11.5% in 2012 to offset the deficit in 2011.

At December 31, 2012, the General Liability and Worker's Compensation Fund had negative unrestricted net position of \$1,590,344. Insurance rates will be increased to offset the deficit.

#### **NOTE 17 - MOA TRUST FUND**

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

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

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

Depending on the investment market conditions in any given year, the MOA Trust Fund may or may not generate sufficient realized and unrealized net earnings to cover the 5% dividend payout. Under the endowment model, however, up to 5% of the market value of the MOA Trust Fund for the twenty consecutive quarters ending on March 31 of each year is available for appropriation by the Assembly to help fund the general government budget. The endowment model is tied to an average market value, not to annual earnings, and it assumes a long-term investment return of 8% and inflation of 3%. During periods of market decline the MOA Trust Fund may experience a negative return; nonetheless the voter approved endowment model for the MOA Trust Fund makes it possible for the Assembly to pay out a 5% dividend by drawing from the fund's corpus. Over time the MOA Trust Fund is also expected to benefit from positive years in the market (i.e., years in which the real rate of return exceeds 5%); however the Assembly must



abide by the 5% cap on annual distributions. This means that any excess returns generated during positive years in the market effectively are converted to corpus. Additionally, the Anchorage Treasurer is required by Code to determine whether the MOA Trust Fund's purchasing power is being maintained, by performing an analysis at least every five years beginning in year 2007.

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

In 2012, consistent with the policy limitations described above, \$4,800,000 of the MOA Trust Fund balance was determined to be expendable and transferred to the General Fund.

## **NOTE 18 - REGULATORY AND OTHER MATTERS**

### **A. Electric Utility**

#### **Beluga River Unit (BRU) Underlift Cash Settlement**

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

The Electric Utility received monetary settlements totaling \$22,950,406 after lease burdens and taxes were satisfied for the 2005 underlift in April 2006. The Electric Utility proposed to use this money to fund future gas purchases beginning in approximately 2018, and to preserve the value of the cash until that time by setting up a loan from the Gas Fund to the Electric Fund for the purpose of replacing the retired generating Unit 3. Repayment of the loan is scheduled to make funds available for gas purchases by the time those purchases are needed. The Regulatory Commission of Alaska (RCA) approved this plan in Order U-06-89(2). The Electric Utility recorded a deferred inflow for future natural gas purchases as of December 31, 2012 and 2011, which includes original principal plus interest earnings of \$30,841,557 and \$29,666,548, respectively.

#### **Regulatory Debits/Credits**

The revenue requirement methodology approved by the RCA for setting the gas transfer price the Electric Utility uses to produce power requires an estimate for the current year revenue requirement along with the prior year under or over recovered costs be used to compute the price to be charged. The Electric Utility records an asset and a regulatory credit for under recovered costs or a liability and a regulatory debit for over recovered costs by recording the difference between the revenue received and the actual revenue requirement. The Electric Utility had over recovered as of December 31, 2012 and 2011 in the amounts of \$4,681,518 and \$6,024,035, respectively.

#### **Petition to Adjust Gas Transfer Price Methodology**

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

The RCA granted the Electric Utility's petition on May 15, 2007 in Order U-07-45(2), reiterating that the revenue must be dedicated directly to the benefit of the Electric Utility's rate payers. As of January 2007 the Electric Utility recorded gas sales as a deferred inflow for future BRU construction or natural gas

purchases, rather than revenue, which as of December 31, 2012 and 2011, totaled \$90,450,921 and \$101,070,836, respectively. Also as of January 2007, the Utility recorded gas sales as a restricted investment for future BRU construction or natural gas purchases which as of December 31, 2012 and 2011 totaled \$67,375,365 and \$68,334,064, respectively. The difference in the deferred inflow and the investment is due to BRU construction spending not yet completed and capitalized.

### **Revenue Requirement Study**

The Electric Utility filed a request for rate relief with the RCA based on a 2011 test year revenue requirement study requesting a 9.72% permanent across-the-board rate increase to demand and energy charges. The RCA suspended the Electric Utility's request for permanent rate relief into docket U-13-006 for further investigation and granted a 7.78% interim and refundable increase effective March 1, 2013. The RCA is required by AS 42.05.175(c) to issue a final decision not later than 450 days after a complete tariff filing is made regarding a tariff filing that changes a utility's revenue requirement or rate design. In this matter the RCA is required to issue a final order no later than March 14, 2014.

### **Eklutna Hydroelectric Project**

On October 2, 1997, the ownership of the Eklutna Hydroelectric Project was formally transferred from the Alaska Power Administration, a unit of the United States Department of Energy, to the three participating utilities: the Electric Utility, CEA, and Matanuska Electric Association (MEA). The project is jointly owned and operated by the participating utilities and each contributes their proportionate share for operation, maintenance, and capital improvement costs, as well as maintenance of the transmission line between the Anchorage area and the hydroelectric plant. The Electric Utility has a 53.33% ownership interest in the project and recorded costs of \$458,558 and \$489,377 in 2012 and 2011, respectively.

### **Bradley Lake Hydroelectric Project**

The Electric Utility agreed to acquire a portion of the output of the Bradley Lake Hydroelectric Project (Project) pursuant to a Power Sales Agreement (Agreement). The Agreement specifies the Electric Utility acquire 25.9% of the output of the Project. The Project went on line September 1, 1991. The Electric Utility made payments to the Alaska Energy Authority (AEA) of \$4,311,246 in 2012 for its portion of costs, and received 116,925 megawatt hours of power in 2012 from the Project. The Electric Utility received a budget surplus refund in the amount of \$406,277 for 2012. The Electric Utility's estimated cost of power from the Project for 2013 is \$ 4,426,614.

AEA issued the Power Revenue Bonds, First and Second Series in September 1989 and August 1990, respectively for the long term financing of the construction costs of the Project. On July 1, 2010, AEA issued \$28,800,000 principal amount of Power Revenue Bonds, Sixth Series. The Sixth Series Bonds were issued for the purpose of refunding the Power Revenue Bonds, Fifth Series Bonds to take advantage of lower interest rates. The total amount of debt outstanding as of December 31, 2012 is \$87,511,829. The pro rata share of the debt service costs of the Project, for which the Electric Utility is responsible, given its 25.9% share of the Project, is \$22,665,564. In the event of payment defaults by other power purchasers, the Electric Utility's share could be increased by up to 25%, which would then cause the Electric Utility's pro rata share of project debt service to be a total of \$28,331,955; the Electric Utility does not now know of or anticipate any such defaults.

### **Southcentral Power Project**

The Electric Utility entered into a participation agreement with CEA on August 28, 2008 to proceed with the joint development, construction and operation of the Southcentral Power Project (SPP). The approximate capacity of SPP is 180 MW, of which the Electric Utility's proportionate share will be 54 MW, or 30%. The Electric Utility has recorded capital expenditures of \$116,339,380 as of December 31, 2012 and \$86,632,271 as of December 31, 2011.

## **B. Water Utility**

### **2010 Test Year / 2012 Rates**

On November 4, 2011, the Water Utility filed a revenue requirement study requesting an interim refundable rate increase of 6.0% to become effective January 1, 2012. On December 12, 2011, the RCA issued a letter order approving the requested rate increase on a permanent basis without suspension into a docket for further investigation.

### **2011 Test Year / 2013 Rates**

On November 14, 2012, the Water Utility filed a revenue requirement study requesting an interim refundable rate increase of 6.0% to become effective January 1, 2013. On December 21, 2012, the RCA issued a letter order approving the requested rate increase on a permanent basis without suspension into a docket for further investigation.

## **C. Wastewater Utility**

### **2010 Test Year / 2012 Rates**

On November 4, 2011, the Wastewater Utility filed a revenue requirement study requesting an interim refundable rate increase of 11.0% to become effective January 1, 2012. On December 12, 2011, the RCA issued a letter order approving the requested rate increase on a permanent basis without suspension into a docket for further investigation.

### **2011 Test Year / 2013 Rates**

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

## **NOTE 19 - CONTINGENCIES**

### **A. Litigation**

#### **Appeal of Property Taxes**

These are a series of actions filed by the Trans Alaska Pipeline System (TAPS") owners for partial refund of taxes paid under protest to the Municipality for 2006-2009 tax years under AS 43.56. The actions have been filed as a protective measure while the court, in a separate captioned matter, resolves the issue of whether the State overvalued TAPS' property. In the underlying action, the Superior Court found that the property was, in fact, undervalued and therefore new tax assessments were issued. To date the TAPS owners have paid the Municipality over \$9 million in taxes owing under the new 2006 assessments. However, the TAPS owners also appealed the Superior Court's ruling to the Supreme Court, which has heard arguments. The parties are awaiting a decision. If the Supreme Court were to reverse the decision, the taxes paid may be subject to refund with interest at a rate of 8%.

There is an appeal from a decision of the Board of Equalization upholding the Assessor's valuation of Enstar's business personal property for the 2010 tax year. The Superior Court agreed with Enstar's arguments concerning the problems with the valuation and remanded to the Board of Equalization. The date for the hearing has not yet been scheduled, but it is anticipated to be this summer. The outcome of the remand may determine the amount to be refunded, which could be up to in excess of \$800,000 for the 2010 tax year, with interest at a rate of 8%. That determination may also determine the refund amounts, if any, owed to Enstar for tax years 2011 and 2012 during which the Municipality has received over \$1.3 million in payments.

#### **Petroleum Severance Tax Appeal**

For the period from January 1, 1999 through December 31, 2005, Municipal Light & Power (the Electric Utility), paid under protest unrefunded severance taxes on BRU gas of \$4,524,351. The Electric Utility is not liable for taxes on BRU gas used to internally generate electricity and has allocated its BRU gas to its use for electric generation rather than to satisfy its gas sale obligations to third-parties. DOR contends the Electric Utility was required to limit its allocation of BRU gas for its own use to one-third of its requirements, with the remaining requirements satisfied through gas purchase contracts with Chevron and ConocoPhillips, and therefore the Electric Utility's additional BRU production is taxable due to its sale to third parties. On July 7, 2008, the Appeals Officer for DOR denied the Electric Utility's refund claims and, in addition, upheld additional assessments for the relevant period. The Electric Utility paid under protest the additional assessments plus accrued interest in the amount of \$282,524 in November 2007, and has timely appealed DOR's denial of refund claims and additional assessments to the State of Alaska Office of Administrative Hearings. After submission of prefilled testimony, oral argument was held in December 2010. As of the current time, no decision has been issued. If successful, the Electric Utility will be entitled to return of the

principal amounts paid under protest plus interest accruing at the rate of 11% per annum from the date paid.

#### **Hilltop Ski Area Lease Agreement**

Youth Exploring Adventures Inc., (YEA) operates the Hilltop Ski Area under a 20 year lease with the Municipality dated June 20, 2000. In 2005, YEA sought financial assistance from the Municipality and ultimately, the lease was amended on or about July 20, 2005. A lease amendment provided that MOA could lease up to 7899 square feet of the ski chalet during the summer season, for rent up to a maximum of \$94,788.00 per year. On February 13, 2009 the Municipality notified YEA that it would not be able to continue to lease the space due to budgetary constraints. In December 2010, YEA brought suit against the Municipality for compensatory damages in excess of \$971,577.00. The Municipality is vigorously defending this case, but a motion for summary judgment was granted in favor of plaintiff and MOA's cross-motion for summary judgment was denied. As a result, the risk of an adverse judgment is significant and an appeal of the decision is anticipated

#### **Port Expansion**

During 2003, the Municipality began expanding its port facilities. The project encountered problems and work was suspended on May 31, 2012. In March 2013, the Municipality filed suit in the State of Alaska Superior Court to recover damages sustained due to alleged design defects and faulty project oversight. An analysis of the extent of the impairment is still yet to be determined. For additional disclosure information, see Note 6 - Port of Anchorage Expansion.

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

#### **B. Grants**

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

#### **C. Property Tax Limitation**

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

#### **D. Spending Limitation**

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

#### **E. Plumbers and Pipefitters, Local 367 Union Contract**

The Plumbers and Pipefitters, Local 367 Union (Plumbers Union) contract expired June 30, 2010. The Municipality and the Plumbers Union entered negotiations in March 2010. The parties proceeded through negotiations, mediation and arbitration in 2011. The arbitrator issued a decision in 2011, which was rejected by the Municipal Assembly. The Municipality and the Plumbers Union went to Superior Court in November 2011. In February 2012, the Superior Court issued a decision in favor of the Municipality's last best offer. In March 2012, the Plumbers Union filed an appeal to the Alaska Supreme Court. The Plumbers Union continues to work under the expired contract until a new contract is ratified. On March 29, 2013, the Alaska Supreme Court issued its decision in Plumbers & Pipefitters Local 367 v. Municipality of Anchorage. The

decision affirms the Superior Court decision. The Wastewater Utility included an estimated liability in accrued payroll at December 31, 2012 of \$244,556. On May 21, 2013 the Union and the Municipality approved a new labor contract through December 2013.

## **NOTE 20 - ENVIRONMENTAL ISSUES**

Anchorage has adopted an aggressive proactive policy designed to identify and mitigate the potential effects of past, present and future activity that may result in environmental impact. It is accounting policy to record a liability when the likelihood of responsibility for an environmental impact is probable and the cost of mitigating the impact is estimable within reasonable limits. At December 31, 2012, 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 at December 31, 2012.

### **A. Solid Waste Landfill Sites**

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

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

Anchorage is also responsible for postclosure care at two other closed landfill sites: the former landfill beneath Della Vega Park (closed in 1977) and the Peters Creek landfill (closed in 1987). Postclosure care requirements are limited to groundwater quality and landfill gas migration.

### **B. Landfill Closure and Postclosure Care Cost**

State and federal laws and regulations require Anchorage to place a final cover on its current regional landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the landfill for thirty years after closure. To properly account for these future closure and postclosure costs each year, Solid Waste Services Utility (SWS) records an operating expense based on landfill capacity. During 2005, the future closure and postclosure care costs were reevaluated and adjusted to reflect current conditions. At December 31, 2012, SWS had a recorded liability of \$23,723,952 associated with these future costs, based on the use of 42% of the landfill's estimated capacity. Based upon the 2005 study, it is estimated SWS will recognize an additional \$33,381,532 in liability expense between December 31, 2012 and 2043, the current estimated date the landfill is expected to reach full capacity. These amounts are based upon what it would cost to perform all the closure and postclosure functions in 2012. 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.

State laws and federal regulations require Anchorage to provide financial assurances for future closure and postclosure costs by one of a number of allowable mechanisms available. Anchorage elected to use the "Local Government Test" financial assurance mechanism to comply with the regulation. Pursuant to A0-2008-46, the Anchorage Assembly amended Anchorage's municipal code to establish a restricted account to fund the liability for landfill closure and postclosure purposes. At December 31, 2012, \$8,166,784 of SWS assets are in the restricted account for payment of closure and postclosure care costs.

Activity in the long term liability for landfill closure and postclosure care cost was as follows:

Balance January 1, 2012	Addition	Deletion	Balance December 31, 2012
\$ 22,149,134	\$ 1,574,818	\$ -	\$ 23,723,952

### C. Fuel/PCB Contaminated site at Hank Nikkels Power Plant One

During the 1964 earthquake, approximately 250,000-400,000 gallons of diesel fuel spilled on the ground. Based on numerous environmental investigations, the spill impacted soil and groundwater at the Hank Nikkels Power Plant One and properties west/northwest of the plant. During the 2006-2007 sub-surface investigation, in addition to diesel contamination known from the 1964 spill, PCBs were detected in the soil. All soil disturbing activities at the site are governed by the Risk-Based Disposal Plan (RBDP) administered by the Alaska Department of Environmental Conservation (ADEC) and the Environmental Protection Agency (EPA). In 2013, the Electric Utility does not have any plans for large scale soil disturbing activities that will result in significant environmental cost.

### D. New Generation Permitting

Environmental permitting has been initiated prior to the construction of new generation units. ADEC issued an air quality construction permit for public notice in April, 2013. The permit is expected to be finalized by ADEC in May, 2013. The Electric Utility will start a process of obtaining an operating permit for the new and existing generation equipment immediately after that. Environmental permitting and compliance will continue to require a consultant's expertise. The cost of compliance cannot be determined.

Installation of new turbines will trigger a Best Available Control Technology (BACT) review of greenhouse gas (GHG) emissions under the Prevention of Significant Deterioration (PSD) program. The BACT review will address energy efficiency as a measure of reducing GHGs. Consequently, only technically and economically feasible options will be selected. The additional cost of compliance is currently not determinable.

### E. Pollution Remediation Obligation

#### Water Utility

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

The Water Utility used the expected cash flow technique to measure the liability. The Water Utility estimated a reasonable range of potential outlays of \$220,000 to \$245,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$222,500. The potential for a material change in the estimate is possible depending upon the response received from the ADEC.

#### Wastewater Utility

Beginning in 1992, in accordance with the ADEC regulations, the Wastewater Utility commenced activities to remove two leaking underground fuel storage tanks and the surrounding contaminated soils. The Wastewater Utility maintains monitoring wells and performed soil and groundwater testing at the site. In 2011, the Wastewater Utility completed additional site characterization and will submit work plans for 2012 and beyond for ADEC approval while working toward closure of the case on this site.

The Wastewater Utility used the expected cash flow technique to measure the liability. The Wastewater Utility estimated a reasonable range of potential outlays of \$160,000 to \$348,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$254,000. The

potential for a material change in the estimate is possible depending upon the response received from the ADEC.

ADEC assumed authority for permitting wastewater discharges for the Girdwood and Eagle River Wastewater Treatment Facilities (WWTF) in November, 2008. The Eagle River WWTF permit is administratively extended pending reissuance by ADEC. ADEC is working on the renewal and expects to issue a draft permit for the Wastewater Utility in mid-2013. The Girdwood WWTF permit is also administratively extended pending reissuance by ADEC. The Wastewater Utility is working closely with ADEC to ensure that a proposed upgrade to the Girdwood WWTF is consistent with terms and conditions of the new permit, when it is issued.

Authorization of discharge into marine waters from the Asplund WWTF under the provisions of Section 301(h) of the Clean Water Act remains under the auspices of the U. S. Environmental Protection Agency (EPA). EPA is currently evaluating the Wastewater Utility's application for reauthorization of the permit. The renewal process includes an evaluation by EPA to determine whether Asplund continues to meet the Clean Water Act criteria necessary to reissue a permit with a 301(h) modification allowing only primary treatment. The tentative determination from this evaluation has not been published, but could be released in mid-2013 for public comment prior to a final decision. Subsequent to a positive determination, EPA is required to consult with the National Marine Fisheries Service (NMFS) on the effects of the permit reauthorization on endangered species (i.e. the Cook Inlet beluga whale). If NMFS finds that the discharge reauthorization is likely to jeopardize continued existence of the species or adversely modify critical habitat, NMFS may impose conditions on the permit to mitigate the effects on the species. Discussions with federal agencies, to date, suggest that such a finding is unlikely.

#### **Other Environmental Issues**

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

The presence of PCB and Hydrocarbons exceeding applicable clean up levels was discovered in the soils on the Tract 1A Fragment Lot 12, Mountain View parcel North entry to Frank Jones (Site). The Site was contaminated by a third party storing old heavy equipment on the parcel. Ownership was transferred to Anchorage in 2006. ADEC is requiring a new Phase II, Anchorage proceeded to hire BGES through DOWL Engineering for the spring and summer of 2012 to supply a Product Recovery Alternatives Summary. This report has not been received. Anchorage is working with the ADEC and the EPA on proper characterization and remediation of the Site.

Anchorage used the expected cash flow technique to measure liability. Anchorage estimated a reasonable range of potential outlays of \$50,000 to \$100,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$87,500. The potential for a material change in the estimate is possible depending on the final outcome of the remediation.

The presence of soil contamination of subsurface hydraulic oil was discovered in 1990 at the Public Works Transit Facility. Bus hydraulic lifts 4, 6, 9 and 10 were the source of leak. In November, 2011 a work plan was proposed to repair existing monitoring of wells, measure product thickness, collect ground water samples for laboratory analysis and conduct a short-term product recovery assessment. The revised work plan was received from Shannon & Wilson in December of 2012. The new lifts have been installed in 2012 and the monitoring of wells and water samples will commence in 2013.

Anchorage used the expected cash flow technique to measure liability. Anchorage estimated a reasonable range of potential outlays of \$204,000 to \$380,000 and multiplied those outlays by their probability of occurring to estimate a pollution remediation obligation of \$362,400. The potential for a material change in the estimate is possible depending on the final outcome of the remediation.

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

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

## **NOTE 21 - SUBSEQUENT EVENTS**

### **Debt**

See Note 10(F) for bonds authorized but not issued including approved after year end. See Note 11 for debt issued subsequent to year end.

### **Capital Dispositions**

On March 28, 2013, the Municipality closed on a sale of property to Alaska Master Park, LLC. The sales price was \$4.5 million and is located at 4902 Spenard Road, Anchorage, Alaska (aka the National Guard Armory).

### **Legal Settlements**

Until 2007, Environmental Recycling Inc. (ERI) operated a compost site under a lease agreement with the Municipality. ERI brought legal action against the Municipality for non-renewal of the lease. A settlement was reached on January 29, 2013 which resulted in approval of a short term lease with ERI and a settlement payment of \$375,000 by the Municipality to ERI.

### **Labor Law Ordinance, AO 37**

On March 26, 2013, the Assembly approved an ordinance that rewrites city labor law. In part, the Ordinance removes the right to strike, limits annual pay increases, removes performance bonuses and incentives in future labor contracts and sets up a system for outsourcing some work done by city employees.

## **NOTE 22 - NEW ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by Anchorage for 2012 reporting:

- GASB 60 – Accounting and Financial Reporting for Service Concession Arrangements. A service concession arrangement is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The transferor reports a capital asset for the facility being operated, a liability for the present value of significant contractual obligations to sacrifice financial resources imposed on the transferor, along with a corresponding deferred inflow of resources. Revenue is recognized by the transferor in a systematic and rational manner over the term of the arrangement. This standard is required to be implemented for the 2012 financial reporting period. Anchorage reviewed all relevant service contracts where a capital asset was involved and found that none of the contracts resulted in a service concession arrangement.
- GASB 61 – The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34. This standard further clarifies determination and reporting of component units as part of the primary government with regards to fiscal dependency criterion, financial benefit or burden relationship, and blending vs discrete presentation. This standard is required to be implemented for the 2013 financial reporting period, however, Anchorage decided to early implement this standard. All component unit relationships were re-evaluated using the new criteria for the 2012 financial report.
- GASB 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This standard incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict



GASB pronouncements: 1) Financial Accounting Standards Board (FASB) Statements and Interpretations, 2) Accounting Principles Board Opinions, 3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This standard is required to be implemented for the 2012 financial reporting period.

- GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and defines those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. This standard is required to be implemented for the 2012 financial report period.
- GASB 65 – Items Previously Reported as Assets and Liabilities. This standard establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. This standard is required to be implemented for the 2013 financial reporting period, however, Anchorage has decided to early implement this standard since it is significantly linked to GASB Statement No. 63, which is required to be implemented in 2012.

The following standards are either not required to be implemented for the 2012 reporting period or do not have a material effect on Anchorage's financial statements.

- GASB 64 – Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment to GASB Statement No. 53. The objective of this standard is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This standard sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. This standard is required to be implemented for the 2012 financial reporting period, however, it does not have a material effect on Anchorage's financial statements.
- GASB 66 – Technical Corrections – 2012 – an amendment to GASB Statements No. 10 and No. 62. This standard amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported. This standard also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. This standard is required to be implemented for the 2013 financial reporting period.
- GASB 67 – Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The objective of this standard is to improve financial reporting by state and local governmental pension plans. This standard results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this standard will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. This standard is required to be implemented for the 2014 financial reporting period.

- GASB 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. The primary objective of this standard is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This standard results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This standard is required to be implemented for the 2015 financial reporting period.
- GASB 69 – Government Combinations and Disposals of Government Operations. This standard establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this standard, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This standard is required to be implemented for the 2014 financial reporting period.

**NOTE 23 - RESTATEMENTS**

**Change in Accounting Principle**

In 2012, the Municipality has early implemented GASB Statement No. 65 “Items Previously Reported as Assets and Liabilities” which required costs of issuance to be reported as period costs. Previous costs of issuance were reported as assets and amortized over the life of the debt. The Municipality restated the prior period beginning balance for a change in accounting principle for cost of issuance at the entity-wide level as follows:

Entity-wide Governmental Activities	2012	2011
Net Position, beginning, as previously reported	\$ 2,928,060,764	\$ 2,924,424,739
Change in Accounting Principle Adjustment	(4,227,182)	(4,342,765)
Net Position, beginning, as restated	<u>\$ 2,923,833,582</u>	<u>\$ 2,920,081,974</u>

**Prior Period Adjustment**

In 2012, the Port identified certain costs associated with debt issuance and legal fees from prior years were capitalized into construction work in progress in error. The Municipality has recorded a prior period adjustment to remove these costs from construction work in progress and net position at the fund and entity-wide level as follows:

Proprietary Fund - Port	2012	2011
Net Position, beginning, as previously reported	\$ 215,948,871	\$ 205,427,456
Prior Period Adjustment	(2,819,340)	(1,821,482)
Net Position, beginning, as restated	<u>\$ 213,129,531</u>	<u>\$ 203,605,974</u>

Entity-wide - Business-type Activities	2012	2011
Net Position, beginning, as previously reported	\$ 724,504,480	\$ 697,051,688
Prior Period Adjustment	(2,819,340)	(1,821,482)
Net Position, beginning, as restated	<u>\$ 721,685,140</u>	<u>\$ 695,230,206</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information- Budgetary Comparison Schedule  
 with Expenditures by Function for the General Fund and Sub-Funds  
 For the year ended December 31, 2012

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
<b>Revenues:</b>						
Taxes	\$ 47,209,856	\$ 526,993,429	\$ 538,666,869	\$ -	\$ 538,666,869	\$ 11,673,440
Assessments in lieu of taxes	2,136,714	2,136,714	3,050,828	-	3,050,828	914,114
Special assessments	220,000	220,000	169,959	-	169,959	(50,041)
Licenses and permits	10,414,140	8,885,307	10,372,797	-	10,372,797	1,487,490
Intergovernmental	19,089,456	25,024,171	25,235,125	(1)	23,583,206	210,954
Charges for services	28,601,056	29,072,656	28,883,132	-	28,883,132	(189,524)
Fines and forfeitures	6,618,658	6,850,134	5,772,214	-	5,772,214	(1,077,920)
Investment income	3,699,566	1,775,796	2,359,958	-	2,359,958	584,162
Restricted contributions	2,721,483	2,740,483	2,721,543	-	2,721,543	(18,940)
Other revenues	3,186,580	3,632,212	3,350,953	-	3,350,953	(281,259)
<b>Total revenues</b>	<b>123,897,509</b>	<b>607,330,902</b>	<b>620,583,378</b>		<b>23,583,206</b>	<b>644,166,584</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	26,713,974	25,447,684	17,485,401	(1)	3,133,030	7,962,283
Fire services	85,903,861	86,543,440	85,823,165	(1)	4,975,276	720,275
Police services	105,158,057	106,001,375	105,665,322	(1)	5,862,868	336,053
Health and human services	12,653,786	10,761,837	11,260,069	(1)	944,184	(498,232)
Economic and community development	39,415,620	38,440,149	45,960,870	(1)	1,123,290	(7,520,721)
Public transportation	22,207,479	23,270,171	23,519,452	(1)	1,230,550	(249,281)
Public works	15,957,668	18,633,828	13,697,594	(1)	5,507,337	4,936,234
Education	-	238,775,383	231,070,383	-	231,070,383	7,705,000
Maintenance and operations	31,478,461	33,928,953	34,675,665	(1)	806,671	(746,712)
<b>Debt service:</b>						
Principal	34,701,669	34,515,463	34,439,119	-	34,439,119	76,344
Interest	22,305,851	21,307,257	21,176,307	-	21,176,307	130,950
<b>Total expenditures</b>	<b>396,496,426</b>	<b>637,625,540</b>	<b>624,773,347</b>		<b>23,583,206</b>	<b>648,356,553</b>
<b>Deficiency of revenues over expenditures</b>	<b>(272,598,917)</b>	<b>(30,294,638)</b>	<b>(4,189,969)</b>		<b>-</b>	<b>(4,189,969)</b>
<b>Other financing sources (uses):</b>						
Transfers in – from other funds	32,338,530	31,825,948	31,645,569	-	31,645,569	(180,379)
Transfers out – to other funds	(10,236,559)	(14,484,100)	(14,139,395)	-	(14,139,395)	344,705
Proceeds from bond sale	-	-	30,215,000	-	30,215,000	30,215,000
Proceeds from premium on bond sale	-	-	3,337,569	-	3,337,569	3,337,569
Payment to refunded bond escrow agent	-	-	(33,418,560)	-	(33,418,560)	(33,418,560)
Sale of capital assets	10,000	3,062,300	3,411,263	-	3,411,263	348,963
Insurance recoveries	-	43,350	135,034	-	135,034	91,684
<b>Total other financing source (uses)</b>	<b>22,111,971</b>	<b>20,447,498</b>	<b>21,186,480</b>		<b>-</b>	<b>738,982</b>
<b>Net change in fund balance</b>	<b>(250,486,946)</b>	<b>(9,847,140)</b>	<b>16,996,511</b>		<b>-</b>	<b>26,843,651</b>
Fund balance, beginning of year	64,841,369	64,841,369	64,841,369	-	64,841,369	-
<b>Fund balance, end of year</b>	<b>\$ (185,645,577)</b>	<b>\$ 54,994,229</b>	<b>\$ 81,837,880</b>		<b>\$ -</b>	<b>\$ 26,843,651</b>

**Explanation of differences:**

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

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

## MUNICIPALITY OF ANCHORAGE, ALASKA

### Notes to Required Supplementary Information – Budgetary Data

December 31, 2012

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

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

The Assembly approved 2012 operating budgets and appropriations of direct costs at the department level, and indirect costs at the fund or sub-fund level. Some departmental appropriations span more than one fund. The Assembly approved 2012 capital budgets with anticipated appropriation of resources for the general government and appropriations for each utility. Upon certification by the Chief Fiscal Officer that actual resources have become available for specific general government capital projects; e.g., when a grant is accepted, a bond sale or interfund transfer is approved, or a special assessment district is created, a supplemental appropriation is submitted to the Assembly for final approval. Supplemental appropriations are also submitted for approval upon certification by the Chief Fiscal Officer that operating grant funds have become available. The legal level of a budgetary control is the fund or sub-fund level for revenues and expenditures and the department level for expenditures and other financing uses.

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

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

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

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

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

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Notes to Required Supplementary Information – Budgetary Data

December 31, 2012

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

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Required Supplementary Information- Condition Rating of  
 Anchorage's Road Network  
 December 31, 2012

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

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

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

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Anchorage Road District:					
Needed	21,883	13,782	11,772	\$ 79,137	\$ 49,418
Actual	21,860	12,966	11,800	78,094	49,923
Chugiak/Eagle River Road District:					
Needed	4,582	2,468	2,990	7,854	1,848
Actual	4,062	2,775	3,778	8,296	1,359
Girdwood Road District:					
Needed	316	282	313	330	363
Actual	391	444	263	303	256
Other Road Districts:					
Needed	1,015	1,012	1,059	1,097	1,126
Actual	1,758	1,443	1,509	2,207	2,176
Overall System:					
Needed	27,796	17,544	16,134	88,418	52,755
Actual	28,071	17,658	17,349	88,900	53,714
Difference	275	114	1,216	482	959

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

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Other Postemployment Benefits Information  
Schedule of Funding Progress  
Police and Fire Retirement Systems  
Valuation Years 2012 through 2010  
(in thousands)

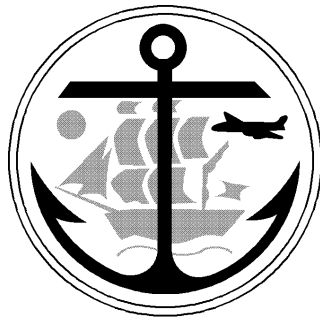
	<b>Gentile Group</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Actuarial valuation date	January 1, 2012	January 1, 2011	January 1, 2010
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)*	96,100	96,100	90,819
Unfunded actuarial accrued liability (UAAL)	96,100	96,100	90,819
Funded ratio	0%	0%	0%

	<b>Police &amp; Fire Retiree Medical Group</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
Actuarial valuation date	January 1, 2012	January 1, 2011	January 1, 2010
Actuarial value of plan assets	\$ 11,123	\$ 11,123	\$ 9,506
Actuarial accrued liability (AAL)*	42,833	42,833	41,433
Unfunded actuarial accrued liability (UAAL)	31,710	31,710	31,927
Funded ratio	26%	26%	23%

\* Based on projected unit credit actuarial cost method.

**Police and Fire Pension System Plans**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
January 1, 2013:						
Plan I	\$ 72,633	\$ 89,266	\$ 16,633	81.40%	\$ -	n/a
Plan II	53,655	66,588	12,933	80.60%	257	5032.30%
Plan III	190,281	232,841	42,560	81.70%	6,161	690.80%
January 1, 2012:						
Plan I	\$ 71,033	\$ 91,014	\$ 19,981	78.00%	\$ -	n/a
Plan II	51,730	67,288	15,558	76.70%	262	5938.20%
Plan III	178,092	228,737	50,645	77.90%	6,489	780.50%
January 1, 2011:						
Plan I	\$ 78,411	\$ 90,173	\$ 11,762	87.00%	\$ 136	8648.50%
Plan II	56,352	67,017	10,665	84.10%	536	1989.70%
Plan III	188,591	222,810	34,219	84.60%	6,568	521.00%



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# SUPPLEMENTARY INFORMATION

## Additional Budgetary Comparison Schedules

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

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

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Additional Supplementary Information- Budgetary Comparison Schedule  
by General Fund and Sub-Funds  
For the year ended December 31, 2012

	Budget		Actual	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final	Budgetary Basis			
Revenues & other financing sources:						
Areawide Service Area	\$ 123,610,336	\$ 355,702,091	\$ 367,970,310	\$ -	\$ 367,970,310	\$ 12,268,219
Former City Service Area	-	-	(54,300)	-	(54,300)	(54,300)
Chugiak Fire Service Area	77,743	1,148,312	1,262,013	-	1,262,013	113,701
Glen Alps Service Area	15,529	302,244	303,096	-	303,096	852
Girdwood Valley Service Area	56,306	2,037,125	2,143,019	-	2,143,019	105,894
Former Borough Roads & Drainage Service Area	-	-	2,206	-	2,206	2,206
Fire Service Area	2,681,347	67,826,880	72,393,716	-	72,393,716	4,566,836
Roads & Drainage Service Area	4,057,361	72,646,244	98,233,856	-	98,233,856	25,587,612
Limited Service Areas	302,918	9,784,817	9,874,692	-	9,874,692	89,875
Anchorage Metropolitan Police Service Area	14,032,069	99,540,782	99,537,033	-	99,537,033	(3,749)
Anchorage Bowl Parks & Recreation Service Area	3,064,514	21,189,259	24,256,797	-	24,256,797	3,067,538
Eagle River - Chugiak Parks & Recreational Service A	535,407	4,011,168	4,687,390	-	4,687,390	676,222
Building Safety Service Area	5,898,746	6,110,815	6,916,143	-	6,916,143	805,328
Public Finance & Investment	1,730,618	1,779,618	1,799,221	-	1,799,221	19,603
Police/Fire Retiree Medical Defined Contribution Supp:	183,145	183,145	185,156	-	185,156	2,011
SOA PERs On-Behalf Payments	-	-	-	(1)	23,583,206	23,583,206
Total revenues & other finance sources	<u>156,246,039</u>	<u>642,262,500</u>	<u>689,510,348</u>		<u>23,583,206</u>	<u>713,093,554</u>
Expenditures & other financing uses:						
Areawide Service Area	122,886,702	361,295,745	353,192,321	-	353,192,321	8,103,424
Chugiak Fire Service Area	1,500,657	1,398,312	1,265,047	-	1,265,047	133,265
Glen Alps Service Area	305,489	392,244	390,168	-	390,168	2,076
Girdwood Valley Service Area	2,348,094	2,088,667	2,061,274	-	2,061,274	27,393
Fire Service Area	64,463,309	67,442,534	70,569,034	-	70,569,034	(3,126,500)
Roads & Drainage Service Area	70,032,045	71,512,524	96,620,076	-	96,620,076	(25,107,552)
Limited Service Areas	9,671,468	10,006,161	9,083,154	-	9,083,154	923,007
Anchorage Metropolitan Police Service Area	102,558,019	102,857,627	102,563,919	-	102,563,919	293,708
Anchorage Parks & Recreation Service Area	20,543,867	21,574,814	23,581,209	-	23,581,209	(2,006,395)
Eagle River - Chugiak Parks & Recreational Service A	3,247,165	4,011,168	4,344,050	-	4,344,050	(332,882)
Building Safety Service Area	7,396,425	7,689,082	7,111,198	-	7,111,198	577,884
Public Finance & Investment	1,596,240	1,657,257	1,577,743	-	1,577,743	79,514
Police/Fire Retiree Medical Defined Contribution Supp:	183,505	183,505	154,644	-	154,644	28,861
SOA PERs On-Behalf Payments	-	-	-	(1)	23,583,206	23,583,206
Total expenditures & other financing uses	<u>406,732,985</u>	<u>652,109,640</u>	<u>672,513,837</u>		<u>23,583,206</u>	<u>696,097,043</u>
Net change in fund balance	(250,486,946)	(9,847,140)	16,996,511	-	16,996,511	26,843,651
Fund balance, beginning of year	64,841,369	64,841,369	64,841,369	-	64,841,369	-
Fund balance, end of year	<u>\$ (185,645,577)</u>	<u>\$ 54,994,229</u>	<u>\$ 81,837,880</u>	\$	<u>\$ 81,837,880</u>	<u>\$ 26,843,651</u>

Explanation of differences:

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

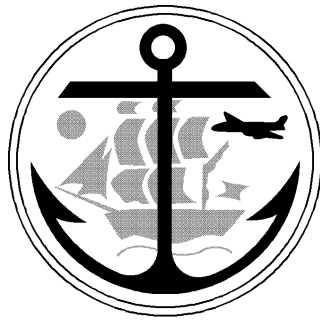
**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Additional Supplementary Information- Budgetary Comparison Schedule  
by Department for the General Fund and Sub-Funds  
For the year ended December 31, 2012

	Budget		Actual Budgetary Basis	Budget to GAAP Difference	Actual GAAP Basis	Variance With Final Budget
	Original	Final				
Expenditures & other financing uses:						
Assembly	\$ 2,805,056	\$ 2,870,055	\$ 2,583,432	(1) \$ 111,492	\$ 2,694,924	\$ 286,623
Chief Fiscal Officer	635,140	635,140	625,954	(1) 49,725	675,679	9,186
Development Services	8,620,941	8,711,960	8,857,193	(1) 2,027,544	10,884,737	(145,233)
Economic & Community Development	16,581,122	16,497,395	16,369,772	(1) 412,225	16,781,997	127,623
Education	-	238,775,383	231,070,383	-	231,070,383	7,705,000
Employee Relations	1,991,316	2,613,949	2,104,196	(1) 199,103	2,303,299	509,753
Office of Equal Opportunity	197,806	194,794	153,848	(1) 9,420	163,268	40,946
Equal Rights Commission	715,248	715,248	600,402	(1) 49,894	650,296	114,846
Finance	12,127,387	12,168,330	12,128,759	(1) 922,967	13,051,726	39,571
Fire	85,820,641	88,679,354	91,080,752	(1) 4,977,482	96,058,234	(2,401,398)
Health & Human Services	11,685,596	10,595,760	10,740,145	(1) 946,390	11,686,535	(144,385)
Heritage Land Bank/Real Estate Services	7,149,247	7,250,377	7,019,640	(1) 66,388	7,086,028	230,737
Information Technology	1,313,065	1,327,065	1,253,603	(1) 753,985	2,007,588	73,462
Internal Audit	577,863	626,863	598,268	(1) 48,778	647,046	28,595
Maintenance & Operations	94,048,638	96,325,401	119,487,042	(1) 808,877	120,295,919	(23,161,641)
Management & Budget	843,933	843,933	681,018	(1) 53,905	734,923	162,915
Mayor	2,179,399	2,408,338	2,024,701	(1) 97,154	2,121,855	383,637
Municipal Attorney	7,500,119	7,530,119	7,321,503	(1) 490,382	7,811,885	208,616
Municipal Manager	2,872,793	2,922,570	3,863,813	(1) 148,956	4,012,769	(941,243)
Non Departmental - TANS	381,360	116,779	114,118	-	114,118	2,661
Parks & Recreation	20,294,630	22,525,493	24,672,308	(1) 620,182	25,292,490	(2,146,815)
Planning	4,204,609	4,208,202	3,804,593	(1) 97,501	3,902,094	403,609
Police	92,904,527	92,395,445	92,325,176	(1) 5,865,074	98,190,250	70,269
Police/Fire Retiree Medical	182,079	182,079	153,727	-	153,727	28,352
Project Management & Engineering	8,742,479	8,571,598	8,608,654	(1) 1,970,712	10,579,366	(37,056)
Public Transportation	21,571,959	21,780,082	21,854,089	(1) 1,232,756	23,086,845	(74,007)
Purchasing	1,760,416	1,760,416	1,313,463	(1) 106,615	1,420,078	446,953
Traffic	6,546,131	6,693,100	6,618,794	(1) 1,515,699	8,134,493	74,306
Total expenditures & other financing uses	414,253,500	659,925,228	678,029,346	23,583,206	701,612,552	(18,104,118)
Less: net intragovernmental costs & billings	(7,520,515)	(7,815,588)	(5,515,509)	-	(5,515,509)	(2,300,079)
Total expenditures & other financing uses	\$ 406,732,985	\$ 652,109,640	\$ 672,513,837	\$ 23,583,206	\$ 696,097,043	\$ (20,404,197)

Explanation of differences:

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

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



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# NONMAJOR GOVERNMENTAL FUNDS

## Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

## Debt Service Funds

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

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

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

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

## Capital Projects Funds

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

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

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

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

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

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

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

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

## Permanent Fund

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

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

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	Special Revenue						
	Heritage Land Bank	Federal/State Fines and Forfeitures	Convention Center Operating Reserve	State Grants	Federal Grants	49th State Angel Fund	Police/Fire Retiree Medical Liability
<b>Assets</b>							
Cash	\$ -	\$ 76,028	\$ -	\$ -	\$ -	\$ -	\$ -
Cash in central treasury	1,147,104	2,050,177	7,702,797	18,767,805	-	4,322,503	1,319
Investments	-	-	-	-	1,495,407	-	32,009,059
Due from other funds	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	2,061,265	-	-	-	-
Intergovernmental receivables	-	-	-	6,590,755	10,400,423	-	-
Special assessments receivable	725	-	-	-	-	-	-
Prepaid items and deposits	-	1,739	1,000,000	3,513	-	-	-
Loans receivable	-	-	-	-	6,813,981	-	-
Restricted assets:							
Investments	-	-	-	-	-	-	-
Investments in TCH, LLC	-	-	-	-	-	-	-
Total assets	<u>1,147,829</u>	<u>2,127,944</u>	<u>10,764,062</u>	<u>25,362,073</u>	<u>18,709,811</u>	<u>4,322,503</u>	<u>32,010,378</u>
<b>Liabilities</b>							
Accounts payable and retainages	737	7,763	1,056,774	3,719,608	1,005,513	3,006	-
Accrued payroll liabilities	26,372	-	-	325,454	173,620	6,468	-
Due to other funds	-	-	142,242	-	7,165,318	-	-
Unearned revenue and deposits	235,167	-	-	-	1,138,336	-	-
Advances from other funds	-	-	-	-	-	-	-
Total liabilities	<u>262,276</u>	<u>7,763</u>	<u>1,199,016</u>	<u>4,045,062</u>	<u>9,482,787</u>	<u>9,474</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue-advanced lease payments	-	-	-	-	-	-	-
Unavailable revenue-intergovernmental revenues	-	-	-	1,874,171	6,687,081	-	-
Unavailable revenue-long-term loan repayment from ACDA	-	-	-	-	-	-	-
Unavailable revenue-special assessments	558	-	-	-	-	-	-
Total deferred inflows of resources	<u>558</u>	<u>-</u>	<u>-</u>	<u>1,874,171</u>	<u>6,687,081</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>							
Nonspendable	-	1,739	1,000,000	3,513	-	-	-
Restricted	-	1,140,974	6,953,365	544,450	1,951,547	4,313,029	32,010,378
Committed	301,587	-	-	13,453	-	-	-
Assigned	583,408	977,468	1,611,681	18,881,424	588,396	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>884,995</u>	<u>2,120,181</u>	<u>9,565,046</u>	<u>19,442,840</u>	<u>2,539,943</u>	<u>4,313,029</u>	<u>32,010,378</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 1,147,829</u>	<u>\$ 2,127,944</u>	<u>\$ 10,764,062</u>	<u>\$ 25,362,073</u>	<u>\$ 18,709,811</u>	<u>\$ 4,322,503</u>	<u>\$ 32,010,378</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	Special Revenue (Continued)			Debt Service		
	Miscellaneous Operational Grants	Other Restricted Resources	Total Special Revenue	Special Assessment Bonds	Jail Revenue Bond	ACPA Surcharge Revenue Bond
<b>Assets</b>						
Cash	\$ -	\$ -	\$ 76,028	\$ -	\$ -	\$ -
Cash in central treasury	1,132,517	-	35,124,222	1,105,839	512,209	435,511
Investments	-	-	33,504,466	-	-	-
Due from other funds	-	-	-	-	-	-
Due from component units	-	-	-	-	-	165,789
Receivables (net of allowance for uncollectibles)	26,679	-	2,087,944	-	-	-
Intergovernmental receivables	-	-	16,991,178	-	-	-
Special assessments receivable	-	61,794	62,519	7,365	-	-
Prepaid items and deposits	-	-	1,005,252	-	-	-
Loans receivable	-	-	6,813,981	-	-	-
Restricted assets:						
Investments	-	-	-	-	-	-
Investments in TCH, LLC	-	-	-	-	-	-
Total assets	<u>1,159,196</u>	<u>61,794</u>	<u>95,665,590</u>	<u>1,113,204</u>	<u>512,209</u>	<u>601,300</u>
<b>Liabilities</b>						
Accounts payable and retainages	16,528	16,442	5,826,371	-	-	-
Accrued payroll liabilities	-	-	531,914	-	-	-
Due to other funds	-	103,980	7,411,540	-	-	-
Unearned revenue and deposits	-	-	1,373,503	-	-	-
Advances from other funds	-	-	-	-	-	-
Total liabilities	<u>16,528</u>	<u>120,422</u>	<u>15,143,328</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue-advanced lease payments	-	-	-	-	503,499	-
Unavailable revenue-intergovernmental revenues	26,679	-	8,587,931	-	-	-
Unavailable revenue-long-term loan repayment from ACDA	-	-	-	-	-	-
Unavailable revenue-special assessments	-	-	558	-	-	-
Total deferred inflows of resources	<u>26,679</u>	<u>-</u>	<u>8,588,489</u>	<u>-</u>	<u>503,499</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>						
Nonspendable	-	-	1,005,252	-	-	-
Restricted	886,647	-	47,800,390	353,281	-	601,300
Committed	-	-	315,040	-	-	-
Assigned	229,342	-	22,871,719	759,923	8,710	-
Unassigned	-	(58,628)	(58,628)	-	-	-
Total fund balances (deficits)	<u>1,115,989</u>	<u>(58,628)</u>	<u>71,933,773</u>	<u>1,113,204</u>	<u>8,710</u>	<u>601,300</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 1,159,196</u>	<u>\$ 61,794</u>	<u>\$ 95,665,590</u>	<u>\$ 1,113,204</u>	<u>\$ 512,209</u>	<u>\$ 601,300</u>



**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<u>Debt Service (Continued)</u>		<u>Capital Projects</u>				
	<u>CIVICVentures</u>	<u>Total Debt Service</u>	<u>Areawide</u>	<u>Public Safety</u>	<u>Public Transportation</u>	<u>Miscellaneous</u>	<u>Parks and Recreation</u>
<b>Assets</b>							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash in central treasury	-	2,053,559	465,719	3,357,203	-	-	6,369,247
Investments	-	-	-	-	-	-	-
Due from other funds	134,580	134,580	4,156,832	-	-	-	-
Due from component units	-	165,789	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	4,155,393	3,027,745	1,390,666	4,889,477	174,115
Special assessments receivable	-	7,365	4,174	-	-	28,707	-
Prepaid items and deposits	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
Restricted assets:							
Investments	14,650,597	14,650,597	-	-	-	-	-
Investments in TCH, LLC	-	-	382,574	-	-	-	-
Total assets	<u>14,785,177</u>	<u>17,011,890</u>	<u>9,164,692</u>	<u>6,384,948</u>	<u>1,390,666</u>	<u>4,918,184</u>	<u>6,543,362</u>
<b>Liabilities</b>							
Accounts payable and retainages	-	-	2,160,026	1,303,526	63,603	841,406	216,742
Accrued payroll liabilities	-	-	-	-	104	-	-
Due to other funds	-	-	90,005	-	1,409,226	2,747,606	-
Unearned revenue and deposits	-	-	-	-	-	-	-
Advances from other funds	-	-	1,348,656	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>3,598,687</u>	<u>1,303,526</u>	<u>1,472,933</u>	<u>3,589,012</u>	<u>216,742</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue-advanced lease payments	-	503,499	-	-	-	-	-
Unavailable revenue-intergovernmental revenues	-	-	28,253	68,600	1,109	137,781	52,416
Unavailable revenue-long-term loan repayment from ACDA	-	-	-	-	-	-	-
Unavailable revenue-special assessments	-	-	4,174	-	-	92,346	-
Total deferred inflows of resources	<u>-</u>	<u>503,499</u>	<u>32,427</u>	<u>68,600</u>	<u>1,109</u>	<u>230,127</u>	<u>52,416</u>
<b>Fund Balances (Deficits)</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	8,448,825	9,403,406	812,150	1,454,812	166,503	1,011,835	261,909
Committed	6,336,352	6,336,352	5,049,096	2,354,663	-	78,675	4,046,021
Assigned	-	768,633	-	1,203,347	-	8,535	1,966,274
Unassigned	-	-	(327,668)	-	(249,879)	-	-
Total fund balances (deficits)	<u>14,785,177</u>	<u>16,508,391</u>	<u>5,533,578</u>	<u>5,012,822</u>	<u>(83,376)</u>	<u>1,099,045</u>	<u>6,274,204</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 14,785,177</u>	<u>\$ 17,011,890</u>	<u>\$ 9,164,692</u>	<u>\$ 6,384,948</u>	<u>\$ 1,390,666</u>	<u>\$ 4,918,184</u>	<u>\$ 6,543,362</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<u>Capital Projects (Continued)</u>			<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>	
	<u>Historic Preservation</u>	<u>Heritage Land Bank</u>	<u>Total Capital Projects</u>	<u>Cemetery Perpetual Maintenance</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>
<b>Assets</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 76,028	\$ 56,667
Cash in central treasury	229,278	1,503,318	11,924,765	442,903	49,545,449	49,585,311
Investments	-	-	-	-	33,504,466	30,583,665
Due from other funds	-	-	4,156,832	-	4,291,412	457,484
Due from component units	-	-	-	-	165,789	151,149
Receivables (net of allowance for uncollectibles)	-	-	-	-	2,087,944	2,006,267
Intergovernmental receivables	-	-	13,637,396	-	30,628,574	19,012,726
Special assessments receivable	-	-	32,881	-	102,765	129,963
Prepaid items and deposits	-	-	-	-	1,005,252	1,017,429
Loans receivable	-	-	-	-	6,813,981	7,243,939
Restricted assets:						
Investments	-	-	-	-	14,650,597	14,236,224
Investments in TCH, LLC	-	-	382,574	-	382,574	384,488
Total assets	<u>229,278</u>	<u>1,503,318</u>	<u>30,134,448</u>	<u>442,903</u>	<u>143,254,831</u>	<u>124,865,312</u>
<b>Liabilities</b>						
Accounts payable and retainages	-	9,044	4,594,347	-	10,420,718	7,692,903
Accrued payroll liabilities	-	-	104	-	532,018	409,422
Due to other funds	-	-	4,246,837	-	11,658,377	4,587,719
Unearned revenue and deposits	-	-	-	-	1,373,503	2,138,503
Advances from other funds	-	-	1,348,656	-	1,348,656	1,439,596
Total liabilities	<u>-</u>	<u>9,044</u>	<u>10,189,944</u>	<u>-</u>	<u>25,333,272</u>	<u>16,268,143</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue-advanced lease payments	-	-	-	-	503,499	1,094,289
Unavailable revenue-intergovernmental revenues	-	-	288,159	-	8,876,090	10,411,393
Unavailable revenue-long-term loan repayment from ACDA	-	-	-	-	-	619,368
Unavailable revenue-special assessments	-	-	96,520	-	97,078	75,626
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>384,679</u>	<u>-</u>	<u>9,476,667</u>	<u>12,200,676</u>
<b>Fund Balances (Deficits)</b>						
Nonspendable	-	-	-	150,000	1,155,252	1,167,429
Restricted	36,699	-	3,743,908	-	60,947,704	53,416,639
Committed	-	728,638	12,257,093	-	18,908,485	18,724,646
Assigned	192,579	765,636	4,136,371	292,903	28,069,626	23,404,223
Unassigned	-	-	(577,547)	-	(636,175)	(316,444)
Total fund balances (deficits)	<u>229,278</u>	<u>1,494,274</u>	<u>19,559,825</u>	<u>442,903</u>	<u>108,444,892</u>	<u>96,396,493</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 229,278</u>	<u>\$ 1,503,318</u>	<u>\$ 30,134,448</u>	<u>\$ 442,903</u>	<u>\$ 143,254,831</u>	<u>\$ 124,865,312</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
the year ended December 31, 2012  
(summarized financial info at December 31, 2011)

**Special Revenue**

	Heritage Land Bank	Federal/State Fines and Forfeitures	Convention Center Operating Reserve	State Grants	Federal Grants	49th State Angel Fund	Police/Fire Retiree Medical Liability
<b>Revenues:</b>							
Hotel and motel taxes	\$ -	\$ -	\$ 13,334,414	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	-	27,830,978	14,906,876	4,345,556	-
Charges for services	289,099	-	-	-	-	-	-
Fines and forfeitures	-	460,257	-	-	-	-	-
Investment income (loss)	21,357	40,802	180,414	62,714	55,081	66,128	3,953,721
Restricted contributions	-	-	-	-	-	-	-
Other	635,717	164,333	237,606	-	739,870	2,160	-
<b>Total revenues</b>	<b>946,173</b>	<b>665,392</b>	<b>13,752,434</b>	<b>27,893,692</b>	<b>15,701,827</b>	<b>4,413,844</b>	<b>3,953,721</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	1,135,467	-	-	(3,102,081)	-	100,815	39,083
Fire services	-	-	-	103,374	2,812,172	-	1,447,518
Police services	-	447,112	-	399,132	2,154,452	-	1,438,342
Health and human services	-	-	-	9,487,525	2,404,846	-	-
Economic and community development	-	-	5,782,638	464,719	4,563,976	-	-
Public transportation	-	-	-	1,707,474	3,782,808	-	-
Public works	-	-	-	8,737,833	10,701	-	-
Education	-	-	-	7,448,791	-	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	83,000	-	-
Interest	-	-	-	-	93,009	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,135,467</b>	<b>447,112</b>	<b>5,782,638</b>	<b>25,246,767</b>	<b>15,904,964</b>	<b>100,815</b>	<b>2,924,943</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(189,294)</b>	<b>218,280</b>	<b>7,969,796</b>	<b>2,646,925</b>	<b>(203,137)</b>	<b>4,313,029</b>	<b>1,028,778</b>
<b>Other financing sources (uses):</b>							
Transfers from other funds	-	-	477,748	418,222	543,739	-	1,869,000
Transfers to other funds	(80,000)	-	(6,322,010)	-	-	-	-
General obligation bonds issued	-	-	-	-	-	-	-
State of Alaska jail lease advance payment	-	-	-	-	-	-	-
Premium on bond sale	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Sale of capital assets	20,092	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(59,908)</b>	<b>-</b>	<b>(5,844,262)</b>	<b>418,222</b>	<b>543,739</b>	<b>-</b>	<b>1,869,000</b>
<b>Net change in fund balances</b>	<b>(249,202)</b>	<b>218,280</b>	<b>2,125,534</b>	<b>3,065,147</b>	<b>340,602</b>	<b>4,313,029</b>	<b>2,897,778</b>
Fund balances (deficits), beginning of year	1,134,197	1,901,901	7,439,512	16,377,693	2,199,341	-	29,112,600
<b>Fund balances (deficits), end of year</b>	<b>\$ 884,995</b>	<b>\$ 2,120,181</b>	<b>\$ 9,565,046</b>	<b>\$ 19,442,840</b>	<b>\$ 2,539,943</b>	<b>\$ 4,313,029</b>	<b>\$ 32,010,378</b>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
the year ended December 31, 2012  
(summarized financial info at December 31, 2011)

	Special Revenue (Continued)			Debt Service			
	Miscellaneous Operational Grants	Other Restricted Resources	Total Special Revenue	Special Assessment Bonds	Jail Revenue Bond	ACPA Surcharge Revenue Bond	CIVICVentures Revenue Bond
	Revenues:						
Hotel and motel taxes	\$ -	\$ -	\$ 13,334,414	\$ -	\$ -	\$ -	\$ -
Special assessments	-	1,055,017	1,055,017	-	-	-	-
Intergovernmental	-	-	47,083,410	-	-	-	-
Charges for services	24	-	289,123	-	4,009,650	-	-
Fines and forfeitures	-	-	460,257	-	-	-	-
Investment income (loss)	27,023	(10,481)	4,396,759	23,336	71	8,517	15,219
Restricted contributions	153,822	-	153,822	-	-	-	-
Other	-	-	1,779,686	-	-	474,231	-
<b>Total revenues</b>	<b>180,869</b>	<b>1,044,536</b>	<b>68,552,488</b>	<b>23,336</b>	<b>4,009,721</b>	<b>482,748</b>	<b>15,219</b>
Expenditures:							
Current:							
General government	47,723	1,051,006	(727,987)	-	-	-	-
Fire services	34,118	-	4,397,182	-	-	-	-
Police services	-	-	4,439,038	-	-	-	-
Health and human services	18,768	-	11,911,139	-	-	-	-
Economic and community development	204,358	-	11,015,691	-	-	-	-
Public transportation	1,447	-	5,491,729	-	-	-	-
Public works	-	-	8,748,534	-	-	-	-
Education	-	-	7,448,791	-	-	-	-
Debt service:							
Principal	-	-	83,000	-	3,300,000	120,000	1,300,000
Interest	-	-	93,009	-	709,650	219,613	4,945,760
Bond issuance costs	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>306,414</b>	<b>1,051,006</b>	<b>52,900,126</b>	<b>-</b>	<b>4,009,650</b>	<b>339,613</b>	<b>6,245,760</b>
Excess (deficiency) of revenues over expenditures	(125,545)	(6,470)	15,652,362	23,336	71	143,135	(6,230,541)
Other financing sources (uses):							
Transfers from other funds	762	-	3,309,471	-	-	-	6,322,010
Transfers to other funds	-	-	(6,402,010)	-	-	-	-
General obligation bonds issued	-	-	-	-	-	-	-
State of Alaska jail lease advance payment	-	-	-	-	-	-	-
Premium on bond sale	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Sale of capital assets	-	-	20,092	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>762</b>	<b>-</b>	<b>(3,072,447)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,322,010</b>
Net change in fund balances	(124,783)	(6,470)	12,579,915	23,336	71	143,135	91,469
Fund balances (deficits), beginning of year	1,240,772	(52,158)	59,353,858	1,089,868	8,639	458,165	14,693,708
<b>Fund balances (deficits), end of year</b>	<b>\$ 1,115,989</b>	<b>\$ (58,628)</b>	<b>\$ 71,933,773</b>	<b>\$ 1,113,204</b>	<b>\$ 8,710</b>	<b>\$ 601,300</b>	<b>\$ 14,785,177</b>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
the year ended December 31, 2012  
(summarized financial info at December 31, 2011)

	<b>Debt Service (Continued)</b>		<b>Capital Projects</b>				
	<b>Total Debt Service</b>	<b>Areawide</b>	<b>Public Safety</b>	<b>Public Transportation</b>	<b>Miscellaneous</b>	<b>Parks and Recreation</b>	<b>Historic Preservation</b>
<b>Revenues:</b>							
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	4,952	-	-	43,665	-	-
Intergovernmental	-	9,530,807	9,933,034	3,995,143	9,960,640	1,023,847	40,317
Charges for services	4,009,650	45,465	880	-	372	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Investment income (loss)	47,143	109,003	30,856	-	-	132,737	4,729
Restricted contributions	-	-	-	-	-	(97,038)	2,219
Other	474,231	400,656	-	-	-	36,657	-
<b>Total revenues</b>	<b>4,531,024</b>	<b>10,090,883</b>	<b>9,964,770</b>	<b>3,995,143</b>	<b>10,004,677</b>	<b>1,096,203</b>	<b>47,265</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	-	-	-	-	-	-	-
Fire services	-	-	-	-	-	-	-
Police services	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-
Economic and community development	-	-	-	-	-	-	-
Public transportation	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
<b>Debt service:</b>							
Principal	4,720,000	-	-	-	-	-	-
Interest	5,875,023	-	-	-	-	-	-
Bond issuance costs	-	2,797	8,353	1,427	-	3,251	-
Capital projects	-	12,272,004	13,168,887	4,805,031	10,107,672	6,829,875	20,124
<b>Total expenditures</b>	<b>10,595,023</b>	<b>12,274,801</b>	<b>13,177,240</b>	<b>4,806,458</b>	<b>10,107,672</b>	<b>6,833,126</b>	<b>20,124</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(6,063,999)</b>	<b>(2,183,918)</b>	<b>(3,212,470)</b>	<b>(811,315)</b>	<b>(102,995)</b>	<b>(5,736,923)</b>	<b>27,141</b>
<b>Other financing sources (uses):</b>							
Transfers from other funds	6,322,010	1,462,563	2,921,980	159,526	120,000	2,848,907	-
Transfers to other funds	-	(212,235)	(48,605)	(85)	-	(193)	(11,382)
General obligation bonds issued	-	648,176	1,936,107	330,821	-	753,398	-
State of Alaska jail lease advance payment	-	-	-	-	-	-	-
Premium on bond sale	-	124,787	372,740	63,691	-	145,046	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>6,322,010</b>	<b>2,023,291</b>	<b>5,182,222</b>	<b>553,953</b>	<b>120,000</b>	<b>3,747,158</b>	<b>(11,382)</b>
<b>Net change in fund balances</b>	<b>258,011</b>	<b>(160,627)</b>	<b>1,969,752</b>	<b>(257,362)</b>	<b>17,005</b>	<b>(1,989,765)</b>	<b>15,759</b>
Fund balances (deficits), beginning of year	16,250,380	5,694,205	3,043,070	173,986	1,082,040	8,263,969	213,519
<b>Fund balances (deficits), end of year</b>	<b>\$ 16,508,391</b>	<b>\$ 5,533,578</b>	<b>\$ 5,012,822</b>	<b>\$ (83,376)</b>	<b>\$ 1,099,045</b>	<b>\$ 6,274,204</b>	<b>\$ 229,278</b>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
the year ended December 31, 2012  
(summarized financial info at December 31, 2011)

	<b>Capital Projects (Continued)</b>		<b>Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>	
	<b>Heritage Land Bank</b>	<b>Total Capital Projects</b>	<b>Cemetery Perpetual Maintenance</b>	<b>2012</b>	<b>2011</b>
<b>Revenues:</b>					
Hotel and motel taxes	\$ -	\$ -	\$ -	\$ 13,334,414	\$ 12,205,070
Special assessments	-	48,617	-	1,103,634	1,113,901
Intergovernmental	-	34,483,788	-	81,567,198	62,453,699
Charges for services	-	46,717	9,150	4,354,640	5,580,801
Fines and forfeitures	-	-	-	460,257	466,971
Investment income (loss)	39,589	316,914	9,220	4,770,036	387,057
Restricted contributions	-	(94,819)	-	59,003	1,114,066
Other	-	437,313	-	2,691,230	2,378,428
<b>Total revenues</b>	<b>39,589</b>	<b>35,238,530</b>	<b>18,370</b>	<b>108,340,412</b>	<b>85,699,993</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	-	-	-	(727,987)	1,879,185
Fire services	-	-	-	4,397,182	3,731,367
Police services	-	-	-	4,439,038	5,896,480
Health and human services	-	-	-	11,911,139	12,763,405
Economic and community development	-	-	-	11,015,691	13,191,848
Public transportation	-	-	-	5,491,729	5,405,585
Public works	-	-	-	8,748,534	2,908,326
Education	-	-	-	7,448,791	4,661,259
<b>Debt service:</b>					
Principal	-	-	-	4,803,000	4,523,000
Interest	-	-	-	5,968,032	7,197,346
Bond issuance costs	-	15,828	-	15,828	60,064
Capital projects	522,248	47,725,841	-	47,725,841	38,560,407
<b>Total expenditures</b>	<b>522,248</b>	<b>47,741,669</b>	<b>-</b>	<b>111,236,818</b>	<b>100,778,272</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(482,659)</b>	<b>(12,503,139)</b>	<b>18,370</b>	<b>(2,896,406)</b>	<b>(15,078,279)</b>
<b>Other financing sources (uses):</b>					
Transfers from other funds	80,000	7,592,976	-	17,224,457	17,886,575
Transfers to other funds	-	(272,500)	-	(6,674,510)	(7,223,188)
General obligation bonds issued	-	3,668,502	-	3,668,502	2,021,563
State of Alaska jail lease advance payment	-	-	-	-	23,908,250
Premium on bond sale	-	706,264	-	706,264	56,726
Payment to refunded bond escrow agent	-	-	-	-	(23,860,769)
Sale of capital assets	-	-	-	20,092	130,000
<b>Total other financing sources (uses)</b>	<b>80,000</b>	<b>11,695,242</b>	<b>-</b>	<b>14,944,805</b>	<b>12,919,157</b>
<b>Net change in fund balances</b>	<b>(402,659)</b>	<b>(807,897)</b>	<b>18,370</b>	<b>12,048,399</b>	<b>(2,159,122)</b>
Fund balances (deficits), beginning of year	1,896,933	20,367,722	424,533	96,396,493	98,555,615
<b>Fund balances (deficits), end of year</b>	<b>\$ 1,494,274</b>	<b>\$ 19,559,825</b>	<b>\$ 442,903</b>	<b>\$ 108,444,892</b>	<b>\$ 96,396,493</b>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Budgetary Comparison Schedule  
 Heritage Land Bank  
 Special Revenue Fund  
 For the year ended December 31, 2012

	<b>Budget</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Charges for services	\$ 191,000	\$ 191,000	\$ 289,099	\$ 98,099
Investment income	28,729	16,600	21,357	4,757
Other	5,000	5,000	635,717	630,717
Total revenues	<u>224,729</u>	<u>212,600</u>	<u>946,173</u>	<u>733,573</u>
<b>Expenditures:</b>				
General government	1,293,570	1,176,688	1,135,467	41,221
Total expenditures	<u>1,293,570</u>	<u>1,176,688</u>	<u>1,135,467</u>	<u>41,221</u>
Deficiency of revenues over expenditures	<u>(1,068,841)</u>	<u>(964,088)</u>	<u>(189,294)</u>	<u>774,794</u>
<b>Other financing sources (uses):</b>				
Transfers to other funds	(80,000)	(80,000)	(80,000)	-
Transfers from other funds	-	-	-	-
Sale of capital assets	410,000	410,000	20,092	(389,908)
Total other financing sources (uses)	<u>330,000</u>	<u>330,000</u>	<u>(59,908)</u>	<u>(389,908)</u>
Net change in fund balance	(738,841)	(634,088)	(249,202)	384,886
Fund balance, beginning of year	1,134,197	1,134,197	1,134,197	-
Fund balance, end of year	<u>\$ 395,356</u>	<u>\$ 500,109</u>	<u>\$ 884,995</u>	<u>\$ 384,886</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Budgetary Comparison Schedule  
 Convention Center Operating Reserve  
 Special Revenue Fund  
 For the year ended December 31, 2012

	<b>Budget</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Hotel and motel taxes	\$ 12,518,055	\$ 12,393,145	\$ 13,334,414	\$ 941,269
Investment income	-	-	180,414	180,414
Other	-	-	237,606	237,606
Total revenues	12,518,055	12,393,145	13,752,434	1,359,289
Expenditures:				
Economic and community development	6,008,080	5,958,304	5,782,638	175,666
Total expenditures	6,008,080	5,958,304	5,782,638	175,666
Excess of revenues over expenditures	6,509,975	6,434,841	7,969,796	1,534,955
Other financing sources (uses):				
Transfers to other funds	(6,322,010)	(6,322,010)	(6,322,010)	-
Transfers from other funds	500,000	500,000	477,748	(22,252)
Total other financing sources (uses)	(5,822,010)	(5,822,010)	(5,844,262)	(22,252)
Net change in fund balance	687,965	612,831	2,125,534	1,512,703
Fund balance, beginning of year	7,439,512	7,439,512	7,439,512	-
Fund balance, end of year	\$ 8,127,477	\$ 8,052,343	\$ 9,565,046	\$ 1,512,703



**MUNICIPALITY OF ANCHORAGE, ALASKA**

Budgetary Comparison Schedule

Police/Fire Retiree Medical Liability

Special Revenue Fund

For the year ended December 31, 2012

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Investment income	\$ 90,000	\$ 90,000	\$ 3,953,721	\$ 3,863,721
Total revenues	90,000	90,000	3,953,721	3,863,721
Expenditures:				
General government	88,000	88,000	39,083	48,917
Fire services	1,467,991	1,467,991	1,447,518	20,473
Police services	1,462,131	1,462,131	1,438,342	23,789
Total expenditures	3,018,122	3,018,122	2,924,943	93,179
Excess (deficiency) of revenues over expenditures	(2,928,122)	(2,928,122)	1,028,778	3,956,900
Other financing sources:				
Transfers from other funds	1,869,000	1,869,000	1,869,000	-
Total other financing sources	1,869,000	1,869,000	1,869,000	-
Net change in fund balance	(1,059,122)	(1,059,122)	2,897,778	3,956,900
Fund balance, beginning of year	29,112,600	29,112,600	29,112,600	-
Fund balance, end of year	\$ 28,053,478	\$ 28,053,478	\$ 32,010,378	\$ 3,956,900

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Budgetary Comparison Schedule  
 Special Assessment Bonds  
 Debt Service Fund  
 For the year ended December 31, 2012

	<b>Budget</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Investment income	\$ -	\$ -	\$ 23,336	\$ 23,336
Total revenues	-	-	23,336	23,336
Fund balance, beginning of year	1,089,868	1,089,868	1,089,868	-
Fund balance, end of year	\$ 1,089,868	\$ 1,089,868	\$ 1,113,204	\$ 23,336

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Budgetary Comparison Schedule  
 Jail Revenue Bond  
 Debt Service Fund  
 For the year ended December 31, 2012

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 5,033,925	\$ 5,033,925	\$ 4,009,650	\$ (1,024,275)
Investment income	-	-	71	71
Total revenues	5,033,925	5,033,925	4,009,721	(1,024,204)
Expenditures:				
Debt service:				
Principal	5,033,925	5,033,925	3,300,000	1,733,925
Interest	-	-	709,650	(709,650)
Total expenditures	5,033,925	5,033,925	4,009,650	1,024,275
Excess of revenues over expenditures	-	-	71	71
Net change in fund balance	-	-	71	71
Fund balance, beginning of year	8,639	8,639	8,639	-
Fund balance, end of year	\$ 8,639	\$ 8,639	\$ 8,710	\$ 71

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
 Budgetary Comparison Schedule  
 ACPA Surcharge Revenue Bond  
 Debt Service Fund  
 For the year ended December 31, 2012

	<b>Budget</b>		<b>Actual</b>	<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Investment income	\$ -	\$ -	\$ 8,517	\$ 8,517
Other	339,613	339,613	474,231	134,618
Total revenues	<u>339,613</u>	<u>339,613</u>	<u>482,748</u>	<u>143,135</u>
Expenditures:				
Debt service:				
Principal	120,000	120,000	120,000	-
Interest	219,613	219,613	219,613	-
Total expenditures	<u>339,613</u>	<u>339,613</u>	<u>339,613</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>143,135</u>	<u>143,135</u>
Net change in fund balance	-	-	143,135	143,135
Fund balance, beginning of year	458,165	458,165	458,165	-
Fund balance, end of year	<u>\$ 458,165</u>	<u>\$ 458,165</u>	<u>\$ 601,300</u>	<u>\$ 143,135</u>

## NONMAJOR ENTERPRISE FUNDS

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

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

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

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

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Net Position  
Nonmajor Enterprise Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds	
				December 31, 2012	December 31, 2011
<b>Assets</b>					
Current assets:					
Cash	\$ 700	\$ 2,775	\$ 200	\$ 3,675	\$ 3,675
Cash in central treasury	5,070,063	15,894,173	-	20,964,236	15,685,351
Accrued interest on investments	14,340	83,282	-	97,622	142,046
Interest receivable	-	-	14	14	23
Receivables (net of allowance for uncollectibles)	607,182	1,248,926	8,425	1,864,533	2,415,740
Prepaid items and deposits	1,631	4,032	13,359	19,022	20,637
Restricted assets:					
Intergovernmental receivables	-	-	782,511	782,511	932,338
Capital acquisition and construction accounts	681,180	9,352,612	6,289,109	16,322,901	13,156,102
Landfill post closure cash reserve	-	8,166,784	-	8,166,784	6,387,183
Total current assets	6,375,096	34,752,584	7,093,618	48,221,298	38,743,095
Noncurrent assets:					
Restricted assets:					
Loans receivable, net	-	-	3,680	3,680	4,584
Capital assets, net	4,651,220	55,652,487	58,930,297	119,234,004	117,426,269
Total noncurrent assets	4,651,220	55,652,487	58,933,977	119,237,684	117,430,853
Total assets	11,026,316	90,405,071	66,027,595	167,458,982	156,173,948
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and retainages	103,008	874,388	38,735	1,016,131	640,334
Accrued interest payable	-	139,652	-	139,652	141,859
Accrued payroll liabilities	100,758	497,068	60,544	658,370	490,221
Compensated absences	131,235	503,577	67,008	701,820	682,461
Due to other funds	-	-	719,726	719,726	1,158,141
Long-term obligations maturing within one year	-	1,718,267	-	1,718,267	1,718,267
Unearned revenues	-	-	101,161	101,161	79,380
Current liabilities payable from restricted assets:					
Capital acquisition and construction accounts and retainage payable	3,673	896,791	84,615	985,079	174,419
Total current liabilities	338,674	4,629,743	1,071,789	6,040,206	5,085,082
Noncurrent liabilities:					
Alaska clean water loans payable	-	15,026,673	-	15,026,673	16,744,940
Compensated absences	3,141	-	-	3,141	11,264
Total noncurrent liabilities	3,141	15,026,673	-	15,029,814	16,756,204
Other liabilities:					
Future landfill closure costs	-	23,723,952	-	23,723,952	22,149,134
Total liabilities	341,815	43,380,368	1,071,789	44,793,972	43,990,420
<b>Deferred Inflows of Resources</b>					
Deferred intergovernmental-time requirement	-	200,000	1,435	201,435	659
Total deferred inflows of resources	-	200,000	1,435	201,435	659
<b>Net Position</b>					
Net investment in capital assets	4,651,220	38,907,547	58,930,297	102,489,064	98,963,062
Restricted for capital construction	677,507	8,455,821	6,985,570	16,118,898	14,279,737
Unrestricted	5,355,774	(538,665)	(961,496)	3,855,613	(1,059,930)
Total net position	10,684,501	46,824,703	64,954,371	122,463,575	112,182,869
Total liabilities, deferred inflows of resources and net position	\$ 11,026,316	\$ 90,405,071	\$ 66,027,595	\$ 167,458,982	\$ 156,173,948

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Enterprise Funds  
The year ended December 31, 2012  
(with summarized financial info at December 31, 2011)

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds	
				2012	2011
Operating revenues:					
Charges for sales and services	\$ 8,746,295	\$ 20,251,542	\$ 1,398,217	\$ 30,396,054	\$ 28,035,244
Other	41,255	698,137	-	739,392	675,825
Total operating revenues	8,787,550	20,949,679	1,398,217	31,135,446	28,711,069
Operating expenses:					
Operations	7,911,568	12,632,947	1,562,753	22,107,268	20,114,737
Amortization of future landfill closure costs	-	1,574,818	-	1,574,818	1,689,202
Depreciation and amortization	775,925	3,776,699	2,642,361	7,194,985	7,334,678
Total operating expenses	8,687,493	17,984,464	4,205,114	30,877,071	29,138,617
Operating income (loss)	100,057	2,965,215	(2,806,897)	258,375	(427,548)
Nonoperating revenues (expenses):					
Investment income	163,278	602,885	48,373	814,536	608,504
Other revenues	-	-	18,445	18,445	10,435
Intergovernmental revenue	-	-	116,452	116,452	111,731
Interest expense	-	(237,671)	-	(237,671)	(227,532)
Gain (loss) on sale of capital assets	-	(884,518)	4,635,197	3,750,679	6,443
Net nonoperating revenues (expenses)	163,278	(519,304)	4,818,467	4,462,441	509,581
Income before capital contributions and transfers	263,335	2,445,911	2,011,570	4,720,816	82,033
Capital contributions	-	1,800,000	4,781,297	6,581,297	2,644,069
Transfers from other funds	-	-	-	-	40,500
Transfers to other funds	(54,882)	(926,367)	(40,158)	(1,021,407)	(1,070,112)
Change in net position	208,453	3,319,544	6,752,709	10,280,706	1,696,490
Net position, beginning of year	10,476,048	43,505,159	58,201,662	112,182,869	110,486,379
Net position, end of year	\$ 10,684,501	\$ 46,824,703	\$ 64,954,371	\$ 122,463,575	\$ 112,182,869

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	Refuse Utility	Solid Waste	Municipal Airport	Total Nonmajor Enterprise Funds	
				2012	2011
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 8,803,321	\$ 21,412,994	\$ 1,498,020	\$ 31,714,335	\$ 28,857,648
Payments to employees	(2,114,818)	(8,009,966)	(1,069,589)	(11,194,373)	(10,880,422)
Payments to vendors	(5,744,439)	(4,121,253)	(490,406)	(10,356,098)	(9,105,544)
Net cash from operating activities	944,064	9,281,775	(61,975)	10,163,864	8,871,682
<b>Cash flows from noncapital and related financing activities:</b>					
Intergovernmental revenue	-	-	116,452	116,452	-
Transfers to other funds	(54,882)	(926,367)	(40,158)	(1,021,407)	(1,070,112)
Transfers from other funds	-	-	-	-	40,500
Due to other funds	-	-	(438,415)	(438,415)	137,801
Net cash from noncapital and related financing activities	(54,882)	(926,367)	(362,121)	(1,343,370)	(891,811)
<b>Cash flows from capital and related financing activities:</b>					
Principal payments on long-term obligations	-	(1,718,267)	-	(1,718,267)	(1,619,606)
Interest payments on long-term obligations	-	(239,878)	-	(239,878)	(241,791)
Acquisition and construction of capital assets	(1,898,598)	(2,727,298)	(3,052,138)	(7,678,034)	(5,491,148)
Landfill post closure cash reserve	-	(1,779,601)	-	(1,779,601)	(1,790,024)
Proceeds from Alaska clean water loans	-	-	-	-	3,963,461
Proceeds from the sale or disposition of capital assets	-	416,000	4,512,782	4,928,782	6,443
Capital contributions - intergovernmental	-	2,000,000	3,253,219	5,253,219	3,364,399
Net cash from capital and related financing activities	(1,898,598)	(4,049,044)	4,713,863	(1,233,779)	(1,808,266)
<b>Cash flows from investing activities:</b>					
Investment income	177,149	633,438	48,382	858,969	570,372
Net cash from investing activities	177,149	633,438	48,382	858,969	570,372
Net increase (decrease) in cash	(832,267)	4,939,802	4,338,149	8,445,684	6,741,977
Cash, beginning of year	6,584,210	20,309,758	1,951,160	28,845,128	22,103,151
Cash, end of year	\$ 5,751,943	\$ 25,249,560	\$ 6,289,309	\$ 37,290,812	\$ 28,845,128
<b>Cash</b>					
Cash	700	2,775	200	3,675	3,675
Cash in central treasury	5,070,063	15,894,173	-	20,964,236	15,685,351
Capital acquisition and construction accounts	681,180	9,352,612	6,289,109	16,322,901	13,156,102
Cash, December 31	\$ 5,751,943	\$ 25,249,560	\$ 6,289,309	\$ 37,290,812	\$ 28,845,128
<b>Reconciliation of change in net position to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 100,057	\$ 2,965,215	\$ (2,806,897)	\$ 258,375	\$ (427,548)
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>					
Amortization of landfill closure costs	-	1,574,818	-	1,574,818	1,689,202
Depreciation and amortization	775,925	3,776,699	2,642,361	7,194,985	7,334,678
Other revenues	-	-	18,445	18,445	10,435
<b>Changes in assets and liabilities which increase (decrease) cash:</b>					
Accounts receivable, net	15,771	463,315	68,614	547,700	164,213
Prepaid items and deposits	(66)	(162)	1,843	1,615	652
Accounts payable and retainages	27,641	346,622	1,534	375,797	104,352
Accrued payroll liabilities	16,546	137,546	14,057	168,149	39,729
Compensated absences payable	8,190	17,722	(14,676)	11,236	(15,962)
Unearned revenue and deposits	-	-	12,744	12,744	(28,069)
Total cash provided (used) by operating activities	944,064	9,281,775	(61,975)	10,163,864	8,871,682
<b>Noncash investing, capital, and financing activities:</b>					
Capital purchases on account	3,673	896,791	84,615	985,079	174,419
Contributed capital and equipment	-	-	1,687,718	1,687,718	-
Total noncash investing, capital, and financing activities	\$ 3,673	\$ 896,791	\$ 1,772,333	\$ 2,672,797	\$ 174,419



## INTERNAL SERVICE FUNDS

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

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

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

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

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

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Net Position  
Internal Service Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<b>Risk Management</b>			
	<b>General Liability/ Workers' Compensation</b>	<b>Medical/ Dental</b>	<b>Unemployment Compensation</b>	<b>Equipment Maintenance</b>
<b>Assets</b>				
Current assets:				
Cash in central treasury	\$ 13,051,948	\$ 8,138,977	\$ 936,155	\$ 7,787,129
Master lease agreement escrow	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	65,751
Due from other funds	548,534	-	-	-
Inventories	-	-	-	389,530
Prepaid items and deposits	394,071	-	-	-
Restricted assets:				
Capital acquisition and construction accounts	-	-	-	3,542,433
Total current assets	<u>13,994,553</u>	<u>8,138,977</u>	<u>936,155</u>	<u>11,784,843</u>
Noncurrent assets:				
Advances to other funds	1,406,427	-	-	-
Capital assets, net	-	-	-	18,203,445
Total noncurrent assets	<u>1,406,427</u>	<u>-</u>	<u>-</u>	<u>18,203,445</u>
Total assets	<u><u>15,400,980</u></u>	<u><u>8,138,977</u></u>	<u><u>936,155</u></u>	<u><u>29,988,288</u></u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and retainages	241,316	14,610	-	343,328
Accrued payroll liabilities	16,654	-	-	179,803
Compensated absences	3,221	-	-	200,251
Claims payable	8,591,217	996,258	118,632	-
Claims incurred but not reported	2,605,054	6,032,091	-	-
Due to other funds	-	-	-	-
Accrued interest payable	-	-	-	-
Long-term obligations maturing within one year	-	-	-	-
Current liabilities payable from restricted assets:				
Capital acquisition and construction accounts and retainage payable	-	-	-	343,849
Total current liabilities	<u>11,457,462</u>	<u>7,042,959</u>	<u>118,632</u>	<u>1,067,231</u>
Noncurrent liabilities:				
Advances from other funds	-	-	-	-
Compensated absences	15,578	-	-	-
Capital leases payable	-	-	-	-
Claims incurred but not reported	5,518,284	-	-	-
Total noncurrent liabilities	<u>5,533,862</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>16,991,324</u></u>	<u><u>7,042,959</u></u>	<u><u>118,632</u></u>	<u><u>1,067,231</u></u>
<b>Deferred Inflows of Resources</b>				
Advance funding from electric fund for loan repayment	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	-	-	-	18,203,445
Restricted for capital acquisitions	-	-	-	3,198,584
Unrestricted	(1,590,344)	1,096,018	817,523	7,519,028
Total net position	<u>(1,590,344)</u>	<u>1,096,018</u>	<u>817,523</u>	<u>28,921,057</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 15,400,980</u></u>	<u><u>\$ 8,138,977</u></u>	<u><u>\$ 936,155</u></u>	<u><u>\$ 29,988,288</u></u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Net Position  
Internal Service Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	Information Technology	Total Internal Service Funds	
		December 31, 2012	December 31, 2011
<b>Assets</b>			
Current assets:			
Cash in central treasury	\$ 1,207,044	\$ 31,121,253	\$ 29,444,776
Master lease agreement escrow	2,104,181	2,104,181	450,206
Receivables (net of allowance for uncollectibles)	-	65,751	117,208
Due from other funds	-	548,534	548,516
Inventories	-	389,530	335,752
Prepaid items and deposits	529,717	923,788	512,295
Restricted assets:			
Capital acquisition and construction accounts	843,995	4,386,428	7,258,165
Total current assets	4,684,937	39,539,465	38,666,918
Noncurrent assets:			
Advances to other funds	-	1,406,427	1,226,451
Capital assets, net	16,276,514	34,479,959	26,335,644
Total noncurrent assets	16,276,514	35,886,386	27,562,095
Total assets	20,961,451	75,425,851	66,229,013
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and retainages	776,331	1,375,585	926,809
Accrued payroll liabilities	502,800	699,257	467,158
Compensated absences	595,313	798,785	838,582
Claims payable	-	9,706,107	14,697,856
Claims incurred but not reported	-	8,637,145	8,744,273
Due to other funds	548,534	548,534	1,502,174
Accrued interest payable	23,566	23,566	25,062
Long-term obligations maturing within one year	1,885,700	1,885,700	1,064,501
Current liabilities payable from restricted assets:			
Capital acquisition and construction accounts and retainage payable	499,156	843,005	38,050
Total current liabilities	4,831,400	24,517,684	28,304,465
Noncurrent liabilities:			
Advances from other funds	-	-	548,534
Compensated absences	241,407	256,985	167,721
Capital leases payable	9,624,081	9,624,081	2,309,781
Claims incurred but not reported	-	5,518,284	5,562,889
Total noncurrent liabilities	9,865,488	15,399,350	8,588,925
Total liabilities	14,696,888	39,917,034	36,893,390
<b>Deferred Inflows of Resources</b>			
Advance funding from electric fund for loan repayment	86,096	86,096	172,192
Total deferred inflows of resources	86,096	86,096	172,192
<b>Net Position</b>			
Net investment in capital assets	4,766,733	22,970,178	22,961,362
Restricted for capital acquisitions	2,449,020	5,647,604	7,670,321
Unrestricted	(1,037,286)	6,804,939	(1,468,252)
Total net position	6,178,467	35,422,721	29,163,431
Total liabilities, deferred inflows of resources and net position	\$ 20,961,451	\$ 75,425,851	\$ 66,229,013

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
Internal Service Funds  
The year ended December 31, 2012  
(with summarized financial info at December 31, 2011)

	<b>Risk Management</b>			
	<b>General Liability/ Workers' Compensation</b>	<b>Medical/ Dental</b>	<b>Unemployment Compensation</b>	<b>Equipment Maintenance</b>
Operating revenues:				
Charges for sales and services	\$ 13,779,028	\$ 55,402,771	\$ 454,549	\$ 11,620,491
Other	14,984	-	-	-
Total operating revenues	<u>13,794,012</u>	<u>55,402,771</u>	<u>454,549</u>	<u>11,620,491</u>
Operating expenses:				
Operations	11,043,507	53,412,346	458,411	7,266,385
Depreciation and amortization	-	-	-	4,526,783
Total operating expenses	<u>11,043,507</u>	<u>53,412,346</u>	<u>458,411</u>	<u>11,793,168</u>
Operating income (loss)	<u>2,750,505</u>	<u>1,990,425</u>	<u>(3,862)</u>	<u>(172,677)</u>
Nonoperating revenues (expenses):				
Investment income (loss)	373,376	141,664	19,684	227,703
Other revenues	-	-	-	193,405
Other expenses	-	-	-	-
Interest expense	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	33,030
Net nonoperating revenues (expenses)	<u>373,376</u>	<u>141,664</u>	<u>19,684</u>	<u>454,138</u>
Income (loss) before capital contributions and transfers	3,123,881	2,132,089	15,822	281,461
Capital contributions	-	-	-	80,450
Transfers from other funds	-	-	-	3,925
Change in net position	<u>3,123,881</u>	<u>2,132,089</u>	<u>15,822</u>	<u>365,836</u>
Net position, beginning of year	(4,714,225)	(1,036,071)	801,701	28,555,221
Net position, end of year	<u>\$ (1,590,344)</u>	<u>\$ 1,096,018</u>	<u>\$ 817,523</u>	<u>\$ 28,921,057</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
Internal Service Funds  
The year ended December 31, 2012  
(with summarized financial info at December 31, 2011)

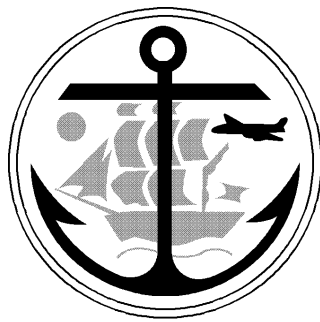
	<b>Information Technology</b>	<b>Total Internal Service Funds</b>	
		<b>2012</b>	<b>2011</b>
Operating revenues:			
Charges for sales and services	\$ 18,459,088	\$ 99,715,927	\$ 94,650,772
Other	-	14,984	10,834
Total operating revenues	<u>18,459,088</u>	<u>99,730,911</u>	<u>94,661,606</u>
Operating expenses:			
Operations	15,833,246	88,013,895	91,153,838
Depreciation and amortization	1,881,741	6,408,524	9,251,924
Total operating expenses	<u>17,714,987</u>	<u>94,422,419</u>	<u>100,405,762</u>
Operating income (loss)	<u>744,101</u>	<u>5,308,492</u>	<u>(5,744,156)</u>
Nonoperating revenues (expenses):			
Investment income (loss)	(23,997)	738,430	603,730
Other revenues	2,131	195,536	140,274
Other expenses	-	-	(8,509)
Interest expense	(99,649)	(99,649)	(139,857)
Gain (loss) on sale of capital assets	(924)	32,106	74,293
Net nonoperating revenues (expenses)	<u>(122,439)</u>	<u>866,423</u>	<u>669,931</u>
Income (loss) before capital contributions and transfers	621,662	6,174,915	(5,074,225)
Capital contributions	-	80,450	25,538
Transfers from other funds	-	3,925	5,470,539
Change in net position	<u>621,662</u>	<u>6,259,290</u>	<u>421,852</u>
Net position, beginning of year	5,556,805	29,163,431	28,741,579
Net position, end of year	<u>\$ 6,178,467</u>	<u>\$ 35,422,721</u>	<u>\$ 29,163,431</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<b>Risk Management</b>			
	<b>General Liability/ Workers' Compensation</b>	<b>Medical/ Dental</b>	<b>Unemployment Compensation</b>	<b>Equipment Maintenance</b>
Cash flows from operating activities:				
Receipts from customers and users	\$ 13,794,012	\$ 55,402,771	\$ 454,549	\$ 11,813,896
Payments to employees	(115,146)	(135,067)	-	(3,927,790)
Payments to vendors	(15,332,112)	(54,050,076)	(446,345)	(3,286,610)
Net cash from operating activities	<u>(1,653,246)</u>	<u>1,217,628</u>	<u>8,204</u>	<u>4,599,496</u>
Cash flows from noncapital and related financing activities:				
Transfers from other funds	-	-	-	-
Loan proceeds from interfund loans	-	-	-	-
Loan payments received on interfund loans	(18)	-	-	-
Due to other funds	-	-	-	-
Advance to other funds	(179,976)	-	-	-
Net cash from noncapital and related financing activities	<u>(179,994)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Principal payments on long-term obligations	-	-	-	-
Interest payments on long-term obligations	-	-	-	-
Acquisition and construction of capital assets	-	-	-	(1,319,294)
Transfers from other funds	-	-	-	3,925
Due to other funds	-	-	-	-
Principal payments on interfund loans	-	-	-	-
Interest payments on interfund loans	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
Proceeds from the sale or disposition of capital assets	-	-	-	(2,264,698)
Net cash from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,580,067)</u>
Cash flows from investing activities:				
Investment income (loss)	373,376	141,664	19,684	227,703
Net cash from investing activities	<u>373,376</u>	<u>141,664</u>	<u>19,684</u>	<u>227,703</u>
Net increase (decrease) in cash	(1,459,864)	1,359,292	27,888	1,247,132
Cash, beginning of year	14,511,812	6,779,685	908,267	10,082,430
Cash, end of year	<u>\$ 13,051,948</u>	<u>\$ 8,138,977</u>	<u>\$ 936,155</u>	<u>\$ 11,329,562</u>
Cash in central treasury	13,051,948	8,138,977	936,155	7,787,129
Capital acquisition and construction accounts	-	-	-	3,542,433
Cash, December 31	<u>\$ 13,051,948</u>	<u>\$ 8,138,977</u>	<u>\$ 936,155</u>	<u>\$ 11,329,562</u>
Reconciliation of change in net position to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 2,750,505	\$ 1,990,425	\$ (3,862)	\$ (172,677)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	-	-	-	4,526,783
Other revenues	-	-	-	193,405
Changes in assets and liabilities which increase (decrease) cash:				
Accounts receivable, net	-	-	-	51,457
Prepaid items and deposits	(12,696)	-	-	865
Inventories	-	-	-	(53,778)
Accounts payable and retainages	(37,572)	14,610	-	23,962
Accrued payroll liabilities	12,970	(532)	-	44,435
Compensated absences payable	4,675	(2,455)	-	(14,956)
Deferred revenue and deposits	-	-	-	-
Claims payable	(4,371,128)	(784,420)	12,066	-
Total cash provided (used) by operating activities	<u>(1,653,246)</u>	<u>1,217,628</u>	<u>8,204</u>	<u>4,599,496</u>
Noncash investing, capital, and financing activities:				
Capital purchases on account	-	-	-	343,849
Contributed capital and equipment	-	-	-	80,450
Total noncash investing, capital, and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,299</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	Information	Total Internal Service Funds	
	Technology	2012	2011
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 18,461,219	\$ 99,926,447	\$ 94,801,880
Payments to employees	(7,427,611)	(11,605,614)	(12,418,411)
Payments to vendors	(8,206,188)	(81,321,331)	(72,615,451)
Net cash from operating activities	<u>2,827,420</u>	<u>6,999,502</u>	<u>9,768,018</u>
<b>Cash flows from noncapital and related financing activities:</b>			
Transfers from other funds	-	-	13,800
Loan proceeds from interfund loans	-	-	1,566,910
Loan payments received on interfund loans	-	(18)	-
Due to other funds	(953,640)	(953,640)	(3,343,045)
Advance to other funds	-	(179,976)	(713,568)
Net cash from noncapital and related financing activities	<u>(953,640)</u>	<u>(1,133,634)</u>	<u>(2,475,903)</u>
<b>Cash flows from capital and related financing activities:</b>			
Principal payments on long-term obligations	(1,064,501)	(1,064,501)	(1,099,309)
Interest payments on long-term obligations	(79,857)	(79,857)	(105,078)
Acquisition and construction of capital assets	(11,705,425)	(13,024,719)	(7,487,005)
Transfers from other funds	-	3,925	5,456,739
Due to other funds	-	-	(855,565)
Principal payments on interfund loans	(548,534)	(548,534)	(548,516)
Interest payments on interfund loans	(21,288)	(21,288)	(39,552)
Proceeds from issuance of debt	9,200,000	9,200,000	1,815,857
Proceeds from the sale or disposition of capital assets	114	(2,264,584)	439,192
Net cash from capital and related financing activities	<u>(4,219,491)</u>	<u>(7,799,558)</u>	<u>(2,423,237)</u>
<b>Cash flows from investing activities:</b>			
Investment income (loss)	(23,997)	738,430	603,730
Net cash from investing activities	<u>(23,997)</u>	<u>738,430</u>	<u>603,730</u>
Net increase (decrease) in cash	(2,369,708)	(1,195,260)	5,472,608
Cash, beginning of year	4,420,747	36,702,941	31,230,333
Cash, end of year	<u>\$ 2,051,039</u>	<u>\$ 35,507,681</u>	<u>\$ 36,702,941</u>
Cash in central treasury	1,207,044	31,121,253	29,444,776
Capital acquisition and construction accounts	843,995	4,386,428	7,258,165
Cash, December 31	<u>\$ 2,051,039</u>	<u>\$ 35,507,681</u>	<u>\$ 36,702,941</u>
<b>Reconciliation of change in net position to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 744,101	\$ 5,308,492	\$ (5,744,156)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	1,881,741	6,408,524	9,251,924
Other revenues	2,131	195,536	140,274
<b>Changes in assets and liabilities which increase (decrease) cash:</b>			
Accounts receivable, net	-	51,457	79,643
Prepaid items and deposits	(399,662)	(411,493)	(26,213)
Inventories	-	(53,778)	19,823
Accounts payable and retainages	447,776	448,776	127,017
Accrued payroll liabilities	175,226	232,099	(62,320)
Compensated absences payable	62,203	49,467	40,692
Deferred revenue and deposits	(86,096)	(86,096)	(86,096)
Claims payable	-	(5,143,482)	6,027,430
Total cash provided (used) by operating activities	<u>2,827,420</u>	<u>6,999,502</u>	<u>9,768,018</u>
<b>Noncash investing, capital, and financing activities:</b>			
Capital purchases on account	499,156	843,005	38,050
Contributed capital and equipment	-	80,450	25,538
Total noncash investing, capital, and financing activities	<u>\$ 499,156</u>	<u>\$ 923,455</u>	<u>\$ 63,588</u>



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## FIDUCIARY FUNDS

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

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

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

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Net Position  
Fiduciary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

**Police/Fire Retirement Trust Funds**

	<b>Police/Fire Retirement System Plan I</b>	<b>Police/Fire Retirement System Plan II</b>	<b>Police/Fire Retirement System Plan III</b>	<b>Total</b>
<b>Assets</b>				
Cash in central treasury	\$ 17,112	\$ 12,639	\$ 44,819	\$ 74,570
Cash, cash equivalents held under securities lending program	1,549,874	1,144,678	4,058,712	6,753,264
Contribution receivable	53,155	39,288	138,664	231,107
Investments, at fair value:				
Cash and money market funds	928,677	686,023	2,432,752	4,047,452
U.S. treasuries	1,521,880	1,124,229	3,986,699	6,632,808
U.S. agencies	-	-	-	-
Corporate fixed income securities	8,764,008	6,474,064	22,958,097	38,196,169
Asset-backed securities	6,638,786	4,904,140	17,390,889	28,933,815
Fixed income funds	1,846,873	1,364,304	4,838,048	8,049,225
Domestic equity securities	28,261,583	20,877,124	74,033,720	123,172,427
International equity securities	15,168,239	11,204,935	39,734,545	66,107,719
Real estate funds	9,449,514	6,980,454	24,753,838	41,183,806
Total investments	<u>72,579,560</u>	<u>53,615,273</u>	<u>190,128,588</u>	<u>316,323,421</u>
Capital assets, net	1,089	805	2,853	4,747
Total assets	<u><u>74,200,790</u></u>	<u><u>54,812,683</u></u>	<u><u>194,373,636</u></u>	<u><u>323,387,109</u></u>
<b>Liabilities</b>				
Accounts payable	14,082	10,388	36,748	61,218
Payable under securities lending program	1,549,874	1,144,678	4,058,712	6,753,264
Total liabilities	<u>1,563,956</u>	<u>1,155,066</u>	<u>4,095,460</u>	<u>6,814,482</u>
<b>Net Position</b>				
Held in trust for:				
Employees' pension benefits	72,636,834	53,657,617	190,278,176	316,572,627
Employees' postemployment healthcare benefits	-	-	-	-
Total net position	<u>72,636,834</u>	<u>53,657,617</u>	<u>190,278,176</u>	<u>316,572,627</u>
Total liabilities and net position	<u><u>\$ 74,200,790</u></u>	<u><u>\$ 54,812,683</u></u>	<u><u>\$ 194,373,636</u></u>	<u><u>\$ 323,387,109</u></u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Net Position  
Fiduciary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

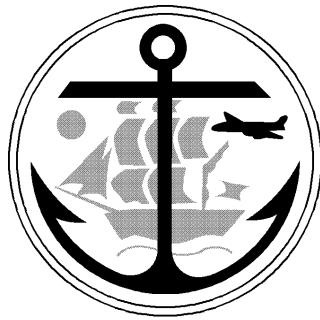
	<b>Police/Fire Retiree Medical Trust Fund</b>	<b>Total Fiduciary Funds</b>	
		<b>December 31, 2012</b>	<b>December 31, 2011</b>
<b>Assets</b>			
Cash in central treasury	\$ 2,399	\$ 76,969	\$ 2,351
Cash, cash equivalents held under securities lending program	-	6,753,264	21,849,791
Contribution receivable	-	231,107	-
Investments, at fair value:			
Cash and money market funds	457,426	4,504,878	5,933,484
U.S. treasuries	8,742,971	15,375,779	17,792,210
U.S. agencies	250,899	250,899	-
Corporate fixed income securities	-	38,196,169	34,687,173
Asset-backed securities	-	28,933,815	30,988,213
Fixed income funds	1,355,636	9,404,861	8,572,061
Domestic equity securities	2,048,535	125,220,962	121,174,154
International equity securities	1,361,002	67,468,721	55,907,766
Real estate funds	-	41,183,806	38,745,723
Total investments	<u>14,216,469</u>	<u>330,539,890</u>	<u>313,800,784</u>
Capital assets, net	-	4,747	8,841
Total assets	<u><u>14,218,868</u></u>	<u><u>337,605,977</u></u>	<u><u>335,661,767</u></u>
<b>Liabilities</b>			
Accounts payable	-	61,218	100,086
Payable under securities lending program	-	6,753,264	21,849,791
Total liabilities	<u>-</u>	<u>6,814,482</u>	<u>21,949,877</u>
<b>Net Position</b>			
Held in trust for:			
Employees' pension benefits	-	316,572,627	300,763,926
Employees' postemployment healthcare benefits	14,218,868	14,218,868	12,947,964
Total net position	<u>14,218,868</u>	<u>330,791,495</u>	<u>313,711,890</u>
Total liabilities and net position	<u><u>\$ 14,218,868</u></u>	<u><u>\$ 337,605,977</u></u>	<u><u>\$ 335,661,767</u></u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Changes in Net Position  
Fiduciary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<b>Police/Fire Retirement Pension Trust Funds</b>			
	<b>Police/Fire Retirement System Plan I</b>	<b>Police/Fire Retirement System Plan II</b>	<b>Police/Fire Retirement System Plan III</b>	<b>Total</b>
<b>Additions:</b>				
Contributions from other funds	\$ 1,219,817	\$ 1,126,732	\$ 3,893,326	\$ 6,239,875
Contributions from employees	-	14,886	364,199	379,085
Interest	849,477	627,420	2,224,972	3,701,869
Dividends	295,514	218,265	774,018	1,287,797
Net increase (decrease) in fair value of investments	8,426,139	6,168,897	21,480,314	36,075,350
Less: investment expense	(341,280)	(251,930)	(892,398)	(1,485,608)
Total additions	<u>10,449,667</u>	<u>7,904,270</u>	<u>27,844,431</u>	<u>46,198,368</u>
<b>Deductions:</b>				
Regular benefit payments	8,645,027	5,829,321	15,139,615	29,613,963
Administrative expenses	178,950	131,822	464,932	775,704
Total deductions	<u>8,823,977</u>	<u>5,961,143</u>	<u>15,604,547</u>	<u>30,389,667</u>
Change in net position	1,625,690	1,943,127	12,239,884	15,808,701
Net position, beginning of year	71,011,144	51,714,490	178,038,292	300,763,926
Net position, end of year	<u>\$ 72,636,834</u>	<u>\$ 53,657,617</u>	<u>\$ 190,278,176</u>	<u>\$ 316,572,627</u>

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Combining Statement of Changes in Net Position  
Fiduciary Funds  
For the year ended December 31, 2012  
(with summarized financial information at December 31, 2011)

	<b>Police/Fire Retiree Medical Trust Fund</b>	<b>Total Fiduciary Funds</b>	
		<b>December 31, 2012</b>	<b>December 31, 2011</b>
<b>Additions:</b>			
Contributions from other funds	\$ 2,885,860	\$ 9,125,735	\$ 11,349,104
Contributions from employees	-	379,085	417,107
Interest	159,364	3,861,233	4,424,151
Dividends	120,436	1,408,233	1,271,756
Net increase (decrease) in fair value of investments	463,146	36,538,496	(6,063,776)
Less: investment expense	-	(1,485,608)	(1,533,229)
<b>Total additions</b>	<b>3,628,806</b>	<b>49,827,174</b>	<b>9,865,113</b>
<b>Deductions:</b>			
Regular benefit payments	2,300,399	31,914,362	31,075,337
Administrative expenses	57,503	833,207	883,559
<b>Total deductions</b>	<b>2,357,902</b>	<b>32,747,569</b>	<b>31,958,896</b>
Change in net position	1,270,904	17,079,605	(22,093,783)
Net position, beginning of year	12,947,964	313,711,890	335,805,673
<b>Net position, end of year</b>	<b>\$ 14,218,868</b>	<b>\$ 330,791,495</b>	<b>\$ 313,711,890</b>



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## STATISTICAL SECTION

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

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

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

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

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

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

Table 1

	Fiscal Year									
	2012	2011	2010	As Restated 2009	As Restated 2008	As Restated 2007	2006	2005	2004	2003
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 2,645,081,616	\$ 2,637,498,499	\$ 2,690,946,874	\$ 2,689,939,470	\$ 2,620,279,025	\$ 2,549,539,076	\$ 2,537,136,632	\$ 2,485,270,733	\$ 2,472,454,545	\$ 2,491,806,336
Restricted	206,054,655	184,705,421	175,099,975	165,637,114	168,742,562	259,806,239	241,714,127	212,619,180	214,684,422	210,664,439
Unrestricted	123,707,347	105,856,844	58,377,890	18,194,337	35,463,284	(103,725,438)	(77,746,279)	(84,043,560)	(87,866,060)	(100,957,081)
Total governmental activities net position	2,974,843,618	2,928,060,764	2,924,424,739	2,873,770,921	2,824,484,871	2,705,619,877	2,701,104,480	2,613,846,353	2,599,272,907	2,601,513,694
<b>Business-type activities:</b>										
Net investment in capital assets	525,892,917	499,643,067	453,327,512	419,148,666	430,705,921	397,162,624	388,614,000	318,829,727	257,844,237	277,360,904
Restricted	184,402,233	182,771,686	166,914,727	136,376,232	113,883,731	101,772,016	105,727,434	103,454,088	98,379,013	67,696,691
Unrestricted	48,518,687	42,089,727	76,809,449	80,917,057	61,571,494	54,823,246	50,592,777	88,048,950	101,389,544	74,793,074
Total business-type activities net position	758,813,837	724,504,480	697,051,688	636,441,955	606,161,146	553,757,886	544,934,211	510,332,765	457,612,794	419,850,669
<b>Total primary government:</b>										
Net investment in capital assets	3,170,974,533	3,137,141,566	3,144,274,386	3,109,088,136	3,050,984,946	2,946,701,700	2,925,750,632	2,804,100,460	2,730,298,782	2,769,167,240
Restricted	390,456,888	367,477,107	342,014,702	302,013,346	282,626,293	361,578,255	347,441,561	316,073,268	313,063,435	278,361,130
Unrestricted	172,226,034	147,946,571	135,187,339	99,111,394	97,034,778	(48,902,192)	(27,153,502)	4,005,390	13,523,484	(26,164,007)
Total primary government net position	\$ 3,733,657,455	\$ 3,652,565,244	\$ 3,621,476,427	\$ 3,510,212,876	\$ 3,430,646,017	\$ 3,259,377,763	\$ 3,246,038,691	\$ 3,124,179,118	\$ 3,056,885,701	\$ 3,021,364,363

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

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

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

Source: Municipality of Anchorage, Finance Department



**MUNICIPALITY OF ANCHORAGE, ALASKA**

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 21,709,649	\$ 21,999,859	\$ 22,466,640	\$ 29,050,467	\$ 26,337,901	\$ 40,462,811	\$ 44,414,290	\$ 33,149,639	\$ 28,412,366	\$ 32,474,401
Fire services	96,285,981	94,499,296	88,837,324	80,454,433	81,588,328	72,220,757	39,818,913	82,517,923	55,208,871	48,198,463
Police services	118,098,035	116,362,828	107,677,900	104,474,503	102,916,651	87,247,323	52,291,313	98,669,291	69,371,463	61,282,774
Health and human services	25,029,632	28,268,547	26,632,684	27,082,391	26,458,471	25,972,527	25,045,197	31,155,930	24,312,243	30,287,357
Cultural and recreation services	-	-	-	-	-	-	-	-	-	33,140,965
Economic & community development	78,494,540	83,174,571	78,941,612	82,988,652	76,303,695	70,057,933	62,090,686	47,652,399	46,849,814	-
Public transportation	34,906,057	34,185,440	30,240,829	34,517,002	29,953,660	27,579,961	24,039,863	21,162,017	20,283,370	17,611,333
Public works	85,163,740	80,989,860	56,127,232	107,527,253	78,337,320	80,368,055	92,686,550	60,434,830	37,096,194	184,797,027
Education	238,519,174	240,834,968	235,125,354	231,378,123	212,266,737	200,028,978	184,566,894	170,393,368	154,278,770	144,095,089
Maintenance and operations of roads and facilities	47,777,794	36,316,900	35,241,475	33,758,467	35,404,978	30,325,886	32,036,221	27,657,703	26,663,041	27,312,986
Interest on long-term debt	26,120,599	29,132,941	28,201,071	29,600,473	29,822,096	29,613,108	29,723,363	21,568,745	19,944,303	20,075,030
Total governmental activities expenses	772,105,201	765,765,210	709,492,121	760,831,764	699,389,837	663,877,339	586,713,280	594,361,845	482,420,435	599,275,425
Business-type activities:										
Water	40,675,916	39,754,921	38,759,459	38,484,886	39,388,902	36,269,883	37,215,822	35,840,802	31,739,512	27,353,319
Wastewater	35,200,550	33,988,296	32,916,342	30,491,470	31,803,895	28,457,829	28,187,998	26,702,698	24,452,663	21,222,484
Electric	110,603,719	126,040,240	122,331,031	105,530,769	90,760,462	78,901,165	99,850,090	101,351,360	93,047,721	83,461,874
Port	11,840,713	11,489,233	10,518,074	11,105,399	11,533,424	10,710,625	10,076,243	9,676,376	8,165,915	7,394,998
Municipal airport	4,196,663	4,093,756	3,325,730	3,279,054	3,229,657	2,980,806	2,983,778	2,569,643	2,152,012	2,040,292
Solid waste	18,973,897	17,233,393	16,177,197	16,326,313	15,555,914	17,261,224	14,250,955	13,613,706	13,086,817	12,883,742
Refuse	8,644,522	8,262,213	8,176,402	7,816,221	7,367,979	6,548,379	6,304,451	5,938,896	5,902,024	5,669,170
Cooperative Services Authority	-	-	-	-	1,314,503	1,255,318	-	-	202,210	-
Anchorage Community Development Authority	-	-	-	-	-	-	6,533,183	5,304,643	4,731,366	4,619,659
Alaska Center for the Performing Arts	-	-	-	-	-	-	1,986,912	1,934,907	1,726,324	1,793,186
Total business-type expenses	230,135,980	240,862,052	232,204,235	213,034,112	200,954,736	182,385,229	207,389,432	202,933,031	185,206,564	166,438,724
Total primary government expenses	\$ 1,002,241,181	\$ 1,006,627,262	\$ 941,696,356	\$ 973,866,876	\$ 900,344,573	\$ 846,262,568	\$ 794,102,712	\$ 797,294,876	\$ 667,626,999	\$ 765,714,149
<b>Program revenues: (see also Table 3)</b>										
Governmental activities:										
Charges for services:										
General government	\$ 7,306,404	\$ 9,497,748	\$ 7,656,683	\$ 6,519,429	\$ 8,176,803	\$ 13,310,411	\$ 17,450,777	\$ 11,525,168	\$ 14,016,015	\$ 11,628,477
Fire services	8,347,086	8,224,213	7,494,561	7,551,666	8,664,033	8,267,074	7,672,974	6,636,585	5,655,912	4,827,098
Police services	14,227,236	22,021,740	18,521,825	17,866,612	18,649,891	21,147,627	12,194,471	12,707,148	9,784,179	9,372,528
Health and human services	2,932,137	4,022,702	3,680,732	3,748,435	3,669,266	3,715,952	3,787,127	4,334,673	3,781,694	3,600,320
Economic & community development	5,036,711	4,369,182	5,875,077	5,406,449	7,666,960	7,555,914	6,278,744	5,817,018	3,252,157	3,600,320
Public transportation	5,140,290	5,121,736	4,659,923	4,435,263	4,545,387	3,987,108	3,941,306	3,250,901	3,002,525	2,494,514
Public works	14,426,299	10,423,089	8,669,482	9,202,667	8,256,833	15,136,381	16,911,964	30,394,761	10,332,321	11,430,058
Maintenance and operations of roads and facilities	170,343	191,729	191,534	319,034	202,171	744,928	1,418,615	1,553,757	1,906,892	1,890,571
Total charges for services revenues	57,586,506	63,872,139	56,750,351	55,518,183	57,770,833	73,976,441	70,933,148	76,681,737	54,296,556	48,495,723
Operating grants and contributions	76,838,701	60,469,943	47,876,617	64,619,647	47,769,996	34,531,461	53,470,466	29,048,223	25,158,092	44,299,109
Capital grants and contributions	61,810,688	59,335,217	66,986,287	108,286,565	68,209,477	61,844,863	48,274,799	18,358,385	12,275,783	11,714,829
Total governmental activities program revenues	196,235,895	183,677,299	171,613,255	228,424,395	173,750,306	170,362,765	172,678,413	124,088,345	91,730,431	104,509,661
Business-type activities:										
Charges for services	279,360,413	275,133,149	260,970,588	245,176,485	227,754,831	215,858,228	231,062,446	225,779,021	206,386,340	179,533,964
Operating grants and contributions	116,452	111,731	108,584	1,615,050	1,600,351	975,495	-	407,337	152,806	152,806
Capital grants and contributions	8,797,587	11,981,787	47,442,806	14,581,877	39,135,924	5,666,752	7,555,178	4,137,718	2,303,543	3,897,033
Total business-type activities revenues	288,274,452	287,226,667	308,521,958	259,866,946	268,505,805	223,125,331	239,593,119	229,916,739	209,097,220	183,583,803
Total primary government program revenues	484,510,347	470,903,966	480,135,213	488,291,341	442,256,111	393,478,096	412,271,532	354,005,084	300,827,651	288,093,464
<b>Net (Expense)/Revenue</b>										
Governmental activities	(575,869,306)	(582,087,911)	(537,878,866)	(532,407,369)	(525,639,531)	(493,524,574)	(414,034,867)	(470,273,500)	(390,690,004)	(494,765,764)
Business-type activities	58,138,472	46,364,615	76,317,723	46,832,834	67,551,069	40,740,102	32,203,180	26,983,708	23,890,656	17,145,079
Total primary government net expense	\$ (517,730,834)	\$ (535,723,296)	\$ (461,561,143)	\$ (485,574,535)	\$ (458,088,462)	\$ (452,784,472)	\$ (381,831,687)	\$ (443,289,792)	\$ (366,799,348)	\$ (477,620,685)

**MUNICIPALITY OF ANCHORAGE, ALASKA**

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

	Fiscal Year									
	2012	As Restated 2011	As Restated 2010	As Restated 2009	As Restated 2008	As Restated 2007	2006	2005	2004	2003
<b>General revenues and other changes in net position:</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 490,581,658	\$ 482,411,497	\$ 479,409,921	\$ 461,906,542	\$ 435,202,824	\$ 381,995,766	\$ 392,314,240	\$ 362,963,283	\$ 333,690,024	\$ 311,917,530
Motor vehicle taxes	15,990,553	9,878,069	9,512,490	9,078,006	10,535,938	10,291,028	10,021,797	9,962,376	10,131,578	9,617,492
Hotel and motel taxes	23,013,548	21,033,287	19,604,118	17,846,829	22,173,862	20,209,303	19,093,196	11,933,792	11,680,274	10,287,972
Tobacco taxes	22,219,610	19,716,300	17,334,746	16,581,627	16,658,407	16,560,416	17,676,774	14,060,448	8,631,780	4,734,327
Assessments in lieu of taxes	3,050,828	2,232,706	2,284,762	2,324,750	2,086,576	1,775,622	16,200,594	14,933,858	9,181,929	6,608,739
Grants and entitlements not restricted to specific programs	21,154,092	19,994,139	15,053,452	15,018,748	15,112,751	13,536,127	-	-	-	-
Investment earnings (loss)	24,297,147	4,601,926	20,838,767	35,064,547	(47,269,808)	33,098,513	39,161,900	15,590,837	18,162,086	30,409,566
Other	-	-	-	1,252,159	-	-	-	-	(3,494,292)	858,959
Transfers	26,571,906	25,981,595	24,494,428	22,620,211	21,042,141	20,573,196	6,824,493	598,704	465,838	1,603,773
Special item - NPO/OPEB write-off	-	-	-	-	22,986,984	-	-	-	-	-
Retroactive infrastructure capitalization	-	-	-	-	-	-	-	-	-	-
Total governmental activities	626,879,342	585,839,519	588,532,684	581,693,419	498,529,675	498,039,971	501,292,994	484,846,946	388,449,217	460,359,715
Business-type activities:										
Investment earnings	5,562,131	6,071,914	8,457,540	9,288,490	1,796,671	12,399,226	9,222,252	6,505,202	2,276,444	1,934,832
Other	-	-	-	(95,304)	-	-	-	-	109,211	43,121
Regulatory adjustment	-	-	-	-	-	-	-	19,852,555	11,951,652	6,695,054
Special item - NPO/OPEB write-off	-	-	-	-	4,097,662	-	-	-	-	-
Transfers	(26,571,906)	(25,981,595)	(24,165,530)	(25,745,211)	(21,042,141)	(20,573,196)	(6,824,493)	(598,704)	(465,838)	(1,603,773)
Total business-type activities	(21,009,775)	(19,909,681)	(15,707,990)	(16,552,025)	(15,147,808)	(8,173,970)	2,397,759	25,759,053	13,871,469	7,069,234
Total primary government	\$ 605,869,567	\$ 565,929,838	\$ 572,824,694	\$ 565,141,394	\$ 483,381,867	\$ 489,866,001	\$ 503,690,753	\$ 510,605,999	\$ 402,320,686	\$ 467,428,949
<b>Change in net position:</b>										
Governmental activities	51,010,036	3,751,608	50,653,818	49,286,050	(27,109,856)	4,515,397	87,258,127	14,573,446	(2,240,787)	(34,406,049)
Business-type activities	37,128,697	26,454,934	60,609,733	30,280,809	52,403,261	32,566,132	34,601,446	52,742,761	37,762,125	24,214,313
Total primary government	\$ 88,138,733	\$ 30,206,542	\$ 111,263,551	\$ 79,566,859	\$ 25,293,405	\$ 37,081,529	\$ 121,859,573	\$ 67,316,207	\$ 35,521,338	\$ (10,191,736)

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

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

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

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

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

Source: Municipality of Anchorage, Finance Department.

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Program revenues - charges for services:</b>										
Governmental activities:										
General government	\$ 7,306,404	\$ 9,497,748	\$ 7,656,683	\$ 6,519,429	\$ 8,176,803	\$ 13,310,411	\$ 12,030,314	\$ 11,525,168	\$ 14,016,015	\$ 11,628,477
Fire services	8,347,086	8,224,213	7,494,561	7,551,666	8,864,033	8,267,074	7,672,974	6,636,585	5,655,912	4,827,098
Police services	14,227,236	22,021,740	18,521,825	17,866,612	18,649,891	21,147,627	17,614,934	12,707,148	9,784,179	9,372,528
Health and human services	2,932,137	4,022,702	3,680,732	3,748,435	3,669,266	3,715,952	3,787,127	4,334,673	3,781,694	3,600,320
Economic & community development	5,036,711	4,369,182	5,875,611	5,875,077	5,406,449	7,666,960	7,555,914	6,278,744	5,817,018	3,252,157
Public transportation	5,140,290	5,121,736	4,659,923	4,435,263	4,545,387	3,987,108	3,941,306	3,250,901	3,002,525	2,494,514
Public works	14,426,299	10,423,089	8,669,482	9,202,667	8,256,833	15,136,381	16,911,964	30,394,761	10,332,321	11,430,058
Maintenance and operations of roads and facilities	170,343	191,729	191,534	319,034	202,171	744,928	1,418,615	1,553,757	1,906,892	1,890,571
Total governmental activities	57,586,506	63,872,139	56,750,351	55,518,183	57,770,833	73,976,441	70,933,148	76,681,737	54,296,556	48,495,723
Business-type activities:										
Water	55,664,095	52,081,778	51,056,732	48,248,827	43,613,176	43,870,404	39,545,747	38,473,142	33,397,222	28,773,495
Wastewater	48,135,325	42,894,791	37,994,692	37,019,347	35,151,553	35,157,366	31,269,830	28,746,892	26,590,207	24,489,897
Electric	128,070,159	139,609,558	131,520,920	120,008,455	108,272,636	100,606,033	115,656,934	117,032,992	107,656,289	90,100,903
Port	11,701,746	11,819,075	11,452,966	11,140,822	12,574,534	11,768,704	11,881,314	11,793,322	10,284,368	9,109,782
Municipal airport	6,051,859	1,340,577	1,227,073	1,236,229	1,289,585	1,235,026	1,196,622	1,111,842	1,055,742	927,573
Solid waste	20,949,679	18,566,616	18,974,151	19,007,456	18,197,048	15,493,404	15,185,485	15,593,309	15,722,106	15,502,159
Refuse	8,787,550	8,820,754	8,744,034	8,515,349	8,013,803	7,177,811	6,785,718	6,596,336	6,033,272	5,603,363
Cooperative Services Authority	-	-	-	-	642,496	549,480	-	-	-	-
Anchorage Community Development Authority	-	-	-	-	-	-	5,361,114	5,335,641	4,951,013	4,347,489
Alaska Center for the Performing Arts	-	-	-	-	-	-	1,244,739	1,095,545	696,121	679,303
Total business-type activities	279,360,413	275,133,149	260,970,568	245,176,485	227,754,831	215,858,228	228,127,503	225,779,021	206,386,340	179,533,964
Total primary government	\$336,946,919	\$339,005,288	\$317,720,919	\$300,694,668	\$285,525,664	\$289,834,669	\$299,060,651	\$302,460,758	\$260,682,896	\$228,029,687

Notes:

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

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

In 2008, the Cooperative Services Authority was dissolved.

Source: Municipality of Anchorage, Finance Department.

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Pre-GASB 54 Presentation</b>										
Reserved	\$ -	\$ -	\$ -	\$ 3,881,505	\$ 1,297,581	\$ 1,210,130	\$ 2,174,624	\$ 2,702,499	\$ 2,800,697	\$ 5,835,127
Unreserved - designated	-	-	-	33,059,151	19,782,164	28,613,168	53,275,788	30,278,253	27,843,180	27,742,439
Unreserved - undesignated	-	-	-	8,256,412	4,988,645	12,529,965	16,311,739	13,280,944	12,271,734	7,717,915
Total general funds	-	-	-	45,197,068	26,068,390	42,353,263	71,762,151	46,261,696	42,915,611	41,295,481
Reserved	-	-	-	210,745,488	228,973,762	254,532,582	241,709,679	206,582,469	205,545,886	198,179,612
Unreserved - designated	-	-	-	23,300,577	20,655,423	91,182,914	-	-	-	-
Unreserved - undesignated, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	554,232	752,158	837,020	7,905,228	10,396,106	12,570,336	16,010,905
Capital project funds	-	-	-	(31,211,824)	(21,620,598)	2,468,555	88,689,016	87,658,628	41,766,862	23,138,051
Total all other governmental funds	-	-	-	203,388,473	228,760,745	349,021,071	338,303,923	304,637,203	259,883,084	237,328,568
Reserved	-	-	-	214,626,993	230,271,343	255,742,712	243,884,303	209,284,968	208,346,583	204,014,739
Unreserved - designated	-	-	-	56,359,728	40,437,587	119,796,082	53,275,788	30,278,253	27,843,180	27,742,439
Unreserved - undesignated, reported in:	-	-	-	-	-	-	-	-	-	-
General fund	-	-	-	8,256,412	4,988,645	12,529,965	16,311,739	13,280,944	12,271,734	7,717,915
Special revenue funds	-	-	-	554,232	752,158	837,020	7,905,228	10,396,106	12,570,336	16,010,905
Capital project funds	-	-	-	(31,211,824)	(21,620,598)	2,468,555	88,689,016	87,658,628	41,766,862	23,138,051
Total governmental funds fund balance	\$ -	\$ -	\$ -	248,585,541	254,829,135	391,374,334	410,066,074	350,898,899	302,798,695	278,624,049
<b>Post GASB 54 Presentation</b>										
Nonspendable	\$ 3,060,774	\$ 3,332,167	\$ 3,750,639	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,441,095	13,443,010	17,039,469	-	-	-	-	-	-	-
Committed	37,093,804	25,257,793	19,680,810	-	-	-	-	-	-	-
Assigned	21,031,217	13,467,816	7,645,324	-	-	-	-	-	-	-
Unassigned	17,210,990	9,340,583	15,205,649	-	-	-	-	-	-	-
Total general funds	81,837,880	64,841,369	63,321,891	-	-	-	-	-	-	-
Restricted	127,632,975	116,757,912	120,279,315	-	-	-	-	-	-	-
Total MOA trust fund	127,632,975	116,757,912	120,279,315	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	10,671,120	15,896,418	25,998,937	-	-	-	-	-	-	-
Committed	170,250	325,490	247,343	-	-	-	-	-	-	-
Assigned	1,056,588	975,033	948,786	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	(9,922,181)	-	-	-	-	-	-	-
Total capital projects roads & drainage fund	11,897,958	17,196,941	17,272,885	-	-	-	-	-	-	-
Nonspendable	1,155,252	1,167,429	1,150,000	-	-	-	-	-	-	-
Restricted	60,947,704	53,416,639	64,384,701	-	-	-	-	-	-	-
Committed	18,908,485	18,724,646	20,753,368	-	-	-	-	-	-	-
Assigned	28,069,626	23,404,223	17,356,453	-	-	-	-	-	-	-
Unassigned (deficit)	(636,175)	(316,444)	(5,088,907)	-	-	-	-	-	-	-
Total other governmental funds	108,444,892	96,396,493	98,555,615	-	-	-	-	-	-	-
Nonspendable	4,216,026	4,499,596	4,900,639	-	-	-	-	-	-	-
Restricted	202,692,894	199,513,979	227,702,422	-	-	-	-	-	-	-
Committed	56,172,539	44,307,929	40,681,521	-	-	-	-	-	-	-
Assigned	50,157,431	37,847,072	25,950,563	-	-	-	-	-	-	-
Unassigned	16,574,815	9,024,139	194,561	-	-	-	-	-	-	-
Total governmental funds fund balance	\$ 329,813,705	\$ 295,192,715	\$ 299,429,706	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

Source: Municipality of Anchorage, Finance Department.

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

	Fiscal Year									
	2012	2011	2010	As Restated 2009	As Restated 2008	As Restated 2007	2006	2005	2004	2003
<b>Revenues:</b>										
Taxes and assessments in lieu of taxes	\$ 555,052,111	\$ 534,724,811	\$ 527,757,094	\$ 506,700,676	\$ 486,293,914	\$ 429,372,924	\$ 455,172,329	\$ 398,135,665	\$ 372,606,202	\$ 344,146,857
Special assessments	1,273,593	1,410,956	1,559,801	1,080,120	1,159,628	1,250,564	1,287,799	1,717,412	1,650,613	1,297,844
Licenses and permits	10,372,797	11,367,098	9,727,381	11,137,072	10,950,551	12,288,396	13,840,537	13,012,040	12,624,998	11,568,910
Intergovernmental	149,037,822	119,711,543	121,565,389	172,943,841	124,425,213	102,611,734	82,592,145	49,406,608	37,433,876	56,013,938
Charges for services	33,242,521	34,161,923	35,151,606	31,898,045	34,112,140	31,845,148	35,348,493	41,918,152	24,776,906	22,283,909
Fines and forfeitures	6,232,471	8,468,178	7,761,674	8,372,541	8,996,470	10,043,220	5,678,880	9,098,207	6,957,579	6,088,988
Investment income	23,591,633	4,518,123	19,923,545	33,133,010	(47,288,530)	31,072,851	37,853,203	12,455,565	14,727,452	26,915,807
Restricted contributions	2,870,846	3,932,885	1,852,653	746,194	3,326,186	1,855,989	1,203,042	485,249	1,294,335	52,450
Other	6,121,264	7,987,619	5,095,912	5,140,839	4,802,460	5,004,863	5,440,632	3,457,580	3,261,388	3,690,183
Total revenues	787,795,058	726,283,136	730,395,055	771,152,338	626,778,032	625,345,689	638,417,060	529,686,478	475,333,349	472,058,886
<b>Expenditures:</b>										
General government	20,596,164	21,982,842	17,931,545	21,529,868	25,049,556	25,927,198	25,864,299	17,373,936	16,514,722	22,961,766
Fire services	95,195,623	90,763,653	83,670,491	76,265,286	76,322,626	69,692,211	63,512,191	58,252,110	50,902,167	45,955,347
Police services	115,987,228	111,510,172	102,926,771	99,974,274	101,537,582	90,424,063	82,191,066	74,316,323	66,316,356	60,157,670
Health and human services	24,115,392	26,823,415	25,144,569	26,589,623	25,953,139	25,043,484	24,360,212	26,190,221	23,765,640	29,841,949
Cultural and recreation services	-	-	-	-	-	-	-	-	-	23,836,321
Economic and community development	58,099,851	60,989,689	63,627,692	62,988,984	61,635,730	54,158,211	53,881,037	44,120,594	37,949,866	-
Public transportation	30,241,731	28,169,896	21,556,120	22,220,628	24,625,761	21,512,366	20,644,987	19,819,015	18,002,811	15,350,897
Public works	27,953,465	20,907,921	20,934,441	22,822,998	26,436,195	23,556,542	20,456,482	16,774,304	14,987,397	29,832,140
Education	238,519,174	240,834,968	235,125,354	231,378,123	212,266,377	200,028,978	185,077,206	170,393,368	154,278,770	144,095,058
Maintenance and operations of roads and facilities	35,482,336	33,805,423	34,484,210	32,752,300	35,830,185	29,719,944	30,028,685	27,206,940	24,357,789	26,892,534
Capital outlay	98,950,246	82,333,411	105,694,920	145,213,610	172,099,343	151,545,463	130,232,159	75,629,256	58,750,450	59,954,574
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	39,242,119	31,137,139	20,647,950	30,823,332	30,371,078	29,432,234	34,949,110	30,128,791	27,501,762	25,791,483
Interest	27,013,982	31,072,474	27,581,071	28,686,622	29,269,039	29,342,270	28,066,471	19,837,168	19,652,378	19,227,244
Bond issuance costs	232,046	224,194	497,504	-	441,158	102,345	2,722,984	1,281,946	843,788	444,379
Total expenditures	811,609,357	780,555,197	759,822,638	801,245,648	821,838,129	750,485,309	701,986,889	581,323,972	513,823,896	504,341,393
Deficiencies of revenues over expenditures	(23,814,299)	(54,272,061)	(29,427,583)	(30,093,310)	(195,060,097)	(125,139,620)	(63,569,829)	(51,637,494)	(38,490,547)	(32,282,507)
<b>Other financing sources (uses):</b>										
Transfers in	52,186,974	52,622,964	47,683,059	56,159,016	71,752,640	47,630,377	47,837,359	20,395,441	24,108,152	22,646,876
Transfers out	(25,618,993)	(32,111,908)	(23,525,181)	(33,433,469)	(46,779,615)	(27,207,181)	(41,012,866)	(19,996,737)	(25,083,344)	(23,154,015)
Contributions to component unit	-	-	-	-	-	-	-	(300,000)	-	-
Bonds issued	53,785,000	52,298,250	78,610,000	-	60,000,000	54,630,000	110,920,000	198,895,000	73,840,000	35,000,000
Other long-term debt issues	-	-	-	-	-	-	-	350,000	5,365,000	-
Premium on bonds	7,875,284	796,626	945,968	-	788,975	1,681,507	33,142	8,504,209	4,226,536	714,292
Payment to bond escrow agent	(33,418,560)	(23,860,769)	(24,047,975)	-	-	-	-	(109,094,800)	(23,087,336)	-
Capital leases	-	-	-	-	-	-	-	673,553	1,146,807	-
Loan Proceeds	-	-	507,250	-	175,000	-	-	-	-	-
Insurance recoveries	194,229	96,076	-	133,334	38,720	22,316	41,915	114,300	-	-
Sale of capital assets	3,431,355	193,831	98,627	990,835	1,152,346	1,071,446	4,243,901	870,285	2,149,378	2,926,684
Net other financing sources (uses)	58,435,289	50,035,070	80,271,748	23,849,716	87,128,066	77,828,465	122,737,004	99,737,698	62,665,193	38,133,837
Net change in fund balances	\$ 34,620,990	\$ (4,236,991)	\$ 50,844,165	\$ (6,243,594)	\$ (107,932,031)	\$ (47,311,155)	\$ 59,167,175	\$ 48,100,204	\$ 24,174,646	\$ 5,851,330

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

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenditures:</b>										
General government	\$ 20,596,164	\$ 21,982,842	\$ 17,931,545	\$ 21,529,868	\$ 25,049,556	\$ 25,927,198	\$ 25,864,299	\$ 17,373,936	\$ 16,514,722	\$ 22,961,766
Fire services	95,195,623	90,763,653	83,670,491	76,265,286	76,322,626	69,692,211	63,512,191	58,252,110	50,902,167	45,955,347
Police services	115,967,228	111,510,172	102,926,771	99,974,274	101,537,582	90,424,063	82,191,066	74,316,323	66,316,356	60,157,670
Health and human services	24,115,392	26,823,415	25,144,569	26,589,623	25,953,139	25,043,484	24,360,212	26,190,221	23,765,640	29,841,949
Cultural and recreation services	-	-	-	-	-	-	-	-	-	23,836,321
Economic and community development	58,099,851	60,989,689	63,627,692	62,988,984	61,635,730	54,158,211	53,881,037	44,120,594	37,949,866	-
Public transportation	30,241,731	28,169,896	21,556,120	22,220,628	24,625,761	21,512,366	20,644,987	19,819,015	18,002,811	15,350,897
Public works	27,953,465	20,907,921	20,934,441	22,822,998	26,436,195	23,556,542	20,456,482	16,774,304	14,987,397	29,832,140
Education	238,519,174	240,834,968	235,125,354	231,378,123	212,266,737	200,028,978	185,077,206	170,393,368	154,278,770	144,095,089
Maintenance and operations of roads and facilities	35,482,336	33,805,423	34,484,210	32,752,300	35,830,185	29,719,944	30,028,685	27,206,940	24,357,789	26,892,534
Capital outlay	98,950,246	82,333,411	105,694,920	145,213,610	172,099,343	151,545,463	126,763,050	75,629,256	58,750,450	59,954,574
Debt service	39,242,119	31,137,139	20,647,950	30,823,332	30,371,078	29,432,234	34,949,110	30,128,791	27,501,762	25,791,483
Principal	27,013,982	31,072,474	27,581,071	28,686,622	29,269,039	29,342,270	28,066,471	19,837,168	19,652,378	19,227,244
Interest	811,377,311	780,331,003	759,325,134	801,245,648	821,396,971	750,382,964	695,794,796	580,042,026	512,980,108	503,897,014
Total expenditures										
<b>Less:</b>										
Debt service	32,391,715	23,211,817	75,494,226	60,343,117	155,946,242	104,733,796	78,490,668	87,813,000	48,282,000	43,361,000
Amounts capitalized	\$ 778,985,596	\$ 757,119,186	\$ 683,830,908	\$ 740,902,531	\$ 665,450,729	\$ 645,649,168	\$ 617,304,128	\$ 492,229,026	\$ 464,698,108	\$ 460,536,014
Total non-capital expenditures										
Debt service as a percentage of non-capital expenditures	8.51%	8.22%	7.05%	8.03%	8.96%	9.10%	10.21%	10.15%	10.15%	9.78%

Note:  
 In 2004, Cultural and Recreation services were combined with various other activities into Economic and Community Development Department.  
 Source: Municipality of Anchorage, Finance Department

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

Table 7

Fiscal Year	Real Property	Personal Property	Motor Vehicle	Motor Vehicle Rental	Hotel - Motel	Tobacco	Assessments In Lieu of Taxes & MUSA	Other	Total
2012	\$437,675,314	\$48,684,789	\$ 11,303,053	\$ 4,817,450	\$ 22,700,161	\$ 22,219,610	\$ -	\$ 4,600,906	\$552,001,283
2011	436,812,135	42,069,391	4,823,011	5,074,906	20,967,057	19,672,105	-	3,073,500	532,492,105
2010	426,969,356	47,371,702	4,881,941	4,692,648	19,530,750	17,321,934	-	4,704,001	525,472,332
2009	414,139,893	43,437,488	4,700,829	4,357,508	17,763,896	16,550,062	-	3,426,250	504,375,926
2008	393,226,611	37,984,281	5,183,112	5,339,159	22,081,280	16,524,753	-	3,868,142	484,207,338
2007	342,486,565	35,067,327	5,156,698	5,088,735	20,162,405	16,559,744	-	3,075,828	427,597,302
2006	351,930,570	36,852,875	5,283,655	4,756,868	19,021,469	17,662,355	-	3,463,943	438,971,735
2005	324,720,303	34,635,366	5,200,151	4,525,798	11,836,725	14,050,603	-	3,166,719	398,135,665
2004	295,913,480	34,009,541	5,351,524	4,503,742	11,627,259	8,627,333	9,642,123	2,931,200	372,606,202
2003	276,047,056	33,507,415	5,161,320	4,456,172	10,287,972	4,734,327	6,818,520	3,134,075	344,146,857

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

Source: Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Table 8

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

Fiscal Year	Anchorage School District Property Taxes	Anchorage School District Enrollment	Property Tax Support Per Pupil	Municipality of Anchorage Property Taxes	Municipality of Anchorage Population	Property Tax Support Per Citizen	Total Property Taxes
2012	\$ 238,775,383	48,734	\$ 4,900	\$ 247,584,720	298,842	\$ 828	\$ 486,360,103
2011	236,173,709	48,761	4,843	242,707,817	296,197	819	478,881,526
2010	233,853,777	48,570	4,815	240,487,281	291,826	824	474,341,058
2009	225,459,645	49,381	4,566	232,117,736	290,588	799	457,577,381
2008	212,165,785	48,440	4,380	219,045,107	284,994	769	431,210,892
2007	198,981,074	48,707	4,085	178,572,818	283,823	629	377,553,892
2006	184,379,644	49,320	3,738	204,403,801	282,813	723	388,783,445
2005	170,080,162	49,182	3,458	189,275,507	278,241	680	359,355,669
2004	153,993,490	49,265	3,126	175,929,531	277,498	634	329,923,021
2003	144,035,890	49,545	2,907	165,518,581	274,003	604	309,554,471

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



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

Table 9

Fiscal Year	Real			Personal Property	Total Taxable Assessed Value	Areawide Tax Rate (mils)
	Residential Property	Commercial Property	Total Real			
2012	\$ 19,617,776,607	\$ 9,152,490,728	\$ 28,770,267,335	\$ 2,944,070,041	\$ 31,714,337,376	7.28
2011	19,734,533,714	9,095,615,110	28,830,148,824	2,766,391,727	31,596,540,551	7.61
2010	19,538,749,838	8,982,605,974	28,521,355,812	2,942,321,080	31,463,676,892	7.89
2009	19,669,462,275	8,964,468,173	28,633,930,448	2,819,418,266	31,453,348,714	7.67
2008	19,467,058,556	8,706,338,583	28,173,397,139	2,407,424,007	30,580,821,146	7.31
2007	18,938,470,451	7,771,561,687	26,710,032,138	2,559,073,381	29,269,105,519	7.02
2006	17,043,312,074	6,622,078,149	23,665,390,223	2,178,724,534	25,844,114,757	7.59
2005	14,498,860,789	5,682,627,289	20,181,488,078	1,908,057,825	22,089,545,903	8.23
2004	13,802,206,345	5,082,013,558	18,884,219,903	1,843,145,621	20,727,365,524	8.36
2003	12,131,461,007	5,094,240,309	17,225,701,316	1,854,219,932	19,079,921,248	8.87

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

Source: Municipality of Anchorage, Property Appraisal Division

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 10

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Areawide:										
General Government	(0.29)	0.09	0.45	0.49	0.37	0.23	0.46	0.64	1.10	1.50
Schools	7.57	7.52	7.44	7.18	6.94	6.79	7.13	7.59	7.26	7.37
Property Tax Credit	0.00	0.00	0.00	(0.57)	(0.51)	0.00	0.00	0.00	0.00	0.00
Total Areawide	<u>7.28</u>	<u>7.61</u>	<u>7.89</u>	<u>7.10</u>	<u>6.80</u>	<u>7.02</u>	<u>7.59</u>	<u>8.23</u>	<u>8.36</u>	<u>8.87</u>
Former City Service Area	0.00	0.00	0.00	0.00	0.00	0.02	0.02	0.01	0.02	0.00
Chugiak Service Area	1.00	0.97	0.96	0.97	0.99	1.00	0.91	1.00	0.89	0.88
Glen Alps Service Area	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.25
Girdwood Service Area	4.14	3.68	3.87	3.83	3.03	4.00	3.97	3.47	3.47	3.39
Former Borough Roads and Drainage Service Area	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire Service Area	2.13	2.09	1.83	1.75	1.77	1.73	1.76	1.97	1.87	1.64
Roads and Drainage Service Area	2.78	2.46	2.13	2.77	2.60	2.59	2.80	2.75	2.90	3.10
Limited Service Areas	1.31	1.33	1.33	1.32	1.30	1.28	1.21	1.31	1.26	0.99
Anchorage Metropolitan Police Service Area	2.76	2.70	2.67	2.61	2.56	2.60	2.57	2.71	2.37	2.25
Parks and Recreation Service Area	0.62	0.62	0.66	0.70	0.65	0.60	0.56	0.62	0.68	0.74
Building Safety Service Area	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Eagle River/Chugiak Parks & Recreation Service Area	1.00	0.90	0.91	1.05	1.08	1.11	1.13	1.17	1.18	0.69

Source: Municipality of Anchorage, Assembly Ordinances.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Table 11

Principle Property Tax Payers  
Current Year and Nine Years Ago

2012		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
ACS of Anchorage Inc.	\$ 223,409,476	0.70%
GCI Communication Corporation	187,831,505	0.59%
Calais Company, Inc.	163,362,519	0.52%
Enstar Natural Gas Company	138,360,594	0.44%
Fred Meyer Stores, Inc.	137,098,029	0.43%
Galen Hospital Alaska, Inc.	125,871,134	0.40%
BP Exploration (Alaska), Inc.	117,259,049	0.37%
Anchorage Fueling and Service Co.	110,560,707	0.35%
Wec 2000A-Alaska LLC	102,423,641	0.32%
Sisters of Providence	94,183,197	0.30%
	<u>\$ 1,400,359,851</u>	<u>4.42%</u>

2003		
<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Alaska Communications	\$ 180,733,155	0.95%
Fred Meyer Stores, Inc.	84,465,980	0.44%
Galen Hospital Alaska, Inc.	70,997,379	0.37%
Calais Company, Inc.	70,930,555	0.37%
Hickel Investment Company	69,664,202	0.37%
WEC 2000A-Alaska LLC	68,643,460	0.36%
Federal Express Corp.	65,987,184	0.35%
BP Exploration (Alaska), Inc.	55,936,593	0.29%
Hilton MD Finance Company	55,323,100	0.29%
First National Bank	45,548,058	0.24%
	<u>\$ 768,229,666</u>	<u>4.03%</u>

Notes: Assessed values include both real and personal property.

Source: Municipality of Anchorage, Property Appraisal Division.

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

Table 12

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Balance
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2012	\$ 480,422,072	\$ 407,336,622	84.79%	\$ -	\$ 407,336,622	84.79%	\$ 73,085,450
2011	477,009,470	469,380,315	98.40%	5,174,111	474,554,426	99.49%	2,455,044
2010	475,771,921	470,361,847	98.86%	5,008,811	475,370,658	99.92%	401,263
2009	463,732,284	454,799,895	98.07%	8,611,654	463,411,549	99.93%	320,735
2008	438,158,786	430,346,262	98.22%	7,466,295	437,812,557	99.92%	346,229
2007	386,615,505	378,829,566	97.99%	7,693,480	386,523,046	99.98%	92,459
2006	398,955,490	389,483,559	97.63%	9,463,570	398,947,129	100.00%	8,361
2005	357,895,662	353,993,904	98.91%	3,899,188	357,893,092	100.00%	2,570
2004	337,190,170	325,033,543	96.39%	12,149,045	337,182,588	100.00%	7,582
2003	315,403,940	311,915,068	98.89%	3,488,067	315,403,135	100.00%	805

Source: Municipality of Anchorage, Treasury Division.

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

Table 13

Fiscal Year	Governmental Activities						Total Governmental Activities
	General Obligation Bonds	Revenue Bonds (1)	Special Assessment Bonds	Certificates of Participation	Notes and Loans	Capital Lease	
2012	\$ 482,046,822	\$ 119,212,265	\$ -	\$ -	\$ 6,188,701	\$ 11,634,331	\$ 619,082,119
2011	488,862,810	123,923,833	-	-	6,393,960	3,794,941	622,975,544
2010	487,341,763	148,375,000	-	-	6,535,000	3,642,532	645,894,295
2009	448,590,369	152,430,000	-	-	6,719,000	3,143,291	610,882,660
2008	475,781,420	156,180,000	-	-	6,894,000	4,088,564	642,943,984
2007	441,657,000	159,175,000	335,000	-	7,060,000	1,558,751	609,785,751
2006	411,256,115	161,725,000	600,000	-	7,160,000	2,014,682	582,755,797
2005	440,262,898	53,620,000	630,000	3,360,000	9,255,000	1,565,243	508,693,141
2004	367,386,459	54,545,000	690,000	6,560,000	5,441,032	1,414,000	436,036,491
2003	334,678,100	56,610,000	895,000	9,615,000	811,270	-	402,609,370

Fiscal Year	Business-type Activities				Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (Table 18)	Total Debt to Population (Table 14)
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Notes and Loans				
2012	\$ -	\$ 419,246,245	\$ -	\$ 172,754,534	\$ 592,000,779	\$ 1,211,082,898	7.80%	\$ 4,053
2011	-	442,161,368	-	177,208,651	619,370,019	1,242,345,563	8.30%	4,194
2010	-	463,891,471	-	158,588,588	622,480,059	1,268,374,354	8.76%	4,346
2009	503,673	486,026,173	-	132,016,611	618,546,457	1,229,429,117	8.93%	4,231
2008	970,177	375,390,296	-	114,647,859	491,008,332	1,133,952,316	7.84%	3,979
2007	1,401,428	396,391,269	40,000	98,010,000	495,842,697	1,105,628,448	8.42%	3,895
2006	1,798,224	316,923,801	109,630	84,657,947	403,489,602	986,245,399	7.93%	3,487
2005	8,165,166	334,214,124	186,446	72,107,899	414,673,635	923,366,776	7.99%	3,319
2004	15,997,050	350,440,344	272,363	66,207,324	432,917,081	868,953,572	7.99%	3,131
2003	23,574,244	327,919,068	304,186	52,206,789	404,004,287	806,613,657	7.89%	2,944

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

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

(1) Includes CIVICVentures revenue bonds issued in 2006.

Source: Municipality of Anchorage, Finance Department.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Table 14

Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	General Obligation Bonds	Less: Available Resources	Net General Obligation Bonds	Ratio of GO Debt to Assessed Value of Property	Net GO Debt Per Capita
2012	298,842	\$ 31,714,337,376	\$ 481,829,373	\$ 3,789,823	\$ 478,039,550	1.51%	\$ 1,600
2011	296,197	31,596,540,551	488,862,809	774,548	488,088,261	1.54%	1,648
2010	291,826	31,463,676,892	487,341,763	1,070,990	486,270,773	1.55%	1,666
2009	290,588	31,453,348,714	449,094,042	814,460	448,279,582	1.43%	1,543
2008	284,994	30,580,821,146	476,751,597	1,007,077	475,744,520	1.56%	1,669
2007	283,823	29,269,105,519	443,058,428	1,139,219	441,919,209	1.51%	1,557
2006	282,813	25,844,114,757	413,054,339	1,230,134	411,824,205	1.59%	1,456
2005	278,241	22,089,545,903	448,428,064	1,855,430	446,572,634	2.02%	1,605
2004	277,498	20,727,365,524	383,383,509	2,001,815	381,381,694	1.84%	1,374
2003	274,003	19,079,921,248	358,252,344	1,251,452	357,000,892	1.87%	1,303

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

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

Source: Municipality of Anchorage, Treasury Division.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Direct and Overlapping Debt  
December 31, 2012

Table 15

	Debt Outstanding	Percentage Overlap	Share of Direct and Overlapping Debt
Anchorage School District overlapping debt	640,120,000	100%	\$ 640,120,000
Anchorage's direct debt			<u>618,864,670</u>
Total direct and overlapping debt			<u>\$ 1,258,984,670</u>

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

Percentage of overlap is based on assessed property values.

Source: Debt outstanding balance obtained from Anchorage School District 2012 CAFR.

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Legal Debt Margin  
December 31, 2012

Table 16

Legal Debt Margin

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

Source: Municipality of Anchorage, Finance Department.



**MUNICIPALITY OF ANCHORAGE, ALASKA**

Table 17

Pledged- Revenue Coverage  
Last Ten Fiscal Years

Electric Utility							
Fiscal Year	Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (3)
				Principal	Interest (3)	Total	
2012	\$ 120,370,215	\$ 73,853,642	\$ 46,516,573	\$ 17,103,143	\$ 11,377,367	\$ 28,480,510	1.63
2011	138,326,743	88,336,864	49,989,879	16,945,000	12,366,237	\$ 29,311,237	1.71
2010	134,511,173	82,342,389	52,168,784	16,995,000	13,371,823	\$ 30,366,823	1.72
2009	120,484,857	71,496,357	48,988,500	17,270,000	9,257,944	26,527,944	1.85
2008	108,120,323	56,737,791	51,382,532	17,295,000	9,775,653	27,070,653	1.90
2007	103,846,120	42,968,092	60,878,028	17,725,000	10,714,687	28,439,687	2.14
2006	122,317,974	61,133,040	61,184,934	21,225,000	11,675,721	32,900,721	1.86
2005	119,283,380	71,146,481	48,136,899	13,310,000	12,650,207	25,960,207	1.85
2004	108,480,057	63,518,720	44,961,337	12,830,000	12,981,045	25,811,045	1.74
2003	90,828,692	52,565,630	38,263,062	11,815,000	13,423,715	25,238,715	1.52

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

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

(3) Excludes Federal Subsidy for years 2009-2012

(4) Required minimum coverage 1.35.

Solid Waste							
Fiscal Year	Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (3)
				Principal	Interest	Total	
2012	\$ 20,668,046	\$ 14,207,765	\$ 6,460,281	\$ -	\$ -	\$ -	-
2011	19,015,890	12,893,218	6,122,672	-	-	-	-
2010	19,384,938	12,150,796	7,234,142	-	-	-	-
2009	20,094,151	12,546,222	7,547,929	360,000	4,837	364,837	20.69
2008	18,319,902	12,310,770	6,009,132	340,000	23,919	363,919	16.51
2007	16,638,808	14,320,344	2,318,464	320,000	41,925	361,925	6.41
2006	16,004,058	11,723,024	4,281,034	305,000	58,923	363,923	11.76
2005	16,250,609	9,837,244	6,413,365	290,000	74,844	364,844	17.58
2004	16,205,018	8,230,463	7,974,555	270,000	89,026	359,026	22.21
2003	15,909,306	7,989,612	7,919,694	255,000	102,009	357,009	22.18

(1) Excludes interest charged to construction.

(2) Excludes depreciation and Municipal Utility Service Assessment.

(3) Required minimum coverage 1.25.

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

Table 17 (continued)

Port							
Fiscal Year	Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (3)
				Principal	Interest	Total	
2012	\$ 12,062,773	\$ 7,863,295	\$ 4,199,478	\$ -	\$ -	\$ -	-
2011	12,252,134	6,158,691	6,093,443	-	-	-	-
2010	12,427,622	5,818,956	6,608,666	-	-	-	-
2009	12,978,363	6,549,724	6,428,639	-	-	-	-
2008	12,543,838	6,900,782	5,643,056	-	-	-	-
2007	12,981,129	6,212,308	6,768,821	-	-	-	-
2006	12,599,691	4,270,976	8,328,715	1,330,000	39,900	1,369,900	6.08
2005	12,888,242	3,788,630	9,099,612	1,250,000	117,300	1,367,300	6.66
2004	10,470,461	4,608,950	5,861,511	1,180,000	190,200	1,370,200	4.28
2003	9,332,885	3,690,890	5,641,995	1,190,000	258,900	1,448,900	3.89

(1) Excludes interest charged to construction.

(2) Excludes depreciation and Municipal Utility Service Assessment.

(3) Required minimum coverage 1.35.

Water Utility								
Fiscal Year	Revenue (1)	Assessment Collections (2)	Operating Expenses (3)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (5)
					Principal (4)	Interest	Total	
2012	\$ 55,900,765	\$ 241,708	\$ 31,362,002	\$ 24,780,471	\$ 5,810,000	\$ 6,000,111	\$ 11,810,111	2.10
2011	52,238,591	351,036	30,811,206	21,778,421	4,760,000	6,206,089	10,966,089	1.99
2010	50,860,139	312,253	29,456,391	21,716,001	5,255,000	6,094,343	11,349,343	1.91
2009	50,391,141	301,479	28,054,018	22,638,602	4,095,000	7,632,687	11,727,687	1.93
2008	44,264,376	326,820	27,725,271	16,865,925	4,250,000	7,836,288	12,086,288	1.40
2007	44,755,119	292,321	26,714,777	18,332,663	3,960,000	5,549,972	9,509,972	1.93
2006	39,480,462	605,444	18,964,994	21,120,912	5,375,000	5,174,576	10,549,576	2.00
2005	39,214,137	475,004	18,733,157	20,955,984	5,185,000	5,394,050	10,579,050	1.98
2004	33,688,579	560,866	17,094,054	17,155,391	4,595,000	5,277,793	9,872,793	1.74
2003	30,602,246	452,608	15,449,834	15,605,020	4,400,000	5,165,863	9,565,863	1.63

(1) Excludes interest restricted for construction, interest on advanced grants, amortization of premiums on investments, includes special items, transfers from other funds and antenna revenue.

(2) Assessment collections represent payments made by benefited property owners, see Capital contributions -customer/special assessments on the Statements of Cash Flows.

(3) Excludes depreciation and Public Employees Retirement System (PERS) relief distributed to labor, includes Municipal Utility Service Assessment as per the 2007 bond covenants.

(4) Does not include Mini-Bonds as they have no debt service requirements.

(5) Required minimum coverage 1.35 for bonds issued prior to 1999, 1.15 times for bonds in subsequent years.

MUNICIPALITY OF ANCHORAGE, ALASKA

Table 17 (continued)

Pledged- Revenue Coverage  
Last Ten Fiscal Years

Wastewater Utility								
Fiscal Year	Revenue (1)	Assessment Collections (2)	Operating Expenses (3)	Net Revenue Available for Debt Service	Debt Service Requirement (accrual basis)			Coverage (4)
					Principal	Interest	Total	
2012	\$ 47,373,573	\$ 308,997	\$ 29,383,573	\$ 18,298,997	\$ 670,000	\$ 3,127,634	\$ 3,797,634	4.82
2011	42,523,838	344,946	28,790,317	14,078,467	650,000	3,153,650	3,803,650	3.70
2010	37,853,165	501,616	27,872,010	10,482,771	615,000	3,181,475	3,796,475	2.76
2009	37,346,056	420,981	26,417,348	11,349,689	595,000	3,204,697	3,799,697	2.99
2008	34,954,522	842,664	24,844,546	10,952,640	575,000	3,225,638	3,800,638	2.88
2007	35,566,755	481,651	23,627,253	12,421,153	520,000	1,672,649	2,192,649	5.66
2006	31,163,232	1,017,357	17,576,955	14,603,634	95,000	1,361,319	1,456,319	10.03
2005	29,168,118	919,373	16,401,620	13,685,871	90,000	1,365,706	1,455,706	9.40
2004	26,802,108	886,986	15,821,938	11,867,156	90,000	707,312	797,312	14.88
2003	25,318,049	725,096	14,717,225	11,325,920	85,000	284,573	369,573	30.65

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

Roads and Drainage Special Assessments								
Fiscal Year	Assessment Collected	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage	
				Principal	Interest	Total		
2012	\$ 259,531	n/a	\$ 259,531	\$ -	\$ -	\$ -	-	
2011	294,714	n/a	294,714	-	-	-	-	
2010	525,886	n/a	525,886	-	-	-	-	
2009	193,337	n/a	193,337	-	-	-	-	
2008	195,300	n/a	195,300	145,000	11,056	156,056	1.25	
2007	172,235	n/a	172,235	35,000	13,725	48,725	3.53	
2006	252,409	n/a	252,409	30,000	51,083	81,083	3.11	
2005	349,442	n/a	349,442	60,000	55,658	115,658	3.02	
2004	649,186	n/a	649,186	205,000	72,775	277,775	2.34	
2003	534,422	n/a	534,422	125,000	83,031	208,031	2.57	

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

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

**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Demographic Statistics  
Last Ten Fiscal Years

Table 18

Fiscal Year	Population	Per Capita Personal Income (1)	Total Personal Income (in thousands)	School Enrollment	Unemployment Rate (2)	Registered Voters (3)
2012	298,842	\$ 51,936	\$ 15,520,658	48,734	5.6	211,989
2011	296,197	50,540	14,969,796	48,761	6.1	261,121
2010	291,826	49,629	14,483,033	48,570	6.9	262,792
2009	290,588	47,381	13,768,350	49,381	6.6	257,334
2008	284,994	50,755	14,464,870	48,440	5.9	264,880
2007	283,823	46,243	13,124,827	48,707	6.0	244,452
2006	282,813	43,957	12,431,611	49,320	5.0	201,440
2005	278,241	41,522	11,553,123	49,182	5.4	201,007
2004	277,498	39,206	10,879,587	49,265	5.7	184,162
2003	274,003	37,307	10,222,230	49,545	5.7	191,458

Notes:

(1) The Alaska Department of Labor and Workforce Development (ADLWD) has not published 2011 or 2012 Per Capita Personal Income for the Anchorage Municipal Area yet. Per capita income was estimated using the five previous years average increase for 2011 and 2012.

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

(3) The State of Alaska (SOA) redistricts every ten years, after the census. In 2012 the redistricting enabled Anchorage to receive more accurate information by district and polling station from SOA as to actual overall registered voters. It was reported that district overlap of registered voters had been reported by the SOA in prior years and that these new statistics are more accurate.

Source:

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

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

**MUNICIPALITY OF ANCHORAGE, ALASKA**

Principle Employment by Industry  
Current Year and Nine Years Ago

Industry	2012 (*)		2003		Industry	% of Total Employment	
	Average Quarterly Employment	% of Total Employment	Average Quarterly Employment	% of Total Employment		Average Quarterly Employment	% of Total Employment
Retail Salespersons	6,085	20.45%	6,668	22.41%	Retail Salespersons	6,668	22.41%
Cashiers	3,990	13.41%	3,915	13.16%	Office Clerks, General	3,915	13.16%
Office and Admin Support Workers, All Other	3,258	10.95%	3,070	10.32%	Combined Food Preparation and Serving Workers, Including Fast Food	3,070	10.32%
Registered Nurses	3,049	10.25%	2,516	8.45%	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	2,516	8.45%
Combined Food Preparation and Serving Workers, Including Fast Food	3,034	10.20%	2,480	8.33%	Waiters and Waitresses	2,480	8.33%
Office Clerks, General	3,023	10.16%	2,376	7.98%	Registered Nurses	2,376	7.98%
Waiters and Waitresses	2,573	8.65%	2,268	7.62%	Executive Secretaries and Executive Administrative Assistants	2,268	7.62%
Personal Care Aides	2,488	8.36%	2,250	7.56%	Cashiers	2,250	7.56%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	2,374	7.98%	2,145	7.21%	Laborers and Freight, Stock, and Material Movers, Hand	2,145	7.21%
Laborers and Freight, Stock, and Material Movers, Hand	2,219	7.46%	2,071	6.96%	Bookkeeping, Accounting, and Auditing Clerks	2,071	6.96%
Total Employment	<u>32,093</u>		<u>29,759</u>				

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

(\*) The 2012 Average Quarterly Worker count utilized 2011 fourth quarter worker counts due to insufficient 2012 fourth quarter data.

(1) The Office and Admin Support Workers, All Other occupation for 2011 and 2012 includes Financial Clerks.

(2) The Registered Nurses occupation for 2011 and 2012 includes the worker counts for Nurse Anesthetists, Nurse Midwives, and Nurse Practitioners.

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

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

Table 20

Function	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>General Government</b>										
Fire services	383	355	377	395	403	401	385	363	352	350
Police services	529	522	537	572	552	532	521	517	484	475
Subtotal - public safety	912	877	914	967	955	933	906	880	836	825
General government	309	299	324	365	345	369	337	331	328	341
Health and human services	120	128	141	148	141	166	145	159	157	161
Economic and community development	226	200	219	230	202	259	215	192	194	225
Public transportation	142	152	158	158	159	158	156	153	141	140
Public works	285	358	379	412	405	430	408	386	380	390
Subtotal - other	1,082	1,137	1,221	1,313	1,252	1,382	1,261	1,221	1,200	1,257
Total - general government	1,994	2,014	2,135	2,280	2,207	2,315	2,167	2,101	2,036	2,082
<b>Enterprise Funds</b>										
Water	133	131	129	138	133	129	126	129	128	125
Wastewater	133	131	129	139	134	129	125	128	127	125
Electric	228	236	245	244	240	240	235	227	224	218
Port	21	21	22	22	21	25	21	20	21	19
Municipal airport	9	9	8	9	9	10	10	10	10	10
Solid waste	72	73	75	72	72	76	68	60	64	61
Refuse	21	21	21	20	20	20	21	20	19	19
Total - enterprise funds	617	622	629	644	629	629	606	594	593	577
Total	2,611	2,636	2,764	2,924	2,836	2,944	2,773	2,695	2,629	2,659

**Note:**

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

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

Source: Municipality of Anchorage, Employee Relations Department.

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

Table 21

Function	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Fire services</b>										
Number of stations	14	14	14	14	14	14	19	19	13	12
Fire suppression incidents	11,323	10,845	10,252	10,463	9,645	9,936	9,032	9,044	9,086	7,939
Emergency medical service incidents	21,485	19,505	19,749	19,072	18,716	18,297	18,730	17,480	17,727	16,547
<b>Police services</b>										
Number of stations (1)	12	14	14	17	16	16	14	14	13	12
<b>Health and human services</b>										
Health clinic visits:										
Disease prevention and control	12,628	12,102	13,441	17,114	14,005	14,519	17,423	18,750	18,919	23,398
Reproductive health clinic	5,768	7,978	9,081	8,263	7,003	6,704	9,370	10,467	10,784	11,724
Maternal child health clinic	-	-	-	-	-	-	1,011	3,167	2,828	1,924
Women, infants and Children	67,802	74,863	79,693	77,859	59,647	49,575	51,695	16,054	56,281	58,916
Environmental service customers:										
Customer service counter (2)	6,135	12,894	14,302	10,726	10,238	21,390	21,890	27,565	26,917	25,764
Public facility inspections	2,225	2,519	1,801	2,650	3,002	3,683	3,210	2,587	4,012	4,118
Noise, nuisance, housing	1,169	973	1,046	1,370	1,141	760	361	1,080	921	734
Air quality and vehicle IM (2)	-	91,444	96,215	98,037	92,514	103,765	105,037	110,131	114,622	104,520
Daycare assistance families (3)	-	3,170	3,111	2,254	2,838	2,075	2,000	3,007	1,913	1,708
Licensed child care centers	106	109	104	109	111	118	113	124	125	119
Licensed child care homes	157	167	170	168	207	215	210	225	236	267
<b>Economic and community development</b>										
Cultural and recreation services:										
Total park acres (4)	16,061	16,000	16,000	16,000	16,000	16,000	16,000	10,938	15,068	14,958
Parks	248	248	248	248	248	248	248	242	237	236
Swim pools, indoor	6	6	6	6	5	5	6	5	6	6
Bike/ski trails (Miles)	270	270	270	270	270	270	270	250	128	128
Ski trails (Km)	149	149	149	134	134	134	na	na	134	133
Community recreation centers	15	16	16	16	16	16	16	4	6	6
Historic sites	27	27	27	27	27	27	27	27	27	27
Anchorage Museum at Rasmuson Center:										
Number of visitors	186,603	186,529	212,514	95,000	119,854	132,309	142,843	164,311	183,956	209,113
Value of museum collection	11,215,858	10,275,327	10,009,399	9,946,210	9,732,176	9,623,771	9,442,409	9,211,480	8,916,030	8,782,030
Value of 1% for Art collection	12,843,530	12,709,330	12,129,948	11,387,908	11,104,208	10,331,978	9,875,328	8,033,818	7,852,168	7,069,136
Anchorage Public Library:										
Branches	5	5	6	6	6	5	5	5	5	5
Items	624,477	611,663	623,162	644,677	605,000	675,000	644,332	654,418	615,480	576,195
Items circulated	1,743,508	1,579,366	1,642,303	1,500,716	1,600,000	1,542,800	1,542,800	1,442,997	1,438,887	1,499,246
Reference responses	158,414	172,762	216,528	188,141	219,043	115,903	181,414	180,877	156,033	116,642
William Egan Civic and Convention Center:										
Events	231	254	203	248	443	513	458	323	396	314
Attendance	118,488	125,673	114,351	141,918	196,102	219,643	263,946	232,882	247,172	223,346

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

Function	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Dena'ina Civic and Convention Center:</b>										
Events (*)	412	422	425	413	-	-	-	-	-	-
Attendance (*)	211,315	203,754	159,134	206,358	-	-	-	-	-	-
<b>Alaska Center for the Performing Arts:</b>										
Events	602	505	524	607	597	542	483	598	588	463
Attendance	266,205	226,799	231,556	300,293	251,258	230,436	221,744	238,300	244,017	239,113
<b>George Sullivan Sports Arena:</b>										
Events	105	140	150	167	163	169	172	171	156	134
Attendance	269,981	290,380	310,219	395,382	347,993	385,738	380,043	384,952	356,088	302,190
<b>Anchorage Golf Course:</b>										
Attendance	31,303	34,968	28,624	34,454	27,861	31,564	29,075	35,250	33,933	35,221
<b>Department of Neighborhoods:</b>										
Weatherization clients (5)	-	693	596	535	226	187	171	142	204	223
Total dwellings upgraded	-	1,852	1,555	1,165	601	506	607	436	750	686
<b>Public transportation</b>										
Average daily ridership:										
Weekdays	13,848	14,027	14,100	14,294	14,297	13,564	13,401	13,498	11,921	11,395
Saturdays	6,797	6,821	6,821	7,062	6,864	6,632	6,529	6,619	5,904	5,411
Sundays	3,848	3,881	3,899	3,816	3,670	3,486	3,518	3,499	3,034	2,517
Total annual ridership	4,088,549	4,148,501	4,145,569	4,184,141	4,220,677	3,989,137	3,948,228	3,975,074	3,536,059	3,339,451
Annual mileage	1,955,591	2,131,576	2,216,276	2,458,195	2,578,229	2,318,543	2,433,270	2,417,503	2,318,308	2,144,670
Timetable revenue hours	122,673	123,734	126,655	131,125	132,120	130,184	130,324	131,037	124,724	114,604
<b>Public works</b>										
Miles of streets and alleys:										
Anchorage Road Service Area										
Unpaved	7	7	7	9	12	12	12	12	12	18
Paved	614	613	608	606	600	596	595	594	591	617
Limited Road Service Area	316	313	307	298	298	298	297	297	297	296
Alleys	44	44	44	44	44	44	53	53	53	53
<b>Water</b>										
Number of customers	55,362	55,185	54,976	54,835	54,697	54,525	54,316	53,906	52,742	53,847
Average treatment plant production (6) (gallons/day)	22,100,000	22,700,000	23,100,000	22,600,000	21,930,000	22,850,000	22,095,359	22,958,708	21,189,127	24,141,578
Treatment plant capacity (gallons/day) (7)	65,000,000	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000	59,000,000	59,000,000	59,000,000	59,000,000
Average well production (gallons/day) (8)	728,767	1,611,233	8,394,000	1,400,000	1,400,000	2,540,000	3,941,915	4,164,856	5,321,938	3,564,366
Miles of water mains	836	836	834	829	828	828	882	864	808	838
Public fire hydrants	5,897	5,887	5,874	5,851	5,817	5,786	5,775	5,724	5,645	5,546
Private fire hydrants	1,368	1,367	1,357	1,356	1,204	1,344	1,255	1,115	1,100	1,014

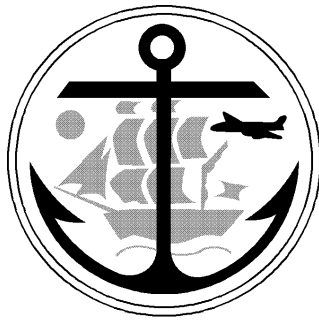


**MUNICIPALITY OF ANCHORAGE, ALASKA**  
Miscellaneous Statistical Data by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Fire services</b>										
Number of customers	56,251	56,107	55,898	55,783	55,635	55,470	55,272	54,892	54,171	53,639
Average treatment (gallons/day) (9)	29,500,000	26,800,000	28,500,000	29,900,000	31,210,000	29,400,000	30,141,960	30,170,000	31,280,000	30,180,000
Treatment plant capacity (gallons/day)	61,100,000	61,100,000	61,100,000	61,270,000	61,270,000	61,270,000	61,270,000	61,100,000	61,100,000	61,100,000
Miles of wastewater lines:										
Interceptors	45	45	45	45	45	45	45	45	45	45
Trunks	83	83	83	83	82	82	82	82	82	167
Laterals	634	624	623	623	616	596	594	590	585	594
<b>Electric</b>										
Number of customers	30,747	30,603	30,481	30,406	30,352	30,244	30,091	30,100	29,876	29,771
Number of street lights	3,924	3,930	3,948	4,027	4,132	4,146	4,167	4,187	4,207	4,224
Circuit miles of overhead distribution lines	124	125	130	131	136	136	135	137	138	136
Miles of underground distribution lines	250	252	257	254	243	237	236	232	228	224
Plant generation capacity (30 degrees Fahrenheit) - KW	364,500	364,500	364,500	366,100	366,100	366,100	333,200	333,200	333,200	353,700
<b>Port</b>										
Tonnage	3,754,231	4,135,214	3,962,962	3,798,272	4,370,277	4,316,392	4,347,289	5,101,816	4,628,010	4,412,629
<b>Municipal airport</b>										
Landings and take-offs	131,777	130,779	150,146	168,062	169,313	174,848	187,798	190,816	191,516	202,278
<b>Solid waste</b>										
Total landfill/disposal customers	256,479	242,646	238,993	245,590	247,788	273,262	267,639	279,735	367,614	358,446
Total waste land filled (tons)	331,413	308,646	317,891	320,983	338,499	359,165	356,387	368,182	277,038	270,155
<b>Refuse collection</b>										
Average residential billed customers	10,020	10,000	9,994	9,912	9,879	10,102	9,929	9,978	9,946	9,975
Residential tons collected	9,644	9,810	10,673	11,824	12,528	13,246	13,519	13,946	14,757	15,643
Average commercial billed customers	1,880	1,898	1,890	1,878	1,884	1,895	1,895	1,824	1,835	1,837
Commercial tons collected	26,922	26,896	26,749	26,818	27,100	27,958	28,401	29,146	29,244	28,880

Note:  
 (\*) Denaina Civic and Convention Center first opened for operation in September 2008. The first available information for events and attendance was in the fiscal year 2009.  
 1 13th & Gambell Substation and the Senior Center Substation were closed 2012 due to budgetary concerns.  
 2 The /M Program made up the vast majority of customers counted in 2011. This statistic is no longer tracked due to the termination of the program.  
 3 The Daycare Assistance family program no longer exist.  
 4 Increase acreage is due to the conveyance of 61 acres of land located on the Campbell Creek Estuary from Great Land Trust in the form of a donation to the Municipality of Anchorage.  
 5 As of 2012, the Weatherization Program has been discontinued and transferred to Rural Cap.  
 6 In 2012, the decrease in average treatment plant production was weather related. The extremely wet conditions during last summer decreased the demand for water and therefore decreased the number of gallons treated.  
 7 In 2012, the change in capacity is due to standardization of the numbers being used. There has been some mixing of design capacity numbers with plant flow capacity in the past. The numbers represent the agreed upon system capacity at the current time.  
 8 The average well production decreased from 2011 to 2012 for the same reason given in # 6, the weather.  
 9 The increase for treatment per the experts at Asplund, does not appear to be abnormal and could be attributed to several factors including new service connections and the possibility of an increase of flow and infiltration of the collection system.

Source: Municipality of Anchorage, Various Departments.



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