

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**  
(A Major Enterprise Fund of the Municipality of  
Anchorage, Alaska)

Financial Statements, Required  
Supplementary Information, Supplementary  
Information, and Other Information  
December 31, 2024

(With Independent Auditor's Report Thereon)

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**  
(A Major Enterprise Fund of the Municipality of Anchorage, Alaska)

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Financial Statements, Required Supplementary Information,  
Supplementary Information, and Other Information  
December 31, 2024

(With Independent Auditor's Report Thereon)

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Table of Contents**

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	<u>Page</u>
<b>Independent Auditor's Report</b>	1-4
<b>Management's Discussion and Analysis</b>	6-16
<b>Basic Financial Statements</b>	
Statement of Net Position	18-19
Statement of Revenues, Expenses, and Changes in Net Position	20-21
Statement of Cash Flows	22-23
Notes to Financial Statements	24-60
<b>Required Supplementary Information</b>	
Public Employees' Retirement System - Pension Plan	62
Public Employees' Retirement System - OPEB Plans	63-65
Notes to Required Supplementary Information	66-67
<b>Supplementary Information</b>	
Statements of Net Position	70-71
Statements of Revenues, Expenses, and Changes in Net Position	72-73
Statements of Cash Flows	74-75
<b>Statistical Section (Unaudited)</b>	
Table 1 - Comparative Detail Schedule of Actual Revenues by Source	78
Table 2 - Current Port Tariff Rates	79
Table 3 - Approved Tariff 9.0 Rate Increases	80
Table 4 - Ten-Year Annual Dock Tonnage Report	81
Table 5 - Financial Ratios	82
Table 6 - Capital Improvement Program Summary	83
Table 7 - Historical Revenues for Top 10 Customers	84
Table 8 - Vessel Arrivals	85
Table 9 - Schedule of Revenues, Expenses, and Changes in Net Position - Budget to Actual	86-87
Table 10 - Historical Debt Service Coverage for the Fiscal Year	88

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Table of Contents**

---

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

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	90-91
Schedule of Findings and Responses	92-94
Corrective Action Plan	95-96
Status of Prior Year Findings	96-97



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## **Independent Auditor's Report**

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

### ***Opinion***

We have audited the financial statements of the Don Young Port of Alaska, an enterprise fund of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Don Young Port of Alaska's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Don Young Port of Alaska of the Municipality of Anchorage, Alaska, as of December 31, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

### ***Emphasis of Matters***

As discussed in Note 1, the financial statements present only the Don Young Port of Alaska and do not purport to, and do not, present fairly the financial position of the Municipality of Anchorage, as of December 31, 2024, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

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



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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Don Young Port of Alaska's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

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



### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Don Young Port of Alaska's basic financial statements. The supplementary information identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to 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 GAAS. In our opinion, the supplementary information identified in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026 on our consideration of the Don Young Port of Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Don Young Port of Alaska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Don Young Port of Alaska's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska  
March 31, 2026

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

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# Municipality of Anchorage, Alaska Don Young Port of Alaska Fund

## Management's Discussion and Analysis December 31, 2024

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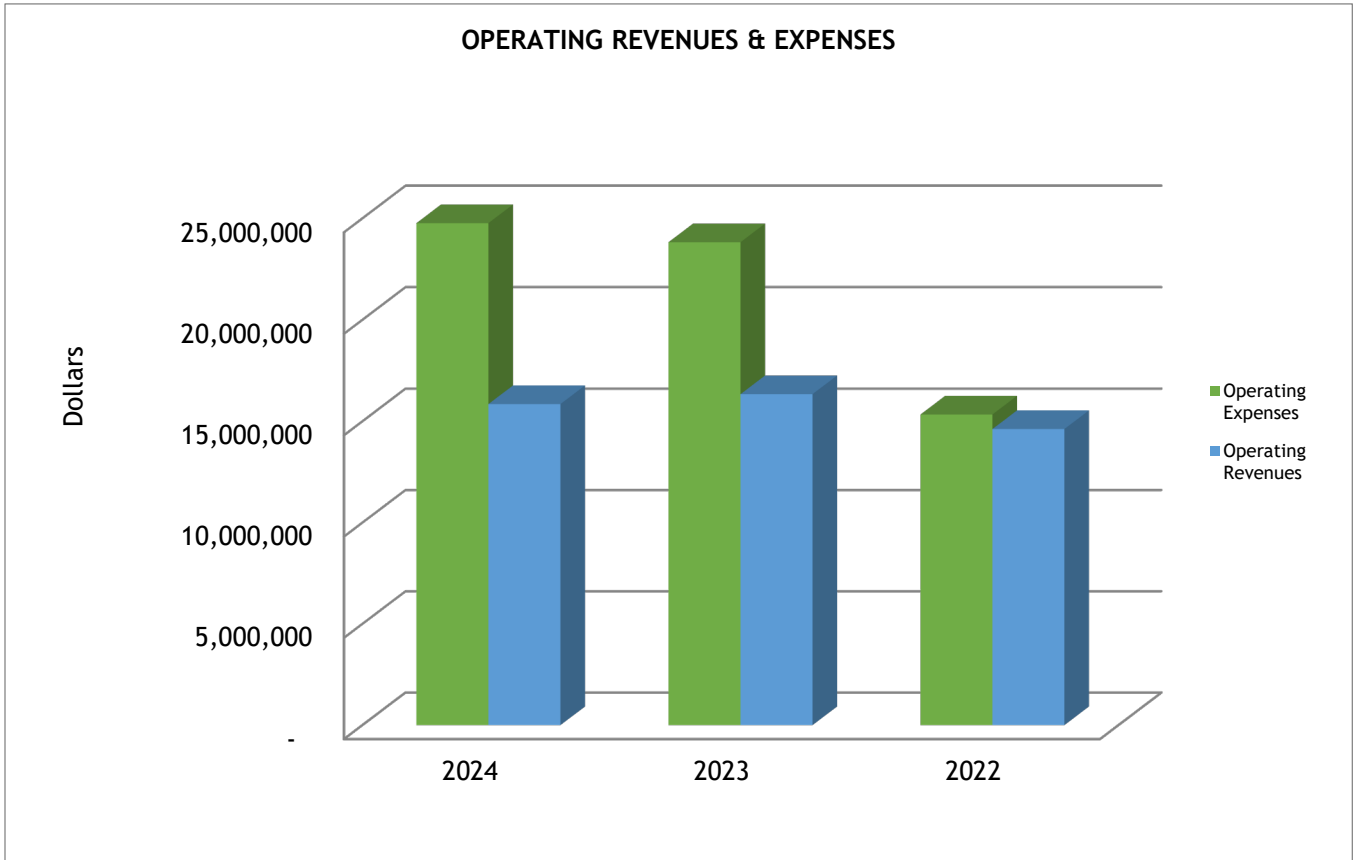
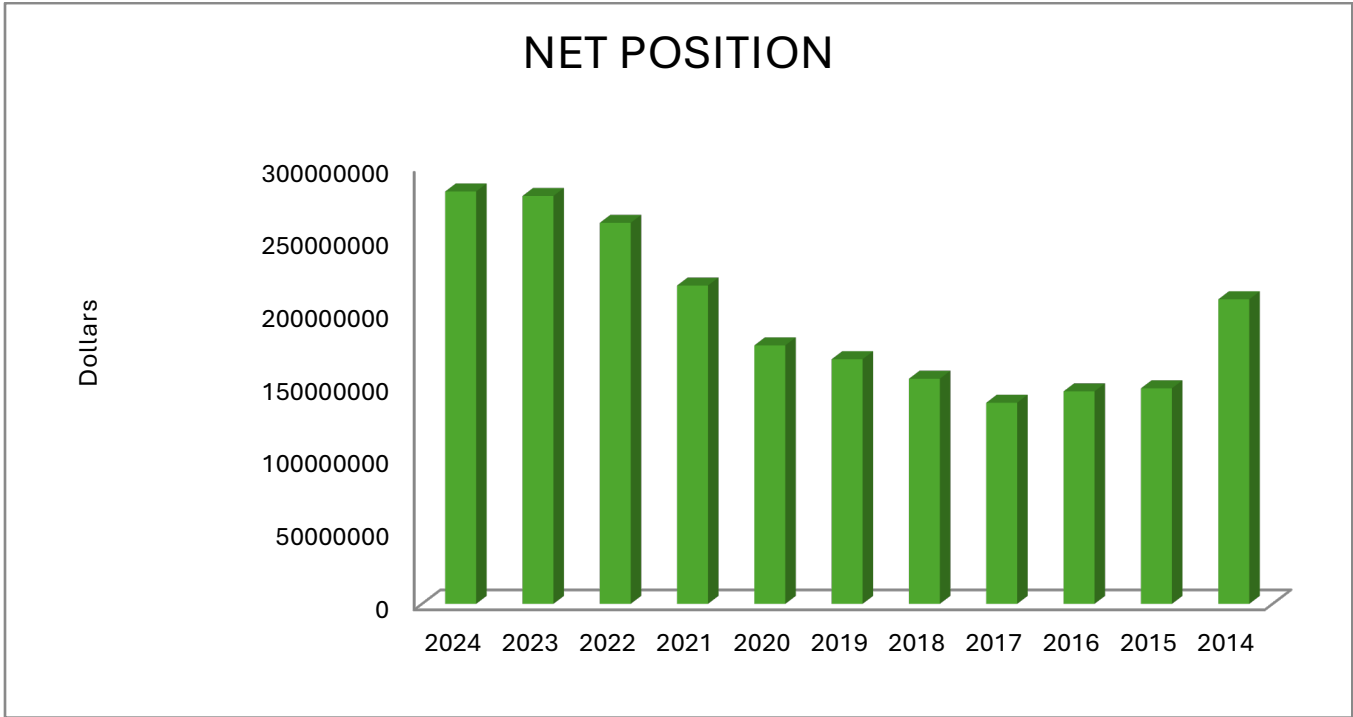
The Don Young Port of Alaska Fund (Port) is a department of the Municipality of Anchorage, Alaska (Municipality of Anchorage). A commission consisting of nine members oversees the Port's tariff issues. The Commission recommends tariff rates, fees, and charges imposed by the Port for its services to the Anchorage Assembly for approval. The following is a discussion analysis of the Port's financial performance, providing an overview of the financial activities for the years ended December 31, 2024 and 2023. This discussion and analysis are designed to assist the reader in focusing on the significant financial issues, provide an overview of the Port's financial activities and identify changes in the Port's financial position. We encourage readers to consider the information presented here in conjunction with the Port's financial statements and accompanying notes, taken as a whole.

### Financial Highlights

- Net position increased \$51,104,082 or 14.3% in 2024. The increase in net position was primarily due to capital contributions of \$68,934,976 exceeding the operating loss of \$8,915,003, the net nonoperating loss of \$6,723,536 which included \$5,715,227 of debt issuance costs and \$3,728,881 of interest on long-term obligations, and transfers to other funds of \$2,192,355. In 2023, net position increased \$75,118,927 or 27%. The increase in net position was primarily due to capital contributions of \$86,477,961 exceeding the operating loss of \$7,486,438 and transfers to other funds of \$1,976,009.
- Operating revenues decreased \$488,749 or 3.0% in 2024. This decrease reflects lower liquid bulk wharfage and certain other operating revenue categories, partially offset by increased general cargo wharfage. Operating revenues increased \$1,718,933 or 12% in 2023. This increase is due to an increase of \$1,480,618 related to the increase in Tariff 9.0 rates for commodities across the dock, reflective of the approved 12.95% increase for Petroleum and Cement rates with a 3.01% rate increase in all other fees.
- Operating expenses increased \$939,815, or 4.0%, in 2024. This increase was due primarily to higher other services and charges and a slight increase in personnel services and benefits, as the Port continued to incur costs necessary to support ongoing operations, maintenance, and administrative functions. Operating expenses increased \$8,487,952, or 55%, in 2023. This increase was driven largely by a \$5,940,004, or 84%, increase in depreciation expense recorded as a direct result of the capitalization of the Petroleum and Cement Terminal in 2022, with an asset cost of \$180,326,064. Other services and charges also increased \$1,975,879 in 2023 due to continuing increases in repair and maintenance contracting and other professional services required to support continued Port operations.

Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund

Management's Discussion and Analysis  
December 31, 2024



# Municipality of Anchorage, Alaska Don Young Port of Alaska Fund

## Management's Discussion and Analysis December 31, 2024

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### Overview of the Financial Statements

The Port is a business type activity of the Municipality that operates the Don Young Port of Alaska. The Port reports as an enterprise fund of the Municipality.

The Port's financial statements offer short and long-term information about activities of the Port and collectively provide an indication of the Port's financial health. The basic annual financial statements are presented on an annual basis for the year ended December 31, 2024, and include the following: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and notes to the basic financial statements. The basic financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

**Statement of Net Position** - This statement includes all of the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

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

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

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

**Required Supplementary Information** - These present certain information concerning the progress of funding the Port's obligation to provide pension and other postemployment benefits.

### Financial Analysis of the Port

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

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

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Management's Discussion and Analysis  
December 31, 2024**

Changes in the Port's net position can be determined by reviewing the following condensed Summary of Net Position as of December 31, 2024, 2023, and 2022. The analysis below focuses on the Port's net position at the end of the year (Table 1) and changes in net position (Table 2) during the year.

TABLE 1  
Summary of Net Position

	2024	2023	2022
<b>Assets and Deferred Outflows of Resources:</b>			
Current assets	\$ 3,066,587	\$ 3,187,981	\$ 13,231,968
Noncurrent assets	781,911,059	555,282,650	438,704,690
Deferred Outflows of Resources	96,900	140,161	168,939
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 785,074,546</b>	<b>\$ 558,610,792</b>	<b>\$ 452,105,597</b>
<b>Liabilities and Deferred Inflows of Resources:</b>			
Current Liabilities	53,097,455	31,361,805	5,069,687
Noncurrent Liabilities	266,485,644	111,022,595	111,930,129
Deferred Inflows of Resources	56,705,095	58,544,122	52,542,438
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>376,288,194</b>	<b>200,928,522</b>	<b>169,542,254</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	368,344,350	322,459,076	259,603,156
Restricted for Capital Construction	1,950,000	52,034,943	8,269,647
Restricted for Debt Service	15,307,984	5,215,400	4,986,136
Unrestricted	23,184,018	(22,027,149)	9,704,404
<b>Total Net Position</b>	<b>408,786,352</b>	<b>357,682,270</b>	<b>282,563,343</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 785,074,546</b>	<b>\$ 558,610,792</b>	<b>\$ 452,105,597</b>

During 2024, the Port's total assets and deferred outflows of resources increased by \$226,463,754. Noncurrent assets increased by \$226,628,409 primarily due to a \$57,135,943 increase in capital assets, a \$19,825,649 increase in intergovernmental receivables, a \$10,092,584 increase in equity in the general cash pool held for debt service, and the recognition of \$141,043,012 in unspent bond proceeds. Current assets decreased by \$121,394.

During 2023 the Port's total assets and deferred outflows of resources increased by \$106,505,195. Noncurrent assets increased by \$116,577,960 primarily due to increases in capital assets of \$66,152,326, lease receivables of \$5,341,325, and due from other governments of \$34,907,192 primarily due to capital project expenditures eligible for PIDP grant reimbursement, while current assets decreased by \$10,096,369. During 2022 the Port's total assets and deferred outflows of resources increased by \$56,377,208. Noncurrent assets increased by \$59,973,916 primarily due to increases in capital assets of \$24,584,408 and lease receivables of \$53,522,567 due to implementing GASB Statement 87. There was a \$16,225,132 decrease of intergovernmental receivables. Current assets decreased by \$3,606,222 primarily due to decrease in equity in the bond and capital acquisition and construction pool.

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**

**Management's Discussion and Analysis**  
**December 31, 2024**

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During 2024, the Port's current liabilities increased by \$21,735,650 primarily due to an increase of \$18,850,929 in due to other funds and higher accounts payable related to ongoing capital activity. Total liabilities and deferred inflows of resources increased by \$175,359,672 primarily due to the issuance of long-term debt in 2024, partially offset by repayment of the \$40,000,000 notes payable from direct borrowings.

During 2023, the Port's current liabilities increased by \$26,292,118 primarily due to an increase of \$22,505,599 in due to other funds which represents the Port's usage in the Municipality of Anchorage cash pool, and an increase in accounts payable of \$4,279,954 primarily related to capital project expenditures. The Port's total liabilities and deferred inflows of resources increased by \$31,386,267 primarily due to a combination of an increase in net pension liability of \$1,221,010, the implementation of subscription liabilities of \$2,375,497, and the use of a \$40,000,000 revolving credit facility in support of Port capital projects. During 2022, the Port's current liabilities increased by \$2,371,872 primarily due to an increase of \$1,556,733 in accounts payable and capital acquisition and construction accounts payable and bonds payable due within one year by \$715,000. Total liabilities and deferred inflows of resources increased by \$53,312,399 primarily due to the implementation of GASB 87 (See page 61) in the amount of \$52,492,410 and a decrease of \$1,098,739 in inflows of resources related to pension and other post-employment benefits.

Changes in the Port's net position can be determined by reviewing the following condensed Summary of Revenues, Expenses, and Changes in Net Position for the years ending December 31, 2024 and 2023 (Table 2).

During 2024, the Port's operating revenues decreased by \$488,749, or 3.0%. The decrease reflects lower wharfage earned in liquid bulk and certain other operating revenue categories, partially offset by increased general cargo wharfage.

During 2024, the Port's operating expenses increased by \$939,815, or 4%. This increase was primarily attributable to growth in other services and charges in the amount of \$541,950 and a slight increase in personnel services and benefits.

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

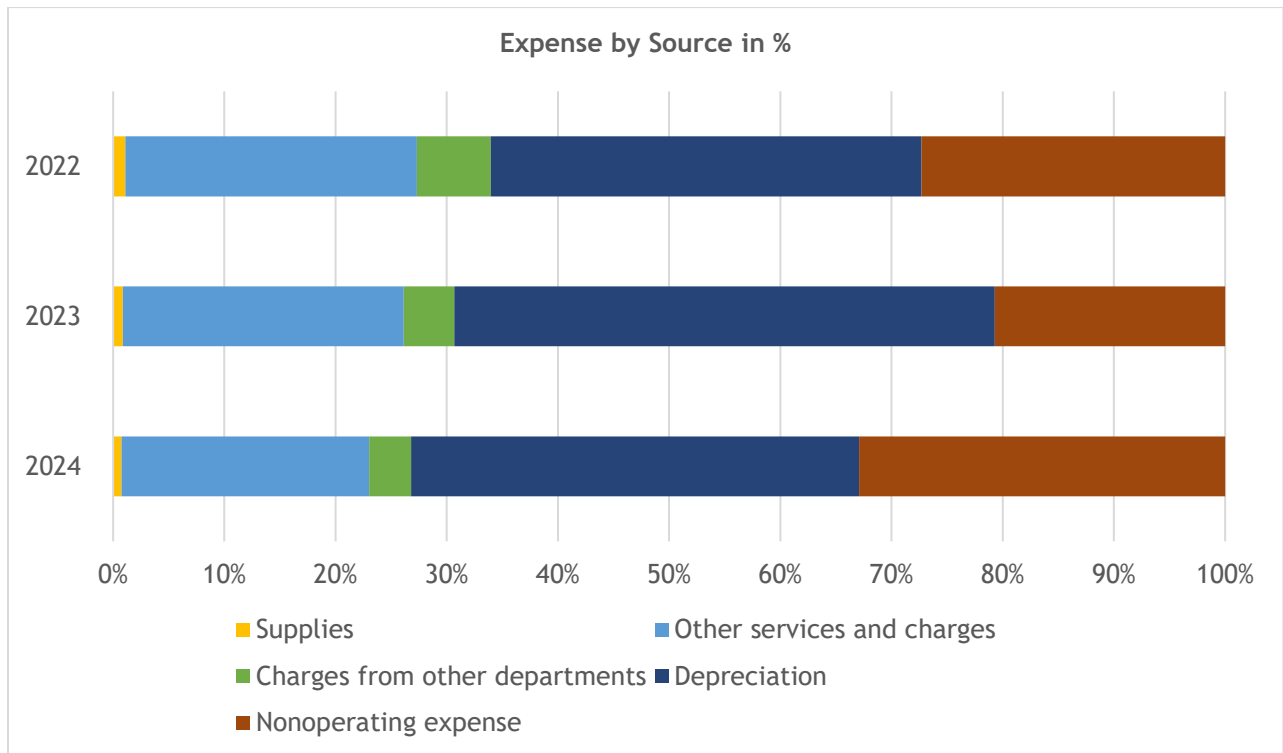
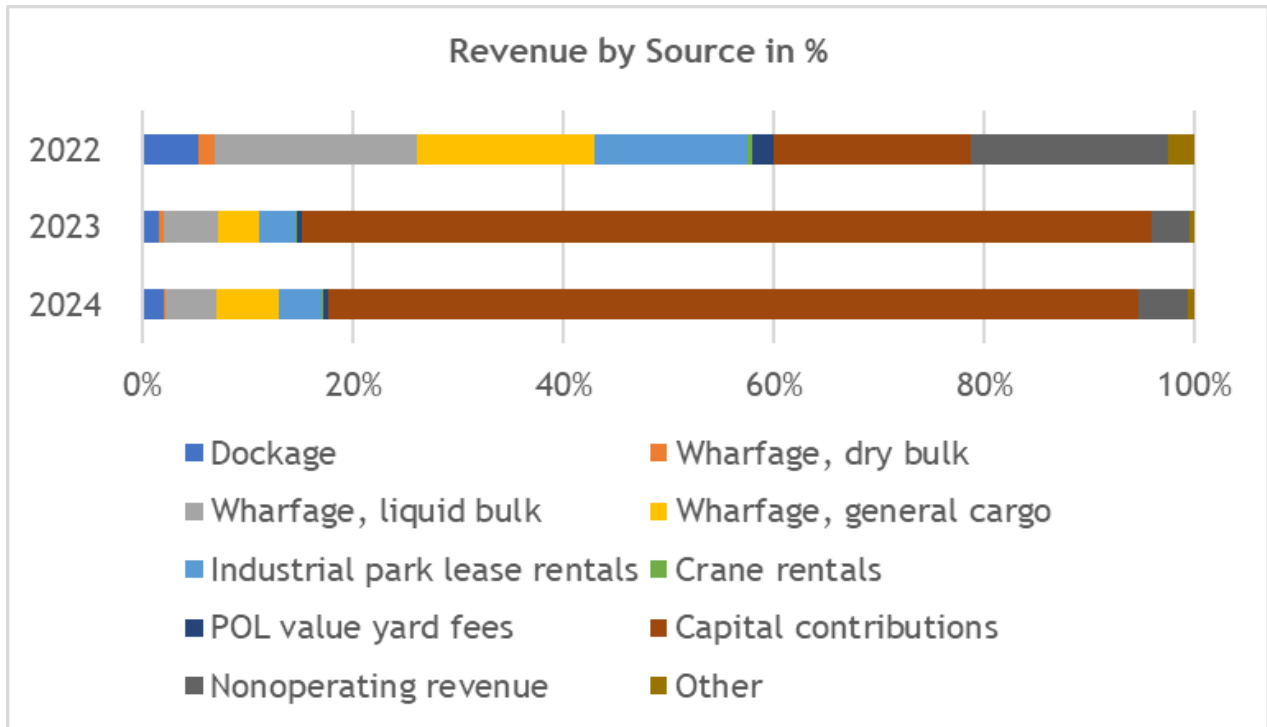
**Management's Discussion and Analysis  
December 31, 2024**

**TABLE 2**  
Statement of Revenues, Expenses, and Changes in Net Position

	2024	2023
Operating Revenues:		
Dockage	\$ 1,734,500	\$ 1,614,198
Wharfage, Dry Bulk	243,028	506,814
Wharfage, Liquid Bulk	4,075,629	5,357,616
Wharfage, General Cargo	5,194,337	4,126,430
Industrial Park and Other Lease Rentals	3,563,972	3,677,911
Crane Rentals	148,432	135,108
POL Valve Yard Fees	428,430	413,260
Other	459,937	505,677
Total Operating Revenues	15,848,265	16,337,014
Operating Expenses:		
Personnel Services	2,742,558	2,582,706
Supplies	248,102	231,981
Other Services and Charges	7,309,292	6,767,342
Charges from Other Departments	1,234,337	1,217,693
Depreciation	13,228,979	13,023,730
Total Operating Expenses	24,763,268	23,823,452
Operating Loss	(8,915,003)	(7,486,438)
Nonoperating Revenues (Expenses)		
Non-Operating Revenues	4,078,154	3,681,411
Non-Operating Expenses	(10,801,690)	(5,577,998)
Net Non-Operating Revenues	(6,723,536)	(1,896,587)
Gain (Loss) Before Capital Contributions and Transfers	(15,638,539)	(9,383,025)
Capital contributions and transfers	66,742,621	84,501,952
Change in Net Position	51,104,082	75,118,927
Net Position, beginning	357,682,270	282,563,343
Net Position, ending	\$ 408,786,352	\$ 357,682,270

Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund

Management's Discussion and Analysis  
December 31, 2024



**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Management’s Discussion and Analysis  
December 31, 2024**

**Capital Assets and Debt Administration**

**Capital Assets**

The following table summarizes the Port’s capital assets, at cost, as of December 31, 2024, 2023, and 2022.

**TABLE 3  
Net Capital Assets**

	2024	2023	2022
Land	\$ 38,439,459	\$ 38,439,459	\$ 38,439,459
Infrastructure	201,499,103	206,893,493	212,898,475
Right of Use Assets - Infrastructure	400,418	445,895	505,497
Buildings	12,835,611	2,092,010	2,217,662
Building improvements	391,933	406,830	421,730
Land improvements	83,768,070	88,333,364	92,898,660
Vehicles	96,226	105,561	181,872
Machinery and equipment	832,617	1,038,817	1,266,537
Computer hardware	33,372	48,478	47,490
Computer software	172,615	262,322	374,693
Right of Use Assets - SBITAs	6,570	9,598	-
Art	56,644	21,344	21,344
Construction work in progress	156,576,564	99,876,088	22,547,514
<b>Total Net Capital Assets</b>	<b>495,109,202</b>	<b>437,973,259</b>	<b>371,820,933</b>
Increase in net capital assets	\$ 57,135,943	\$ 66,152,326	\$ 24,584,408

**2024 Notable additions include:**

- Construction work in progress increased by \$56,700,476 driven primarily by modernization program work. This includes continued North Extension Stabilization work with completion scheduled for 2025, completion of the Port administration office, and continued Terminal 1 design and procurement efforts.
- Port Administration Building Construction - \$10,743,601
- Artwork for Port Administration Building - \$35,300

Additional information on the Port’s capital assets can be found in Note 5.

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Management’s Discussion and Analysis  
December 31, 2024**

**Revenue Bonds and Notes Payable**

The following table summarizes the Port’s debt as of December 31, 2024, 2023, and 2022.

**TABLE 4  
Net Debt**

	2024	2023	2022
Revenue bonds, net	\$ 263,298,848	\$ 68,036,429	\$ 68,898,340
Notes payable	-	40,000,000	40,000,000
Total Net Debt	\$ 263,298,848	108,036,429	108,898,340
Increase in net debt	\$ 155,262,419	\$ (861,911)	\$ (146,911)

Additional information on the Port’s long-term obligations can be found in Note 7.

During 2024, the Port issued \$191,385,000 in Port Revenue Bonds, Series A (AMT). Bond proceeds were used to pay off the Port’s \$40,000,000 notes payable from direct borrowings with the remainder to be used to pay and reimburse costs of the Don Young Port of Alaska Modernization Program. The \$40,000,000 note payable had been outstanding prior to 2024 and was repaid in full in 2024 from bond proceeds. The Port incurred debt issuance costs of \$5,715,227 in connection with the 2024 debt issuance.

The Port issued two separate series of revenue bonds in 2020, 2020 Series A and 2020 Series B. The proceeds of the 2020 Series A bonds were used to pay or reimburse the costs of a portion of Phase 1 of the Don Young Port of Alaska Modernization Program, including the replacement of the Port’s existing Petroleum, Oil and Lubricants/Cement Terminal 1 with the Port Petroleum and Cement Terminal. The proceeds of the 2020 Series B bonds were used to refund the balance of the notes payable from direct borrowings. The 2020 Series A bonds have a total authorized amount of \$18,885,000, are due in annual installments of \$1,275,000 to \$3,875,000 (principal payments beginning in 2045 through 2050), plus interest at 2.53%. The 2020 Series B bonds have a total authorized amount of \$46,210,000, are due in annual installments of \$370,000 to \$2,960,000 (principal payments beginning in 2023 through 2045), plus interest at 1.071% to 3.52%.

**Economic Factors and Next Year’s Budgets and Rates**

The Don Young Port of Alaska supports more than \$18 billion in commercial activity in Alaska as the State’s primary inbound cargo and fuel distribution center. It serves as the conduit for goods consumed by 90% of Alaska’s population. Petroleum moving over the docks and through Don Young Port of Alaska Valve Yard supports 90% of the liquid fuel shipped into Southcentral Alaska, including most of the jet fuel used at Joint Base Elmendorf-Richardson and half of the fuel used at Ted Stevens International Airport.

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Management's Discussion and Analysis

#### December 31, 2024

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Don Young Port of Alaska's strategic location provides significant economic value to the communities and businesses it serves through its proximity to population centers, intermodal transportation connections, and a freight handling infrastructure suited to user needs. The Port's on-property intermodal connectivity includes truck, rail, and fuel pipeline access, and Alaska's principal air cargo hub is less than eight miles away. Efficient and continuous operations at the Port are a critical part of the foundation of a successful and sustainable state and local economy and are necessary for businesses and the people they serve to continue.

The 2024 budget projected Port operating revenues of \$14.8 million and \$2.7 million in nonoperating revenues. Actual 2024 operating revenues were \$15.8 million and were \$1.0 million over budget projections. Favorable operating revenue variances were driven primarily by wharfage, liquid bulk revenues exceeding budget by \$2.4 million, total charges for sales and services exceeding budget by \$1.6 million, and higher than budgeted POL valve yard fees of \$136,734, partially offset by general cargo wharfage coming in \$846,683 below budget and lease rentals falling short of budget by \$1.1 million. Actual 2024 operating expenses were \$24.8 million, or \$1.6 million over budget projections, due primarily to higher other services and charges of \$2.7 million, partially offset by lower depreciation expense of \$608,812 and lower charges from other departments of \$222,527. Actual 2024 nonoperating revenues and expenses reflected significant financing-related costs associated with the issuance of debt in 2024, including debt issuance costs of \$5,715,227 and interest on long-term obligations of \$3,728,881. The variance in nonoperating revenues was primarily due to the direct funding from the U.S. Maritime Administration in the amount of \$20.5 million and the State of Alaska in the amount of \$45.7 million for grant-related expenditures supporting the Don Young Port of Alaska Modernization Program.

The 2023 budget projected Port operating revenues of \$15.2 million and \$2.2 million in nonoperating revenues. Actual 2023 operating revenues were \$16.3 million and were \$1.0 million over budget projections. Actual 2023 nonoperating revenues, including capital contributions, totaled approximately \$90.1 million. Operating revenues remain steady with a 12% increase in revenues and a slight 1% decrease in tonnage levels overall. The overall increase in revenue was due to scheduled tariff increases set forth in Tariff 9.0, as well as increases to the Preferential User Agreements, which contributed to the overall favorable performance over budget. The variance in the nonoperating revenue was due to the direct funding from the U.S. Maritime Administration and the State of Alaska in the amount of \$86.5 million for grant-related expenditures supporting the Don Young Port of Alaska Modernization Program.

Actual 2022 operating revenues were \$14.7 million and were \$1.6 million over budget projections. Actual 2022 nonoperating revenues, including capital contributions, totaled approximately \$27.3 million and were \$25.4 million over budget projections. The increase in operating revenue was attributable to an approximately 7.7% increase in tonnage across the dock for Petroleum dockside deliveries to the Don Young Port of Alaska. Overall tonnage increased 6.03%, despite small decreases in dry bulk cement and cargo tonnage. The overall tonnage increase, combined with the approved, scheduled tariff increases set forth in Tariff 9.0, as well as increases to the Preferential User Agreements, contributed to the overall favorable performance over budget. The variance in the nonoperating revenue was due to the direct funding from the State of Alaska in the amount of \$25.6 million for grant-related expenditures related to the Port Modernization Program - Petroleum and Cement Terminal construction and decreased earnings on investment income earned.

In 2014, the Port undertook a review of its tariff rates, terms, and conditions. Following the review of its tariff and the completion of a Revenue Requirements Study by an independent contractor, the

# Municipality of Anchorage, Alaska Don Young Port of Alaska Fund

## Management's Discussion and Analysis December 31, 2024

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Port Commission proposed, and the Anchorage Assembly approved, the rates, terms, and conditions of the Port's Terminal Tariff No. 8 effective January 1, 2015. Tariff No. 8 includes annual rate increases effective January 1, 2015 through December 31, 2019.

In 2019, the Port undertook an extensive review of the tariff rates considering the expiration of Tariff 8.2 on 12/31/2019 and the potential requirement to create capacity in the Port's income stream for debt service coverage to repay future borrowings necessary in order to complete the Petroleum and Cement Terminal, Phase 1, Anchorage Port Modernization Program. Following the review of the tariff and the completion of a Revenue Requirements report, which included various rate scenario recommendations provided by an independent contractor, the Port Commission promulgated a ten-year tariff with a rate structure that would support ongoing operations at the Port as well as provide income for future debt service payments. The Anchorage Assembly approved the rates, terms, and conditions of the Port's Terminal Tariff 9.0 and it was implemented on January 1, 2020. Tariff 9.0 increased all tariff fees (except for Petroleum and Cement) as follows: 3.5% in 2020, 3.93% in 2021, 3.01% in 2022 - 2027, and no increases in 2028 - 2029. Additionally, commodity specific rate increases for operating and debt service coverage on Petroleum and Cement were implemented as follows: 23.81% in 2020, 24.24% in 2021, 12.95% in 2022 - 2026, 8.65% in 2027, and 5.64% in 2028-2029. Tariff 9.1 was effective on March 1, 2022 to set forth minor Section 1 updates relating to rules and regulations. No financial updates to Section 2, Schedule of Charges, were made at that time.

In an effort to ensure appropriate revenue generation for operations and debt service requirements, rates are reviewed on an annual basis and take into consideration potential upcoming revenue bond sales and necessary debt service payments to continue funding the Don Young Port of Alaska Modernization Program. Tariff 10.0 went into effect on January 1, 2024, and established Section 2, Item 272, Don Young Port of Alaska Modernization Program Surcharge. This section assesses a surcharge fee to support debt service requirements associated with the Don Young Port of Alaska Modernization Program. This section was subsequently updated in Tariff 10.1, which went into effect on January 1, 2025, with updated rates intended to ensure adequate revenue is generated to cover debt service costs associated with the revenue bond issuance completed in December 2024. As a forward-looking matter, Tariff 10.2 became effective January 1, 2026, continuing the Port's annual review of rates and charges in support of debt service needs for the Port Modernization Program.

The Port Commission reviews established tariff rates each year and revises them as needed to meet operating and debt service coverage requirements. Final approval of all changes requested to the Don Young Port of Alaska's Terminal Tariff rests with the Anchorage Assembly.

### Contacting the Port's Financial Management

This financial report is designed to provide the Port's customers, investors, and creditors with a general overview of the Port's finances and to demonstrate the Port's accountability for the money it receives. For questions about this report, or for additional financial information, contact the Municipality of Anchorage, Port of Alaska Department, 2000 Anchorage Port Road, Anchorage, AK 99501.

General information can be found at: <https://www.portofalaska.com>

## Financial Statements

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**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**

**Statement of Net Position**

<i>December 31,</i>	<i>2024</i>
<b>Assets and Deferred Outflows of Resources</b>	
<b>Current Assets</b>	
Cash	\$ 500
Accrued interest on investments	100,650
Accrued interest on leases	177,278
Accounts receivable, net	1,350,011
Leases receivable, current portion	1,059,263
Prepaid items and deposits	49,860
Parts inventory	329,025
<b>Total Current Assets</b>	<b>3,066,587</b>
<b>Noncurrent Assets</b>	
Unrestricted assets:	
Intergovernmental receivables	69,910,592
Leases receivable, net of current portion	58,169,875
Capital assets, net	495,109,202
Net other postemployment benefits asset	420,394
<b>Total unrestricted noncurrent assets</b>	<b>623,610,063</b>
Restricted assets:	
Restricted cash - settlement set aside	1,950,000
Equity in general cash pool - held for debt service	15,307,984
Unspent bond proceeds	141,043,012
<b>Total restricted noncurrent assets</b>	<b>158,300,996</b>
<b>Total Noncurrent Assets</b>	<b>781,911,059</b>
<b>Total Assets</b>	<b>784,977,646</b>
<b>Deferred Outflows of Resources</b>	
Related to pensions	66,888
Related to other postemployment benefits	30,012
<b>Total Deferred Outflows of Resources</b>	<b>96,900</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 785,074,546</b>

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**  
**Statement of Net Position, continued**

December 31,	2024
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Current Liabilities</b>	
Accrued payroll liabilities	\$ 135,441
Accounts payable	6,997,396
Capital acquisition and construction accounts and retainages payable	3,717,383
Leases payable, current portion	42,562
SBITAs payable, current portion	5,436
Compensated absences payable	217,943
Due to other funds	41,356,528
Accrued interest payable	253,985
Accrued interest on leases	781
Bonds payable, due within one year	370,000
<b>Total Current Liabilities</b>	<b>53,097,455</b>
<b>Noncurrent Liabilities</b>	
Other noncurrent liabilities	1,707,058
Leases payable, net of current portion	372,751
SBITAs payable, net of current portion	884
Compensated absences payable	129,048
Net pension liability	977,055
Bonds payable, including unamortized premium, net of current portion	263,298,848
<b>Total Noncurrent Liabilities</b>	<b>266,485,644</b>
<b>Total Liabilities</b>	<b>319,583,099</b>
<b>Deferred Inflows of Resources</b>	
Related to other postemployment benefits	12,478
Related to leases	56,692,617
<b>Total Deferred Inflows of Resources</b>	<b>56,705,095</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>376,288,194</b>
<b>Net Position</b>	
Net investment in capital assets	368,344,350
Restricted for capital construction	1,950,000
Restricted for debt service	15,307,984
Unrestricted	23,184,018
<b>Total Net Position</b>	<b>408,786,352</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 785,074,546</b>

*See accompanying notes to financial statements.*

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**

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

<i>Year Ended December 31,</i>	<i>2024</i>
<b>Operating Revenues</b>	
Charges for sales and services:	
Dockage	\$ 1,734,500
Wharfage, dry bulk	243,028
Wharfage, liquid bulk	4,075,629
Wharfage, general cargo	5,194,337
Storage revenue	192,792
Office rental	21,733
Utilities	18,236
Miscellaneous	227,176
Total charges for sales and services	11,707,431
Other operating revenues:	
Crane rentals	148,432
Other lease revenue	1,823,880
Industrial park lease rentals	1,740,092
POL Valve yard fees	428,430
Total other operating revenues	4,140,834
<b>Total Operating Revenues</b>	<b>15,848,265</b>
<b>Operating Expenses</b>	
Operations:	
Personnel services	2,760,475
Pension	(186,053)
Other postemployment benefits	168,136
Supplies	248,102
Other services and charges	7,309,292
Charges from other departments	1,234,337
Total operations	11,534,289
Depreciation and amortization	13,228,979
<b>Total Operating Expenses</b>	<b>24,763,268</b>
Operating loss	\$ (8,915,003)

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**

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

<i>Year Ended December 31,</i>	<i>2024</i>
<b>Nonoperating Revenues (Expenses)</b>	
Intergovernmental - PERS On Behalf	\$ 64,467
Net investment income	484,820
Security fees	1,637,606
Right-of-way fees	196,256
Interest income on leases	2,150,985
Interest expense on leases	(11,794)
Interest on long-term obligations	(3,728,881)
Debt issuance costs	(5,715,227)
Security contract	(1,895,075)
Gain on sale of assets held for resale	93,307
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(6,723,536)</b>
Loss before capital contributions and transfers	(15,638,539)
<b>Contributions and Transfers</b>	
Capital contributions	68,934,976
Transfers to other funds:	
Municipal service assessment	(1,551,181)
Dividend	(604,174)
Transfer to other funds	(37,000)
<b>Change in Net Position</b>	<b>51,104,082</b>
<b>Net Position, beginning</b>	<b>357,682,270</b>
<b>Net Position, ending</b>	<b>\$ 408,786,352</b>

*See accompanying notes to financial statements.*

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**

**Statement of Cash Flows**

<i>Year Ended December 31,</i>	<i>2024</i>
<b>Cash Flows from (for) Operating Activities</b>	
Receipts from customers	\$ 15,086,230
Payments to employees	(2,700,874)
Payments to vendors	(1,168,480)
Internal activity - payments made to other funds	(1,234,337)
<b>Net cash flows from operating activities</b>	<b>9,982,539</b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfer to other funds	(2,192,355)
Change in due to other funds	18,850,929
Security contract	(1,895,075)
Right of way and security fees	1,833,862
<b>Net cash flows from noncapital financing activities</b>	<b>16,597,361</b>
<b>Cash Flows from (for) Capital and Related Financing Activities</b>	
Interest payments on long-term obligations	(3,960,875)
Interest payments on leases and SBITAs	(11,854)
Principal payments on leases	(41,520)
Principal payments on SBITAs	(2,662)
Acquisition and construction of capital assets	(73,659,476)
Proceeds from sale of assets held for resale	335,400
Proceeds from issuance of long-term debt	196,304,329
Principal payments on long-term debt	(40,525,000)
Debt issuance costs	(5,715,227)
Interest received from leases	2,153,934
Capital contributions received	49,109,328
<b>Net cash flows from capital and related financing activities</b>	<b>123,986,377</b>
<b>Cash Flows from Investing Activities</b>	
Investment income	569,319
<b>Net cash flows from investing activities</b>	<b>569,319</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>151,135,596</b>
<b>Cash and Cash Equivalents, beginning</b>	<b>7,165,900</b>
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 158,301,496</b>
<b>Components of Cash and Cash Equivalents</b>	
Cash	\$ 500
Restricted cash - Unspent Bond Proceeds	141,043,012
Restricted cash - settlement set aside	1,950,000
Restricted equity in general cash pool - debt service	15,307,984
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 158,301,496</b>

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**  
**Statement of Cash Flows, continued**

Year Ended December 31,

2024

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

Operating loss	\$ (8,915,003)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation and amortization	13,228,979
PERS relief - noncash expenses	64,467
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:	
Accounts receivable	39,511
Leases receivable	1,022,334
Prepaid items and deposits	31,362
Net other postemployment benefits asset	167,422
Deferred outflows of resources related to pensions	33,142
Deferred outflows of resources related to other postemployment benefits	10,119
Accounts payable	6,371,076
Compensated absences payable	56,178
Net pension liability	(277,920)
Other noncurrent liabilities	(13,524)
Accrued payroll liabilities	3,423
Deferred inflows of resources related to other postemployment benefits	(15,147)
Deferred inflows of resources related to leases	(1,823,880)

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**Net Cash Flows from Operating Activities** **\$ 9,982,539**

**Noncash Capital and Related Financing Activities**

Capital purchases on account	\$ 3,717,383
Capital contributions	-

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**Total Noncash Capital and Related Financing Activities** **\$ 3,717,383**

*See accompanying notes to financial statements.*

# Municipality of Anchorage, Alaska Don Young Port of Alaska Fund

## Notes to Financial Statements

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

#### *Reporting Entity*

The Don Young Port of Alaska (Port) first began operations in September 1961. It had capacity to berth one marine cargo ship at a time, and more than 38,000 tons of marine cargo moved across its single berth that year. Since 1964, the Port has expanded to a five-berth terminal providing facilities for the movement of containerized freight, bulk petroleum, break bulk freight and cement. Today, approximately 4 million tons of material move across its docks each year. The Port serves 87 percent of the State of Alaska's population, handles 90 percent of the consumer goods of Alaska and is one of 23 Strategic Seaports designated by the Department of Defense. The Port is the major gateway for Alaska's water-borne commerce and a vital element of the regional economy.

The Port's steady growth in the past decade is expected to continue into the future. To keep pace with the future trends in the shipping industry and to better serve its existing clients, the Port is currently undergoing a modernization project that began in 2014. This project targets four marine terminals that are in need of replacement. The marine terminal redevelopment will upgrade crane reach and provide a deeper draft to accommodate larger ships and improve commercial dock space.

The Port is an enterprise fund of the Municipality of Anchorage (Municipality). The accompanying financial statements reflect the activities of the Port and are not intended to report the operations of the Municipality. Enterprise funds are established to finance and account for the operation and maintenance of facilities and services such as those of the Port that are predominately self-supported by user charges. User charges for the Port are established in the Port of Anchorage Terminal Tariff No. 8 and through contractual Terminal Preferential Usage Agreements as recommended by the Anchorage Port Commission and approved by the Anchorage Municipal Assembly and reported to the Federal Maritime Commission.

The accounting records and accompanying financial statements conform to U.S. Generally Accepted Accounting Principles (GAAP). The accrual basis of accounting is used for enterprise funds. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

Accounting and reporting treatment applied to the Port is accounted for on a flow of economic resources measurement focus. As such, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the Port are included on the Statement of Net Position. Net position as shown on the statement is segregated into the following categories: Net investment in capital assets, Restricted for capital construction, Restricted for debt service; and Unrestricted.

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

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

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

# Municipality of Anchorage, Alaska Don Young Port of Alaska Fund

## Notes to Financial Statements

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### Parts Inventory

Parts inventory is valued at cost using the specific identification method and is expensed when used (consumption method). The value of the Port's inventory totaled \$329,025 at December 31, 2024.

### Prepays

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

### Interfund Receivables and Payables

In the event that the Port borrows from the Municipal Central Treasury to fund capital projects, the Municipality assesses a monthly fee. The fee is based on the investment earnings rate plus a margin negotiated between the Municipality and the Port. When the Port sells commercial paper, the cash pool will be reimbursed from the debt proceeds. In the event that other funds borrow from the Port, the Port will receive the investment earnings.

### Restricted Assets

It is the Port's policy to first use restricted assets to make certain payments when both restricted and unrestricted assets are available for the same purpose. "Intergovernmental receivables" represent grant receivables due from state and federal governments. The Port has restricted assets of \$228,211,588 at December 31, 2024.

### Capital Assets

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

Estimated lives of major capital asset categories follow:

Buildings	5-44 years
Building improvements	10-20 years
Land improvements	5-40 years
Vehicles	5-7 years
Machinery and equipment	3-20 years
Computer hardware and software	3-10 years
Office furniture and fixtures	5-20 years
Infrastructure	3-40 years
Right-to-use infrastructure	3-40 years
Right-to-use SBITA	3-10 years

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**

**Notes to Financial Statements**

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**Leases**

*Lessee:* The Port is party to multiple leases of nonfinancial assets as a lessee. The Port recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the Statement of Net Position.

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

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

The Port monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with capital assets, net and lease liabilities are reported as leases payable on the Statement of Net Position.

*Lessor:* The Port has leased multiple nonfinancial assets to third parties. The Port recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position.

At the commencement of the lease, the Port initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Port determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Port uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Port monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Deferred Outflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section of deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then.

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

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At December 31, 2024, the Port had deferred outflows of resources from pension and other postemployment benefits (OPEB) related items of \$96,900.

#### **Compensated Absences Payable**

The Port records compensated absences payable, which includes cashable sick leave, when earned.

#### **Long-term Obligations**

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

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

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

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

In addition to liabilities, the Statement of Net Position presents deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2024, the Port had deferred inflows of resources for OPEB and lease related items of \$56,705,095. These items are deferred and recognized as an inflow of resources in the period the amounts become available.

#### **Net Position**

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

# Municipality of Anchorage, Alaska Don Young Port of Alaska Fund

## Notes to Financial Statements

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### Operating Revenues and Expenses

Operating revenues and expenses result from providing services in connection with the Port's principal ongoing operations. Nonoperating revenues and expenses include those revenues and expenses not directly related to the Port's principal ongoing operations.

### Municipal Enterprise Service Assessment (MESA)

Per the Anchorage Municipal Code § 11.50.280, the Municipality requires the Port to pay a municipal enterprise service assessment for governmental services provided by the Municipality other than those services received on a contract or interfund basis. MESA is reflected in the transfers on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

### Intergovernmental Charges

Certain functions of the Municipality of a general and administrative nature are centralized and the related cost is allocated to the various funds of the Municipality, including the Port. Charges from other departments to the Port totaled \$1,234,337 for the year ended December 31, 2024. These amounts do not include the Port's payments to the Municipality's risk management programs.

### Risk Management and Self-Insurance

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

The Municipality provides coverage up to the maximum of \$3,000,000 per occurrence for automobile and general liability claims and for each workers' compensation claim. No settled claim exceeded this commercial coverage in 2024. Unemployment compensation expense is based on actual claims paid by the State of Alaska and reimbursed by the Municipality.

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

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**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

**2. Cash and Investments**

At December 31, 2024, the Municipality had the following investments held in the Municipal Central Treasury:

December 31, 2024

Investment Type	Fair Value	Fixed Income Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Central treasury					
Money market funds	\$ 81,939,621	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	41,668,788	41,668,788	-	-	-
Commercial Paper	18,790,056	18,790,056	-	-	-
Certificates of Deposit	5,634,946	5,634,946	-	-	-
U.S. treasuries	294,419,802	122,948,847	148,956,860	22,499,589	14,506
U.S. agencies	106,741,627	82,012,207	11,153,664	4,451,637	9,124,119
Municipal bonds	142,650	-	127,269	-	15,381
Foreign governments and agencies	293,851	-	-	170,500	123,351
Asset-backed securities*	39,634,349	-	28,302,359	982,044	10,349,946
Corporate fixed income securities	170,051,786	69,827,206	79,910,502	19,204,809	1,109,269
<b>Total</b>	<b>\$ 759,317,476</b>	<b>\$ 340,882,050</b>	<b>\$ 268,450,654</b>	<b>\$ 47,308,579</b>	<b>\$ 20,736,572</b>

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

The Municipality has total accrued interest in cash and investments for Central Treasury of \$4,545,956 as of December 31, 2024.

The Port had the following investment balances held in the Municipal Central Treasury at December 31, 2024:

	2024
Restricted cash - Unspent Bond Proceeds	\$ 141,043,012
Restricted cash - settlement set aside	1,950,000
Equity in general cash pool - held for debt service	15,307,984
<b>Total investments held in central treasury</b>	<b>\$ 158,300,996</b>

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

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

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

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

# Municipality of Anchorage, Alaska Don Young Port of Alaska Fund

## Notes to Financial Statements

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

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

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

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**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

The Investment Management Agreement (IMA) for each external manager and the policy and procedures (P&P) applicable to the internally managed investments provide additional guidelines for each portfolio's investment mandate. The IMA limits the concentration of investments for the Working Capital Portfolio at the time new investments are purchased as follows, with year-end concentrations listed for 2024:

Investment Type	Concentration Limit	Working Capital Portfolio Holding % at December 31, 2024
U.S. government securities*	Maximum of 100% of investment portfolio	21%
Repurchase agreements	Maximum of 50% of investment portfolio	20%
Certificates of deposit	Maximum of 25% of investment portfolio; Maximum 5% per issuer	3%
Commercial paper	Maximum of 25% of investment portfolio; Maximum 5% per issuer	9%
Bankers acceptances	Maximum of 25% of investment portfolio; Maximum 5% per issuer	0%
Corporate fixed income, corporate floating rate and variable rate debt securities**	Maximum of 35% of investment portfolio; Maximum 5% per issuer	31%
Corporate floating rate and variable rate debt securities***	Maximum of 25% of Corporate Securities; Maximum 5% per issuer	<1%
Taxable and tax-exempt municipality debt securities	Maximum of 15% of investment portfolio; Maximum 5% per issuer	0%
Dollar denominated debt of foreign governments and the International Bank for Reconstruction and Development (IBRD)	Maximum of 10% of investment portfolio; Maximum 5% per issuer	0%
Money market mutual funds****	Maximum of 25% of investment portfolio	16%
		<b>100%</b>

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

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

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

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

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

The P&P limits the concentration of investments for the internally managed portfolio at the time new investments are purchased as follows, with year-end concentrations listed for 2024:

Investment Type	Concentration Limit	Investment Holding % at December 31, 2024
U.S. Government Securities*	50% to 100% of investment portfolio	84%
Money Market Mutual Funds**	0% to 25% of investment portfolio	16%

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

\*\* Includes Money Market Mutual Funds investing in U.S. Government Securities.

***Interest Rate Risk***

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

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

AMC 6.50.030 requires the Working Capital Portfolio to have a duration of zero to 270 days. At December 31, 2024, the Working Capital Portfolio had a duration of 0.12 years, or approximately 43 days, and was within the targeted duration. AMC 6.50.030 also requires that the Contingency Reserve Portfolio have an average duration within half a year of its benchmark. At December 31, 2024, the Contingency Reserve Portfolio had a duration of 1.81 years as compared to its benchmark, Barclays 1-3 Year Government Index, which had a duration of 1.84 years. AMC 6.50.030 requires the Strategic Reserve Portfolio have a maximum duration no greater than one year in excess of its benchmark. At December 31, 2024, the Strategic Reserve Portfolio had a duration of 3.34 years as compared to its benchmark, Barclays Intermediate Government/Corporate Index, which had a duration of 3.55 years.

All other funds disclose interest rate risk through the segmented time distribution tables within this note, which categorize fixed income investments according to their maturities.

***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.

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

At December 31, 2024, the Municipal Central Treasury’s investment in marketable debt securities, excluding U.S. Treasuries, totaled \$316,864,263. The distribution of ratings on these securities was as follows:

	Moody’s		S&P
Aaa	36%	AAA	7%
Aa	1%	AA	30%
A	15%	A	13%
Baa	27%	BBB	30%
Ba or lower	11%	BB or lower	10%
Not rated	10%	Not rated	10%
	100%		100%

***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, 2024, the Municipal Central Treasury 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.

All collateral consists of obligations issued, or fully insured or guaranteed as to payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation, with market value not less than the collateralized deposit balances. AMC 6.50.030 requires that repurchase agreements be secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies.

As of December 31, 2024, the Municipality of Anchorage holds deposits in the amount of \$44,761 that are not covered by depository insurance and are collateralized with securities held by KeyBank’s agent but not in the name of the Municipality of Anchorage.

***Foreign Currency Risk***

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

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

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The Municipal Central Treasury is not exposed to foreign currency risk because AMC 6.50.030 explicitly prohibits the purchase of securities not denominated in U.S. Dollars. At December 31, 2024, all debt obligations held in the Municipal Central Treasury were payable in U.S. Dollars.

#### *Fair Value Measurements*

At December 31, 2024, the Municipality had the following cash and investments, valued as follows:

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

# Municipality of Anchorage, Alaska Don Young Port of Alaska Fund

## Notes to Financial Statements

- U.S. treasuries are valued at the closing price reported on the active market on which the individual securities traded.
- U.S. agencies are valued using pricing models maximizing the use of observable inputs for similar securities.

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

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

The Municipality categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Municipality has the following recurring fair value measurements as of December 31, 2024:

Investment type:	Total	Level 1	Level 2
Central treasury - investments measured at fair value:			
Commercial Paper	\$ 18,790,056	\$ -	\$ 18,790,056
U.S. treasuries	294,419,802	294,419,802	-
U.S. agencies	106,741,627	-	106,741,627
Municipal bonds	142,650	-	142,650
Foreign Governments and Agencies	293,851	-	293,851
Asset-backed securities	39,634,349	-	39,634,349
Corporate fixed income securities	170,051,786	-	170,051,786
	\$ 630,074,121	\$ 294,419,802	\$ 335,654,319
Investments measured at amortized cost:			
Money market funds	81,939,621		
Repurchase Agreements	41,668,788		
Certificates of Deposit	5,634,946		
Total central treasury	\$ 759,317,476		

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

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#### 3. Accounts Receivable

The Port reports accounts receivable on its Statement of Net Position net of allowances for uncollectable accounts. At December 31, 2024, the Port reported net receivables of \$1,350,011. At December 31, 2024, the Port determined that allowance for uncollectable accounts was not necessary.

#### 4. Port Modernization Project

The Don Young Port of Alaska (Port) is a Municipality of Anchorage owned and operated facility that handles half of Alaska's inbound marine freight. 5.5 million tons of fuel and cargo in 2024 were delivered across the docks in Anchorage and subsequently delivered to final destinations outside of Anchorage. It is critical transportation infrastructure that serves regional, statewide, and national commerce, economic development, homeland security and disaster recovery needs.

The Port is:

- The intermodal transport hub that efficiently connects Alaska's primary marine, road, rail, pipeline, and air cargo systems.
- The Department of Defense commercial strategic seaport that protects U.S. power across Alaska, the Pacific Rim, and the Arctic.
- Anchorage's only foreign trade zone (FTZ no. 160) that extends U.S. Customs duty benefits to Ted Stevens International Airport and other businesses and sites throughout the region.
- Critical infrastructure that is key to successful implementation of virtually every state and federal earthquake/disaster response plan.

The Port has more inbound cargo-handling capacity than all other Southcentral Alaska ports combined. It is located at the state's population center and routinely handles containers, dry bulk, break bulk, petroleum products and cruise ships. It is adjacent to hundreds of millions of dollars of public and private cargo-handling infrastructure, Alaska Railroad's main freight yard, two private barge terminals, Joint Base Elmendorf-Richardson (JBER) and Ted Stevens International Airport.

The Port's docks first opened in 1961 and have long-exceeded their 35-year design life. Its aging wharf piles have lost up to three-quarters of their original thickness to corrosion. Port officials started installing pile jackets in 2004 and have to date reinforced all of the dock's piles. However, these jackets are a one-time fix that last 10 to 15 years; and all terminals continue to lose load-bearing capacity and will likely start closing in the next 5 to 6 years, regardless of repairs, seismic activity, or anything else.

In 2014, The Don Young Port of Alaska Modernization Program (PAMP) began a series of construction projects that will:

- Replace aging docks and related infrastructure
- Improve operational safety and efficiency
- Accommodate modern shipping operations
- Improve resiliency - to survive extreme earthquakes and Cook Inlet's harsh marine environment

# Municipality of Anchorage, Alaska Don Young Port of Alaska Fund

## Notes to Financial Statements

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PAMP and Municipal officials have been working with engineers to replace all the Port docks. Phase 1, the construction of the new Petroleum & Cement Terminal (PCT) at the Port has been completed and has opened for cement offloading operations in 2023. New Petroleum line testing will complete the remaining work needed to allow petroleum offloading in the spring of 2025.

A brief history of the project includes:

- 2016: Conduct a comprehensive test-pile program to demonstrate constructability and support design and permitting work for the PCT.
- 2017 - 2019: Complete the South Backlands Stabilization project providing shore improvements and transitional dredging to support the trestle and dock structures.
- 2020 - 2022: Completed PCT Construction. Construction of Port Administration office contract awarded. Groundbreaking and foundation work began in September 2022.
- 2023: PCT cement offloading equipment added and certified and in use. NES 1 contract awarded, work to begin in April 2023. Cargo dock designer-of-record chosen; work began in April 2023.
- 2024: PCT fuel line flushing conducted. Admin office construction completed in May and occupancy followed thereafter. NES1 work continued with in water stabilization. T1 Dock design work continued with an anticipated ITB for construction to be released by the end of the year.
- 2025: Petroleum line testing and commissioning completed, enabling full petroleum offloading operations at the PCT. NES1 work substantially completed. Terminal 1 procurement initiated following release of the ITB, with contractor selection and pre-construction activities underway. Ongoing program management, grant administration, and coordination efforts continue to advance phased dock replacement while maintaining uninterrupted Port operations.

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**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**

**Notes to Financial Statements**

**5. Capital Assets**

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2024:

	Balance January 1, 2024	Increase	Decrease	Balance December 31, 2024
<b>Capital assets not being depreciated:</b>				
Land	\$ 38,439,459	\$ -	\$ -	\$ 38,439,459
Works of art	21,344	35,300	-	56,644
Construction in progress	99,876,088	70,346,724	(13,646,248)	156,576,564
<b>Total capital assets not being depreciated</b>	<b>138,336,891</b>	<b>70,382,024</b>	<b>(13,646,248)</b>	<b>195,072,667</b>
<b>Capital assets being depreciated or amortized:</b>				
Buildings	7,069,156	11,116,281	-	18,185,437
Building improvements	802,443	-	-	802,443
Land improvements	136,751,097	-	-	136,751,097
Vehicles	1,304,470	44,701	-	1,349,171
Machinery and equipment	12,972,854	24,538	(343,189)	12,654,203
Computer hardware	230,369	1,542	-	231,911
Computer software	579,490	14,000	-	593,490
Office furniture and fixtures	64,788	-	-	64,788
Infrastructure	312,182,976	2,425,428	-	314,608,404
Right of use asset - Infrastructure	536,849	-	-	536,849
Right of use asset - SBITA	14,397	2,656	-	17,053
<b>Total capital assets being depreciated and amortized</b>	<b>472,508,889</b>	<b>13,629,146</b>	<b>(343,189)</b>	<b>485,794,846</b>
<b>Less accumulated depreciation and amortization for:</b>				
Buildings	4,977,146	372,680	-	5,349,826
Building improvements	395,613	14,899	-	410,512
Land improvements	48,417,733	4,565,294	-	52,983,027
Vehicles	1,198,909	54,036	-	1,252,945
Machinery and equipment	11,934,038	230,737	(343,189)	11,821,586
Computer hardware	181,891	16,647	-	198,538
Computer software	317,168	103,707	-	420,875
Office furniture and fixtures	64,787	-	-	64,787
Infrastructure	105,289,483	7,819,818	-	113,109,301
Right of Use Asset - Infrastructure	90,954	45,477	-	136,431
Right of use asset - SBITA	4,799	5,684	-	10,483
<b>Total accumulated depreciation and amortization</b>	<b>172,872,521</b>	<b>13,228,979</b>	<b>(343,189)</b>	<b>185,758,311</b>
<b>Capital assets being depreciated and amortized, net</b>	<b>299,636,368</b>	<b>400,167</b>	<b>-</b>	<b>300,036,535</b>
<b>Total Capital Assets, net</b>	<b>\$ 437,973,259</b>	<b>\$ 70,782,191</b>	<b>\$(13,646,248)</b>	<b>\$ 495,109,202</b>

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

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**6. Leases**

*Lease receivable*

The Port, as lessor, entered into multiple-year lease agreements to third parties for various nonfinancial assets at discount rates ranging from 3.21% to 3.60% depending on terms for each contract. The lengths of the lease terms vary, and the Port has used the Municipality of Anchorage’s incremental borrowing rate as the discount rate when the stated interest rate was not included in the contract. The Port recognized \$1,823,880 in lease revenue and \$2,150,985 in interest revenue for the year ended December 31, 2024. As of December 31, 2024, the Port’s receivable for future lease payments was \$59,229,138. The Port recognized a deferred inflow of resources associated with the leases of \$56,692,617 on December 31, 2024, that will be recognized as revenue over the remainder of the lease terms.

The Port, as lessor, has multiple single year lease agreements to third parties for various nonfinancial assets located in the Port Industrial Park. As of December 31, 2024, lease income under these agreements totaled \$1,740,092.

*Lease payable*

The Port has entered into multiple lease agreements as a lessee for various nonfinancial assets. As of December 31, 2024, the outstanding balance of lease payables was for \$415,313. The Port is required to make monthly and annual principal payments plus interest. The lease agreements did not contain a stated interest rate, therefore, the Port has used incremental borrowing rates of 2.21% and 2.63% as the discount rate for leases. The nonfinancial assets have various useful lives. No material direct costs payments were made.

The future principal and interest lease payments as of December 31, 2024, were as follows:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 42,562	\$ 10,336	\$ 52,898
2026	43,631	9,267	52,898
2027	44,727	8,171	52,898
2028	45,850	7,048	52,898
2029	31,452	5,896	37,348
2030-2034	167,246	16,382	183,628
2035-2039	39,845	614	40,459
<b>Total</b>	<b>\$ 415,313</b>	<b>\$ 57,714</b>	<b>\$ 473,027</b>

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# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

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#### 7. Noncurrent Liabilities

##### *Revenue Bonds*

The Port issued 2 separate series of revenues bonds in 2020: 2020 Series A and 2020 Series B. The proceeds of the 2020 Series A bonds will be used to pay or reimburse the costs of a portion of Phase 1 of the Don Young Port of Alaska Modernization Program, including the replacement of the Port's existing, Petroleum, Oil and Lubricants/Cement Terminal 1 with the Port Petroleum and Cement Terminal. The proceeds of the 2020 Series B Bonds were used to refund the balance of the notes payable from direct borrowings. The 2020 Series A bonds have a total authorized amount of \$18,885,000, are due in annual installments of \$1,275,000 to \$3,875,000 (principal payments beginning in 2045 through 2050), plus interest at 2.53%. The 2020 Series B bonds have a total authorized amount of \$46,210,000, are due in annual installments of \$370,000 to \$2,960,000 (principal payments beginning in 2023 through 2045), plus interest at 1.071% to 3.52%.

The Port issued \$191,385,000 in 2024 Port Revenue Bonds, Series A (AMT) on December 17, 2024. The proceeds of the bonds were utilized to pay off the notes payable from direct borrowings and to pay or reimburse costs of the Don Young Port of Alaska Modernization Program. The 2024 Series A revenue bonds have a total authorized amount of \$191,385,000 due in annual installments of \$1,445,000 to \$10,345,000 with principal payments beginning in 2026 through 2065. The 2024 Series A bonds have semiannual interest payments beginning August 1, 2025 with rates from 4.250% to 5.50%. The 2024 Series A Revenue Bonds were issued at a premium of \$4,919,329. As of December 31, 2024, the total principal outstanding was \$191,385,000 and restricted investments for unspent bond proceeds was \$141,043,012.

##### *Notes Payable from Direct Borrowings*

The Port's notes payable from direct borrowings consists of Subordinate Lien Port Revenue Notes with U.S. Bank National Association. The proceeds from the notes are used to fund capital improvements to Port facilities on a short-term basis. The notes have a total authorized amount of \$40,000,000 and an expiration date of December 29, 2023. The notes payable was amended on June 1, 2023 with an expiration date of December 1, 2025. The interest rate charged to the Port is variable; as of December 31, 2023, the interest rate was 4.62%. In 2020, amounts drawn were repaid with proceeds from the issuance of 2020 Series B Revenue Bonds. On December 27, 2021, \$40,000,000 was drawn and was outstanding principal was paid in full at December 31, 2024 by the issuance of the 2024 Series A Revenue Bonds. The amount of interest expense recognized on the notes for the year ended December 31, 2024 was \$1,603,422.

##### **(a) Port Revolving Credit Agreement**

In June 2013, the Assembly authorized the establishment of a long-term borrowing program in the amount of \$40 million as an interim financing program for the Port expansion project. On June 20, 2019, the Port and its commercial bank amended the Revolving Credit Agreement under the same terms and conditions but with a revised expiration date of July 21, 2021. Any amount may be repaid prior to that date at the option of the Port. In December 2020, the outstanding principal balance of \$40 million was paid off with proceeds from the issuance of the Port Revenue Bond Series B, with the option to draw up to \$40 million for financing for capital projects related to the Port Modernization Project. This long-term borrowing program was amended and restated as of July 1, 2021, with a new expiration date of December 29, 2023. The note payable was amended on June 1, 2023 with an expiration date of December 1, 2025. The interest rate per annum is the applicable spread of 0.75 percent plus the Securities Industry and Financial Markets Association (SIFMAX) rate.

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

Changes in noncurrent liabilities for the year ended December 31, 2024 were as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Due Within One Year
Revenue bonds payable	\$ 64,380,000	\$ 191,385,000	\$ (525,000)	\$ 255,240,000	\$ 370,000
Unamortized premium	3,656,429	4,919,329	(146,910)	8,428,848	-
Total revenue bonds payable	68,036,429	196,304,329	(671,910)	263,668,848	370,000
Notes payable from direct borrowings	40,000,000	-	(40,000,000)	-	-
Environmental obligation	1,720,582	-	(13,524)	1,707,058	-
Compensated absences payable	290,813	56,178	-	346,991	217,943
Leases payable	456,833	-	(41,520)	415,313	42,562
SBITAs payable	8,982	2,655	(5,317)	6,320	5,436
Net pension liability	1,254,975	-	(277,920)	977,055	-
<b>Total Noncurrent Liabilities</b>	<b>\$ 111,768,614</b>	<b>\$ 196,363,162</b>	<b>\$ (41,010,191)</b>	<b>\$ 267,121,585</b>	<b>\$ 635,941</b>

Debt service requirements to maturity for the revenue bonds follow:

<i>Year Ending December 31,</i>	Revenue Bonds		
	Principal	Interest	Total
2025	\$ 370,000	7,971,250	8,341,250
2026	2,830,000	11,390,140	14,220,140
2027	3,370,000	11,284,643	14,654,643
2028	3,475,000	11,163,929	14,638,929
2029	3,605,000	11,033,758	14,638,758
2030-2034	20,290,000	52,912,761	73,202,761
2035-2039	25,015,000	48,190,975	73,205,975
2040-2044	31,300,000	41,917,273	73,217,273
2045-2049	39,675,000	33,520,301	73,195,301
2050-2054	33,135,000	23,796,650	56,931,650
2055-2059	36,375,000	16,488,550	52,863,550
2060-2064	45,455,000	7,414,147	52,869,147
2065-2069	10,345,000	226,297	10,571,297
<b>Totals</b>	<b>\$ 255,240,000</b>	<b>\$ 277,310,674</b>	<b>\$ 532,550,674</b>

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

---

***Port Revenues Pledged***

The Port has pledged future gross revenues, net of operating expenses, to repay the Port revenue bonds. The bonds are payable solely from gross revenues of the Port and are payable through 2065. The total principal remaining to be paid on the bonds at December 31, 2024 was \$255,240,000. Interest paid for the year ended December 31, 2024 was \$2,272,953. Total pledged revenues for the year ended December 31, 2024 were \$20,411,237.

***Revenue Bond Coverage Requirements***

The Port’s Schedule of Revenue Bond Coverage follows:

Fiscal Year	Revenue (1)	Expenses (2)	Amount Available for Debt Service	Principal (3)	Interest (3)	Total	Coverage (4)
2024	\$20,411,237	\$ 15,010,255	\$ 5,400,982	\$ 525,000	\$ 2,272,953	\$ 2,797,953	1.93

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

**8. Other Noncurrent Liability**

In February 2012, the Port entered into an agreement with the Department of Defense to acquire 48 acres of undeveloped land (Tract J) for fair market value of \$10,305,000. In exchange, the Port has committed to provide a permanent access road connecting Joint Base Elmendorf-Richardson to the Port and to accept responsibility for the environmental condition of the transferred land. This obligation is reflected on the Port’s Statements of Net Position as a noncurrent liability totaling \$1,707,058 at December 31, 2024. See note 9 for a description of environmental issues affecting this land.

**9. Environmental Issues**

In 2011, the Port recognized a capital contribution in the amount of \$8,425,612 related to the land described in Note 8. Both Tract H and Tract J at the Port are ADEC designated contaminated sites. In 2024, no required monitoring expenses were incurred for either Tract H or Tract J.

# Municipality of Anchorage, Alaska Don Young Port of Alaska Fund

## Notes to Financial Statements

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### 10. Pension and Other Postemployment Benefits Plans

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

##### *General Information About the Plan*

The Municipality participates in the Alaska Public Employees' Retirement System (PERS) and allocates a portion of the plan's pension amounts to the Port. PERS is a cost-sharing multiple-employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

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

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

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

##### *Historical Context and Special Funding Situation*

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

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

# Municipality of Anchorage, Alaska Don Young Port of Alaska Fund

## Notes to Financial Statements

---

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

### ***Employee Contribution Rates***

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

### ***Employer and Other Contribution Rates***

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

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

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

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

Contribution rates are actuarially determined. The Municipality's contribution rates for the 2024 calendar year were as follows:

<i>January 1, 2024 to June 30, 2024</i>	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	18.47%	3.10%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.63%	-%
<b>Total Contribution Rates</b>	<b>25.10%</b>	<b>3.10%</b>

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

<i>July 1, 2024 to December 31, 2024</i>	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	20.03%	4.76%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.73%	-%
<b>Total Contribution Rates</b>	<b>26.76%</b>	<b>4.76%</b>

Alaska Statue 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the period from January 1, 2024 to June 30, 2024 as well as the period July 1, 2024 to December 31, 2024, the employer rate was 22.00% for pension and 0.00% for ARHCT. The contribution requirements and the Municipality are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

In 2024, the Port was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2023 to June 30, 2024	Port's Fiscal Year January 1, 2024 to December 31, 2024
Employer contributions (including DBUL)	\$ 108,645	\$ 112,473
Nonemployer contributions (on-behalf)	19,309	25,774
<b>Total Contributions</b>	<b>\$ 127,954</b>	<b>\$ 138,247</b>

In addition, Port employee contributions to the Plan totaled \$15,654 as of December 31, 2024.

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**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

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

At December 31, 2024, the Port reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Port. The amount recognized by the Port for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Port were as follows:

	2024
Port proportionate share of NPL	\$ 977,055
State's proportionate share of NPL associated with the Port	365,338
<b>Total Net Pension Liability</b>	<b>\$ 1,342,393</b>

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 and adjusted to reflect updated assumptions to calculate the net pension liability as of that date. The Port's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2024 measurement date, the Port's proportion was 0.01781 percent, which was a decrease of 0.00638 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Port recognized pension expense of \$156,394 and on-behalf revenue of \$58,725 for support provided by the State. At December 31, 2024, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings		
on pension plan investments	\$ 9,406	\$ -
Port contributions subsequent to the measurement date	57,482	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 66,888</b>	<b>\$ -</b>

The \$57,482 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

*Year Ending December 31,*

2025	\$	(26,187)
2026		48,751
2027		(7,196)
2028		(5,962)
2029		-
Thereafter		-
<b>Total</b>		<b>\$ 9,406</b>

***Actuarial Assumptions***

The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2024 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2025 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality Peace officer/firefighter	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021

# Municipality of Anchorage, Alaska Don Young Port of Alaska Fund

## Notes to Financial Statements

generational improvement. These rates are applied only after the death of the original member.

All others

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

The total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.39%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	26%	+/- 6%	5.48 %
Global equity (non-U.S.)	17%	+/- 4%	7.14 %
Global equity	-%	-%	5.79 %
Aggregate bonds	21%	+/- 10%	2.10 %
Multi-asset	8%	+/- 4%	- %
Real assets	14%	+/- 7%	4.63 %
Private equity	14%	+/- 7%	8.84 %
Cash equivalents	-%	-%	0.77 %

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

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***Discount Rate***

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

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

The following presents the Port's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

<i>June 30, 2024</i>	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Port's proportionate share of the net pension liability	0.01781%	\$ 1,301,529	\$ 977,055	\$ 702,472

***Pension Plan Fiduciary Net Position***

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

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

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

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

***Benefit Terms***

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

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employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended December 31, 2024 to cover a portion of the Municipality’s employer match contributions. For the year ended December 31, 2024, the Port’s forfeitures reduced pension expense by \$1,232.

***Employee Contribution Rate***

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

***Employer Contribution Rate***

For the year ended December 31, 2024, the Municipality was required to contribute 5% of covered salary into the Plan.

The Port and employee contributions to PERS for pensions for the year ended December 31, 2024 were \$26,685 and \$36,296. The Port contribution amounts were recognized as pension expense.

***(c) Defined Benefit OPEB Plans***

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

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

***Employer Contribution Rate***

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

Employer contribution rates for the year ended December 31, 2024 were as follows:

<i>January 1, 2024 to June 30, 2024</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.01%	1.01%
Occupational Death and Disability Benefits	0.30%	0.68%
<b>Total Contribution Rates</b>	<b>1.31%</b>	<b>1.69%</b>

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

<i>July 1, 2024 to December 31, 2024</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	0.83%	0.83%
Occupational Death and Disability Benefits	0.24%	0.69%
<b>Total Contribution Rates</b>	<b>1.07%</b>	<b>1.52%</b>

In 2024, the Port was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2023 to June 30, 2024	Port's Fiscal Year January 1, 2024 to December 31, 2024
Employer contributions - ARHCT	\$ -	\$ -
Employer contributions - RMP	4,312	4,163
Employer contributions - ODD	1,950	2,002
<b>Total Contributions</b>	<b>\$ 6,262</b>	<b>\$ 6,165</b>

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

At December 31, 2024, the Port reported an asset for its proportionate share of the net OPEB assets (NOA) that reflected a reduction for State OPEB support provided to the Port. The amount recognized by the Port for its proportional share, the related State proportion, and the total were as follows:

	2024
Port's proportionate share of NOA - ARHCT	\$ 393,116
Port's proportionate share of NOA - RMP	10,420
Port's proportionate share of NOA - ODD	16,858
Subtotal Net OPEB Assets	420,394
State's proportionate share of the ARHCT NOA associated with the Port	146,019
<b>Total Net OPEB Assets</b>	<b>\$ 566,413</b>

The total OPEB liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 and adjusted to reflect updated assumptions to calculate the net OPEB assets as of that date. The Port's proportion of the net OPEB assets were based on a projection of the Municipality's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

The Port's proportionate share at the June 30, 2024, measurement date changed from the proportionate share as of the June 30, 2023, measurement date, as shown below.

	Employer Proportion		Change
	June 30, 2023 Measurement Date	June 30, 2024 Measurement Date	
Port's proportionate share of the net OPEB liabilities (assets):			
ARHCT	0.0258%	0.0179%	(0.0079)%
RMP	0.0299%	0.0224%	(0.0075)%
ODD	0.0368%	0.0282%	(0.0085)%

For the year ended December 31, 2024, the Port recognized OPEB expense (benefit) of \$47,129. Of this amount, \$5,742 was recorded as on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	OPEB Expense (Benefit)	On-behalf Revenue
ARHCT	\$ 45,157	\$ 5,742
RMP	2,342	-
ODD	(370)	-
<b>Total</b>	<b>\$ 47,129</b>	<b>\$ 5,742</b>

At December 31, 2024, the Port reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ 213	\$ 262	\$ -	\$ 475
Changes in assumptions	10,555	3,526	-	14,081
Difference between projected and actual investment earnings	5,986	147	54	6,187
Changes in proportion and differences between Port contributions and proportionate share of contributions	5,574	209	548	6,331
Port contributions subsequent to the measurement date	-	1,941	997	2,938
<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b>\$ 22,328</b>	<b>\$ 6,085</b>	<b>\$ 1,599</b>	<b>\$ 30,012</b>

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ (1,158)	\$ (3,949)	\$ (5,107)
Changes in assumptions	-	(7,005)	(42)	(7,047)
Difference between projected and actual investment earnings	-	-	-	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	-	(11)	(313)	(324)
<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ -</b>	<b>\$ (8,174)</b>	<b>\$ (4,304)</b>	<b>\$ (12,478)</b>

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB assets in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

<i>Year Ending December 31,</i>	ARHCT	RMP	ODD	Total
2025	\$ (5,757)	\$ (1,399)	\$ (1,202)	\$ (8,358)
2026	39,650	86	(626)	39,110
2027	(6,355)	(1,489)	(740)	(8,584)
2028	(5,210)	(1,041)	(566)	(6,817)
2029	-	(581)	(342)	(923)
Thereafter	-	394	(226)	168
<b>Total</b>	<b>\$ 22,328</b>	<b>\$ (4,030)</b>	<b>\$ (3,702)</b>	<b>\$ 14,596</b>

**Actuarial Assumptions**

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2024:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2024 measurement date were allocated to employers based on the ratio of the present value of projected future

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

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	contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2025 to 2039.
Investment rate of return	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 6.4% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 6.9% grading down to 4.5% Rx/EGWP: 6.9% grading down to 4.5% Initial trend rates are from FY 2025 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
All others (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

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

(ODD Plan)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Participation (ARHCT)

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

Peace officer/firefighter

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

All others

25% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

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The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

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

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

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

component of 2.39%, for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	26%	+/- 6%	5.48 %
Global equity (non-U.S.)	17%	+/- 4%	7.14 %
Global equity	-%	-%	5.79 %
Aggregate bonds	21%	+/- 10%	2.10 %
Multi-asset	8%	+/- 4%	- %
Real assets	14%	+/- 7%	4.63 %
Private equity	14%	+/- 7%	8.84 %
Cash equivalents	-%	-%	0.77 %

***Discount Rate***

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2024 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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

The following presents the Port’s proportionate share of net OPEB asset calculated using the discount rate of 7.25%, as well as what the Port’s proportionate share of the respective plan’s net OPEB asset (liability) would be if it were calculated using a discount rate one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

2024	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Port’s proportionate share of the net OPEB asset:				
ARHCT	0.01785%	\$ 248,915	\$ 393,116	\$ 514,464
RMP	0.02234%	(1,805)	10,420	19,764
ODD	0.02823%	15,834	16,858	17,660

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Financial Statements**

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

The following presents the Port’s proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2023 actuarial valuation reports as well as what the Port’s proportionate share of the respective plan’s net OPEB asset (liability) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

2024	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Port’s proportionate share of the net OPEB (liability):				
ARHCT	0.01785%	\$ 528,318	\$ 393,116	\$ 232,505
RMP	0.02234%	20,997	10,420	(3,773)
ODD	0.02823%	N/A	16,858	N/A

***OPEB Plan Fiduciary Net Position***

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

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

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

***Contribution Rate***

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2024, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,387 per year for each full-time employee, and \$1.53 per hour for part-time employees.

***Annual Postemployment Healthcare Cost***

In 2024, the Port contributed \$10,469 in DC OPEB costs. These amounts have been recognized as expense.

**11. Don Young Port of Alaska Expansion Litigation**

A multi-year expansion project at the Port began in 2003 and continued until May 31, 2012. The project encountered problems, and work was suspended while the Port investigated the scope and cause of the problems and determined how to proceed.

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

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Investigative reports concluded the project design was flawed, and significant aspects of the work were constructed incorrectly. In March 2013, the Port filed suit to recover damages. In 2016 and 2017 the Municipality reached agreements with all the private party defendants to fully and finally settle, release and resolve any and all claims, liabilities and damages of the Municipality for a total of \$19,350,000. These settlements were recorded as legal settlements shown on the Port's statements of revenues, expenses and changes in net position as nonoperating revenue. As required under two of the settlement agreements the Port restricted \$1.95 million of the settlements to a Port litigation escrow account recorded in 2016 as restricted assets "legal settlement set-aside", in the Port's statements of net position. An order for dismissal in the US District Court for the District of Alaska was signed on February 22, 2017, closing the case filed in the State of Alaska.

A separate action in the United States Court of Federal Claims against the U.S. Maritime Administration (MARAD) was filed in March 2014. Trial occurred in February 2021 and judgement was entered on February 24, 2021, awarding the Municipality the sum of \$367,446,809. In an opinion issued December 16, 2024, a panel of judges with the U.S Court of Appeals for the Federal Circuit upheld \$11.3 million of that award and sent the case back down to the Court of Federal Claims for further consideration of damages. The Municipality is continuing to pursue full damages before the Court of Federal Claims. With accruing interest, the Municipality is now seeking \$370 million, and potentially more if the record is reopened for the submission of additional evidence. The Municipality filed a remand brief with the Court of Federal Claims on February 12, 2026, and a hearing scheduled for June 2026.

In the meantime, a new project, the Port of Alaska Modernization Program (PAMP) is moving forward with updates provided in Note 4.

#### 12. Subsequent Events

On April 16, 2025, the Municipality of Anchorage Assembly approved the authorization for issuance of revenue bonds for the Don Young Port of Alaska for one or more series in the aggregate principal amount outstanding at any one time not to exceed \$1,102,735,000 via Assembly Ordinance 2025-047.

On April 16, 2025, the Municipality of Anchorage Assembly awarded a contract through the RFP process to a single vendor for construction services related to the Don Young Port of Alaska Modernization Program for \$807,456,515 via Assembly Memorandum AM 327-2025.

On May 9, 2025, the Don Young Port of Alaska received proceeds of \$40,000,000 under the existing Revolving Credit Agreement for the purposes of financing grant related expenditures for PAMP projects until grant reimbursements are received.

#### 13. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were considered and/or implemented by Port for 2024 reporting:

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

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

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31, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end December 31, 2024. Port evaluated the impacts of GASB 99 and determined there to be no impact to Port' financial statements for the current fiscal year.

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

*GASB Statement No. 101 - Compensated Absences* - Effective for year-end December 31, 2024. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Municipality implemented GASB Statement No. 101 during the year ended December 31, 2024 and determined there was not a significant impact to the Port.

The GASB has issued new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

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

*GASB Statement No. 103 - Financial Reporting Model Improvements* - Effective for year-end December 31, 2026. Earlier application is encouraged. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

*GASB Statement No. 104 - Disclosure of Certain Capital Assets* - Effective for year-end December 31, 2026. Earlier application is encouraged. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The disclosure requirements will improve consistency and comparability between governments.

*GASB Statement No. 105 - Subsequent Events* - Effective for year-end December 31, 2027. Earlier application is encouraged. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

## Required Supplementary Information

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**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**  
**Public Employees' Retirement System - Pension Plan**

**Schedule of the Port's Proportionate Share of the Net Pension Liability**

<i>Measurement Period Years Ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Port's Proportion of the Net Pension Liability	0.01781%	0.02420%	0.02830%	0.04002%	0.03421%	0.03774%	0.04798%	0.04125%	0.03604%	0.03570%
Port's Proportionate Share of the Net Pension Liability	\$ 977,055	\$ 1,254,975	\$ 1,442,563	\$ 1,468,098	\$ 2,019,032	\$ 2,065,214	\$ 2,384,302	\$ 1,486,034	\$ 2,014,253	\$ 1,482,666
State of Alaska Proportionate Share of the Net Pension Liability	365,338	418,368	399,251	198,882	835,767	820,051	690,549	553,637	253,804	397,126
<b>Total Net Pension Liability</b>	<b>\$ 1,342,393</b>	<b>\$ 1,673,343</b>	<b>\$ 1,841,814</b>	<b>\$ 1,666,980</b>	<b>\$ 2,854,799</b>	<b>\$ 2,885,265</b>	<b>\$ 3,074,851</b>	<b>\$ 2,039,671</b>	<b>\$ 2,268,057</b>	<b>\$ 1,879,792</b>
Port's Covered Payroll	\$ 669,192	\$ 807,844	\$ 881,071	\$ 1,085,780	\$ 1,138,176	\$ 1,299,520	\$ 1,449,474	\$ 1,286,487	\$ 943,387	\$ 965,281
Port's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	146.01%	155.35%	163.73%	135.21%	177.39%	158.92%	164.49%	115.51%	213.51%	153.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.81%	68.23%	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%

**Schedule of the Port Contributions**

<i>Municipality Years Ended December 31,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	\$ 112,473	\$ 133,047	\$ 134,303	\$ 151,957	\$ 148,316	\$ 164,672	\$ 196,494	\$ 175,980	\$ 113,997	\$ 108,499
Contributions Relative to the Contractually Required Contribution	112,473	133,047	134,303	151,957	148,316	164,672	196,494	175,980	113,997	108,499
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Port's Covered Payroll	\$ 694,552	\$ 815,430	\$ 877,098	\$ 1,091,553	\$ 1,116,420	\$ 1,310,046	\$ 1,462,579	\$ 1,319,601	\$ 961,507	\$ 987,830
Contributions as a Percentage of Covered Payroll	16.19%	16.32%	15.31%	13.92%	13.28%	12.57%	13.43%	13.34%	11.86%	10.98%

*See accompanying notes to Required Supplementary Information.*

## Municipality of Anchorage, Alaska

### Don Young Port of Alaska Fund

#### Public Employees' Retirement System - OPEB ARHCT Plan

#### Schedule of the Port's Proportionate Share of the Net OPEB Liability (Asset)

<i>Measurement Period Years Ended June 30,</i>	ARHCT					
	2024	2023	2022	2021	2020	2019
Port's Proportion of the Net OPEB Liability (Asset)	0.01785%	0.02578%	0.02811%	0.03291%	0.03420%	0.03772%
Port's Proportionate Share of the Net OPEB Liability (Asset)	\$ (393,116)	\$ (555,684)	\$ (553,064)	\$ (1,030,901)	\$ (154,877)	\$ 55,975
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(146,019)	(187,028)	(158,091)	(135,021)	(64,255)	22,257
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (539,135)</b>	<b>\$ (742,712)</b>	<b>\$ (711,155)</b>	<b>\$ (1,165,922)</b>	<b>\$ (219,132)</b>	<b>\$ 78,232</b>
Port's Covered Payroll	\$ 669,192	\$ 807,844	\$ 881,071	\$ 1,085,780	\$ 1,138,176	\$ 1,299,520
Port's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-58.74%	-68.79%	-62.77%	-94.95%	-13.61%	4.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	130.59%	133.96%	128.51%	135.54%	106.15%	98.13%

#### Schedule of the Port's Contributions

<i>Municipality Years Ended December 31,</i>	ARHCT					
	2024	2023	2022	2021	2020	2019
Contractually Required Contributions	\$ -	\$ -	\$ 10,562	\$ 30,403	\$ 44,896	\$ 62,525
Contributions Relative to the Contractually Required Contribution	-	-	10,562	30,403	44,896	62,525
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Port's Covered Payroll	\$ 694,552	\$ 815,430	\$ 877,098	\$ 1,091,553	\$ 1,116,420	\$ 1,310,046
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	1.20%	2.79%	4.02%	4.77%

*See accompanying notes to Required Supplementary Information.*

**Municipality of Anchorage, Alaska**

**Don Young Port of Alaska Fund**

**Public Employees' Retirement System - OPEB RMP Plan**

**Schedule of the Port's Proportionate Share of the Net OPEB Liability (Asset)**

<i>Measurement Period Years Ended June 30,</i>	RMP					
	2024	2023	2022	2021	2020	2019
Port's Proportion of the Net OPEB Liability (Asset)	0.02235%	0.02987%	0.03258%	0.04001%	0.04157%	0.04966%
Port's Proportionate Share of the Net OPEB Liability (Asset)	\$ (10,420)	\$ (13,649)	\$ (11,315)	\$ (10,983)	\$ 2,948	\$ 11,880
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (10,420)</b>	<b>\$ (13,649)</b>	<b>\$ (11,315)</b>	<b>\$ (10,983)</b>	<b>\$ 2,948</b>	<b>\$ 11,880</b>
Port's Covered Payroll	\$ 669,192	\$ 807,844	\$ 881,071	\$ 1,085,780	\$ 1,138,176	\$ 1,299,520
Port's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-1.56%	-1.69%	-1.28%	-1.01%	0.26%	0.91%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	119.87%	124.29%	120.08%	115.10%	95.23%	83.17%

**Schedule of the Port's Contributions**

<i>Municipality Years Ended December 31,</i>	RMP					
	2024	2023	2022	2021	2020	2019
Contractually Required Contributions	\$ 4,163	\$ 5,352	\$ 5,663	\$ 7,204	\$ 7,788	\$ 7,402
Contributions Relative to the Contractually Required Contribution	4,163	5,352	5,663	7,204	7,788	7,402
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Port's Covered Payroll	\$ 694,552	\$ 815,430	\$ 877,098	\$ 1,091,553	\$ 1,116,420	\$ 1,310,046
Contributions as a Percentage of Covered Payroll	0.60%	0.66%	0.65%	0.66%	0.70%	0.57%

*See accompanying notes to Required Supplementary Information.*

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**  
**Public Employees' Retirement System - OPEB ODD Plan**  
**Schedule of the Port's Proportionate Share of the Net OPEB Liability (Asset)**

<i>Measurement Period Years Ended June 30,</i>	ODD					
	2024	2023	2022	2021	2020	2019
Port's Proportion of the Net OPEB Liability (Asset)	0.02824%	0.03677%	0.04010%	0.05315%	0.05523%	0.06660%
Port's Proportionate Share of the Net OPEB Liability (Asset)	\$ (16,858)	\$ (18,483)	\$ (17,580)	\$ (22,358)	\$ (15,057)	\$ (16,161)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-
<b>Total Net OPEB Liability (Asset)</b>	<b>\$ (16,858)</b>	<b>\$ (18,483)</b>	<b>\$ (17,580)</b>	<b>\$ (22,358)</b>	<b>\$ (15,057)</b>	<b>\$ (16,161)</b>
Port's Covered Payroll	\$ 669,192	\$ 807,844	\$ 881,071	\$ 1,085,780	\$ 1,138,176	\$ 1,299,520
Port's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.52%	-2.29%	-2.00%	-2.06%	-1.32%	-1.24%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	346.81%	349.24%	348.80%	374.22%	283.80%	297.43%

**Schedule of the Port's Contributions**

<i>Municipality Years Ended December 31,</i>	ODD					
	2024	2023	2022	2021	2020	2019
Contractually Required Contributions	\$ 2,003	\$ 2,310	\$ 2,354	\$ 2,797	\$ 2,641	\$ 2,820
Contributions Relative to the Contractually Required Contribution	2,003	2,310	2,354	2,797	2,641	2,820
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Port's Covered Payroll	\$ 694,552	\$ 815,430	\$ 877,098	\$ 1,091,553	\$ 1,116,420	\$ 1,310,046
Contributions as a Percentage of Covered Payroll	0.29%	0.28%	0.27%	0.26%	0.24%	0.22%

*See accompanying notes to Required Supplementary Information.*

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Required Supplementary Information  
December 31, 2024**

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

***Schedule of the Port's Proportionate Share of the Net Pension Liability***

This table is presented based on the Plan measurement date. For December 31, 2024, the Plan measurement date is June 30, 2024.

*Changes in Assumptions:*

The total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

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

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

***Schedule of the Port's Contributions***

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

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

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Notes to Required Supplementary Information, continued  
December 31, 2024**

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

***Schedule of the Port's Proportionate Share of the Net OPEB Asset and Liability***

These tables are presented based on the Plan measurement date. For December 31, 2024, the Plan measurement date is June 30, 2024.

*Changes in Assumptions:*

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

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

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

GASB requires ten years of information be presented. However, until a full 10 years of information is available, the Port will present only those years for which information is available.

***Schedules of the Port's Contributions***

These tables are based on the Port's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

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

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## Supplementary Information

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**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**  
**Statements of Net Position**

<i>December 31,</i>	2024	2023
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash	\$ 500	\$ 500
Accrued interest on investments	100,650	185,149
Accrued interest on leases	177,278	180,227
Accounts receivable, net	1,350,011	1,389,522
Leases receivable, current portion	1,059,263	1,022,334
Prepaid items and deposits	49,860	81,224
Parts inventory	329,025	329,025
<b>Total Current Assets</b>	<b>3,066,587</b>	<b>3,187,981</b>
<b>Noncurrent Assets</b>		
Unrestricted assets:		
Intergovernmental receivables	69,910,592	-
Leases receivable, net of current portion	58,169,875	59,229,139
Assets held for resale	-	242,093
Capital assets, net	495,109,202	437,973,259
Net other postemployment benefits asset	420,394	587,816
<b>Total unrestricted noncurrent assets</b>	<b>623,610,063</b>	<b>498,032,307</b>
Restricted assets:		
Restricted cash - settlement set aside	1,950,000	1,950,000
Equity in general cash pool - held for debt service	15,307,984	5,215,400
Unspent bond proceeds	141,043,012	-
Intergovernmental receivables	-	50,084,943
<b>Total restricted noncurrent assets</b>	<b>158,300,996</b>	<b>57,250,343</b>
<b>Total Noncurrent Assets</b>	<b>781,911,059</b>	<b>555,282,650</b>
<b>Total Assets</b>	<b>784,977,646</b>	<b>558,470,631</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	66,888	100,030
Related to other postemployment benefits	30,012	40,131
<b>Total Deferred Outflows of Resources</b>	<b>96,900</b>	<b>140,161</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 785,074,546</b>	<b>\$ 558,610,792</b>

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**  
**Statements of Net Position, continued**

<i>December 31,</i>	2024	2023
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accrued payroll liabilities	\$ 135,441	\$ 132,018
Accounts payable	6,997,396	626,320
Capital acquisition and construction accounts and retainages payable	3,717,383	7,011,939
Leases payable, current portion	42,562	41,520
SBITAs payable, current portion	5,436	4,375
Compensated absences payable	217,943	175,124
Due to Other Funds	41,356,528	22,505,599
Accrued interest payable	253,985	339,068
Accrued interest on leases	781	842
Bonds payable, due within one year	370,000	525,000
<b>Total Current Liabilities</b>	<b>53,097,455</b>	<b>31,361,805</b>
<b>Noncurrent Liabilities</b>		
Other noncurrent liabilities	1,707,058	1,720,582
Leases payable, net of current portion	372,751	415,313
SBITAs payable, net of current portion	884	4,607
Compensated absences payable	129,048	115,689
Net pension liability	977,055	1,254,975
Notes payable	-	40,000,000
Bonds payable, including unamortized premium, net of current portion	263,298,848	67,511,429
<b>Total Noncurrent Liabilities</b>	<b>266,485,644</b>	<b>111,022,595</b>
<b>Total Liabilities</b>	<b>319,583,099</b>	<b>142,384,400</b>
<b>Deferred Inflows of Resources</b>		
Related to other postemployment benefits	12,478	27,625
Related to leases	56,692,617	58,516,497
<b>Total Deferred Inflows of Resources</b>	<b>56,705,095</b>	<b>58,544,122</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>376,288,194</b>	<b>200,928,522</b>
<b>Net Position</b>		
Net investment in capital assets	368,344,350	322,459,076
Restricted for capital construction	1,950,000	52,034,943
Restricted for debt service	15,307,984	5,215,400
Unrestricted	23,184,018	(22,027,149)
<b>Total Net Position</b>	<b>408,786,352</b>	<b>357,682,270</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 785,074,546</b>	<b>\$ 558,610,792</b>

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**

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

<i>Years Ended December 31,</i>	2024	2023
<b>Operating Revenues</b>		
Charges for sales and services:		
Dockage	\$ 1,734,500	\$ 1,614,198
Wharfage, dry bulk	243,028	506,814
Wharfage, liquid bulk	4,075,629	5,357,616
Wharfage, general cargo	5,194,337	4,126,430
Storage revenue	192,792	235,571
Office rental	21,733	46,044
Utilities	18,236	23,006
Miscellaneous	227,176	201,056
<b>Total charges for sales and services</b>	<b>11,707,431</b>	<b>12,110,735</b>
Other operating revenues:		
Crane rentals	148,432	135,108
Other lease revenue	1,823,880	1,930,333
Industrial park lease rentals	1,740,092	1,747,578
POL Valve yard fees	428,430	413,260
<b>Total other operating revenues</b>	<b>4,140,834</b>	<b>4,226,279</b>
<b>Total Operating Revenues</b>	<b>15,848,265</b>	<b>16,337,014</b>
<b>Operating Expenses</b>		
Operations:		
Personnel services	2,760,475	2,755,602
Pension	(186,053)	(127,539)
Other postemployment benefits	168,136	(45,357)
Supplies	248,102	231,981
Other services and charges	7,309,292	6,767,342
Charges from other departments	1,234,337	1,217,693
<b>Total operations</b>	<b>11,534,289</b>	<b>10,799,722</b>
Depreciation and amortization	13,228,979	13,023,730
<b>Total Operating Expenses</b>	<b>24,763,268</b>	<b>23,823,452</b>
<b>Operating loss</b>	<b>\$ (8,915,003)</b>	<b>\$ (7,486,438)</b>

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**

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

<i>Years Ended December 31,</i>	2024	2023
<b>Nonoperating Revenues (Expenses)</b>		
Intergovernmental - PERS On Behalf	\$ 64,467	\$ 14,174
Net investment income	484,820	13,998
Security fees	1,637,606	1,552,076
Right-of-way fees	196,256	192,166
Interest income on leases	2,150,985	1,887,222
Interest expense on leases	(11,794)	(17,021)
Interest on long-term obligations	(3,728,881)	(3,787,861)
Debt issuance costs	(5,715,227)	(42,500)
Security contract	(1,895,075)	(1,730,616)
Gain on sale of assets held for resale and capital assets	93,307	21,775
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(6,723,536)</b>	<b>(1,896,587)</b>
Loss before capital contributions and transfers	(15,638,539)	(9,383,025)
<b>Contributions and Transfers</b>		
Capital contributions	68,934,976	86,477,961
Transfers to other funds:		
Municipal service assessment	(1,551,181)	(1,239,640)
Dividend	(604,174)	(736,369)
Transfer to Other Funds	(37,000)	-
<b>Change in Net Position</b>	<b>51,104,082</b>	<b>75,118,927</b>
<b>Net Position, beginning</b>	<b>357,682,270</b>	<b>282,563,343</b>
<b>Net Position, ending</b>	<b>\$ 408,786,352</b>	<b>\$ 357,682,270</b>

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**

**Statements of Cash Flows**

<i>Years Ended December 31,</i>	2024	2023
<b>Cash Flows from (for) Operating Activities</b>		
Receipts from customers	\$ 15,086,230	\$ 15,288,280
Payments to employees	(2,700,874)	(2,693,804)
Payments to vendors	(1,168,480)	(6,775,686)
Internal activity - payments made to other funds	(1,234,337)	(1,217,693)
<b>Net cash flows from operating activities</b>	<b>9,982,539</b>	<b>4,601,097</b>
<b>Cash Flows from (for) Noncapital Financing Activities</b>		
Transfer to other funds	(2,192,355)	(1,976,009)
Change in due to other funds	18,850,929	22,505,599
Security contract	(1,895,075)	(1,730,616)
Right of way and security fees	1,833,862	1,744,242
<b>Net cash flows from noncapital financing activities</b>	<b>16,597,361</b>	<b>20,543,216</b>
<b>Cash Flows from (for) Capital and Related Financing Activities</b>		
Interest payments on long-term obligations	(3,960,875)	(3,913,933)
Interest payments on leases and SBITAs	(11,854)	(16,956)
Principal payments on leases	(41,520)	(35,942)
Principal payments on SBITAs	(2,662)	(5,417)
Acquisition and construction of capital assets	(73,659,476)	(75,484,540)
Proceeds from sale of assets held for resale and capital assets	335,400	21,775
Proceeds from issuance of long-term debt	196,304,329	-
Principal payments on long-term debt	(40,525,000)	(715,000)
Debt issuance costs	(5,715,227)	(42,500)
Interest received from leases	2,153,934	1,923,467
Capital contributions received	49,109,328	42,712,665
<b>Net cash flows from (for) capital and related financing activities</b>	<b>123,986,377</b>	<b>(35,556,381)</b>
<b>Cash Flows from (for) Investing Activities</b>		
Investment income (loss)	569,319	(88,912)
<b>Net cash flows from (for) investing activities</b>	<b>569,319</b>	<b>(88,912)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>151,135,596</b>	<b>(10,500,980)</b>
<b>Cash and Cash Equivalents, beginning</b>	<b>7,165,900</b>	<b>17,666,880</b>
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 158,301,496</b>	<b>\$ 7,165,900</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash	\$ 500	\$ 500
Restricted cash - equity in bond and capital acquisition and construction pool	141,043,012	-
Restricted cash - settlement set aside	1,950,000	1,950,000
Restricted equity in general cash pool - debt service	15,307,984	5,215,400
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 158,301,496</b>	<b>\$ 7,165,900</b>

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**  
**Statements of Cash Flows, continued**

<i>Years Ended December 31,</i>	2024	2023
<b>Reconciliation of Operating Loss to Net Cash Flows</b>		
<b>from Operating Activities:</b>		
Operating loss	\$ (8,915,003)	\$ (7,486,438)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	13,228,979	13,023,730
PERS relief - noncash expenses	64,467	14,174
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:		
Accounts receivable	39,511	(343,909)
Leases receivable	1,022,334	(6,728,907)
Prepaid items and deposits	31,362	28,010
Net other postemployment benefits asset	167,422	(5,857)
Deferred outflows of resources related to pensions	33,142	14,003
Deferred outflows of resources related to other postemployment benefits	10,119	14,775
Accounts payable	6,371,076	209,146
Compensated absences payable	56,178	14,477
Net pension liability	(277,920)	(187,588)
Other noncurrent liabilities	(13,524)	(13,524)
Accrued payroll liabilities	3,423	47,321
Deferred inflows of resources related to other postemployment benefits	(15,147)	(22,403)
Deferred inflows of resources related to leases	(1,823,880)	6,024,087
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 9,982,539</b>	<b>\$ 4,601,097</b>
<b>Noncash Capital and Financing Activities</b>		
Capital purchases on account	\$ 3,717,383	\$ 7,011,939
Capital contributions	-	50,084,943
<b>Total Noncash Capital and Financing Activities</b>	<b>\$ 3,717,383</b>	<b>\$ 57,096,882</b>

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**Statistical Section (Unaudited)**

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**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**

**Comparative Detail Schedule of Actual Revenues by Source (Unaudited)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Dockage	\$ 1,734,500	\$ 1,614,198	\$ 1,257,729	\$ 1,273,487	\$ 1,270,139	\$ 1,370,086	\$ 1,242,374	\$ 1,174,735	\$ 1,089,224	\$ 1,142,837
Wharfage, dry bulk	243,028	506,814	341,728	225,369	210,837	141,102	169,575	150,695	148,896	181,234
Wharfage, liquid bulk	4,075,629	5,357,616	4,505,188	3,956,808	2,961,881	1,764,856	1,805,784	1,521,105	1,463,035	1,682,558
Wharfage, general cargo	5,194,337	4,126,430	3,945,833	3,703,672	3,932,954	3,780,750	3,544,751	3,529,245	3,670,375	3,608,772
Storage revenue	192,792	235,571	273,419	259,675	272,130	234,381	219,392	237,335	265,309	327,061
Office rental	21,733	46,044	28,923	51,307	104,886	108,659	96,994	108,670	121,887	114,462
Utilities	18,236	23,006	36,838	21,247	27,705	41,688	46,767	29,687	30,040	45,232
Crane rentals	148,432	135,108	130,822	141,913	124,502	113,060	120,960	74,250	72,488	105,858
Industrial park lease rentals	1,740,092	1,747,578	1,683,165	4,509,536	4,442,927	4,440,847	4,472,735	4,344,217	4,326,069	4,363,254
Other lease revenue	1,823,880	1,930,333	1,709,174	-	-	-	-	-	-	-
Investment income (loss)- short-term	484,820	13,998	(279,805)	7,652	458,510	1,394,025	312,700	627,633	344,945	344,603
Right-of-way fees	196,256	192,166	212,290	208,749	186,668	192,445	202,056	173,391	167,849	164,678
POL valve yard fees	428,430	413,260	464,803	403,063	328,210	281,832	302,861	246,957	176,713	191,560
Security fees	1,637,606	1,552,076	1,544,552	1,502,007	1,494,782	1,496,703	1,478,313	1,469,614	1,421,294	1,426,724
Gain on sale of assets held for resale	93,307	-	-	-	-	249,459	781,831	1,069,995	-	-
Gain on sale of capital assets	-	21,775	19,431	-	5,775	-	-	-	-	-
Interest income on leases	2,150,985	1,887,222	2,606,814	-	-	-	-	-	-	-
Intergovernmental - PERS On Behalf	64,467	14,174	(27,621)	(46,562)	66,618	(32,445)	51,096	63,059	43,575	18,075
Legal settlements	-	-	-	-	-	-	-	6,750,000	12,600,000	-
Miscellaneous revenues	227,176	201,056	240,459	181,297	118,894	438,726	303,519	280,983	1,022,677	507,769
Subtotal	20,475,706	20,018,425	18,693,742	16,399,220	16,007,418	16,016,174	15,151,708	21,851,571	26,964,376	14,224,677
Capital contributions	68,934,976	86,477,961	6,520,399	48,889,068	45,651,079	18,650,418	11,619,685	13,323,471	7,834,571	2,882,353
Transfers from other funds	-	-	-	-	-	-	81,500	-	-	-
<b>Total</b>	<b>\$ 89,410,682</b>	<b>\$ 106,496,386</b>	<b>\$ 25,214,141</b>	<b>\$ 65,288,288</b>	<b>\$ 61,658,497</b>	<b>\$ 34,666,592</b>	<b>\$ 26,852,893</b>	<b>\$ 35,175,042</b>	<b>\$ 34,798,947</b>	<b>\$ 17,107,030</b>

**Municipality of Anchorage, Alaska**  
**Port of Alaska Fund**  
**Current Port Tariff Rates (Unaudited)**

Type of Service	Wharfage Rate
Aggregates, per ton	\$ 1.43
Freight NOS	8.58
Bulk commodities, dry, NOS	3.59
Cement	6.44
Cement, bulk through pipeline	1.96
Coal, bulk	1.43
Iron or steel articles	6.44
Logs	3.59
Lumber	6.44
Chips NOS	4.29
Petroleum or petroleum products:	
Inbound/outbound (per bbl.)	1.93
Transfers (per bbl.)	5.73
Fuel (per bbl.)	1.79
Powder (explosive)	21.46
Vans or containers	4.29
Vehicles	14.31

Don Young Port of Alaska Tariff 10.2

Tariff issued 1/1/2024 and effective 1/1/2024 till 12/31/2029.

NOS - Not otherwise specified

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Approved Tariff (Original Tariff 9.0) 10.2 Rate Increases (Unaudited)**

	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum	24.24%	12.95%	12.95%	3.01%	3.01%	3.01%	3.01%	0%	0%
Cement	24.24%	12.95%	12.95%	3.01%	3.01%	3.01%	3.01%	0%	0%
Other	3.93%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	0%	0%

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Ten-Year Annual Dock Tonnage Report (Unaudited)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Freight NOS	1	5	181	36	689	1,167	2,199	5,876	4,451	-
Dry bulk goods	116,841	154,517	117,837	87,692	101,853	109,956	105,326	97,223	122,006	126,737
Petroleum, NOS (vessel fueling)	1,288	17,267	42,262	47,888	58,728	222,536	129,828	1,467	893	5,013
Vans/flats/containers	1,683,498	1,659,727	1,642,100	1,638,486	1,642,547	1,655,612	1,631,303	1,592,473	1,582,951	1,681,223
Petroleum, shoreside	1,036,306	1,030,177	1,193,446	1,061,820	902,439	802,093	505,980	471,717	368,708	368,294
Petroleum bulk - dockside	2,645,845	2,303,772	2,194,109	2,151,884	1,997,845	1,474,399	1,574,029	1,329,089	1,419,162	1,592,317
<b>Total Tons</b>	<b>5,483,779</b>	<b>5,165,465</b>	<b>5,189,935</b>	<b>4,987,806</b>	<b>4,704,101</b>	<b>4,265,763</b>	<b>3,948,665</b>	<b>3,497,845</b>	<b>3,498,171</b>	<b>3,773,584</b>

NOS - Not otherwise specified

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Financial Ratios (Unaudited)**

<i>Description</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Current ratio (current assets / current liabilities)	0.06	0.1	13.68	6.33	1.84	0.88	13.49	12.51	12.31	16.63
Quick ratio (quick assets / current liabilities)	0.05	1.9	11.06	6.21	1.80	0.84	9.30	10.01	13.23	14.46
Return on investment (change in net position / total assets)	7%	14%	1%	5%	13%	15%	4%	6%	8%	-4%
Return on equity (change in net position / net position)	13%	21%	1%	7%	20%	23%	6%	8%	11%	-5%
Debt to equity as a percent of capital structure (outstanding debt / capital structure over net position)	39%	18%	38%	25%	27%	18%	23%	24%	26%	29%
Capital structure	61%	77%	62%	75%	73%	82%	77%	76%	74%	71%
Operating margin	-56%	-46%	-5%	-17%	-18%	-21%	-47%	-36%	-59%	-99%

Notes to financial ratios:

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

**Municipality of Anchorage, Alaska  
Port of Alaska Fund**

**Capital Improvement Program Summary (Unaudited)  
(in thousands)**

<i>Project Category</i>	2024	2025	2026	2027	2028	2029	Total
Port Equipment	550						550
Wharf Pile Enhancements - Fenders	550						550
Storm Drain Enhancements	2,500	2,500	2,500	2,500	2,500	2,500	15,000
US Army Corps of Engineers Permitting	280	280	280	280	280	280	1,680
<b>Total</b>	<b>\$ 3,880</b>	<b>\$ 2,780</b>	<b>\$ 2,780</b>	<b>\$ 2,780</b>	<b>\$ 2,780</b>	<b>\$ 2,780</b>	<b>\$ 17,780</b>

<i>Funding Source</i>	2024	2025	2026	2027	2028	2029	Total
Port Equity	\$ 3,880	\$ 2,780	\$ 2,780	\$ 2,780	\$ 2,780	\$ 2,780	\$ 17,780
State/Federal Funds	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 3,880</b>	<b>\$ 2,780</b>	<b>\$ 2,780</b>	<b>\$ 2,780</b>	<b>\$ 2,780</b>	<b>\$ 2,780</b>	<b>\$ 17,780</b>

**Municipality of Anchorage, Alaska  
Port of Alaska Fund**

**Historical Revenues for Top 10 Customers (Unaudited)**

<i>Customer Name</i>	2019	2020	2021	2022	2023	2024
Matson Navigation Co of AK LLC.	\$ 4,145,159	\$ 4,341,741	\$ 4,310,462	\$ 4,911,933	\$ 4,794,155	\$ 5,442,951
TOTE Maritime Alaska, Inc.	4,163,209	4,241,090	4,222,618	4,302,049	4,489,700	4,992,397
Tesoro Alaska Companies Inc.	2,338,936	2,376,820	2,433,227	2,430,884	2,657,284	2,290,096
Petro Star, Inc.	980,349	1,215,060	1,546,637	1,954,751	2,193,384	1,788,464
Alaska Maritime Agencies	618,917	1,343,109	1,948,779	2,272,479	2,264,972	1,710,944
Anchorage Sand and Gravel/ABI	698,411	560,139	504,888	636,146	1,020,789	1,013,408
Anchorage Fueling & Service Co./ASIG	581,628	591,100	593,795	736,648	773,412	797,717
North American Fuel Corporation					405,919	713,800
Crowley Petroleum Distribution (CPD Alaska)	238,307	243,441	278,493	289,090	257,136	257,081
Holland America Line	182,713	No Revenue earned due to COVID 19	No Revenue earned due to COVID 19	17,283	-	87,725

**Municipality of Anchorage, Alaska**  
**Port of Alaska Fund**

**Vessel Arrivals (Unaudited)**

<i>Category</i>	2019	2020	2021	2022	2023	2024
Barge	11	-	1	1	-	4
Cement Ship	4	4	3	4	5	5
Cargo	2	1	-	2	-	2
Cruise Ships	10	-	-	1	3	3
Dredge	3	5	6	5	1	4
G-Military Oil Tanker	-	-	-	-	-	-
Government Ship	7	4	1	2	7	4
Gravel Barge	-	-	-	-	-	-
Military Ship	2	1	3	-	1	-
Petroleum Barges	60	50	56	63	66	65
Petroleum Tankers	27	39	43	43	43	50
Pipe Ship	-	-	-	-	-	-
Ships - TOTE/MATSON	201	195	201	197	201	203
Tugs	79	80	93	95	85	142
Yacht/Other small craft	-	4	1	-	8	5
<b>Total</b>	<b>406</b>	<b>383</b>	<b>408</b>	<b>413</b>	<b>420</b>	<b>487</b>

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**

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

<i>Year Ended December 31, 2024</i>	Budget	Actual	Variance
<b>Operating Revenues</b>			
Charges for sales and services:			
Dockage	\$ 1,610,413	\$ 1,734,500	\$ 124,087
Wharfage, dry bulk	128,252	243,028	114,776
Wharfage, liquid bulk	1,719,102	4,075,629	2,356,527
Wharfage, general cargo	6,041,020	5,194,337	(846,683)
Storage revenue	229,722	192,792	(36,930)
Office rental	40,000	21,733	(18,267)
Utilities	44,704	18,236	(26,468)
Miscellaneous	253,025	227,176	(25,849)
<b>Total charges for sales and services</b>	<b>10,066,238</b>	<b>11,707,431</b>	<b>1,641,193</b>
Other operating revenues:			
Crane rentals	56,500	148,432	91,932
Other lease rentals	2,876,870	1,823,880	(1,052,990)
Industrial park lease rentals	1,536,506	1,740,092	203,586
POL Valve yard fees	291,696	428,430	136,734
<b>Total other operating revenues</b>	<b>4,761,572</b>	<b>4,140,834</b>	<b>(620,738)</b>
<b>Total Operating Revenues</b>	<b>14,827,810</b>	<b>15,848,265</b>	<b>1,020,455</b>
<b>Operating Expenses</b>			
Operations:			
Personnel services	3,016,300	2,760,475	255,825
Pension	-	(186,053)	186,053
Other postemployment benefits	-	168,136	(168,136)
Supplies	242,700	248,102	(5,402)
Other services and charges	4,652,447	7,309,292	(2,656,845)
Charges from other departments	1,456,951	1,234,337	222,614
<b>Total operations</b>	<b>9,368,398</b>	<b>11,534,289</b>	<b>(2,165,891)</b>
Depreciation	13,837,791	13,228,979	608,812
<b>Total Operating Expenses</b>	<b>23,206,189</b>	<b>24,763,268</b>	<b>(1,557,079)</b>
<b>Operating loss</b>	<b>(8,378,379)</b>	<b>(8,915,003)</b>	<b>(536,624)</b>

**Municipality of Anchorage, Alaska**  
**Port of Alaska Fund**

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

<i>Year Ended December 31, 2024</i>	Budget	Actual	Variance
<b>Nonoperating Revenues (Expenses)</b>			
Intergovernmental revenues - PERS on-behalf	\$ -	\$ 64,467	\$ 64,467
Investment income-short term investments	612,000	484,820	(127,180)
Security fees	1,477,975	1,637,606	159,631
Right-of-way fees	173,000	196,256	23,256
Interest income on leases	-	2,150,985	2,150,985
Interest expense on leases	-	(11,794)	(11,794)
Interest on long-term obligations	(4,607,965)	(3,728,881)	879,084
Debt issuance costs	(73,047)	(5,715,227)	(5,642,180)
Security contract	1,900,000	(1,895,075)	(3,795,075)
Gain on sale of assets held for sale	-	93,307	93,307
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(518,037)</b>	<b>(6,723,536)</b>	<b>(6,205,499)</b>
Loss before capital contributions and transfers	(8,896,416)	(15,638,539)	(6,742,123)
<b>Contributions and Transfers</b>			
Capital contributions	-	68,934,976	68,934,976
Transfers to other funds:			
Municipal service assessment	1,551,181	(1,551,181)	(3,102,362)
Dividend	604,174	(604,174)	(1,208,348)
Contributions to other funds	-	(37,000)	(37,000)
<b>Change in Net Position</b>	<b><u>\$ (6,741,061)</u></b>	<b>51,104,082</b>	<b><u>\$ 57,845,143</u></b>
<b>Net Position, beginning</b>		<b><u>357,682,270</u></b>	
<b>Net Position, ending</b>		<b><u>\$ 408,786,352</u></b>	

**Municipality of Anchorage, Alaska**  
**Don Young Port of Alaska Fund**

**Historical Debt Service Coverage for the Fiscal Year (Unaudited)**

Fiscal Year	Revenue (1)	Operating Expenses (2)	Amount Available for Debt Service	Principal (3)	Interest (3)	Total	Coverage (4)
2024	\$ 20,411,237	\$ 15,010,255	\$ 5,400,982	\$ 525,000	\$ 2,272,953	\$ 2,797,953	1.93

(1) Excludes allowance for funds used during construction, includes nonoperating revenue.

Excludes payments received for PERS relief from State of Alaska.

(2) Operating expenses and regular / recurring nonoperating expense excluding pension expense, PERS on behalf expense, OPEB on behalf expense, OPEB expense, depreciation and amortization, and transfers to other funds

(3) Includes debt service on Parity Bonds. Excludes amounts funded out of bond proceeds.

(4) Required minimum coverage is 1.35.

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Don Young Port of Alaska, an enterprise fund of the Municipality of Anchorage, Alaska, which comprise the Don Young Port of Alaska's statement of net position as of December 31, 2024, and the related statement of revenues, expenses, and changes in fund net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2026.

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

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Don Young Port of Alaska's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-003 to be a significant deficiency.



## **Report on Compliance and Other Matters**

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

## **Don Young Port of Alaska's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Don Young Port of Alaska's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Don Young Port of Alaska's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **Purpose of This Report**

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

BDO USA, P.C.

Anchorage, Alaska  
March 31, 2026

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Schedule of Findings and Reponses  
For the Year Ended December 31, 2024**

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

***Financial Statements***

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

Internal control over financial reporting:

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

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

**Finding 2024-001      Basis of Accounting for Underlying Books & Records - Material Weakness in Internal Control Over Financial Reporting**

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

Government Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, states that proprietary fund financial statements, including financial data for enterprise funds, should be prepared using the economic resources measurement focus and the accrual basis of accounting.

*Condition*                      Trial balances received for audit included modified and full accrual basis accounts, which resulted in multiple duplications of account balances. Material modifications were required that resulted in adjustments to the Port trial balances for approximately \$182.2 million in assets, \$1.2 million in liabilities, \$2.3 million in revenue, and \$183.3 million in equity adjustments.

*Cause*                              The general ledger system parameters allow for multiple bases of accounting for all fund types.

*Effect or potential effect*      Trial balance reconciliations resulted in delays in financial reporting.

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Schedule of Findings and Reponses  
For the Year Ended December 31, 2024**

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*Recommendation* Management should consider changing the parameters of the general ledger system and train staff to ensure proper reporting of transactions according to the appropriate basis of accounting.

*Views of responsible officials and planned corrective actions* Management agrees with the finding. The Port will continue to work with and support staff at the MOA Controller Division to ensure accurate transmittal of all financial information. The Port will continue timely review of trial balance activity and will work with MOA to strengthen internal controls and procedures to ensure trial balances are prepared using the appropriate basis of accounting in compliance with Government Accounting Standards Board Statement No. 34. Management will also continue to support improved coordination, review, and communication regarding journal entries and financial statement reporting adjustments.

**Finding 2024-002 Timeliness and Accuracy of Grant Reconciliations - Material Weakness in Internal Control over Financial Reporting**

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

COSO Internal Control Integrated Framework defines internal control at the organization level and identifies objectives, components, and principles of internal control to establish and maintain an effective internal control environment. Control Activities Principle Number 10 states that an organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

These controls should ensure the general ledger and accounting records used to maintain the financial information of the Port are reconciled timely and in conjunction with the closing of the fiscal year.

*Condition* BDO identified material inaccuracies in reconciliations and the related financial statements and underlying books and records for grant revenue and grant receivables. The financial statements were initially misstated by a net amount of approximately \$5.4 million in grant receivables and \$5.7 million in grant revenue. Overall adjustments to grant revenue and grant receivables were approximately \$89 million.

*Cause* The Municipality does not have identified internal controls nor identified control owners to perform final close out reconciliations of grants to ensure that the grant schedules are complete and accurate and that all available grant funds have been expended, reported, and received.

**Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund**

**Schedule of Findings and Reponses, continued  
For the Year Ended December 31, 2024**

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*Effect or potential effect* Inaccurate and incomplete recording of grant revenue and under-reporting of net position could impact management financial decisions. Late reporting of grant reimbursements will impact cash flow for the fund.

*Recommendation* Management should develop control activities and assign control owners to perform grant tracking procedures over the life of the grant award to ensure expense reimbursement requests are filed at least quarterly and funds expended and received under the award are complete and accurate and to close out the grant accounting records at the completion of the grant.

*Views of responsible officials and planned corrective actions* Management agrees with the finding. The Port will continue to work with the Controller Division grant staff to assist in the review and accurate completion of grant reconciliations on a quarterly basis.

**Finding 2024-003 Accuracy of Capital Asset Disposals - Significant Deficiency in Internal Control over Financial Reporting**

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

*Condition* The Municipality failed to record disposals of capital assets that were sold during the fiscal year. Reconciliations of capital assets were not reviewed at a level of precision to detect and correct misstatements related to these disposals. Capital assets were initially overstated.

*Cause* Internal controls were insufficient to identify and review capital asset disposals recorded in the underlying books and records.

*Effect or potential effect* Inaccurate and incomplete recording of capital asset disposals and over-reporting of net position could impact management financial decisions.

*Recommendation* Management should increase communications between the Municipality's divisions to ensure that preparation, review, and approval of capital assets includes proper recording of capital assets.

*Views of responsible officials and planned corrective actions* Management agrees with the finding. The Port will continue to work with the Municipality of Anchorage Controller Division and other responsible departments to improve communication, review, and documentation related to capital asset disposals. Management will support procedures to ensure capital asset activity, including disposals and related entries, is identified timely, communicated to the appropriate accounting personnel, and reviewed at a sufficient level of precision before year-end reporting. The Port will continue to assist in strengthening coordination over the preparation, review, and approval of capital asset records to support accurate financial reporting.



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**MUNICIPALITY OF ANCHORAGE, ALASKA  
 PORT OF ALASKA FUND**

**Corrective Action Plan  
 Year Ended December 31, 2024**

Contact: Cheryl J Beckham  
 Deputy Director, Port of Alaska Finance & Administration Manager  
 907-343-6204

**\*Finding 2024-001 Basis of Accounting for Underlying Books & Records - Material Weakness  
 in Internal Control Over Financial Reporting**

Planned Corrective Action Plan: Management agrees with the finding. The Port will continue to work with and support staff at the MOA Controller Division to ensure accurate transmittal of all financial information. The Port will continue timely review of trial balance activity and will work with MOA to strengthen internal controls and procedures to ensure trial balances are prepared using the appropriate basis of accounting in compliance with Government Accounting Standards Board Statement No. 34. Management will also continue to support improved coordination, review, and communication regarding journal entries and financial statement reporting adjustments.

Completion Date: March 31, 2026

**\*Finding 2024-002: Timeliness and Accuracy of Grant Reconciliations - Material Weakness in Internal  
 Control over Financial Reporting**

Planned Corrective Action Plan: Management agrees with the finding. The Port will continue to work with the Controller Division grant staff to assist in the review and accurate completion of grant reconciliations on a quarterly basis.

Completion Date: March 31, 2026

**\*Finding 2024-003 Accuracy of Capital Asset Disposals - Significant Deficiency in Internal  
 Control over Financial Reporting**

Planned Corrective Action Plan: Management agrees with the finding. The Port will continue to work with the Municipality of Anchorage Controller Division and other responsible departments to improve communication, review, and documentation related to capital asset disposals. Management will support procedures to ensure capital asset activity, including disposals and related entries, is identified timely, communicated to the appropriate accounting personnel, and reviewed at a sufficient level of precision before year-end reporting. The Port will continue to assist in strengthening coordination over the preparation, review, and approval of capital asset records to support accurate financial reporting.

Completion Date: March 31, 2026



**MUNICIPALITY OF ANCHORAGE, ALASKA  
PORT OF ALASKA FUND**

**Status of Prior Year Findings  
Year Ended December 31, 2023**

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**\*Finding 2023-001: Basis of Accounting for Underlying Books & Records - Material Weakness in Internal Control over Financial Reporting**

Planned Corrective Action Plan:

Management agrees with the finding. The Port will continue to work with, and support recently hired staff in the MOA Controller Division to ensure accurate posting of all financial information. All MOA accounting personnel are able to process postings in the SAP accounting system without enterprise fund manager approval. This necessitates diligence on the part of the Port to ensure that all postings in the SAP accounting system are accurate. The Port will work with MOA to improve the accuracy of these postings by completing timely review of the Port trial balance reports.

Update:

During 2024, the Port continued review of trial balance activity and worked with MOA Controller Division staff to identify and correct posting issues affecting the Port's financial records. Through 2025 and continuing to the present, the Port has remained engaged in supporting accurate recording of financial activity, reviewing account balances, and following up on items requiring correction or clarification.

Completion Date:

March 31, 2026

**\*Finding 2023-002: Timeliness and Accuracy of Grant Reconciliations - Material Weakness in Internal Control over Financial Reporting**

Planned Corrective Action Plan:

Management agrees with the finding. The Port will work with the Controller Division grant staff to assist in the review and accurate completion of grant reconciliations on a quarterly basis.

Update:

During 2024, the Port continued working with the MOA Controller Division to support grant tracking, reimbursement activity, and reconciliation of grant balances. Through 2025 and continuing to the present, the Port has continued to assist in the review of grant activity, support timely reimbursement requests, and follow up on items affecting the completeness and accuracy of grant receivables and grant revenue reporting.

Completion Date:

March 31, 2026

**\*Finding 2023-003: Government Accounting Standards Board Statement No. 87 (GASBS No. 87), Leases - Significant Deficiency in Internal Control over Financial Reporting**

Planned Corrective Action Plan:

Management agrees with the finding. The Port will prepare and transmit an annual lease schedule at the end of each year to identify new Port leases, updates to current leases and any lease that has expired to the MOA Controller.

Update:

During 2024, the Port continued maintaining lease information and identifying new leases, updates to existing leases, and expired leases for communication to the MOA Controller Division. Through 2025 and continuing to the present, the Port has continued to update lease records and support the year-end transmission of complete lease information to improve the accuracy and completeness of GASB 87 lease reporting.

Completion Date:

March 31, 2026

**\*Finding 2023-004: Monitoring of Restricted Cash - Significant Deficiency in Internal Control over Financial Reporting**

**Planned Corrective Action Plan:**

Management agrees with this finding. The Port will monitor the trial balance on a monthly basis to ensure any entries made to restricted cash are addressed for accuracy before year end and support the MOA Controller division staff assigned to monitor this reconciliation.

**Update:**

During 2024, the Port continued monthly monitoring of trial balance activity affecting restricted cash and coordinated with MOA Controller Division staff regarding entries requiring review or clarification. Through 2025 and continuing to the present, the Port has continued this monitoring and follow-up process to improve the accuracy of restricted cash reporting and support timely correction of any items identified.

**Completion Date:**

March 31, 2026

**Contact:**

Cheryl J Beckham  
Deputy Director, Port of Alaska Finance & Administration Manager  
907-343-6204