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

Financial Statements, Required Supplementary Information, and Other Information
December 31, 2020 and 2019

(With Independent Auditor's Report Thereon)

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Contents

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Port of Alaska, an enterprise fund of the Municipality of Anchorage, Alaska, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Port of Alaska's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Port of Alaska, as of December 31, 2020 and 2019, and the changes in financial position and cash flows for the years 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 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port of Alaska's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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 opinions. 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 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port of Alaska's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Port of Alaska Enterprise Fund, and do not purport to, and do not present fairly the financial position of the Municipality of Anchorage, Alaska as of December 31, 2020 and 2019, the changes in its financial position and its cash flows for the years 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 6 through 15 and the schedules of the Port of Alaska's proportionate share of the net pension and net other postemployment benefit liability and asset and Port contributions to the pension and other postemployment benefit plans on pages 72 and 73 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port of Alaska's basic financial statements. The statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2021 on our consideration of the 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 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 Port of Alaska's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
July 23, 2021

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Management’s Discussion and Analysis

The 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 and analysis of the Port's financial performance, providing an overview of the financial activities for the years ended December 31, 2020 and 2019. This discussion and analysis is 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

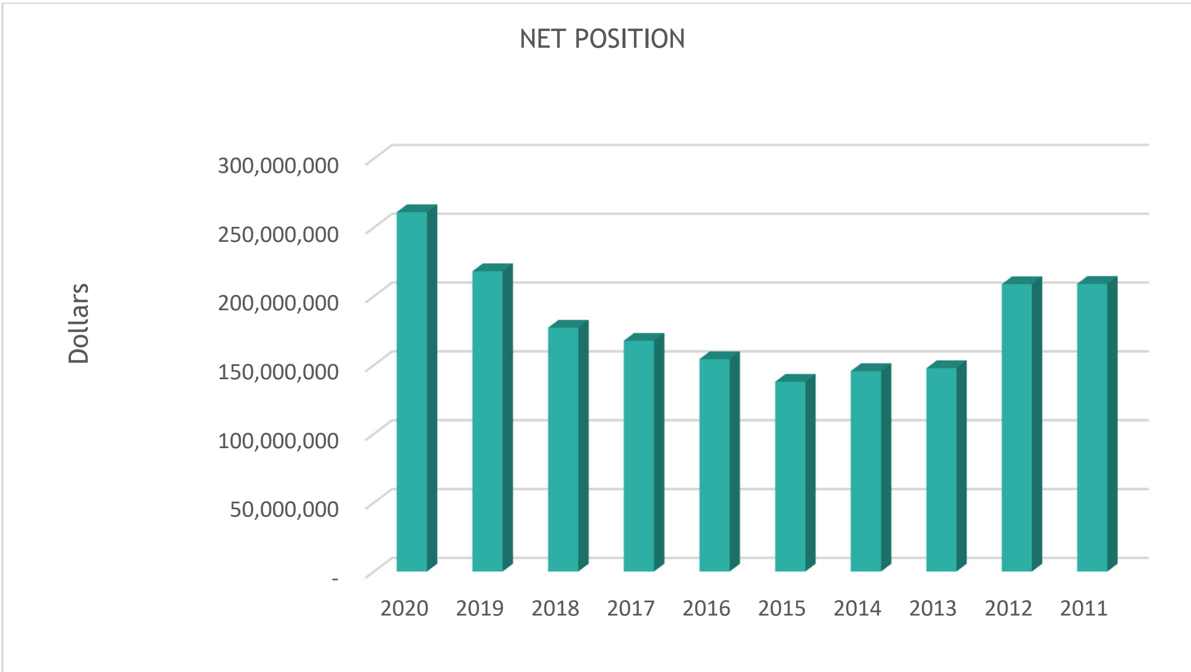
- Net position increased $42,942,719 or 19.69% in 2020. The increase in net position was primarily due to capital contributions of $48,889,068 exceeding the operating loss of $2,427,380 and transfers to other funds of $1,917,772. In 2019, net position increased $41,002,131 or 23.15%. The increase in net position was primarily due to capital contributions of $45,651,079 exceeding the operating loss of $2,682,996 and transfers to other funds of $2,187,485. In 2018, net position increased $9,955,652 or 5.96%. This increase in net position was primarily due to capital contributions of $18,650,418 exceeding operating loss of $5,751,438 and transfers to other funds of $3,033,915. Beginning net position in 2018 was reduced by $472,597 due to the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

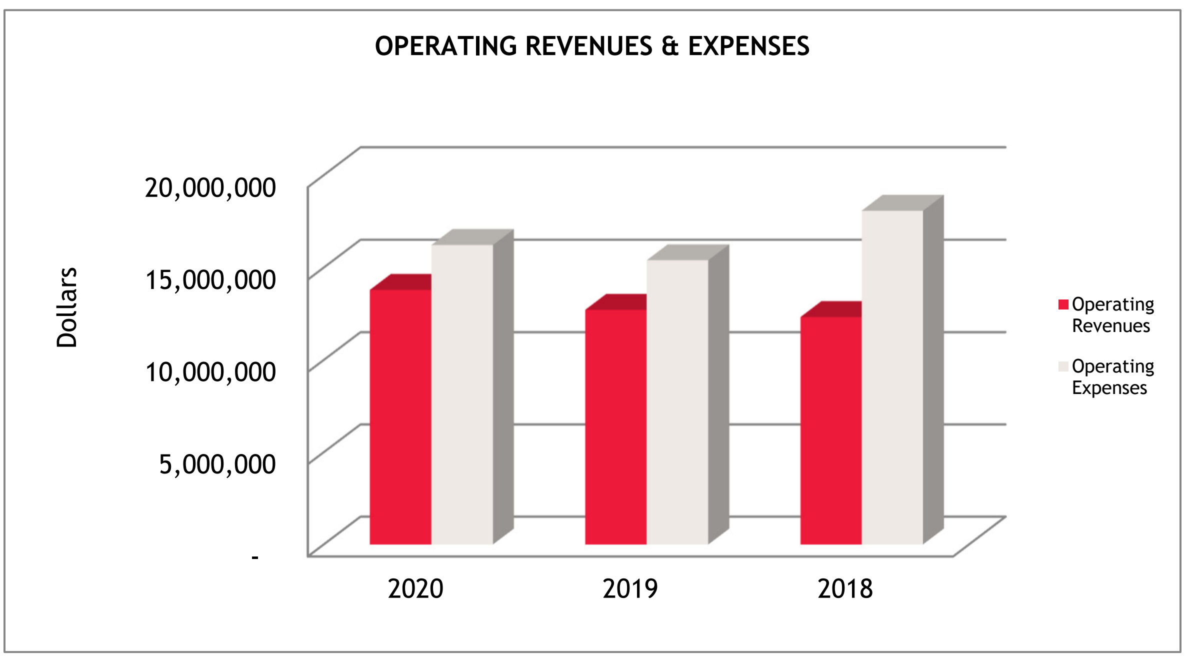
- Operating revenues increased $1,079,078 or 8.49% in 2020 and $390,275 or 3.17% in 2019 due to increases in rates scheduled within Tariff 8.0. Operating revenues increased $627,833 or 5.37% in 2018 due to a scheduled and implemented increase to Tariff 8.0.

- Operating expenses increased by $823,462 or 5.35% in 2020. The increase is primarily due to an increase in other postemployment benefit expense of $470,496 and an increase in interdepartmental costs of $128,704. Operating expense decreased by $2,716,993 or 24.72% in 2019. The decrease is primarily due to a reduction in legal services expense of $875,745, other postemployment benefits expense of $703,997 and a decrease in interdepartmental costs of $508,830. In 2018 operating expenses increased by $2,133,468 or 13.38% primarily due to additional legal services expense of $1,246,733 and an increase in interdepartmental costs of $475,222.

Municipality of Anchorage, Alaska
Port of Alaska Fund

Management's Discussion and Analysis
December 31, 2020 and 2019





Overview of the Financial Statements

The Port is a business type activity of the Municipality that operates the 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 financial statements present on a comparative basis for the years ended December 31, 2020 and 2019, and include the following: Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements 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.

Statements of Net Position - These statements include all of the Port's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position.

Statements of Revenues, Expenses, and Changes in Net Position – These statements present the Port's operating revenues and expenses and nonoperating revenues and expenses, and the change in net position of the Port for the years presented.

Statements of Cash Flows – These statements report 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 Statements of Cash Flows using the direct method of reporting operating cash flows.

Notes to Financial Statements – 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 – presents 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 Statements of Net Position and Statements 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.

Changes in the Port's net position can be determined by reviewing the following condensed Summary of Net Position as of December 31, 2020, 2019, and 2018. 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

		2020	2019	2018
Assets and Deferred Outflows of Resources:				
Current assets	$	13,360,582	$ 7,153,230	$ 22,844,169
Noncurrent assets		327,918,586	262,996,500	201,368,894
Deferred outflows of resources		300,492	312,208	398,763
Total Assets and Deferred Outflows of Resources	$	341,579,660	$ 270,461,938	$ 224,611,826
Liabilities and Deferred Inflows of Resources:				
Current liabilities	$	7,250,180	$ 8,093,880	$ 2,420,669
Noncurrent liabilities		73,120,334	44,046,371	44,825,490
Deferred inflows of resources		135,468	190,728	236,839
Total Liabilities and Deferred Inflows of Resources		80,505,982	52,330,979	47,482,998
Net Position:				
Net investment in capital assets		232,663,599	195,959,516	151,303,669
Restricted for capital construction		11,748,152	19,675,588	9,801,505
Restricted for dept service		7,967,418	-	-
Unrestricted		8,694,509	2,495,855	16,023,654
Total Net Position		261,073,678	218,130,959	177,128,828
Total Liabilities, Deferred Inflows of Resources and Net Position	$	341,579,660	$ 270,461,938	$ 224,611,826

During 2020 the Port's total assets and deferred outflows of resources increased by $71,117,722. Noncurrent assets increased by $64,922,086 primarily due to a $45,902,332 increase in capital assets and a $27,960,514 increase in equity in the general cash pool, which offset a decrease of $9,094,533 in intergovernmental receivables. Current assets increased by $6,207,352 primarily due to an increase in equity in the general cash pool. During 2019 the Port's total assets increased by $45,936,667. Noncurrent assets increased by $61,627,606 primarily due to a $44,655,847 increase in capital assets and a $16,977,225 increase in intergovernmental receivables. Current assets decreased by $15,690,939 primarily due to a decrease in cash held in the capital acquisition and construction accounts.

During 2020 the Port's current liabilities decreased by $843,700 primarily due to a $1,167,097 decrease in capital acquisition and construction accounts and retainage payable exceeding an increase in accounts payable of $182,013. Total liabilities and deferred inflows of resources increased by $28,175,003 due to the issuance of revenue bonds and related premiums received of $69,191,345 exceeding the decrease caused through repayment of notes payable of $40,000,000. During 2019 the Port's current liabilities increased by $5,673,211 primarily due to a $5,991,794 increase in capital acquisition and construction accounts and retainage payable exceeding a decrease in accounts payable of $241,540. Total liabilities increased by $4,894,092 due to the increase in current liabilities discussed above exceeding the decrease in noncurrent liabilities caused by a reduction in the net pension liability and net other postemployment benefits liability of $319,088 and $431,594, respectively.

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, 2020, 2019, and 2018 (Table 2).

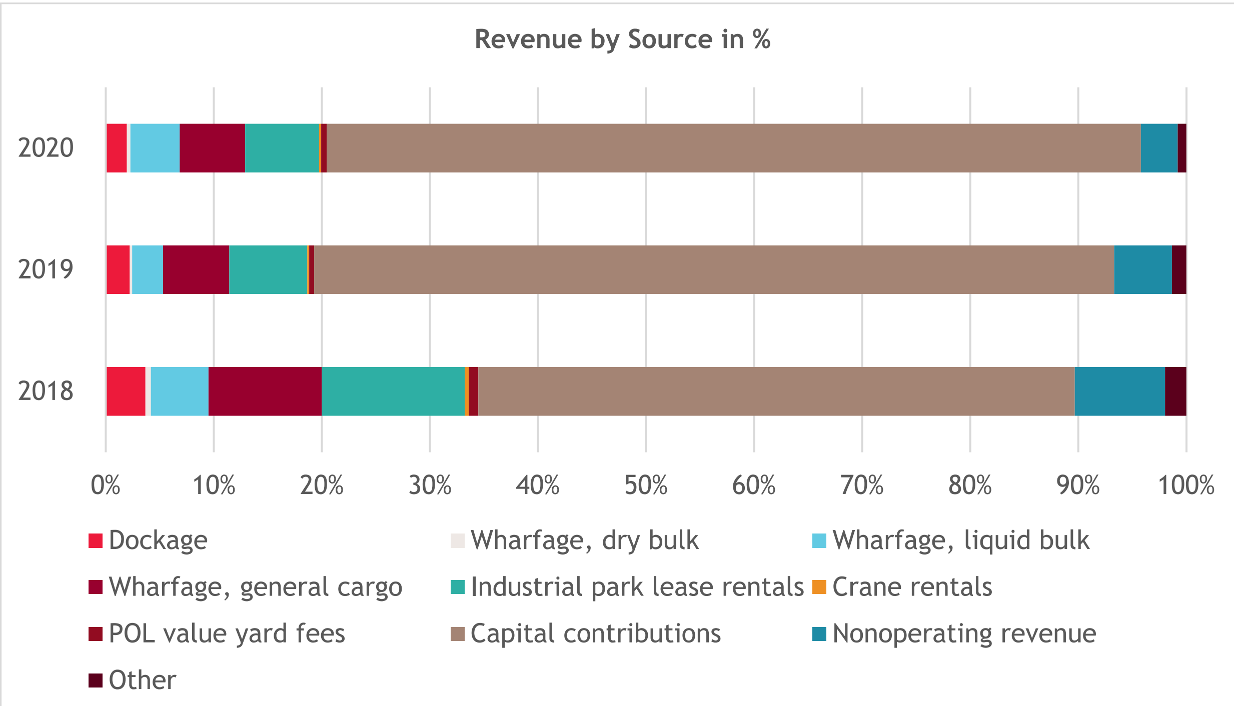
During 2020 the Port's operating revenues increased by $1,079,078 or 8.49%, due chiefly to the rate increase implemented in Tariff 8 and Preferential User Agreement increases executed in current agreements. During 2019 the Port's operating revenues increased by $390,275 or 3.17%, due to the same reasons as in 2020.

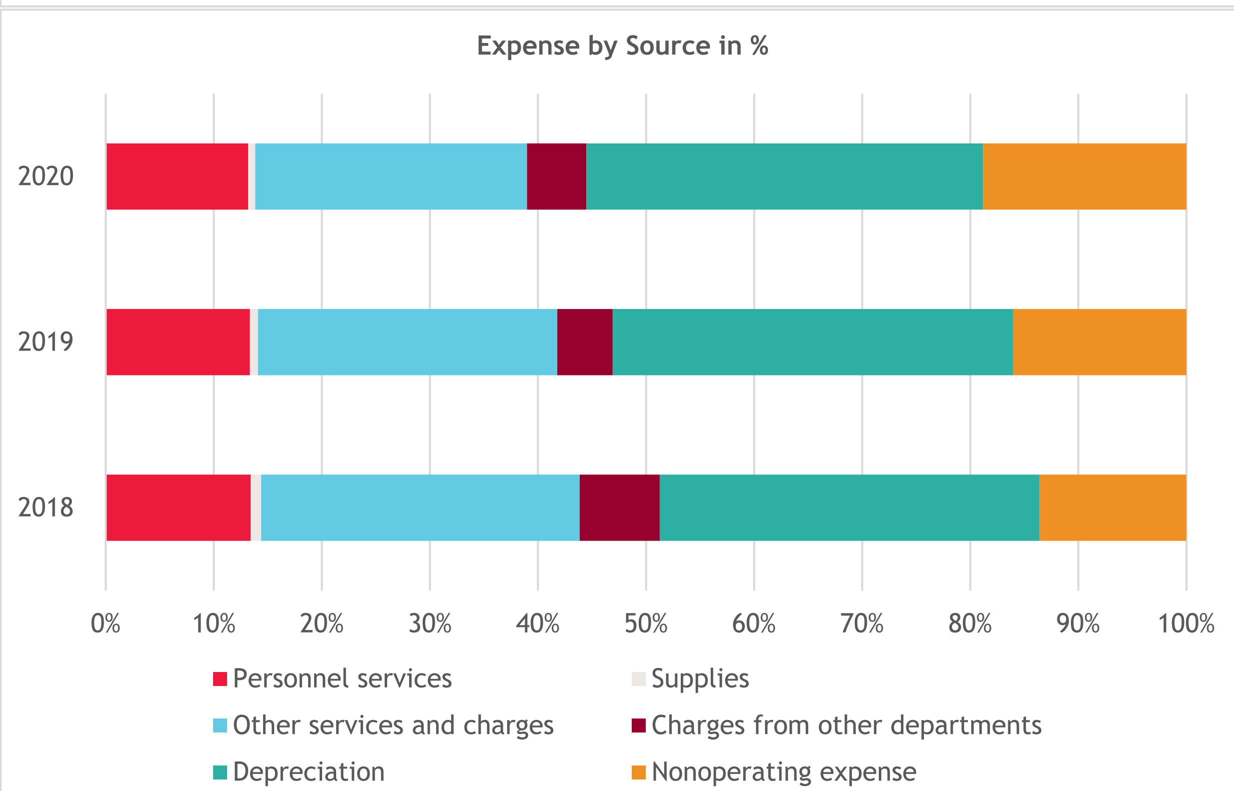
In 2020 the Port's operating expenses increased by $823,462 due to an increase in other postemployment benefit expense of $470,496 and an increase in interdepartmental costs of $128,704. In 2019 the Port's operating expenses decreased by $2,716,993 due in part to a $875,745 decrease in the Port's legal expenses from the Port Intermodal Expansion Project lawsuit (see Note 13), a $703,997 decrease in other postemployment benefits expenses, and a decrease in interdepartmental costs of $508,830.

TABLE 2

Summary of Revenues, Expenses, and Changes in Net Position

	2020	2019	2018
Operating Revenues:			
Dockage	$ 1,270,139	$ 1,370,086	$ 1,242,374
Wharfage, dry bulk	210,837	141,102	169,575
Wharfage, liquid bulk	2,961,881	1,764,856	1,805,784
Wharfage, general cargo	3,932,954	3,780,750	3,544,751
Industrial park lease rentals	4,442,927	4,440,847	4,472,735
Crane rentals	124,502	113,060	120,960
POL valve yard fees	328,210	281,832	302,861
Other	523,615	823,454	666,672
Total Operating Revenues	13,795,065	12,715,987	12,325,712
Operating Expenses:			
Personnel services	2,431,500	1,817,639	3,358,553
Supplies	133,150	142,924	196,237
Other services and charges	5,098,796	5,326,655	5,940,591
Charges from other departments	1,113,852	985,148	1,493,978
Depreciation	7,445,147	7,126,617	7,087,791
Total Operating Expenses	16,222,445	15,398,983	18,077,150
Operating Loss	(2,427,380)	(2,682,996)	(5,751,438)
Nonoperating Revenues (Expenses)			
Nonoperating revenues	2,212,353	3,300,187	2,825,996
Nonoperating expenses	(3,813,550)	(3,078,654)	(2,735,409)
Net Nonoperating Revenues (Expenses)	(1,601,197)	221,533	90,587
Loss before capital contributions and transfers	(4,028,577)	(2,461,463)	(5,660,851)
Capital contributions and transfers	46,971,296	43,463,594	15,616,503
Change in Net Position	42,942,719	41,002,131	9,955,652
Net Position, beginning, as restated (2018)	218,130,959	177,128,828	167,173,176
Net Position, ending	$ 261,073,678	$ 218,130,959	$ 177,128,828


Revenue by Source in %
2020
2019
2018
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Dockage
Wharfage, dry bulk
Wharfage, liquid bulk
Wharfage, general cargo
Industrial park lease rentals
Crane rentals
POL value yard fees
Capital contributions
Nonoperating revenue
Other


Expense by Source in %
2020
2019
2018
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
Personnel services
Supplies
Other services and charges
Charges from other departments
Depreciation
Nonoperating expense

Capital Assets and Debt Administration

Capital Assets
The following table summarizes the Port's capital assets, at cost, as of December 31, 2020, 2019, and 2018.

TABLE 3
Net Capital Assets

	2020	2019	2018
Land	$ 38,439,459	$ 38,439,459	$ 20,101,537
Infrastructure	36,347,357	38,574,083	40,882,934
Buildings	2,485,771	2,620,191	2,754,611
Building improvements	15,791	16,519	17,247
Land improvements	101,260,529	104,295,558	84,371,646
Vehicles	384,366	454,357	491,633
Machinery and equipment	1,012,215	1,126,148	1,715,932
Computer hardware	45,040	32,698	27,187
Computer software	181,522	67,292	-
Art	21,344	21,344	21,344
Construction work in progress	101,668,454	50,311,867	40,919,598
Total Net Capital Assets	281,861,848	235,959,516	191,303,669
Increase in net capital assets	$ 45,902,332	$ 44,655,847	$ 13,224,598

2020 major additions include:
- Wharf Pile Enhancements - $868,839
- POAVY Liner - $361,738
- Tract J Fence - $235,693

Construction work in progress increased by $51,356,587 in 2020 due to the continued progress and work done on Phase 1 of the Port Modernization Program.

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

Debt

The following table summarizes the Port's debt as of December 31, 2020, 2019, and 2018.

TABLE 4
Net Debt

	2020	2019	2018
Revenue bonds, net	$ 69,191,345	$ -	$ -
Notes payable	-	40,000,000	40,000,000
Total Net Debt	69,191,345	40,000,000	40,000,000
Increase in net debt	$ 29,191,345	$ -	

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

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 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 1.051% to 3.52%.

During 2019, the Port had an outstanding $40,000,000 revolving credit agreement with a commercial bank. This amount was originally drawn down in 2013 and used to refinance the Port's outstanding commercial paper notes at that time.

Economic Factors and Next Year's Budgets and Rates

The Port of Alaska supports more than $14 billion in commercial activity in Alaska as the State's main inbound containerized freight and fuel distribution center. It is the conduit for goods consumed by 90% of Alaska's population. $7.1 billion in consumer goods cross the dock at the Port annually, supporting an estimated $9.2 billion in total retail sales activity across Alaska. Other nonretail freight valued at $2.9 billion supports state-wide economic activity to include supplies, materials and equipment used in food service, manufacturing and construction activities. Petroleum valued at $1.5 billion passes over the docks and through the Port of Alaska Valve Yard to support the Ted Stevens Anchorage International Airport and military operations at Joint Base Elmendorf Richardson.

The Port of Alaska's strategic location provides economic value to the communities and businesses it serves with proximity to population centers, Intermodal transportation connections, and a freight handling infrastructure suited to the needs of the users. The Port's on-property intermodal connectivity includes truck, train, and fuel pipeline and Alaska's principal air cargo hub is less than eight miles away. Efficient and continued 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 2020 budget projected Port operating revenues of $13 million and $2.3 million in nonoperating revenues. Actual 2020 operating revenues earned $13.8 million and were $800,000 over budget projections. Actual 2020 nonoperating revenues including capital contributions earned approximately $51.1 million and were $46.9 over budget projections. The increase in operating revenue was attributable to an approximately 25% increase in tonnage across the dock for Petroleum dockside deliveries to the Port of Alaska. This uptick in petroleum tonnage across the dock is due to shift in transportation of fuel modes from over the road deliveries to waterborne deliveries. The overall tonnage of the Port increased approximately 10%. This tonnage increased combined with approved, scheduled tariff increases set forth in Tariff 9.0 contributed to the overall increased performance over budget.

The 2019 budget projected Port operating revenues of $11.9 million and $1.8 million in nonoperating revenues. Actual 2019 operating revenues earned $12.7 million and were $800,000 over budget projections. Actual 2019 nonoperating revenue including capital contributions earned approximately $49 million and were $47.2 million over budget projections. The increase in operating revenue was attributable to an 8% increase in tonnage across the dock for all commodities delivered to the Port. In addition to the increased traffic for 2019, the operating revenue benefited from the Tariff 8.2 scheduled tariff increase of 3% that took effect January 1, 2019. Additionally, users of the Port not subject to the tariff rates and operating under a "Preferential User Agreement", saw an increase of 2.5% to their fees. The variance in the nonoperating revenue was due to the direct funding from the State of Alaska in the amount of $45.6 million for grant related expenditures related to the Port Modernization Program and increased earnings on investment income of $1.2 million over the budget.

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 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 in light of 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 & 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 scenarios 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. The Port Commission will review the established tariff rates each year and revise as needed to meet operating and debt service coverage requirements.

Currently Known Facts, Decisions and Conditions

The COVID-19 pandemic and related public health emergency has and continues to significantly impact the local, state, national, and global economy. On March 12, 2020, the Mayor of Anchorage declared a state of emergency to protect and preserve public health and safety. This emergency order has since expired. The Governor of the State of Alaska declared a public health emergency and issued intrastate travel restrictions for residents within Alaska and interstate travel mandates for travelers coming to or returning to Alaska. That emergency declaration has since lapsed, and the travel restrictions are no longer in effect.

The Port's operations and financial condition were not adversely impacted by the COVID-19 pandemic in 2020. However, should the COVID-19 pandemic continue or worsen in 2021, it is possible that COVID-19 pandemic may have a material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation may also adversely impact the Port's ability to deploy its workforce as effectively. While expected to be temporary, prolonged workforce disruptions may negatively impact performance of service. As such, this may hinder the Port's ability to meet the needs of its stakeholders. As such, the Port's financial condition and liquidity may be negatively impacted for the fiscal year 2021.

The Coronavirus Aid, Relief and Economic Security (CARES) Act, Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021 were signed into law on March 27, 2020, December 27, 2020, and March 11, 2021, respectively. These acts, among other things, appropriated federal funds to States and certain local governments. To date the Port has not received any federal funds though this legislation. The Port continues to examine the impact that these may have. Currently, the Port is unable to determine the full impact the economic relief legislation will have on the Port's financial condition, results of operations or liquidity.

Contacting the Port's Financial Management

This financial report is designed to provide the Port's customers, taxpayers, 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: **http://www.portofalaska.com**

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Financial Statements

Municipality of Anchorage, Alaska
Port of Alaska Fund
Statements of Net Position

December 31,	2020	2019
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	$ 650	$ 650
Equity in general cash pool	11,695,973	5,556,768
Accrued interest on investments	57,237	26,976
Accounts receivable, net	1,096,459	1,184,694
Prepaid items and deposits	181,238	55,117
Parts inventory	329,025	329,025
Total Current Assets	13,360,582	7,153,230
Noncurrent Assets		
Unrestricted assets:		
Assets held for resale	242,093	242,093
Capital assets, net	281,861,848	235,959,516
Net other postemployment benefits asset	169,934	16,161
Total unrestricted noncurrent assets	282,273,875	236,217,770
Restricted assets:		
Restricted cash - settlement set aside	1,950,000	1,950,000
Equity in general cash pool - held for debt service	7,967,418	-
Equity in general cash pool - held for capital projects	19,993,096	-
Intergovernmental receivables	15,734,197	24,828,730
Total restricted noncurrent assets	45,644,711	26,778,730
Total Noncurrent Assets	327,918,586	262,996,500
Total Assets	341,279,168	270,149,730
Deferred Outflows of Resources		
Related to pensions	200,034	180,380
Related to other postemployment benefits	100,458	131,828
Total Deferred Outflows of Resources	300,492	312,208
Total Assets and Deferred Outflows of Resources	$ 341,579,660	$ 270,461,938

Municipality of Anchorage, Alaska

Port of Alaska Fund

Statements of Net Position, continued

December 31,	2020	2019
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$ 843,844	$ 661,831
Capital acquisition and construction accounts and retainages payable	5,936,045	7,103,142
Compensated absences payable	160,155	159,050
Accrued payroll liabilities	122,197	84,194
Accrued interest payable	187,939	85,663
Total Current Liabilities	7,250,180	8,093,880
Noncurrent Liabilities		
Other noncurrent liabilities	1,761,154	1,774,678
Compensated absences payable	145,855	138,624
Net pension liability	2,019,032	2,065,214
Net other postemployment benefits liability	2,948	67,855
Notes payable	-	40,000,000
Bonds payable, including unamortized premium	69,191,345	-
Total Noncurrent Liabilities	73,120,334	44,046,371
Total Liabilities	80,370,514	52,140,251
Deferred Inflows of Resources		
Related to pensions	-	105,916
Related to other postemployment benefits	135,468	84,812
Total Deferred Inflows of Resources	135,468	190,728
Net Position		
Net investment in capital assets	232,663,599	195,959,516
Restricted for capital construction	11,748,152	19,675,588
Restricted for debt service	7,967,418	-
Unrestricted	8,694,509	2,495,855
Total Net Position	261,073,678	218,130,959
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 341,579,660	$ 270,461,938

See accompanying notes to basic financial statements.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended December 31,	2020	2019
Operating Revenues		
Charges for sales and services:		
Dockage	$ 1,270,139	$ 1,370,086
Wharfage, dry bulk	210,837	141,102
Wharfage, liquid bulk	2,961,881	1,764,856
Wharfage, general cargo	3,932,954	3,780,750
Storage revenue	272,130	234,381
Office rental	104,886	108,659
Utilities	27,705	41,688
Miscellaneous	118,894	438,726
Total charges for sales and services	8,899,426	7,880,248
Other operating revenues:		
Crane rentals	124,502	113,060
Industrial park lease rentals	4,442,927	4,440,847
POL value yard fees	328,210	281,832
Total other operating revenues	4,895,639	4,835,739
Total Operating Revenues	13,795,065	12,715,987
Operating Expenses		
Operations:		
Personnel services	2,673,288	2,565,643
Pension	(63,785)	(99,505)
Other postemployment benefits	(178,003)	(648,499)
Supplies	133,150	142,924
Other services and charges	5,098,796	5,326,655
Charges from other departments	1,113,852	985,148
Total operations	8,777,298	8,272,366
Depreciation	7,445,147	7,126,617
Total Operating Expenses	16,222,445	15,398,983
Operating loss	(2,427,380)	(2,682,996)

Municipality of Anchorage, Alaska

Port of Alaska Fund

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

Years Ended December 31,	2020	2019
Nonoperating Revenues (Expenses)		
Intergovernmental revenues - PERS on-behalf	$ 66,618	$ (32,445)
Investment income-short term investments	458,510	1,394,025
Security fees	1,494,782	1,496,703
Right-of-way fees	186,668	192,445
Interest on long-term obligations	(791,410)	(1,290,712)
Debt issuance costs	(1,248,466)	-
Security contract	(1,773,674)	(1,787,942)
Gain on sale of capital assets	5,775	-
Gain on sale of assets held for resale	-	249,459
Total Nonoperating Revenues (Expenses)	(1,601,197)	221,533
Loss before capital contributions and transfers	(4,028,577)	(2,461,463)
Contributions and Transfers		
Capital contributions	48,889,068	45,651,079
Transfers to other funds:		
Municipal service assessment	(1,281,973)	(1,471,199)
Dividend	(635,799)	(616,286)
Contributions to other funds	-	(100,000)
Change in Net Position	42,942,719	41,002,131
Net Position, beginning	218,130,959	177,128,828
Net Position, ending	$ 261,073,678	$ 218,130,959

See accompanying notes to basic financial statements.

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statements of Cash Flows

Years Ended December 31,	2020	2019
Cash Flows from Operating Activities		
Receipts from customers	$ 13,883,300	$ 12,900,302
Payments to employees	(2,626,949)	(2,633,901)
Payments to vendors	(5,189,578)	(5,703,558)
Internal activity - payments made to other funds	(1,113,852)	(985,148)
Net cash flows from operating activities	4,952,921	3,577,695
Cash Flows for Noncapital Financing Activities		
Transfer to other funds	(1,917,772)	(2,187,485)
Security contract	(1,773,674)	(1,787,942)
Right of way and security fees	1,681,450	1,689,148
Net cash flows for noncapital financing activities	(2,009,996)	(2,286,279)
Cash Flows from (for) Capital and Related Financing Activities		
Interest payments on long-term obligations	(689,134)	(1,314,410)
Acquisition and construction of capital assets	(54,514,576)	(45,793,649)
Proceeds from sale of capital assets	5,775	10,776
Proceeds from sale of assets held for resale	-	252,449
Proceeds from issuance of bonded debt	69,191,345	-
Principal payments on long-term debt	(40,000,000)	-
Debt issuance costs	(1,248,466)	-
Capital contributions received	57,983,601	28,673,854
Net cash flows from (for) capital and related financing activities	30,728,545	(18,170,980)
Cash Flows from Investing Activities		
Investment income	428,249	1,471,498
Net Increase (Decrease) in Cash	34,099,719	(15,408,066)
Cash, beginning	7,507,418	22,915,484
Cash, ending	41,607,137	7,507,418
Components of Cash		
Cash	650	650
Equity in general cash pool	11,695,973	5,556,768
Restricted cash - settlement set aside	1,950,000	1,950,000
Restricted equity in general cash pool - debt service	7,967,418	-
Restricted equity in general cash pool - capital projects	19,993,096	-
Cash, ending	41,607,137	7,507,418

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statements of Cash Flows, continued

Years Ended December 31,	2020	2019
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities:		
Operating loss	$ (2,427,380)	$ (2,682,996)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	7,445,147	7,126,617
PERS relief - noncash expenses	66,618	(32,445)
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:		
Accounts receivable	88,235	184,315
Prepaid items and deposits	(126,121)	21,085
Net other postemployment benefits asset	(153,773)	(5,321)
Deferred outflows of resources related to pensions	(19,654)	62,108
Deferred outflows of resources related to other postemployment benefits	31,370	24,447
Accounts payable	182,013	(241,540)
Compensated absences payable	8,336	(19,581)
Net pension liability	(46,182)	(319,088)
Net other postemployment benefits liability	(64,907)	(431,594)
Other noncurrent liabilities	(13,524)	(13,524)
Accrued payroll liabilities	38,003	(48,677)
Deferred inflows of resources related to pensions	(105,916)	46,075
Deferred inflows of resources related to other postemployment benefits	50,656	(92,186)
Net Cash Flows from Operating Activities	4,952,921	3,577,695
Noncash Investing, Capital, and Financing Activities		
Capital purchases on account	5,936,045	7,103,142
Assets held for resale	-	242,093
Capital contributions	15,734,197	24,828,730
Total Noncash Investing, Capital, and Financing Activities	$ 21,670,242	$ 32,173,965

See accompanying notes to basic financial statements.

1. Description of Business and Summary of Significant Accounting Policies

The 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 accompanying financial statements reflect the activities of the Port. The Port is an enterprise fund of the Municipality of Anchorage (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 become measurable 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 Statements of Net Position. Net position as shown on the statements 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 Statements 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.

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 $45,645,213 and $26,778,730 at December 31, 2020 and 2019, respectively.

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, 2020 and 2019.

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

Deferred Outflows of Resources

In addition to assets, the Statements of Net Position report a separate section of deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. At December 31, 2020 and 2019, the Port had deferred outflows of resources from pension and other postemployment benefits (OPEB) related items. These items are amortized to expense over time.

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.

Compensated Absences Payable

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

Pensions and Other Postemployment Benefits (OPEB)

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

Deferred Inflows of Resources

In addition to liabilities, the Statements of Net Position present 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 until then. At December 31, 2020 and 2019, the Port had deferred inflows of resource for pension and OPEB related items. These items are amortized as a reduction of expense over varying periods of time based on their nature.

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 $1,113,852 and $985,148 for the years ended December 31, 2020 and 2019, respectively. These amounts do not include the Port's payments to the Municipality's risk management programs.

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.

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 2020, 2019 or 2018.

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 Statements of Net Position.

Interfund Payable/Receivable

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.

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2. Cash and Investments

At December 31, 2020 and 2019, the Municipality had the following investments held in the Municipal Central Treasury:

December 31, 2020

		Fixed Income Investment Maturities (in years)			
Investment Type	Fair Value*	Less Than 1	1-5	6-10	More Than 10
Central treasury-unrestricted:					
Money market funds	$ 78,959,479	$ -	$ -	$ -	$ -
U.S. treasuries	107,697,330	-	96,477,708	10,238,499	981,123
U.S. agencies	27,567,964	10,411,045	371,139	10,838,106	5,947,674
Municipal bonds	725,872	-	54,203	333,528	338,141
Asset-backed securities**	22,945,988	241,387	12,109,746	2,887,506	7,707,349
Corporate fixed income securities	130,020,418	12,172,799	59,734,200	54,905,810	3,207,609
Domestic equities***	9,486	-	-	-	-
	$ 367,926,537	$ 22,825,231	$ 168,746,996	$ 79,203,449	$ 18,181,896
Central treasury-restricted:					
Money market funds	$ 21,846,171	$ -	$ -	$ -	$ -
U.S. treasuries	54,488,045	-	54,488,045	-	-
U.S. agencies	40,528,022	-	40,528,022	-	-
Corporate fixed income securities***	1,035,136	-	1,035,136	-	-
	$ 117,897,374	$ -	$ 96,051,203	$ -	$ -

* Fair value includes accrued income.
** Includes asset-backed securities, residential and commercial mortgage-backed securities, and collateralized debt obligations.
*** In 2019, the Central Treasury obtained an equity position when a corporate fixed income security was restructured via bankruptcy. The Municipality chose to hold this position until it is advantageous to sell it. The position was sold in 2020.

December 31, 2019

		Fixed Income Investment Maturities (in years)			
Investment Type	Fair Value*	Less Than 1	1-5	6-10	More Than 10
Central treasury-unrestricted:					
Money market funds	$ 14,721,342	$ -	$ -	$ -	$ -
Repurchase agreements	61,467,262	61,467,262	-	-	-
Commercial paper	2,824,608	2,824,608	-	-	-
U.S. treasuries	90,725,434	5,367,758	68,506,311	16,690,855	160,510
U.S. TIPS	4,133,704	-	1,728,030	2,405,674	-
U.S. agencies	54,795,702	29,450,138	5,532,580	6,180,849	13,632,135
Municipal bonds	58,119	-	15,399	-	42,720
Asset-backed securities**	24,545,951	136,466	14,855,882	2,183,330	7,370,273
Corporate fixed income securities***	119,838,965	33,296,018	44,015,469	40,509,156	2,018,322
	$ 373,111,087	$ 132,542,250	$ 134,653,671	$ 67,969,864	$ 23,223,960
Central treasury-restricted:					
Money market funds	$ 22,921,889	$ -	$ -	$ -	$ -
Repurchase agreements	10,190,948	10,190,948	-	-	-
Commercial paper	468,305	468,305	-	-	-
U.S. treasuries	34,608,937	889,946	30,925,123	2,767,256	26,612
U.S. TIPS	685,346	-	286,498	398,848	-
U.S. agencies	25,072,613	4,882,677	16,905,048	1,024,752	2,260,136
Municipal bonds	9,636	-	2,553	-	7,083
Asset-backed securities**	4,069,589	22,625	2,463,027	361,985	1,221,952
Corporate fixed income securities***	19,868,668	5,520,304	7,297,532	6,716,204	334,627
	$ 117,895,931	$ 21,974,805	$ 57,879,781	$ 11,269,045	$ 3,850,410

* Fair value includes accrued income.
** Includes asset-backed securities, residential and commercial mortgage-backed securities, and collateralized debt obligations.
*** In 2019, the Central Treasury obtained an equity position when a corporate fixed income security was restructured via bankruptcy. The Municipality chose to hold this position until it is advantageous to sell it. The position was sold in 2020.

The Port had the following investment balances held in the Municipal Central Treasury at December 31, 2020 and 2019:

	2020	2019
Equity in general cash pool	$ 11,695,973	$ 5,556,768
Restricted cash – settlement set aside	1,950,000	1,950,000
Equity in general cash pool – held for debt service	7,967,921	-
Equity in general cash pool – held for capital projects	19,993,096	-
Total investments held in central treasury	$ 41,606,990	$ 7,506,768

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

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

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

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

- Bank debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances (with maturities of not more than 365 days), and deposits with any bank, the short-term obligations of which are rated at least A-1 by Standard & Poor's, P-1 by Moody's, or F-1 by Fitch and which is either:

  a) Incorporated under the laws of the United States of America, or any state thereof, and subject to supervision and examination by federal or state banking authorities; or
  b) Issued through a foreign bank with a branch or agency licensed under the laws of the United States of America, or any state thereof, or under the laws of a country with a Standard & Poor's sovereign rating of AAA, or a Moody's sovereign rating for bank deposits of Aaa, or a Fitch national rating of AAA, and subject to supervision and examination by federal or state banking authorities.

- Repurchase agreements secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies.
- Dollar denominated corporate debt instruments rated BBB- or better (investment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Dollar denominated corporate debt instruments rated lower than BBB- (noninvestment 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 nonagency mortgage-backed securities, Collateralized Mortgage Obligations (CMOs), or Commercial Mortgage-Backed Securities (CMBS), which must have a credit rating of AA- or better by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Debt issued by the Tennessee Valley Authority.
- Money Market Mutual Funds rated Am or better by Standard & Poor's, or the equivalent by another nationally recognized rating agency, as long as they consist of allowable securities as outlined above.
- The Alaska Municipal League Investment Pool (AMLIP).
- Mutual Funds consisting of allowable securities as outlined above.
- Interfund Loans from a Municipal Cash Pool to a Municipal Fund.

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

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

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

Investment Type	Concentration Limit	Working Capital Portfolio Holding % at December 31, 2020	Working Capital Portfolio Holding % at December 31, 2019
U.S. government securities*	50% to 100% of portfolio	13%	27%
Repurchase agreements	0% to 50% of portfolio	-%	42%
Commercial paper	0% to 25% of portfolio; maximum 5% per issuer	-%	1%
Corporate fixed income securities**	0% to 25% of portfolio; maximum 5% per issuer	8%	17%
Money market mutual funds**	0% to 25% of portfolio	79%	13%
		100%	100%

* Includes debt obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations.
** The maximum exposure to Corporate floating rate and variable rate debt securities in the Working Capital Portfolio is 10 percent. Corporation 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 or purchase.
*** The Working Capital Portfolio may not be invested in AMLIP.

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

Investment Type	Concentration Limit	Internally Managed Holding % at December 31, 2020	Internally Managed Holding % at December 31, 2019
U.S. government securities*	50% to 100% of portfolio	76%	10%
Corporate fixed income	0% to 25% of portfolio; maximum 5% per issuer	1%	-%
Money market mutual funds**	0% to 25% of portfolio	23%	90%
		100%	100%

* Includes debt obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations.
** The Internally Managed Portfolio contained an excess of cash equivalents at December 31, 2020 and 2019, respectively, in anticipation of planned spending within a week. The portfolios were back in compliance in the first week of 2019 and 2020, respectively.

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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 have a duration of zero to 270 days. At December 31, 2020, the Working Capital Portfolio had a duration of 0.25 years, or approximately 91 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, 2020, the Contingency Reserve Portfolio had a duration of 1.88 years as compared to its benchmark, Barclays 1-3 Year Government Index, which had a duration of 1.91 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, 2020, the Strategic Reserve Portfolio had a duration of 3.27 years as compared to its benchmark, Barclays Intermediate Government/Corporate Index, which had a duration of 3.82 years.

The effective duration of the externally managed portfolio of the Municipal Central Treasury Working Capital Portfolio at December 31, 2020 was 0.25 years, which is within the targeted duration of +/-0.25 years of the Merrill Lynch 90-day Treasury Bill Index, as required per Alaska Permanent Capital Management Investment Manager Agreement. The effective duration of the Contingency Reserve and Strategic Reserve Portfolios at December 31, 2020, were 1.94 years, and 3.27 years, respectively, which are within the required durations per the policy.

Credit Risk

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

At December 31, 2020, the Municipal Central Treasury's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled $222,823,400. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	15%	AAA	7%
Aa	2%	AA	10%
A	19%	A	13%
Baa	16%	BBB	24%
Ba or lower	23%	BB or lower	21%
Not rated	25%	Not rated	25%
	100%		100%

At December 31, 2019, the Municipal Central Treasury's investment in marketable debt securities, excluding U.S. Treasury and Agency securities, totaled $168,390,928. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	41%	AAA	6%
Aa	3%	AA	20%
A	14%	A	14%
Baa	14%	BBB	17%
Ba or lower	18%	BB or lower	17%
Not rated	10%	Not rated	26%
	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 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government, as well as mutual funds and other pooled investments, are exempted from this requirement.

At December 31, 2020 and 2019, 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, 2020 and 2019, the Municipality had $135,917 and $62,048, respectively, in cash deposits and investments exposed to custodial risk.

Foreign Currency Risk

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

The Municipal Central Treasury is not exposed to foreign currency risk because AMC 6.50.030 explicitly prohibits the purchase of securities not denominated in U.S. Dollars. At December 31, 2020 and 2019, all debt obligations held in the Municipal Central Treasury were payable in U.S. Dollars.

Fair Value Measurements

At December 31, 2020 and 2019, 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.
- Money market funds are valued at amortized cost.
- 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.
- 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.
- U.S. TIPS are valued at the closing price reported on the active market on which the individual securities traded.
- 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.
- 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.
- Corporate fixed income 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.
- Domestic equities are valued at the closing price reported on the active market on which individual securities are traded.

The Municipality utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Port 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 had the following recurring fair value measurements as of December 31, 2020:

Investment type:	Total	Level 1	Level 2
Central treasury - unrestricted investments measured at fair value:			
U.S. treasuries	$ 107,697,330	$ 107,697,330	$ -
U.S. agencies	27,567,964	-	27,567,964
Municipal bonds	725,872	-	725,872
Asset-backed securities	22,945,988	-	22,945,988
Corporate fixed income securities	130,020,418	-	130,020,418
Domestic equities	9,486	9,486	-
	288,967,058	$ 107,706,816	$ 181,260,242
Investments measured at amortized cost:			
Money market funds	78,959,479		
Total central treasury – unrestricted	$ 367,926,537		
Central treasury - restricted investments measured at fair value:			
U.S. treasuries	$ 54,488,045	$ 54,488,045	$ -
U.S. agencies	40,528,022	-	40,528,022
Corporate fixed income securities	1,035,136	-	1,035,136
	96,051,203	$ 54,488,045	$ 41,563,158
Investments measured at amortized cost:			
Money market funds	21,846,171		
Total central treasury – restricted	$ 117,897,374		

The Municipality had the following recurring fair value measurements as of December 31, 2019:

Investment type:	Total	Level 1	Level 2
Central treasury- unrestricted investments measured at fair value:			
Commercial paper	$ 2,824,608	$ -	$ 2,824,608
U.S. treasuries	90,725,434	85,365,925	5,359,509
U.S. TIPS	4,133,704	4,133,704	-
U.S. agencies	54,795,702	54,795,702	-
Municipal bonds	58,119	-	58,119
Asset-backed securities	24,545,951	-	24,545,951
Corporate fixed income securities	119,838,965	40,568	119,798,397
	296,922,483	$ 144,335,899	$ 152,586,584
Investments measured at amortized cost:			
Money market funds	14,721,342		
Repurchase agreements	61,467,262		
Total central treasury – unrestricted	$ 373,111,087		
Central treasury- restricted investments measured at fair value:			
Commercial paper	$ 468,305	$ -	$ 468,305
U.S. treasuries	34,608,937	33,720,359	888,578
U.S. TIPS	685,346	685,346	-
U.S. agencies	25,072,613	-	25,072,613
Municipal bonds	9,636	-	9,636
Asset-backed securities	4,069,589	-	4,069,589
Corporate fixed income securities	19,868,668	6,726	19,861,942
	84,783,094	$ 34,412,431	$ 50,370,663
Investments measured at amortized cost:			
Money market funds	22,921,889		
Repurchase agreements	10,190,948		
Total central treasury – restricted	$ 117,895,931		

3. Accounts Receivable

The Port reports accounts receivable on its Statements of Net Position net of allowances for uncollectable accounts. At December 31, 2020 and 2019, the Port reported gross receivables of $1,096,459 and $1,184,694, respectively. At December 31, 2020 and 2019, the Port determined that allowance for uncollectable accounts was not necessary because a majority of the receivable balances were in current status.

4. Port Modernization Project

The Port of Alaska (the Port) is a Municipality of Anchorage owned and operated facility that handles half of all Alaska inbound marine freight – some 4.7 million tons of fuel and cargo in 2020 – half of which is 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:

- Intermodal transport hub that efficiently connects Alaska's primary marine, road, rail, pipeline, and air cargo systems.
- Department of Defense commercial strategic seaport that projects 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 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 cargo yard, two private barge terminals, Joint Base Elmendorf-Richardson (JBER) and Ted Stevens International Airport. It is the only tsunami-proof, inbound-cargo port on Alaska's Railbelt-connected road system.

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 reinforced more than half of the dock's piles. However, jackets are a one-time fix that last 10 to 15 years and all terminals continue to lose load ratings and will start closing in the next 5 to 6 years, regardless of repairs, seismic activity, or anything else.

The Port of Alaska Modernization Program (PAMP) is 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

Port and Municipal officials have been working with engineers to replace all the Port's docks. Significant effort was committed to begin work on Phase 1, the construction of the new Petroleum & Cement Terminal (PCT) at the Port of Alaska. A test-pile program was completed in 2016 to demonstrate constructability and support design and permitting work. This work was followed by a South Backlands Stabilization to provide related shore improvements and a Transitional Dredging project to support the trestle and dock structures. Both projects were competed in 2019. In 2020, the first year of in-water construction—which resulted in creating the trestle and platform for the PCT—was successfully completed. The 2021 construction season will see the PCT completed with the addition of fendering, mooring dolphins, utilities, and plumbing to connect the facility to the Port's existing petroleum and cement infrastructure.

The PCT must be built first and south of existing docks to enable safe and continuous port operations during construction of all remaining docks. Reimbursable State of Alaska grants and Port equity have funded most PAMP-related work that has been completed or contracted to date. The Municipality and PAMP officials have secured the funds necessary for completion of the PCT through a combination of tariff and fee increases, and additional State and Federal grants.

5. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2020:

	Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020
Capital assets not being depreciated:				
Land	$ 38,439,459	$ -	$ -	$ 38,439,459
Works of art	21,344	-	-	21,344
Construction in progress	50,311,867	52,891,741	(1,535,154)	101,668,454
Total capital assets not being depreciated	88,772,670	52,891,741	(1,535,154)	140,129,257
Capital assets being depreciated:				
Buildings	7,069,156	-	-	7,069,156
Building improvements	377,334	-	-	377,334
Land improvements	134,639,909	1,468,306	(102,181)	136,006,034
Vehicles	1,274,970	29,500	-	1,304,470
Machinery and equipment	11,816,810	339,393	-	12,156,203
Computer hardware	158,895	23,608	-	182,503
Computer software	86,067	130,085	-	216,152
Office furniture and fixtures	64,788	-	-	64,788
Infrastructure	130,042,145	-	-	130,042,145
Total capital assets being depreciated	285,530,074	1,990,892	(102,181)	287,418,785
Less accumulated depreciation for:				
Buildings	4,448,965	134,420	-	4,583,385
Building improvements	360,815	728	-	361,543
Land improvements	30,344,351	4,503,335	(102,181)	34,745,505
Vehicles	820,613	99,491	-	920,104
Machinery and equipment	10,690,662	453,326	-	11,143,988
Computer hardware	126,197	11,266	-	137,463
Computer software	18,776	15,854	-	34,630
Office furniture and fixtures	64,787	-	-	64,787
Infrastructure	91,468,062	2,226,727	-	93,694,789
Total accumulated depreciation	138,343,228	7,445,147	(102,181)	145,686,194
Capital assets being depreciated, net	147,186,846	(5,454,255)	-	141,732,591
Total Capital Assets, net	$235,959,516	$ 47,437,486	$ (1,535,154)	$ 281,861,848

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2019:

	Balance January 1, 2019	Increase	Decrease	Balance December 31, 2019
Capital assets not being depreciated:				
Land	$ 20,101,537	$ 18,337,922	$ -	$ 38,439,459
Works of art	21,344	-	-	21,344
Construction in progress	40,919,598	51,926,558	(42,534,289)	50,311,867
Total capital assets not being depreciated	61,042,479	70,264,480	(42,534,289)	88,772,670
Capital assets being depreciated:				
Buildings	7,069,156	-	-	7,069,156
Building improvements	377,334	-	-	377,334
Land improvements	110,835,693	23,804,216	-	134,639,909
Vehicles	1,243,522	56,400	(24,952)	1,274,970
Machinery and equipment	11,900,797	77,591	(161,578)	11,816,810
Computer hardware	176,171	13,498	(30,774)	158,895
Computer software	18,130	68,431	(494)	86,067
Office furniture and fixtures	148,077	-	(83,289)	64,788
Infrastructure	130,007,028	35,117	-	130,042,145
Total capital assets being depreciated	261,775,908	24,055,253	(301,087)	285,530,074
Less accumulated depreciation for:				
Buildings	4,314,545	134,420	-	4,448,965
Building improvements	360,087	728	-	360,815
Land improvements	26,464,047	3,880,304	-	30,344,351
Vehicles	751,889	93,676	(24,952)	820,613
Machinery and equipment	10,184,865	664,395	(158,598)	10,690,662
Computer hardware	148,984	7,986	(30,773)	126,197
Computer software	18,130	1,140	(494)	18,776
Office furniture and fixtures	148,077	-	(83,290)	64,787
Infrastructure	89,124,094	2,343,968	-	91,468,062
Total accumulated depreciation	131,514,718	7,126,617	(298,107)	138,343,228
Capital assets being depreciated, net	130,261,190	16,928,636	(2,980)	147,186,846
Total Capital Assets, net	$191,303,669	$ 87,193,116	$ (42,537,269)	$ 235,959,516

6. Operating Leases

The Port has leased 200 acres of space in the Port Industrial Park to unrelated third parties. The 2020 carrying value of the leased assets is $10,159,121 with a cost of $15,880,584 and accumulated depreciation of $5,721,463. The 2019 carrying value of the leased assets is $10,219,069 with a cost of $15,880,584 and accumulated depreciation of $5,661,515. The leases provide for five-year rental adjustment intervals. Future minimum payments to be received are as follows:

Years Ending December 31,	
2021	$ 2,773,338
2022	870,687
2023	794,787
2024	785,875
2025	785,966
2026-2030	3,710,796
2031-2035	3,406,379
2036-2040	800,000
2041-2045	800,000
2046-2050	305,000
Total	$ 15,032,828

Total lease revenue was $4,442,927 and $4,440,847 for the years ended December 31, 2020 and 2019, respectively.

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 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 1.051% to 3.52%.

Notes Payable from Direct Borrowings

The Port's notes payable from direct borrowings consists of a Subordinate Lien Port Revenue Notes with U.S. Bank National Association. The proceeds from the notes were used to fund capital improvements to Port facilities on a short-term basis. The notes had a total authorized amount of $40,000,000 and an expiration date of July 1, 2021. As described above, the notes were paid off using proceeds from the issuance of 2020 Series B Revenue Bonds. The interest rate charged to the Port was variable; as of December 31, 2019, the interest rate was 1.887%.

The amount of interest expense recognized on the notes for the year ended December 31, 2020 and 2019 was $619,582 and $1,290,712, respectively.

Changes in noncurrent liabilities, except for amounts discussed in Note 10, for the year ended December 31, 2020 were as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Revenue bonds payable	$ -	$ 65,095,000	$ -	$ 65,095,000	$ -
Unamortized premium	-	4,096,345	-	4,096,345	-
Total revenue bonds payable	-	69,191,345	-	69,191,345	-
Notes payable from direct borrowings	40,000,000	-	(40,000,000)	-	-
Environmental obligation	1,774,678	-	(13,524)	1,761,154	-
Compensated absences payable	297,674	179,039	(170,703)	306,010	160,155
Total Noncurrent Liabilities	$ 42,072,352	$ 69,370,384	$ (40,184,227)	$ 71,258,509	$ 160,155

Changes in noncurrent liabilities, except for amounts discussed in Note 10, for the year ended December 31, 2019 were as follows:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Notes payable from direct borrowings	$ 40,000,000	$ -	$ -	$ 40,000,000	$ -
Environmental obligation	1,788,202	-	(13,524)	1,774,678	-
Compensated absences payable	317,255	132,844	(152,425)	297,674	159,050
Total Noncurrent Liabilities	$ 42,105,457	$ 132,844	$ (165,949)	$ 42,072,352	$ 159,050

Debt service requirements to maturity follow:

	Revenue Bonds		
Year Ending December 31,	Principal	Interest	Total
2021	$ -	$ 2,267,940	$ 2,267,940
2022	-	2,280,612	2,280,612
2023	715,000	2,280,610	2,995,610
2024	525,000	2,272,952	2,797,952
2025	370,000	2,265,954	2,635,954
2026-2030	8,945,000	10,984,286	19,929,286
2031-2035	10,485,000	9,852,446	20,337,446
2036-2040	12,130,000	8,213,440	20,343,440
2041-2045	14,315,000	6,031,314	20,346,314
2046-2050	17,610,000	2,727,750	20,337,750
	$ 65,095,000	$ 49,177,304	$ 114,272,304

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 2050. The total principal and interest remaining to be paid on the bonds at December 31, 2020 was $114,272,304. Principal and interest paid for the year ended December 31, 2020 was $0. Total pledged revenues for the year ended December 31, 2020 were $16,007,418.

Revenue Bond Coverage Requirements

The Port's Schedule of Revenue Bond Coverage follows:

Fiscal Year	Revenue (1)	Operating Expenses (2)	Amount Available for Debt Service	Principal	Interest	Total	Coverage
2020	$ 15,935,025	$ 12,074,732	$ 3,860,293	$ -	$ -	$ -	n/a

(1) Excludes allowance for funds used during construction, includes nonoperating revenue. Excludes payments received for PERS relief from the State of Alaska.
(2) Excludes pension expense, PERS on behalf expense, OPEB on behalf expense, OPEB expense, depreciation and transfers to other funds; but includes regular/recurring non-operating expenses.
(3) 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 $1,761,154 and $1,774,678 at December 31, 2020 and 2019, respectively. See Note 9 for a description of environmental issues affecting this land.

9. Environmental Issues

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 $1,761,154 and $1,774,678 at December 31, 2020 and 2019, respectively. In 2011, the Port recognized a capital contribution in the amount of $8,425,612. Both Tract H and Tract J at the Port are ADEC designated contaminated sites. In 2020 and 2019, the monitoring and reporting costs for Tract J were $13,269 and $13,269, respectively. No required monitoring expenses were incurred for Tract H in 2020.

10. Pension and Other Postemployment Benefits

(a) Defined Benefit (DB) Pension Plan

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.

General Information About the Plan

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

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

The Port recorded the related on-behalf contributions as revenue and expense.

Employee Contribution Rates

Employees are required to contribute 6.75% 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. 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 for the plan year ended June 30, 2019 and June 30, 2020 were determined in the June 30, 2016 and June 30, 2017 actuarial valuations, respectively. The Port's contribution rates for the 2020 and 2019 calendar year were as follows:

January 1, 2020 to June 30, 2020	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.72%	23.73%	6.62%
Postemployment healthcare (ARHCT)	6.28%	4.89%	0.00%
Total Contribution Rates	22.00%	28.62%	6.62%

July 1, 2020 to December 31, 2020	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	26.58%	8.85%
Postemployment healthcare (ARHCT)	0.00%	4.27%	0.00%
Total Contribution Rates	22.00%	30.85%	8.85%

January 1, 2019 to June 30, 2019	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	16.17%	23.21%	5.58%
Postemployment healthcare (ARHCT)	5.83%	4.37%	0.00%
Total Contribution Rates	22.00%	27.58%	5.58%

July 1, 2019 to December 31, 2019	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.72%	23.73%	6.62%
Postemployment healthcare (ARHCT)	6.28%	4.89%	0.00%
Total Contribution Rates	22.00%	28.62%	6.62%

In 2020, the Port was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2019 to June 30, 2020	Port's Fiscal Year January 1, 2020 to December 31, 2020
Employer contributions (including DBUL)	$ 138,494	$ 148,316
Nonemployer contributions (on-behalf)	72,689	86,042
Total Contributions	$ 211,183	$ 234,358

In 2019, the Port was credited with the following contributions into the pension plan:

	Measurement Period July 1, 2018 to June 30, 2019	Port's Fiscal Year January 1, 2019 to December 31, 2019
Employer contributions (including DBUL)	$ 168,354	$ 164,672
Nonemployer contributions (on-behalf)	76,848	81,564
Total Contributions	$ 245,202	$ 246,236

In addition, employee contributions to the Plan totaled $48,139 and $46,262 during the Port's 2020 and 2019 fiscal years, respectively.

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

At December 31, 2020 and 2019, 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:

	2020
Port proportionate share of NPL	$ 2,019,032
State's proportionate share of NPL associated with the Port	835,767
Total Net Pension Liability	$ 2,854,799

	2019
Port proportionate share of NPL	$ 2,065,214
State's proportionate share of NPL associated with the Port	820,051
Total Net Pension Liability	$ 2,885,265

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net pension liability as of that date. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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 Port'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, 2020 measurement date, the Port's proportion was 0.03421 percent, which was a decrease of 0.00353 from its proportion measured as of June 30, 2019. At the June 30, 2019 measurement date, the Port's proportion was 0.03774 percent, which was a decrease of 0.01024 from its proportion measured as of June 30, 2018.

For the year ended December 31, 2020, the Port recognized pension expense of $422,998 and on-behalf revenue of $107,967 for support provided by the State. At December 31, 2020, 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
Difference between expected and actual experience	$ 6,405	$ -
Net difference between projected and actual earnings on pension plan investments	82,175	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	34,777	-
Port contributions subsequent to the measurement date	76,677	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	$ 200,034	$ -

For the year ended December 31, 2019, the Port recognized pension expense of $323,651 and on-behalf revenue of $111,400 for support provided by the State. At December 31, 2019, 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
Difference between expected and actual experience	$ -	$ (30,574)
Changes in assumptions	63,228	-
Net difference between projected and actual earnings on pension plan investments	29,611	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	-	(75,342)
Port contributions subsequent to the measurement date	87,541	-
Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions	$ 180,380	$ (105,916)

The $76,677 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2021	$ 42,634
2022	28,898
2023	30,545
2024	21,280
Total Amortization	$ 123,357

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50%
Salary increases	increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 40% of the time.

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

The total pension liability for the measurement period ended June 30, 2019 was determined by an actuarial valuation as of June 30,2018, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50%
Salary increases	increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2019 measurement date were allocated to employers based on the present value of contributions for fiscal years 2021 to 2039 to the Plan, as determined by projections based on the June 30, 2018 valuation. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 40% of the time.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation 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 2.36%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 and 2019 are summarized in the following table:

June 30, 2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

June 30, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Port's proportionate share of the net pension liability calculated using the discount rate of 7.38%, 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:

June 30, 2020

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Port's proportionate share of the net pension liability	0.03421%	$ 2,625,168	$ 2,019,032	$ 1,510,652

June 30, 2019

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Port's proportionate share of the net pension liability	0.03774%	$ 2,725,721	$ 2,065,214	$ 1,512,062

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 comprehensive annual financial report for PERS, and at the following website, as noted above. http://doa.alaska.gov/drb/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 Port contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended December 31, 2020 and 2019 to cover a portion of the Port's employer match contributions.

Employee Contribution Rate

For the years ended December 31, 2020 and 2019, employees were required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the years ended December 31, 2020 and 2019, the Port 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, 2020 were $30,086 and $48,139, respectively. The Port and employee contributions to PERS for pensions for the year ended December 31, 2019 were $32,615 and $52,098, respectively. The contribution amounts were recognized as pension expense/expenditures in the respective years.

(c) Defined Benefit Other Postemployment Benefits (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 comprehensive annual financial report for PERS, at the following website, as noted above. http://doa.alaska.gov/drb/pers.

Employer Contribution Rate

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

Employer contribution rates for the year ended December 31, 2020 and 2019 were as follows:

January 1, 2020 to June 30, 2020	
Alaska Retiree Healthcare Trust	6.28%
Retiree Medical Plan	1.32%
Occupational Death and Disability Benefits	0.26%
Total Contribution Rates	7.86%

July 1, 2020 to December 31, 2020	
Alaska Retiree Healthcare Trust	-%
Retiree Medical Plan	1.27%
Occupational Death and Disability Benefits	0.31%
Total Contribution Rates	1.58%

January 1, 2019 to June 30, 2019	
Alaska Retiree Healthcare Trust	5.83%
Retiree Medical Plan	0.94%
Occupational Death and Disability Benefits	0.26%
Total Contribution Rates	7.03%

July 1, 2019 to December 31, 2019	
Alaska Retiree Healthcare Trust	6.28%
Retiree Medical Plan	1.32%
Occupational Death and Disability Benefits	0.26%
Total Contribution Rates	7.86%

In 2020 and 2019, the Port was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2019 to June 30, 2020	Port's Fiscal Year January 1, 2020 to December 31, 2020	Measurement Period July 1, 2018 to June 30, 2019	Port's Fiscal Year January 1, 2019 to December 31, 2019
Employer contributions - ARHCT	$ 55,100	$ 44,896	$ 60,685	$ 62,525
Employer contributions – RMP	7,719	7,788	5,823	7,402
Employer contributions - ODD	2,519	2,641	2,721	2,820
Total Contributions	$ 65,338	$ 55,325	$ 69,229	$ 72,747

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

At December 31, 2020 and 2019, the Port reported an asset and liability for its proportionate share of the net OPEB assets (NOA) and net OPEB liabilities (NOL) 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:

	2020	2019
Port's proportionate share of NOL – ARHCT	$ -	$ 55,975
Port's proportionate share of NOL – RMP	2,948	11,880
Subtotal Net OPEB Liabilities	2,948	67,855
State's proportionate share of the ARHCT NOL associated with the Port	-	22,257
Total Net OPEB Liabilities	2,948	90,112
Port's proportionate share of NOA – ARHCT	154,877	-
Port's proportionate share of NOA – ODD	15,057	16,161
Subtotal Net OPEB Assets	169,934	16,161
State's proportionate share of the ARHCT NOA associated with the Port	64,255	-
Total Net OPEB Assets	$ 234,189	$ 16,161

The total OPEB assets and liabilities for the June 30, 2020 measurement date were determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net OPEB assets and liabilities as of that date. The Port's proportion of the net OPEB assets and liabilities were based on a projection of the Port's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	Employer Proportion		
	June 30, 2019 Measurement Date	June 30, 2020 Measurement Date	Change
Port's proportionate share of the net OPEB liabilities (assets):			
ARHCT	0.03772%	0.03420%	(0.00352)%
RMP	0.04966%	0.04157%	(0.00809)%
ODD	0.06660%	0.05523%	(0.01137)%

	Employer Proportion		
	June 30, 2018 Measurement Date	June 30, 2019 Measurement Date	Change
Port's proportionate share of the net OPEB liabilities (assets):			
ARHCT	0.04797%	0.03772%	(0.01025)%
RMP	0.05581%	0.04966%	(0.00615)%
ODD	0.05581%	0.06660%	0.01079%

Collective Totals (All Plans)

For the year ended December 31, 2020, the Port recognized collective OPEB expense of $(111,847) and revenue of $(41,349) for support provided by the Plans.

At December 31, 2020, the Port reported collective deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 16	$ (18,110)
Changes in assumptions	4,141	(115,803)
Net difference between projected and actual earnings on OPEB plan investments	63,978	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	8,563	(1,555)
Port contributions subsequent to the measurement date	23,760	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans	$ 100,458	$ (135,468)

For the year ended December 31, 2019, the Port recognized collective OPEB expense of $(520,324) and revenue of $(143,845) for support provided by the Plans.

At December 31, 2019, the Port reported collective deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

All Plans		Deferred Outflows of Resources		Deferred Inflows of Resources
Difference between expected and actual experience	$	-	$	(43,533)
Changes in assumptions		80,028		(309)
Net difference between projected and actual earnings on OPEB plan investments		-		(24,749)
Changes in proportion and differences between Port contributions and proportionate share of contributions		10,865		(16,221)
Port contributions subsequent to the measurement date		40,935		-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans	$	131,828	$	(84,812)

The $23,760 reported as collective 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 liabilities (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,		
2021	$	(113,977)
2022		21,206
2023		22,834
2024		15,716
2025		(1,505)
Thereafter		(3,044)
Total Amortization	$	(58,770)

ARHCT Plan

At December 31, 2020, the Port reported deferred outflows of resources and deferred inflows of resources related to the ARHCT Plan from the following sources:

ARHCT Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (12,425)
Changes in assumptions	-	(107,959)
Net difference between projected and actual earnings on OPEB plan investments	62,141	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	8,205	-
Port contributions subsequent to the measurement date	18,442	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ARHCT Plan	$ 88,788	$ (120,384)

At December 31, 2019, the Port reported deferred outflows of resources and deferred inflows of resources related to the ARHCT Plan from the following sources:

ARHCT Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (37,614)
Changes in assumptions	74,278	-
Net difference between projected and actual earnings on OPEB plan investments	-	(24,511)
Changes in proportion and differences between Port contributions and proportionate share of contributions	10,457	(14,079)
Port contributions subsequent to the measurement date	34,720	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ARHCT Plan	$ 119,455	$ (76,204)

The $18,442 reported as deferred outflows of resources at December 31, 2020 related to the ARHCT Plan resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,		
2021	$	(112,678)
2022		22,119
2023		23,749
2024		16,772
Total Amortization	$	(50,038)

Retiree Medical Plan

At December 31, 2020, the Port reported deferred outflows of resources and deferred inflows of resources related to the RMP Plan from the following sources:

RMP Plan		Deferred Outflows of Resources		Deferred Inflows of Resources
Difference between expected and actual experience	$	16	$	(634)
Changes in assumptions		4,141		(7,624)
Net difference between projected and actual earnings on OPEB plan investments		1,320		-
Changes in proportion and differences between Port contributions and proportionate share of contributions		359		-
Port contributions subsequent to the measurement date		3,921		-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to RMP Plan	$	9,757	$	(8,258)

At December 31, 2019, the Port reported deferred outflows of resources and deferred inflows of resources related to the RMP Plan from the following sources:

RMP Plan		Deferred Outflows of Resources		Deferred Inflows of Resources
Difference between expected and actual experience	$	-	$	(880)
Changes in assumptions		5,750		-
Net difference between projected and actual earnings on OPEB plan investments		-		(131)
Changes in proportion and differences between Port contributions and proportionate share of contributions		408		-
Port contributions subsequent to the measurement date		4,669		-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to RMP Plan	$	10,827	$	(1,011)

The $3,921 reported as deferred outflows of resources at December 31, 2020 related to the RMP Plan resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,		
2021	$	(266)
2022		(2)
2023		(7)
2024		(108)
2025		(426)
Thereafter		(1,613)
Total Amortization	$	(2,422)

ODD Plan

At December 31, 2020, the Port reported deferred outflows of resources and deferred inflows of resources related to the ODD Plan from the following sources:

ODD Plan		Deferred Outflows of Resources		Deferred Inflows of Resources
Difference between expected and actual experience	$	-	$	(5,052)
Changes in assumptions		-		(221)
Net difference between projected and actual earnings on OPEB plan investments		516		-
Changes in proportion and differences between Port contributions and proportionate share of contributions		-		(1,555)
Port contributions subsequent to the measurement date		1,398		-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ODD Plan	$	1,914	$	(6,828)

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At December 31, 2019, the Port reported deferred outflows of resources and deferred inflows of resources related to the ODD Plan from the following sources:

ODD Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (5,039)
Change in assumptions	-	(309)
Net difference between projected and actual earnings on OPEB plan investments	-	(107)
Changes in proportion and differences between Port contributions and proportionate share of contributions	-	(2,142)
Port contributions subsequent to the measurement date	1,546	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ODD Plan	$ 1,546	$ (7,597)

The $1,398 reported as deferred outflows of resources at December 31, 2020 related to the ODD Plan resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2021	$ (1,033)
2022	(911)
2023	(908)
2024	(949)
2025	(1,080)
Thereafter	(1,431)
Total Amortization	$ (6,312)

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Actuarial Assumptions

The total OPEB asset and liability for each plan for the measurement period ended June 30, 2020 was determined by actuarial valuations as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2020:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50%
Salary increases	Graded by service from 6.75% to 2.75%.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for FY 2022-2039, as determined by projections based on the June 30, 2019 valuation.
Investment return of return	7.38%, 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 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
Participation (ARHCT)	100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

The total OPEB asset and liability for each plan for the measurement period ended June 30, 2019 was determined by actuarial valuations as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50%
Salary increases	Graded by service from 6.75% to 2.75%.
Allocation methodology	Amounts for the June 30, 2019 measurement date were allocated to employers based on the present value of contributions for FY 2021-2039, as determined by projections based on the June 30, 2018 valuation.
Investment return of return	7.38%, 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 4.88%.
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table projected with MP-2017 generational improvement. The rates for pre-termination mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.
Participation (ARHCT)	100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.36% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020 and 2019 are summarized in the following table:

June 30, 2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	-%	(1.09)%

June 30, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	24%	8.16 %
Global equity (non-U.S.)	22%	7.51 %
Intermediate treasuries	10%	1.58 %
Opportunistic	10%	3.96 %
Real assets	17%	4.76 %
Absolute return	7%	4.76 %
Private equity	9%	11.39 %
Cash equivalents	1%	0.83 %

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Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2020 was 7.38%. The discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position or 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 Liability (Asset) to Changes in the Discount Rate

The following presents the Port's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38%, as well as what the Port's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

2020	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Port's proportionate share of the net OPEB liability (asset):				
ARHCT	0.03420%	$ 161,612	$ (154,877)	$ (417,024)
RMP	0.04157%	18,269	2,948	(8,647)
ODD	0.05523%	(14,149)	(15,057)	(15,783)

2019	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Port's proportionate share of the net OPEB liability (asset):				
ARHCT	0.03772%	$ 450,247	$ 55,975	$ (268,357)
RMP	0.04966%	29,840	11,880	(1,640)
ODD	0.06660%	(15,330)	(16,161)	(16,883)

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

The following presents the Port's proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2018 actuarial valuation reports as well as what the Port's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

2020	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Port's proportionate share of the net OPEB liability (asset):				
ARHCT	0.03420%	$ (447,761)	$ (154,877)	$ 199,787
RMP	0.04157%	10,347	2,948	(21,034)
ODD	0.05523%	-	(15,057)	-

2019	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Port's proportionate share of the net OPEB liability (asset):				
ARHCT	0.03772%	$ (306,290)	$ 55,975	$ 498,074
RMP	0.04966%	(3,654)	11,881	33,146
ODD	0.06660%	-	(16,161)	-

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, 2020, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,159 per year for each full-time employee, and $1.38 per hour for part-time employees. As of July 1, 2019, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,121 per year for each full-time employee, and $1.36 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2020, the Port contributed $15,355 in DC OPEB costs. In 2019, the Port contributed $26,221 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

11. Subsequent Events

On July 1, 2021, the Port entered into a revolving line of credit agreement with U.S. Bank. The maximum amount available to borrow is $40,000,000. The line of credit expires on December 29, 2023. The interest rate to be charged to the Port is variable. As of the date the financial statements were available to be issued, the Port has not borrowed on the line of credit.

12. COVID-19 and Economic Relief Legislation

COVID-19 Pandemic

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the coronavirus as a pandemic, based on the rapid increase in exposure globally.

On March 12, 2020, the Mayor of Anchorage declared a state of emergency to protect and preserve public health and safety. This emergency order has since expired. The Governor of the State of Alaska declared a public health emergency and issued intrastate travel restrictions for residents within Alaska and interstate travel mandates for travelers coming to or returning to Alaska. That emergency declaration has since lapsed, and the travel restrictions are no longer in effect.

The Port's operations are heavily dependent on the ability to receive operating revenues from users of the Port's facilities. Additionally, access to grants and contracts from the State of Alaska may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation may also adversely impact the Port's ability to deploy its workforce as effectively. While expected to be temporary, prolonged workforce disruptions may negatively impact performance of service. As such, this may hinder the Port's ability to meet the needs of its stakeholders. As such, the Port's financial condition and liquidity may be negatively impacted for the fiscal year 2021.

Economic Relief Legislation

On March 27, 2020 the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. In addition, the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act of 2021 were signed into law on December 27, 2020 and March 11, 2021, respectively, appropriating federal funds to States and certain local governments. To date the Port has not received any federal funds through this legislation. There is no assurance the Port is eligible for these funds or will be able to obtain them. The Port continues to examine the impact that these may have. Currently, the Port is unable to determine the full impact the economic relief legislation will have on the Port's financial condition, results of operations or liquidity.

13. 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.

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, the Municipality reached an agreement to fully and finally settle, release and resolve any and all claims, liabilities and damages of the Municipality relative to work performed by MKB Constructors, Quality Asphalt Paving and Terracon Consultants for $5.5 million, $5.15 million and $1.95 million, respectively. In total, these settlements amount to $12.6 million recorded in 2016 as legal settlements shown on the Port's statements of revenues, expenses and changes in net position as non-operating revenue. As required under two of the settlement agreements the Port restricted $1.95 million of the $12.6 million settlements to a Port litigation escrow account also recorded in 2016 as restricted assets "legal settlement set-aside", of the Port's statements of net position. The remaining defendants executed settlement agreements as follows: Integrated Concepts and Research Corporation (ICRC) for $3.75 million, PND Engineers Inc. for $750,000, GeoEngineers for $750,000 and CH2M Hill for $1.5 million. Each of these defendant's settlements and payments are recorded in 2017. 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) is ongoing. This case in federal court remains active and no claims have been asserted against the Municipality.

In the meantime, a new project, the Anchorage Port Modernization Program (APMP) is moving forward. The project has secured funds to complete Phase 1 of a four phase project. The phase one project is to construct a petroleum-cement terminal that is scheduled to be completed by 2021.

14. New Accounting Pronouncements

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Port in 2020:

GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.

The adoption of these standards had no impact on the Port's financial statements.

The following statements are not required to be adopted for the reporting period. 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. 87 – Leases – Effective for the 2022 financial reporting period. This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period – Effective for the 2021 financial reporting period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB Statement No. 91 – Conduit Debt Obligations – Effective for the 2022 financial reporting period. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

GASB Statement No. 92 - Omnibus 2020 – Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for the 2022 financial reporting period. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

GASB Statement No. 93 – Replacement of Interbank Offered Rates – The provisions of this Statement, except for paragraph 11b, are required to be implemented for the 2021 financial reporting period. The requirements in paragraph 11b are required to be implemented for the 2022 financial reporting period. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

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

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

Required Supplementary Information

Municipality of Anchorage, Alaska

Port of Alaska Fund

Public Employees' Retirement System - Pension Plan

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

Years Ended December 31,	2020	2019	2018	2017	2016	2015
Port's Proportion of the Net Pension Liability	0.03421%	0.03774%	0.04798%	0.04125%	0.03604%	0.03570%
Port's Proportionate Share of the Net Pension Liability	$ 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	835,767	820,051	690,549	553,637	253,804	397,126
Total Net Pension Liability	$ 2,854,799	$ 2,885,265	$ 3,074,851	$ 2,039,671	$ 2,268,057	$ 1,879,792
Port's Covered Payroll	$ 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	177.39%	158.92%	164.49%	115.51%	213.51%	153.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%

Schedule of Port Contributions

Years Ended December 31,	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	$ 148,316	$ 164,672	$ 196,494	$ 175,980	$ 113,997	$ 108,499
Contributions Relative to the Contractually Required Contribution	148,316	164,672	196,494	175,980	113,997	108,499
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
Port's Covered Payroll	$ 1,116,420	$ 1,310,046	$ 1,462,579	$ 1,319,601	$ 961,507	$ 987,830
Contributions as a Percentage of Covered Payroll	13.28%	12.57%	13.43%	13.34%	11.86%	10.98%

See accompanying notes to Required Supplementary Information.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Public Employees' Retirement System - OPEB Plans

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

	ARHCT			RMP			ODD		
Years Ended December 31,	2020	2019	2018	2020	2019	2018	2020	2019	2018
Port's Proportion of the Net OPEB Liability (Asset)	0.03420%	0.03772%	0.04797%	0.04157%	0.04966%	0.05581%	0.05523%	0.06660%	0.05581%
Port's Proportionate Share of the Net OPEB Liability (Asset)	$ (154,877)	$ 55,975	$ 492,347	$ 2,948	$ 11,880	$ 7,102	$ (15,057)	$ (16,161)	$ (10,840)
State of Alaska Proportionate Share of the Net OPEB Liability	(64,255)	22,257	142,923	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ (219,132)	$ 78,232	$ 635,270	$ 2,948	$ 11,880	$ 7,102	$ (15,057)	$ (16,161)	$ (10,840)
Port's Covered Payroll	$ 1,138,176	$ 1,299,520	$ 1,449,474	$ 1,138,176	$ 1,299,520	$ 1,449,474	$ 1,138,176	$ 1,138,176	$ 1,449,474
Port's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-13.61%	4.31%	33.97%	0.26%	0.91%	0.49%	-1.32%	-1.42%	-0.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	106.15%	98.13%	88.12%	95.23%	83.17%	88.71%	283.80%	297.43%	270.62%

Schedule of Port Contributions

	ARHCT			RMP			ODD		
Years Ended December 31,	2020	2019	2018	2020	2019	2018	2020	2019	2018
Contractually Required Contributions	$ 44,896	$ 62,525	$ 63,786	$ 7,788	$ 7,402	$ 6,582	$ 2,641	$ 2,820	$ 2,397
Contributions Relative to the Contractually Required Contribution	44,896	62,525	63,786	7,788	7,402	6,582	2,641	2,820	2,397
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Port's Covered Payroll	$ 1,116,420	$ 1,310,046	$ 1,462,579	$ 1,116,420	$ 1,310,046	$ 1,462,579	$ 1,116,420	$ 1,310,046	$ 1,462,579
Contributions as a Percentage of Covered Payroll	4.02%	4.77%	4.36%	0.70%	0.57%	0.45%	0.24%	0.22%	0.16%

See accompanying notes to Required Supplementary Information.

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, 2020, the Plan measurement date is June 30, 2020. For December 31, 2019, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

In 2019, the discount rate was lowered from 8% to 7.38%.

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

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

Schedule of Port 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 Statements 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.

2. Public Employees' Retirement System OPEB Plans

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

This table is presented based on the Plan measurement date. For December 31, 2020, the Plan measurement date is June 30, 2020. For December 31, 2019, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2019, the discount rate was lowered from 8% to 7.38%.

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

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

Schedule of Port 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 Statements 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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Statistical Section

Municipality of Anchorage, Alaska
Port of Alaska Fund

Comparative Detail Schedule of Actual Revenues by Source

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Dockage	$ 1,270,139	$ 1,370,086	$ 1,242,374	$ 1,174,735	$ 1,089,224	$ 1,142,837	$ 1,061,272	$ 956,080	$ 1,055,158	$ 991,289
Wharfage, dry bulk	210,837	141,102	169,575	150,695	148,896	181,234	179,256	153,813	156,981	167,018
Wharfage, liquid bulk	2,961,881	1,764,856	1,805,784	1,521,105	1,463,035	1,682,558	900,922	570,819	821,064	908,131
Wharfage, general cargo	3,932,954	3,780,750	3,544,751	3,529,245	3,670,375	3,608,772	3,414,255	3,440,514	3,349,776	3,428,694
Storage revenue	272,130	234,381	219,392	237,335	265,309	327,061	230,883	49,168	139,190	1,210
Office rental	104,886	108,659	96,994	108,670	121,887	114,462	135,041	73,884	60,014	40,864
Utilities	27,705	41,688	46,767	29,687	30,040	45,232	28,675	15,462	15,810	17,704
Crane rentals	124,502	113,060	120,960	74,250	72,488	105,858	43,375	59,025	56,300	52,500
Industrial park lease rentals	4,442,927	4,440,847	4,472,735	4,344,217	4,326,069	4,363,254	4,182,255	4,172,846	3,939,395	4,110,620
Investment income - short term	458,510	1,394,025	312,700	627,633	344,945	344,603	211,006	78,006	361,027	433,059
Right-of-way fees	186,668	192,445	202,056	173,391	167,849	164,678	174,968	160,682	146,599	141,378
POL value yard fees	328,210	281,832	302,861	246,957	176,713	191,560	231,774	330,359	367,674	473,869
Security fees	1,494,782	1,496,703	1,478,313	1,469,614	1,421,294	1,426,724	1,361,865	1,325,901	1,340,280	1,306,697
Gain on sale of assets held for resale	-	249,459	781,831	1,069,995	-	-	-	-	-	-
Gain on sale of capital assets	5,775	-	-	-	-	-	-	-	-	-
Intergovernmental revenue	66,618	(32,445)	51,096	63,059	43,575	18,075	2,882,353	-	-	-
Legal settlements	-	-	-	6,750,000	12,600,000	-	-	-	-	-
Miscellaneous revenues	118,894	438,726	303,519	280,983	1,022,677	507,769	154,542	247,059	253,505	179,101
Subtotal	16,007,418	16,016,174	15,151,708	21,851,571	26,964,376	14,224,677	15,192,442	11,633,618	12,062,773	12,252,134
Capital contributions	48,889,068	45,651,079	18,650,418	11,619,685	13,323,471	7,834,571	2,882,353	1,811,983	2,216,290	9,337,718
Transfers from other funds	-	-	-	81,500	-	-	-	-	-	-
Total	$64,896,486	$61,667,253	$33,802,126	$33,552,756	$40,287,847	$22,059,248	$18,074,795	$13,445,601	$14,279,063	$21,589,852

Municipality of Anchorage, Alaska
Port of Alaska Fund
Current Port Tariff Rates

Type of Service		Wharfage Rate
Aggregates, per ton	$	1.26
Freight NOS		7.56
Bulk commodities, dry, NOS		3.16
Cement		5.67
Cement, bulk through pipeline		2.07
Coal, bulk		1.26
Iron or steel articles		5.67
Logs		3.16
Lumber		5.67
Chips NOS		3.78
Petroleum or petroleum products:		
Inbound/outbound		2.03
Transfers		0.05
Fuel		1.57
Powder (explosive)		18.89
Vans or containers		3.78
Vehicles		12.60

Port of Anchorage Terminal Tariff No. 9
Tariff issued 1/1/2020 and effective 1/1/2020.

Notes to tariff rates:
NOS - Not otherwise specified

Municipality of Anchorage, Alaska
Port of Alaska Fund

Approved Tariff 9.0 Rate Increases

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Petroleum	23.81%	24.24%	12.95%	12.95%	12.95%	12.95%	12.95%	8.65%	5.64%	5.64%
Cement	23.81%	24.24%	12.95%	12.95%	12.95%	12.95%	12.95%	8.65%	5.64%	5.64%
Other	3.50%	3.93%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%	3.01%

Municipality of Anchorage, Alaska
Port of Alaska Fund

Ten-Year Annual Dock Tonnage Report

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Freight NOS	689	1,167	2,199	5,876	4,451	-	5,463	6,385	15,333	2
Dry bulk goods	101,853	109,956	105,326	97,223	122,006	126,737	140,684	119,271	119,939	118,280
Petroleum, NOS (vessel fueling)	58,728	222,536	129,828	1,467	893	5,013	2,031	2,615	1,454	2,052
Vans/flats/containers	1,642,547	1,655,612	1,631,303	1,592,473	1,582,951	1,681,223	1,811,136	1,738,601	1,740,969	1,705,176
Vehicles	-	-	-	-	-	-	-	2,615	-	864
Petroleum, shoreside	902,439	802,093	505,980	471,717	368,708	368,294	916,050	952,631	1,046,636	1,376,909
Petroleum bulk - dockside	1,997,845	1,474,399	1,574,029	1,329,089	1,419,162	1,592,317	580,343	586,041	829,900	931,931
Total Tons	4,704,101	4,265,763	3,948,665	3,497,845	3,498,171	3,773,584	3,455,707	3,408,159	3,754,231	4,135,214

NOS - Not otherwise specified

Municipality of Anchorage, Alaska
Port of Alaska Fund

Financial Ratios

Description	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Current ratio (current assets / current liabilities)	1.84	0.88	13.49	12.51	12.31	16.63	15.24	35.41	0.49	0.43
Quick ratio (quick assets / current liabilities)	1.80	0.84	9.30	10.01	13.23	14.46	13.77	13.25	0.28	0.31
Return on investment (change in net position / total assets)	13%	15%	4%	6%	8%	-4%	-1%	-31%	1%	4%
Return on equity (change in net position / net position)	20%	23%	6%	8%	11%	-5%	-1%	-40%	1%	5%
Debt to equity as a percent of capital structure (outstanding debt / capital structure over net position)	27%	18%	23%	24%	26%	29%	27%	20%	16%	16%
Capital structure	73%	82%	77%	76%	74%	71%	73%	80%	84%	84%
Operating margin	-18%	-21%	-47%	-36%	-59%	-99%	-41%	-3%	4%	10%

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
(in thousands)

Project Category	2020	2021	2022	2023	2024	2025	Total
Port Equipment	$ 350	$ -	$ -	$ -	$ -	$ -	$ 350
Storm Drain Enhancements	1,000	1,500	1,500	-	-	-	4,000
Wharf Pile Enhancements	750	1,750	1,750	1,750	1,750	1,500	9,250
Fender Pile Enhancements	5,500	1,500	1,500	1,500	1,500	1,500	13,000
Total	$ 7,600	$ 4,750	$ 4,750	$ 3,250	$ 3,250	$ 3,000	$ 26,600

Funding Source	2020	2021	2022	2023	2024	2025	Total
Port Equity	$ 3,600	$ 4,750	$ 4,750	$ 3,250	$ 3,250	$ 3,000	$ 22,600
State/Federal Funds	4,000	-	-	-	-	-	4,000
Total	$ 7,600	$ 4,750	$ 4,750	$ 3,250	$ 3,250	$ 3,000	$ 26,600

Municipality of Anchorage, Alaska
Port of Alaska Fund
Historical Revenues for Top 10 Customers

Customer Name	2015	2016	2017	2018	2019	2020
Matson Navigation Co of AK LLC.	$ 4,037,258	$ 4,032,565	$ 3,963,201	$ 3,992,345	$ 4,145,159	$ 4,341,741
TOTE Maritime Alaska, Inc.	4,234,408	4,349,154	4,348,202	4,187,419	4,163,209	4,241,090
Tesoro Alaska Companies Inc.	2,139,013	2,317,518	2,178,859	1,973,515	2,338,936	2,376,820
Petro Star, Inc.	468,289	439,529	581,691	812,375	980,349	1,215,060
Alaska Maritime Agencies	519,602	501,286	617,920	812,984	618,917	1,343,109
Anchorage Sand and Gravel/ABI	610,577	488,344	507,364	535,896	698,411	560,139
Anchorage Fueling & Service Co./ASIG	582,882	580,994	608,901	572,221	581,628	591,100
Delta Western	178,565	206,733	301,702	262,576	302,503	248,173
Crowley Petroleum Distribution (CPD Alaska)	273,452	279,141	302,955	257,136	238,307	243,441
Holland America Line	143,848	150,711	230,643	220,124	182,713	No Revenue earned due to COVID 19

Municipality of Anchorage, Alaska
Port of Alaska Fund
Vessel Arrivals

Category	2015	2016	2017	2018	2019	2020
Barge	-	-	-	-	11	-
Cement Ship	5	4	4	4	4	4
Cargo	2	6	2	1	2	1
Cruise Ships	9	9	10	10	10	-
Dredge	4	2	1	1	3	5
G-Military Oil Tanker	-	-	-	-	-	-
Government Ship	-	-	-	2	7	4
Gravel Barge	-	-	-	1	-	-
Military Ship	3	-	2	1	2	1
Petroleum Barges	64	45	50	54	60	50
Petroleum Tankers	31	28	30	33	27	39
Pipe Ship	-	1	1	1	-	-
Ships - TOTE/MATSON	199	199	202	196	201	195
Tugs	102	89	77	79	79	80
Yacht/Other small craft	-	-	-	1	-	4
Total	419	383	379	384	406	383

Municipality of Anchorage, Alaska
Port of Alaska Fund

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

Year Ended December 31, 2020	Budget	Actual	Variance
Operating Revenues			
Charges for sales and services:			
Dockage	$ 1,360,413	$ 1,270,139	$ (90,274)
Wharfage, dry bulk	172,029	210,837	38,808
Wharfage, liquid bulk	2,185,067	2,961,881	776,814
Wharfage, general cargo	3,712,981	3,932,954	219,973
Storage revenue	697,781	272,130	(425,651)
Office rental	40,000	104,886	64,886
Utilities	44,704	27,705	(16,999)
Miscellaneous	300,721	118,894	(181,827)
Total charges for sales and services	8,513,696	8,899,426	385,730
Other operating revenues:			
Crane rentals	56,500	124,502	68,002
Industrial park lease rentals	4,273,135	4,442,927	169,792
POL value yard fees	224,000	328,210	104,210
Total other operating revenues	4,553,635	4,895,639	342,004
Total Operating Revenues	13,067,331	13,795,065	727,734
Operating Expenses			
Operations:			
Personnel services	2,932,004	2,673,288	258,716
Pension	-	(63,785)	63,785
Other postemployment benefits	-	(178,003)	178,003
Supplies	-	133,150	(133,150)
Other services and charges	6,934,767	5,098,796	1,835,971
Charges from other departments	1,195,050	1,113,852	81,198
Total operations	11,061,821	8,777,298	2,284,523
Depreciation	7,187,791	7,445,147	(257,356)
Total Operating Expenses	18,249,612	16,222,445	2,027,167
Operating loss	(5,182,281)	(2,427,380)	2,754,901

Municipality of Anchorage, Alaska
Port of Alaska Fund

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

Year Ended December 31, 2020	Budget	Actual	Variance
Nonoperating Revenues (Expenses)			
Intergovernmental revenues - PERS on-behalf	$ -	$ 66,618	$ 66,618
Investment income-short term investments	537,000	458,510	(78,490)
Security fees	1,477,975	1,494,782	16,807
Right-of-way fees	173,000	186,668	13,668
Interest on long-term obligations	(791,410)	(791,410)	-
Debt issuance costs	(1,257,000)	(1,248,466)	8,534
Security contract	-	(1,773,674)	(1,773,674)
Gain on sale of capital assets	-	5,775	5,775
Total Nonoperating Revenues (Expenses)	139,565	(1,601,197)	(1,740,762)
Loss before capital contributions and transfers	(5,042,716)	(4,028,577)	1,014,139
Contributions and Transfers			
Capital contributions	-	48,889,068	48,889,068
Transfers to other funds:			
Municipal service assessment	(1,281,973)	(1,281,973)	-
Dividend	(635,799)	(635,799)	-
Change in Net Position	$ (6,960,488)	42,942,719	$ 49,903,207
Net Position, beginning		218,130,959	
Net Position, ending		$ 261,073,679	

Municipality of Anchorage, Alaska
Port of Alaska Fund

Historical Debt Service Coverage for the Fiscal Year

Fiscal Year	Revenue (1)	Operating Expenses (2)	Amount Available for Debt Service	Principal	Interest	Total	Coverage (3)
2020	$ 15,935,025	$ 12,074,732	$ 3,860,293	$ -	$ -	$ -	n/a

(1) Excludes allowance for funds used during construction, includes nonoperating revenue.
Excludes payments received for PERS relief from State of Alaska.

(2) Excludes pension expense, PERS on behalf expense, OPEB on behalf expense, OPEB expense, depreciation and transfers to other funds; but includes regular/recurring non-operating expenses.

(3) Required minimum coverage is 1.35.

Other Reporting Required by *Government Auditing Standards*

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Anchorage, AK 99503

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 Port of Alaska Fund, an enterprise fund of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Port of Alaska's basic financial statements, and have issued our report thereon dated July 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port of Alaska's internal control. Accordingly, we do not express an opinion on the effectiveness of Port of Alaska's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*

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 entity'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 Port of Alaska's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
July 23, 2021