Municipality of Anchorage, Alaska
Port of Alaska Fund

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

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

(With Independent Auditor's Report Thereon)

The report accompanying these financial statements was issued by
BDO USA, P.C., a Virginia professional corporation, and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

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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 year ended December 31, 2022, and the related notes to the financial statements as listed in the table of contents.

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

Basis for Opinion

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

Emphasis of Matters

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

As discussed in Note 12, the Port of Alaska adopted the provisions of Government Accounting Standards Board Statement Number 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended December 31, 2022 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of Alaska's basic financial statements. The accompanying individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2022 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2022.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Port of Alaska as of and for the year ended December 31, 2021 (not presented herein) and have issued our report thereon dated August 19, 2022 which contained unmodified opinions on the respective basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements are fairly stated on all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2021.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2024 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 the Port of Alaska's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
April 8, 2024

Management's Discussion and Analysis

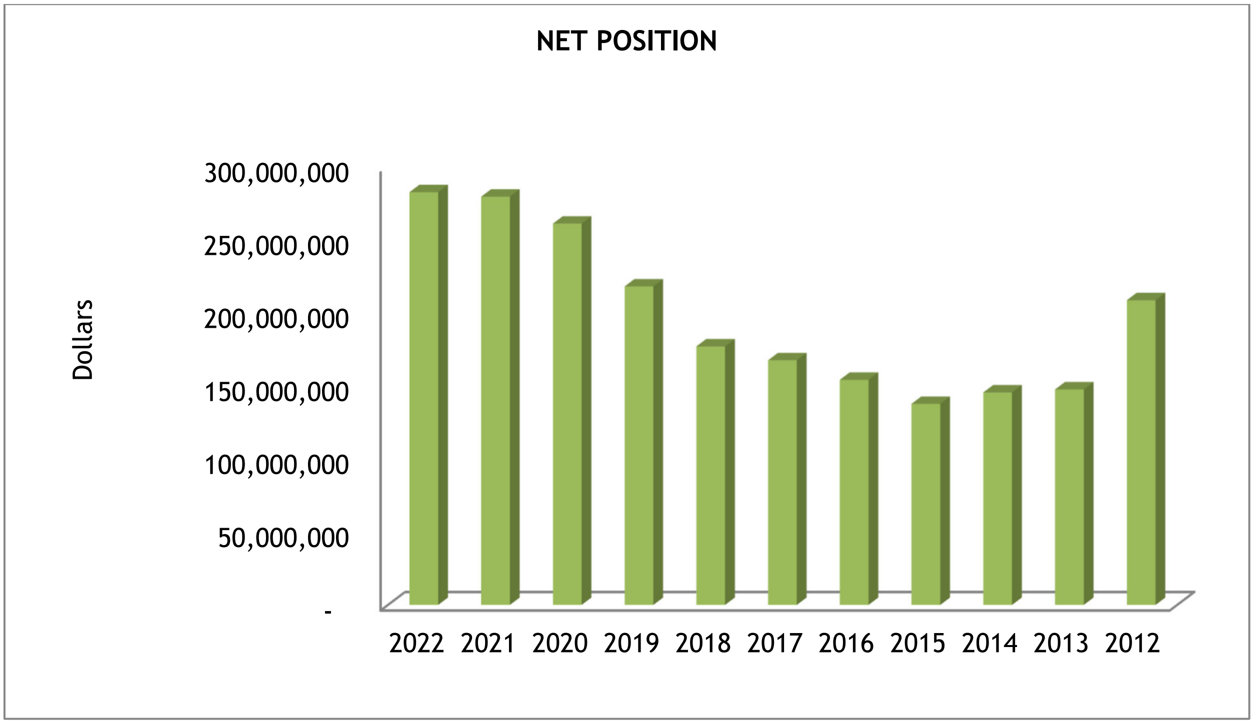
The Port of Alaska Fund (Port) is a department of the Municipality of Anchorage, Alaska (Municipality of Anchorage). A commission consisting of nine members oversees the Port's tariff issues. The Commission recommends tariff rates, fees, and charges imposed by the Port for its services to the Anchorage 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, 2022 and 2021. This discussion and analysis are designed to assist the reader in focusing on the significant financial issues, provide an overview of the Port's financial activities and identify changes in the Port's financial position. We encourage readers to consider the information presented here in conjunction with the Port's financial statements and accompanying notes, taken as a whole.

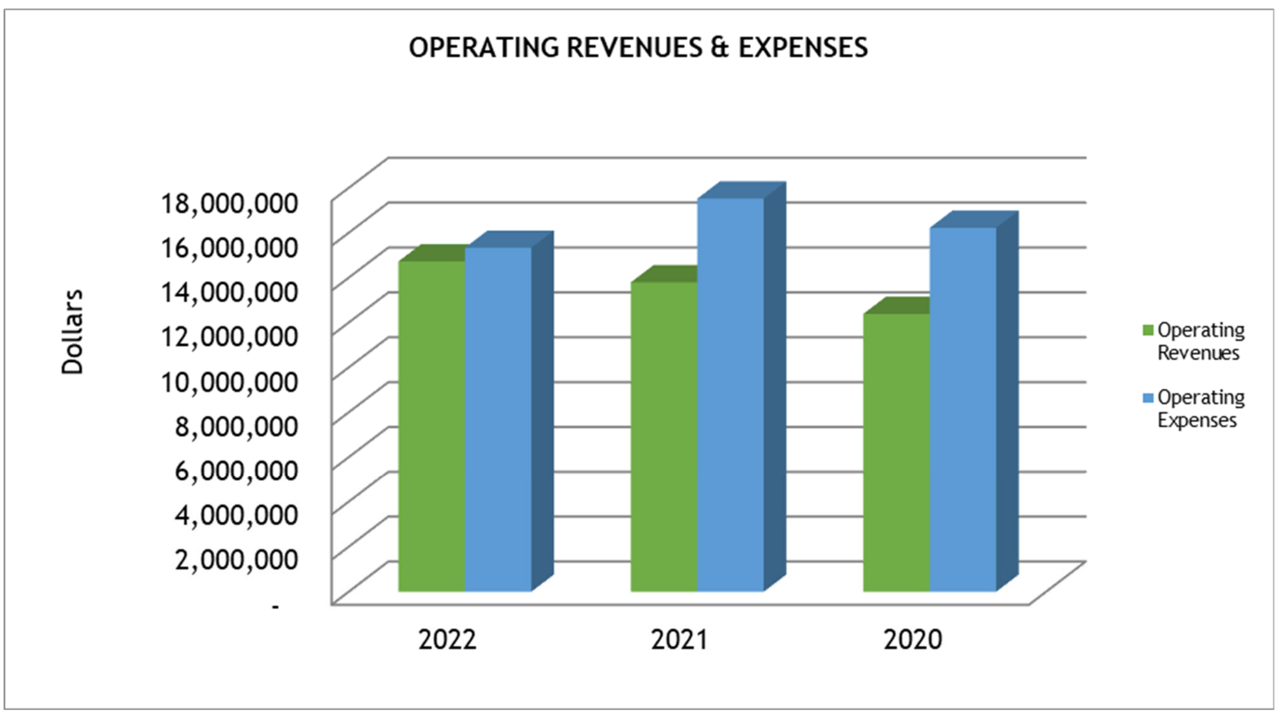
Financial Highlights

- Net position increased $3,064,809 or 1.09% in 2022. The increase in net position was primarily due to capital contributions of $6,520,399 exceeding the operating loss of $717,419 and transfers to other funds of $2,126,920. In 2021, net position increased $18,424,856 or 7.06%. The increase in net position was primarily due to capital contributions of $25,616,270 exceeding the operating loss of $2,797,558 and transfers to other funds of $2,045,664.

- Operating revenues decreased $109,293 or (.74%) in 2022. This small decrease reflects an offsetting effect of an increase to dock revenue categories of $1,007,904 and decreases in Industrial Park and Other lease Rentals of $1,117,197 due to the implementation of GASB 87. In 2021, operating revenues increased $932,309 or 6.76% to increases in rates approved and scheduled with Tariff 9.0 which went into effect 1/1/2020.

- Operating expenses decreased by $2,189,432 or (12.5%) in 2022. This decrease was due to lower legal expenses of $2,374,165 directly related to the ongoing litigation from the Port Intermodal Expansion Project lawsuit (see Note 11) and $184,733 increase in repair and maintenance expenses. Operating expenses increased by $1,302,487 or 8.03% in 2021. The increase is primarily due to an increase in legal services of $655,630 which are directly related to ongoing litigation from the Port Intermodal Expansion Project lawsuit (see Note 11) and a $315,758 increase in professional services contracts.


NET POSITION
Dollars
300,000,000
250,000,000
200,000,000
150,000,000
100,000,000
50,000,000
-
2022 2021 2020 2019 2018 2017 2016 2015 2014 2013 2012


OPERATING REVENUES & EXPENSES
Dollars
18,000,000
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
2022
2021
2020
Operating Revenues
Operating Expenses

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 annual financial statements are presented on an annual basis for the year ended December 31, 2022, and include the following: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and notes to the basic financial statements. The basic financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

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

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

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

Notes to Financial Statements – 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 Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position report information about the Port's activities in a way that helps answer this question.

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

Changes in the Port's net position can be determined by reviewing the following condensed Summary of Net Position as of December 31, 2022, 2021, and 2020. 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

	2022	2021	2020
Assets and Deferred Outflows of Resources:			
Current assets	$ 13,231,968	$ 16,838,190	$ 13,360,582
Noncurrent assets	438,704,690	378,730,774	327,918,586
Deferred Outflows of Resources	168,939	159,425	300,492
Total Assets and Deferred Outflows of Resources	$ 452,105,597	$ 395,728,389	$ 341,579,660
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	5,069,687	2,697,815	7,250,180
Noncurrent Liabilities	111,930,129	112,383,273	73,120,334
Deferred Inflows of Resources	52,542,438	1,148,767	135,468
Total Liabilities and Deferred Inflows of Resources	169,542,254	116,229,855	80,505,982
Net Position:			
Net Investment in Capital Assets	259,094,999	260,135,560	232,663,599
Restricted for Capital Construction	8,269,647	758,136	11,748,152
Restricted for Debt Service	4,986,136	5,693,135	7,967,418
Unrestricted	10,212,561	12,911,703	8,694,509
Total Net Position	282,563,343	279,498,534	261,073,678
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 452,105,597	$ 395,728,389	$ 341,579,660

During 2022 the Port's total assets and deferred outflows of resources increased by $56,377,208. Noncurrent assets increased by $59,973,916 primarily due to increases in capital assets of $24,584,408 and lease receivables of $53,522,567 due to implementing GASB Statement 87. There was a $16,225,132 decrease of intergovernmental receivables. Current assets decreased by $3,606,222 primarily due to decrease in equity in the bond and capital acquisition and construction pool. During 2021, the Port's total assets and deferred outflows of resources increased by $54,148,729. Noncurrent assets increased by $50,812,188 primarily due to a $65,374,677 increase in capital assets and a $6,810,582 increase of intergovernmental receivables, which were offset by a $22,267,882 decrease in equity in the general cash pool. Current assets increased by $3,477,608 primarily due to an increase in equity in the general cash pool. 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 2022, the Port's current liabilities increased by $2,371,872 primarily due to an increase of $1,556,733 in accounts payable and capital acquisition and construction accounts payable and bonds payable due within one year by $715,000. Total liabilities and deferred inflows of resources increased by $53,312,399 primarily due to the implementation of GASB 87 (See page 61) in the amount of $52,492,410 and a decrease of $1,098,739 in inflows of resources related to pension and other post-employment benefits. During 2021 the Port's current liabilities decreased by $4,552,365 primarily due to a $4,143,688 decrease in capital acquisition and construction accounts and retainage payable and a decrease of $456,323 in accounts payable. Total liabilities and deferred inflows of resources increased by $35,723,873 primarily due to increases of $40,000,000 in notes payable and $1,013,299 in related pensions and other postemployment benefits, offset by decreases in net pension liability of $550,934. 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.

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, 2022 and 2021 (Table 2).

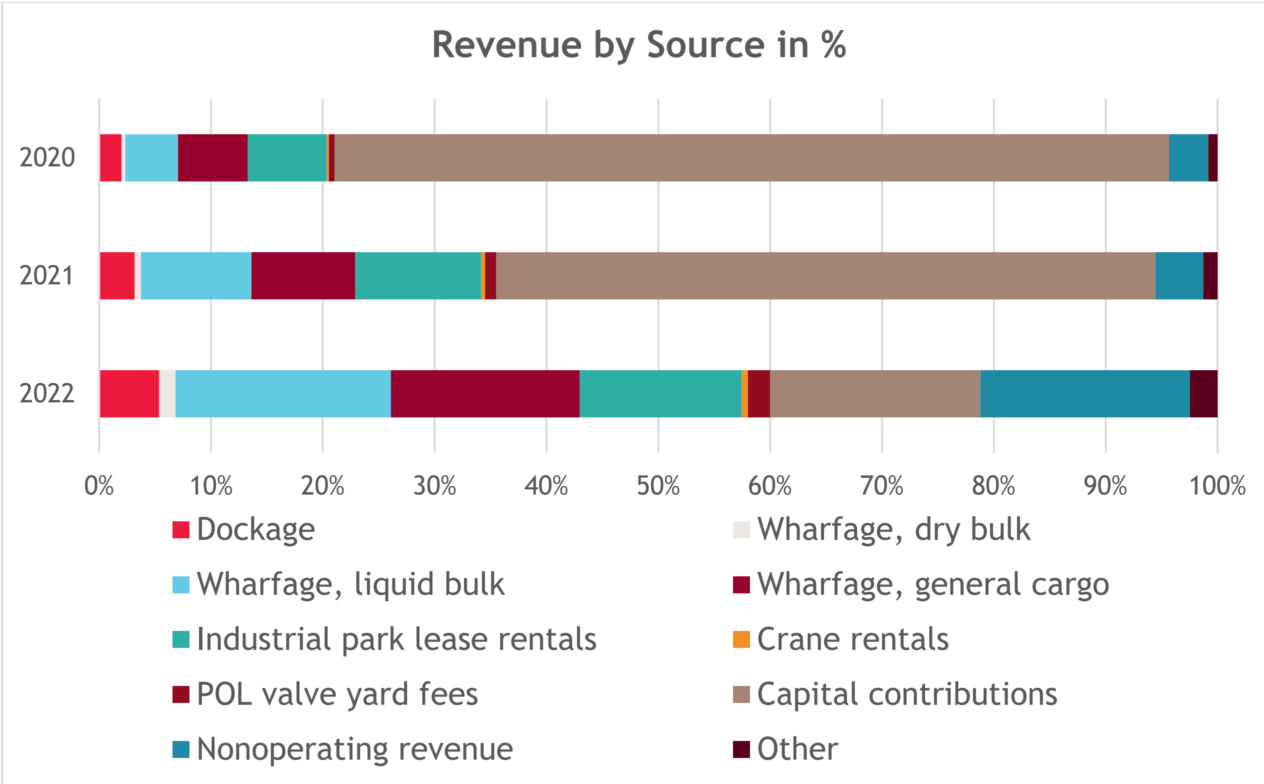
During 2022, the Port's operating revenues decreased by $109,293 or (.74%). This small decrease reflects an offsetting effect of an increase to dock revenue categories of $1,007,904 and decreases in Industrial Park and Other Lease Rentals of $1,117,197 due to the implementation of GASB 87.

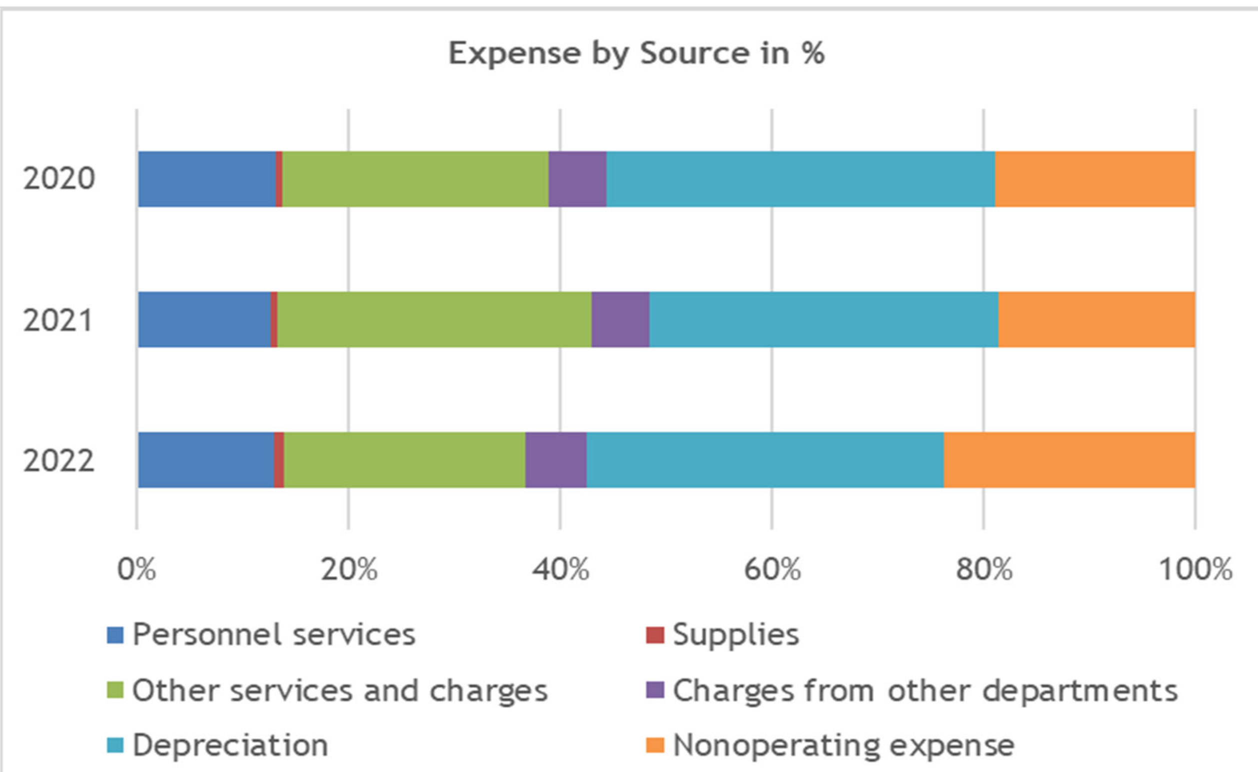
During 2022, the Port's operating expenses decreased by $2,189,432 or (12.5%). This decrease was due to reduced legal expenses of $2,374,165 directly related to the ongoing litigation from the Port Intermodal Expansion Project lawsuit (see Note 11) and $184,733 increase in repair and maintenance expenses.

TABLE 2

Statements of Revenues, Expenses, and Changes in Net Position

	2022	2021
Operating Revenues:		
Dockage	$ 1,257,729	$ 1,273,487
Wharfage, Dry Bulk	341,728	225,369
Wharfage, Liquid Bulk	4,505,188	3,956,808
Wharfage, General Cargo	3,945,833	3,703,672
Industrial Park and Other Lease Rentals	3,392,339	4,509,536
Crane Rentals	130,822	141,913
POL Valve Yard Fees	464,803	403,063
Other	579,639	513,526
Total Operating Revenues	14,618,081	14,727,374
Operating Expenses:		
Personnel Services	2,042,514	2,434,403
Supplies	202,353	152,501
Other Services and Charges	4,791,463	6,507,748
Charges from Other Departments	1,215,444	1,198,886
Depreciation	7,083,726	7,231,394
Total Operating Expenses	15,335,500	17,524,932
Operating Loss	(717,419)	(2,797,558)
Nonoperating Revenues (Expenses):		
Nonoperating Revenues	4,383,087	1,718,408
Nonoperating Expenses	(4,994,338)	(4,066,600)
Net Nonoperating Revenues(Expenses)	(611,251)	(2,348,192)
Loss Before Capital Contributions and Transfers	(1,328,670)	(5,145,750)
Capital Contributions and Transfers	4,393,479	23,570,606
Change in Net Position	3,064,809	18,424,856
Net Position, beginning	279,498,534	261,073,678
Net Position, ending	$ 282,563,343	$ 279,498,534


Revenue by Source in %
2020
2021
2022
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 valve yard fees
Capital contributions
Nonoperating revenue
Other


Expense by Source in %
2020
2021
2022
0%
20%
40%
60%
80%
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, 2022, 2021, and 2020.

TABLE 3
Net Capital Assets

	2022	2021	2020
Land	$ 38,439,459	$ 38,439,459	$ 38,439,459
Infrastructure	213,403,972	34,339,992	36,347,357
Buildings	2,217,662	2,351,351	2,485,771
Building improvements	421,730	436,629	15,791
Land improvements	92,898,660	97,434,025	101,260,529
Vehicles	181,872	283,119	384,366
Machinery and equipment	1,266,537	697,603	1,012,215
Computer hardware	47,490	35,754	45,040
Computer software	374,693	487,064	181,522
Art	21,344	21,344	21,344
Construction work in progress	22,547,514	172,710,185	101,668,454
Total Net Capital Assets	371,820,933	347,236,525	281,861,848
Increase in net capital assets	$ 24,584,408	$ 65,374,677	$ 45,902,332

2022 Major additions include:

- Purchase Port Equipment - $896,704
- Fencing - $29,120
- Petroleum & Cement Terminal - $177,256,069
- South Floating Dock - $959,959
- Replace Anode Sled Number 2 and Number 4 - $1,851,390
- Wharf Heat Trace - $258,646

Construction work in progress decreased by $150,162,671 in 2022 due primarily to the completion of the newly construction Petroleum and Cement Terminal. Continued progress and work done on the Port of Alaska Modernization Program (PAMP) Phase IIA- NES1 – North Extension Stabilization project is underway with a projected completion date of 2025.

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

Revenue Bonds and Notes Payable

The following table summarizes the Port's debt as of December 31, 2022, 2021, and 2020.

TABLE 4
Net Debt

	2022	2021	2020
Revenue bonds, net	$ 68,898,340	$ 69,045,251	$ 69,191,345
Notes payable	40,000,000	40,000,000	-
Total Net Debt	108,898,340	109,045,251	69,191,345
Increase (Decrease) in net debt	$ (146,911)	$ 39,853,906	$ 29,191,345

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

During 2021 the Port executed the $40,000,000 revolving credit agreement with a commercial bank. This funding was used solely for construction work on the Petroleum and Cement Terminal and will be repaid as the reimbursement from grant funds are received.

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 were 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%.

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 three quarters of all fuel used at the Ted Stevens Anchorage International Airport and all of the fuel used for 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 2022 budget projected Port operating revenues of $13.2 million and $2.2 million in nonoperating revenues. Actual 2022 operating revenues were $14.6 million and were $1.4 million over budget projections. Actual 2022 nonoperating revenues including capital contributions earned approximately $10.6 million and were $8.4 million over budget projections. Operating revenues remain steady at 2021 levels due to continued activity in Petroleum dockside deliveries to the Port of Alaska. Tonnage increased approximately 4% with increases seen across all commodities. The overall increase in tonnage combined with scheduled tariff increases set forth in Tariff 9.0 as well as increases to the Preferential User Agreements contributed to the overall increased performance over the budget. The variance in the nonoperating revenue was due to the direct funding from the State of Alaska in the amount of $6.5 million for grant related expenditures related to the Port Modernization Program.

The 2021 budget projected Port operating revenues of $13.1 million and $1.9 million in nonoperating revenues. Actual 2021 operating revenues earned $14.7 million and were $1.6 million over budget projections. Actual 2021 nonoperating revenues including capital contributions earned approximately $27.3 million and were $25.4 million over budget projections. The increase in operating revenue was attributable to an approximately 7.7% increase in tonnage across the dock for Petroleum dockside deliveries to the Port of Alaska. The overall tonnage increased 6.03% seeing a small decrease in dry bulk goods – cement and cargo tonnage. The overall tonnage increase combined with the approved, scheduled tariff increases set forth in Tariff 9.0 as well as increases to the Preferential User Agreements contributed to the overall increased performance over the budget. The variance in the nonoperating revenue was due to the direct funding from the State of Alaska in the amount of $25.6 million for grant related expenditures related to the Port Modernization Program – Petroleum and Cement Terminal construction and decreased earnings on investment income earned of $7,652 compared to the $203,791 budgeted amount.

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.

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 considering the expiration of Tariff 8.2 on 12/31/2019 and the potential requirement to create capacity in the Port's income stream for debt service coverage to repay future borrowings necessary in order to complete the Petroleum & 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.

No updates to Tariff 9.0 rates were implemented in 2022, however, future rate studies and review are in process to address the potential for upcoming revenue bond sales and necessary debt service payments to continue funding of the Port of Alaska Modernization Program. Tariff 10.0 is scheduled to go into effect on January 1, 2024.

The Port Commission reviews the established tariff rates each year and will revise as needed to meet operating and debt service coverage requirements.

Contacting the Port's Financial Management

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

General information can be found at: **http://www.portofalaska.com**

Financial Statements

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statement of Net Position

December 31,	2022
Assets and Deferred Outflows of Resources	
Current Assets	
Cash	$ 500
Equity in general cash pool	10,730,244
Accrued interest on investments	82,239
Accrued interest on leases	216,472
Accounts receivable, net	1,045,610
Leases receivable, current portion	718,645
Prepaid items and deposits	109,233
Parts inventory	329,025
Total Current Assets	13,231,968
Noncurrent Assets	
Unrestricted assets:	
Leases receivable, net of current portion	52,803,922
Assets held for resale	242,093
Capital assets, net	371,820,933
Net other postemployment benefits asset	581,959
Total unrestricted noncurrent assets	425,448,907
Restricted assets:	
Restricted cash - settlement set aside	1,950,000
Equity in general cash pool - held for debt service	4,986,136
Intergovernmental receivables	6,319,647
Total restricted noncurrent assets	13,255,783
Total Noncurrent Assets	438,704,690
Total Assets	451,936,658
Deferred Outflows of Resources	
Related to pensions	114,033
Related to other postemployment benefits	54,906
Total Deferred Outflows of Resources	168,939
Total Assets and Deferred Outflows of Resources	$ 452,105,597

Municipality of Anchorage, Alaska
Port of Alaska Fund
Statement of Net Position, continued

December 31,		2022
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$	417,174
Capital acquisition and construction accounts and retainages payable		3,319,437
Leases payable, current portion		41,953
Compensated absences payable		172,420
Accrued payroll liabilities		84,697
Accrued interest payable		318,229
Accrued interest on leases		777
Bonds payable, due within one year		715,000
Total Current Liabilities		5,069,687
Noncurrent Liabilities		
Other noncurrent liabilities		1,734,106
Leases payable, net of current portion		466,204
Compensated absences payable		103,916
Net pension liability		1,442,563
Notes payable		40,000,000
Bonds payable, including unamortized premium, net of current portion		68,183,340
Total Noncurrent Liabilities		111,930,129
Total Liabilities		116,999,816
Deferred Inflows of Resources		
Related to other postemployment benefits		50,028
Related to leases		52,492,410
Total Deferred Inflows of Resources		52,542,438
Net Position		
Net investment in capital assets		259,094,999
Restricted for capital construction		8,269,647
Restricted for debt service		4,986,136
Unrestricted		10,212,561
Total Net Position		282,563,343
Total Liabilities, Deferred Inflows of Resources and Net Position	$	452,105,597

See accompanying notes to financial statements.

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statements of Revenues, Expenses, and Changes in Net Position

Year Ended December 31,	2022
Operating Revenues	
Charges for sales and services:	
Dockage	$ 1,257,729
Wharfage, dry bulk	341,728
Wharfage, liquid bulk	4,505,188
Wharfage, general cargo	3,945,833
Storage revenue	273,419
Office rental	28,923
Utilities	36,838
Miscellaneous	240,459
Total charges for sales and services	10,630,117
Other operating revenues:	
Crane rentals	130,822
Other lease revenue	1,709,174
Industrial park lease rentals	1,683,165
POL Valve yard fees	464,803
Total other operating revenues	3,987,964
Total Operating Revenues	14,618,081
Operating Expenses	
Operations:	
Personnel services	2,721,640
Pension	(563,265)
Other postemployment benefits	(115,861)
Supplies	202,353
Other services and charges	4,791,463
Charges from other departments	1,215,444
Total operations	8,251,774
Depreciation and amortization	7,083,726
Total Operating Expenses	15,335,500
Operating loss	(717,419)

Municipality of Anchorage, Alaska
Port of Alaska Fund

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

Year Ended December 31,		2022
Nonoperating Revenues (Expenses)		
Intergovernmental - PERS On Behalf	$	(27,621)
Investment loss - short-term investments		(279,805)
Security fees		1,544,552
Right-of-way fees		212,290
Interest income on leases		2,606,814
Interest expense on leases		(9,601)
Interest on long-term obligations		(2,958,989)
Debt issuance costs		(7,500)
Security contract		(1,710,822)
Gain on sale of capital assets		19,431
Total Nonoperating Revenues (Expenses)		(611,251)
Loss before capital contributions and transfers		(1,328,670)
Contributions and Transfers		
Capital contributions		6,520,399
Transfers to other funds:		
Municipal service assessment		(1,390,551)
Dividend		(736,369)
Change in Net Position		3,064,809
Net Position, beginning		279,498,534
Net Position, ending	$	282,563,343

See accompanying notes to financial statements.

Municipality of Anchorage, Alaska
Port of Alaska Fund
Statement of Cash Flows

Year Ended December 31,	2022
Cash Flows from Operating Activities	
Receipts from customers	$ 13,428,724
Payments to employees	(2,773,287)
Payments to vendors	(4,946,947)
Internal activity - payments made to other funds	(1,215,444)
Net cash flows from operating activities	4,493,046
Cash Flows for Noncapital Financing Activities	
Transfer to other funds	(2,126,920)
Security contract	(1,710,822)
Right of way and security fees	1,756,842
Net cash flows for noncapital financing activities	(2,080,900)
Cash Flows for Capital and Related Financing Activities	
Interest payments on long-term obligations	(2,977,722)
Interest payments on leases	(8,824)
Principal payments on leases	(44,074)
Acquisition and construction of capital assets	(29,588,823)
Proceeds from sale of capital assets	19,431
Debt issuance costs	(7,500)
Interest received from leases	2,390,342
Capital contributions received	22,745,531
Net cash flows for capital and related financing activities	(7,471,639)
Cash Flows for Investing Activities	
Investment loss	(306,848)
Net Decrease in Cash and Cash Equivalents	(5,366,341)
Cash and Cash Equivalents, beginning	23,033,221
Cash and Cash Equivalents, ending	$ 17,666,880
Components of Cash and Cash Equivalents	
Cash	$ 500
Equity in general cash pool	10,730,244
Restricted cash - settlement set aside	1,950,000
Restricted equity in general cash pool - debt service	4,986,136
Cash and Cash Equivalents, ending	$ 17,666,880

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statement of Cash Flows, continued

Year Ended December 31,		2022
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities:		
Operating loss	$	(717,419)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization		7,083,726
PERS relief - noncash expenses		(27,621)
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:		
Accounts receivable		(121,700)
Leases receivable		662,803
Prepaid items and deposits		30,740
Net other postemployment benefits asset		482,283
Deferred outflows of resources related to pensions		21,634
Deferred outflows of resources related to other postemployment benefits		(31,148)
Unearned revenue		(37,500)
Accounts payable		29,653
Compensated absences payable		(13,430)
Net pension liability		(25,535)
Other noncurrent liabilities		(13,524)
Accrued payroll liabilities		(38,217)
Deferred inflows of resources related to pensions		(585,445)
Deferred inflows of resources related to other postemployment benefits		(513,294)
Deferred inflows of resources related to leases		(1,692,960)
Net Cash Flows from Operating Activities	$	4,493,046
Noncash Capital and Related Financing Activities		
Capital purchases on account	$	3,319,437
Capital contributions		6,319,647
Total Noncash Capital and Related Financing Activities	$	9,639,084

See accompanying notes to financial statements.

1. Description of Business and Summary of Significant Accounting Policies

Reporting Entity

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 Statement of Net Position. Net position as shown on the statement is segregated into the following categories: Net investment in capital assets, Restricted for capital construction, Restricted for debt service; and Unrestricted.

Cash Pool and Investments

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

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

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, 2022.

Prepaids

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

Interfund Receivables and Payables

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

Restricted Assets

It is the Port's policy to first use restricted assets to make certain payments when both restricted and unrestricted assets are available for the same purpose. "Intergovernmental receivables" represent grant receivables due from state and federal governments. The Port has restricted assets of $13,255,783 at December 31, 2022.

Capital Assets

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

Estimated lives of major capital asset categories follow:

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

Leases

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

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

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

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

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

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

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

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section of deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. At December 31, 2022, the Port had deferred outflows of resources from pension and other postemployment benefits (OPEB) related items of $168,939. These items are amortized to expense over time.

Compensated Absences Payable

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

Long-term Obligations

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

Pensions and Other Postemployment Benefits (OPEB)

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

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position presents deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2022, the Port had deferred inflows of resources for OPEB and lease related items of $52,542,438. These items are deferred and recognized as an inflow of resources in the period the amounts become available.

Net Position

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

Operating Revenues and Expenses

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

Municipal Enterprise Service Assessment (MESA)

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

Intergovernmental Charges

Certain functions of the Municipality of a general and administrative nature are centralized and the related cost is allocated to the various funds of the Municipality, including the Port. Charges from other departments to the Port totaled $1,215,444 for the year ended December 31, 2022. These amounts do not include the Port's payments to the Municipality's risk management programs.

Risk Management and Self-Insurance

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

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

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

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

2. Cash and Investments

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

December 31, 2022

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

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

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

The Port had the following investment balances held in the Municipal Central Treasury at December 31, 2022:

	2022
Equity in general cash pool	$ 10,730,244
Restricted cash – settlement set aside	1,950,000
Equity in general cash pool – held for debt service	4,986,136
Total investments held in central treasury	$ 17,666,380

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

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

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

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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, with year-end concentrations listed for 2022:

Investment Type	Concentration Limit	Working Capital Portfolio Holding % at December 31, 2022
U.S. government securities*	Maximum of 100% of investment portfolio	26%
Repurchase agreements	Maximum of 50% of investment portfolio	25%
Certificates of Deposit	Maximum of 25% of investment portfolio; Maximum 5% per issuer	0%
Commercial paper	Maximum of 25% of investment portfolio; Maximum 5% per issuer	7%
Bankers Acceptances	Maximum of 25% of investment portfolio; Maximum 5% per issuer	0%
Corporate Fixed Income, Corporate Floating Rate and Variable Rate Debt Securities**	Maximum of 35% of investment portfolio; Maximum 5% per issuer	27%
Corporate Floating Rate and Variable Rate Debt Securities***	Maximum of 25% of Corporate Securities; Maximum 5% per issuer	3%
Taxable and Tax-Exempt Municipality Debt Securities	Maximum of 15% of investment portfolio; Maximum 5% per issuer	1%
Dollar denominated debt of foreign governments and the International Bank for Reconstruction and Development (IBRD)	Maximum of 10% of investment portfolio; Maximum 5% per issuer	0%
Money market mutual funds****	Maximum of 25% of investment portfolio	11%
		100%

* Includes debt obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations.
**The maximum exposure to Corporate fixed, floating and variable rate debt securities in the Working Capital Portfolio is 35 percent.
***Corporate floating rate and variable rate debt securities must be 25% or less of the total of Corporate debt securities. Corporate Fixed Income Debt Securities must have a final maturity within one (1) year of purchase, and Corporate Floating Rate or Variable Rate Debt Securities must have a final maturity within two (2) years of purchase.
Taxable and Tax-Exempt Municipal Debt Securities must have a final maturity within two (2) years of purchase.
**** The Working Capital Portfolio may not be invested in AMLIP.

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, 2022
U.S. government securities*	50% to 100% of portfolio	85%
Money market mutual funds	0% to 25% of portfolio	15%

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

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, 2022, the Working Capital Portfolio had a duration of 0.05 years, or approximately 18 days, and was within the targeted duration. AMC 6.50.030 also requires that the Contingency Reserve Portfolio have an average duration within half a year of its benchmark. At December 31, 2022, the Contingency Reserve Portfolio had a duration of 1.80 years as compared to its benchmark, Barclays 1-3 Year Government Index, which had a duration of 1.86 years. AMC 6.50.030 requires the Strategic Reserve Portfolio have a maximum duration no greater than one year in excess of its benchmark. At December 31, 2022, the Strategic Reserve Portfolio had a duration of 3.32 years as compared to its benchmark, Barclays Intermediate Government/Corporate Index, which had a duration of 3.79 years.

Credit Risk

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

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

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure when the amount invested in a single issuer exceeds 5 percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government, as well as mutual funds and other pooled investments, are exempted from this requirement.

At December 31, 2022, the Municipal Central Treasury had no investments in any single issuer exceeding 5% of total investments.

Custodial Credit Risk

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

All collateral consists of obligations issued, or fully insured or guaranteed as to payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation, with market value not less than the collateralized deposit balances.

AMC 6.50.030 requires that repurchase agreements be secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies.

As of December 31, 2022, the Municipality holds deposits in the amount of $1,353,883 that are not covered by depository insurance and are collateralized with securities held by Key Bank's agent but not in the name of the Municipality.

Foreign Currency Risk

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

The Municipal Central Treasury is not exposed to foreign currency risk because AMC 6.50.030 explicitly prohibits the purchase of securities not denominated in U.S. Dollars. At December 31, 2022, all debt obligations held in the Municipal Central Treasury were payable in U.S. Dollars.

Fair Value Measurements

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

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

- U.S. agencies are valued using pricing models maximizing the use of observable inputs for similar securities.

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

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

The Municipality categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The Municipality had the following recurring fair value measurements as of December 31, 2022:

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

3. Accounts Receivable

The Port reports accounts receivable on its Statement of Net Position net of allowances for uncollectable accounts. At December 31, 2022, the Port reported net receivables of $1,045,610. At December 31, 2022, 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 (Port) is a Municipality of Anchorage owned and operated facility that handles half of all Alaska inbound marine freight, some 5.2 million tons of fuel and cargo in 2022, 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:

- The intermodal transport hub that efficiently connects Alaska's primary marine, road, rail, pipeline, and air cargo systems.
- The Department of Defense commercial strategic seaport that 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 duty benefits to Ted Stevens International Airport and other businesses and sites throughout the region.
- Critical infrastructure that is key to successful implementation of virtually every state and federal earthquake/disaster response plan.

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

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

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

PAMP and Municipal officials have been working with engineers to replace all the Port docks. Phase 1, the construction of the new Petroleum & Cement Terminal (PCT) at the Port of Alaska is near completion and will fully open for fuel and cement offloading operations by mid-year 2022. Construction crews are returning to complete the remaining work and upon acceptance of the completed asset, ownership of the PCT will be transferred to the Port of Alaska. A brief history of the project includes:

- 2016: Conduct a comprehensive test-pile program to demonstrate constructability and support design and permitting work for the PCT.

- 2017 – 2019: Complete the South Backlands Stabilization project providing shore improvements and transitional dredging to support the trestle and dock structures.
- 2020 - 2022: Completed PCT Construction. Construction of Port Administration office contract awarded. Groundbreaking and foundation work began in September 2022.
- 2023: PCT fuel lines completing certification, and cement offloading equipment added and certified. Facility first use planned for Spring 2023. NES 1 contract awarded, work to begin in April 2023. Cargo dock designer-of-record chosen; work to also begin in April 2023. Admin office construction scheduled to be completed by end of year with beneficial occupancy to follow thereafter.

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5. Capital Assets

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

	Balance January 1, 2022, As Adjusted	Increase	Decrease	Balance December 31, 2022
Capital assets not being depreciated:				
Land	$ 38,439,459	$ -	$ -	$ 38,439,459
Works of art	21,344	-	-	21,344
Construction in progress	172,710,185	31,093,435	(181,256,106)	22,547,514
Total capital assets not being depreciated	211,170,988	31,093,435	(181,256,106)	61,008,317
Capital assets being depreciated or amortized:				
Buildings	7,069,156	-	-	7,069,156
Building improvements	802,443	-	-	802,443
Land improvements	136,721,977	29,120	-	136,751,097
Vehicles	1,304,470	-	-	1,304,470
Machinery and equipment	12,211,498	896,704	(152,523)	12,955,679
Computer hardware	187,158	26,686	-	213,844
Computer software	579,490	-	-	579,490
Office furniture and fixtures	64,788	-	-	64,788
Infrastructure	130,042,145	180,326,064	-	310,368,209
Right of use asset – Infrastructure	552,231	-	-	552,231
Total capital assets being depreciated and amortized	289,535,356	181,278,574	(152,523)	470,661,407
Less accumulated depreciation and amortization for:				
Buildings	4,717,805	133,689	-	4,851,494
Building improvements	365,814	14,899	-	380,713
Land improvements	39,287,952	4,564,485	-	43,852,437
Vehicles	1,021,351	101,247	-	1,122,598
Machinery and equipment	11,513,895	327,771	(152,523)	11,689,143
Computer hardware	151,404	14,950	-	166,354
Computer software	92,426	112,371	-	204,797
Office furniture and fixtures	64,787	-	-	64,787
Infrastructure	95,702,154	1,767,580	-	97,469,734
Right of Use Asset - Infrastructure	-	46,734	-	46,734
Total accumulated depreciation and amortization	152,917,588	7,083,726	(152,523)	159,848,791
Capital assets being depreciated and amortized, net	136,065,537	174,747,079	-	310,812,616
Total Capital Assets, net	$ 347,236,525	$ 205,840,514	$ (181,256,106)	$ 371,820,933

6. Leases

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

Lease receivable

The Port, as lessor, entered into multiple-year lease agreements to third parties for various nonfinancial assets at discount rates ranging from 3.21% to 4.60% depending on terms for each contract. The lengths of the lease terms vary, and the Port has used the Municipality of Anchorage's incremental borrowing rate as the discount rate when the stated interest rate was not included in the contract. The Port recognized $1,709,174 in lease revenue and $2,606,814 in interest revenue for the year ended December 31, 2022. As of December 31, 2022, the Port's receivable for future lease payments was $53,522,567. The Port recognized a deferred inflow of resources associated with the leases of $52,492,410 on December 31, 2022, that will be recognized as revenue over the remainder of the lease terms.

Lease payable

The Port has entered into multiple lease agreements as a lessee for various nonfinancial assets. As of December 31, 2022, the outstanding balance of lease payables was for $508,157. The Port is required to make monthly and annual principal payments plus interest. The lease agreements did not contain a stated interest rate, therefore, the Port has used the Municipality of Anchorage's incremental borrowing rate of 2.21% and 2.63% as the discount rate for leases. The nonfinancial assets have various useful lives. No material direct costs payments were made. The book value of the right-to-use asset as of December 31, 2022, was $552,231 and had accumulated amortization of $46,734.

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

Year Ending December 31,	Principal	Interest	Total
2023	$ 41,953	$ 10,945	$ 52,898
2024	42,887	10,011	52,898
2025	43,841	9,057	52,898
2026	44,817	8,081	52,898
2027	45,814	7,084	52,898
2028-2032	180,531	21,759	202,290
2033-2037	108,314	3,730	112,044
Total	$ 508,157	$ 70,667	$ 578,824

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 1.071% 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 are used to fund capital improvements to Port facilities on a short-term basis. The notes have a total authorized amount of $40,000,000 and an expiration date of December 29, 2023. The interest rate charged to the Port is variable; as of December 31, 2022, the interest rate was 4.41%. In 2020, amounts drawn were repaid with proceeds from the issuance of 2020 Series B Revenue Bonds. On December 27, 2021, $40,000,000 was drawn and was outstanding at December 31, 2022. The amount of interest expense recognized on the notes for the year ended December 31, 2022 was $825,289.

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

	Balance January 1, 2022, As Adjusted	Additions	Reductions	Balance December 31, 2022	Due Within One Year
Revenue bonds payable	$ 65,095,000	$ -	$ -	$ 65,095,000	$ 715,000
Unamortized premium	3,950,251	-	(146,911)	3,803,340	-
Total revenue bonds payable	69,045,251	-	(146,911)	68,898,340	715,000
Notes payable from direct borrowings	40,000,000	-	-	40,000,000	-
Environmental obligation	1,747,630	-	(13,524)	1,734,106	-
Compensated absences payable	289,766	-	(13,430)	276,336	172,420
Leases payable	552,231	-	(44,074)	508,157	41,953
Net pension liability	1,468,098	-	(25,535)	1,442,563	-
Total Noncurrent Liabilities	$ 113,102,976	$ -	$ (243,474)	$ 112,859,502	$ 929,373

Debt service requirements to maturity for the revenue bonds follow:

	Revenue Bonds		
Year Ending December 31,	Principal	Interest	Total
2023	$ 715,000	$ 2,280,611	$ 2,995,611
2024	525,000	2,272,953	2,797,953
2025	370,000	2,265,955	2,635,955
2026	1,385,000	2,260,653	3,645,653
2027	1,845,000	2,236,831	4,081,831
2028-2032	9,745,000	10,591,221	20,336,221
2033-2037	11,080,000	9,260,118	20,340,118
2038-2042	12,940,000	7,404,689	20,344,689
2043-2047	15,410,000	4,929,722	20,339,722
2048-2050	11,080,000	1,126,000	12,206,000
	$ 65,095,000	$ 44,628,753	$ 109,723,753

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 remaining to be paid on the bonds at December 31, 2022 was $65,095,000. Interest paid for the year ended December 31, 2022 was $2,280,611. Total pledged revenues for the year ended December 31, 2022 were $17,766,549.

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 (3)
2022	$ 18,701,932	$ 12,727,753	$ 5,974,179	$ -	$ 1,595,897	$ 1,595,897	3.74

(1) 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 amortization, and transfers to other funds; but includes regular/recurring nonoperating expenses.
(3) Required minimum coverage is 1.35.

Port Revolving Credit Agreement

In June 2013, the Assembly authorized the establishment of a long- term borrowing program in the amount of $40 million as an interim financing program for the Port expansion project. On June 20, 2019, the Port and its commercial bank amended the Revolving Credit Agreement under the same terms and conditions but with a revised expiration date of July 21, 2021. Any amount may be repaid prior to that date at the option of the Port. In December 2020, the outstanding principal balance of $40 million was paid off with proceeds from the issuance of the Port Revenue Bond Series B, with the option to draw up to $40 million for financing for capital projects related to the Port Modernization Project.

This long-term borrowing program was amended and restated as of July 1, 2021, with a new expiration date of December 29, 2023. The interest rate per annum is the applicable spread of 0.75 percent plus the Securities Industry and Financial Markets Association (SIFMA) rate. The Port exercised the option to draw $40 million for the needed financing for capital projects related to the Port Modernization Project and as of December 31, 2022, the Port incurred $825,289 in interest expense on unpaid principal.

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 $1,734,106 at December 31, 2022. See note 9 for a description of environmental issues affecting this land.

9. Environmental Issues

In 2011, the Port recognized a capital contribution in the amount of $8,425,612 related to the land described in Note 8. Both Tract H and Tract J at the Port are ADEC designated contaminated sites. In 2022, no required monitoring expenses were incurred for either Tract H or Tract J.

10. Pension and Other Postemployment Benefits Plans

(a) Defined Benefit (BD) Pension Plan

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

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

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

Historical Context and Special Funding Situation

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

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

The Port recorded the related on-behalf contributions as revenue and expense as prescribed by GAAP, pursuant to the relevant basis of accounting.

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

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

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

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

Contribution rates for the plan year ended June 30, 2021 and June 30, 2022 were determined in the June 30, 2020 and June 30, 2021 actuarial valuations, respectively. The Port's contribution rates for the 2022 and 2021 calendar year were as follows:

January 1, 2022 to June 30, 2022	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54%	26.99%	8.11%
Postemployment healthcare (ARHCT)	6.46%	3.12%	-%
Total Contribution Rates	22.00%	30.11%	8.11%

July 1, 2022 to December 31, 2022	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	24.79%	2.79%
Postemployment healthcare (ARHCT)	-%	-%	-%
Total Contribution Rates	22.00%	24.79%	2.79%

In 2022, the Port was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2021 to June 30, 2022	Port's Fiscal Year January 1, 2022 to December 31, 2022
Employer contributions (including DBUL)	$ 124,736	$ 134,303
Nonemployer contributions (on-behalf)	66,820	43,857
Total Contributions	$ 191,556	$ 178,160

In addition, Port employee contributions to the Plan totaled $23,281 as of December 31, 2022.

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

At December 31, 2022, 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:

	2022
Port proportionate share of NPL	$ 1,442,563
State's proportionate share of NPL associated with the Port	399,251
Total Net Pension Liability	$ 1,841,814

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 to calculate the net pension liability as of that date. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2022 measurement date, the Port's proportion was 0.02830 percent, which was a decrease of 0.01172 from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Port recognized pension expense (benefit) of $(75,531) and on-behalf revenue (credits) of $26,081 for support provided by the State. At December 31, 2022, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	41,243	-
Port contributions subsequent to the measurement date	72,790	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	$ 114,033	$ -

The $72,790 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2023	$ (4,903)
2024	(12,568)
2025	(30,171)
2026	88,885
2027	-
Thereafter	-
Total Amortization	$ 41,243

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.5% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.

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

Long-Term Expected Rate of Return

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

June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	27%	6.51%
Global equity (non-U.S.)	18%	5.70%
Aggregate bonds	21%	0.31%
Opportunistic	6%	-%
Real assets	14%	3.71%
Private equity	14%	9.61%
Cash equivalents	-%	(0.5)%

Discount Rate

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

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

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

June 30, 2022	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Port's proportionate share of the net pension liability	0.02830%	$ 1,942,000	$ 1,442,563	$ 1,021,435

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. https://drb.alaska.gov/docs/reports/#pers.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the 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, 2022 to cover a portion of the Port's employer match contributions. For the year ended December 31, 2022, forfeitures reduced pension expense by $1,402.

Employee Contribution Rate

For the year ended December 31, 2022, 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 year ended December 31, 2022, 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, 2022 were $26,091 and $41,745. The contribution amounts were recognized as pension expense.

(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, 2022 were as follows:

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

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

In 2022, the Port was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2021 to June 30, 2022	Port's Fiscal Year January 1, 2022 to December 31, 2022
Employer contributions - ARHCT	$ 21,861	$ 10,562
Employer contributions – RMP	2,314	5,663
Employer contributions - ODD	5,478	2,354
Total Contributions	$ 29,653	$ 18,579

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

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

	2022
Port's proportionate share of NOA – ARHCT	$ 553,064
Port's proportionate share of NOA – RMP	11,315
Port's proportionate share of NOA – ODD	17,580
Subtotal Net OPEB Assets	581,959
State's proportionate share of the ARHCT NOA associated with the Port	158,091
Total Net OPEB Assets	$ 740,050

The total OPEB liabilities (asset) for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 to calculate the net OPEB liabilities (asset) as of that date. The Port's proportion of the net OPEB liabilities (asset) 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, 2021 Measurement Date	June 30, 2022 Measurement Date	Change
Port's proportionate share of the net OPEB liabilities (assets):			
ARHCT	0.0329%	0.0281%	(0.0048)%
RMP	0.0400%	0.0326%	(0.0074)%
ODD	0.0531%	0.0401%	(0.0130)%

Collective Totals (All OPEB Plans)

For the year ended December 31, 2022, the Port recognized collective OPEB expense (benefit) of $(185,154) and revenue of $(50,028) for support provided by the Plans.

At December 31, 2022, 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	$	561	$	(10,127)
Changes in assumptions		2,191		(39,060)
Net difference between projected and actual earnings on OPEB plan investments		33,586		-
Changes in proportion and differences between Port contributions and proportionate share of contributions		14,455		(841)
Port contributions subsequent to the measurement date		4,113		-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans	**$**	**54,906**	**$**	**(50,028)**

The $4,113 reported as deferred outflows of resources related to all OPEB plans resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB assets in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,		
2023	$	(23,641)
2024		(13,882)
2025		(28,011)
2026		72,201
2027		(2,699)
Thereafter		(3,203)
Total Amortization	**$**	**765**

ARHCT Plan

At December 31, 2022, 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	$	-	$	(3,915)
Changes in assumptions		-		(25,381)
Net difference between projected and actual earnings on OPEB plan investments		31,377		-
Changes in proportion and differences between Port contributions and proportionate share of contributions		13,695		-
Port contributions subsequent to the measurement date		3		-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ARHCT Plan	$	45,075	$	(29,296)

The $3 reported as deferred outflows of resources at December 31, 2022 related to the ARHCT Plan resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB asset in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,		
2023	$	(20,871)
2024		(11,004)
2025		(24,789)
2026		72,440
2027		-
Thereafter		-
Total Amortization	$	15,776

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Retiree Medical Plan

At December 31, 2022, 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	$	561	$	(445)
Changes in assumptions		2,191		(13,567)
Net difference between projected and actual earnings on OPEB plan investments		1,614		-
Changes in proportion and differences between Port contributions and proportionate share of contributions		261		(21)
Port contributions subsequent to the measurement date		2,919		-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to RMP Plan	$	7,546	$	(14,033)

The $2,919 reported as deferred outflows of resources at December 31, 2022 related to the RMP Plan resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB asset in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,		
2023	$	(1,573)
2024		(1,652)
2025		(1,901)
2026		265
2027		(2,030)
Thereafter		(2,515)
Total Amortization	$	(9,406)

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ODD Plan

At December 31, 2022, 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	$ -	$ (5,767)
Changes in assumptions	-	(112)
Net difference between projected and actual earnings on OPEB plan investments	595	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	499	(820)
Port contributions subsequent to the measurement date	1,191	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ODD Plan	**$ 2,285**	**$ (6,699)**

The $1,191 reported as deferred outflows of resources at December 31, 2022 related to the ODD Plan resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB asset in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2023	$ (1,197)
2024	(1,226)
2025	(1,321)
2026	(504)
2027	(669)
Thereafter	(688)
Total Amortization	**$ (5,605)**

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Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Graded by service, from 8.50% to 3.85% for Peace Officer/ Firefighter. Graded by service from 6.75% to 2.85% for all others.
Allocation methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment return of return	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are from FY 2023 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Mortality Peace officer / firefighter (ODD Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on the Pub-2010

	Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Mortality All Others (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Mortality All Others (ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member. Deaths are assumed to result from occupational causes 35% of the time.
Participation (ARHCT)	100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.
Other	See the experience study report dated July 15, 2022.

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	27%	6.51%
Global equity (non-U.S.)	18%	5.7%
Aggregate bonds	21%	0.31%
Opportunistic	6%	-%
Real assets	14%	3.71%
Private equity	14%	9.61%
Cash equivalents	-%	(0.5)%

Discount Rate

The discount rate used to measure the total OPEB asset for each plan as of June 30, 2022 was 7.25%. 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 asset 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 7.25%, as well as what the Port's proportionate share of the respective plan's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

2022	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Port's proportionate share of the net OPEB asset:				
ARHCT	0.02811%	$ 328,600	$ 553,064	$ 741,299
RMP	0.03258%	(2,081)	11,315	21,530
ODD	0.04010%	16,560	17,580	18,377

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

2022	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Port's proportionate share of the net OPEB asset:				
ARHCT	0.02811%	$ 763,442	$ 553,064	$ 301,834
RMP	0.03258%	22,933	11,315	(4,334)
ODD	0.04010%	N/A	N/A	N/A

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

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

Contribution Rate

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

Annual Postemployment Healthcare Cost

In 2022, the Port contributed $12,534 in DC OPEB costs. These amounts have been recognized as expense.

11. 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 and 2017 the Municipality reached agreements with all the private party defendants to fully and finally settle, release and resolve any and all claims, liabilities and damages of the Municipality for a total of $19,350,000. These settlements were recorded as legal settlements shown on the Port's statements of revenues, expenses and changes in net position as nonoperating revenue. As required under two of the settlement agreements the Port restricted $1.95 million of the settlements to a Port litigation escrow account recorded in 2016 as restricted assets "legal settlement set-aside", in the Port's statements of net position. An order for dismissal in the US District Court for the District of Alaska was signed on February 22, 2017 closing the case filed in the State of Alaska. A separate action in the United States Court of Federal Claims against the U.S. Maritime Administration (MARAD) was filed in March 2014. Trial occurred in February 2021 and final judgement was entered on February 24, 2021 awarding the Municipality the sum of $367,446,809. The judgment was timely appealed to the United States Court of Appeals for the Federal Circuit on April 25, 2022 with oral arguments scheduled on March 7, 2024. The judgment is pending.

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

12. Adoption of New Accounting Principle

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

13. New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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,	2022	2021	2020	2019	2018	2017	2016	2015
Port's Proportion of the Net Pension Liability	0.02830%	0.04002%	0.03421%	0.03774%	0.04798%	0.04125%	0.03604%	0.03570%
Port's Proportionate Share of the Net Pension Liability	$ 1,442,563	$ 1,468,098	$ 2,019,032	$ 2,065,214	$ 2,384,302	$ 1,486,034	$ 2,014,253	$ 1,482,666
State of Alaska Proportionate Share of the Net Pension Liability	399,251	198,882	835,767	820,051	690,549	553,637	253,804	397,126
Total Net Pension Liability	$ 1,841,814	$ 1,666,980	$ 2,854,799	$ 2,885,265	$ 3,074,851	$ 2,039,671	$ 2,268,057	$ 1,879,792
Port's Covered Payroll	$ 881,071	$ 1,085,780	$ 1,138,176	$ 1,299,520	$ 1,449,474	$ 1,286,487	$ 943,387	$ 965,281
Port's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	163.73%	135.21%	177.39%	158.92%	164.49%	115.51%	213.51%	153.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%

Schedule of the Port Contributions

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

See accompanying notes to Required Supplementary Information.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Public Employees' Retirement System - OPEB ARHCT Plan

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

	ARHCT				
Years Ended December 31,	2022	2021	2020	2019	2018
Port's Proportion of the Net OPEB Liability (Asset)	0.02811%	0.03291%	0.03420%	0.03772%	0.04797%
Port's Proportionate Share of the Net OPEB Liability (Asset)	$ (553,064)	$ (1,030,901)	$ (154,877)	$ 55,975	$ 492,347
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	(158,091)	(135,021)	(64,255)	22,257	142,923
Total Net OPEB Liability (Asset)	$ (711,155)	$ (1,165,922)	$ (219,132)	$ 78,232	$ 635,270
Port's Covered Payroll	$ 881,071	$ 1,085,780	$ 1,138,176	$ 1,299,520	$ 1,449,474
Port's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-62.77%	-94.95%	-13.61%	4.31%	33.97%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	128.51%	135.54%	106.15%	98.13%	8812.00%

Schedule of the Port's Contributions

	ARHCT				
Years Ended December 31,	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 10,562	$ 30,403	$ 44,896	$ 62,525	$ 63,786
Contributions Relative to the Contractually Required Contribution	10,562	30,403	44,896	62,525	63,786
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Port's Covered Payroll	$ 877,098	$ 1,091,553	$ 1,116,420	$ 1,310,046	$ 1,462,579
Contributions as a Percentage of Covered Payroll	1.20%	2.79%	4.02%	4.77%	4.36%

See accompanying notes to Required Supplementary Information.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Public Employees' Retirement System - OPEB RMP Plan

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

	RMP				
Years Ended December 31,	2022	2021	2020	2019	2018
Port's Proportion of the Net OPEB Liability (Asset)	0.03258%	0.04001%	0.04157%	0.04966%	0.05581%
Port's Proportionate Share of the Net OPEB Liability (Asset)	$ (11,315)	$ (10,983)	$ 2,948	$ 11,880	$ 7,102
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ (11,315)	$ (10,983)	$ 2,948	$ 11,880	$ 7,102
Port's Covered Payroll	$ 881,071	$ 1,085,780	$ 1,138,176	$ 1,299,520	$ 1,449,474
Port's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-1.28%	-1.01%	0.26%	0.91%	0.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	120.08%	115.10%	95.23%	83.17%	88.71%

Schedule of the Port's Contributions

	RMP				
Years Ended December 31,	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 5,663	$ 7,204	$ 7,788	$ 7,402	$ 6,582
Contributions Relative to the Contractually Required Contribution	5,663	7,204	7,788	7,402	6,582
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Port's Covered Payroll	$ 877,098	$ 1,091,553	$ 1,116,420	$ 1,310,046	$ 1,462,579
Contributions as a Percentage of Covered Payroll	0.65%	0.66%	0.70%	0.57%	0.45%

See accompanying notes to Required Supplementary Information.

Municipality of Anchorage, Alaska

Port of Alaska Fund

Public Employees' Retirement System - OPEB ODD Plan

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

	ODD				
Years Ended December 31,	2022	2021	2020	2019	2018
Port's Proportion of the Net OPEB Liability (Asset)	0.04010%	0.05315%	0.05523%	0.06660%	0.05581%
Port's Proportionate Share of the Net OPEB Liability (Asset)	$ (17,580)	$ (22,358)	$ (15,057)	$ (16,161)	$ (10,840)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ (17,580)	$ (22,358)	$ (15,057)	$ (16,161)	$ (10,840)
Port's Covered Payroll	$ 881,071	$ 1,085,780	$ 1,138,176	$ 1,138,176	$ 1,449,474
Port's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.00%	-2.06%	-1.32%	-1.42%	-0.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	348.80%	374.22%	283.80%	297.43%	270.62%

Schedule of the Port's Contributions

	ODD				
Years Ended December 31,	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 2,354	$ 2,797	$ 2,641	$ 2,820	$ 2,397
Contributions Relative to the Contractually Required Contribution	2,354	2,797	2,641	2,820	2,397
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Port's Covered Payroll	$ 877,098	$ 1,091,553	$ 1,116,420	$ 1,310,046	$ 1,462,579
Contributions as a Percentage of Covered Payroll	0.27%	0.26%	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, 2022, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

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

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

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

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

Schedule of the Port's Contributions

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

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

2. Public Employees' Retirement System OPEB Plans

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

The tables are presented based on the Plan measurement date. For December 31, 2022, the Plan measurement date is June 30, 2022.

Changes in Assumptions:

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

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

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

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

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

Schedule of the Port's Contributions

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

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

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Supplementary Information

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

December 31,	2022	2021
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	$ 500	$ 650
Equity in general cash pool	10,730,244	12,066,195
Equity in bond and capital acquisition and construction pool	-	3,323,241
Accrued interest on investments	82,239	55,196
Accrued interest on leases	216,472	-
Accounts receivable, net	1,045,610	923,910
Leases receivable, current portion	718,645	-
Prepaid items and deposits	109,233	139,973
Parts inventory	329,025	329,025
Total Current Assets	13,231,968	16,838,190
Noncurrent Assets		
Unrestricted assets:		
Leases receivable, net of current portion	52,803,922	-
Assets held for resale	242,093	242,093
Capital assets, net	371,820,933	347,236,525
Net other postemployment benefits asset	581,959	1,064,242
Total unrestricted noncurrent assets	425,448,907	348,542,860
Restricted assets:		
Restricted cash - settlement set aside	1,950,000	1,950,000
Equity in general cash pool - held for debt service	4,986,136	5,693,135
Intergovernmental receivables	6,319,647	22,544,779
Total restricted noncurrent assets	13,255,783	30,187,914
Total Noncurrent Assets	438,704,690	378,730,774
Total Assets	451,936,658	395,568,964
Deferred Outflows of Resources		
Related to pensions	114,033	135,667
Related to other postemployment benefits	54,906	23,758
Total Deferred Outflows of Resources	168,939	159,425
Total Assets and Deferred Outflows of Resources	$ 452,105,597	$ 395,728,389

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statements of Net Position, continued

December 31,	2022	2021
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	$ 417,174	$ 387,521
Capital acquisition and construction accounts and retainages payable	3,319,437	1,792,357
Leases payable, current portion	41,953	-
Compensated absences payable	172,420	167,472
Unearned revenue	-	37,500
Accrued payroll liabilities	84,697	122,914
Accrued interest payable	318,229	190,051
Accrued interest on leases	777	-
Bonds payable, due within one year	715,000	-
Total Current Liabilities	5,069,687	2,697,815
Noncurrent Liabilities		
Other noncurrent liabilities	1,734,106	1,747,630
Leases payable, net of current portion	466,204	-
Compensated absences payable	103,916	122,294
Net pension liability	1,442,563	1,468,098
Notes payable	40,000,000	40,000,000
Bonds payable, including unamortized premium, net of current portion	68,183,340	69,045,251
Total Noncurrent Liabilities	111,930,129	112,383,273
Total Liabilities	116,999,816	115,081,088
Deferred Inflows of Resources		
Related to pensions	-	585,445
Related to other postemployment benefits	50,028	563,322
Related to leases	52,492,410	-
Total Deferred Inflows of Resources	52,542,438	1,148,767
Net Position		
Net investment in capital assets	259,094,999	260,135,560
Restricted for capital construction	8,269,647	758,136
Restricted for debt service	4,986,136	5,693,135
Unrestricted	10,212,561	12,911,703
Total Net Position	282,563,343	279,498,534
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 452,105,597	$ 395,728,389

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended December 31,	2022	2021
Operating Revenues		
Charges for sales and services:		
Dockage	$ 1,257,729	$ 1,273,487
Wharfage, dry bulk	341,728	225,369
Wharfage, liquid bulk	4,505,188	3,956,808
Wharfage, general cargo	3,945,833	3,703,672
Storage revenue	273,419	259,675
Office rental	28,923	51,307
Utilities	36,838	21,247
Miscellaneous	240,459	181,297
Total charges for sales and services	10,630,117	9,672,862
Other operating revenues:		
Crane rentals	130,822	141,913
Other lease revenue	1,709,174	-
Industrial park lease rentals	1,683,165	4,509,536
POL Valve yard fees	464,803	403,063
Total other operating revenues	3,987,964	5,054,512
Total Operating Revenues	14,618,081	14,727,374
Operating Expenses		
Operations:		
Personnel services	2,721,640	2,774,789
Pension	(563,265)	99,163
Other postemployment benefits	(115,861)	(439,549)
Supplies	202,353	152,501
Other services and charges	4,791,463	6,507,748
Charges from other departments	1,215,444	1,198,886
Total operations	8,251,774	10,293,538
Depreciation and amortization	7,083,726	7,231,394
Total Operating Expenses	15,335,500	17,524,932
Operating loss	(717,419)	(2,797,558)

Municipality of Anchorage, Alaska
Port of Alaska Fund

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

Years Ended December 31,	2022	2021
Nonoperating Revenues (Expenses)		
Intergovernmental - PERS On Behalf	$ (27,621)	$ (46,562)
Investment income (loss) - short-term investments	(279,805)	7,652
Security fees	1,544,552	1,502,007
Right-of-way fees	212,290	208,749
Interest income on leases	2,606,814	-
Interest expense on leases	(9,601)	-
Interest on long-term obligations	(2,958,989)	(2,123,958)
Debt issuance costs	(7,500)	(209,333)
Security contract	(1,710,822)	(1,686,747)
Gain on sale of capital assets	19,431	-
Total Nonoperating Revenues (Expenses)	(611,251)	(2,348,192)
Loss before capital contributions and transfers	(1,328,670)	(5,145,750)
Contributions and Transfers		
Capital contributions	6,520,399	25,616,270
Transfers to other funds:		
Municipal service assessment	(1,390,551)	(1,355,911)
Dividend	(736,369)	(689,753)
Change in Net Position	3,064,809	18,424,856
Net Position, beginning	279,498,534	261,073,678
Net Position, ending	$ 282,563,343	$ 279,498,534

Municipality of Anchorage, Alaska
Port of Alaska Fund
Statements of Cash Flows

Years Ended December 31,	2022	2021
Cash Flows from Operating Activities		
Receipts from customers	$ 13,428,724	$ 14,937,423
Payments to employees	(2,773,287)	(2,790,316)
Payments to vendors	(4,946,947)	(7,088,831)
Internal activity - payments made to other funds	(1,215,444)	(1,198,886)
Net cash flows from operating activities	4,493,046	3,859,390
Cash Flows for Noncapital Financing Activities		
Transfer to other funds	(2,126,920)	(2,045,664)
Security contract	(1,710,822)	(1,686,747)
Right of way and security fees	1,756,842	1,710,756
Net cash flows for noncapital financing activities	(2,080,900)	(2,021,655)
Cash Flows for Capital and Related Financing Activities		
Interest payments on long-term obligations	(2,977,722)	(2,267,940)
Interest payments on leases	(8,824)	-
Principal payments on leases	(44,074)	-
Acquisition and construction of capital assets	(29,588,823)	(76,749,759)
Proceeds from sale of capital assets	19,431	-
Proceeds from issuance of long-term debt	-	40,000,000
Debt issuance costs	(7,500)	(209,333)
Interest received from leases	2,390,342	-
Capital contributions received	22,745,531	18,805,688
Net cash flows for capital and related financing activities	(7,471,639)	(20,421,344)
Cash Flows from (for) Investing Activities		
Investment income (loss)	(306,848)	9,693
Net Decrease in Cash and Cash Equivalents	(5,366,341)	(18,573,916)
Cash and Cash Equivalents, beginning	23,033,221	41,607,137
Cash and Cash Equivalents, ending	$ 17,666,880	$ 23,033,221
Components of Cash and Cash Equivalents		
Cash	$ 500	$ 650
Equity in general cash pool	10,730,244	12,066,195
Equity in bond and capital acquisition and construction pool	-	3,323,241
Restricted cash - settlement set aside	1,950,000	1,950,000
Restricted equity in general cash pool - debt service	4,986,136	5,693,135
Cash and Cash Equivalents, ending	$ 17,666,880	$ 23,033,221

Municipality of Anchorage, Alaska
Port of Alaska Fund

Statements of Cash Flows, continued

Years Ended December 31,	2022	2021
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities:		
Operating loss	$ (717,419)	$ (2,797,558)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	7,083,726	7,231,394
PERS relief - noncash expenses	(27,621)	(46,562)
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:		
Accounts receivable	(121,700)	172,549
Leases receivable	662,803	-
Prepaid items and deposits	30,740	41,265
Net other postemployment benefits asset	482,283	(894,308)
Deferred outflows of resources related to pensions	21,634	64,367
Deferred outflows of resources related to other postemployment benefits	(31,148)	76,700
Unearned revenue	(37,500)	37,500
Accounts payable	29,653	(456,323)
Compensated absences payable	(13,430)	(16,244)
Net pension liability	(25,535)	(550,934)
Net other postemployment benefits liability	-	(2,948)
Other noncurrent liabilities	(13,524)	(13,524)
Accrued payroll liabilities	(38,217)	717
Deferred inflows of resources related to pensions	(585,445)	585,445
Deferred inflows of resources related to other postemployment benefits	(513,294)	427,854
Deferred inflows of resources related to leases	(1,692,960)	-
Net Cash Flows from Operating Activities	$ 4,493,046	$ 3,859,390
Noncash Capital and Financing Activities		
Capital purchases on account	$ 3,319,437	$ 1,792,357
Capital contributions	6,319,647	22,544,779
Total Noncash Capital and Financing Activities	$ 9,639,084	$ 24,337,136

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Statistical Section (Unaudited)

Table 1

Municipality of Anchorage, Alaska

Port of Alaska Fund

Comparative Detail Schedule of Actual Revenues by Source (Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Dockage	$ 1,257,729	$ 1,273,487	$ 1,270,139	$ 1,370,086	$ 1,242,374	$ 1,174,735	$ 1,089,224	$ 1,142,837	$ 1,061,272	$ 956,080
Wharfage, dry bulk	341,728	225,369	210,837	141,102	169,575	150,695	148,896	181,234	179,256	153,813
Wharfage, liquid bulk	4,505,188	3,956,808	2,961,881	1,764,856	1,805,784	1,521,105	1,463,035	1,682,558	900,922	570,819
Wharfage, general cargo	3,945,833	3,703,672	3,932,954	3,780,750	3,544,751	3,529,245	3,670,375	3,608,772	3,414,255	3,440,514
Storage revenue	273,419	259,675	272,130	234,381	219,392	237,335	265,309	327,061	230,883	49,168
Office rental	28,923	51,307	104,886	108,659	96,994	108,670	121,887	114,462	135,041	73,884
Utilities	36,838	21,247	27,705	41,688	46,767	29,687	30,040	45,232	28,675	15,462
Crane rentals	130,822	141,913	124,502	113,060	120,960	74,250	72,488	105,858	43,375	59,025
Industrial park lease rentals	1,683,165	4,509,536	4,442,927	4,440,847	4,472,735	4,344,217	4,326,069	4,363,254	4,182,255	4,172,846
Other lease revenue	1,709,174	-	-	-	-	-	-	-	-	-
Investment income (loss)- short-term	(279,805)	7,652	458,510	1,394,025	312,700	627,633	344,945	344,603	211,006	78,006
Right-of-way fees	212,290	208,749	186,668	192,445	202,056	173,391	167,849	164,678	174,968	160,682
POL valve yard fees	464,803	403,063	328,210	281,832	302,861	246,957	176,713	191,560	231,774	330,359
Security fees	1,544,552	1,502,007	1,494,782	1,496,703	1,478,313	1,469,614	1,421,294	1,426,724	1,361,865	1,325,901
Gain on sale of assets held for resale	-	-	-	249,459	781,831	1,069,995	-	-	-	-
Gain on sale of capital assets	19,431	-	5,775	-	-	-	-	-	-	-
Interest income on leases	2,606,814	-	-	-	-	-	-	-	-	-
Intergovernmental - PERS On Behalf	(27,621)	(46,562)	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	240,459	181,297	118,894	438,726	303,519	280,983	1,022,677	507,769	154,542	247,059
Subtotal	18,693,742	16,399,220	16,007,418	16,016,174	15,151,708	21,851,571	26,964,376	14,224,677	15,192,442	11,633,618
Capital contributions	6,520,399	25,616,270	48,889,068	45,651,079	18,650,418	11,619,685	13,323,471	7,834,571	2,882,353	1,811,983
Transfers from other funds	-	-	-	-	-	81,500	-	-	-	-
Total	$25,214,141	$42,015,490	$64,896,486	$61,667,253	$33,802,126	$33,552,756	$40,287,847	$22,059,248	$18,074,795	$13,445,601

Table 2

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

Type of Service		Wharfage Rate
Aggregates, per ton	$	1.35
Freight NOS		8.09
Bulk commodities, dry, NOS		3.38
Cement		6.07
Cement, bulk through pipeline		2.90
Coal, bulk		1.35
Iron or steel articles		6.07
Logs		3.38
Lumber		6.07
Chips NOS		4.04
Petroleum or petroleum products:		
Inbound/outbound (per bbl.)		2.85
Transfers (per bbl.)		0.05
Fuel (per bbl.)		1.68
Powder (explosive)		20.22
Vans or containers		4.04
Vehicles		13.49

Port of Anchorage Terminal Tariff No. 9
Tariff issued 1/1/2022 and effective 1/1/2022.

Notes to tariff rates: Tariff 10.0 will be used starting 1/1/2024
NOS - Not otherwise specified

Municipality of Anchorage, Alaska
Port of Alaska Fund

Approved Tariff 9.0 Rate Increases (Unaudited)

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

Table 4

Municipality of Anchorage, Alaska
Port of Alaska Fund

Ten-Year Annual Dock Tonnage Report (Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Freight NOS	181	36	689	1,167	2,199	5,876	4,451	-	5,463	6,385
Dry bulk goods	117,837	87,692	101,853	109,956	105,326	97,223	122,006	126,737	140,684	119,271
Petroleum, NOS (vessel fueling)	42,262	47,888	58,728	222,536	129,828	1,467	893	5,013	2,031	2,615
Vans/flats/containers	1,642,100	1,638,486	1,642,547	1,655,612	1,631,303	1,592,473	1,582,951	1,681,223	1,811,136	1,738,601
Vehicles	-	-	-	-	-	-	-	-	-	2,615
Petroleum, shoreside	1,193,446	1,061,820	902,439	802,093	505,980	471,717	368,708	368,294	916,050	952,631
Petroleum bulk - dockside	2,194,109	2,151,884	1,997,845	1,474,399	1,574,029	1,329,089	1,419,162	1,592,317	580,343	586,041
Total Tons	5,189,935	4,987,806	4,704,101	4,265,763	3,948,665	3,497,845	3,498,171	3,773,584	3,455,707	3,408,159

NOS - Not otherwise specified

Table 5

Municipality of Anchorage, Alaska
Port of Alaska Fund

Financial Ratios (Unaudited)

Description	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Current ratio (current assets / current liabilities)	13.68	6.33	1.84	0.88	13.49	12.51	12.31	16.63	15.24	35.41
Quick ratio (quick assets / current liabilities)	11.06	6.21	1.80	0.84	9.30	10.01	13.23	14.46	13.77	13.25
Return on investment (change in net position / total assets)	1%	5%	13%	15%	4%	6%	8%	-4%	-1%	-31%
Return on equity (change in net position / net position)	1%	7%	20%	23%	6%	8%	11%	-5%	-1%	-40%
Debt to equity as a percent of capital structure (outstanding debt / capital structure over net position)	38%	25%	27%	18%	23%	24%	26%	29%	27%	20%
Capital structure	62%	75%	73%	82%	77%	76%	74%	71%	73%	80%
Operating margin	-5%	-17%	-18%	-21%	-47%	-36%	-59%	-99%	-41%	-3%

Notes to financial ratios:

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

Table 6

Municipality of Anchorage, Alaska
Port of Alaska Fund

Capital Improvement Program Summary (Unaudited)
(in thousands)

Project Category	2022	2023	2024	2025	2026	2027	Total
PAMP - Cargo Terminals	$ 3,000	$400,000	$ -	$ -	$ -	$ -	$403,000
PAMP - Administration Building	9,874	-	-	-	-	-	9,874
PAMP - North Extension Stabilization	120,000	-	-	-	-	-	120,000
Port Equipment	-	350	550	-	-	-	900
Port of Alaska Master Plan	-	300	-	-	-	-	300
Port of Alaska Sand Tent Replacement	-	1,000	-	-	-	-	1,000
Storm Drain Enhancements	1,500	2,500	2,500	2,500	2,500	2,500	14,000
Wharf Pile Enhancements - Fenders	-	-	550	-	-	-	550
US Army Corps of Engineers Permit Requirements	-	-	280	280	280	280	1,120
Tract J Road Access - Port Security Grant	-	5,100	-	-	-	-	5,100
Ship Creek Boat Launch Dredging & Repairs	50	150	-	-	-	-	200
Total	$134,424	$409,400	$ 3,880	$ 2,780	$ 2,780	$ 2,780	$556,044

Funding Source	2022	2023	2024	2025	2026	2027	Total
Port Equity	$ 1,550	$ 5,575	$ 3,600	$ 2,500	$ 2,500	$ 2,500	$ 18,225
State/Federal Funds	132,874	403,825	280	280	280	280	537,819
Total	$134,424	$ 409,400	$ 3,880	$ 2,780	$ 2,780	$ 2,780	$ 556,044

Table 7

Municipality of Anchorage, Alaska

Port of Alaska Fund

Historical Revenues for Top 10 Customers (Unaudited)

Customer Name	2017	2018	2019	2020	2021	2022
Matson Navigation Co of AK LLC.	$ 3,963,201	$ 3,992,345	$ 4,145,159	$ 4,341,741	$ 4,310,462	$ 4,911,933
TOTE Maritime Alaska, Inc.	4,348,202	4,187,419	4,163,209	4,241,090	4,222,618	4,302,049
Tesoro Alaska Companies Inc.	2,178,859	1,973,515	2,338,936	2,376,820	2,433,227	2,430,884
Alaska Maritime Agencies	617,920	812,984	618,917	1,343,109	1,948,779	2,272,479
Petro Star, Inc.	581,691	812,375	980,349	1,215,060	1,546,637	1,954,751
Anchorage Fueling & Service Co./ASIG	608,901	572,221	581,628	591,100	593,795	736,648
Anchorage Sand and Gravel/ABI	507,364	535,896	698,411	560,139	504,888	636,146
Crowley Petroleum Distribution (CPD Alaska)	302,955	257,136	238,307	243,441	278,493	289,090
Delta Western	301,702	262,576	302,503	248,173	241,899	242,291
Holland America Line	230,643	220,124	182,713	No Revenue earned due to COVID 19	No Revenue earned due to COVID 19	17,283

Municipality of Anchorage, Alaska
Port of Alaska Fund
Vessel Arrivals (Unaudited)

Category	2017	2018	2019	2020	2021	2022
Barge	-	-	11	-	1	1
Cement Ship	4	4	4	4	3	4
Cargo	2	1	2	1	-	2
Cruise Ships	10	10	10	-	-	1
Dredge	1	1	3	5	6	5
G-Military Oil Tanker		-	-	-	-	-
Government Ship	-	2	7	4	1	2
Gravel Barge	-	1	-	-	-	-
Military Ship	2	1	2	1	3	-
Petroleum Barges	50	54	60	50	56	63
Petroleum Tankers	30	33	27	39	43	43
Pipe Ship	1	1	-	-	-	-
Ships - TOTE/MATSON	202	196	201	195	201	197
Tugs	77	79	79	80	93	95
Yacht/Other small craft	-	1	-	4	1	-
Total	379	384	406	383	408	413

Municipality of Anchorage, Alaska
Port of Alaska Fund

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

Year Ended December 31, 2022	Budget	Actual	Variance
Operating Revenues			
Charges for sales and services:			
Dockage	$ 1,610,413	$ 1,257,729	$ (352,684)
Wharfage, dry bulk	172,029	341,728	169,699
Wharfage, liquid bulk	2,185,067	4,505,188	2,320,121
Wharfage, general cargo	4,031,278	3,945,833	(85,445)
Storage revenue	229,722	273,419	43,697
Office rental	24,050	28,923	4,873
Utilities	44,704	36,838	(7,866)
Miscellaneous	253,025	240,459	(12,566)
Total charges for sales and services	8,550,288	10,630,117	2,079,829
Other operating revenues:			
Crane rentals	56,500	130,822	74,322
Other lease rentals	2,585,058	1,709,174	(875,884)
Industrial park lease rentals	1,687,784	1,683,165	(4,619)
POL Valve yard fees	291,696	464,803	173,107
Total other operating revenues	4,621,038	3,987,964	(633,074)
Total Operating Revenues	13,171,326	14,618,081	1,446,755
Operating Expenses			
Operations:			
Personnel services	(3,416,711)	2,721,640	(6,138,351)
Pension	-	(563,265)	563,265
Other postemployment benefits	-	(115,861)	115,861
Supplies	235,300	202,353	32,947
Other services and charges	14,305,329	4,791,463	9,513,866
Charges from other departments	1,426,255	1,215,444	210,811
Total operations	12,550,173	8,251,774	4,298,399
Depreciation	7,937,791	7,083,726	854,065
Total Operating Expenses	20,487,964	15,335,500	5,152,464
Operating loss	(7,316,638)	(717,419)	6,599,219

Municipality of Anchorage, Alaska
Port of Alaska Fund

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

Year Ended December 31, 2022	Budget	Actual	Variance
Nonoperating Revenues (Expenses)			
Intergovernmental revenues - PERS on-behalf	$ -	$ (27,621)	$ (27,621)
Investment income (loss) - short term investments	94,000	(279,805)	(373,805)
Security fees	1,477,975	1,544,552	66,577
Right-of-way fees	173,000	212,290	39,290
Interest income on leases	484,303	2,606,814	2,122,511
Interest expense on leases	(9,601)	(9,601)	-
Interest on long-term obligations	(3,100,000)	(2,958,989)	141,011
Debt issuance costs	(25,000)	(7,500)	17,500
Security contract	-	(1,710,822)	(1,710,822)
Gain on sale of capital assets	-	19,431	19,431
Total Nonoperating Revenues (Expenses)	(905,323)	(611,251)	294,072
Loss before capital contributions and transfers	(8,221,961)	(1,328,670)	6,893,291
Contributions and Transfers			
Capital contributions	-	6,520,399	6,520,399
Transfers to other funds:			
Municipal service assessment	(1,390,551)	(1,390,551)	-
Dividend	(736,369)	(736,369)	-
Change in Net Position	$ (10,348,881)	3,064,809	$ 13,413,690
Net Position, beginning		279,498,534	
Net Position, ending		$ 282,563,343	

Municipality of Anchorage, Alaska
Port of Alaska Fund

Historical Debt Service Coverage for the Fiscal Year (Unaudited)

Fiscal Year	Revenue (1)	Operating Expenses (2)	Amount Available for Debt Service	Principal	Interest	Total	Coverage (3)
2022	$ 18,701,932	$ 12,727,753	$ 5,974,179	$ -	$ 1,595,897	$ 1,595,897	3.74

(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, an enterprise fund of the Municipality of Anchorage, Alaska, 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 April 8, 2024.

Report on 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 opinion 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 the Port of Alaska's internal control.

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2022-003 to be a significant deficiency.

Report on 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*.

Port of Alaska's Response to Findings

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

Purpose of This Report

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

BDO USA, P.C.

Anchorage, Alaska
April 8, 2024

Municipality of Anchorage, Alaska
Port of Alaska Fund

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

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:		
Material weakness(es) identified?	X yes	___ no
Significant deficiency(ies) identified?	X yes	___ (none reported)
Noncompliance material to financial statements noted?	___ yes	X no

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

Finding 2022-001 — **Timeliness in Closure of Books and Records - Material Weakness in Internal Control over Financial Reporting**

Criteria

Governmental Accounting Standards Board Concepts Statement No. 1, *Objectives of Financial Reporting*, identifies the objectives of external financial reporting by state and local government entities. These objectives encompass concepts of financial reporting that will promote useful financial information for state and local governments to its users. Users of these financial reports include the citizenry, legislative and oversight bodies, and investors and creditors. In order for financial information to be useful and of value, the information needs to be sufficiently detailed and encompass the seven basic tenets of accountability, understandability, reliability, relevance, timeliness, consistency, and comparability.

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

Condition

The Municipality failed to perform closure of books and records in a timely manner after its fiscal year end. This resulted in a delay to produce required reconciliations and final period-ending trial balances utilized in the production of financial reporting.

Cause

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

Effect or potential effect	The delay in timing resulted in delays for disseminating financial reporting information to the Municipality's citizenry, legislative and oversight bodies, and investors and creditors.
Recommendation	Management should prepare a close schedule and perform timely reconciliations of the Municipality's books and records to its supporting schedules.
Views of responsible officials	The Port will work with MOA to improve the timelines of these closures by keeping all Port work up to date and submitting it for review to the Controller Division timely.
Finding 2022-002	**Implementation of Government Accounting Standards Board Statement No. 87 (GASBS No. 87), *Leases* – Material Weakness in Internal Control over Financial Reporting**
Criteria	GASBS No. 87 defines the lease term as periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option. GASBS No. 87 further states that a lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term and should be measured at the present value of the lease payments expected to be received during the lease term.
Condition	The Municipality failed to include extension factors within multiple leases within the Port of Alaska. This resulted in approximately $43 million in material adjustments to lease receivable and deferred inflows related to leases.
Cause	Internal controls were not established to ensure that lease amortization schedules were accurate and reflected appropriate inputs to initially measure the lease receivable and deferred inflows related to leases that were applicable to the Port of Alaska.
Effect or potential effect	BDO identified material adjustments to the initial measurement of the lease receivable and deferred inflows related to leases in the Port of Alaska as a result of management's determination not to include extension terms to measure the lease receivable and deferred inflows related to leases.
Recommendation	Management should ensure supervisory review of the implementation of new accounting pronouncements are performed at a sufficient level of precision to support the financial reporting elements. The CFO should consider having a single person in a position of authority who evaluates and implements new accounting pronouncements.
Views of responsible officials and planned corrective actions	The Port will work with the Controller Division to assist in the review and preparation of the Port lease entries to reflect and comply with the standards set forth in GASBS 87.

Finding 2022-003 **Reconciliation and Review Controls - Significant Deficiency in Internal Control over Financial Reporting**

Criteria

Government Auditing Standards states that management is responsible for establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Internal controls over financial reporting should allow management to prevent or detect and correct misstatements on a timely basis.

COSO Internal Control Integrated Framework defines internal control at the organizational level and identifies objectives, components, and principles of internal control to establish and maintain an effective internal control environment. Control Activities Principle Number 10 states that an organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. The COSO Integrated Framework identifies types of transactional control activities that include among others, authorizations and approvals, verifications, reconciliations, and supervisory controls.

Condition

Reconciliations and related details for Construction Work in Progress contained significant inaccuracies and required multiple revisions. Reconciliations and oversight of restricted assets is a key area impacting financial reporting for which the personnel responsible for this financial reporting area did not have ready access to information necessary to perform their duties.

Cause

There was insufficient supervisory review of the general ledger and related financial reporting elements against reconciliation details and activity throughout the fiscal year.

Effect or potential effect

Those responsible for financial reporting did not have complete information to ensure timely reporting. Financial reports were delayed.

Recommendation

Management should ensure supervisory review of the reconciliation details and activity throughout the fiscal year are performed at a sufficient level of precision to support the financial reporting elements. The CFO should consider having a single person in a position of authority who oversees accurate and comprehensive financial reporting and coordinates between various control owners.

Views of responsible officials

The Port will work with designated Finance Division staff to ensure and assist with general ledger and related financial reporting elements for review to ensure accurate and timely information.

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MUNICIPALITY OF ANCHORAGE, ALASKA
PORT OF ALASKA FUND

Corrective Action Plan
Year Ended December 31, 2022

*Finding 2022-001:	**Timeliness in Closure of Books and Records – Material Weakness in Internal Control over Financial Reporting**
Planned Corrective Action Plan:	The Port uses a general ledger program that is a Municipality of Anchorage (MOA)-wide system. The Port can only close periods when all of MOA is ready to close periods. The Port will work with MOA to improve the timeliness of these closures by keeping all Port work up to date and submitting it for review to the Controller Division timely.
Completion Date:	June 30, 2024
*Finding 2022-002:	**Implementation of Government Accounting Standards Board Statement No. 87 (GASBS No. 87), *Leases* – Material Weakness in Internal Control over Financial Reporting**
Planned Corrective Action Plan:	The Port will work with the Controller Division to assist in the review and preparation of the Port lease entries to reflect and comply with the standards set forth in GASB87. The Port will provide updates for all lease activity throughout the year to alleviate a backlog of information transmitted for review and processing at yearend.
Completion Date:	December 31, 2024
*Finding 2022-003:	**Reconciliation and Review Controls – Significant Deficiency in Internal Control over Financial Reporting**
Planned Corrective Action Plan:	The Port will work with designated Finance Division staff to ensure and assist with general ledger and related financial reporting elements for review to ensure accurate and timely information.
Completion Date:	December 31, 2024
Contact:	Cheryl J Beckham Port of Alaska Finance Manager 907-343-6204