

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

Financial Statements, Required  
Supplementary Information, Supplementary  
Information, and Other Information  
December 31, 2023

(With Independent Auditor's Report Thereon)

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

---

Financial Statements, Required Supplementary Information,  
Supplementary Information, and Other Information  
December 31, 2023

(With Independent Auditor's Report Thereon)

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

**Table of Contents**

---

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

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

**Table of Contents**

---

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

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	90-91
Schedule of Findings and Responses	92-95
Corrective Action Plan	96-97
Status of Prior Year Findings	97-98



Tel: 907-278-8878  
Fax: 907-278-5779  
[www.bdo.com](http://www.bdo.com)

3601 C Street, Suite 600  
Anchorage, AK 99503

## **Independent Auditor's Report**

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

### ***Opinion***

We have audited the financial statements of the Don Young Port of Alaska, an enterprise fund of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2023, 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 Don Young Port of Alaska of the Municipality of Anchorage, Alaska, as of December 31, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

As discussed in Note 1, the financial statements present only the Don Young Port of Alaska and do not purport to, and do not, present fairly the financial position of the Municipality of Anchorage, as of December 31, 2023, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 12, the Don Young Port of Alaska adopted the provision of Government Accounting Standards Board Statement Number 96, *Subscription-Based Information Technology Arrangements*. 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.

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



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

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

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

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

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

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

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



### ***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2025 on our consideration of the Don Young Port of Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Don Young Port of Alaska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Don Young Port of Alaska's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska  
June 12, 2025

*This page intentionally left blank.*

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

---

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

## **Management's Discussion and Analysis December 31, 2023**

---

The Don Young Port of Alaska Fund (Port) is a department of the Municipality of Anchorage, Alaska (Municipality of Anchorage). A commission consisting of nine members oversees the Port's tariff issues. The Commission recommends tariff rates, fees, and charges imposed by the Port for its services to the Anchorage Assembly for approval. The following is a discussion and analysis of the Port's financial performance, providing an overview of the financial activities for the years ended December 31, 2023 and 2022. 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.

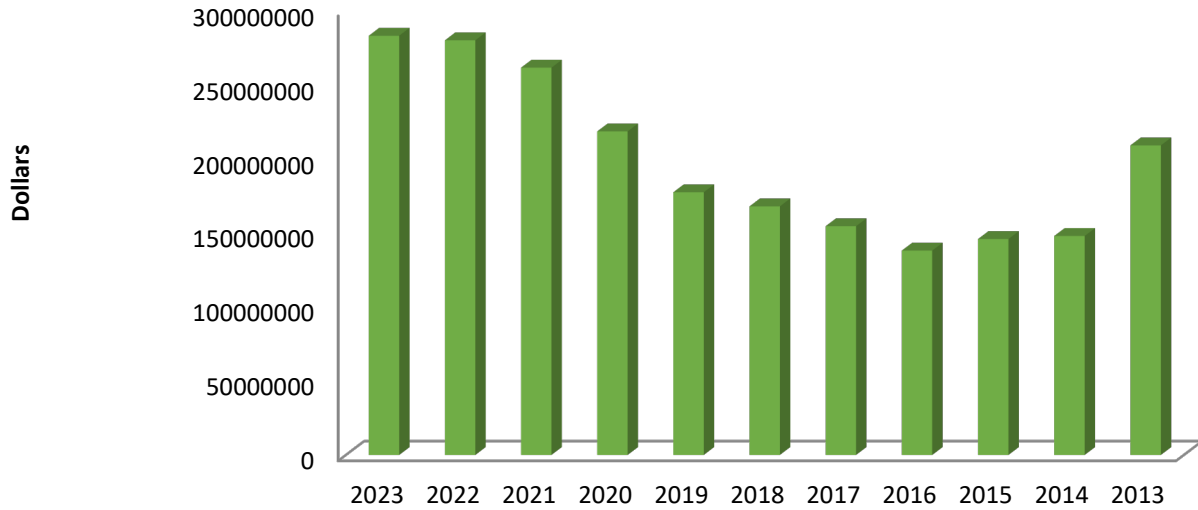
### **Financial Highlights**

- Net position increased \$75,118,927 or 27% in 2023. The increase in net position was primarily due to capital contributions of \$86,477,961 exceeding the operating loss of \$7,486,438 and transfers to other funds of \$1,976,009. In 2022, net position increased \$3,064,809 or 1.09%. 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.
- Operating revenues increased \$1,718,933 or 12% in 2023. This increase is due to an increase of \$1,480,618 related to the increase in Tariff 9.1 rates for commodities across the dock, reflective of the approved 12.95% increase for Petroleum and Cement rates with a 3.01% rate increase in all other fees. In 2022, operating revenues decreased \$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.
- Operating expenses increased \$8,487,952 or 55% in 2023. This increase was due to a \$5,940,004 or 84% increase in depreciation expense recorded as a direct result of the capitalization of the Petroleum and Cement Terminal in 2022 with an asset cost of \$180,326,064. Other services and charges increased \$1,975,879 due to continuing increases seen in the cost of repair and maintenance contracting and other professional services procured for continued operation at the port. In 2022, operating decreased by \$2,189,432 or (12.5%). 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.

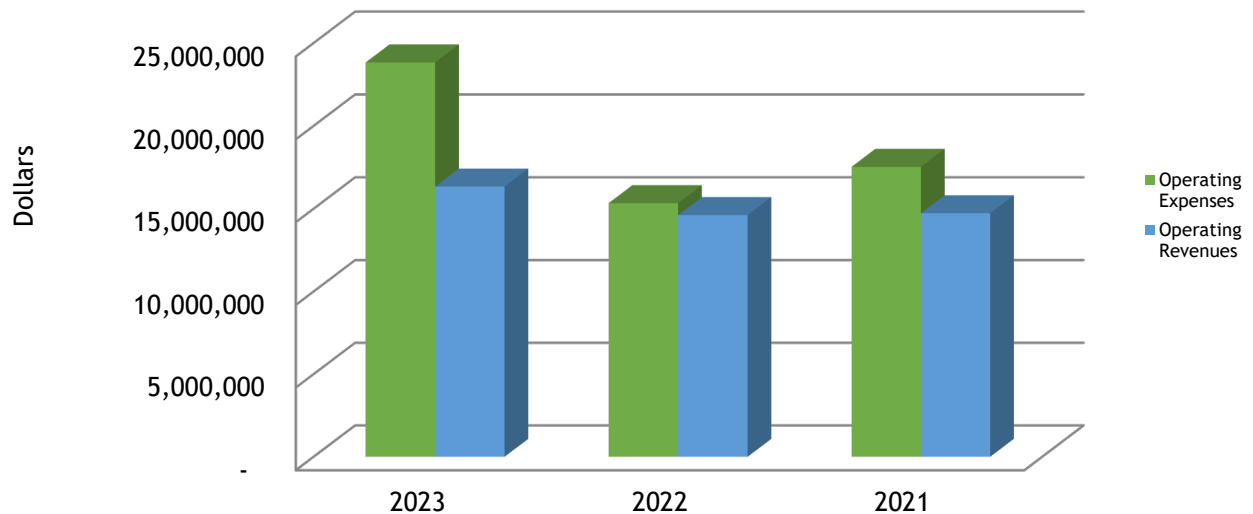
Municipality of Anchorage, Alaska  
Don Young Port of Alaska Fund

Management's Discussion and Analysis  
December 31, 2023

### NET POSITION



### OPERATING REVENUES & EXPENSES



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

## **Management's Discussion and Analysis December 31, 2023**

---

### **Overview of the Financial Statements**

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

The Port's financial statements offer short and long-term information about activities of the Port and collectively provide an indication of the Port's financial health. The basic annual financial statements are presented on an annual basis for the year ended December 31, 2023, and include the following: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and notes to the basic financial statements. The basic financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

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

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

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

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

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

### **Financial Analysis of the Port**

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

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

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

## Management's Discussion and Analysis December 31, 2023

Changes in the Port's net position can be determined by reviewing the following condensed Summary of Net Position as of December 31, 2023, 2022, and 2021. 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

	2023	2022	2021
<b>Assets and Deferred Outflows of Resources:</b>			
Current assets	\$ 3,187,981	\$ 13,231,968	\$ 16,838,190
Noncurrent assets	555,282,650	438,704,690	378,730,774
Deferred Outflows of Resources	140,161	168,939	159,425
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 558,610,792</b>	<b>\$ 452,105,597</b>	<b>\$ 395,728,389</b>
<b>Liabilities and Deferred Inflows of Resources:</b>			
Current Liabilities	31,361,805	5,069,687	2,697,815
Noncurrent Liabilities	111,022,595	111,930,129	112,383,273
Deferred Inflows of Resources	58,544,122	52,542,438	1,148,767
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>200,928,522</b>	<b>169,542,254</b>	<b>116,229,855</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	322,459,076	259,094,999	260,135,560
Restricted for Capital Construction	52,034,943	8,269,647	758,136
Restricted for Debt Service	5,215,400	4,986,136	5,693,135
Unrestricted	(22,027,149)	10,212,561	12,911,703
<b>Total Net Position</b>	<b>357,682,270</b>	<b>282,563,343</b>	<b>279,498,534</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 558,610,792</b>	<b>\$ 452,105,597</b>	<b>\$ 395,728,389</b>

During 2023 the Port's total assets and deferred outflows of resources increased by \$106,505,195. Noncurrent assets increased by \$116,577,960 primarily due to increases in capital assets of \$66,152,326, lease receivables of \$6,425,217 and a \$43,765,296 increase in intergovernmental receivables. Current assets decreased by \$10,043,987 related to decreases in equity in the general cash pool primarily due to the delay of reimbursements for grant expenditures.

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.

# **Municipality of Anchorage, Alaska**

## **Don Young Port of Alaska Fund**

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

#### **December 31, 2023**

---

During 2023, the Port's current liabilities increased by \$26,292,118 primarily due to an increase of \$22,505,599 in due to other funds which represents the Port's usage in the Municipality of Anchorage cash pool, and an increase of \$3,692,505 in capital acquisition and construction accounts payable. Total liabilities and deferred inflows of resources increased by \$31,386,268 reflecting a \$6,024,087 increase in resources related to leases and a decrease in payables of \$187,588 related to net pension liability and \$861,911 related to bonds payable and \$48,035 decrease in other payables.

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.

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, 2023 and 2022 (Table 2).

During 2023, the Port's operating revenues increased by \$1,718,933 or 12% overall. This increase reflects an increase in dock revenue categories of \$1,554,580 or 16% due to Tariff rate increases that went into effect on January 1, 2023. Changes in other leases due to the implementation of the scheduled lease rate increases reflect an increase of \$207,324 with a decrease in fees related to the POL Valve yard of \$51,543.

During 2023, the Port's operating expenses increased by \$8,487,952 or 55%. This was primarily due to an increase in depreciation expense of \$5,940,004 to capture the first full year of depreciation on the Port's Petroleum and Cement terminal, an increase of \$1,975,879 for professional services for ongoing capital project work at the port not related to the modernization program and an increase of \$540,192 for personnel services in scheduled employment.

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

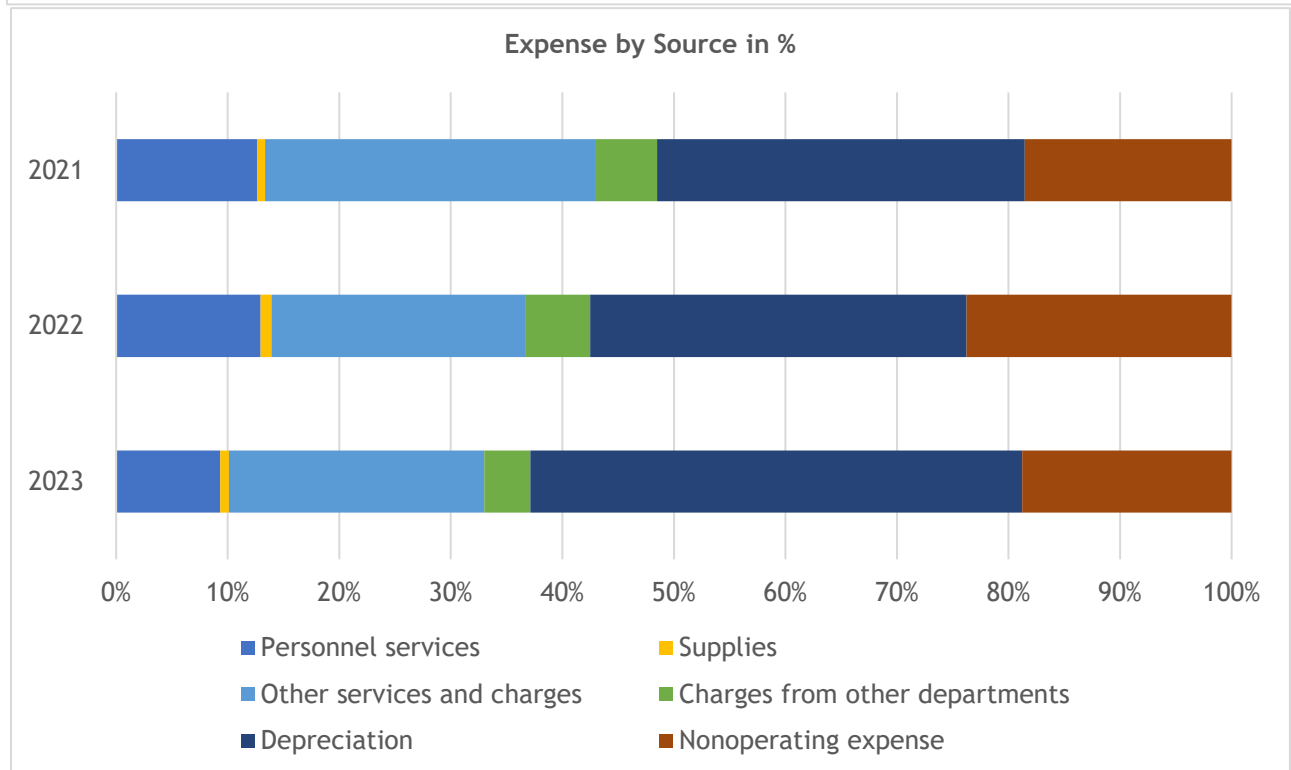
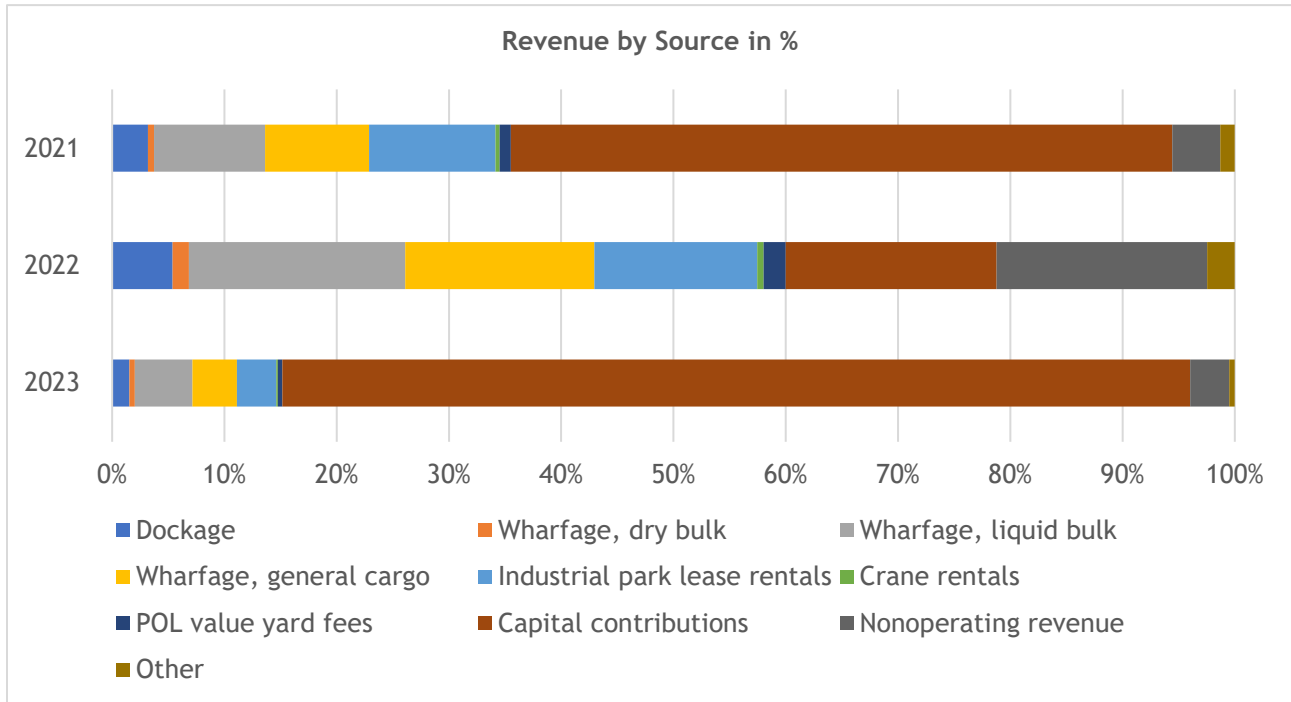
**Management's Discussion and Analysis**  
**December 31, 2023**

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

	2023	2022
Operating Revenues:		
Dockage	\$ 1,614,198	\$ 1,257,729
Wharfage, Dry Bulk	506,814	341,728
Wharfage, Liquid Bulk	5,357,616	4,505,188
Wharfage, General Cargo	4,126,430	3,945,833
Industrial Park and Other Lease Rentals	3,677,911	3,392,339
Crane Rentals	135,108	130,822
POL Valve Yard Fees	413,260	464,803
Other	505,677	579,639
Total Operating Revenues	<u>16,337,014</u>	<u>14,618,081</u>
Operating Expenses:		
Personnel Services	2,582,706	2,042,514
Supplies	231,981	202,353
Other Services and Charges	6,767,342	4,791,463
Charges from Other Departments	1,217,693	1,215,444
Depreciation	13,023,730	7,083,726
Total Operating Expenses	<u>23,823,452</u>	<u>15,335,500</u>
Operating Loss	(7,486,438)	(717,419)
Nonoperating Revenues (Expenses)		
Non-Operating Revenues	3,681,411	4,383,087
Non-Operating Expenses	(5,577,998)	(4,994,338)
Net Non-Operating Revenues	<u>(1,896,587)</u>	<u>(611,251)</u>
Gain (Loss) Before Capital Contributions and Transfers	<u>(9,383,025)</u>	<u>(1,328,670)</u>
Capital contributions and transfers	<u>84,501,952</u>	<u>4,393,479</u>
Change in Net Position	<u>75,118,927</u>	<u>3,064,809</u>
Net Position, beginning	282,563,343	279,498,534
Net Position, ending	<u>\$ 357,682,270</u>	<u>\$ 282,563,343</u>

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

## Management's Discussion and Analysis December 31, 2023



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

## Management's Discussion and Analysis December 31, 2023

### Capital Assets and Debt Administration

#### Capital Assets

The following table summarizes the Port's capital assets, at cost, as of December 31, 2023, 2022, and 2021.

**TABLE 3**  
Net Capital Assets

	2023	2022	2021
Land	\$ 38,439,459	\$ 38,439,459	\$ 38,439,459
Infrastructure	207,348,987	213,403,973	34,339,992
Buildings	2,092,010	2,217,662	2,351,351
Building improvements	406,830	421,730	436,629
Land improvements	88,333,364	92,898,660	97,434,025
Vehicles	105,561	181,872	283,119
Machinery and equipment	1,038,816	1,266,536	697,603
Computer hardware	48,478	47,490	35,754
Computer software	262,322	374,693	487,064
Art	21,344	21,344	21,344
Construction work in progress	99,876,088	22,547,514	172,710,185
<b>Total Net Capital Assets</b>	<b>437,973,259</b>	<b>371,820,933</b>	<b>347,236,525</b>
Increase in net capital assets	\$ 66,152,326	\$ 24,584,408	\$ 65,374,677

2023 Notable additions include:

- Petroleum & Cement Terminal - \$1,765,629
- Computer Hardware Refresh - \$16,525
- Petroleum Hose Replacement - \$17,175

Construction work in progress increased by \$77,328,574 in 2023 due primarily to the continued work on the North Extension Stabilization project underway for the Don Young 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.

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

## Management's Discussion and Analysis December 31, 2023

### Revenue Bonds and Notes Payable

The following table summarizes the Port's debt as of December 31, 2023, 2022, and 2021.

**TABLE 4**  
Net Debt

	2023	2022	2021
Revenue bonds, net	\$ 68,036,429	\$ 68,898,340	\$ 69,045,251
Notes payable	40,000,000	40,000,000	40,000,000
Total Net Debt	<u>108,036,429</u>	<u>108,898,340</u>	<u>109,045,251</u>
Increase (Decrease) in net debt	\$ (861,911)	\$ (146,911)	\$ 39,853,906

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

### Economic Factors and Next Year's Budgets and Rates

The Don Young Port of Alaska supports more than \$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 Don Young 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.

# **Municipality of Anchorage, Alaska**

## **Don Young Port of Alaska Fund**

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

#### **December 31, 2023**

---

The Don Young 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 2023 budget projected Port operating revenues of \$15.2 million and \$2.2 million in nonoperating revenues. Actual 2023 operating revenues were \$16.3 million and were \$1 million over budget projections. Actual 2023 nonoperating revenues including capital contributions earned approximately \$90.1 million and were \$88 over budget projections. Operating revenues remain steady with a 12% increase in revenues and a slight 1% decrease in tonnage levels overall. The overall increase in revenue was due to scheduled tariff increases set forth in Tariff 9.0 as well as increases to the Preferential User Agreements contributed to the overall increased performance over the budget. The variance in the nonoperating revenue was due to the direct funding from the US Maritime Administration and the State of Alaska in the amount of \$86.5 million for grant related expenditures supporting the Don Young Port of Alaska Modernization Program.

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 Don Young 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 Don Young 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.

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

## **Management's Discussion and Analysis December 31, 2023**

---

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. Tariff 9.1 was effective on 3/1/2022 to set forth minor Section 1 updates relating to rules and regulations. No financial update on Section 2, Schedule of Charges were made at that time.

In an effort to ensure appropriate revenue earning for operations and debt service requirements, rates are reviewed on an annual basis and consider potential upcoming revenue bond sales and necessary debt service payments to continue funding of the Don Young Port of Alaska Modernization Program. Tariff 10.0 went into effect on January 1, 2024 which established Section 2, Item 272, Don Young Port of Alaska Modernization Program Surcharge. This section assesses a surcharge fee in order to cover expenses incurred for the Don Young Port of Alaska Modernization Program. This section was subsequently updated in Tariff 10.1 which went into effect January 1, 2025 with updated rates to ensure adequate revenue is generated to cover debt service costs for the Revenue Bond Sale done in December 2024.

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

### **Contacting the Port's Financial Management**

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

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

## Financial Statements

---

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

**Statement of Net Position**

<i>December 31,</i>	<i>2023</i>
<b>Assets and Deferred Outflows of Resources</b>	
<b>Current Assets</b>	
Cash	\$ 500
Accrued interest on investments	185,149
Accrued interest on leases	180,227
Accounts receivable, net	1,389,522
Leases receivable, current portion	1,022,334
Prepaid items and deposits	81,224
Parts inventory	329,025
<b>Total Current Assets</b>	<b>3,187,981</b>
<b>Noncurrent Assets</b>	
Unrestricted assets:	
Leases receivable, net of current portion	59,229,139
Assets held for resale	242,093
Capital assets, net	437,973,259
Net other postemployment benefits asset	587,816
<b>Total unrestricted noncurrent assets</b>	<b>498,032,307</b>
Restricted assets:	
Restricted cash - settlement set aside	1,950,000
Equity in general cash pool - held for debt service	5,215,400
Intergovernmental receivables	50,084,943
<b>Total restricted noncurrent assets</b>	<b>57,250,343</b>
<b>Total Noncurrent Assets</b>	<b>555,282,650</b>
<b>Total Assets</b>	<b>558,470,631</b>
<b>Deferred Outflows of Resources</b>	
Related to pensions	100,030
Related to other postemployment benefits	40,131
<b>Total Deferred Outflows of Resources</b>	<b>140,161</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 558,610,792</b>

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

<i>December 31,</i>	<i>2023</i>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Current Liabilities</b>	
Accrued payroll liabilities	\$ 132,018
Accounts payable	626,320
Capital acquisition and construction accounts and retainages payable	7,011,939
Leases payable, current portion	41,520
SBITAs payable, current portion	4,375
Compensated absences payable	175,124
Due to other funds	22,505,599
Accrued interest payable	339,068
Accrued interest on leases	842
Bonds payable, due within one year	525,000
<b>Total Current Liabilities</b>	<b>31,361,805</b>
<b>Noncurrent Liabilities</b>	
Other noncurrent liabilities	1,720,582
Leases payable, net of current portion	415,313
SBITAs payable, net of current portion	4,607
Compensated absences payable	115,689
Net pension liability	1,254,975
Notes payable	40,000,000
Bonds payable, including unamortized premium, net of current portion	67,511,429
<b>Total Noncurrent Liabilities</b>	<b>111,022,595</b>
<b>Total Liabilities</b>	<b>142,384,400</b>
<b>Deferred Inflows of Resources</b>	
Related to other postemployment benefits	27,625
Related to leases	58,516,497
<b>Total Deferred Inflows of Resources</b>	<b>58,544,122</b>
<b>Net Position</b>	
Net investment in capital assets	322,459,076
Restricted for capital construction	52,034,943
Restricted for debt service	5,215,400
Unrestricted	(22,027,149)
<b>Total Net Position</b>	<b>357,682,270</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 558,610,792</b>

*See accompanying notes to financial statements.*

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

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

<i>Year Ended December 31,</i>	<i>2023</i>
<b>Operating Revenues</b>	
Charges for sales and services:	
Dockage	\$ 1,614,198
Wharfage, dry bulk	506,814
Wharfage, liquid bulk	5,357,616
Wharfage, general cargo	4,126,430
Storage revenue	235,571
Office rental	46,044
Utilities	23,006
Miscellaneous	201,056
<b>Total charges for sales and services</b>	<b>12,110,735</b>
Other operating revenues:	
Crane rentals	135,108
Other lease revenue	1,930,333
Industrial park lease rentals	1,747,578
POL Valve yard fees	413,260
<b>Total other operating revenues</b>	<b>4,226,279</b>
<b>Total Operating Revenues</b>	<b>16,337,014</b>
<b>Operating Expenses</b>	
Operations:	
Personnel services	2,755,602
Pension	(127,539)
Other postemployment benefits	(45,357)
Supplies	231,981
Other services and charges	6,767,342
Charges from other departments	1,217,693
<b>Total operations</b>	<b>10,799,722</b>
Depreciation and amortization	13,023,730
<b>Total Operating Expenses</b>	<b>23,823,452</b>
<b>Operating loss</b>	<b>\$ (7,486,438)</b>

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

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

<i>Year Ended December 31,</i>	<i>2023</i>
<b>Nonoperating Revenues (Expenses)</b>	
Intergovernmental - PERS On Behalf	\$ 14,174
Net investment income	13,998
Security fees	1,552,076
Right-of-way fees	192,166
Interest income on leases	1,887,222
Interest expense on leases	(17,021)
Interest on long-term obligations	(3,787,861)
Debt issuance costs	(42,500)
Security contract	(1,730,616)
Gain on sale of capital assets	21,775
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,896,587)</b>
Loss before capital contributions and transfers	(9,383,025)
<b>Contributions and Transfers</b>	
Capital contributions	86,477,961
Transfers to other funds:	
Municipal service assessment	(1,239,640)
Dividend	(736,369)
<b>Change in Net Position</b>	<b>75,118,927</b>
<b>Net Position, beginning</b>	<b>282,563,343</b>
<b>Net Position, ending</b>	<b>\$ 357,682,270</b>

*See accompanying notes to financial statements.*

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

<i>Year Ended December 31,</i>	<i>2023</i>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 15,288,280
Payments to employees	(2,693,804)
Payments to vendors	(6,775,686)
Internal activity - payments made to other funds	(1,217,693)
<b>Net cash flows from operating activities</b>	<b>4,601,097</b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfer to other funds	(1,976,009)
Change in due to other funds	22,505,599
Security contract	(1,730,616)
Right of way and security fees	1,744,242
<b>Net cash flows from noncapital financing activities</b>	<b>20,543,216</b>
<b>Cash Flows for Capital and Related Financing Activities</b>	
Interest payments on long-term obligations	(3,913,933)
Interest payments on leases	(16,956)
Principal payments on leases	(35,942)
Principal payments on SBITAs	(5,417)
Acquisition and construction of capital assets	(75,484,540)
Proceeds from sale of capital assets	21,775
Principal payments on long-term debt	(715,000)
Debt issuance costs	(42,500)
Interest received from leases	1,923,467
Capital contributions received	42,712,665
<b>Net cash flows for capital and related financing activities</b>	<b>(35,556,381)</b>
<b>Cash Flows for Investing Activities</b>	
Investment loss	(88,912)
<b>Net cash flows for investing activities</b>	<b>(88,912)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(10,500,980)</b>
<b>Cash and Cash Equivalents, beginning</b>	<b>17,666,880</b>
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 7,165,900</b>
<b>Components of Cash and Cash Equivalents</b>	
Cash	\$ 500
Restricted cash - settlement set aside	1,950,000
Restricted equity in general cash pool - debt service	5,215,400
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 7,165,900</b>

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

---

*Year Ended December 31,* 2023

---

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

Operating loss	\$ (7,486,438)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation and amortization	13,023,730
PERS relief - noncash expenses	14,174
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:	
Accounts receivable	(343,909)
Leases receivable	(6,728,907)
Prepaid items and deposits	28,010
Net other postemployment benefits asset	(5,857)
Deferred outflows of resources related to pensions	14,003
Deferred outflows of resources related to other postemployment benefits	14,775
Accounts payable	209,146
Compensated absences payable	14,477
Net pension liability	(187,588)
Other noncurrent liabilities	(13,524)
Accrued payroll liabilities	47,321
Deferred inflows of resources related to other postemployment benefits	(22,403)
Deferred inflows of resources related to leases	6,024,087

---

<b>Net Cash Flows from Operating Activities</b>	<b>\$ 4,601,097</b>
---	---------------------

---

**Noncash Capital and Related Financing Activities**

Capital purchases on account	\$ 7,011,939
Capital contributions	50,084,943

---

<b>Total Noncash Capital and Related Financing Activities</b>	<b>\$ 57,096,882</b>
---	----------------------

---

*See accompanying notes to financial statements.*

# **Municipality of Anchorage, Alaska**

## **Don Young Port of Alaska Fund**

### **Notes to Financial Statements**

---

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

##### *Reporting Entity*

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

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

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

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

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

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

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

# **Municipality of Anchorage, Alaska**

## **Don Young Port of Alaska Fund**

### **Notes to Financial Statements**

---

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, 2023.

#### **Prepays**

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

#### **Interfund Receivables and Payables**

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

#### **Restricted Assets**

It is the Port's policy to first use restricted assets to make certain payments when both restricted and unrestricted assets are available for the same purpose. "Intergovernmental receivables" represent grant receivables due from state and federal governments. The Port has restricted assets of \$57,250,343 at December 31, 2023.

#### **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.

*The remainder of this page intentionally left blank.*

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

---

Estimated lives of major capital asset categories follow:

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

#### Leases

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

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

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

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

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

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

# **Municipality of Anchorage, Alaska**

## **Don Young Port of Alaska Fund**

### **Notes to Financial Statements**

---

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, 2023, the Port had deferred outflows of resources from pension and other postemployment benefits (OPEB) related items of \$140,161. 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 expensed in the period in which they are incurred.

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

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

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

In addition to liabilities, the Statement of Net Position presents deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2023, the Port had deferred inflows of resources for OPEB and lease related items of \$58,544,122. These items are deferred and recognized as an inflow of resources in the period the amounts become available.

# **Municipality of Anchorage, Alaska**

## **Don Young Port of Alaska Fund**

### **Notes to Financial Statements**

---

#### **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 \$1,217,693 for the year ended December 31, 2023. 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 2023.

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

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

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, 2023, the Municipality had the following investments held in the Municipal Central Treasury:

December 31, 2023

December 31, 2025

	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	\$ 67,252,999	\$ -	\$ -	\$ -	\$ -
Repurchase					
Agreements	31,239,689	31,239,689	-	-	-
Commercial Paper	42,719,121	42,719,121	-	-	-
Certificates of					
Deposit	8,573,291	8,573,291	-	-	-
U.S. treasuries	151,292,205	37,013,275	103,574,260	10,704,670	-
U.S. agencies	58,156,801	30,839,769	21,719,303	3,231,615	2,366,114
Municipal bonds	28,886	13,399	-	-	15,487
Asset-backed					
securities**	24,000,338	727,277	13,382,414	1,472,320	8,418,327
Corporate fixed					
income securities	168,440,460	83,492,932	49,844,373	24,175,054	10,928,101
	\$ 551,703,790	\$ 234,618,753	\$ 188,520,350	\$ 39,583,659	\$ 21,728,029

\*\* 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 \$4,037,644 as of December 31, 2023.

The Port had the following investment balances held in the Municipal Central Treasury at December 31, 2023:

	2023
Equity in general cash pool	\$ -
Restricted cash - settlement set aside	1,950,000
Equity in general cash pool - held for debt service	5,215,400
<b>Total investments held in central treasury</b>	<b>\$ 7,165,400</b>

# **Municipality of Anchorage, Alaska**

## **Don Young Port of Alaska Fund**

### **Notes to Financial Statements**

---

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- (non-investment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency, including emerging markets.
- Dollar denominated debt instruments of foreign governments rated BBB- or better (investment grade) by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Asset-Backed Securities (ABS), excluding commercial paper, collateralized by: credit cards, automobile loans, leases and other receivables which must have a credit rating of AA- or above by Standard & Poor's or the equivalent by another nationally recognized rating agency.

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

---

- Mortgage-Backed Securities, including generic mortgage-backed pass-through securities issued by Ginnie Mae, Freddie Mac, and Fannie Mae, as well as non-agency mortgage-backed securities, Collateralized Mortgage Obligations (CMOs), or Commercial Mortgage-Backed Securities (CMBS), which must have a credit rating of AA- or better by Standard & Poor's or the equivalent by another nationally recognized rating agency.
- Debt issued by the Tennessee Valley Authority.
- Money market mutual funds rated Am or better by Standard & Poor's, or the equivalent by another nationally recognized rating agency, as long as they consist of allowable securities as outlined above.
- The Alaska Municipal League Investment Pool (AMLIP), except that the Working Capital portfolio may not be invested in AMLIP.
- Mutual funds consisting of allowable securities as outlined above.
- Interfund loans from a Municipal Cash Pool to a Municipal Fund.

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

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

The Investment Management Agreement (IMA) for each external manager and the policy and procedures (P&P) applicable to the internally managed investments provide additional guidelines for each portfolio's investment mandate. The IMA limits the concentration of investments for the Working Capital Portfolio at the time new investments are purchased as follows, with year-end concentrations listed for 2023:

*The remainder of this page intentionally left blank.*

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

Investment Type	Concentration Limit	Investment Holding % at December 31, 2023
U.S. government securities*	Maximum of 100% of investment portfolio	40%
Repurchase agreements	Maximum of 50% of investment portfolio	10%
Certificates of Deposit	Maximum of 25% of investment portfolio; Maximum 5% per issuer	3%
Commercial paper	Maximum of 25% of investment portfolio; Maximum 5% per issuer	14%
Bankers Acceptances	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	29%
Corporate Floating Rate and Variable Rate Debt Securities***	Maximum of 25% of Corporate Securities; Maximum 5% per issuer	0%
Taxable and Tax-Exempt Municipality Debt Securities	Maximum of 15% of investment portfolio; Maximum 5% per issuer	0%
Dollar denominated debt of foreign governments and the International Bank for Reconstruction and Development (IBRD)	Maximum of 10% of investment portfolio; Maximum 5% per issuer	0%
Money market mutual funds****	Maximum of 25% of investment portfolio	4%
		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 remainder of this page intentionally left blank.*

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

## Notes to Financial Statements

The P&P limits the concentration of investments for the internally managed portfolio at the time new investments are purchased as follows, with year-end concentrations listed for 2023:

Investment Type	Concentration Limit	Investment Holding % at December 31, 2023
U.S. Government Securities*	50% to 100% of investment portfolio	39%
Money Market Mutual Funds	0% to 25% of investment portfolio	61%

\* 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.

### ***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, 2023, the Municipal Central Treasury's investment in marketable debt securities, excluding U.S. Treasuries, totaled \$250,626,485. The distribution of ratings on these securities was as follows:

Moody's		S&P	
Aaa	18%	AAA	6%
Aa	3%	AA	14%
A	23%	A	18%
Baa	27%	BBB	35%
Ba or lower	12%	BB or lower	10%
Not rated	17%	Not rated	17%
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, 2023, the Municipal Central Treasury had no investments in any single issuer exceeding 5% of total investments.

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

---

#### ***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, 2023, the Municipality of Anchorage holds deposits in the amount of \$280,235 that are not covered by depository insurance and are collateralized with securities held by KeyBank's agent but not in the name of the Municipality of Anchorage.

#### ***Foreign Currency Risk***

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

The Municipal Central Treasury is not exposed to foreign currency risk because AMC 6.50.030 explicitly prohibits the purchase of securities not denominated in U.S. Dollars. At December 31, 2023, all debt obligations held in the Municipal Central Treasury were payable in U.S. Dollars.

#### ***Fair Value Measurements***

At December 31, 2023, 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.

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

---

- 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 remainder of this page intentionally left blank.*

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

The Municipality categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Municipality has the following recurring fair value measurements as of December 31, 2023:

Investment type:	Total	Level 1	Level 2
Central treasury - investments measured at fair value:			
Commercial Paper	\$ 42,719,121	\$ -	\$ 42,719,121
U.S. treasuries	151,292,205	151,292,205	-
U.S. agencies	58,156,801	-	58,156,801
Municipal bonds	28,886	-	28,886
Asset-backed securities	24,000,338	-	24,000,338
Corporate fixed income securities	168,440,460	-	168,440,460
	<u>\$ 444,637,811</u>	<u>\$ 151,292,205</u>	<u>\$ 293,345,606</u>
Investments measured at amortized cost:			
Money market funds	67,252,999		
Repurchase Agreements	31,239,689		
Certificates of Deposit	<u>8,573,291</u>		
Total central treasury	<u>\$ 551,703,790</u>		

### 3. Accounts Receivable

The Port reports accounts receivable on its Statement of Net Position net of allowances for uncollectable accounts. At December 31, 2023, the Port reported net receivables of \$1,389,522. At December 31, 2023, the Port determined that allowance for uncollectable accounts was not necessary.

### 4. Port Modernization Project

The Don Young Port of Alaska (Port) is a Municipality of Anchorage owned and operated facility that handles half of Alaska's inbound marine freight. 5.2 million tons of fuel and cargo in 2023 were delivered across the docks in Anchorage and subsequently delivered to final destinations outside of Anchorage. It is critical transportation infrastructure that serves regional, statewide, and national commerce, economic development, homeland security and disaster recovery needs.

The Port is:

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

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

---

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

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

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

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

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

A brief history of the project includes:

- 2016: Conduct a comprehensive test-pile program to demonstrate constructability and support design and permitting work for the PCT.
- 2017 - 2019: Complete the South Backlands Stabilization project providing shore improvements and transitional dredging to support the trestle and dock structures.
- 2020 - 2022: Completed PCT Construction. Construction of Port Administration office contract awarded. Groundbreaking and foundation work began in September 2022.
- 2023: PCT cement offloading equipment added and certified and in use. NES 1 contract awarded, work to begin in April 2023. Cargo dock designer-of-record chosen; work began in April 2023.
- 2024: PCT fuel line flushing conducted. Admin office construction is scheduled to be completed by May and occupancy followed thereafter. NES1 work continued with in water stabilization. T1 Dock design work continued with an anticipated ITB for construction to be released by the end of the year.

*The remainder of this page intentionally left blank.*

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

**Notes to Financial Statements**

**5. Capital Assets**

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2023:

	Balance January 1, 2023	Increase	Decrease	Balance December 31, 2023
<b>Capital assets not being depreciated:</b>				
Land	\$ 38,439,459	\$ -	\$ -	\$ 38,439,459
Works of art	21,344	-	-	21,344
Construction in progress	22,547,514	79,143,341	(1,814,767)	99,876,088
<b>Total capital assets not being depreciated</b>	<b>61,008,317</b>	<b>79,143,341</b>	<b>(1,814,767)</b>	<b>138,336,891</b>
<b>Capital assets being depreciated or amortized:</b>				
Buildings	7,069,156	-	-	7,069,156
Building improvements	802,443	-	-	802,443
Land improvements	136,751,097	-	-	136,751,097
Vehicles	1,304,470	-	-	1,304,470
Machinery and equipment	12,955,679	17,175	-	12,972,854
Computer hardware	213,844	16,525	-	230,369
Computer software	579,490	-	-	579,490
Office furniture and fixtures	64,788	-	-	64,788
Infrastructure	310,368,209	1,814,767	-	312,182,976
Right of use asset - Infrastructure	552,231	-	(15,382)	536,849
Right of use asset - SBITA	-	14,397	-	14,397
<b>Total capital assets being depreciated and amortized</b>	<b>470,661,407</b>	<b>1,862,864</b>	<b>(15,382)</b>	<b>472,508,889</b>
<b>Less accumulated depreciation and amortization for:</b>				
Buildings	4,851,494	125,652	-	4,977,146
Building improvements	380,713	14,900	-	395,613
Land improvements	43,852,437	4,565,296	-	48,417,733
Vehicles	1,122,598	76,311	-	1,198,909
Machinery and equipment	11,689,143	244,895	-	11,934,038
Computer hardware	166,354	15,537	-	181,891
Computer software	204,797	112,371	-	317,168
Office furniture and fixtures	64,787	-	-	64,787
Infrastructure	97,469,734	7,819,749	-	105,289,483
Right of Use Asset - Infrastructure	46,734	44,220	-	90,954
Right of use asset - SBITA	-	4,799	-	4,799
<b>Total accumulated depreciation and amortization</b>	<b>159,848,791</b>	<b>13,023,730</b>	<b>-</b>	<b>172,872,521</b>
<b>Capital assets being depreciated and amortized, net</b>	<b>310,812,616</b>	<b>(11,160,866)</b>	<b>(15,382)</b>	<b>299,636,368</b>
<b>Total Capital Assets, net</b>	<b>\$ 371,820,933</b>	<b>\$ 67,982,475</b>	<b>\$ (1,830,149)</b>	<b>\$ 437,973,259</b>

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

**Notes to Financial Statements**

---

**6. Leases**

***Lease receivable***

The Port, as lessor, entered into multiple-year lease agreements to third parties for various nonfinancial assets at discount rates ranging from 3.21% to 3.60% depending on terms for each contract. The lengths of the lease terms vary, and the Port has used the Municipality of Anchorage's incremental borrowing rate as the discount rate when the stated interest rate was not included in the contract. The Port recognized \$1,930,333 in lease revenue and \$1,887,222 in interest revenue for the year ended December 31, 2023. As of December 31, 2023, the Port's receivable for future lease payments was \$60,251,473. The Port recognized a deferred inflow of resources associated with the leases of \$58,516,497 on December 31, 2023, that will be recognized as revenue over the remainder of the lease terms.

The Port, as lessor, has multiple single year lease agreements to third parties for various nonfinancial assets located in the Port Industrial Park. As of December 31, 2023, lease income under these agreements totaled \$1,747,578.

***Lease payable***

The Port has entered into multiple lease agreements as a lessee for various nonfinancial assets. As of December 31, 2023, the outstanding balance of lease payables was for \$456,833. The Port is required to make monthly and annual principal payments plus interest. The lease agreements did not contain a stated interest rate, therefore, the Port has used incremental borrowing rates of 2.21% and 2.63% as the discount rate for leases. The nonfinancial assets have various useful lives. No material direct costs payments were made.

The future principal and interest lease payments as of December 31, 2023, were as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 41,520	\$ 11,378	\$ 52,898
2025	42,562	10,336	52,898
2026	43,631	9,267	52,898
2027	44,727	8,171	52,898
2028	45,850	7,048	52,898
2029-2033	165,856	20,884	186,740
2034-2038	72,687	2,008	74,695
Total	\$ 456,833	\$ 69,092	\$ 525,925

*The remainder of this page intentionally left blank.*

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

## 7. Noncurrent Liabilities

### *Revenue Bonds*

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

### *Notes Payable from Direct Borrowings*

The Port's notes payable from direct borrowings consists of Subordinate Lien Port Revenue Notes with U.S. Bank National Association. The proceeds from the notes are used to fund capital improvements to Port facilities on a short-term basis. The notes have a total authorized amount of \$40,000,000 and an expiration date of December 29, 2023. The notes payable was amended on June 1, 2023 with an expiration date of December 1, 2025. The interest rate charged to the Port is variable; as of December 31, 2023, the interest rate was 4.62%. In 2020, amounts drawn were repaid with proceeds from the issuance of 2020 Series B Revenue Bonds. On December 27, 2021, \$40,000,000 was drawn and was outstanding at December 31, 2023. The amount of interest expense recognized on the notes for the year ended December 31, 2023 was \$1,654,800.

Changes in noncurrent liabilities for the year ended December 31, 2023 were as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due Within One Year
Revenue bonds payable	\$ 65,095,000	\$ -	\$ (715,000)	\$ 64,380,000	\$ 525,000
Unamortized premium	3,803,340	-	(146,911)	3,656,429	-
Total revenue bonds payable	68,898,340	-	(861,911)	68,036,429	525,000
Notes payable from direct borrowings	40,000,000	-	-	40,000,000	-
Environmental obligation	1,734,106	-	(13,524)	1,720,582	-
Compensated absences payable	276,336	14,477	-	290,813	175,124
Leases payable	508,157	-	(51,324)	456,833	41,520
SBITAs payable	-	8,982	-	8,982	4,375
Net pension liability	1,442,563	-	(187,588)	1,254,975	-
<b>Total Noncurrent Liabilities</b>	<b>\$ 112,859,502</b>	<b>\$ 23,459</b>	<b>\$ (1,114,347)</b>	<b>\$ 111,768,614</b>	<b>\$ 746,019</b>

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

Debt service requirements to maturity for the revenue bonds follow:

Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
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	1,865,000	2,202,329	4,067,329
2029-2033	9,975,000	10,363,713	20,338,713
2034-2038	11,405,000	8,932,739	20,337,739
2039-2043	13,380,000	6,967,457	20,347,457
2044-2048	16,065,000	4,273,514	20,338,514
2049-2050	7,565,000	572,000	8,137,000
<b>Totals</b>	<b>\$ 64,380,000</b>	<b>\$ 42,348,144</b>	<b>\$ 106,728,144</b>

#### ***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, 2023 was \$64,380,000. Interest paid for the year ended December 31, 2023 was \$2,280,611. Total pledged revenues for the year ended December 31, 2023 were \$19,985,047.

#### ***Revenue Bond Coverage Requirements***

The Port's Schedule of Revenue Bond Coverage follows:

Fiscal Year	Revenue (1)	Expenses (2)	Amount Available for Debt Service	Principal (3)	Interest (3)	Total	Coverage (4)
2023	\$ 19,985,047	\$ 13,959,896	\$ 6,025,151	\$ 715,000	\$ 2,280,611	\$ 2,995,611	2.01

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

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

**Notes to Financial Statements**

---

***Port Revolving Credit Agreement***

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

This long-term borrowing program was amended and restated as of July 1, 2021, with a new expiration date of December 29, 2023. The note payable was amended on June 1, 2023 with an expiration date of December 1, 2025. The interest rate per annum is the applicable spread of 0.75 percent plus the Securities Industry and Financial Markets Association (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, 2023, the Port incurred \$1,654,800 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 \$1,720,582 at December 31, 2023. 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 2023, no required monitoring expenses were incurred for either Tract H or Tract J.

*The remainder of this page intentionally left blank.*

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

---

#### 10. Pension and Other Postemployment Benefits Plans

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

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

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

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

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

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

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

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

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

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

---

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

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

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

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

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

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

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

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

*The remainder of this page intentionally left blank.*

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

Contribution rates are actuarially determined. The Municipality's contribution rates for the 2023 calendar year were as follows:

<i>January 1, 2023 to June 30, 2023</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	24.79%	2.79%
Postemployment healthcare (ARHCT)	0.00%	0.00%	0.00%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>24.79%</b>	<b>2.79%</b>

<i>July 1, 2023 to December 31, 2023</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	25.10%	3.10%
Postemployment healthcare (ARHCT)	0.00%	0.00%	0.00%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>25.10%</b>	<b>3.10%</b>

Alaska Statue 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the period from January 1, 2023 to June 30, 2023 as well as the period July 1, 2023 to December 31, 2023, the employer rate was 22.00% for pension and 0.00% for ARHCT. The contribution requirements and the Municipality are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

In 2023, the Port was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2022 to June 30, 2023	Port's Fiscal Year January 1, 2023 to December 31, 2023
Employer contributions (including DBUL)	\$ 132,519	\$ 133,047
Nonemployer contributions (on-behalf)	21,014	22,464
<b>Total Contributions</b>	<b>\$ 153,533</b>	<b>\$ 155,511</b>

In addition, Port employee contributions to the Plan totaled \$20,163 as of December 31, 2023.

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

**Notes to Financial Statements**

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

At December 31, 2023, 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:

	2023
Port proportionate share of NPL	\$ 1,254,975
State's proportionate share of NPL associated with the Port	418,368
<b>Total Net Pension Liability</b>	<b>\$ 1,673,343</b>

For the year ended December 31, 2023, the Port recognized pension expense of \$115,319 and on-behalf revenue of \$46,046 for support provided by the State. At December 31, 2023, 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	\$ 32,757	\$ -
Port contributions subsequent to the measurement date	67,273	-
<b>Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</b>	<b>\$ 100,030</b>	<b>\$ -</b>

*The remainder of this page intentionally left blank.*

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

The \$67,273 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, 2024. 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,*

2024	\$ (12,424)
2025	(27,476)
2026	74,333
2027	(1,676)
2028	-
Thereafter	-
<b>Total</b>	<b>\$ 32,757</b>

#### **Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2023 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 2024 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	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-
Peace officer/firefighter	

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

---

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.

---

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 and adjusted to reflect updated assumptions to calculate the net pension liability as of that date. The Port's proportion of the net pension liability was based on a projection of the 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, 2023 measurement date, the Port's proportion was 0.02420 percent, which was a(n) decrease (increase) of 0.00410 percent from its proportion measured as of June 30, 2022.

*The remainder of this page intentionally left blank.*

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.82%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.17 %
Global equity (non-U.S.)	18%	+/- 4%	6.55 %
Aggregate bonds	19%	+/- 10%	1.63 %
Multi-asset	8%	+/- 4%	- %
Real assets	14%	+/- 7%	4.87 %
Private equity	14%	+/- 7%	11.57 %
Cash equivalents	-%	-%	0.49 %

#### ***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:

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
<i>June 30, 2023</i>				
Port's proportionate share of the net pension liability	0.02420%	\$ 1,684,799	\$ 1,254,975	\$ 891,899

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

## **Notes to Financial Statements**

---

### ***Pension Plan Fiduciary Net Position***

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

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

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

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

### **Plan Participation and 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, 2023 to cover a portion of the Municipality's employer match contributions. For the year ended December 31, 2023, forfeitures reduced pension expense by \$1,722.

### ***Employee Contribution Rate***

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

### ***Employer Contribution Rate***

For the year ended December 31, 2023, the Municipality was required to contribute 5% of covered salary into the Plan.

The Port and employee contributions to PERS for pensions for the year ended December 31, 2023 were \$25,389 and \$40,622. The Port contribution amounts were recognized as pension expense.

### ***(c) Defined Benefit Other Postemployment Benefits (OPEB) Plans***

As part of its participation in PERS, the Municipality 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).

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

## Notes to Financial Statements

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

### ***Employer Contribution Rate***

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

Employer contribution rates for the year ended December 31, 2023 were as follows:

<i>January 1, 2023 to June 30, 2023</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.10%	1.10%
Occupational Death and Disability Benefits	0.30%	0.68%
<b>Total Contribution Rates</b>	<b>1.40%</b>	<b>1.78%</b>
<i>July 1, 2023 to December 31, 2023</i>	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.01%	1.01%
Occupational Death and Disability Benefits	0.30%	0.68%
<b>Total Contribution Rates</b>	<b>1.31%</b>	<b>1.69%</b>

In 2023, the Port was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2022 to June 30, 2023	Port's Fiscal Year January 1, 2023 to December 31, 2023
Employer contributions - ARHCT	\$ 2	\$ -
Employer contributions - RMP	5,409	5,352
Employer contributions - ODD	2,219	2,310
<b>Total Contributions</b>	<b>\$ 7,630</b>	<b>\$ 7,662</b>

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

**Notes to Financial Statements**

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

At December 31, 2023, 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:

	2023
Port's proportionate share of NOA - ARHCT	\$ 555,684
Port's proportionate share of NOA - RMP	13,649
Port's proportionate share of NOA - ODD	18,483
<b>Subtotal Net OPEB Assets</b>	<b>587,816</b>
<b>State's proportionate share of the ARHCT NOA associated with the Port</b>	<b>187,028</b>
<b>Total Net OPEB Assets</b>	<b>\$ 774,844</b>

The total OPEB asset for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 to calculate the net OPEB asset as of that date. The Port's proportion of the net OPEB asset was 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		Change
	June 30, 2022 Measurement Date	June 30, 2023 Measurement Date	
Port's proportionate share of the net OPEB liabilities (assets):			
ARHCT	0.0281%	0.0258%	(0.0023)%
RMP	0.0326%	0.0299%	(0.0027)%
ODD	0.0401%	0.0368%	(0.0033)%

For the year ended December 31, 2023, the Port recognized OPEB benefit of \$54,594. Of this amount, \$(31,872) was recorded as on-behalf revenue and expense for support provided by the plans. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

Plan	OPEB Benefit	On-behalf Revenue
ARHCT	\$ (55,907)	\$ (31,872)
RMP	1,860	-
ODD	(547)	-
<b>Total</b>	<b>\$ (54,594)</b>	<b>\$ (31,872)</b>

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

**Notes to Financial Statements**

At December 31, 2023, the Port reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ 1,154	\$ 416	\$ -	\$ 1,570
Changes in assumptions	-	1,468	-	1,468
Difference between projected and actual investment earnings	25,292	1,144	427	26,863
Changes in proportion and differences between Port contributions and proportionate share of contributions	5,605	235	586	6,426
Port contributions subsequent to the measurement date	-	2,620	1,184	3,804

<b>Total Deferred Outflows of Resources Related to OPEB Plans</b>	<b>\$ 32,051</b>	<b>\$ 5,883</b>	<b>\$ 2,197</b>	<b>\$ 40,131</b>
---	------------------	-----------------	-----------------	------------------

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ (441)	\$ (5,193)	\$ (5,634)
Changes in assumptions	(10,226)	(11,099)	(77)	(21,402)
Difference between projected and actual investment earnings	-	-	-	-
Changes in proportion and differences between Port contributions and proportionate share of contributions	(-)	(16)	(573)	(589)

<b>Total Deferred Inflows of Resources Related to OPEB Plans</b>	<b>\$ (10,226)</b>	<b>\$ (11,556)</b>	<b>\$ (5,843)</b>	<b>\$ (27,625)</b>
--	--------------------	--------------------	-------------------	--------------------

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Port contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB assets in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

<i>Year Ending December 31,</i>	ARHCT	RMP	ODD	Total
2024	\$ (14,469)	\$ (1,687)	\$ (1,241)	\$ (17,397)
2025	(22,847)	(1,907)	(1,326)	(26,080)
2026	60,689	3	(591)	60,101
2027	(1,548)	(2,022)	(737)	(4,307)
2028	-	(1,445)	(517)	(1,962)
Thereafter	-	(1,235)	(418)	(1,653)
<b>Total</b>	<b>\$ 21,825</b>	<b>\$ (8,293)</b>	<b>\$ (4,830)</b>	<b>\$ 8,702</b>

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

#### *Actuarial Assumptions*

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2023:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2023 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 2024 to 2039.
Investment rate of return	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 6.7% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.2% grading down to 4.5% Rx/EGWP: 7.2% grading down to 4.5% Initial trend rates are from FY 2024 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupation causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

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

**Notes to Financial Statements**

---

(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
All others (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.
Peace officer/firefighter	20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

## Notes to Financial Statements

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

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.82%, for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2023 are summarized in the following table:

### Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2023 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

The following presents the Port's proportionate share of the net OPEB asset calculated using the discount rate of 7.25%, as well as what the Port's proportionate share of the respective plan's net OPEB asset 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:

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

**Notes to Financial Statements**

2023	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	0.02578%	\$ 369,360	\$ 555,684	\$ 712,207
RMP	0.02987%	474	13,649	23,713
ODD	0.03677%	17,366	18,483	19,352

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

The following presents the Port's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2022 actuarial valuation reports as well as what the Port's proportionate share of the respective plan's net OPEB asset (liability) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

2023	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Port's proportionate share of the net OPEB (liability):				
ARHCT	0.02578%	\$ 730,111	\$ 555,684	\$ 347,989
RMP	0.02987%	25,064	13,649	(1,684)
ODD	0.03677%	N/A	18,483	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, 2023, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,303 per year for each full-time employee, and \$1.48 per hour for part-time employees.

# **Municipality of Anchorage, Alaska**

## **Don Young Port of Alaska Fund**

### **Notes to Financial Statements**

---

#### ***Annual Postemployment Healthcare Cost***

In 2023, the Port contributed \$12,088 in DC OPEB costs. These amounts have been recognized as expense.

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

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

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. In an opinion issued December 16, 2024, a panel of judges with the U.S Court of Appeals for the Federal Circuit partially rescinded the award and reduced the damages awarded to \$11.3 million. The Municipality could choose to bring additional arguments forward, but the strategy is yet to be determined.

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**

The Don Young Port of Alaska has implemented GASB Statement Number 96, *Subscription Based Information Technology Arrangements* (GASB 96), effective for the Port's fiscal year ending December 31, 2023. GASB 96 establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the right to use an underlying nonfinancial asset. Under GASB 96, a subscriber is required to recognize a liability and an intangible right-to-use asset, and the company providing the subscription is required to recognize a receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about information-based technology arrangement activities.

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Notes to Financial Statements

---

#### 13. Subsequent Events

On December 17, 2024, the Don Young Port of Alaska issued \$191,385,000 in revenue bonds at a coupon rate of 4.25-5.50%, maturing through February 1, 2065.

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

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

#### 14. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were considered and/or implemented by Port for 2023 reporting:

*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 provide guidance for accounting and financial reporting for availability payment arrangements (APA). Port evaluated the impacts of GASB 94 and determined there to be no impact to Port's financial statements for the current fiscal year.

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

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

*GASB Statement No. 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.

# **Municipality of Anchorage, Alaska**

## **Don Young Port of Alaska Fund**

### **Notes to Financial Statements**

---

*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.

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

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

## Required Supplementary Information

---

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

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

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

**Schedule of the Port Contributions**

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

*See accompanying notes to Required Supplementary Information.*

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

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

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

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

#### Schedule of the Port's Contributions

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

See accompanying notes to Required Supplementary Information.

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

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

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

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

#### Schedule of the Port's Contributions

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

See accompanying notes to Required Supplementary Information.

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

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

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

<i>Measurement Period Years Ended June 30,</i>	ODD				
	2023	2022	2021	2020	2019
Port's Proportion of the Net OPEB Liability (Asset)	0.03677%	0.04010%	0.05315%	0.05523%	0.06660%
Port's Proportionate Share of the Net OPEB Liability (Asset)	\$ (18,483)	\$ (17,580)	\$ (22,358)	\$ (15,057)	\$ (16,161)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-
Total Net OPEB Liability (Asset)	\$ (18,483)	\$ (17,580)	\$ (22,358)	\$ (15,057)	\$ (16,161)
Port's Covered Payroll	\$ 807,844	\$ 881,071	\$ 1,085,780	\$ 1,138,176	\$ 1,138,176
Port's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-2.29%	-2.00%	-2.06%	-1.32%	-1.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	349.24%	348.80%	374.22%	283.80%	297.43%

#### Schedule of the Port's Contributions

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

See accompanying notes to Required Supplementary Information.

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

**Notes to Required Supplementary Information  
December 31, 2023**

---

**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, 2023, the Plan measurement date is June 30, 2023.

***Changes in Assumptions:***

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

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

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

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.

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

**Notes to Required Supplementary Information, continued  
December 31, 2023**

---

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

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

These tables are presented based on the Plan measurement date. For December 31, 2023, the Plan measurement date is June 30, 2023.

***Changes in Assumptions:***

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

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

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

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

***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.

*This page intentionally left blank.*

## Supplementary Information

---

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

**Statements of Net Position**

<i>December 31,</i>	2023	2022
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash	\$ 500	\$ 500
Equity in general cash pool	-	10,730,244
Accrued interest on investments	185,149	82,239
Accrued interest on leases	180,227	216,472
Accounts receivable, net	1,389,522	1,045,610
Leases receivable, current portion	1,022,334	718,645
Prepaid items and deposits	81,224	109,233
Parts inventory	329,025	329,025
<b>Total Current Assets</b>	<b>3,187,981</b>	<b>13,231,968</b>
<b>Noncurrent Assets</b>		
Unrestricted assets:		
Leases receivable, net of current portion	59,229,139	52,803,922
Assets held for resale	242,093	242,093
Capital assets, net	437,973,259	371,820,933
Net other postemployment benefits asset	587,816	581,959
<b>Total unrestricted noncurrent assets</b>	<b>498,032,307</b>	<b>425,448,907</b>
Restricted assets:		
Restricted cash - settlement set aside	1,950,000	1,950,000
Equity in general cash pool - held for debt service	5,215,400	4,986,136
Intergovernmental receivables	50,084,943	6,319,647
<b>Total restricted noncurrent assets</b>	<b>57,250,343</b>	<b>13,255,783</b>
<b>Total Noncurrent Assets</b>	<b>555,282,650</b>	<b>438,704,690</b>
<b>Total Assets</b>	<b>558,470,631</b>	<b>451,936,658</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	100,030	114,033
Related to other postemployment benefits	40,131	54,906
<b>Total Deferred Outflows of Resources</b>	<b>140,161</b>	<b>168,939</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 558,610,792</b>	<b>\$ 452,105,597</b>

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

<i>December 31,</i>	2023	2022
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accrued payroll liabilities	\$ 132,018	\$ 84,697
Accounts payable	626,320	417,174
Capital acquisition and construction accounts and retainages payable	7,011,939	3,319,437
Leases payable, current portion	41,520	41,953
SBITAs payable, current portion	4,375	-
Compensated absences payable	175,124	172,420
Due to Other Funds	22,505,599	-
Accrued interest payable	339,068	318,229
Accrued interest on leases	842	777
Bonds payable, due within one year	525,000	715,000
<b>Total Current Liabilities</b>	<b>31,361,805</b>	<b>5,069,687</b>
<b>Noncurrent Liabilities</b>		
Other noncurrent liabilities	1,720,582	1,734,106
Leases payable, net of current portion	415,313	466,204
SBITAs payable, net of current portion	4,607	-
Compensated absences payable	115,689	103,916
Net pension liability	1,254,975	1,442,563
Notes payable	40,000,000	40,000,000
Bonds payable, including unamortized premium, net of current portion	67,511,429	68,183,340
<b>Total Noncurrent Liabilities</b>	<b>111,022,595</b>	<b>111,930,129</b>
<b>Total Liabilities</b>	<b>142,384,400</b>	<b>116,999,816</b>
<b>Deferred Inflows of Resources</b>		
Related to other postemployment benefits	27,625	50,028
Related to leases	58,516,497	52,492,410
<b>Total Deferred Inflows of Resources</b>	<b>58,544,122</b>	<b>52,542,438</b>
<b>Net Position</b>		
Net investment in capital assets	322,459,076	259,094,999
Restricted for capital construction	52,034,943	8,269,647
Restricted for debt service	5,215,400	4,986,136
Unrestricted	(22,027,149)	10,212,561
<b>Total Net Position</b>	<b>357,682,270</b>	<b>282,563,343</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 558,610,792</b>	<b>\$ 452,105,597</b>

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

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

<i>Years Ended December 31,</i>	2023	2022
<b>Operating Revenues</b>		
Charges for sales and services:		
Dockage	\$ 1,614,198	\$ 1,257,729
Wharfage, dry bulk	506,814	341,728
Wharfage, liquid bulk	5,357,616	4,505,188
Wharfage, general cargo	4,126,430	3,945,833
Storage revenue	235,571	273,419
Office rental	46,044	28,923
Utilities	23,006	36,838
Miscellaneous	201,056	240,459
<b>Total charges for sales and services</b>	<b>12,110,735</b>	<b>10,630,117</b>
Other operating revenues:		
Crane rentals	135,108	130,822
Other lease revenue	1,930,333	1,709,174
Industrial park lease rentals	1,747,578	1,683,165
POL Valve yard fees	413,260	464,803
<b>Total other operating revenues</b>	<b>4,226,279</b>	<b>3,987,964</b>
<b>Total Operating Revenues</b>	<b>16,337,014</b>	<b>14,618,081</b>
<b>Operating Expenses</b>		
Operations:		
Personnel services	2,755,602	2,721,640
Pension	(127,539)	(563,265)
Other postemployment benefits	(45,357)	(115,861)
Supplies	231,981	202,353
Other services and charges	6,767,342	4,791,463
Charges from other departments	1,217,693	1,215,444
<b>Total operations</b>	<b>10,799,722</b>	<b>8,251,774</b>
Depreciation and amortization	13,023,730	7,083,726
<b>Total Operating Expenses</b>	<b>23,823,452</b>	<b>15,335,500</b>
<b>Operating loss</b>	<b>\$ (7,486,438)</b>	<b>\$ (717,419)</b>

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

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

<i>Years Ended December 31,</i>	2023	2022
<b>Nonoperating Revenues (Expenses)</b>		
Intergovernmental - PERS On Behalf	\$ 14,174	\$ (27,621)
Net investment income (loss)	13,998	(279,805)
Security fees	1,552,076	1,544,552
Right-of-way fees	192,166	212,290
Interest income on leases	1,887,222	2,606,814
Interest expense on leases	(17,021)	(9,601)
Interest on long-term obligations	(3,787,861)	(2,958,989)
Debt issuance costs	(42,500)	(7,500)
Security contract	(1,730,616)	(1,710,822)
Gain on sale of capital assets	21,775	19,431
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,896,587)</b>	<b>(611,251)</b>
Loss before capital contributions and transfers	(9,383,025)	(1,328,670)
<b>Contributions and Transfers</b>		
Capital contributions	86,477,961	6,520,399
Transfers to other funds:		
Municipal service assessment	(1,239,640)	(1,390,551)
Dividend	(736,369)	(736,369)
<b>Change in Net Position</b>	<b>75,118,927</b>	<b>3,064,809</b>
<b>Net Position, beginning</b>	<b>282,563,343</b>	<b>279,498,534</b>
<b>Net Position, ending</b>	<b>\$ 357,682,270</b>	<b>\$ 282,563,343</b>

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

**Statements of Cash Flows**

<i>Years Ended December 31,</i>	2023	2022
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 15,288,280	\$ 13,428,724
Payments to employees	(2,693,804)	(2,773,287)
Payments to vendors	(6,775,686)	(4,946,947)
Internal activity - payments made to other funds	(1,217,693)	(1,215,444)
<b>Net cash flows from operating activities</b>	<b>4,601,097</b>	<b>4,493,046</b>
<b>Cash Flows from (for) Noncapital Financing Activities</b>		
Transfer to other funds	(1,976,009)	(2,126,920)
Change in due to other funds	22,505,599	-
Security contract	(1,730,616)	(1,710,822)
Right of way and security fees	1,744,242	1,756,842
<b>Net cash flows from (for) noncapital financing activities</b>	<b>20,543,216</b>	<b>(2,080,900)</b>
<b>Cash Flows for Capital and Related Financing Activities</b>		
Interest payments on long-term obligations	(3,913,933)	(2,977,722)
Interest payments on leases	(16,956)	(8,824)
Principal payments on leases	(35,942)	(44,074)
Principal payments on SBITAs	(5,417)	-
Acquisition and construction of capital assets	(75,484,540)	(29,588,823)
Proceeds from sale of capital assets	21,775	19,431
Principal payments on long-term debt	(715,000)	-
Debt issuance costs	(42,500)	(7,500)
Interest received from leases	1,923,467	2,390,342
Capital contributions received	42,712,665	22,745,531
<b>Net cash flows for capital and related financing activities</b>	<b>(35,556,381)</b>	<b>(7,471,639)</b>
<b>Cash Flows for Investing Activities</b>		
Investment loss	(88,912)	(306,848)
<b>Net cash flows for investing activities</b>	<b>(88,912)</b>	<b>(306,848)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(10,500,980)</b>	<b>(5,366,341)</b>
<b>Cash and Cash Equivalents, beginning</b>	<b>17,666,880</b>	<b>23,033,221</b>
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 7,165,900</b>	<b>\$ 17,666,880</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash	\$ 500	\$ 500
Equity in general cash pool	-	10,730,244
Restricted cash - settlement set aside	1,950,000	1,950,000
Restricted equity in general cash pool - debt service	5,215,400	4,986,136
<b>Cash and Cash Equivalents, ending</b>	<b>\$ 7,165,900</b>	<b>\$ 17,666,880</b>

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

<i>Years Ended December 31,</i>	2023	2022
<b>Reconciliation of Operating Loss to Net Cash Flows</b>		
<b>from Operating Activities:</b>		
Operating loss	\$ (7,486,438)	\$ (717,419)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation and amortization	13,023,730	7,083,726
PERS relief - noncash expenses	14,174	(27,621)
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources that provided (used) cash:		
Accounts receivable	(343,909)	(121,700)
Leases receivable	(6,728,907)	662,803
Prepaid items and deposits	28,010	30,740
Net other postemployment benefits asset	(5,857)	482,283
Deferred outflows of resources related to pensions	14,003	21,634
Deferred outflows of resources related to other postemployment benefits	14,775	(31,148)
Unearned revenue	-	(37,500)
Accounts payable	209,146	29,653
Compensated absences payable	14,477	(13,430)
Net pension liability	(187,588)	(25,535)
Other noncurrent liabilities	(13,524)	(13,524)
Accrued payroll liabilities	47,321	(38,217)
Deferred inflows of resources related to pensions	-	(585,445)
Deferred inflows of resources related to other postemployment benefits	(22,403)	(513,294)
Deferred inflows of resources related to leases	6,024,087	(1,692,960)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 4,601,097</b>	<b>\$ 4,493,046</b>
<b>Noncash Capital and Financing Activities</b>		
Capital purchases on account	\$ 7,011,939	\$ 3,319,437
Capital contributions	50,084,943	6,319,647
<b>Total Noncash Capital and Financing Activities</b>	<b>\$ 57,096,882</b>	<b>\$ 9,639,084</b>

*This page intentionally left blank.*

## **Statistical Section (Unaudited)**

---

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Dockage	\$ 1,614,198	\$ 1,257,729	\$ 1,273,487	\$ 1,270,139	\$ 1,370,086	\$ 1,242,374	\$ 1,174,735	\$ 1,089,224	\$ 1,142,837	\$ 1,061,272
Wharfage, dry bulk	506,814	341,728	225,369	210,837	141,102	169,575	150,695	148,896	181,234	179,256
Wharfage, liquid bulk	5,357,616	4,505,188	3,956,808	2,961,881	1,764,856	1,805,784	1,521,105	1,463,035	1,682,558	900,922
Wharfage, general cargo	4,126,430	3,945,833	3,703,672	3,932,954	3,780,750	3,544,751	3,529,245	3,670,375	3,608,772	3,414,255
Storage revenue	235,571	273,419	259,675	272,130	234,381	219,392	237,335	265,309	327,061	230,883
Office rental	46,044	28,923	51,307	104,886	108,659	96,994	108,670	121,887	114,462	135,041
Utilities	23,006	36,838	21,247	27,705	41,688	46,767	29,687	30,040	45,232	28,675
Crane rentals	135,108	130,822	141,913	124,502	113,060	120,960	74,250	72,488	105,858	43,375
Industrial park lease rentals	1,747,578	1,683,165	4,509,536	4,442,927	4,440,847	4,472,735	4,344,217	4,326,069	4,363,254	4,182,255
Other lease revenue	1,930,333	1,709,174	-	-	-	-	-	-	-	-
Investment income (loss)- short-term	13,998	(279,805)	7,652	458,510	1,394,025	312,700	627,633	344,945	344,603	211,006
Right-of-way fees	192,166	212,290	208,749	186,668	192,445	202,056	173,391	167,849	164,678	174,968
POL valve yard fees	413,260	464,803	403,063	328,210	281,832	302,861	246,957	176,713	191,560	231,774
Security fees	1,552,076	1,544,552	1,502,007	1,494,782	1,496,703	1,478,313	1,469,614	1,421,294	1,426,724	1,361,865
Gain on sale of assets held for resale	-	-	-	-	249,459	781,831	1,069,995	-	-	-
Gain on sale of capital assets	21,775	19,431	-	5,775	-	-	-	-	-	-
Interest income on leases	1,887,222	2,606,814	-	-	-	-	-	-	-	-
Intergovernmental - PERS On Behalf	14,174	(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	201,056	240,459	181,297	118,894	438,726	303,519	280,983	1,022,677	507,769	154,542
Subtotal	20,018,425	18,693,742	16,399,220	16,007,418	16,016,174	15,151,708	21,851,571	26,964,376	14,224,677	15,192,442
Capital contributions	86,477,961	6,520,399	48,889,068	45,651,079	18,650,418	11,619,685	13,323,471	7,834,571	2,882,353	1,811,983
Transfers from other funds	-	-	-	-	-	81,500	-	-	-	-
<b>Total</b>	<b>\$ 106,496,386</b>	<b>\$ 25,214,141</b>	<b>\$ 65,288,288</b>	<b>\$ 61,658,497</b>	<b>\$ 34,666,592</b>	<b>\$ 26,852,893</b>	<b>\$ 35,175,042</b>	<b>\$ 34,798,947</b>	<b>\$ 17,107,030</b>	<b>\$ 17,004,425</b>

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

Type of Service	Wharfage Rate
Aggregates, per ton	\$ 1.39
Freight NOS	8.33
Bulk commodities, dry, NOS	3.48
Cement	6.25
Cement, bulk through pipeline	3.28
Coal, bulk	1.39
Iron or steel articles	6.25
Logs	3.48
Lumber	6.25
Chips NOS	4.17
Petroleum or petroleum products:	
Inbound/outbound (per bbl.)	3.22
Transfers (per bbl.)	5.56
Fuel (per bbl.)	1.73
Powder (explosive)	20.83
Vans or containers	4.17
Vehicles	13.90

Port of Anchorage Terminal Tariff No. 9.1

Tariff issued 3/1/2022 and effective 3/1/2022 till 12/31/2023.

Notes to tariff rates: Tariff 10.0 will be used starting 1/1/2024

NOS - Not otherwise specified

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

**Approved Tariff 9.1 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%	0.00%	0.00%

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Freight NOS	5	181	36	689	1,167	2,199	5,876	4,451	-	5,463
Dry bulk goods	154,517	117,837	87,692	101,853	109,956	105,326	97,223	122,006	126,737	140,684
Petroleum, NOS (vessel fueling)	17,267	42,262	47,888	58,728	222,536	129,828	1,467	893	5,013	2,031
Vans/flats/containers	1,659,727	1,642,100	1,638,486	1,642,547	1,655,612	1,631,303	1,592,473	1,582,951	1,681,223	1,811,136
Vehicles	-	-	-	-	-	-	-	-	-	-
Petroleum, shoreside	1,030,177	1,193,446	1,061,820	902,439	802,093	505,980	471,717	368,708	368,294	916,050
Petroleum bulk - dockside	2,272,807	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
<b>Total Tons</b>	<b>5,134,500</b>	<b>5,189,935</b>	<b>4,987,806</b>	<b>4,704,101</b>	<b>4,265,763</b>	<b>3,948,665</b>	<b>3,497,845</b>	<b>3,498,171</b>	<b>3,773,584</b>	<b>3,455,707</b>

NOS - Not otherwise specified

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

**Financial Ratios (Unaudited)**

<i>Description</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Current ratio (current assets / current liabilities)	0.1	13.68	6.33	1.84	0.88	13.49	12.51	12.31	16.63	15.24
Quick ratio (quick assets / current liabilities)	1.9	11.06	6.21	1.80	0.84	9.30	10.01	13.23	14.46	13.77
Return on investment (change in net position / total assets)	14%	1%	5%	13%	15%	4%	6%	8%	-4%	-1%
Return on equity (change in net position / net position)	21%	1%	7%	20%	23%	6%	8%	11%	-5%	-1%
Debt to equity as a percent of capital structure (outstanding debt / capital structure over net position)	18%	38%	25%	27%	18%	23%	24%	26%	29%	27%
Capital structure	77%	62%	75%	73%	82%	77%	76%	74%	71%	73%
Operating margin	-46%	-5%	-17%	-18%	-21%	-47%	-36%	-59%	-99%	-41%

Notes to financial ratios:

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

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

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

<i>Project Category</i>	2023	2024	2025	2026	2027	2028	Total
Port of Alaska Modernization Program (PAMP) - Cargo Terminals	\$ 400,000	\$400,000	\$ 400,000	\$ -	\$ -	\$ -	\$1,200,000
Sand Tent Replacement	1,000	-	-	-	-	-	1,000
Port Equipment (Forklift & 58' Telescopic Crane, POL2 Crane Replacement	350	-	-	-	-	-	350
Tract J Road Access	5,100	-	-	-	-	-	5,100
Port of Alaska Master Plan	300	-	-	-	-	-	300
Ship Creek Boat Launch Dredging & Repairs	150	150	150	150	150	150	900
Storm Drain Enhancements	2,500	2,500	2,500	2,500	2,500	2,500	15,000
<b>Total</b>	<b>\$ 409,400</b>	<b>\$ 402,650</b>	<b>\$ 402,650</b>	<b>\$ 2,650</b>	<b>\$ 2,650</b>	<b>\$ 2,650</b>	<b>\$ 1,222,650</b>

<i>Funding Source</i>	2023	2024	2025	2026	2027	2028	Total
Port Equity	\$ 5,575	\$ 2,650	\$ 2,650	\$ 2,650	\$ 2,650	\$ 2,650	\$ 18,825
State/Federal Funds	403,825	400,000	400,000	-	-	-	1,203,825
<b>Total</b>	<b>\$ 409,400</b>	<b>\$ 402,650</b>	<b>\$ 402,650</b>	<b>\$ 2,650</b>	<b>\$ 2,650</b>	<b>\$ 2,650</b>	<b>\$ 1,222,650</b>

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

<i>Customer Name</i>	2018	2019	2020	2021	2022	2023
Matson Navigation Co of AK LLC.	\$ 3,992,345	\$ 4,145,159	\$ 4,341,741	\$ 4,310,462	\$ 4,911,933	\$ 4,794,155
TOTE Maritime Alaska, Inc.	4,187,419	4,163,209	4,241,090	4,222,618	4,302,049	4,489,700
Tesoro Alaska Companies Inc.	1,973,515	2,338,936	2,376,820	2,433,227	2,430,884	2,657,284
Alaska Maritime Agencies	812,984	618,917	1,343,109	1,948,779	2,272,479	2,264,972
Petro Star, Inc.	812,375	980,349	1,215,060	1,546,637	1,954,751	2,193,384
Anchorage Sand and Gravel/ABI	535,896	698,411	560,139	504,888	636,146	1,020,789
Anchorage Fueling & Service Co./ASIG	572,221	581,628	591,100	593,795	736,648	773,412
North American Fuel Corporation	-					405,919
Crowley Petroleum Distribution (CPD Alaska)	257,136	238,307	243,441	278,493	289,090	257,136
Delta Western	262,576	302,503	248,173	241,899	242,291	162,197
Holland America Line	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**

<i>Category</i>	2018	2019	2020	2021	2022	2023
Barge	-	11	-	1	1	-
Cement Ship	4	4	4	3	4	5
Cargo	1	2	1	-	2	-
Cruise Ships	10	10	-	-	1	3
Dredge	1	3	5	6	5	1
G-Military Oil Tanker	-	-	-	-	-	-
Government Ship	2	7	4	1	2	7
Gravel Barge	1	-	-	-	-	-
Military Ship	1	2	1	3	-	1
Petroleum Barges	54	60	50	56	63	66
Petroleum Tankers	33	27	39	43	43	43
Pipe Ship	1	-	-	-	-	-
Ships - TOTE/MATSON	196	201	195	201	197	201
Tugs	79	79	80	93	95	85
Yacht/Other small craft	1	-	4	1	-	8
<b>Total</b>	<b>384</b>	<b>406</b>	<b>383</b>	<b>408</b>	<b>413</b>	<b>420</b>

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

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

<i>Year Ended December 31, 2023</i>	Budget	Actual	Variance
<b>Operating Revenues</b>			
Charges for sales and services:			
Dockage	\$ 1,610,413	\$ 1,614,198	\$ 3,785
Wharfage, dry bulk	172,029	506,814	334,785
Wharfage, liquid bulk	2,185,067	5,357,616	3,172,549
Wharfage, general cargo	5,531,278	4,126,430	(1,404,848)
Storage revenue	229,722	235,571	5,849
Office rental	20,000	46,044	26,044
Utilities	44,704	23,006	(21,698)
Miscellaneous	253,025	201,056	(51,969)
<b>Total charges for sales and services</b>	<b>10,046,238</b>	<b>12,110,735</b>	<b>2,064,497</b>
Other operating revenues:			
Crane rentals	56,500	135,108	78,608
Other lease rentals	2,585,058	1,930,333	(654,725)
Industrial park lease rentals	1,687,784	1,747,578	59,794
POL Valve yard fees	291,696	413,260	121,564
<b>Total other operating revenues</b>	<b>4,621,038</b>	<b>4,226,279</b>	<b>(394,759)</b>
<b>Total Operating Revenues</b>	<b>14,667,276</b>	<b>16,337,014</b>	<b>1,669,738</b>
<b>Operating Expenses</b>			
Operations:			
Personnel services	2,922,987	2,755,602	167,385
Pension	-	(127,539)	127,539
Other postemployment benefits	-	(45,357)	45,357
Supplies	235,300	231,981	3,319
Other services and charges	5,384,935	6,767,342	(1,382,407)
Charges from other departments	1,408,502	1,217,693	190,809
<b>Total operations</b>	<b>9,951,724</b>	<b>10,799,722</b>	<b>(847,998)</b>
Depreciation	13,837,791	13,023,730	814,061
<b>Total Operating Expenses</b>	<b>23,789,515</b>	<b>23,823,452</b>	<b>(33,937)</b>
<b>Operating loss</b>	<b>(9,122,239)</b>	<b>(7,486,438)</b>	<b>1,635,801</b>

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

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

<i>Year Ended December 31, 2023</i>	Budget	Actual	Variance
<b>Nonoperating Revenues (Expenses)</b>			
Intergovernmental revenues - PERS on-behalf	\$ -	\$ 14,174	\$ 14,174
Investment income-short term investments	612,000	13,998	(598,002)
Security fees	1,477,975	1,552,076	74,101
Right-of-way fees	173,000	192,166	19,166
Interest income on leases	-	1,887,222	1,887,222
Interest expense on leases	-	(17,021)	(17,021)
Interest on long-term obligations	(4,671,000)	(3,787,861)	883,139
Debt issuance costs	(25,000)	(42,500)	(17,500)
Security contract	1,796,147	(1,730,616)	(3,526,763)
Gain on sale of capital assets	-	21,775	21,775
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(636,878)</b>	<b>(1,896,587)</b>	<b>(1,259,709)</b>
Loss before capital contributions and transfers	(9,759,117)	(9,383,025)	376,092
<b>Contributions and Transfers</b>			
Capital contributions	-	86,477,961	86,477,961
Transfers to other funds:			
Municipal service assessment	(1,239,640)	(1,239,640)	-
Dividend	(736,369)	(736,369)	-
Contributions to other funds	-	-	-
<b>Change in Net Position</b>	<b>\$ (11,735,126)</b>	<b>75,118,927</b>	<b>\$ 86,854,053</b>
<b>Net Position, beginning</b>		<b>282,563,343</b>	
<b>Net Position, ending</b>		<b>\$ 357,682,270</b>	

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

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

Fiscal Year	Revenue (1)	Operating Expenses (2)	Amount Available for Debt Service	Principal (3)	Interest (3)	Total	Coverage (4)
2023	\$ 19,985,047	\$ 13,959,896	\$ 6,025,151	\$ 715,000	\$ 2,280,611	\$ 2,995,611	2.01

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

Excludes payments received for PERS relief from State of Alaska.

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

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

(4) Required minimum coverage is 1.35.

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

---



Tel: 907-278-8878  
Fax: 907-278-5779  
www.bdo.com

3601 C Street, Suite 600  
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 Don Young Port of Alaska, an enterprise fund of the Municipality of Anchorage, Alaska, which comprise the Don Young Port of Alaska's statement of net position as of December 31, 2023, and the related statement of revenues, expenses, and changes in fund net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 12, 2025.

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

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Don Young Port of Alaska's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 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 deficiencies described in the accompanying schedule of findings and responses as items 2023-003 and 2023-004 to be significant deficiencies.

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



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

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

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

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

## **Purpose of This Report**

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

BDO USA, P.C.

Anchorage, Alaska  
June 12, 2025

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

## Schedule of Findings and Reponses For the Year Ended December 31, 2023

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

#### *Financial Statements*

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?	<u>      </u> yes	<u>  X  </u> no
---	-------------------	-----------------

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

#### **Finding 2023-001**

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

##### *Criteria*

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

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

##### *Condition*

Trial balances received for audit included modified and full accrual basis accounts, which resulted in multiple duplications of account balances. Material modifications were required that resulted in adjustments to the Port trial balances for approximately \$274 million in assets, \$1.2 million in liabilities, \$79 million in expenses, and \$352 million in equity adjustments.

##### *Cause*

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

##### *Effect or potential effect*

Trial balance reconciliations resulted in delays in financial reporting.

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

**Schedule of Findings and Responses  
For the Year Ended December 31, 2023**

---

<i>Recommendation</i>	Management should consider changing the parameters of the general ledger system and train staff to ensure proper reporting of transactions according to the appropriate basis of accounting.
<i>Views of responsible officials and planned corrective actions</i>	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. Management will review and update internal controls and procedures to ensure that all trial balances are prepared using the appropriate basis of accounting, in compliance with Government Accounting Standards Board Statement No. 34.
<b><u>Finding 2023-002</u></b>	<b>Timeliness and Accuracy of Grant Reconciliations - Material Weakness in Internal Control over Financial Reporting</b>
<i>Criteria</i>	<p><i>Governmental Auditing Standards</i> states that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>COSO Internal Control Integrated Framework defines internal control at the organization level and identifies objectives, components, and principles of internal control to establish and maintain an effective internal control environment. Control Activities Principle Number 10 states that an organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.</p> <p>These controls should ensure the general ledger and accounting records used to maintain the financial information of the Port are reconciled timely and in conjunction with the closing of the fiscal year.</p>
<i>Condition</i>	BDO identified material inaccuracies in reconciliations and the related financial statements and underlying books and records for grant revenue and grant receivables. The financial statements were initially misstated by approximately \$50 million.
<i>Cause</i>	The Municipality failed to perform grant reconciliations timely to identify material inaccuracies between the reconciliations and underlying books and records.
<i>Effect or potential effect</i>	Inaccurate recording of grant revenue and receivables throughout the year could impact management financial decisions.
<i>Recommendation</i>	Management should ensure grant reconciliations are prepared, reviewed, and approved throughout the fiscal year, and adjustments for grant revenues should be posted at least quarterly.

# Municipality of Anchorage, Alaska

## Don Young Port of Alaska Fund

### Schedule of Findings and Responses, continued For the Year Ended December 31, 2023

---

*Views of responsible officials and planned corrective actions*      The Port will work with the Municipality of Anchorage to assist in the review and preparation of the Port grants. Management is to ensure it is in compliance with the COSO Internal Control Integrated Framework.

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

*Criteria*      GASBS 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. GASBS No. 87 further defines that a lease is a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or an exchange-like transaction.

*Condition*      The Municipality failed to evaluate all new Port lease contracts. BDO identified one 50-year lease agreement that was not evaluated.

*Cause*      Internal controls were insufficient to identify and review new lease contracts and include in the lease schedules for the Municipality.

*Effect or potential effect*      Lease receivables or deferred inflows could be misstated if leases are omitted.

*Recommendation*      Management should increase communications between the Municipality's divisions to ensure that preparation, review, and approval of lease schedules includes all lease contracts.

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

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

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

Specifically, restricted cash calculations should be performed on a periodic basis throughout the year to ensure compliance with the legal, legislative, or external restrictions.

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

**Schedule of Findings and Responses, continued  
For the Year Ended December 31, 2023**

---

<i>Condition</i>	BDO identified an adjustment for \$1.95 million to restricted cash balances and related restricted net position.
<i>Cause</i>	Restricted cash calculations were not performed nor reviewed on a periodic basis to ensure compliance with legal, legislative, and external restrictions.
<i>Effect or potential effect</i>	Incorrect reporting of restricted cash and related net position during the year could affect management's financial decisions.
<i>Recommendation</i>	Management should ensure restricted cash is monitored and reconciled on a quarterly basis. Management should identify control owners for this process to ensure compliance is appropriately monitored.
<i>Views of responsible officials and planned corrective actions</i>	The Port will strengthen controls over restricted cash by providing training to designated Finance Division staff on the requirements and procedures for restricted cash management. Management will implement a review process to verify the accuracy of restricted cash balances and related net positions before financial statements are finalized.



2000 Anchorage Port Road  
Anchorage, Alaska 99501  
907-343-6200  
PortOfAlaska@Muni.org  
PortOfAlaska.com

---

## MUNICIPALITY OF ANCHORAGE, ALASKA PORT OF ALASKA FUND

### Corrective Action Plan Year Ended December 31, 2023

---

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

**Planned Corrective  
Action Plan:**

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

**Completion Date:** June 30, 2025

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

**Planned Corrective  
Action Plan:**

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

**Completion Date:** December 31, 2025

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

**Planned Corrective  
Action Plan:**

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

**Completion Date:** December 31, 2025



2000 Anchorage Port Road  
Anchorage, Alaska 99501  
907-343-6200  
PortOfAlaska@Muni.org  
PortOfAlaska.com

---

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

**Planned Corrective Action Plan:** Management agrees with this finding. The Port will monitor the trial balance on a monthly basis to ensure any entries made to restricted cash is addressed for accuracy before year end and support the MOA Controller division staff assigned to monitor this reconciliation. The Port will strengthen controls over restricted cash by providing training to designated Finance Division staff on the requirements and procedures for restricted cash management.

**Completion Date:** June 30, 2025

#### **Status of Prior Year Findings 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.

**Update:** The Port continues to support the establishment of closure schedules and timely reporting by completing the work needed on a timely basis.

**Completion Date:** December 31, 2025



2000 Anchorage Port Road  
Anchorage, Alaska 99501  
907-343-6200  
PortOfAlaska@Muni.org  
PortOfAlaska.com

---

<b><u>*Finding 2022-002:</u></b>	<b>Implementation of Government Accounting Standards Board Statement No. 87 (GASBS No. 87), <i>Leases</i> - Material Weakness in Internal Control over Financial Reporting</b>
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.
Update:	The Port will establish an ongoing reconciliation workbook for leases which will identify all leases and will be reconciled to revenues accounts in the general ledger. It will then be transmitted to the MOA Controller Division at year end for use in the GASB87 lease entry to ensure all lease revenue is accounted for in the GASB87 lease entry.
Completion Date:	December 31, 2025
<b><u>*Finding 2022-003:</u></b>	<b>Reconciliation and Review Controls - Significant Deficiency in Internal Control over Financial Reporting</b>
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.
Update:	The Port continues to work with the MOA Controller Division in support of the accurate and timely reporting of the Port's financial information.
Completion Date:	December 31, 2024
Contact:	Cheryl J Beckham Deputy Director, Port of Alaska Finance & Administration Manager 907-343-6204