Anchorage Community Development Authority

(A Component Unit of the Municipality of Anchorage, Alaska)

Basic Financial Statements, Required Supplementary Information, and Supplementary Information

Years Ended December 31, 2021 and 2020

BDO

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Anchorage Community Development Authority

Contents

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Independent Auditor's Report

The Board of Directors
Anchorage Community Development Authority
Anchorage, Alaska

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Anchorage Community Development Authority (the Authority), a component unit of the Municipality of Anchorage, Alaska, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of December 31, 2021 and 2020 and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-9 and the schedules of the Authority's proportionate share of the net pension and OPEB liability (asset) and contributions on pages 54-55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedules of revenues and expenses for the years ended December 31, 2021 and 2020 are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate 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 auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues and expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2022 on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
August 8, 2022

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Management's Discussion and Analysis

The Anchorage Community Development Authority ("ACDA" or "the Authority") was originally established as the Anchorage Parking Authority by Municipality of Anchorage Assembly ordinance 84-10(S) in 1984. In 2005, the new Authority was established by Municipality of Anchorage Assembly ordinance 2004-181(S-1) and Easy Park remains a department within the larger Authority. The following is a discussion and analysis of ACDA's financial performance, providing an overview of the activities for the year ended December 31, 2021. This discussion and analysis contains other supplementary information, in addition to the basic financial statements for the year ended December 31, 2021. Please read it in conjunction with the ACDA's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows by $23.2 million (net position) at the close of 2021. The assets and deferred outflows of resources exceeded liability and deferred inflows of resources by $21.6 million (net position) at the close of 2020. The Authority had unrestricted net position at the end of 2021 of $993,035 and a deficit of $2.1 million at the end of 2020. The major reason for the negative net position in 2020 is the inclusion of net pension liability of $4.0 million at December 31, 2020, which decreased to $2.0 million at December 31, 2021 and is included in noncurrent liabilities. The Authority currently contributes 22% of the Authority's payroll expenses for eligible employees.

- Operating revenue in 2021 was $8.8 million which is an increase of $2.7 million over the prior year or 43.6% more than the previous year. Operating revenue in 2020 was $6.1 million which was a decrease of $3.4 million over the prior year or 36% less than in 2019. The major revenue increase in 2021 was due to parking levels beginning to return after COVID-19 restrictions were lifted.

- Operating expenses in 2021 were $6.4 million which is a decrease of $2.5 million over the prior year or 27.8% less than the previous year. Operating expenses in 2020 were $8.8 million which was a decrease of $1.3 million over the prior year or 13.5% less than in 2019. The decrease in operating expenses was a result of permanent staff reduction after COVID-19 and cost-saving measures implemented in each department.

Overview of the Financial Statements

ACDA is a component unit of the Municipality of Anchorage. It is governed by a board of directors appointed by the mayor and subject to confirmation by the Anchorage Municipal Assembly.

The financial statements of ACDA are prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied on an accrual basis. Under the accrual method of accounting, the same method used by private-sector businesses, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. The three basic financial statements of ACDA are as follows:

Statements of Net Position – These statements present information regarding the ACDA's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Net position represents the total amount of assets and deferred outflows of resources less the total of liabilities and deferred inflows of resources. The Statement of Net Position classifies assets and liabilities as current or noncurrent.

Statements of Revenues, Expenses and Changes in Net Position – These statements present the ACDA's operating revenues and expenses and nonoperating revenues and expenses for the fiscal year with the difference—the net income or loss—being combined with any capital contributions or repayments to determine the net change in net position for the fiscal year. That change, combined with last year's ending net position total reconciles to the net position total at the end of this fiscal year.

Statements of Cash Flows – These statements report cash and investment activities for the fiscal year resulting from operating activities, capital and related financing activities, and investing activities. The net result of these activities added to the beginning-of-the-year cash balance reconciles to the cash and investment balance at the end of the current fiscal year. ACDA presents its cash flows statement using the direct method of reporting operating cash flows.

Financial Analysis

The following condensed financial information was derived from the ACDA's financial statements and reflects the ACDA's changes during the fiscal year:

	Net Position			Percentage Change	Percentage Change
	2021	2020	2019	(2021-2020)	(2020-2019)
Current assets	$ 4,476,716	$ 2,326,444	$ 4,536,530	92.43%	(48.72%)
Noncurrent assets	37,646,035	38,006,301	36,256,272	(0.95%)	4.83%
Total assets	42,122,751	40,332,745	40,792,802	4.44%	(1.13%)
Deferred outflows of resources	143,144	504,933	465,095	(71.65%)	8.57%
Total assets and deferred outflows of resources	42,265,895	40,837,678	41,257,897	3.50%	(1.02%)
Current liabilities	1,977,598	1,430,152	1,525,819	38.28%	(6.27%)
Noncurrent liabilities	15,388,487	17,492,394	17,695,868	(12.03%)	(1.15%)
Total liabilities	17,366,085	18,922,546	19,221,687	(8.23%)	(1.56%)
Deferred inflows of resources	1,679,010	270,746	427,378	520.14%	(36.65%)
Total liabilities and deferred inflows of resources	19,045,095	19,193,292	19,649,065	(0.77%)	(2.32%)
Net position:					
Investment in capital assets	22,227,765	23,702,444	21,799,315	(6.22%)	8.73%
Unrestricted (deficit)	993,035	(2,058,058)	(190,483)	(148.25%	980.44%
Total net position	$ 23,220,800	$ 21,644,386	$ 21,608,832	7.28%	0.16%

The largest portion of the ACDA's net position, $22.2 million in 2021 and $23.7 million in 2020 is invested in capital assets (e.g., land, buildings, equipment, etc.). Outstanding debt is attributable to these assets for the 716 West 4th Ave building and the LED Garage Retrofit totaling $14.0 million for 2021 and 2020. The ACDA uses its capital assets to provide parking spaces for the public on a monthly, daily or hourly basis and to provide retail or office space in their garage facilities.

	Change in Net Position			Increase (Decrease)	Increase (Decrease)
	2021	2020	2019	(2021-2020)	(2020-2019)
Operating revenue:					
Gross profit (loss) from land sales	$ -	$ -	$ (418,000)	$ -	$ 418,000
Parking revenue	4,846,076	4,165,716	7,996,211	680,360	(3,830,495)
Grants for lost revenue	2,000,000	-	-	2,000,000	-
Lease revenue	1,966,160	1,968,829	1,972,821	(2,669)	(3,992)
Total operating revenue	8,812,236	6,134,545	9,551,032	2,677,691	(3,416,487)
Operating expense	6,379,213	8,831,448	10,210,393	(2,452,235	(1,378,945)
Operating income (loss)	2,433,023	(2,696,903)	(659,361)	5,129,926	(2,037,542)
Nonoperating revenue (expense), net	(856,609)	2,732,457	(465,859	(3,589,066)	3,198,316
Change in net position	1,576,414	35,554	(1,125,220)	1,540,860	1,160,774
Net Position – beginning	21,644,386	21,608,832	22,734,052	35,554	(1,125,220)
Net Position - ending	$ 23,220,800	$ 21,644,386	$ 21,608,832	$ 1,576,414	$ 35,554

The majority of the ACDA's assets were contributed by the Municipality of Anchorage. Effective in 2003, municipal ordinance requires ACDA to make an annual payment for Municipal Enterprise Service Assessment (MESA) in lieu of property tax payments. In 2021 and 2020, ACDA paid to the Municipality of Anchorage a MESA payment of $713,419 and $672,833, respectively.

Capital Assets

During 2021, ACDA completed 80% of the LED retrofit in 3 garages valued at $402,000. ACDA installed new carpeting in their main office for $13,000 and upgraded one server for $10,000. ACDA upgraded their gate equipment in the JC Penney garage which increased assets by $123,000. ACDA retired several assets in 2021. These included $152,000 for the Element credit card acceptance system, $47,000 in lot improvements for the previously owned A/C Couplet lot, $15,000 for outdated Phoenix pay and display system, $116,000 in previously owned vehicles, and $17,000 in outdated development equipment. During 2020 the ACDA received Sockeye Lot land from Municipality of Anchorage valued at $3.2 million which increased ACDA's assets. During the year ACDA also purchased new Garage equipment for the 3 garages of $0.4 million.

Long-Term Debt

ACDA purchased a new building 716th West 4th Avenue in 2018. ACDA has 15-year long-term debt for property with a balance of $13.5 million as of December 31, 2021. The balance on the note was $14.0 million as of December 31, 2020 and $14.5 million as of December 31, 2019. The building is rented out to the Anchorage Police department for approximately $1.5 million per year which helps ACDA cover their long-term debt. ACDA completed 80% of the LED lighting conversion for the 5th, 6th, and 7th avenue garages during 2021. ACDA has a 15-year long-term debt for the new equipment and installation. The balance on the note was $515,468 as of December 31, 2021.

COVID-19 Impacts

In 2021, ACDA also received $2 million contribution from Municipality of Anchorage to help cover wages, security, janitorial expenses and loan payments. ACDA started hiring back employees in May 2021. Monthly revenues have increased starting in June 2021. ACDA believes that 2022 will be a better year than 2021 and 2020. Revenue will be increasing with the businesses reopening, downtown events returning, and the mask mandate lifted as result of the COVID-19 related closures. ACDA has hired more employees in 2021, which will also increase revenue due to more public safety officers on streets.

Contacting the ACDA's Financial Management

This financial report is intended to provide an overview of the finances of the Anchorage Community Development Authority for those with an interest in this organization. If you have any questions about this report or need additional financial information, contact the Finance Director of ACDA at 907-276-7275.

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Basic Financial Statements

Anchorage Community Development Authority

Statements of Net Position

December 31,	2021	2020
Assets and Deferred Outflows of Resources		
Current assets:		
Cash and investments	$ 3,548,878	$ 1,845,052
Restricted cash	454,456	-
Accounts receivable	398,971	345,142
Prepaid expenses	15,561	77,400
Land held for resale	58,850	58,850
Total current assets	4,476,716	2,326,444
Noncurrent assets:		
Capital assets, at cost:		
Land and land improvements	15,956,795	15,956,795
Other capital assets, net of accumulated depreciation	20,281,298	21,721,287
Capital assets, net of accumulated depreciation	36,238,093	37,678,082
Net other postemployment benefits asset	1,407,942	328,219
Total noncurrent assets	37,646,035	38,006,301
Total assets	42,122,751	40,332,745
Deferred outflows of resources:		
Pension related	92,681	270,573
Other postemployment benefits related	50,463	234,360
Total deferred outflows of resources	143,144	504,933
Total Assets and Deferred Outflows of Resources	$ 42,265,895	$ 40,837,678

See accompanying notes to basic financial statements.

Anchorage Community Development Authority

Statements of Net Position, continued

December 31,	2021	2020
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Current liabilities:		
Accounts payable	$ 470,789	$ 310,167
Accrued interest	300,823	321,713
Accrued expenses	82,907	65,908
Accrued leave	68,528	124,384
Unearned revenue	386,396	34,844
Deposits payable	12,001	10,226
Current portion of long-term debt	557,145	480,778
Due to Municipality of Anchorage	99,009	82,132
Total current liabilities	1,977,598	1,430,152
Noncurrent liabilities:		
Long-term debt	13,453,183	13,494,860
Net pension liability	1,935,304	3,990,202
Net other postemployment benefits liability	-	7,332
Total noncurrent liabilities	15,388,487	17,492,394
Total liabilities	17,366,085	18,922,546
Deferred inflows of resources:		
Pension related	925,980	-
Other postemployment benefits related	753,030	270,746
Total deferred inflows of resources	1,679,010	270,746
Net Position		
Net investment in capital assets	22,227,765	23,702,444
Unrestricted (deficit)	993,035	(2,058,058)
Total net position	23,220,800	21,644,386
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 42,265,895	$ 40,837,678

See accompanying notes to basic financial statements.

Anchorage Community Development Authority

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended December 31,	2021	2020
Operating revenues:		
Parking violations	$ 288,199	$ 285,022
Parking fees:		
Garage and off-street lots	3,302,216	2,934,693
On-street meters	1,255,661	946,001
Grant for lost revenue	2,000,000	-
Lease rentals	1,966,160	1,968,829
Total operating revenues	8,812,236	6,134,545
Operating expenses:		
Wages and benefits	910,864	2,639,881
Professional fees	291,918	422,244
Contract services	741,534	916,189
Information services	353,953	393,904
Direct maintenance	337,689	235,994
Facility maintenance and contract services	166,774	244,648
Utilities	342,288	413,639
General expenses	1,207,233	1,240,184
Office expenses	15,879	21,076
Employee expenses	12,038	21,100
Depreciation	1,999,043	2,282,589
Total operating expenses	6,379,213	8,831,448
Operating income (loss)	2,433,023	(2,696,903)
Nonoperating revenues (expenses):		
Contribution of land	-	3,228,000
Gain on sale of capital assets	9,500	1,200
Interest income	288	67,994
PERS on behalf	(130,439)	207,375
Interest expense	(735,958)	(772,112)
Total net nonoperating revenues (expenses)	(856,609)	2,732,457
Change in net position	1,576,414	35,554
Net Position, beginning of year	21,644,386	21,608,832
Net Position, end of year	$ 23,220,800	$ 21,644,386

See accompanying notes to basic financial statements.

Anchorage Community Development Authority

Statements of Cash Flows

Years Ended December 31,	2021	2020
Cash Flows from (for) Operating Activities		
Cash received from parking patrons and tenants	$ 7,109,959	$ 6,108,659
Cash received from operating grants	2,000,000	-
Cash paid to suppliers and service providers	(3,216,155)	(3,977,115)
Cash paid to employees	(2,464,098)	(2,674,386)
Net cash from (for) operating activities	3,429,706	(542,842)
Cash Flows for Capital and Related Financing Activities		
Purchase of capital assets	(559,054)	(501,356)
Principal payments on long-term debt	(502,610)	(456,362)
Proceeds from issuance of long-term debt	537,300	-
Proceeds from sale of assets	9,500	1,200
Cash paid for interest	(756,848)	(772,112)
Net cash for capital and related financing activities	(1,271,712)	(1,728,630)
Cash Flows from Investing Activities		
Interest received on investments	288	67,994
Net increase (decrease) in cash and investments	2,158,282	(2,203,478)
Cash and Investments, beginning of year	1,845,052	4,048,530
Cash and Investments, end of year	$ 4,003,334	$ 1,845,052
Cash reconciliation to Statements of Net Position		
Cash and investments	$ 3,548,878	$ 1,845,052
Restricted deposits	454,456	-
Total Cash and Investments	$ 4,003,334	$ 1,845,052

See accompanying notes to basic financial statements.

Anchorage Community Development Authority

Statements of Cash Flows, continued

Years Ended December 31,	2021	2020
Reconciliation of operating loss to net cash from (for) operating activities:		
Operating income (loss)	$ 2,433,023	$ (2,696,903)
Adjustments to reconcile operating income (loss) to net cash from (for) operating activities:		
Depreciation	1,999,043	2,282,589
Noncash operating expense - PERS on behalf	(130,439)	207,375
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(53,829)	919
Prepaid expenses	61,839	3,251
Due from the Municipality of Anchorage	-	2,438
Net other postemployment benefits asset	(1,079,723)	(303,262)
Deferred outflows of resources related to pensions	177,892	(7,237)
Deferred outflows of resources related to other postemployment benefits	183,897	(32,601)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	160,622	(53,589)
Accrued expenses	16,999	(95)
Accrued leave	(55,856)	1,743
Unearned revenue	351,552	(26,805)
Deposits payable	1,775	(13,973)
Due to Municipality of Anchorage	16,877	(27,364)
Net pension liability	(2,054,898)	398,229
Net other post employment benefits liability	(7,332)	(120,925)
Deferred inflows of resources related to pensions	925,980	(250,870)
Deferred inflows of resources related to other postemployment benefits	482,284	94,238
Net Cash from (for) Operating Activities	$ 3,429,706	$ (542,842)
Noncash capital and related financing activities		
Contribution of land included in capital assets	$ -	$ 3,228,000

See accompanying notes to basic financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

Anchorage Community Development Authority (ACDA, the Authority) was originally established as the Anchorage Parking Authority by the Municipality of Anchorage Assembly Ordinance 84-10(S) in 1984. In 2005, Anchorage Community Development Authority was reorganized by the Municipality of Anchorage Assembly Ordinance 2005-181(S-1).

The accompanying financial statements include the activities of the Authority, a public corporate authority of the Municipality of Anchorage (Municipality). The Authority is a component unit of the Municipality but exists independently of and separately from the Municipality. This determination is based on the fact that the Board of Directors and Executive Director are appointed by the Mayor of Anchorage. The Authority has the power to purchase, construct, develop, operate facilities (including parking structures), and incur debt in furtherance of its corporate purpose.

The Authority has two primary purposes: buying, selling and developing property and other economic development activities, and the responsibility for operating, managing and controlling on-street and off-street parking throughout the municipality.

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the balance sheets, and revenues and expenses for the period. Actual results could differ from those estimates. The more significant policies and estimates applied in the preparation of the financial statements are discussed below.

Basis of Accounting and Financial Reporting

The financial statements of ACDA are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred; regardless of the timing of related cash flows. Operating revenues and expenses generally result from providing services in connection with ACDA's principal ongoing operations.

Income Taxes

No provisions have been made for income taxes since the Authority is a governmental entity exempt from taxes. The Authority is not required to file a tax return.

Cash and Investments

Cash and investments are generally comprised of highly liquid instruments with original maturities of three months or less.

The Authority is also authorized to secure investments through the Municipality of Anchorage either by trading in the open market or participating in the Municipal Investment Pool. The Municipal Investment Pool is not registered with the Securities and Exchange Commission. The fair value of the pool is the same as the value of pool shares. As of December 31, 2021, and 2020, the Authority holds $490,161 and $1,191,515, respectively, of investments in the pool which represents less than 1%, of the total investment pool. The Anchorage Municipal Code (AMC) 6.50.030 functions as the regulation oversight of the investment pool. According to AMC 6.50.030, the Municipality is authorized to purchase investments which meet the following rating and issuer requirements:

1. Obligations issued or guaranteed by the U.S. Government, U.S. agencies or U.S. government sponsored corporations and agencies.

2. Corporate debt securities that are guaranteed by the U.S. government or the Federal Deposit Insurance Corporation (FDIC) as to principal and interest.

3. Taxable and tax-exempt municipal securities having a long-term rating of at least “A-“ by a nationally recognized rating agency or a taxable or tax-exempt municipal security having a short-term rating of at least “A-1” by S&P, “P-1” by Moody's or “F-1” by Fitch.

4. Debt securities issued and guaranteed by the International Bank for Reconstruction and Development (IBRD) and rated “AAA” by a nationally recognized rating agency.

5. Commercial paper, excluding asset-backed commercial paper, rated at least “A-1” by S&P, “P-1” by Moody’s or “F-1” by Fitch.

6. Bank debt obligations, including unsecured certificates of deposit, notes, time deposits and bankers’ acceptance (with maturities of not more than 365 days), and deposits with any bank, short-term obligations of which are rated at least “A-1” by S&P, “P-1” by Moody’s or “F-1” by Fitch and 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 Moody’s sovereign rating for bank deposits of “Aaa”, or an S&P sovereign rating of “AAA”, or a Fitch national rating of “AAA”, and subject to supervision and examination by federal or state banking authorities.

7. Repurchase agreements secured by obligations of the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies.

8. Dollar denominated corporate debt instruments rated “BBB-” or better by S&P’s Rating Service (investment grade) or the equivalent by another nationally recognized rating agency.

9. Dollar denominated corporate debt instruments rated below “BBB-” by S&P’s Rating Service or the equivalent by another nationally recognized rating agency, including emerging market.

10. Dollar denominated debt instruments of foreign governments rated "BBB" or better by S&P's Rating Service or the equivalent by another nationally recognized rating agency.

11. Asset-backed securities (ABS), other than commercial paper, collateralized by credit cards, automobile loans, leases and other receivables which must have a credit rating of "AA-" or above by S&P's Rating Service or the equivalent by another nationally recognized rating agency.

12. Mortgage-backed securities (MBS), including generic mortgage-backed pass-through securities issued by GNMA, FHLMC, FNMA, nonagency mortgage-backed securities, collateralized mortgage obligations (CMOs), or commercial mortgage-backed securities (CMBS), which must have a credit rating of "AA-" or above by S&P's Rating Service or the equivalent by another nationally recognized rating agency.

13. Debt issued by the Tennessee Valley Authority.

14. Money market mutual funds rated "Am" or better by S&P Rating Service, or the equivalent by another nationally recognized rating agency, and consisting of any or all of the securities authorized for investment in this section of the Code.

15. Alaska Municipal League Investment Pool (AMLIP), consistent with all other provisions of this Code.

16. Mutual fund investments so long as the overall nature of the fund is generally consistent with this section of the Code.

17. Interfund loans from a Municipal Cash Pool to a Municipal Fund.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Accrued Leave

The Authority records leave, including sick leave, as it is earned by the employees.

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, as well as bond issuance costs, are recognized during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Pensions / OPEB

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of the net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. These items are amortized to expense overtime.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents 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. These items are amortized as a reduction to pension expense overtime.

Land Held for Resale

The Authority acquires land, either through donations from the Municipality or by direct purchase, for the purpose of preparing it for development and reselling it to meet the Authority's long-term community revitalization goals. The land and all associated costs with preparing it for resale are classified as land held for resale. At the time of sale, the costs are transferred to cost of sales. Donated land is recorded at the estimated fair market value at the date the Authority has an enforceable legal claim to the property.

Revenue Recognition

Operating revenue is recognized when services are performed. The Authority generates revenue by offering hourly parking in its facilities. The Authority offers monthly passes to various businesses at the Authority's garages. The Authority controls all on-street meters within downtown Anchorage. By enforcing on-street parking, the Authority receives revenue from violations.

Accounts Receivable

An allowance for doubtful accounts for accounts receivable has not been established, as all receivables are considered fully collectible.

Capital Assets

Capital assets are stated at cost if purchased by the Authority. ACDA capitalizes assets with a useful life over one year or those purchased with monies from the capital budget. Capital assets contributed by the Municipality are recorded at acquisition value. 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. Depreciation is computed by use of the straight-line method over the estimated economic life of the asset. Additions are recorded at the original cost of contracted services, direct labor and material, interest and indirect overhead charges. The Authority assesses capital assets for impairment whenever events of changes in circumstance indicate that the service utility of the capital asset have both significantly and unexpectantly declined.

Estimated lives of major plant and equipment categories are as follows:

	Life in Years
Parking garages & upgrades	40
Garage Improvements with less than 10 years left on their Depreciation	10
Lot improvements	5
Furniture and fixtures	5
Equipment and vehicles	3-5
Parking meters	3-6

Retirement Plan

All full-time employees and certain permanent part-time employees of the Authority participate in the Alaska Public Employees' Retirement System (PERS). The Authority follows GASB Statement No. 68, *Accounting and Financial Reporting by Employers for Pensions*, which establishes standards for the measurement, recognition and display of pension expenditures/expense and related liabilities, assets, note disclosure and applicable required supplementary information in the financial reports of state and local governmental employers. In addition, the Authority follows GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which addresses accounting and reporting issues of costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB.

Net Position

Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by any outstanding borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. ACDA does not have restricted net position at December 31, 2021 and 2020.

When both restricted and unrestricted resources are available for use, it is ACDA's policy to use externally restricted resources first, then unrestricted resources.

2. Cash and Investments

The following is a reconciliation of the Authority's cash and investment balances to the financial statements as of December 31, 2021.

December 31, 2021	Carrying Value	Bank Balances
Bank deposits	$ 3,484,925	$ 3,486,407
Municipal Pool Investments	490,161	490,161
Investments	5,893	5,893
Cash on hand	22,355	-
	$ 4,003,334	$ 3,982,461

The following is a reconciliation of the Authority's cash and investment balances to the financial statements as of December 31, 2020.

December 31, 2020	Carrying Value	Bank Balances
Bank deposits	$ 639,849	$ 736,245
Municipal Pool Investments	1,191,515	1,191,515
Investments	5,893	5,893
Cash on hand	7,795	-
	$ 1,845,052	$ 1,933,653

Below is a breakdown of cash and investment between restricted and unrestricted balances.

December 31,	2021	2020
Cash and investments	$ 3,548,878	$ 1,845,052
Restricted deposits	454,456	-
	$ 4,003,334	$ 1,845,052

Custodial credit risk for deposits and investments is the risk that in the event of the failure of a depository financial institution a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The deposits in the bank are Federal Deposit Insurance Corporation (FDIC) insured up to $250,000 and the partial amounts over that are protected with a Federal Farm Credit Bank Bond. As of December 31, 2021, and 2020 all bank deposits of the Authority were insured or covered under this collateralization agreement.

The Authority reports restricted cash for amounts received in escrow accounts established under debt agreements that is required to be spent on the related capital improvements. At December 31, 2021 and 2020, the Authority reported $454,456 and $0 in restricted deposits for capital.

3. Land Held for Resale

Land held for resale consists of the following at December 31, 2021 and 2020:

December 31,	2021	2020
Land - Northpoint Bluff	$ 58,850	$ 58,850
Total Land Held for Resale	$ 58,850	$ 58,850

4. Capital Assets

A summary of capital assets at December 31, 2021 is as follows:

	January 1, 2021	Additions	Deletions	December 31, 2021
Capital assets not being depreciated –				
Land and land improvements	$ 15,956,795	$ -	$ -	$ 15,956,795
Capital assets being depreciated:				
Parking garages	62,185,032	416,513	-	62,601,545
Lot improvements	710,540	-	(62,125)	648,415
Furniture and fixtures	25,472	-	-	25,472
Equipment and vehicles	2,559,265	142,541	(311,046)	2,390,760
Parking meters	113,456	-	-	113,456
Total assets being depreciated	65,593,765	559,054	(373,171)	65,779,648
Less accumulated depreciation for:				
Parking garages	41,090,294	1,815,689	-	42,905,983
Lot improvements	700,763	4,687	(62,125)	643,325
Furniture and fixtures	17,349	2,547	-	19,896
Equipment and vehicles	1,950,615	176,120	(311,046)	1,815,689
Parking meters	113,457	-	-	113,457
Total assets being depreciated	43,872,478	1,999,043	(373,171)	45,498,350
Total capital assets being depreciated, net	21,721,287	(1,439,989)	-	20,281,298
Capital Assets, net	$ 37,678,082	$ (1,439,989)	$ -	$36,238,093

A summary of capital assets at December 31, 2020 is as follows:

	January 1, 2020	Additions	Deletions	December 31, 2020
Capital assets not being depreciated –				
Land and land improvements	$ 12,728,795	$ 3,228,000	$ -	$ 15,956,795
Capital assets being depreciated:				
Parking garages	62,116,813	68,219	-	62,185,032
Lot improvements	710,540	-	-	710,540
Furniture and fixtures	25,472	-	-	25,472
Equipment and vehicles	2,146,328	433,137	(20,200)	2,559,265
Parking meters	113,456	-	-	113,456
Total assets being depreciated	65,112,609	501,356	(20,200)	65,593,765
Less accumulated depreciation for:				
Parking garages	39,011,475	2,078,819	-	41,090,294
Lot improvements	696,076	4,687	-	700,763
Furniture and fixtures	14,745	2,604	-	17,349
Equipment and vehicles	1,774,336	196,479	(20,200)	1,950,615
Parking meters	113,457	-	-	113,457
Total assets being depreciated	41,610,089	2,282,589	(20,200)	43,872,478
Total capital assets being depreciated, net	23,502,520	(1,781,233)	-	21,721,287
Capital Assets, net	$ 36,231,315	$ 1,446,767	$ -	$ 37,678,082

Depreciation expense for years ended December 31, 2021 and 2020 was $1,999,043 and $2,282,589, respectively.

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5. Operating Leases

Lease Revenue

The Authority leases 41,405 square feet of the retail space available in the Sixth Avenue Parking Mall, the retail space in the Fifth Avenue Garage, and a building on 4th Avenue. Future minimum rentals on noncancelable operating leases are:

Years Ending December 31:	
2022	$ 25,925
2023	9,125
2024	9,125
2025	6,844
2026	6,084
Thereafter	-
	$ 57,103

The leases provide for annual adjustments. Lease revenue was $1,966,160 in 2021 and $1,968,829 in 2020. The carrying value of the leased assets as of December 31, 2021 and 2020 is as follows:

December 31:	2021	2020
Original cost	$ 44,919,407	$ 44,919,407
Accumulated depreciation	27,913,117	26,790,132
Net Book Value	$ 17,006,290	$ 18,129,275

Lease Expense

The Authority entered into a 15-year lease agreement with JCPenney to manage its parking garage effective January 1, 2006 through December 31, 2021 with two five-year options to extend. The expense for this lease is $60,000 annually and the Authority may terminate the lease once it completes $500,000 in updates and gives 12 months' notice. ACDA has currently completed over $500,000 in updates.

Future minimum lease payments for each of the fiscal years subsequent to December 31, 2021 are as follows:

Year Ending December 31:	
2022	$ 60,000
2023	60,000
2024	60,000
2025	60,000
2026	60,000

Total lease expense was $67,070 in 2021 and $74,056 in 2020.

6. Long-term Debt

In June 2018, the ACDA board of directors approved the purchase of a building located at 716 W. 4th Avenue. On August 2, 2018, ACDA closed on this purchase. ACDA utilized the 7th Avenue parking garage as collateral for the loan from direct borrowing with Key Government Finance, Inc. The carrying value of the collateral was zero at December 31, 2021 and 2020. It is a 15-year loan for $14,432,000 at 5.35% interest rate. Loan payments will be made twice a year on February 1st and August 1st, and matures on August 1, 2038. As of December 31, 2021 and 2020, the balance was $13,494,860 and $13,975,638, respectively.

In April 2021, ACDA entered into a $537,300 loan through the Municipality of Anchorage's Master Lease Agreement with Key Government Finance, Inc. to fund the LED Garage Retrofit project. The loan is repaid quarterly over 10 years through April 2031 at an interest rate of 2.28% and is secured by the assets of the Municipality. The balance at December 31, 2021 was $515,468.

Changes in long-term debt for the years ending December 31 are as follows:

	Balance January 1, 2021	Increase	Decrease	Balance December 31, 2021	Due Within One Year
2021	$ 13,975,638	$ 537,300	$ 502,610	$ 14,010,328	$ 557,145

	Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020	Due Within One Year
2020	$ 14,432,000	$ -	$ 456,362	$ 13,975,638	$ 480,778

The annual debt service requirement of this loan from direct borrowings is as follows:

Year Ending December 31,	Principal	Interest	Total Payment
2022	$ 557,145	$ 783,942	$ 1,341,087
2023	585,407	756,844	1,342,251
2024	615,146	728,297	1,343,443
2025	646,440	698,222	1,344,662
2026	679,370	666,539	1,345,909
2027-2031	3,907,701	2,498,032	6,405,733
2032-2036	4,746,160	1,396,212	6,142,372
2037-2039	2,272,959	183,989	2,456,948
	$ 14,010,328	$ 7,712,077	$ 21,722,405

Total interest expense was $735,958 at December 31, 2021 and $772,112 at December 31, 2020.

7. Retirement Plans

General Information About the Plan

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

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

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

(a) Defined Benefit (DB) Pension Plan

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

Historical Context and Special Funding Situation

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

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

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

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary.

Employer and Other Contribution Rates

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

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

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

State Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. The on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

Contribution rates for the plan years ended June 30, 2021 and June 30, 2022 were determined in the June 30, 2019 and June 30, 2020 actuarial valuations, respectively. The Authority's contribution rates for the 2021 calendar year were as follows:

January 1, 2021 to June 30, 2021	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	14.57%	26.58%	8.85%
Postemployment healthcare (ARHCT)	7.43%	4.27%	0.00%
Total Contribution Rates	22.00%	30.85%	8.85%

July 1, 2021 to December 31, 2021	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54%	26.99%	8.11%
Postemployment healthcare (ARHCT)	6.46%	3.12%	0.00%
Total Contribution Rates	22.0%	30.11%	8.11%

The Authority's contribution rates for the 2020 calendar year were as follows:

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

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

In 2021, the Authority was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2020 to June 30, 2021	Authority Fiscal Year January 1, 2021 to December 31, 2021
Employer contributions (including DBUL)	$ 185,864	$ 200,325
Nonemployer contributions (on-behalf)	132,300	130,814
Total Contributions	$ 318,164	$ 331,139

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

	Measurement Period July 1, 2019 to June 30, 2020	Authority Fiscal Year January 1, 2020 to December 31, 2020
Employer contributions (including DBUL)	$ 194,055	$ 185,414
Nonemployer contributions (on-behalf)	134,033	132,546
Total Contributions	$ 328,088	$ 317,960

In addition, employee contributions to the Plan totaled $19,459 and $31,446 during the Authority's fiscal years 2021 and 2020, respectively.

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

At December 31, 2021, the Authority reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Authority. The amount recognized by the Authority for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with The Authority were as follows:

	2021	2020
Authority proportionate share of NPL	$ 1,935,304	$ 3,990,202
State's proportionate share of NPL associated with the Authority	261,723	1,653,235
Total Net Pension Liability	$ 2,197,027	$ 5,643,437

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net pension liability as of that date. The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net pension liability as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority'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, 2021 measurement date, the Authority's proportion was 0.05275 percent, which was a decrease of 0.01487 from its proportion measured as of June 30, 2020. At the June 30, 2020 measurement date, the Authority's proportion was 0.06762 percent, which was an increase of 0.00200 from its proportion measured as of June 30, 2019.

For the years ended December 31, 2021 and 2020, the Authority recognized pension expense of $584,046 and ($530,560), respectively, and on-behalf revenue of $132,300 and $134,033, respectively, for support provided by the State. At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (8,574)
Net difference between projected and actual earnings on pension plan investments	-	(763,182)
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	(154,224)
Authority contributions subsequent to the measurement date	92,681	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	$ 92,681	$ (925,980)

At December 31, 2020, the Authority reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 12,658	$ -
Net difference between projected and actual earnings on pension plan investments	162,402	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	2,309	-
Authority contributions subsequent to the measurement date	93,204	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	$ 270,573	$ -

The $92,681 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year December 31,	
2022	$ (340,152)
2023	(174,815)
2024	(189,162)
2025	(221,851)
2026	-
Thereafter	-
Total Amortization	$ (925,980)

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Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2021 and 2020 was determined by an actuarial valuation as of June 30, 2020 and 2019, respectively, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021 and 2020, respectively:

June 30, 2021:	
Actuarial cost method	Entry age normal
Amortization methodology	Layered unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50%
Salary increases	Increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 40% of the time.

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

The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

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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 2.04%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 and 2020, respectively are summarized in the following table:

June 30, 2021:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	6.63%
Global equity (non-U.S.)	19%	5.41%
Aggregate bonds	22%	0.76%
Opportunistic	6%	4.39%
Real assets	13%	3.16%
Private equity	12%	9.29%
Cash equivalents	0%	0.13%

June 30, 2020:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24%
Global equity (non-U.S.)	18%	6.67%
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01%
Real assets	13%	3.82%
Private equity	11%	10.00%
Cash equivalents	0%	(1.09)%

Discount Rate

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

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

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

2021	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Authority's proportionate share of the net pension liability	0.05275%	$ 2,866,455	$ 1,935,404	$ 1,153,018

2020	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Authority's proportionate share of the net pension liability	0.06762%	$ 5,188,106	$ 3,990,202	$ 2,985,494

Pension Plan Fiduciary Net Position

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

(b) Defined Contribution (DC) Pension Plan

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

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

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the years ended December 31, 2021 and 2020 to cover a portion of the Authority's employer match contributions. For the year ended December 31, 2021 and 2020, forfeitures reduced pension expense by $0.

Employee Contribution Rate

For the years ended December 31, 2021 and 2020, 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 years ended December 31, 2021 and 2020, the Authority was required to contribute 5% of covered salary into the Plan.

The Authority and employee contributions to PERS for pensions for the year ended December 31, 2021 were $64,039 and $102,463, respectively. The Authority and employee contributions to PERS for the year ended December 31, 2020 were $55,249 and $94,798, respectively. The Authority contribution amount was recognized as pension expense.

(c) Defined Benefit OPEB Plans

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

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

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Employer Contribution Rate

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

Employer contribution rates for the year ended December 31, 2021 were as follows:

January 1, 2021 to June 30, 2021	Rate
Alaska Retiree Healthcare Trust	7.43%
Retiree Medical Plan	1.27%
Occupational Death and Disability Benefits	0.31%
Total Contribution Rates	9.01%

July 1, 2021 to December 31, 2021	Rate
Alaska Retiree Healthcare Trust	6.46%
Retiree Medical Plan	1.07%
Occupational Death and Disability Benefits	0.31%
Total Contribution Rates	7.84%

In 2021, the Authority was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2020 to June 30, 2021	Authority Fiscal Year January 1, 2021 to December 31, 2021
Employer contributions – ARHCT	$ 28,693	$ 23,764
Employer contributions - RMP	14,373	14,855
Employer contributions - ODD	3,508	3,970
Total Contributions	$ 46,574	$ 42,589

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

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

July 1, 2020 to December 31, 2020	Rate
Alaska Retiree Healthcare Trust	0.00%
Retiree Medical Plan	1.27%
Occupational Death and Disability Benefits	0.31%
Total Contribution Rates	1.58%

In 2020, the Authority was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2019 to June 30, 2020	Authority Fiscal Year January 1, 2020 to December 31, 2020
Employer contributions – ARHCT	$ 80,520	$ 52,103
Employer contributions - RMP	19,039	15,364
Employer contributions - ODD	3,798	3,359
Total Contributions	$ 103,357	$ 70,826

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

At December 31, 2021 and 2020, the Authority reported an asset and liability for its proportionate share of the net OPEB assets (NOA) and net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the Authority. The amount recognized by the Authority for its proportional share, the related State proportion, and the total were as follows:

	2021	2020
Authority's proportionate share of NOL - ARHCT	$ -	$ -
Authority's proportionate share of NOL - RMP	-	7,332
Total Authority's Proportionate Share of NOL	$ -	$ 7,332
State's proportionate share of the ARHCT NOL associated with the Authority	$ -	$ -
Total Net OPEB Liabilities	$ -	$ 7,332

	2021	2020
Authority's proportionate share of NOA - ARHCT	$ (1,358,166)	$ (305,642)
Authority's proportionate share of NOA - RMP	(20,787)	-
Authority's proportionate share of NOA - ODD	(28,989)	(22,577)
Total Authority's Proportionate Share of NOA	$ (1,407,942)	$ (328,219)
State's proportionate share of the ARHCT NOA associated with the Authority	(16,979)	(127,277)
Total Authority's and State's proportionate Share of the NOA	$ (1,424,921)	$ (455,496)

The total OPEB liabilities (asset) for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 to calculate the net OPEB liabilities (asset) as of that date. The Authority's proportion of the net OPEB liabilities (asset) were based on a projection of the Authority's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2020 Measurement Date Employer Proportion	June 30, 2021 Measurement Date Employer Proportion	Change
Authority's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.06750%	0.05294%	(0.01456)%
RMP	0.10337%	0.07744%	(0.02593)%
ODD	0.08282%	0.06577%	(0.01705)%

	June 30, 2019 Measurement Date Employer Proportion	June 30, 2020 Measurement Date Employer Proportion	Change
Authority's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.06557%	0.06749%	0.00192 %
RMP	0.12943%	0.10337%	(0.02606)%
ODD	0.10294%	0.08282%	(0.02012)%

Collective Totals (All Plans)

For the year ended December 31, 2021, the Authority recognized collective OPEB expense of $(484,133) and revenue of $(61,402) for support provided by the Plans.

For the year ended December 31, 2020, the Authority recognized collective OPEB expense of $(362,550) and revenue of $(81,906) for support provided by the Plans.

At December 31, 2021, the Authority reported collective deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,546	$ (23,169)
Changes in assumptions	6,461	(63,899)
Net difference between projected and actual earnings on OPEB plan investments	-	(658,794)
Changes in proportion and differences between Authority contributions and proportionate share of contributions	19,943	(7,168)
Authority contributions subsequent to the measurement date	22,513	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans	$ 50,463	$ (753,030)

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

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 38	$ (33,670)
Changes in assumptions	10,295	(232,336)
Net difference between projected and actual earnings on OPEB plan investments	126,689	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	10,020	(4,740)
Authority contributions subsequent to the measurement date	87,318	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans	$ 234,360	$ (270,746)

The $22,513 reported as collective deferred outflows of resources related to OPEB plans resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2022	$ (210,519)
2023	(153,638)
2024	(164,675)
2025	(191,387)
2026	(1,697)
Thereafter	(3,164)
Total Amortization	$ (725,080)

ARHCT Plan

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the ARHCT plan from the following sources:

ARHCT Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (14,263)
Changes in assumptions	-	(51,325)
Net difference between projected and actual earnings on OPEB plan investments	-	(635,549)
Changes in proportion and differences between Authority contributions and proportionate share of contributions	11,227	-
Authority contributions subsequent to the measurement date	13,422	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ARHCT Plan	$ 24,649	$ (701,137)

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

ARHCT Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (24,519)
Changes in assumptions	-	(213,050)
Net difference between projected and actual earnings on OPEB plan investments	122,632	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	3,012	-
Authority contributions subsequent to the measurement date	78,530	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ARHCT Plan	$ 204,174	$ (237,569)

The $13,422 reported as collective deferred outflows of resources related to the ARHCT plan resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2022	$ (203,251)
2023	(146,365)
2024	(157,165)
2025	(183,129)
2026	-
Thereafter	-
Total Amortization	$ (689,910)

Retiree Medical Plan

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the RMP from the following sources:

RMP	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,546	$ (988)
Changes in assumptions	6,461	(12,354)
Net difference between projected and actual earnings on OPEB plan investments	-	(18,597)
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	(7,168)
Authority contributions subsequent to the measurement date	7,307	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to RMP	$ 15,314	$ (39,107)

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

RMP	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 38	$ (1,576)
Changes in assumptions	10,297	(18,955)
Net difference between projected and actual earnings on OPEB plan investments	3,283	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	(4,740)
Authority contributions subsequent to the measurement date	7,063	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to RMP	$ 20,681	$ (25,271)

The $7,307 reported as collective deferred outflows of resources related to the RMP plan resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2022	$ (6,262)
2023	(6,270)
2024	(6,458)
2025	(7,050)
2026	(1,726)
Thereafter	(3,334)
Total Amortization	$ (31,100)

ODD Plan

At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the ODD plan from the following sources:

ODD Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (7,918)
Changes in assumptions	-	(220)
Net difference between projected and actual earnings on OPEB plan investments	-	(4,648)
Changes in proportion and differences between Authority contributions and proportionate share of contributions	8,716	-
Authority contributions subsequent to the measurement date	1,784	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ODD Plan	$ 10,500	$ (12,786)

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

ODD Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (7,575)
Changes in assumptions	-	(331)
Net difference between projected and actual earnings on OPEB plan investments	774	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	7,008	-
Authority contributions subsequent to the measurement date	1,723	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to ODD Plan	$ 9,505	$ (7,906)

The $1,784 reported as collective deferred outflows of resources related to the ODD plan resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2022	$ (1,006)
2023	(1,003)
2024	(1,052)
2025	(1,207)
2026	29
Thereafter	169
Total Amortization	$ (4,070)

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2021 and 2020 was determined by actuarial valuations as of June 30, 2020 and 2019, respectively, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021 and 2020:

June 30, 2021	
Actuarial cost method	Entry age normal
Amortization methodology	Layered unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50%
Salary increases	Graded by service from 6.75% to 2.75%.
Allocation methodology	Amounts for the June 30, 2021 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2023 to 2039.
Investment rate of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

June 30, 2020

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

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 5% decrease from (CY) 20 and CY 21.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2021 and 2020 are summarized in the following table:

June 30, 2021:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	28%	6.63 %
Global equity (non-U.S.)	19%	5.41 %
Aggregate bonds	22%	0.76 %
Opportunistic	6%	4.39 %
Real assets	13%	3.16 %
Private equity	12%	9.29 %
Cash equivalents	0%	0.13 %

June 30, 2020:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24 %
Global equity (non-U.S.)	18%	6.67 %
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01 %
Real assets	13%	3.82 %
Private equity	11%	10.00 %
Cash equivalents	0%	(1.09)%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2021 was 7.38%. The discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position or each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

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

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Authority's proportionate share of the net OPEB liability (asset):				
ARHCT	0.05294%	$ (888,220)	$ (1,358,166)	$(1,748,421)
RMP	0.07744%	$ 13,567	$ (20,787)	$ (46,735)
ODD	0.06577%	$ (27,758)	$ (28,989)	$ (29,969)

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

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

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Authority's proportionate share of the net OPEB liability (asset):				
ARHCT	0.05294%	$ (1,794,105)	$ (1,358,166)	$ (832,101)
RMP	0.07744%	$ (50,450)	$ (20,787)	$ 19,629
ODD	0.06577%	$ n/a	$ n/a	$ n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

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

Contribution Rate

AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2021, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,159 per year for each full-time employee, and $1.38 per hour for part-time employees. As of July 1, 2020, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,168 per year for each full-time employee, and $1.39 per hour for part-time employees.

Annual Postemployment Healthcare Cost

The Authority contributed $48,307 and $47,588 in DC OPEB costs in 2021 and 2020, respectively. These amounts have been recognized as expense/expenditures.

8. Related Parties and Revenue Sharing

Leases

Of the 3,905 spaces currently utilized for off-street parking in lots and garages by the Authority, 516 spaces are located on four lots leased from the Municipality for a period of 35 years.

Anchorage Police Department Parking Citations

Under a Memorandum of Understanding, the Authority processes parking citations written by the Anchorage Police Department (APD), which is part of the Municipality of Anchorage. All citation revenues collected are paid to the APD, and APD pays the Authority based on the number of citations written and the revenues received. APD was charged $9,370 for citation processing in 2021 and $8,703 in 2020; the Authority has a receivable from APD in the amount of $864 and $0 at December 31, 2021 and 2020, respectively. The Authority paid APD $66,523 in citation revenues in 2021 and $63,296 in 2020. At December 31, 2021 and 2020, the Authority has a payable to APD of $89,624 and $82,132, respectively.

Municipal Enterprise Service Assessment

Under Anchorage Municipal Code § 9.60.125, enacted June 25, 2002, the Authority pays to the Municipality a municipal enterprise service assessment (MESA). The first MESA payment under this ordinance was due in 2003. The agreement was revised in 2009 and payment is calculated by applying the mill rate for the service area (established by the Assembly) to the net book value of plant in service plus 1.25% of the Authority's gross operating revenues for the preceding year. Gross operating revenue is defined as total operating revenue for the parking services department plus operating revenues plus cash contributions less operating expenses excluding depreciation in the development department. The Authority paid a MESA to the Municipality of $713,419 in 2021 and $672,833 in 2020.

Revenue Sharing Agreement

Under a Memorandum of Understanding, the Authority entered into a revenue sharing agreement of the City Hall parking lot (Lot) with the Municipality in 2009. Beginning January 15, 2010, 58 of the 60 available spaces in the Lot became available to the public weekdays after 6 PM, on weekends and on Municipal Holidays, for a fee. Revenue collection is performed by the Authority. Of the gross parking revenues received, 50% are to be distributed to the Authority and 50% to the Municipality. Gross revenues paid by the Authority to the Municipality were $12,808 in 2021 and $10,628 in 2020. The Authority also has a payable as of December 31, 2021 and 2020 to the Municipality for $9,384 and $0, respectively.

9. Risk Management

The Authority purchases commercial insurance policies for all risks of loss except worker's compensation. Certain of these policies allow for deductibles, which range from $250 to $5,000 per occurrence. Settled claims have not exceeded this commercial coverage in any of the past three years. The Municipality mitigates worker's compensation risk for the Authority through a self-insurance pool with a $500,000 per occurrence "stop loss" commercial insurance policy. The Authority makes payments to the Municipality based on actuarial estimates of amounts needed to pay prior and current year claims.

The Authority is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the financial position, results of operations or liquidity.

10. Commitments and Contingencies

A Development Agreement was signed by ACDA and 6th Avenue Center, LLC to construct a $45 million hotel/apartment complex on the site of the 6th & G Transit Center. ACDA and the Development Team will be working on finalizing the ground lease for final approval of the Anchorage Assembly. The project construction is to begin during the year 2022. It is expected that ACDA will enter into a long-term lease on the property with ACDA retaining both the ownership and revenue control over the attached 6th & G garage. The developer is to be responsible for financing the construction project.

A Development Agreement and Ground Lease was signed by ACDA and 96 Block Flats, LLC to construct a 58 unit apartment complex on the site of ACDA's 8th & K property. The project construction is set to begin Spring of 2022. ACDA's financial obligation is $1.8 million for the construction of the 2-story parking garage.

11. Unrestricted Net Position

On December 3, 2015 the board approved resolution 2015-09 establishing a capital and working reserve in order to facilitate the operating and capital cash requirements over the next six years. The "Restricted Capital Reserve" will be based upon 10% of Net Book Value of the prior year as of December 31. Additionally, the "Working Capital Reserve" will be based upon 10% of prior year revenues. Based on the resolution, ACDA's capital reserve would be $2,172,129 and $2,350,252 and the working capital reserve would be $613,455 and $955,103, respectively, for the years ended December 31, 2021 and 2020. ACDA's unrestricted net position (deficit) at the end of December 31, 2021 and 2020 was $967,050 and ($2,058,058), respectively.

12. Accrued Leave

The following is a summary of accrued leave liability transactions for the year ended December 31, 2021 and 2020:

	Balance January 1, 2021	Additions	Retired	Balance December 31, 2021
Accrued Leave	$ 124,384	$ 127,025	$ (182,881)	$ 68,528

The entire year-end balance of $68,528 is considered to be a current liability.

	Balance January 1, 2020	Additions	Retired	Balance December 31, 2020
Accrued Leave	$ 122,641	$ 106,593	$ (104,850)	$ 124,384

The entire year-end balance of $124,384 is considered to be a current liability.

13. Grant Revenue

On May 18, 2021, the Anchorage Assembly passed and approved Resolution No. 2021-167(S), which awarded $2,000,000 of funding to ACDA to provide relief due to the lack of parking receipts that have come in during the COVID-19 pandemic. The payment was received by ACDA in July 2021.

14. New Accounting Pronouncements

The Governmental Accounting Standards Board has issued several 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:

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Authority for 2021 reporting:

- GASB 89- Accounting for Interest Costs Incurred before the End of a Construction Period. Interest expense on debt for financing construction projects is expensed in the periods incurred and is not included in the historical cost of the Authority's capital assets.
- GASB 91- Conduit Debt Obligations. This statement is not applicable to the Authority.
- GASB 95- Postponement of the Effective Dates of Certain Authoritative Guidance. Due to the COVID-19 pandemic, the GASB Board issued GASB Statement No. 95, which postponed the effective dates of several statements which were due to be implemented during the 2020 and 2021 reporting periods. The Authority made the decision to early implement the aforementioned GASB Statements Nos. 84, 88, and 90, as the implementation of these Statements were already completed or were not applicable at the time of the issuance of GASB 95. The remainder of the Statements affected by GASB 95 will be implemented in accordance with their new effective dates as listed below.
- GASB 98- The Annual Comprehensive Financial Report. This statement is not applicable to the Authority.

The following standards are required to be implemented in the future financial reporting periods (effective dates adjusted for the issuance of GASB 95).

- GASB 87- Leases. The provisions of this Statements are required to be implemented for the 2022 financial reporting period.
- GASB 92- Omnibus 2020. The provisions of this statement are required to be implemented in the 2022 reporting period.
- GASB 93- Replacement of Interbank Offered Rates. The provisions of this statement are required to be implemented in the 2022 reporting period.
- GASB 94- Public-private and Public-public Partnerships and Availability Payment Arrangements. The provisions of this statement are required to be implemented in the 2023 reporting period.
- GASB 96- Subscription-based Information Technology Arrangements. The provisions of this statement are required to be implemented in the 2023 reporting period.
- GASB 99- Omnibus 2022. The provisions of this statements are required to be implemented in the 2023 and 2024 reporting periods.
- GASB 100- Accounting Changes and Error Corrections. The provisions of this statement are required to be implemented in the 2024 reporting period.
- GASB 101- Compensated Absences. The provisions of this statement are required to be implemented in the 2024 reporting period.

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Required Supplementary Information

Anchorage Community Development Authority

Public Employees' Retirement System - Pension Plan
Schedule of the ACDA's Proportionate Share of the Net Pension Liability

Years Ended December 31,	2021	2020	2019	2018	2017	2016	2015
ACDA's Proportion of the Net Pension Liability	0.05275%	0.06762%	0.06562%	0.07642%	0.07199%	0.08528%	9.07300%
ACDA's Proportionate Share of the Net Pension Liability	$ 1,935,304	$ 3,990,202	$ 3,591,973	$ 3,797,210	$ 4,023,723	$ 4,766,948	$ 4,400,472
State of Alaska Proportionate Share of the Net Pension Liability	$ 261,723	$ 1,653,235	$ 1,423,982	$ 1,101,537	$ 1,499,934	$ 602,540	$ 1,178,815
Total Net Pension Liability	$ 2,197,027	$ 5,643,437	$ 5,015,955	$ 4,898,747	$ 5,523,657	$ 5,369,488	$ 5,579,287
ACDA's Covered Payroll	$ 1,589,129	$ 1,813,990	$ 2,080,559	$ 2,172,537	$ 2,258,008	$ 2,194,818	$ 2,114,073
ACDA's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	0.00%	219.97%	172.64%	174.78%	178.20%	217.19%	208.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%

Schedule of ACDA's Contributions

Years Ended December 31,	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	$ 200,325	$ 185,414	$ 212,302	$ 236,525	$ 226,952	$ 206,441	$ 182,178
Contributions Relative to the Contractually Required Contribution	200,325	185,414	212,302	236,525	226,952	206,441	182,178
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ACDA Covered Payroll	$ 1,527,408	$ 1,650,850	$ 1,977,130	$ 2,183,987	$ 2,161,086	$ 2,258,008	$ 2,194,818
Contributions as a Percentage of Covered Payroll	13.12%	11.23%	10.74%	10.83%	10.50%	9.14%	8.30%

See accompanying notes to Required Supplementary Information.

Anchorage Community Development Authority

Public Employees' Retirement System - OPEB Plans
Schedule of the ACDA's Proportionate Share of the Net OPEB Liability (Asset)

	ARHCT			RMP			ODD		
Years Ended December 31,	2021	2020	2019	2021	2020	2019	2021	2020	2019
ACDA's Proportion of the Net OPEB Liability (Asset)	0.05294%	0.06749%	0.06557%	0.07744%	0.10337%	0.12943%	0.06577%	0.82820%	0.10294%
ACDA's Proportionate Share of the Net OPEB Liability (Asset)	$ (1,358,166)	$ (305,642)	$ 97,292	$ (20,787)	$ 7,332	$ 30,965	$ (28,989)	$ (22,577)	$ (24,957)
State of Alaska Proportionate Share of the Net OPEB Liability	$ (16,979)	$ (127,277)	$ 38,625	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ (1,375,145)	$ (432,919)	$ 135,917	$ (20,787)	$ 7,332	$ 30,965	$ (28,989)	$ (22,577)	$ (24,957)
ACDA's Covered Payroll	$ 1,589,129	$ 1,813,990	$ 2,080,559	$ 1,589,129	$ 1,813,990	$ 2,080,559	$ 1,589,129	$ 1,813,990	$ 2,080,559
ACDA's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-85.47%	-16.85%	4.68%	-1.31%	0.40%	1.49%	-1.82%	-1.24%	-1.20%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	0.00%	106.15%	98.13%	0.00%	95.23%	83.17%	0.00%	283.80%	297.43%

Schedule of ACDA's Contributions

	ARHCT			RMP			ODD		
Years Ended December 31,	2021	2020	2019	2021	2020	2019	2021	2020	2019
Contractually Required Contributions	$ 23,764	$ 52,103	$ 81,446	$ 14,855	$ 15,364	$ 17,805	$ 3,970	$ 3,359	$ 4,119
Contributions Relative to the Contractually Required Contribution	23,764	52,103	81,446	14,855	15,364	17,805	3,970	3,359	4,119
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ACDA's Covered Payroll	1,527,408	1,650,850	1,977,130	1,527,408	1,650,850	1,977,130	1,527,408	1,650,850	1,977,130
Contributions as a Percentage of Covered Payroll	1.56%	3.16%	4.12%	0.97%	0.93%	0.90%	0.26%	0.20%	0.21%

See accompanying notes to Required Supplementary Information.

1. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For December 31, 2021 and 2020, the Plan measurement date is June 30, 2020 and 2019, respectively.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2014 to June 30, 2018. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

In 2020, the discount rate was lowered from 8% to 7.38%.

Amounts reported reflect a change in assumptions between 2017 and 2018 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 Authority will present only those years for which information is available.

Schedule of the Authority Contributions

This table is based on the Authority'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 Authority will present only those years for which information is available.

2. Public Employees' Retirement System OPEB Plans

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

This table is presented based on the Plan measurement date. For December 31, 2021 and 2020, the Plan measurement date is June 30, 2020 and 2019, respectively.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2014 to June 30, 2018. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2019 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

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

In 2020, the discount rate was lowered from 8% to 7.38%.

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

Schedule of the Authority Contributions

This table is based on the Authority'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 Authority will present only those years for which information is available.

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Supplementary Information

Anchorage Community Development Authority

Schedule of Revenues and Expenses

Year Ended December 31, 2021	Parking Operations	Development Activities	Total
Operating revenues:			
Parking violations	$ 288,199	$ -	$ 288,199
Parking fees:			
Garage and off-street lots	3,302,216	-	3,302,216
On-street meters	1,255,661	-	1,255,661
Grant for lost revenue	2,000,000	-	2,000,000
Lease rentals	1,966,160	-	1,966,160
Total operating revenues	8,812,236	-	8,812,236
Operating expenses:			
Wages and benefits	813,164	97,700	910,864
Professional fees	171,702	120,216	291,918
Contract services	741,534	-	741,534
Information services	349,143	4,810	353,953
Direct maintenance	337,689	-	337,689
Facility maintenance and contract services	166,774	-	166,774
Utilities	341,383	905	342,288
General expenses	1,188,727	18,506	1,207,233
Office expenses	14,423	1,456	15,879
Employee expenses	12,038	-	12,038
Depreciation	1,997,667	1,376	1,999,043
Total operating expenses	6,134,244	244,969	6,379,213
Operating gain (loss)	2,677,992	(244,969)	2,433,023
Nonoperating revenues (expenses):			
Contribution of land	-	-	-
Gain on disposal	-	9,500	9,500
Interest income	288	-	288
PERS on behalf	(130,439)	-	(130,439)
Interest expense	(735,958)	-	(735,958)
Total net nonoperating revenues	(866,109)	9,500	(856,609)
Change in Net Position	$ 1,811,883	$ (235,469)	$ 1,576,414

Anchorage Community Development Authority

Schedule of Revenues and Expenses

Year Ended December 31, 2020	Parking Operations	Development Activities	Total
Operating revenues:			
Parking violations	$ 285,022	$ -	$ 285,022
Parking fees:			
Garage and off-street lots	2,934,693	-	2,934,693
On-street meters	946,001	-	946,001
Lease rentals	1,968,829	-	1,968,829
Total operating revenues	6,134,545	-	6,134,545
Operating expenses:			
Wages and benefits	2,535,174	104,707	2,639,881
Professional fees	97,100	325,144	422,244
Contract services	916,189	-	916,189
Information services	385,024	8,880	393,904
Direct maintenance	235,994	-	235,994
Facility maintenance and contract services	244,648	-	244,648
Utilities	412,718	921	413,639
General expenses	1,078,985	161,199	1,240,184
Office expenses	21,076	-	21,076
Employee expenses	16,117	4,983	21,100
Depreciation	2,276,934	5,655	2,282,589
Total operating expenses	8,219,959	611,489	8,831,448
Operating loss	(2,085,414)	(611,489)	(2,696,903)
Nonoperating revenues (expenses):			
Contribution of land	3,228,000	-	3,228,000
Gain on disposal	-	1,200	1,200
Interest income	67,994	-	67,994
PERS on behalf	207,375	-	207,375
Interest expense	(772,112)	-	(772,112)
Total net nonoperating revenues	2,731,257	1,200	2,732,457
Change in Net Position	$ 645,843	$ (610,289)	$ 35,554

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Government Auditing Standards

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

The Board of Directors
Anchorage Community Development Authority
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 Anchorage Community Development Authority (the Authority), a component unit of the Municipality of Anchorage, Alaska, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
August 8, 2022