

State of Alaska

Comprehensive Annual Financial Report

For the Fiscal Year
July 1, 2015 – June 30, 2016



Prepared by:
Department of Administration
Division of Finance

The FY 2016 CAFR is expected to be available on or after December 15, 2016 on our Internet web site at <http://doa.alaska.gov/dof/reports/cafr.html>.

This publication was released by the Department of Administration, Division of Finance to report on the State's financial status. This publication is required by AS 37.05.210.



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STATE OF ALASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016

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THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Administration

SHELDON FISHER, COMMISSIONER

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May 26, 2017

The Honorable Bill Walker, Governor
Members of the Legislature
Citizens of the State of Alaska

In accordance with Alaska Statute (AS) 37.05.210, it is our pleasure to present the Comprehensive Annual Financial Report (CAFR) of the State of Alaska for the fiscal year ending June 30, 2016. This report has been prepared by the Department of Administration, Division of Finance. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the State. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the State. Statistical and demographic information are included to enable the reader to gain an understanding of the State's financial activities.

INTRODUCTION

Internal Controls

The Department of Administration, Division of Finance, is primarily responsible for the overall operation of the State's central accounting system. The State's system of internal controls over the accounting system has been designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Some component units operate outside the State's central accounting system. Those component units are responsible for establishing and maintaining their own separate internal control structures.

Audits

The Division of Legislative Audit is the principal auditor of the State's reporting entity. The audit of the CAFR was conducted in accordance with generally accepted auditing standards (GAAS). The independent auditor's report is the first item in the financial section of the CAFR and precedes the Management Discussion and Analysis (MD&A) and basic financial statements. The goal of the

independent audit is to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2016, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the CAFR, assessing the accounting principles used, and evaluating the overall financial statement presentation.

In addition to the annual audit of the State's CAFR, the State is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs will be published at a later date under separate cover by the Division of Legislative Audit.

Management's Discussion and Analysis

Governmental Accounting Standards Board Statement No. 34 requires that management provide a narrative introduction, overview, and analysis of the State's financial activities. This transmittal letter is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE STATE OF ALASKA

The State of Alaska was the 49th state admitted into the Union in 1959. The Alaska Constitution was adopted by the Constitutional Convention February 5, 1956, ratified by the people of Alaska April 24, 1956, and became operative with the formal proclamation of statehood January 3, 1959.

There are three branches of government: legislative, executive, and judicial. The legislative power of the State is vested in a legislature consisting of a Senate with a membership of 20 and a House of Representatives with a membership of 40. The executive power of the State is vested in the governor. The judicial power of the State is vested in a supreme court, a superior court, and the courts established by the legislature. The jurisdiction of courts and judicial districts are prescribed by law. The courts constitute a unified judicial system for operation and administration.

The State of Alaska reporting entity reflected in this CAFR, which is described more fully in Note 1 to the basic financial statements, conforms with the requirements of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. These criteria include financial accountability, fiscal dependency, and legal standing. The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents. The financial statements should allow users to distinguish between the primary government (the State) and its component units, with the emphasis being on the primary government. Consequently, this transmittal letter, the MD&A, and the financial statements focus on the State and its activities. Although information pertaining to the discretely presented component units is provided, their

separately issued financial statements should be read to obtain a complete overview of their financial position.

The State provides a range of services including education, health and human services, transportation, law enforcement, judicial, public safety, community and economic development, public improvements, and general administrative services.

Budgetary Control

The State maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the budget appropriated annually by the legislature. Annual operating budgets are adopted for governmental funds (General, Permanent, and Special Revenue) through passage of appropriation bills (session laws) by the legislature with approval by the governor. These laws also identify the source of funding for the budgeted amounts. Control is maintained at the departmental level by recording budgeted amounts, funding sources, expenditures, and encumbrances within the appropriation structure in the State's central accounting system. Open encumbrances are reported as committed fund balance at the end of the fiscal year.

ECONOMIC CONDITION AND OUTLOOK

Economy

The well-being of the State of Alaska is best reflected in the operations of the General Fund. The General Fund is the State's primary operating fund and accounts for all financial resources except those required to be accounted for in another fund. The State maintains many accounts and subfunds (created by law) that are accounted for and reported within the General Fund. Four of the most notable are the Constitutional Budget Reserve Fund, the Statutory Budget Reserve Fund, the Permanent Fund Dividend Fund, and the Public Education Fund. Because of materiality and public interest in these funds, individual fund data for each is provided in the combining statements for the General Fund included in this report.

The following table shows General Fund revenues by category for the current and previous fiscal year. The largest source of revenues is federal at \$2.7 billion, which makes up 63.9 percent of revenues. Revenue related to taxes and rents and royalties declined from 32.9 percent to 17.6 percent of all General Fund Revenues. Historically, rents and royalties has predominately been made up of petroleum related revenues. This decline shows the impact that the declining price of oil has on State revenue. Interest and investment income was \$195.4 million or 4.6 percent of all General Fund revenues. Overall General Fund revenues decreased \$615.6 million or 12.7 percent from FY 15 to FY 16.

Not all revenues that flow into the General Fund are available to pay for unrestricted government activities. The most notable are federal revenues, which are provided for specific purposes.

Revenue Source	FY 16	Percent	FY 15	Percent
Taxes	\$ 107.1	2.5%	\$ 491.7	10.1%
Rents and Royalties	640.8	15.1%	1,106.1	22.8%
Interest and Investment Income/(Loss)	195.4	4.6%	336.9	6.9%
Federal	2,705.6	63.9%	2,512.7	51.8%
Miscellaneous	588.9	13.9%	406.0	8.4%
Total Revenue	<u>\$ 4,237.8</u>	<u>100.0%</u>	<u>\$ 4,853.4</u>	<u>100.0%</u>

The total expenditures charged against General Fund appropriations during FY 16 amounted to \$10.3 billion, a decrease of \$2.8 billion from FY 15. Overall the decrease is attributable to smaller operating and capital budgets as policymakers work toward resolving deficits resulting from lower oil prices. The sharp decrease in the Department of Administration is due to on-behalf employer relief payments for the pension funds in FY 15. Expenditures by department are compared with the prior year in the following table:

Department Expenditures (stated in millions)	FY 16	Percent	FY 15	Percent
Office of the Governor	\$ 24.7	0.2%	\$ 33.3	0.3%
Administration	443.3	4.3%	3,015.9	23.0%
Law	64.3	0.6%	71.7	0.6%
Revenue	1,511.6	14.7%	1,442.4	11.0%
Education and Early Development	1,657.4	16.2%	1,767.8	13.5%
Health and Social Services	2,851.9	27.9%	2,684.2	20.5%
Labor and Workforce Development	134.6	1.3%	130.9	1.0%
Commerce, Community, and Economic Development	648.8	6.3%	697.7	5.3%
Military and Veterans' Affairs	62.8	0.6%	90.6	0.7%
Natural Resources	206.2	2.0%	237.6	1.8%
Fish and Game	156.8	1.5%	137.5	1.1%
Public Safety	167.3	1.6%	187.3	1.4%
Environmental Conservation	131.4	1.3%	127.5	1.0%
Corrections	316.5	3.1%	318.4	2.4%
Transportation and Public Facilities	1,262.8	12.3%	1,322.3	10.1%
Legislature	80.4	0.8%	83.6	0.6%
Debt Service	4.7	0.0%	5.3	0.0%
Alaska Court System	112.0	1.1%	122.8	0.9%
University	427.6	4.2%	630.6	4.8%
Total Expenditures	<u>\$ 10,265.1</u>	<u>100.0%</u>	<u>\$ 13,107.4</u>	<u>100.0%</u>

Major Industry

Alaska North Slope oil prices averaged just over \$43 per barrel during FY 16. The Alaska Department of Revenue's most recent forecast was \$50 per barrel for FY 17 and \$54 per barrel for FY 18. Forecasting oil prices is inherently difficult and very uncertain.

The major over-riding concern in the oil industry is the decrease in oil price since 2014 and its cascading effect throughout the State's economy. However, potential future developments hold promise. Examples include Armstrong's Pikka field which could potentially deliver 60,000 barrels of

oil per day or more and would be a significant event for the future of North Slope oil production. Other new developments include ConocoPhillips' continued development in the National Petroleum Reserve – Alaska (NPR-A) and opportunities for new drilling within existing fields.

The economic effect of low oil prices is compounded by significant cuts in state government spending. Tax credits were significant for several new developments in the Cook Inlet basin and increases in oil and gas production in the area over the past half-decade. Statutory changes during the 2016 session eliminate many of these credits and enact a long-term tax regime for Cook Inlet, which should provide more fiscal stability for companies considering new developments in the basin.

Efforts to monetize the massive natural gas accumulations on Alaska's North Slope continue. The state government and the major North Slope oil and gas producers agreed to work on an integrated liquefied natural gas (LNG) export project (Alaska LNG) which would also provide access to gas for Alaskans.

The economic feasibility of Alaska LNG is challenged due to the continued low prices for both oil and natural gas as well as competition from other less costly sources of LNG. The governor plans to explore alternate ideas to improve the economic feasibility of the project. Alternate ideas such as third party investors, project financing and other advantages resulting from a state led project could make the project more economically feasible.

Long-term Financial Planning

The State of Alaska's bond rating was at AAA during FY 15, the highest grade, by Moody's Investor's Service, Standard & Poor's and Fitch Ratings. An AAA rating is given to entities with an exceptional degree of creditworthiness, with little risk of loan default. However, since that year the State has been downgraded by all three of the rating agencies. Moody's Investor's Service lowered the State's bond rating to Aa1 on February 29, 2016 and to Aa2 on July 25, 2016 where the State's rating remains with a negative outlook. Standard's & Poor's lowered the State's bond rating to AA+ on January 5, 2016 where the State's rating remains with a negative outlook. Fitch Ratings lowered the State's bond rating to AA+ on June 14, 2016 where it remains with a negative outlook. The decreases in ratings are due to diminished state revenues from oil production.

During FY 16, the State of Alaska issued \$134.8 million in General Obligation Bonds, Series 2016A, generating \$159.5 million in proceeds to the State. This combined with a State appropriation of \$10 million was used to pay and redeem \$155.2 million of principal and \$7.7 million of interest expense on the State's General Obligation Bond Anticipation Notes, Series 2015A. Additionally, proceeds were used in the amount of \$5.9 million for paying or making grants for payment of costs of transportation projects authorized pursuant to the State Transportation Bond Act (2012 Act).

These General Obligation Bonds were assigned ratings of “Aa1” with a Negative Outlook, “AAA” with a Negative Watch and “AA+” with a Negative Outlook by Moody’s Investors Service, Inc., Fitch Ratings and Standard & Poor’s Ratings Services respectively.

Also in FY16, the State of Alaska issued \$128.3 million General Obligation Bonds, Series 2016B, generating \$155.6 million in proceeds to the State. \$155.3 million of the proceeds were used for the purpose of paying or making grants for payment of costs of transportation projects authorized pursuant to the 2012 Act.

These General Obligation Bonds were assigned ratings of “Aa1” with a Negative Outlook, “AA+” with a Negative Outlook and “AA+” with a Negative Watch by Moody’s Investors Service, Inc., Fitch Ratings and Standard & Poor’s Ratings Services respectively.

Through June 30, 2016, the State has obtained \$343.2 million in funding to satisfy the \$453.5 million authorization leaving \$110.3 million of unissued authority under the 2012 Act. However, the state does not anticipate utilizing unissued general obligation bonding authority under the 2012 Act during FY 17.

Net position at June 30, 2016 of the two largest pension funds, the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems' funds, were \$15.9 billion and \$8.2 billion respectively. The funding status for PERS and TRS pensions and postemployment healthcare as of the June 30, 2014 actuarial valuations indicated the actuarial accrued liabilities were 59.7 percent pensions and 87.0 percent postemployment funded for PERS, and 54.5 percent pension and 77.0 percent postemployment funded for TRS. Further information on these and other pension funds, including the Supplemental Benefits System and Deferred Compensation plans, can be found in Notes 7, 8, and 9 to the basic financial statements.

For decades, oil revenues have paid for the largest share of state expenses. We are now into a period of dramatically decreased oil prices. The fiscal status quo is unsustainable. Looking ahead at the next 10 years, Alaska must grow its revenue base. The main emphasis of the 10-year plan is to prudently reduce state expenditures, identify new revenues to address the large structural fiscal gap the State is now facing, and to facilitate Alaska’s transition from a predominantly oil revenue base to a more diversified revenue base. Revenue and other economic activity generated from the commercialization of Alaska’s natural gas would help diversify Alaska’s revenue sources and provide a potentially substantial source of revenue to offset declining oil revenue. In addition, commercialization of North Slope gas, in conjunction with other state investments to reinvigorate natural gas production in Cook Inlet, will provide economic opportunity and a stable, clean source of energy to fuel Alaskan businesses and homes for years to come. Efforts to diversify and enhance revenue sources cannot solely rely on commercializing Alaska’s natural gas. Alaska must continue to make strides to maximize production from existing oil fields and develop other economic opportunities, particularly from its abundant natural resource base. The State must also consider new revenue sources, including permanent fund earnings and taxes, in order to close the fiscal gap.

Relevant Financial Policies

Spending Limitation

Since July 1, 1981, the Alaska Constitution Article IX, Section 16, establishes the annual appropriation spending limit of \$2.5 billion plus a formula which factors in changes in population and inflation. This is further discussed in Note 2.

Investments

As discussed more fully in Note 4 to the basic financial statements, the State's cash is managed by the Treasury Division in the Department of Revenue or by other administrative bodies as determined by law. All cash deposited in the State Treasury is managed to achieve a particular target rate of return as determined by the investment objectives set for a given fund. Cash in excess of the amount needed to meet current expenditures is invested pursuant to AS 37.10.070-071, which requires that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investment portfolios.

Treasury has established an array of investment pools with varying investment horizons and risk profiles. Investments are managed in a pooled environment unless required by statute or bond resolution to be held separately. Commingled investment pools maximize earnings potential, provide economies-of-scale, and allow smaller funds to participate in investment opportunities that would otherwise be unavailable to them. Rather than each participant (fund) buying identical individual securities, larger quantities of securities can be purchased at one time, reducing the operating costs and number of transactions. A fund's equity ownership in a pool is based on the number of shares held by the fund.

Cash Flow and Revenue Shortfalls

After oil began flowing through the Trans-Alaska Pipeline in the late 1970s, the State enjoyed the enviable position of having sizeable sums of cash flowing into the State Treasury. This cash funded a steadily growing state operating budget, large and small annual capital budgets, and the State's permanent fund.

In more recent years, the reality of declining oil production and the corresponding decrease in available cash became more apparent. The volatility of oil prices has a profound effect on the annual budgeting process. Also associated with this volatility, though less widely understood, is a cash flow situation that could lead to a cash deficiency for the State.

Prior to 1985, most unrestricted revenues flowed directly into the State's General Fund where they were available to pay day-to-day costs of operating State government. This is no longer the case. Over time, the legislature has established many subfunds of the General Fund to segregate cash for budgeting purposes. In 1990 the legislature appropriated the entire General Fund balance available

for appropriation at the end of FY 91 to a statutory Budget Reserve Fund (SBRF). By a vote of the people in 1990, the Alaska Constitution was amended to establish the CBRF, into which oil tax settlement revenues are deposited. The effect of these actions diverted cash historically destined for the General Fund to other cash pools that were not available to pay day-to-day operating costs.

Also contributing to the potential for a cash deficiency is the fact that the inflow of unrestricted revenues does not mirror the outflow of cash expenditures. Revenues and expenditures are cyclic with high and low periods, which do not necessarily coincide. The first quarter expenditures of each fiscal year are generally higher than revenues for the same period. Clearly, if the General Fund (excluding the subfunds) does not have a large cash balance at the beginning of the fiscal year or if other sources of funds are not available, the State faces the possibility of a cash deficiency before the end of the first quarter. A memorandum of understanding outlines the steps to be taken in various scenarios involving a cash deficiency.

Borrowing from the budget reserve funds has been the solution for both cash flow shortages and revenue shortfalls. Between FY 93 and FY 05, the legislature addressed the possibility of a revenue shortfall by including language in the appropriation act permitting the executive branch to borrow cash from the SBRF and the CBRF in the event expenditures exceeded revenues; which did occur in several years. All borrowings from the CBRF were repaid by FY 10. In FY 16 borrowing from the CBR for both cash flow shortages and the insufficiency of the unrestricted fund balance of the General Fund to cover General Fund appropriations occurred. The Alaska Constitution requires these amounts be repaid to the CBRF. For FY 16 the amount to be repaid is \$3.1 billion.

Initiatives

The State recently completed the implementation of the last phase of an Enterprise Resource Planning (ERP) statewide administrative systems solution. The final phase for human resource/payroll went “live” on January 17, 2017 and integrates with the existing financial and procurement modules. The combined administrative system, Integrated Resource Management System (IRIS), provides a single platform for efficient management of resources.

All State agencies are reporting program performances that describe the results of their service efforts and accomplishments. This information is available on the Office of Management and Budget web site at www.omb.alaska.gov.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Alaska for its CAFR as of and for the fiscal year ended June 30, 2015. This is the 12th year the State of Alaska has received this award on the CAFR. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports. It represents a significant accomplishment by a government and its management.

The Honorable Bill Walker, Governor
Members of the Legislature
Citizens of the State of Alaska

May 26, 2017

To be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, the contents of which conform to GFOA standards and satisfy both generally accepted accounting principles and applicable legal requirements. The certificate is valid for only a one year period.

We wish to express our sincere appreciation to the many individuals whose dedicated efforts have made this report possible. The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of each State agency, each component unit, and the dedicated staff within the Division of Finance.

Sincerely,

// signature on file //

Sheldon Fisher
Commissioner
Department of Administration

// signature on file //

Scot Arehart
Director
Division of Finance

// signature on file //

Katina Holmberg, CPA
State Accountant
Division of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

State of Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

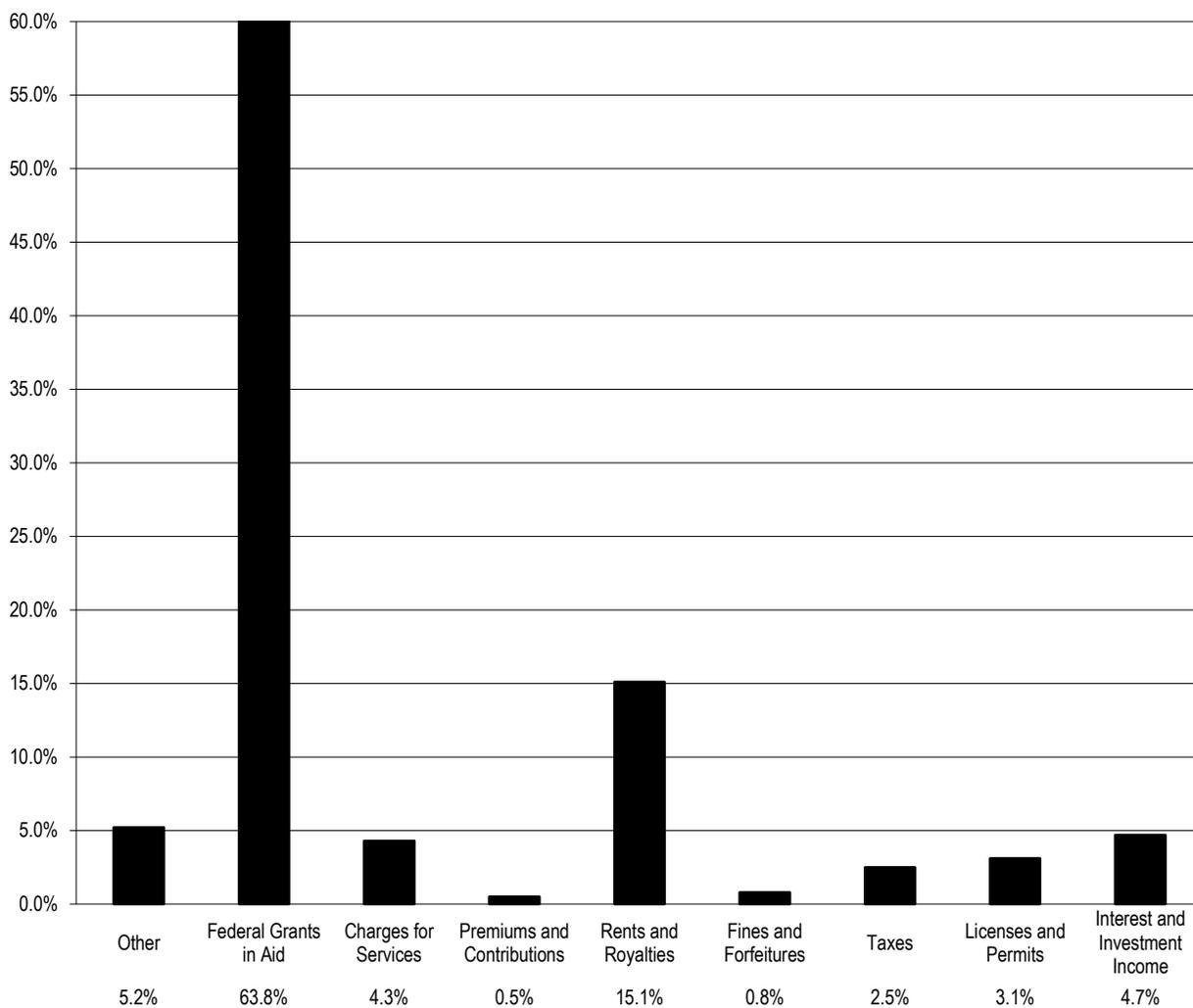
June 30, 2015

Executive Director/CEO

STATE OF ALASKA GENERAL FUND REVENUE SOURCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

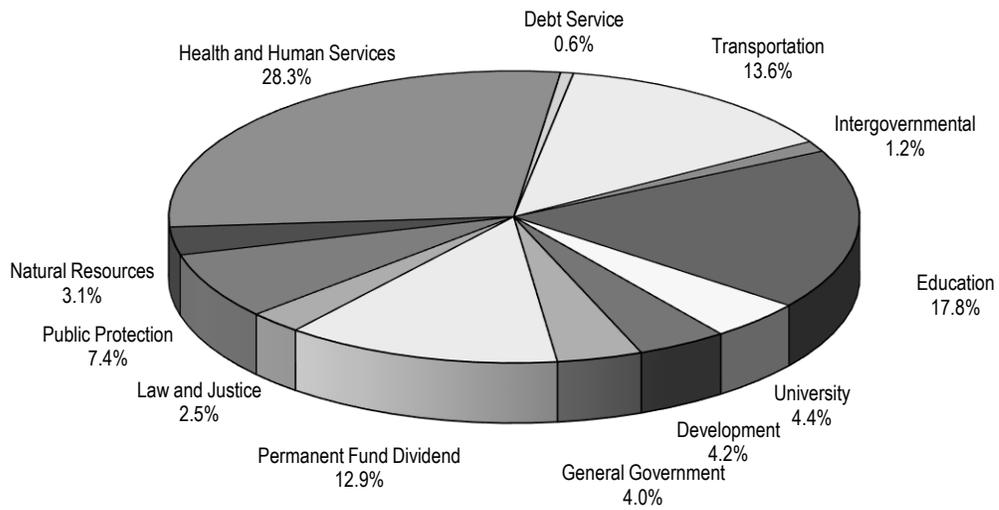
\$4.238
(Millions)



STATE OF ALASKA GENERAL FUND EXPENDITURES BY FUNCTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

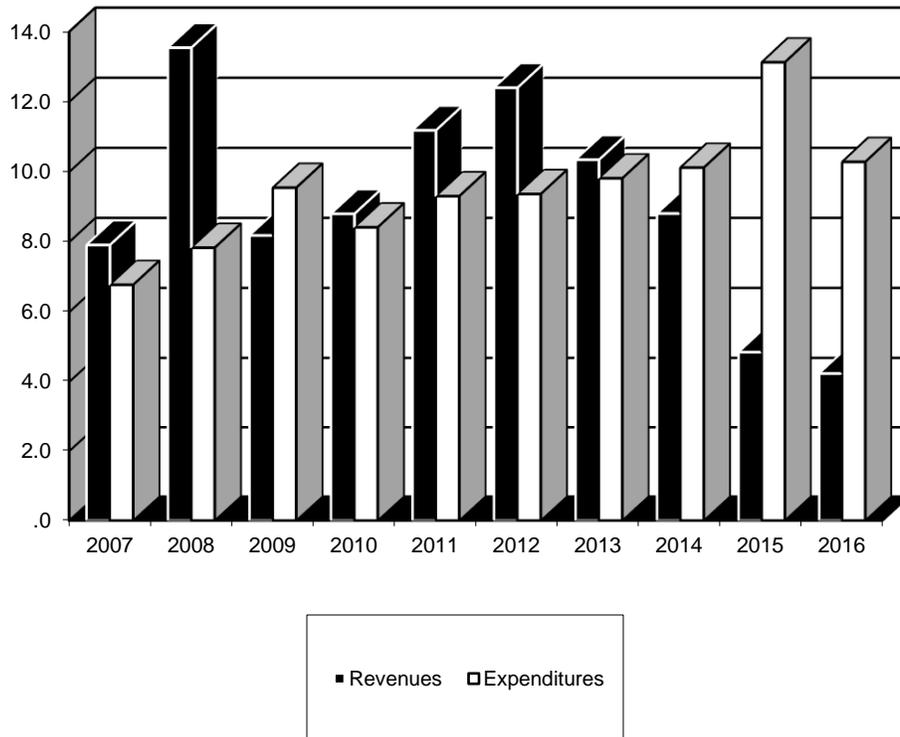
\$10.286
(Millions)



STATE OF ALASKA GENERAL FUND EXPENDITURES AND REVENUES

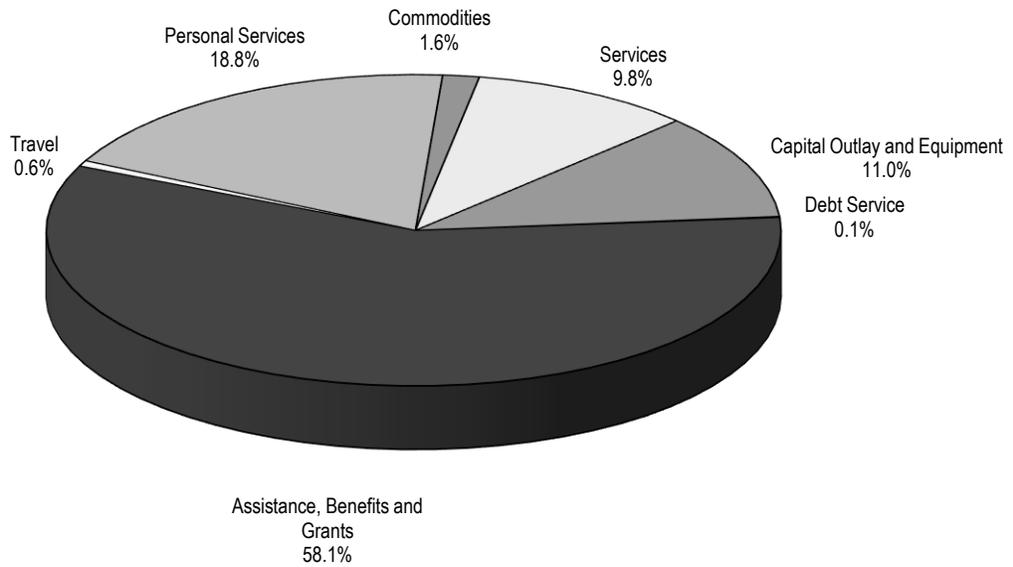
TEN YEAR COMPARISON
FOR THE FISCAL YEARS 2007 THROUGH 2016

(Stated in Billions)



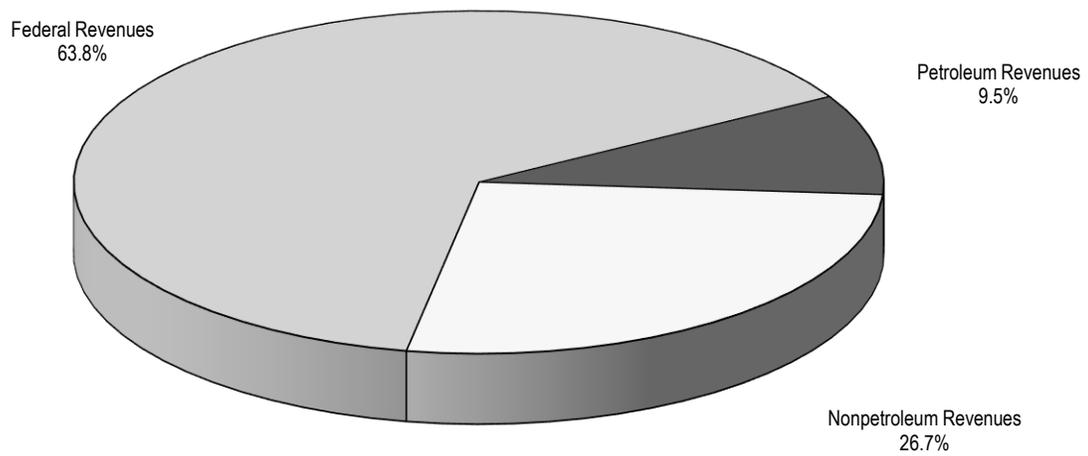
STATE OF ALASKA GENERAL FUND EXPENDITURES BY ACCOUNT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016



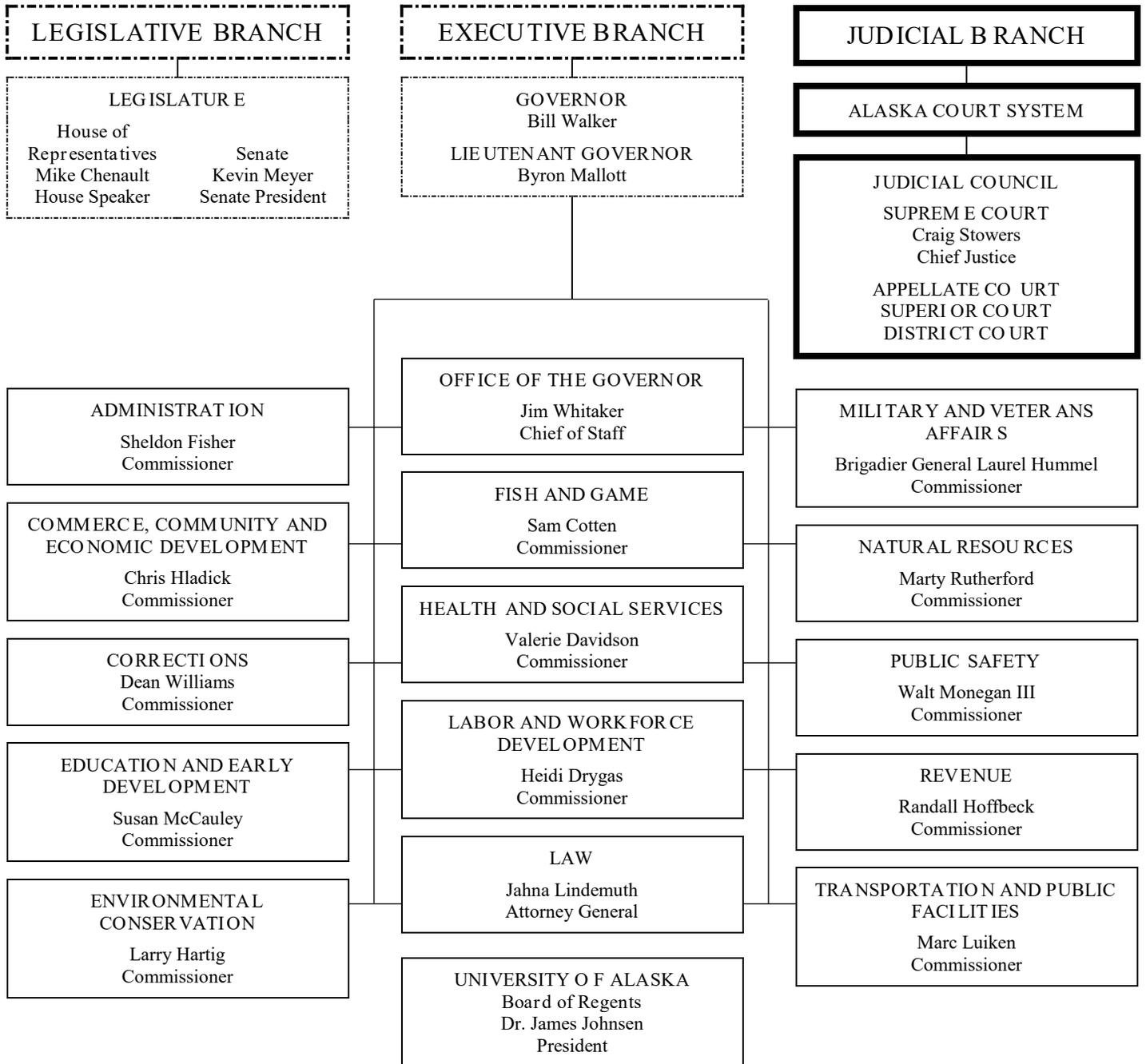
STATE OF ALASKA GENERAL FUND REVENUES

FOR THE FISCAL YEAR ENDED JUNE 30, 2016



STATE OF ALASKA ORGANIZATION CHART

As of June 30, 2016



- Elected by popular vote (includes Lieutenant Governor, elected on same ticket as Governor).
- ===== Justices and Judges of the Courts nominated by Judicial Council, selected by Governor and thereafter subject to voter approval.
- Department heads appointed by Governor and confirmed by the Legislature.

FUNCTIONS OF STATE DEPARTMENTS

OFFICE OF THE GOVERNOR

The Governor is the Chief Executive of the State. The Office of the Governor has the overall responsibility for coordinating the activities of state agencies to ensure that all programs are consistent with the Governor's policy and objectives.

ADMINISTRATION

The Department of Administration centralizes services to provide more efficient, cost-effective support to state agencies and Alaskans. Services to state agencies include: Labor Relations and Personnel, Finance (payroll, accounting, and disbursements), General Services (purchasing, surplus property, mail, managing public buildings, and leases), Risk Management, Enterprise Technology Services (telecommunications and computer services), and Retirement and Benefits (public employers, public employees, and retirees).

The department also provides services to the public through the: Division of Motor Vehicles, Division of Retirement and Benefits, Office of Public Advocacy, Public Defender Agency, Alaska Public Offices Commission, Alaska Oil and Gas Conservation Commission, Alaska Public Broadcasting Commission, Office of Administrative Hearings, and Violent Crimes Compensation Board.

COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

The Department of Commerce, Community, and Economic Development promotes economic development, strengthens communities, and provides consumer protections. To accomplish these, the department implements programs for sustainable business growth and reduced energy costs, regulates and enforces to provide a stable business climate, and provides technical and financial assistance and volunteerism outreach opportunities for communities.

The department consists of core agencies including: Division of Banking and Securities; Division of Corporations, Business, and Professional Licensing; Division of Community and Regional Affairs; Division of Insurance; and the Division of Economic Development. Various corporate agencies are also part of the department, including: Alaska Industrial Development and Export Authority, Alaska Energy Authority, Alaska Railroad Corporation, Alaska Gasline Development Corporation, Alaska Seafood Marketing Institute, Regulatory Commission of Alaska, Alcohol and Marijuana Control Office, and the Serve Alaska Commission.

CORRECTIONS

The Department of Corrections is responsible for public safety through the incarceration and supervision of offenders. The department operates 12 correctional facilities and jails that provide secure confinement and appropriate rehabilitation programs for felons and misdemeanants; community residential centers; supervision and case management of probationers and parolees in the community; and oversight of 15 small community jails. Also included in the department is the Alaska Board of Parole, a quasi-judicial board that makes all parole related decisions.

EDUCATION AND EARLY DEVELOPMENT

The Department of Education and Early Development is responsible for Alaska's system of public education. The State Board of Education and Early Development is the executive board of the department. The board develops educational policy, promulgates regulations governing education, appoints the commissioner of Education and Early Development with the Governor's approval, and is the channel of communication between state government and the public for educational matters. Education policies are determined by the board and administered by the commissioner through department divisions. Programs administered include: public school funding, teacher certification, and student assessment. The department also operates Mt. Edgecumbe High School, the state's secondary boarding school program. The department administers the state libraries, archives, museum services, and provides grants to the arts community. Other state entities associated with the department for administrative purposes are the Alaska Commission on Postsecondary Education and the Alaska Student Loan Corporation.

ENVIRONMENTAL CONSERVATION

The Department of Environmental Conservation is the state's regulatory agency responsible for protection of the environment and protection of citizens from unsafe sanitary practices.

To accomplish these results, the department develops and enforces standards for protection of the environment and the abatement of pollution to air, land, and water; and controls sanitary practices related to food, drinking water, and solid waste. Services to communities include financial and technical assistance for upgrading water, sewage, and solid waste; assistance meeting health-based standards for air quality; and positioning oil spill response equipment for preparedness and cleanup of oil and hazardous substance releases.

Through partnerships with Alaska citizens, businesses, and communities, the department works to safely manage and reduce pollution and hazards to the environment and human health.

FISH AND GAME

The Department of Fish and Game's mission is to protect, maintain, and improve the fish, game, and aquatic plant resources of the state, and manage their use and development in the best interest of the economy and well-being of the people of the state, consistent with the sustained yield principle in the Alaska Constitution. The commissioner and the department conduct management and research functions necessary to support this mission.

The Boards of Fisheries and Game are responsible for adopting regulations to conserve and develop the state's fish and wildlife resources. The Commercial Fisheries Entry Commission is a quasi-judicial agency that promotes resource conservation and sustained yield management by regulating entry into Alaska's commercial fisheries. The department also includes the Exxon Valdez Oil Spill Trustee Council, which oversees restoration of the injured ecosystem through the use of the \$900 million civil settlement.

HEALTH AND SOCIAL SERVICES

The Department of Health and Social Services' mission is to promote and protect the health and well-being of Alaskans. The department and its eight divisions focus on three priority areas: health and wellness across the lifespan; health care access, delivery, and value; and safe and responsible individuals, families, and communities. Within these three priority areas, the department's seven core services are to: protect and promote the health of Alaskans; provide quality of life in a safe living environment for Alaskans; manage health care coverage for Alaskans in need; facilitate access to affordable health care for Alaskans; strengthen Alaska families; protect vulnerable Alaskans; and promote personal responsibility and accountable decisions by Alaskans.

The department's primary functions include: administering Medicaid services for low-income and disabled Alaskans through the Division of Health Care Services; operation of the Alaska Veterans and Pioneers Homes; support services for seniors, providing support to disabled Alaskans and vulnerable adults through the Division of Senior and Disabilities Services; providing child protection and family preservation programs through the Office of Children's Services; operating youth detention facilities, including helping offenders transition back into their communities, through the Division of Juvenile Justice; and offering basic financial assistance, with an emphasis on self-sufficiency, to Alaskans in need through the Division of Public Assistance.

The department is committed to prevention of illness, health promotion and protection, and emergency preparedness through the Division of Public Health; and the Division of Behavioral Health oversees community-based mental health and substance abuse services across the continuum of care (prevention, early intervention, treatment, and recovery programs), including operation of the Alaska Psychiatric Institute.

LABOR AND WORKFORCE DEVELOPMENT

The Department of Labor and Workforce Development is responsible for advancing opportunities for employment and ensuring that employers provide safe and legal working conditions. The department offers employment services, unemployment insurance, adult basic education, job training, workers' compensation adjudication and rehabilitation services, the Fishermen's and Second Injury Funds, and vocational rehabilitation for people with disabilities. In addition, the department enforces laws and regulations assuring occupational safety and health, performs mechanical inspections, and administers state wage and hour laws; serves as the labor relations agency for public employment in the state; and collects, analyzes, and releases labor market and population statistics. Also included in the department are the Alaska Workforce Investment Board, the Workers' Compensation Appeals Commission, and the Alaska Vocational Technical Center.

LAW

The Department of Law is responsible for ensuring safe communities in part through the prosecution and conviction of criminal offenders. The department files both misdemeanor and felony charges; serves as legal advisor to grand juries; and represents the state in all phases of criminal trial and appellate proceedings. It provides legal assistance to state and local law enforcement, the Department of Corrections, and the Division of Juvenile Justice. It also works in partnership with executive, legislative, and judicial agencies by providing legal advice and representing the state in

all actions in which it is a party. Such actions include protecting Alaska's children and youth by handling child abuse, neglect, and delinquency cases expeditiously; resolving questions of state versus federal control of natural resources; ensuring that the state receives its correct share of oil and gas taxes and royalties; collecting money owed to the state by businesses and individuals for child support, fines, and other unpaid obligations; and defending the state against claims for personal injury and other damages.

MILITARY AND VETERANS AFFAIRS

The mission of the Department of Military and Veterans' Affairs is to provide forces to accomplish military missions in the state and around the world; provide homeland security and defense; emergency response; veterans' services; and youth military-style training and education. The commissioner serves as the Adjutant General of the State of Alaska and has command over the approximately 4,000 Army and Air guardsmen of the Alaska National Guard, as well as overseeing these entities which serve the mission of the department as follows:

Alaska Air Guard - recruit, train, equip, and maintain America's finest airmen to support State of Alaska emergency operations and daily homeland security and defense missions, provide rescue forces on continual alert, protect life and property for the citizens of Alaska, and support worldwide contingency operations.

Alaska Army Guard - organize, staff, equip, and train quality units to conduct tactical and stability support operations for State of Alaska emergency missions and U.S. Army requirements.

Facilities Maintenance/Management - provide, maintain, and operate safe, secure, high quality facilities, training areas, and ranges for the Alaska Army National Guard on a cost effective basis which meet or exceed unit mission requirements, environmental compliance standards, and energy efficiencies.

Alaska State Defense Force - volunteer organization whose primary role is to augment and support the Alaska National Guard.

Alaska Naval Militia - maintain relationship with the United States Navy Reserve to secure Naval Militia response capability in Alaska.

Homeland Security and Emergency Management - protect lives and property from terrorism and all other hazards and provide rapid recovery from all disaster events.

Alaska Military Youth Academy - help reclaim the lives of at-risk youth and produce program graduates with the values, skills, education, and self-discipline to succeed as adults.

Veterans' Services - develop and sustain a comprehensive statewide veterans' advocacy program and administer state veterans' programs.

Alaska Aerospace Corporation - promote aerospace related economic growth and development and strengthen Alaska's technological infrastructure.

NATURAL RESOURCES

The Department of Natural Resources manages the majority of state-owned land, water and natural resources, except fish and game. These resources include approximately 100 million acres of uplands; 60 million acres of tidelands, shore lands, and submerged lands; and 40,000 miles of coastline. Strategic missions include: responsibly develop Alaska's resources by making them available for maximum use and benefit consistent with the public interest; foster responsible commercial development and use of state land and natural resources consistent with the public interest, for long-term wealth and employment; mitigate threat to the public from natural hazards by providing comprehensive fire protec-

tion services on state, private, and municipal lands, and through identifying significant geological hazards; provide access to state lands for public and private use, settlement, agricultural development, and recreation; ensure sufficient data acquisition and assessment of land and resources to foster responsible resource development; and promoting and developing an agriculture industry.

The department serves the state from offices located in 29 Alaskan communities, and encompasses the divisions of Agriculture; Forestry; Geological and Geophysical Surveys; Mining, Land and Water; Oil & Gas; Parks and Outdoor Recreation, and Support Services; the North Slope Gas Commercialization Office; the Office of Project Management and Permitting; the Mental Health Trust Land Office; the Citizens Advisory Commission on Federal Areas, the Natural Resources Conservation and Development Board, the Seismic Hazards Safety Commission, and the Board of Agriculture & Conservation.

The department is responsible for managing the resources and revenues associated with the two largest oil and gas fields in North America and over 5 million acres of oil and gas leases; a park system that contains one-third of the nation's state park lands; 40% of the nation's fresh water; fire suppression management for over 134 million acres; forest resource management in three state forests totaling over 2 million acres; mineral management involving over 34,000 mining claims and leases encompassing approximately 3 million acres; agricultural programs that promote, develop, inspect, and provide technical assistance and lending services to over 700 farms; a comprehensive archive of indigenous plant materials; and a geologic sample archive representing more than 48 million feet of oil and gas exploration and production drilling, and 300,000 feet of mineral exploration core drilling throughout the state. The department also serves as the USDA representative for inspection, food safety and retail surveillance.

PUBLIC SAFETY

The Department of Public Safety is responsible for the enforcement of state laws including criminal and fish and wildlife protection laws, fire and life safety, search and rescue, and highway safety laws; maintaining Alaska's central repository of criminal history record information and automated fingerprint identification system; providing forensic crime laboratory services to law enforcement statewide; certifying police proficiency; providing basic police academy and specialized training to municipal and state law enforcement agencies; certifying fire service personnel; oversight of the Village Public Safety Officer program; and assisting victims of domestic violence and sexual assault.

REVENUE

The Department of Revenue administers and enforces tax and charitable gaming laws; collects, invests, and manages state funds and public employee pension trust funds; administers the Permanent Fund Dividend, Shared Taxes and Child Support Services programs; administers licensing programs mandated by statute; issues state general obligation, revenue and lease debt, and authorizes certain agency debt. Other state entities associated with the department for administrative purposes are: Alaska Permanent Fund Corporation, Alaska Housing Finance Corporation, Alaska Housing Capital Corporation, Alaska Municipal Bond Bank Authority, Alaska Mental Health Trust Authority, Alaska Retirement

Management Board, Northern Tobacco Securitization Corporation, and the State Bond Committee.

TRANSPORTATION AND PUBLIC FACILITIES

The Department of Transportation and Public Facilities is responsible for the planning, research, design, construction, maintenance, operation, and protection of all state transportation systems and many public facilities. This includes 249 state-owned airports and seaplane bases, 5,589 miles of state roads, 793 buildings ranging from maintenance shops to state office complexes, and 21 harbor facilities. In addition, the department owns and operates the Alaska Marine Highway System, serving 33 Alaskan communities, Bellingham, WA, and Prince Rupert, BC with a fleet of 11 ships. The department also owns and operates the State Equipment Fleet, which provides full maintenance support and replacement activities of approximately 8,000 light- and heavy-duty vehicles and attachments for state departments, agencies, and offices.

ALASKA STATE LEGISLATURE

Twenty-Ninth Legislature, Second Session (2016)

Senate District	Senator (Party)	City	House District	Representative (Party)	City
A	Pete Kelly (R)	Fairbanks	1	Scott Kawasaki (D)	Fairbanks
			2	Steve Thompson (R)	Fairbanks
B	John Coghill (R)	North Pole	3	Tammie Wilson (R)	North Pole
			4	David Guttenberg (D)	Fairbanks
C	Click Bishop (R)	Fairbanks	5	Adam Wool (D)	Fairbanks
			6	David Talerico (R)	Healy
D	Charlie Huggins (R)	Wasilla	7	Lynn Gattis (R)	Wasilla
			8	Mark Neuman (R)	Big Lake
E	Mike Dunleavy (R)	Wasilla	9	Jim Colver (R)	Palmer
			10	Wes Keller (R)	Wasilla
F	Bill Stoltze (R)	Chugiak	11	Shelley Hughes (R)	Palmer
			12	Cathy Tilton (R)	Wasilla
G	Anna MacKinnon (R)	Eagle River	13	Dan Saddler (R)	Eagle River
			14	Lora Reinbold (R)	Eagle River
H	Bill Wielechowski (D)	Anchorage	15	Gabrielle LeDoux (R)	Anchorage
			16	Ivy Spohnholz (D)	Anchorage
I	Berta Gardner (D)	Anchorage	17	Andy Josephson (D)	Anchorage
			18	Harriet Drummond (D)	Anchorage
J	Johnny Ellis (D)	Anchorage	19	Geran Tarr (D)	Anchorage
			20	Les Gara (D)	Anchorage
K	Mia Costello (R)	Anchorage	21	Matt Claman (D)	Anchorage
			22	Liz Vazquez (R)	Anchorage
L	Lesil McGuire (R)	Anchorage	23	Chris Tuck (D)	Anchorage
			24	Craig Johnson (R)	Anchorage
M	Kevin Meyer (R)	Anchorage	25	Charisse Millett (R)	Anchorage
			26	Bob Lynn (R)	Anchorage
N	Cathy Giessel (R)	Anchorage	27	Lance Pruitt (R)	Anchorage
			28	Mike Hawker (R)	Anchorage
O	Peter Micciche (R)	Soldotna	29	Mike Chenault (R)	Nikiski
			30	Kurt Olson (R)	Soldotna
P	Gary Stevens (R)	Kodiak	31	Paul Seaton (R)	Homer
			32	Louise Stutes (R)	Kodiak
Q	Dennis Egan (D)	Juneau	33	Sam Kito (D)	Juneau
			34	Cathy Munoz (R)	Juneau
R	Bert Stedman (R)	Sitka	35	Jonathan Kreiss-Tomkins (D)	Sitka
			36	Dan Ortiz (NA)	Ketchikan
S	Lyman Hoffman (D)	Bethel	37	Bryce Edgmon (D)	Dillingham
			38	Bob Herron (D)	Bethel
T	Donald Olson (D)	Golovin	39	Neal Foster (D)	Nome
			40	Benjamin Nageak (D)	Barrow

LEADERSHIP

STATE SENATE
Kevin Meyer, Senate President

HOUSE OF REPRESENTATIVES
Mike Chenault, Speaker of the House

FINANCE COMMITTEES

STATE SENATE
Pete Kelly, Co-Chair
Anna MacKinnon, Co-Chair
Peter Micciche, Vice Chair

HOUSE OF REPRESENTATIVES
Mark Neuman, Co-Chair
Steve Thompson, Co-Chair
Dan Saddler, Vice Chair

Members:
Click Bishop, Mike Dunleavy,
Lyman Hoffman, Donny Olson

Members:
Bryce Edgmon, Les Gara, Lynn Gattis,
David Guttenberg, Scott Kawasaki,
Cathy Munoz, Lance Pruitt, Tammie Wilson

Financial Section





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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE



Division of Legislative Audit

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Juneau, AK 99811-3300
(907) 465-3830
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legaudit@akleg.gov

Independent Auditor's Report

Citizens of the State of Alaska:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Alaska Permanent Fund, International Airports Fund, University of Alaska, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Railroad Corporation, Alaska Energy Authority, Alaska Municipal Bond Bank Authority, Alaska Gasline Development Corporation, Alaska Clean Water Fund, Alaska Drinking Water Fund, Pension and Other Employee Benefit Trust Funds, and the Invested Assets Under the Investment Authority of the Commissioner of Revenue. As shown on the following page, those financial statements reflect assets and revenues of the indicated opinion units.

<u>Opinion Unit</u>	<u>Percent of Assets</u>	<u>Percent of Revenues</u>
Governmental Activities	87%	18%
Business-Type Activities	72%	52%
Aggregate Discretely Presented		
Component Units	92%	94%
Major Funds:		
General Fund	83%	4%
Alaska Permanent Fund	100%	100%
Alaska International Airports	100%	100%
Aggregate Remaining		
Fund Information	91%	62%

Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those accounts, funds, retirement plans, and component units, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison and the Corresponding Notes, and Pension and Other Postemployment Benefit Plans Information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, 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, and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Alaska's basic financial statements. The combining and individual nonmajor fund financial statements, and schedules, and the other information such as the introductory and statistical section, index of funds, legends of acronyms, and section divider pages are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section, index of funds, legends of acronyms, and section divider pages have not been subjected to the auditing procedures applied in the audit of the

basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

// signature on file //

Kris Curtis, CPA, CISA
Legislative Auditor

Juneau, Alaska
May 26, 2017

STATE OF ALASKA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the State of Alaska, we offer readers of the State's financial statements this narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the preceding pages of this report, and the financial statements that follow.

Financial Highlights

Government-wide

- The assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources at the close of FY 16 by \$68.1 billion (net position). Of this amount, \$7.6 billion is invested in capital assets, \$46.1 billion is restricted for various purposes, and unrestricted net position is \$14.3 billion. Unrestricted net position may be used to meet the State's ongoing obligations to citizens and creditors.
- The State's total net position decreased by \$5.5 billion as a result of this year's operations. This decrease is primarily attributable to a decrease in interest and investment income as well as charges for services.

Fund level

- As of the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$63.8 billion, with \$18.5 billion unrestricted (includes committed, assigned, and unassigned), \$44.9 billion nonspendable, and \$386 million restricted to specific purposes such as development, debt, and education. The nonspendable fund balance includes \$44.2 billion of the Alaska Permanent Fund principal with the remaining related to nonspendable assets such as inventory, advances and prepaid items, and the principal of other nonmajor permanent funds.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was a surplus of \$9.9 billion. This is a decrease of \$5.6 billion from FY 15. The decrease is mainly attributable to a decrease in revenue collected by the State and a result of operations for the year.

Long-term debt

- As a result of this year's activity the State's total long-term debt decreased by \$1.6 billion (18.93 percent). The decrease in debt is primarily due to a decrease in the net pension liability, revenue bonds, and capital leases. Additional information regarding long-term debt can be found in Note 6.

Overview of the Financial Statements

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements (reporting on the State as a whole)

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business. It includes all of the State's funds and component units except for fiduciary funds. However, the primary focus of the statements is clearly on the State and the presentation allows the user to address the relative relationship with the discretely presented component units.

The statement of net position presents information on all of the State's assets, liabilities and deferred outflows and inflows of resources. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Over time, increases or decreases in net position should serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs,

regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

- **Governmental Activities** – Most of the State's basic services are reported in this category. Governmental activities are principally supported by interest and investment income, taxes, rents and royalties, and intergovernmental revenues. The Legislature, the Judiciary, and the general operations of the Executive departments fall within the governmental activities.
- **Business-type Activities** – The State charges fees to customers to help it cover all or most of the cost of certain services it provides. The State's International Airports Fund, the various loan funds, and the Unemployment Compensation fund are examples of business-type activities.
- **Discretely Presented Component Units** – Component units are legally separate organizations for which the State is financially accountable. The State has one university and ten corporations and authorities that are reported as discretely presented component units of the State.

The government-wide financial statements are statement numbers 1.01 and 1.02.

This report includes two statements (statement numbers 1.12 and 1.14) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities (accrual accounting) on the appropriate government-wide statements. The following summarizes the impact of transitioning from modified accrual to accrual accounting.

- Capital assets (land, buildings, equipment, infrastructure, intangibles, and construction in progress) used in governmental activities are not reported in governmental fund statements.
- Internal service funds are reported as governmental activities in the government-wide financial statements, but are reported as proprietary funds in the fund financial statements.
- Certain revenues, unavailable to pay for current period expenditures, are not reported in the governmental fund statements.
- Unless due and payable in the current period, certain long-term liabilities such as net pension liability, capital lease obligations, compensated absences, litigation, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets in the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Bond and note proceeds result in liabilities in the government-wide statements, but are recorded as other financing sources in the governmental fund statements.

Fund Financial Statements (reporting on the State's major funds)

The fund financial statements are statement numbers 1.11 through 1.42 and provide detailed information about the major individual funds. The State has three major funds, the General Fund, the Alaska Permanent Fund, which are included in the governmental fund statements, and the International Airports Fund, which is included in the proprietary fund statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State of Alaska, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. We have also included the discretely presented component units in the fund financial statements and include detailed information on the three major component units, the University of Alaska, Alaska Housing Finance Corporation, and Alaska Industrial Development and Export Authority.

Governmental funds – Most of the State's basic services are reported in the governmental funds. Governmental funds include the General Fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. Governmental fund financial statement focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. These funds are reported using modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund financial statements are statement numbers 1.11 through 1.14.

As mentioned earlier, the State has only two major governmental funds, the Alaska Permanent Fund and the General Fund. Together these two funds represent 97.1 percent of total government-wide cash and investments and 92.3 percent of total government-wide net position (excluding component units). The governmental funds financial statements present detail on each of these funds, with summarized information on all other governmental funds. In addition, detail for each of the nonmajor governmental funds is available in combining statements elsewhere in this report.

The State's main operating fund is the General Fund. However, the State maintains many accounts and subfunds within the General Fund, including the Constitutional Budget Reserve Fund, the Statutory Budget Reserve Fund, the Permanent Fund Dividend Fund, and the Public Education Fund. Because of materiality and public interest in these funds, individual fund data for each of these subfunds is provided in the combining statement for the General Fund elsewhere in this report.

Proprietary funds – When the State charges customers for the services it provides, whether to outside customers or to other State agencies, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize accrual accounting, the same method used by private-sector businesses. Enterprise funds are used to report activities that provide supplies and services to the general public. The State uses enterprise funds to account for activities such as international airports operations, various loan funds, and the unemployment compensation fund. These activities are reported within business-type activities on the government-wide financial statements.

Internal service funds account for activities that provide supplies and services for other State programs. These include, among others, the State's equipment fleet and data processing/telecommunications. Because these services primarily benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements are statement numbers 1.21 through 1.23. The International Airports Fund is a major enterprise fund of the State of Alaska. The International Airports Fund is 5.8 percent of total government-wide liabilities (excluding component units). The proprietary funds financial statements present detail on this fund with summarized information on all other proprietary funds. In addition, detail for each of the nonmajor proprietary funds is provided in the combining statements elsewhere in this report.

Fiduciary funds – The State acts as a trustee or fiduciary for its employee pension plans. In addition, it is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These funds, which include pension (and other employee benefit) and agency funds, are reported using accrual accounting. Since fiduciary assets are restricted in purpose and are not available to support the State's own programs, these fiduciary assets are not presented as part of the government-wide financial statements.

The fiduciary fund financial statements are statement numbers 1.31 and 1.32.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the component unit statement of activities (statement number 1.42).

Additional Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report includes additional required supplementary information. Included in the RSI is a budgetary comparison schedule for the General Fund reconciling the statutory and generally accepted accounting principles (GAAP) fund balances at fiscal year-end (statement number 2.01). Also included are schedules displaying the sources of changes in the net pension liability, components of the net pension liability and related ratios, and the net pension liability as a percentage of covered-employee payroll.

Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental, proprietary, and fiduciary funds, as well as nonmajor discretely presented component units. These nonmajor funds are added together by fund type and presented in single columns in the basic financial statements, but are not reported individually on the fund financial statements. Only the major funds, the General Fund, the Alaska Permanent Fund, and the International Airports Fund are

presented individually on the primary government fund financial statements. Schedules of revenues, expenditures, and changes in fund balances – budget and actual are also presented for all governmental funds with annually adopted budgets.

Government-wide Financial Analysis

As noted earlier, net position should serve over time as a useful indicator of a government's financial position. State assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$68.1 billion at the close of FY 2016 (see table below). By far the largest portion of the State's net position (77.5 percent) reflects its investments held in the Alaska Permanent Fund. However, the majority of these assets are not available for future spending since the principal of the fund (\$44.2 billion) may not be spent.

The remainder of the State's net position (22.5 percent) represents net investment in capital assets (\$7.6 billion), resources that are subject to external restrictions of how they may be used (\$1.9 billion), and the remaining unrestricted net position of \$5.8 billion, which excludes \$8.6 billion that is in the Alaska Permanent Fund.

Net Position (Stated in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15
Current and Other Noncurrent Assets	\$ 67,835	\$ 72,688	\$ 1,417	\$ 1,381	\$ 69,252	\$ 74,069
Capital Assets	7,635	7,397	1,237	1,254	8,872	8,651
Total Assets	75,470	80,085	2,654	2,635	78,124	82,720
Deferred Outflows of Resources	554	2,853	11	18	565	2,871
Long-term Liabilities	6,287	7,903	541	570	6,828	8,473
Other Liabilities	3,437	2,855	25	20	3,462	2,875
Total Liabilities	9,724	10,758	566	590	10,290	11,348
Deferred Inflows of Resources	320	695	1	8	321	703
Net Position:						
Net Investment in Capital Assets	6,786	6,683	814	817	7,600	7,500
Restricted	45,174	46,443	967	940	46,141	47,383
Unrestricted	14,020	18,359	317	298	14,337	18,657
Total Net Position	\$ 65,980	\$ 71,485	\$ 2,098	\$ 2,055	\$ 68,078	\$ 73,540

The net position of governmental activities decreased \$5,505 million and business-type activities decreased \$43 million as a result of this year's operations. The decrease in governmental activities is primarily due to a decrease in overall revenues collected during the year; specifically interest and investment income as well as charges for services. The decrease in business-type activities is primarily due to a decrease in program revenues collected for the year.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the State's net position changed during FY 16.

	Changes in Net Position					
	(Stated in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15
Revenues						
Program Revenues						
Charges for Services	\$ 1,325	\$ 2,100	\$ 304	\$ 333	\$ 1,629	\$ 2,433
Operating Grants	2,157	1,918	1	-	2,158	1,918
Capital Grants	728	769	60	69	788	838
General Revenues						
Taxes	127	513	-	-	127	513
Interest and Investment Income/(Loss)	706	2,833	(11)	(10)	695	2,823
Payments In from Component Units	175	14	-	-	175	14
Other Revenues	67	34	-	1	67	35
Total Revenues	<u>5,285</u>	<u>8,181</u>	<u>354</u>	<u>393</u>	<u>5,639</u>	<u>8,574</u>
Expenses						
General Government	323	587	-	-	323	587
Alaska Permanent Fund Dividend	1,330	1,203	-	-	1,330	1,203
Education and University	2,389	2,810	-	-	2,389	2,810
Health and Human Services	2,941	2,771	-	-	2,941	2,771
Law and Justice	292	259	-	-	292	259
Public Protection	843	791	-	-	843	791
Natural Resources	438	475	-	-	438	475
Development	448	410	2	61	450	471
Transportation	1,289	1,278	-	-	1,289	1,278
Intergovernmental	119	134	-	-	119	134
Debt Service	70	66	-	-	70	66
Loans	-	-	16	11	16	11
Unemployment Compensation	-	-	152	143	152	143
Airports	-	-	140	150	140	150
Total Expenses	<u>10,482</u>	<u>10,784</u>	<u>310</u>	<u>365</u>	<u>10,792</u>	<u>11,149</u>
Excess (Deficiency) of Revenues						
Over Expenditures	(5,197)	(2,603)	44	28	(5,153)	(2,575)
Transfers	1	(11)	(1)	11	-	-
Change in Net Position	<u>(5,196)</u>	<u>(2,614)</u>	<u>43</u>	<u>39</u>	<u>(5,153)</u>	<u>(2,575)</u>
Net Position - Beginning of Year	71,485	73,813	2,055	2,016	73,540	75,829
Prior Period Adjustment	(309)	286	-	-	(309)	286
Net Position - End of Year	<u>\$ 65,980</u>	<u>\$ 71,485</u>	<u>\$ 2,098</u>	<u>\$ 2,055</u>	<u>\$ 68,078</u>	<u>\$ 73,540</u>

Financial Analysis of the State's Funds

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unassigned,

assigned, and committed fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$63.8 billion, a decrease of \$5.6 billion in comparison with the prior year. This decrease is primarily due to a decrease in interest and investment income as well as a decrease in charges for services collected by the State.

The General Fund unassigned and committed fund balances, which are available for spending at the government's discretion, had balances of \$6.4 billion, and \$3.5 billion, respectively. The Alaska Permanent Fund (earnings reserve account) had an assigned fund balance of \$8.6 billion, and the remaining nonmajor governmental funds had committed fund balances of \$68.1 million. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for new spending such as the principal of the Alaska Permanent Fund (\$44.2 billion), and other items that are nonspendable, such as inventory, advances and prepaid items, and principal (\$744 million), and amounts restricted for a variety of other purposes (\$386 million).

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, unrestricted fund balance (includes committed, assigned, and unassigned) of the General Fund was \$9.9 billion, while total fund balance reached \$10.1 billion. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 96 percent of total General Fund expenditures, while total fund balance represents 98 percent of that same amount.

The fund balance of the State's General Fund decreased by \$5.8 billion during the current fiscal year. For FY 16, the most significant source of revenue was federal revenues (63.9 percent) followed by rents and royalties (15.1 percent). With the decline in petroleum related revenues, Rents and Royalties and Taxes continue to be a significant concern as income continues to decline (17.6 percent for FY 16 compared to 32.9 percent for FY 15).

General Fund revenues for FY 16 were \$4.2 billion, a decrease of \$0.6 billion compared to revenues of \$4.8 billion for FY 15. Revenues by source for FY 16 are compared to FY 15 in the following schedule (in millions):

Revenue Source	FY 16	Percent	FY 15	Percent
Taxes	\$ 107.1	2.5%	\$ 491.7	10.1%
Rents and Royalties	640.8	15.1%	1,106.1	22.8%
Interest and Investment Income/(Loss)	195.4	4.6%	336.9	6.9%
Federal	2,705.6	63.9%	2,512.7	51.8%
Miscellaneous	588.9	13.9%	406.0	8.4%
Total Revenue	\$ 4,237.8	100.0%	\$ 4,853.4	100.0%

The primary component of this revenue decrease is petroleum related income as well as interest and investment income compared to the previous year. In FY 16, amounts paid out for prior year tax overpayments were more than what was collected for corporate petroleum income taxes resulting in a significant reduction in tax revenue. The General Fund received \$142 million less in interest and investment income revenue during FY 16.

Alaska Permanent Fund

The Alaska Permanent Fund (fund) is an asset of the State of Alaska that is managed by the Alaska Permanent Fund Corporation, an instrumentality of the State of Alaska.

In 1976 the Alaska constitution was amended to provide that: *At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the General Fund unless otherwise provided by law.*

The fund is made up of two parts.

- **Nonspendable Fund Balances:** The nonspendable fund balances, or principal, include all historical contributions and appropriations, which are the main body of the fund. At June 30, 2016, this amounted to \$39.5 billion. The sources of contributions and appropriations of the fund, since inception, were as follows: \$16.2 billion in dedicated

mineral revenues; \$16.2 billion of fund realized earnings transferred to principal for inflation proofing; \$6.9 billion in additional deposits approved by special legislative appropriation, and \$153 million in settlement earnings (*State v. Amerada Hess, et al.*).

A portion of accumulated unrealized appreciation on invested assets is also part of the nonspendable fund balances. The unrealized amounts allocated to contributions and appropriations are nonspendable, unless and until they become realized, at which point they will be transferred to the assigned fund balance. The portion of the unrealized appreciation at the end of the fiscal year allocated to principal amounted to \$4.8 billion.

- Assigned Fund Balances:** The assigned fund balances, which are available for legislative appropriation per AS 37.13.145, consist of the realized earnings of the fund and a portion of accumulated unrealized appreciation. From inception through June 30, 2016, realized earnings (both gains and losses) have amounted to \$52.5 billion. Of this amount \$23.8 billion has been paid out for dividends, \$16.2 billion has been transferred to principal for inflation proofing, \$4.3 billion has been added to principal by special appropriation, \$554 million has been paid out to the General Fund, and \$7.6 billion remains in the fund at June 30, 2016 in the realized earnings account. The portion of the unrealized appreciation at the end of the fiscal year allocated to the assigned fund balance amounted to \$921 million.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was a \$391.2 million increase in appropriations (or 2 percent) and can be briefly summarized as follows:

- \$140.3 million increase allocated to health and human services
- \$139.7 million increase allocated to transportation
- \$71.2 million increase allocated to public protection
- The balance is allocated across several expenditure functions

Of this overall increase in appropriated expenditures, \$171.0 million was funded out of an increase in interagency receipts, which represent purchases between departments, as well as a \$193.2 million increase in Federal Grants in Aid. The remaining increase was funded with money transferred from the Constitutional Budget Reserve Fund (CBR). Please see Note 2 for additional information on the CBR.

The difference between the final amended budget and actual expenditures was a \$6.0 billion decrease (or 33 percent) primarily due to a \$4.6 billion decrease in transportation expenditures.

Capital Assets and Debt Administration

Capital assets. The State's net investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$7.6 billion. The table below displays total capital assets, net of accumulated depreciation. Depreciation charges for FY 16 totaled \$453 million for governmental activities and \$68 million for business-type activities.

Capital Assets
(net of depreciation, in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15
Land	\$ 1,001	\$ 968	\$ 31	\$ 31	\$ 1,032	\$ 999
Buildings	1,490	1,343	715	735	2,205	2,078
Equipment	453	442	32	30	485	472
Infrastructure	2,777	2,831	449	397	3,226	3,228
Construction in Progress	1,914	1,812	10	60	1,924	1,872
Total Capital Assets	\$ 7,635	\$ 7,396	\$ 1,237	\$ 1,253	\$ 8,872	\$ 8,649

In FY 16, increases were primarily in buildings and construction in progress with an increase of \$127 million and \$52 million respectively. Additional information on the State's capital assets can be found in Note 5 in the notes to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the State had total bonded debt outstanding of \$1,767 million. Of this amount, \$921 million was general obligation bonds, and \$846 million of revenue bonds payable comprised of \$343 million issued by the Northern Tobacco Securitization Corporation (NTSC), \$29 million of sport fishing revenue bonds, and \$474 million issued by the International Airport Fund. The general obligation bonds are secured by the full faith, credit, and resources of the State, whereas the NTSC bonds are secured by and payable solely from Tobacco Settlement Revenues (TSRs). Neither the State of Alaska, nor the Alaska Housing Finance Corporation (of which NTSC is a subsidiary) is liable for any debt issued by NTSC. The sport fishing revenue bonds are secured by the sport fishing facilities surcharge imposed under AS 16.05.340 and related federal revenues. The remaining \$474 million are International Airports revenue bonds secured solely by specified revenue sources. The general obligation, NTSC, and sport fishing bonds are reported as governmental activities debt, and the International Airports bonds are reported as business-type activities debt.

Long-term Debt
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 15		FY 16	FY 15	FY 15	
	FY 16	Restated			FY 16	Restated
Revenue Bonds Payable	\$ 372	\$ 382	\$ 474	\$ 497	\$ 846	\$ 879
General Obligation Debt	921	657	-	-	921	657
Notes Payable	16	-	-	-	16	-
Capital Leases Payable	302	318	-	-	302	318
Unearned Revenues	65	45	1	1	66	46
Certificates of Participation	32	35	-	-	32	35
Compensated Absences	176	176	4	5	180	181
Claims and Judgments	163	156	-	-	163	156
Pollution Remediation	118	92	5	1	123	93
Other Noncurrent Liabilities	3	1	-	-	3	1
Net Pension Liability	4,119	5,990	57	66	4,176	6,056
Total	\$ 6,287	\$ 7,852	\$ 541	\$ 570	\$ 6,828	\$ 8,422

The State's total long-term debt decreased by \$1,594 million (18.93 percent) during FY 16. The decrease in debt is primarily due to a decrease in the net pension liability, revenue bonds, and capital leases.

With the implementation of GASB Statement 68, the State of Alaska reported net pension liability in relation to a special funding situation in the amount of \$1,640 million. The State of Alaska, Department of Law issued a legal opinion that the State of Alaska is not legally responsible for this portion of the net pension liability. Regardless, the financial statements must be reported under generally accepted accounting principles.

During FY 16 the State of Alaska's bond rating was downgraded by the three rating agencies from AAA to Aa1 with a negative outlook by Moody's Investor's Service and AA+ with a negative outlook by Standard's & Poor and Fitch Ratings. Moody's Investor's Service further downgraded the State's rating to Aa2 on July 25, 2016.

Additional information regarding the restated balances for FY 15 and of the State's long-term debt can be found in Notes 14 and 6 respectively, in the notes to the basic financial statements.

Significant Facts

While the General Fund revenue decreased by \$615.6 million over all, petroleum related revenue decreased by \$631.6 million between FY 15 and FY16. The decrease is primarily related to the fall in oil prices and payments of tax credits.

The Public Employee's Retirement System's (PERS) investment income decreased \$566.4 million to a loss of \$86.8 million during fiscal year 2016. The Teacher's Retirement System's (TRS) net investment income decreased \$279.4 million to a loss of \$43.5 million during fiscal year 2016.

Another significant factor affecting interest and investment revenues was a decrease of \$2.0 billion between FY 15 and FY 16 for the Alaska Permanent Fund (APF). In FY 15 the APF experienced investment income gain of \$2.5 billion, compared to a gain of \$0.5 billion in FY 16. The APF experienced a total fund return of 1.02 percent for FY 16. FY 2016's results are substantially below mid-point of the range of returns since 1985, which have ranged from -17.96 percent to 25.58 percent. Please see Note 1 for further information regarding this blended component unit and how to obtain the separately issued financial statements.

Economic Factors and Next Year's Budgets and Rates

- The State's average unemployment rate for FY 16 was 6.6 percent, unchanged from the adjusted average unemployment rate for FY 15. Alaska's five year average (2012 to 2016) was 6.9 percent. The United States unemployment rate for FY 16 was 4.9 percent.
- Total General Fund revenue for FY 16 was \$4.2 billion. Two sources of revenue accounted for 90.5 percent of total state revenue; federal and nonpetroleum revenues. Federal accounted for 63.9 percent and nonpetroleum related revenues accounted for 26.7 percent of general fund revenue. The State's budget is primarily structured around petroleum and federal revenue. Federal funds are generally restricted for use for federal programs and therefore cannot be used to balance the State budget. Petroleum revenues continue to decline as a result in decreased oil prices.
- FY 16 crude oil and natural gas liquids production in the State of Alaska for the North Slope averaged 514 thousand barrels per day. This is 13 thousand barrels per day more than in the prior year. Cook Inlet also saw an increase in production, but this was not nearly enough to offset the effect of the decrease in oil prices on the State's revenue.
- The State of Alaska FY 16 budgeted expenditures include certain items that are unique to Alaska, such as the Alaska Permanent Fund Dividend and State-operated Pioneer Homes. The Alaska Permanent Fund Dividend (\$2,072/resident) was paid to each qualifying Alaskan for a total of \$1,330 million.

Requests for Information

This financial report is designed to provide a general overview of the State's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State of Alaska, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204.



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Basic Financial Statements





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STATE OF ALASKA
Statement of Net Position
Government-wide
June 30, 2016
(Stated in Thousands)

STATEMENT 1.01

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Investments	\$ 65,072,526	\$ 803,962	\$ 65,876,488	\$ 2,145,635
Accounts Receivable - Net	508,107	39,741	547,848	54,053
Interest and Dividends Receivable	132,394	15,596	147,990	40,517
Internal Balances	22,173	(22,173)	-	-
Due from Primary Government	-	-	-	47,137
Due from Component Units	22,296	-	22,296	4,069
Due from Other Governments	849,476	23,513	872,989	35,871
Loans, Notes, and Bonds Receivable	17,697	460,359	478,056	4,478,329
Inventories	23,051	-	23,051	17,707
Repossessed Property	-	1,262	1,262	175
Net Investment in Direct Financing Leases	-	-	-	198,856
Investments in Projects, Partnerships, or Corporations	-	-	-	55,621
Restricted Assets	4,678	94,000	98,678	2,254,259
Securities Lending Collateral	1,022,398	-	1,022,398	8,625
Other Assets	160,288	1,438	161,726	55,913
Capital Assets:				
Equipment, Net of Depreciation	452,626	32,252	484,878	435,192
Buildings, Net of Depreciation	1,490,446	714,129	2,204,575	1,170,787
Library Books, Net of Depreciation	-	-	-	9,807
Infrastructure, Net of Depreciation	2,776,845	449,632	3,226,477	1,028,972
Museum Collections	-	-	-	7,344
Land / Right-of-Way	1,000,792	31,202	1,031,994	115,443
Construction in Progress	1,914,232	9,599	1,923,831	506,347
Total Assets	<u>75,470,025</u>	<u>2,654,512</u>	<u>78,124,537</u>	<u>12,670,659</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>553,926</u>	<u>10,936</u>	<u>564,862</u>	<u>292,662</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	2,360,174	10,880	2,371,054	137,595
Obligations Under Securities Lending	1,022,398	-	1,022,398	8,625
Due to Primary Government	-	-	-	68,260
Due to Component Units	39,082	-	39,082	19,866
Due to Other Governments	23	5,332	5,355	978
Interest Payable	15,107	7,529	22,636	30,447
Derivative Instruments	-	-	-	210,543
Other Current Liabilities	-	1,516	1,516	95,321
Long-term Liabilities:				
Portion Due or Payable Within One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	227,520	4,533	232,053	16,855
Unearned Revenue	51,026	554	51,580	35,444
Notes, Bonds, and Leases Payable	91,335	18,720	110,055	199,830
Other Noncurrent Liabilities	2,787	-	2,787	426
Portion Due or Payable After One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	229,033	4,707	233,740	4,429
Unearned Revenue	14,308	-	14,308	56,553
Notes, Bonds, and Leases Payable	1,551,334	455,757	2,007,091	3,742,838
Net Pension Liabilities	4,119,479	56,810	4,176,289	326,604
Other Noncurrent Liabilities	523	-	523	24,469
Total Liabilities	<u>9,724,129</u>	<u>566,338</u>	<u>10,290,467</u>	<u>4,979,083</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	<u>320,256</u>	<u>1,005</u>	<u>321,261</u>	<u>594,959</u>
NET POSITION				
Net Investment in Capital Assets	6,786,011	813,876	7,599,887	2,305,494
Restricted for:				
Permanent Funds				
Nonexpendable	44,773,119	-	44,773,119	430,255
Expendable	18,216	-	18,216	148,340
Education	67,389	-	67,389	359,422
Development	250,170	-	250,170	119,158
Unemployment Compensation	-	440,599	440,599	-
Health and Human Services	16,042	483,984	500,026	-
Debt Service	44,732	19,523	64,255	643,780
Other Purposes	3,690	23,160	26,850	1,242,683
Unrestricted	14,020,197	316,963	14,337,160	2,140,147
Total Net Position	<u>\$ 65,979,566</u>	<u>\$ 2,098,105</u>	<u>\$ 68,077,671</u>	<u>\$ 7,389,279</u>

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA
Statement of Activities
Government-wide
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 1.02

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 323,158	\$ 15,917	\$ 20,321	\$ (726)
Alaska Permanent Fund Dividend	1,330,027	-	-	-
Education	1,921,828	6,510	197,229	-
University	467,456	-	1,513	-
Health and Human Services	2,940,851	55,533	1,553,775	45,939
Law and Justice	291,706	12,656	23,724	445
Public Protection	842,739	170,302	76,102	6,986
Natural Resources	438,036	1,005,680	104,065	12,006
Development	447,510	2,030	65,788	3,984
Transportation	1,289,035	55,877	94,117	658,792
Intergovernmental Revenue Sharing	118,807	-	20,356	-
Debt Service	70,447	-	278	-
Total Governmental Activities	<u>10,481,600</u>	<u>1,324,505</u>	<u>2,157,268</u>	<u>727,426</u>
Business-type Activities:				
Loans	15,905	9,969	430	19,807
Unemployment Compensation	152,505	155,660	-	-
Airports	139,529	137,167	-	40,030
Development	1,570	1,455	-	-
Total Business-type Activities	<u>309,509</u>	<u>304,251</u>	<u>430</u>	<u>59,837</u>
Total Primary Government	<u>\$ 10,791,109</u>	<u>\$ 1,628,756</u>	<u>\$ 2,157,698</u>	<u>\$ 787,263</u>
Component Units:				
University of Alaska	\$ 855,174	\$ 196,969	\$ 210,648	\$ 60,299
Alaska Housing Finance Corporation	260,128	139,986	51,438	74,082
Alaska Industrial Development and Export Authority	58,244	57,024	646	1,377
Nonmajor Component Units	678,870	231,055	50,068	48,828
Total Component Units	<u>\$ 1,852,416</u>	<u>\$ 625,034</u>	<u>\$ 312,800</u>	<u>\$ 184,586</u>

General Revenues:
Taxes:
Severance Taxes
Selective Sales/Use
Income Taxes
Property Taxes
Other Taxes
Interest and Investment Income (Loss)
Tobacco Settlement
Payments In from Component Units
Payments In from Primary Government
Other Revenues
Transfers - Internal Activity
Total General Revenues, Transfers, and Contributions
Change in Net Position
Net Position - Beginning of Year (restated)
Prior Period Adjustment
Net Position - End of Year

The notes to the financial statements are an integral part of this statement.

STATEMENT 1.02

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (287,646)	\$	\$ (287,646)	\$
(1,330,027)		(1,330,027)	
(1,718,089)		(1,718,089)	
(465,943)		(465,943)	
(1,285,604)		(1,285,604)	
(254,881)		(254,881)	
(589,349)		(589,349)	
683,715		683,715	
(375,708)		(375,708)	
(480,249)		(480,249)	
(98,451)		(98,451)	
(70,169)		(70,169)	
(6,272,401)		(6,272,401)	
	14,301	14,301	
	3,155	3,155	
	37,668	37,668	
	(115)	(115)	
	55,009	55,009	
(6,272,401)	55,009	(6,217,392)	
			(387,258)
			5,378
			803
			(348,919)
			(729,996)
(318,546)	-	(318,546)	9,682
265,992	-	265,992	-
65,795	-	65,795	-
111,137	-	111,137	-
2,576	-	2,576	-
706,296	(11,403)	694,893	35,999
30,479	-	30,479	-
174,722	-	174,722	31,152
-	-	-	515,194
36,905	380	37,285	17,486
747	(747)	-	-
1,076,103	(11,770)	1,064,333	609,513
(5,196,298)	43,239	(5,153,059)	(120,483)
71,484,731	2,054,866	73,539,597	7,509,762
(308,867)	-	(308,867)	-
\$ 65,979,566	\$ 2,098,105	\$ 68,077,671	\$ 7,389,279



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Governmental Funds Financial Statements

MAJOR FUNDS

- **General Fund** – This fund is the State’s operating fund. It accounts for the financial resources and transactions not accounted for in other funds. A description of the General Fund accounts and sub-funds are presented in the Combining Fund Statements.
- **Alaska Permanent Fund** – Alaska Constitution, Article IX, Section 15 – Administered by the Alaska Permanent Fund Corporation. The Alaska Constitution provides that at least 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the State shall be placed in the Alaska Permanent Fund.

NONMAJOR FUNDS

Other non-major governmental funds are presented by fund type in the Combining Fund Statements.



STATE OF ALASKA
 Balance Sheet
 Governmental Funds
 June 30, 2016
 (Stated in Thousands)

STATEMENT 1.11

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 10,073,709	\$ 53,867,991	\$ 1,014,469	\$ 64,956,169
Accounts Receivable - Net	199,743	298,961	2,302	501,006
Interest and Dividends Receivable	5,774	126,522	98	132,394
Due from Other Funds	798,665	31,026	2,510	832,201
Due from Component Units	22,163	-	133	22,296
Due from Other Governments	848,529	-	2	848,531
Loans, Notes, and Bonds Receivable	17,625	-	72	17,697
Inventories	19,106	-	-	19,106
Securities Lending Collateral	-	1,022,398	-	1,022,398
Other Assets	136,045	-	15,770	151,815
Total Assets	<u>\$ 12,121,359</u>	<u>\$ 55,346,898</u>	<u>\$ 1,035,356</u>	<u>\$ 68,503,613</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 1,455,905	\$ 841,048	\$ 8,170	\$ 2,305,123
Obligations Under Securities Lending	-	1,022,398	-	1,022,398
Due to Other Funds	109,878	713,765	33,033	856,676
Due to Component Units	39,082	-	-	39,082
Due to Other Governments	23	-	-	23
Unearned Revenue	65,066	-	268	65,334
Other Liabilities	2,787	-	523	3,310
Total Liabilities	<u>1,672,741</u>	<u>2,577,211</u>	<u>41,994</u>	<u>4,291,946</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	<u>389,010</u>	<u>-</u>	<u>4</u>	<u>389,014</u>
FUND BALANCES				
Nonspendable:				
Inventory	19,106	-	-	19,106
Principal	-	44,199,667	573,452	44,773,119
Advances and Prepaid Items	135,656	-	15,731	151,387
Restricted for:				
Debt Service	4,678	-	44,177	48,855
Education	14,853	-	52,536	67,389
Health and Human Services	622	-	15,420	16,042
Development	26,398	-	223,772	250,170
Other Purposes	3,514	-	176	3,690
Committed to:				
Debt Service	-	-	-	-
Education	787,262	-	18,216	805,478
Health and Human Services	167,304	-	-	167,304
Public Protection	171,506	-	-	171,506
Permanent Fund	711,020	-	-	711,020
Development	1,505,991	-	49,878	1,555,869
Other Purposes	127,154	-	-	127,154
Assigned to:				
Permanent Fund	-	8,570,020	-	8,570,020
Unassigned:				
	<u>6,384,544</u>	<u>-</u>	<u>-</u>	<u>6,384,544</u>
Total Fund Balances	<u>10,059,608</u>	<u>52,769,687</u>	<u>993,358</u>	<u>63,822,653</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 12,121,359</u>	<u>\$ 55,346,898</u>	<u>\$ 1,035,356</u>	<u>\$ 68,503,613</u>

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA
 Reconciliation of the Balance Sheet to the Statement of Net Position
 Governmental Funds
 June 30, 2016
 (Stated in Thousands)

STATEMENT 1.12

Total Fund Balances - Governmental Funds \$ 63,822,653

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (Note 5).

These assets consist of:

Equipment, net of depreciation	269,167	
Buildings, net of depreciation	1,363,405	
Infrastructure, net of depreciation	2,776,845	
Land / right-of-way	1,000,792	
Construction in progress	1,883,373	
	<u>7,293,582</u>	7,293,582

Some of the state's assets are not current available resources and are not reported in the funds.

Claims and judgments, net of federal reimbursement	945	
Other post employment benefits asset (Note 7)	773	
	<u>1,718</u>	1,718

Deferred outflows of resources that are not reported in the funds.

Losses on bond refunding	13,453	
Related to pensions	534,124	
	<u>547,577</u>	547,577

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position (See Statement 1.21).

417,966

Certain revenues are not available to pay for the current period's expenditures and therefore are not reported in the funds.

389,014

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (Note 6).

Claims and judgments, net of federal reimbursement	(163,137)	
Compensated absences	(172,093)	
Pollution remediation	(117,841)	
Capital lease obligations	(293,769)	
Net pension liability	(4,086,491)	
	<u>(4,833,331)</u>	(4,833,331)

Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds (Note 6).

Notes and bonds payable	(1,324,833)	
Accrued interest payable	(15,107)	
	<u>(1,339,940)</u>	(1,339,940)

Deferred inflows of resources related to pensions that are not reported in the funds.

(319,673)

Net Position of Governmental Activities

\$ 65,979,566

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 1.13

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 107,074	\$ -	\$ 19,880	\$ 126,954
Licenses and Permits	131,428	-	35,095	166,523
Charges for Services	183,424	-	486	183,910
Fines and Forfeitures	32,357	-	323	32,680
Rents and Royalties	640,843	284,462	6,357	931,662
Premiums and Contributions	21,286	-	25,656	46,942
Interest and Investment Income (Loss)	195,405	512,316	13,363	721,084
Federal Grants in Aid	2,705,575	-	578	2,706,153
Payments In from Component Units	174,720	-	-	174,720
Other Revenues	45,692	-	24,916	70,608
Total Revenues	<u>4,237,804</u>	<u>796,778</u>	<u>126,654</u>	<u>5,161,236</u>
EXPENDITURES				
Current:				
General Government	410,384	105,357	3,547	519,288
Alaska Permanent Fund Dividend	1,330,027	-	-	1,330,027
Education	1,826,578	-	46,043	1,872,621
University	449,266	-	32,002	481,268
Health and Human Services	2,915,199	-	4,803	2,920,002
Law and Justice	252,049	2,578	-	254,627
Public Protection	764,466	-	695	765,161
Natural Resources	321,985	5,890	43,356	371,231
Development	429,184	-	5,114	434,298
Transportation	1,403,700	-	62,143	1,465,843
Intergovernmental Revenue Sharing	125,351	-	-	125,351
Debt Service:				
Principal	41,554	-	49,795	91,349
Interest and Other Charges	16,185	-	46,840	63,025
Total Expenditures	<u>10,285,928</u>	<u>113,825</u>	<u>294,338</u>	<u>10,694,091</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,048,124)</u>	<u>682,953</u>	<u>(167,684)</u>	<u>(5,532,855)</u>
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	-	263,090	263,090
Bonds Issued Premium	-	-	52,046	52,046
Capital Leases	12,170	-	-	12,170
Transfers In from Other Funds	715,508	-	82,631	798,139
Transfers (Out to) Other Funds	(92,063)	(713,765)	(6,577)	(812,405)
Total Other Financing Sources and Uses	<u>635,615</u>	<u>(713,765)</u>	<u>391,190</u>	<u>313,040</u>
Net Change in Fund Balances	(5,412,509)	(30,812)	223,506	(5,219,815)
Fund Balances - Beginning of Year	15,831,903	52,800,499	769,852	69,402,254
Prior Period Adjustment	(359,786)	-	-	(359,786)
Fund Balances - End of Year	<u>\$ 10,059,608</u>	<u>\$ 52,769,687</u>	<u>\$ 993,358</u>	<u>\$ 63,822,653</u>

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA
Reconciliation of the Change in Fund Balances to the Statement of Activities
Governmental Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 1.14

Net Change in Fund Balances - Total Governmental Funds \$ (5,219,815)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Primarily this is the amount by which capital outlays exceeded depreciation in the current period (Note 5).

Capital outlay	635,127	
Depreciation expense	<u>(420,671)</u>	214,456

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported in governmental activities in the Statement of Revenues, Expenses, and Changes in Fund Net Position (Statement 1.22).

Net current year revenue		27,355
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.

126,909

Bond and other debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position (See Statement 1.02).

Bond proceeds	(315,136)	
Accrued interest	(6,120)	
Repayment of bond principal	63,997	
Amortization of bond cost	<u>(2)</u>	(257,261)

Some capital additions were financed through capital leases. In the governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position (See Statement 1.01), the lease obligation is reported as a liability.

(12,170)

Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities or deferred outflows reported on the Statement of Net Position (See Statement 1.01) and have been eliminated from the Statement of Activities (See Statement 1.02).

Claims and judgments	(14,267)	
Compensated absences	546	
Pollution remediation	(26,128)	
Capital lease payments	26,663	
Pension	(62,599)	
Other post employment benefits	<u>13</u>	(75,772)

Change in Net Position of Governmental Activities \$ (5,196,298)

The notes to the financial statements are an integral part of this statement.



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Proprietary Funds Financial Statements

Proprietary funds are used to account for the State's business-type activities. The two fund types classified as proprietary funds are enterprise funds and internal service funds.

MAJOR ENTERPRISE FUNDS

Enterprise funds account for business-like state activities that provide goods and/or services to the public and are financed primarily through user charges. The following are the State's major enterprise funds.

- **International Airports Fund (Fund 3123)** – AS 37.15.420, AS 37.15.430 – Administered by the Department of Transportation and Public Facilities. This fund consists of all revenues, fees, charges, and rentals derived by the State from the ownership, lease, use, and operation of the international airports.

NONMAJOR FUNDS

Non-major proprietary funds are presented by fund type in the Combining Fund Statements.



STATE OF ALASKA
Statement of Net Position
Proprietary Funds
June 30, 2016
(Stated in Thousands)

STATEMENT 1.21

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Investments	\$ 70,841	\$ 733,121	\$ 803,962	\$ 121,035
Accounts Receivable - Net	19,357	20,384	39,741	775
Interest and Dividends Receivable	-	6,324	6,324	-
Due from Other Funds	21,817	1,459	23,276	21,732
Due from Other Governments	23,208	305	23,513	-
Loans, Notes, and Bonds Receivable	-	32,980	32,980	-
Inventories	-	-	-	3,945
Restricted Assets	1,555	-	1,555	-
Other Current Assets	-	-	-	7,700
Total Current Assets	136,778	794,573	931,351	155,187
Noncurrent Assets:				
Interest and Dividends Receivable	-	9,272	9,272	-
Loans, Notes, and Bonds Receivable	-	427,379	427,379	-
Repossessed Property	-	1,262	1,262	-
Restricted Assets	92,445	-	92,445	-
Other Noncurrent Assets	-	1,438	1,438	-
Capital Assets:				
Equipment, Net of Depreciation	32,252	-	32,252	183,459
Buildings, Net of Depreciation	714,129	-	714,129	127,041
Infrastructure, Net of Depreciation	449,632	-	449,632	-
Land / Right-of-Way	31,202	-	31,202	-
Construction in Progress	9,599	-	9,599	30,859
Total Noncurrent Assets	1,329,259	439,351	1,768,610	341,359
Total Assets	1,466,037	1,233,924	2,699,961	496,546
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	10,181	755	10,936	6,349
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	5,925	4,955	10,880	23,717
Due to Other Funds	42,133	3,316	45,449	92
Due to Other Governments	-	5,332	5,332	-
Interest Payable	7,529	-	7,529	-
Claims, Judgments, Compensated Absences, and Pollution Remediation	4,363	170	4,533	2,856
Unearned Revenue	554	-	554	-
Notes, Bonds, and Leases Payable	18,720	-	18,720	3,944
Other Current Liabilities	-	1,516	1,516	-
Total Current Liabilities	79,224	15,289	94,513	30,609
Noncurrent Liabilities:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	4,583	124	4,707	626
Notes, Bonds, and Leases Payable	455,757	-	455,757	20,123
Net Pension Liabilities	52,889	3,921	56,810	32,988
Total Noncurrent Liabilities	513,229	4,045	517,274	53,737
Total Liabilities	592,453	19,334	611,787	84,346
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	936	69	1,005	583
NET POSITION				
Net Investment in Capital Assets	813,876	-	813,876	317,293
Restricted for:				
Unemployment Compensation	-	440,599	440,599	-
Health and Human Services	-	483,984	483,984	-
Debt Service	19,523	-	19,523	-
Other Purposes	22,937	223	23,160	-
Unrestricted	26,493	290,470	316,963	100,673
Total Net Position	\$ 882,829	\$ 1,215,276	\$ 2,098,105	\$ 417,966

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 1.22

	Business-type Activities			Governmental
	Enterprise Funds			Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
OPERATING REVENUES				
Premiums and Contributions	\$ -	\$ 155,660	\$ 155,660	\$ 118,045
Allowance for Uncollectible Revenues	(2,500)	-	(2,500)	-
Charges for Goods and Services	139,197	1,607	140,804	107,180
Interest and Investment Income	-	8,674	8,674	-
Allowance for Uncollectible Interest	-	70	70	-
Fines and Forfeitures	-	48	48	-
Other Operating Revenues	470	-	470	2,050
Total Operating Revenues	<u>137,167</u>	<u>166,059</u>	<u>303,226</u>	<u>227,275</u>
OPERATING EXPENSES				
Benefits	-	152,505	152,505	130,862
Operating	71,433	9,127	80,560	71,445
Depreciation	68,096	20	68,116	33,287
Provision for Loan Losses and Forgiveness	-	1,146	1,146	-
Total Operating Expenses	<u>139,529</u>	<u>162,798</u>	<u>302,327</u>	<u>235,594</u>
Operating Income (Loss)	<u>(2,362)</u>	<u>3,261</u>	<u>899</u>	<u>(8,319)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	844	11,685	12,529	127
Interest and Investment Expense	(21,034)	(2,878)	(23,912)	(209)
Gain (Loss) on Disposal of Capital Assets	542	(20)	522	(470)
Other Nonoperating Revenues (Expenses)	(162)	(5,727)	(5,889)	-
Total Nonoperating Revenues (Expenses)	<u>(19,810)</u>	<u>3,060</u>	<u>(16,750)</u>	<u>(552)</u>
Income Before Capital Contributions and Transfers	(22,172)	6,321	(15,851)	(8,871)
Capital Contributions	40,030	19,807	59,837	20,793
Transfers In from Other Funds	945	15,050	15,995	15,433
Transfers (Out to) Other Funds	-	(16,742)	(16,742)	-
Change in Net Position	18,803	24,436	43,239	27,355
Total Net Position - Beginning of Year	864,026	1,190,840	2,054,866	390,611
Total Net Position - End of Year	<u>\$ 882,829</u>	<u>\$ 1,215,276</u>	<u>\$ 2,098,105</u>	<u>\$ 417,966</u>

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 1.23

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 129,076	\$ 230	\$ 129,306	\$ 266
Receipts for Interfund Services Provided	-	-	-	103,440
Receipt of Principal from Loan Recipients	-	48,362	48,362	-
Receipt of Interest and Fees from Loan Recipients	-	10,849	10,849	-
Receipts from Insured	-	158,316	158,316	118,044
Payments to Employees	(47,821)	(4,716)	(52,537)	(41,094)
Payments to Suppliers	(29,537)	(532)	(30,069)	(33,877)
Payments to Other Governments	-	(1,511)	(1,511)	-
Payments to Loan Recipients	-	(75,364)	(75,364)	-
Claims Paid	-	(147,546)	(147,546)	(132,357)
Payments for Interfund Services Used	(2,092)	(813)	(2,905)	(4,171)
Other Receipts	-	204	204	2,039
Other Payments	-	(233)	(233)	-
Net Cash Provided (Used) by Operating Activities	<u>49,626</u>	<u>(12,754)</u>	<u>36,872</u>	<u>12,290</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	-	(22,478)	(22,478)	-
Operating Subsidies and Transfers In from Other Funds	945	15,050	15,995	7,933
Federal Grants	(161)	-	(161)	-
Proceeds from Issuance of Short-term Debt	-	3,591	3,591	-
Payments on Short-term Debt	-	(3,591)	(3,591)	-
Interest and Fees Paid on Borrowing	-	(12)	(12)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>784</u>	<u>(7,440)</u>	<u>(6,656)</u>	<u>7,933</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Capital Assets	-	(20)	(20)	2,282
Acquisition and Construction of Capital Assets	(64,820)	-	(64,820)	(38,826)
Proceeds from Capital Debt	101,780	-	101,780	14,905
Principal Paid on Capital Debt	(124,094)	-	(124,094)	(1,421)
Interest and Fees Paid on Capital Debt	(21,805)	-	(21,805)	(161)
Capital Lease Payments (and Interest)	-	-	-	(712)
Passenger Facility Charges	6,436	-	6,436	-
Federal Grants	13,182	19,807	32,989	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(89,321)</u>	<u>19,787</u>	<u>(69,534)</u>	<u>(23,933)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales/Maturities of Investments	298,603	-	298,603	-
Purchase of Investments	(297,759)	-	(297,759)	-
Interest and Dividends on Investments	-	11,995	11,995	127
Change in Restricted Cash and Investments	21,628	(79)	21,549	-
Net Cash Provided (Used) by Investing Activities	<u>22,472</u>	<u>11,916</u>	<u>34,388</u>	<u>127</u>
Net Increase (Decrease) in Cash	(16,439)	11,509	(4,930)	(3,583)
Cash and Cash Equivalents - Beginning of Year	59,407	721,612	781,019	124,618
Cash and Cash Equivalents - End of Year	<u>\$ 42,968</u>	<u>\$ 733,121</u>	<u>\$ 776,089</u>	<u>\$ 121,035</u>

The notes to the financial statements are an integral part of this statement.

This statement continued on next page.

STATE OF ALASKA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 1.23

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (2,362)	\$ 3,261	\$ 899	\$ (8,319)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	68,096	-	68,096	33,287
Other Reconciling Items	(2,092)	(65)	(2,157)	-
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable - Net	(7,786)	4,509	(3,277)	242
Due from Other Funds	-	(1,203)	(1,203)	(1,537)
Due from Other Governments	-	19	19	-
Loans, Notes, and Bonds Receivable - Net	-	(25,566)	(25,566)	1,106
Repossessed Property	-	217	217	-
Interest and Dividends Receivable - Net	-	682	682	-
Inventories	-	-	-	(22)
Other Assets	-	(219)	(219)	(1,117)
Deferred Outflows of Resources	7,933	(546)	7,387	6,365
Due to Other Funds	-	1,451	1,451	(2,120)
Due to Other Governments	-	1,221	1,221	-
Accounts Payable and Accrued Liabilities	2,713	2,664	5,377	2,904
Net Pension Liability	(12,938)	-	(12,938)	(13,213)
Other Liabilities	3,117	828	3,945	(260)
Deferred Inflows of Resources	(7,055)	(7)	(7,062)	(5,026)
Net Cash Provided (Used) by Operating Activities	<u>\$ 49,626</u>	<u>\$ (12,754)</u>	<u>\$ 36,872</u>	<u>\$ 12,290</u>
Reconciliation of Cash to the Statement of Net Position:				
Total Cash and Investments per the Statement of Net Position	\$ 70,841	\$ 733,121	\$ 803,962	\$ 121,035
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	(27,873)	-	(27,873)	-
Cash, End of Year	<u>\$ 42,968</u>	<u>\$ 733,121</u>	<u>\$ 776,089</u>	<u>\$ 121,035</u>
Noncash Investing, Capital, and Financing Activities:				
Contributed Capital Assets	-	-	-	20,793
Transfers (Out to) Other Funds (Accrual)	-	(2)	(2)	-
Transfers In from Other Funds (Accrual)	-	-	-	7,500



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Fiduciary Funds

Financial Statements

Individual fund descriptions and financial statements are presented in the Combining Fund Statements.

Pension and Other Employee Benefit Trust Funds
Agency Funds



STATE OF ALASKA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016
(Stated in Thousands)

STATEMENT 1.31

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 274,855	\$ 347,845
Investments:		197,067
Fixed Income	3,097,898	
Domestic Equities	6,117,275	
International Equities	5,611,140	
Alternative Equity Strategies	979,853	
Private Equity Pool	1,836,486	
Absolute Return Pool	1,515,517	
Real Assets	4,138,400	
Pooled Investment Funds	2,783,792	
Collective Investment Funds	1,844,213	
Synthetic Investment Contracts	556,258	
Investment Loss Trust Fund Assets	1,951	-
Accounts Receivable - Net	684	(1,750)
Contributions Receivable	41,845	-
Interest and Dividends Receivable	19	-
Due from Other Funds	26,963	4,377
Other Assets	5,300	-
Total Assets	<u>28,832,449</u>	<u>547,539</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	17,869	4,006
Forfeiture Payable to Employer	36,328	-
Claims Payable	93,343	-
Trust Deposits Payable	-	541,978
Due to Other Funds	4,778	1,555
Total Liabilities	<u>152,318</u>	<u>547,539</u>
NET POSITION		
Held in Trust for:		
Pension Benefits	13,350,533	-
Postemployment Benefits	10,112,530	-
Individuals, Organizations, and Other Governments	5,217,068	-
Total Net Position	<u>\$ 28,680,131</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 1.32

	<u>Pension and Other Employee Benefit Trust Funds</u>
ADDITIONS	
Premiums and Contributions:	
Employer	\$ 673,883
Member	444,962
Other	262,519
Total Premiums and Contributions	<u>1,381,364</u>
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	(435,841)
Interest	96,642
Dividends	337,690
Total Investment Income	<u>(1,509)</u>
Less Investment Expense	63,781
Net Investment Income	<u>(65,290)</u>
Other	42,194
Total Additions	<u>1,358,268</u>
DEDUCTIONS	
Benefits Paid	1,999,323
Refunds of Premiums and Contributions	50,304
Administrative Expenses	41,841
Total Deductions	<u>2,091,468</u>
Net Increase (Decrease) in Net Position Held in Trust for:	
Pension Benefits	(684,324)
Postemployment Benefits	(198,466)
Individuals, Organizations, and Other Governments	149,590
Net Position - Beginning of the Year	29,413,331
Net Position - End of the Year	<u>\$ 28,680,131</u>

The notes to the financial statements are an integral part of this statement.



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Component Units

Financial Statements

Component units are legally separate entities for which the primary government is financially accountable or such that their exclusion would cause the State's financial statements to be misleading or incomplete.

MAJOR COMPONENT UNITS

- **University of Alaska** – AS 14.40.040 – is established as a corporation and is an instrumentality of the State. The university is created and acts for the benefit of the State and the public in providing education in accordance with an express mandate of the constitution.
- **Alaska Housing Finance Corporation (AHFC)** – AS 18.56.020 – is a public corporation and government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the State. The purpose of AHFC is to assist in providing decent, safe, and sanitary housing by financing mortgage loans.
- **Alaska Industrial Development and Export Authority (AIDEA)** – AS 44.88.020 – is a public corporation of the State and a political subdivision within the Department of Commerce, Community, and Economic Development. The purpose of AIDEA is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska; to relieve problems of unemployment; to create additional employment by providing various means of financing; and to facilitate the financing of industrial, manufacturing, export, and business enterprises within the State.

NONMAJOR COMPONENT UNITS

Non-major component units are presented in the Combining Fund Statements.





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STATE OF ALASKA
Statement of Net Position
Component Units
June 30, 2016
(Stated in Thousands)

STATEMENT 1.41

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Nonmajor Component Units	Total
ASSETS					
Cash and Investments	\$ 210,185	\$ 479,410	\$ 552,930	\$ 903,110	\$ 2,145,635
Accounts Receivable - Net	25,810	-	551	27,692	54,053
Interest and Dividends Receivable	589	12,325	3,773	23,830	40,517
Due from Primary Government	10,042	16,756	-	20,339	47,137
Due from Component Units	63	192	3,814	-	4,069
Due from Other Governments	25,047	909	-	9,915	35,871
Loans, Notes, and Bonds Receivable	7,627	2,817,494	416,871	1,236,337	4,478,329
Inventories	5,375	-	759	11,573	17,707
Repossessed Property	-	-	175	-	175
Net Investment in Direct Financing Leases	-	34,555	164,301	-	198,856
Investments in Projects, Partnerships, or Corporations	-	-	55,621	-	55,621
Restricted Assets	596,314	206,282	134,573	1,317,090	2,254,259
Securities Lending Collateral	-	-	-	8,625	8,625
Other Assets	3,966	17,889	1,993	32,065	55,913
Capital Assets:					
Equipment, Net of Depreciation	230,132	713	9,733	194,614	435,192
Buildings, Net of Depreciation	1,004,801	89,296	50,908	25,782	1,170,787
Library Books, Net of Depreciation	9,807	-	-	-	9,807
Infrastructure, Net of Depreciation	115,880	-	64,305	848,787	1,028,972
Museum Collections	7,344	-	-	-	7,344
Land / Right-of-Way	40,317	19,812	3,539	51,775	115,443
Construction in Progress	209,595	-	36,660	260,092	506,347
Total Assets	<u>2,502,894</u>	<u>3,695,633</u>	<u>1,500,506</u>	<u>4,971,626</u>	<u>12,670,659</u>
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	<u>32,536</u>	<u>234,921</u>	<u>9,147</u>	<u>16,058</u>	<u>292,662</u>
LIABILITIES					
Accounts Payable and Accrued Liabilities	62,889	11,866	1,607	61,233	137,595
Obligations Under Securities Lending	-	-	-	8,625	8,625
Due to Primary Government	-	134	45,600	22,526	68,260
Due to Component Units	16,224	-	-	3,642	19,866
Due to Other Governments	-	-	-	978	978
Interest Payable	-	9,628	2,285	18,534	30,447
Derivative Instruments	-	210,543	-	-	210,543
Other Current Liabilities	18,733	71,589	1,591	3,408	95,321
Long-term Liabilities:					
Portion Due or Payable Within One Year:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	12,723	2,360	-	1,772	16,855
Unearned Revenue	30,843	-	-	4,601	35,444
Notes, Bonds, and Leases Payable	12,249	65,766	12,109	109,706	199,830
Other Noncurrent Liabilities	-	426	-	-	426
Portion Due or Payable After One Year:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	1,978	-	2,451	4,429
Unearned Revenue	50,000	-	-	6,553	56,553
Notes, Bonds, and Leases Payable	309,666	2,017,816	108,524	1,306,832	3,742,838
Net Pension Liabilities	239,525	37,859	12,606	36,614	326,604
Other Noncurrent Liabilities	9,906	386	13,308	869	24,469
Total Liabilities	<u>762,758</u>	<u>2,430,351</u>	<u>197,630</u>	<u>1,588,344</u>	<u>4,979,083</u>
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	<u>4,646</u>	<u>670</u>	<u>254</u>	<u>589,389</u>	<u>594,959</u>
NET POSITION					
Net Investment in Capital Assets	1,411,653	109,821	167,417	616,603	2,305,494
Restricted for:					
Permanent Funds					
Nonexpendable	-	-	-	430,255	430,255
Expendable	-	-	-	148,340	148,340
Education	359,422	-	-	-	359,422
Development	-	-	950	118,208	119,158
Debt Service	11,737	552,315	-	79,728	643,780
Other Purposes	-	161,436	-	1,081,247	1,242,683
Unrestricted	(14,786)	675,961	1,143,402	335,570	2,140,147
Total Net Position	<u>\$ 1,768,026</u>	<u>\$ 1,499,533</u>	<u>\$ 1,311,769</u>	<u>\$ 2,809,951</u>	<u>\$ 7,389,279</u>

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA
Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 1.42

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
Component Units:				
University of Alaska	\$ 855,174	\$ 196,969	\$ 210,648	\$ 60,299
Alaska Housing Finance Corporation	260,128	139,986	51,438	74,082
Alaska Industrial Development and Export Authority	58,244	57,024	646	1,377
Nonmajor Component Units	678,870	231,055	50,068	48,828
Total Component Units	\$ 1,852,416	\$ 625,034	\$ 312,800	\$ 184,586

General Revenues:
Taxes
Severance Taxes
Interest and Investment Income (Loss)
Payments In from Component Units
Payments In from Primary Government
Other Revenues
Total General Revenues and Contributions
Change in Net Position
Net Position - Beginning of Year (Restated)
Net Position - End of Year

The notes to the financial statements are an integral part of this statement.

STATEMENT 1.42

Net (Expense) Revenue and Changes in Net Position				
University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Nonmajor Component Units	Total Component Units
\$ (387,258)	\$	\$	\$	\$ (387,258)
	5,378			5,378
		803		803
			(348,919)	(348,919)
<u>(387,258)</u>	<u>5,378</u>	<u>803</u>	<u>(348,919)</u>	<u>(729,996)</u>
-	-	-	9,682	9,682
(4,361)	5,797	20,393	14,170	35,999
31,152	-	-	-	31,152
371,410	-	10	143,774	515,194
-	2,877	25	14,584	17,486
<u>398,201</u>	<u>8,674</u>	<u>20,428</u>	<u>182,210</u>	<u>609,513</u>
<u>10,943</u>	<u>14,052</u>	<u>21,231</u>	<u>(166,709)</u>	<u>(120,483)</u>
<u>1,757,083</u>	<u>1,485,481</u>	<u>1,290,538</u>	<u>2,976,660</u>	<u>7,509,762</u>
<u>\$ 1,768,026</u>	<u>\$ 1,499,533</u>	<u>\$ 1,311,769</u>	<u>\$ 2,809,951</u>	<u>\$ 7,389,279</u>



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Notes to the Basic Financial Statements

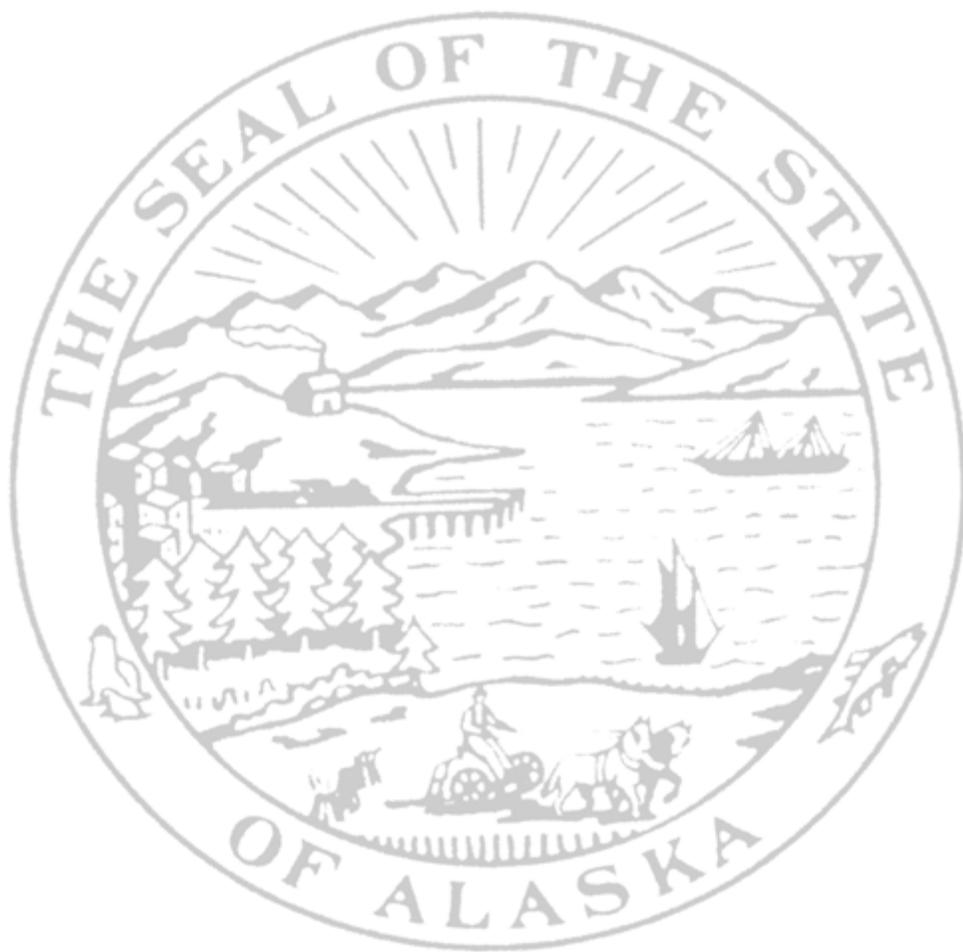




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**STATE OF ALASKA
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For the Fiscal Year Ended June 30, 2016**

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Alaska have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles, which are primarily set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards. Preparation of financial statements in conformity with GAAP requires the use of estimates, as disclosed in the applicable notes.

A. THE FINANCIAL REPORTING ENTITY

The State of Alaska (State) was admitted to the Union in 1959 and is governed by an elected governor and a sixty-member elected legislature. As required by GAAP, these financial statements present all the fund types of the State which includes all agencies, boards, commissions, authorities, courts, and colleges and universities that are legally part of the State (primary government) and its component units discussed below. Component units are legally separate entities for which the primary government is financially accountable or such that their exclusion would cause the State's financial statements to be misleading or incomplete.

The following component units are included in the accompanying financial statements. Blended component units, although legally separate entities, are, in substance, part of the State's operations and provide services entirely or almost entirely to the State. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the State. Fiduciary component units are reported in the fiduciary section of the fund financial statements and are not included in the government-wide financial statements. Individual component unit financial reports may also be obtained from these organizations as indicated.

BLENDED COMPONENT UNITS

The **Alaska Housing Capital Corporation (AHCC)** is a public corporation and government instrumentality of, but having a legal existence independent and separate from, the State. AHCC is a subsidiary of, but separate and apart from, the Alaska Housing Finance Corporation (AHFC). The commissioners of the departments of Revenue; Commerce, Community and Economic Development; Health and Social Services; and four independent public members appointed by the Governor comprise the AHCC board of directors. The Legislature appropriates the budget for AHCC for the purpose of funding future capital projects for the State. The corporation has the power to borrow money and issue bonds on its own behalf. AHCC is reported within the governmental funds as a special revenue fund. AHCC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Alaska Permanent Fund Corporation (APFC)** is a public corporation and government instrumentality in the Department of Revenue, Alaska Statute (AS) 37.13.040. A governor-appointed six-member board manages APFC. The Legislature approves APFC's budget. The purpose of APFC is to manage and invest the assets of the Alaska Permanent Fund (Fund) and other funds designated by law. The Fund is a savings device, restricted as to usage, which belongs to all the people of Alaska. It was created in 1976 when the voters approved an amendment to the State Constitution. The beneficiaries of the Fund are all present and future generations of Alaskans. The Fund represents 82 percent of the total cash and investments and 78 percent of total government-wide net position excluding discretely presented component units. The Fund is reported as a permanent fund (a governmental fund type), and APFC operations are included in the fund statements. Separately issued financial statements may be obtained from the Alaska Permanent Fund Corporation, P.O. Box 115500, Juneau, AK 99811-5500, or from their web site at www.apfc.org.

The **Knik Arm Bridge and Toll Authority (KABTA)** is a public corporation and government instrumentality in the Department of Transportation and Public Facilities (AS 19.75.021). The authority has a separate and independent legal existence from the State. It is governed by a board of directors, including the commissioner of the Department of Transportation and Public Facilities, the commissioner of the Department of Revenue, three public members appointed by the Governor, and two non-voting members: a member of the House of Representatives appointed by the Speaker; and a member of the Senate appointed by the President. The purpose of the authority was to develop public transportation systems in the vicinity of Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the Municipality of Anchorage with the Matanuska-Susitna Borough. Chapter 51, SLA 2014 transferred KABTA's authority to construct a Knik Arm Bridge, including the associated rights and financial items, to the Department of Transportation and Public Facilities effective July 1, 2014. KABTA financial statements are included in the Combining Fund section of this Comprehensive Annual Financial

Report (CAFR) with the Nonmajor Enterprise Funds. In addition, fund financial statements are included as other supplementary information, since there are no separately issued financial statements for KABTA.

The **Northern Tobacco Securitization Corporation** (NTSC) is a public corporation and government instrumentality of, but having a legal existence independent and separate from, the State. NTSC is a subsidiary of, but separate and apart from, the Alaska Housing Finance Corporation (AHFC). The commissioners of the departments of Revenue; Health and Social Services; and Commerce, Community and Economic Development; and two independent public members appointed by the Governor comprise the NTSC board of directors.

The purpose of NTSC is to purchase future rights, title, and interest in Tobacco Settlement Revenues (TSRs) from the State under the Master Settlement Agreement and Final Judgment (MSA). The MSA resolved cigarette smoking-related litigation between the settling states and the participating manufacturers, released the manufacturers from past and present smoking-related claims, and provides for a continuing release of future smoking-related claims, in exchange for certain payments to be made to the settling states, as well as certain tobacco advertising and marketing restrictions among other things.

NTSC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose. When NTSC's obligations with the bonds have been fulfilled, the TSRs revert back to the State under the residual certificate. Consideration paid by NTSC through AHFC to the State for TSRs consisted of a cash amount sent to the State's custodial trust accounts and a residual certificate assigned to the State.

The bonds of NTSC are asset-backed instruments secured solely by the TSRs and NTSC's right to receive TSRs is expected to produce funding for its obligations. The TSR payments are dependent on a variety of factors, some of which are: the financial capability of the participating manufacturers to pay TSRs; future cigarette consumption that impacts the TSR payment; and future legal and legislative challenges against the tobacco manufacturers and the MSA providing for the TSRs. Pursuant to bond indentures, these adjustments could affect the amount of funds available to pay scheduled debt service payments.

NTSC is reported in the governmental fund types as special revenue and debt service funds. The revenue bond debt is reported in the government-wide statement of net position in the governmental fund activities column. NTSC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

DISCRETELY PRESENTED COMPONENT UNITS

The **Alaska Aerospace Corporation** (AAC) is a public corporation of the State located for administrative purposes within the Department of Military and Veterans Affairs (AS 26.27.010). The Governor appoints the voting members of the AAC board of directors and the Legislature approves AAC's budget. AAC is also affiliated with the University of Alaska but with a separate and independent legal existence. The purpose of AAC is to allow the State to take a lead role in the exploration and development of space, to enhance human and economic development, to provide a unified direction for space-related economic growth, education and research development, and tourism related activities. AAC is also to promote the continued utilization of the Poker Flat Research Range as a launch site for launch vehicles and for scientific research. Additionally, AAC is to promote and encourage the continued utilization of Poker Flat Research Range for the University of Alaska's polar research efforts. AAC financial statements may be obtained from the Alaska Aerospace Corporation, 4300 B Street, Suite 101, Anchorage, AK 99503.

The **Alaska Energy Authority** (AEA) is a public corporation of the State in the Department of Commerce, Community and Economic Development but with a separate and independent legal existence (AS 44.83.020). The purpose of AEA was to promote, develop, and advance the general prosperity and economic welfare of the people of the State by providing a means of constructing, acquiring, financing, and operating power projects and facilities that recover and use waste energy.

However, Chapters 18 and 19, Session Laws of Alaska (SLA) 1993, which became effective August 11, 1993, eliminated the ability of AEA to construct, own, and acquire energy projects, and the programs operated by AEA were transferred to the Department of Community and Regional Affairs. The corporate structure of AEA was retained but the board of directors of the Alaska Industrial Development and Export Authority (AIDEA) is now the board of directors of AEA. It is the intent of the legislation that ongoing operation of the operating assets be assumed by the electric utility companies that use or purchase power from AEA with oversight responsibility retained by AEA. The Governor appoints all members of the AEA board of directors and the Legislature approves AEA's budget.

Pursuant to legislation effective July 1, 1999, rural energy programs previously administered by the former Department of Community and Regional Affairs were transferred to AEA for administration as part of a larger reorganization of State agencies. Rural energy programs were originally part of AEA prior to the reorganization that occurred in 1993. AEA financial statements may be obtained from the Alaska Industrial Development and Export Authority, 813 W. Northern Lights Blvd., Anchorage, AK 99503.

The **Alaska Gasline Development Corporation (AGDC)** is a public corporation and governmental instrumentality within the Department of Commerce, Community, and Economic Development, but having a legal existence independent and separate from, the State (AS 31.25.010). Currently, the commissioners of the departments of Commerce, Community and Economic Development; and Labor and Workforce Development, and five independent public members appointed by the Governor and confirmed by the Legislature comprise the AGDC board of directors. The Legislature appropriates the budget for AGDC for the purpose of planning, constructing, and financing in-state natural gas pipeline projects. The corporation has the power to borrow money and issue bonds on its own behalf. AGDC financial statements may be obtained from the Alaska Gasline Development Corporation, 3201 C Street, Suite, 200, Anchorage, AK 99503.

The **Alaska Housing Finance Corporation (AHFC)** is a public corporation and government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the State (AS 18.56.020). The Governor appoints the board of directors of AHFC. The Legislature approves AHFC's budget. AHFC assists in providing decent, safe, and sanitary housing by financing mortgage loans. AHFC acts as the principal source of residential financing in the State and functions as a secondary mortgage market. AHFC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Alaska Industrial Development and Export Authority (AIDEA)** is a public corporation of the State and a political subdivision within the Department of Commerce, Community and Economic Development (AS 44.88.020). The Governor appoints all members of the AIDEA board of directors and the Legislature approves AIDEA's budget. The purpose of AIDEA is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska; to relieve problems of unemployment; to create additional employment by providing various means of financing; and to facilitate the financing of industrial, manufacturing, export, and business enterprises within the State. AIDEA financial statements may be obtained from the Alaska Industrial Development and Export Authority, 813 W. Northern Lights Blvd., Anchorage, AK 99503.

The **Alaska Mental Health Trust Authority (AMHTA)** is established as a public corporation of the State within the Department of Revenue (AS 47.30.011). The Governor appoints the AMHTA board of trustees. The Legislature approves AMHTA's budget. The purpose of AMHTA is to ensure an integrated comprehensive mental health program. As provided in AS 37.14.009, AMHTA is to administer the trust established under the Alaska Mental Health Enabling Act of 1956. AMHTA financial statements may be obtained from the Alaska Mental Health Trust Authority, 3745 Community Park Loop, Suite 200, Anchorage, AK 99508.

The **Alaska Municipal Bond Bank Authority (AMBBA)** is a public corporation and an instrumentality of the State within the Department of Revenue, but with a legal existence independent of and separate from the State (AS 44.85.020). The Governor appoints members of the AMBBA board of directors. The Legislature approves AMBBA's budget. AMBBA was created for the purpose of making available to municipalities within the state, monies to finance their capital projects or for other authorized purposes by means of issuance of bonds by AMBBA and use of proceeds from such bonds to purchase from the municipalities their general obligation and revenue bonds. AMBBA commenced operations in August 1975. AMBBA financial statements may be obtained from the Alaska Municipal Bond Bank Authority, P.O. Box 110405, Juneau, AK 99811-0405.

The **Alaska Railroad Corporation (ARRC)** is a public corporation and instrumentality of the State within the Department of Commerce, Community and Economic Development (AS 42.40.010). ARRC has a legal existence independent of and separate from the State. The powers of ARRC are vested in the board of directors. All members of the board of directors of ARRC are appointed by and serve at the pleasure of the Governor. ARRC was created by the State Legislature to own and operate the railroad and manage its rail, industrial, port, and other properties. The ARRC commenced operations on January 6, 1985. ARRC financial statements may be obtained from the Alaska Railroad Corporation, P.O. Box 107500, Anchorage, AK 99510-7500.

The **Alaska Student Loan Corporation (ASLC)** is a public corporation and government instrumentality within the Department of Education and Early Development but having a legal existence independent of and separate from the State

(AS 14.42.100). ASLC is governed by a board of directors appointed by the Governor. The Legislature approves ASLC's budget. The purpose of ASLC is to improve higher educational opportunities for residents of the State. ASLC financial statements may be obtained from the Alaska Commission on Postsecondary Education, P.O. Box 110505, Juneau, AK 99811-0505.

The **University of Alaska** is established as a corporation and is an instrumentality of the State (AS 14.40.040). A board of regents appointed by the Governor and confirmed by the Legislature governs the university. The Legislature approves the university's budget. The university is created and acts for the benefit of the State and the public in providing education in accordance with an express mandate of the constitution. The financial statements of the university include the assets, liabilities, and related activity of the University of Alaska Foundation, a legally separate nonprofit component unit. The university is not accountable for, nor has ownership of, the foundation's resources. The university's financial statements may be obtained from the University of Alaska, Statewide Fund Accounting, 209 Butrovich Building, P.O. Box 756540, Fairbanks, AK 99775-6540.

The **Alaska Seafood Marketing Institute** (ASMI) is a public corporation of the State (AS 16.51.010). It is an instrumentality of the State with a legal existence independent of and separate from the State. ASMI is governed by a board of directors appointed by the Governor, and its budget is approved by the Legislature. The purpose of ASMI is to promote all species of seafood and their by-products harvested in Alaska for sale, and to develop market-oriented quality specifications. Exercise of the powers conferred by statute to ASMI is an essential governmental function. ASMI financial statements are included in the Combining Fund section of this CAFR with the Nonmajor Component Units. In addition, fund financial statements are included as other supplementary information, since there are no separately issued financial statements for ASMI.

FIDUCIARY COMPONENT UNITS

The **Public Employees' Retirement System** (PERS) was established by AS 39.35.095 (defined benefit) and AS 39.35.700 (defined contribution). The Commissioner of the Department of Administration or the commissioner's designee is the administrator of PERS. The administrator is responsible for the administration of PERS in accordance with State statutes. The Commissioner of the Department of Administration adopts regulations to govern the operation of the PERS. Hearings and rulings on the appeal of the decision of the administrator are in the jurisdiction of the Office of Administrative Hearings (OAH). The Alaska Retirement Management Board (ARMB) approves employers' rates. PERS costs, based upon actuarial valuations, are funded by the State, participating governmental employers, and participants. PERS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of PERS and consists of nine trustees: the Commissioners of the Department of Administration and Revenue; two members of the general public; one member who is employed as a finance officer for a political subdivision participating in either the PERS or Teachers' Retirement System (TRS); two members of PERS; and two members of TRS. All members of the ARMB are appointed by and serve at the pleasure of the Governor.

The **Teachers' Retirement System** was established by AS 14.25.009 (defined benefit) and AS 14.25.310 (defined contribution). The Commissioner of the Department of Administration or the commissioner's designee is the administrator of the system. The administrator is responsible for the administration of TRS in accordance with State statutes. The Commissioner of the Department of Administration adopts regulations to govern the operation of the TRS. Hearings and rulings on the appeal of the decision of the administrator are in the jurisdiction of the OAH. The ARMB approves employers' rates. TRS costs, based upon actuarial valuations, are funded by the State, participating governmental employers, and participants. TRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of TRS.

The **Judicial Retirement System** (JRS) was established by AS 22.25.048. The Commissioner of the Department of Administration is responsible for the administration of JRS. JRS costs, based upon actuarial valuations, are funded by the State and participants. JRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of JRS.

The **Alaska National Guard and Alaska Naval Militia Retirement System** (NGNMRS) was established by AS 26.05.222. The Commissioner of the Department of Administration is responsible for the administration of NGNMRS. NGNMRS costs, based upon actuarial valuations, are funded by the State. NGNMRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of NGNMRS.

The **Supplemental Benefits System (SBS)** was established by AS 39.30.150. The Commissioner of the Department of Administration is responsible for the administration of SBS. SBS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of SBS.

The **Deferred Compensation Plan (DCP)** was established by AS 39.45.010. The Commissioner of the Department of Administration is responsible for the administration of DCP. DCP is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of DCP.

Copies of the audited financial statements for the retirement systems, and for SBS and DCP, may be obtained from the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or from their website at <http://doa.alaska.gov/dr/b/>.

B. BASIC FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements (as well as these notes to the financial statements). The previous financial reporting model emphasized fund types (the total of all funds of a particular type), while the current financial reporting model focus is on either the State as a whole (government-wide statements), or on major individual funds (fund financial statements). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information of all nonfiduciary activities of the State and its component units. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from the component units for which the primary government is financially accountable.

The Statement of Net Position presents the reporting entity's nonfiduciary assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- **Net Investment in Capital Assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other borrowing that are attributed to the acquisition, construction, or improvement of those assets.
- **Restricted Net Position** results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** consists of net position that does not meet the definition of the two preceding categories. The unrestricted net position often is designated to indicate management does not consider them available for general operations (see note 1.F.). The unrestricted net position often has constraints on resources that are imposed by management, but can be modified or removed.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide statements. The fund financial statements focus on major funds, of which the State has three: the General Fund and the Alaska Permanent Fund, both of which are governmental funds; and the International Airports Fund, which is an enterprise fund. All nonmajor funds are summarized into a single column on the respective fund statements: governmental; proprietary, which includes enterprise and internal service fund types; and fiduciary, which includes pension (and other employee benefit) trust funds, and agency funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements; however, agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance operations during the current year or to liquidate liabilities existing at the end of the year (collectible within 60 days of fiscal year end). When an asset is recorded in governmental fund financial statements but the revenue is not available, the government reports a deferred inflow of resources until such time as the revenue becomes available. Major revenues that are determined to be susceptible to accrual include federal, charges for services, investment income, and petroleum related taxes and royalties.

Expenditures are recognized when a liability is incurred. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when payment is due and payable.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are reported as nonoperating.

When both restricted and unrestricted resources are available for use, it is the State's policy to use restricted resources first, then unrestricted resources as they are needed.

D. FINANCIAL STATEMENT PRESENTATION

The State reports three major funds, the General Fund, and the Alaska Permanent Fund, both of which are governmental funds, and the International Airports Fund, which is a proprietary enterprise fund. The General Fund is the State's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The Alaska Permanent Fund was created in 1976 to save a portion of the State's one-time oil wealth to produce income to benefit current and future generations. The International Airports Fund was created in 1961 to equip, finance, maintain, and operate two international airports located in Anchorage and Fairbanks. In addition, the State reports the following fund types:

GOVERNMENTAL FUND TYPES

Special revenue funds are used to account for the proceeds of specific revenue sources that are generally legally restricted to expenditure for specified purposes.

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital project funds account for the acquisition or construction of major capital facilities financed by bond proceeds.

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry. In addition to the Alaska Permanent Fund (major fund), the State has two other permanent funds, the Public School Trust Fund and the Alaska Mental Health Trust Authority (a discretely presented component unit).

PROPRIETARY FUND TYPES

Enterprise funds are used to report any activity for which a fee is charged to external users for goods and services.

Internal service funds are used to report any activity that provides goods or services primarily to other funds or agencies of the State, rather than to the general public. Internal service fund activities of the State include facilities management of State-

owned buildings, self-insurance health care for State employees, vehicle and equipment maintenance and supplies, and computing and telecommunication services.

FIDUCIARY FUND TYPES

Pension (and other employee benefits) trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, and other postemployment benefit plans. These funds account for the Alaska National Guard and Alaska Naval Militia Retirement System, Deferred Compensation, Judicial Retirement System, Public Employees' Retirement System, Retiree Health, Supplemental Benefits System, and Teachers' Retirement System.

Agency funds are used to report resources held by the State purely in a custodial capacity (assets equal liabilities). These funds include resources from unclaimed property, wage and hour, deposits/bonds held, offender trust accounts, advocacy/guardianship trusts, and damage recoveries arising out of the Exxon Valdez oil spill.

E. FISCAL YEAR ENDS

All funds and discretely presented component units of the State are reported using fiscal years which end on June 30, except the Alaska Railroad Corporation whose fiscal year ends on December 31.

F. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION / FUND BALANCE

CASH AND INVESTMENTS, CASH AND CASH EQUIVALENTS

The amounts shown on the statements of net position and the balance sheets as Cash and Investments represent cash on deposit in banks, petty cash, cash invested in various short-term instruments, and other investments of the State and its component units. Investments are stated at fair value, which approximates market value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Investment purchases and sales are recorded on a trade-date basis.

Marketable debt securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the most current sale price or based on a valuation provided by investment managers. The noninterest bearing deposits are reported at cost, which approximates fair value.

Domestic, international, and emerging markets equity securities are valued each business day using prices obtained from a pricing service or prices quoted by one or more independent brokers.

Private equity investments are valued quarterly by the general partners and investment sponsors. Underlying assets comprise venture capital, buyout, restructuring and special situation investments through limited partnership agreements. Each manager independently determines the limited partnerships to invest in.

Absolute return investments are valued monthly by the general partners. Underlying assets comprise hedge fund investments through limited partnership agreements. Each manager independently determines the limited partnerships to invest in.

The energy related investments consist primarily of loans and preferred stock that are valued at fair value.

Real estate, farmland, private infrastructure and timber investments are valued quarterly by investment managers and are appraised annually by independent appraisers or valued by valuation specialists.

Infrastructure investments are valued at least quarterly by investment managers. Underlying assets are valued by independent valuation specialists.

Securities expressed in terms of foreign currencies are translated into U.S. dollars at the prevailing exchange rates. Forward currency contracts are valued at the mid-point of representative quoted bid and asked prices.

The Statement of Cash Flows for the enterprise funds shows changes in cash and cash equivalents. For the purpose of the Statement of Cash Flows, all highly liquid debt instruments with original maturities of three months or less are considered cash and cash equivalents. In addition, because the State's General Fund and Other Non-segregated Investment (GeFONSI) pool, the Short-term Fixed Income Pool, Short-term Treasury Fixed Income Pool, and the Short-term Liquidity Pool operate as demand deposit accounts, amounts invested in the pools are classified as cash and cash equivalents. At June 30, 2016, the assets of the GeFONSI pool were comprised of shares in the Short-term Fixed Income Pool, the Short-term Liquidity Pool and the Intermediate-term Fixed Income Pool.

RECEIVABLES

Receivables have been established and offset with proper provisions for estimated uncollectible accounts where applicable. The amount of noncurrent receivables does not constitute expendable available financial resources and therefore are not available for appropriation.

Practically all accounts receivable of Governmental Funds are due from oil companies and governmental entities, primarily the federal government, and are considered collectible. Accounts receivable in other funds have arisen in the ordinary course of business.

INTER/INTRAFUND TRANSACTIONS

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

INVENTORIES

Inventories reported for the internal service funds and the General Fund consist mainly of consumable materials and supplies. Inventories are carried at cost (average cost for Highway Equipment Working Capital; first in first out (FIFO) for the General Fund), and are accounted for on the consumption method. However, the majority of materials and supplies for State agencies are accounted for as expenditures at the time of purchase. Inventory of the University of Alaska is carried at the lower of cost or market. The Alaska Railroad Corporation carries their inventories at the lower of average cost or market.

CAPITAL ASSETS

Capital assets are reported in the Statement of Net Position at cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the time of donation including Statehood entitlement land that is carried at an estimated value of \$1 per acre.

Capital assets are depreciated on the straight-line method over the estimated useful lives of the related assets.

All public domain infrastructure acquired by the State, such as highways, bridges, harbors, and rural airports is capitalized.

The State possesses certain capital assets that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. These assets include the State's art, library reserve, museum, and historical collections. These assets are: held for public exhibition, education, or research rather than financial gain; protected, kept unencumbered, cared for, and preserved; and proceeds from the sale of collection items are used to acquire other items for collections.

Additional disclosures related to capital assets are provided in Note 5.

COMPENSATED ABSENCES

Regulations governing annual/personal leave (vacation pay) provide that State employees will receive time off, or pay, for hours accumulated. Consequently, a liability exists with respect to accumulated annual/personal leave at any given time. This liability is recognized and reported in the government-wide and proprietary fund financial statements. As of June 30, 2016, the State's estimated liability for compensated absences, as reported in the government-wide Statement of Net Position, is \$175.6 million. There is no liability in the accompanying financial statements for unpaid accumulated sick leave.

Accumulated sick leave may be used only for actual illness. When an employee separates from service, any sick leave balance to their credit is reduced to zero without additional compensation to the employee. See Note 12 for disclosure of the amount of the sick leave contingency.

The cost of compensated absences (annual/personal leave and sick leave) for State employees is charged against agency appropriations when leave is used rather than when leave is earned, except for the payment of the accumulated annual/personal leave balance for an employee terminating from state service. That amount is charged to a terminal leave liability account rather than the individual agency appropriation. This liability account is funded by a charge to each agency's operating budget.

DEFERRED OUTFLOW/INFLOW OF RESOURCES

A deferred outflow of resources represents a consumption of net position applicable to a future reporting period and therefore is not recognized as a current year expense. A deferred inflow of resources is an acquisition of net position applicable to a future reporting period and therefore is not recognized as current year revenue.

NET POSITION / FUND BALANCE

Fund assets and deferred outflow less liabilities and deferred inflows is "net position" on the government-wide, proprietary, and fiduciary fund statements, and is "fund balance" on the governmental fund statements.

FUND BALANCE COMPONENTS

The fund balance amounts for governmental funds are reported as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.
- Restricted fund balance has constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Alaska Legislature, the State's highest level of decision-making authority. This formal action is the passage of law by the legislature, creating, modifying, or rescinding an appropriation.
- Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. The Alaska Legislature is the body authorized to assign amounts to a specific purpose. Alaska Statute 37.13.020 authorizes the Legislature to assign the funds in the Earnings Reserve Account, a component of the Alaska Permanent Fund.
- Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Each fund has been analyzed to classify the fund balance in accordance with GASB Statement No. 54. Funds are created by the Legislature and money is authorized to be transferred to the fund for a particular purpose. At this point, balances in these funds are at least committed, and may be further restricted depending on whether there is an external party, constitutional provision, or enabling legislation constraint involved.

The appropriated balance in the General Fund (fund 1004) is committed, and the remaining balance is unassigned. All other governmental funds, including subfunds of the General Fund are presented as restricted or committed, with the exception of the three subfunds of the General Fund and a Capital Project fund as unassigned. The spendable portion of the Alaska Permanent Fund is classified as assigned.

The State of Alaska Constitution, Article 9, Section 13, states that “No money shall be withdrawn from the treasury except in accordance with appropriations made by law. No obligation for the payment of money shall be incurred except as authorized by law. Unobligated appropriations outstanding at the end of the period of time specified by law shall be void.”

Appropriations formally approved by the Legislature are then forwarded to the Governor for action which either become law or vetoed.

Appropriations specify the funding source, and therefore the order in which restricted, committed, assigned, or unassigned fund balance gets spent.

Article 9, Section 17(d) of the Alaska Constitution, requires annual repayment from the General Fund and the subfunds of the General Fund for amounts borrowed from the Constitutional Budget Reserve Fund. To implement this provision, unassigned balances are used first, then committed balances. There are no assigned balances within the General Fund or subfunds.

The following shows the composition of the fund balance of the governmental funds for the fiscal year ended June 30, 2016 (in thousands):

	General	Permanent	Special Revenue	Debt Service	Capital Projects
Nonspendable:					
Inventory	\$ 19,106	\$ -	\$ -	\$ -	\$ -
Principal	-	44,773,119	-	-	-
Advances and Prepaid Items	135,656	-	15,731	-	-
Total Nonspendable	<u>154,762</u>	<u>44,773,119</u>	<u>15,731</u>	<u>-</u>	<u>-</u>
Restricted:					
Debt Service	4,678	-	-	44,177	-
Education	14,853	-	6,323	-	46,213
Health & Human Services	622	-	15,420	-	-
Development	26,398	-	45,296	-	178,476
Other Purposes	3,514	-	176	-	-
Total Restricted	<u>50,065</u>	<u>-</u>	<u>67,215</u>	<u>44,177</u>	<u>224,689</u>
Committed					
Education					
School Foundation Support	12,416				
Pupil Transportation	834	-	-	-	-
Education Services	606,974	-	-	-	-
Construction & Maintenance	167,038	-	-	-	-
Public School Program Support		18,216	-	-	-
Health & Human Services	167,304	-	-	-	-
Public Protection	171,506	-	-	-	-
Permanent Fund					
Dividend Payments	711,020	-	-	-	-
Development					
Natural Resources	180,719	-	-	-	-
Transportation	873,475	-	-	-	-
Other	451,797	-	49,878	-	-
Other Purposes	127,154	-	-	-	-
Total Committed	<u>3,470,237</u>	<u>18,216</u>	<u>49,878</u>	<u>-</u>	<u>-</u>
Assigned					
Assigned for Future Appropriations					
Realized Earnings	-	7,649,016	-	-	-
Unrealized Appreciation on Invested Assets	-	921,004	-	-	-
Total Assigned	<u>-</u>	<u>8,570,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned					
Total Fund Balance	<u>\$ 10,059,608</u>	<u>\$ 53,361,355</u>	<u>\$ 132,824</u>	<u>\$ 44,177</u>	<u>\$ 224,689</u>

Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports \$46.1 billion of restricted net position for the primary government, of which \$22.2 million is restricted by enabling legislation.

NOTE 2 – BUDGETING, BUDGETARY CONTROL, AND LEGAL COMPLIANCE

Once money received is deposited in the state treasury, it may not be withdrawn from the treasury except in accordance with an appropriation made by law. Those amounts received by component units are disbursed in accordance with their particular statutory authority.

The budgetary process is used to establish a balancing of estimated revenues coming into a fund with requested appropriations for that fund. Except for capital project funds, which prepare only project-length budgets, annual operating (and project-length) budgets are prepared for practically every fund and are submitted to the legislature for the enactment of appropriations. An appropriation is an authorization to spend money and to incur obligations. Each appropriation is limited as to purpose, time, and amount, and each of these limitations is legally binding. The legal level of budgetary control is maintained at the appropriation level as specified in the enabling legislation, which is generally at the program level within a department.

Appropriations, as enacted by the legislature and signed by the governor, are entered into the accounting records. The balance of an appropriation is reduced when funds are expended or encumbered. Appropriations are encumbered for anticipated expenditures in the form of purchase orders, contracts, and other obligations. Encumbrances outstanding at year-end are reported within restricted, committed or assigned fund balance based upon the resources that eventually will fund those grants or contracts, and do not constitute expenditures or liabilities. See Note 12 for additional information on encumbrances within the governmental funds. Unencumbered balances of annual appropriations lapse at the end of the fiscal year.

Expenditures of funds are made only upon properly approved requests for payment. The total of expenditures and encumbrances (obligations) may not exceed the appropriations to which they pertain. Generally, transfers between appropriations are not authorized. Agencies faced with potential overexpenditure of appropriations must (1) reduce the rate of expenditures, (2) seek relief through supplemental appropriations, or (3) request necessary approvals to receive and expend additional funds. In order to provide sufficient funding for several programs during FY 16, supplemental appropriations within the operating and capital budgets were enacted. The total supplemental appropriations for the FY 16 operating budget was \$243.0 million, of which \$233.3 million was from the General Fund, \$4.9 million was appropriated from other funds, and \$4.8 million was appropriated from federal funds. In addition, the total supplemental appropriations for the FY 16 capital budget was \$24.6 million, of which \$23.9 million was appropriated from the General Fund, and \$0.7 million was appropriated from other funds.

Governmental funds with annually approved budgets include the General Fund, Special Revenue Funds (with the exception of the Alaska Housing Capital Corporation, Northern Tobacco Securitization Corporation, and Reclamation Bonding Pool), and all Permanent Funds.

SPENDING LIMITS

In 1982, the voters of Alaska approved an amendment to the Alaska Constitution to control state spending. Article IX, section 16, establishes an annual appropriation limit of \$2.5 billion plus adjustments for changes in population and inflation since July 1, 1981. Within this limit, one-third is reserved for capital projects and loan appropriations. For FY 16, the Office of Management and Budget estimated the limit to be approximately \$10.0 billion. The FY 16 budget passed by the legislature after vetoes was \$5.2 billion (unrestricted General Fund revenues only), or \$4.8 billion less than the constitutional spending limit.

CONSTITUTIONAL BUDGET RESERVE FUND

In 1990, the voters of Alaska approved an amendment to the Alaska Constitution to establish a budget reserve fund (CBRF). Article IX, section 17, states, in part, "...Except for money deposited into the permanent fund under Section 15 of this article, all money received by the State after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a state or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund...."

The fund was established to enhance budget stability by depositing certain monies into the CBRF (where they could not be easily spent) rather than into the General Fund (where they would be readily available for appropriation for expenditure). Money may be appropriated from the fund in accordance with the provisions of section 17(b) and (c).

The constitution further provides that all money appropriated from the fund must be repaid to the fund. Section 17(d) states “If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law.” All borrowing from the CBRF was completely repaid in FY 10 and no borrowing activity from the CBRF occurred during FY 11, FY 12, FY 13, or FY 14.

The following is a schedule of amounts appropriated from the CBRF, the amounts transferred back to the CBRF from the General Fund as provided in section 17(d) (in thousands). The paragraphs following the schedule provide an explanation of the entries.

Chapter 18, SLA 2014, Section 48	\$ 3,000,000
Subtotal FY 15	<u>3,000,000</u>
Chapter 1, SSLA 2015, Section 12(b)	3,617,866
Article IX, Section 17(d) Alaska Constitution (FY 16)	<u>(522,510)</u>
Subtotal FY 16	<u>3,095,356</u>
Total appropriated from the CBRF	<u>\$ 6,095,356</u>

The schedule above shows the effect of article IX, Section 17(d), of the Alaska Constitution, which provides that the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund until the amount appropriated is repaid. The amount was fully repaid at the end of FY 10, so this schedule shows the repayment activity that has occurred prospectively.

SLA 2014, Chapter 18, Section 48 (a) appropriated the sum of \$1 billion to the defined benefit plan account in the Public Employees Retirement and (b) appropriated \$2 billion to the defined benefit plan account in the Teachers’ Retirement System from the CBRF as additional state contributions for the fiscal year ending June 30, 2015, which results in a liability of the General Fund.

SSLA 2015, Chapter 1, Section 12(b) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for fiscal year 2016.

STATUTORY BUDGET RESERVE FUND

The Statutory Budget Reserve Fund (SBRF) was created through Alaska Statute 37.05.540. Once the full debt of CBRF was repaid in FY 10, the legislature began to make appropriated transfers from the General Fund into the SBRF in addition to directing any year-end available fund balance of the General Fund to be transferred to the SBRF. As the balance of this fund continued to increase so did the political and public interest; therefore, the presentation of SBRF was added to the Combining Balance Sheet for the General Fund for Statements 3.01 and 3.02.

A legislative transfer from the General Fund to SBRF totaling \$250 million was made at the beginning of FY 13 in accordance with SLA 2012, Chapter 15, Section 32(b). Section 32(c) states that if the unrestricted amount available for appropriation in the fiscal year ending June 30, 2013, is insufficient to cover General Fund appropriations, the amount necessary to balance revenue and General Fund appropriations or to prevent a cash deficiency in the General Fund is appropriated from the SBRF to the General Fund. For FY 13, this resulted in a year-end transfer from the SBRF to the General Fund for \$776 million, for a net impact to the SBRF of \$526 million.

SLA 2013, Chapter 14, Section 34, outlines the appropriation to the General Fund giving authority to take from the SBRF if the unrestricted state revenue available for appropriation in the fiscal year ending June 30, 2014, is insufficient to cover General Fund appropriations made for the fiscal year ending June 30, 2014, the amount necessary to balance revenue and General Fund appropriations or to prevent a cash deficiency in the General Fund. For FY 14, this resulted in a year-end transfer from the SBRF to the General Fund for \$1,920 million.

SLA 2014, Chapter 16, Section 34, states that if the unrestricted state revenue available for appropriation in the fiscal year ending June 30, 2015, is insufficient to cover General Fund appropriations made for the fiscal year ending June 30, 2015, the amount necessary to balance revenue and general fund appropriations or to prevent a cash deficiency in the General Fund is

appropriated from the budget reserve fund (AS 37.05.540(a)) to the General Fund. For FY 15, this resulted in a year-end transfer from the SBRF to the General Fund for \$2,503 million.

Article IX, Section 17(d), of the Alaska Constitution, which provides that the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund until the amount appropriated is repaid. For FY 16, this resulted in a year-end sweep from the SBRF to the General Fund for transfer to the CBRF in the amount of \$287 million.

NOTE 3 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In the fund financial statements, governmental funds reported deferred inflows of resources of \$389,014 thousand as this amount represents revenues that are earned and measurable, but not available within 2 months of the end of the reporting period.

Deferred Outflows and Inflows of Resources reported in the government-wide Statement of Net Position as of June 30, 2016 consisted of the following (in thousands):

Deferred Outflows and Inflows of Resources

	Primary Government		Discrete Component Units
	Governmental Activities	Business-type Activities	
Deferred Outflows:			
Change in Fair Value-Interest Rate Swaps	\$ -	\$ -	\$ 207,474
Deferred Charge on Bond Refundings	13,453	-	23,102
Deferred Lease Obligation	-	-	4,179
Intangible Gas Plant Acquisition Adjustment	-	-	2,397
Deferred Outflows Related to Postretirement Benefits	-	-	2,776
Deferred Outflows Related to Pensions	540,473	10,936	52,734
Total Deferred Outflows	\$ 553,926	\$ 10,936	\$ 292,662
Deferred Inflows:			
Unearned Grant Revenue	\$ -	\$ -	\$ 588,955
Deferred Inflows Related to Pensions	320,256	1,005	6,004
Total Deferred Inflows	\$ 320,256	\$ 1,005	\$ 594,959

Internal service funds predominantly serve the governmental funds. Accordingly, deferred outflows (\$6,349 thousand) and deferred inflows (\$583 thousand) for internal service funds are included as part of the above totals for governmental activities. These amounts are all related to pensions. Note 6 provides additional information on pension related deferred outflows and deferred inflows.

The component unit total of \$207,474 thousand in deferred outflows: change in fair value-interest rate swaps is reported in the Alaska Housing Finance Corporation. Note 6 provides additional information on these interest rate swaps.

Of the component unit total of \$23,102 thousand in deferred outflows: deferred charge on bond refundings; \$21,706 thousand is reported in the Alaska Housing Finance Corporation, \$53 thousand in the Alaska Energy Authority, \$196 thousand in the Alaska Industrial Development and Export Authority, and \$1,147 thousand in the University of Alaska.

Of the component unit total of \$4,179 thousand in deferred outflows: deferred lease obligation is reported in the Alaska Industrial Development and Export Authority as a result of refunding bonds associated with the Snettisham Hydroelectric project. The restricted direct financing lease will be amortized over the remaining life of the lease.

The component unit total of \$2,397 thousand in deferred outflows: intangible gas plant acquisition adjustment is reported in the Alaska Industrial Development and Export Authority as a result of their purchase of Pentex Alaska Natural Gas Company.

The component unit total of \$2,776 thousand in deferred outflows related to postretirement benefits is reported in the Alaska Railroad Corporation. The Alaska Railroad Corporation early implemented GASB 75 resulting in a deferred outflow amount. The primary government has not implemented GASB 75 and as a result has not included the disclosure and reporting requirements. Additional information on the Railroads' implementation of GASB 75 can be found in their audited financial statements.

Of the component unit total of \$52,734 thousand in deferred outflows related to pension; \$8,853 thousand is reported in the Alaska Railroad Corporation, \$5,741 thousand in the Alaska Housing Finance Corporation, \$601 thousand in the Alaska Aerospace Corporation, \$2,116 thousand in the Alaska Gasline Development Corporation, \$2,375 thousand in the Alaska

Industrial Development and Export Authority, \$416 thousand in the Alaska Seafood Marketing Institute, \$31,389 thousand in the University of Alaska, and \$1,243 thousand in the Alaska Mental Health Trust Authority. Note 6 provides additional information on these deferred outflows.

The component unit total of \$588,955 thousand in deferred inflows: unearned grant revenue is reported in the Alaska Railroad Corporation and is made up of grant revenues.

Of the component unit total of \$6,004 thousand in deferred inflows related to pensions; \$670 thousand is reported in the Alaska Housing Finance Corporation, \$221 thousand in the Alaska Aerospace Corporation, \$70 thousand in the Alaska Gasline Development Corporation, \$254 thousand in the Alaska Industrial Development and Export Authority, \$38 thousand in the Alaska Seafood Marketing Institute, \$4,646 thousand in the University of Alaska, and \$105 thousand in the Alaska Mental Health Trust Authority. Note 6 provides additional information on these deferred inflows.

NOTE 4 – DEPOSIT AND INVESTMENT RISK

Deposits and investments may be exposed to various types of risks. These risks are interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk is the risk that deposits may not be returned in the event of a bank failure. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment.

A. DEPOSITS AND INVESTMENTS UNDER THE FIDUCIARY RESPONSIBILITY OF THE COMMISSIONER OF REVENUE

By law, all deposits and investments are under the fiduciary responsibility of the Commissioner of the Department of Revenue (Commissioner) except where the legislature has delegated that responsibility to other entities or boards responsible for separate subdivisions of component units of the State. Those agencies and component units that manage their own cash and investments are: Alaska Permanent Fund Corporation, Alaska Energy Authority, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Municipal Bond Bank Authority, Alaska Railroad Corporation, Alaska Retirement Management Board, Alaska Student Loan Corporation, University of Alaska, Alaska Mental Health Trust Authority, and the Exxon Valdez Oil Spill Trustee Council.

Invested assets under the fiduciary responsibility of the Commissioner are comprised of the General Fund and Other Non-Segregated Investments (GeFONSI), Constitutional Budget Reserve Fund, International Airports Fund, Retiree Health Insurance Fund, Power Cost Equalization Endowment Fund, General Obligation Bond Fund, Mine Reclamation Trust Fund, as well as the Public School and Investment Loss trust funds (all collectively, Funds).

As the fiduciary, the Commissioner has the statutory authority (AS 37.10.070-37.10.071) to invest the assets under the Prudent Investor Rule which requires that investments shall be made with the judgment and care, under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investment portfolios.

The Department of Revenue, Treasury Division (Treasury) has created a pooled environment by which it manages the investments the Commissioner has fiduciary responsibility for. Actual investing is performed by investment officers in Treasury or by contracted external investment managers. Specifically, the Tobacco Revenue Fixed Income, Domestic Equity, and the International Equity Pools are managed externally. Treasury manages the Short-term Fixed Income Pool, Short-term Liquidity Fixed Income Pool, Non-interest Bearing Deposits, Intermediate-term Fixed Income Pool, and the Broad Market Fixed Income in addition to acting as oversight manager for all externally managed investments.

Additional information related to the various pools and investments is disclosed in the financial schedules issued by the Department of Revenue, Treasury Division. These financial schedules are available through the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, AK 99811-0405 or at <http://treasury.dor.alaska.gov/>.

Deposits and investments at June 30, 2016, are as follows:

Investment Type	Fair Value (in thousands)						Total
	Short-term Fixed Income Pool	Short-term Liquidity Fixed Income Pool	Intermediate- term Fixed Income Pool	Broad Market Fixed Income Pool	Tobacco Revenue Fixed Income	Other	
	Deposits	\$ 11,641	\$ -	\$ (16)	\$ -	\$ -	
Corporate Bonds	561,477	-	50,387	651,952	-	-	1,263,816
Commercial Paper	-	-	-	-	8,098	-	8,098
Money Market	-	-	-	-	8,128	-	8,128
Mortgage-backed	635,070	-	28,380	805,953	-	-	1,469,403
Municipal Bonds	3,773	-	-	16,486	-	-	20,259
Mutual Funds	-	-	-	-	-	10,670	10,670
Other Asset-backed	1,922,179	-	32,017	85,496	-	-	2,039,692
Repurchase Agreement	2,052,407	-	-	-	-	-	2,052,407
U.S. Government Agency	1,120,543	-	-	51,794	-	-	1,172,337
U.S. Treasury Bills, Notes, Bonds and TIPS	1,160,733	439,863	930,577	910,240	-	-	3,441,413
Yankee Corporate	323,794	-	15,618	103,299	-	-	442,711
Yankee Government	143,388	-	5,017	33,465	-	-	181,870
Domestic Equity Pool	-	-	-	-	-	1,443,549	1,443,549
International Equity Pools	-	-	-	-	-	683,073	683,073
Total Invested Assets	7,935,005	439,863	1,061,980	2,658,685	16,226	2,167,723	14,279,482
Pool related net assets (liabilities)	10,915	626	2,391	(7,793)	4	326	6,469
Net Invested Assets before earnings distribution to participants	7,945,920	440,489	1,064,371	2,650,892	16,230	2,168,049	14,285,951
Earnings payable to participants	(5,974)	-	-	-	-	-	(5,974)
Other pool ownership	(74,888)	20	11,782	63,086	-	-	-
Ownership under other fiduciary responsibility:							
Alaska Retirement Management Board	(346,072)	-	-	-	-	-	(346,072)
Exxon Valdez Oil Spill Trustee Council	(3)	-	-	(60,077)	-	(136,986)	(197,066)
Alaska Mental Health Trust Authority	(3,936)	-	-	(11,981)	-	(23,235)	(39,152)
Total Invested Assets	\$ 7,515,047	\$ 440,509	\$ 1,076,153	\$ 2,641,920	\$ 16,230	\$ 2,007,828	\$ 13,697,687

Interest Rate Risk

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to 14 months to maturity or 14 months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2016, the expected average life of individual fixed rate securities ranged from 1 day to 1 year and the expected average life of floating rate securities ranged from 12 days to 13.2 years.

Short-term Liquidity Fixed Income Pool

Treasury's investment policy limits individual fixed rate securities to six months to maturity. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2016, the days to maturity of fixed rate securities ranged from 84 to 92 days.

Short-term Treasury Pool

Treasury’s investment policy limits individual fixed rate securities to six months to maturity. These constraints apply to the trade date, except for securities bought at new issues, for which settlement date applies. At June 30, 2016, this pool held no securities or cash.

Intermediate and Broad Market Fixed Income Pools

Duration is a measure of interest rate risk. It measures a security’s sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows.

Treasury uses industry-standard analytical software developed by The Yield Book, Inc. to calculate effective duration. The software takes into account various possible future interest rates, historical and estimated prepayment rates, call options, and other variable cash flows for purposes of the effective duration calculation.

Through its investment policy, Treasury manages its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of its other fixed income pools portfolios to the following:

Intermediate-term Fixed Income Pool - ± 20% of the Barclays 1-3 Year Government Bond Index. The effective duration for the Barclays 1-3 Year Government Bond Index at June 30, 2016 was 1.82 years.

Broad Market Fixed Income Pool - ± 20% of the Barclays Capital U.S. Aggregate Bond Index. The effective duration for the Barclays Capital U.S Aggregate Bond Index at June 30, 2016 was 5.39 years.

At June 30, 2016, the effective duration by investment type was as follows:

	Effective Duration (in years)	
	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool
Corporate Bonds	2.66	8.64
Mortgage-backed	0.80	2.45
Municipal Bonds	-	15.14
Other Asset-backed	0.23	0.69
U.S. Government Agency	-	8.75
U.S. Treasury Bills, Notes, Bonds and TIPS	1.90	5.86
Yankee Corporate	2.31	7.00
Yankee Government	1.31	6.88
Portfolio Effective Duration	1.86	5.51

Other Fixed Income

The Tobacco Revenue Fixed Income securities are invested accordingly to the terms of the related bond indentures. The respective bond indentures do not establish policy with regard to interest rate risk.

Credit Risk

Treasury’s investment policy has the following limitations with regard to credit risk:

Short-term Fixed Income Pool investments are limited to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least P-1 or equivalent. Commercial paper must be rated at least P-1 by Moody’s and A-1 by Standard and Poor’s. Asset-backed and non-agency mortgage securities must be rated A3 or equivalent. The A3 rating is defined as the median rating of the following three rating agencies: Standard & Poor’s Corporation, Moody’s and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

Short-term Liquidity and Short-term Treasury Pools' investments are limited to U.S. Treasury obligations or other U.S. Government securities issued in full faith or guaranteed by agencies and instrumentalities of the U.S. Government, obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities denominated in U.S. dollars, and the State's internally-managed Short-Term Fixed Income Pool.

Intermediate-term and Broad Market Fixed Income Pool investments are limited to securities with a long-term credit rating of at least Baa3 or equivalent and securities with a short-term credit rating of at least P-1 or equivalent. Asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

The bond indentures governing the investment of tobacco revenue related bond proceeds limit the investment in commercial paper to only those securities rated A-1 or equivalent. At June 30, 2016, the Tobacco Revenue Fixed Income Securities consisted of commercial paper rated A-1.

At June 30, 2016, the State's internally managed Pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale):

Investment Type	Rating	Short-term Fixed Income Pool	Short-term Liquidity Fixed Income Pool	Intermediate- term Fixed Income Pool	Broad Market Fixed Income Pool
Corporate Bonds	AAA	0.50%	-	-	0.40%
Corporate Bonds	AA	2.00%	-	0.96%	3.21%
Corporate Bonds	A	4.56%	-	2.44%	9.66%
Corporate Bonds	BBB	-	-	1.28%	8.95%
Corporate Bonds	Not Rated	-	-	-	1.80%
Deposits	Not Rated	0.15%	-	-	-
Mortgage-backed	AAA	3.14%	-	0.40%	0.93%
Mortgage-backed	AA	1.57%	-	0.83%	1.53%
Mortgage-backed	A	0.72%	-	-	0.38%
Mortgage-backed	BBB	-	-	-	0.02%
Mortgage-backed	Not Rated	2.55%	-	1.40%	26.84%
Municipal Bonds	AAA	0.05%	-	-	-
Municipal Bonds	AA	-	-	-	0.61%
Other Asset-backed	AAA	16.02%	-	1.23%	1.41%
Other Asset-backed	AA	0.64%	-	-	0.11%
Other Asset-backed	A-1	1.26%	-	-	-
Other Asset-backed	Not Rated	6.27%	-	1.74%	1.63%
Other Pool Ownership	Not Rated	-	-	1.09%	2.32%
Repurchase Agreement	AAA	25.58%	-	-	-
Repurchase Agreement	Not Rated	0.25%	-	-	-
U.S. Government Agency	AA	14.10%	-	-	1.91%
U.S. Treasury Bills, Notes, Bonds and TIPS	Not Rated	14.62%	99.86%	86.49%	33.54%
Yankee Corporate	AAA	1.88%	-	-	0.30%
Yankee Corporate	AA	0.65%	-	0.56%	0.29%
Yankee Corporate	A	1.55%	-	0.89%	2.18%
Yankee Corporate	BBB	-	-	-	1.00%
Yankee Corporate	Not Rated	-	-	-	0.04%
Yankee Government	AAA	-	-	-	0.19%
Yankee Government	AA	0.29%	-	-	0.13%
Yankee Government	A	1.51%	-	0.47%	-
Yankee Government	BBB	-	-	-	0.70%
Yankee Government	Not Rated	-	-	-	0.21%
No Credit Risk		0.14%	0.14%	0.22%	(0.29%)
		<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Custodial Credit Risk – Deposits

Treasury's investment policy requires the State's depository banks to collateralize State deposits to the extent they exceed insurance coverage provided by the Federal Deposit Insurance Corporation (the FDIC provides \$250 thousand of coverage). In accordance with Treasury policy, they are required to retain collateral equal to 110 percent of uninsured deposits.

The bond indentures governing the investment of tobacco revenue related bond proceeds do not establish a policy with regard to custodial credit risk. At June 30, 2016 the State had the following uncollateralized and uninsured deposits:

	Amount (in thousands)
International Equity Pool	<u>\$ 232</u>

Concentration of Credit Risk

Treasury's policy with regard to concentration of credit risk is to prohibit the purchase of more than five percent of a pool's holdings in corporate bonds backed by any one company or affiliated group. At June 30, 2016, no pool had exposure to any one issuer greater than 5 percent of total invested assets.

Foreign Currency Risk

The Commissioner of Revenue formally adopts asset allocation policies for the Fund at the beginning of the each fiscal year which places policy limitations on the amount of international securities the Fund is allowed to hold. The following policy was in place during FY 16 and invested assets included the following holdings at June 30, 2016 for the fund's investment in the International Equity Pool:

	Policy	Actual
AIA Revenue Fund	2% - 2% + 5%	1.78%
Alaska Mental Health Trust	21% ± 5%	19.01%
Constitutional Budget Reserve Fund	2% - 2% + 5%	2.15%
EVOS Habitat Investment	23% ± 7%	22.14%
EVOS Research Investment	23% ± 7%	22.12%
Higher Education Fund	24% ± 7%	23.44%
Illinois Creek Mine Reclamation Fund	24% ± 5%	23.39%
Power Cost Equalization Endowment Fund	24% ± 5%	23.42%
Public School Trust Fund, Principal	19% ± 5%	18.56%
Retiree Health Insurance Fund, Long Term Care	13% ± 4%	12.65%

At June 30, 2016, the funds invested in the International Equity Pool had exposure to foreign currency risk as follows (in thousands):

Currency	Deposits	Equity
Australian Dollar	\$ -	\$ 4,031
Canadian Dollar	194	5,924
Danish Krone	-	1,840
Euro Currency	(50)	31,073
Japanese Yen	88	32,410
Norwegian Krone	-	2,231
Pound Sterling	-	34,706
Swedish Krona	-	5,345
Swiss Franc	-	6,285
Total	<u>\$ 232</u>	<u>\$ 123,845</u>

Fair Value Measurements

Various inputs are used in valuing the investments held by the Commissioner. Generally Accepted Accounting Principles establishes a hierarchy of inputs used to value investment emphasizing observable inputs and minimizing unobservable inputs. These inputs are summarized as follows:

Level 1 – Quoted prices for identical assets in an active market

Level 2 – Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly

Level 3 – Unobservable inputs. Unobservable inputs should only be used to the extent that observable inputs are not available for a particular asset.

The Commissioner categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Commissioner has the following recurring fair value measurements as of June 30, 2016 (in thousands):

Investment by Fair Value Level	Total	Level 1	Level 2	Level 3
Cash Equivalents				
Commercial Paper	\$ 8,098	\$ -	\$ 8,098	\$ -
Deposits	42,056	42,056	-	-
Money Market	8,128	-	8,128	-
Repurchase Agreement	2,052,407	-	2,052,407	-
Short-term Investment Fund	6,400	-	6,400	-
Total Cash Equivalents	<u>2,117,089</u>	<u>42,056</u>	<u>2,075,033</u>	<u>-</u>
Debt Securities				
Corporate Bonds	1,263,816	-	1,263,816	-
Mortgage Backed	1,469,403	-	1,469,403	-
Municipal Bonds	20,259	-	20,259	-
Other Asset Backed	2,039,692	-	2,039,692	-
U.S. Government Agency	1,172,337	-	1,172,337	-
U.S. Treasury Bills, Notes, Bonds and TIPS	3,441,413	-	3,441,413	-
Yankee Corporate	442,711	-	442,711	-
Yankee Government	181,870	-	181,870	-
Total Debt Securities	<u>10,031,501</u>	<u>-</u>	<u>10,031,501</u>	<u>-</u>
Equity				
Common Stock	127,033	127,033	-	-
Depository Receipts	6,612	6,612	-	-
Mutual Funds	1,997,247	1,997,247	-	-
Total Equities	<u>2,130,892</u>	<u>2,130,892</u>	<u>-</u>	<u>-</u>
Total Investments by Fair Value Level		<u>2,172,948</u>	<u>12,106,534</u>	<u>-</u>
Total Investments Measured at Fair Value	<u>\$ 14,279,482</u>			

Debt and equity securities classified as level 1 are valued using prices quoted in active markets for those securities. Debt securities classified as level 2 are valued using matrix pricing. Pricing is sourced from various sources.

Foreign Exchange, Foreign Exchange Contracts, Off-Balance Sheet Risk and Derivative Exposure

The Commissioner is exposed to credit risk on investment derivative instruments that are in asset positions. The Commissioner has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the Commissioner has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the Commission have a policy for contingencies. The International Equity Pool's investments include the following income from derivative investments at June 30, 2016 (in thousands):

	Changes in Fair Value		Fair Value at June 30, 2016		
	Classification	Amount	Classification	Amount	Notional
FX Forwards	Investment Revenue	\$ 13,635	Long-term Instruments	\$ -	\$ -

The International Equity Pool includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future. The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of nonperformance by these counterparties;

however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date. At June 30, 2016, the International Equity Pool had no outstanding contracts.

B. DEPOSITS AND INVESTMENTS UNDER CONTROL OF THE ALASKA RETIREMENT MANAGEMENT BOARD

Invested assets of the pension (and other employee benefit) trust funds (Public Employees', Teachers', Judicial, and the Alaska National Guard and Naval Militia Retirement Systems) as well as the Supplemental Benefits System and Deferred Compensation Plans are under the fiduciary responsibility of the Alaska Retirement Management Board (ARMB).

PENSION FUNDS

The ARMB has statutory responsibility (AS 37.10.210-390) for the pension (and other employee benefit) trust funds' investments (Pension Funds). Alaska Statute 37.10.071 provides that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion and intelligence exercises in managing large investment portfolios.

The Department of Revenue, Treasury Division (Treasury) provides staff for the ARMB. Treasury has created a pooled environment by which it manages investments of the ARMB. Additionally, Treasury manages a mix of Pooled Investment Funds and Collective Investment Funds for the Defined Contribution Retirement Participant Directed Pension Plans under the ARMB's fiduciary responsibility.

Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The ARMB has developed investment guidelines, policies and procedures for Treasury staff and external investment managers to adhere to when managing investments. Treasury manages the U.S. Treasury Fixed Income Pool, Dow Jones Dividend 100 Index Fund in the Alternative Equity Strategies Pool, Real Estate Investment Trust Pool, Treasury Inflation Protected Securities (TIPS) Pool, and cash holdings of certain external managers in addition to acting as oversight manager for all externally managed investments. All other investments are managed by external management companies.

The Short-term Fixed Income Pool is a State pool managed by Treasury that holds investments on behalf of the ARMB as well as other state funds.

Additional information related to the various pools and investments is disclosed in the financial schedules issued by the ARMB. These financial schedules are available through the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, AK 99811-0405 or at <http://treasury.dor.alaska.gov/armb/>.

Fair Value Measurements

Various inputs are used in valuing the investments held by the ARMB. U.S. generally accepted accounting principles (GAAP) establishes a hierarchy of inputs used to value investment emphasizing observable inputs and minimizing unobservable inputs. These inputs are summarized as follows:

Level 1 – Quoted prices for identical assets in an active market

Level 2 – Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly

Level 3 – Unobservable inputs. Unobservable inputs should only be used to the extent that observable inputs are not available for a particular asset.

The ARMB categorizes fair value measurements with the fair value hierarchy established by GAAP. The ARMB has the following recurring fair value measurements at June 30, 2016 (in thousands):

Investment by Fair Value Level	Totals	Level 1	Level 2	Level 3
Cash Equivalents				
Deposits	\$ 95,152	\$ 95,152	\$ -	\$ -
Money Market	14,576	-	14,576	-
Repurchase Agreement	90,321	-	90,321	-
Short-term Investment Fund	96,155	-	96,155	-
Total Cash Equivalents	<u>296,204</u>	<u>95,152</u>	<u>201,052</u>	<u>-</u>
Debt Securities				
Bank Loans	9,074	-	9,074	-
Convertible Bonds	177,524	-	175,655	1,869
Corporate Bonds	636,102	-	634,807	1,295
Foreign Government Bonds	355,517	-	355,517	-
Mortgage Backed	70,811	-	70,811	-
Municipal Bonds	243,872	-	243,872	-
Commingled Debt Funds	1,332,451	1,023,436	309,015	-
Other Asset Backed	112,562	-	112,562	-
U.S. Government Agency	53,525	-	53,525	-
U.S. Treasury Bills, Notes, Bonds, and TIPS	1,153,990	-	1,153,990	-
Yankee Corporate	98,099	-	98,099	-
Yankee Government	8,758	-	8,758	-
Total Debt Securities	<u>4,252,285</u>	<u>1,023,436</u>	<u>3,225,685</u>	<u>3,164</u>
Equity				
Commingled Equity Fund	1,285,042	1,116,431	168,611	-
Common Stock	9,781,295	9,769,685	10,480	1,130
Depository Receipts	327,840	327,840	-	-
Futures	811	811	-	-
Master Limited Partnership	456,569	456,569	-	-
Options	18,996	(5,480)	24,476	-
Preferred Stock	46,405	43,917	2,488	-
Real Estate Investment Trust	587,387	587,319	-	68
Rights	77	77	-	-
Warrants	13	13	-	-
Total Equity	<u>12,504,435</u>	<u>12,297,182</u>	<u>206,055</u>	<u>1,198</u>
Other				
Balanced Funds	49,757	-	49,757	-
Target Date Funds	486,442	-	486,442	-
Total Other	<u>536,199</u>	<u>-</u>	<u>536,199</u>	<u>-</u>
Total Investments by Fair Value Level	<u>\$ 17,589,123</u>	<u>\$ 13,415,770</u>	<u>\$ 4,168,991</u>	<u>\$ 4,362</u>
Investments Measured at NAV				
Absolute Return	\$ 1,515,517			
Energy	71,537			
Farmland	807,377			
Infrastructure	317,833			
Private Equity	1,834,259			
Real Estate	1,462,661			
Timber	376,555			
Total Investments Measured by NAV	<u>6,385,739</u>			
Total Investments Measured by Fair Value	<u>\$ 23,974,862</u>			
Net Receivables/(Payables)	47,058			
Total Invested Assets	<u>\$ 24,021,920</u>			

Equity securities classified as level 1 are valued using prices quoted in active markets for those securities. Debt securities classified as level 2 are valued using matrix pricing. Pricing is sourced from various sources. Debt securities classified as level 3 are valued using consensus pricing, equity securities classified as level 3 are valued using the last traded price or a price determined by the investment manager’s valuation committee.

Investments in absolute return, energy, farmland, infrastructure, private equity, real estate, and timber are measured at net asset value (NAV) with additional information listed in the following table (in thousands):

	Fair Value	Redemption Frequency (if currently available)	Redemption Notice Period
Absolute Return	\$ 1,515,517	Quarterly	2-90 Days
Energy	71,537	No Redemptions	No Redemptions
Farmland	807,377	Not Applicable	Not Applicable
Infrastructure	317,833	Quarterly	30-90 Days
Private Equity	1,834,259	No Redemptions	No Redemptions
Real Estate	1,462,661	Varied	Varied
Timber	<u>376,555</u>	Not Applicable	Not Applicable
Total Investments Measured at the NAV	<u><u>6,385,739</u></u>		

Absolute Return: This type includes investments in eight hedge fund of funds. Investment strategies include pooled investment vehicles and securities in a variety of markets including structured notes and swaps. The fair values of the investments in this type have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Absolute return investments undergo annual independent financial statement audits.

Energy: This type includes investments in four energy funds using debt and equity investments. The fair values of the investments in this type have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Energy fund investments undergo annual independent financial statement audits. These investments can never be redeemed with the funds. The nature of the investments in this type is that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be held through the fiscal year 2023.

Farmland: This type includes investments in two wholly owned agriculture funds. These two funds are for the purpose of owning and managing real estate property devoted to agricultural use. Investment properties include row crops, permanent crops and vegetable crops. The fair values of the investments in this type have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. These investments are funds of one, therefore they can be liquidated at any time. Farmland investments undergo annual independent financial statement audits.

Infrastructure (Private): This type includes investments in two infrastructure funds. Investments include electricity generation, transmission, and distribution including renewable energy, gas transmission, distribution, processing and storage, toll roads, pipelines, bridges, water and waste water, telecommunications infrastructure, and other infrastructure-related assets. The fair values of the investments in this type have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Infrastructure investments undergo annual independent financial statement audits. Funds can be redeemed on a quarterly basis with proper notice.

Private Equity: This type includes investments in 14 private equity funds including two gatekeeper managers who invest on behalf of the Alaska Retirement Management Board. These funds are diversified in various sectors including venture capital, acquisitions, mezzanine, distressed, restructuring, secondaries, and special situations. The fair values of the investments in this type have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Private equity funds undergo annual

independent financial statement audits. These investments can never be redeemed with the funds. The nature of the investments in this type is that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be held through the fiscal year 2026

Real Estate: This type includes investments in 22 real estate funds that invest in primarily in U.S. commercial real estate including value-added, opportunistic and core investments. The fair values of the investments in this type have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Real estate investments undergo annual independent financial statement audits. Three of these funds are wholly owned by the ARMB, therefore can be liquidated at any time. For the remaining 19 funds, distributions from each fund will be received as the underlying investments of the funds are liquidated. These investments are expected to be funded until the year 2025.

Timber: This type includes investments in two wholly owned timber funds that invest, acquire, manage, and dispose of timberland property and associated timber. The fair values of the investments in this type have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Timber investments undergo annual independent financial statement audits. These investments can be liquidated at any time.

Interest Rate Risk

The ARMB invests its cash in the State of Alaska, Treasury Division's (Treasury) Short-Term Fixed Income Pool. As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to 14 months to maturity or 14 months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. At June 30, 2016, the expected average life of individual fixed rate securities ranged from 1 day to 1 year and the expected average life of floating rate securities ranged from 12 days to 13.2 years.

Other Defined Benefit Fixed Income Pools

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration is the average fair value weighted duration of each security taking into account all related cash flows.

At June 30, 2016, the effective duration of the ARMB's fixed income by investment type, was as follows:

	Effective Duration (in years)
Convertible Bonds	0.36
Corporate Bonds	4.32
Foreign Government Bonds	6.75
Mortgage-backed	1.84
Municipal Bonds	11.47
Other Asset-backed	0.18
U.S. Government Agency	8.05
U.S. Treasury Bills, Notes, Bonds, and TIPS	4.48
Yankee Corporate	3.93
Yankee Government	3.60
Portfolio Effective Duration	5.37

Defined Contribution Pooled Investment and Collective Investment Funds

The ARMB contracts with an external investment manager who is given the authority to invest funds in a wholly-owned pooled environment to accommodate thirteen participant directed funds.

Under normal conditions, ARMB will invest in cash equivalent instruments with maturities of less than one year. Additionally, under normal conditions, for government debt, corporate debt, and mortgage-backed securities, duration is limited to ± 0.2 years of the blended benchmark of 70 percent Barclays U.S. Intermediate Aggregate Bond Index, 15 percent Barclays U.S. Floating Rate Note Index, 10 percent Barclays TIPS Index, and five percent Barclays Long U.S. Treasury Bond Index. Further deviations are acceptable if they do not contribute significantly to the overall risk of the portfolio. In no event at time of purchase shall effective duration exceed ± 0.4 years relative to the index.

At June 30, 2016, the duration of the government corporate debt, and mortgage-backed securities was 3.73 years and the duration of the blended Barclays Bond Index was 3.71 years.

The ARMB does not have a policy to limit interest rate risk for its collective investment funds.

Credit Risk

At June 30, 2016, ARMB’s invested assets consisted of fixed income securities with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard & Poor’s Corporation rating scale):

Rating	(in thousands)	
	U.S. Dollar	Foreign
AAA	\$ 224,755	\$ 4,672
AA	209,585	2,509
A	114,845	64,853
A-1	4,370	-
BBB	96,624	41,931
BB	299,802	22,849
B	258,398	-
CCC	51,460	-
D	1,823	-
U.S. Government Agency	53,525	-
U.S. Treasury Bills, Notes, Bonds and TIPS	1,153,990	-
Not Rated	182,954	221,211

Custodial Credit Risk – Deposits

The ARMB does not have a policy in relation to custodial credit risk for deposits. At June 30, 2016, the ARMB’s invested assets had the following uncollateralized and uninsured foreign currency deposits of \$13,209 thousand.

Concentration of Credit Risk

At June 30, 2016, the ARMB’s invested assets did not have exposure to any one issuer greater than five percent of total invested assets.

Foreign Currency Risk

Through its asset allocation policy, the ARMB limits total investments in foreign currencies to the following:

Pension System	Fixed - Income	Global Equity Ex-U.S.	Private Equity Pool
Public Employees' Retirement System	17%	29%	14%
Teachers' Retirement System	17%	29%	14%
Judicial Retirement System	17%	29%	14%
Alaska National Guard and Naval Militia System	58%	24%	-

At June 30, 2016, the ARMB had exposure to foreign currency risk with the following deposits and investments (in thousands):

Currency	Deposits	Foreign Government		Rights and Warrants	Limited Partnerships
		Bonds	Equity		
Australian Dollar	\$ 65	\$ -	\$ 153,349	\$ -	\$ 1,418
Brazilian Real	439	22,849	19,132	-	-
Canadian Dollar	637	4,672	139,206	-	-
Colombian Peso	413	12,703	-	-	-
Danish Krone	85	-	102,200	-	-
Euro Currency	1,152	75,527	957,323	76	105,453
Hong Kong Dollar	1,125	-	134,879	-	-
Hungarian Forint	-	-	4,643	-	-
Indian Rupee	-	-	493	-	-
Indonesian Rupiah	862	10,101	13,548	-	-
Japanese Yen	4,576	82,286	714,976	-	-
Malaysian Ringgit	(1,214)	17,010	3,893	-	-
Mexican Peso	1,171	34,942	8,585	-	-
New Israeli Sheqel	45	-	7,123	-	-
New Russian Ruble	-	-	1,838	-	-
New Taiwan Dollar	-	-	31,881	-	-
New Zealand Dollar	112	-	16,693	-	-
Norwegian Krone	245	-	26,086	-	-
Peruvian Nouveau Sol	315	6,251	-	-	-
Philippine Peso	-	-	2,486	-	-
Polish Zloty	1	23,329	692	-	-
Pound Sterling	2,028	27,701	677,899	-	27,823
Qatari Rial	6	-	-	-	-
Singapore Dollar	95	-	43,233	14	-
South African Rand	198	15,864	22,612	-	-
South Korean Won	5	-	75,149	-	-
Swedish Krona	548	11,070	127,595	-	-
Swiss Franc	51	-	223,614	-	-
Thailand Baht	88	3,675	17,809	-	-
Turkish Lira	-	7,537	3,658	-	-
Uae Dirham	13	-	627	-	-
Yuan Renminbi	148	-	147	-	-
	<u>\$ 13,209</u>	<u>\$ 355,517</u>	<u>\$ 3,531,369</u>	<u>\$ 90</u>	<u>\$ 134,694</u>

Foreign Exchange, Derivative, and Counterparty Credit Risk

The ARMB is exposed to credit risk on investment derivative instruments that are in asset positions. The ARMB has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the ARMB has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the ARMB have a policy for contingencies.

On June 30, 2016, the ARMB had the following derivative instruments outstanding (in thousands):

Type	Change in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
Equity Options Written	Investment Revenue	\$ 7,492	Options	\$ -	\$ -
FX Forwards	Investment Revenue	(478)	Long Term Instruments	(212)	5,501
Index Futures Long	Investment Revenue	985	Futures	-	35
Index Options Bought	Investment Revenue	(6,413)	Options	24,476	108
Index Options Written	Investment Revenue	3,881	Options	(5,480)	(147)
Rights	Investment Revenue	(1,189)	Common Stock	77	353
Warrants	Investment Revenue	(21)	Common Stock	13	18

The International Equity Pool includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future dates for the purpose of hedging existing security positions. The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of non-performance by these counterparties; however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date.

At June 30, 2016, the ARMB had the following foreign currency risk related to forward contracts (in thousands):

Currency Name	Options	Net Receivables	Net Payables	Total Exposure
Canadian Dollar	\$ -	\$ -	\$ (1)	\$ (1)
Euro Currency	76	-	-	76
New Zealand Dollar	-	-	(211)	(211)
Singapore Dollar	14	-	-	14
	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ (212)</u>	<u>\$ (122)</u>

At June 30, 2016 the ARMB had no counterparty credit and counterparty concentration risk associated with its investment derivative positions.

DEFERRED COMPENSATION PLAN

The State's Internal Revenue Code Section 457 Deferred Compensation Plan holds investments in several collective investment funds, an Interest Income Fund and wholly-owned Pooled Investment Funds. At June 30, 2016, Deferred Compensation Plan investments totaled \$811.1 million.

Additional investment information is disclosed in the financial statements issued by the Department of Administration, Division of Retirement and Benefits. These financial statements are available through the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or at <http://doa.alaska.gov/drb/>.

Interest Rate Risk

Collective Investment and Money Market Funds

The ARMB contracts with external investment managers who maintain collective investment funds. Managers selected to manage investments for the Deferred Compensation Plan are subject to the provisions of the collective investment funds the ARMB has selected. In addition, the Deferred Compensation Plan maintains a balance in a commingled money market portfolio.

The ARMB does not have a policy to limit interest rate risk for the collective investment funds or the institutional treasury money market fund portfolio. These investments with their related weighted average maturities at June 30, 2016, are as follows:

	Fair Value (in thousands)	Weighted Average Maturity
Government/Credit Bond Index Fund	\$ 27,305	8.79 years
Intermediate Bond Fund	20,081	4.09 years
Institutional Treasury Money Market Fund	11,576	30 days
U.S. TIPS Index Fund	9,605	8.72 years
Long U.S. Treasury Bond Index Fund	9,031	25.38 years
World Government Bond Ex-U.S. Index Fund	3,960	9.70 years
Mass Mutual Bond Fund	63	9.75 years

Interest Income Fund

ARMB contracts with an external investment manager who is given the authority to invest in synthetic investment contracts and a reserve. This external manager also manages the securities underlying the synthetic investment contracts.

Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on synthetic investment contracts as follows:

For constant duration synthetic investment contracts, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one-half year. The aggregate duration of the constant duration synthetic investment contracts was 3.47 years at June 30, 2016. The duration of the Barclays Capital Intermediate Aggregate Index was 3.48 years at June 30, 2016.

Duration is a measure of interest rate risk. In the case of the Deferred Compensation Plan's constant duration synthetic investment contracts, duration is the fair value weighted average term to maturity using all fixed income securities underlying the contracts and their related cash flows.

Pooled Investment Funds

Duration is a measure of a security's sensitivity to a 100-basis point change in interest rates. Duration, for the securities in the pooled investment funds, is the fair value weighted average term to maturity for each security taking into account all related cash flows.

The ARMB contracts with an external investment manager who is given the authority to invest funds in a wholly-owned pooled environment to accommodate 13 participant directed funds. Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration as follows:

For government and corporate debt securities, duration is limited to ± 0.2 years of the blended benchmark of 70 percent Barclays U.S. Intermediate Aggregate Bond Index, 15 percent Barclays U.S. Floating Rate Note Index, 10 percent Barclay's TIPS Index, and five percent Barclays Long U.S. Treasury Bond Index. At June 30, 2016, the blended Barclays Bond Index duration was 3.71 years, and the duration of the Aggregate Bond Trust was 3.73 years.

The weighted average maturity of the money market portfolio was 58.10 days at June 30, 2016.

The ARMB does not have a policy to limit interest rate risk for funds held in foreign currency, the custodian's short-term investment fund or commercial paper.

Credit Risk

The ARMB does not have a policy to limit credit risk for the Deferred Compensation Plan's Collective Investment Funds and the commingled money market portfolio. These investments are not rated.

The ARMB's investment policy has the following limitations with regard to credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts and the reserve:

Synthetic Investment contract issuers must have an investment grade rating;

Supranational Agency and Foreign Government entity investments must have a minimum rating of A- or equivalent;

Corporate debt securities must have a minimum rating of BBB- or equivalent;

Asset-backed securities must have a minimum rating of AAA or equivalent;

The ratings assigned to issuers of money market instruments must have the highest rating of any nationally recognized statistical rating organization. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB’s investment policy has the following limitations with regard to credit risk for wholly-owned pooled investments:

All government and corporate fixed income securities must be rated BBB- or better at time of purchase;

Government National Mortgage Association, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation mortgage-backed securities may be purchased even if they are not rated by all or any of these rating agencies as long as they are rated investment grade by T. Rowe Price’s internal credit evaluation;

Commercial paper and other short-term debt obligations must be rated A1 or equivalent.

At June 30, 2016, Deferred Compensation Plan’s investments consisted of securities with credit quality ratings issued by a nationally recognized statistical rating organization as follows (using the Standard & Poor’s rating scale):

Investment type	Rating	Fair Value (in thousands) Total
Investments with credit exposure:		
Money Market Fund	Not Rated	\$ 151
Deposits and investments with no credit exposure:		
Collective Investment Funds	Not Rated	351,910
Wholly Owned Pooled	Not Rated	134,558
Wholly Owned Domestic Equity	Not Rated	104,879
International Equity	Not Rated	34,822
MassMutual Stock Fund	Not Rated	2,281
MassMutual Bond Fund	Not Rated	63
Total Invested Assets		\$ 628,664

Custodial Credit Risk

The ARMB does not have a policy for custodial credit risk. At June 30, 2016, the Deferred Compensation Plan’s deposits were uncollateralized and uninsured.

Concentration of Credit Risk

The ARMB does not have a policy to limit concentration of credit risk in the collective investment and money market funds.

The ARMB’s policy with regard to concentration of credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts, and the reserve is as follows:

No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed 35 percent of the Interest Income Fund’s total value.

No investment will be made if, at the time of the purchase, total investment in any single issuer or in all issuers of the securities held as supporting investments under synthetic investment contracts in the table below would exceed the respective percentages of all investments underlying the synthetic investment contracts.

Investment Type	Issuer	All Issuers
U.S. Treasury and Agencies	100%	100%
U.S. Agency Securities	100%	100%
Agency Mortgage-Backed Securities	50%	50%
Non-Agency Mortgage-Backed Securities	5%	50%
Asset-Backed Securities	5%	50%
Domestic and Foreign Corporate Debt Securities	5%	50%
Supranational Agency and Foreign Government Entity Securities	5%	50%
Money Market Instruments – Nongovernmental/Agency	5%	100%
Custodian Short-term Investment Fund	100%	100%

The maximum exposure to securities rated BBB is limited to 20 percent of the total value underlying synthetic investment contracts.

For the reserve, the total investment of any single issuer of money market instruments may not exceed five percent of the total value underlying synthetic investment contracts. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB policy with regard to concentration of credit risk for wholly-owned pooled investments is as follows:

Equity holdings will be limited to five percent per issuer of the equity portfolio at the time of purchase;

With the exception of the U.S. Government or its agencies, fixed income holdings of any single issuer is limited to two percent of the total portfolio at the time of purchase;

With the exception of the U.S. Government or its agencies, money market holdings of any single issuer are limited to no more than five percent of the portfolio at the time of purchase. This limitation does not apply to the investment funds maintained by the custodian.

At June 30, 2016, the Deferred Compensation Plan had no exposure to a single issuer in excess of five percent of total invested assets.

Foreign Currency Risk

The ARMB does not have a policy to limit foreign currency risk associated with collective investment funds. The Deferred Compensation Plan has exposure to foreign currency risk in the International Equity and Global Balanced collective investment funds.

The ARMB’s policy with regard to the Interest Income Fund is to require that all investments underlying a synthetic investment contract be denominated in U.S. dollars.

The ARMB’s policy with regard to pooled investments requires that all money market holdings be made in entities domiciled in the U.S. The ARMB has no policy with regard to other pooled investments.

SUPPLEMENTAL BENEFITS SYSTEM

The State’s Supplemental Benefits System (SBS) holds investments in several collective investment funds, a Stable Value Fund and wholly-owned Pooled Investment Funds. At June 30, 2016, SBS investments totaled \$3.419 billion.

Additional investment information is disclosed in the financial statements issued by the Department of Administration, Division of Retirement and Benefits. These financial statements are available through the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or at <http://doa.alaska.gov/drb/>.

Interest Rate Risk

Collective Investment and Money Market Funds

The ARMB contracts with external investment managers who maintain collective investment funds. Managers selected to manage investments for SBS are subject to the provisions of the collective investment funds the ARMB has selected. In addition, SBS maintains a balance in a commingled money market portfolio. The ARMB does not have a policy to limit interest rate risk for the Collective Investment Funds or the Institutional Treasury Money Market Fund portfolio. These investments with their related weighted average maturities at June 30, 2016 are as follows:

	Fair Value (in thousands)	Weighted Average Maturity
Government/Credit Bond Index Fund	\$ 42,869	8.79 years
State Street Institutional Treasury Money Market Fund	39,188	30 days
Intermediate Bond Fund	30,057	4.09 years
Long U.S. Treasury Bond Index Fund	26,644	25.38 years
U.S. TIPS Index Fund	21,999	8.72 years
World Government Bond Ex-U.S. Index Fund	9,469	9.70 years

Short-term Fixed Income Pool

The Investment Loss Trust Fund and the SBS’s cash and cash equivalents are invested in the State’s internally managed Short-term Fixed Income Pool. As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury’s investment policy limits individual fixed rate securities to 14 months in maturity or 14 months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and 12 month prepay speeds for other securities. At June 30, 2016, the expected average life of individual fixed rate securities ranged from one day to 1.03 years and the expected average life of floating rate securities ranged from 12 days to 12.96 years.

Stable Value Fund

The ARMB contracts with an external investment manager who is given the authority to invest in synthetic investment contracts and a reserve. This external manager also manages the securities underlying the synthetic investment contracts.

Through the ARMB’s investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on synthetic investment contracts as follows:

For constant duration synthetic investment contracts, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one-half year. The aggregate duration of the constant duration synthetic investment contracts was 3.46 years at June 30, 2016. The duration of the Barclays Capital Intermediate Aggregate Index was 3.48 years at June 30, 2016;

Duration is a measure of interest rate risk. In the case of the SBS’s constant duration synthetic investment contracts, duration is the fair value weighted average term to maturity of all fixed income securities underlying the contracts and their related cash flows. Duration of the SBS’s structured payout synthetic investment contracts is the weighted average maturity of the contract payments.

The ARMB does not have a policy to limit interest rate risk for the reserve. The balance in the reserve is invested in the custodian’s Institutional Treasury Money Market Fund.

Pooled Investment Funds

Duration is a measure of a security’s sensitivity to a 100-basis point change in interest rates. Duration, for the securities in the pooled investment funds, is the fair value weighted average term to maturity for each security taking into account all related cash flows.

The ARMB contracts with an external investment manager who is given the authority to invest funds in a wholly-owned pooled environment to accommodate 13 participant directed funds. Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration as follows:

For government and corporate debt securities, duration is limited to ± 0.2 years of the blended benchmark of 70 percent Barclays U.S. Intermediate Aggregate Bond Index, 15 percent Barclays U.S. Floating Rate Note Index, 10 percent Barclays TIPS Index, and 5 percent Barclays Long U.S. Treasury Bond Index. At June 30, 2016, the blended Barclays Bond Index duration was 3.71 years, and the duration of the Aggregate Bond Trust was 3.73 years.

The weighted average maturity of the money market portfolio was 58.10 days at June, 30, 2016.

The ARMB does not have a policy to limit interest rate risk for funds held in foreign currency, the custodian's short-term investment fund or commercial paper.

Credit Risk

The ARMB does not have a policy to limit credit risk for SBS's Collective Investment Funds and commingled money market portfolio. These investments are not rated.

Treasury's investment policy limits credit risk in the Short-term Fixed Income Pool by limiting investments to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least P-1 or equivalent. Treasury's investment policy further limits investments in institutional money market funds to those rated AAA. Treasury does not have a policy to limit credit risk associated with deposit accounts or investment funds maintained by the custodian.

The ARMB's investment policy has the following limitations with regard to credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts and the reserve:

Synthetic investment contract issuers must have an investment grade rating;

Supranational Agency and Foreign Government entity investments must have a minimum rating of A- or equivalent;

Corporate debt securities must have a minimum rating of BBB- or equivalent;

Asset-backed securities must have a minimum rating of AAA or equivalent;

The ratings assigned to issuers of money market instruments must have the highest rating of any nationally recognized statistical rating organization. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB's investment policy has the following limitations with regard to credit risk for wholly-owned pooled investments:

All government and corporate fixed income securities must be rated BBB- or better at time of purchase;

Government National Mortgage Association, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation mortgage-backed securities may be purchased even if they are not rated by all or any of these rating agencies as long as they are rated investment grade by T. Rowe Price's internal credit evaluation;

Commercial paper and other short-term debt obligations must be rated A1 or equivalent.

At June 30, 2016, SBS investments consisted of securities with credit quality ratings issued by a nationally recognized statistical rating organization as follows (using the Standard & Poor's rating scale):

Investment type	Rating	Fair Market Value (in thousands)		
		Investment Loss Trust	Other	Total
Investments with Credit Exposure:				
Money Market Fund	Not Rated	\$ -	\$ 273	\$ 273
Commercial Paper	AAA	725	-	725
Commercial Paper	Not Rated	11	-	11
Mortgage-backed	AAA	89	-	89
Mortgage-backed	AA	54	-	54
Mortgage-backed	A	21	-	21
Mortgage-backed	Not Rated	480	-	480
Other Asset-backed	AAA	456	-	456
Other Asset-backed	AA	18	-	18
Other Asset-backed	A	36	-	36
Other Asset-backed	Not Rated	160	-	160
Corporate Bonds	AAA	14	-	14
Corporate Bonds	AA	60	-	60
Corporate Bonds	A	129	-	129
Yankees Corporate	AAA	53	-	53
Yankees Corporate	AA	15	-	15
Yankees Corporate	A	44	-	44
Yankees Government	AA	8	-	8
Yankees Government	A	43	-	43
Deposits and Investments with No Credit Exposure:				
U.S. Treasury Bills	Not Rated	89	-	89
U.S. Treasury Notes	Not Rated	325	-	325
Participant-directed Funds:				
Collective Investment Funds	Not Rated	-	707,290	707,290
Pooled Investment Funds	Not Rated	-	2,123,521	2,123,521
Wholly Owned Domestic	Not Rated	-	159,858	159,858
Wholly Owned International	Not Rated	-	55,188	55,188
ILTF Assets Not Reported with SBS		(881)	-	(881)
Total Invested Assets		1,949	3,046,130	3,048,079
Pool Related Net Assets		2	-	2
Total		\$ 1,951	\$ 3,046,130	\$ 3,048,081

Custodial Credit Risk

The ARMB does not have a policy for custodial credit risk. At June 30, 2016, SBS's deposits were uncollateralized and uninsured.

Concentration of Credit Risk

The ARMB does not have a policy to limit concentration of credit risk in the collective investment and money market funds.

Treasury's policy with regard to the Short-term Fixed Income Pool is to prohibit the purchase of more than five percent of the portfolio's assets in corporate bonds of any one company or affiliated group, unless explicitly backed by the U.S. Government.

The ARMB's policy with regard to concentration of credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts, and the reserve is as follows:

No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed 35 percent of the Stable Value Fund's total value.

No investment will be made if, at the time of the purchase, total investment in any single issuer or in all issuers of the securities held as supporting investments under synthetic investment contracts in the table below would exceed the respective percentages of all investments underlying the synthetic investment contracts.

Investment Type	Issuer	All Issuers
U.S. Treasury and Agencies	100%	100%
U.S. Agency Securities	100%	100%
Agency Mortgage-Backed Securities	50%	50%
Non-Agency Mortgage-Backed Securities	5%	50%
Asset-Backed Securities	5%	50%
Domestic and Foreign Corporate Debt Securities	5%	50%
Supranational Agency and Foreign Government Entity Securities	5%	50%
Money Market Instruments – Nongovernmental/Agency	5%	100%
Custodian Short-term Investment Fund	100%	100%

The maximum exposure to securities rated BBB is limited to 20 percent of the total value underlying synthetic investment contracts.

For the reserve, the total investment of any single issuer of money market instruments may not exceed five percent of the total value underlying synthetic investment contracts. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB’s policy with regard to concentration of credit risk for wholly-owned pooled investments is as follows:

Equity holdings will be limited to five percent per issuer of the equity portfolio at the time of purchase;

With the exception of the U.S. Government or its agencies, fixed income holdings of any single issuer are limited to two percent of the total portfolio at the time of purchase; and

With the exception of the U.S. Government or its agencies, money market holdings of any single issuer are limited to no more than five percent of the portfolio at the time of purchase. This limitation does not apply to the investment funds maintained by the custodian.

At June 30, 2016, SBS had no exposure to a single issuer in excess of five percent of total invested assets.

Foreign Currency Risk

The ARMB does not have a policy to limit foreign currency risk associated with collective investment funds. SBS has exposure to foreign currency risk in the International Equity and the Global Balanced collective investment funds.

The ARMB’s policy with regard to the Stable Value Fund is to require that all investments underlying a synthetic investment contract be denominated in U.S. dollars.

The ARMB’s policy with regard to pooled investments requires that all money market holdings be made in entities domiciled in the U.S. The ARMB has no policy with regard to other pooled investments.

C. DEPOSITS AND INVESTMENTS MAINTAINED BY COMPONENT UNITS WHOSE ACCOUNTS ARE OUTSIDE OF THE STATE TREASURY

There are many component units of the State that maintain their accounts outside of the State treasury. However, the overwhelming majority of the activity is within the Alaska Permanent Fund Corporation (APFC). Information on deposits and investments maintained by the other component units are available within their separately issued audit reports.

ALASKA PERMANENT FUND CORPORATION

APFC is managed by a six member board of trustees (the “Trustees” or “Board”) consisting of the Department of Revenue Commissioner, one other head of a principal State department, and four governor-appointed public members with recognized competence and experience in finance, investments, or other business management-related fields. The Alaska Permanent Fund (the “Fund”) assets are diversified across a wide variety of investments, in accordance with statutes, regulations, and APFC investment policies.

Investments and Related Policies

Carrying value of investments

The Fund considers all of its ownership interests in securities and other assets to be investments because they are held for the purpose of income or profit and have a present service capacity based solely on their ability to generate cash or be sold to generate cash. Investments are reported at fair value in the financial statements. Investments without a readily determinable fair value are generally reported by using the net asset value (NAV) per share (or its equivalent) of the investment. Securities transactions are recorded on the trade date that securities are purchased or sold. Unrealized gains and losses are reported as components of net change in fund balance.

State investment regulations

In accordance with Alaska Statute 37.13.120(a), the Trustees have adopted regulations designating the types of eligible investments for Fund assets. The regulations follow the prudent investor rule, requiring the exercise of judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the Fund over time while maximizing the expected total return from both income and the appreciation of capital.

Investment policy – Asset allocation

The Trustees have established a long-term goal of achieving a five percent real rate of return over time on the Fund’s investment portfolio. To help achieve this goal, the Trustees allocate the Fund’s investments among various risk and asset classes.

At June 30, 2016, the APFC’s strategic asset allocation targets were as follows:

<u>Risk Class</u>	<u>Asset Class</u>	<u>Risk Class Target</u>	<u>Asset Class Target</u>
Cash and Interest Rates		6%	
	Cash		1.2%
	U.S. Government Bonds and International Developed Government Bonds (currency hedged)		4.8%
Company Exposure		55%	
	Global Credit		11%
	Public/Private Credit		2%
	Global Equity		36%
	Private Equity		6%
Real Assets		19%	
	Real Estate		12%
	Infrastructure		4%
	U.S. Treasury Inflation Protection Securities		3%
Special Opportunities		20%	
	Absolute Return Mandate		11%
	Emerging Markets Multi-Asset		2%
	Fixed Income Aggregate		2%
	Debt Opportunities		1%
	True Special Opportunities		4%

Capital that is not invested in the special opportunities risk class resides in the company exposure risk class. To allow for market fluctuations and to minimize transaction costs, the Trustees have adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each risk and asset class, the APFC’s chief investment officer has discretionary authority to permit target deviations within one specified range (referred to as the “green zone” in the investment policy), the APFC’s executive director can approve target deviations for up to 90 days within a broader range (the “yellow zone”), and the Board can approve operating for longer than 30 days within a third range (the “red zone”). For example, the target dollar allocation for the cash and interest rate risk class is six percent, with the green zone range set at five to 7.5 percent, the yellow zone range set at 7.5 to nine percent, and red zone ranges set at allocations of less than five percent or greater than nine percent. In a similar manner, the APFC investment policy also requires the APFC to monitor relative risk (the expected investment portfolio’s risk and return relative to the risk benchmark using standard industry risk measures), active budget risk (risk due to active management decisions made by managers), and limits on private investments and future commitments.

Interest Rate Risk

The APFC manages the Fund’s exposure to interest rate risk in part through tracking error guidelines set forth in the APFC’s investment policy. Duration is an indicator of a portfolio’s market sensitivity to changes in interest rates. In general, the major factors affecting duration are, in order of importance, maturity, prepayment frequency, level of market interest rates, size of coupon, and frequency of coupon payments. Rising interest rates generally translate into the value of fixed income investments declining, while falling interest rates are generally associated with increasing value. Effective duration attempts to account for the price sensitivity of a bond to changes in prevailing interest rates, including the effect of embedded options. As an example, for a bond portfolio with a duration of 5.0, a one percentage point parallel decline in interest rates would result in an approximate price increase on that bond portfolio of five percent.

At June 30, 2016, the Fund held fixed income investments with floating, variable, and step interest rates, valued at \$112,896 thousand. These fixed income investments were both domestic and non-domestic, and had current annual interest rates ranging from zero to seven percent.

Credit Risk

The APFC requires that its investment grade fixed income managers, both internal and external, invest in domestic and non-domestic bonds that have an explicit or implied investment grade rating. Should the required ratings on an existing fixed income security fall below the minimum standards, the security must be sold within seven months. Certain high yield investment managers are allowed to invest a specified amount of funds in bonds rated below investment grade.

Custodial Credit Risk

The APFC generally requires that all investment securities at custodian banks be held in the name of the Fund or the APFC (on behalf of the Fund). For the Fund's non-domestic securities held by most sub-custodians, the APFC's primary custodian provides contractual indemnities against sub-custodial credit risk. Excess cash in custodial accounts is swept daily to a money market fund. Late deposits of cash which miss the money market sweep deadline are deposited to an interest bearing account at the custodian.

Concentration of Credit Risk

The APFC manages the Fund's concentration of credit risk by following its strategic asset allocation policy, diversifying investments among managers with varying investment styles and mandates, and monitoring tracking error. Tracking error is a measure of how closely a portfolio follows the index to which it is benchmarked. The APFC's policy for mitigating this risk of loss for fixed income and equity investments is to ensure compliance with APFC investment policy and investment manager contracts. There is no single-issuer exposure within the APFC portfolio that comprises five percent or more of the overall portfolio. Therefore, no concentration of credit risk is reported in the notes to the financial statements.

Foreign Currency Risk

Foreign currency risk is managed through foreign currency forward contracts, and by diversifying assets into various countries and currencies.

Forward Exchange Contracts

Fund managers enter into a variety of forward currency contracts in their trading activities and management of foreign currency exchange rate risk exposure. These contracts are typically intended to neutralize the effect of foreign currency fluctuations, and the contract amounts do not appear on the balance sheet. Realized gains and losses are included in the net increase/decrease in the fair value of investments at the time the contract is settled and determined based on the difference between the contract rate and the market rate at the time of maturity or closing. Unrealized gains and losses are also included in the net increase/decrease in the fair value of investments, and are calculated based on the difference between the contract rate and a forward market rate determined as of the balance sheet date.

A portion of forward exchange contracts is intended to manage, rather than neutralize, foreign currency fluctuations. Certain managers seek to control the effect of fluctuations in foreign exchange rates within their overall portfolio strategy rather than on a security by security basis. They attempt to optimize their foreign currency exposure in a market rather than accept the natural geographical exposure to the market's currency.

Futures

Certain equity and fixed income managers for the Fund are permitted to buy and sell equity and interest rate index futures. The gross contract and fair value of futures do not appear in the balance sheets. The net unrealized gain or loss on open futures trades is included in investments on the balance sheets, based on the difference between the future's purchase price and the current value of such index futures. Realized gains and losses on futures are included in the net increase in the fair value of investments at the time the futures contract expires. The net change in unrealized gains and losses is included in the net increase in the fair value of investments.

Cash and Temporary Investments

The amounts shown on the balance sheets as cash and temporary investments include cash on deposit at the custodian bank, cash swept to overnight investment funds, cash held at futures brokers, petty cash, U.S. Treasury bills, and the net fair value of foreign exchange forward contracts. The APFC’s asset allocation includes 1.2 percent to cash. APFC’s investment policy specifies that funds dedicated to this portion of the asset allocation will be invested in money market funds or fixed income securities with weighted-average maturities of no greater than 24 months.

Cash and temporary investments, which include the market values of foreign currency (FX) and FX forward exchange contracts, are summarized as follows at June 30, 2016 (in thousands):

Cash	\$ 152,611
Pooled Funds	2,060,058
U.S. Treasury Bills	436
Total Cash and Temporary Investments	<u>\$ 2,213,105</u>

Uninvested cash was held at the custodian, sub-custodian, or futures broker banks, primarily in interest-bearing accounts. All pooled funds were invested in a money market fund. U.S. Treasury bills are explicitly guaranteed by the U.S. government.

Marketable Debt Securities

Marketable debt securities at June 30, 2016, are summarized as follows (in thousands), categorized by debt instrument type and by country of registration:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains/(Losses)</u>
Treasury and Government Notes/Bonds	\$ 2,792,996	\$ 2,840,540	\$ 47,544
Mortgage-backed Securities	865,811	882,237	16,426
Corporate Bonds	3,421,315	3,513,921	92,606
Commercial Mortgage/Asset-backed Securities	395,604	408,444	12,840
Non-U.S. Treasury and Government Bonds	1,362,546	1,356,235	(6,311)
Non-U.S. Corporate Bonds	777,497	798,739	21,242
Total Marketable Debt Securities	<u>\$ 9,615,769</u>	<u>\$ 9,800,116</u>	<u>\$ 184,347</u>

Marketable Debt Credit Ratings

To manage credit risk for marketable debt securities, the APFC monitors fair values of all securities daily and routinely reviews its investment holdings’ credit ratings. For accounts with an investment grade mandate (approximately 89 percent of bond mandates at June 30, 2016), issues falling below the minimum standards are required to be sold within seven months of the downgrade date. Minimum standards are a Standard & Poor’s Corporation rating BBB or better, or Moody’s Investors Service, Inc. rating of Baa or better, or a comparable rating by another Nationally Recognized Statistical Rating Organizations (NRSRO) or by a recognized rating service in the jurisdiction of the issuer. Managers with high yield mandates (approximately 11 percent of bond mandates at June 30, 2016) are allowed to hold positions in assets with below investment grade ratings (high yield bonds) based on the terms of their contracts. For purposes of this note, if credit ratings differ among the NRSROs used, the rating with the highest degree of risk (the lowest rating) is reported.

At June 30, 2016, the Fund's credit ratings for its marketable debt securities are as follows (in thousands):

NRSRO Quality Rating	Domestic	Non-domestic	Total Fair Value	Percent of Holdings
AAA	\$ 449,171	\$ 197,138	\$ 646,309	6.60%
AA	214,244	329,093	543,337	5.54%
A	764,322	692,327	1,456,649	14.86%
BBB	1,867,032	622,628	2,489,660	25.40%
BB	121,967	109,092	231,059	2.36%
B	46,926	119,397	166,323	1.70%
CCC	25,777	20,056	45,833	0.47%
CC	-	639	639	0.01%
C	-	-	-	0.00%
D	1,513	-	1,513	0.02%
Total Fair Value of Rated Debt Securities	3,490,952	2,090,370	5,581,322	56.96%
Commingled Bond Funds	475,717	-	475,717	4.85%
Not Rated	9,586	64,604	74,190	0.76%
U.S. Government Explicitly Backed by the U.S. Government (AA)	3,032,618	-	3,032,618	30.94%
U.S. Government Implicitly Backed by the U.S. Government (AA)	636,269	-	636,269	6.49%
Total Fair Value Debt Securities	\$ 7,645,142	\$ 2,154,974	\$ 9,800,116	100.00%

Marketable Debt Duration

To manage its interest rate risk on marketable debt securities, the APFC monitors fair values daily and routinely reviews portfolio effective duration in comparison to established benchmarks. At June 30, 2016, the effective duration by investment type, based on fair value, is as follows:

	Percent of bond holdings	Duration
Domestic Bonds		
Treasuries and Government Notes/Bonds	37.16%	6.14
Mortgage-backed Securities	11.54%	3.49
Corporate Bonds	45.96%	7.32
Commercial Mortgage and Asset-backed Securities	5.34%	4.70
Total Domestic Bonds	100.00%	6.30
Non-domestic Bonds		
Non-U.S. Treasury and Government Bonds	62.94%	6.92
Non-U.S. Corporate Bonds	37.06%	6.06
Total Non-domestic Bonds	100.00%	6.60

Preferred and Common Stock

Direct investments in preferred and common stock are held by the APFC's custodian bank on behalf of the Fund. The Fund also invests in commingled stock funds, which are held by the custodian bank of the fund manager on behalf of fund investors, and equity index futures, which are held at the prime broker.

Preferred and common stocks and commingled stock funds at June 30, 2016 are summarized as follows (in thousands based on currency of trade), and include the net fair value of equity index futures of -\$1.1 million:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gains/(Losses)</u>
Direct Investments			
Domestic Stock	\$ 6,236,388	\$ 7,417,314	\$ 1,180,926
Non-domestic Stock	13,308,813	13,209,332	(99,481)
Commingled Funds	341,276	311,531	(29,745)
Total Preferred and Common Stock	<u>\$ 19,886,477</u>	<u>\$ 20,938,177</u>	<u>\$ 1,051,700</u>

Foreign Currency Exposure

Foreign currency risk is managed by the international investment managers in part through their decisions to enter into foreign currency forward contracts. Foreign currency risk is also managed through the diversification of assets into various countries and currencies.

At June 30, 2016, the Fund's cash holdings, foreign currency forward contracts, non-domestic public and private equity, and debt securities had exposure to foreign currency risk as follows (shown in U.S. dollar equivalent at fair value and based on the currency in which the securities are held and traded) (in thousands):

Foreign Currency	Cash and Equivalents	Foreign Exchange Forward Contracts	Public and Private Equity, Real Estate, Infrastructure	Debt	Total Foreign Currency Exposure
Argentine Peso	\$ 1,141	\$ -	\$ -	\$ -	\$ 1,141
Australian Dollar	19,055	(39,984)	439,672	11,973	430,716
Brazilian Real	(1,028)	1,373	209,977	33,991	244,313
British Pound Sterling	(1,309)	(111,544)	1,667,822	48,242	1,603,211
Canadian Dollar	11,641	30,058	583,388	14,842	639,929
Chilean Peso	179	-	19,169	-	19,348
Chinese Yuan Renminbi	3	-	-	-	3
Colombian Peso	103	(1,767)	6,721	28,540	33,597
Czech Koruna	10	-	5,280	-	5,290
Danish Krone	2,367	(1,094)	128,649	1,899	131,821
Egyptian Pound	32	-	1,628	-	1,660
Euro Currency	(26,489)	(269,622)	2,568,402	216,760	2,489,051
Ghanaian Cedi	-	-	-	2,864	2,864
Hong Kong Dollar	12,241	(3,184)	953,687	-	962,744
Hungarian Forint	30	(76)	11,167	1,589	12,710
Indian Rupee	5,132	(21,629)	343,846	42,541	369,890
Indonesian Rupiah	(1,666)	928	109,729	17,043	126,034
Israeli Shekel	(108)	3,979	44,295	-	48,166
Japanese Yen	30,108	(79,683)	1,709,926	193,730	1,854,081
Malaysian Ringgit	466	(14,036)	105,191	31,226	122,847
Mexican Peso	(139)	(19,632)	126,656	70,886	177,771
New Zealand Dollar	1,537	69,191	21,760	6,435	98,923
Norwegian Krone	555	(13,161)	66,905	7,730	62,029
Peruvian Nuevo Sol	3	-	-	2,729	2,732
Philippine Peso	229	-	29,286	5,207	34,722
Polish Zloty	234	(5,345)	23,391	25,971	44,251
Qatari Riyal	1	-	25,879	-	25,880
Russian Ruble	25	-	38	29,330	29,393
Singapore Dollar	1,356	(1,782)	75,714	6,870	82,158
South African Rand	1,985	(9,510)	282,213	26,843	301,531
South Korean Won	1,045	(11,051)	508,834	11,033	509,861
Swedish Krona	4,387	495	214,508	5,728	225,118
Swiss Franc	6,394	(53,778)	500,386	-	453,002
Taiwan Dollar	5,895	(2,965)	409,682	-	412,612
Thai Baht	770	1,281	88,712	2,014	92,777
Turkish Lira	650	(4,922)	82,980	28,875	107,583
UAE Dirham	25	-	19,475	-	19,500
Uruguayan Peso	-	-	-	1,339	1,339
Total foreign currency exposure	\$ 76,860	\$ (557,460)	\$ 11,384,968	\$ 876,230	\$ 11,780,598

Cash amounts in the schedule above include receivables, payables, certificates of deposit, and cash balances in each related currency. If payables exceed receivables and cash balances in a currency, then the total cash balance for that currency will appear as a negative value. The remaining Fund assets are invested in U.S. cash, equities, and debt, as well as in direct real

estate properties, absolute return and similar funds, and infrastructure, all of which are denominated in U.S. dollars, and are not included in the schedule above.

Real Estate

The Fund holds a variety of real estate interests, including directly owned real estate, real estate investment trusts, multi-family and industrial real estate operating companies, and other entities in which the assets consist primarily of real property. The Fund’s directly owned real estate is through ownership of interests in corporations, limited liability companies, and partnerships that hold title to the real estate. External institutional real estate management firms administer the Fund’s directly owned real estate investments.

The APFC periodically reviews real estate investments for other than temporary impairment. There was no impairment recognized in FY 16.

Real estate investments at June 30, 2016 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains (Losses)
Real Estate Investment Trusts	\$ 972,648	\$ 1,401,446	\$ 428,798
American Homes 4 Rent II	136,064	156,224	20,160
Directly Owned Real Estate:			
Retail	612,195	1,579,285	967,090
Office	1,276,438	1,735,220	458,782
Hotel	59,860	61,957	2,097
Development	51,138	45,342	(5,796)
Industrial	201,776	259,504	57,728
Multifamily	1,207,077	1,809,166	602,089
Total Real Estate	<u>\$ 4,517,196</u>	<u>\$ 7,048,144</u>	<u>\$ 2,530,948</u>

Alternative Investments

Alternative investments include the Fund’s investments in or through real return mandates, absolute return strategies, private equity, infrastructure, and public-private credit. The APFC periodically reviews alternative investments for other than temporary impairment.

The objective for the real return mandate is to produce a five percent real return (in excess of inflation) over the longer of one business cycle or five years. Each manager’s contract specifies permitted investments and liquidity guidelines. Investments are generally in commingled proprietary funds structured as limited partnerships. During FY 16, the real return mandate was discontinued and the remaining managers in this category were moved to the absolute return portfolio.

Absolute return strategies are investments in specialized funds that seek to deliver returns that are largely uncorrelated with traditional market driven asset classes. The Fund is invested in three existing limited partnerships, in which the Fund is the only limited partner (“fund-of-one”). The Fund also holds direct hedge fund investments, in which the Fund is one of many limited partners. External investment management services are provided by institutional investment managers who have acknowledged their status as fiduciaries to the Fund. In FY 16, it was decided to redeem the fund-of-one accounts and move towards more direct hedge fund investments. The liquidation of these accounts is expected to take time, given the illiquid nature of some of the underlying funds. Because of the off-exchange and private nature of many absolute return strategies, investments may have no readily determinable fair value, and the estimated fair values could differ significantly from values that would be obtained in a market transaction for the assets. Each manager provides the Fund with fair value estimates of partnership interests and undergoes an annual independent audit.

The Fund holds private equity through investments in limited liability companies and limited partnerships that typically invest in unlisted, illiquid common and preferred stock and, to a lesser degree, subordinated and senior debt of companies that are in most instances privately held. The APFC has hired external advisors to select private equity holdings diversified by geography and strategy. Private equity is funded slowly over time as opportunities are identified by the external advisors and the underlying fund managers. The underlying private equity funds provide the Fund with fair value estimates of the

investments utilizing the most current information available. In addition, the external advisors review the fair value estimates, and the underlying private equity funds undergo annual independent audits. Private equity investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets. During FY 16 it was determined that ten private equity funds were impaired and would not recover their carrying cost over the remaining estimated holding period of the assets. In order to reflect the impairment in the statutory net income and fund balance classifications, \$32.4 million of unrealized losses were realized through a write-down of cost to fair value. These impairments have no impact on the carrying value of investments or on the net increase (decrease) in the fair value of private equity investments.

Infrastructure investments involve ownership or operating agreements in essential long-term service assets with high barriers to entry. Examples of infrastructure assets include: toll roads; airports; deep water ports; communication towers; and energy generation, storage and transmission facilities. Investments in this asset class are expected to have inflation protection attributes and exhibit low correlations with other major asset classes in the Fund’s investment strategy. The Fund holds infrastructure investments through commingled funds organized as limited partnerships whose investment managers provide periodic fair value estimates, as well as through securities listed on public exchanges. The limited partnerships undergo annual independent audits. Infrastructure investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets. During FY 16 it was determined that one infrastructure fund was impaired and would not recover its carrying cost over the remaining estimated holding period of the assets. In order to reflect the impairment in the statutory net income and fund balance classifications, \$87 million of unrealized losses were realized through a write-down of cost to fair value. These impairments have no impact on the carrying value of investments or on the net increase in the fair value of infrastructure investments.

The Fund invests in public-private credit through limited partnerships that invest either directly in distressed or mezzanine debt or in commingled limited liability funds with a distressed debt or credit opportunity focus. These investments are funded over time, as opportunities arise. The limited partnerships and funds undergo annual independent audits. Public-private credit investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

Alternative investments at June 30, 2016 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains
Real Return	\$ -	\$ -	\$ -
Absolute Return	5,065,237	5,495,915	430,678
Private Equity	4,530,490	5,531,425	1,000,935
Infrastructure	1,418,894	1,760,701	341,807
Public-private Credit	971,356	1,080,408	109,052
Total Alternative Investments	<u>\$ 11,985,977</u>	<u>\$ 13,868,449</u>	<u>\$ 1,882,472</u>

As of June 30, 2016, the APFC, on behalf of the Fund, had outstanding future funding commitments of: \$5.0 billion for private equity; \$1.2 billion for infrastructure; and \$308 million for public-private credit investments. Many alternative investments have liquidity constraints and may not be available for cash withdrawal until a specified period of time has elapsed.

Emerging Markets Total Opportunities

APFC’s emerging market multi-asset class mandates represent portfolios that invest across the spectrum of liquid securities: stocks, bonds and currency. This flexibility gives the managers the ability to select the most advantageous publicly traded investments from both a risk and return perspective without the limitation of security type. During FY 16, the emerging markets total opportunities portfolio was disbanded.

Securities Lending

State regulations at 15 AAC 137.510 and APFC investment policy authorize the APFC to enter into securities lending transactions on behalf of the Fund. Through a contract with the Bank of New York Mellon (the Bank), the Fund lends

marketable debt and equity securities to borrowers who are banks and broker-dealers. The loans are collateralized with cash or certain marketable securities. Under APFC’s contract with the Bank, the Bank must mark the loaned securities and collateral to the market daily, and the loan agreements require the borrowers to maintain the collateral at not less than 102 percent of the fair value of the loaned securities for domestic securities (and non-domestic loaned securities denominated in U.S. dollars) and not less than 105 percent of the fair value for other non-domestic loaned securities. The APFC can sell securities that are on loan. If a borrower fails to return the loaned securities (borrower default), the Bank can use cash collateral (and the proceeds on the sale of any non-cash collateral) to purchase replacement securities. Generally, the APFC is protected from credit risk associated with the lending transactions through indemnification by the Bank against losses resulting from counterparty failure, the reinvestment of cash collateral, default on collateral investments, or a borrower’s failure to return loaned securities.

Cash collateral received for loaned securities is reported on the Fund’s balance sheets and invested by the Bank on behalf of the Fund. As of June 30, 2016, such investments were in overnight repurchase agreements that had a weighted-average-maturity of one day. The average term of the loans was also one day. At June 30, 2016 the value of securities on loan is as follows (in thousands):

Fair Value of Securities on Loan, Secured by Cash Collateral	\$ 987,986
Cash Collateral	1,022,398
Fair Value of Securities on Loan, Secured by Non-cash Collateral	4,830,246
Non-cash Collateral	5,277,990

The Fund receives 80 percent of earnings derived from securities lending transactions, and the Bank retains 20 percent. During the year ended June 30, 2016, the Fund incurred no losses from securities lending transactions. The Fund received income of \$18,520 thousand from securities lending for the year ended June 30, 2016, which is recorded in real estate and other income on the statements of revenues, expenditures and changes in fund balances.

Fair Value Measure

Various inputs are used in valuing the investments held by the Fund. GAAP establishes a hierarchy of inputs used to value investments emphasizing observable inputs and minimizing unobservable inputs. These input levels are summarized as follows:

Level 1 – Quoted prices for identical assets in an active market

Level 2 – Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly

Level 3 – Unobservable inputs. Unobservable inputs should only be used to the extent that observable inputs are not available for a particular asset.

Investments measured using NAV per share as a practical expedient to fair value are not categorized into input levels. The input levels used to measure Fund’s investments and derivative instruments at June 30, 2016 are summarized as follows (in thousands):

	Measured Using Input Levels		Measured Using NAV	Total
	Level 1	Level 2		
Marketable Debt Securities	\$ 2,808,102	\$ 6,992,014	\$ -	\$ 9,800,116
Preferred and Common Stock	20,938,177	-	-	20,938,177
Real Estate	1,401,631	-	5,646,513	7,048,144
Absolute Return	-	-	5,495,915	5,495,915
Private Equity	-	-	5,531,425	5,531,425
Infrastructure	369,057	-	1,391,644	1,760,701
Public-private Credit	-	-	1,080,408	1,080,408
Total Investments	<u>\$ 25,516,967</u>	<u>\$ 6,992,014</u>	<u>\$ 19,145,905</u>	<u>\$ 51,654,886</u>

No investments were measured using level 3 input levels at June 30, 2016.

Marketable debt securities and preferred and common stock classified as level 1 are valued using prices quoted in active markets for those securities. Debt securities classified as level 2 are valued using matrix pricing. Pricing is sourced from various sources.

Publicly traded real estate investment trusts are valued using prices quoted in active markets and are reported as level 1. Directly owned real estate through ownership of interests in corporations, limited liability companies and partnerships that hold title to real estate are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Directly owned real estate investments are subject to annual appraisals and audits. American Homes 4 Rent II is reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions, and does not allow redemptions until the company is wound-up and dissolved.

Absolute return investments are reported at NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Absolute return investments undergo annual independent financial statement audits. The redemption notice period is from 1-91 days and the frequency of redemption is daily to quarterly.

Public-private credit investments are reported at NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Public-private credit investments undergo annual independent financial statement audits. Redemptions are not allowed and the usual life of these investments is five to seven years.

Private equity investments are reported at NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Private equity investments undergo annual independent financial statement audits. Redemptions are not allowed and the usual life of these investments is 10-12 years.

Publicly traded infrastructure investments are classified as level 1 and are valued using prices quoted in active markets for those securities. The majority of infrastructure investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Infrastructure investments undergo annual independent finance statement audits. Redemptions are not allowed and the usual life of these investments is five to seven years.

Investment Income by Source

Investment income during the year ended June 30, 2016, is summarized as follows (in thousands):

Interest	
Marketable Debt Securities	\$ 300,259
Short-term Domestic and Other	6,542
Total Interest	<u>\$ 306,801</u>
Dividends	<u>\$ 526,482</u>
Real Estate and Other Income	
Directly Owned Real Estate Net Rental Income	\$ 229,927
Real Estate Investment Trust Dividends	26,125
Real Return Interest and Dividends	-
Absolute Return Management Expenses, Net of Dividend and Interest Income	(1,823)
Public-private Credit Interest Income, Net of Fees	36,827
Infrastructure Interest and Dividend Income, Net of Fees	31,616
Private Equity Dividend Income, Net of Management Expenses	6,307
Class Action Litigation Income	12,923
Loaned Securities, Commission Recapture and Other Income	19,079
Total Real Estate and Other Income	<u>\$ 360,981</u>

Foreign Exchange Contracts, Futures and Off-Balance Sheet Risk

Certain APFC external investment managers enter into foreign currency forward exchange contracts (FX forward contracts) to buy and sell specified amounts of foreign currencies for the Fund at specified rates and future dates for the purpose of managing or optimizing foreign currency exposure. The maturity periods for outstanding contracts at June 30, 2016 ranged between one and 120 days.

The counterparties to the FX forward contracts consisted of a diversified group of financial institutions. The Fund is exposed to credit risk to the extent of non-performance by these counterparties. The Fund's market risk as of June 30, 2016 is limited to the difference between contractual rates and forward market rates determined at the end of the fiscal year.

Activity and balances related to FX forward contracts for FY 16 are summarized as follows (in thousands):

Balances at June 30, 2016	
Face Value of FX Forward Contracts	\$ 1,835,468
Net Unrealized Holding Gains on FX Forward Contracts	20,961
Fair Value of FX Forward Contracts	<u>\$ 1,856,429</u>
Activity for Fiscal Year Ending June 30, 2016	
Change in Unrealized Holding Gains	\$ 23,242
Realized Gains	12,101
Net Increase in Fair Value of FX Forward Contracts	<u>\$ 35,343</u>

Certain APFC equity investment managers are permitted to trade in equity index futures for the Fund's account, and beginning in FY 12, the internal fixed income management team began trading U.S. Treasury index futures. Equity index futures are traded in both domestic and non-domestic markets based on an underlying stock exchange value. Equity and fixed income index futures are settled with cash for the net difference between the trade price and the settle price.

Activity and balances related to equity index futures for FY 16 are summarized as follows (in thousands):

Balances at June 30, 2016	
Face Value of Equity Index Futures	\$ 154,409
Net Unrealized Holding Losses on Futures	(1,090)
Fair Value of Equity Index Futures	<u>\$ 153,319</u>
Activity for Fiscal Year Ending June 30, 2016	
Change in Unrealized Holding Losses	\$ (496)
Realized Gains	25,629
Net Increase in Fair Value of Equity Index Futures	<u>\$ 25,133</u>

Activity and balances related to U.S. Treasury index futures for FY 16 are summarized as follows (in thousands):

Balances at June 30, 2016	
Face Value of U.S. Treasury Index Futures	\$ (134,309)
Net Unrealized Holding Losses on Futures	(10,360)
Fair Value of U.S. Treasury Index Futures	<u>\$ (144,669)</u>
Activity for Fiscal Year Ending June 30, 2016	
Change in Unrealized Holding Gains	\$ 10,494
Realized Gains	18,853
Net Increase in Fair Value of U.S. Treasury Futures	<u>\$ 29,347</u>

The face value of FX forward contracts and futures shown in these schedules is not required to be included in the Fund's balance sheets. All other balance and activity amounts shown above are included in the Fund's financial statements within the net increase in fair value of investments on the Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 5 – CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital assets, which include property, plant, equipment, and infrastructure items (highways, bridges, and similar items) are reported in the applicable governmental and business-type activity columns of the government-wide financial statements. Intangibles are reported separately in the notes to the financial statements; however, on the face of the financial statements, intangibles are grouped with the asset class they most resemble. Easements and right of way are grouped with land, and software is grouped with equipment.

Capitalization policy and useful lives for capital assets are as follows:

<u>Capital Asset</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Value</u>	<u>Useful Life</u>	<u>at Value</u>	<u>Useful Life</u>
Land	All	Indefinite	All	Indefinite
Infrastructure	\$ 1,000,000	15-75	\$ 100,000	5-40
Buildings	1,000,000	50	100,000	10-40
Intangible Assets and				
Computer Software	500,000	3-7		
Building Improvements	100,000	1-50	All	5-40
Machinery/equipment	100,000	3-60	5,000	5-10
Construction in Progress				

When a proprietary or fiduciary fund has its own capitalization policy, capital assets will be capitalized under that policy rather than in accordance with the above table.

State of Alaska art, library reserve, and museum collections that are considered inexhaustible, in that their value does not diminish over time, are not capitalized. These assets are held for public exhibition, education, or research rather than financial gain, and are protected, kept unencumbered, cared for, and preserved. Proceeds from the sale of collection items are used to acquire other items for collections.

Capital asset activities for the fiscal year ended June 30, 2016, are as follows (in millions):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right-of-Way	\$ 620	\$ 17	\$ -	\$ 637
Land	348	16	-	364
Construction in progress	1,812	654	(552)	1,914
Total capital assets not being depreciated	<u>2,780</u>	<u>687</u>	<u>(552)</u>	<u>2,915</u>
Capital assets being depreciated:				
Buildings	2,046	233	(58)	2,221
Intangible - Software	86	40	(2)	124
Equipment	980	38	(47)	971
Infrastructure	7,875	277	-	8,152
Total capital assets being depreciated	<u>10,987</u>	<u>588</u>	<u>(107)</u>	<u>11,468</u>
Less accumulated depreciation for:				
Buildings	(703)	(65)	37	(731)
Intangible - Software	(79)	(13)	-	(92)
Equipment	(545)	(43)	38	(550)
Infrastructure	(5,044)	(331)	-	(5,375)
Total accumulated depreciation	<u>(6,371)</u>	<u>(452)</u>	<u>75</u>	<u>(6,748)</u>
Total capital assets being depreciated, net	<u>4,616</u>	<u>136</u>	<u>(32)</u>	<u>4,720</u>
Capital assets, net	<u>\$ 7,396</u>	<u>\$ 823</u>	<u>\$ (584)</u>	<u>\$ 7,635</u>

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for internal funds are included as part of the above schedule for governmental activities.

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 31	\$ -	\$ -	\$ 31
Construction in progress	60	52	(102)	10
Total capital assets not being depreciated	<u>91</u>	<u>52</u>	<u>(102)</u>	<u>41</u>
Capital assets being depreciated:				
Buildings	1,115	12	-	1,127
Equipment	105	9	(4)	110
Infrastructure	836	81	-	917
Total capital assets being depreciated	<u>2,056</u>	<u>102</u>	<u>(4)</u>	<u>2,154</u>
Less accumulated depreciation for:				
Buildings	(380)	(32)	-	(412)
Equipment	(75)	(7)	4	(78)
Infrastructure	(439)	(29)	-	(468)
Total accumulated depreciation	<u>(894)</u>	<u>(68)</u>	<u>4</u>	<u>(958)</u>
Total capital assets being depreciated, net	<u>1,162</u>	<u>34</u>	<u>-</u>	<u>1,196</u>
Capital assets, net	<u>\$ 1,253</u>	<u>\$ 86</u>	<u>\$ (102)</u>	<u>\$ 1,237</u>

The following relates to the land owned by the State:

The total state entitlement amounts to approximately 105.7 million acres, 102.5 million of which was received through the Statehood Act. In accordance with the Alaska Statehood Act section 6(g), Alaska Native Claims Settlement Act, and the Alaska National Interest Lands Conservation Act, section 906(c), 100.5 million acres have been patented or “tentatively approved.”

The State disposes of various land parcels through several programs. However, the State generally retains the subsurface rights of the land upon disposal.

Depreciation expense was charged to the functions of the primary government as follows (in millions):

	<u>Amount</u>
Governmental Activities	
General Government	\$ 31
Education	12
Health and Human Services	9
Law and Justice	3
Natural Resources	(2)
Development	1
Public Protection	14
Transportation	352
Depreciation on capital assets held by the state's internal service funds is charged to the various functions based on their use of the assets.	<u>33</u>
 Total Depreciation Expense – Governmental Activities	 <u><u>\$ 453</u></u>
 Business-type Activities	
Enterprise	<u><u>\$ 68</u></u>

DISCRETELY PRESENTED COMPONENT UNITS

The estimated useful lives of capital assets range from 4 to 50 years. Intangibles, except for easements and right-of-way, are reported separately in the notes to the financial statements; however, on the face of the financial statements, all intangibles

are grouped with the asset class they most resemble. Software and Right of Use are grouped with equipment. The following table summarizes net capital assets reported by the discretely presented component units at June 30, 2016 (in millions):

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 111	\$ 2	\$ -	\$ 113
Museum collections	7	-	-	7
Construction in progress	463	257	(214)	506
Total capital assets not being depreciated	<u>581</u>	<u>259</u>	<u>(214)</u>	<u>626</u>
Capital assets being depreciated/depleted:				
Intangible - Software	2	-	-	2
Intangible - Right of Use	21	-	-	21
Land	4	-	-	4
Library Books	56	1	(1)	56
Buildings	2,073	146	(1)	2,218
Equipment	826	58	(17)	867
Infrastructure	1,713	65	-	1,778
Total capital assets being depreciated/depleted	<u>4,695</u>	<u>270</u>	<u>(19)</u>	<u>4,946</u>
Less accumulated depreciation/depletion for:				
Intangible - Software	(1)	(1)	-	(2)
Intangible - Right of Use	(7)	-	-	(7)
Library Books	(46)	(1)	1	(46)
Buildings	(981)	(66)	-	(1,047)
Equipment	(417)	(46)	17	(446)
Infrastructure	(691)	(59)	-	(750)
Total accumulated depreciation/depletion	<u>(2,143)</u>	<u>(173)</u>	<u>18</u>	<u>(2,298)</u>
Total capital assets being depreciated/depleted, net	<u>2,552</u>	<u>97</u>	<u>(1)</u>	<u>2,648</u>
Capital assets, net	<u>\$ 3,133</u>	<u>\$ 356</u>	<u>\$ (215)</u>	<u>\$ 3,274</u>

University of Alaska art and museum collections, which are capitalized but not depreciated, are held for public exhibition, education, or research rather than financial gain, and are protected, kept unencumbered, cared for, and preserved. Proceeds from the sale of collection items are used to acquire other items for collections.

Beginning balances for the discretely presented component units have been restated. In FY 2015, the University of Alaska combined asset categories buildings and vessels. In FY 2016, the category of vessels is combined with equipment. The Capital Assets, net ending balance for FY 2015 was correct.

Alaska Mental Health Trust Authority beginning balances for buildings and the accumulated depreciation for buildings were corrected. The Capital Assets, net ending balance for FY 2015 was correct.

NOTE 6 – SHORT-TERM DEBT, BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

A. SUMMARY OF CHANGES

SHORT-TERM DEBT

Two enterprise funds, the Alaska Clean Water Fund and the Alaska Drinking Water Fund issued bond anticipation notes during FY 16 totaling \$1,748 thousand and \$1,843 thousand respectively. The proceeds were used to fund the State share of loan distributions and administration costs. In accordance with the Environmental Protection Agency regulations, interest and investment earnings were used to retire the bond anticipation notes. No balance was outstanding at year end.

Short-term debt activity for the primary government for the fiscal year ended June 30, 2016 is as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Bond Anticipation Notes	\$ 155,215	\$ -	\$ 155,215	\$ -

The 2015 bond anticipation notes (BAN) were issued for the purpose of refunding the 2014 BAN and additional costs of State transportation projects. The 2015A BAN was refunded with the issuance of the 2016A General Obligation Bond.

LONG-TERM LIABILITIES

The following table summarizes changes in long-term liabilities for Governmental Activities for the fiscal year ended June 30, 2016 (in thousands):

Governmental Activities	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	\$ 381,830	\$ 1,309	\$ 11,369	\$ 371,770	\$ 13,642
General obligation debt	656,599	315,137	50,592	921,144	47,674
Notes payable	-	16,091	80	16,011	1,819
Capital leases payable	318,403	12,171	28,749	301,825	26,431
Unearned revenue	44,994	32,943	12,603	65,334	51,026
Certificates of participation	35,277	-	3,358	31,919	1,769
Compensated absences	176,212	172,739	173,376	175,575	167,526
Claims and judgments	155,766	37,433	30,062	163,137	48,211
Pollution Remediation	91,713	32,545	6,417	117,841	11,783
Other noncurrent liabilities	861	2,449	-	3,310	2,787
Net pension liability	5,990,183	60,152	1,930,856	4,119,479	-
Total	<u>\$7,851,838</u>	<u>\$ 682,969</u>	<u>\$2,247,462</u>	<u>\$6,287,345</u>	<u>\$ 372,668</u>

Beginning balances for pollution remediation is being restated due to hazards that were reported in several departments thus double reporting the liability for those hazards. Additional information on this restatement can be found in Note 14.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities.

The General Fund and special revenue funds in which the leases are recorded typically liquidate the capital lease obligations. The compensated absence obligations are typically liquidated by the funds incurring the related salaries and wages. Claims and judgments attributable to governmental activities will generally be liquidated by the General Fund, except for the payments by Capital Project Funds for the rebate of arbitrage. Certain claims and judgment liquidations will receive proportional federal reimbursement. Other non-current liabilities due within one year will be liquidated by the General Fund and those due after one year will be liquidated by the Reclamation Bonding Pool, a special revenue fund.

The Internal Revenue Code and arbitrage regulations issued by the Internal Revenue Service require rebate to the federal government of excess investment earnings on bond proceeds if the yield on those earnings exceeds the effective yield on the related tax-exempt bonds issued. Arbitrage rebates payable are reported under claims and judgments.

The following table summarizes changes in long-term liabilities for Business-type Activities for the fiscal year ended June 30, 2016 (in thousands):

Business-type Activities	Beginning			Ending	
	Balance	Increases	Decreases	Balance	Amounts Due Within One Year
Revenue bonds payable	\$ 497,155	\$ -	\$ 22,678	\$ 474,477	\$ 18,720
Unearned revenue	865	-	311	554	-
Compensated absences	\$ 4,583	\$ 4,447	\$ 4,463	\$ 4,567	\$ 4,066
Pollution Remediation	1,193	3,480	-	4,673	467
Net pension liability	66,449	3,337	12,976	56,810	-
Total	<u>\$ 570,245</u>	<u>\$ 11,264</u>	<u>\$ 40,428</u>	<u>\$ 541,081</u>	<u>\$ 23,253</u>

B. NET PENSION LIABILITY

Net Pension Liability is recorded in the schedule of long-term liabilities above. The total pension liability for the June 30, 2015 measurement date was determined by actuarial valuations as of June 30, 2014, which was rolled forward to June 30, 2015. The actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

System	Investment Rate of Return	Inflation Rate	Salary Scale Increase
PERS	8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%	3.12%	Graded by service, from 9.66% to 4.92% for Peace Officer/Firefighter Graded by age and service, from 8.55% to 4.34% for all others
TRS	8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%	3.12%	Graded by service, from 8.11% to 3.87%
JRS	8%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%	3.12%	3.62% per year, compounded annually
NGNMRS	7%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 3.88%	3.12%	None

PERS pre termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for Peace Officer/Firefighters, 50% of the time for others. Post-termination mortality rates were based on 95% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB. The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

TRS post-termination mortality rates were based on 94% of the male rates and 97% of the female rates of the RP-2000 Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and 4-year setback for females. The rates for pre-termination mortality were 68% of the male rates and 60% of the female rates of the post-termination mortality rates. Deaths are assumed to result from non-occupational causes 85% of the time. The actuarial assumption used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

JRS post-termination mortality rates were based on 94% of the male rates and 97% of the female rates of the RP-2000 Combined Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and 4-year setback for females. The rates for pre-termination mortality were 68% of the male rates and 60% of the female rates of

the post-termination mortality rates. The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect future experience.

NGNMRS post-termination mortality rates were based on 96% of all rates of RP-2000 Combined Mortality, 2000 Base Year projected to 2018 with Projection Scale BB. Pre-termination mortality is based on 60% of the male and 65% of female rates of the post-termination mortality rates. The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect future experience.

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 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plans' target asset allocation as of June 30, 2015 are summarized in the following table:

System	Asset Class	Long-term Expected Real Rate of Return
PERS/TRS/ JRS	Domestic Equity	5.35%
	Global Equity (non-U.S.)	5.55%
	Private Equity	6.25%
	Fixed Income Composite	0.80%
	Real Estate	3.65%
	Alternative Equity	4.70%
NGNMRS	Domestic Equity	5.35%
	Global Equity (non-U.S.)	5.55%
	Fixed Income Composite	0.80%

The discount rate used to measure the total pension liability was 8% percent for PERS, TRS and JRS. The discount rate used to measure the total pension liability was 7% for NGNMRS. The projection of cash flows used to determine the discount rate assumed that the employer and the nonemployer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the Plans 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.

The following presents the State's proportionate share of the net pension liability calculated using the discount rate, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (in thousands):

	1% Decrease 7%	Discount Rate 8%	1% Increase 9%
Primary Government's proportionate share of the PERS net pension liability	\$ 3,271,990	\$ 2,461,225	\$ 1,778,644
Component Units' proportionate share of the PERS net pension liability	355,794	267,632	193,409
Primary Government's proportionate share of the TRS net pension liability	20,930	14,501	9,115
Component Units' proportionate share of the TRS net pension liability	54,383	37,680	23,683
Primary Government's JRS net pension liability	84,085	60,965	41,455

	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
Primary Government's NGNMRS net pension liability/(asset)	\$ 3,400	\$ 1,429	\$ (351)

The State's proportion of the net pension liability was based on projections of the present value of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers from 2017 to a projected fully funded year of 2039. At June 30, 2015 the proportionate share of the net pension liability attributed to the State was 56.27 percent (50.75 percent for the primary government and 5.52 percent for the component units) for the Public Employee's Retirement System (PERS) and 2.81 percent (0.78 for the primary government and 2.03 for the component units) for the Teacher's Retirement System (TRS). This was a decrease of 0.40 percent (1.48 percent decrease for the primary government and 1.08 percent increase for the component units) for PERS and an increase of 1.05 percent (0.01 percent decrease for the primary government and 1.06 percent increase for the component units) for TRS from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the State recognized pension expense of \$378,520 thousand (\$331,873 for the primary government and \$46,647 for component units) broken out by plan as follows (in thousands):

<u>Systems</u>	<u>Pension Expense</u>
Public Employees' Retirement System – Primary Government	\$ 323,310
Public Employees' Retirement System – Component Units	41,355
Teachers' Retirement System – Primary Government	1,454
Teachers' Retirement System – Component Units	5,292
Judicial Retirement System – Primary Government	6,065
Alaska National Guard and Alaska Naval Militia Retirement System – Primary Government	1,044

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to pension plans from the following sources by plan (in thousands):

		Deferred Outflows of Resources	Deferred Inflows of Resources
PERS			
Primary Government	Difference Between Expected and Actual Experience	\$ 2,869	\$ -
	Difference Between Projected Investment Earnings	-	(43,574)
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	6,396	(36,472)
	Changes in Assumptions	143,910	-
	Contributions Subsequent to the Measurement Date	164,535	-
Component Units	Difference Between Expected and Actual Experience	312	-
	Difference Between Projected Investment Earnings	-	(4,738)
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	4,973	(232)
	Changes in Assumptions	15,649	-
	Contributions Subsequent to the Measurement Date	17,969	-
TRS			
Primary Government	Difference Between Expected and Actual Experience	-	(23)
	Difference Between Projected Investment Earnings	-	(213)
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	36	(597)
	Changes in Assumptions	640	-
	Contributions Subsequent to the Measurement Date	925	-
Component Units	Difference Between Expected and Actual Experience	-	(60)
	Difference Between Projected Investment Earnings	-	(554)
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	1,283	(226)
	Changes in Assumptions	1,664	-
	Contributions Subsequent to the Measurement Date	1,973	-
JRS			
Primary Government	Difference Between Projected Investment Earnings	-	(1,866)
	Difference Between Expected and Actual Experience	-	(3,741)
	Changes in Assumptions	1,407	-
	Contributions Subsequent to the Measurement Date	11,710	-
NGNMRS			
Primary Government	Difference Between Projected Investment Earnings	304	-
	Difference Between Expected and Actual Experience	796	-
	Changes in Assumptions	90	-
	Contributions Subsequent to the Measurement Date	735	-
		<u>\$ 378,176</u>	<u>\$ (92,296)</u>

\$197,847 thousand reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2017 (\$177,905 thousand for the primary government and \$19,942 thousand for component units). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for each plan as follows (in thousands):

Year Ending June 30	PERS - Primary Government	PERS - Component Units	TRS - Primary Government	TRS - Component Units	JRS - Primary Government	NGNMRS - Primary Government
2017	\$ 78,512	\$ 15,780	\$ (129)	\$ 1,921	\$ (3,412)	\$ 237
2018	(17,779)	(1,164)	(182)	(215)	(1,077)	236
2019	(27,984)	(3,043)	(184)	(477)	(1,077)	236
2020	40,380	4,391	338	878	1,366	481

SPECIAL FUNDING SITUATION

Under Governmental Accounting Standards Board Statement No. 68, a special funding situation exists when a nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of contributions for which the nonemployer entity legally is responsible is not dependent upon one or more events unrelated to pensions or (2) the nonemployer is the only entity with a legal obligation to make contributions directly to a pension plan.

In an opinion dated August 3, 2015, the Department of Law advised that AS 39.35.280 and AS 14.25.085 did not create “legal responsibility” in the State to make contributions for non-State PERS and TRS participating employers, and that a “special funding situation” did not exist for purposes of GASB 68. The Department of Law further advised that the State should only report on its balance sheet those net pension liabilities attributable to the State as a participating employer. That opinion is incorporated by reference to this note.

On November 25, 2015, however, GASB staff advised the Department of Administration and the Department of Law that the term “legally responsible” for purposes of GASB 68 should not be construed in a legally enforceable sense, and that the reporting of net pension liability attributable to special funding situations on the State’s balance sheet does not mean that the State is legally obligated for such underlying net pension liabilities. Rather, the reporting of such amounts merely reflects an “economic reality” that the State is making state assistance payments on behalf of participating employers pursuant to AS 39.35.280 and AS 14.25.085. Nevertheless, GASB staff advised that the existence of such statutes, irrespective of their constitutional validity, required the State to report these amounts as liabilities on its balance sheet. Moreover, in a memo dated December 16, 2015, the Division of Legislative Audit stated that the constitutional prohibition against dedicated revenue and limitations on one legislature binding the appropriation power of a subsequent legislature are not permissible exceptions to this accounting rule.

Accordingly, the State is reporting such amounts on its balance sheet, but the State affirmatively disclaims any and all legal responsibility or obligation, in a legally enforceable sense, for the non-State employer GASB 68 net pension liabilities reported as liabilities on the basic financial statements herein. The State acknowledges that municipalities and school districts have taken the position that they are not claiming responsibility for liabilities beyond the obligations they report in their financial statements.

The assumptions for the portion of the net pension liability attributed to the special funding situation for both the PERS and TRS plans are the same as those listed above. The proportionate share of the net pension liability attributed to the special funding situation was based on a projection of these types of contributions to the pension plan relative to the projected contributions of all participating employers.

The following presents the State’s proportionate share of the net pension liability calculated using the discount rate, as well as what the State’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for the special funding situation portion (in thousands):

	1% Decrease 7%	Discount Rate 8%	1% Increase 9%
PERS net pension liability	\$ 670,424	\$ 504,300	\$ 364,441
TRS net pension liability	1,638,875	1,135,514	713,704

At June 30, 2015 the proportionate share of the net pension liability attributed to the State for the special funding situation was 10.40 percent for the Public Employee's Retirement System (PERS) and 61.03 percent for the Teacher's Retirement System (TRS), which was a decrease of 11.46 percent and 23.07 percent from its proportion measured as of June 30, 2014 for PERS and TRS respectively.

For the year ended June 30, 2016, the State recognized expenses of \$21,075 thousand in relation to the special funding situation broken out by plan as follows (in thousands):

<u>Systems</u>	<u>Expenses</u>
Public Employees' Retirement System	\$ (69,246)
Teachers' Retirement System	90,321

At June 30, 2016, the State reported deferred outflows of resources and deferred inflows of resources related to pension plans for the special funding situation amounts from the following sources by plan (in thousands):

System		Deferred Outflows of Resources	Deferred Inflows of Resources
PERS	Difference Between Expected and Actual Experience	\$ 588	\$ -
	Difference Between Projected Investment Earnings	-	(8,928)
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	-	(134,230)
	Changes in Assumptions	29,487	-
	Contributions Subsequent to the Measurement Date	43,533	-
	TRS	Difference Between Expected and Actual Experience	-
Difference Between Projected Investment Earnings		-	(16,684)
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions		2,987	(73,318)
Changes in Assumptions		50,147	-
Contributions Subsequent to the Measurement Date		89,957	-
			<u>\$ 216,699</u>

\$133,490 thousand reported as deferred outflows of resources related to the special funding situation resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the special funding situation will be recognized as expenses for each plan as follows (in thousands):

Year Ending June 30	PERS	TRS
2017	\$ (101,053)	\$ (34,117)
2018	(14,570)	(16,656)
2019	(5,734)	(14,384)
2020	8,274	26,469

STATE ADMINISTERED SINGLE EMPLOYER PLANS

The schedules of changes in plan net pension liability and related ratios for the JRS and NGNMRS defined benefit pension plan as of the measurement date, June 30, 2015 are below (in thousands):

	<u>JRS</u>	<u>NGNMRS</u>
Total pension liability:		\$
Service cost	\$ 5,814	604
Interest	15,564	2,554
Benefit payments, including refunds of member contributions	<u>(10,684)</u>	<u>(1,564)</u>
Net Change in total pension liability	10,694	1,594
 Total pension liability - beginning	<u>194,431</u>	<u>36,715</u>
 Total pension liability - ending (a)	<u>205,125</u>	<u>38,309</u>
 Plan fiduciary net position:		
Contributions - employer	10,222	628
Contributions - employee	811	
Total net investment income	4,349	590
Benefit payments, including refunds or member contributions	(10,684)	(1,564)
Administrative expenses	<u>(86)</u>	<u>(241)</u>
Net change in plan fiduciary net position	4,612	(587)
 Plan fiduciary net position - beginning	<u>139,548</u>	<u>37,467</u>
 Plan fiduciary net position - ending (b)	<u>144,160</u>	<u>36,880</u>
 Plan's net pension liability/(asset) (a) - (b)	<u>\$ 60,965</u>	<u>\$ 1,429</u>

NON-STATE ADMINISTERED SINGLE EMPLOYER PLANS

The Alaska Railroad Corporation (ARRC) is a component unit of the State of Alaska. The ARRC has a single-employer defined benefit pension plan administered by the Tax Deferred Savings and Pension Committee covering all regular represented and nonrepresented employees who are not covered by the Civil Service Retirement System. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of January 1, 2015. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

<u>Actuarial Assumption</u>	<u>December 31, 2015</u>
Inflation	2.8%
Salary Increases	2.8% CPI plus merit based rates
Cost of living allowance	1.4%
Retirement, disablement, and termination	Based on 2010-2014 experience study
Administrative expenses	1.27% of payroll, based on current year Actuarially Determined Contribution

Mortality rates were based on the Society of Actuaries RP-2000 combined mortality table (65%/35% blended blue/white collar) and the Scale AA generational mortality improvement in longevity that we expect to occur in the future.

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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Cash	0.00%	0.50%
Total Return Bond	17.00	2.60
Global Bond	7.00	2.60
High Yield Bond	6.00	4.10
Domestic Large Cap	16.00	7.10
Domestic Mid Cap	12.00	8.10
Domestic Small Cap	8.00	9.10
International Equity	12.00	6.10
Commodities	8.00	1.60
Real Estate	14.00	5.60
Total	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and the ARRC contributions will be made based on the actuarially determined contribution rate. 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 active and inactive employees. 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.

The following presents the net pension liability calculated using the discount rate of 7.5% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or higher than the current rate (in thousands):

	<u>1% Decrease (6.5%)</u>	<u>Current discount rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Net pension liability	\$ 43,505	19,728	260

For the year ended December 31, 2015, the ARRC recognized pension expense of \$5,272 thousand. Deferred outflows of resources related to pension for the net difference between actual and projected earnings on investment totaled \$8,853 thousand and will be recognized in pension expense as follows (in thousands):

Year ending December	<u>Amount</u>
2016	\$ 2,213
2017	2,213
2018	2,214
2019	2,214
	<u>\$ 8,853</u>

Changes in the net pension liability are as follows (in thousands):

Total pension liability:	
Service cost	\$ 5,834
Interest	11,832
Benefit payments, including refunds of employee contributions	(4,920)
Net Change in total pension liability	<u>12,746</u>
Total pension liability - beginning	154,384
Total pension liability – ending (a)	<u>167,130</u>
Plan fiduciary net position:	
Contributions - employer	3,571
Contribution - employee	4,290
Total net investment income/(loss)	(199)
Benefit payments, including refunds or member contributions	(4,920)
Administrative expenses	(550)
Net change in plan fiduciary net position	<u>2,192</u>
Plan fiduciary net position - beginning	145,210
Plan fiduciary net position – ending (b)	<u>147,402</u>
Plan’s net pension liability/(asset) (a)-(b)	<u>\$ 19,728</u>

C. GENERAL OBLIGATION BONDS AND REVENUE BONDS

GENERAL OBLIGATION BONDS

Under Article IX, Section 8 of the State Constitution and AS 37.15, the State Bonding Act, General Obligation Bonds must be authorized by law and ratified by voters and generally must be issued for capital improvements. There is no statutory limit on the amount of State General Obligation Bonds that may be authorized.

The full faith, credit, and resources of the State are pledged to secure payment of General Obligation Bonds. As of June 30, 2016, the following were the General Obligation Bond debt outstanding (in millions):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 46.5	\$ 36.1	\$ 82.6
2018	52.3	37.3	89.6
2019	54.4	34.9	89.3
2020	45.2	32.7	77.9
2021	46.5	30.5	77.0
2022-2026	251.1	123.4	374.5
2027-2031	225.0	71.3	296.3
2032-2036	90.3	19.9	110.2
2037-2041	11.9	0.7	12.6
Total debt service requirements	<u>823.2</u>	<u>\$ 386.8</u>	<u>\$ 1,210.0</u>
Unamortized bond premium	<u>97.9</u>		
Total principal outstanding	<u>\$ 921.1</u>		

The General Obligation Bond Series 2009A Bonds were issued for the purpose of paying \$165 million of the costs of State transportation projects. The Series 2010 A and B Bonds were issued for the purpose of paying \$164.57 million of the costs of State education projects. The Series 2012A Bonds were issued for the purpose of refunding \$191.41 million on the 2003A Series Bonds resulting in an economic gain of \$27.1 million and an aggregate difference in debt service of \$33.0 million. The

Series 2013 A and B Bonds were issued for the purpose of paying \$162.48 million of the costs of State education projects. The Series 2015B Bonds were issued for the purpose of refunding \$100.62 million on the 2009A Series Bonds resulting in an economic gain of \$7.5 million and an aggregate difference in debt service of \$8.8 million. The Series 2016A bonds were issued for the purpose of long-term financing, over short-term financing, of \$155.2 million of the costs of State transportation projects. The Series 2016B bonds were issued for the purpose of paying \$128.3 million of the costs of State transportation projects.

Federal subsidies related to the interest payments made during the year on the bonds were \$4.8 million.

At June 30, 2016, the amount of General Obligation Bonds authorized was \$1,012.1 million with \$811.0 million issued. General Obligation Bonds authorized but not issued at June 30, 2016 was \$201.1 million.

REVENUE BONDS

As of June 30, 2016, the following were the revenue bonds outstanding (in millions):

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 13.7	\$ 17.6	\$ 18.7	\$ 21.7
2018	7.2	16.9	25.1	20.6
2019	7.9	16.6	26.4	19.4
2020	7.8	16.2	27.5	18.0
2021	8.5	15.8	31.1	16.5
2022-2026	45.9	72.4	142.9	60.3
2027-2031	41.2	62.0	132.1	27.0
2032-2036	54.3	50.4	48.1	5.5
2037-2041	71.2	35.3	-	-
2042-2046	108.8	78.5	-	-
Total debt service requirements	366.5	<u>\$ 381.7</u>	451.9	<u>\$ 189.0</u>
Unamortized bond (discounts)/premiums	(4.7)		22.6	
Plus accreted value	10.0		-	
Total principal outstanding	<u>\$ 371.8</u>		<u>\$ 474.5</u>	

There are two types of revenue bonds within governmental activities reported above, the Northern Tobacco Securitization Corporation Revenue Bonds and the State of Alaska Sport Fishing Revenue Bonds. This debt is reported in the Governmental Activities column of the Government-wide Statement of Net Position.

Northern Tobacco Securitization Corporation Revenue Bonds

The Northern Tobacco Securitization Corporation (NTSC) bonds were issued to purchase the right to a share of Tobacco Settlement Revenues (TSRs) received by the State of Alaska. These revenue bonds are secured by and payable solely from the TSRs and investment earnings pledged under the respective bond indentures and amounts established and held in accordance with those bonds indentures. Neither Alaska Housing Finance Corporation nor the State of Alaska is liable for any debt issued by NTSC. NTSC revenue bond total at June 30, 2016 includes \$338.6 million in principal, \$373.7 million in interest, \$6.1 million in unamortized discount, and \$10.0 million in accreted value on the Series 2006B and Series 2006C Bonds.

Alaska Sport Fishing Revenue Bonds

The State of Alaska Sport Fishing Revenue Bonds Series 2006 were issued under Article 5A of Chapter 15 of Title 37 of the Alaska Statutes. The bonds were issued to provide a portion of the funds necessary to finance the construction and renovation of fisheries rehabilitation, enhancement and development projects that benefit sport fishing. These revenue bonds are special, limited obligations of the State secured by and payable from the sport fishing facilities surcharge imposed under

AS 16.05.340 and from funds received from the federal government which by their terms are not restricted in use and legally available for the payment for debt service on Parity Bonds. The bonds are not general obligations of the State, and the State does not pledge its full faith and credit to the payment of the bonds. Sport Fishing Revenue Bond total at year end includes \$27.9 million in principal, \$8.0 million in interest, and \$1.4 million in unamortized premium.

International Airports Revenue Bonds

The business activities revenue bonds include bond issuances by the International Airports Fund. Gross revenues derived from the operation of the international airports at Anchorage and Fairbanks are pledged to secure the payment of principal and interest on International Airports Revenue Bonds. There are \$23.2 million of bonds authorized by the Alaska Legislature that have not been issued. This debt is reported in the Business-type Activities column of the Government-wide Statement of Net Position. During FY 16 international airports redeemed \$4.1 million and refunded \$99.5 million of Revenue Bonds. At June 30, 2016 there was no bond interest arbitrage rebate liability. Federal subsidies related to the interest payments made during the year on Build American Bonds were \$430 thousand. International Airports Revenue Bond total at year end includes \$451.9 million in principal, \$189.0 million in interest and \$22.6 million in unamortized premiums/discounts and deferred gains/losses.

D. CAPITAL AND OPERATING LEASES

A summary of noncancelable operating and capital lease commitments to maturity are (in millions):

<u>Governmental Activities</u> <u>Year Ending June 30</u>	Operating <u>Leases</u>	<u>Capital Leases</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 33.6	\$ 26.4	\$ 14.5	\$ 40.9
2018	23.8	22.2	13.2	35.4
2019	17.9	22.9	12.2	35.1
2020	7.1	22.3	11.1	33.4
2021	4.1	18.6	10.2	28.8
2022-2026	11.1	79.0	37.9	116.9
2027-2031	4.0	77.0	17.6	94.6
2032-2036	1.3	33.5	1.7	35.2
2037-2041	0.2	-	-	-
2042-2046	0.2	-	-	-
2047-2051	0.2	-	-	-
2052-2056	0.2	-	-	-
2057-2061	0.2	-	-	-
2062-2066	1.7	-	-	-
Total	<u>\$ 105.6</u>	<u>\$ 301.9</u>	<u>\$ 118.4</u>	<u>\$ 420.3</u>

Leases at June 30, 2016 are reported by the State of Alaska within Governmental Activities and Business-Type Activities, as applicable.

The State leases office facilities, office and computer equipment, and other assets under a variety of agreements. Although lease terms vary, most leases are subject to appropriation from the State Legislature to continue the obligation. If the possibility of receiving no funding from the Legislature is remote, leases are considered noncancelable for financial reporting purposes. Leases that represent acquisitions are classified as capital leases, and the related assets and liabilities are recorded in the financial records at the inception of the lease. Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease. Certain operating leases are renewable for specified periods. In most cases, management expects that the leases will be renewed or replaced by other leases.

Buildings and equipment under capital leases as of June 30, 2016 include the following (in thousands):

	Governmental Activities	Business-Type Activities
Buildings	\$ 460,494	\$ -
Equipment	17,364	-
Less: Accumulated Depreciation	(106,955)	-
	<u>\$ 370,903</u>	<u>\$ -</u>

E. CERTIFICATES OF PARTICIPATION

The State has lease purchase agreements funded through certificates of participation (COPs). These leases are for the purchase or construction of buildings. Third-party leasing companies assigned their interest in the lease to underwriters, which issued certificates for the funding of these obligations. The COPs represent an ownership interest of the certificate holder in a lease purchase agreement. While the State is liable for lease payments to the underwriters, the State is not liable for payments to holders of the certificates.

The following schedule presents future minimum payments as of June 30, 2016 (in millions):

<u>Governmental Activities</u>	<u>Certificates of Participation</u>		
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1.8	\$ 1.3	\$ 3.1
2018	1.9	1.2	3.1
2019	1.8	1.1	2.9
2020	2.0	1.1	3.1
2021	2.3	1.0	3.3
2022-2026	12.9	3.6	16.5
2027-2031	9.2	0.8	10.0
Total	<u>\$ 31.9</u>	<u>\$ 10.1</u>	<u>\$ 42.0</u>

F. DISCRETELY PRESENTED COMPONENT UNITS

Debt service requirements are (in millions):

Year Ending June 30	Principal	Interest	Total
2017	\$ 187.3	\$ 151.9	\$ 339.2
2018	193.5	145.3	338.8
2019	193.8	138.1	331.9
2020	204.0	130.4	334.4
2021	238.4	121.2	359.6
2022-2026	887.8	473.9	1,361.7
2027-2031	906.0	285.6	1,191.6
2032-2036	530.6	143.9	674.5
2037-2041	340.1	58.1	398.2
2042-2046	140.9	11.8	152.7
2047-2051	9.1	0.6	9.7
Total debt service requirements	3,831.5	\$ 1,660.8	\$ 5,492.3
Unamortized (discounts)/premiums	110.3		
Unamortized swap termination penalty	(9.6)		
Deferred amount on refunding	(1.1)		
Total principal outstanding	\$ 3,931.1		

The preceding table does not include \$660 thousand of Alaska Energy Authority arbitrage interest payable.

G. ALASKA HOUSING FINANCE CORPORATION DERIVATIVES

The Alaska Housing Finance Corporations (AHFC) entered into derivatives to reduce the overall cost of borrowing long-term capital and protect against the risk of rising interest rates. AHFC’s derivatives consist of interest rate swap agreements entered into in connection with its long-term variable rate bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what AHFC would have paid to issue conventional fixed-rate debt.

The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether the derivative was hedgeable or not. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Position, either as a derivative liability (negative fair value amount) or as a derivative asset (positive fair value amount). If a swap changes from a hedgeable derivative to an investment derivative, the hedge is considered terminated and the accumulated change in fair value is no longer deferred but recognized as a revenue item.

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by AHFC, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risk, position size, transaction and financing costs, and use of capital profit. The fair value represents the current price to settle swap asset or liabilities in the marketplace if a swap were to be terminated.

AHFC’s interest rate swaps require that if the ratings on the associated bonds fall to BBB+/Baa1, AHFC would have to post collateral of up to 100 percent of the swaps’ fair value. As of June 30, 2016, AHFC has not posted any collateral and is not required to post any collateral.

HEDGING DERIVATIVES

The significant terms and credit ratings of AHFC's hedging derivatives as of June 30, 2016, are shown below:

Related Bond Issue	Effective Dates	Fixed Rate Paid	Variable Rate Received	SWAP Termination Date	Counterparty Credit Rating ⁷
GP01A ¹	12/1/2008	2.4530%	67% of 1M LIBOR ⁴	12/1/2030	BBB+/A3
GP01B	8/2/2001	4.1427%	67% of 1M LIBOR	12/1/2030	AA-/Aa3
E021A1 ²	10/9/2008	2.9800%	70% of 3M LIBOR ⁵	6/1/2032	AA-/Aa2
E021A2	10/9/2008	3.4480%	70% of 1M LIBOR	12/1/2036	AA-/Aa3
SC02C ³	12/5/2002	4.3030%	SIFMA ⁶ +0.115%	7/1/2022	A+/Aa2
E071AB	5/31/2007	3.7345%	70% of 3M LIBOR	12/1/2041	AA-/Aa2
E071BD	5/31/2007	3.7200%	70% of 3M LIBOR	12/1/2041	A+/Aa2
E091A	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	AA-/Aa1
E091B	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	AA-/Aa2
E091ABD	5/28/2009	3.7450%	70% of 3M LIBOR	12/1/2040	A+/Aa2

¹ Governmental Purpose Bonds

² Home Mortgage Revenue Bonds

³ State Capital Project Bonds

⁴ London Interbank Offered Rate ("LIBOR") 1 month

⁵ London Interbank Offered Rate 3 month

⁶ Securities Industry and Financial Markets Municipal Swap Index

⁷ Standard & Poor's/Moody's

The change in fair value and ending balance of AHFC's hedging derivatives as of June 30, 2016, is shown below (in thousands). The fair value is reported as a deferred outflow/inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2016	Fair Values June 30, 2015	Change in Fair Values
GP01A	\$ 48,675	\$ 54,690	\$ (6,015)	\$ (3,732)	\$ (2,283)
GP01B	59,480	74,509	(15,029)	(12,810)	(2,219)
E021A1	39,060	45,849	(6,789)	(4,501)	(2,288)
E021A2	23,830	24,932	(1,102)	(2,508)	1,406
SC02C	40,420	44,843	(4,423)	(5,085)	662
E071AB	143,622	194,519	(50,897)	(35,022)	(15,875)
E071BD	95,748	129,447	(33,699)	(23,039)	(10,660)
E091A	72,789	100,293	(27,504)	(18,478)	(9,026)
E091B	72,789	99,510	(26,721)	(18,392)	(8,329)
E091ABD	97,052	132,347	(35,295)	(24,115)	(11,180)
Total	\$ 693,465	\$ 900,939	\$ (207,474)	\$ (147,682)	\$ (59,792)

As of June 30, 2016, debt service requirements of AHFC's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Year Ending June 30	Outstanding Variable-Rate Debt	Outstanding Variable-Rate Debt	Swap	Total
	Principal	Interest	Net Payment	Payment
2017	\$ 15,645	\$ 2,888	\$ 22,525	\$ 41,058
2018	18,880	2,817	21,954	43,651
2019	19,735	2,737	21,315	43,787
2020	23,930	2,654	20,648	47,232
2021	28,420	2,546	19,785	50,751
2022-2026	138,505	10,961	84,968	234,434
2027-2031	156,395	7,927	61,748	226,070
2032-2036	135,535	4,853	38,111	178,499
2037-2041	148,180	1,833	14,460	164,473
2042-2045	8,240	17	135	8,392
	<u>\$ 693,465</u>	<u>\$ 39,233</u>	<u>\$ 305,649</u>	<u>\$ 1,038,347</u>

Interest Rate Risk

AHFC is exposed to interest rate risk on all of its interest rate swaps. As the London Interbank Offered Rate (LIBOR) or the Securities Industry and Financial Markets Association (SIFMA) index decreases, AHFC's net payment on the swaps increases.

Credit Risk

As of June 30, 2016, AHFC is not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. AHFC currently has swap agreements with five separate counterparties. Approximately 37 percent of the total notional amount of the swaps is held with one counterparty rated AA-/Aa2. Another 34 percent of the total notional amount of the swaps is held with another counterparty rated A+/Aa2. Of the remaining swaps, one counterparty is rated AA-/Aa3, another counterparty is rated AA-/Aa1, and the remaining counterparty is rated BBB+/A3, approximating 12 percent, 10 percent, and 7 percent respectively, of the total notional amount of the swaps.

Basis Risk

All of AHFC's variable-rate bond interest payments related to interest rate swaps are based on the tax exempt SIFMA index. Therefore, AHFC is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2016, SIFMA was 0.41 percent and 1 month LIBOR was 0.46505 percent, resulting in a SIFMA/LIBOR ratio of 88.2 percent. The 3 month LIBOR was 0.6541 percent resulting in a SIFMA/LIBOR ratio of 62.7 percent. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

Termination Risk

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic fixed interest rates and AHFC would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, AHFC would be liable to the counterparty for payments equal to the swaps' fair value. AHFC or the

counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

In fiscal year 2009, three swaps were terminated because of bankruptcy events with the counterparties, resulting in AHFC making termination payments totaling \$22.2 million to the counterparties. AHFC replaced the swaps with new swaps that had provisions that resulted in a lower cost overall on the underlying debt. The termination payments were deferred and are being amortized to interest expense over the life of the bonds related to those terminated swaps. An additional payment of \$150 thousand was made to a former counterparty in fiscal year 2013 as settlement of any and all claims relating to that counterparty's swap termination. This payment was expensed as insurance and financing expense in fiscal year 2013.

Rollover Risk

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. AHFC has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The E021A swaps were set up in several tranches of various sizes that can be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the GP01A and GP01B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the unswapped portion of the debt.

INVESTMENT DERIVATIVES

The State Capital Project Bonds, 2002 Series B, were fully redeemed in fiscal year 2009, so the associated interest rate swap was no longer a hedging derivative and is accounted for as an investment derivative.

The significant terms and credit ratings of AHFC's investment derivatives as of June 30, 2016, are shown below:

Related Bond Issue	Effective Dates	Fixed Rate Paid	Variable Rate Received	SWAP Termination Date	Counterparty Credit Rating
SC02B	12/5/2002	3.77%	70% of 1M LIBOR	7/1/2024	A+/Aa2

The change in fair value of the investment derivatives as of June 30, 2016, is shown below (in thousands) and is presented as a part of Interest and Investment Income in the Statement of Activities.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2016	Fair Values June 30, 2015	Change in Fair Values
SC02B	\$ 14,555	\$ 17,623	\$ (3,069)	\$ (2,517)	\$ (552)

Credit Risk

As of June 30, 2016, AHFC was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The counterparty on this swap is rated A+/Aa2.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

A. STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

The Public Employees’ Retirement System – Defined Benefit (PERS-DB)

PERS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State to provide pension and postemployment healthcare benefits for eligible State and local government employees. Benefit and contribution provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by the state legislature. PERS-DB provides for normal pension benefits and postemployment healthcare benefits. The 24th Alaska State Legislature enacted into law Senate Bill 141, which closed the PERS-DB to new members effective July 1, 2006 and created a Public Employees’ Retirement System Defined Contribution Retirement Plan (PERS-DCR). Information regarding PERS-DCR is disclosed in Note 8.

Prior to July 1, 2008, PERS was a defined benefit, agent, multiple-employer public employee retirement plan. The Alaska Legislature passed Senate Bill 125, which was signed by the Governor on April 2, 2008. This law converted the PERS to a cost-sharing plan under which the unfunded liability will be shared among all employers. This legislation also established a uniform contribution rate of 22 percent of participating employees’ covered payroll.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the Retiree Health Fund (RHF), an other postemployment benefit trust fund of the State, was established. The RHF is self-funded and originally provided major medical, dental, vision, audio, and long-term care coverage to retirees of the PERS-DB, the Teacher’s Retirement System – Defined Benefit (TRS-DB), and the Judicial Retirement System (JRS) Plans. Due to the establishment of the Alaska Retiree Healthcare Trust (ARHCT) effective July 1, 2007, the RHF now provides major medical coverage to those retirees not eligible to participate in the ARHCT, along with optional dental, vision, audio, and long-term care coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

The PERS-DB Plan is a plan within the Public Employees’ Retirement System (PERS). PERS is a component unit of the State of Alaska financial reporting entity. PERS includes the PERS-DB and ARHCT. Senate Bill 123 was passed during the 2007 legislative session and created the ARHCT. ARHCT is self-funded and provides major medical coverage to retirees of PERS. PERS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the RHF.

The PERS component unit is comprised of the PERS-DB, PERS-DCR Plans, and the ARHCT. PERS issues a separate stand-alone financial report that includes financial statements and required supplementary information. PERS is also reported as a pension (and other employee benefit) trust fund by the State. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

At June 30, 2016 the number of PERS participating employers was:

State of Alaska	4
Municipalities	74
School Districts	53
Other	24
Total Employers	<u>155</u>

Members hired prior to July 1, 1986 with five or more paid-up years of credited service are entitled to monthly pension benefits beginning at normal retirement age, 55, or early retirement age, 50. For members hired after June 30, 1986, the normal and early retirement ages are 60 and 55, respectively. Members with 30 or more years of credited service (20 years for peace officers and firefighters) may retire at any age and receive a normal benefit.

The normal benefit is based on years of service and average monthly compensation. For members hired prior to July 1, 1996, and all peace officers and firefighters, the average monthly compensation is based upon the members' three highest, consecutive years' salaries. For all other members hired after June 30, 1996, average monthly compensation is based upon the members' five highest consecutive years' salaries.

The benefit related to all years of service prior to July 1, 1986 and for years of service through a total of 10 years for general members is equal to 2 percent of the member's average monthly compensation for each year of service. The benefit for each year over 10 years of service subsequent to June 30, 1986 is equal to 2.25 percent of the member's average monthly compensation for the second 10 years and 2.5 percent for all remaining year of service. For peace officers and firefighters, the benefit for years of service through a total of 10 years is equal to 2 percent of the member's average monthly compensation and 2.5 percent for all remaining years of service.

PERS-DB has two types of postretirement pension adjustment (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the PERS-DB Plan's Administrator if the funding ratio of the PERS-DB Plan meets or exceeds 105 percent. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

PERS-DB employee contribution rates are 6.75 percent of compensation (7.5 percent for peace officers and firefighters and 9.6 percent for some school district employees). The employee contributions are deducted before federal income tax is withheld.

The PERS-DB funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay both pension and postemployment healthcare benefits when due. Employer contributions are accumulated in both the pension and the healthcare funds based on the approved contribution rate for the fiscal year. The employer rate for the State of Alaska for the year ended June 30, 2016 was capped at 22 percent of compensation.

The state's contributions to PERS-DB for the fiscal years ended June 30, 2016, 2015, and 2014 were \$231.2, \$237.5, and \$248.2 million respectively for the year. For the FY 16 contributions, \$139.1 million was for pensions and \$92.1 million was for postemployment benefits. The contributions were equal to the required contributions in FY 16.

Alaska Statute 39.35.280 requires that additional state contributions are required each July 1 or as soon after July 1 as funds become available for the ensuing fiscal year that when combined with the total employer contributions is sufficient to pay the PERS-DB past service liability at the contribution rate adopted by the Alaska Retirement Management Board (ARMB) for that fiscal year.

Chapter 1 SSSLA 2015 appropriated \$126.5 million from the General Fund to the PERS-DB as an additional state contribution for FY 16. The portion of this payment attributable to State of Alaska employers is \$72.8 million, of which \$51.0 million is for pensions and \$21.8 million if for postemployment benefits.

Postemployment healthcare benefits are provided to retirees without cost for all employees first hired before July 1, 1986, and employees who are disabled or age 60 or older, regardless of initial hire dates. Employees first hired on or after July 1, 1986, with five years of credited service (or ten years of credited service for those first hired after July 1, 1996) may pay the full monthly premium if they are under age 60, and receive benefits at no premium cost if they are over age 60 or are receiving disability benefits. Police and fire employees with 25 years of membership and all other employees with 30 years of membership service also receive benefits at no premium cost.

The components of the net pension liability of the participating employers at June 30, 2016, were as follows (in thousands):

Total Pension Liability	\$ 13,817,285
Plan Fiduciary Net Position	<u>(8,227,687)</u>
Employers' Net Pension Liability (Asset)	<u>\$ 5,589,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.55%

The Teachers' Retirement System – Defined Benefit (TRS-DB)

TRS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State to provide pension and postemployment healthcare benefits for teachers and other eligible participants. Benefit and contribution provisions are established by Chapter 25 of Alaska Statute Title 14 and may be amended only by the state legislature. TRS-DB provides for normal pension benefits, as well as death, disability, and postemployment healthcare benefits. The 24th Alaska State Legislature enacted into law Senate Bill 141, which closed the TRS-DB to new members effective July 1, 2006 and created a Teachers' Retirement System Defined Contribution Retirement Plan (TRS-DCR). Information regarding TRS-DCR is disclosed in Note 8.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the RHF, an other postemployment benefit trust fund of the State, was established. The RHF is self-funded and originally provided major medical, dental, vision, audio, and long-term care coverage to retirees of the PERS-DB, TRS-DB, and JRS Plans. Due to the establishment of the ARHCT effective July 1, 2007, the RHF now provides major medical coverage to those retirees not eligible to participate in the ARHCT, along with optional dental, vision, audio, and long-term care coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

The TRS-DB Plan is a plan within the Teachers' Retirement System (TRS). TRS is a component unit of the State of Alaska financial reporting entity. TRS includes the TRS-DB and the ARHCT Fund. Senate Bill 123 was passed during the 2007 legislative session and created the ARHCT. ARHCT is self-funded and provides major medical coverage to retirees of TRS. TRS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the RHF.

The TRS component unit is comprised of the TRS-DB, TRS-DCR Plans, and ARHCT. TRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. TRS is also reported as a pension (and other employee benefit) trust fund by the State. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

At June 30, 2016 the number of participating employers was:

State of Alaska	2
School Districts	53
Other	<u>2</u>
Total Employers	<u><u>57</u></u>

Vested members hired prior to July 1, 1990 are entitled to pension benefits beginning at normal retirement age, 55, or early retirement age, 50. For members hired after June 30, 1990, the normal and early retirement ages are 60 and 55, respectively. Members may also retire at any age and receive a normal benefit when they accumulate the required credited service.

The normal pension benefit is based on years of service and average base salary. The average base salary is based upon the members' three highest contract years' salaries.

The benefit related to all years of credited service prior to July 1, 1990 and for years of service through a total of 20 years equal to 2 percent of the employee’s average base salary. The benefit for each year over 20 years of service subsequent to June 30, 1990 is equal to 2.5 percent of the employee’s base salary.

TRS-DB has two types of postretirement pension adjustment (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients, when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the TRS-DB Plan’s Administrator if the funding ratio of the TRS-DB Plan meets or exceeds 105 percent. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid

TRS-DB Plan members contribute 8.65 percent of their base salary, as required by statute. The employee contributions are deducted before federal income tax is withheld.

The TRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay both pension and postemployment healthcare benefits when due. The employer rate for the State of Alaska for the year ended June 30, 2016 was 12.56 percent of compensation. Employer contributions are accumulated in both the pension and healthcare funds based on the approved contribution rate for the fiscal year.

The state’s contributions to TRS-DB for the fiscal years ended June 30, 2016, 2015, and 2014 were \$4.1, \$4.6, and \$5.1 million respectively, equal to the required contributions for each year. For the FY 16 contributions, \$2.3 million was for pensions and \$1.8 million was for postemployment benefits. The contributions were equal to the required contributions in FY 16.

Alaska Statute 14.25.085 requires that additional state contributions are required each July 1 or as soon after July 1 as funds become available for the ensuing fiscal year that when combined with the total employer contributions is sufficient to pay the TRS-DB past service liability at the contribution rate adopted by the ARMB for that fiscal year.

Chapter 1 SSSLA 2015 appropriated \$130.1 million from the General Fund to the TRS-DB as an additional state contribution for FY 16. The portion of this payment attributable to State of Alaska employers is \$6.8 million, of which \$4.7 million is for pensions and \$2.1 million is for postemployment benefits.

Postemployment healthcare benefits are provided without cost to all employees first hired before July 1, 1990, employees hired after July 1, 1990 with 25 years of membership service, and employees who are disabled or age 60 or older, regardless of initial hire dates. Employees first hired after June 30, 1990, may receive postemployment healthcare benefits prior to age 60 by paying premiums.

The components of the net pension liability of the participating employers at June 30, 2016, were as follows (in thousands):

Total Pension Liability	\$ 7,225,545
Plan Fiduciary Net Position	<u>(4,942,201)</u>
Employers' Net Pension Liability (Asset)	<u>\$ 2,283,344</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.40%

The Judicial Retirement System (JRS)

JRS is a defined benefit, single-employer retirement plan established and administered by the State to provide pension and postemployment healthcare benefits for eligible state judges and justices.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the RHF, an other postemployment benefit trust fund of the State, was established. The RHF is self-funded and originally provided major medical, dental, vision, audio, and long-term care coverage to retirees of the PERS-DB, TRS-DB, and JRS Plans. Due to the establishment of the ARHCT effective July 1, 2007, the RHF now

provides major medical coverage to those retirees not eligible to participate in the ARHCT, along with optional dental, vision, audio, and long-term care coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Senate Bill 123 was passed during the 2007 legislative session and which created the ARHCT beginning July 1, 2007. The ARHCT is self-funded and provides major medical coverage to retirees of the JRS. JRS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the RHF.

JRS is considered a component unit of the State of Alaska financial reporting entity. JRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. JRS is also reported as a pension (and other employee benefit) trust fund by the State. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Benefit and contribution provisions are established by Chapter 25 of Alaska Statute Title 22 and may be amended only by the state legislature. JRS provides for normal pension benefits, as well as death, disability, and postemployment healthcare benefits.

Members with five or more paid-up years of credited service are entitled to annual pension benefits beginning at normal retirement at age 60 or early retirement at age 55. Members who are under age 60 and have 20 or more years of credited service may retire at any age and receive an actuarially reduced benefit.

The normal monthly pension benefit is based on the member's years of service and the current authorized salary for the position from which they retired. The pension benefit is equal to 5 percent for each year of service up to a maximum of 75 percent of the current base salary for an active judge in the month the benefit is paid. In the event of salary increases for active judges, the monthly pension benefit for retired judges also increases.

Members contribute seven percent of their compensation to JRS. The contributions are deducted before federal income tax is withheld. Contributions are not required after members have made contributions for 15 years, or from members first appointed before July 1, 1978.

The JRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay benefits when due. The employer rate for the State of Alaska for the year ended June 30, 2016, was 79.06 percent of compensation. Total employer contributions for FY 16 were \$11,710 thousand for pensions, and \$508 thousand for postemployment benefits. Included in the total employer contributions amounts is \$5.9 million appropriated in Chapter 1 SSSLA 2015 from the General Fund to JRS as an additional state contribution for the purpose of funding the retirement system.

Postemployment healthcare benefits are provided without cost to retired JRS members. The funding progress for postemployment healthcare benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Funding Excess (FE)/(Unfunded Actuarial Accrued Liabilities) (UAAL)	Funded Ratio	Covered Payroll	FE/(UAAL) as a Percentage of Covered Payroll
2014	\$24,074	\$18,642	\$(5,432)	129.1%	\$13,373	(40.6%)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The actuarial roll forward of the valuation dated June 30, 2012 set the contribution rates for the year ended June 30, 2016. The State of Alaska's other postemployment benefit (OPEB) obligations for FY 16 follows (in thousands):

	<u>OPEB</u>
Annual Required Contribution	\$ 501
Interest on Net Pension Asset	(61)
Adjustment to Annual Required Contribution	<u>55</u>
Annual Pension Cost (APC)/OPEB Cost (AOC)	495
Contributions Made	<u>(508)</u>
Increase in Obligation	(13)
Net OPEB Obligation/(Asset) Beginning of Year	<u>(760)</u>
Net OPEB Obligation/(Asset) End of the Year	<u>\$ (773)</u>

Three year trend information for this obligation follows (in thousands):

OPEB	<u>Year Ended June 30</u>	<u>AOC</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation / (Asset)</u>
	2014	1,090	97.3%	(392)
	2015	310	218.9%	(760)
	2016	495	102.7%	(773)

The components of the net pension liability at June 30, 2016, were as follows (in thousands):

Total Pension Liability	\$ 216,374
Plan Fiduciary Net Position	<u>(144,819)</u>
Employer's Net Pension Liability (Asset)	<u>\$ 71,555</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.93%

The Alaska National Guard and Alaska Naval Militia Retirement System (NGNMRS)

NGNMRS is a defined benefit, single-employer retirement plan established and administered by the State to provide pension benefits for eligible members of the Alaska National Guard and Alaska Naval Militia.

NGNMRS is considered a component unit of the State of Alaska financial reporting entity. NGNMRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. The plan is also reported as a pension (and other employee benefit) trust fund by the State. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Benefit and contribution provisions are established by Chapter 5 of Alaska Statute Title 26 and may be amended only by the state legislature. NGNMRS provides for normal pension benefits and death benefits. Postemployment healthcare benefits are not provided.

Members who voluntarily retire from the Alaska National Guard or Alaska Naval Militia after at least five years of Alaska Guard service and a total of at least 20 years of U.S. military service or members who involuntarily leave the Alaska Guard service due to federal standards imposed on the Alaska Guard, regardless of length of service, are eligible for a retirement pension. The retirement pension is \$100 per month for each month of Alaska Guard service and may be paid to the member monthly or in a on-time lump sum.

No contributions are required from plan members. NGNMRS's funding policy provides for periodic contributions by Alaska Department of Military and Veterans' Affairs at actuarially determined amounts that are sufficient to accumulate assets to pay benefits when due. State contributions are determined using the entry age normal actuarial funding method.

The components of the net pension liability at June 30, 2016, were as follows (in thousands):

Total Pension Liability	\$ 39,848
Plan Fiduciary Net Position	<u>(35,826)</u>
Employer's Net Pension Liability (Asset)	<u>\$ 4,022</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.91%

ASSET VALUATION

See Note 4 for information on pension funds' deposits and investments risk categories. The table below discloses the fair value of each pension plan's cash and investments. All amounts are in thousands.

<u>Systems</u>	<u>Fair Value</u>
Public Employees' Retirement System	\$14,983,233
Teachers' Retirement System	7,477,306
Judicial Retirement System	170,641
Alaska National Guard and Alaska Naval Militia Retirement System	35,867

PLAN MEMBERSHIPS

The table below includes the plan membership counts from the notes to the separately issued financial statements for the various plans.

	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>
	6/30/16	6/30/16	6/30/16	6/30/14
Inactive plan members or beneficiaries currently receiving benefits	33,263	12,444	131	639
Inactive plan members entitled to but not yet receiving benefits	5,948	2,913	4	1,756
Current active employees	16,237	5,181	75	4,139
Total	<u>55,448</u>	<u>20,538</u>	<u>210</u>	<u>6,534</u>

Actuarial Method and Assumptions

The objective under the entry age normal actuarial funding method is to fund each participant's benefits under the Plan as a level percentage of covered compensation, starting at original participation date, and continuing until the assumed retirement, disability, termination, or death. On introduction, this method produces a liability which represents the contributions which would have been accumulated had this method always been in effect. This liability is generally funded over a period of years as a level percentage of compensation. This component is known as the Amortization Cost Percentage. The total employer amortization cost of the system is the total of the Normal Cost Percentage and the Amortization Cost Percentage.

The following main assumptions were used in the actuarial valuation.

System	Investment Rate of Return	Actuarial Cost Method	Amortization Method	Equivalent Single Amortization Period	Salary Scale Increase	Valuation Date
PERS	8% For Pension (Net of Expenses), 4.55% For Healthcare. Inflation 3.12%	Entry age normal; level percentage of pay normal cost basis for pension; level dollar normal cost basis for healthcare	Level percentage of pay, closed for pension; level dollar, closed for healthcare	25 years as of 6/30/14	Peace Officer/Firefighter: Merit –2.75% per year for the first 4 years of employment, grading down to 0.5% at 7 years and thereafter. Productivity – 0.5% per year. Inflation 3.12% Others: Merit – 6.00% per year grading down to 2.00% after 5 years; for more than 6 years of services, 1.50% grading down to 0% Productivity – 0.5% per year. Inflation 3.12%	6/30/2015
TRS	8% For Pension (Net of Expenses), 4.31% For Healthcare; Includes Price Inflation at 3.12%	Entry age normal; level percentage of pay Normal Cost Basis for pension and healthcare	Level percentage of pay, closed for pension; level dollar, closed for healthcare	25 years as of 6/30/14	8.11% grading down to 3.87% after 22 years	6/30/2015
JRS	8% Includes Inflation at 3.12%	Entry age normal; level dollar for healthcare	Level dollar, closed	20 years	3.62%	6/30/2014
NGNMRS	7% (net of investment expense) Includes Inflation at 3.12%	Entry age normal	Level dollar, open	20 years less average military service of active members	None	6/30/2014

Health Care Inflation

		<u>Medical Pre-65</u>	<u>Medical Post-65</u>	<u>Rx</u>
For all systems above	FY16	9.4%	5.9%	5.7%
(excluding NGNMRS):	FY17	8.8%	5.8%	5.4%

For PERS and TRS, assets are at fair value, with 20 percent of the investment gains or losses recognized each year, for a period of up to 5 years. For JRS and NGNMRS, assets are at market value, with 20 percent of the investment gains or losses recognized in each of the current and preceding four years. JRS and NGNMRS valuation assets cannot be outside a range of 80 to 120 percent of the market value of assets. PERS and TRS assets are valued at a five year fair value smoothing valuation method. JRS and NGNMRS assets are valued at a five year market value smoothing valuation method.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress in the Required Supplementary Information presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial report purposes are based on the substantive plan and included in the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

B. NON-STATE ADMINISTERED PLANS

ALASKA RAILROAD CORPORATION PENSION AND HEALTH CARE TRUST

Alaska Railroad Corporation Pension Plan

The Alaska Railroad Corporation (ARRC) has a single-employer defined benefit pension plan (Plan) administered by the Tax Deferred Savings and Pension Committee (CSRS) covering all regular represented and nonrepresented employees who are not covered by the Civil Service Retirement System. Benefits provided by the Plan include retirement, disability, and death benefits. Benefit terms and contribution rates are established and amended under the authority of the Board of Directors. Benefits under this Plan are based upon the employee’s years of service and final average compensation. The ARRC’s funding policy is to contribute each year an actuarially determined contribution rate recommended by an independent actuary. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees contribute an amount equal to 9 percent of eligible compensation.

Contributions recognized by the pension plan from ARRC during the year ended December 31, 2015 were \$3,571 thousand. As of December 31, 2015, the Plan assets consist of cash and cash equivalents of less than 1 percent, fixed income securities 28 percent, equities 53 percent, commodities 4 percent, and real estate investments 15 percent.

At December 31, 2015, the plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	219
Inactive plan members entitled to but not yet receiving benefits	359
Active plan members	680
	<u>1,258</u>

The components of the net pension liability at December 31, 2015 were as follows (in thousands):

Total Pension liability	\$	167,130
Plan Fiduciary Net Position		<u>(147,402)</u>
Employers Net Pension Liability (Asset)	\$	<u>19,728</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		88.20%

Alaska Railroad Corporation Health Care Trust

The ARRC sponsors a single-employer defined benefit retiree health care plan (Plan) administered by the Non-Represented Tax Deferred Saving, 457 and Health Care Trust Plan Committee covering all regular represented and nonrepresented employees who are not covered by the Civil Service Retirement System (CSRS). The Plan provides postretirement medical benefits to employee receiving retirement under the pension plan and retired CSRS employees who do not qualify for the federal medical insurance, and who move directly from active coverage to retiree coverage. The Plan is contributory with

retiree premiums adjusted annually, and contains other cost-sharing features such as deductibles and coinsurance. The ARRC's funding policy is to contribute each year an amount equal to the actuarially determined contribution. Benefit terms and contribution rates are established and amended under the authority of the Board of Directors.

There were no contributions recognized or due by the Plan from the ARRC during the year ended December 31, 2015. As of December 31, 2015, the Plan assets are held in Trust and consist of cash and cash equivalents of less than 1 percent, fixed income securities 28 percent, equities 52 percent, commodities 4 percent, and real estate investments 16 percent. The value of Trust assets used for GASB 75 excludes certain Trust assets segregated for use toward the ARRC Welfare Benefit Plan.

At December 31, 2015 the Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	38
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>722</u>
	<u>760</u>

The components of the net OPEB asset for the Plan at December 31, 2015, were as follows:

	December 31, 2015	January 1, 2015
	(In thousands)	
Total OPEB liability	\$ 14,539	\$ 13,078
Fiduciary net Position	<u>(40,642)</u>	<u>(41,267)</u>
Net OPEB asset	<u>\$ (26,103)</u>	<u>\$ (28,189)</u>
Plan fiduciary net position as a percentage of the total OPEB asset	(279.5)%	(315.5)%

Actuarial Method and Assumptions

The following main assumptions were used in the actuarial valuation dated January 1, 2015:

	Investment Rate of Return	Amortization Method	Equivalent Single Amortization Period	Salary Scale Increase
Pension	7.50%, Inflation 2.8%	Level Dollar	Rolling (open) 30-year period	2.8% CPI plus merit based rates; cost of living allowance 1.4%
Healthcare	7.50%, Inflation 2.8%	Level Dollar	Rolling (open) 6-year period	2.8% CPI plus merit based rates; cost of living allowance 1.4%

NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS

STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

The Public Employees' Retirement System – Defined Contribution Retirement Plan (PERS-DCR)

PERS-DCR is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established by the State to provide pension and postemployment healthcare benefits for eligible state and local government employees. Benefit and contribution provisions are established by state law and may be amended only by the State Legislature. The 24th Alaska Legislature enacted into law Senate Bill 141, which created PERS-DCR effective July 1, 2006. The PERS-DCR Plan savings are accumulated in an individual retirement account for exclusive benefit of the members or beneficiaries.

The PERS-DCR Plan is a plan within the Public Employees' Retirement System (PERS). PERS is a component unit of the State of Alaska financial reporting entity. The PERS component unit is comprised of the PERS-DB (see note 7), PERS-DCR Plans, and the PERS Retiree Major Medical Insurance Plan and Health Reimbursement Arrangement Plan, and Occupational Death and Disability. PERS is reported as a pension (and other employee benefit) trust fund by the State. PERS separately issued financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements and required supplementary information may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

As of June 30, 2016, there were 157 employers participating in PERS-DCR. There were 18,585 members, of which 16,974 are general employees and 1,611 are peace officers and firefighters.

A participating member is immediately and fully vested in that member's contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. A member is partially vested in the employer contributions made on that member's behalf, and the related earnings, in the ration of (a) 25 percent with two years of service; (b) 50 percent with three years of service; (c) 75 percent with four years of service; and (d) 100 percent with five years of service.

PERS-DCR pension contribution rates are eight percent for PERS-DCR members, as required by statute. The employer shall deduct the contribution from the member's compensation at the end of each payroll period, and the contribution shall be credited by the plan to the member's individual account. The contributions shall be deducted from the member's compensation before the computation of applicable federal taxes. An employer shall contribute to each member's individual pension account an amount equal to five percent of the member's compensation. Participant accounts under the PERS-DCR Plan are self-directed with respect to investment options.

On July 1, 2006, three other postemployment benefit trust funds were created within PERS, the Retiree Major Medical Insurance (RMP), Health Reimbursement Arrangement (HRA), and Occupation Death and Disability (OD&D). RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or disability on the job. PERS-DCR participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rate for FY 16 for each member's compensation was 1.68 percent for medical coverage and 0.22 percent for death and disability (1.05 percent for peace officers and firefighters). HRA is \$167.04 per month for full time employees and \$1.28 per hour for part time employees.

The PERS-DCR pension contributions for the year ended June 30, 2016 by the employees were \$42,129 thousand and the State of Alaska employers were \$26,331 thousand. The PERS other postemployment contributions for the year ended June 30, 2016 were \$26,960 thousand.

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the PERS-DCR, RMP, HRA, and OD&D cash and investments as of June 30, 2016 is \$1,003,182 thousand. PERS-DCR investments in collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the

number of units held by PERS-DCR. The unit value is determined by the Trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

For the year ended June 30, 2016 the State of Alaska recognized \$26,331 thousand in pension expense for the PERS-DCR as an employer. No forfeitures are reflected in the pension expense amount.

The Teachers' Retirement System – Defined Contribution Retirement Plan (TRS-DCR)

TRS-DCR is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established by the State to provide pension and postemployment healthcare benefits for teachers and other eligible members. Benefit and contribution provisions are established by state law and may be amended only by the State Legislature. The 24th Alaska Legislature enacted into law Senate Bill 141, which created TRS-DCR effective July 1, 2006. TRS-DCR Plan savings are accumulated by an individual retirement account for exclusive benefit of the members or beneficiaries.

The TRS-DCR Plan is a plan within the Teachers' Retirement System (TRS). TRS is a component unit of the State of Alaska financial reporting entity. The TRS component unit is comprised of the TRS-DB (see note 7), TRS-DCR Plans, TRS Retiree Major Medical Insurance Plan and Health Reimbursement Arrangement Plan, and Occupation Death and Disability. TRS is reported as a pension (and other employee benefit) trust fund by the State. TRS separately issued financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements and required supplementary information may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

As of June 30, 2016, there were 57 employers participating in TRS-DCR. There were 4,378 members.

A participating member is immediately and fully vested in that member's contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. A member is partially vested in the employer contributions made on that member's behalf, and the related earnings, in the ration of (a) 25 percent with two years of service; (b) 50 percent with three years of service; (c) 75 percent with four years of service; and (d) 100 percent with five years of service.

TRS-DCR pension contribution rates are eight percent for TRS-DCR members, as required by statute. The employer shall deduct the contribution from the member's compensation at the end of each payroll period, and the contribution shall be credited by the plan to the member's individual account. The contributions shall be deducted from the member's compensation before the computation of applicable federal taxes. An employer shall contribute to each member's individual pension account an amount equal to seven percent of the member's compensation. Participant accounts under the TRS-DCR Plan are self-directed with respect to investment options.

On July 1, 2006, two other postemployment benefit trust funds were created in TRS, the RMP and HRA. The TRS OD&D other postemployment benefit trust fund was created on July 1, 2007. RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or disability on the job. TRS-DCR participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rate for FY 16 for each member's compensation was 2.04 percent for medical coverage and zero percent for death and disability. HRA is \$167.04 per month for full-time employees while part-time employees are based on the contract percentage worked multiplied by the full-time employee rate.

The TRS-DCR pension contributions for the year ended June 30, 2016 by the employees were \$666 thousand and the State of Alaska employers were \$549 thousand. The TRS other postemployment contributions for the year ended June 30, 2016 were \$401 thousand.

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the TRS-DCR, RMP, HRA, and OD&D cash and investments as of June 30, 2016 is \$390,334 thousand. TRS-DCR investments in collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by TRS-DCR. The unit value is determined by the Trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

For the year ended June 30, 2016 the State of Alaska recognized \$583 thousand in pension expense for the TRS-DCR as an employer. No forfeitures are reflected in the pension expense amount.

Supplemental Benefits System

In addition to the pension plans (note 7) and deferred compensation plan (note 9), all state employees, as well as employees of political subdivisions which have elected to participate in the program, are covered under the Alaska Supplemental Benefits System (SBS). SBS is comprised of the Supplemental Annuity Plan and the Supplemental Benefits Cafeteria Plan. The Supplemental Annuity Plan is a defined contribution plan that was created under Alaska statutes effective January 1, 1980, to provide benefits in lieu of those provided by the federal Social Security System (Social Security). All State employees, who would have participated in Social Security if the State had not withdrawn, participate in SBS. Other employers whose employees participate in the State Public Employees' Retirement System and meet other requirements are eligible to have their employees participate in SBS as provided by Alaska Statute. As of June 30, 2016, there were 22 other employers participating in SBS. There were 43,956 participants in the Plan.

The Division of Retirement and Benefits is responsible for administration and record keeping. Through September 30, 2005, the Alaska State Pension Investment Board (ASPIB) was responsible for the specific investment of monies in SBS. Effective October 1, 2005, ASPIB was disbanded and their duties were assumed by the Alaska Retirement Management Board.

SBS is considered a component unit of the State financial reporting entity. SBS issues a separate stand-alone financial report that includes financial statements and required supplementary information, and SBS is also reported as a pension (and other employee benefit) trust fund by the State. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Mandatory contributions are made to the Supplemental Annuity Plan and voluntary contributions to the Supplemental Benefits Cafeteria Plan. Participating employees are vested at all times. Supplemental Annuity Plan contributions are made in lieu of contributions to Social Security. The State is required to contribute 12.26 percent of an employee's wages up to the taxable wage base in effect under Social Security regulations. Each employee is considered to have agreed to a wage reduction equal to one-half the contribution made on the employee's behalf. The State's mandatory contributions for the year ended June 30, 2016, were \$74,030 thousand. The State's covered payroll was \$1,207,664 thousand.

Supplemental Benefit Cafeteria Plan contributions are voluntary based upon the optional benefits elected by each employee enrolled in SBS. Each employee agrees to a wage reduction based upon the benefit options selected. The benefit amounts are deducted from each employee's wages and remitted by the employer to SBS on the employee's behalf. State employee voluntary contributions for the year ended June 30, 2016, were \$3,712 thousand.

Employees are eligible to withdraw from the Supplemental Annuity Plan 60 days after termination. Benefits are payable in the form of a lump sum annuity or one of various continuing annuities purchased from an insurance carrier, which are excluded from Plan assets. The SBS administrator issues lump-sum payments through its contracted record keeper.

Benefits available under the Supplemental Benefits Cafeteria Plan include death, disability, survivor benefits, and dependent care reimbursement. Selection of these benefits is at the discretion of the employee, with certain restrictions, and may be amended and/or changed on an annual basis or in conjunction with an employee change in status. All other supplemental benefits, except dependent care reimbursement, are provided through insurance policies. The State administers the Dependent Care Assistance Program.

Supplemental annuity contributions were deposited with investment managers under contract with SBS for the year ended June 30, 2016. Participant accounts under the Supplemental Annuity Plan are self-directed with respect to investment options. Each participant designates how contributions are allocated among the investment options. Each participant's account is credited with the contributions, the increase or decrease in unit value for the investment funds, and reduced for administrative fees.

NOTE 9 – DEFERRED COMPENSATION PLAN

The State of Alaska Deferred Compensation Plan was created by Alaska statutes. It is a deferred compensation plan under Section 457 of the Internal Revenue Code. It is available to all permanent and long-term non-permanent employees, and elected officials of the State (and with the March 1, 2006 amendment, members of State of Alaska boards and commissions) who have completed a pay period of employment. Participants authorize the State to reduce their current salary so that they can receive the amount deferred at a later date. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Code. As of June 30, 2016 the Deferred Compensation Plan had 11,200 participants.

As a result of the passage of The Small Business Job Protection Act of 1996 (SBJPA), all amounts deferred, including amounts deferred before the effective date of the law, under an eligible 457 plan must be held in a trust for the exclusive benefit of employees and beneficiaries. This law repealed the requirement that a Section 457 plan sponsored by a government be solely the property of the employer, subject only to the claims of the employer's general creditors. The trust requirement generally applies to assets and income held by a plan on and after the date of enactment of the SBJPA. The Plan Document for the State of Alaska Deferred Compensation Plan was amended to recognize and establish the trust requirement for the Deferred Compensation Plan.

The Division of Retirement and Benefits is responsible for Deferred Compensation Plan administration and record-keeping. The Alaska Retirement Management Board is responsible for the specific investment of monies in the Deferred Compensation Plan.

Participant accounts are self-directed with respect to investment options. Each participant designates how his or her contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the increase or decrease in unit value for the investment funds and deductions for administrative fees.

Deferred Compensation Plan net position as of June 30, 2016 was \$814,937 thousand. The Deferred Compensation Plan is reported in the accompanying financial statements as a pension (and other employee benefit) trust fund.

NOTE 10 – INTERFUND TRANSACTIONS

The following schedules summarize individual interfund receivable and payable balances at June 30, 2016, and interfund transfers for the year then ended (in thousands):

INTERFUND RECEIVABLE / PAYABLE BALANCES

Due to Other Funds	Due from Other Funds								Total
	General Fund	Alaska Permanent Fund	Nonmajor Governmental Funds	International Airports	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Other	
General Fund	\$ -	\$ 31,026	\$ 2,510	\$ 21,817	\$ 1,459	\$ 21,732	\$ 31,334	\$ -	\$ 109,878
Alaska Permanent Fund	713,765	-	-	-	-	-	-	-	713,765
Nonmajor Governmental Funds	33,032	-	-	-	-	-	-	1	33,033
International Airports	42,133	-	-	-	-	-	-	-	42,133
Nonmajor Enterprise Funds	3,316	-	-	-	-	-	-	-	3,316
Internal Service Funds	92	-	-	-	-	-	-	-	92
Fiduciary Funds	6,327	-	-	-	-	-	6	-	6,333
Total	\$ 798,665	\$ 31,026	\$ 2,510	\$ 21,817	\$ 1,459	\$ 21,732	\$ 31,340	\$ 1	\$ 908,550

The \$713.8 million balance due from the Alaska Permanent Fund to the General Fund includes \$649.3 million for payment of 2016 Permanent Fund dividends to qualified residents of the State and \$18.1 million to be transferred to the Alaska Capital Income Fund. The balance is for administrative and associated costs of the 2016 Permanent Fund Dividend Program.

INTERFUND TRANSFERS

Transfers From	Transfers to					Total
	General Fund	Nonmajor Governmental Funds	International Airports	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 76,054	\$ 526	\$ 50	\$ 15,433	\$ 92,063
Alaska Permanent Fund	713,765	-	-	-	-	713,765
Nonmajor Governmental Funds	-	6,577	-	-	-	6,577
Nonmajor Enterprise Funds	1,742	-	-	15,000	-	16,742
Other	1	-	419	-	-	420
Total	\$ 715,508	\$ 82,631	\$ 945	\$ 15,050	\$ 15,433	\$ 829,567

The general purpose for transfers is to move monies from funds required by statute to collect them to the funds required by statute or budget to expend them, to move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments come due, and transfer accumulated surpluses from “Other” funds to the General Fund.

The transfer from Alaska Permanent Fund to the General Fund includes a \$649.3 million transfer for payment of the Permanent Fund dividends and for administrative and associated costs of the dividend program and a \$18.1 million transfer to the Alaska Capital Income Fund.

Transfers from Other to the General Fund represents a rounding error causing the General Fund to record a due from other funds while the corresponding Capital Projects Fund is not recording a due to other funds. Transfers from Other to the International Airports represents a due from other funds recorded by the International Airports Fund with no other fund recording a due to other funds for this activity.

NOTE 11 – RELATED PARTY ACTIVITY

Based on understandings and board approved agreements between the Alaska Industrial Development and Export Authority (AIDEA) and Alaska Energy Authority (AEA), AIDEA provides administrative, personnel, data processing, communications and other services to AEA. AIDEA recognized revenue totaling \$7.5 million for providing these services during FY16. On June 30, 2016 AIDEA had \$3.3 million receivable from AEA for services and short-term borrowings.

On September 30, 2010, pursuant to legislation and an agreement, AIDEA purchased 37 loans from AEA with an outstanding balance of \$24,254 thousand, plus accrued interest, for \$20,631 thousand. Under the agreement, at AIDEA's request, AEA is required to repurchase any loan upon a payment default. The current loan outstanding balance at June 30, 2016 is \$16,307 thousand.

Northern Tobacco Securitization Corporation (NTSC) entered into a memorandum of agreement with Alaska Housing Finance Corporation (AHFC) that retains AHFC as administrator with respect to the preparation of all reports and other instruments and documents that NTSC is required to prepare, execute, file or deliver pursuant to the bond indenture and the related agreements for a monthly fee. NTSC also entered into a sub-lease agreement with AHFC for office space, overhead and operating services from AHFC for a monthly fee. The cost to NTSC for these services provided by AHFC for the year ended June 30, 2016 was approximately \$9 thousand.

Alaska Gasline Development Corporation (AGDC) utilizes certain AHFC administrative and support services and products such as payroll administration for half of the fiscal year, employee medical plans and their associated administrative services. There was no outstanding balance due to AHFC at June 30, 2016.

The Department of Transportation and Public Facilities (DOTPF) provides administrative and technical services benefiting all Alaska's airports and aircraft bases. Related costs are allocated based upon budgetary estimates of the pro rata portion which should be borne by various facilities as set forth in the annual appropriation and budget document of the State. Costs allocated to the International Airport Fund (IAF) as operating expenses totaled \$2,955 thousand for the year ended June 30, 2016. Capital project management services are performed by DOTPF personnel and are capitalized to IAF capital assets. The indirect costs allocated to the IAF and capitalized to construction in progress totaled \$2,108 thousand during the year ended June 30, 2016.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. SICK LEAVE

The cost of state employee sick leave is charged against agency appropriations when leave is used rather than when leave is earned. There is no recorded liability for sick leave in the financial records of the State. Accordingly, the statements in this report do not include an estimate of this obligation as either a liability or a reserve.

The estimated amount of unused accumulated sick leave as of June 30, 2016, is \$16,926 thousand. This amount was calculated using the base pay on file for each employee as of June 30, 2016. It does not include an estimate of the cost of fringe benefits (supplemental benefits, retirement, group insurance, etc.) which can vary depending on the status of the employee when leave is taken.

B. SCHOOL DEBT

Under a program enacted in 1970 (AS 14.11.100), the State may reimburse municipalities up to 60, 70, 80, 90, or 100 percent of debt service on bonds issued to finance school construction. The percentage depends on the year in which the costs are incurred. The 60 percent limitation, enacted in 2002, applies to fiscal years after June 30, 1999. The higher percentages apply to earlier years.

Although the statute provides that the State may reimburse school districts 60, 70, 80, 90, or 100 percent of construction costs, the actual funding for the program is dependent on annual legislative appropriations to the school construction account. When amounts in the account are insufficient, the available funds are allocated pro rata among the eligible school districts. There is no contractual commitment by the State to make these payments. The amount for FY 16 expended for school debt was \$114,509 thousand, which was 98.1 percent of the entitlement. The remaining FY 16 entitlement of \$2,230 thousand, 1.9 percent, was paid out in FY 17. The total debt requirement, assuming the State makes full payment of its share of school debt service, would be approximately \$1,089,662 thousand. The State has in the past and did appropriate less than the full amount which the municipalities are entitled under statute in FY 17.

C. RISK MANAGEMENT AND SELF-INSURANCE

The State maintains a risk management program that is administered by the Department of Administration, Division of Risk Management. The Division of Risk Management's objective is to protect the financial assets and operations of the State of Alaska from accidental loss through a comprehensive self-insurance program for normal and expected property and casualty claims of high frequency and low severity, combined with high-limit, broad-form excess insurance protection for catastrophic loss exposures.

Risk Management acts as the insurance carrier for each state agency, funding all sudden and accidental property and casualty claims. The annual premiums allocated by Risk Management are the maximum each agency is called upon to pay. This planning for known and catastrophic losses forestalls the need for the affected agency to request a supplemental appropriation or disrupt vital state services after a major property loss, adverse civil jury award, or significant workers' compensation claim.

By effectively managing the state's property and liability exposures through a comprehensive self-insurance program, Risk Management expends less public funds than would be paid to private insurance companies, while at the same time providing streamlined claims services utilizing professional adjusting firms located throughout Alaska.

Property insurance with all-risk (including earthquake and flood) coverage is provided on a replacement cost basis for all state-owned or leased property; buildings (including contents, museum fine arts, etc.), aircraft, watercraft (Alaska Marine Highway System ferries and other agency vessels).

Casualty coverages protect each state agency and their personnel from third-party civil (tort) liability claims alleged to have arisen from combined liability - general (premises/operations), automobile, professional (errors and omissions), medical malpractice, aviation (aircraft and airport), or marine (passenger injuries).

Additional specialty coverage includes blanket public employee faithful performance and custom bonding, accidental death and disability (including medical expenses) for volunteers, computer fraud and foreign liability, etc. These insurance

programs continually evolve, responding to new activities and special projects undertaken by each state agency. The State has not incurred a loss in excess of its insurance program.

In FY 16, the State completely self-insured all statutory workers’ compensation claims, general (premises and operations) and professional liability, and automobile liability. The State had Self-Insured Retention (SIR) levels of \$1 million per claim for property, \$750,000 for marine risks, and \$250,000 per incident for airport and aviation liability exposures. Limits of excess insurance vary by risk: \$1 billion per occurrence for marine, \$200 million for property, and \$1 billion for aviation.

Both domestic and international insurance companies and various Lloyd’s of London underwriting syndicates participate in the State of Alaska’s excess insurance program. Independent brokers provide marketing. The State obtains an annual independent actuarial assessment of the state insurance program as required by AS 37.05.287(b) which calculates unfunded claims and allocated loss adjustment expenses (ALAE).

An unconstrained audit of the State of Alaska’s overall property and casualty insurance program performed by an independent risk management consultant found the retention levels and excess insurance coverage purchased are appropriate.

Risk Management’s budget is funded entirely through interagency receipts annually billed to each agency through a “Cost of Risk” premium allocation system. The Risk Management information system generates the annual cost of risk allocation to each agency, reflecting their proportionate share of the State’s overall cost of risk. Designed to achieve equitable distribution of the self-insurance program costs, it factors exposure values subject to loss and considers the past five years actual claims experience incurred by each department.

For most cost of risk allocations, 80 percent of the premium billing is based on the average of the past five years actual claims experience. This provides a direct fiscal incentive to each agency to reduce or control their claim costs.

The program compiles a property inventory schedule of all owned or leased buildings used or occupied by state agencies, listing age and type of building construction, occupancy, fire protection services and sprinkler systems, and projected replacement cost value. Individual premiums are then determined and, in cases of multiple occupancy, allocated to each department on the basis of their square foot use.

The “Cost of Risk” premium is collected through two methods from individual state agency operating budgets. Reimbursable Services Agreements (RSAs) are used for all categories of insurance other than Workers’ Compensation and Combined Liability (general, auto, and professional), which are assessed on a rate per \$100 payroll applied monthly to each agency’s actual payroll until the allocated premium is paid.

The table below presents changes in policy claim liabilities for the fiscal years ending June 30, 2015 and June 30, 2016 (in thousands). The State records its related liability using discounted amounts provided by actuaries. The amount of unpaid claim liabilities for Risk Management are presented at their present value using a 3.0 percent discount interest rate for FY 15 and a 3.0 percent discount interest rate for FY 16. Claims payment amounts include allocated loss adjustment expenses (legal and adjusting).

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2015	\$ 122,875	\$ 52,822	\$ (42,332)	\$ 133,365
2016	133,365	30,269	(30,062)	133,572

D. LITIGATION AND ADMINISTRATIVE APPEALS

The State is involved in a number of legal actions. The Department of Law estimates the probable maximum liability for the cases associated with the governmental fund types to be approximately \$28,695 thousand, with an additional possible liability of \$27,995 thousand. The probable loss amount has been reported as long-term debt obligations.

The amount of revenue recognized by the Northern Tobacco Securitization Corporation could be adversely impacted by certain third party litigation involving tobacco companies and others.

The Department of Revenue Oil and Gas Audit Group performs periodic audits of oil and gas companies. Audits often result in additional assessments. Oil and gas companies sometimes choose to pay the additional assessments “under protest” to avoid accruing interest. Because these payments are deposited in the Constitutional Budget Reserve Fund but are still under dispute, the oil and gas audit assessment revenues recognized in the Constitutional Budget Reserve Fund could be adversely affected by a potential refund resulting from an appeals decision issued by the Department of Revenue’s Appeals Group or by the Department of Administration’s Office of Administrative Hearings. The amount of potential refund could not be estimated. The practice of paying assessments “under protest” to avoid accruing interest is expected to occur rarely in the future, since the rate at which interest is accrued has been reduced significantly.

E. FEDERAL GRANTS

The State has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, it is believed that any required reimbursements will not be material.

F. DISASTER RELIEF FUND

The State may be liable to reimburse communities for expenditures related to disasters in excess of the amount allocated by the State.

G. FUTURE LOAN COMMITMENTS

As of June 30, 2016, the Alaska Clean Water and the Alaska Drinking Water Funds are committed to funding loans for which they have entered into agreements for communities but funds have not yet been disbursed. The total amounts to be disbursed under these agreements are uncertain as not all of the loans are expected to be fully drawn and some loans may increase with changes in scope of the underlying projects; accordingly, they are not included in the financial statements for these funds. As of June 30, 2016, the Alaska Clean Water and the Alaska Drinking Water Funds have entered into binding commitments, as evidenced by signed loan agreements, for which funds remain to be disbursed totaling \$98,980 thousand and \$52,264 thousand respectively.

As of June 30, 2016, the Department of Commerce, Community and Economic Development identified outstanding loan commitments. Agreements have been entered into, yet funds have not yet been disbursed. The open loan commitments include the Alaska Commercial Fishing Revolving Loan Fund for \$915 thousand, the Alaska Fisheries Enhancement Revolving Loan Fund for \$3,266 thousand, and the Alaska Bulk Fuel Revolving Loan Fund for \$5,989 thousand.

At June 30, 2016, the Alaska Energy Authority had open Power Project Fund loan commitments of \$22,307 thousand.

At June 30, 2016, the Alaska Industrial Development and Export Authority (AIDEA) had extended loan participation purchase commitments to be funded by the Revolving Fund of \$57.6 million, lines of credit of \$4 million, and loan guarantees of \$1.6 million. AIDEA extended commitments to fund lines of credit not to exceed \$8.5 million from the Sustainable Energy Transmission and Supply Development Fund in the form of two lines of credit relating to the Interior Energy Project. These commitments if drawn down, in addition to the currently outstanding Interior Energy Project related line of credit of \$44.3 million, will be converted to term loans in the future if certain events occur. In the event the lines of credit do not convert to term loans their repayment may be limited.

AIDEA has legislative authorization to guarantee loans made to the Alaska Insurance Guaranty Association (AIGA). The AIGA pays, from assessments to member insurers, the claims of insurance companies regulators put into liquidation. AIDEA can guarantee only loans AIGA needs to meet cash flow needs up to a maximum of \$30 million in outstanding principal balance at any time. No guarantees have been made pursuant to this authorization.

H. POTENTIAL DEVELOPMENT PROJECTS

The Alaska Gasline Development Corporation (AGDC) entered into an agreement where \$4,658 thousand would become due and payable when (a) the State awards permits, work product, and other results of the North Slope to Tidewater Preliminary Development Project to a Qualified Builder (other than a public corporation owned by the State); or (b) the State determines it will construct the North Slope to Tidewater pipeline itself, either through a public corporation owned by the State or otherwise, and (i) the Legislature of the State of Alaska appropriates some or all of the funding for the North Slope to

Tidewater Development and Construction Expenses, or (ii) bonds are issued by the State or a public corporation owned by the State intended to finance some or all of the North Slope to Tidewater Development and Construction Expenses.

The AGDC entered into a Joint Venture Agreement effective July 1, 2014, with affiliates of ExxonMobil, BP, ConocoPhillips, and TransCanada Corporation, for a proposed Alaska Liquefied Natural Gas (AK LNG) project. The project is to jointly fund and conduct Pre Front End Engineering (Pre-FEED) work consisting of engineering, design, permitting and related studies for a North Slope treatment plant, large-diameter pipeline from the North Slope to Nikiski and liquefied natural gas plant and marine terminal at Nikiski. Costs of the overall project are estimated to be \$45 billion to \$65 billion and the estimated export of LNG is 15 million to 18 million tons per year. Under the agreement, AGDC would contribute its ownership share of funds to carry out the Pre-FEED work for the Alaska LNG project. In FY 15 AGDC contributed \$16.3 million, in FY 16 AGDC contributed \$49.8 million, with an additional \$25.4 to \$42.8 million estimated to be contributed in FY 17 to complete Pre-FEED work.

I. INVESTMENT COMMITMENTS

The Alaska Retirement Management Board (ARMB) has entered into agreements with external investment managers to provide funding for future pension fund investments. At June 30, 2016, ARMB’s unfunded commitments were as follows (in thousands):

<u>Investment Type</u>	
Absolute Return	\$ 98,595
Energy	59,508
Infrastructure	50,000
Private Equity	1,361,506
Real Estate	145,895
	<u>\$ 1,715,504</u>

J. POLLUTION REMEDIATION

Governmental Accounting Standards Board Statement (GASBS) 49 provides guidance for state and local governments in estimating and reporting the potential costs of pollution remediation. While GASBS 49 does not require the state to search for pollution, it does require the state to reasonably estimate and report a remediation liability when an obligating event occurs.

The State has the knowledge and expertise to estimate the remediation obligations presented in the statements based on prior experience in identifying and funding similar remediation activities. The standard requires the State to calculate pollution remediation liabilities using the expected cash flow technique. Where the State cannot reasonably estimate a pollution remediation obligation, it does not report a liability. This has occurred within one fund.

The University of Alaska received a potentially responsible party letter from the Alaska Department of Environmental Conservation in August of 2006. The letter identified the University of Alaska as one of the potential parties that may be responsible for cleanup of costs of soil contamination found during a water line improvement project next to the Northwest Campus property. The extent of the contamination source, the number of potentially responsible parties, and remediation costs are being assessed but the outcome is unknown.

The remediation obligation estimates that appear in this report are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations or other factors. Prospective recoveries from responsible parties may reduce the State’s obligation.

At July 1, 2015, the General Fund had pollution remediation obligations of \$91,713 thousand (restated amount, see Note 14 for additional information). As of June 30, 2016, the State had an increase to the obligation of \$32,545 thousand and recognized a decrease of \$6,417 thousand, for an ending balance of \$117,841 thousand in pollution remediation obligation related activities. The State has an estimated potential recovery of \$6,863 thousand from other responsible parties.

At July 1, 2015, the International Airports Fund (IAF) reported pollution remediation liabilities of \$1,193 thousand for which IAF is in whole or in part a responsible party. As of June 30, 2016, the IAF reported an increase of \$3,775 thousand and a

decrease of \$295 thousand, for an ending balance of \$4,673 thousand. IAF has an identified \$37 thousand expected to be collected from third parties. The estimated liabilities were measured using the estimated mean of the future cash flows of costs and recovery associated with those sites, measured at current value. This accrual includes the estimated obligation for fourteen sites for which it has been determined IAF is in whole or in part a responsible party and for which an obligating event has occurred.

At December 31, 2014, the Alaska Railroad Corporation had pollution remediation obligations of \$2,617 thousand. As of December 31, 2015, the Alaska Railroad Corporation had additional obligations of \$872 thousand and reductions in obligations of \$796 thousand, for an ending liability of \$2,693 thousand. The Alaska Railroad Corporation estimated the liability for pollution remediation by estimating a reasonable range of potential outlays and multiplying those outlays by the probability of occurrence, reduced by the allocation of liability to other potentially responsible parties where applicable. The liabilities associated with these sites could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts.

K. ENCUMBRANCES

The State of Alaska utilizes encumbrance accounting to identify fund obligations. The following shows encumbrances within the governmental funds for the fiscal year ended June 30, 2016:

	Amount (in thousands)
General Fund	\$ 848,518
Special Revenue Funds	23,356
Capital Project Funds	55,168
Total Encumbrances	<u>\$ 927,042</u>

A review of the appropriations with encumbrance balances over \$5 million were identified and analyzed below:

The Department of Education and Early Development, Department of Commerce, Community and Economic Development, the Department of Transportation and Public Facilities, Department of Environmental Conservation and the Legislature have several construction/maintenance projects underway which totals \$191.8 million of which \$145.7 million is in the General Fund, \$12.0 million is in a Special Revenue Fund, and \$34.1 million are Capital Project Funds. These projects are funded by a mixture of general funds, bond proceeds, and a quasi-corporation.

The Department of Commerce, Community and Economic Development administers grants to municipalities and named recipients which total \$180.4 million of which \$174.2 is in the General Fund and \$6.2 million is in the Special Revenue Fund. These projects are funded by the general funds and bond proceeds.

The Department of Transportation and Public Facilities has a project for the Alaska Marine Highway System Alaska Class Ferry purchase for a total of \$20.3 million, which is in the General Fund. This is funded by general fund resources.

The Department of Administration has an information technology project underway within the General Fund totaling \$7.5 million funded by general fund resources.

In FY 16, the University of Alaska capitalized \$57.2 million, included in construction in progress, on building a new combined heat and power plant on the University of Alaska Fairbanks Campus. The project is estimated to cost \$248 million and expected to be completed in the winter of 2018. As of June 30, 2016, the University has encumbered \$117.6 million on this project. In addition, construction commitments at June 30, 2016 aggregated \$139.4 million. The major construction projects of the University of Alaska are funded primarily by State of Alaska appropriations and general obligation bonds, University general revenue bonds and federal grants.

L. MEDICAID

The Alaska Health Enterprise (AHE) system processes Medicaid and Children’s Health Insurance Program medical claims submitted by service providers. Some claims are suspended during normal processing for reasons including third party

insurance verification, verification of medical necessity, provider claim submission errors, and system defects. Due to the complexity of claim processing, the cost of settling the suspended claims cannot be reasonably estimated.

October 1, 2013 the Department of Health and Social Services legacy Medicaid system was replaced by the Alaska Health Enterprise (AHE) system. After the system went live, numerous system defects were identified. While the number of defects decreased in FY 16, the claims affected by these defects were not completely corrected and reprocessed. Due to the complexity of claim pricing, the total amount affected by AHE system defects cannot be reasonably estimated before the defects are corrected.

M. OIL AND GAS TAX CREDITS

Producers or explorers of oil and gas can apply for a tax credit for certain qualifying losses and expenditures under AS 43.55.023 and AS 43.55.025. As of June 30, 2016, the Department of Revenue has received tax credit applications totaling \$72.6 million, which have not been accrued as a liability in the general fund financial statements. Due to the complexity of the approval process, the amount of the tax credit that will ultimately be issued or denied cannot be estimated.

NOTE 13 – SUBSEQUENT EVENTS

A. ALASKA MUNICIPAL BOND BANK AUTHORITY

Subsequent to June 30, 2016, the Alaska Municipal Bond Bank Authority (AMBBA) issued the 2016 Series Three and Four general obligation and refunding bonds in the principal amount of \$109.8 million. The 2016 Series Three and Four bonds priced on October 18, 2016 and closed on November 3, 2016. The true interest cost for the total issuance was 2.82 percent with the last maturity on December 1, 2037 for the 2016 Series Three and December 1, 2035 for the 2016 Series Four. The 2016 Series Three Bond proceeds were used to make a new loan to the City and Borough of Juneau, to refund certain outstanding Reserve Fund Obligations and certain outstanding bonds previously issued by the Bond Bank, and to pay a portion of the costs of issuing the 2016 Series Three Bonds. The 2016 Series Four Bond proceeds were used to make a new loan to the City of Ketchikan, to refund certain outstanding Reserve Fund Obligations and certain outstanding bonds previously issued by the Bond Bank, and to pay a portion of the costs of issuing the 2016 Series Four Bonds.

Subsequent to June 30, 2016, the Bond Bank issued \$100.715 million in Master Resolution General Obligation Bonds, Series 2017A, under its 2016 Master Resolution program. These bonds priced on February 28, 2017, and closed on March 21, 2017. The true interest cost for the total issuance was 4.21 percent with last maturity of October 1, 2046. The Series 2017A Bonds were issued to make a loan to the Yukon-Kuskokwim Health Corporation (Borrower) for construction costs, to make a deposit to the Authority's 2016 Reserve Fund, to make a deposit to the Capitalized Interest Subaccount and to pay or provide for the payment of the 2017A Borrower's Allocable Proportion of Authority Reserve Fund Interest Expense under the 2016 Master Resolution during construction, and to pay a portion of the costs of issuing the Series 2017A Bonds and costs of issuing the 2017A Borrower Bond.

Subsequent to June 30, 2016, the Bond Bank issued \$12.795 million in General Obligation Bonds, 2017 Series One (Non-AMT), and \$31.655 million in General Obligation Bonds, 2017 Series Two (AMT), under its 2005 General Resolution Program. These bonds priced on April 12, 2017, and closed on April 27, 2017. The true interest cost for the 2017 Series One was 2.86 percent with last maturity of May 1, 2037, and the true interest cost for the 2017 Two (AMT) was 3.95 percent with last maturity of May 1, 2043. The 2017 Series One Bond proceeds were used to make two new loans to the Kenai Peninsula Borough, a new loan to the City of Seward, and to pay a portion of the costs of issuing the 2017 Series One Bonds. The 2017 Two Bond proceeds were used to make a new loan to the City of Unalaska, to make a new loan to the City of Whittier, and to pay a portion of the costs of issuing the 2017 Series Two Bonds.

B. ALASKA CLEAN WATER FUND

Pursuant to legislative authorization obtained during the 2016 session of the Alaska Legislature, Series C Revenue Bond Anticipation Notes for FY 17 in the amount of \$1,598 thousand were issued on October 20, 2016. The Notes were repaid on October 21, 2016. The borrowing is secured by interest earnings of the Alaska Clean Water Fund.

C. ALASKA DRINKING WATER FUND

Pursuant to legislative authorization obtained during the 2016 session of the Alaska Legislature, Series D Revenue Bond Anticipation Notes for FY 17 in the amount of \$1,665 thousand were issued October 20, 2016. The Notes were repaid on October 21, 2016. The borrowing is secured by interest earnings of the Alaska Drinking Water Fund.

D. ALASKA STUDENT LOAN CORPORATION

On August 11, 2016, the State entered into a Standby Bond Purchase Agreement with State Street Bank and Trust Company, replacing the agreement due to expire September 12, 2016. Also on August 11, 2016, Alaska Student Loan Corporation entered into a Reimbursement Agreement with the State of Alaska, Department of Revenue, Treasury Division replacing the agreement due to expire on September 12, 2016. Both agreements expire August 10, 2020. On August 11, 2016, State Street Bank and Trust Company extended the irrevocable direct-pay letter of credit to July 20, 2020. All three agreements relate to the 2012 Education Loan Revenue, Refunding Bonds.

E. UNIVERSITY OF ALASKA

In October 2016, the University issued General Revenue Bonds 2016 Series V-1, with a par amount of \$32,845 thousand, original issue premium of \$5,699 thousand, and a 28 term year. Average annual debt services is \$2.1 million.

In October 2016, the University issued General Revenue Refunding Bonds 2016 Series V-2 with a par amount of \$14,645 thousand, original issue premium of \$1,907 thousand, and a 17 year term. Average annual debt service is \$1.1 million. The bonds refund General Revenue Bonds 2005 Series N and 2008 Series O except for the October 1, 2017 maturity. The economic gain from the refunding is \$1.7 million in present value and total debt service payments are reduced by approximately \$2 million over the life of the bonds.

F. ALASKA HOUSING FINANCE CORPORATION

In July 2016, the Alaska Housing Finance Corporation (AHFC) issued \$50 million Collateralized Bonds (Veterans Mortgage Program) 2016 First and Second Series. The bonds are general obligations of AHFC, but principal and interest on the bonds are also unconditionally guaranteed by the State of Alaska. The 2016 Collateralized Bonds are tax exempt and bear interest at fixed rates between 0.65 percent and 3.20 percent each June 1 and December 1 with a final maturity of December 1, 2046.

Also in July 2016, AHFC defeased the remaining \$11,585 thousand of Collateralized Bonds, 2007 First Series (the "Refunded Bonds"). AHFC funds were deposited into an irrevocable trust with an escrow agent to completely pay off the Refunded Bonds on the first optional redemption date on June 2017. The Refunded Bonds have been legally defeased, and as of the defeasance date, the trust account assets and the liability for the Refunded Bonds have been removed from the Statement of Net Position.

In August 2016, AHFC issued \$100 million General Mortgage Revenue Bonds II 2016 Series A. The bonds are general obligations of AHFC. The 2016 Series A bonds are tax exempt and bear interest at fixed rates between 0.45 percent and 3.50 percent payable each June 1 and December 1 with a final maturity of December 1, 2046.

G. XEROX SETTLEMENT AGREEMENT

The Department of Health and Social Services entered a settlement agreement on September 16, 2016 with Xerox State Healthcare LLC (Xerox), formerly known as Affiliated Computer Services Inc. This settlement agreement is the result of multiple contract disputes that have arisen between the two parties. Xerox has \$11.8 million in outstanding change requests through December 31, 2015, which have not been paid. Xerox agrees to forgo collections of \$10.3 million, leaving \$1.5 million in outstanding change request work that the State agrees to pay into escrow within 30 days of the Execution Date. Within the settlement agreement Xerox agrees to provide enhancements to the MMIS system at no additional charge along with increasing enhancement hours. As of February 7, 2017 the Division of Health Care Services has paid to Xerox \$19,794,000.85 of the \$29,380,667.38 agreed to pay.

H. PERMANENT FUND DIVIDEND LAWSUIT

On September 16, 2016, a member of the Legislature and two other plaintiffs legally challenged the Governor's veto of half the money appropriated to permanent fund dividend disbursements. The veto limited the dividend payments at just over \$1,000 per resident, saving the State of Alaska more than \$650 million. An Anchorage Superior Court Judge in November 2016 upheld the Governor's veto power to cut this year's Alaska Permanent Fund dividend in half. This decision is being appealed to the Alaska Supreme Court.

I. INTERNATIONAL AIRPORT FUND

On July 6, 2016, the International Airport system completed planned transactions relating to the delayed delivery component of its 2016 series revenue refunding bond sales in the amount of \$82.5 million and \$8.5 million for its 2016B and 2016D series, respectively.

J. ALASKA MENTAL HEALTH TRUST AUTHORITY

On August 2, 2016, the Alaska Mental Health Trust Authority closed a purchase of an investment property in Austin, Texas. Purchase price was \$22,400 thousand, excluding closing costs. \$13,440 thousand of the purchase price was financed by a financing institution.

K. ROYALTY OIL AND GAS CONTRACT

On August 31, 2016, the Alaska Royalty Oil and Gas Development Board voted to recommend a sale of the state's royalty oil to Petro Star, Inc.

A one-year contract and subsequent four-year contract is in the best interest of the State and will support in-state refining as well as provide more value to the State from its royalty oil. The Department of Natural Resources estimates that over its duration, these contracts will yield between \$29 million and \$37 million in revenue that will be in addition to what would have been obtained had this proposed royalty volume been taken in value.

NOTE 14 – PRIOR PERIOD ADJUSTMENTS AND RESTATED BEGINNING NET POSITION

PRIOR PERIOD ADJUSTMENTS

Governmental Activities

Pollution Remediation

During the preparation of the FY 2016 financial statements, it was determined that an error had occurred in the calculation of pollution remediation for the Governmental Activities. Some pollution remediation projects identified within the Department of Natural Resources, Department of Corrections and the Department of Transportation and Public Facilities were also included in the Department of Environmental Conservation’s spreadsheet. As a result, pollution remediation liability reported in the Governmental Activities was overstated by \$50,919 thousand.

Accounts Payable and Accrued Liabilities

In FY 2016, it was determined that the oil and gas tax credit accrual should include credit amounts certificated between July 1st and the date of the FY 2015 financial statements for credit applications received by June 30th of that year. As a result, a prior period adjustment was made to increase beginning accounts payable and accrued liabilities by \$359,786 thousand. The correction was made to comply with accounting standards.

RESTATED BEGINNING NET POSITION

Governmental Accounting Standards Board Statement Regarding Pensions and Postemployment Benefits Other Than Pensions

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contribution Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68, which are both effective for fiscal years beginning after June 15, 2014. Statement 68 amends GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers as well as the requirements of GASB Statement No. 50, Pension Disclosures. The scope of the change relates to pension plans that are administered through a trust or similar arrangement meeting certain criteria. Both GASB Statement No. 27 and 50 are still applicable to those pensions not covered within the scope of Statement No. 68.

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which is effective for fiscal years beginning after June 15, 2017, but earlier application is encouraged. Statement 75 replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, Other Post Employment Benefit Measurement by Agent Employers and Agent Multiple-Employer Plans, for Other Post-Employment Benefits.

The State of Alaska and the majority of its component units adopted the provisions of Statement 68 during FY 15. However, the Alaska Railroad Corporation is on a fiscal year ending December 31, 2015, so they implemented GASB 68 and early implemented GASB 75 on January 1, 2015. The State of Alaska and other component units will implement GASB Statement No. 75 in FY 18. Early implementation by the Alaska Railroad Corporation is allowed and acceptable, since the plan is a single employer plan for Railroad employees only.

The effects of adopting Statements 68 and 75 are reported as a restated beginning net position due to a change in accounting principle. The Alaska Railroad Corporation had an effect on the beginning net position due to this change as follows (in thousands):

Component Unit	Net Position Beginning Balance	Adjustment	Net Position Restated
Alaska Railroad Corporation	304,707	5,118	309,825



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Required Supplementary Information



STATE OF ALASKA
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016
 (Stated in Thousands)

STATEMENT 2.01

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Unrestricted:				
Taxes	\$ 1,105,194	\$ 1,105,118	\$ 170,224	\$ 934,894
Licenses and Permits	97,987	98,938	131,428	(32,490)
Charges for Services	331,040	319,594	183,424	136,170
Fines and Forfeitures	18,448	18,443	32,357	(13,914)
Rents and Royalties	1,084,623	1,084,399	648,894	435,505
Premiums and Contributions	220	134	21,286	(21,152)
Interest and Investment Income	130,623	128,818	195,405	(66,587)
Payments In from Component Units	157,066	157,066	157,066	-
Other Revenues	59,634	59,634	44,482	15,152
Restricted:				
Federal Grants in Aid	7,493,762	7,686,954	2,641,020	5,045,934
Interagency	699,522	870,522	564,213	306,309
Payments In from Component Units	26,592	26,592	17,654	8,938
Other Revenues	34,294	34,038	1,210	32,828
Total Revenues	<u>11,239,005</u>	<u>11,590,250</u>	<u>4,808,663</u>	<u>6,781,587</u>
EXPENDITURES				
Current:				
General Government	767,364	767,204	694,288	72,916
Alaska Permanent Fund Dividend	1,340,432	1,340,432	1,330,027	10,405
Education	2,140,161	2,163,731	2,087,530	76,201
University	510,011	505,040	449,830	55,210
Health and Human Services	3,242,223	3,382,566	2,880,743	501,823
Law and Justice	305,954	331,135	291,693	39,442
Public Protection	1,056,260	1,127,445	906,453	220,992
Natural Resources	621,245	616,387	418,297	198,090
Development	898,023	899,240	597,170	302,070
Transportation	6,751,456	6,891,149	2,279,875	4,611,274
Intergovernmental Revenue Sharing	71,055	71,055	127,301	(56,246)
Debt Service:				
Principal	3,415	3,415	3,333	82
Interest and Other Charges	1,343	1,343	1,343	-
Total Expenditures	<u>17,708,942</u>	<u>18,100,142</u>	<u>12,067,883</u>	<u>6,032,259</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,469,937)</u>	<u>(6,509,892)</u>	<u>(7,259,220)</u>	<u>749,328</u>
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	2,879,104	2,879,104	2,879,104	-
Transfers (Out to) Other Funds	(2,172,400)	(2,172,400)	(2,249,794)	77,394
Total Other Financing Sources and Uses	<u>706,704</u>	<u>706,704</u>	<u>629,310</u>	<u>77,394</u>
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, Budgetary Basis	<u>\$ (5,763,233)</u>	<u>\$ (5,803,188)</u>	<u>(6,629,910)</u>	<u>\$ 826,722</u>
RECONCILIATION OF BUDGETARY/ GAAP REPORTING:				
Adjust Expenditures for Encumbrances			1,450,831	
Basis Difference			(215,295)	
Perspective Difference			(18,135)	
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, GAAP Basis			(5,412,509)	
Fund Balances - Beginning of Year			15,831,903	
Prior Period Adjustment			(359,786)	
Fund Balances - End of Year			<u>\$ 10,059,608</u>	

**Note to Required Supplementary Information – Budgetary Reporting
For the Fiscal Year Ended June 30, 2016**

The Budgetary Comparison Schedule – General Fund presents comparisons of the original and final adopted budget with actual data on a budgetary basis. The State issues a separate legal basis budgetary report, which demonstrates legal compliance with the budget. A copy of this report may be obtained by contacting the State of Alaska, Department of Administration, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204, or may be viewed online at <http://doa.alaska.gov/dof/reports/cafr.html>.

The legislature's legal authorization (appropriations) to incur obligations is enacted on a basis inconsistent with Generally Accepted Accounting Principles (GAAP). The reconciliation of the budgetary basis to GAAP is shown directly on the Budgetary Comparison Schedule – General Fund. Both the annual operating budget and the net continuing total budget are included.

The types of differences are as follows:

- Encumbrances are included for total authorized expenditures, although for GAAP purposes they are excluded.
- There was financial activity related to reimbursable services agreements (RSA) and interfund transactions that were recorded in the general fund and in other funds. For budgetary purposes, that activity was left in the general fund, but for GAAP purposes it was eliminated from the general fund.
- Basis differences arise when the budgetary basis of accounting differs from the basis of accounting applicable to fund type when reporting on operations in accordance with GAAP. This difference is comprised of the following in the general fund (in thousands):

Petroleum Severance Taxes and Royalties	\$ (72,608)
Medical Assistance Program	(145,343)
Working Reserve	1,250
Tobacco Tax	186
Alcohol Tax	291
Tire Tax	2
Vehicle Rental Tax	189
Commercial Passenger Vessel Excise Tax	738
Total General Fund Basis Difference	<u>\$ (215,295)</u>

- Perspective differences result from the structure of financial information for budgetary purposes. The federal receipts/disbursements for PL 103-382, Title VIII are budgeted in the general fund but are accounted for as an agency fund.

Federal Receipts for PL 103-382 (Impact Aid)	\$ (18,135)
Total General Fund Perspective Difference	<u>\$ (18,135)</u>

STATE OF ALASKA
Proportionate Share of the Net Pension Liability Schedule
Public Employees' Retirement System
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

SCHEDULE 2.10

	2016	2015	2014
Primary government's proportion of the net pension liability	50.75%	52.23%	51.60%
Component unit's proportion of the net pension liability	5.52%	4.44%	4.43%
Nonemployer contributing state's proportion of the net pension liability	10.40%	21.86%	22.87%
Primary government's proportionate share of the net pension liability	\$ 2,461,215	\$ 2,436,220	\$ 2,709,520
Component unit's proportionate share of the net pension liability	\$ 267,632	\$ 207,090	\$ 232,515
Nonemployer contributing state's share of the net pension liability	\$ 504,300	\$ 1,019,583	\$ 1,201,055
Primary government's covered-employee payroll	\$ 690,707	\$ 727,637	\$ 748,941
Component unit's covered-employee payroll	\$ 126,050	\$ 134,661	\$ 138,248
Primary government's proportionate share of the net pension liability as a percentage of its covered-employee payroll	356.33%	334.81%	361.78%
Component unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	212.32%	153.79%	168.19%
Plan fiduciary net position as a percentage of the total pension liability	63.96%	62.37%	56.04%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

STATE OF ALASKA
Employer Contributions Schedule
Public Employees' Retirement System
Last Ten Fiscal Years
(Stated in Thousands)

SCHEDULE 2.11

	2016	2015 (Restated)	2014	2013
Primary Government				
Statutorily required contribution	\$ 164,533	\$ 285,769	\$ 200,076	\$ 177,375
Contributions in relation to the statutorily required contribution	164,533	636,865	200,076	177,375
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (351,096)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 644,055	\$ 690,707	\$ 727,637	\$ 748,941
Contributions as a percentage of covered-employee payroll	25.55%	92.20%	27.50%	23.68%
Component Units				
Statutorily required contribution	\$ 17,969	\$ 18,561	\$ 17,313	\$ 15,819
Contributions in relation to the statutorily required contribution	17,969	18,561	17,313	15,819
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 116,633	\$ 126,050	\$ 134,661	\$ 138,248
Contributions as a percentage of covered-employee payroll	15.41%	14.73%	12.86%	11.44%
Primary Government Nonemployer Contribution				
Statutorily required contribution	\$ 43,535	\$ 153,622	\$ 82,554	\$ 77,689
Contributions in relation to the statutorily required contribution	43,535	479,750	82,554	77,689
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (326,128)</u>	<u>\$ -</u>	<u>\$ -</u>

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Fiscal Year 2015 Primary Government Statutorily required contribution amount was restated.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

There are no changes in benefit terms between the valuation data presented above.

There are no changes in assumptions used between the valuation data presented above.

In FY 15 the legislature appropriated \$1.0 billion to the Public Employee's Retirement System's retirement funds from the Constitutional Budget Reserve Fund to help with the net pension liability.

STATE OF ALASKA
Required Postemployment Healthcare Contribution Schedule
Last Three Fiscal Years
(Stated in Thousands)

SCHEDULE 2.12

Public Employees' Retirement System

year ended June 30	Actuarial valuation or roll-forward date as of June 30	Annual Required Contributions Postemployment healthcare	Postemployment healthcare percentage contributed
2013	2010	\$ 612,792	62.6 %
2014	2011	783,827	45.6
2015	2012	782,258	27.9

Teachers' Retirement System

year ended June 30	Actuarial valuation or roll-forward date as of June 30	Annual Required Contributions Postemployment healthcare	Postemployment healthcare percentage contributed
2013	2010	\$ 330,411	44.0 %
2014	2011	320,797	45.6
2015	2012	352,417	107.7

Judicial Retirement System

year ended June 30	Actuarial valuation or roll-forward date as of June 30	Annual Required Contributions Postemployment healthcare	Postemployment healthcare percentage contributed
2014	2011	\$ 1,094	86.7 %
2015	2012	313	166.5
2016	2013	501	101.5

STATE OF ALASKA
Proportionate Share of the Net Pension Liability Schedule
Teachers' Retirement System
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

SCHEDULE 2.20

	2016	2015	2014
Primary government's proportion of the net pension liability	0.78%	0.79%	0.78%
Component unit's proportion of the net pension liability	2.03%	0.97%	1.02%
Nonemployer contributing state's proportion of the net pension liability	61.03%	84.10%	83.41%
Primary government's proportionate share of the net pension liability	\$ 14,501	\$ 23,739	\$ 25,930
Component unit's proportionate share of the net pension liability	\$ 37,680	\$ 29,024	\$ 33,771
Nonemployer contributing state's share of the net pension liability	\$ 1,135,514	\$ 2,522,174	\$ 2,761,123
Primary government's covered-employee payroll	\$ 4,307	\$ 4,708	\$ 4,859
Component unit's covered-employee payroll	\$ 31,575	\$ 34,497	\$ 36,150
Primary government's proportionate share of the net pension liability as a percentage of its covered-employee payroll	336.68%	504.23%	533.65%
Component unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	119.33%	84.13%	93.42%
Plan fiduciary net position as a percentage of the total pension liability	73.82%	55.70%	49.76%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

STATE OF ALASKA
Employer Contributions Schedule
Teachers' Retirement System
Last Ten Fiscal Years
(Stated in Thousands)

SCHEDULE 2.21

	2016	2015	2014	2013
Primary Government				
Statutorily required contribution	\$ 925	\$ 2,644	\$ 1,951	\$ 1,836
Contributions in relation to the statutorily required contribution	925	12,500	1,951	1,836
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (9,856)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 4,108	\$ 4,307	\$ 4,708	\$ 4,859
Contributions as a percentage of covered-employee payroll	22.52%	290.23%	41.44%	37.79%
Component Units				
Statutorily required contribution	\$ 1,973	\$ 2,314	\$ 2,385	\$ 2,390
Contributions in relation to the statutorily required contribution	1,973	2,314	2,385	2,390
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 27,848	\$ 31,575	\$ 34,497	\$ 36,150
Contributions as a percentage of covered-employee payroll	7.08%	7.33%	6.91%	6.61%
Primary Government Nonemployer Contribution				
Statutorily required contribution	\$ 89,957	\$ 315,279	\$ 207,271	\$ 195,435
Contributions in relation to the statutorily required contribution	89,957	1,650,517	207,271	195,435
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (1,335,238)</u>	<u>\$ -</u>	<u>\$ -</u>

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

There are no changes in benefit terms between the valuation data presented above.

There are no changes in assumptions used between the valuation data presented above.

In FY 15 the legislature appropriated \$2.0 billion to the Teacher's Retirement System's retirement funds from the Constitutional Budget Reserve Fund to help with the net pension liability.

STATE OF ALASKA
Changes in the Net Pension Liability and Related Ratios Schedule
Judicial Retirement System
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

SCHEDULE 2.30

	2016	2015 (Restated)
Total pension liability		
Service cost	\$ 5,814	\$ 5,186
Interest	15,564	15,320
Changes of benefits terms	-	-
Differences between expected and actual experience	-	(3,741)
Changes of assumptions	-	1,407
Benefit payments, including refunds of employee contributions	(10,684)	(10,578)
Net change in total pension liability	10,694	7,594
Total pension liability - beginning	194,431	186,837
Total pension liability - ending (a)	205,125	194,431
Plan fiduciary net position		
Contributions - employer	10,222	8,862
Contributions - employee	811	780
Net investment income	4,349	21,845
Benefit payments, including refunds of employee contributions	(10,684)	(10,578)
Administrative expenses	(86)	(66)
Net change in plan fiduciary net position	4,612	20,843
Plan fiduciary net position - beginning	139,548	118,705
Plan fiduciary net position - ending (b)	144,160	139,548
State's net pension liability - ending (a) - (b)	\$ 60,965	\$ 54,883
Plan fiduciary net position as a percentage of the total pension liability	70.28%	71.77%
Covered-employee payroll	\$ 13,507	\$ 13,731
State's net pension liability as a percentage of covered-employee payroll	451.36%	399.70%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.
Fiscal Year 2015 total pension liability - beginning amount was restated.

STATE OF ALASKA
Employer Contributions Schedule
Judicial Retirement System
Last Ten Fiscal Years
(Stated in Thousands)

SCHEDULE 2.31

	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 11,183	\$ 10,329	\$ 9,156	\$ 8,367	\$ 5,052
Contributions in relation to the actuarially determined contribution	11,710	10,222	8,862	8,094	5,419
Contribution deficiency (excess)	<u>\$ (527)</u>	<u>\$ 107</u>	<u>\$ 294</u>	<u>\$ 273</u>	<u>\$ (367)</u>
Covered-employee payroll	\$ 13,996	\$ 13,507	\$ 13,731	\$ 13,289	\$ 11,803
Contributions as a percentage of covered-employee payroll	83.67%	75.68%	64.54%	60.91%	45.91%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

From the June 30, 2013 to the June 30, 2014 actuarial valuation Pre-termination mortality has changed from 45% of the male rates and 55% of the females rates of the 1994 GAM Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA to 68% of the male rates and 60% of the female rates of the post-termination mortality rates. Post-termination mortality has changed from 1994 GAM Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA, with a 3-year setback for males and with a 1-year setback for females to 94% of the male rates and 97% of the female rates of RP-2000 Combined Mortality, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and 4-year setback for females. Salary Scale has changed from 4.12% per year, compounded annually to 3.62% per year, compounded annually. Retirement has changed from 3% if vested and age is less than 59 and 10% if vested and age is greater than 59, and 100% at age 70 to retirement rates based on 2010-2013 experience and terminated vested members are expected to commence benefits at age 60. Disability Mortality has changed from RP-2000 Disabled Retiree Mortality Table to RP-2000 Disabled Retiree Table, 2000 Base Year projected to 2018 with Projection Scale BB.

STATE OF ALASKA
 Funding Progress for Postemployment Healthcare Benefits Schedule
 Judicial Retirement System
 Last Three Fiscal Years
 (Stated in Thousands)

SCHEDULE 2.32

Actuarial valuation year ended June 30	Actuarial value of plan assets	Actuarial accrued liabilities (AAL)	Unfunded Actuarial accrued liabilities (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
2010	\$ 19,694	\$ 22,346	\$ 2,652	88.1 %	\$ 11,846	22.4 %
2012	20,836	18,236	(2,600)	114.3	11,803	(22.0)
2014	24,074	18,642	(5,432)	129.1	13,373	(40.6)



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Changes in the Net Pension Liability and Related Ratios Schedule
Alaska National Guard and Alaska Naval Militia Retirement System
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2016	2015
Total pension liability		
Service cost	\$ 604	\$ 632
Interest	2,554	2,363
Changes of benefits terms	-	-
Differences between expected and actual experience	-	241
Changes of assumptions	-	27
Benefit payments, including refunds of employee contributions	(1,564)	(1,611)
Net change in total pension liability	1,594	1,652
Total pension liability - beginning	36,715	35,063
Total pension liability - ending (a)	38,309	36,715
Plan fiduciary net position		
Contributions - employer	628	740
Contributions - employee	-	-
Net investment income	590	4,528
Benefit payments, including refunds of employee contributions	(1,564)	(1,611)
Administrative expenses	(241)	(223)
Net change in plan fiduciary net position	(587)	3,434
Plan fiduciary net position - beginning	37,467	34,033
Plan fiduciary net position - ending (b)	36,880	37,467
State's net pension liability - ending (a) - (b)	\$ 1,429	\$ (752)
Plan fiduciary net position as a percentage of the total pension liability	96.27%	102.05%
Covered-employee payroll	N/A	N/A
State's net pension liability as a percentage of covered-employee payroll	N/A	N/A

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule
Alaska National Guard and Alaska Naval Militia Retirement System
Last Ten Fiscal Years
(Stated in Thousands)

	2016	2015	2014	2013
Actuarially determined contribution	\$ 735	\$ 627	\$ 475	\$ 431
Contributions in relation to the actuarially determined contribution	735	627	740	739
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (265)</u>	<u>\$ (308)</u>
Covered-employee payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

Changes in assumptions have occurred over the ten year period presented.

From the June 30, 2006 to the June 30, 2008 actuarial valuation an administration expense load was added to the calculation of the annual contribution equal to the average of the prior two years of actual expenses, rounded to the nearest thousands.

From the June 30, 2008 to the June 30, 2010 actuarial valuation investment return has changed from 7.25% per year, compounded annually, net of expenses to 7.00% per year, compounded annually, net of expenses. Pre-termination mortality has changed from 1994 Group Annuity Mortality (GAM) Table, 1994 Year without margin to 80% of the male rate and 60% of the female rates of the 1994 GAM Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA. Post-termination mortality has changed from 1994 GAM Table, 1994 Base Year without margin to 1994 GAM Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA for males and with a 1-year set-forward for females. Total inflation has changed from 3.5% annually to 3.12% annually. Turnover has changed from unisex; 2-year select period; ultimate follows T-3 Table from Pension Actuary's Handbook to unisex; 5-year select period; increase all ultimate rates by 50%. Retirement age has changed from members are assumed to retire after 20 years of eligibility service, unless they complete 20 years before age 55, then it is assumed that they will work one-half of the remaining years to age 55 to members are assumed to begin retiring at the earliest eligible retirement age in accordance with the table of retirement rates. Disability mortality has changed from table ranging from 5.10% for males and 4.26% for females at age 20 to 8.13% for males and 4.73% for females at age 64 to RP-2000 Disabled Retiree Mortality Table. Disability rate has changed from disability rates under Group Long Term Disability policies, as given in the 1978 Society of Actuaries Study to incidence rates based upon the 2005-2009 actual experience of the State of Alaska Public Employees' Retirement System Peace Officer/Firefighter Plan.

From the June 30, 2010 to the June 30, 2012 actuarial valuation are no changes in actuarial assumptions from the prior valuations.

From the June 30, 2012 to the June 30, 2014 actuarial valuation Pre-termination mortality has changed from 80% of the male rates and 60% of the females rates of the 1994 GAM Table, sex-distinct, 1994 Base Year without margin projected to 2013 with Projection Scale AA to 60% of the male rates and 65% of the female rates of the post-termination mortality rates. Post-termination mortality has changed from 1994 GAM Table, sex-distinct, 1994 Base Year without margin projected to 2013 with Projection Scale AA for males and with a 1-year set-forward for females to 96% of all rates of RP-2000 Combined Mortality, 2000 Base Year projected to 2018 with Projection Scale BB. Retirement has changed from 5% if vested and age is less than 51 and increasing linearly until 100% at age 65 to retirement rates based on 2010-2013 experience and terminated vested members are expected to commence benefits at age 50. Disability Mortality has changed from RP-2000 Disabled Retiree Mortality Table to RP-2000 Disabled Retiree Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB.

SCHEDULE 2.41

2012	2011	2010	2009	2008	2007
\$ 896	\$ 965	\$ 2,415	\$ 2,473	\$ 1,737	\$ 1,737
896	965	2,603	2,473	11,737	1,737
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (188)</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ -</u>
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

STATE OF ALASKA SCHEDULE 2.50
Changes in the Net Pension Liability and Related Ratios Schedule
Alaska Railroad Corporation Defined Benefits Pension Plan
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2016
Total pension liability	
Service cost	\$ 5,834
Interest	11,832
Changes of benefits terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(4,920)
Net change in total pension liability	12,746
Total pension liability - beginning	154,384
Total pension liability - ending (a)	167,130
Plan fiduciary net position	
Contributions - employer	3,571
Contributions - employee	4,290
Net investment income	(199)
Benefit payments, including refunds of employee contributions	(4,920)
Administrative expenses	(550)
Net change in plan fiduciary net position	2,192
Plan fiduciary net position - beginning	145,210
Plan fiduciary net position - ending (b)	147,402
State's net pension liability - ending (a) - (b)	\$ 19,728
Plan fiduciary net position as a percentage of the total pension liability	88.20%
Covered-employee payroll	47,660
State's net pension liability as a percentage of covered-employee payroll	41.39%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

STATE OF ALASKA SCHEDULE 2.51
Employer Contributions Schedule
Alaska Railroad Corporation Defined Benefits Pension Plan
Last Ten Fiscal Years
(Stated in Thousands)

	2016
Actuarially determined contribution	\$ 3,571
Contributions in relation to the actuarially determined contribution	3,571
Contribution deficiency (excess)	\$ -
 Covered-employee payroll	 47,660
Contributions as a percentage of covered-employee payroll	7.49%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

There are no changes in benefit terms between the valuation data presented above.

There are no changes in assumptions used between the valuation data presented above.



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Combining Fund Statements





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General Fund

The General Fund is the State's primary operating fund. All public monies and revenues coming into the state treasury not specifically authorized by statute to be placed in a special fund constitute the General Fund. Unlike other funds held in the name of the State, the General Fund has become a fundamental component of our fund structure without benefit of formal creation by the Constitution or the Alaska Statutes.

There are several accounts and funds that have been created by law which are considered a part of the General Fund. These are treated as subfunds of the General Fund and are accounted for as individual funds for accounting purposes but they are included in the General Fund for annual financial reporting purposes. The following lists those funds and accounts.

- **Abandoned Motor Vehicles Fund (Fund 3223)** – AS 28.11.110 – Administered by the Department of Administration. This fund consists of money appropriated to the fund by the legislature and proceeds from the sale of abandoned motor vehicles. This fund was created to reimburse payment of services associated with impounding, advertising, and selling abandoned vehicles.
- **Adak Airport Operations Fund (Fund 1190)** – PL 101-510 – The Alaska Department of Transportation and Public Facilities and the United States Department of Defense entered into a cooperative agreement under which the State will undertake operation and maintenance of a portion of the former Naval Air Facility known as the Adak Airport. In accordance with the agreement, the Navy paid the State \$10,000,000 to operate and maintain the airport.
- **Alaska Capital Income Fund (Fund 1197)** – AS 37.05.565 – Administered by the Department of Revenue. This fund consists of money deposited to the fund from income earned on money awarded in or received as a result of State v. Amerada Hess and of appropriations to the fund. Money may be appropriated from this fund for any public purpose, including covering annual debt service and reserves for debt service on bonds authorized by state law.
- **Alaska Debt Retirement Fund (Fund 1044)** – AS 37.15.011 – The fund consists of all money appropriated to it. The fund was established to help meet the General Fund debt obligations of the State and its political subdivisions, to fund lease-purchases, and to finance capital projects with money remaining after debt obligations are paid.
- **Alaska Gasline Inducement Act Reimbursement (Fund 3218)** – AS 43.90.400 – Administered by the Office of the Governor. This fund consists of money appropriated to it by the legislature for reimbursing a percentage of qualified expenditures as authorized under AS 43.90.110. These state matching contributions serve as an inducement to aid in the construction of a natural gas pipeline.
- **Alaska Higher Education Investment Fund (Fund 1226)** – AS 37.14.750 – Administered by the Department of Education and Early Development. This fund consists of appropriations, income earned on investments of fund assets, donations and money redeposited under AS 14.43.915(c). This fund is used for making grants and scholarship payments.
- **Alaska Historical Commission Receipts Account (Fund 3205)** – AS 41.35.380 – Administered by the Department of Natural Resources. Consists of all monetary gifts, grants, bequests, royalties, and other income received by the Alaska Historical Commission and is used for commission projects.
- **Alaska Marine Highway System Fund (Fund 3106)** – AS 19.65.060 – Administered by the Department of Transportation and Public Facilities, Alaska Marine Highway System. Gross revenues of the Alaska Marine Highway System are deposited into the fund. The fund also consists of legislative appropriations of amounts necessary to provide stable services to the public, after consideration of gross revenue.
- **Alaska Marine Highway System Vessel Replacement Fund (Fund 1082)** – AS 37.05.550 – Managed by the Department of Revenue. The fund consists of money appropriated to it by the legislature. The legislature may appropriate money from the fund for refurbishment of existing state ferry vessels, acquisition of additional state ferry vessels, or replacement of retired or outmoded state ferry vessels.

- **Alaska Senior Care Fund (Fund 1189)** – AS 47.45.360 – Administered by the Department of Health and Social Services. The fund is used to pay for the costs incurred in the provision of senior services under the senior care program. The department shall provide cash assistance and prescription drug benefits as authorized under AS 47.45.300 – 47.45.390.
- **Alaska Technical and Vocational Education Program Fund (Fund 1151)** – AS 23.15.830 – Administered by the Department of Labor and Workforce Development. The fund consists of amounts collected under AS 23.15.835. The legislature may appropriate the annual estimated balance in the fund to the Alaska Workforce Investment Board to implement AS 23.15.820 – 23.15.850. The legislature may appropriate the lapsing balance of the fund to the Unemployment Compensation Fund established in AS 23.20.130.
- **Alaska Transportation Infrastructure Bank (Fund 3107)** – Section 350 of the National Highway System Designation Act of 1995 Federal Law – Managed by the Department of Transportation and Public Facilities. This fund was established as a pilot program with the U.S. Department of Transportation to increase infrastructure investment in the private sector. The fund has the ability to make loans and provide other forms of credit assistance to public and private entities to carry out highway construction and transit capital projects.
- **Alaska Veterans’ Memorial Endowment (Fund 1181)** – AS 37.14.700(a) – Administered by the Department of Military and Veterans’ Affairs. The fund is used to maintain and develop veteran or military memorials. The fund consists of appropriations to the fund, donations to the fund, and income earned on investments of fund assets.
- **Alcohol and Other Drug Abuse Treatment and Prevention Fund (Fund 1180)** – AS 43.60.050 – Administered by the Department of Health and Social Services. The fund is used to establish and maintain programs for the prevention and treatment of alcoholism, drug abuse, and misuse of hazardous volatile materials and substances by inhalant abusers under AS 47.37.030.
- **Anatomical Gift Awareness Fund (Fund 1202)** – AS 13.50.160(a) – Administered by the Department of Administration. This fund was established to promote gifts under AS 13.50 the Health Care Decisions Act and to administer the donation program established under AS 13.50.130. The fund consists of donations and fees collected to support the Donor Registry Program.
- **Art in Public Places Fund (Fund 1145)** – AS 44.27.060 – Administered by the Alaska State Council on the Arts. This fund consists of one percent of the construction cost of buildings exempt from AS 35.27. The money is used to commission or purchase art for public state-owned or leased buildings or facilities.
- **Assistive Technology Loan Guarantee Fund (Fund 3213)** – AS 23.15.125 – Administered by the Department of Labor and Workforce Development, Division of Vocational Rehabilitation (DVR). The fund consists of money appropriated to it. DVR may solicit and accept available public and private money for distribution from the fund. Money in the fund may be used to guarantee 90 percent of the principal amount of a loan or to subsidize the interest rate of a loan guaranteed by DVR for appropriate assistive technology.
- **Building Safety Account (Fund 1172)** – AS 44.31.025 – Administered by the Department of Labor and Workforce Development. The collection of fees associated with building inspection and the issuance of certificates of fitness will be deposited in the Building Safety Account. The legislature may appropriate money from the account for necessary costs incurred by the Department of Labor and Workforce Development in the administration of AS 18.60.180 – 18.60.395, 18.60.800 – 18.60.820 and AS 18.62 relating to building safety and certificates of fitness.
- **Civil Legal Services Fund (Fund 1221)** – AS 37.05.590 – The fund consists of appropriations made to it. Annually, the legislature may only appropriate to the fund amounts deposited into the general fund of the state under AS 09.17.020(j). The legislature may make appropriations from the fund to organizations that provide civil legal services to low-income individuals.
- **Commercial Passenger Vessel Environmental Compliance Fund (Fund 1166)** – AS 46.03.482 – Administered by the Department of Environmental Conservation. Sources of income for this fund include: (1) money received by the department in payment of fees under AS 46.03.480; (2) money received as a result of a violation; (3) money appropriated to the fund by the legislature; (4) earnings on the fund. The legislature may make appropriations from this fund to the department to pay for the department’s operational costs necessary to prepare reports that assess the information received by the department for the cruise ship seasons of 2000, 2001, 2002, and 2003 and for the department’s operational costs necessary to carry out activities under AS 46.03.460 – 46.03.490 relating to commercial passenger vessels.

- **Commercial Vessel Passenger Tax Account (Fund 3105)** – AS 43.35.220, AS 43.52.230(a) – Administered by the Department of Revenue. The fund consists of proceeds from the tax on travel on commercial passenger vessels providing overnight accommodations in the state’s marine water, and proceeds on gambling activities on large passenger vessels in the state. Money appropriated from this fund can be used for state-owned harbor facilities, other services to properly provide for vessel or watercraft visits, to enhance the safety and efficiency of interstate and foreign commerce, and such other lawful purposes as determined by the legislature.
- **Community Revenue Sharing Fund (Fund 3220)** – AS 29.60.850 – Administered by the Department of Commerce, Community, and Economic Development. The Fund provides community revenue sharing payments to municipalities, reserves, and communities for any public purpose. The fund consists of appropriations. Income earned on money in the fund may be appropriated to the fund. The legislature may appropriate 20 percent of the money received by the State during the previous calendar year under AS 43.55.011(g).
- **Constitutional Budget Reserve Fund (Fund 3100)** – Alaska Constitution, Article IX, Section 17; AS 37.13 – Administered by the Department of Revenue. All money received by the State as a result of the termination of administrative proceedings or litigation in a state or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property are deposited in the fund, except for the share of those proceeds that are deposited into the Alaska Permanent Fund.
- **Crime Victims Compensation Fund (Fund 1220)** – AS 18.67.162 – Administered by the Department of Public Safety, Crime Victims Compensation Board. This fund consists of all money appropriated to it, including donations, recoveries of or reimbursements of awards made from the fund and investment income. The purpose of the fund is to facilitate and permit the payment of compensation to innocent persons as a result of certain serious crimes.
- **Disaster Relief Fund (Fund 1116)** – AS 26.23.300 – Administered by the Office of the Governor and the Department of Military and Veterans Affairs. This fund provides resources to alleviate the effects of disasters wherever and whenever they may occur in the State.
- **Donated Commodity Fee Fund (Fund 1014)** – USC 7 CFR, Part 250 – Administered by the Department of Education and Early Development. This fund consists of monies from federal agencies and recipients of goods. It is intended to cover the cost of the distribution of federal surplus food to schools, childcare institutions, nonprofit camps for children, charitable institutions for minors, nutrition programs for the elderly, and assistance to needy persons.
- **Educational Facilities Maintenance and Construction Fund (Fund 1083)** – AS 37.05.560 – Administered by the Department of Education and Early Development. Money in the fund may be appropriated to finance the design, construction, and maintenance of public school facilities and for maintenance of the University of Alaska facilities.
- **Election Fund (Fund 1185)** – Federal H.R. 3295, “The Help America Vote Act” – Administered by the Office of the Lieutenant Governor, Division of Elections. Funds will be used for election administration improvements, for replacement of voting equipment, to improve accessibility for individuals with disabilities, and to provide alternative language accessibility.
- **Employment Assistance and Training Program Account (Fund 1054)** – AS 23.15.625 – Administered by the Department of Labor and Workforce Development. The account consists of amounts collected under the provision of AS 23.15.630. The annual estimated balance in the account may be appropriated by the legislature to the department to implement AS 23.15.620 – 23.15.660. The legislature may appropriate the lapsing balance of the account to the Unemployment Compensation Fund established in AS 23.20.130.
- **FHWA - Airspace Leases Fund (Fund 3207)** – Section 156 of the Surface Transportation and Uniform Relocation Assistance Act of 1987 requires that the State shall charge fair market value for the sale, use, or lease rentals of right-of-way airspace and that the federal share of these net incomes be used by the State for highway projects. This fund accounts for those revenues. The revenues are available for appropriation by the legislature for highway projects.
- **FICA Administration Fund (Fund 1023)** – AS 39.30.050 – Administered by the Department of Administration. The fund consists of the pro rata share of expenses incurred in the administration of AS 39.30.010 – 39.30.080 and collected from participating political subdivisions and from the State.

- **Fisheries Disaster Fund (Fund 3216)** – PL 108-7, Sec. 2, Division N, Title V – Fisheries Disasters, Sec. 501(a) – Administered by the Office of the Governor. \$35,000,000 shall be made available as a direct lump sum payment to the State of Alaska to make payments to persons or entities that have experienced significant economic hardship. Funds in Alaska shall be used to provide personal assistance; assistance for small businesses including fishermen, fish processors, and related business serving the fishing industry; assistance for local borough governments adversely affected by reductions in fish landing fees and other fishing-related revenue; and product development and marketing.
- **Fuel Emergency Fund (Fund 3206)** – AS 26.23.400 – Administered by the Office of the Governor. This fund is used when the governor determines that a shortage of fuel is sufficiently severe to justify state assistance to make grants to a city or borough, or to a village or unincorporated community to purchase emergency supplies of fuel.
- **Fund for the Improvement of School Performance (Fund 3210)** – AS 14.03.125 – Administered by the Department of Education and Early Development. It is used to make grants to a district located in the State for the purpose of improving school performance.
- **Major Maintenance Grant Fund (Fund 1193)** – AS 14.11.007 – Administered by the Department of Education and Early Development. The fund is used to make grants for the cost of school major maintenance.
- **Memorial Education Revolving Loan Fund (Fund 3226)** – AS 14.43.255 – Administered by the Department of Education and Early Development. The fund was created to pay tribute to the memory of Alaskans who, by example of their lives, or by their distinguished contribution and service to the State, their community, or their profession, exemplified the best that is the challenge of “The Great Land.” The funds shall be used to provide education loans to students selected under AS 14.43.250-325.
- **Municipal Capital Project Matching Grant Fund (Fund 1087)** – AS 37.06.010 – Administered by the Department of Commerce, Community, and Economic Development. The money in the fund is held by the department in custody for each municipality. Each fiscal year the department allocates individual grants for each municipality.
- **Municipal Harbor Facility Grant Fund (Fund 3217)** – AS 29.60.800 – Administered by the Department of Transportation and Public Facilities. The money appropriated to the fund may be expended by the department for municipal harbor grants.
- **Oil and Gas Tax Credit Fund (Fund 3219)** – AS 43.55.028 – Administered by the Department of Revenue. The purpose of this fund is to purchase certain transferable tax credit certificates issued under AS 43.55.023 and certain production tax credit certificates issued under AS 43.55.025. The fund consists of money appropriated to it, including any appropriation of the percentage provided under (c) of this section of all revenue from taxes levied by AS 43.55.011 that is not required to be deposited in the constitutional budget reserve fund established in art. IX, sec. 17 (a), Constitution of the State of Alaska; and earnings on the fund.
- **Oil and Hazardous Substance Release Prevention and Response (Fund 3103)** – AS 46.08.010 – Administered by the Department of Environmental Conservation. This fund is composed of two accounts: (1) the prevention account and (2) the response account. The fund consists of appropriations by the legislature of money from private donors, money recovered from parties responsible for cleanup of oil or a hazardous substance, and fines, penalties, or damages recovered under Chapter 46. This money is for the containment and cleanup of oil or a hazardous substance; monitoring, assessing, investigating, and evaluating the release or threatened release of oil or a hazardous substance; and recovery of the cost to the State of the containment and cleanup of oil or a hazardous substance.
- **Oil and Hazardous Substance Release Prevention Mitigation Account (Fund 3211)** – AS 46.08.020(b) – Administered by the Department of Environmental Conservation. This account consists of money received from other state sources, from federal or other sources, or from a private donor; money recovered or otherwise received from parties responsible for the containment and cleanup of oil or a hazardous substance; and fines, penalties, or damages recovered under AS 46.08.005–46.08.080. The legislature may appropriate the amount received in this account (during the preceding calendar year) to the prevention account in the Oil and Hazardous Substance Release Prevention and Response Fund.

- **Oil and Hazardous Substance Release Response Mitigation Account (Fund 3212)** – AS 46.08.025(b) – Administered by the Department of Environmental Conservation. This account consists of money received from other state sources, from federal or other sources, or from a private donor; money recovered or otherwise received from parties responsible for the containment and cleanup of oil or a hazardous substance at a specific site for which the State expended money from the former oil and hazardous substance release response fund before October 2, 1994, or for which the State expended money from the response account. The legislature may appropriate the amount received in this account (during the preceding calendar year) to the response account in the Oil and Hazardous Substance Release Prevention and Response Fund.
- **Originator Surety Fund (Fund 3221)** – AS 06.60.500 – Administered by the Department of Commerce, Community, and Economic Development. This fund consists of payments made by originator licensees under AS 06.60.550, filing fees retained under AS 06.60.620, income earned on the investment of the money in the fund, and money deposited in the fund by the department under AS 06.60.740.
- **Permanent Fund Dividend Fund (Fund 1050)** – AS 43.23.045 – Administered by the Department of Revenue. This fund consists of 50 percent of the income earned by the Alaska Permanent Fund during the fiscal year ending on June 30 that is paid out to eligible Alaska residents.
- **Public Education Fund (Fund 3201)** – AS 14.17.300 – Administered by the Department of Education and Early Development. This account may be expended only in aid of public schools and for centralized correspondence study programs under Chapter 17 – Financing of Public Schools, and for transportation of pupils under AS 14.09.010.
- **Railbelt Energy Fund (Fund 1012)** – AS 37.05.520 – Managed by the Department of Revenue. The legislature may appropriate money from the fund for programs, projects, and other expenditures to assist in meeting Railbelt energy needs, including projects for retrofitting state-owned buildings and facilities for energy conservation.
- **Randolph-Sheppard Small Business Fund (Fund 1117)** – AS 23.15.130, 20 USC 107-107(f) – Administered by the Department of Labor and Workforce Development. This fund consists of receipts from vending facilities on federal properties and is used to aid only blind licensees in operating vending machine facilities.
- **Real Estate Recovery Fund (Fund 1040)** – AS 08.88.450 – Administered by the Department of Commerce, Community, and Economic Development. This fund is composed of payments made by real estate licensees under AS 08.88.455 and filing fees under AS 08.88.460, income earned on investment of the money in the fund, and money deposited in the fund under AS 08.88.450(c). Amounts in the fund may be appropriated for claims against the fund, for hearing and legal expenses directly related to fund operations and claims, and real estate educational purposes.
- **Regional Cruise Ship Impact Fund (Fund 1207)** – AS 43.52.230(c) – Administered by the Department of Revenue. The fund consists of proceeds from the tax on travel on commercial passenger vessels providing overnight accommodations in the state's marine water. Money appropriated from this fund can be used for state-owned harbor facilities, other services to properly provide for vessel or watercraft visits, to enhance the safety and efficiency of interstate and foreign, commerce, and such other lawful purposes as determined by the legislature.
- **Regional Educational Attendance Area School Fund (Fund 1222)** – AS 14.11.030 – Administered by the Department of Education and Early Development for the purpose of funding costs of school construction in regional educational attendance areas.
- **School Construction Grant Fund (Fund 1080)** – AS 14.11.005 – Administered by the Department of Education and Early Development. The fund shall be used to make grants for the costs of school construction. Legislative appropriations for school construction shall be deposited in the fund and the proceeds from the sale of general obligation bonds for school construction may be deposited in the fund.
- **School Trust Land Sales (Fund 3215)** – Established per attorney general memo regarding Public School Trust Litigation. Used to separately account for income from former public school trust land, the status of which is in litigation.
- **State Insurance Catastrophe Reserve Account (Fund 3209)** – AS 37.05.289 – Administered by the Department of Administration. Assets of the account may be used to obtain insurance, to establish reserves for the self-insurance program, and to satisfy claims or judgments arising under the program.
- **State Land Disposal Income Fund (Fund 1153)** – AS 38.04.022(a) – Administered by the Department of Natural Resources. The fund consists of revenue from the state land disposal program.

- **State Land Reforestation Fund (Fund 1019)** – AS 41.17.300 – Administered by the Department of Natural Resources. The money in the state land reforestation fund may be used only for the reforestation of state land, including site preparation; seed and seedling acquisition and cultivation; planting and other reforestation measures; timber stand improvement; and the development of materials and techniques for the reforestation of state land.
- **Statutory Budget Reserve Fund (Fund 3200)** – AS 37.05.540 – Administered by the Department of Revenue. This fund consists of appropriations to the fund. Money received by the State that is subject to the appropriation limit under AS 37.05.540(b) and that exceeds that limit may be appropriated to the budget reserve fund.
- **Surplus Property Revolving Fund (Fund 1033)** – AS 37.05.500(a)(2), AS 44.68.130 – Administered by the Department of Administration. This fund is to account for revenues from the users or purchasers of excess federal property that the State has acquired and is used to pay the administrative expenses incurred in managing this property.
- **Tobacco Use Education and Cessation Fund (Fund 1168)** – AS 37.05.580 – Administered by the Department of Health and Social Services. This fund consists of 20 percent of the annual revenue derived from the settlement of State of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915 CI (Alaska Super. 1997). The purpose of this fund is to provide a source to finance the comprehensive smoking education, tobacco use prevention, and tobacco control program authorized by AS 44.29.020(a)(15).
- **Training and Building Fund (Fund 1049)** – AS 23.20.130(d) – Administered by the Department of Labor and Workforce Development. This fund consists of interest and penalties for failure to file timely reports and pay contributions to the Unemployment Compensation Fund. It may be used for the administration of the Employment Security Act when federal funds are not available and for the acquisition of land and buildings for the purpose of providing office space for the department.
- **Trauma Care Fund (Fund 3222)** – AS 18.08.085 – Administered by the Department of Health and Social Services. This fund consists of money appropriated to it by the legislature including donations, recoveries of or reimbursements for awards made from the fund and investment income. The purpose of this fund is to compensate certified trauma centers in the state that receive a special designation under AS 18.08.082(c) and that achieve or maintain the highest appropriate level of trauma care designation.
- **Unincorporated Community Capital Project Matching Grant Fund (Fund 1088)** – AS 37.06.020 – Administered by the Department of Commerce, Community, and Economic Development. This fund was created for unincorporated communities to acquire or improve an asset with an anticipated life exceeding one year and includes land acquisition, construction, repair or structural improvement of a facility, engineering and design for a facility, and acquisition or repair of equipment.
- **Vaccine Assessment (Fund 1238)** – AS 18.09.230 – Administered by the Department of Health and Social Services. The fund is established for the purpose of monitoring, purchasing, and distributing included vaccines to providers approved by the department who agree to provide the vaccines to state residents under terms consistent with the program and state and federal law.
- **Vocational Rehabilitation Small Business Enterprise Revolving Fund (Fund 1237)** – AS 23.15.130 – Administered by the Department of Labor and Workforce Development, Division of Vocational Rehabilitation. This fund consists of receipts from the net proceeds of vending facilities on public property. The annual estimated receipts of the fund may be used by the legislature to make appropriations to the department to aid licensees in operating vending machine facilities.
- **Workers' Compensation Benefits Guaranty Fund (Fund 1203)** – AS 23.30.082 – Administered by the Department of Labor and Workforce Development. This fund is composed of civil penalty payments made by employers under AS 23.30.080, income earned on investment of the money in the fund, money deposited in the fund, and appropriations to the fund. The fund may be appropriated for claims against the fund, for expenses directly related to fund operations and claims, and for legal expenses.
- **Workers' Safety and Compensation Administration Account (Fund 1157)** – AS 23.05.067 – Administered by the Department of Labor and Workforce Development. This fund is used to account for the annual service fees collected from employers for the administrative expenses of the State for workers' safety programs under AS 18.60 and the workers' compensation program under AS 23.30.





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STATE OF ALASKA
Combining Balance Sheet
General Fund
June 30, 2016
(Stated in Thousands)

STATEMENT 3.01

	General Fund		
	Constitutional Budget Reserve Subfund	Statutory Budget Reserve Subfund	Permanent Fund Dividend Subfund
ASSETS			
Cash and Investments	\$ 7,327,310	\$ -	\$ 22,248
Accounts Receivable - Net	74,417	-	344
Interest and Dividends Receivable	4,094	-	25
Due from Other Funds	6,650,801	287,974	695,650
Due from Component Units	-	-	-
Due from Other Governments	-	-	-
Loans, Notes, and Bonds Receivable	-	-	-
Inventories	-	-	-
Other Assets	-	-	1
Total Assets	\$ 14,056,622	\$ 287,974	\$ 718,268
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ 4,769
Due to Other Funds	617,867	287,974	1,907
Due to Component Units	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	-	-	226
Other Liabilities	-	-	2
Total Liabilities	617,867	287,974	6,904
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	-	-	344
FUND BALANCES			
Nonspendable:			
Inventory	-	-	-
Advances and Prepaid Items	6,095,356	-	-
Restricted for:			
Debt Service	-	-	-
Education	-	-	-
Health and Human Services	-	-	-
Development	-	-	-
Other Purposes	-	-	-
Committed to:			
Education	-	-	-
Health and Human Services	-	-	-
Public Protection	-	-	-
Permanent Fund	-	-	711,020
Development	-	-	-
Other Purposes	-	-	-
Unassigned	7,343,399	-	-
Total Fund Balances	13,438,755	-	711,020
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 14,056,622	\$ 287,974	\$ 718,268

STATEMENT 3.01

Public Education Subfund	General and all Other Subfunds	Eliminations of Internal Balances	Total General Fund
\$ 13,251	\$ 2,710,900	\$ -	\$ 10,073,709
-	124,982	-	199,743
-	1,655	-	5,774
-	1,246,927	(8,082,687)	798,665
-	22,163	-	22,163
-	848,529	-	848,529
-	17,625	-	17,625
-	19,106	-	19,106
-	136,044	-	136,045
<u>\$ 13,251</u>	<u>\$ 5,127,931</u>	<u>\$ (8,082,687)</u>	<u>\$ 12,121,359</u>
\$ -	\$ 1,451,136	\$ -	\$ 1,455,905
-	7,284,817	(8,082,687)	109,878
-	39,082	-	39,082
-	23	-	23
-	64,840	-	65,066
-	2,785	-	2,787
-	<u>8,842,683</u>	<u>(8,082,687)</u>	<u>1,672,741</u>
-	<u>388,666</u>	-	<u>389,010</u>
-	19,106	-	19,106
-	135,657	(6,095,357)	135,656
-	4,678	-	4,678
-	14,853	-	14,853
-	622	-	622
-	26,398	-	26,398
-	3,514	-	3,514
13,251	774,011	-	787,262
-	167,304	-	167,304
-	171,506	-	171,506
-	-	-	711,020
-	1,505,991	-	1,505,991
-	127,154	-	127,154
-	(7,054,212)	6,095,357	6,384,544
<u>13,251</u>	<u>(4,103,418)</u>	<u>-</u>	<u>10,059,608</u>
<u>\$ 13,251</u>	<u>\$ 5,127,931</u>	<u>\$ (8,082,687)</u>	<u>\$ 12,121,359</u>

STATE OF ALASKA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 3.02

	General Fund		
	Constitutional Budget Reserve Subfund	Statutory Budget Reserve Subfund	Permanent Fund Dividend Subfund
REVENUES			
Taxes	\$ 71,843	\$ -	\$ -
Licenses and Permits	-	-	-
Charges for Services	-	-	603
Fines and Forfeitures	8,357	-	180
Rents and Royalties	16,349	-	-
Premiums and Contributions	-	-	-
Interest and Investment Income (Loss)	175,697	-	-
Federal Grants in Aid	-	-	-
Payments In from Component Units	-	-	-
Other Revenues	-	-	4
Total Revenues	<u>272,246</u>	<u>-</u>	<u>787</u>
EXPENDITURES			
Current:			
General Government	-	-	7,841
Alaska Permanent Fund Dividend	-	-	1,330,006
Education	-	-	-
University	-	-	-
Health and Human Services	-	-	15,148
Law and Justice	-	-	-
Public Protection	-	-	22,342
Natural Resources	-	-	-
Development	-	-	-
Transportation	-	-	-
Intergovernmental Revenue Sharing	-	-	-
Debt Service:			
Principal	-	-	-
Interest and Other Charges	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,375,337</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>272,246</u>	<u>-</u>	<u>(1,374,550)</u>
OTHER FINANCING SOURCES (USES)			
Capital Leases	-	-	-
Transfers In from Other Funds	12,705	-	695,650
Transfers (Out to) Other Funds	-	(287,974)	(1,510)
Total Other Financing Sources and Uses	<u>12,705</u>	<u>(287,974)</u>	<u>694,140</u>
Net Change in Fund Balances	284,951	(287,974)	(680,410)
Fund Balances - Beginning of Year	13,153,804	287,974	1,391,430
Prior Period Adjustment	-	-	-
Fund Balances - End of Year	<u>\$ 13,438,755</u>	<u>\$ -</u>	<u>\$ 711,020</u>

STATEMENT 3.02

Public Education Subfund	General and all Other Subfunds	Eliminations of Internal Balances	Total General Fund
\$ -	\$ 35,231	\$ -	\$ 107,074
-	131,428	-	131,428
411	182,410	-	183,424
-	23,820	-	32,357
-	624,494	-	640,843
-	21,286	-	21,286
-	19,708	-	195,405
-	2,705,575	-	2,705,575
-	174,720	-	174,720
-	45,688	-	45,692
411	3,964,360	-	4,237,804
-	402,543	-	410,384
-	21	-	1,330,027
1,246,795	579,783	-	1,826,578
-	449,266	-	449,266
-	2,900,051	-	2,915,199
-	252,049	-	252,049
-	742,124	-	764,466
-	321,985	-	321,985
-	429,184	-	429,184
-	1,403,700	-	1,403,700
-	125,351	-	125,351
-	41,554	-	41,554
-	16,185	-	16,185
1,246,795	7,663,796	-	10,285,928
(1,246,384)	(3,699,436)	-	(6,048,124)
-	12,170	-	12,170
1,124,000	385,368	(1,502,215)	715,508
-	(1,304,794)	1,502,215	(92,063)
1,124,000	(907,256)	-	635,615
(122,384)	(4,606,692)	-	(5,412,509)
135,635	863,060	-	15,831,903
-	(359,786)	-	(359,786)
\$ 13,251	\$ (4,103,418)	\$ -	\$ 10,059,608



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Nonmajor Governmental Funds



STATE OF ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(Stated in Thousands)

STATEMENT 3.11

	Permanent Fund	
	Public School Trust Fund	Special Revenue Funds
ASSETS		
Cash and Investments	\$ 603,960	\$ 127,665
Accounts Receivable - Net	516	1,786
Interest and Dividends Receivable	23	-
Due from Other Funds	-	1,664
Due from Component Units	-	-
Due from Other Governments	-	2
Loans, Notes, and Bonds Receivable	72	-
Other Assets	-	15,770
Total Assets	<u>\$ 604,571</u>	<u>\$ 146,887</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 20	\$ 4,613
Due to Other Funds	12,615	8,923
Unearned Revenue	268	-
Other Liabilities	-	523
Total Liabilities	<u>12,903</u>	<u>14,059</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	<u>4</u>
FUND BALANCES		
Nonspendable:		
Principal	573,452	-
Advances and Prepaid Items	-	15,731
Restricted for:		
Debt Service	-	-
Education	-	6,323
Health and Human Services	-	15,420
Development	-	45,296
Other Purposes	-	176
Committed to:		
Education	18,216	-
Development	-	49,878
Total Fund Balances	<u>591,668</u>	<u>132,824</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 604,571</u>	<u>\$ 146,887</u>

STATEMENT 3.11

Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 43,331	\$ 239,513	\$ 1,014,469
-	-	2,302
-	75	98
846	-	2,510
-	133	133
-	-	2
-	-	72
-	-	15,770
<u>\$ 44,177</u>	<u>\$ 239,721</u>	<u>\$ 1,035,356</u>
\$ -	\$ 3,537	\$ 8,170
-	11,495	33,033
-	-	268
-	-	523
<u>-</u>	<u>15,032</u>	<u>41,994</u>
<u>-</u>	<u>-</u>	<u>4</u>
-	-	573,452
-	-	15,731
44,177	-	44,177
-	46,213	52,536
-	-	15,420
-	178,476	223,772
-	-	176
-	-	18,216
-	-	49,878
<u>44,177</u>	<u>224,689</u>	<u>993,358</u>
<u>\$ 44,177</u>	<u>\$ 239,721</u>	<u>\$ 1,035,356</u>

STATE OF ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 3.12

	Permanent Fund	
	Public School Trust Fund	Special Revenue Funds
REVENUES		
Taxes	\$ -	\$ 19,880
Licenses and Permits	-	35,095
Charges for Services	-	486
Fines and Forfeitures	-	323
Rents and Royalties	4,536	1,821
Premiums and Contributions	-	25,656
Interest and Investment Income (Loss)	12,046	672
Federal Grants in Aid	-	578
Other Revenues	-	601
Total Revenues	16,582	85,112
EXPENDITURES		
Current:		
General Government	182	3,365
Education	13,000	29,676
University	-	30,664
Health and Human Services	-	4,803
Public Protection	-	695
Natural Resources	-	43,310
Development	-	5,114
Transportation	-	2,237
Debt Service:		
Principal	-	-
Interest and Other Charges	-	-
Total Expenditures	13,182	119,864
Excess (Deficiency) of Revenues Over Expenditures	3,400	(34,752)
OTHER FINANCING SOURCES (USES)		
Bonds Issued	-	-
Bonds Issued Premium	-	-
Transfers In from Other Funds	-	643
Transfers (Out to) Other Funds	-	(6,206)
Total Other Financing Sources and Uses	-	(5,563)
Net Change in Fund Balances	3,400	(40,315)
Fund Balances - Beginning of Year	588,268	173,139
Fund Balances - End of Year	\$ 591,668	\$ 132,824

STATEMENT 3.12

Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 19,880
-	-	35,095
-	-	486
-	-	323
-	-	6,357
-	-	25,656
63	582	13,363
-	-	578
24,315	-	24,916
<u>24,378</u>	<u>582</u>	<u>126,654</u>
-	-	3,547
-	3,367	46,043
-	1,338	32,002
-	-	4,803
-	-	695
-	46	43,356
-	-	5,114
-	59,906	62,143
49,795	-	49,795
45,407	1,433	46,840
<u>95,202</u>	<u>66,090</u>	<u>294,338</u>
(70,824)	(65,508)	(167,684)
-	263,090	263,090
-	52,046	52,046
71,988	10,000	82,631
(77)	(294)	(6,577)
<u>71,911</u>	<u>324,842</u>	<u>391,190</u>
1,087	259,334	223,506
43,090	(34,645)	769,852
<u>\$ 44,177</u>	<u>\$ 224,689</u>	<u>\$ 993,358</u>



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Permanent Funds

Permanent funds account for permanent endowments created when the principal amount of a contribution must be invested and preserved but earnings on amounts invested can be used for public purpose. Following are the State's permanent funds.

- **Alaska Mental Health Trust Authority (Fund 3146)** – AS 47.30.011 – This is a Discretely Presented Component Unit. The fund description is contained in the Notes to the Basic Financial Statements, Note 1A. Statements are included in the Non-major Component Units section.
- **Alaska Permanent Fund (Fund 3258)** – Alaska Constitution, Article IX, Section 15 – Administered by the Alaska Permanent Fund Corporation. The Alaska Constitution provides that at least 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the State shall be placed in the Alaska Permanent Fund. This is a major fund and included in Statements 1.11, 1.13, and 3.23.
- **Public School Trust Fund (Fund 3121)** – AS 37.14.110 – Administered by the Department of Revenue. The principal consists of the balance of the public school permanent fund on July 1, 1978, and one-half of one percent of the receipts derived from the management of state land (AS 34.14.150). The net income of the fund may be appropriated only for the support of the state public school program. This is a non-major fund and is included in Statements 3.11, 3.12, and 3.23.



Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Permanent Funds

For the Fiscal Year Ended June 30, 2016

(Stated in Thousands)

	Public School Trust		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Rents and Royalties	\$ 4,536	\$ 4,536	\$ -
Interest and Investment Income (Loss)	12,046	12,046	-
Total Revenues	<u>16,582</u>	<u>16,582</u>	<u>-</u>
EXPENDITURES			
Current:			
General Government	182	182	-
Education	13,000	13,000	-
Law and Justice	-	-	-
Natural Resources	-	-	-
Total Expenditures	<u>13,182</u>	<u>13,182</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,400</u>	<u>3,400</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	<u>\$ 3,400</u>	3,400	<u>\$ -</u>
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		-	
Basis Difference		<u>-</u>	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		3,400	
Fund Balances - Beginning of Year		588,268	
Fund Balances - End of Year		<u>\$ 591,668</u>	

Alaska Permanent			Total Permanent Funds		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
\$ 284,462	\$ 284,462	\$ -	\$ 288,998	\$ 288,998	\$ -
512,316	512,316	-	524,362	524,362	-
<u>796,778</u>	<u>796,778</u>	<u>-</u>	<u>813,360</u>	<u>813,360</u>	<u>-</u>
162,349	106,004	56,345	162,531	106,186	56,345
-	-	-	13,000	13,000	-
2,578	2,578	-	2,578	2,578	-
5,890	5,890	-	5,890	5,890	-
<u>170,817</u>	<u>114,472</u>	<u>56,345</u>	<u>183,999</u>	<u>127,654</u>	<u>56,345</u>
625,961	682,306	(56,345)	629,361	685,706	(56,345)
<u>(713,765)</u>	<u>(713,765)</u>	<u>-</u>	<u>(713,765)</u>	<u>(713,765)</u>	<u>-</u>
<u>(713,765)</u>	<u>(713,765)</u>	<u>-</u>	<u>(713,765)</u>	<u>(713,765)</u>	<u>-</u>
<u>\$ (87,804)</u>	(31,459)	<u>\$ (56,345)</u>	<u>\$ (84,404)</u>	(28,059)	<u>\$ (56,345)</u>
	253			253	
	<u>394</u>			<u>394</u>	
	(30,812)			(27,412)	
	52,800,499			53,388,767	
	<u>\$ 52,769,687</u>			<u>\$ 53,361,355</u>	



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Nonmajor Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Additionally, special revenue funds account for the General Fund of legally separate entities (component units) that are blended with the government. The following are the State's special revenue funds.

- **Alaska Housing Capital Corporation (AHCC) (Fund 1213)** – AS 18.56.086 – Subsidiary of AHFC. The purpose of this fund is to fund capital projects, including financing expenses. AHCC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose.
- **Alyeska Settlement Trust Fund (Fund 3110)** – Consent Decree between the United States, the State of Alaska, and Alyeska Pipeline Service Company – Administered by the Department of Revenue. The fund was created for the purpose of receiving, holding, and disbursing settlement proceeds from Alyeska under the Consent Decree. The funds are to be used to clean up oil spills and for other projects specified in the Consent Decree.
- **Clean Air Protection Fund (Fund 1093)** – AS 46.14.260 and Federal Clean Air Act – Administered by the Department of Environmental Conservation. The fund was established to collect and account for permit fees under the Federal Clean Air Act. Monies collected may only be used to cover reasonable costs required to support the permit program.
- **Exxon Valdez Oil Spill Restoration Fund (Fund 3109)** – United States District Court judgement in the criminal case U.S. v. Exxon Shipping Company and Exxon Corporation resulted in \$50 million restitution being received by the State to be used exclusively for restoration projects related to the Exxon Valdez oil spill. Administered by the Department of Revenue.
- **Exxon Valdez Settlement Trust Fund (Fund 3114)** – AS 37.14.400 – Memorandum of Agreement and Consent Decree between the United States (U.S.) and the State of Alaska to maximize the funds available for restoration of natural resources and to resolve the governments' claims against one another relating to the Exxon Valdez Oil Spill, which occurred on the night of March 23-24, 1989, in Prince William Sound, Alaska. The funds are administered by the trustee council which consists of the Secretaries of the U.S. Departments of the Interior and Agriculture and the Administrator of the National Oceanic and Atmospheric Administration (the federal trustees) and the Commissioners of the Departments of Environmental Conservation and Fish and Game and the Attorney General of the State of Alaska (State trustees). The trustee council determines which projects shall be financed by monies from the trust. The Exxon Valdez Settlement Trust Fund established in the state accounting system accounts for those monies transferred to the State for projects approved by the trustee council. These projects are for the purpose of restoring, replacing, enhancing, rehabilitating, or acquiring the equivalent of natural resources injured, lost, or destroyed as a result of the oil spill.
- **Fish and Game Fund (Fund 3108)** – AS 16.05.100 – Administered by the Department of Fish and Game. Statutory revenue in this fund can only be used for the purpose of protection, propagation, investigation, and restoration of sport fish and game resources and the expenses of administering the sport fish and wildlife divisions of the Department of Fish and Game. These monies are received from the sale of state sport fishing and hunting licenses and special permits; sale of furs, skins, and specimens taken by predator hunters; money received in settlement of a claim or loss caused by damage to fish and game resources; and donations. In addition to the statutory revenues, federal revenues, crewmember license fees, and other sources are appropriated to the fund for purposes related to fish and wildlife.

- **Fishermen's Fund (Fund 1032)** – AS 23.35.060 – Administered by the Department of Labor and Workforce Development. This fund is composed of 39 percent of the money derived by the State from all commercial fishermen's licenses and money appropriated by the legislature to pay for emergency treatment, transportation, medical care, and hospitalization of injured or disabled commercial fishermen.
- **Mine Reclamation Trust Fund (Fund 3111)** – AS 37.14.800 – Administered by the Department of Natural Resources. The principal and earnings of the fund shall be held by the State for the purpose of protecting the public interest in reclaiming mine sites in the State. The fund is composed of the mine reclamation trust fund income account and the mine reclamation trust fund operating account. The fund's income account consists of payments and deposits made by miners to satisfy the miners' reclamation bonding or financial assurance obligation under AS 27.19.040 or AS 27.21.160 and earnings on the income account. The mine reclamation trust fund operating account consists of appropriations by the legislature of the annual balance of the mine reclamation trust fund income account and any earnings on those appropriations while in the operating account.
- **National Petroleum Reserve (NPR) Fund (Fund 1063)** – AS 37.05.530 – The commissioner of the Department of Revenue is responsible for the management of the NPR fund. The Department of Commerce, Community and Economic Development administers the NPR grant program within the fund. This fund consists of all money disbursed to the State by the federal government under 42 USC 6506a and former USC 6508 since December 12, 1980, less the amount deposited in the General Fund and expended by the State by General Fund appropriations before June 9, 1984. The monies are spent by municipalities to alleviate the impact from oil and gas development within the National Petroleum Reserve.
- **Northern Tobacco Securitization Corporation (NTSC) Fund (Fund 3242)** – AS 18.56.086 – Subsidiary of AHFC. The purpose of this fund is to purchase Tobacco Settlement Revenues from the State in order to provide financing of construction of public school facilities, facilities for the University of Alaska, public housing facilities of AHFC and facilities for ports and harbors. NTSC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose.
- **Reclamation Bonding Pool Fund (Fund 3234)** – AS 27.19.040 – Administered by the Department of Natural Resources. The fund is a statewide bonding pool for mining operations as an alternative to individual financial assurance. A miner participating in the bonding pool contributes a nonrefundable annual fee and an initial deposit that is refunded upon satisfactory completion of the approved reclamation plan. If a miner violates the reclamation plan, the financial assurance is forfeited and deposited in the fund. Income and other earnings on the bonding pool are also added to the fund. The reclamation and administrative costs and forfeited financial assurances are used for reclamation of the mining sites subject to forfeiture.
- **School Fund (Fund 1030)** – AS 43.50.140 – Administered by the Department of Revenue and the Department of Education and Early Development. This fund receives the revenue from the payment of cigarette taxes, fees, and penalties. It can only be used to rehabilitate, construct, and repair the State's school facilities, and for costs of insurance on buildings comprising school facilities.
- **Second Injury Fund (Fund 1031)** – AS 23.30.040 – Administered by the Department of Labor and Workforce Development. The fund consists of contributions from employers collected under AS 23.30.040(b) and (c), and civil penalties collected under AS 23.30.155(c). Money in the fund may only be paid for the benefit of those persons entitled to payment of benefits from the second injury fund under AS 23.30.





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STATE OF ALASKA
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2016
 (Stated in Thousands)

STATEMENT 3.31

	Second Injury	Fishermen's	Fish and Game	School	National Petroleum Reserve	Reclamation Bonding Pool
ASSETS						
Cash and Investments	\$ 4,384	\$ 11,325	\$ 19,509	\$ 9,602	\$ 12,249	\$ 2,441
Accounts Receivable - Net	-	-	-	1,786	-	-
Due from Other Funds	-	282	1,382	-	-	-
Due from Other Governments	-	-	2	-	-	-
Other Assets	-	-	39	-	-	-
Total Assets	\$ 4,384	\$ 11,607	\$ 20,932	\$ 11,388	\$ 12,249	\$ 2,441
LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 490	\$ -	\$ 1,216	\$ 2,230	\$ 588	\$ -
Due to Other Funds	81	-	30	2,835	-	-
Other Liabilities	-	-	-	-	-	523
Total Liabilities	571	-	1,246	5,065	588	523
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	-	-	4	-	-	-
FUND BALANCES						
Nonspendable:						
Advances and Prepaid Items	-	-	-	-	-	-
Restricted for:						
Education	-	-	-	6,323	-	-
Health and Human Services	3,813	11,607	-	-	-	-
Development	-	-	19,682	-	-	1,918
Other Purposes	-	-	-	-	-	-
Committed to:						
Development	-	-	-	-	11,661	-
Total Fund Balances	3,813	11,607	19,682	6,323	11,661	1,918
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 4,384	\$ 11,607	\$ 20,932	\$ 11,388	\$ 12,249	\$ 2,441

STATEMENT 3.31

Clean Air Protection	Exxon Valdez Oil Spill Restoration	Alyeska Settlement Trust	Exxon Valdez Settlement Trust	Northern Tobacco Securitization Corporation	Mine Reclamation Trust	Alaska Housing Capital Corporation	Total Nonmajor Special Revenue Funds
\$ 2,351	\$ 3,982	\$ 7,895	\$ 8,770	\$ 176	\$ 988	\$ 43,993	\$ 127,665
-	-	-	-	-	-	-	1,786
-	-	-	-	-	-	-	1,664
-	-	-	-	-	-	-	2
-	-	-	-	-	-	15,731	15,770
<u>\$ 2,351</u>	<u>\$ 3,982</u>	<u>\$ 7,895</u>	<u>\$ 8,770</u>	<u>\$ 176</u>	<u>\$ 988</u>	<u>\$ 59,724</u>	<u>\$ 146,887</u>
\$ 5	\$ -	\$ -	\$ 84	\$ -	\$ -	\$ -	\$ 4,613
85	-	-	116	-	-	5,776	8,923
-	-	-	-	-	-	-	523
<u>90</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>5,776</u>	<u>14,059</u>
-	-	-	-	-	-	-	4
-	-	-	-	-	-	15,731	15,731
-	-	-	-	-	-	-	6,323
-	-	-	-	-	-	-	15,420
2,261	3,982	7,895	8,570	-	988	-	45,296
-	-	-	-	176	-	-	176
-	-	-	-	-	-	38,217	49,878
<u>2,261</u>	<u>3,982</u>	<u>7,895</u>	<u>8,570</u>	<u>176</u>	<u>988</u>	<u>53,948</u>	<u>132,824</u>
<u>\$ 2,351</u>	<u>\$ 3,982</u>	<u>\$ 7,895</u>	<u>\$ 8,770</u>	<u>\$ 176</u>	<u>\$ 988</u>	<u>\$ 59,724</u>	<u>\$ 146,887</u>

STATE OF ALASKA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 3.32

	Second Injury	Fishermen's	Fish and Game	School	National Petroleum Reserve	Reclamation Bonding Pool
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 19,880	\$ -	\$ -
Licenses and Permits	-	1,088	29,349	-	-	-
Charges for Services	-	-	426	-	-	60
Fines and Forfeitures	-	-	323	-	-	-
Rents and Royalties	-	-	-	-	1,821	-
Premiums and Contributions	2,683	-	-	-	-	-
Interest and Investment Income (Loss)	-	-	159	-	-	20
Federal Grants in Aid	-	-	578	-	-	-
Other Revenues	385	25	191	-	-	-
Total Revenues	<u>3,068</u>	<u>1,113</u>	<u>31,026</u>	<u>19,880</u>	<u>1,821</u>	<u>80</u>
EXPENDITURES						
Current:						
General Government	-	-	-	-	2,772	-
Education	-	-	-	23,900	-	-
University	-	-	-	-	-	-
Health and Human Services	3,624	1,179	-	-	-	-
Public Protection	-	-	-	-	695	-
Natural Resources	-	-	21,766	-	283	-
Development	-	-	-	-	783	-
Transportation	-	-	-	-	366	-
Total Expenditures	<u>3,624</u>	<u>1,179</u>	<u>21,766</u>	<u>23,900</u>	<u>4,899</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(556)</u>	<u>(66)</u>	<u>9,260</u>	<u>(4,020)</u>	<u>(3,078)</u>	<u>80</u>
OTHER FINANCING SOURCES (USES)						
Transfers In from Other Funds	-	-	556	-	-	-
Transfers (Out to) Other Funds	-	-	(6,206)	-	-	-
Total Other Financing Sources and Uses	-	-	(5,650)	-	-	-
Net Change in Fund Balances	(556)	(66)	3,610	(4,020)	(3,078)	80
Fund Balances - Beginning of Year	4,369	11,673	16,072	10,343	14,739	1,838
Fund Balances - End of Year	<u>\$ 3,813</u>	<u>\$ 11,607</u>	<u>\$ 19,682</u>	<u>\$ 6,323</u>	<u>\$ 11,661</u>	<u>\$ 1,918</u>

Clean Air Protection	Exxon Valdez Oil Spill Restoration	Alyeska Settlement Trust	Exxon Valdez Settlement Trust	Northern Tobacco Securitization Corporation	Mine Reclamation Trust	Alaska Housing Capital Corporation	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,880
4,658	-	-	-	-	-	-	35,095
-	-	-	-	-	-	-	486
-	-	-	-	-	-	-	323
-	-	-	-	-	-	-	1,821
-	-	-	22,973	-	-	-	25,656
-	33	64	43	-	5	348	672
-	-	-	-	-	-	-	578
-	-	-	-	-	-	-	601
<u>4,658</u>	<u>33</u>	<u>64</u>	<u>23,016</u>	<u>-</u>	<u>5</u>	<u>348</u>	<u>85,112</u>
521	-	-	-	72	-	-	3,365
-	-	-	-	-	-	5,776	29,676
-	-	-	-	-	-	30,664	30,664
-	-	-	-	-	-	-	4,803
-	-	-	-	-	-	-	695
3,473	-	-	17,787	-	1	-	43,310
-	-	-	-	-	-	4,331	5,114
-	-	-	-	-	-	1,871	2,237
<u>3,994</u>	<u>-</u>	<u>-</u>	<u>17,787</u>	<u>72</u>	<u>1</u>	<u>42,642</u>	<u>119,864</u>
<u>664</u>	<u>33</u>	<u>64</u>	<u>5,229</u>	<u>(72)</u>	<u>4</u>	<u>(42,294)</u>	<u>(34,752)</u>
-	-	-	-	77	-	10	643
-	-	-	-	-	-	-	(6,206)
-	-	-	-	77	-	10	(5,563)
664	33	64	5,229	5	4	(42,284)	(40,315)
1,597	3,949	7,831	3,341	171	984	96,232	173,139
<u>\$ 2,261</u>	<u>\$ 3,982</u>	<u>\$ 7,895</u>	<u>\$ 8,570</u>	<u>\$ 176</u>	<u>\$ 988</u>	<u>\$ 53,948</u>	<u>\$ 132,824</u>

STATE OF ALASKA
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2016
 (Stated in Thousands)

STATEMENT 3.33

	Second Injury		Variance with Budget
	Budget	Actual	
REVENUES			
Unrestricted:			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Rents and Royalties	-	-	-
Premiums and Contributions	3,509	2,683	826
Interest and Investment Income (Loss)	-	-	-
Other Revenues	504	385	119
Restricted:			
Federal Grants in Aid	-	-	-
Nonfederal Grants and Contracts	-	-	-
Total Revenues	<u>4,013</u>	<u>3,068</u>	<u>945</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Education	-	-	-
University	-	-	-
Health and Human Services	4,013	3,624	389
Law and Justice	-	-	-
Public Protection	-	-	-
Natural Resources	-	-	-
Development	-	-	-
Transportation	-	-	-
Total Expenditures	<u>4,013</u>	<u>3,624</u>	<u>389</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(556)</u>	<u>556</u>
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	-	-	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	<u>\$ -</u>	<u>(556)</u>	<u>\$ 556</u>
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		<u>-</u>	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		(556)	
Fund Balances - Beginning of Year		4,369	
Fund Balances - End of Year		<u>\$ 3,813</u>	

Fishermen's			Fish and Game		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,620	1,088	532	32,733	29,349	3,384
-	-	-	443	426	17
-	-	-	481	323	158
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	134	159	(25)
37	25	12	261	191	70
-	-	-	419	578	(159)
-	-	-	8	-	8
<u>1,657</u>	<u>1,113</u>	<u>544</u>	<u>34,479</u>	<u>31,026</u>	<u>3,453</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,657	1,221	436	-	-	-
-	-	-	-	-	-
-	-	-	200	-	200
-	-	-	30,066	23,335	6,731
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,657</u>	<u>1,221</u>	<u>436</u>	<u>30,266</u>	<u>23,335</u>	<u>6,931</u>
-	(108)	108	4,213	7,691	(3,478)
-	-	-	942	942	-
-	-	-	(7,874)	(6,206)	(1,668)
-	-	-	(6,932)	(5,264)	(1,668)
<u>\$ -</u>	<u>(108)</u>	<u>\$ 108</u>	<u>\$ (2,719)</u>	<u>2,427</u>	<u>\$ (5,146)</u>
	<u>42</u>			<u>1,183</u>	
	(66)			3,610	
	11,673			16,072	
	<u>\$ 11,607</u>			<u>\$ 19,682</u>	

This statement continued on the next page.

STATE OF ALASKA
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2016
 (Stated in Thousands)

STATEMENT 3.33

	School		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	\$ 23,900	\$ 19,880	\$ 4,020
Licenses and Permits	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Rents and Royalties	-	-	-
Premiums and Contributions	-	-	-
Interest and Investment Income (Loss)	-	-	-
Other Revenues	-	-	-
Restricted:			
Federal Grants in Aid	-	-	-
Nonfederal Grants and Contracts	-	-	-
Total Revenues	<u>23,900</u>	<u>19,880</u>	<u>4,020</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Education	23,900	23,900	-
University	-	-	-
Health and Human Services	-	-	-
Law and Justice	-	-	-
Public Protection	-	-	-
Natural Resources	-	-	-
Development	-	-	-
Transportation	-	-	-
Total Expenditures	<u>23,900</u>	<u>23,900</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(4,020)</u>	<u>4,020</u>
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	-	-	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	<u>\$ -</u>	<u>(4,020)</u>	<u>\$ 4,020</u>
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		-	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		(4,020)	
Fund Balances - Beginning of Year		10,343	
Fund Balances - End of Year		<u>\$ 6,323</u>	

National Petroleum Reserve			Clean Air Protection		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	5,137	4,658	479
-	-	-	-	-	-
-	-	-	-	-	-
3,503	1,821	1,682	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,503</u>	<u>1,821</u>	<u>1,682</u>	<u>5,137</u>	<u>4,658</u>	<u>479</u>
215	2,772	(2,557)	574	521	53
60	-	60	-	-	-
-	-	-	-	-	-
103	-	103	-	-	-
-	-	-	-	-	-
550	1,172	(622)	-	-	-
374	291	83	3,584	3,473	111
19,949	9,961	9,988	-	-	-
-	366	(366)	-	-	-
<u>21,251</u>	<u>14,562</u>	<u>6,689</u>	<u>4,158</u>	<u>3,994</u>	<u>164</u>
<u>(17,748)</u>	<u>(12,741)</u>	<u>(5,007)</u>	<u>979</u>	<u>664</u>	<u>315</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (17,748)</u>	<u>(12,741)</u>	<u>\$ (5,007)</u>	<u>\$ 979</u>	<u>664</u>	<u>\$ 315</u>
	<u>9,663</u>			<u>-</u>	
	(3,078)			664	
	14,739			1,597	
	<u>\$ 11,661</u>			<u>\$ 2,261</u>	

This statement continued on the next page.

STATE OF ALASKA
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2016
 (Stated in Thousands)

STATEMENT 3.33

	Exxon Valdez Oil Spill Restoration		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Rents and Royalties	-	-	-
Premiums and Contributions	-	-	-
Interest and Investment Income (Loss)	-	33	(33)
Other Revenues	-	-	-
Restricted:			
Federal Grants in Aid	-	-	-
Nonfederal Grants and Contracts	-	-	-
Total Revenues	<u>-</u>	<u>33</u>	<u>(33)</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Education	-	-	-
University	-	-	-
Health and Human Services	-	-	-
Law and Justice	400	-	400
Public Protection	-	-	-
Natural Resources	-	-	-
Development	-	-	-
Transportation	2,653	2,653	-
Total Expenditures	<u>3,053</u>	<u>2,653</u>	<u>400</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,053)</u>	<u>(2,620)</u>	<u>(433)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	-	-	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	<u>\$ (3,053)</u>	<u>(2,620)</u>	<u>\$ (433)</u>
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		<u>2,653</u>	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		33	
Fund Balances - Beginning of Year		3,949	
Fund Balances - End of Year		<u>\$ 3,982</u>	

Alyeska Settlement Trust			Exxon Valdez Settlement Trust		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	28,952	22,973	5,979
-	64	(64)	-	43	(43)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	64	(64)	28,952	23,016	5,936
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	27,817	18,152	9,665
-	-	-	-	-	-
4,379	4,347	32	-	-	-
4,379	4,347	32	27,817	18,152	9,665
(4,379)	(4,283)	(96)	1,135	4,864	(3,729)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (4,379)</u>	<u>(4,283)</u>	<u>\$ (96)</u>	<u>\$ 1,135</u>	<u>4,864</u>	<u>\$ (3,729)</u>
	<u>4,347</u>			<u>365</u>	
	64			5,229	
	7,831			3,341	
	<u>\$ 7,895</u>			<u>\$ 8,570</u>	

This statement continued on the next page.

STATE OF ALASKA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 3.33

	Mine Reclamation Trust		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Rents and Royalties	-	-	-
Premiums and Contributions	-	-	-
Interest and Investment Income (Loss)	-	5	(5)
Other Revenues	8	-	8
Restricted:			
Federal Grants in Aid	-	-	-
Nonfederal Grants and Contracts	-	-	-
Total Revenues	<u>8</u>	<u>5</u>	<u>3</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Education	-	-	-
University	-	-	-
Health and Human Services	-	-	-
Law and Justice	-	-	-
Public Protection	-	-	-
Natural Resources	8	1	7
Development	-	-	-
Transportation	-	-	-
Total Expenditures	<u>8</u>	<u>1</u>	<u>7</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>4</u>	<u>(4)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	-	-	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	<u>\$ -</u>	<u>4</u>	<u>\$ (4)</u>
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		<u>-</u>	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		4	
Fund Balances - Beginning of Year		984	
Fund Balances - End of Year		<u>\$ 988</u>	

STATEMENT 3.33

Funds Not Annually Budgeted		
Reclamation Bonding Pool	Northern Tobacco Securitization Corporation	Alaska Housing Capital Corporation
Actual	Actual	Actual
\$ -	\$ -	\$ -
-	-	-
60	-	-
-	-	-
-	-	-
20	-	348
-	-	-
-	-	-
-	-	-
<u>80</u>	<u>-</u>	<u>348</u>
-	72	-
-	-	5,776
-	-	30,664
-	-	-
-	-	-
-	-	-
-	-	4,331
-	-	1,871
<u>-</u>	<u>72</u>	<u>42,642</u>
<u>80</u>	<u>(72)</u>	<u>(42,294)</u>
-	77	10
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>77</u>	<u>10</u>
80	5	(42,284)
<u>-</u>	<u>-</u>	<u>-</u>
80	5	(42,284)
<u>1,838</u>	<u>171</u>	<u>96,232</u>
<u>\$ 1,918</u>	<u>\$ 176</u>	<u>\$ 53,948</u>

This statement continued on the next page.

STATE OF ALASKA
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2016
 (Stated in Thousands)

STATEMENT 3.33

	Total Nonmajor Special Revenue Funds		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	\$ 23,900	\$ 19,880	\$ 4,020
Licenses and Permits	39,490	35,095	4,395
Charges for Services	443	486	(43)
Fines and Forfeitures	481	323	158
Rents and Royalties	3,503	1,821	1,682
Premiums and Contributions	32,461	25,656	6,805
Interest and Investment Income (Loss)	134	672	(538)
Other Revenues	810	601	209
Restricted:			
Federal Grants in Aid	419	578	(159)
Nonfederal Grants and Contracts	8	-	8
Total Revenues	<u>101,649</u>	<u>85,112</u>	<u>16,537</u>
EXPENDITURES			
Current:			
General Government	789	3,365	(2,576)
Education	23,960	29,676	(5,716)
University	-	30,664	(30,664)
Health and Human Services	5,773	4,845	928
Law and Justice	400	-	400
Public Protection	750	1,172	(422)
Natural Resources	61,849	45,252	16,597
Development	19,949	14,292	5,657
Transportation	7,032	9,237	(2,205)
Total Expenditures	<u>120,502</u>	<u>138,503</u>	<u>(18,001)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(18,853)</u>	<u>(53,391)</u>	<u>34,538</u>
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	942	1,029	(87)
Transfers (Out to) Other Funds	<u>(7,874)</u>	<u>(6,206)</u>	<u>(1,668)</u>
Total Other Financing Sources and Uses	<u>(6,932)</u>	<u>(5,177)</u>	<u>(1,755)</u>
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	<u>\$ (25,785)</u>	(58,568)	<u>\$ 32,783</u>
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		<u>18,253</u>	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		(40,315)	
Fund Balances - Beginning of Year		<u>173,139</u>	
Fund Balances - End of Year		<u>\$ 132,824</u>	

Nonmajor Debt Service Funds

The debt service funds account for the accumulation of resources for, and the payment of, principal, interest, and related costs of general long-term debt. The following are the State's debt service funds.

- **Alaska Fish and Game Revenue Bond Redemption Fund (Fund 1198)** – AS 37.15.770 – Accounts for accumulation of resources for, and the payment of, principal, interest, redemption premium, and related trustee fees on the Sport Fishing Revenue Bonds.
- **General Obligation Bond Redemption Fund (Fund 3120)** – Accounts for accumulation of resources for, and the payment of, principal, interest, and related costs of general obligation bonds.
- **Northern Tobacco Securitization Corporation (NTSC) Bond Redemption Fund (Fund 3256)** – AS 18.56.086 – Accounts for accumulation of resources for, and the payment of, principal, interest, and related costs of revenue bonds issued by NTSC.



STATE OF ALASKA
 Combining Balance Sheet
 Nonmajor Debt Service Funds
 June 30, 2016
 (Stated in Thousands)

STATEMENT 3.41

	General Obligation Bond Redemption	Northern Tobacco Securitization Corporation	Alaska Fish and Game Revenue Bond Redemption	Total Nonmajor Debt Service Funds
ASSETS				
Cash and Investments	\$ 89	\$ 35,650	\$ 7,592	\$ 43,331
Due from Other Funds	-	-	846	846
Total Assets	<u>\$ 89</u>	<u>\$ 35,650</u>	<u>\$ 8,438</u>	<u>\$ 44,177</u>
LIABILITIES				
Total Liabilities	-	-	-	-
FUND BALANCES				
Restricted for:				
Debt Service	89	35,650	8,438	44,177
Total Fund Balances	<u>89</u>	<u>35,650</u>	<u>8,438</u>	<u>44,177</u>
Total Liabilities and Fund Balances	<u>\$ 89</u>	<u>\$ 35,650</u>	<u>\$ 8,438</u>	<u>\$ 44,177</u>

STATE OF ALASKA
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the Fiscal Year Ended June 30, 2016
 (Stated in Thousands)

STATEMENT 3.42

	General Obligation Bond Redemption	Northern Tobacco Securitization Corporation	Alaska Fish and Game Revenue Bond Redemption	Total Nonmajor Debt Service Funds
REVENUES				
Interest and Investment Income (Loss)	\$ 7	\$ 118	\$ (62)	\$ 63
Other Revenues	-	24,315	-	24,315
Total Revenues	<u>7</u>	<u>24,433</u>	<u>(62)</u>	<u>24,378</u>
EXPENDITURES				
Debt Service:				
Principal	38,440	8,000	3,355	49,795
Interest and Other Charges	27,342	16,527	1,538	45,407
Total Expenditures	<u>65,782</u>	<u>24,527</u>	<u>4,893</u>	<u>95,202</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(65,775)</u>	<u>(94)</u>	<u>(4,955)</u>	<u>(70,824)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	65,782	-	6,206	71,988
Transfers (Out to) Other Funds	-	(77)	-	(77)
Total Other Financing Sources and Uses	<u>65,782</u>	<u>(77)</u>	<u>6,206</u>	<u>71,911</u>
Net Change in Fund Balances	7	(171)	1,251	1,087
Fund Balances - Beginning of Year	82	35,821	7,187	43,090
Fund Balances - End of Year	<u>\$ 89</u>	<u>\$ 35,650</u>	<u>\$ 8,438</u>	<u>\$ 44,177</u>



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Nonmajor Capital Projects Funds

The capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The following are the State's capital projects funds.

- **2008 Transportation Project Fund (GO Bonds) (Fund 3243)** – Chapter 30, SLA 2008 – This fund consists of the proceeds from the sale of \$165,000,000 of general obligation bonds, and is to be used for the purpose of paying the cost of state transportation projects.
- **2010 Education Project Fund (GO Bonds) (Fund 3116)** – Chapter 95, SLA 2010 – This fund consists of the proceeds from the sale of \$375,560,000 of general obligation bonds in 2010 and 2013, and is to be used for the purpose of paying the cost of state education projects.
- **2012 Transportation Project Fund (GO Bonds) (Fund 3154)** – Chapter 18, SLA 2012 – This fund consists of the proceeds from the sale of \$332,480,000 of general obligation bonds, and is to be used for the purpose of paying the cost of state transportation projects.



STATE OF ALASKA
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2016
 (Stated in Thousands)

STATEMENT 3.51

	2008 Transportation Projects	2010 Education Projects	2012 Transportation Projects	Total Nonmajor Capital Projects Funds
ASSETS				
Cash and Investments	\$ 6,812	\$ 46,163	\$ 186,538	\$ 239,513
Interest and Dividends Receivable	5	36	34	75
Due from Component Units	-	133	-	133
Total Assets	<u>\$ 6,817</u>	<u>\$ 46,332</u>	<u>\$ 186,572</u>	<u>\$ 239,721</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ -	\$ 92	\$ 3,445	\$ 3,537
Due to Other Funds	-	27	11,468	11,495
Total Liabilities	<u>-</u>	<u>119</u>	<u>14,913</u>	<u>15,032</u>
FUND BALANCES				
Restricted for:				
Education	-	46,213	-	46,213
Development	6,817	-	171,659	178,476
Total Fund Balances	<u>6,817</u>	<u>46,213</u>	<u>171,659</u>	<u>224,689</u>
Total Liabilities and Fund Balances	<u>\$ 6,817</u>	<u>\$ 46,332</u>	<u>\$ 186,572</u>	<u>\$ 239,721</u>

STATE OF ALASKA
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Capital Projects Funds
 For the Fiscal Year Ended June 30, 2016
 (Stated in Thousands)

STATEMENT 3.52

	2008 Transportation Projects	2010 Education Projects	2012 Transportation Projects	Total Nonmajor Capital Projects Funds
REVENUES				
Interest and Investment Income (Loss)	\$ 39	\$ 265	\$ 278	\$ 582
Total Revenues	<u>39</u>	<u>265</u>	<u>278</u>	<u>582</u>
EXPENDITURES				
Current:				
Education	-	3,367	-	3,367
University	-	1,338	-	1,338
Natural Resources	-	46	-	46
Transportation	118	-	59,788	59,906
Debt Service:				
Interest and Other Charges	-	-	1,433	1,433
Total Expenditures	<u>118</u>	<u>4,751</u>	<u>61,221</u>	<u>66,090</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(79)</u>	<u>(4,486)</u>	<u>(60,943)</u>	<u>(65,508)</u>
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	-	263,090	263,090
Bonds Issued Premium	-	-	52,046	52,046
Transfers In from Other Funds	-	-	10,000	10,000
Transfers (Out to) Other Funds	(38)	(256)	-	(294)
Total Other Financing Sources and Uses	<u>(38)</u>	<u>(256)</u>	<u>325,136</u>	<u>324,842</u>
Net Change in Fund Balances	<u>(117)</u>	<u>(4,742)</u>	<u>264,193</u>	<u>259,334</u>
Fund Balances - Beginning of Year	6,934	50,955	(92,534)	(34,645)
Fund Balances - End of Year	<u>\$ 6,817</u>	<u>\$ 46,213</u>	<u>\$ 171,659</u>	<u>\$ 224,689</u>



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Nonmajor Enterprise Funds

Enterprise funds account for business-like state activities that provide goods and/or services to the public and are financed primarily through user charges. The following are the State's non-major enterprise funds.

COMMERCIAL ASSISTANCE ENTERPRISE FUNDS

- **Alaska Capstone Avionics Revolving Loan Fund (Fund 1209)** – AS 44.33.655 – Administered by the Department of Commerce, Community, and Economic Development (DCCED). The purpose of this fund is to provide low interest loans to qualified applicants for the purpose of purchasing and installing capstone avionics equipment, to increase the safety of air carrier, air taxi, and general aviation intrastate air transportation.
- **Alaska Microloan Revolving Loan Fund (Fund 1227)** – AS 44.33.950 – Administered by DCCED. The purpose of this fund is to make loans to be used for working capital, equipment, construction or other commercial purposes by a business located in the state.
- **Commercial Charter Fisheries Revolving Loan Fund (Fund 1223)** – AS 16.10.801 – Administered by DCCED. The purpose of this fund is to make loans for the purchase of charter halibut permits and to refinance debt obligations for the purchase of halibut fishing vessels or gear.
- **Commercial Fishing Revolving Loan Fund (Fund 1036)** – AS 16.10.340 – Administered by DCCED. The purpose of this fund is to promote the development and continued maintenance of commercial fishing gear and vessels by means of long-term, low interest loans.
- **Community Quota Entity Revolving Loan Fund (Fund 1225)** – AS 16.10.345 – Administered by DCCED. The purpose of this fund is to make loans for the purchase of fishing quota shares by a community quota entity eligible under federal statute or regulation to purchase the fishing quota shares if the entity is not eligible or qualified for financing from other recognized commercial lending institutions.
- **Fisheries Enhancement Revolving Loan Fund (Fund 1070)** – AS 16.10.505 – Administered by DCCED. The purpose of this fund is to promote the enhancement of the State's fisheries by means of long-term, low interest loans for hatchery planning, construction, and operation.
- **Mariculture Revolving Loan Fund (Fund 1224)** – AS 16.10.900 – Administered by DCCED. The purpose of this fund is to make loans to eligible applicants for the planning, construction and operation of a mariculture business.
- **Mining Revolving Loan Fund (Fund 1067)** – AS 27.09.010 – Administered by DCCED. This fund consists of money appropriated by the legislature for loans to underwrite advanced mineral exploration, development, or mining.

ENERGY ASSISTANCE ENTERPRISE FUNDS

- **Alternative Energy Conservation Revolving Loan Fund (Fund 1071)** – AS 45.88.010 – Administered by DCCED. This fund consists of monies appropriated by the legislature for the purpose of developing energy production utilizing one or more alternative energy systems and to purchase, construct, and install energy conservation improvements in commercial buildings.
- **Bulk Fuel Revolving Loan Fund (Fund 3385)** – AS 42.45.250 – Administered by DCCED. The purpose of this fund is to assist communities, utilities providing power in communities, fuel retailers, and other persons in communities in purchasing bulk fuel to generate power or supply the public with fuel for use in communities.

OTHER AGENCIES ENTERPRISE FUNDS

- **Agricultural Revolving Loan Fund (Fund 1021)** – AS 03.10.040 – Administered by the Department of Natural Resources. The purpose of this fund is to promote the development of agriculture as an industry throughout the State by means of long-term, low interest loans.
- **Alaska Clean Water Fund (Fund 1075)** – AS 46.03.032 – Administered by the Department of Environmental Conservation. The fund consists of money appropriated by the legislature to meet federal matching requirements for public water and sewage treatment facilities and to provide financial assistance for this purpose.
- **Alaska Drinking Water Fund (Fund 3129)** – AS 46.03.036 – Administered by the Department of Environmental Conservation. The fund consists of federal capitalization grants. The capitalization grants are divided between two purposes: (1) part of each capitalization grant is to be deposited into the fund for providing loans for drinking water infrastructure projects; (2) the other part is to be used or set aside for non-project activities.
- **Alcoholism and Drug Abuse Revolving Loan Fund (Fund 1013)** – AS 44.29.210 – Administered by the Department of Health and Social Services. This fund is required under 42 U.S.C. 300x-25 to qualify the State to receive block grant money from the United States Department of Health and Human Services under 42 U.S.C. 300x-21. Money in the fund may be used to make loans to private nonprofit organizations for the cost of establishing programs to help pay the living expenses of individuals recovering from alcohol or drug abuse who may reside in group homes.
- **Knik Arm Bridge and Toll Authority (Fund 3283)** – AS 19.75.021 – Administered by the Department of Transportation and Public Facilities. This fund is to be used for the purpose of developing public transportation systems in the vicinity of Upper Cook Inlet with the construction of a bridge to span Knik Arm and connect the Municipality of Anchorage with the Matanuska-Susitna Borough. These monies may be used to own, acquire, construct, develop, create, reconstruct, equip, operate, maintain, extend, and improve the Knik Arm Bridge and its appurtenant facilities. The authority can fix and collect fees, rents, tolls, rates or other charges for the use of the bridge and its facilities which would become revenue to the fund. Per Chapter 51, SLA 2014, all assets related to the Knik Arm Bridge and Toll Authority were transferred to the Department of Transportation & Public Facilities effective July 1, 2014.
- **Unemployment Compensation Fund (Fund 3284)** – AS 23.20.130 – Administered by the Department of Labor and Workforce Development. This federal trust fund is established and maintained in the United States Treasury. It is used to account for unemployment contributions from employers and unemployment benefits paid to eligible claimants.





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STATE OF ALASKA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2016
(Stated in Thousands)

STATEMENT 4.01

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Investments	\$ 92,009	\$ 23,974	\$ 617,138	\$ 733,121
Accounts Receivable - Net	-	-	20,384	20,384
Interest and Dividends Receivable	4,336	9	1,979	6,324
Due from Other Funds	103	49	1,307	1,459
Due from Other Governments	-	-	305	305
Loans, Notes, and Bonds Receivable	10,823	2,582	19,575	32,980
Total Current Assets	107,271	26,614	660,688	794,573
Noncurrent Assets:				
Interest and Dividends Receivable	9,272	-	-	9,272
Loans, Notes, and Bonds Receivable	129,784	432	297,163	427,379
Repossessed Property	948	-	314	1,262
Other Noncurrent Assets	-	-	1,438	1,438
Total Noncurrent Assets	140,004	432	298,915	439,351
Total Assets	247,275	27,046	959,603	1,233,924
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	643	-	112	755
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	21	-	4,934	4,955
Due to Other Funds	157	7	3,152	3,316
Due to Other Governments	-	-	5,332	5,332
Claims, Judgments, Compensated Absences, and Pollution Remediation	102	-	68	170
Other Current Liabilities	-	-	1,516	1,516
Total Current Liabilities	280	7	15,002	15,289
Noncurrent Liabilities:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	39	-	85	124
Net Pension Liabilities	3,337	-	584	3,921
Total Noncurrent Liabilities	3,376	-	669	4,045
Total Liabilities	3,656	7	15,671	19,334
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	59	-	10	69
NET POSITION				
Restricted for:				
Unemployment Compensation	-	-	440,599	440,599
Health and Human Services	-	-	483,984	483,984
Other Purposes	-	-	223	223
Unrestricted	244,203	27,039	19,228	290,470
Total Net Position	\$ 244,203	\$ 27,039	\$ 944,034	\$ 1,215,276

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2016

(Stated in Thousands)

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Premiums and Contributions	\$ -	\$ -	\$ 155,660	\$ 155,660
Charges for Goods and Services	193	-	1,414	1,607
Interest and Investment Income	5,475	179	3,020	8,674
Allowance for Uncollectible Interest	70	-	-	70
Fines and Forfeitures	42	-	6	48
Total Operating Revenues	<u>5,780</u>	<u>179</u>	<u>160,100</u>	<u>166,059</u>
OPERATING EXPENSES				
Benefits	-	-	152,505	152,505
Operating	7,341	27	1,759	9,127
Depreciation	-	-	20	20
Provision for Loan Losses and Forgiveness	1,650	(504)	-	1,146
Total Operating Expenses	<u>8,991</u>	<u>(477)</u>	<u>154,284</u>	<u>162,798</u>
Operating Income (Loss)	<u>(3,211)</u>	<u>656</u>	<u>5,816</u>	<u>3,261</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	141	182	11,362	11,685
Interest and Investment Expense	-	-	(2,878)	(2,878)
Gain (Loss) on Disposal of Capital Assets	-	-	(20)	(20)
Other Nonoperating Revenues (Expenses)	-	-	(5,727)	(5,727)
Total Nonoperating Revenues (Expenses)	<u>141</u>	<u>182</u>	<u>2,737</u>	<u>3,060</u>
Income Before Capital Contributions and Transfers	<u>(3,070)</u>	<u>838</u>	<u>8,553</u>	<u>6,321</u>
Capital Contributions	-	-	19,807	19,807
Transfers In from Other Funds	15,034	-	16	15,050
Transfers (Out to) Other Funds	<u>(15,002)</u>	<u>-</u>	<u>(1,740)</u>	<u>(16,742)</u>
Change in Net Position	<u>(3,038)</u>	<u>838</u>	<u>26,636</u>	<u>24,436</u>
Total Net Position - Beginning of Year	<u>247,241</u>	<u>26,201</u>	<u>917,398</u>	<u>1,190,840</u>
Total Net Position - End of Year	<u>\$ 244,203</u>	<u>\$ 27,039</u>	<u>\$ 944,034</u>	<u>\$ 1,215,276</u>

STATE OF ALASKA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 4.03

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 230	\$ -	\$ -	\$ 230
Receipt of Principal from Loan Recipients	13,464	13,716	21,182	48,362
Receipt of Interest and Fees from Loan Recipients	6,036	180	4,633	10,849
Receipts from Insured	-	-	158,316	158,316
Payments to Employees	(3,228)	-	(1,488)	(4,716)
Payments to Suppliers	-	-	(532)	(532)
Payments to Other Governments	-	-	(1,511)	(1,511)
Payments to Loan Recipients	(18,680)	(11,716)	(44,968)	(75,364)
Claims Paid	-	-	(147,546)	(147,546)
Payments for Interfund Services Used	(771)	(42)	-	(813)
Other Receipts	20	-	184	204
Other Payments	(141)	(27)	(65)	(233)
Net Cash Provided (Used) by Operating Activities	<u>(3,070)</u>	<u>2,111</u>	<u>(11,795)</u>	<u>(12,754)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	(15,000)	-	(7,478)	(22,478)
Operating Subsidies and Transfers In from Other Funds	15,034	-	16	15,050
Proceeds from Issuance of Short-term Debt	-	-	3,591	3,591
Payments on Short-term Debt	-	-	(3,591)	(3,591)
Interest and Fees Paid on Borrowing	-	-	(12)	(12)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>34</u>	<u>-</u>	<u>(7,474)</u>	<u>(7,440)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sales of Capital Assets	-	-	(20)	(20)
Federal Grants	-	-	19,807	19,807
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>19,787</u>	<u>19,787</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Dividends on Investments	141	182	11,672	11,995
Change in Restricted Cash and Investments	-	-	(79)	(79)
Net Cash Provided (Used) by Investing Activities	<u>141</u>	<u>182</u>	<u>11,593</u>	<u>11,916</u>
Net Increase (Decrease) in Cash	(2,895)	2,293	12,111	11,509
Cash and Cash Equivalents - Beginning of Year	94,904	21,681	605,027	721,612
Cash and Cash Equivalents - End of Year	<u>\$ 92,009</u>	<u>\$ 23,974</u>	<u>\$ 617,138</u>	<u>\$ 733,121</u>

This statement continued on the next page.

STATE OF ALASKA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 4.03

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (3,211)	\$ 656	\$ 5,816	\$ 3,261
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Other Reconciling Items	-	-	(65)	(65)
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable - Net	-	-	4,509	4,509
Due from Other Funds	41	(49)	(1,195)	(1,203)
Due from Other Governments	-	-	19	19
Loans, Notes, and Bonds Receivable - Net	(3,485)	1,498	(23,579)	(25,566)
Repossessed Property	29	-	188	217
Interest and Dividends Receivable - Net	487	1	194	682
Other Assets	-	-	(219)	(219)
Deferred Outflows of Resources	(643)	-	97	(546)
Due to Other Funds	154	7	1,290	1,451
Due to Other Governments	-	-	1,221	1,221
Accounts Payable and Accrued Liabilities	3,499	(2)	(833)	2,664
Other Liabilities	-	-	828	828
Deferred Inflows of Resources	59	-	(66)	(7)
Net Cash Provided (Used) by Operating Activities	<u>\$ (3,070)</u>	<u>\$ 2,111</u>	<u>\$ (11,795)</u>	<u>\$ (12,754)</u>
Reconciliation of Cash to the Statement of Net Position:				
Total Cash and Investments per the Statement of Net Position	<u>\$ 92,009</u>	<u>\$ 23,974</u>	<u>\$ 617,138</u>	<u>\$ 733,121</u>
Cash, End of Year	<u>\$ 92,009</u>	<u>\$ 23,974</u>	<u>\$ 617,138</u>	<u>\$ 733,121</u>
Noncash Investing, Capital, and Financing Activities:				
Transfers (Out to) Other Funds (Accrual)	(2)	-	-	(2)

STATE OF ALASKA
Combining Statement of Net Position
Commercial Assistance Enterprise Funds
June 30, 2016
(Stated in Thousands)

STATEMENT 4.11

	Alaska Microloan Revolving Loan	Commercial Fishing Revolving Loan	Commercial Charter Fisheries Revolving Loan	Fisheries Enhancement Revolving Loan
ASSETS				
Current Assets:				
Cash and Investments	\$ 2,374	\$ 28,344	\$ 5,027	\$ 36,615
Interest and Dividends Receivable	4	2,881	1	1,443
Due from Other Funds	-	-	-	102
Loans, Notes, and Bonds Receivable	41	7,667	2	3,084
Total Current Assets	2,419	38,892	5,030	41,244
Noncurrent Assets:				
Interest and Dividends Receivable	-	940	-	8,312
Loans, Notes, and Bonds Receivable	139	78,497	27	50,343
Repossessed Property	-	22	-	926
Total Noncurrent Assets	139	79,459	27	59,581
Total Assets	2,558	118,351	5,057	100,825
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	-	643	-	-
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	-	21	-	-
Due to Other Funds	-	153	-	-
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	102	-	-
Total Current Liabilities	-	276	-	-
Noncurrent Liabilities:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	39	-	-
Net Pension Obligation	-	3,337	-	-
Total Noncurrent Liabilities	-	3,376	-	-
Total Liabilities	-	3,652	-	-
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	-	59	-	-
NET POSITION				
Unrestricted	2,558	115,283	5,057	100,825
Total Net Position	\$ 2,558	\$ 115,283	\$ 5,057	\$ 100,825

STATEMENT 4.11

Mining Revolving Loan	Alaska Capstone Avionics Revolving Loan	Community Quota Entity Revolving Loan	Mariculture Revolving Loan	Total Commercial Assistance Enterprise Funds
\$ 202	\$ 5,113	\$ 9,749	\$ 4,585	\$ 92,009
-	1	6	-	4,336
-	-	-	1	103
-	26	3	-	10,823
<u>202</u>	<u>5,140</u>	<u>9,758</u>	<u>4,586</u>	<u>107,271</u>
-	-	-	20	9,272
-	165	158	455	129,784
-	-	-	-	948
-	165	158	475	140,004
<u>202</u>	<u>5,305</u>	<u>9,916</u>	<u>5,061</u>	<u>247,275</u>
-	-	-	-	643
-	-	-	-	21
2	-	2	-	157
-	-	-	-	102
<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>280</u>
-	-	-	-	39
-	-	-	-	3,337
-	-	-	-	3,376
<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>3,656</u>
-	-	-	-	59
200	5,305	9,914	5,061	244,203
<u>\$ 200</u>	<u>\$ 5,305</u>	<u>\$ 9,914</u>	<u>\$ 5,061</u>	<u>\$ 244,203</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
 Commercial Assistance Enterprise Funds
 For the Fiscal Year Ended June 30, 2016
 (Stated in Thousands)

	Alaska Microloan Revolving Loan	Commercial Fishing Revolving Loan	Commercial Charter Fisheries Revolving Loan	Fisheries Enhancement Revolving Loan
OPERATING REVENUES				
Charges for Goods and Services	\$ 1	\$ 156	\$ 1	\$ 32
Interest and Investment Income	12	3,967	1	1,464
Allowance for Uncollectible Interest	-	(46)	-	117
Fines and Forfeitures	-	42	-	-
Total Operating Revenues	<u>13</u>	<u>4,119</u>	<u>2</u>	<u>1,613</u>
OPERATING EXPENSES				
Operating	-	6,922	-	411
Provision for Loan Losses and Forgiveness	(1)	1,027	1	628
Total Operating Expenses	<u>(1)</u>	<u>7,949</u>	<u>1</u>	<u>1,039</u>
Operating Income (Loss)	<u>14</u>	<u>(3,830)</u>	<u>1</u>	<u>574</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	19	-	41	-
Total Nonoperating Revenues (Expenses)	<u>19</u>	<u>-</u>	<u>41</u>	<u>-</u>
Income Before Capital Contributions and Transfers	<u>33</u>	<u>(3,830)</u>	<u>42</u>	<u>574</u>
Transfers In from Other Funds	-	15,034	-	-
Transfers (Out to) Other Funds	-	-	-	(15,000)
Change in Net Position	<u>33</u>	<u>11,204</u>	<u>42</u>	<u>(14,426)</u>
Total Net Position - Beginning of Year	2,525	104,079	5,015	115,251
Total Net Position - End of Year	<u>\$ 2,558</u>	<u>\$ 115,283</u>	<u>\$ 5,057</u>	<u>\$ 100,825</u>

STATEMENT 4.12

Mining Revolving Loan	Alaska Capstone Avionics Revolving Loan	Community Quota Entity Revolving Loan	Mariculture Revolving Loan	Total Commercial Assistance Enterprise Funds
\$ -	\$ -	\$ -	\$ 3	\$ 193
-	9	9	13	5,475
-	-	-	(1)	70
-	-	-	-	42
-	9	9	15	5,780
-	-	-	8	7,341
(2)	(3)	-	-	1,650
(2)	(3)	-	8	8,991
2	12	9	7	(3,211)
-	42	-	39	141
-	42	-	39	141
2	54	9	46	(3,070)
-	-	-	-	15,034
(2)	-	-	-	(15,002)
-	54	9	46	(3,038)
200	5,251	9,905	5,015	247,241
\$ 200	\$ 5,305	\$ 9,914	\$ 5,061	\$ 244,203

STATE OF ALASKA
Combining Statement of Cash Flows
Commercial Assistance Enterprise Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 4.13

	Alaska Microloan Revolving Loan	Commercial Fishing Revolving Loan	Commercial Charter Fisheries Revolving Loan	Fisheries Enhancement Revolving Loan
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ -	\$ 39	\$ -	\$ 191
Receipts of Principal from Loan Recipients	125	12,317	-	922
Receipt of Interest and Fees from Loan Recipients	15	4,122	1	1,876
Payments to Employees	-	(3,228)	-	-
Payments to Loan Recipients	(83)	(11,608)	(30)	(6,672)
Payments for Interfund Services Used	-	(332)	-	(439)
Other Receipts	-	18	-	2
Other Payments	-	(137)	-	(4)
Net Cash Provided (Used) by Operating Activities	<u>57</u>	<u>1,191</u>	<u>(29)</u>	<u>(4,124)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	-	-	-	(15,000)
Operating Subsidies and Transfers In from Other Funds	-	15,034	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>15,034</u>	<u>-</u>	<u>(15,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Dividends on Investments	19	-	41	-
Net Cash Provided (Used) by Investing Activities	<u>19</u>	<u>-</u>	<u>41</u>	<u>-</u>
Net Increase (Decrease) in Cash	76	16,225	12	(19,124)
Cash and Cash Equivalents - Beginning of Year	2,298	12,119	5,015	55,739
Cash and Cash Equivalents - End of Year	<u>\$ 2,374</u>	<u>\$ 28,344</u>	<u>\$ 5,027</u>	<u>\$ 36,615</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 14	\$ (3,830)	\$ 1	\$ 574
Adjustments to Reconcile Operating Income to Net Cash				
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Due From Other Funds	-	144	-	(102)
Loans, Notes and Bonds Receivable - Net	41	1,643	(29)	(4,956)
Repossessed Property	-	-	-	29
Interest and Dividends Receivable - Net	2	166	(1)	331
Deferred Outflows of Resources	-	(643)	-	-
Due to Other Funds	-	153	-	-
Accounts Payable and Accrued Liabilities	-	3,499	-	-
Deferred Inflows of Resources	-	59	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 57</u>	<u>\$ 1,191</u>	<u>\$ (29)</u>	<u>\$ (4,124)</u>
Reconciliation of Cash to the Statement of Net Position:				
Total Cash and Investments per the Statement of Net Position	\$ 2,374	\$ 28,344	\$ 5,027	\$ 36,615
Cash, End of Year	<u>\$ 2,374</u>	<u>\$ 28,344</u>	<u>\$ 5,027</u>	<u>\$ 36,615</u>
Noncash Investing, Capital, and Financing Activities:				
Transfers (Out to) Other Funds (Accrual)	-	-	-	-

STATEMENT 4.13

Mining Revolving Loan	Alaska Capstone Avionics Revolving Loan	Community Quota Entity Revolving Loan	Mariculture Revolving Loan	Total Commercial Assistance Enterprise Funds
\$ -	\$ -	\$ -	\$ -	\$ 230
2	93	4	1	13,464
-	10	9	3	6,036
-	-	-	-	(3,228)
-	(17)	-	(270)	(18,680)
(1)	-	2	(1)	(771)
-	-	-	-	20
-	-	-	-	(141)
<u>1</u>	<u>86</u>	<u>15</u>	<u>(267)</u>	<u>(3,070)</u>
-	-	-	-	(15,000)
-	-	-	-	15,034
-	-	-	-	34
-	42	-	39	141
-	42	-	39	141
1	128	15	(228)	(2,895)
201	4,985	9,734	4,813	94,904
<u>\$ 202</u>	<u>\$ 5,113</u>	<u>\$ 9,749</u>	<u>\$ 4,585</u>	<u>\$ 92,009</u>
\$ 2	\$ 12	\$ 9	\$ 7	\$ (3,211)
-	-	-	(1)	41
-	73	4	(261)	(3,485)
-	-	-	-	29
-	1	-	(12)	487
-	-	-	-	(643)
(1)	-	2	-	154
-	-	-	-	3,499
-	-	-	-	59
<u>\$ 1</u>	<u>\$ 86</u>	<u>\$ 15</u>	<u>\$ (267)</u>	<u>\$ (3,070)</u>
\$ 202	\$ 5,113	\$ 9,749	\$ 4,585	\$ 92,009
<u>\$ 202</u>	<u>\$ 5,113</u>	<u>\$ 9,749</u>	<u>\$ 4,585</u>	<u>\$ 92,009</u>

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STATE OF ALASKA
Combining Statement of Net Position
Energy Assistance Enterprise Funds
June 30, 2016
(Stated in Thousands)

STATEMENT 4.21

	Alternative Energy Conservation Revolving Loan	Bulk Fuel Revolving Loan	Total Energy Assistance Enterprise Funds
ASSETS			
Current Assets:			
Cash and Investments	\$ 2,729	\$ 21,245	\$ 23,974
Interest and Dividends Receivable	-	9	9
Due from Other Funds	-	49	49
Loans, Notes, and Bonds Receivable	-	2,582	2,582
Total Current Assets	<u>2,729</u>	<u>23,885</u>	<u>26,614</u>
Noncurrent Assets:			
Loans, Notes, and Bonds Receivable	-	432	432
Total Noncurrent Assets	<u>-</u>	<u>432</u>	<u>432</u>
Total Assets	<u>2,729</u>	<u>24,317</u>	<u>27,046</u>
LIABILITIES			
Current Liabilities:			
Due to Other Funds	-	7	7
Total Current Liabilities	<u>-</u>	<u>7</u>	<u>7</u>
Total Liabilities	<u>-</u>	<u>7</u>	<u>7</u>
NET POSITION			
Unrestricted	<u>2,729</u>	<u>24,310</u>	<u>27,039</u>
Total Net Position	<u>\$ 2,729</u>	<u>\$ 24,310</u>	<u>\$ 27,039</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Energy Assistance Enterprise Funds

For the Fiscal Year Ended June 30, 2016

(Stated in Thousands)

	Alternative Energy Conservation Revolving Loan	Bulk Fuel Revolving Loan	Total Energy Assistance Enterprise Funds
OPERATING REVENUES			
Interest and Investment Income	\$ -	\$ 179	\$ 179
Total Operating Revenues	<u>-</u>	<u>179</u>	<u>179</u>
OPERATING EXPENSES			
Operating	-	27	27
Provision for Loan Losses and Forgiveness	-	(504)	(504)
Total Operating Expenses	<u>-</u>	<u>(477)</u>	<u>(477)</u>
Operating Income (Loss)	<u>-</u>	<u>656</u>	<u>656</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and Investment Income	<u>22</u>	<u>160</u>	<u>182</u>
Total Nonoperating Revenues (Expenses)	<u>22</u>	<u>160</u>	<u>182</u>
Income Before Capital Contributions and Transfers	<u>22</u>	<u>816</u>	<u>838</u>
Change in Net Position	<u>22</u>	<u>816</u>	<u>838</u>
Total Net Position - Beginning of Year	<u>2,707</u>	<u>23,494</u>	<u>26,201</u>
Total Net Position - End of Year	<u>\$ 2,729</u>	<u>\$ 24,310</u>	<u>\$ 27,039</u>



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STATE OF ALASKA
Combining Statement of Cash Flows
Energy Assistance Enterprise Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 4.23

	Alternative Energy Conservation Revolving Loan	Bulk Fuel Revolving Loan	Total Energy Assistance Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts of Principal from Loan Recipients	\$ -	\$ 13,716	\$ 13,716
Receipt of Interest and Fees from Loan Recipients	-	180	180
Payments to Loan Recipients	-	(11,716)	(11,716)
Payments for Interfund Services Used	-	(42)	(42)
Other Payments	-	(27)	(27)
Net Cash Provided (Used) by Operating Activities	<u>-</u>	<u>2,111</u>	<u>2,111</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends on Investments	<u>22</u>	<u>160</u>	<u>182</u>
Net Cash Provided (Used) by Investing Activities	<u>22</u>	<u>160</u>	<u>182</u>
Net Increase (Decrease) in Cash	22	2,271	2,293
Cash and Cash Equivalents - Beginning of Year	2,707	18,974	21,681
Cash and Cash Equivalents - End of Year	<u>\$ 2,729</u>	<u>\$ 21,245</u>	<u>\$ 23,974</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ -	\$ 656	\$ 656
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
Due from Other Funds	-	(49)	(49)
Loans, Notes, and Bonds Receivable - Net	-	1,498	1,498
Interest and Dividends Receivable - Net	-	1	1
Due to Other Funds	-	7	7
Accounts Payable and Accrued Liabilities	-	(2)	(2)
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>	<u>\$ 2,111</u>	<u>\$ 2,111</u>
Reconciliation of Cash to the Statement of Net Position:			
Total Cash and Investments per the Statement of Net Position	\$ 2,729	\$ 21,245	\$ 23,974
Cash, End of Year	<u>\$ 2,729</u>	<u>\$ 21,245</u>	<u>\$ 23,974</u>

STATE OF ALASKA
Combining Statement of Net Position
Other Agencies Enterprise Funds
June 30, 2016
(Stated in Thousands)

STATEMENT 4.31

	Alcoholism and Drug Abuse Revolving Loan	Agricultural Revolving Loan	Alaska Clean Water
ASSETS			
Current Assets:			
Cash and Investments	\$ 223	\$ 10,066	\$ 111,492
Accounts Receivable - Net	-	38	574
Interest and Dividends Receivable	-	42	1,146
Due from Other Funds	-	44	1,091
Due from Other Governments	-	-	-
Loans, Notes, and Bonds Receivable	-	766	9,960
Total Current Assets	<u>223</u>	<u>10,956</u>	<u>124,263</u>
Noncurrent Assets:			
Loans, Notes, and Bonds Receivable	-	7,210	159,210
Repossessed Property	-	314	-
Other Noncurrent Assets	-	1,438	-
Total Noncurrent Assets	<u>-</u>	<u>8,962</u>	<u>159,210</u>
Total Assets	<u>223</u>	<u>19,918</u>	<u>283,473</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>-</u>	<u>112</u>	<u>-</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	-	55	9
Due to Other Funds	-	-	105
Due to Other Governments	-	-	-
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	68	-
Other Current Liabilities	-	-	125
Total Current Liabilities	<u>-</u>	<u>123</u>	<u>239</u>
Noncurrent Liabilities:			
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	85	-
Net Pension Liabilities	-	584	-
Total Noncurrent Liabilities	<u>-</u>	<u>669</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>792</u>	<u>239</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>-</u>	<u>10</u>	<u>-</u>
NET POSITION			
Restricted for:			
Unemployment Compensation	-	-	-
Health and Human Services	-	-	283,234
Other Purposes	223	-	-
Unrestricted	-	19,228	-
Total Net Position	<u>\$ 223</u>	<u>\$ 19,228</u>	<u>\$ 283,234</u>

STATEMENT 4.31

Alaska Drinking Water	Knik Arm Bridge and Toll Authority	Unemployment Compensation	Total Other Agencies Enterprise Funds
\$ 59,816	\$ 310	\$ 435,231	\$ 617,138
489	-	19,283	20,384
791	-	-	1,979
106	-	66	1,307
3	-	302	305
8,849	-	-	19,575
<u>70,054</u>	<u>310</u>	<u>454,882</u>	<u>660,688</u>
130,743	-	-	297,163
-	-	-	314
-	-	-	1,438
<u>130,743</u>	<u>-</u>	<u>-</u>	<u>298,915</u>
<u>200,797</u>	<u>310</u>	<u>454,882</u>	<u>959,603</u>
-	-	-	112
8	-	4,862	4,934
13	310	2,724	3,152
-	-	5,332	5,332
-	-	-	68
26	-	1,365	1,516
<u>47</u>	<u>310</u>	<u>14,283</u>	<u>15,002</u>
-	-	-	85
-	-	-	584
-	-	-	669
<u>47</u>	<u>310</u>	<u>14,283</u>	<u>15,671</u>
-	-	-	10
-	-	440,599	440,599
200,750	-	-	483,984
-	-	-	223
-	-	-	19,228
<u>\$ 200,750</u>	<u>\$ -</u>	<u>\$ 440,599</u>	<u>\$ 944,034</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
 Other Agencies Enterprise Funds
 For the Fiscal Year Ended June 30, 2016
 (Stated in Thousands)

	Alcoholism and Drug Abuse Revolving Loan	Agricultural Revolving Loan	Alaska Clean Water
OPERATING REVENUES			
Premiums and Contributions	\$ -	\$ -	\$ -
Charges for Goods and Services	-	-	649
Interest and Investment Income	-	424	1,270
Fines and Forfeitures	-	6	-
Total Operating Revenues	-	430	1,919
OPERATING EXPENSES			
Benefits	-	-	-
Operating	-	213	1,136
Depreciation	-	20	-
Total Operating Expenses	-	233	1,136
Operating Income (Loss)	-	197	783
NONOPERATING REVENUES (EXPENSES)			
Interest and Investment Income	2	12	936
Interest and Investment Expense	-	(2,866)	(6)
Gain (Loss) on Disposal of Capital Assets	-	(20)	-
Other Nonoperating Revenues (Expenses)	-	(115)	(1,195)
Total Nonoperating Revenues (Expenses)	2	(2,989)	(265)
Income Before Capital Contributions and Transfers	2	(2,792)	518
Capital Contributions	-	-	9,951
Transfers In from Other Funds	-	5	8
Transfers (Out to) Other Funds	-	-	-
Change in Net Position	2	(2,787)	10,477
Total Net Position - Beginning of Year	221	22,015	272,757
Total Net Position - End of Year	\$ 223	\$ 19,228	\$ 283,234

STATEMENT 4.32

Alaska Drinking Water	Knik Arm Bridge and Toll Authority	Unemployment Compensation	Total Other Agencies Enterprise Funds
\$ -	\$ -	\$ 155,660	\$ 155,660
765	-	-	1,414
1,326	-	-	3,020
-	-	-	6
<u>2,091</u>	<u>-</u>	<u>155,660</u>	<u>160,100</u>
-	-	152,505	152,505
410	-	-	1,759
-	-	-	20
<u>410</u>	<u>-</u>	<u>152,505</u>	<u>154,284</u>
<u>1,681</u>	<u>-</u>	<u>3,155</u>	<u>5,816</u>
513	-	9,899	11,362
(6)	-	-	(2,878)
-	-	-	(20)
<u>(4,417)</u>	<u>-</u>	<u>-</u>	<u>(5,727)</u>
<u>(3,910)</u>	<u>-</u>	<u>9,899</u>	<u>2,737</u>
<u>(2,229)</u>	<u>-</u>	<u>13,054</u>	<u>8,553</u>
9,856	-	-	19,807
3	-	-	16
<u>-</u>	<u>-</u>	<u>(1,740)</u>	<u>(1,740)</u>
7,630	-	11,314	26,636
193,120	-	429,285	917,398
<u>\$ 200,750</u>	<u>\$ -</u>	<u>\$ 440,599</u>	<u>\$ 944,034</u>

STATE OF ALASKA
Combining Statement of Cash Flows
Other Agencies Enterprise Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 4.33

	Alcoholism and Drug Abuse Revolving Loan	Agricultural Revolving Loan	Alaska Clean Water
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts of Principal from Loan Recipients	\$ -	\$ 1,277	\$ 11,144
Receipt of Interest and Fees from Loan Recipients	-	528	2,282
Receipts from Insured	-	-	-
Payments to Employees	-	(158)	(1,011)
Payments to Suppliers	-	(316)	(125)
Payments to Other Governments	-	-	(1,132)
Payments to Loan Recipients	-	(120)	(27,590)
Claims Paid	-	-	-
Other Receipts	-	157	19
Other Payments	-	(65)	-
Net Cash Provided (Used) by Operating Activities	-	1,303	(16,413)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers (Out to) Other Funds	-	(126)	(1,195)
Operating Subsidies and Transfers In from Other Funds	-	5	8
Proceeds from Issuance of Short-term Debt	-	-	1,748
Payments on Short-term Debt	-	-	(1,748)
Interest and Fees Paid on Borrowing	-	-	(6)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(121)	(1,193)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Sales of Capital Assets	-	(20)	-
Federal Grants	-	-	9,951
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(20)	9,951
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends on Investments	2	12	936
Change in Restricted Cash and Investments	-	(79)	-
Net Cash Provided (Used) by Investing Activities	2	(67)	936
Net Increase (Decrease) in Cash	2	1,095	(6,719)
Cash and Cash Equivalents - Beginning of Year	221	8,971	118,211
Cash and Cash Equivalents - End of Year	\$ 223	\$ 10,066	\$ 111,492
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ -	\$ 197	\$ 783
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Other Reconciling Items	-	(65)	-
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
Accounts Receivable - Net	-	(2)	128
Due From Other Funds	-	(12)	(1,092)
Due From Other Governments	-	-	-
Loans, Notes and Bonds Receivable - Net	-	1,364	(16,446)
Repossessed Property	-	188	-
Interest and Dividends Receivable - Net	-	50	255
Other Assets	-	(219)	-
Deferred Outflows of Resources	-	97	-
Due to Other Funds	-	(69)	(152)
Due to Other Governments	-	-	-
Accounts Payable and Accrued Liabilities	-	(54)	(14)
Other Liabilities	-	(106)	125
Deferred Inflows of Resources	-	(66)	-
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 1,303	\$ (16,413)
Reconciliation of Cash to the Statement of Net Position:			
Total Cash and Investments per the Statement of Net Position	\$ 223	\$ 10,066	\$ 111,492
Cash, End of Year	\$ 223	\$ 10,066	\$ 111,492
Noncash investing, Capital, and Financing Activities:			
Capital Assets Transferred to Primary Government	-	-	-

STATEMENT 4.33

Alaska Drinking Water	Knik Arm Bridge and Toll Authority	Unemployment Compensation	Total Other Agencies Enterprise Funds
\$ 8,761	\$ -	\$ -	\$ 21,182
1,823	-	-	4,633
-	-	158,316	158,316
(319)	-	-	(1,488)
(91)	-	-	(532)
(379)	-	-	(1,511)
(17,258)	-	-	(44,968)
-	-	(147,546)	(147,546)
8	-	-	184
-	-	-	(65)
<u>(7,455)</u>	<u>-</u>	<u>10,770</u>	<u>(11,795)</u>
(4,417)	-	(1,740)	(7,478)
3	-	-	16
1,843	-	-	3,591
(1,843)	-	-	(3,591)
(6)	-	-	(12)
<u>(4,420)</u>	<u>-</u>	<u>(1,740)</u>	<u>(7,474)</u>
-	-	-	(20)
<u>9,856</u>	<u>-</u>	<u>-</u>	<u>19,807</u>
<u>9,856</u>	<u>-</u>	<u>-</u>	<u>19,787</u>
513	310	9,899	11,672
-	-	-	(79)
<u>513</u>	<u>310</u>	<u>9,899</u>	<u>11,593</u>
(1,506)	310	18,929	12,111
<u>61,322</u>	<u>-</u>	<u>416,302</u>	<u>605,027</u>
<u>\$ 59,816</u>	<u>\$ 310</u>	<u>\$ 435,231</u>	<u>\$ 617,138</u>
\$ 1,681	\$ -	\$ 3,155	\$ 5,816
-	-	-	(65)
(150)	-	4,533	4,509
(106)	-	15	(1,195)
-	-	19	19
(8,497)	-	-	(23,579)
-	-	-	188
(111)	-	-	194
-	-	-	(219)
-	-	-	97
(294)	-	1,805	1,290
-	-	1,221	1,221
(4)	-	(761)	(833)
26	-	783	828
-	-	-	(66)
<u>(7,455)</u>	<u>-</u>	<u>10,770</u>	<u>(11,795)</u>
<u>\$ 59,816</u>	<u>\$ 310</u>	<u>\$ 435,231</u>	<u>\$ 617,138</u>
<u>\$ 59,816</u>	<u>\$ 310</u>	<u>\$ 435,231</u>	<u>\$ 617,138</u>
-	-	-	-



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Internal Service Funds

Internal service funds account for the operations of state agencies that render services to other state agencies, institutions, or other governmental units on a cost-reimbursement basis. The following are the State's internal service funds.

- **Alaska Public Building Fund (Fund 1147)** – AS 37.05.570 – Administered by the Department of Administration. Effective July 1, 2000, the Department of Administration began to manage the maintenance and operations of ten state owned buildings and two parking facilities. The goals are to manage these buildings, in good order and a functional state, while providing cost effective and efficient space for state agencies and private tenants (until private tenant leases expire and space is converted to state agency use), to retain maximum value of these state assets, and to maximize revenue from non-general fund sources.
- **Group Health and Life Benefits Fund (Fund 1097)** – AS 39.30.095 – Administered by the Department of Administration. Effective July 1, 1997, the State began a self-insurance program to provide health care coverage for state employees covered by the retirement programs administered by the State. This fund consists of accumulated assets held for the purpose of paying health care claims for employees and accounts for transactions pertaining to the self-insurance program.
- **Highways Equipment Working Capital Fund (Fund 1026)** – AS 44.68.210 – Administered by the Department of Transportation and Public Facilities. This fund is used for necessary expenses resulting from the centralization of equipment maintenance and for the operation of supply depots.
- **Information Services Fund (Fund 1081)** – AS 44.21.045 – During the 1990 Legislative Session, the Legislature established the Information Services Fund (ISF) in the Department of Administration and classified it as an internal service fund. The ISF is used to account for the operation and financing of computing and telecommunication services for the State of Alaska. Included in these services is operation of the State's mainframe computer; the statewide consolidated data network; the telephone system in Juneau, Anchorage, and Fairbanks; and the microwave communications infrastructure.



STATE OF ALASKA
Combining Statement of Net Position
Internal Service Funds
June 30, 2016
(Stated in Thousands)

STATEMENT 4.41

	Group Health and Life Benefits	Alaska Public Building
ASSETS		
Current Assets:		
Cash and Investments	\$ 15,095	\$ 10,486
Accounts Receivable - Net	-	135
Due from Other Funds	7,491	1,583
Inventories	-	-
Other Current Assets	932	1
Total Current Assets	<u>23,518</u>	<u>12,205</u>
Noncurrent Assets:		
Capital Assets:		
Equipment, Net of Depreciation	-	609
Buildings, Net of Depreciation	-	127,041
Construction in Progress	-	15,277
Total Noncurrent Assets	<u>-</u>	<u>142,927</u>
Total Assets	<u>23,518</u>	<u>155,132</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	<u>236</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	17,296	1,267
Due to Other Funds	-	-
Claims, Judgments, Compensated Absences, and Pollution Remediation	12	151
Notes, Bonds, and Leases Payable	-	106
Total Current Liabilities	<u>17,308</u>	<u>1,524</u>
Noncurrent Liabilities:		
Claims, Judgments, Compensated Absences, and Pollution Remediation	3	-
Notes, Bonds, and Leases Payable	-	1,000
Net Pension Liabilities	-	1,231
Total Noncurrent Liabilities	<u>3</u>	<u>2,231</u>
Total Liabilities	<u>17,311</u>	<u>3,755</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	<u>22</u>
NET POSITION		
Net Investment in Capital Assets	-	141,821
Unrestricted	6,207	9,770
Total Net Position	<u>\$ 6,207</u>	<u>\$ 151,591</u>

STATEMENT 4.41

Information Services	Highways Equipment Working Capital	Total Internal Service Funds
\$ 15,444	\$ 80,010	\$ 121,035
69	571	775
4,757	7,901	21,732
-	3,945	3,945
3,716	3,051	7,700
<u>23,986</u>	<u>95,478</u>	<u>155,187</u>
46,853	135,997	183,459
-	-	127,041
15,582	-	30,859
<u>62,435</u>	<u>135,997</u>	<u>341,359</u>
<u>86,421</u>	<u>231,475</u>	<u>496,546</u>
<u>2,759</u>	<u>3,354</u>	<u>6,349</u>
1,068	4,086	23,717
-	92	92
1,323	1,370	2,856
1,713	2,125	3,944
<u>4,104</u>	<u>7,673</u>	<u>30,609</u>
17	606	626
13,192	5,931	20,123
14,334	17,423	32,988
<u>27,543</u>	<u>23,960</u>	<u>53,737</u>
<u>31,647</u>	<u>31,633</u>	<u>84,346</u>
<u>253</u>	<u>308</u>	<u>583</u>
47,530	127,942	317,293
9,750	74,946	100,673
<u>\$ 57,280</u>	<u>\$ 202,888</u>	<u>\$ 417,966</u>

STATE OF ALASKA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 4.42

	Group Health and Life Benefits	Alaska Public Building
OPERATING REVENUES		
Premiums and Contributions	\$ 118,045	\$ -
Charges for Goods and Services	-	15,955
Other Operating Revenues	2,039	-
Total Operating Revenues	<u>120,084</u>	<u>15,955</u>
OPERATING EXPENSES		
Benefits	130,862	-
Operating	5,395	11,543
Depreciation	-	6,720
Total Operating Expenses	<u>136,257</u>	<u>18,263</u>
Operating Income (Loss)	<u>(16,173)</u>	<u>(2,308)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest and Investment Income	127	-
Interest and Investment Expense	-	-
Gain (Loss) on Disposal of Capital Assets	-	-
Total Nonoperating Revenues (Expenses)	<u>127</u>	<u>-</u>
Income Before Capital Contributions and Transfers	<u>(16,046)</u>	<u>(2,308)</u>
Capital Contributions	-	14,593
Transfers In from Other Funds	7,500	12
Change in Net Position	<u>(8,546)</u>	<u>12,297</u>
Total Net Position - Beginning of Year	<u>14,753</u>	<u>139,294</u>
Total Net Position - End of Year	<u>\$ 6,207</u>	<u>\$ 151,591</u>

STATEMENT 4.42

Information Services	Highways Equipment Working Capital	Total Internal Service Funds
\$ -	\$ -	\$ 118,045
36,147	55,078	107,180
11	-	2,050
<u>36,158</u>	<u>55,078</u>	<u>227,275</u>
-	-	130,862
29,358	25,149	71,445
8,812	17,755	33,287
<u>38,170</u>	<u>42,904</u>	<u>235,594</u>
<u>(2,012)</u>	<u>12,174</u>	<u>(8,319)</u>
-	-	127
-	(209)	(209)
-	(470)	(470)
<u>-</u>	<u>(679)</u>	<u>(552)</u>
(2,012)	11,495	(8,871)
1,975	4,225	20,793
7,747	174	15,433
<u>7,710</u>	<u>15,894</u>	<u>27,355</u>
49,570	186,994	390,611
<u>\$ 57,280</u>	<u>\$ 202,888</u>	<u>\$ 417,966</u>

STATE OF ALASKA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 4.43

	Group Health and Life Benefits	Alaska Public Building
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ -	\$ 266
Receipts for Interfund Services Provided	-	15,974
Receipts from Insured	118,044	-
Payments to Employees	(131)	(2,154)
Payments to Suppliers	(3,435)	(6,802)
Claims Paid	(132,357)	-
Payments for Interfund Services Used	-	(2,126)
Other Receipts	2,039	-
Net Cash Provided (Used) by Operating Activities	<u>(15,840)</u>	<u>5,158</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Subsidies and Transfers In from Other Funds	-	12
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>12</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets	-	-
Acquisition and Construction of Capital Assets	-	(5,683)
Proceeds from Capital Debt	-	1,106
Principal Paid on Capital Debt	-	-
Interest and Fees Paid on Capital Debt	-	-
Capital Lease Payments (and Interest)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(4,577)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends on Investments	127	-
Net Cash Provided (Used) by Investing Activities	<u>127</u>	<u>-</u>
Net Increase (Decrease) in Cash	(15,713)	593
Cash and Cash Equivalents - Beginning of Year	30,808	9,893
Cash and Cash Equivalents - End of Year	<u>\$ 15,095</u>	<u>\$ 10,486</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (16,173)	\$ (2,308)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	-	6,720
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:		
Accounts Receivable - Net	-	39
Due from Other Funds	2,191	246
Inventories	-	-
Other Assets	-	-
Deferred Outflows of Resources	-	84
Due to Other Funds	(2,212)	-
Accounts Payable and Accrued Liabilities	354	390
Net Pension Liability	-	69
Other Liabilities	-	37
Deferred Inflows of Resources	-	(119)
Net Cash Provided (Used) by Operating Activities	<u>\$ (15,840)</u>	<u>\$ 5,158</u>
Reconciliation of Cash to the Statement of Net Position:		
Total Cash and Investments per the Statement of Net Position	\$ 15,095	\$ 10,486
Cash, End of Year	<u>\$ 15,095</u>	<u>\$ 10,486</u>
Noncash Investing, Capital, and Financing Activities:		
Contributed Capital Assets	-	14,593
Transfers In from Other Funds (Accrual)	7,500	-

STATEMENT 4.43

Information Services	Highways Equipment Working Capital	Total Internal Service Funds
\$ -	\$ -	\$ 266
34,792	52,674	103,440
-	-	118,044
(21,951)	(16,858)	(41,094)
(12,555)	(12,191)	(34,983)
-	-	(132,357)
(2,045)	-	(4,171)
-	-	2,039
<u>(1,759)</u>	<u>23,625</u>	<u>11,184</u>
7,747	174	7,933
<u>7,747</u>	<u>174</u>	<u>7,933</u>
-	2,282	2,282
(16,880)	(16,263)	(38,826)
14,905	-	16,011
-	(1,421)	(1,421)
-	(161)	(161)
-	(712)	(712)
<u>(1,975)</u>	<u>(16,275)</u>	<u>(22,827)</u>
-	-	127
-	-	127
4,013	7,524	(3,583)
11,431	72,486	124,618
<u>\$ 15,444</u>	<u>\$ 80,010</u>	<u>\$ 121,035</u>
\$ (2,012)	\$ 12,174	\$ (8,319)
8,812	17,755	33,287
(56)	259	242
(1,310)	(2,664)	(1,537)
-	(22)	(22)
339	(1,456)	(1,117)
3,354	2,927	6,365
-	92	(2,120)
(262)	2,422	2,904
(7,883)	(5,399)	(13,213)
(297)	-	(260)
(2,444)	(2,463)	(5,026)
<u>\$ (1,759)</u>	<u>\$ 23,625</u>	<u>\$ 11,184</u>
\$ 15,444	\$ 80,010	\$ 121,035
<u>\$ 15,444</u>	<u>\$ 80,010</u>	<u>\$ 121,035</u>
1,975	4,225	20,793
-	-	7,500



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Fiduciary Funds

Trust and agency funds are fiduciary in nature and are maintained to account for assets held by the State acting in the capacity as a trustee or agent. The following are the State's trust and agency funds.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

- **Alaska National Guard and Alaska Naval Militia Retirement System (Fund 1045)** – AS 26.05.222 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Alaska National Guard and Alaska Naval Militia Retirement System.
- **Deferred Compensation (Fund 3294)** – AS 39.45.010 – Administered by the Department of Administration. This fund consists of compensation deferred by employees under the State's deferred compensation plan allowed under Section 457 of the Internal Revenue Code.
- **Judicial Retirement System (Fund 3134)** – AS 22.25.048 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Judicial Retirement System.
- **Public Employees' Retirement System (Fund 3135)** – AS 39.35.095-680, AS 39.35.700-990 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Public Employees' Retirement System.
- **Retiree Health (Fund 3133)** – AS 39.35.535, AS 14.25.168, AS 22.25.090 – Administered by the Department of Administration. The State has a self-insurance program to provide health care coverage for retirees covered by the retirement programs administered by the State. This fund consists of accumulated assets held for the purpose of paying health care claims for retirees and accounts for transactions pertaining to the self-insurance program.
- **Supplemental Benefits System (Fund 3141)** – AS 39.30.150 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Supplemental Benefits System.
- **Teachers' Retirement System (Fund 3138)** – AS 14.25.009-220, AS 14.25.310-590 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Teachers' Retirement System.

AGENCY FUNDS

- **Deposits, Suspense, and Miscellaneous (Fund 3131)** – Administered by the Department of Administration. This fund is used to account for refundable deposits and other receipts held in trust until the State has the right to transfer them to operating funds, or until there is a proper authorization to disburse them directly to others.
- **Exxon Valdez Oil Spill Investment Trust Fund (Fund 3132)** – PL 106-113 – Administered by the Exxon Valdez Oil Spill (EVOS) Trustee Council. Consists of assets of a joint federal/state trust fund established to receive, hold, disburse, and manage all natural resource damage recoveries obtained by the United States government and the State of Alaska under the Clean Water Act, arising out of the Exxon Valdez oil spill.
- **Impact Aid (Fund 3289)** – PL 103-382 – Administered by the Department of Education and Early Development. These monies are received from the federal government and are distributed to the local school districts. The funds provide financial assistance to local school districts where enrollment or availability of revenue is adversely affected by federal activities.

- **Public Advocacy Trust Fund (Fund 3288)** – AS 44.21.410 – Administered by the Department of Administration. The Public Advocacy Trust Fund holds in trust funds for individuals under the guardianship of the Office of Public Advocacy.
- **Wage and Hour (Fund 3287)** – AS 23.05.220 - Administered by the Department of Labor and Workforce Development. This fund was established to account for receipts and disbursements for wage and hour violations.





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STATE OF ALASKA
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2016
(Stated in Thousands)

STATEMENT 5.01

	Public Employees' Retirement		
	Defined Benefit Pension	Defined Contribution Pension	Other Postemployment Benefits
ASSETS			
Cash and Cash Equivalents	\$ 54,115	\$ 29,541	\$ 64,572
Investments:			
Fixed Income	1,003,689	-	870,732
Domestic Equities	2,143,940	-	1,842,119
International Equities	1,982,608	-	1,703,498
Alternative Equity Strategies	349,937	-	300,673
Private Equity Pool	655,867	-	563,535
Absolute Return Pool	541,239	-	465,044
Real Assets	1,478,292	-	1,269,491
Pooled Investment Funds	-	366,668	-
Collective Investment Funds	-	300,855	-
Accounts Receivable - Net	212	6	-
Contributions Receivable	27,201	193	339
Due from Other Funds	2	8,384	11,538
Other Assets	15	-	2,093
Total Assets	<u>8,237,117</u>	<u>705,647</u>	<u>7,093,634</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	4,862	178	5,328
Forfeiture Payable to Employer	-	27,351	-
Claims Payable	-	-	45,313
Due to Other Funds	4,568	-	2
Total Liabilities	<u>9,430</u>	<u>27,529</u>	<u>50,643</u>
NET POSITION			
Held in Trust for:			
Pension Benefits	8,227,687	-	-
Postemployment Benefits	-	-	7,042,991
Individuals, Organizations, and Other Governments	-	678,118	-
Total Net Position	<u>\$ 8,227,687</u>	<u>\$ 678,118</u>	<u>\$ 7,042,991</u>

STATEMENT 5.01

Teachers' Retirement		
Defined Benefit Pension	Defined Contribution Pension	Other Postemployment Benefits
\$ 37,839	\$ 9,102	\$ 27,958
602,887	-	323,271
1,288,741	-	683,983
1,191,763	-	632,512
210,350	-	111,640
394,247	-	209,242
325,343	-	172,672
888,614	-	471,364
-	159,045	-
-	127,067	-
87	-	-
4,729	13	15
322	3,413	2,241
-	-	711
<u>4,944,922</u>	<u>298,640</u>	<u>2,635,609</u>
2,721	65	1,907
-	8,977	-
-	-	13,924
-	-	-
<u>2,721</u>	<u>9,042</u>	<u>15,831</u>
4,942,201	-	-
-	-	2,619,778
-	289,598	-
<u>\$ 4,942,201</u>	<u>\$ 289,598</u>	<u>\$ 2,619,778</u>

This statement continued on the next page.

STATE OF ALASKA
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2016
(Stated in Thousands)

STATEMENT 5.01

	Judicial Retirement		Alaska National Guard and Alaska Naval Militia Retirement
	Pension	Other Postemployment Benefits	
ASSETS			
Cash and Cash Equivalents	\$ 1,241	\$ 286	\$ 868
Investments:			
Fixed Income	17,562	3,312	17,746
Domestic Equities	37,448	6,991	10,402
International Equities	34,630	6,465	6,851
Alternative Equity Strategies	6,112	1,141	-
Private Equity Pool	11,456	2,139	-
Absolute Return Pool	9,454	1,765	-
Real Assets	25,821	4,818	-
Pooled Investment Funds	-	-	-
Collective Investment Funds	-	-	-
Synthetic Investment Contracts	-	-	-
Investment Loss Trust Fund Assets	-	-	-
Accounts Receivable - Net	2	-	-
Contributions Receivable	223	20	-
Interest and Dividends Receivable	-	-	-
Due from Other Funds	946	-	-
Other Assets	-	6	-
Total Assets	<u>144,895</u>	<u>26,943</u>	<u>35,867</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	76	17	29
Forfeiture Payable to Employer	-	-	-
Claims Payable	-	77	-
Due to Other Funds	-	2	12
Total Liabilities	<u>76</u>	<u>96</u>	<u>41</u>
NET POSITION			
Held in Trust for:			
Pension Benefits	144,819	-	35,826
Postemployment Benefits	-	26,847	-
Individuals, Organizations, and Other Governments	-	-	-
Total Net Position	<u>\$ 144,819</u>	<u>\$ 26,847</u>	<u>\$ 35,826</u>

STATEMENT 5.01

Deferred Compensation	Supplemental Benefits	Retiree Health	Total Pension and Other Employee Benefit Trust Funds
\$ 2,153	\$ 9,264	\$ 37,916	\$ 274,855
-	-	258,699	3,097,898
-	-	103,651	6,117,275
-	-	52,813	5,611,140
-	-	-	979,853
-	-	-	1,836,486
-	-	-	1,515,517
-	-	-	4,138,400
134,558	2,123,521	-	2,783,792
493,955	922,336	-	1,844,213
182,626	373,632	-	556,258
-	1,951	-	1,951
42	335	-	684
1,840	7,272	-	41,845
-	-	19	19
-	-	117	26,963
-	-	2,475	5,300
<u>815,174</u>	<u>3,438,311</u>	<u>455,690</u>	<u>28,832,449</u>
208	1,819	659	17,869
-	-	-	36,328
-	1,982	32,047	93,343
29	95	70	4,778
<u>237</u>	<u>3,896</u>	<u>32,776</u>	<u>152,318</u>
-	-	-	13,350,533
-	-	422,914	10,112,530
814,937	3,434,415	-	5,217,068
<u>\$ 814,937</u>	<u>\$ 3,434,415</u>	<u>\$ 422,914</u>	<u>\$ 28,680,131</u>

**Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)**

	Public Employees' Retirement		
	Defined Benefit Pension	Defined Contribution Pension	Other Postemployment Benefits
ADDITIONS			
Premiums and Contributions:			
Employer	\$ 235,360	\$ 43,350	\$ 208,269
Member	96,024	77,196	635
Other	88,586	-	37,934
Total Premiums and Contributions	<u>419,970</u>	<u>120,546</u>	<u>246,838</u>
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	(184,340)	3,092	(152,795)
Interest	31,806	15	27,064
Dividends	120,406	-	102,757
Total Investment Income	<u>(32,128)</u>	<u>3,107</u>	<u>(22,974)</u>
Less Investment Expense	17,839	1,939	14,997
Net Investment Income	<u>(49,967)</u>	<u>1,168</u>	<u>(37,971)</u>
Other Additions			
Other	240	157	31,566
Total Additions	<u>370,243</u>	<u>121,871</u>	<u>240,433</u>
DEDUCTIONS			
Benefits Paid	732,141	-	401,571
Refunds of Premiums and Contributions	10,034	30,710	-
Administrative Expenses	7,243	2,505	14,890
Total Deductions	<u>749,418</u>	<u>33,215</u>	<u>416,461</u>
Net Increase (Decrease) in Net Position Held in Trust for:			
Pension Benefits	(379,175)	-	-
Postemployment Benefits	-	-	(176,028)
Individuals, Organizations, and Other Governments	-	88,656	-
Net Position - Beginning of the Year	8,606,862	589,462	7,219,019
Net Position - End of the Year	<u>\$ 8,227,687</u>	<u>\$ 678,118</u>	<u>\$ 7,042,991</u>

STATEMENT 5.02

Teachers' Retirement		
Defined Benefit Pension	Defined Contribution Pension	Other Postemployment Benefits
\$ 33,478	\$ 20,280	\$ 42,199
42,654	24,904	306
90,589	-	39,519
<u>166,721</u>	<u>45,184</u>	<u>82,024</u>
(112,740)	1,567	(55,595)
19,281	49	10,048
72,980	-	38,155
<u>(20,479)</u>	<u>1,616</u>	<u>(7,392)</u>
10,861	843	5,575
<u>(31,340)</u>	<u>773</u>	<u>(12,967)</u>
95	8	9,745
<u>135,476</u>	<u>45,965</u>	<u>78,802</u>
435,699	-	122,954
1,883	7,677	-
2,648	938	5,605
<u>440,230</u>	<u>8,615</u>	<u>128,559</u>
(304,754)	-	-
-	-	(49,757)
-	37,350	-
5,246,955	252,248	2,669,535
<u>\$ 4,942,201</u>	<u>\$ 289,598</u>	<u>\$ 2,619,778</u>

This statement continued on next page.

STATE OF ALASKA
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 5.02

	Judicial Retirement		Alaska National Guard and Alaska Naval Militia Retirement
	Pension	Healthcare	
ADDITIONS			
Premiums and Contributions:			
Employer	\$ 5,819	\$ 508	\$ 735
Member	802	-	-
Other	5,891	-	-
Total Premiums and Contributions	<u>12,512</u>	<u>508</u>	<u>735</u>
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	(2,897)	(570)	(551)
Interest	549	102	398
Dividends	2,079	387	402
Total Investment Income	<u>(269)</u>	<u>(81)</u>	<u>249</u>
Less Investment Expense	298	50	67
Net Investment Income	<u>(567)</u>	<u>(131)</u>	<u>182</u>
Other Additions			
Other	2	93	-
Total Additions	<u>11,947</u>	<u>470</u>	<u>917</u>
DEDUCTIONS			
Benefits Paid	11,228	704	1,729
Refunds of Premiums and Contributions	-	-	-
Administrative Expenses	60	61	242
Total Deductions	<u>11,288</u>	<u>765</u>	<u>1,971</u>
Net Increase (Decrease) in Net Position Held in Trust for:			
Pension Benefits	659	-	(1,054)
Postemployment Benefits	-	(295)	-
Individuals, Organizations, and Other Governments	-	-	-
Net Position - Beginning of the Year	144,160	27,142	36,880
Net Position - End of the Year	<u>\$ 144,819</u>	<u>\$ 26,847</u>	<u>\$ 35,826</u>

STATEMENT 5.02

Deferred Compensation	Supplemental Benefits	Retiree Health	Total Pension and Other Employee Benefit Trust Funds
\$ -	\$ 82,083	\$ 1,802	\$ 673,883
43,910	88,978	69,553	444,962
-	-	-	262,519
<u>43,910</u>	<u>171,061</u>	<u>71,355</u>	<u>1,381,364</u>
8,001	53,977	7,010	(435,841)
-	35	7,295	96,642
-	-	524	337,690
<u>8,001</u>	<u>54,012</u>	<u>14,829</u>	<u>(1,509)</u>
2,596	8,592	124	63,781
<u>5,405</u>	<u>45,420</u>	<u>14,705</u>	<u>(65,290)</u>
-	47	241	42,194
<u>49,315</u>	<u>216,528</u>	<u>86,301</u>	<u>1,358,268</u>
49,121	188,395	55,781	1,999,323
-	-	-	50,304
1,036	3,707	2,906	41,841
<u>50,157</u>	<u>192,102</u>	<u>58,687</u>	<u>2,091,468</u>
-	-	-	(684,324)
-	-	27,614	(198,466)
(842)	24,426	-	149,590
815,779	3,409,989	395,300	29,413,331
<u>\$ 814,937</u>	<u>\$ 3,434,415</u>	<u>\$ 422,914</u>	<u>\$ 28,680,131</u>

STATE OF ALASKA
 Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2016
 (Stated in Thousands)

STATEMENT 5.11

	Deposits, Suspense, and Miscellaneous	Wage and Hour
ASSETS		
Cash and Cash Equivalents	\$ 320,952	\$ 230
Investments	-	-
Accounts Receivable - Net	(1,750)	-
Due from Other Funds	4,372	5
Total Assets	<u>\$ 323,574</u>	<u>\$ 235</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 4,001	\$ 5
Trust Deposits Payable	318,233	230
Due to Other Funds	1,340	-
Total Liabilities	<u>\$ 323,574</u>	<u>\$ 235</u>

STATEMENT 5.11

Public Advocacy	Exxon Valdez Oil Spill Investment	Impact Aid PL 103-382	Total Agency Funds
\$ 26,655	\$ -	\$ 8	\$ 347,845
-	197,067	-	197,067
-	-	-	(1,750)
-	-	-	4,377
<u>\$ 26,655</u>	<u>\$ 197,067</u>	<u>\$ 8</u>	<u>\$ 547,539</u>
\$ -	\$ -	\$ -	\$ 4,006
26,550	196,965	-	541,978
105	102	8	1,555
<u>\$ 26,655</u>	<u>\$ 197,067</u>	<u>\$ 8</u>	<u>\$ 547,539</u>

STATE OF ALASKA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 5.12

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>DEPOSITS, SUSPENSE, AND MISCELLANEOUS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 317,104	\$ 286,762	\$ 282,914	\$ 320,952
Accounts Receivable - Net	4	-	1,754	(1,750)
Due from Other Funds	3,925	447	-	4,372
Total Assets	<u>\$ 321,033</u>	<u>\$ 287,209</u>	<u>\$ 284,668</u>	<u>\$ 323,574</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 5,030	\$ 65,240	\$ 66,269	\$ 4,001
Trust Deposits Payable	314,599	325,280	321,646	318,233
Due to Other Funds	1,404	1,346	1,410	1,340
Total Liabilities	<u>\$ 321,033</u>	<u>\$ 391,866</u>	<u>\$ 389,325</u>	<u>\$ 323,574</u>
<u>WAGE AND HOUR</u>				
ASSETS				
Cash and Cash Equivalents	\$ 111	\$ 574	\$ 455	\$ 230
Due from Other Funds	-	5	-	5
Total Assets	<u>\$ 111</u>	<u>\$ 579</u>	<u>\$ 455</u>	<u>\$ 235</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 6	-	1	\$ 5
Trust Deposits Payable	105	125	-	230
Total Liabilities	<u>\$ 111</u>	<u>\$ 125</u>	<u>\$ 1</u>	<u>\$ 235</u>
<u>PUBLIC ADVOCACY</u>				
ASSETS				
Cash and Cash Equivalents	\$ 25,370	\$ 17,761	\$ 16,476	\$ 26,655
Total Assets	<u>\$ 25,370</u>	<u>\$ 17,761</u>	<u>\$ 16,476</u>	<u>\$ 26,655</u>
LIABILITIES				
Trust Deposits Payable	\$ 25,305	\$ 2,433	\$ 1,188	\$ 26,550
Due to Other Funds	65	105	65	105
Total Liabilities	<u>\$ 25,370</u>	<u>\$ 2,538</u>	<u>\$ 1,253</u>	<u>\$ 26,655</u>
<u>EXXON VALDEZ OIL SPILL INVESTMENT</u>				
ASSETS				
Investments	\$ 223,194	\$ 441,924	\$ 468,051	\$ 197,067
Total Assets	<u>\$ 223,194</u>	<u>\$ 441,924</u>	<u>\$ 468,051</u>	<u>\$ 197,067</u>
LIABILITIES				
Trust Deposits Payable	\$ 223,100	\$ 1	\$ 26,136	\$ 196,965
Due to Other Funds	94	102	94	102
Total Liabilities	<u>\$ 223,194</u>	<u>\$ 103</u>	<u>\$ 26,230</u>	<u>\$ 197,067</u>

This statement continued on the next page.

STATE OF ALASKA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2016
(Stated in Thousands)

STATEMENT 5.12

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>IMPACT AID PL 103-382</u>				
ASSETS				
Cash and Cash Equivalents	\$ 457	\$ 42,269	\$ 42,718	\$ 8
Total Assets	<u>\$ 457</u>	<u>\$ 42,269</u>	<u>\$ 42,718</u>	<u>\$ 8</u>
LIABILITIES				
Due to Other Funds	\$ 457	\$ 8	\$ 457	\$ 8
Total Liabilities	<u>\$ 457</u>	<u>\$ 8</u>	<u>\$ 457</u>	<u>\$ 8</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 343,042	\$ 347,366	\$ 342,563	\$ 347,845
Investments	223,194	441,924	468,051	197,067
Accounts Receivable - Net	4	-	1,754	(1,750)
Due from Other Funds	3,925	452	-	4,377
Total Assets	<u>\$ 570,165</u>	<u>\$ 789,742</u>	<u>\$ 812,368</u>	<u>\$ 547,539</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 5,036	\$ 65,240	\$ 66,270	\$ 4,006
Trust Deposits Payable	563,109	327,839	348,970	541,978
Due to Other Funds	2,020	1,561	2,026	1,555
Total Liabilities	<u>\$ 570,165</u>	<u>\$ 394,640</u>	<u>\$ 417,266</u>	<u>\$ 547,539</u>



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Nonmajor Component Units

The nonmajor component units listed are significant separate legal entities that are discretely presented in the State's financial statements. The inclusion of component units in the State's financial statements reflects the State's financial accountability for these entities.

- **Alaska Aerospace Corporation (AAC)** – AS 26.27.010 – is a public corporation of the State located for administrative purposes within the Department of Military and Veterans Affairs. The purpose of AAC is to allow the State to take a lead role in the exploration and development of space, to enhance human and economic development, and to provide a unified direction for space-related economic growth, education and research development, and tourism related activities.
- **Alaska Energy Authority (AEA)** – AS 44.83.020 – is a public corporation of the State within the Department of Commerce, Community, and Economic Development, but with a separate and independent legal existence. The purpose of AEA is to promote, develop, and advance the general prosperity and economic welfare of the people of the State by providing a means of constructing, acquiring, financing, and operating power projects and facilities that recover and use waste energy.
- **Alaska Gasline Development Corporation (AGDC)** – AS 31.25.010 - is a public corporation and government instrumentality located for administrative purposes in the Department of Commerce, Community, and Economic Development, but having a legal existence independent of and separate from the state. Sec. 31.25.005. The purpose of AGDC is to develop natural gas pipelines, an Alaska liquefied natural gas project, and other transportation mechanisms to deliver natural gas in-state for the maximum benefit of the people of the state; and to assist the state departments to maximize the value of the state's royalty natural gas, natural gas delivered to the state as payment of tax, and other natural gas received by the state.
- **Alaska Mental Health Trust Authority (AMHTA)** – AS 47.30.011 – is established as a public corporation of the State within the Department of Revenue. The purpose of AMHTA is to ensure an integrated comprehensive mental health program, by administering the trust established under the Alaska Mental Health Enabling Act of 1956.
- **Alaska Municipal Bond Bank Authority (AMBBA)** – AS 44.85.020 – is a public corporation and an instrumentality of the State within the Department of Revenue, but with a legal existence independent of and separate from the State. AMBBA was created for the purpose of making available to municipalities within the State, monies to finance their capital projects or for other authorized purposes by means of issuance of bonds by AMBBA and use of proceeds from such bonds to purchase from the municipalities their general obligation and revenue bonds.
- **Alaska Railroad Corporation (ARRC)** – AS 42.40.010 – is a public corporation and an instrumentality of the State within the Department of Commerce, Community, and Economic Development, but with a legal existence independent of and separate from the State. ARRC was created to own and operate the railroad and manage its rail, industrial, port, and other properties.
- **Alaska Seafood Marketing Institute (ASMI)** – AS 16.51.010 – is a public corporation and an instrumentality of the State within the Department of Commerce, Community, and Economic Development, but with a legal existence independent of and separate from the State. The purpose of ASMI is to promote all species of seafood and their by-products harvested in Alaska for sale, and develop market-oriented quality specifications.
- **Alaska Student Loan Corporation (ASLC)** – AS 14.42.100 – is a public corporation and government instrumentality within the Department of Education and Early Development, but having a legal existence independent of and separate from the State. The purpose of ASLC is to improve higher educational opportunities for residents of the State.

STATE OF ALASKA
Combining Statement of Net Position
Nonmajor Component Units
June 30, 2016
(Stated in Thousands)

STATEMENT 6.01

	Alaska Municipal Bond Bank Authority	Alaska Student Loan Corporation	Alaska Railroad Corporation	Alaska Energy Authority
ASSETS				
Cash and Investments	\$ 67,544	\$ 56,000	\$ 51,713	\$ -
Accounts Receivable - Net	29	-	25,336	1,749
Interest and Dividends Receivable	14,345	4,651	-	1,223
Due from Primary Government	-	-	381	3,785
Due from Other Governments	-	-	8,951	964
Loans, Notes, and Bonds Receivable	1,081,954	142,808	-	6,312
Inventories	-	-	11,573	-
Restricted Assets	-	135,612	63,426	1,118,052
Securities Lending Collateral	-	-	-	-
Other Assets	-	325	27,780	-
Capital Assets:				
Equipment, Net of Depreciation	-	-	166,892	175
Buildings, Net of Depreciation	-	-	345	-
Infrastructure, Net of Depreciation	-	-	672,431	168,782
Land / Right-of-Way	-	-	35,970	11,212
Construction in Progress	-	-	37,707	189,985
Total Assets	<u>1,163,872</u>	<u>339,396</u>	<u>1,102,505</u>	<u>1,502,239</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>11,629</u>	<u>53</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	20	97	22,854	18,643
Obligations Under Securities Lending	-	-	-	-
Due to Primary Government	309	1,865	2,179	18,173
Due to Component Units	-	-	-	3,642
Due to Other Governments	-	667	-	311
Interest Payable	14,325	10	2,497	1,702
Other Current Liabilities	2,645	-	763	-
Long-term Liabilities:				
Portion Due or Payable Within One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	-	467	-
Unearned Revenue	-	-	3,820	-
Notes, Bonds, and Leases Payable	57,705	26,541	16,118	9,342
Portion Due or Payable After One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	-	2,226	-
Unearned Revenue	-	-	-	-
Notes, Bonds, and Leases Payable	1,032,715	85,677	133,731	54,709
Net Pension Liabilities	-	-	19,728	-
Other Noncurrent Liabilities	7	164	105	593
Total Liabilities	<u>1,107,726</u>	<u>115,021</u>	<u>204,488</u>	<u>107,115</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>588,955</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	-	-	211,483	307,569
Restricted for:				
Permanent Funds				
Nonexpendable	-	-	-	-
Expendable	-	-	-	-
Development	-	-	109,208	-
Debt Service	35,750	21,795	-	22,183
Other Purposes	-	-	-	1,065,425
Unrestricted	20,396	202,580	-	-
Total Net Position	<u>\$ 56,146</u>	<u>\$ 224,375</u>	<u>\$ 320,691</u>	<u>\$ 1,395,177</u>

STATEMENT 6.01

Alaska Aerospace Corporation	Alaska Mental Health Trust Authority	Alaska Seafood Marketing Institute	Alaska Gasline Development Corporation	Total Nonmajor Component Units
\$ 10,060	\$ 585,572	\$ 15,127	\$ 117,094	\$ 903,110
565	-	13	-	27,692
-	3,611	-	-	23,830
-	135	5,310	10,728	20,339
-	-	-	-	9,915
-	5,263	-	-	1,236,337
-	-	-	-	11,573
-	-	-	-	1,317,090
-	8,625	-	-	8,625
-	113	280	3,567	32,065
27,267	6	-	274	194,614
15,227	10,210	-	-	25,782
7,574	-	-	-	848,787
-	4,593	-	-	51,775
32,400	-	-	-	260,092
<u>93,093</u>	<u>618,128</u>	<u>20,730</u>	<u>131,663</u>	<u>4,971,626</u>
<u>601</u>	<u>1,243</u>	<u>416</u>	<u>2,116</u>	<u>16,058</u>
5,950	9,330	2,930	1,409	61,233
-	8,625	-	-	8,625
-	-	-	-	22,526
-	-	-	-	3,642
-	-	-	-	978
-	-	-	-	18,534
-	-	-	-	3,408
259	739	196	111	1,772
-	781	-	-	4,601
-	-	-	-	109,706
-	-	-	225	2,451
6,553	-	-	-	6,553
-	-	-	-	1,306,832
4,388	6,387	2,160	3,951	36,614
-	-	-	-	869
<u>17,150</u>	<u>25,862</u>	<u>5,286</u>	<u>5,696</u>	<u>1,588,344</u>
<u>221</u>	<u>105</u>	<u>38</u>	<u>70</u>	<u>589,389</u>
82,468	14,809	-	274	616,603
-	430,255	-	-	430,255
-	148,340	-	-	148,340
-	-	-	9,000	118,208
-	-	-	-	79,728
-	-	15,822	-	1,081,247
(6,145)	-	-	118,739	335,570
<u>\$ 76,323</u>	<u>\$ 593,404</u>	<u>\$ 15,822</u>	<u>\$ 128,013</u>	<u>\$ 2,809,951</u>

STATE OF ALASKA
 Combining Statement of Activities
 Nonmajor Component Units
 For the Fiscal Year Ended June 30, 2016
 (Stated in Thousands)

STATEMENT 6.02

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
Nonmajor Component Units:				
Alaska Municipal Bond Bank Authority	\$ 46,361	\$ 44,804	\$ -	\$ -
Alaska Student Loan Corporation	14,822	17,159	-	-
Alaska Railroad Corporation	176,365	133,630	14,643	38,912
Alaska Energy Authority	94,119	18,974	23,300	9,167
Alaska Aerospace Corporation	11,679	1,101	1,093	749
Alaska Mental Health Trust Authority	26,239	11,022	6,721	-
Alaska Seafood Marketing Institute	14,127	72	4,165	-
Alaska Gasline Development Corporation	295,158	4,293	146	-
Total Nonmajor Component Units	<u>\$ 678,870</u>	<u>\$ 231,055</u>	<u>\$ 50,068</u>	<u>\$ 48,828</u>

General Revenues:
 Taxes
 Severance Taxes
 Interest and Investment Income (Loss)
 Payments In from Primary Government
 Other Revenues
 Total General Revenues, Transfers, Contributions,
 Special Items, and Extraordinary Items
 Change in Net Position
 Net Position - Beginning of Year (restated)
 Net Position - End of Year

Net (Expense) Revenue and Changes in Net Position								
Alaska Municipal Bond Bank Authority	Alaska Student Loan Corporation	Alaska Railroad Corporation	Alaska Energy Authority	Alaska Aerospace Corporation	Alaska Mental Health Trust Authority	Alaska Seafood Marketing Institute	Alaska Gasline Development Corporation	Total Nonmajor Component Units
\$ (1,557)	\$ 2,337	\$ 10,820	\$ (42,678)	\$ (8,736)	\$ (8,496)	\$ (9,890)	\$ (290,719)	\$ (1,557) 2,337 10,820 (42,678) (8,736) (8,496) (9,890) (290,719) (348,919)
<u>(1,557)</u>	<u>2,337</u>	<u>10,820</u>	<u>(42,678)</u>	<u>(8,736)</u>	<u>(8,496)</u>	<u>(9,890)</u>	<u>(290,719)</u>	<u>(348,919)</u>
-	-	-	-	-	-	9,682	-	9,682
1,542	1,045	46	11,048	(439)	-	-	928	14,170
-	-	-	-	-	(298)	-	144,072	143,774
-	165	-	-	14,106	313	-	-	14,584
<u>1,542</u>	<u>1,210</u>	<u>46</u>	<u>11,048</u>	<u>13,667</u>	<u>15</u>	<u>9,682</u>	<u>145,000</u>	<u>182,210</u>
(15)	3,547	10,866	(31,630)	4,931	(8,481)	(208)	(145,719)	(166,709)
56,161	220,828	309,825	1,426,807	71,392	601,885	16,030	273,732	2,976,660
<u>\$ 56,146</u>	<u>\$ 224,375</u>	<u>\$ 320,691</u>	<u>\$ 1,395,177</u>	<u>\$ 76,323</u>	<u>\$ 593,404</u>	<u>\$ 15,822</u>	<u>\$ 128,013</u>	<u>\$ 2,809,951</u>



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Other Supplementary Information



STATE OF ALASKA
 Balance Sheet
 Nonmajor Component Unit Without Separately Issued Financial Statements
 June 30, 2016
 (Stated in Thousands)

STATEMENT 6.03

	Alaska Seafood Marketing Institute
ASSETS	
Cash and Investments	\$ 15,127
Accounts Receivable - Net	13
Due from Primary Government	5,310
Other Assets	280
Total Assets	<u>20,730</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u>416</u>
Total Assets and Deferred Outflows	<u>\$ 21,146</u>
LIABILITIES	
Accounts Payable and Accrued Liabilities	\$ 2,930
Long-term Liabilities:	
Portion Due or Payable Within One Year:	
Claims, Judgments, Compensated Absences and Pollution Remediation	196
Portion Due or Payable After One Year:	
Net Pension Liabilities	2,160
Total Liabilities	<u>5,286</u>
DEFERRED INFLOWS OF RESOURCES	
Total Deferred Inflows of Resources	<u>38</u>
FUND BALANCES	
Reserved:	
Encumbrances	75
Other Purposes	15,747
Total Fund Balances	<u>15,822</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 21,146</u>
Reconciliation of the Balance Sheet to the Statement of Net Position:	
Total Fund Balances - Governmental Fund:	\$ 15,822
Net Position of Governmental Activities	<u>\$ 15,822</u>

Statement of Revenues, Expenditures, and Change in Fund Balances
 Nonmajor Component Unit Without Separately Issued Financial Statements
 For the Fiscal Year Ended June 30, 2016
 (Stated in Thousands)

	Alaska Seafood Marketing Institute
REVENUES	
Taxes	\$ 9,682
Charges for Services	72
Federal Grants in Aid	4,165
Total Revenues	<u>13,919</u>
EXPENDITURES	
Current:	
Development	14,127
Total Expenditures	<u>14,127</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(208)</u>
Net Change in Fund Balances	(208)
Fund Balances - Beginning of Year (restated)	16,030
Fund Balances - End of Year	<u>\$ 15,822</u>

Reconciliation of the Change in Fund Balances to the Statement of Activities:

Net Change in Fund Balances - Governmental Fund:	\$ (208)
Change in Net Position of Governmental Activities:	<u>\$ (208)</u>



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Statistical Section





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STATE OF ALASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016

STATISTICAL SECTION

This part of the State of Alaska's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the state's overall financial health.

	<u>Page</u>
Financial Trends (Schedules A-1 through A-5) <i>These schedules contain trend information to help the reader understand how the state's financial performance and well-being have changed over time.</i>	276
Revenue Capacity (Schedules B-1 through B-3) <i>These schedules contain information to help the reader assess the state's most significant revenue sources: investment income, oil severance taxes, and oil royalties.</i>	287
Debt Capacity (Schedules C-1 and C-2) <i>These schedules present information to help the reader assess the affordability of the state's current levels of outstanding debt and the state's ability to issue additional debt in the future. The state has no statutory limit on the amount of general obligation debt that may be authorized.</i>	292
Demographic and Economic Information (Schedules D-1 and D-2) <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the state's financial activities take place.</i>	296
Operating Information (Schedules E-1 through E-3) <i>These schedules contain service and infrastructure data to help the reader understand how the information in the state's financial report relates to the services the state provides and the activities it performs.</i>	298

SOURCES:

Unless otherwise noted, the information in these schedules is derived from the financial statements presented in the comprehensive annual financial reports for the relevant years.

NOTE:

The State of Alaska implemented GASB Statement No. 54 in FY 2010; therefore some schedules only include financial data beginning in that year.

STATE OF ALASKA
Financial Trends - Net Position By Component
Last Ten Fiscal Years
(Stated in Thousands)

SCHEDULE A-1

	2016	2015	2014	2013
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 6,786,011	\$ 6,683,296	\$ 6,205,097	\$ 5,940,490
Restricted ^a	45,173,358	46,442,972	45,797,266	41,811,811
Unrestricted	14,020,197	18,358,463	28,015,987	26,270,988
Total Governmental Activities Net Position	<u>65,979,566</u>	<u>71,484,731</u>	<u>80,018,350</u>	<u>74,023,289</u>
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	813,876	817,436	868,403	847,214
Restricted	967,266	939,413	865,739	777,552
Unrestricted	316,963	298,017	350,713	357,143
Total Business-type Activities Net Position	<u>2,098,105</u>	<u>2,054,866</u>	<u>2,084,855</u>	<u>1,981,909</u>
Primary Government:				
Invested in Capital Assets, Net of Related Debt	7,599,887	7,500,732	7,073,500	6,787,704
Restricted	46,140,624	47,382,385	46,663,005	42,589,363
Unrestricted	14,337,160	18,656,480	28,366,700	26,628,131
Total Primary Government Net Position	<u>\$ 68,077,671</u>	<u>\$ 73,539,597</u>	<u>\$ 82,103,205</u>	<u>\$ 76,005,198</u>

NOTE:

This schedule is presented on the accrual basis of accounting.

^a The majority of the amount reported as Restricted Net Position for Governmental Activities represents the Alaska Permanent Fund. Further discussion of this fund is included in Management's Discussion and Analysis.

SCHEDULE A-1

2012	2011	2010	2009	2008	2007
\$ 5,784,736	\$ 5,618,713	\$ 5,429,469	\$ 5,293,353	\$ 5,063,796	\$ 4,968,171
39,109,760	38,808,084	32,819,206	30,007,939	31,421,373	34,200,958
23,398,603	20,099,413	16,423,342	14,625,134	19,398,314	11,425,419
<u>68,293,099</u>	<u>64,526,210</u>	<u>54,672,017</u>	<u>49,926,426</u>	<u>55,883,483</u>	<u>50,594,548</u>
805,993	783,353	765,841	706,236	677,900	596,997
680,149	670,492	679,259	712,350	688,485	614,880
343,417	292,783	317,371	327,661	311,346	330,553
<u>1,829,559</u>	<u>1,746,628</u>	<u>1,762,471</u>	<u>1,746,247</u>	<u>1,677,731</u>	<u>1,542,430</u>
6,590,729	6,402,066	6,195,310	5,999,589	5,741,696	5,565,168
39,789,909	39,478,576	33,498,465	30,720,289	32,109,858	34,815,838
23,742,020	20,392,196	16,740,713	14,952,795	19,709,660	11,755,972
<u>\$ 70,122,658</u>	<u>\$ 66,272,838</u>	<u>\$ 56,434,488</u>	<u>\$ 51,672,673</u>	<u>\$ 57,561,214</u>	<u>\$ 52,136,978</u>

STATE OF ALASKA
Financial Trends - Government-wide Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Stated in Thousands)

SCHEDULE A-2

	2016	2015	2014	2013
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	\$ 15,917	\$ 12,316	\$ 12,442	\$ 12,374
Education	6,510	3,705	3,779	4,123
University	-	40	-	-
Health and Human Services	55,533	50,513	49,545	48,904
Law and Justice	12,656	17,140	12,771	12,960
Public Protection	170,302	174,986	170,439	179,861
Natural Resources	1,005,680	1,768,465	2,612,946	2,864,093
Development	2,030	3,224	2,723	2,472
Transportation	55,877	69,890	63,234	65,158
Debt Service	-	-	-	-
Operating Grants and Contributions	2,157,268	1,917,686	1,809,703	1,866,903
Capital Grants and Contributions	727,426	768,853	681,189	651,304
Total Governmental Activities Program Revenues	4,209,199	4,786,818	5,418,771	5,708,152
Business-type Activities:				
Charges for Services				
Loans	9,969	11,062	10,144	11,477
Unemployment Compensation	155,660	185,476	236,266	237,694
Airports	137,167	134,361	123,896	107,864
Development	1,455	1,602	1,851	1,765
Operating Grants and Contributions	430	521	25,558	80,780
Capital Grants and Contributions	59,837	68,976	80,351	109,152
Total Business-type Activities Program Revenues	364,518	401,998	478,066	548,732
Total Primary Government Program Revenues	\$ 4,573,717	\$ 5,188,816	\$ 5,896,837	\$ 6,256,884
Expenses				
Governmental Activities:				
General Government	\$ 323,158	\$ 586,724	\$ 553,636	\$ 572,776
Alaska Permanent Fund Dividend ^{a b}	1,330,027	1,203,234	570,590	562,621
Education	1,921,828	2,285,272	2,080,526	2,076,009
University	467,456	524,677	595,060	568,955
Health and Human Services	2,940,851	2,770,978	2,587,529	2,717,565
Law and Justice	291,706	259,017	270,022	266,949
Public Protection	842,739	791,136	804,823	729,682
Natural Resources	438,036	475,146	383,338	376,333
Development	447,510	409,528	1,123,531	700,695
Transportation	1,289,035	1,278,527	1,403,539	1,156,853
Intergovernmental Revenue Sharing	118,807	134,239	262,001	287,028
Debt Service	70,447	65,808	64,885	64,334
Total Governmental Activities Expenses	10,481,600	10,784,286	10,699,480	10,079,800
Business-type Activities:				
Loans	15,905	10,518	10,197	8,350
Unemployment Compensation	152,505	142,702	196,345	258,709
Airports	139,529	150,341	157,367	151,125
Development	1,570	61,220	5,149	4,820
Total Business-type Activities Expenses	309,509	364,781	369,058	423,004
Total Primary Government Expenses	\$ 10,791,109	\$ 11,149,067	\$ 11,068,538	\$ 10,502,804
Net (Expense)/Revenue (To Schedule A-3)				
Governmental Activities	\$ (6,272,401)	\$ (5,997,468)	\$ (5,280,709)	\$ (4,371,648)
Business-type Activities	55,009	37,217	109,008	125,728
Total Primary Government Net Expense	\$ (6,217,392)	\$ (5,960,251)	\$ (5,171,701)	\$ (4,245,920)

NOTES:

This schedule is presented on the accrual basis of accounting.

^a The permanent fund dividend function represents the portion of the income earned by the Alaska Permanent Fund that is paid out to eligible Alaska residents.

^b In 2009 the Alaska Permanent Fund Dividend expenses includes a one time energy rebate in the amount of \$738,767 (in thousands) that was paid to Alaska citizens to offset the cost of energy.

SCHEDULE A-2

2012	2011	2010	2009	2008	2007
\$ 13,807	\$ 10,940	\$ 10,706	\$ 10,148	\$ 11,754	\$ 11,058
2,977	3,195	3,277	3,045	2,829	2,689
-	-	10	15	29	-
45,775	43,166	41,816	41,375	39,492	39,144
19,267	17,294	10,604	19,485	12,607	12,142
159,589	157,898	160,851	158,994	163,320	172,762
3,053,020	2,798,551	2,278,392	2,322,398	3,404,033	2,207,217
18,277	994	1,264	16,634	6,884	15,669
60,945	59,215	54,746	57,306	68,105	68,042
-	-	1,320	-	-	-
1,827,888	2,029,375	1,912,537	1,488,782	1,354,695	1,463,791
648,810	659,305	591,510	633,661	612,769	632,829
<u>5,850,355</u>	<u>5,779,933</u>	<u>5,067,033</u>	<u>4,751,843</u>	<u>5,676,517</u>	<u>4,625,343</u>
12,030	12,652	16,372	11,818	9,175	9,655
200,070	190,321	168,524	178,073	149,699	169,070
106,764	106,604	105,441	95,244	118,874	115,490
1,349	1,212	1,068	1,034	1,087	-
117,929	106,801	99,940	19,115	21,717	16,400
110,804	48,419	84,170	78,720	83,922	79,588
548,946	466,009	475,515	384,004	384,474	390,203
<u>\$ 6,399,301</u>	<u>\$ 6,245,942</u>	<u>\$ 5,542,548</u>	<u>\$ 5,135,847</u>	<u>\$ 6,060,991</u>	<u>\$ 5,015,546</u>
\$ 504,434	\$ 466,540	\$ 423,411	\$ 515,981	\$ 520,244	\$ 326,205
757,576	817,894	817,162	2,015,974	990,379	658,294
1,912,994	1,864,934	1,688,586	1,647,531	1,705,227	1,364,756
492,576	449,650	404,071	410,805	382,463	319,963
2,596,033	2,420,412	2,261,984	2,067,733	1,869,940	1,827,623
277,816	187,722	241,021	270,299	213,076	180,837
703,039	740,113	696,937	609,253	584,423	557,792
403,746	394,500	342,556	295,183	293,999	286,236
597,796	892,847	319,268	386,298	247,671	430,096
1,110,674	1,026,604	1,135,249	959,586	952,916	812,686
254,159	189,741	177,531	231,574	129,678	62,082
72,718	50,864	48,377	42,662	43,820	40,555
<u>9,683,561</u>	<u>9,501,821</u>	<u>8,556,153</u>	<u>9,452,879</u>	<u>7,933,836</u>	<u>6,867,125</u>
11,190	5,095	5,062	3,514	9,987	9,561
302,406	325,040	339,964	199,792	122,128	122,908
144,009	134,020	114,885	117,499	112,437	129,074
6,254	2,633	1,984	2,062	4,965	2,221
463,859	466,788	461,895	322,867	249,517	263,764
<u>\$ 10,147,420</u>	<u>\$ 9,968,609</u>	<u>\$ 9,018,048</u>	<u>\$ 9,775,746</u>	<u>\$ 8,183,353</u>	<u>\$ 7,130,889</u>
\$ (3,833,206)	\$ (3,721,888)	\$ (3,489,120)	\$ (4,701,036)	\$ (2,257,319)	\$ (2,241,782)
85,087	(779)	13,620	61,137	134,957	126,439
<u>\$ (3,748,119)</u>	<u>\$ (3,722,667)</u>	<u>\$ (3,475,500)</u>	<u>\$ (4,639,899)</u>	<u>\$ (2,122,362)</u>	<u>\$ (2,115,343)</u>

Financial Trends - Government-wide General Revenues and Other Changes in Net Position

Last Ten Fiscal Years

(Stated in Thousands)

	2016	2015	2014	2013
Net (Expense)/Revenue (From Schedule A-2)				
Governmental Activities	\$ (6,272,401)	\$ (5,997,468)	\$ (5,280,709)	\$ (4,371,648)
Business-type Activities	55,009	37,217	109,008	125,728
Total Primary Government Net Expense	<u>\$ (6,217,392)</u>	<u>\$ (5,960,251)</u>	<u>\$ (5,171,701)</u>	<u>\$ (4,245,920)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Severance Taxes	\$ (318,546)	\$ (106,738)	\$ 2,175,990	\$ 3,855,649
Selective Sales/Use	265,992	250,283	252,538	246,235
Income Taxes	65,795	239,379	414,613	583,429
Property Taxes	111,137	127,821	128,076	99,598
Other Taxes	2,576	2,592	2,631	2,444
Interest and Investment Earnings	706,296	2,832,768	8,236,307	5,208,270
Tobacco Settlement	30,479	29,175	32,261	30,012
Payments In from Component Units	174,722	14,106	22,578	31,336
Other Revenues	36,905	4,641	27,842	68,841
Transfers - Internal Activity	747	(10,544)	(627)	(23,127)
Extraordinary Items				
Pension Obligation and Other Post Employment		-	-	-
Prior Period Adjustments and Restatements	(308,867)	285,522	(11,230)	-
Changes in Accounting Principles		-	-	-
Total Governmental Activities General Revenues and Other Changes in Net Position	<u>767,236</u>	<u>3,669,005</u>	<u>11,280,979</u>	<u>10,102,687</u>
Business-type Activities:				
Interest and Investment Earnings	(11,403)	(10,155)	(13,985)	(16,838)
Other Revenues	380	890	4,703	4,460
Payments In from Component Units		-	-	15,873
Transfers - Internal Activity	(747)	10,544	627	23,127
Special Items		-	-	-
Prior Period Adjustments and Restatements		-	-	-
Changes in Accounting Principles		-	-	-
Total Business-type Activities General Revenues and Other Changes in Net Position	<u>(11,770)</u>	<u>1,279</u>	<u>(8,655)</u>	<u>26,622</u>
Total Primary Government General Revenues and Other Changes in Net Position	<u>\$ 755,466</u>	<u>\$ 3,670,284</u>	<u>\$ 11,272,324</u>	<u>\$ 10,129,309</u>
Change in Net Position				
Governmental Activities	\$ (5,505,165)	\$ (2,328,463)	\$ 6,000,270	\$ 5,731,039
Business-type Activities	43,239	38,496	100,353	152,350
Total Primary Government Changes in Net Position	<u>\$ (5,461,926)</u>	<u>\$ (2,289,967)</u>	<u>\$ 6,100,623</u>	<u>\$ 5,883,389</u>

NOTE:

This schedule is presented on the accrual basis of accounting.

SCHEDULE A-3

2012	2011	2010	2009	2008	2007
\$ (3,833,206)	\$ (3,721,888)	\$ (3,489,120)	\$ (4,701,036)	\$ (2,257,319)	\$ (2,241,782)
85,087	(779)	13,620	61,137	134,957	126,439
<u>\$ (3,748,119)</u>	<u>\$ (3,722,667)</u>	<u>\$ (3,475,500)</u>	<u>\$ (4,639,899)</u>	<u>\$ (2,122,362)</u>	<u>\$ (2,115,343)</u>
\$ 6,069,648	\$ 4,217,074	\$ 2,669,281	\$ 3,345,993	\$ 6,929,895	\$ 2,256,299
251,826	249,705	251,414	235,121	270,119	233,788
647,256	720,734	552,792	632,123	981,673	812,652
215,407	184,254	118,780	111,251	81,518	65,692
2,556	9,712	8,905	10,225	18,387	9,495
318,107	8,075,366	4,529,193	(6,460,729)	(910,362)	5,968,976
29,997	29,574	31,502	37,349	32,141	21,247
39,463	42,866	40,538	26,392	115,635	400,382
28,887	48,106	37,573	91,857	27,873	32,295
(3,052)	(1,310)	(5,267)	(14,032)	(625)	3,028
-	-	-	126,393	-	-
-	-	-	(2,186)	-	-
-	-	-	604,222	-	-
<u>7,600,095</u>	<u>13,576,081</u>	<u>8,234,711</u>	<u>(1,256,021)</u>	<u>7,546,254</u>	<u>9,803,854</u>
(13,772)	(16,374)	(13,201)	(11,037)	(281)	14,155
8,564	-	10,538	5,562	-	1,215
-	-	-	53	-	-
3,052	1,310	5,267	14,032	625	(3,028)
-	-	-	3,972	-	-
-	-	-	(3,685)	-	-
-	-	-	(1,518)	-	-
<u>(2,156)</u>	<u>(15,064)</u>	<u>2,604</u>	<u>7,379</u>	<u>344</u>	<u>12,342</u>
<u>\$ 7,597,939</u>	<u>\$ 13,561,017</u>	<u>\$ 8,237,315</u>	<u>\$ (1,248,642)</u>	<u>\$ 7,546,598</u>	<u>\$ 9,816,196</u>
\$ 3,766,889	\$ 9,854,193	\$ 4,745,591	\$ (5,957,057)	\$ 5,288,935	\$ 7,562,072
82,931	(15,843)	16,224	68,516	135,301	138,781
<u>\$ 3,849,820</u>	<u>\$ 9,838,350</u>	<u>\$ 4,761,815</u>	<u>\$ (5,888,541)</u>	<u>\$ 5,424,236</u>	<u>\$ 7,700,853</u>

STATE OF ALASKA
 Financial Trends - Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Stated in Thousands)

SCHEDULE A-4

	2016	2015	2014	2013
General Fund (Per GASB 54)^a				
Nonspendable	\$ 154,762	\$ 219,190	\$ 219,953	\$ 108,524
Restricted	50,065	83,969	58,953	77,042
Committed	3,470,237	4,995,744	6,577,052	5,997,573
Unassigned	6,384,544	10,533,000	15,685,658	16,440,266
General Fund (Prior GASB 54)^a				
Reserved ^b	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	<u>\$ 10,059,608</u>	<u>\$ 15,831,903</u>	<u>\$ 22,541,616</u>	<u>\$ 22,623,405</u>
All Other Governmental Funds (Per GASB 54)^a				
Nonspendable	\$ 44,788,850	\$ 46,263,114	\$ 45,563,618	\$ 41,299,265
Restricted	336,081	163,147	172,275	425,573
Committed	68,094	74,218	129,391	598,440
Assigned	8,570,020	7,162,406	6,211,325	4,053,792
Unassigned	-	(92,534)	(18,377)	-
All Other Governmental Funds (Prior GASB 54)^a				
Reserved ^c	-	-	-	-
Unreserved, reported in:				
Permanent funds	-	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total All Other Governmental Funds	<u>\$ 53,763,045</u>	<u>\$ 53,570,351</u>	<u>\$ 52,058,232</u>	<u>\$ 46,377,070</u>

NOTES:

This schedule is presented on the modified accrual basis of accounting.

In 2010, funds were reclassified in conjunction with implementing GASB Statement No. 54.

^a Prior to 2010 and the implementation of GASB statement No. 54, fund balances were classified as Reserved or Unreserved.

Under GASB statement No. 54, fund balances are classified as Nonspendable, Reserved, Committed, Assigned, or Unassigned.

^b The majority of the amount reported as reserved for the General Fund in 2007 represents the Constitutional Budget Reserve Fund. Further discussion of this fund is included in the Notes to the Basic Financial Statements. Beginning 2008 the majority represents reserved for encumbrances within the General Fund.

^c The majority of the amount reported as reserved for all other governmental funds represents the Alaska Permanent Fund. Further discussion of this fund is included in Management's Discussion and Analysis.

SCHEDULE A-4

2012	2011	2010	2009	2008	2007
\$ 165,504	\$ 146,525	\$ 229,199			
105,472	134,863	119,379			
5,339,354	4,448,973	4,782,302			
15,953,852	13,051,711	10,405,256			
-	-	-	\$ 1,101,357	\$ 898,734	\$ 5,388,823
-	-	-	13,222,879	13,717,732	2,249,074
<u>\$ 21,564,182</u>	<u>\$ 17,782,072</u>	<u>\$ 15,536,136</u>	<u>\$ 14,324,236</u>	<u>\$ 14,616,466</u>	<u>\$ 7,637,897</u>
\$ 38,713,004	\$ 38,261,469	\$ 32,408,388			
289,667	406,063	286,528			
615,614	817,352	418,643			
2,080,582	2,307,820	1,209,837			
-	-	-			
-	-	-	\$ 29,983,196	\$ 31,388,842	\$ 34,155,999
-	-	-	426,318	4,984,371	4,144,850
-	-	-	420,993	397,895	381,225
-	-	-	207,550	113,515	116,074
<u>\$ 41,698,867</u>	<u>\$ 41,792,704</u>	<u>\$ 34,323,396</u>	<u>\$ 31,038,057</u>	<u>\$ 36,884,623</u>	<u>\$ 38,798,148</u>

STATE OF ALASKA
Financial Trends - Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Stated in Thousands)

SCHEDULE A-5

	2016	2015	2014	2013
Revenues				
Taxes	\$ 126,954	\$ 513,337	\$ 2,973,848	\$ 4,787,355
Licenses and Permits	166,523	163,089	154,991	147,790
Charges for Services	183,910	199,976	184,657	194,058
Fines and Forfeitures	32,680	15,564	17,017	30,615
Rents and Royalties	931,662	1,714,369	2,563,426	2,807,255
Premiums and Contributions	46,942	27,441	24,741	25,949
Interest and Investment Income	721,084	2,847,916	8,299,902	5,248,270
Federal Grants in Aid	2,706,153	2,544,252	2,459,581	2,434,288
Payments in from Component Units	174,720	14,106	22,578	31,336
Other Revenues	70,608	50,187	61,190	101,707
Total Revenues	<u>5,161,236</u>	<u>8,090,237</u>	<u>16,761,931</u>	<u>15,808,623</u>
Expenditures				
General Government	519,288	1,395,586	555,498	588,288
Alaska Permanent Fund Dividend ^a	1,330,027	1,203,234	570,590	562,621
Education	1,872,621	3,770,244	2,118,884	2,081,438
University	481,268	653,543	594,777	568,805
Health and Human Services	2,920,002	2,803,944	2,599,796	2,741,002
Law and Justice	254,627	274,155	294,064	271,633
Public Protection	765,161	794,420	801,663	736,133
Natural Resources	371,231	427,988	401,217	399,938
Development	434,298	421,857	1,122,243	707,665
Transportation	1,465,843	1,548,227	1,520,690	1,277,201
Intergovernmental Revenue Sharing	125,351	134,686	263,408	288,281
Debt Service:				
Principal	91,349	85,126	84,365	97,959
Interest and Other Charges	63,025	67,155	69,208	64,891
Existing Monies to Bond Escrow Agent	-	-	-	-
Bond Issuance Costs	-	426	-	-
Total Expenditures	<u>10,694,091</u>	<u>13,580,591</u>	<u>10,996,403</u>	<u>10,385,855</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,532,855)	(5,490,354)	5,765,528	5,422,768
Other Financing Sources (Uses)				
Bonds Issued	263,090	30,895	-	-
Refunding Bonds Issued	-	94,425	-	312,125
Bond Issue Premium	52,046	26,718	-	36,338
Other Debt Proceeds	-	-	-	-
Bond Discount	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	(116,296)	-	-
Capital Leases	12,170	5,148	13,842	5,279
Transfers In from Other Funds	798,139	1,532,769	1,387,386	716,027
Transfers (Out to) Other Funds	(812,405)	(1,566,421)	(1,404,040)	(754,907)
Total Other Financing Sources and Uses	<u>313,040</u>	<u>7,238</u>	<u>(2,812)</u>	<u>314,862</u>
Prior Period Adjustments and Restatements	-	285,522	(163,343)	-
Changes in Accounting Principles	-	-	-	-
Net Change in Fund Balances	<u>\$ (5,219,815)</u>	<u>\$ (5,197,594)</u>	<u>\$ 5,599,373</u>	<u>\$ 5,737,630</u>
Debt Service as a Percentage of Noncapital Expenditures	1.47%	1.16%	1.43%	1.60%

NOTES:

This schedule is presented on the modified accrual basis of accounting.

^a In 2009 the Alaska Permanent Fund Dividend expenses includes a one time energy rebate in the amount of \$738,767 (in thousands) that was paid to Alaska citizens to offset the cost of energy.

SCHEDULE A-5

	2012	2011	2010	2009	2008	2007
\$	7,186,196	\$ 5,381,479	\$ 3,602,345	\$ 4,334,450	\$ 8,282,074	\$ 3,462,462
	148,058	147,331	144,160	146,460	150,207	142,204
	197,276	179,554	164,400	176,310	179,213	180,695
	13,732	11,867	14,745	14,306	18,673	32,367
	2,996,900	2,779,564	2,259,999	2,237,219	3,354,696	2,162,495
	23,363	28,790	21,782	28,806	17,520	16,369
	344,378	8,139,303	4,575,828	(6,480,492)	(913,571)	6,023,532
	2,500,941	2,442,957	2,422,985	2,119,109	1,925,558	2,021,414
	39,463	42,866	40,538	26,392	115,635	400,382
	66,759	53,920	32,530	61,092	43,908	31,349
	<u>13,517,066</u>	<u>19,207,631</u>	<u>13,279,312</u>	<u>2,663,652</u>	<u>13,173,913</u>	<u>14,473,269</u>
	491,697	481,434	437,178	740,621	596,754	346,530
	757,576	817,894	817,162	2,015,974	990,379	658,294
	1,899,380	1,835,425	1,705,340	1,658,971	1,716,876	1,359,413
	491,857	449,248	402,867	409,890	382,459	320,238
	2,573,858	2,427,974	2,251,631	2,064,656	1,881,458	1,819,084
	278,809	238,083	303,662	202,860	209,031	179,851
	734,059	784,268	715,945	620,975	577,377	553,412
	384,167	379,151	391,318	339,496	301,660	297,410
	595,362	893,417	330,074	387,633	251,051	429,894
	1,146,767	1,103,655	1,174,671	1,111,105	1,036,352	988,857
	254,525	189,796	177,804	231,364	128,564	61,925
	134,825	47,229	43,210	48,414	45,870	39,110
	77,816	44,201	45,110	41,914	46,546	42,253
	-	-	-	-	-	27,009
	-	-	-	524	-	-
	<u>9,820,698</u>	<u>9,691,775</u>	<u>8,795,972</u>	<u>9,874,397</u>	<u>8,164,377</u>	<u>7,123,280</u>
	3,696,368	9,515,856	4,483,340	(7,210,745)	5,009,536	7,349,989
	-	200,000	-	165,000	-	218,938
	204,390	-	-	-	-	193,050
	33,007	1,837	-	8,611	-	-
	-	-	-	-	-	(193,050)
	-	-	-	-	-	(11,180)
	(237,509)	-	-	-	-	-
	10,277	8,212	20,603	271,901	59,651	4,241
	1,324,843	1,277,441	924,015	937,064	1,479,573	1,338,871
	(1,343,103)	(1,288,102)	(930,719)	(961,402)	(1,483,716)	(1,363,302)
	<u>(8,095)</u>	<u>199,388</u>	<u>13,899</u>	<u>421,174</u>	<u>55,508</u>	<u>187,568</u>
	-	-	-	(2,186)	-	-
	-	-	-	652,961	-	-
\$	<u>3,688,273</u>	<u>9,715,244</u>	<u>4,497,239</u>	<u>(6,138,796)</u>	<u>5,065,044</u>	<u>7,537,557</u>
	2.18%	0.96%	1.02%	0.96%	1.15%	1.57%



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STATE OF ALASKA
Revenue Capacity - Alaska Permanent Fund Investment Income
Last Ten Fiscal Years
(Stated in Millions)

SCHEDULE B-1

Fiscal Year	Ending Fund Market Value ^a	Nonspendable Fund Assets	Assigned Fund Assets ^b	Total Fund Return
2007	\$ 37,826	\$ 33,694	\$ 4,132	17.1%
2008	35,881	30,912	4,969	-3.6%
2009	29,916	29,496	420	-18.0%
2010	33,255	32,045	1,210	11.7%
2011	40,140	37,832	2,308	20.6%
2012	40,333	38,252	2,081	-0.01%
2013	44,853	40,800	4,054	10.9%
2014	51,214	45,002	6,211	15.5%
2015	52,801	45,638	7,163	4.9%
2016	52,770	44,200	8,570	1.0%

Annual Rate of Return by Asset Class ^c

Fiscal Year	Domestic Equities	International Equities	Global Equities	Domestic Bonds	Non-Dollar Bonds	Real Estate	Alternative Investments	Total Fund
2007	19.2%	31.6%	8.9%	6.2%	2.8%	18.1%	13.6%	17.1%
2008	-11.7%	-5.5%	-10.2%	6.1%	10.9%	0.5%	1.0%	-3.6%
2009	-24.8%	-31.3%	-31.4%	3.3%	3.6%	-18.4%	-13.2%	-18.0%
2010	15.9%	11.8%	11.6%	11.5%	7.9%	-0.6%	13.5%	11.7%
2011	33.4%	28.7%	31.5%	5.3%	0.6%	16.9%	12.2%	20.6%
2012	2.3%	-14.6%	-4.7%	7.8%	6.5%	11.4%	1.4%	-0.01%
2013	22.4%	12.3%	19.7%	0.4%	1.7%	10.8%	6.7%	10.9%
2014	27.0%	20.2%	25.0%	4.8%	5.5%	12.7%	13.5%	15.5%
2015	7.2%	-5.2%	1.2%	1.2%	-2.4%	9.8%	39.8%	4.9%
2016	-0.1%	-9.4%	-4.0%	5.3%	7.3%	12.6%	4.9%	1.0%

SOURCE:

Alaska Permanent Fund Corporation

NOTES:

^a The Alaska Permanent Fund is made up of two parts: nonspendable and assigned assets. The nonspendable portion of the fund is invested in perpetuity and cannot be spent without amending the state constitution through a majority vote of the people.

^b Assigned fund assets are defined in Alaska statute as the accumulation of cash flow and net realized gains from investments and are subject to appropriation by the Legislature. Historically, the assigned fund assets have primarily been used to distribute a portion of realized earnings to the citizens of Alaska and to protect the nonspendable fund assets from inflation. The assigned fund assets are where all income available for appropriation is recorded, retained and reinvested until distributed in accordance with State of Alaska law. The assigned fund assets shown above have already been reduced by the annual dividend and inflation proofing transfer each year. The nonspendable and assigned fund assets are commingled for investment purposes.

^c Returns are shown by major asset class only and are unaudited. For the year 2007 global equity returns are for six months only.

REVENUE BASE (Last Ten Fiscal Years)

Fiscal Year	Oil Severance Taxes	
	Well-Head Value	Weighted Average Severance Tax Rate **
2007	\$56.20 per barrel	18.0%
2008	\$90.46 per barrel	41.3%
2009	\$61.96 per barrel	33.6%
2010	\$68.89 per barrel	29.1%
2011	\$87.82 per barrel	37.3%
2012	\$104.28 per barrel	42.7%
2013	\$97.81 per barrel	38.6%
2014	\$97.15 per barrel	27.9%
2015	\$63.17 per barrel	35.0%
2016*	32.65 per barrel	35%+*

*Fiscal Year 2016 information is preliminary and subject to change. For FY 2016, 35% was the statutory tax rate applied to net production tax value. However, due to the low price of oil, most companies paid an alternative gross minimum tax of 4%, even if they had a net operating loss.

**Production tax rate is applied to net production value beginning in FY 2007. Prior to FY 2007, production tax rate was applied to gross value at point of production.

REVENUE RATE: The method of calculating production tax revenue changed on April 1, 2006 with the implementation of the Petroleum Profits Tax (PPT) and on July 1, 2007 with the implementation of the Alaska Clear and Equitable Share (ACES) and on January 1, 2014 with the implementation of the Senate Bill 21 (SB21) tax system.

Production tax revenue is calculated as follows with differences between ACES and MAPA shown in the notes:

$$[(\text{Petroleum Value}^1 \text{ minus Costs}^2) \text{ times Tax Rate}^3] \text{ minus Credits}^4$$

¹ Petroleum Value = (Total number of barrels^a produced minus royalty barrels^b) multiplied by the wellhead value^c

^a The total number of barrels of oil equivalent produced

See the Royalty Revenue Capacity Schedule B-3 for number of barrels produced

^b Minus the number of royalty barrels

Barrels that are charged royalties are not taxed, therefore these barrels are subtracted from the total

^c Multiplied by the wellhead value

Destination value minus allowable marine and transportation costs of each barrel

² Costs = Lease expenditures, including qualified operating and capital expenses

³ Tax Rate = PPT: The production tax rate is 22.5% of the petroleum value minus costs ("net income").

A progressive surcharge of .25% is added for every dollar that this "net income" per barrel exceeds \$40. Total maximum tax rate is 47.5%. ACES: The production tax rate is 25% of the petroleum value minus costs ("net income"). A progressive surcharge of .4% is added for every dollar that this "net income" per barrel exceeds \$30 and is less than \$92.50. At \$92.50 the progressive surcharge changes to .1% for every additional dollar in net value. Total maximum tax rate is 75% in net value. Total maximum tax rate is 75%. SB21: The production tax rate is 35% of the petroleum value minus costs.

⁴ Credits = PPT: Includes a 20% credit for all qualified capital expenditures, 20% credit for eligible transition expenditures, and a small producer credit of up to \$12 million per year for qualified companies. ACES: Includes a 20% credit for all qualified capital expenditures, and a small producer credit of up to \$12 million per year for qualified companies. SB21: Includes a per-taxable-barrel credit of \$0 to \$8 per barrel, depending on oil prices, and a small producer credit of up to \$12 million per year for qualified companies.

Prior to April 1, 2006 the revenue rate was calculated using the Economic Limit Factor (ELF).

The effective severance tax rate under the ELF was computed as:

$$(\text{Number of barrels produced less the number of royalty barrels}) \times \text{the wellhead value} \times \text{the severance tax rate} \times \text{ELF}$$

REVENUE PAYERS (Current Reporting Period and Period Nine Years Prior)

	<u>2016</u>	<u>2007</u>
Alaska Statute 43.05.230 prohibits naming individual tax payers.	Five oil companies account for more than 98.9% of severance tax.	Five oil companies account for more than 99.8% of severance tax.
Amount of Revenue Base	Five oil companies account for 179,574 thousands of barrels of oil production.	Five oil companies account for 257,600 thousands of barrels of oil production.
Percent of top payers to total oil production	93.0%	94.5%
Percent of top payers to total production tax revenue	98.9%	99.8%

SOURCE:

Alaska Department of Revenue, Tax Division

REVENUE BASE (Last Ten Fiscal Years)

Fiscal Year	Gross Number of Barrels (Restated) ²	Number of Barrels for Which Royalties are Charged (Restated) ²	Weighted Average ¹ Royalty Rate (Restated) ²
2007	275,669,062	35,278,415	12.80%
2008	266,385,320	34,145,652	12.82%
2009	249,822,728	31,886,096	12.76%
2010	232,161,261	29,679,047	12.78%
2011	219,360,412	27,863,774	12.70%
2012	212,436,387	26,738,403	12.59%
2013	195,668,338	24,612,682	12.58%
2014	196,682,149	24,326,218	12.37%
2015	182,434,070	22,602,841	12.39%
2016	183,971,024	22,583,746	12.28%

1. The royalty rate ranges from 5.00% to 33.33%, depending on lease terms. However, the majority of fields are charged at 12.50%. Per Article IX, Section 15 of the Alaska Constitution, "At least 25 percent of all mineral . . . royalties . . . received by the State shall be placed in a permanent fund..."
2. At the time of publication each year "Gross Number of Barrels", "Number of Barrels for Which Royalties are Charged" and various percentages are not final. These figures should be updated in the following year with "final" figures and they were not for 2007-2010 until now.

REVENUE PAYERS (Current Reporting Period and Period Nine Years Prior)

	2016	2007
Top Payers	Royalties from British Petroleum, ConocoPhillips, ExxonMobil, and Tesoro corporations comprise more than 81% of oil royalty barrels this fiscal year.	Royalties from British Petroleum, ConocoPhillips, and Flint Hills corporations comprise about 90% of oil royalty barrels this fiscal year.
Amount of Revenue Base	British Petroleum, ConocoPhillips, ExxonMobil, and Tesoro corporations paid royalties on over 18.4 million barrels of oil this fiscal year.	British Petroleum, ConocoPhillips, and Flint Hills corporations paid royalties on about 32 million barrels of oil this fiscal year.
Percent of top payers to number of royalty barrels:	81.28%	90.78%
Percent of top payers to total royalty revenue:	76.77%	86.46%

SOURCE:

Alaska Department of Natural Resources, Division of Oil and Gas



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Debt Capacity - Ratios of Outstanding Debt By Type

Last Ten Fiscal Years

(Stated in Thousands, Except Per Capita Amount)

Fiscal Year	General Bonded Debt			Other Governmental Activities Debt		
	General Obligation Bonds ^b	Percentage of Personal Income ^a	Per Capita ^a	Tobacco Revenue Bonds	Sport Fishing Revenue Bonds	Certificates of Participation
2007	\$ 404,866	1.56%	\$ 604	\$ 387,252	\$ 64,273	\$ 65,275
2008	375,808	1.38%	555	381,399	61,942	56,990
2009	520,019	1.72%	765	372,374	57,802	51,415
2010	489,517	1.62%	707	371,298	54,455	45,605
2011	655,633	2.08%	923	370,677	51,859	39,600
2012	609,961	1.85%	845	365,871	48,274	11,375
2013	893,966	2.47%	1,221	360,774	42,272	4,910
2014	691,720	1.88%	939	353,680	37,441	3,345
2015	656,599	1.68%	893	348,696	33,134	35,277
2016	921,144	2.24%	1,245	342,410	29,360	31,919

NOTES:

Details regarding the state's outstanding debt can be found in the Notes to the Basic Financial Statements.

^a See Schedule D-1, Demographic and Economic Information - Statistics, for personal income and population data.

These ratios are calculated using personal income and population for the prior calendar year.

^b General Obligation bonds do not have any external restrictions for the repayment of debt. Total and net bonded debt are the same.

SCHEDULE C-1

	Business-type Activities				
	International	Airports	Total Primary	Percentage	Per
Capital	Revenue	Revenue	Government	of Personal	Capita ^a
Leases	Bonds	Bonds		Income ^a	
\$ 130,311	\$ 633,152	\$ 633,152	\$ 1,685,129	6.51%	\$ 2,515
171,458	617,465	617,465	1,665,062	6.10%	2,460
410,846	582,893	582,893	1,995,349	6.60%	2,936
410,085	562,006	562,006	1,932,966	6.40%	2,792
392,636	593,597	593,597	2,104,002	6.67%	2,962
380,131	579,579	579,579	1,995,191	6.05%	2,763
341,765	565,029	565,029	2,208,716	6.11%	3,016
329,417	513,685	513,685	1,929,288	5.23%	2,620
308,262	497,155	497,155	1,879,123	4.82%	2,555
293,769	474,477	474,477	2,093,079	5.10%	2,829

STATE OF ALASKA
Debt Capacity - Pledged-Revenue Coverage
Last Ten Fiscal Years
(Stated in Thousands)

SCHEDULE C-2

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Debt Service Interest	Coverage
International Airports Revenue Bonds: ^a						
2007	\$ 123,435	\$ 70,609	\$ 52,826	\$ 12,770	\$ 31,675	1.19
2008	129,835	72,054	57,781	15,515	30,450	1.26
2009	103,668	72,164	31,504	19,880	29,711	0.64
2010	110,811	64,368	46,443	6,085	28,491	1.34
2011	110,835	72,203	38,632	7,040	27,447	1.12
2012	106,061	79,770	26,291	13,150	28,047	0.64
2013	104,550	79,765	24,785	13,740	27,468	0.60
2014	118,826	84,691	34,135	14,350	26,862	0.83
2015	135,387	94,615	40,772	15,860	24,346	1.01
2016	137,849	71,433	66,416	16,725	23,578	1.65
Northern Tobacco Securitization Corporation (NTSC) Tobacco Revenue Bonds: ^b						
2007	\$ 18,428	\$ -	\$ 18,428	\$ -	\$ 11,996	1.54
2008	29,542	-	29,542	3,360	19,440	1.30
2009	30,972	-	30,972	-	19,834	1.56
2010	25,294	-	25,294	-	19,750	1.28
2011	23,598	-	23,598	-	18,092	1.30
2012	24,072	-	24,072	-	17,837	1.35
2013	24,094	-	24,094	645	17,546	1.32
2014	25,856	-	25,856	3,660	17,238	1.24
2015	23,386	-	23,386	5,325	16,835	1.06
2016	24,433	-	24,433	9,670	16,529	0.93
Sport Fishing Revenue Bonds: ^c						
2007	\$ 7,418	\$ -	\$ 7,418	\$ 2,415	\$ 2,883	1.40
2008	7,483	-	7,483	2,295	2,923	1.43
2009	6,636	-	6,636	2,385	2,831	1.27
2010	5,825	-	5,825	2,485	2,649	1.13
2011	5,957	-	5,957	2,580	2,510	1.17
2012	6,025	-	6,025	3,015	2,075	1.18
2013	5,755	-	5,755	5,600	2,145	0.74
2014	6,334	-	6,334	4,540	1,902	0.98
2015	6,476	-	6,476	4,030	1,619	1.15
2016	6,712	-	6,712	3,355	1,538	1.37

NOTES:

Details regarding the state's outstanding debt can be found in the Notes to the Basic Financial Statements. Gross revenues include nonoperating interest and investment income. Operating expenses do not include interest, depreciation or amortization expenses. Additional details regarding revenues and expenses can be found in the combining fund statements of this CAFR.

^a The principal revenues of the International Airports are charges to customers for airfield operations, concession fees, rent, and user fees.

^b Tobacco Revenue Bonds are debt of the Northern Tobacco Securitization Corporation (NTSC), which was incorporated on September 29, 2000. NTSC revenues include Tobacco Settlement Revenues (TSRs) and investment earnings, both of which are pledged as security under the revenue bond indentures.

^c Sport Fishing Revenue Bonds were sold April 11, 2006. The coverage reflected is surcharge revenue only as required in the additional bonds test. Additional coverage is provided from the base license fee, king salmon stamp fee, and certain federal receipts which are also pledged to repayment of the bonds.



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STATE OF ALASKA
Demographic and Economic Information - Statistics
Last Ten Calendar Years

SCHEDULE D-1

Year	Population ¹	Personal Income (Stated in Millions) ²	Alaska Per Capita Personal Income ²	United States Per Capita Personal Income ²	Median Age ¹	Unemployment Rate ¹
2006	670,053	\$ 25,879	\$ 38,622	\$ 34,471	33.5	6.7%
2007	676,987	27,294	39,934	36,714	33.5	6.2%
2008	679,720	30,224	44,039	40,208	33.5	6.7%
2009	692,314	30,180	43,209	39,626	33.5	8.0%
2010	710,231	31,562	44,205	39,945	33.8	8.0%
2011	722,190	33,003	45,665	41,560	33.9	7.6%
2012	732,298	36,159	49,436	43,735	34.1	7.0%
2013	736,399	36,867	50,150	44,765	34.3	6.5%
2014	735,601	38,974	52,901	46,129	34.4	6.8%
2015	739,828	41,032	55,307	49,571	34.7	6.6%

SOURCES:

¹ Alaska Department of Labor and Workforce Development, Research and Analysis Section

² U.S. Department of Commerce, Bureau of Economic Analysis

NOTE:

At the time of preparation, data provided by the U.S. Department of Commerce, Bureau of Economic Analysis is preliminary.

STATE OF ALASKA
Demographic and Economic Information - Employment by Industry
Calendar Year 2015 and Period Nine Years Prior

SCHEDULE D-2

Industry	2015			2006		
	Employment	Rank	Percentage of Total State Employment	Employment	Rank	Percentage of Total State Employment
Retail Trade	37,300	1	10.37%	35,800	1	10.40%
Health Care	34,450	2	9.58%	27,000	2	7.84%
Military	20,800	3	5.78%	30,400	3	8.83%
Food Service and Drinking Places	21,600	4	6.01%	19,200	5	5.58%
Local Government Education	22,900	5	6.37%	22,500	4	6.53%
Transportation	21,800	6	6.06%	21,400	6	6.22%
State Government (Non Education)	18,100	7	5.03%	17,500	9	5.08%
Local Government (Non Education)	18,400	8	5.12%	17,200	8	5.00%
Construction	17,600	9	4.89%	18,700	7	5.43%
Federal Government (Non Military)	14,900	10	4.14%	16,700	10	4.85%
Total	<u>227,850</u>		<u>63.34%</u>	<u>226,400</u>		<u>66.76%</u>
Total Employment ^a	<u>359,700</u>			<u>344,311</u>		

SOURCE:

Alaska Department of Labor and Workforce Development, Research and Analysis Section

NOTES:

^a Standard wage and salary employment totals supplemented by active-duty military totals.

STATE OF ALASKA
Operating Information - Full-time Equivalent Government Employees by Function
Last Ten Fiscal Years

SCHEDULE E-1

FUNCTION	2016	2015	2014	2013
General Government	2,274	2,330	2,250	2,213
Education	383	410	403	402
Health and Human Services	2,968	3,183	3,035	2,988
Law and Justice	1,616	1,717	1,670	1,659
Public Protection	3,661	3,665	3,794	3,617
Natural Resources	2,045	2,231	2,137	2,140
Development	631	694	709	784
Transportation	2,979	3,042	2,961	3,045
Totals	16,557	17,272	16,959	16,848

Note: Full-time equivalent employees are calculated using the total number of hours worked, divided by the number of hours worked during the year by a full-time employee.

SCHEDULE E-1

2012	2011	2010	2009	2008	2007
2,272	2,248	2,158	2,225	2,137	2,139
421	434	432	419	414	423
2,930	2,921	2,873	2,694	2,816	2,599
1,710	1,685	1,671	1,642	1,587	1,550
3,481	3,511	3,582	3,540	3,297	3,634
2,230	2,195	2,131	2,031	1,994	1,978
812	826	822	775	745	748
3,169	3,131	3,052	3,060	2,987	2,979
<u>17,025</u>	<u>16,951</u>	<u>16,721</u>	<u>16,386</u>	<u>15,977</u>	<u>16,050</u>

STATE OF ALASKA
Operating Information - Operating Indicators by Function
Last Ten Fiscal Years

SCHEDULE E-2

FUNCTION	2016	2015	2014	2013
Alaska Permanent Fund Dividend				
Number of Dividends Paid ^a		640,386	636,088	633,017
Education				
Student Enrollment in State Supported				
Schools (pre-elementary through grade 12)	132,966	131,882	131,577	132,185
University				
Student Enrollment in the State University				
System (average head count over both semesters)	30,298	31,587	32,363	33,654
Health and Human Services				
Medicaid Beneficiaries	187,097	151,591	156,595	138,790
Temporary Assistance Caseload	5,586	3,195	3,547	3,661
Protective Services Reports Regarding Children	16,889	15,958	15,859	15,721
Law and Justice				
Criminal Caseload - Misdemeanors	17,091	22,196	21,327	21,710
Criminal Caseload - Felonies and Appeals	5,418	7,441	8,500	8,752
Civil Caseload	5,960	6,201	6,065	6,133
Public Protection				
Adult Offenders in Correctional Facilities	5,904	6,288	6,304	6,120
Juvenile Offenders in Detention or Treatment Facilities	139	170	158	157
National Guard Assigned Strength in Alaska	3,940	3,847	3,968	3,860
Number of Homicides Investigated by State Troopers	25	28	18	22
Natural Resources				
Wholesale Value of Alaska Commercial Fish				
Harvests (stated in thousands of dollars) ^a		4,151,623	2,815,654	3,158,152
Recreation Acres State Owned or Maintained	12,652,523	12,626,004	12,622,086	12,622,881
State Timber Sold Annually (million board feet)	6.8	20.9	28.5	9.0
State Acreage Leased for Oil and Gas Development	6,161,719	5,752,866	5,857,373	5,938,891
Placer Mines Permitted	292	403	430	603
Development				
Number of State Business Licenses	70,263	68,935	68,503	51,310
Transportation				
Annual Fatalities per 100 Million Miles of Vehicle Travel in AK ^a		1.29	1.50	1.05
State Ferry Route Miles	3,290	3,290	3,290	3,290
Intergovernmental Revenue Sharing				
Number of Communities that Receive a Portion of Shared				
Taxes and Fees	142	150	144	144
Loans				
Number of Loans in Portfolio	1,534	1,515	1,643	1,668
Unemployment Compensation				
Initial Claims Paid ^a		67,060	72,998	83,554
Airports ^b				
Landings:				
Jets	53,487	60,909	61,637	62,998
Other Aircraft	59,657	51,504	51,850	46,812
Passengers:				
In	3,311,305	3,178,340	3,043,991	2,947,939
Out	3,321,417	3,167,655	3,030,809	2,494,044
Through	42,358	90,291	105,266	106,914
Freight (in tons):				
In	325,244	350,231	387,142	426,802
Out	381,388	317,992	326,308	374,096

SOURCES:

Various state departments and the University of Alaska.

NOTES:

Indicators are not available for the general government function.

^a Data is only provided on a calendar year basis.

^b Data is for the Anchorage and Fairbanks International Airports.

SCHEDULE E-2

2012	2011	2010	2009	2008	2007
640,700	644,156	641,112	623,707	615,513	595,237
131,682	132,104	131,662	130,685	131,029	132,608
35,082	34,528	33,821	31,888	32,324	32,515
136,913	132,991	134,535	123,791	117,472	121,864
3,803	3,619	3,198	3,027	3,109	6,335
16,288	16,067	14,629	13,441	11,599	11,400
21,672	23,138	23,818	22,351	23,973	23,609
8,233	8,592	8,571	7,796	8,466	8,469
6,485	6,116	6,493	6,290	5,644	5,750
6,023	5,864	5,602	5,319	5,384	5,236
199	185	211	202	228	237
3,949	4,043	3,845	3,785	4,242	3,872
14	18	9	15	14	12
2,841,699	2,903,915	2,497,060	1,970,607	2,607,666	2,326,176
12,622,881	11,892,818	11,931,889	11,834,483	11,535,850	11,663,339
22.5	24.1	12.5	15.5	61.0	82.9
5,398,580	6,150,545	6,669,020	6,969,870	7,119,574	6,666,274
562	486	107	194	260	178
66,737	63,618	65,096	59,751	62,187	65,331
1.23	1.57	1.17	1.30	1.29	1.61
3,290	3,274	2,829	2,829	2,829	2,829
144	147	148	146	142	146
1,846	2,158	2,280	2,064	2,168	2,277
79,743	72,696	94,592	122,830	93,072	89,442
66,787	71,499	69,927	65,945	84,366	80,652
46,432	45,632	42,959	45,399	68,253	46,940
2,961,887	2,926,922	2,804,494	2,926,772	3,043,533	2,889,786
2,955,646	2,939,191	2,823,969	2,893,374	3,002,133	2,873,803
150,449	221,529	240,331	227,164	360,572	364,850
496,126	414,014	361,019	288,650	366,907	369,743
441,201	374,048	326,277	326,797	417,979	393,279

STATE OF ALASKA
Operating Information - Capital Asset Statistics by Function
Last Ten Fiscal Years

SCHEDULE E-3

FUNCTION	2016	2015	2014	2013
Primary Government:				
General Government				
Buildings (square feet)	971,343	937,638	941,144	932,305
Education				
Buildings (square feet)	1,739,362	1,886,872	1,922,210	2,010,102
Schools	79	92	94	97
Schools Under Construction	11	16	29	28
Health and Human Services				
Buildings (square feet)	1,267,830	1,281,004	1,269,375	1,258,620
Pioneer Homes	6	6	6	6
Law and Justice				
Buildings (square feet)	690,114	691,178	698,420	698,636
Court Buildings	13	13	13	13
Public Protection				
Buildings (square feet)	1,564,052	1,475,111	1,586,955	1,523,692
Correctional Institutions	13	13	13	13
Aircraft	12	19	19	17
Motor Vessels	18	25	24	23
National Guard Armories	21	21	21	21
Natural Resources				
Buildings (square feet)	873,340	897,974	894,020	901,530
Parks Acreage	3,393,744	3,357,444	3,357,393	3,357,393
Forest Acreage	2,134,899	2,144,680	2,144,680	2,144,680
Other State Land Acreage	94,985,055	94,991,360	94,964,340	94,966,591
Aircraft	5	5	5	3
Motor Vessels	10	10	11	11
Development				
Buildings (square feet)	269,452	279,392	296,453	330,084
Transportation				
Buildings (square feet)	1,272,699	1,224,279	1,238,694	1,282,466
Light Duty Vehicles	3,623	3,730	3,686	3,097
Heavy Duty Utility Vehicles	2,219	2,238	2,236	2,162
Ferries	11	11	11	11
Building Projects Under Construction	115	151	173	167
Rural Airports	242	247	254	253
Rural Airport Projects Under Construction	407	381	372	357
Centerline Road Miles ^a		5,612	5,592	5,589
Highway Projects Under Construction	874	832	897	910
Business-type Activities:				
Airports (Anchorage and Fairbanks International)				
Terminals (square feet)	1,320,737	1,320,737	1,320,737	1,320,737
International Airport (acreage)	8,288	8,288	8,288	8,168
International Airport Projects Under Construction	99	94	83	94
Runways (miles)	10	10	10	10

NOTES:

^a Centerline road miles are calculated on a calendar year basis.

SCHEDULE E-3

2012	2011	2010	2009	2008	2007
921,990	891,302	828,694	880,198	803,175	764,192
2,180,240	2,037,695	2,200,336	2,340,905	2,331,178	2,354,648
114	106	111	119	119	105
25	23	36	39	39	35
1,188,573	1,157,282	1,103,295	1,065,828	1,058,616	928,505
6	6	6	6	6	6
693,392	667,637	641,456	649,529	596,631	553,687
13	13	13	13	13	13
1,411,646	1,391,021	1,375,250	1,400,619	1,239,332	1,298,482
11	11	11	11	11	11
18	18	16	16	16	16
22	22	22	22	21	21
21	21	21	21	21	21
904,724	869,809	818,066	803,675	749,618	706,814
3,357,393	3,300,000	3,381,858	3,356,810	3,356,810	3,353,805
2,144,680	2,121,499	2,122,899	2,097,608	2,097,608	2,232,400
94,909,670	92,134,583	91,858,588	90,309,649	88,505,417	86,166,329
3	3	3	3	3	3
11	9	9	9	9	9
329,430	327,102	315,477	306,678	279,924	267,229
1,285,261	1,240,569	1,172,039	1,210,953	1,122,960	1,064,449
3,225	3,461	3,822	3,756	3,671	3,609
2,102	2,064	1,847	1,781	1,760	1,668
11	11	11	11	11	11
152	166	154	119	119	105
253	252	253	256	256	256
401	373	394	409	383	339
5,609	5,608	5,619	5,601	5,595	5,606
831	827	807	801	808	782
1,271,568	1,271,568	1,271,568	1,295,864	1,280,864	1,280,864
8,244	8,244	8,244	8,244	8,153	8,153
98	122	107	117	105	121
10	8	8	8	8	8



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Index of Funds



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Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
2008 Transportation Project (GO Bonds)	Ch 30, SLA 2008	Yes	CPF	3.51, 3.52
2010 Education Project (GO Bonds)	Ch 95, SLA 2010	Yes	CPF	3.51, 3.52
2012 Transportation Project (GO Bonds)	Ch 18, SLA 2012	Yes	CPF	3.51, 3.52
Abandoned Motor Vehicles	AS 28.11.110	No	GF	3.01, 3.02
Adak Airport Operations	PL 101-510	No	GF	3.01, 3.02
Agricultural Revolving Loan	AS 03.10.040	Yes	OAEF	4.31 - 4.33
Alaska Aerospace Corporation	AS 26.27.010	Yes	DPCU	6.01, 6.02
Alaska Capital Income	AS 37.05.565	No	GF	3.01, 3.02
Alaska Capstone Avionics Revolving Loan	AS 44.33.655	Yes	CAEF	4.11 - 4.13
Alaska Clean Water	AS 46.03.032	Yes	OAEF	4.31 - 4.33
Alaska Debt Retirement	AS 37.15.011	No	GF	3.01, 3.02
Alaska Drinking Water	AS 46.03.036	Yes	OAEF	4.31 - 4.33
Alaska Energy Authority	AS 44.83.020	Yes	DPCU	6.01, 6.02
Alaska Fish and Game Revenue Bond Redemption	AS 37.15.770	Yes	DSF	3.41, 3.42
Alaska Gasline Development Corporation	AS 31.25.010	Yes	DPCU	6.01, 6.02
Alaska Gasline Inducement Act Reimbursement	AS 43.90.400	No	GF	3.01, 3.02
Alaska Higher Education Investment	AS 37.14.750	No	GF	3.01, 3.02
Alaska Historical Commission Receipts Account	AS 41.35.380	No	GF	3.01, 3.02
Alaska Housing Capital Corporation	AS 18.56.086	Yes	SRF	3.31 - 3.33
Alaska Housing Finance Corporation	AS 18.56.020	Yes	DPCU	1.41, 1.42
Alaska Industrial Development and Export Authority	AS 44.88.020 AS 44.88.600 Ch 42, SLA 1987	Yes	DPCU	1.41, 1.42
Alaska Marine Highway System	AS 19.65.060	No	GF	3.01, 3.02
Alaska Marine Highway System Vessel Replacement	AS 37.05.550	No	GF	3.01, 3.02
Alaska Mental Health Trust Authority	AS 47.30.011	Yes	DPCU	6.01, 6.02
Alaska Microloan Revolving Loan	AS 44.33.950	Yes	CAEF	4.11 - 4.13
Alaska Municipal Bond Bank Authority	AS 44.85.020	Yes	DPCU	6.01, 6.02
Alaska National Guard and Alaska Naval Militia Retirement System	AS 26.05.222	Yes	PTF	5.01, 5.02
Alaska Permanent Fund	Constitution, Art. IX, sec. 15	Yes	PF	1.11 - 1.14
Alaska Public Building	AS 37.05.570	Yes	ISF	4.41 - 4.43
Alaska Railroad Corporation	AS 42.40.010	Yes	DPCU	6.01, 6.02
Alaska Seafood Marketing Institute	AS 16.51.010	Yes	DPCU	6.01 - 6.04
Alaska Senior Care	AS 47.45.360	No	GF	3.01, 3.02
Alaska Student Loan Corporation	AS 14.42.100	Yes	DPCU	6.01, 6.02
Alaska Technical and Vocational Education Program	AS 23.15.830	No	GF	3.01, 3.02
Alaska Transportation Infrastructure Bank	Section 350 of the NHSD Act of 1995 Federal Law	No	GF	3.01, 3.02
Alaska Veterans' Memorial Endowment	AS 37.14.700(a)	No	GF	3.01, 3.02
Alaska World War II Veterans' Revolving Loan	AS 26.15.090	Yes	CAEF	4.11 - 4.13
Alcohol and Other Drug Abuse Treatment and Prevention	AS 43.60.050	No	GF	3.01, 3.02

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Alcoholism and Drug Abuse Revolving Loan	AS 44.29.210	Yes	OAEF	4.31 - 4.33
Alternative Energy Conservation Revolving Loan	AS 45.88.010	Yes	EAEF	4.21 - 4.23
Alyeska Settlement Trust	Consent decree between U.S., Alaska, and Alyeska Pipeline Service Company	Yes	SRF	3.31 - 3.33
Anatomical Gift Awareness	AS 13.50.160(a)	No	GF	3.01, 3.02
Art in Public Places	AS 44.27.060	No	GF	3.01, 3.02
Assistive Technology Loan Guarantee	AS 23.15.125	No	GF	3.01, 3.02
Building Safety Account	AS 44.31.025	No	GF	3.01, 3.02
Bulk Fuel Revolving Loan	AS 42.45.250	Yes	EAEF	4.21 - 4.23
Civil Legal Services	AS 37.05.590	No	GF	3.01, 3.02
Clean Air Protection	AS 46.14.260	Yes	SRF	3.31 - 3.33
	Federal Clean Air Act			
Commercial Charter Fisheries Revolving Loan	AS 16.10.801	Yes	CAEF	4.11 - 4.13
Commercial Fishing Revolving Loan	AS 16.10.340	Yes	CAEF	4.11 - 4.13
Commercial Passenger Vessel Environmental Compliance	AS 46.03.482	No	GF	3.01, 3.02
Commercial Vessel Passenger Tax	AS 43.35.220 AS 43.52.230(a)	No	GF	3.01, 3.02
Community Quota Entity Revolving Loan	AS 16.10.345	Yes	CAEF	4.11 - 4.13
Community Revenue Sharing	AS 29.60.850	No	GF	3.01, 3.02
Constitutional Budget Reserve	Constitution, Art. IX, sec. 17 AS 37.13	Yes	GF	3.01, 3.02
Crime Victims Compensation	AS 18.67.162	No	GF	3.01, 3.02
Deferred Compensation	AS 39.45.010	Yes	PTF	5.01, 5.02
Deposits, Suspense, and Miscellaneous		Yes	AF	5.11, 5.12
Disaster Relief	AS 26.23.300	No	GF	3.01, 3.02
Donated Commodity Fee	USC 7 CFR, Part 250	No	GF	3.01, 3.02
Educational Facilities Maintenance and Construction	AS 37.05.560	No	GF	3.01, 3.02
Election	Federal H.R. 3295	No	GF	3.01, 3.02
Employment Assistance and Training Program Account	AS 23.15.625	No	GF	3.01, 3.02
Exxon Valdez Oil Spill Investment Trust	PL 106-113	Yes	AF	5.11, 5.12
Exxon Valdez Oil Spill Restoration	U.S. District Court Judgment	Yes	SRF	3.31 - 3.33
Exxon Valdez Settlement Trust	AS 37.14.400	Yes	SRF	3.31 - 3.33
Federal Highway Administration - Airspace Leases	Section 156 of the USSTURAA of 1987	No	GF	3.01, 3.02
Federal Insurance Contributions Act Administration	AS 39.30.050	No	GF	3.01, 3.02
Fish and Game	AS 16.05.100	Yes	SRF	3.31 - 3.33
Fisheries Disaster	PL 108-7, Sec. 2, Division N, Title V - Fisheries Disasters, Sec. 501(a)	No	GF	3.01, 3.02
Fisheries Enhancement Revolving Loan	AS 16.10.505	Yes	CAEF	4.11 - 4.13

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Fishermen's	AS 23.35.060	Yes	SRF	3.31 - 3.33
Fuel Emergency	AS 26.23.400	No	GF	3.01, 3.02
Fund for the Improvement of School Performance	AS 14.03.125	No	GF	3.01, 3.02
General Fund	Operating fund of the State	Yes	GF	3.01, 3.02
General Obligation Bond Redemption	Various SLAs	Yes	DSF	3.41, 3.42
Group Health and Life Benefits	AS 39.30.095	Yes	ISF	4.41 - 4.43
Highways Equipment Working Capital	AS 44.68.210	Yes	ISF	4.41 - 4.43
Historical District Revolving Loan	AS 45.98.010	Yes	CAEF	4.11 - 4.13
Impact Aid	Federal PL 103-382	Yes	AF	5.11, 5.12
Information Services	AS 44.21.045	Yes	ISF	4.41 - 4.43
International Airports	AS 37.15.410-550	Yes	OAEF	1.21 - 1.23
Judicial Retirement System	AS 22.25.048	Yes	PTF	5.01, 5.02
Knik Arm Bridge and Toll Authority	AS 19.75.021	Yes	OAEF	4.31 - 4.33
Major Maintenance Grant	AS 14.11.007	No	GF	3.01, 3.02
Mariculture Revolving Loan	AS 16.10.900	Yes	CAEF	4.11 - 4.13
Memorial Education Revolving Loan	AS 14.43.255	No	GF	3.01, 3.02
Mine Reclamation Trust	AS 37.14.800	Yes	SRF	3.31 - 3.33
Mining Revolving Loan	AS 27.09.010	Yes	CAEF	4.11 - 4.13
Municipal Capital Project Matching Grant	AS 37.06.010	No	GF	3.01, 3.02
Municipal Harbor Facility Grant	AS 29.60.800	No	GF	3.01, 3.02
National Petroleum Reserve	AS 37.05.530	Yes	SRF	3.31 - 3.33
Northern Tobacco Securitization Corporation	AS 18.56.086	Yes	SRF	3.31 - 3.33
Northern Tobacco Securitization Corporation Bond Redemption	AS 18.56.086	Yes	DSF	3.41, 3.42
Oil and Gas Tax Credit	AS 43.55.028	No	GF	3.01, 3.02
Oil and Hazardous Substance Release Prevention and Response	AS 46.08.010	No	GF	3.01, 3.02
Oil and Hazardous Substance Release Prevention Mitigation Account	AS 46.08.020(b)	No	GF	3.01, 3.02
Oil and Hazardous Substance Release Response Mitigation Account	AS 46.08.025(b)	No	GF	3.01, 3.02
Originator Surety	AS 06.60.500	No	GF	3.01, 3.02
Permanent Fund Dividend	AS 43.23.045	Yes	GF	3.01, 3.02
Public Advocacy Trust	AS 44.21.410	Yes	AF	5.11, 5.12
Public Education	AS 14.17.300	Yes	GF	3.01, 3.02
Public Employees' Retirement System	AS 39.35.095-680 AS 39.35.700-990	Yes	PTF	5.01, 5.02
Public School Trust	AS 37.14.110	Yes	PF	3.11, 3.12
Railbelt Energy	AS 37.05.520	No	GF	3.01, 3.02
Randolph-Sheppard Small Business	AS 23.15.130 20 USC 107-107(f)	No	GF	3.01, 3.02
Real Estate Recovery	AS 08.88.450	No	GF	3.01, 3.02
Reclamation Bonding Pool	AS 27.19.040	Yes	SRF	3.31 - 3.33
Regional Cruise Ship Impact Fund	AS 43.52.230(c)	No	GF	3.01, 3.02
Regional Educational Attendance Area School	AS 14.11.030	No	GF	3.01, 3.02

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Residential Energy Conservation	AS 45.88.100	Yes	EAEF	4.21 - 4.23
Retiree Health	AS 39.35.535, AS 14.25.168, AS 22.25.090	Yes	PTF	5.01, 5.02
School	AS 43.50.140	Yes	SRF	3.31 - 3.33
School Construction Grant	AS 14.11.005	No	GF	3.01, 3.02
School Trust Land Sales	Attorney General Opinion	No	GF	3.01, 3.02
Second Injury	AS 23.30.040	Yes	SRF	3.31 - 3.33
State Insurance Catastrophe Reserve Account	AS 37.05.289	No	GF	3.01, 3.02
State Land Disposal Income	AS 38.04.022(a)	No	GF	3.01, 3.02
State Land Reforestation	AS 41.17.300	No	GF	3.01, 3.02
Statutory Budget Reserve	AS 37.05.540	Yes	GF	3.01, 3.02
Supplemental Benefits System	AS 39.30.150	Yes	PTF	5.01, 5.02
Surplus Property Revolving	AS 37.05.500(a)(2) AS 44.68.130	No	GF	3.01, 3.02
Teachers' Retirement System	AS 14.25.009-220 AS 14.25.310-590	Yes	PTF	5.01, 5.02
Tobacco Use Education and Cessation	AS 37.05.580	No	GF	3.01, 3.02
Training and Building	AS 23.20.130(d)	No	GF	3.01, 3.02
Trans-Alaska Pipeline Liability (TAPS) Rebate	Federal PL 101-380	No	GF	3.01, 3.02
Trauma Care Fund	AS 18.08.085	No	GF	3.01, 3.02
Unemployment Compensation	AS 23.20.130	Yes	OAEF	4.31 - 4.33
Unincorporated Community Capital Project Matching Grant	AS 37.06.020	No	GF	3.01, 3.02
University of Alaska	AS 14.40.040	Yes	DPCU	1.41, 1.42
Vaccine Assessment	AS 18.09.230	No	GF	3.01, 3.02
Vocational Rehabilitation Small Business Enterprise Revolving	AS 23.15.130	No	GF	3.01, 3.02
Wage and Hour	AS 23.05.220	Yes	AF	5.11, 5.12
Workers' Compensation Benefits Guaranty	AS 23.30.082	No	GF	3.01, 3.02
Workers' Safety and Compensation Administration Account	AS 23.05.067	No	GF	3.01, 3.02



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Legend of Acronyms





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LEGEND OF ACRONYMS

Acronym	Description
AAC	Alaska Aerospace Corporation
AAL	Actuarial Accrued Liabilities
ACPE	Alaska Commission on Postsecondary Education
AEA	Alaska Energy Authority
AF	Agency Fund
AGDC	Alaska Gasline Development Corporation
AHCC	Alaska Housing Capital Corporation
AHFC	Alaska Housing Finance Corporation
AIDEA	Alaska Industrial Development and Export Authority
AIGA	Alaska Insurance Guarantee Association
ALAE	Allocated Loss Adjustment Expense
AMBBA	Alaska Municipal Bond Bank Authority
AMHTA	Alaska Mental Health Trust Authority
APFC	Alaska Permanent Fund Corporation
ARHCT	Alaska Retiree Health Care Trust
ARMB	Alaska Retirement Management Board
ARRC	Alaska Railroad Corporation
AS	Alaska Statute
ASLC	Alaska Student Loan Corporation
ASMI	Alaska Seafood Marketing Institute
CAEF	Commercial Assistance Enterprise Fund
CAFR	Comprehensive Annual Financial Report
CBRF	Constitutional Budget Reserve Fund
CFR	Code of Federal Regulations
CH	Chapter
COPs	Certificates of Participation
CPF	Capital Project Fund
CSED	Child Support Enforcement Division
DB	Defined Benefit
DCCED	Department of Commerce, Community, and Economic Development
DCP	Deferred Compensation Plan
DCR	Defined Contribution Retirement Plan

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LEGEND OF ACRONYMS

Acronym	Description
DGS	Division of General Services
DPCU	Discretely Presented Component Unit
DSF	Debt Service Fund
DSMAF	Deposits, Suspense, and Miscellaneous Agency Funds
DVR	Division of Vocational Rehabilitation
EAEF	Energy Assistance Enterprise Fund
EF	Enterprise Fund
EMGF	Emerging Markets Growth Fund
EPORS	Elected Public Officers Retirement System
EVOS	Exxon Valdez Oil Spill
FDIC	Federal Deposit Insurance Corporation
FHWA	Federal Highway Administration
FICA	Federal Insurance Contributions Act
FIFO	First In First Out
FNMA	Federal National Mortgage Association
FSSLA	First Special Session Laws of Alaska
FX	Foreign Currency
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GASBS	Governmental Accounting Standards Board Statement
GeFONSI	General Fund and Other Non-segregated Investments
GF	General Fund
GO	General Obligation
HRA	House Resolution
GF	General Fund
HRA	Health Reimbursement Arrangement
IAF	International Airport Fund
ISF	Internal Service Fund
JRS	Judicial Retirement System
KABTA	Knik Arm Bridge and Toll Authority
MD&A	Management Discussion and Analysis

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LEGEND OF ACRONYMS

Acronym	Description
MEBA	Marine Engineers' Beneficial Association
MSA	Master Settlement Agreement
NGNMRS	National Guard and Alaska Naval Militia Retirement System
NHSD	National Highway System Designation
NMRT	Northwest Marine Retirement Trust
NPR	National Petroleum Reserve
NR	Not Reported in CAFR
NRSRO	Nationally Recognized Statistical Rating Organization
NTSC	Northern Tobacco Securitization Corporation
OAEF	Other Agencies Enterprise Fund
OAH	Office of Administrative Hearings
OD&D	Occupational Death and Disability
OPEB	Other Post-Employment Benefits
PERS	Public Employees' Retirement System
PERS-DB	Public Employees' Retirement System - Defined Benefit
PERS-DCR	Public Employees' Retirement System - Defined Contribution Retirement Plan
PF	Permanent Fund
PL	Public Law
PPA	Prior Period Adjustment
PSF	Public School Fund
PTF	Pension and Other Employee Benefit Trust Fund
RHF	Retiree Health Fund
RMP	Retiree Major Medical Insurance
RSAs	Reimbursable Services Agreements
SBJPA	Small Business Job Protection Act
SBPA	Standby Bond Purchase Agreement
SBS	Supplemental Benefits System
SF	Sport Fish
SIR	Self-Insured Retention
SLA	Session Laws of Alaska
SRF	Special Revenue Fund
SSSLA	Second Special Session Laws of Alaska

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LEGEND OF ACRONYMS

Acronym	Description
TAPS	Trans-Alaska Pipeline System
TIPS	Treasury Inflation Protected Securities
TRS	Teachers' Retirement System
TRS-DB	Teachers' Retirement System - Defined Benefit
TRS-DCR	Teachers' Retirement System - Defined Contribution Retirement
TSR	Tobacco Settlement Revenues
UAAL	Unfunded Actuarial Accrued Liabilities