

State of Alaska

Comprehensive Annual Financial Report

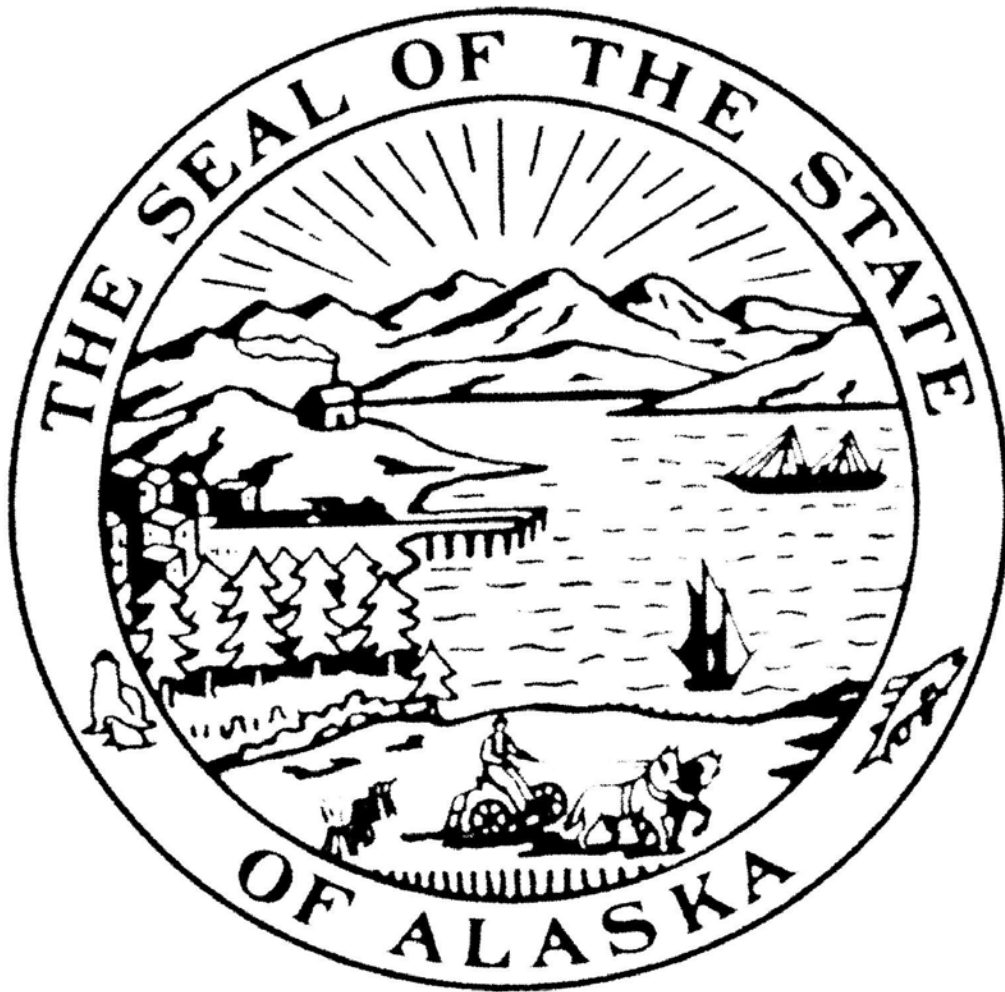
For the Fiscal Year
July 1, 2019 - June 30, 2020



Prepared by:
Department of Administration
Division of Finance

The FY 20 CAFR is expected to be available on or after February 26, 2021 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, 2020**

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For the Fiscal Year Ended June 30, 2020**

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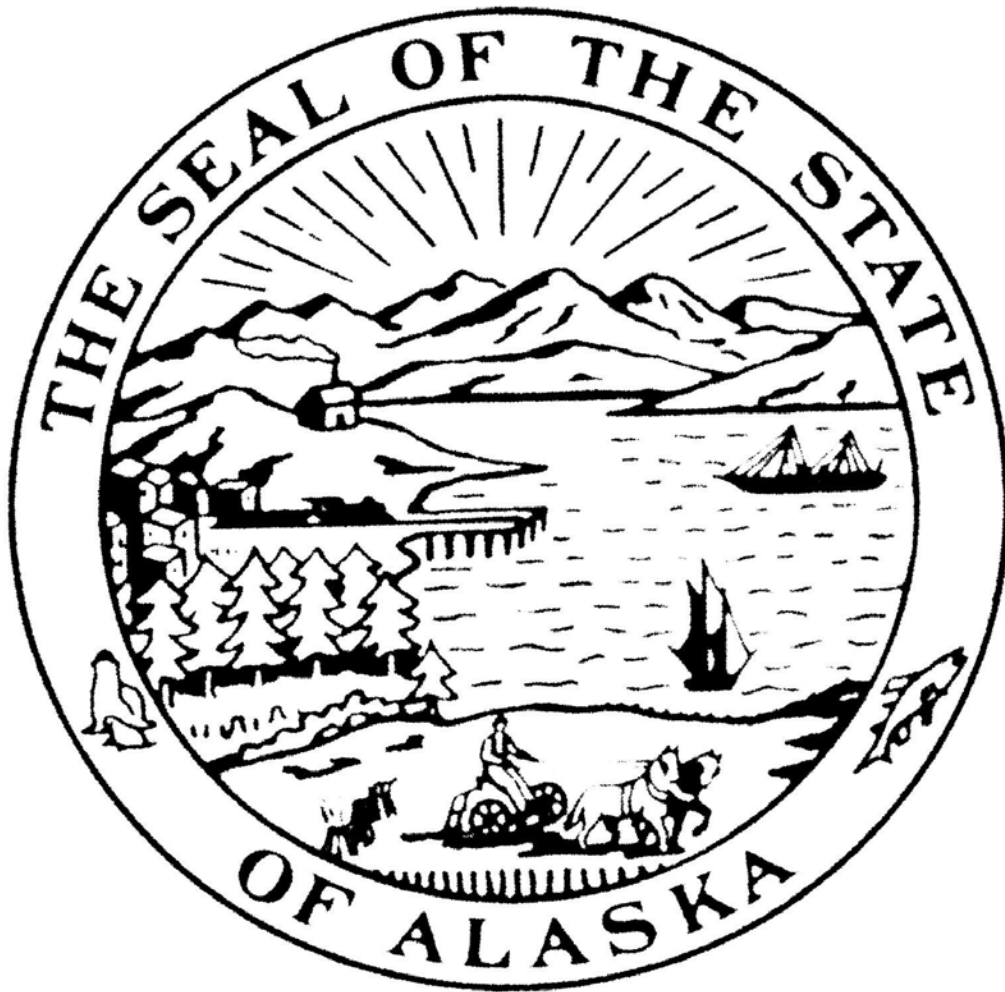
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THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of
Administration

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February 26, 2021

The Honorable Michael J. Dunleavy, 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, 2020. 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, 2020, 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 Uniform Grant Guidance 2 CFR Part 200. 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 (CBRF), the Statutory Budget Reserve Fund (SBRF), 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 \$3.6 billion, which makes up 59.6 percent of revenues. Revenue related to taxes decreased from 19.5 percent to 16.7 percent and rents and royalties decreased from 14.3 percent to 11.9 percent of all General Fund Revenues. Interest and investment income was \$274.0 million or 4.5 percent of all General Fund revenues. Overall General Fund revenues decreased \$1,902.6 million or 23.9 percent from FY 19 to FY 20.

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	FY20	Percent	FY19	Percent
Taxes	\$ 1,010.0	16.7 %	\$ 1,556.7	19.5 %
Rent and Royalties	721.7	11.9	1,136.9	14.3
Interest and Investment Income/(Loss)	274.0	4.5	300.6	3.8
Federal	3,615.9	59.6	3,445.8	43.3
Miscellaneous	442.2	7.3	1,526.4	19.1
Total Revenue	<u>\$ 6,063.8</u>	<u>100.0 %</u>	<u>\$ 7,966.4</u>	<u>100.0 %</u>

The total expenditures charged against General Fund appropriations during FY 20 amounted to \$9.83 billion. There was a slight increase, \$178.2 million, from FY 19. The relatively unchanged level of General Fund expenditures is attributable to smaller operating and capital budgets as policymakers work toward resolving deficits resulting from lower oil prices. Expenditures by department are compared with the prior year in the following table:

Department Expenditures (stated in millions)	FY20	Percent	FY19	Percent
Office of the Governor	65.1	0.7 %	\$ 41.2	0.4 %
Administration	378.3	3.8	382.5	4.0
Law	63.7	0.6	53.8	0.6
Revenue	1,144.3	11.6	1,086.0	11.3
Education and Early Development	1,666.6	17.0	1,657.5	17.2
Health and Social Services	3,025.2	30.8	3,263.2	33.8
Labor and Workforce Development	122.2	1.2	102.4	1.1
Commerce, Community, and Economic Development	614.2	6.2	204.5	2.1
Military and Veterans' Affairs	85.2	0.9	69.9	0.7
Natural Resources	267.0	2.7	186.2	1.9
Fish and Game	137.2	1.4	147.4	1.5
Public Safety	176.5	1.8	186.4	1.9
Environmental Conservation	88.6	0.9	121.8	1.3
Corrections	348.9	3.5	320.4	3.3
Transportation and Public Facilities	1,107.8	11.3	1,258.4	13.0
Legislature	63.9	0.7	67.0	0.7
Debt Service	50.6	0.6	51.5	0.6
Alaska Court System	110.7	1.1	110.8	1.1
University	312.9	3.2	339.7	3.5
Total Expenditures	<u>\$ 9,828.9</u>	<u>100.0 %</u>	<u>\$ 9,650.6</u>	<u>100.0 %</u>

Major Industry

Alaska North Slope oil prices averaged approximately \$52 per barrel during FY 2020. The Alaska Department of Revenue's most recent forecast was \$37 per barrel for FY 2021 and \$41 per barrel for FY 2022. Forecasting oil prices is inherently difficult and very uncertain.

Although oil prices were flat for the first half of FY 2020, the second half of FY 2020 saw a significant drop in oil price due to decline in demand. The major over-riding concern in the oil industry remains uncertainty in price, and the cascading effects throughout the State's economy. In terms of oil production, output has stabilized over the past several years, averaging around 500,000 barrels per day. Although the State uses conservative estimates of future production for planning purposes, potential future developments hold promise that production may continue at current levels or even increase in coming years. One example is Oil Search's Pikka unit which could potentially deliver over 100,000 barrels of oil per day and would be a significant event for the future of North Slope oil production. Other new developments include ConocoPhillips' Willow project, 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 has been compounded by cuts in state government spending. Tax credits were significant for several new developments over the past half-decade. Statutory changes during

the 2016 and 2017 legislative sessions eliminated many of these credits, providing a more stable fiscal regime that the State can afford to maintain in a low-price environment.

Efforts to monetize the massive natural gas accumulations on Alaska's North Slope continue. The Alaska Gasline Development Corporation (AGDC) has worked with industry experts to find cost savings and has secured conditional approval from the Federal Energy Regulatory Commission (FERC). AGDC is working towards a model where private enterprise can take the lead in development. Aside from a major gas project, potential also exists to use North Slope gas reserves to support crude oil production through enhanced oil recovery and gas drive techniques.

In an effort to attract other industries and investments to Alaska, Governor Dunleavy established a committee of experts in the fields of finance, marketing, and research.

Long-term Financial Planning

During FY 20, the State of Alaska's bond rating remained Aa3, but the outlook was downgraded from stable to negative by Moody's Investor's Service. On April 17, 2020, Standard's & Poor downgraded the underlying rating on the State's outstanding general obligation debt from AA to AA- with a negative outlook. During FY 2020 there were two downgrades from Fitch and the outlook was downgraded from stable to negative. Fitch downgraded from AA to AA- on September 5, 2019, and then again from AA- to A+ on May 6, 2020.

Net position at June 30, 2020 of the two largest pension funds, the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems' funds, were \$19.4 billion and \$9.2 billion, respectively. The funding status for PERS and TRS pensions and postemployment healthcare as of the June 30, 2019 actuarial valuations indicated the actuarial accrued liabilities were 63.7 percent pensions and 109.2 percent postemployment funded for PERS, and 75.3 percent pension and 117.0 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.

In the years since 2014, when State revenues reached their peak, Alaska has spent \$14.0 billion from the two primary savings accounts, the Statutory Budget Reserve Fund (SBRF) and the Constitutional Budget Reserve Fund (CBRF). With current revenue projections, levels of spending, and statutory requirements, and without a shift in revenue and spending policies, these savings accounts will be exhausted in the next fiscal year.

Alaska's fiscal challenges are primarily a result of the decline in traditional revenue sources, continued deficit spending, and cost pressures from statutory formula programs. Between 1980 and 2014, oil revenues accounted for an average of 84 percent of all unrestricted revenue. At the time the FY20 budget was enacted, unrestricted general fund revenues were projected to be \$5.3 billion of which only 33% were projected to come from oil revenues. Declining oil price and production, as a result of COVID-19, have further reduced collections of traditional oil revenues. Action on all three of the primary factors in the fiscal challenge is required to achieve a robust and durable long-term financial plan for the State.

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 the 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 2020 borrowing from the CBRF 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 2020 the amount to be repaid is \$1.44 billion.

Initiatives

Governor Mike Dunleavy continues to advocate for an Alaska focused agenda that he promised when seeking office: a concentration on outcomes that Alaskans deserve; the individual being put first instead of the bureaucracy; and pursuing government efficiencies. Protecting and supporting the people of Alaska has been the forefront of the Governor's mission since the COVID-19 pandemic hit Alaska. With the significant influx of Federal funds, his Administration has worked tirelessly to deploy resources to businesses, communities, and families across the state. The Governor has introduced initiatives to continue to capitalize on responsible resource development and Alaska's strategic location, prepare Alaska's children for success, attain innovative sources of revenues, and address the State's fiscal future.

Closing the budget gap is a top priority and doing so will allow the State to shift its focus to the things that matter most to Alaskans; economic development, K-12 support and outcomes, and public safety. The Governor's proposed constitutional amendments encourages Alaskan's engagement in our State's fiscal future and path to sustainability by requiring a vote on proposed changes to the Permanent Fund Dividend, any new broad-based taxes, and a State spending cap to curb future spending growth.

Under the direction of Governor Dunleavy, this Administration continues to pursue agency performance measures finding efficiencies across all departments. This information is available on the Office of Management and Budget web site at <http://www.omb.alaska.gov>.

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,

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Kelly Tshibaka
Commissioner
Department of Administration

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Hans Zigmund
Director
Division of Finance

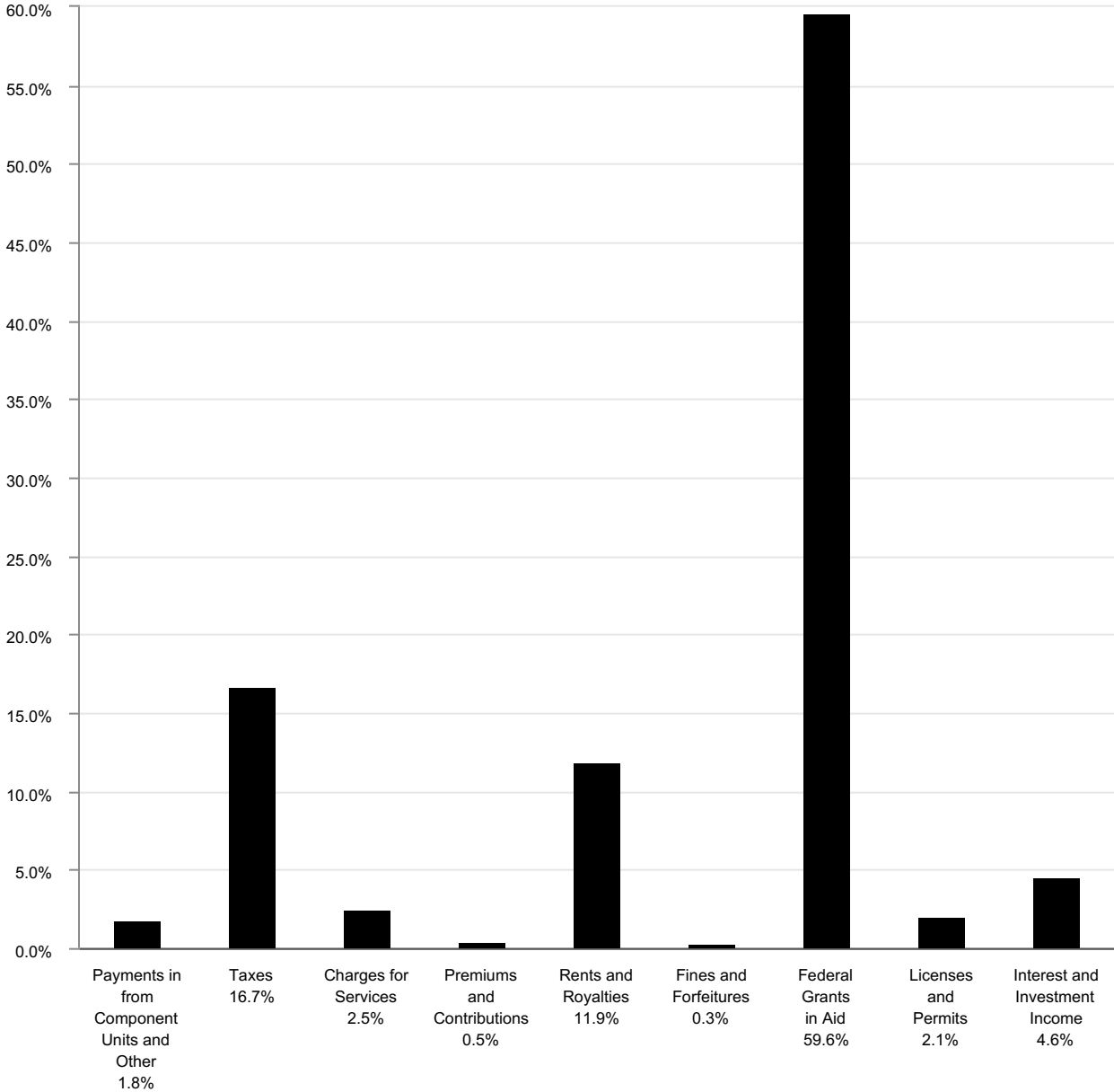
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Mallorie Fagerstrom, CPA
State Accountant
Division of Finance

STATE OF ALASKA GENERAL FUND REVENUE SOURCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

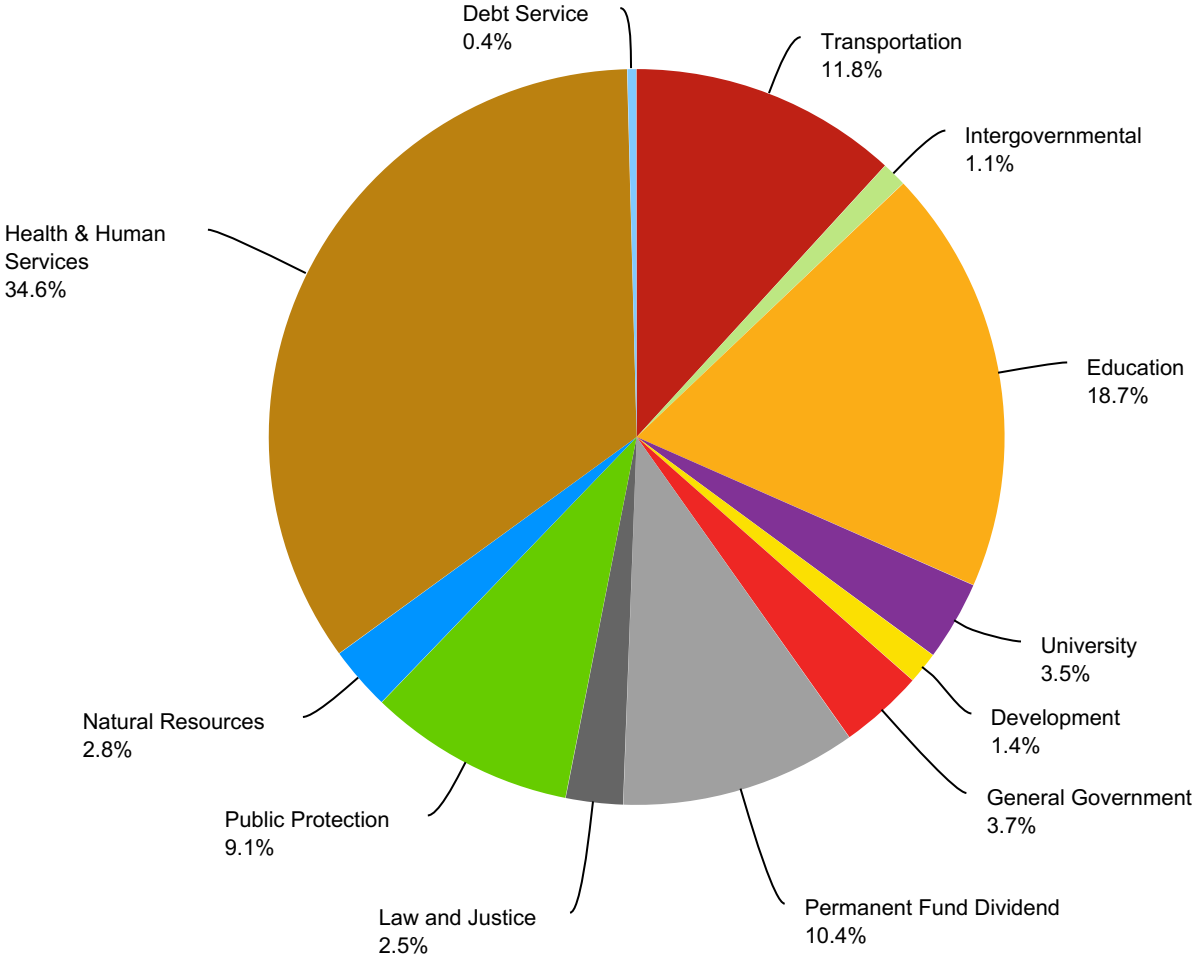
\$6,064
(Millions)



STATE OF ALASKA GENERAL FUND EXPENDITURES BY FUNCTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

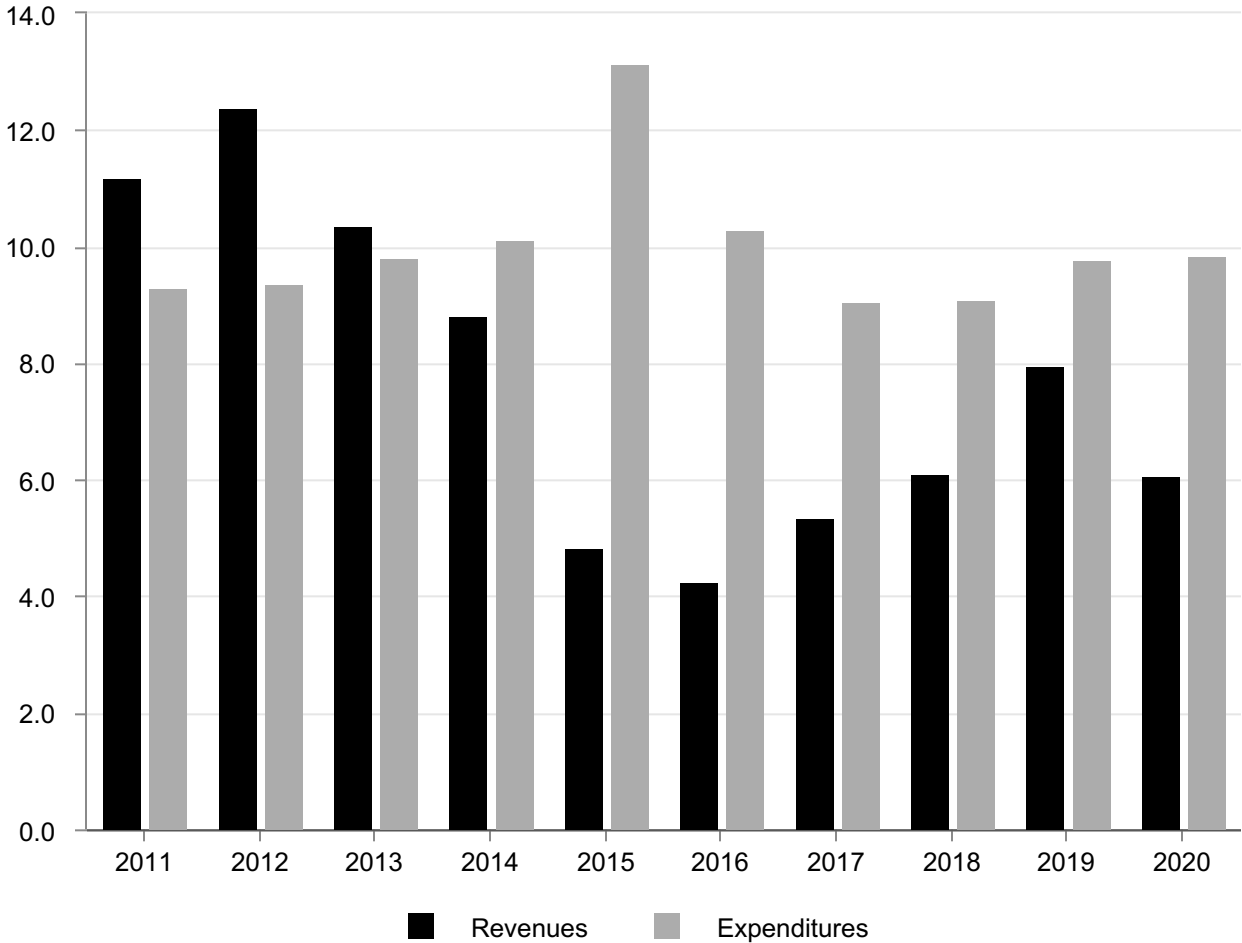
\$9,833
(Millions)



STATE OF ALASKA GENERAL FUND EXPENDITURES AND REVENUES

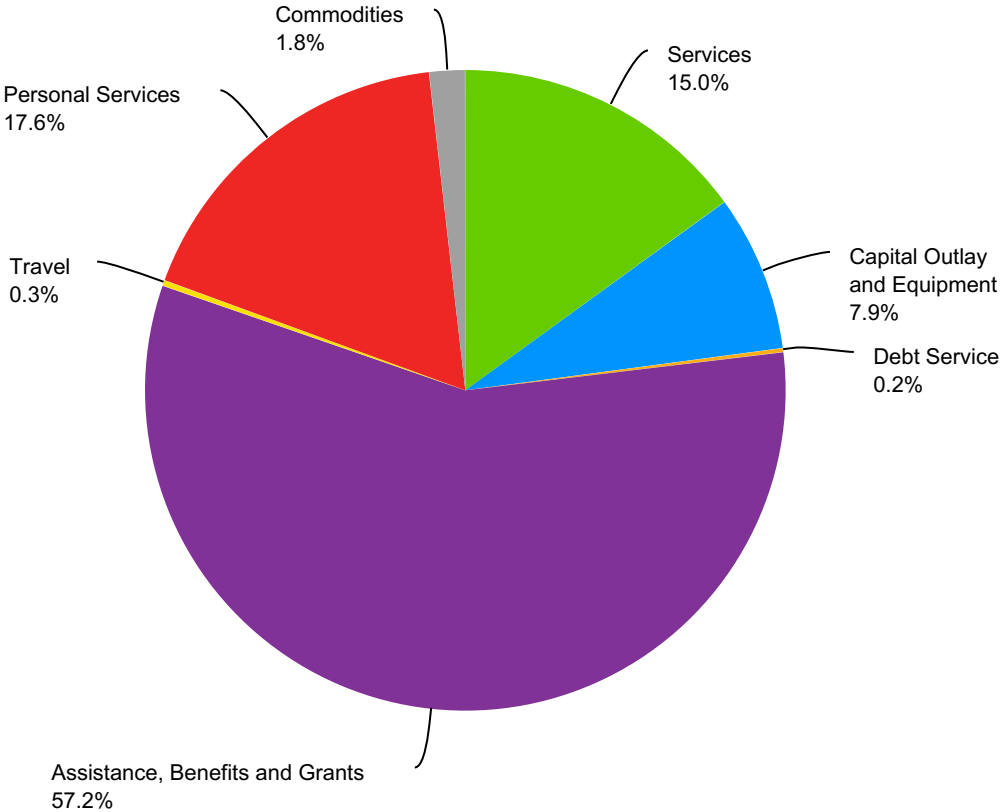
TEN YEAR COMPARISON
FOR THE FISCAL YEARS 2011 THROUGH 2020

(Stated in Billions)



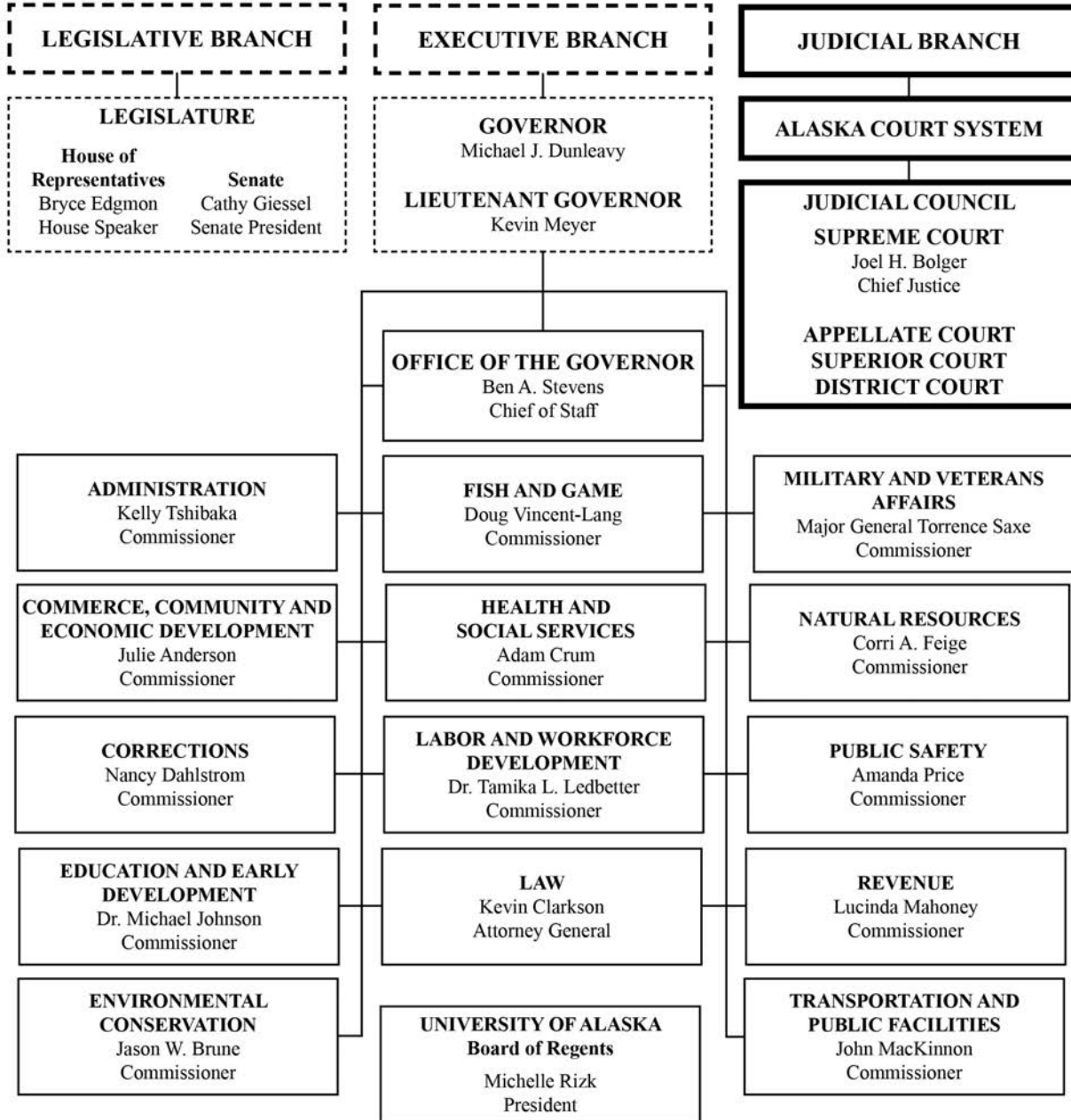
STATE OF ALASKA GENERAL FUND EXPENDITURES BY ACCOUNT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



STATE OF ALASKA ORGANIZATION CHART

As of June 30, 2020



- - - 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), Risk Management, Office of Information Technology (telecommunications and computer services), Retirement and Benefits (public employers, public employees, and retirees), and Shared Services (purchasing, surplus property, mail, managing public buildings, managing leases, accounts payable, debt collections, travel reimbursements, and credit card reconciliations).

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 a healthy economy, strong communities, and protects consumers in Alaska.

The department consists of core agencies including: Division of Administrative Services, 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, and Alcohol and Marijuana Control Office, and the Alaska Oil and Gas Conservation Commission.

The department accomplishes its mission through programs that support business and industry growth, enforcing consumer protection, regulation and licensing laws, and by providing technical and financial assistance to Alaskans and Alaskan communities.

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; assessment and supervision of pretrial offenders in the community; 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 administrative support to the Alaska State Council on the Arts who distributes 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, and defending the state against claims for personal injury and other damages.

MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans' Affairs provides forces to accomplish military missions in the state and around the world; provides 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 with command authority of approximately 4,000 Army and Air guardsmen of the Alaska National Guard, and oversees or supports additional entities to or aligned with the Department:

- Alaska Air Guard - Provides mission-ready forces to protect the public safety of the citizens of Alaska by supporting civil authorities and local communities in which we work and live. Additionally, provides combat capability in support of federal missions.
- Alaska Army Guard - Maintains ready units and soldiers that are available to support the Governor and fellow Alaskans for domestic operations while also ready to deploy worldwide in support of the National Military Strategy.
- Joint Force Headquarters - Coordinates domestic operations and provides specific capabilities to local, tribal, state and federal government agencies in response to incidents that exceed their capacity.
- Alaska State Defense Force - A volunteer organization who augments and supports the Alaska National Guard in various missions including communications, emergency management, medical, logistical support, chaplaincy, and shelter management.
- Alaska Naval Militia - Maintains relationships with the United States Navy Reserve to secure Naval Militia response capability in Alaska.
- Division of Homeland Security & Emergency Management - Leads the way in emergency management to foster a prepared, resilient Alaska capable of meeting the needs of its communities and citizens in response to all-hazards events.
- Office of Veterans' Affairs - Serves as the primary advocate for Alaska's veterans and strives to help veterans and their families improve their lives.
- Alaska Military Youth Academy - Helps intervene in and reclaim the lives of Alaska's at-risk youth and produce

graduates with the values, skills, education, and self-discipline to succeed as adults.

- Administrative Services - Provides effective and efficient administrative, budget, financial management, human resources, and procurement products and services.
- Alaska Aerospace Corporation - Administratively aligned within department with separate and independent legal existence; provides integration, checkout, and launch facilities to Government and commercial customers from the Nation's only high latitude, full service spaceport. Other key services include Mobile Range Instrumentation and Meteorological Forecasting.

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 protection 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 28 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 Office of Project Management and Permitting; the Mental Health Trust Land Office; 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 1920 oil and gas leases encompassing 3.8 million acres; 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 750 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 phytosanitary inspection, food safety education 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's responsibilities include: administration and enforcement of Alaska's tax laws; management of the treasury; administration of the Permanent Fund Dividend Program; collection and distribution of child support; and administrative support to the following independent boards and corporations: Alaska Permanent Fund Corporation; Alaska Housing Finance Corporation; Alaska Municipal Bond Bank Authority; Alaska Retirement Management Board; and the Alaska Mental Health Trust Authority.

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 state-owned airports and seaplane bases, center line miles of state roads, buildings ranging from maintenance shops to state office complexes, and 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 ships. The department also owns and operates the State Equipment Fleet, which provides full maintenance support and replacement activities of light- and heavy-duty vehicles, and attachments for state departments, agencies, and offices.

ALASKA STATE LEGISLATURE

Thirty-First Legislature, Second Session (2020)

Senate District	Senator (Party)	City	House District	Representative (Party)	City
A	Scott Kawasaki (D)	Fairbanks	1	Bart LeBon (R)	Fairbanks
			2	Steve Thompson (R)	Fairbanks
B	John Coghill (R)	North Pole	3	Mike Prax (R)	North Pole
			4	Grier Hopkins (D)	Fairbanks
C	Click Bishop (R)	Fairbanks	5	Adam Wool (D)	Fairbanks
			6	David Talerico (R)	Healy
D	David Wilson (R)	Wasilla	7	Colleen Sullivan-Leonard (R)	Wasilla
			8	Mark Neuman (R)	Big Lake
E	Mike Shower (R)	Wasilla	9	George Rauscher (R)	Sutton
			10	David Eastman (R)	Wasilla
F	Shelly Hughes (R)	Palmer	11	DeLena Johnson (R)	Palmer
			12	Cathy Tilton (R)	Wasilla
G	Lora Reinbold (R)	Eagle River	13	Sharon Jackson (R)	Eagle River
			14	Kelly Merrick (R)	Eagle River
H	Bill Wielechowski (D)	Anchorage	15	Gabrielle LeDoux (R)	Anchorage
			16	Ivy Spohnholz (D)	Anchorage
I	Elvi Gray-Jackson (D)	Anchorage	17	Andy Josephson (D)	Anchorage
			18	Harriet Drummond (D)	Anchorage
J	Tom Begich (D)	Anchorage	19	Geran Tarr (D)	Anchorage
			20	Zack Fields (D)	Anchorage
K	Mia Costello (R)	Anchorage	21	Matt Claman (D)	Anchorage
			22	Sara Rasmussen (R)	Anchorage
L	Natasha von Imhof (R)	Anchorage	23	Chris Tuck (D)	Anchorage
			24	Chuck Kopp (R)	Anchorage
M	Josh Revak (R)	Anchorage	25	Mel Gillis (R)	Anchorage
			26	Laddie Shaw (R)	Anchorage
N	Cathy Giessel (R)	Anchorage	27	Lance Pruitt (R)	Anchorage
			28	Jennifer Johnston (R)	Anchorage
O	Peter Micciche (R)	Soldotna	29	Ben Carpenter (R)	Nikiski
			30	Gary Knopp (R)	Kenai
P	Gary Stevens (R)	Kodiak	31	Sarah Vance (R)	Homer
			32	Louise Stutes (R)	Kodiak
Q	Jesse Kiehl (D)	Juneau	33	Sara Hannan (D)	Juneau
			34	Andi Story (D)	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 (I)	Dillingham
			38	Tiffany Zulkosky (D)	Bethel
T	Donald Olson (D)	Golovin	39	Neal Foster (D)	Nome
			40	John Lincoln (U)	Kotzebue

LEADERSHIP

STATE SENATE
Cathy Giessel, Senate President

HOUSE OF REPRESENTATIVES
Bryce Edgmon, Speaker of the House

FINANCE COMMITTEES

STATE SENATE
Bert Stedman, Co-Chair
Natasha von Imhof, Co-Chair

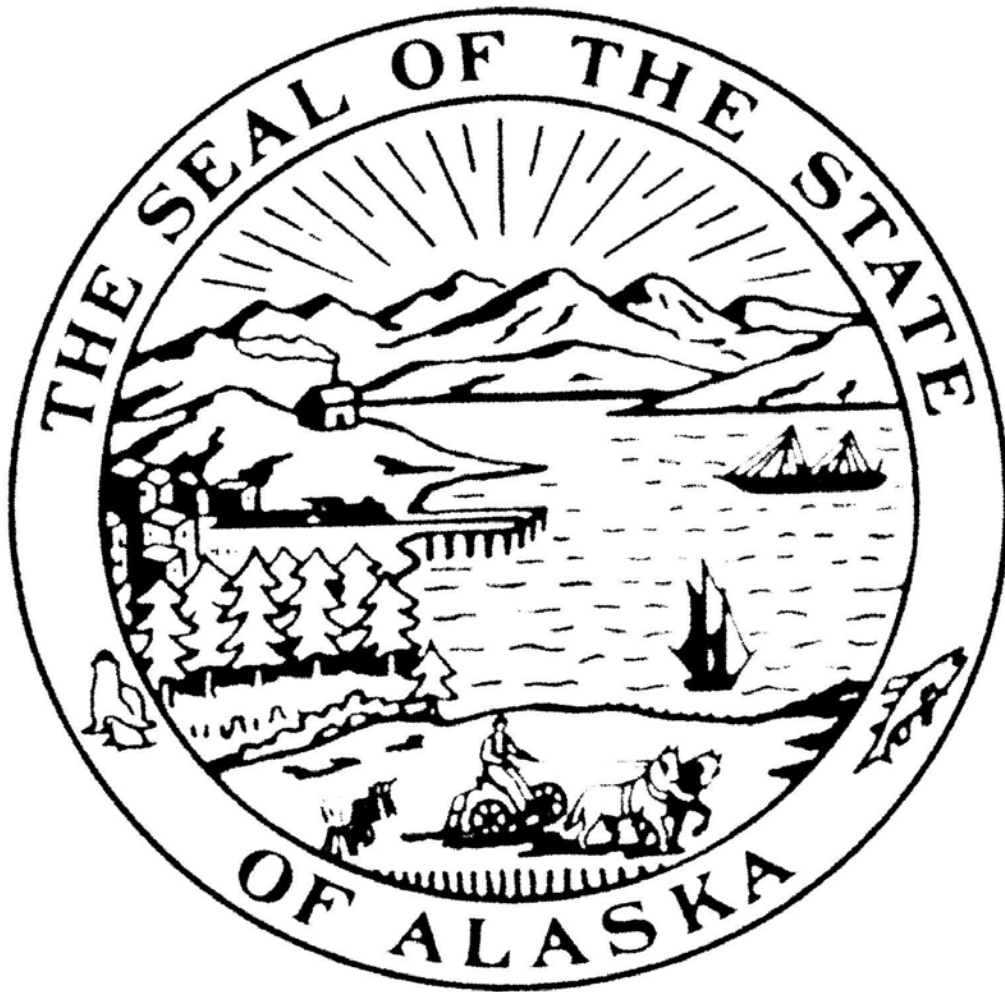
HOUSE OF REPRESENTATIVES
Neal Foster, Co-Chair
Jennifer Johnston, Co-Chair
Dan Ortiz, Vice Chair

Members:
Click Bishop, Lyman Hoffman,
David Wilson, Donald Olson,
Bill Wielechowski

Members:
Andy Josephson, Bart LeBon, Adam Wool,
Cathy Tilton, Kelly Merrick,
Colleen Sullivan-Leonard, Ben Carpenter,
Vacant

Financial Section





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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE



Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
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, 2020, 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 Clean Water Fund, Alaska Drinking Water Fund, Retiree Health Fund, the Invested Assets Under the Investment Authority of the Commissioner of Revenue, Pension and Other Employee Benefit Trust Funds. 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	88%	27%
Business-Type Activities	78%	38%
Aggregate Discretely Presented		
Component Units	91%	93%
Major Funds:		
General Fund	65%	2%
Alaska Permanent Fund	100%	100%
Alaska International Airports	100%	100%
Aggregate Remaining		
Fund Information	94%	88%

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, is 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 unmodified and qualified audit opinions.

Basis for Qualified Opinion on the General Fund

State of Alaska's General Fund rents and royalties are not reported in accordance with generally accepted accounting principles and management declined to correct the misstatements. Misstatements include an unreported General Fund prior period adjustment of \$199.0 million for overstated General Fund royalty revenues of \$99.8 million in FY 18 and \$99.2 million in FY 19, and an understatement of \$199.0 million due to other funds. The misstatement was caused by the Department of Natural Resources' failure to transfer all statutorily dedicated revenues to the Alaska Permanent Fund. The statutory dedications of royalty revenues are required by law to be deposited in the Permanent Fund.

Note two relating to the State's Constitutional Budget Reserve Fund, a subfund of the General Fund also referred to as the State's rainy day fund or savings account, is materially misstated by

\$1.6 billion and management declined to correct the misstatement. The overstatement is the result of not correcting for the \$199.0 million misstatement discussed above and the State's attorney general's guidance to the Department of Revenue and the Department of Natural Resources that taxes, royalties, and interest received as a result of decisions by the Federal Energy Regulatory Commission are not required to be deposited in the Constitutional Budget Reserve Fund. Historically the receipts have been deposited in the Constitutional Budget Reserve Fund. Additionally, taxes due as a result of Federal Energy Regulatory Commission decisions were permitted to be offset against tax credits owed to taxpayers which further misstated the Constitutional Budget Reserve Fund balance. The attorney general also asserted that similar monies received in prior years that were deposited in the Constitutional Budget Reserve Fund should be reclassified as General Fund monies, thereby reducing the amount that the General Fund must repay the Constitutional Budget Reserve Fund in the future. Legal analysis does not support the attorney general's position. The failure to properly deposit monies received during the fiscal years ended June 30, 2018, June 30, 2019, and June 30, 2020; and the reclassification of prior year monies violates State law and provides misleading information to users of the financial statements.

Qualified Opinion

In our opinion, based on our audit and the report of other auditors, except for the effects of the matters described in the "Basis for Qualified Opinion on the General Fund" paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the State of Alaska, as of June 30, 2020, the changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified 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, business-type activities, the aggregate discretely presented component units, Alaska Permanent Fund, Alaska International Airports, the Unemployment Compensation Fund, and the aggregate remaining fund information of the State of Alaska, as of June 30, 2020, 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 Required Supplementary 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 the other information such as the introductory and statistical sections, 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole, except for effect of uncorrected misstatements in Statements 3.01 and 3.02 as described in the *Basis for Qualified Opinion on the General Fund* paragraphs above.

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.

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Kris Curtis, CPA, CISA
Legislative Auditor

Juneau, Alaska
February 22, 2021

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, 2020. 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 2020 by \$75.6 billion (net position). Of this amount, \$8.3 billion represents net investment in capital assets, \$54.2 billion is restricted for various purposes, and unrestricted net position is \$13.1 billion. Unrestricted net position may be used to meet the State's ongoing obligations to citizens and creditors.

Fund level

- As of the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$70.1 billion, with \$16.3 billion unrestricted (includes committed, assigned, and unassigned), \$53.6 billion nonspendable, and \$159.1 million restricted to specific purposes such as development, debt, and education. The nonspendable fund balance includes \$52.4 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 \$3.4 billion. This is a decrease of \$1,315.0 million from FY 2019. The decrease is mainly due to an unassigned fund balance decrease of \$1,242.8 million.

Long-term debt

- As a result of this year's activity, the State's total long-term debt increased by \$903 million (12.34 percent). Long-term debt increased primarily due to an increase in unearned revenue due to Coronavirus Relief Funds and an increase in the net pension liability which was offset by a decrease in the other postemployment benefits (OPEB) liability. 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.
- Pension and OPEB assets, and claims and judgments are not current available resources and are not reported in the governmental fund statements.
- Deferred outflows and deferred inflows are not reported in the 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, net OPEB liability, capital lease obligations, compensated absences, litigation, notes and bonds payable, 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 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.
- Capital lease arrangements are considered a source of financing in the governmental funds but are reported as a liability in the Statement of Net Position.
- Certain expenditures are reported in the funds but either increase or decrease long-term liabilities or deferred outflows on the Statement of Net Position and have been eliminated from the Statement of Activities.

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 four major funds, the General Fund, the Alaska Permanent Fund, which are included in the governmental fund statements, and the International Airports Fund and Unemployment Compensation Fund which are 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 four major component units, the University of Alaska, Alaska Housing Finance Corporation, Alaska Energy Authority 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 96.5 percent of total government-wide cash and investments and 91.6 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 and Unemployment Compensation Fund are major enterprise funds of the State of Alaska. The International Airports Fund is 3.3 percent of total government-wide liabilities (excluding component units). The Unemployment Compensation Fund is 0.4 percent of total government-wide liabilities (excluding component units). The proprietary funds financial statements present detail for these two funds 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 benefits) 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 proportionate share of the net pension and OPEB liability/asset, employer contribution amounts, the sources of changes in the net pension and OPEB liability/asset, components of the net pension and OPEB liability/asset and related ratios, and the net pension and OPEB liability/asset 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, the International Airports Fund, and Unemployment Compensation 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 \$75.6 billion at the close of FY 2020 (see table below). By far the largest portion of the State's net position (86.4 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 (\$52.4 billion) may not be spent.

The remainder of the State's net position (13.6 percent) represents net investment in capital assets (\$8.3 billion), resources that are subject to external restrictions of how they may be used (\$1.8 billion), and the remaining is unrestricted net position.

Net Position (Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY20	FY19	FY20	FY19	FY20	FY19
Current and Other Noncurrent Assets	\$ 77,740	\$ 77,926	\$ 2,246	\$ 2,172	\$ 79,986	\$ 80,098
Capital Assets	7,934	7,860	1,185	1,210	9,119	9,070
Total Assets	85,674	85,786	3,431	3,382	89,105	89,168
Deferred Outflows of Resources	911	761	11	11	922	772
Long-term Liabilities	7,720	6,811	498	505	8,218	7,316
Other Liabilities	5,832	5,294	79	44	5,911	5,338
Total Liabilities	13,552	12,105	577	549	14,129	12,654
Deferred Inflows of Resources	283	537	5	6	288	543
Net Position:						
Net Investment in Capital Assets	7,425	7,330	863	879	8,288	8,209
Restricted	53,237	48,698	1,009	1,059	54,246	49,757
Unrestricted	12,088	17,877	988	900	13,076	18,777
Total Net Position	\$ 72,750	\$ 73,905	\$ 2,860	\$ 2,838	\$ 75,610	\$ 76,743

The net position of governmental activities decreased \$1,155 million and business-type activities increased \$22 million. Governmental activities net position decreased due to declining revenues. The increase in business type activities is a result of this year's operations.

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 2020.

	Changes in Net Position (Stated in millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY20	FY19	FY20	FY19	FY20	FY19
Revenues						
Program Revenues						
Charges for Services	\$ 1,423	\$ 1,941	\$ 348	\$ 345	\$ 1,771	\$ 2,286
Operating Grants	2,903	2,751	399	—	3,302	2,751
Capital Grants	742	753	49	103	791	856
General Revenues						
Taxes	1,025	1,544	—	—	1,025	1,544
Interest and Investment Income/(Loss)	2,040	4,199	53	52	2,093	4,251
Payments In from Component Units	67	1,101	—	—	67	1,101
Other Revenues	55	69	—	—	55	69
Total Revenues	8,255	12,358	849	500	9,104	12,858
Expenses						
General Government	405	621	—	—	405	621
Alaska Permanent Fund Dividend	1,025	1,015	—	—	1,025	1,015
Education and University	1,903	2,322	—	—	1,903	2,322
Health and Human Services	3,365	3,333	—	—	3,365	3,333
Law and Justice	230	222	—	—	230	222
Public Protection	856	722	—	—	856	722
Natural Resources	302	314	—	—	302	314
Development	128	130	—	—	128	130
Transportation	1,022	1,148	—	—	1,022	1,148
Intergovernmental	107	112	—	—	107	112
Debt Service	67	51	—	—	67	51
Loans	—	—	594	9	594	9
Insurance	—	—	73	164	73	164
Airports	—	—	160	155	160	155
Total Expenses	9,410	9,990	827	328	10,237	10,318
Excess (Deficiency) of Revenues						
Over Expenditures	(1,155)	2,368	22	172	(1,133)	2,540
Transfers	—	2	—	(2)	—	—
Change in Net Position	(1,155)	2,370	22	170	(1,133)	2,540
Net Position - Beginning of Year	73,905	71,535	2,838	2,668	76,743	74,203
Net Position - End of Year	\$ 72,750	\$ 73,905	\$ 2,860	\$ 2,838	\$ 75,610	\$ 76,743

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 \$70.1 billion, a decrease of \$2.0 billion in comparison with the prior year.

The General Fund unassigned and committed fund balances, which are available for spending at the government's discretion, had balances of \$1.9 billion, and \$1.5 billion, respectively. The Alaska Permanent Fund (earnings reserve account) had an unrestricted fund balance of \$12.9 billion of which \$9.8 billion is assigned and \$3.1 billion is committed to other purposes. The remaining nonmajor governmental funds had committed fund balances of \$50.1 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 (\$52.4 billion), and other items that are nonspendable, such as inventory, advances and prepaid items, and principal (\$1.20 billion), and amounts restricted for a variety of other purposes (\$159 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 \$3.4 billion, while total fund balance reached \$4.0 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 34.9 percent of total General Fund expenditures, while total fund balance represents 40.5 percent of that same amount.

The fund balance of the State's General Fund decreased by \$874.5 million during the current fiscal year. For FY 2020, the most significant source of revenue was federal revenues (59.6 percent) followed by taxes (16.7 percent). With the decline in petroleum related revenues, Rents and Royalties and Taxes continue to be a significant concern. FY 2020 showed a significant decrease from 33.8 percent of total revenues for FY 2019 compared to 28.6 percent of total revenues for FY 2020.

General Fund revenues for FY 2020 were \$6.06 billion, a decrease of \$1.90 billion compared to revenues of \$7.97 billion for FY 2019. Revenues by source for FY 2020 are compared to FY 2019 in the following schedule (in millions):

Revenue Source	FY20	Percent	FY19	Percent
Taxes	\$ 1,010.0	16.7 %	\$ 1,556.7	19.5 %
Rents and Royalties	721.7	11.9	1,136.9	14.3
Interest and Investment Income/(Loss)	274.0	4.5	300.6	3.8
Federal	3,615.9	59.6	3,445.8	43.3
Miscellaneous	442.2	7.3	1,526.4	19.1
Total Revenue	<u>\$ 6,063.9</u>	<u>100.0 %</u>	<u>\$ 7,966.4</u>	<u>100.0 %</u>

The primary components of the \$1,902.6 million decrease in General Fund revenue are \$415.2 million in rents and royalties, \$546.6 million in taxes, and \$1,084.2 million in miscellaneous revenue including payments in from component units. The decreases were partially offset by a \$170.0 million increase in federal revenue during FY 2020.

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 three parts.

- **Nonspendable Fund Balances:** The nonspendable fund balances, or principal, include all historical contributions and appropriations, which are the main body of the fund. On June 30, 2020, this amounted to \$46.6 billion. The sources of contributions and appropriations of the fund, since inception, were as follows: \$17.6 billion in dedicated mineral revenues; \$18 billion of fund realized earnings transferred to principal for inflation proofing; \$10.9 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 \$5.8 billion.

- **Committed Fund Balances:** The committed fund balances are realized earnings of the Fund which have been designated by appropriation for a specific purpose and meet other criteria as defined by Generally Accepted Accounting Principles. During FY 2019, legislation was passed which provides for a transfer from the Earning Reserve Account to the General Fund for the payment of unrestricted General Fund expenditures, including the dividend. The amount of the transfer is based upon a percentage of the average market value of the Fund at the end of the first five of the preceding six fiscal years. The legislation took effect on July 1, 2019. The FY 2020 balance sheet reflects a commitment of fund balance of \$3.1 billion for transfer during FY 2021.
- **Assigned Fund Balances:** The assigned fund balances, which are available for legislative appropriation per AS 37.13.145, consist of \$8.4 billion in realized earnings of the fund and \$1.4 billion in accumulated unrealized appreciation.

General Fund Budgetary Highlights

The difference between the original expenditure budget and the final amended budget was a net increase of \$790 million in appropriations (or 4.1 percent). The net effect of increases and decrease in appropriations can be briefly summarized as follows:

- \$468 million increase allocated to general government
- \$474 million decrease allocated to transportation
- \$363 million increase allocated to public protection
- \$262 million increase allocated to development
- The balance is allocated across several expenditure functions

The overall increase in appropriated expenditures was funded out of additional federal receipts in the amount of \$791 million. Interagency receipts (purchases between departments) of \$370.7 million make up the majority of other additional revenues.

The difference between the final amended budget and actual expenditures was \$8.3 billion (or 41.7 percent). The difference was primarily due to multiyear appropriations exceeding expenditures within FY 2020 by \$5.5 billion in transportation and a \$0.8 billion in health and human services.

The difference between the final amended budget and actual revenues was 13.0 billion (or 66.2% percent). The difference was primarily due to multiyear appropriations exceeding revenues within FY 2020 by 11.6 billion in Federal Grants in Aid. The biggest variances are due to capital projects that span several fiscal years and the receipt of \$1.25 billion in Cares Act Funding that was not fully expended before the end of the fiscal year.

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, 2020, amounts to \$8.3 billion. The table below displays total capital assets, net of accumulated depreciation. Depreciation charges for FY 2020 totaled \$554 million for governmental activities and \$75 million for business-type activities.

Capital Assets

(Stated in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY20	FY19	FY20	FY19	FY20	FY19
Land	\$ 1,068	\$ 1,053	\$ 31	\$ 31	\$ 1,099	\$ 1,084
Buildings	1,535	1,598	600	624	2,135	2,222
Equipment	510	540	32	35	542	575
Infrastructure	3,242	3,288	507	454	3,749	3,742
Construction in Progress	1,580	1,381	14	66	1,594	1,447
Total Capital Assets	\$ 7,935	\$ 7,860	\$ 1,184	\$ 1,210	\$ 9,119	\$ 9,070

In FY 2020, increases were in infrastructure and construction in progress with an increase of \$7 million and \$147 million, respectively. These increases were offset with decreases in buildings and equipment in the amount of \$87 million and \$33 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 \$1,340 million. Of this amount, \$672 million was general obligation bonds, and \$668 million of revenue bonds payable comprised of \$311 million issued by the Northern Tobacco Securitization Corporation (NTSC), \$2 million of sport fishing revenue bonds, and \$355 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 \$355 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	
	FY20	FY19	FY20	FY19	FY20	FY19
Revenue Bonds Payable	\$ 313	\$ 326	\$ 355	\$ 370	\$ 668	\$ 696
General Obligation Debt	672	728	—	—	672	728
Notes Payable	7	9	—	—	7	9
Capital Leases Payable	230	238	—	—	230	238
Unearned Revenue	1,220	51	36	33	1,256	84
Certificates of Participation	24	26	—	—	24	26
Compensated Absences	181	169	5	4	186	173
Claims and Judgments	225	161	—	—	225	161
Pollution Remediation	125	127	6	6	131	133
Other Noncurrent Liabilities	3	3	34	23	37	26
Net OPEB Liability	105	806	2	12	107	818
Net Pension Liability	4,616	4,167	60	56	4,676	4,223
Total	<u>\$ 7,721</u>	<u>\$ 6,811</u>	<u>\$ 498</u>	<u>\$ 504</u>	<u>\$ 8,218</u>	<u>\$ 7,315</u>

The State's total long-term debt increased by \$903 million (12.34 percent) during FY 2020. The increase in debt is primarily due to an increase in unearned revenue due to Coronavirus Relief Funds and an increase in the net pension liability which was partially offset by a decrease in the OPEB liability.

With the implementation of GASB Statement 68 and 75, the State of Alaska reported net pension liabilities and net OPEB liabilities/assets in relation to a special funding situation in the amount of \$1,890.4 million net pension liability, and \$90.8 million net OPEB liability, and \$21.2 million net OPEB asset. 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 2020 the State of Alaska's underlying rating on the State's outstanding general obligation debt was downgraded in FY 2020. On September 5, 2019, Fitch downgraded the underlying rating on the State's outstanding general obligation debt to 'AA-' from 'AA'. On April 17, 2020, S&P downgraded the underlying rating on the State's outstanding general obligation debt to 'AA-' from 'AA'. and on May 6, 2020, Fitch downgraded the underlying rating on the State's outstanding general obligation debt a second time to 'A+' from 'AA-.' Moody's rating of Aa3 was reduced from stable to negative outlook. The outlook from S&P and Fitch is negative as well.

Additional information regarding the State's long-term debt can be found in Note 6, in the notes to the basic financial statements.

Significant Facts

The Public Employee's Retirement System's (PERS) net investment income decreased \$318.6 million to \$777.4 million during FY 2020. The Teacher's Retirement System's (TRS) net investment income decreased \$157.2 million to \$368.2 million during FY 2020.

The Permanent Fund ended the fiscal year at 2.01 percent total return. Public markets experienced extreme volatility during the year as the impacts of COVID-19 were felt across the globe. While representing a strong recovery from the lows experienced in the third quarter, these results were not as strong as the 6.32 percent of FY 2019 and were well below the average over the Fund's history. Total fund return for FY 2020 just slightly underperformed the performance benchmark of 2.05 percent by 4 basis points. FY 2020's results are substantially below the 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.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has significant effects on global markets, supply chains, governments, businesses, and communities. Specific to the State of Alaska, COVID-19 impacted several of its FY 2020 operations and financial results, such as declines in tax revenues and costs for increased use of technology. Management has taken and continues to take actions to mitigate the negative impact caused by COVID-19. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Economic Factors and Next Year's Budgets and Rates

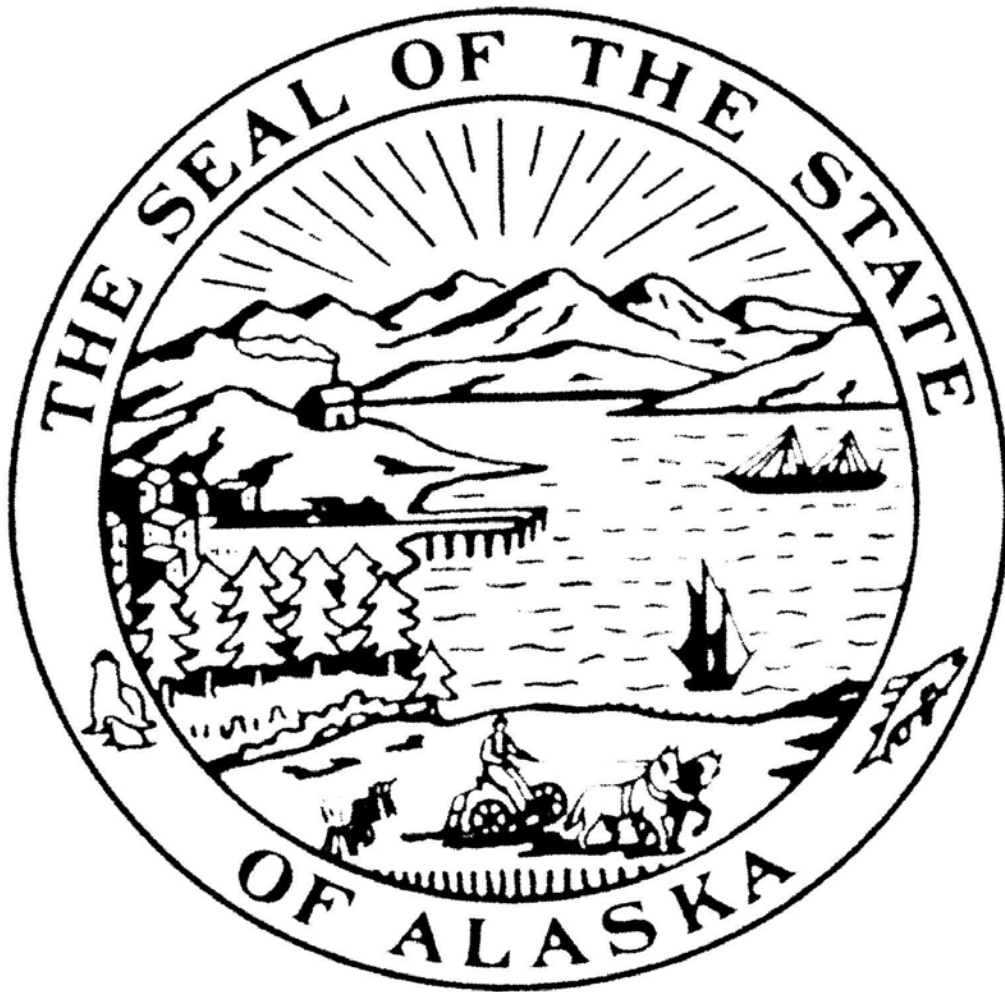
- The State's average unemployment rate for FY 2020 was 7.7 percent, significantly higher than the seasonally adjusted average unemployment rate for FY 2019. Alaska's five year average (2016 to 2020) was 6.9 percent. The United States unemployment rate for FY 2020 was 6.0 percent.
- Total General Fund revenue for FY 2020 was \$6.1 billion. Three sources of revenue accounted for 88.2 percent of total state revenue; federal, taxes, and rents and royalties. Federal accounted for 59.6 percent, taxes accounted for 16.7 percent, and rents and royalties accounted for 11.9 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 be of concern with fluctuating oil prices and lawmakers continuing to use State reserves to close budget gaps.
- FY 2020 crude oil and natural gas liquids production in the State of Alaska for the North Slope averaged 470 thousand barrels per day. This is 27 thousand barrels per day less than in the prior year. In Cook Inlet, production averaged approximately 14 thousand barrels per day; a decrease of about one thousand barrels per day compared to the prior year.
- The State of Alaska FY 2020 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 (\$1,606/resident) was paid to each qualifying Alaskan for a total of \$1.025 billion.
- Management is actively monitoring the global pandemic (COVID-19) and assessing its effect on the State of Alaska's financial condition, liquidity, operations, and workforce. Given the daily evolution of the COVID-19 outbreak and the global response to curb its spread, management is not able to estimate the effects of the outbreak for FY21 or future periods.

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.

Basic Financial Statements





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Government-wide Financial Statements



STATE OF ALASKA
Statement of Net Position
Government-wide
June 30, 2020
(Stated in Thousands)

STATEMENT 1.01

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Investments	\$ 71,394,431	\$ 1,531,888	\$ 72,926,319	\$ 2,231,476
Accounts Receivable - Net	2,202,667	20,761	2,223,428	47,138
Interest and Dividends Receivable	170,406	13,826	184,232	62,333
Internal Balances	(9,101)	9,101	—	—
Due from Primary Government	—	—	—	35,745
Due from Component Units	1,065,602	—	1,065,602	4,396
Due from Other Governments	695,120	74,645	769,765	61,385
Loans, Notes, and Bonds Receivable	18,596	513,798	532,394	5,106,563
Inventories	27,886	—	27,886	17,719
Repossessed Property	—	951	951	—
Net Investment in Direct Financing Leases	—	—	—	116,074
Restricted Assets	4	78,398	78,402	2,477,960
Securities Lending Collateral	1,540,240	—	1,540,240	12,616
Net Pension Asset	18,712	—	18,712	—
Net OPEB Asset	118,519	367	118,886	35,365
Other Assets	496,487	2,336	498,823	29,409
Capital Assets:				
Equipment, Net of Depreciation	508,842	32,155	540,997	320,557
Buildings, Net of Depreciation	1,535,006	599,682	2,134,688	1,181,877
Library Books, Net of Depreciation	—	—	—	7,261
Infrastructure, Net of Depreciation	3,242,495	507,432	3,749,927	880,224
Museum Collections	—	—	—	7,376
Land / Right-of-Way	1,068,409	31,202	1,099,611	122,134
Construction in Progress	1,579,843	14,216	1,594,059	687,505
Total Assets	<u>85,674,164</u>	<u>3,430,758</u>	<u>89,104,922</u>	<u>13,445,113</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	<u>911,014</u>	<u>11,313</u>	<u>922,327</u>	<u>326,792</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	4,253,924	67,906	4,321,830	149,265
Obligations Under Securities Lending	1,540,240	—	1,540,240	12,616
Due to Primary Government	—	—	—	1,212,901
Due to Component Units	23,650	—	23,650	14,485
Due to Other Governments	—	6,982	6,982	1,007
Interest Payable	14,379	3,857	18,236	27,839
Derivative Instruments	—	—	—	234,281
Other Current Liabilities	—	285	285	144,307

This statement continues on the next page.

STATE OF ALASKA
Statement of Net Position
Government-wide
June 30, 2020
(Stated in Thousands)

STATEMENT 1.01

	Primary Government			Component Units
	Activities	Activities	Total	
LIABILITIES (Continued)				
Long-Term Liabilities:				
Portion Due or Payable Within One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	210,067	5,423	215,490	15,246
Unearned Revenue	1,195,565	36,093	1,231,658	46,083
Notes, Bonds, and Leases Payable	73,894	13,930	87,824	219,130
Portion Due or Payable After One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	320,676	5,508	326,184	6,016
Unearned Revenue	24,284	—	24,284	—
Notes, Bonds, and Leases Payable	1,171,805	341,152	1,512,957	3,935,246
Net Pension Liabilities	4,615,517	60,221	4,675,738	328,924
Net OPEB Liabilities	104,548	1,989	106,537	5,006
Other Noncurrent Liabilities	3,435	33,684	37,119	19,868
Total Liabilities	<u>13,551,984</u>	<u>577,030</u>	<u>14,129,014</u>	<u>6,372,220</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows or Resources	<u>283,325</u>	<u>4,633</u>	<u>287,958</u>	<u>595,537</u>
NET POSITION				
Net Investment in Capital Assets	7,425,480	863,218	8,288,698	2,172,569
Restricted for:				
Permanent Funds				
Nonexpendable	53,096,498	—	53,096,498	512,365
Expendable	—	—	—	181,639
Education	8,463	—	8,463	488,940
Development	60,920	—	60,920	142,968
Unemployment Compensation	—	403,789	403,789	—
Health and Human Services	18,882	560,010	578,892	—
Debt Service	42,014	16,044	58,058	744,207
Other Purposes	9,966	28,979	38,945	335,453
Unrestricted	<u>12,087,646</u>	<u>988,368</u>	<u>13,076,014</u>	<u>2,226,007</u>
Total Net Position	<u>\$ 72,749,869</u>	<u>\$ 2,860,408</u>	<u>\$ 75,610,277</u>	<u>\$ 6,804,148</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, 2020
(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	\$ 405,388	\$ 21,011	\$ 72,789	\$ 667
Alaska Permanent Fund Dividend	1,024,587	—	—	—
Education	1,578,209	3,391	249,394	(2)
University	324,895	—	—	—
Health and Human Services	3,365,428	56,544	2,197,273	22,690
Law and Justice	230,361	4,018	20,861	1,459
Public Protection	855,946	172,855	87,960	3,424
Natural Resources	301,648	1,127,226	94,226	6,326
Development	128,179	(1,244)	83,584	823
Transportation	1,022,282	39,198	75,570	706,477
Intergovernmental Revenue Sharing	107,105	—	20,359	—
Debt Service	66,497	—	1,168	—
Total Governmental Activities	9,410,525	1,422,999	2,903,184	741,864
Business-type Activities:				
Loans	5,609	10,260	380	12,501
Insurance	662,073	200,817	388,647	—
Airports	159,593	136,704	9,999	36,770
Total Business-type activities	827,275	347,781	399,026	49,271
Total Primary Government	\$ 10,237,800	\$ 1,770,780	\$ 3,302,210	\$ 791,135
Component Units:				
University of Alaska	\$ 697,221	\$ 170,029	\$ 217,057	\$ 12,794
Alaska Housing Finance Corporation	217,257	158,802	74,858	2,638
Alaska Industrial Development and Export Authority	49,139	41,541	8,036	4,270
Alaska Energy Authority	92,246	21,889	14,082	—
Nonmajor Component Units	322,779	252,743	79,490	—
Total Component Units	\$ 1,378,642	\$ 645,004	\$ 393,523	\$ 19,702

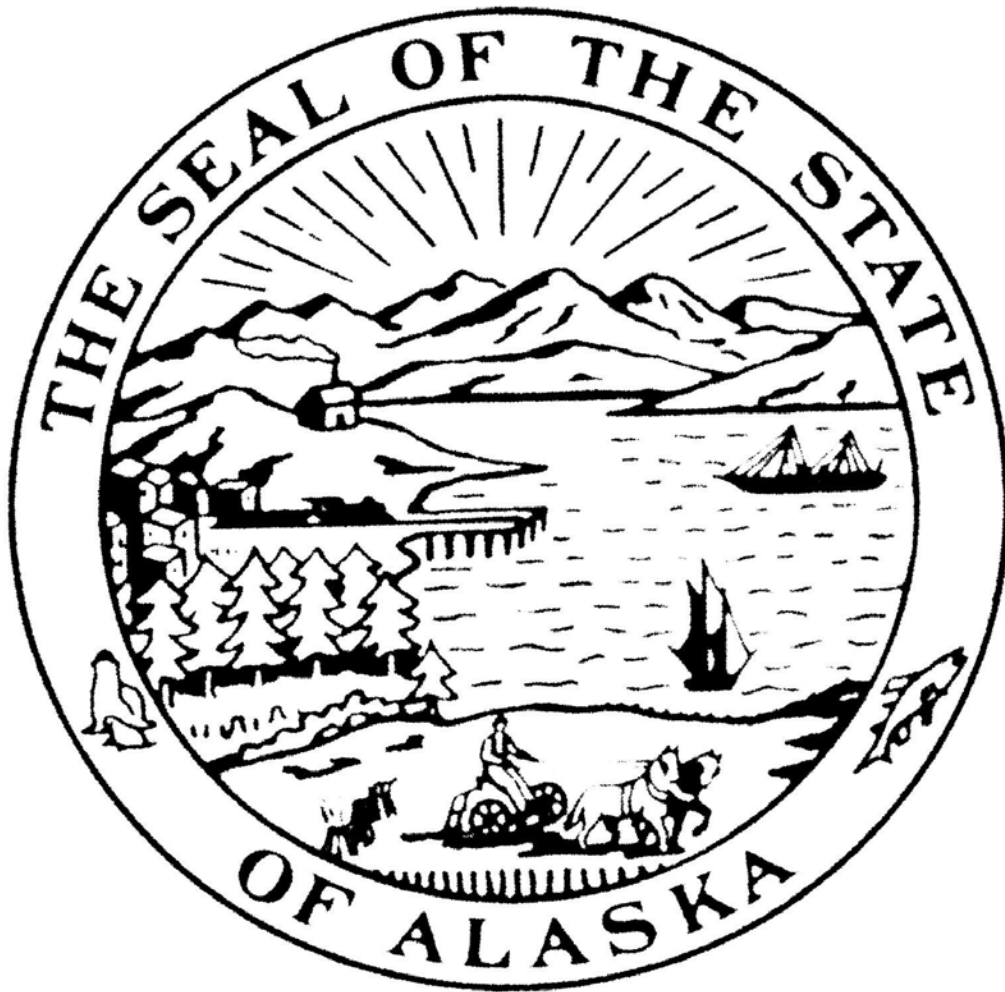
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STATE OF ALASKA
Statement of Activities
Government-wide
For the Fiscal Year Ended June 30, 2020
(Stated in Thousands)

STATEMENT 1.02

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	\$ (310,921)		\$ (310,921)	
Alaska Permanent Fund Dividend	(1,024,587)		(1,024,587)	
Education	(1,325,426)		(1,325,426)	
University	(324,895)		(324,895)	
Health and Human Services	(1,088,921)		(1,088,921)	
Law and Justice	(204,023)		(204,023)	
Public Protection	(591,707)		(591,707)	
Natural Resources	926,130		926,130	
Development	(45,016)		(45,016)	
Transportation	(201,037)		(201,037)	
Intergovernmental Revenue Sharing	(86,746)		(86,746)	
Debt Service	(65,329)		(65,329)	
Total Governmental Activities	<u>(4,342,478)</u>		<u>(4,342,478)</u>	
Business-type Activities:				
Loans		\$ 17,532	17,532	
Insurance		(72,609)	(72,609)	
Airports		23,880	23,880	
Total Business-type activities		<u>(31,197)</u>	<u>(31,197)</u>	
Total Primary Government	<u>(4,342,478)</u>	<u>(31,197)</u>	<u>(4,373,675)</u>	
Component Units:				
University of Alaska				\$ (297,341)
Alaska Housing Finance Corporation				19,041
Alaska Industrial Development and Export Authority				4,708
Alaska Energy Authority				(56,275)
Nonmajor Component Unit				9,454
Total Component Units				<u>(320,413)</u>
General Revenues				
Taxes:				
Severance Taxes	462,874	—	462,874	—
Selective Sales/Use	281,082	—	281,082	—
Income Taxes	153,093	—	153,093	—
Property Taxes	125,223	—	125,223	—
Other Taxes	2,545	—	2,545	—
Interest and Investment Income (Loss)	2,040,436	53,336	2,093,772	132,609
Tobacco Settlement	20,037	—	20,037	—
Payments in from Component Units	66,709	—	66,709	—
Payments In from Primary Government	—	—	—	316,935
Other Revenues	34,675	384	35,059	3,714
Transfers - Internal Activity	143	(143)	—	—
Gain (Loss) on Sale of Asset	—	—	—	—
Total General Revenues	<u>3,186,817</u>	<u>53,577</u>	<u>3,240,394</u>	<u>453,258</u>
and Extraordinary items				
Change in Net Position	(1,155,661)	22,380	(1,133,281)	132,845
Net Position - Beginning of Year	73,905,530	2,838,028	76,743,558	6,671,303
Net Position - End of Year	<u>\$ 72,749,869</u>	<u>\$ 2,860,408</u>	<u>\$ 75,610,277</u>	<u>\$ 6,804,148</u>

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



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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, 2020
 (Stated in Thousands)

STATEMENT 1.11

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 4,656,430	\$ 65,709,863	\$ 877,804	\$ 71,244,097
Accounts Receivable - Net	176,597	2,019,185	1,450	2,197,232
Interest and Dividends Receivable	2,551	167,825	30	170,406
Due from Other Funds	35,182	7,713	5,669	48,564
Due from Component Units	1,065,602	—	—	1,065,602
Due from Other Governments	692,009	—	519	692,528
Loans, Notes, and Bonds Receivable	18,516	—	80	18,596
Inventories	23,232	—	—	23,232
Securities Lending Collateral	—	1,540,240	—	1,540,240
Other Assets	487,048	—	5,919	492,967
Total Assets	7,157,167	69,444,826	891,471	77,493,464
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 1,568,355	\$ 2,581,892	\$ 24,195	\$ 4,174,442
Obligations Under Securities Lending	—	1,540,240	—	1,540,240
Due to Other Funds	102,022	20,492	6,139	128,653
Due to Component Units	23,650	—	—	23,650
Unearned Revenue	1,219,126	—	723	1,219,849
Other Liabilities	2,660	—	775	3,435
Total Liabilities	2,915,813	4,142,624	31,832	7,090,269
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	258,500	—	239	258,739
FUND BALANCES				
Nonspendable:				
Inventory	23,232	—	—	23,232
Principal	—	52,408,063	688,435	53,096,498
Advances and Prepaid Items	486,854	—	5,888	492,742
Restricted for:				
Debt Service	4,678	—	37,521	42,199
Education	16,192	—	1,369	17,561
Health and Human Services	725	—	18,157	18,882
Development	12,399	—	58,077	70,476
Other Purposes	9,768	—	198	9,966
Committed to:				
Education	240,429	—	2,927	243,356
Health and Human Services	287,373	—	—	287,373
Public Protection	157,828	—	916	158,744
Permanent Fund	1,520	—	—	1,520
Development	733,114	—	46,211	779,325
Other Purposes	97,961	3,091,493	—	3,189,454
Assigned to:				
Permanent Fund	—	9,802,646	—	9,802,646
Unassigned:				
	1,910,781	—	(299)	1,910,482
Total Fund Balances	3,982,854	65,302,202	859,400	70,144,456
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 7,157,167	\$ 69,444,826	\$ 891,471	\$ 77,493,464

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

Reconciliation of the Balance Sheet to the Statement of Net Position

Governmental Funds

June 30, 2020

(Stated in Thousands)

Total Fund Balances - Governmental Funds		\$ 70,144,456
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	337,821	
Buildings, net of depreciation	1,406,061	
Infrastructure, net of depreciation	3,242,495	
Land / right-of-way	1,068,409	
Construction in progress	<u>1,562,875</u>	
		7,617,661
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	2,592	
Net pension asset (Note 7)	18,712	
Other post employment benefits asset (Note 7)	<u>118,196</u>	
		139,500
Deferred outflows of resources that are not reported in the funds.		
Losses on bond refunding	5,549	
Related to pensions	689,672	
Related to OPEB	<u>205,883</u>	
		901,104
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).		
		412,379
Certain revenues are not available to pay for the current period's expenditures and therefore are not reported in the funds.		
		258,739
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	(224,745)	
Compensated absences	(175,649)	
Pollution remediation	(125,227)	
Capital lease obligations	(229,730)	
Net pension liability	(4,562,762)	
Net OPEB liability	<u>(102,805)</u>	
		(5,420,918)
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	(1,009,406)	
Accrued interest payable	<u>(14,379)</u>	
		(1,023,785)
Deferred inflows of resources related to pensions that are not reported in the funds.		
		(279,267)
Net Position of Governmental Activities		<u><u>\$ 72,749,869</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,010,045	\$ —	\$ 14,772	\$ 1,024,817
Licenses and Permits	128,506	—	42,426	170,932
Charges for Services	152,784	—	586	153,370
Fines and Forfeitures	20,698	—	139	20,837
Rents and Royalties	721,720	319,049	21,592	1,062,361
Premiums and Contributions	29,751	—	8,699	38,450
Interest and Investment Income (Loss)	273,988	1,764,636	33,444	2,072,068
Federal Grants in Aid	3,615,881	—	447	3,616,328
Payments In from Component Units	66,687	—	—	66,687
Other Revenues	43,791	—	16,251	60,042
Total Revenues	6,063,851	2,083,685	138,356	8,285,892
EXPENDITURES				
Current:				
General Government	360,016	120,479	3,225	483,720
Alaska Permanent Fund Dividend	1,024,587	—	—	1,024,587
Education	1,833,960	—	43,705	1,877,665
University	345,327	—	452	345,779
Health and Human Services	3,406,972	—	3,497	3,410,469
Law and Justice	248,758	1,562	—	250,320
Public Protection	890,219	—	951	891,170
Natural Resources	275,493	6,133	47,046	328,672
Development	133,813	—	9,538	143,351
Transportation	1,155,931	—	71,672	1,227,603
Intergovernmental Revenue Sharing	106,977	—	—	106,977
Debt Service:				
Principal	37,633	—	59,600	97,233
Interest and Other Charges	12,994	—	47,819	60,813
Total Expenditures	9,832,680	128,174	287,505	10,248,359
Excess (Deficiency) of Revenues Over Expenditures	(3,768,829)	1,955,511	(149,149)	(1,962,467)
OTHER FINANCING SOURCES (USES)				
Capital Leases	13,811	—	—	13,811
Transfers In from Other Funds	2,953,719	—	83,320	3,037,039
Transfers (Out to) Other Funds	(73,172)	(2,953,576)	(18,761)	(3,045,509)
Total Other Financing Sources and Uses	2,894,358	(2,953,576)	64,559	5,341
Net Change in Fund Balances	(874,471)	(998,065)	(84,590)	(1,957,126)
Fund Balances - Beginning of Year	4,857,325	66,300,267	943,990	72,101,582
Fund Balances - End of Year	\$ 3,982,854	\$ 65,302,202	\$ 859,400	\$ 70,144,456

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

Reconciliation of the Change in Fund Balances to the Statement of Activities

Governmental Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

Net Change in Fund Balances - Total Governmental Funds	\$ (1,957,126)
---	-----------------------

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	609,751	
Depreciation expense	<u>(524,520)</u>	
		85,231

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	(1,204)
--------------------------	---------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.

	(35,596)
--	----------

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).

Accrued interest	(620)	
Repayment of bond principal	<u>70,424</u>	
		69,804

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.

	(13,812)
--	----------

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	(62,731)	
Compensated absences	(11,483)	
Pollution remediation	1,419	
Capital lease payments	22,010	
Pension	(149,981)	
Other post employment benefits	<u>897,808</u>	
		697,042

Change in Net Position of Governmental Activities

	<u><u>\$ (1,155,661)</u></u>
--	------------------------------

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.
- **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.

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, 2020
(Stated in Thousands)

STATEMENT 1.21

	Business-type Activities Enterprise Funds				Governmental Activities
	International Airports	Unemployment Compensation	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
ASSETS					
Current Assets:					
Cash and Investments	\$ 123,840	\$ 416,034	\$ 992,014	\$ 1,531,888	\$ 150,338
Accounts Receivable - Net	9,898	9,957	906	20,761	377
Interest and Dividends Receivable	—	—	5,879	5,879	—
Due from Other Funds	9,005	380	3,165	12,550	21,914
Due from Other Governments	45,479	28,212	954	74,645	—
Loans, Notes, and Bonds Receivable	—	—	36,004	36,004	—
Inventories	—	—	—	—	4,654
Restricted Assets	5,259	—	—	5,259	—
Other Current Assets	—	—	1	1	3,520
Total Current Assets	193,481	454,583	1,038,923	1,686,987	180,803
Noncurrent Assets:					
Interest and Dividends Receivable	—	—	7,947	7,947	—
Loans, Notes, and Bonds Receivable	—	—	477,794	477,794	—
Repossessed Property	—	—	951	951	—
Restricted Assets	73,139	—	—	73,139	—
Net OPEB Asset	349	—	18	367	323
Other Noncurrent Assets	—	—	2,335	2,335	—
Capital Assets:					
Equipment, Net of Depreciation	32,155	—	—	32,155	171,021
Buildings, Net of Depreciation	599,682	—	—	599,682	128,945
Infrastructure, Net of Depreciation	507,432	—	—	507,432	—
Land / Right-of-Way	31,202	—	—	31,202	—
Construction in Progress	14,216	—	—	14,216	16,968
Total Noncurrent Assets	1,258,175	—	489,045	1,747,220	317,257
Total Assets	1,451,656	454,583	1,527,968	3,434,207	498,060
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	10,729	—	584	11,313	9,910

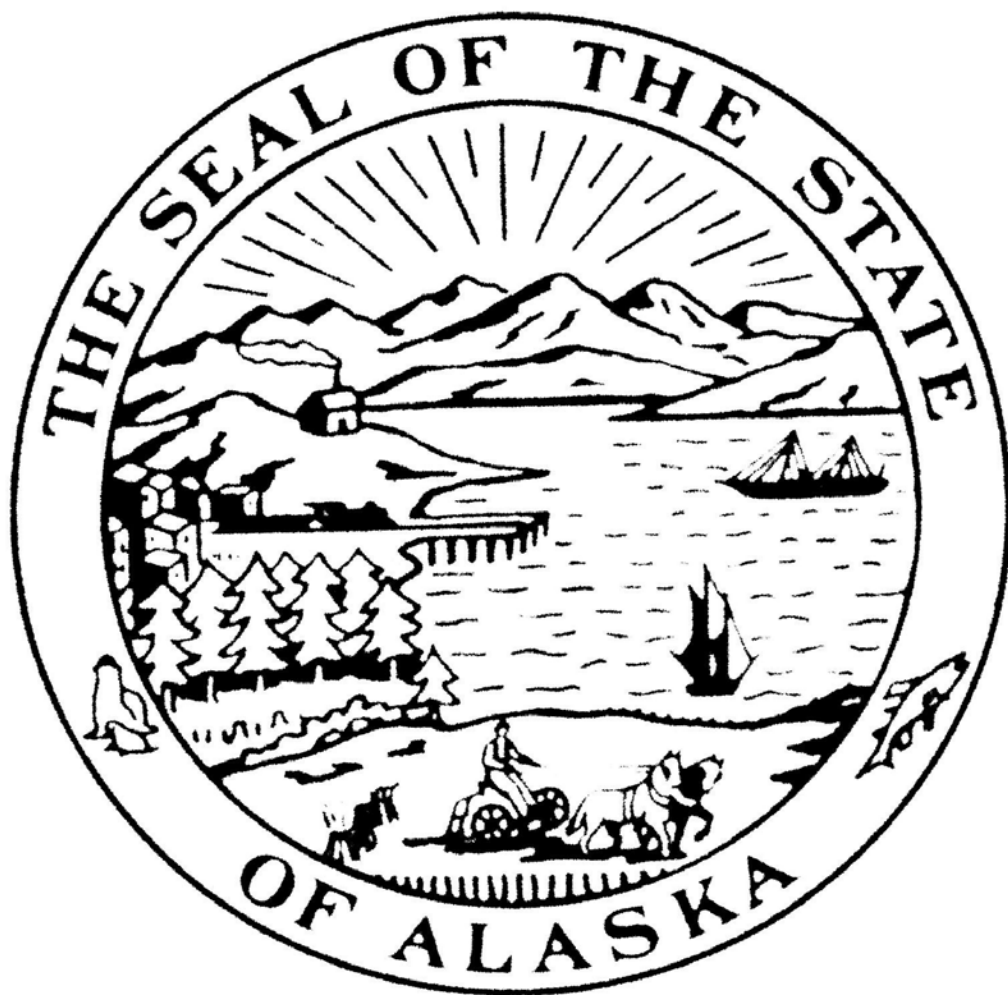
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STATE OF ALASKA
Statement of Net Position
Proprietary Funds
June 30, 2020
(Stated in Thousands)

STATEMENT 1.21

	Business-type Activities Enterprise Funds			Enterprise Funds Total	Governmental Activities
	International Airports	Unemployment Compensation	Nonmajor Enterprise Funds		Internal Service Funds
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	8,122	37,665	22,119	67,906	25,306
Due to Other Funds	630	2,655	164	3,449	44
Due to Other Governments	—	6,982	—	6,982	—
Interest Payable	3,857	—	—	3,857	—
Claims, Judgments, Compensated Absences, and Pollution Remediation	5,194	—	229	5,423	3,020
Unearned Revenue	32,861	3,232	—	36,093	—
Notes, Bonds, and Leases Payable	13,930	—	—	13,930	2,693
Other Current Liabilities	—	260	25	285	—
Total Current Liabilities	64,594	50,794	22,537	137,925	31,063
Noncurrent Liabilities:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	5,470	—	38	5,508	2,102
Notes, Bonds, and Leases Payable	341,152	—	—	341,152	3,870
Net Pension Liabilities	57,115	—	3,106	60,221	52,755
Net OPEB Liabilities	1,887	—	102	1,989	1,743
Other Noncurrent Liabilities	—	—	33,684	33,684	—
Total Noncurrent Liabilities	405,624	—	36,930	442,554	60,470
Total Liabilities	470,218	50,794	59,467	580,479	91,533
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	4,394	—	239	4,633	4,058
NET POSITION					
Net Investment in Capital Assets	863,218	—	—	863,218	310,371
Restricted for:					
Unemployment Compensation	—	403,789	—	403,789	—
Health and Human Services	—	—	560,010	560,010	—
Debt Service	16,044	—	—	16,044	—
Other Purposes	28,740	—	239	28,979	—
Unrestricted	79,771	—	908,597	988,368	102,008
Total Net Position	\$ 987,773	\$ 403,789	\$ 1,468,846	\$ 2,860,408	\$ 412,379

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



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

Proprietary Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Business-type Activities Enterprise Funds				Governmental Activities
	International Airports	Unemployment Compensation	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
OPERATING REVENUES					
Premiums and Contributions	\$ —	\$ 115,663	\$ 85,110	\$ 200,773	\$ 129,034
Charges for Goods and Services	136,793	—	1,369	138,162	118,402
Allowances for Uncollectible Revenues	(477)	—	—	(477)	—
Interest and Investment Income	—	—	9,103	9,103	—
Allowance for Uncollectible Interest	—	—	116	116	—
Fines and Forfeitures	—	174	53	227	—
Allowance for Uncollectible Fines	—	(130)	—	(130)	—
Federal Reimbursements	—	388,647	—	388,647	—
Other Operating Revenues	388	—	268	656	3,960
Total Operating Revenues	136,704	504,354	96,019	737,077	251,396
OPERATING EXPENSES					
Benefits	—	586,077	72,295	658,372	128,071
Operating	85,015	—	9,293	94,308	106,917
Depreciation	74,578	—	—	74,578	30,254
Provision for Loan Losses and Forgiveness	—	—	(622)	(622)	—
Total Operating Expenses	159,593	586,077	80,966	826,636	265,242
Operating Income (Loss)	(22,889)	(81,723)	15,053	(89,559)	(13,846)
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	5,631	11,779	48,991	66,401	703
Interest and Investment Expense	(12,923)	—	(142)	(13,065)	(21)
Gain (Loss) on Disposal of Capital Assets	119	—	—	119	(401)
Other Nonoperating Revenues (Expenses)	57	—	(643)	(586)	41
Total Nonoperating Revenues (Expenses)	(7,116)	11,779	48,206	52,869	322
Income Before Capital Contributions and Transfers	(30,005)	(69,944)	63,259	(36,690)	(13,524)
Capital Contributions	46,712	—	12,501	59,213	3,707
Transfers In from Other Funds	—	—	—	—	8,613
Transfers (Out to) Other Funds	—	—	(143)	(143)	—
Change in Net Position	16,707	(69,944)	75,617	22,380	(1,204)
Total Net Position - Beginning of Year	971,066	473,733	1,393,229	2,838,028	413,583
Total Net Position - End of Year	\$ 987,773	\$ 403,789	\$ 1,468,846	\$ 2,860,408	\$ 412,379

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

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities	
	International Airports	Unemployment Compensation	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Other Governments	\$ —	\$ 361,282	\$ 32	\$ 361,314	\$ —
Receipts from Customers	130,727	—	45	130,772	197
Receipts for Interfund Services Provided	—	—	—	—	116,879
Receipt of Principal from Loan Recipients	—	—	51,845	51,845	—
Receipt of Interest and Fees from Loan Recipients	—	—	10,852	10,852	—
Receipts from Insured	—	111,688	85,356	197,044	129,034
Payments to Employees	(51,624)	—	(4,282)	(55,906)	(48,545)
Payments to Suppliers	(50,819)	—	(4,505)	(55,324)	(46,063)
Payments to Other Governments	—	—	(1,239)	(1,239)	—
Payments to Loan Recipients	—	—	(66,935)	(66,935)	—
Claims Paid	—	(546,216)	(56,731)	(602,947)	(126,267)
Payments for Interfund Services Used	—	—	(874)	(874)	(17,314)
Other Receipts	—	233	275	508	3,960
Other Payments	—	—	(87)	(87)	—
Net Cash Provided (Used) by Operating Activities	28,284	(73,013)	13,752	(30,977)	11,881
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Subsidies and Transfers (Out to) Other Funds	—	—	(783)	(783)	—
Operating Subsidies and Transfers In from Other Funds	—	—	—	—	8,613
Federal Grants	57	—	—	57	—
Proceeds from Issuance of Short-term Debt	—	—	4,102	4,102	—
Payments on Short-term Debt	—	—	(4,102)	(4,102)	—
Interest and Fees Paid on Borrowing	—	—	(7)	(7)	—
Net Cash Provided (Used) by Noncapital Financing Activities	57	—	(790)	(733)	8,613
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Sale of Capital Assets	—	—	—	—	349
Acquisition and Construction of Capital Assets	(47,112)	—	—	(47,112)	(15,728)
Principal Paid on Capital Debt	(13,175)	—	—	(13,175)	(2,704)
Interest and Fees Paid on Capital Debt	(15,538)	—	—	(15,538)	(218)
Passenger Facility Charges	5,827	—	—	5,827	—
Federal Grants	48,365	—	11,550	59,915	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(21,633)	—	11,550	(10,083)	(18,301)

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Statement of Cash Flows

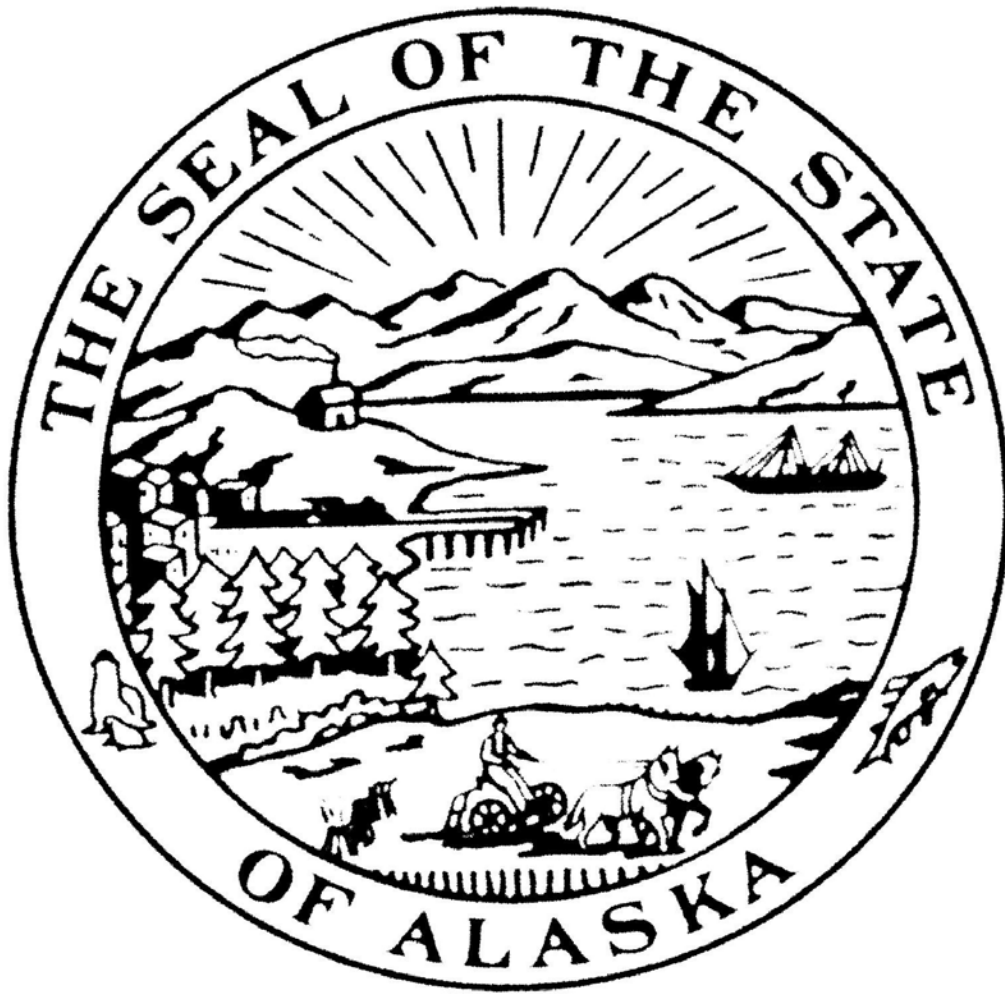
Proprietary Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Business-type Activities Enterprise Funds				Governmental Activities
	International Airports	Unemployment Compensation	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from Sales/Maturities of Investments	196,960	—	297,190	494,150	—
Income from Securities Lending Activities	—	—	—	—	—
Expenses from Securities Lending Activities	—	—	—	—	—
Purchase of Investments	(190,333)	—	(328,891)	(519,224)	—
Interest and Dividends on Investments	—	11,779	16,712	28,491	703
Change in Restricted Cash and Investments	3,811	—	—	3,811	—
Net Cash Provided (Used) by Investing Activities	10,438	11,779	(14,989)	7,228	703
Net Increase (Decrease) in Cash	17,146	(61,234)	9,523	(34,565)	2,896
Cash and Cash Equivalents - Beginning of Year	71,040	477,268	356,311	904,619	147,442
Cash and Cash Equivalents - End of Year	\$ 88,186	\$ 416,034	\$ 365,834	\$ 870,054	\$ 150,338
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (22,889)	\$ (81,723)	\$ 15,053	\$ (89,559)	\$ (13,846)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization	74,578	—	—	74,578	30,253
Bad Debt Expense	477	—	—	477	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
Accounts Receivable - Net	(6,546)	(1,933)	81	(8,398)	983
Due from Other Funds	—	(353)	(1,106)	(1,459)	(1,973)
Due from Other Governments	—	(27,365)	—	(27,365)	—
Loans, Notes, and Bonds Receivable - Net	—	—	(15,733)	(15,733)	—
Repossessed Property	—	—	(42)	(42)	—
Interest and Dividends Receivable - Net	—	—	335	335	—
Inventories	—	—	—	—	(231)
Net OPEB Asset	(87)	—	(5)	(92)	(19)
Other Assets	—	—	63	63	450
Deferred Outflows of Resources	(817)	—	(91)	(908)	(925)
Due to Other Funds	—	1,996	(18)	1,978	1
Due to Other Governments	—	3,074	—	3,074	—
Accounts Payable and Accrued Liabilities	(9,837)	37,131	15,258	42,552	1,881
Net Pension Liability	3,736	—	457	4,193	4,376
Net OPEB Liability	(9,308)	—	(445)	(9,753)	(8,470)
Other Liabilities	286	32	(8)	310	512
Deferred Inflows of Resources	(1,309)	(3,872)	(47)	(5,228)	(1,111)
Net Cash Provided (Used) by Operating Activities	\$ 28,284	\$ (73,013)	\$ 13,752	\$ (30,977)	\$ 11,881
Reconciliation of Cash to the Statement of Net Position					
Total Cash and Investments per the Statement of Net Position	\$ 123,840	\$ 416,034	\$ 992,014	\$ 1,531,888	\$ 150,338
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	(35,654)	—	(626,180)	(661,834)	—
Cash, End of Year	\$ 88,186	\$ 416,034	\$ 365,834	\$ 870,054	\$ 150,338
Noncash Investing, Capital, and Financing Activities					
Contributed Capital Assets	—	—	—	—	3,707

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



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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 1.31

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2020

(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 257,102	\$ 457,538
Investments:		186,075
Fixed Income	5,822,186	—
Broad Domestic Equity	7,323,475	—
Global Equity ex-US	5,053,593	—
Opportunistic	1,458,484	—
Private Equity Pool	3,308,362	—
Real Assets	3,619,766	—
Pooled Investment Funds	3,879,215	—
Collective Investment Funds	2,553,682	—
Synthetic Investment Contracts	770,817	—
Investment Loss Trust Fund Assets	2,085	—
Accounts Receivable - Net	171	3
Contributions Receivable	21,566	—
Securities Lending Collateral	34,436	—
Due from Other Funds	34,953	8,723
Other Assets	1,303	—
Total Assets	<u>34,141,196</u>	<u>652,339</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	5,634	5,522
Obligations Under Securities Lending	34,436	—
Forfeiture Payable to Employer	812	—
Claims Payable	48,414	—
Trust Deposits Payable	—	644,314
Due to Other Funds	2,555	2,503
Total Liabilities	<u>91,851</u>	<u>652,339</u>
NET POSITION		
Restricted for:		
Pension Benefits	15,145,900	—
Other Postemployment Benefits	11,667,535	—
Individuals, Organizations, and Other Governments	7,235,910	—
Total Net Position	<u>\$ 34,049,345</u>	<u>\$ —</u>

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

STATE OF ALASKA

STATEMENT 1.32

Statement of Changes in Fiduciary Net Position

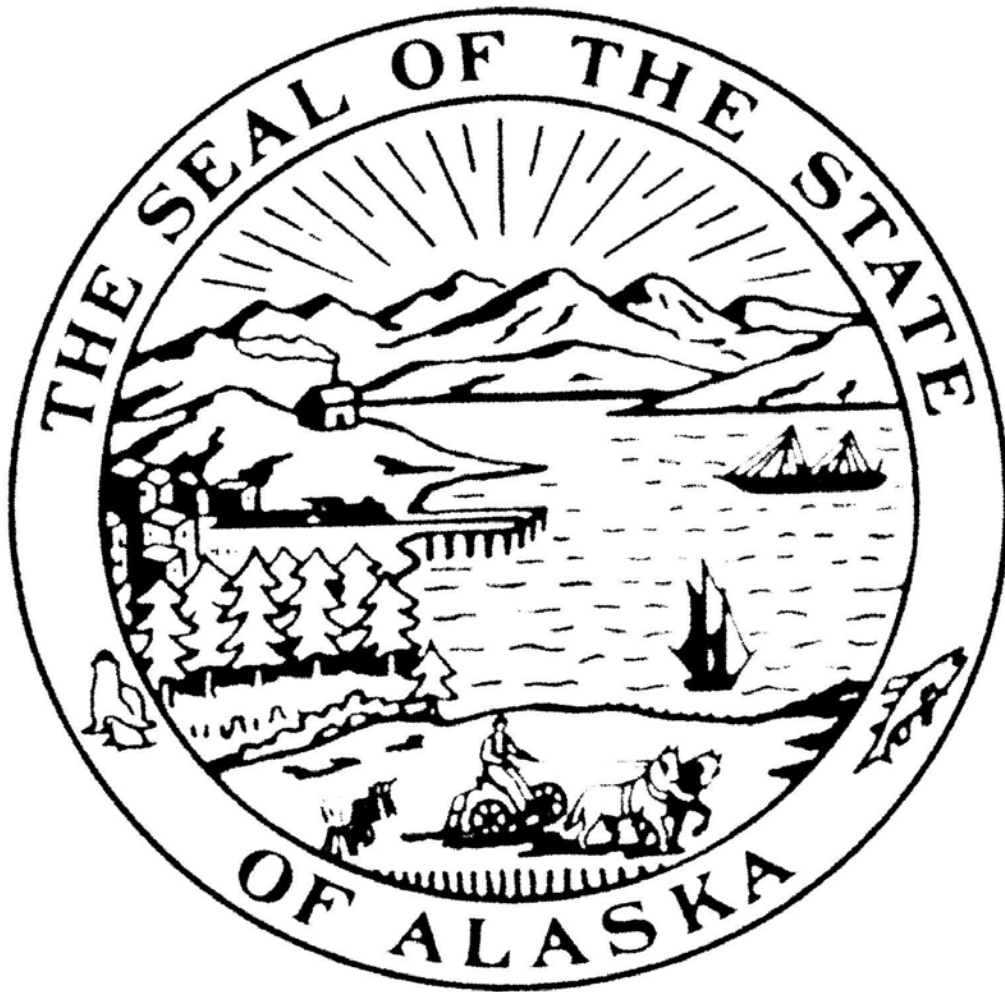
Fiduciary Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds
ADDITIONS	
Premiums and Contributions:	
Employer	\$ 774,217
Member	386,110
Other	224,716
Total Premiums and Contributions	<u>1,385,043</u>
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	1,065,792
Interest	124,227
Dividends	284,339
Total Investment Income	<u>1,474,358</u>
Less Investment Expense	82,835
Net Investment Income	<u>1,391,523</u>
Securities Lending Income	1,076
Less Securities Lending Expense	215
Net Securities Lending Income	<u>861</u>
Other Additions	
Other	110,291
Total Additions	<u>2,887,718</u>
DEDUCTIONS	
Benefits Paid	2,290,217
Refunds of Premiums and Contributions	77,188
Administrative Expenses	50,372
Total Deductions	<u>2,417,777</u>
Net Increase (Decrease) in Net Position Restricted for:	
Pension Benefits	(81,025)
Other Postemployment Benefits	188,566
Individuals, Organizations, and Other Governments	362,400
Net Position - Beginning of the Year	<u>33,579,404</u>
Net Position - End of the Year	<u>\$ 34,049,345</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 (DCCED). 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.
- **Alaska Energy Authority (AEA)** - AS 44.83.020 - is a public corporation of the State within the DCCED, 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.

NONMAJOR COMPONENT UNITS

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



STATE OF ALASKA
Statement of Net Position
Component Units
June 30, 2020
(Stated in Thousands)

STATEMENT 1.41

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Alaska Energy Authority	Nonmajor Component Units	Total
ASSETS						
Cash and Investments	\$ 203,185	\$ 500,213	\$ 533,507	\$ —	\$ 994,571	\$ 2,231,476
Accounts Receivable - Net	27,262	—	619	281	18,976	47,138
Interest and Dividends Receivable	651	16,183	8,281	1,161	36,057	62,333
Due from Primary Government	9,244	2,418	—	345	23,738	35,745
Due from Component Units	—	992	3,392	12	—	4,396
Due from Other Governments	40,358	1,782	—	1,866	17,379	61,385
Loans, Notes, and Bonds Receivable	730	3,256,290	676,327	27,032	1,146,184	5,106,563
Inventories	5,599	—	—	—	12,120	17,719
Net Investment in Direct Financing Leases	—	22,468	93,606	—	—	116,074
Restricted Assets	539,376	444,946	237,645	1,180,885	75,108	2,477,960
Securities Lending Collateral	—	—	—	—	12,616	12,616
Net OPEB Asset	—	—	69	—	35,296	35,365
Other Assets	8,633	16,263	623	251	3,639	29,409
Capital Assets:						
Equipment, Net of Depreciation	187,583	1,058	—	1,092	130,824	320,557
Buildings, Net of Depreciation	1,018,503	65,144	42,564	—	55,666	1,181,877
Library Books, Net of Depreciation	7,261	—	—	—	—	7,261
Infrastructure, Net of Depreciation	105,641	—	20,729	140,576	613,278	880,224
Museum Collections	7,376	—	—	—	—	7,376
Land / Right-of-Way	38,922	20,859	3,165	11,212	47,976	122,134
Construction in Progress	293,147	—	21,929	235,166	137,263	687,505
Total Assets	2,493,471	4,348,616	1,642,456	1,599,879	3,360,691	13,445,113
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	41,335	261,327	3,667	3	20,460	326,792
LIABILITIES						
Accounts Payable and Accrued Liabilities	42,504	9,370	2,592	29,111	65,688	149,265
Obligations Under Securities Lending	—	—	—	—	12,616	12,616
Due to Primary Government	—	189	144,103	1,065,707	2,902	1,212,901
Due to Component Units	14,377	—	—	108	—	14,485
Due to Other Governments	—	457	—	217	333	1,007
Interest Payable	3,212	7,257	1,331	1,474	14,565	27,839
Derivative Instruments	—	234,281	—	—	—	234,281
Other Current Liabilities	17,340	115,366	685	—	10,916	144,307

This statement continued on next page.

STATE OF ALASKA
Statement of Net Position
Component Units
June 30, 2020
(Stated in Thousands)

STATEMENT 1.41

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Alaska Energy Authority	Nonmajor Component Units	Total
Long-term Liabilities:						
Portion Due or Payable Within One Year:						
Claims, Judgments, Compensated Absences, and Pollution Remediation	12,533	966	—	—	1,747	15,246
Unearned Revenue	22,802	18,395	—	—	4,886	46,083
Notes, Bonds, and Leases Payable	15,835	96,180	2,800	12,515	91,800	219,130
Portion Due or Payable After One Year:						
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	3,766	—	—	2,250	6,016
Notes, Bonds, and Leases Payable	291,280	2,476,633	51,750	52,221	1,063,362	3,935,246
Net Pension Liabilities	235,622	35,960	11,244	—	46,098	328,924
Net OPEB Liabilities	3,094	1,008	371	—	533	5,006
Other Noncurrent Liabilities	8,306	290	10,909	363	—	19,868
Total Liabilities	<u>666,905</u>	<u>3,000,118</u>	<u>225,785</u>	<u>1,161,716</u>	<u>1,317,696</u>	<u>6,372,220</u>
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	<u>15,522</u>	<u>2,861</u>	<u>865</u>	<u>—</u>	<u>576,289</u>	<u>595,537</u>
NET POSITION						
Net Investment in Capital Assets	1,335,188	87,061	88,387	323,645	338,288	2,172,569
Restricted for:						
Permanent Funds:						
Nonexpendable	—	—	—	—	512,365	512,365
Expendable	—	—	—	—	181,639	181,639
Education	488,940	—	—	—	—	488,940
Development	—	—	—	—	142,968	142,968
Debt Service	12,553	660,845	—	26,796	44,013	744,207
Other Purposes	—	220,106	15,000	87,725	12,622	335,453
Unrestricted	15,698	638,952	1,316,086	—	255,271	2,226,007
Total Net Position	<u>\$ 1,852,379</u>	<u>\$ 1,606,964</u>	<u>\$ 1,419,473</u>	<u>\$ 438,166</u>	<u>\$ 1,487,166</u>	<u>\$ 6,804,148</u>

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

STATE OF ALASKA

STATEMENT 1.42

Statement of Activities

Component Units

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Expenses	Program Revenues		
		Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Component Units				
University of Alaska	\$ 697,221	\$ 170,029	\$ 217,057	\$ 12,794
Alaska Housing Finance Corporation	217,257	158,802	74,858	2,638
Alaska Industrial Development and Export Authority	49,139	41,541	8,036	4,270
Alaska Energy Authority	92,246	21,889	14,082	—
Nonmajor Component Units	322,779	252,743	79,490	—
Total Component Units	<u>\$ 1,378,642</u>	<u>\$ 645,004</u>	<u>\$ 393,523</u>	<u>\$ 19,702</u>

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Statement of Activities

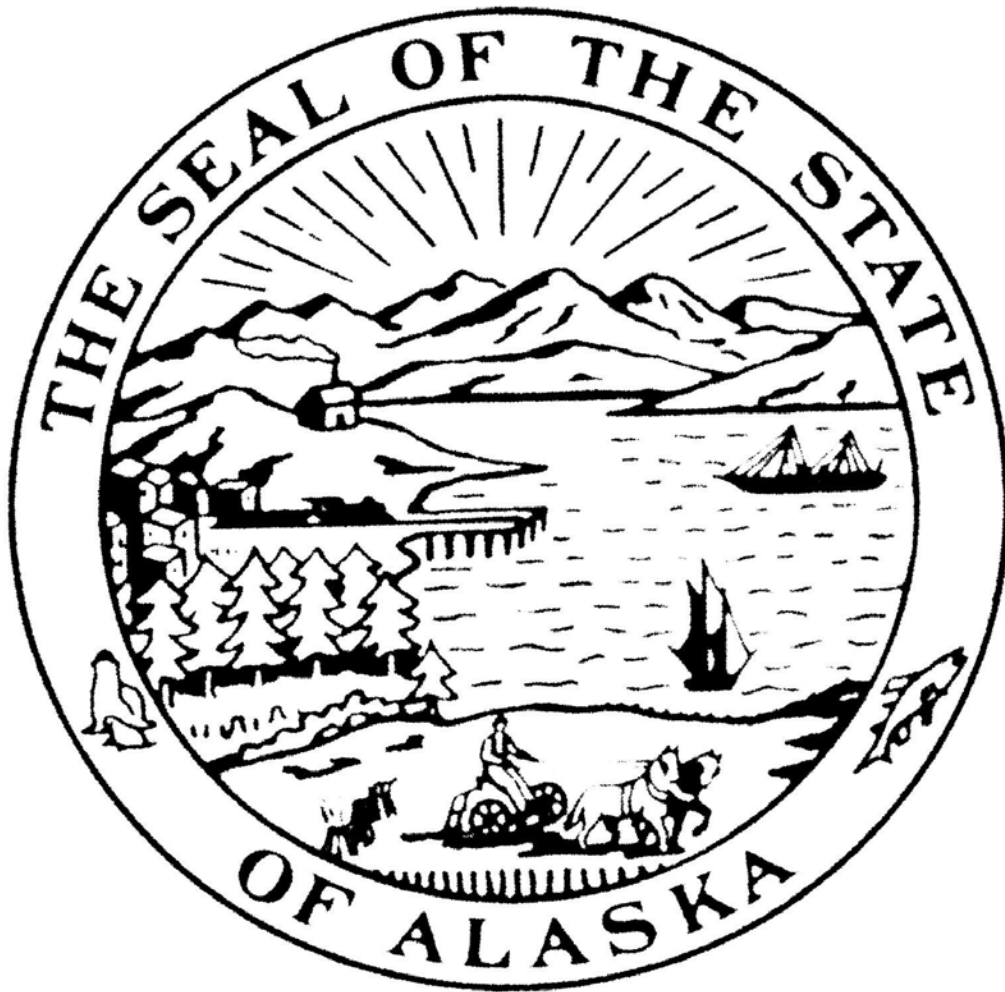
Component Units

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Net (Expense) Revenue and Changes in Net Position					
	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Alaska Energy Authority	Nonmajor Component Units	Total Component Units
FUNCTIONS/PROGRAMS						
Component Units						
University of Alaska	\$ (297,341)	\$ —	\$ —	\$ —	\$ —	\$ (297,341)
Alaska Housing Finance Corporation	—	19,041	—	—	—	19,041
Alaska Industrial Development and Export Authority	—	—	4,708	—	—	4,708
Alaska Energy Authority	—	—	—	(56,275)	—	(56,275)
Nonmajor Component Units	—	—	—	—	9,454	9,454
Total Component Units	<u>(297,341)</u>	<u>19,041</u>	<u>4,708</u>	<u>(56,275)</u>	<u>9,454</u>	<u>(320,413)</u>
General Revenues:						
Interest and Investment Income (Loss)	19,091	14,776	39,862	51,411	7,469	132,609
Payments In from Primary Government	310,439	—	—	—	6,496	316,935
Other Revenues	—	1,724	—	—	1,990	3,714
Total General Revenues and Contributions	<u>329,530</u>	<u>16,500</u>	<u>39,862</u>	<u>51,411</u>	<u>15,955</u>	<u>453,258</u>
Change in Net Position	32,189	35,541	44,570	(4,864)	25,409	132,845
Net Position - Beginning of Year	1,820,190	1,571,423	1,374,903	443,030	1,461,757	6,671,303
Net Position - End of Year	<u>\$ 1,852,379</u>	<u>\$ 1,606,964</u>	<u>\$ 1,419,473</u>	<u>\$ 438,166</u>	<u>\$ 1,487,166</u>	<u>\$ 6,804,148</u>

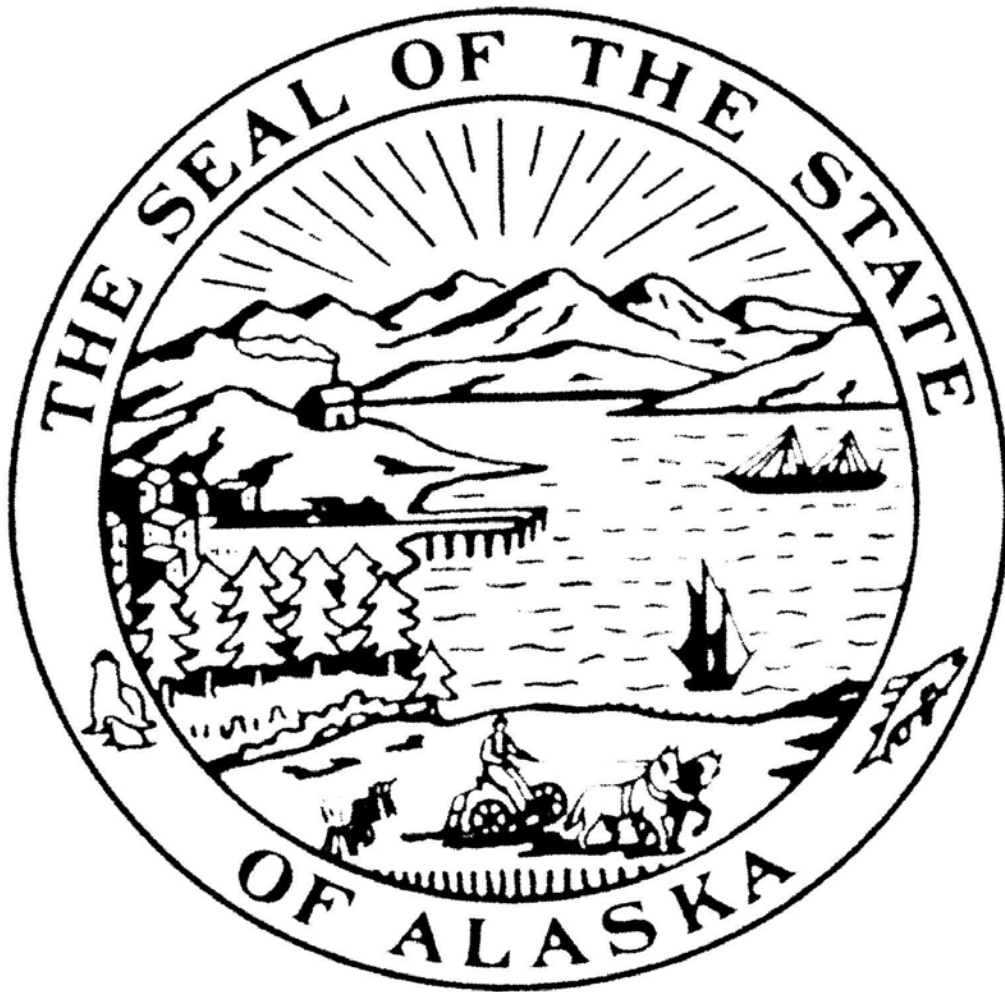
The notes to the financial statements are an integral part of this statement.



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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, 2020**

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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 60 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. The determination that a discretely presented component unit is "major" is based on the nature and significance of its relationship to the primary government. 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 90 percent of the total cash and investments and 86 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 **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.

The **Alaska State Council on the Arts (ASCA)** is a public corporation and an instrumentality of the State within the Department of Education and Early Development, but with a legal existence independent of and separate from the State (AS 44.27.040). The Governor appoints members of the ASCA board of directors. The Legislature approves ASCA's budget. ASCA was created for the purpose of stimulating and encouraging throughout the State the study and presentation of the performing, visual, literary, and fine arts and public interest, participation, and investment in the arts. ASCA financial statements are included in the Combining Fund section of this CAFR with the Nonmajor Special Revenue Funds as supplementary information. There are no separately issued financial statements for ASCA.

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), and is a major component unit. 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 201, Anchorage, AK 99503.

The **Alaska Housing Finance Corporation** (AHFC) is a public corporation, a government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the State (AS 18.56.020), and is a major component unit. 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, a political subdivision within the Department of Commerce, Community and Economic Development (AS 44.88.020), and is a major component unit. 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), and is a major component unit. 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, 2025 Yukon Drive, suite 209B 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. The Alaska Seafood Marketing Institute financial statements may be obtained from Alaska Seafood Marketing Institute, 311 N. Franklin Street, Suite 200, Juneau, AK 99801.

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. 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 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. 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. 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. 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. 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. 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/drb/>.

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 four: the General Fund and the Alaska Permanent Fund, both of which are governmental funds; and the International Airports Fund and the Unemployment Compensation Fund, both of which are enterprise funds. 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 four major funds: the General Fund, and the Alaska Permanent Fund, both of which are governmental funds, and the International Airports Fund and the Unemployment Compensation Fund, both of which are proprietary enterprise funds. 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. The Unemployment Compensation Fund is administered by the Department of Labor and Workforce Development and is used to account for unemployment contributions from employers and unemployment benefits paid to claimants. 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, 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.

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.

Other alternative investments within the fixed income and opportunistic asset classes 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.

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. This includes all participants in the Short-Term Fixed Income Pool and the Short-term Treasury 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 AND PREPAID ITEMS

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 weighted average cost or market.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as other assets in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

CAPITAL ASSETS

Capital assets are reported in the Statement of Net Position at cost or estimated historical cost. Donated capital assets are recorded at acquisition 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, 2020, the State’s estimated liability for compensated absences, as reported in the government-wide Statement of Net Position, is \$180.8 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 outflows 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 by the Alaska State Constitution 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 are 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, 2020 (in thousands):

	General	Permanent	Special Revenue	Debt Service	Capital Projects
Nonspendable:					
Inventory	\$ 23,232	\$ —	\$ —	\$ —	\$ —
Principal	—	53,096,498	—	—	—
Advances and Prepaid Items	486,854	—	5,888	—	—
Total Nonspendable	510,086	53,096,498	5,888	—	—
Restricted:					
Debt Service	4,678	—	—	37,521	—
Education	16,192	—	1,126	—	243
Health & Human Services	725	—	18,157	—	—
Public Protection	—	—	—	—	—
Permanent Fund	—	—	—	—	—
Development	12,399	—	41,183	—	16,894
Other Purposes	9,768	—	198	—	—
Total Restricted	43,762	—	60,664	37,521	17,137
Committed:					
Debt Service	—	—	—	—	—
Education					
School Foundation Support	1,862	—	—	—	—
Pupil Transportation	124	—	—	—	—
Education Services	5,580	—	2,927	—	—
Construction & Maintenance	232,863	—	—	—	—
Public School Program Support	—	—	—	—	—
Health & Human Services	287,373	—	—	—	—
Public Protection	157,828	—	916	—	—
Permanent Fund					
Dividend Payments	1,520	—	—	—	—
Development					
Natural Resources	83,039	—	—	—	—
Transportation	486,459	—	—	—	—
Other	163,616	—	46,211	—	—
Other Purposes	97,961	—	—	—	—
Earnings Reserve Transferable to the General Fund	—	3,091,493	—	—	—
Total Committed	1,518,225	3,091,493	50,054	—	—
Assigned:					
Assigned for Future Appropriations					
Realized Earnings	—	8,378,305	—	—	—
Unrealized Appreciation on Invested Assets	—	1,424,341	—	—	—
Total Assigned	—	9,802,646	—	—	—
Unassigned	1,910,781	(109)	(190)	—	—
Total Fund Balance	\$ 3,982,854	\$ 65,990,528	\$ 116,416	\$ 37,521	\$ 17,137

NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports \$54.2 billion of restricted net position for the primary government, of which \$19.7 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 over expenditure 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 20, supplemental appropriations within the operating and capital budgets were enacted. The total supplemental appropriations for the FY 20 operating budget was \$1.7 billion, of which \$420.7 million was from the General Fund, \$8.7 million was from other funds, and \$1.3 billion was from federal funds. In addition, total supplemental appropriations for the FY 20 capital budget was \$130.7 million, of which \$45.9 million was appropriated from the General Fund, \$7.9 million was from other funds, and \$76.9 million was from federal 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. Appropriations for permanent fund dividends, revenue bond proceeds, general obligation bond debt, and money received from non-state entities held in trust for a specific purpose are excluded from the limit. Within this limit, one-third is reserved for capital projects and loan appropriations. For FY 20, the Office of Management and Budget estimated the appropriation limit to be approximately \$10.4 billion. The FY 20 budget, not counting the excluded appropriations, was \$5.7 billion, or \$4.7 billion less than the constitutional 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 through 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)	3,617,867
Article IX, Section 17(d) Alaska Constitution (FY 16)	<u>(522,510)</u>
Subtotal FY 16	<u>3,095,357</u>
Chapter 3, 4SSLA 2016, Section 35(a)	522,510
Chapter 3, 4SSLA 2016, Section 35(b)	3,033,935
Article IX, Section 17(d) Alaska Constitution (FY 17)	<u>(479,729)</u>
Subtotal FY 17	<u>3,076,716</u>
Chapter 1, SSSLA 2017, Section 45(a)	479,729
Chapter 1, SSSLA 2017, Section 45(b) and (c)	1,866,095
Correction of Prior Year Error	(1,170,209)
Article IX, Section 17(d) Alaska Constitution (FY 18)	<u>(431,688)</u>
Subtotal FY 18	<u>743,927</u>
Chapter 17, SLA 2018, sec. 29(a)	431,688
Chapter 17, SLA 2018, sec. 29(b) and (c)	504,530
Article IX, Section 17(d) Alaska Constitution (FY 19)	<u>(1,728,029)</u>
Subtotal FY 19	<u>(791,811)</u>
Chapter 1, SSSLA 2019, sec. 17(a)	1,728,029
Chapter 1, SSSLA 2019, Section 1	37,499
Chapter 1, SSSLA 2019, Section 4	12
Chapter 1, SSSLA 2019, Section 7	256
Chapter 8, SLA 2020, Section 38(y)	5,000
Chapter 1, SSSLA 2019, sec. 17(b) and (c)	1,178,728
Article IX, Section 17(d) Alaska Constitution (FY 20)	<u>(1,509,566)</u>
Subtotal FY 20	<u>1,439,958</u>
Total appropriated from the CBRF	<u><u>\$ 10,564,147</u></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 since then.

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 FY 15, 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 FY 16.

SSLA 2016, Chapter 3, Section 35(b) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for FY 17.

SSSLA 2017, Chapter 1, Section 45(b) and (c) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for FY 18.

SLA 2018, Chapter 17, Section 29(b) and (c) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for FY 19.

SSSLA 2019, Chapter 1, Section 17 (b) and (c) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for FY 20.

SSSLA 2019, Chapter 1, Section 1, Section 4 and Section 7 appropriated amounts from CBRF to fund miscellaneous capital projects and grants.

SLA 2020, Chapter 8, Section 28(b), appropriated amounts from CBRF for responding to the COVID-19 public health disaster emergency. Chapter 8, SLA 2020, Section 38(y), appropriated funds to the disaster relief fund. Also, SLA 2020, Chapter 8, Section 18(a&b) changed CBRF as a funding source for some appropriations made in SSSLA 2019, Chapter 1, Section 1.

During prior tax years 1997 through 2017, amounts paid to the State of Alaska as a result of Federal Regulatory Commission (FERC) disputes were erroneously deposited into the CBRF. As determined by the Alaska Attorney General, a FERC case is not an administrative proceeding or litigation involving production tax or royalty for the purposes of the CBRF fund amendment. The amount due to be repaid to the CBRF from the General Fund has been reduced by these amounts.

The CBRF fund balance as of June 30, 2020, was \$13,671 million.

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 20, this resulted in a year-end sweep of zero.

NOTE 3 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In the fund financial statements, governmental funds reported deferred inflows of resources of \$258,739 thousand as this amount represents revenues that are earned and measurable, but not available within two 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, 2020 consisted of the following (in thousands):

Deferred Outflows and Inflows of Resources

	<u>Primary Government</u>		<u>Discrete Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Deferred Outflows:			
Change in Fair Value-Interest Rate Swaps	\$ —	\$ —	\$ 232,547
Deferred Charge on Bond Refundings	5,549	—	22,599
Deferred Lease Obligation	—	—	2,324
Deferred Outflows Related to Postretirement Benefits	209,816	4,490	25,067
Deferred Outflows Related to Pensions	695,649	6,823	44,255
Total Deferred Outflows	<u>\$ 911,014</u>	<u>\$ 11,313</u>	<u>\$ 326,792</u>
Deferred Inflows:			
Unearned Grant Revenue	\$ —	\$ —	\$ 559,649
Deferred Inflows Related to Postretirement Benefits	185,789	2,212	17,705
Deferred Inflows Related to Pensions	97,536	2,421	18,183
Total Deferred Inflows	<u>\$ 283,325</u>	<u>\$ 4,633</u>	<u>\$ 595,537</u>

Internal service funds predominantly serve the governmental funds. Accordingly, deferred outflows and deferred inflows for internal service funds are included as part of the above totals for governmental activities. Note 6 provides additional information on these deferred outflows/inflows.

The deferred outflows for the internal service funds is made up of the following (in thousands):

	<u>Related to Postretirement Benefits</u>	<u>Related to Pensions</u>
Highways Equipment Working Capital Fund	1,256	1,909
Information Services Fund	2,642	4,015
Alaska Public Building Fund	35	53

The deferred inflows for the internal service funds is made up of the following (in thousands):

	<u>Related to Postretirement</u>	<u>Related to Pensions</u>
Highways Equipment Working Capital Fund	619	677
Information Services Fund	1,302	1,424
Alaska Public Building Fund	17	19

The deferred outflows for the business-type activities is made up of the following (in thousands):

	<u>Related to Postretirement</u>	<u>Related to Pensions</u>
International Airports Fund	4,259	6,470
Agricultural Revolving Loan Fund	1	1
Commercial Fishing Revolving Loan Fund	193	293
Fisheries Enhancement Revolving Loan Fund	27	42
Alaska Capstone Avionics Revolving Loan Fund	6	9
Commercial Charter Fisheries Revolving Loan Fund	1	2
Mariculture Revolving Loan Fund	1	1
Alaska Microloan Revolving Loan Fund	—	1
Bulk Fuel Loan Fund	2	4

The deferred inflows for the business-type activities is made up of the following (in thousands):

	<u>Related to Postretirement</u>	<u>Related to Pensions</u>
International Airports Fund	2,098	2,296
Commercial Fishing Revolving Loan Fund	95	104
Fisheries Enhancement Revolving Loan Fund	13	15
Alaska Capstone Avionics Revolving Loan Fund	3	3
Commercial Charter Fisheries Revolving Loan Fund	1	—
Mariculture Revolving Loan Fund	—	1
Alaska Microloan Revolving Loan Fund	1	—
Bulk Fuel Loan Fund	1	2

Note 6 provides additional information on the business-type activities deferred outflows/inflows.

The deferred outflows for the component units is made up of the following (in thousands):

	Change in Fair Value-Interest Rate Swaps	Deferred Charge on Bond Refundings	Deferred Lease Obligation	Deferred Outflows Related to Postretirement Benefits	Deferred Outflows Related to Pensions
Alaska Railroad Corporation	—	—	—	3,032	14,303
Alaska Housing Finance Corporation	232,547	21,471	—	3,131	4,178
Alaska Energy Authority	—	3	—	—	—
Alaska Aerospace Corporation	—	—	—	100	152
Alaska Gasline Development Corporation	—	—	—	353	842
Alaska Industrial Development Export Authority	—	—	2,324	838	505
Alaska Seafood and Marketing Institute	—	—	—	123	188
University of Alaska	—	1,125	—	16,947	23,263
Alaska Mental Health Trust Authority	—	—	—	543	824

The deferred inflows for the component units is made up of the following (in thousands):

	Unearned Grant Revenue	Deferred Inflows Related to Postretirement Benefits	Deferred Inflows Related to Pensions
Alaska Railroad Corporation	559,649	7,053	8,516
Alaska Housing Finance Corporation	—	1,324	1,537
Alaska Aerospace Corporation	—	49	54
Alaska Gasline Development Corporation	—	198	83
Alaska Industrial Development Export Authority	—	413	452
Alaska Seafood and Marketing Institute	—	60	67
University of Alaska	—	8,340	7,182
Alaska Mental Health Trust Authority	—	268	292

Note 6 provides additional information on the component units activity for deferred outflows/inflows related to postretirement benefits and pensions.

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 Treasury Fixed Income Pool, Non-interest Bearing Deposits, Intermediate-term Fixed Income Pool, and Broad Market Fixed Income Pool 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/>.

Combined schedule of invested assets as of June 30, 2020 is as follows:

Investment Type	Fair Value (in thousands)								
	Short-term Fixed Income Pool	Non-interest Bearing Deposits	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool	Domestic Equity Pool	International Equity Pool	Real Estate Investment Trust Pool	Tobacco Revenue Fixed Income	Income Receivable (Payable)
General Fund and GeFONSI	\$2,432,341	\$ 34,070	\$ 538,418	\$ 195,381	\$ 180,946	\$ 125,255	\$ —	\$ 10,820	\$ 1,349
Constitutional Budget Reserve Fund	1,572,923	—	—	409,477	—	—	—	—	826
Public School Trust Fund	14	—	—	216,400	281,927	189,769	—	—	—
Investment Loss Trust Fund	4,215	—	—	—	—	—	—	—	2
General Obligation Bond Fund	32,541	—	—	—	—	—	—	—	18
International Airports Construction Fund	33,595	—	—	—	—	—	—	—	18
International Airports Fund	111,610	—	—	29,795	2,922	2,937	—	—	57
Power Cost Equalization Endowment Fund	4	—	—	386,618	443,291	248,244	—	—	—
Retiree Health Insurance Fund									
Major Medical	18,883	—	—	—	—	—	—	—	10
Long-Term Care	2,495	—	—	428,590	120,136	77,454	—	—	—
Mine Reclamation Fund	—	—	—	373	487	327	—	—	—
Total Invested Assets	\$4,208,621	\$ 34,070	\$ 538,418	\$1,666,634	\$1,029,709	\$ 643,986	\$ —	\$ 10,820	\$ 2,280

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At June 30, 2020 all fixed income securities met the Treasury's compliance metrics related to effective duration.

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.

Short-term Treasury Fixed Income 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, 2020, 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 considers 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 pool portfolios to the following:

Intermediate-term Fixed Income Pool - \pm 20% of the Barclays 1-3 Year Government Bond Index.

Broad Market Fixed Income Pool - \pm 20% of the Barclays Capital U.S. Aggregate Bond Index.

At June 30, 2020, the effective duration by investment type was as follows:

	<u>Effective Duration (in years)</u>
Certificate of Deposit	0.15
Corporate Bonds	6.20
Mortgage-backed	2.17
Municipal Bonds	14.25
Other Asset-backed	0.30
U.S. Government Agency	1.70
U.S. Treasury Issuances	1.55
Yankee Corporate	1.84
Yankee Government	1.53
Portfolio Effective Duration	1.73

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations.

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 Treasury Pool 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. The Broad Market Fixed Income Pool can hold within its portfolio up to 5% high-yield bonds. 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. Tobacco Revenue Fixed Income Securities consisted of commercial paper rated A-1.

At June 30, 2020 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, in thousands):

	Short-term Fixed Income Pool	Intermediate -term Fixed Income Pool	Broad Market Fixed Income Pool
AAA	\$ 1,896,301	\$ 5,113	\$ 54,259
AA	164,067	11,198	64,155
A	155,085	64,533	346,050
BBB	19,188	22,978	223,831
BB	—	—	2,988
U.S. Government Agency	88,021	—	17,563
U.S. Treasury Bills, Notes, and Bonds	2,514,103	46,156	581,980
Not Rated	199,697	31,382	486,250
No Credit Risk	(522,145)	357,058	2,075
Other Fiduciary	(305,696)	—	(112,517)
	<u>\$ 4,208,621</u>	<u>\$ 538,418</u>	<u>\$ 1,666,634</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 100 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, 2020 the State had the following uncollateralized and uninsured deposits:

	Amount (in thousands)
International Equity Pool	<u>\$ 46</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, 2020, 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 each fund at the beginning of each fiscal year which places policy limitations on the amount of international securities each fund is allowed to hold. The following policies were in

place during FY 20 and invested assets included the following holdings at June 30, 2020 for the funds invested in the International Equity Pool:

	<u>Policy</u>	<u>Actual</u>
AIA Revenue Fund	2% - 2% /+ 5%	2.00 %
Constitutional Budget Reserve Fund	2% - 2%/ + 5%	— %
Education Endowment Fund	27% +/- 5%	27.60 %
GeFONSI II	3% - 3% /+ 5%	3.26 %
Higher Education Fund	27% +/- 5%	27.59 %
Illinois Creek Mine Reclamation Fund	27% +/- 5%	27.58 %
Power Cost Equalization Endowment Fund	27% +/- 5%	23.02 %
Public School Trust Fund, Principal	27% +/- 5%	27.58 %
Retiree Health Insurance Fund, Long Term Care	12% +/- 5%	12.32 %

At June 30, 2020, the funds invested in the International Equity Pool had exposure to foreign currency risk as follows (in thousands):

<u>Currency</u>	<u>Deposits</u>
Euro Currency	\$ 15
Swiss Franc	35
Subtotal	<u>50</u>
Other Fiduciary Responsibility	<u>(4)</u>
Total Commissioner Responsibility	<u><u>\$ 46</u></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, 2020 (in thousands):

Investment by Fair Value Level	Total	Level 1	Level 2	Level 3
Cash Equivalents				
Certificates of Deposits	\$ 21,512	\$ —	\$ 21,512	\$ —
Deposits	123,367	123,367	—	—
Money Market	10,816	—	10,816	—
Repurchase Agreement	929,300	929,300	—	—
Total Cash Equivalents	1,084,995	1,052,667	32,328	—
Debt Securities				
Corporate Bonds	762,465	—	762,465	—
Mortgage Backed	461,848	—	461,848	—
Municipal Bonds	18,536	—	18,536	—
Other Asset Backed	1,037,717	—	1,037,717	—
U.S. Government Agency	105,584	—	105,584	—
U.S. Treasury Bills, Notes, Bonds and TIPS	3,142,240	—	3,142,240	—
Yankee Corporate	391,781	—	391,781	—
Yankee Government	123,917	—	123,917	—
Total Debt Securities	6,044,088	—	6,044,088	—
Equity Securities				
Commingled Equity Funds	1,799,964	1,799,964	—	—
Total Equities Securities	1,799,964	1,799,964	—	—
Total Investments by Fair Value Level		\$ 2,852,631	\$ 6,076,416	\$ —
Total Investments Measured at Fair Value	\$ 8,929,047			
Other Fiduciary Responsibility	(544,716)			
Net Receivables/(Payables) from Investment Activity	(252,073)			
Total Commissioner Invested Assets	\$ 8,132,258			

Securities classified as level 1 are valued using prices quoted in active markets for those securities. Securities classified as level 2 are valued using matrix pricing. Pricing is obtained 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 Commissioner have a policy or contingencies. The International Equity Pool's investments include the following income from derivative investments at June 30, 2020 (in thousands):

	Changes in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
FX Forwards	Investment Income	\$ (101,598)	Long-term Instruments	\$ —	\$ —

The International Equity Pools 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, 2020, the International Equity Pools had no outstanding contracts.

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

The Alaska Retirement Management Board (ARMB) is the investment oversight authority for the State of Alaska's Retirement and Benefits Plans (Plans). These Plans are made up of six systems: the Public Employees' Retirement System (PERS), Teachers Retirement System (TRS), Judicial Retirement System (JRS), National Guard and Naval Militia Retirement Systems (NGNMRS), Supplemental Benefits System (SBS), and Deferred Compensation Plan (DCP). The systems comprise a mix of individual Defined Benefit and Defined Contribution Retirement Plans. Fiduciary responsibility for the ARMB's invested assets is pursuant to Alaska Statutes 37.10.210-390.

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.

Additional information related to the various pools and investments is disclosed in the financial schedules issued by the ARMB. These schedules of invested assets and of investment income and changes in invested assets are those of the six systems' invested assets and not the systems as a whole and 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/>.

Investments and Related Policies

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. Fair values of investments that have no readily determinable fair value are generally reported by using the net asset value per share (or its equivalent) of the investment. Pooled participant directed accounts and the collective investment funds are valued based on a unit value determined by the managers or trustees multiplied by the total units held by the Plan. The unit value is determined by the respective managers or trustees based on the fair value of the underlying assets.

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 fair value measurements at June 30, 2020 (in thousands):

	Totals	Level 1	Level 2	Level 3
Investment by Fair Value Level				
Cash Equivalents				
Certificates of Deposit	\$ 1,429	\$ —	\$ 1,429	\$ —
Commingled Institutional Cash Funds	640	—	640	—
Deposits	33,203	33,203	—	—
Money Market	216,493	—	216,493	—
Repurchase Agreement	61,736	61,736	—	—
Total Cash Equivalents	<u>313,501</u>	<u>94,939</u>	<u>218,562</u>	<u>—</u>
Debt Securities				
Commingled Debt Funds	1,517,126	—	1,517,126	—
Corporate Bonds	1,395,347	—	1,395,347	—
Mortgage Backed	1,006,836	—	1,006,836	—
Other Asset Backed	246,573	—	234,406	12,167
U.S. Government Agency	34,579	—	34,579	—
U.S. Treasury Bills, Notes, and Bonds	1,147,672	—	1,147,672	—
Yankee Corporate Bonds	380,880	—	380,880	—
Yankee Government Bonds	63,559	—	63,559	—
Total Debt Securities	<u>5,792,572</u>	<u>—</u>	<u>5,780,405</u>	<u>12,167</u>
Equity				
Commingled Equity Funds	4,709,963	4,709,963	—	—
Common and Preferred Equity	9,964,230	9,963,918	5	307
Depository Receipts	203,208	203,208	—	—
Futures	589	589	—	—
Real Estate Investment Trust	660,328	660,328	—	—
Rights	304	304	—	—
Warrants	21,930	21,930	—	—
Total Equities	<u>15,560,552</u>	<u>15,560,240</u>	<u>5</u>	<u>307</u>
Other				
Balanced Funds	1,888,349	—	1,888,349	—
Target Date Funds	1,990,770	—	1,990,770	—
Securities Lending Collateral Invested	34,435	—	34,435	—
Total Other	<u>3,913,554</u>	<u>—</u>	<u>3,913,554</u>	<u>—</u>
Total Investments by Fair Value Level	<u>\$ 25,580,179</u>	<u>\$ 15,655,179</u>	<u>\$ 9,912,526</u>	<u>\$ 12,474</u>
Investments Measured at the NAV				
Alternative Beta	\$ 302,767			
Alternative Fixed Income	824,855			
Energy	66,568			
Farmland	882,292			
Infrastructure	663,209			
Private Equity	3,302,119			
Real Estate	1,354,502			
Timber	357,477			
Total Investments Measured at NAV	<u>7,753,789</u>			
Total Investments Measured at Fair Value	<u>\$ 33,333,968</u>			
Synthetic Investment Contract at Cost	\$ 770,807			
Net Payable	(72,811)			
Total Invested Assets	<u>\$ 34,031,964</u>			

Securities classified as level 1 are valued using prices quoted in active markets for those securities. Securities classified as level 2 are valued using matrix pricing. Each balanced and target date options classified as level 2 are priced daily by the investment managers based on the prevailing market values of the underlying security portfolios. Pricing is sourced from various sources. 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 alternative beta, alternative fixed income, 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
Alternative Beta	\$ 302,767	N/A	N/A
Alternative Fixed Income	824,855	Quarterly	2-90 days
Energy	66,568	No redemptions	No redemptions
Farmland	882,292	N/A	N/A
Infrastructure	663,209	Quarterly	30-90 days
Private Equity	3,302,119	No redemptions	No redemptions
Real Estate	1,354,502	Varied	Varied
Timber	357,477	N/A	N/A
Total Investments Measured at NAV	<u>\$ 7,753,789</u>		

Alternative Beta and Alternative Fixed Income: This type includes investments in five 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 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. Alternative Beta and Alternative Fixed Income investments undergo annual independent financial statement audits.

Energy: This type includes investments in three energy funds which invest in the debt and equity of energy related companies. The fair values of the investments 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. The nature of these investments is such that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be funded through the fiscal year 2022.

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 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 open-ended infrastructure funds. Investments include electricity generation, transmission, toll roads, pipelines, bridges, and other infrastructure-related assets. The fair values of the investments 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 29 private equity funds including two gatekeeper managers who invest on behalf of the ARMB. These funds are diversified in various sectors including but not limited to venture capital, acquisitions, debt, and special situations. The fair values of the investments 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. The nature of these investments is such that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be funded through the fiscal year 2027.

Real Estate: This type includes investments in 19 real estate funds that invest primarily in U.S. commercial real estate including value-added, opportunistic and core investments. The fair values of the investments 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 funds of one, therefore can be liquidated at any time. For the remaining 16 funds, investments can

never be redeemed. The nature of these investments is such that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be funded through fiscal year 2031.

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 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 fund of one, therefore they can be liquidated at any time. Timber investments undergo annual independent financial statement audits.

Synthetic Investment Contracts (SICs): The ARMB's investment manager entered into investment contracts, on behalf of the ARMB, with four financial institutions. These institutions provide wrap contracts that cover separately managed SIC portfolios. The accounts are credited with earnings and investment deposits, less administrative expenses charged by the financial institutions and investment withdrawals. The contracts are included in the ARMB's statements at contract value. They are fully benefit responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The crediting interest rate is based on the approximate rate of interest that will amortize differences between contract and market value over the portfolio's average duration. Accounts and terms of SICs in effect at June 30, 2020 are as follows (in thousands):

	Contract Provider	Alaska Retirement Management Board
Contract Value of Investment Contract	Prudential Insurance Company of America	\$ 144,798
Market Value of Portfolio	Prudential Insurance Company of America	153,051
Average Crediting Rate	Prudential Insurance Company of America	2.59 %
Contract Value of Investment Contract	New York Life Insurance Co.	144,671
Market Value of Portfolio	New York Life Insurance Co.	152,510
Average Crediting Rate	New York Life Insurance Co.	2.48 %
Contract Value of Investment Contract	Pacific Life Insurance Co.	144,863
Market Value of Portfolio	Pacific Life Insurance Co.	153,362
Average Crediting Rate	Pacific Life Insurance Co.	2.64 %
Contract Value of Investment Contract	State Street Bank & Trust Co.	144,852
Market Value of Portfolio	State Street Bank & Trust Co.	153,260
Average Crediting Rate	State Street Bank & Trust Co.	2.63 %
Contract Value of Investment Contract	Massachusetts Mutual Life Insurance Co.	144,745
Market Value of Portfolio	Massachusetts Mutual Life Insurance Co.	152,391
Average Crediting Rate	Massachusetts Mutual Life Insurance Co.	2.52 %

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, 2020, all securities within the Short-term Fixed Income Pool met these compliance metrics.

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, 2020, the effective duration of the ARMB's fixed income by investment type, was as follows:

	Effective Duration (in years)
Corporate Bonds	8.53
Mortgage-backed	1.31
Other Asset Backed	0.93
U.S. Government Agency	9.09
U.S. Treasury Bills, Notes, and Bonds	8.11
Yankee Corporate Bonds	5.70
Yankee Government Bonds	6.68
Total Portfolio	6.01

Synthetic Investment Contracts

The ARMB contracts with an external investment manager who is given the authority to invest funds in SICs and a reserve. This external manager also manages the securities underlying the SICs. In the case of the ARMB's constant duration SICs, 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 Plan's structured payout SICs is the weighted average maturity of the contract payments. Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on SICs as follows:

Buy-and-hold SICs must have an expected final maturity within seven years of settlement date or additional deposit date, whichever is applicable. Structured payout SICS may have a maximum duration of seven years in the aggregate on settlement date of the Contract. For constant duration SICS, duration cannot exceed the longer of six years or the duration of the Bloomberg Barclays Capital Aggregate Bond Index plus one-half year. The aggregate duration of the constant duration SICs was 3.39 years at June 30, 2020. The duration of the Bloomberg Barclays Capital Aggregate Bond Index was 3.35 years at June 30, 2020. The maturity of any marketable fixed income security or money market instrument held in the Reserve may not exceed one year at time of purchase. The Account's weighted average effective duration will generally not exceed the effective duration of the Bloomberg Barclays U.S. Intermediate Aggregate Bond Index plus 10%. The duration of the Barclays U.S. Intermediate Aggregate Bond Index was 3.44 years at June 30, 2020. The balance of the reserve is invested in the custodian's Institutional Treasury Money Market Fund.

Credit Risk

At June 30, 2020, ARMB's invested assets consisted of fixed income securities with credit quality ratings issued by nationally recognized statistical rating organizations. Securities lending collateral was invested in a registered 2(a)-7 money market fund that was not rated. Using Standard & Poor's Corporation rating scale, the values for each rating are as follows (in thousands):

Rating	U.S. Dollar
A	\$ 892,959
AA	203,290
AAA	227,101
B	6,527
BB	12,202
BBB	632,825
CCC	317
Not Rated	2,635,100
U.S. Government Agency	34,579
U.S. Treasury Bills, Notes, and Bonds	1,147,672
	\$ 5,792,572

Synthetic Investment Contracts

The ARMB's investment policy has the following credit risk limitations for SICs, 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 rate 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.

Custodial Credit Risk - Deposits

The ARMB does not have a policy in relation to custodial credit risk for deposits. At June 30, 2020, the ARMB's invested assets had uncollateralized and uninsured foreign currency deposits of \$14,472 thousand.

Foreign Currency Risk

The ARMB's Stable Value Fund policy requires that all investments underlying a synthetic investment contract be denominated in U.S. dollars. For all other funds, through its asset allocation, the ARMB limits total investments in foreign currencies to the following:

Pension System	Opportunistic	Global Equity Ex- U.S.	Private Equity Pool	Real Assets Pool
Public Employees' Retirement System	12 %	22 %	17 %	20 %
Teachers' Retirement System	12	22	17	20
Judicial Retirement System	12	22	17	20
Alaska National Guard and Naval Militia Retirement System	13	25	—	—

At June 30, 2020, the ARMB had exposure to foreign currency risk with the following deposits and investments (in thousands):

Currency	Deposits	Equity	Futures	Private Equity	Rights & Warrants
Australian Dollar	\$ 300	\$ 68,708	\$ —	\$ 1,242	\$ —
Brazilian Real	143	53,967	—	—	—
Canadian Dollar	841	93,526	6	—	—
Chilean Peso	13	5,385	—	—	—
Colombian Peso	1,262	1,491	—	—	—
Czech Koruna	11	715	—	—	—
Danish Krone	72	50,395	—	—	—
Egyptian Pound	—	541	—	—	—
Euro Currency	413	602,176	—	206,213	300
Hong Kong Dollar	551	208,960	—	—	—
Hungarian Forint	6	891	—	—	—
Iceland Krona	576	2,034	—	—	—
Indian Rupee	—	44,395	—	—	—
Indonesian Rupiah	1	10,183	—	—	36
Japanese Yen	2,783	421,075	—	—	—
Malaysian Ringgit	2	10,535	—	—	—
Mexican Peso	9	14,404	—	—	—
New Israeli Sheqel	180	9,884	—	—	—
New Taiwan Dollar	371	64,468	—	—	—
New Zealand Dollar	197	10,474	—	—	—
Norwegian Krone	191	14,943	—	—	—
Philippine Peso	—	1,912	—	—	—
Polish Zloty	81	2,191	—	—	—
Pound Sterling	2,172	259,273	—	51,793	—
Qatari Rial	47	5,336	—	—	—
Russian Ruble	—	38,423	—	—	—
Saudi Riyal	1,234	7,319	—	—	—
Singapore Dollar	267	20,517	—	—	—
South African Rand	308	20,936	—	—	—
South Korean Won	62	89,751	—	—	2
Swedish Krona	169	68,784	—	7,732	—
Swiss Franc	966	123,635	—	—	—
Thailand Baht	29	9,715	—	—	2
Turkish Lira	146	11,032	—	—	—
Uae Dirham	70	2,281	—	—	—
Yuan Renminbi	999	59,738	—	—	—
	<u>\$ 14,472</u>	<u>\$ 2,409,993</u>	<u>\$ 6</u>	<u>\$ 266,980</u>	<u>\$ 340</u>

Concentration of Credit Risk

At June 30, 2020, the ARMB's Invested Assets did not have exposure to any one issuer greater than 5% of total invested assets.

Synthetic Investment Contracts

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 thirty-five percent of the synthetic investments contracts' total value.

No investment will be made if, at the time of the purchase, the investment could cause any single issuer or all issuers of the securities held as supporting investments under synthetic investment contracts to exceed thresholds in the table

below. The maximum exposure to securities rated BBB is limited to twenty percent of the total value underlying 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

For the reserve, the total investment of any single issuer of money market instruments may not exceed 5 percent of the total value underlying synthetic investment contracts. This limitation does not apply to the investment funds maintained by the custodian.

Derivatives, Foreign Exchange, 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, 2020, the ARMB had the following derivative instruments outstanding (in thousands):

	Change in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
Commodity Futures Long	Investment Revenue	\$ 1,413	Futures	\$ —	\$ 21
Commodity Futures Short	Investment Revenue	529	Futures	—	—
Fixed Income Futures Long	Investment Revenue	10	Futures	—	400
Fixed Income Futures Short	Investment Revenue	(1,808)	Futures	—	(35,500)
FX Forwards	Investment Revenue	(3,265)	Long Term Instruments	(1,533)	195,480
Index Futures Long	Investment Revenue	3,618	Futures	—	27
Index Futures Short	Investment Revenue	22,338	Futures	—	(1)
Index Options Written	Investment Revenue	(1,040)	Options	—	—
Rights	Investment Revenue	(2)	Common Stock	304	665
Warrants	Investment Revenue	13,310	Common Stock	21,930	2,884

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, 2020, the ARMB had the following foreign currency risk related to derivatives (in thousands):

Currency Name	Right & Warrant Options	Net Receivable	Net Payables	Total Exposure
Australian Dollar	\$ —	\$ (15)	\$ —	\$ (15)
Canadian Dollar	—	(45)	—	(45)
Swiss Franc	—	(20)	15	(5)
Euro Currency	300	(848)	176	(372)
Pound Sterling	—	(215)	—	(215)
Indonesian Rupiah	36	—	—	36
Japanese Yen	—	(606)	—	(606)
South Korean Won	2	4	8	14
Swedish Krona	—	—	13	13
Singapore Dollar	—	—	—	—
Thailand Baht	2	—	—	2
	<u>\$ 340</u>	<u>\$ (1,745)</u>	<u>\$ 212</u>	<u>\$ (1,193)</u>

At June 30, 2020 the ARMB had no counterparty credit and counterparty concentration risk associated with its investment derivative positions.

Securities Lending

Alaska Statute 37.10.071 authorizes the ARMB to lend assets, under an agreement and for a fee, against deposited collateral of equivalent fair value. The ARMB lends marketable debt and equity securities through a contract with State Street Bank and Trust (the Bank). International equity security loans were collateralized at not less than 105 percent of their fair value. All other security loans were collateralized at not less than 102 percent of their fair value. Loaned securities and collateral were marked to market daily and collateral was received or delivered the following day, as necessary, to maintain collateral levels. The ARMB cannot pledge or sell collateral received until and unless a borrower defaults. At June 30, 2020, the ARMB has no credit risk exposure to the borrowers because the amounts the ARMB owes to the borrowers exceeded the amounts the borrowers owe the ARMB.

The fair value of securities on loan at June 30, 2020, was approximately \$33.3 million. At June 30, 2020, cash collateral received totaling \$34.4 million is reported as a securities lending payable and the fair value of the re-invested cash collateral totaling \$34.4 million is reported as security lending collateral invested in the Schedule of Invested Assets.

Cash collateral was invested in a registered 2(a)-7 money market fund. Maturities of investments in the money market fund generally did not match the maturities of the loaned securities because the lending agreements were terminable at will. Securities under loan, cash collateral and cash collateral payable are recorded on the financial schedules at fair value. The Bank and the ARMB received a fee from earnings on invested collateral. The Bank and the ARMB shared the fee paid by the borrower.

There was limited credit risk associated with the lending transactions since the ARMB was indemnified by the Bank against any loss resulting from counterparty failure or default on a loaned security or its related income distributions. The Bank further indemnified the ARMB against loss due to borrower rebates in excess of earnings on cash collateral. Indemnifications were subject to limitation relating to a force majeure event as outlined in the contract.

For the year ended June 30, 2020 there were no losses incurred as a result of securities lending transactions and there were no significant violations of legal or contractual provisions nor failures by any borrowers to return loaned securities.

DEFERRED COMPENSATION PLAN

The State's Internal Revenue Code Section 457 Deferred Compensation Plan (DCP) holds investments in several collective investment funds, Pooled Investments Funds, and Stable Value Fund. At June 30, 2020, Deferred Compensation Plan investments totaled \$1.001 billion.

Each participant designates how their contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions, adjusted for the appreciation or depreciation in unit value for the investment funds, and reduced for administrative fees.

The carrying values of participant-directed investments at June 30, 2020 are as follows (in thousands):

	<u>FY 2020</u>
S&P 500 Stock Index Fund	\$ 213,750
Stable Value Fund	205,421
T. Rowe U.S. Small-Cap Trust	110,706
Passive U.S. Bond Index Fund	86,026
Alaska Long-Term Balanced Trust	78,739
Environmental, Social, and Governance Fund	39,401
Russell 3000 Index Fund	37,554
International Equity Fund	35,725
Alaska Balanced Trust	28,564
State Street Institutional Treasury Money Market Fund	23,139
Alaska Target Date Retirement 2025 Trust	22,926
Alaska Target Date Retirement 2020 Trust	22,475
World Equity Ex-U.S. Index Fund	18,351
Blackrock Strategic Completion Fund	14,845
Alaska Target Date Retirement 2030 Trust	13,177
Alaska Target Date Retirement 2040 Trust	9,370
Alaska Target Date Retirement 2015 Trust	9,240
Alaska Target Date Retirement 2035 Trust	8,786
Alaska Target Date Retirement 2045 Trust	7,137
Alaska Target Date Retirement 2050 Trust	4,825
Alaska Target Date Retirement 2055 Trust	4,617
Alaska Target Date Retirement 2010 Trust	3,166
Mass Mutual Equity Fund	2,108
Alaska Target Date Retirement 2060 Trust	851
Alaska Target Date Retirement 2065 Trust	176
Mass Mutual Bond Fund	16
	<u>\$ 1,001,091</u>

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/>.

Risk and Uncertainty

DCP invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of fiduciary net position.

DCP may invest in pooled separate accounts that include securities with contractual cash flows, which may include asset-backed securities, collateralized mortgage obligations, and commercial mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

SUPPLEMENTAL BENEFITS SYSTEM

The State's Supplemental Benefits System (SBS) holds investments in several collective investment funds, a Stable Value Fund and the Pooled Investment Funds. At June 30, 2020, SBS investments totaled \$4.226 billion.

Each participant designates how their contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions, adjusted for the appreciation or depreciation in unit value for the investment funds, and reduced for administrative fees.

The carrying values of participant-directed investments at June 30, 2020 are as follows (in thousands):

	<u>FY 2020</u>
Alaska Balanced Trust	\$ 1,099,551
Alaska Long-term Balanced Trust	663,504
Stable Value Fund	459,553
S&P 500 Stock Index Fund	416,744
U.S. Small Cap Trust	198,117
Passive U.S. Bond Index Fund	192,353
Russell 3000 Index Fund	122,429
Environmental, Social, and Governance Fund	105,588
Alaska Target Date Retirement 2025 Trust	94,072
Alaska Target Date Retirement 2020 Trust	87,633
Alaska Target Date Retirement 2050 Trust	86,960
Alaska Target Date Retirement 2055 Trust	84,655
International Equity Fund	77,929
Alaska Target Date Retirement 2045 Trust	77,616
Alaska Target Date Retirement 2015 Trust	77,454
State Street Institutional Treasury Money Market Fund	69,897
Alaska Target Date Retirement 2030 Trust	69,241
Alaska Target Date Retirement 2040 Trust	68,743
Alaska Target Date Retirement 2035 Trust	66,798
World Equity Ex-U.S. Index Fund	59,551
Blackrock Strategic Completion Fund	33,733
Alaska Target Date Retirement 2010 Trust	10,591
Alaska Target Date Retirement 2060 Trust	3,086
Alaska Target Date Retirement 2065 Trust	677
	<u>\$ 4,226,475</u>

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/>.

Risk and Uncertainty

SBS invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities it is at least reasonably possible that

changes in the values of investment securities will occur in the near term and that such changes would materially affect participant's account balances and the amounts reported in the statement of fiduciary net position. SBS may invest in pooled separate accounts that include securities with contractual cash flows, which may include asset-backed securities, collateralized mortgage obligations, and commercial mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

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 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 asset classes.

At June 30, 2020, the APFC's strategic asset allocation targets were as follows:

Asset Class	Asset Class Target
Public Equities	37%
Fixed Income Plus	20
Private Equity and Special Opportunities	13
Real Estate	12
Infrastructure and Private Income	8
Absolute Return	5
Asset Allocation	5

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 public equities class is 37 percent, with the green zone range set at plus or minus five percent, the yellow zone range set at zero to ten percent beyond the green zone, and red zone range set at greater than ten percent beyond the green zone. 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, 2020, the Fund held fixed income investments with floating, variable, and step interest rates, valued at \$533,539 thousand. These fixed income investments were both domestic and non-domestic, and had current annual interest rates ranging from zero to 13 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, U.S. Treasury bills, and the net fair value of foreign exchange forward contracts. The APFC's asset allocation includes approximately two percent in 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, 2020 (in thousands):

Cash	\$ 1,062,878
Pooled Funds	3,665,096
Commercial Paper	37,812
U.S. Treasury Bills	50,086
Total Cash and Temporary Investments	<u>\$ 4,815,872</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, 2020, are summarized as follows (in thousands), categorized by debt instrument type and by country of registration:

	Cost	Fair Value	Unrealized Gains/(Losses)
Treasury and Government Notes/Bonds	\$ 1,450,630	\$ 1,481,186	\$ 30,556
Mortgage-backed Securities	2,087,591	2,111,917	24,326
Corporate Bonds	5,803,147	6,216,160	413,013
Commercial Mortgage/Asset-backed Securities	244,299	256,740	12,441
Non-U.S. Treasury and Government Bonds	2,049,619	2,009,412	(40,207)
Non-U.S. Corporate Bonds	1,082,211	1,133,916	51,705
Bond-backed Exchange Traded Funds	412,428	386,121	(26,307)
Total Marketable Debt Securities	<u>\$ 13,129,925</u>	<u>\$ 13,595,452</u>	<u>\$ 465,527</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, 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 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, 2020, 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	\$ 298,514	\$ 189,478	\$ 487,992	3.59 %
AA	435,294	312,185	747,479	5.50
A	1,635,608	782,266	2,417,874	17.78
BBB	2,621,198	977,179	3,598,377	26.47
BB	809,382	302,323	1,111,705	8.18
B	472,499	207,401	679,900	5.00
CCC	137,970	52,650	190,620	1.40
CC	3,484	12,246	15,730	0.12
C	483	—	483	0.00
D	6,622	22,178	28,800	0.21
Total Fair Value of Rated Debt Securities	6,421,054	2,857,906	9,278,960	68.25
Commingled Bond Funds	434,521	1	434,522	3.20
Not Rated	13,155	285,421	298,576	2.20
U.S. Government Explicitly Backed by the U.S. Government (AA)	2,034,888	—	2,034,888	14.97
U.S. Government Implicitly Backed by the U.S. Government (AA)	1,548,506	—	1,548,506	11.39
Total Fair Value Debt Securities	<u>\$ 10,452,124</u>	<u>\$ 3,143,328</u>	<u>\$ 13,595,452</u>	<u>100.00 %</u>

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, 2020, the effective duration by investment type, based on fair value, is as follows:

	Percent of bond holdings	Duration (Years)
Domestic Bonds		
Treasury and Government Notes/Bonds	14.17 %	8.25
Mortgage-backed Securities	20.21	1.91
Corporate Bonds	59.47	7.72
Commercial Mortgage and Asset-backed Securities	2.46	3.82
Bond-Backed Exchange Traded Funds	3.69	—
Total Domestic Bonds	<u>100.00 %</u>	<u>6.24</u>
Non-domestic Bonds		
Non-U.S. Treasury and Government Bonds	63.93 %	8.02
Non-U.S. Corporate Bonds	36.07	7.37
Bond-Backed Exchange Traded Funds	—	—
Total Non-domestic Bonds	<u>100.00 %</u>	<u>7.79</u>

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, 2020 are summarized as follows (in thousands) which include the net fair value of equity index futures of \$2.6 million:

	Cost	Fair Value	Unrealized Holding Gains/(Losses)
Direct Investments			
Domestic Stock	\$ 11,122,771	\$ 12,969,390	\$ 1,846,619
Non-domestic Stock	10,941,930	11,298,111	356,181
Commingled Funds	866,224	842,258	(23,966)
Total Preferred and Common Stock	<u>\$ 22,930,925</u>	<u>\$ 25,109,759</u>	<u>\$ 2,178,834</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, 2020, 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/Private Equity, Real Estate, Infrastructure	Debt	Total Foreign Currency Exposure
Australian Dollar	\$ 96,406	\$ (32,908)	\$ 331,562	\$ 29,178	\$ 424,238
Brazil Real	1,763	10,923	131,543	34,889	179,118
Canadian Dollar	59,546	(154,125)	441,215	23,180	369,816
Chilean Peso	236	(6,175)	7,684	14,100	15,845
Chinese Yuan Renminbi	3,769	(69,737)	281,573	86,264	301,869
Columbian Peso	1,951	(4,802)	1,157	30,363	28,669
Czech Koruna	237	8,676	1,654	8,700	19,267
Danish Krone	4,347	(2,148)	131,098	—	133,297
Dominican Republic Peso	—	—	—	301	301
Egyptian Pound	73	(1,911)	154	1,794	110
Euro Currency	169,340	(619,612)	2,577,500	401,438	2,528,666
Hong Kong Dollar	46,586	(40,150)	1,119,826	—	1,126,262
Hungarian Forint	370	1,592	8,860	7,026	17,848
Indian Rupee	1,163	(10,557)	234,187	—	224,793
Indonesian Rupiah	2,833	(19,421)	50,469	63,026	96,907
Israeli Shekel	1,101	(8,368)	22,208	11,634	26,575
Japanese Yen	144,181	(295,081)	1,247,616	354,969	1,451,685
Malaysian Ringgit	2,024	(6,372)	24,029	30,620	50,301
Mexican Peso	5,971	(20,063)	45,121	70,966	101,995
New Taiwan Dollar	832	(8,260)	302,763	—	295,335
New Zealand Dollar	9,314	37,587	13,604	5,070	65,575
Nigerian Naira	—	(835)	—	—	(835)
Norwegian Krone	645	(68,873)	39,312	16,346	(12,570)
Pakistan Rupee	—	—	13	—	13
Peruvian Sol	178	(6,885)	—	12,208	5,501
Phillipines Peso	84	(5,452)	6,829	—	1,461
Polish Zloty	600	13,491	23,785	14,939	52,815
Pound Sterling	74,751	(258,045)	870,912	83,556	771,174
Qatari Riyal	552	(346)	10,853	—	11,059
Romanian Leu	130	3,242	—	4,202	7,574
Russian Ruble	1,838	(14,050)	7,980	60,232	56,000
Saudi Arabian Riyal	112	—	11,539	—	11,651
Serbian Dinar	182	—	—	5,423	5,605
Singapore Dollar	43,160	(37,894)	45,914	11,828	63,008
South African Rand	6,241	(11,788)	64,114	38,470	97,037
South Korean Won	2,100	(28,045)	319,326	38,170	331,551
Swedish Krona	9,529	(18,936)	166,830	11,085	168,508
Swiss Franc	12,267	586	390,249	—	403,102
Thailand Baht	1,908	12,152	43,273	19,525	76,858
Turkish Lira	639	(1,425)	36,934	3,642	39,790
UAE Dirham	393	—	10,040	—	10,433
Ukraine Hryvana	6	—	—	2,107	2,113
Uruguayan Peso	—	—	—	576	576
Total foreign currency exposure	<u>\$ 707,358</u>	<u>\$ (1,664,015)</u>	<u>\$ 9,021,726</u>	<u>\$ 1,495,827</u>	<u>\$ 9,560,896</u>

Cash amounts in the schedule 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 presented on the prior page.

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, private real estate funds, 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 an impairment recognized in FY 20. It was determined that one direct real estate holdings were impaired because it was more likely than not the Fund would not recover their carrying cost over the remaining estimated holding period of the assets. In order to reflect the impairment in statutory net income and fund balance classifications, \$7.9 million of unrealized losses were realized through a write-down of cost to fair value.

Real estate investments at June 30, 2020 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains (Losses)
Real Estate Investment Trusts	\$ 180,293	\$ 214,924	\$ 34,631
Real Estate Funds and Notes	343,755	363,572	19,817
American Homes 4 Rent II	128,620	147,555	18,935
Directly Owned Real Estate			
Retail	785,771	1,540,130	754,359
Office	1,014,231	1,241,455	227,224
Hotel	59,448	66,205	6,757
Industrial	255,714	409,290	153,576
Multifamily	220,439	320,473	100,034
Total Real Estate	<u>\$ 2,988,271</u>	<u>\$ 4,303,604</u>	<u>\$ 1,315,333</u>

Alternative Investments

Alternative investments include the Fund's investments in absolute return and risk parity strategies, private equity, infrastructure, and private credit. The APFC periodically reviews alternative investments for other than temporary impairment.

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 invested in two absolute return limited partnerships in which the Fund was the only limited partner ("fund-of-one"); both are currently in liquidation. The Fund also holds direct hedge fund investments, in which the Fund is one of many limited partners. Risk parity strategies also seek to deliver returns that are largely uncorrelated with global public markets, however they do so through allocation of risk rather than allocation of capital. External investment management services for both strategies are provided by institutional investment managers who have acknowledged their status as fiduciaries to the Fund. 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. Risk parity strategy investments are generally more liquid but may also not have readily determinable fair value depending on the underlying investments of a given fund. For both strategies, 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 assist in the selection of private equity holdings

diversified by geography and strategy. Private equity is funded slowly over time as opportunities are identified by the APFC staff, 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 20, it was determined that twenty 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 statutory net income and fund balance classifications, \$195.2 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 20 it was determined that one infrastructure fund was impaired because it was more likely than not that the Fund would not recover the carrying cost over the remaining estimated holding period of the asset. In order to reflect the impairment in statutory net income and fund balance classifications, \$24.5 million of unrealized losses were realized through a write-down of cost to fair value. At the end of FY 20, the Fund sold five infrastructure investments on the secondary market with total proceeds of \$637 million.

The Fund invests in 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. 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.

During FY 20, it was determined that three private credit funds were impaired because it was more likely than not the Fund would not recover its carrying cost over the remaining estimated holding period of the asset. In order to reflect the impairment in statutory net income and fund balance classifications, \$41.8 million of unrealized losses were realized through a write-down of cost to fair value.

Alternative investments at June 30, 2020 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains
Absolute Return	\$ 3,989,336	\$ 4,288,542	\$ 299,206
Private Equity	7,162,435	9,803,985	2,641,550
Infrastructure	1,728,714	1,902,257	173,543
Private Credit	1,760,455	1,890,392	129,937
Total Alternative Investments	<u>\$ 14,640,940</u>	<u>\$ 17,885,176</u>	<u>\$ 3,244,236</u>

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, 2020, 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, 2020 the value of securities on loan is as follows (in thousands):

Fair Value of Securities on Loan, Secured by Cash Collateral	\$	1,512,625
Cash Collateral		1,540,240
Fair Value of Securities on Loan, Secured by Non-cash Collateral		6,126,859
Non-cash Collateral		6,699,184

The Fund receives 80 percent of earnings derived from securities lending transactions, and the Bank retains 20 percent. During the year ended June 30, 2020, the Fund incurred no losses from securities lending transactions. The Fund received income of \$31.4 million from securities lending for the year ended June 30, 2020, which is recorded in real estate and other income on the statements of revenues, expenditures and changes in fund balances.

Fair Value Measurement

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, 2020 are summarized as follows (in thousands):

	Measured Using Input Levels			Measured Using	
	Level 1	Level 2	Level 3	NAV	Total
Marketable Debt Securities	\$ 1,868,303	\$ 11,650,169	\$ 76,980	\$ —	\$ 13,595,452
Preferred and Common Stock	24,923,991	3	—	185,765	25,109,759
Real Estate	214,971	—	—	4,088,633	4,303,604
Absolute Return	—	—	—	4,288,542	4,288,542
Private credit	—	—	—	1,890,392	1,890,392
Private equity	93,761	—	—	9,710,224	9,803,985
Infrastructure	195,710	—	—	1,706,547	1,902,257
Total Investments	<u>\$ 27,296,736</u>	<u>\$ 11,650,172</u>	<u>\$ 76,980</u>	<u>\$ 21,870,103</u>	<u>\$ 60,893,991</u>

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. Marketable debt securities valued at level 3 are term loans.

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. The underlying 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.

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 financial statement audits. Redemptions are not allowed and the usual life of these investments is 5-7 years.

Private credit investments are reported at NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Private credit investments undergo annual independent financial statement audits. Redemptions are not allowed and the usual life of these investments in 5-7 years.

Investment Income by Source

Investment income during the year ended June 30, 2020, is summarized as follows (in thousands):

Interest	
Marketable Debt Securities	\$ 457,889
Short-term Domestic and Other	35,010
Total Interest	<u>\$ 492,899</u>
Dividends	<u>\$ 515,335</u>
Real Estate and Other Income	
Directly Owned Real Estate Net Rental Income	\$ 106,130
Real Estate Investment Trust Dividends	56,422
Real Estate Fund and Notes, Net of Fees	661
Absolute Return Dividend and Interest Income	11
Private Credit Interest Income, Net of Fees	63,577
Infrastructure Interest and Dividend Income, Net of Fees	84,576
Private Equity Dividend Income, Net of Fees	46,471
Class Action Litigation Income	4,861
Loaned Securities, Commission Recapture, and Other Income	31,955
Total Real Estate and Other Income	<u>\$ 394,664</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, 2020 ranged between one and 274 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, 2020 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 20 are summarized as follows (in thousands):

Balances at June 30, 2020:	
Face Value of FX Forward Contracts	\$ 3,154,765
Net Unrealized Holding Gains (losses) on FX Forward Contracts	5,660
Fair Value of FX Forward Contracts	<u>\$ 3,160,425</u>
Activity for Fiscal Year Ending June 30, 2020	
Change in Unrealized Holding Gains	\$ 27,160
Realized Gains	24,322
Net Increase (decrease) in Fair Value of FX Forward Contracts	<u>\$ 51,482</u>

Certain APFC equity investment managers are permitted to trade in equity index futures for the Fund's account, and the internal fixed income management team trades 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 futures in equity accounts for FY 20 are summarized as follows (in thousands):

Balances at June 30, 2020:	
Face Value of Equity Index Futures	\$ 38,952
Net Unrealized Holding Gains on Futures	2,587
Fair Value of Equity Index Futures	<u>\$ 41,539</u>
Activity for Fiscal Year Ending June 30, 2020	
Change in Unrealized Holding Gains	\$ 1,316
Realized Losses	(1,865)
Net Decrease in Fair Value of Equity Index Futures	<u>\$ (549)</u>

Activity and balances related to futures in fixed income accounts for FY 20 is summarized as follows (in thousands):

Balances at June 30, 2020:	
Face Value of U.S. Treasury Index Futures	\$ 100,596
Net Unrealized Holding Losses on Futures	(707)
Fair Value of U.S. Treasury Index Futures	<u>\$ 99,889</u>
Activity for Fiscal Year Ending June 30, 2020	
Change in Unrealized Holding Gains	\$ 3,322
Realized Losses	(60,613)
Net Decrease in Fair Value of U.S. Treasury Index Futures	<u>\$ (57,291)</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 activity amounts shown above are included in the Fund's financial statements in the Foreign currency forward exchange contracts and futures line 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:

Capital Asset	Governmental Activities		Business-type Activities	
	Capitalize at Value	Useful Life	Capitalize At Value	Useful Life
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	15	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, 2020, are as follows (in millions):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right-of-Way	\$ 673	\$ 15	\$ —	\$ 688
Land	380	—	—	380
Construction in progress	1,381	585	(386)	1,580
Total capital assets not being depreciated	<u>2,434</u>	<u>600</u>	<u>(386)</u>	<u>2,648</u>
Capital assets being depreciated:				
Buildings	2,496	66	(1)	2,561
Intangible - Software	318	—	—	318
Equipment	1,034	31	(7)	1,058
Infrastructure	9,623	317	(1)	9,939
Total capital assets being depreciated	<u>13,471</u>	<u>414</u>	<u>(9)</u>	<u>13,876</u>
Less accumulated depreciation for:				
Buildings	(898)	(131)	3	(1,026)
Intangible - Software	(203)	(23)	—	(226)
Equipment	(609)	(38)	7	(640)
Infrastructure	(6,335)	(362)	—	(6,697)
Total accumulated depreciation	<u>(8,045)</u>	<u>(554)</u>	<u>10</u>	<u>(8,589)</u>
Total capital assets being depreciated, net	<u>5,426</u>	<u>(140)</u>	<u>1</u>	<u>5,287</u>
Capital assets, net	<u>\$ 7,860</u>	<u>\$ 460</u>	<u>\$ (385)</u>	<u>\$ 7,935</u>

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for internal service 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	66	46	(98)	14
Total capital assets not being depreciated	<u>97</u>	<u>46</u>	<u>(98)</u>	<u>45</u>
Capital assets being depreciated:				
Buildings	1,130	6	—	1,136
Equipment	133	6	—	139
Infrastructure	1,017	88	—	1,105
Total capital assets being depreciated	<u>2,280</u>	<u>100</u>	<u>—</u>	<u>2,380</u>
Less accumulated depreciation for:				
Buildings	(505)	(31)	—	(536)
Equipment	(98)	(9)	—	(107)
Infrastructure	(563)	(35)	—	(598)
Total accumulated depreciation	<u>(1,166)</u>	<u>(75)</u>	<u>—</u>	<u>(1,241)</u>
Total capital assets being depreciated, net	<u>1,114</u>	<u>25</u>	<u>—</u>	<u>1,139</u>
Capital assets, net	<u>\$ 1,211</u>	<u>\$ 71</u>	<u>\$ (98)</u>	<u>\$ 1,184</u>

The following relates to the land owned by the State:

The total state entitlement amounts to approximately 105.8 million acres, 102.6 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), 100.6 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):

Governmental Activities:	Amount
General Government	\$ 53
Education	21
Health and Human Services	38
Law and Justice	6
Natural Resources	16
Development	2
Public Protection	17
Transportation	371
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.	30
Total Depreciation Expense - Governmental Activities	<u>\$ 554</u>
Business-type Activities:	
Enterprise	\$ 75

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, 2020 (in millions):

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 118	\$ 2	\$ (1)	\$ 119
Museum collections	7	—	—	7
Construction in Progress	640	125	(78)	687
Total capital assets not being depreciated	<u>765</u>	<u>127</u>	<u>(79)</u>	<u>813</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	2,481	25	(7)	2,499
Equipment	896	21	(9)	908
Infrastructure	1,824	33	—	1,857
Total capital assets being depreciated/depleted	<u>5,284</u>	<u>80</u>	<u>(17)</u>	<u>5,347</u>
Less accumulated depreciation/depletion for:				
Intangible - Software	(2)	—	—	(2)
Intangible - Right of Use	(10)	(1)	—	(11)
Land	(1)	—	—	(1)
Library Books	(49)	(1)	1	(49)
Buildings	(1,250)	(70)	2	(1,318)
Equipment	(562)	(43)	8	(597)
Infrastructure	(919)	(58)	—	(977)
Total accumulated depreciation/depletion	<u>(2,793)</u>	<u>(173)</u>	<u>11</u>	<u>(2,955)</u>
Total capital assets being depreciated/depleted, net	<u>2,491</u>	<u>(93)</u>	<u>(6)</u>	<u>2,392</u>
Capital assets, net	<u>\$ 3,256</u>	<u>\$ 34</u>	<u>\$ (85)</u>	<u>\$ 3,205</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.

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 20 totaling \$1,901 thousand and \$2,201 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.

Long-Term Liabilities

The following table summarizes changes in long-term liabilities for Governmental Activities for the fiscal year ended June 30, 2020 (in thousands):

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	\$ 325,826	\$ 1,628	\$ 14,494	\$ 312,960	\$ 605
General obligation debt	727,611	—	55,506	672,105	46,620
Notes from direct borrowings and direct placements	9,196	72	2,705	6,563	2,693
Capital leases payable	237,928	13,811	22,009	229,730	21,732
Unearned revenue	51,016	2,574,292	1,405,459	1,219,849	1,195,565
Certificates of participation	26,384	—	2,043	24,341	2,244
Compensated absences	168,706	159,412	147,346	180,772	154,636
Claims and judgments	160,702	99,678	35,635	224,745	42,908
Pollution remediation	126,646	4,087	5,506	125,227	12,523
Other noncurrent liabilities	3,052	36,089	35,706	3,435	—
Net pension liability	4,167,303	477,610	29,396	4,615,517	—
Net OPEB liability	806,385	5,037	706,874	104,548	—
Total	\$ 6,810,755	\$ 3,371,716	\$ 2,462,679	\$ 7,719,792	\$ 1,479,526

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, 2020 (in thousands):

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	\$ 370,351	\$ —	\$ 15,269	\$ 355,082	\$ 13,930
Unearned revenue	32,512	10,685	7,104	36,093	36,093
Compensated absences	4,155	4,616	3,695	5,076	3,946
Pollution remediation	6,490	3,066	3,700	5,856	1,477
Other Noncurrent Liabilities	23,161	22,104	11,581	33,684	—
Net pension liability	56,021	4,279	79	60,221	—
Net OPEB liability	11,750	—	9,761	1,989	—
Total	\$ 504,440	\$ 44,750	\$ 51,189	\$ 498,001	\$ 55,446

B. NET PENSION LIABILITY

Net Pension Liability is recorded in the schedule of long-term liabilities above. The PERS and TRS total pension liability for the June 30, 2019 measurement date was determined by actuarial valuations as of June 30, 2018, which were rolled forward to June 30, 2019. The JRS and NGNMRS total pension liability for the June 30, 2019 measurement date was determined by roll forward actuarial valuations as of June 30, 2018. 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 Increases
PERS	7.38%, net of pension plan investment expenses. This is based on an average inflation of 2.50% and a real return of 4.88%	2.5%	Graded by service, from 7.75% to 2.75% for Peace Officer/Firefighter Graded by service from 6.75% to 2.75% for all others
TRS	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.88%	2.5%	Graded by service, from 6.75% to 2.75%
JRS	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return 4.88%	2.5%	3.62% per year, compounded annually
NGNMRS	7%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%	2.5%	None

PERS post-termination mortality rates were based on 100 percent of the RP-2014 table. Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-mortality rates were based on 91 percent of male and 96 percent of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75 percent of the time for Peace Officer/Firefighters, 40 percent of the time for others. The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

TRS pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 white-collar employee table with MP-2017 generational

improvement. Post-termination mortality rates were based on 93 percent of the male rates and 90 percent of the female rates of the RP-2014 white color healthy annuitant table with MP-2017 generational improvement. Deaths are assumed to result from occupational cause 15% of the time. The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumption for the June 30, 2018 actuarial valuation to better reflect expected future experience.

JRS post-termination mortality rates were based on 93 percent of the male rates and 90 percent of the female rates of the RP-2014 white-collar healthy annuitant table projected with MP-2017 generational improvement. The rates for pre-termination mortality were based upon 100 percent the RP-2014 white collar employee table projected with MP-2017 generational improvement. The actuarial assumption used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

NGNMRS post-termination mortality rates were based on 91 percent of male and 96 percent of female rates of the RP-2014 employee table with MP-2017 generational improvement. The rates for pre-termination mortality was 100 percent (male and female) of the RP-2014 healthy annuitant table with MP-2017 generational improvement. The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Alaska Retirement Management Board to better reflect future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 actuarial valuation.

For PERS, TRS, JRS, and NGNMRS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the next table (note that the rates shown exclude the inflation component):

System	Asset Class	Long-term Expected Real Rate of Return	Allocation	Range
PERS/TRS	Domestic Equity	8.16%	24.00%	+/- 6%
	Global Equity (non-U.S.)	7.51	22.00	+/- 4
	Intermediate treasuries	1.58	—	
	Fixed Income	—	10.00	+/- 5
	Opportunistic	3.96	10.00	+/- 5
	Real assets	4.76	17.00	+/- 8
	Absolute return	—	7.00	+/- 4
	Private equity	11.39	9.00	+/- 5
	Cash Equivalents	0.83	1.00	+ 3/-1
JRS	Domestic Equity	8.16	24.00	+/- 6
	Global ex-U.S. equity	7.51	22.00	+/- 4
	Aggregate bonds	—	—	
	Fixed Income	—	10.00	+/- 5
	Opportunistic	3.96	10.00	+/- 5
	Real assets	4.76	17.00	+/- 8
	Absolute return	—	7.00	+/- 4
	Private equity	11.39	9.00	+/- 5
	Cash Equivalents	0.83	1.00	-1/+3
NGNMRS	Broad Domestic Equity	8.17	27.00	+/- 6
	Global Equity (non-U.S.)	7.51	18.00	+/- 4
	Fixed Income	1.58	45.00	+/- 10
	Opportunistic	3.96	10.00	+/- 5
	Cash Equivalents	0.83	—	+ 3

The discount rate used to measure the total pension liability was 7.38 percent for PERS, TRS and JRS which is a decrease of 0.62 percent from the June 30, 2018 measurement. The discount rate used to measure the total pension liability was 7 percent for NGNMRS. The projection of cash flows used to determine the discount rate assumed that the employer and the nonemployer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the System Pension 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. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the System Pension Plans' fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.79 percent as of June 30, 2019.

The following presents the net pension liability/(asset) for each plan as of June 30, 2019, calculated using the discount rate, as well as what the respective plans' net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate (in thousands):

	1% Decrease 6.38%	Discount Rate 7.38%	1% Increase 8.38%
Primary Government's proportionate share of the PERS net pension (asset) liability	\$ 3,592,066	\$ 2,721,623	\$ 1,992,657
Discrete Component Units' proportionate share of the PERS net pension (asset) liability	354,746	268,783	196,791
Primary Government's proportionate share of the TRS net pension (asset) liability	17,917	12,438	7,837
Discrete Component Units' proportionate share of the TRS net pension (asset) liability	43,146	29,951	18,873
Primary Government's JRS net pension (asset) liability	77,504	51,309	29,173
	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
Primary Government's NGNMRS net pension (asset) liability	\$ (16,800)	\$ (18,712)	\$ (20,366)

The State's proportion of the net pension liability for the defined benefits multiple employer plans were based on projections of the present value of the State's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers from July 1, 2019 to a projected fully funded year of 2039. At June 30, 2019 the proportionate share of the net pension liability attributed to the State was 54.63 percent (49.72 percent for the primary government and 4.91 percent for the discrete component units) for the Public Employee's Retirement System (PERS) and 2.27 percent (0.67 for the primary government and 1.6 for the discrete component units) for the Teacher's Retirement System (TRS). This was a decrease of 0.05 percent (0.19 percent increase for the primary government and 0.24 percent decrease for the discrete component units) for PERS and a decrease of 0.08 percent (0.00 percent increase for the primary government and 0.08 percent decrease for the discrete component units) for TRS from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the State recognized pension expense of \$401,418 thousand (\$360,180 thousand for the primary government and \$41,238 thousand for the discrete component units) broken out by plan as follows (in thousands):

<u>Systems</u>	<u>Pension Expense</u>
Public Employees' Retirement System - Primary Government	\$ 352,670
Public Employees' Retirement System - Discrete Component Units	40,010
Teachers' Retirement System - Primary Government	896
Teachers' Retirement System - Discrete Component Units	1,228
Judicial Retirement System - Primary Government	11,280
Alaska National Guard and Alaska Naval Militia Retirement System - Primary Government	(4,666)

At June 30, 2020, 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	\$ —	\$ 40,291
	Difference Between Projected and Actual Investment Earnings	39,022	—
	Changes in Proportions and Difference Between Employer Contributions and Proportionate Share of Contributions	3,112	—
	Changes in Assumptions	83,324	—
	Contributions Subsequent to the Measurement Date	212,693	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	3,979
	Difference Between Projected and Actual Investment Earnings	3,854	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	328	3,849
	Changes in Assumptions	8,229	—
	Contributions Subsequent to the Measurement Date	19,763	—
TRS			
Primary Government	Difference Between Expected and Actual Experience	—	337
	Difference Between Projected and Actual Investment Earnings	319	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	23
	Changes in Assumption	—	88
	Contributions Subsequent to the Measurement Date	1,184	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	812
	Difference Between Projected and Actual Investment Earnings	769	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	816
	Changes in Assumptions	—	212
	Contributions Subsequent to the Measurement Date	1,465	—
JRS			
Primary Government	Difference Between Projected and Actual Investment Earnings	1,411	—
	Difference Between Expected and Actual Experience	—	2,787
	Changes in Assumptions	2,387	—
	Contributions Subsequent to the Measurement Date	11,127	—
NGNMRS			
Primary Government	Difference Between Projected and Actual Investment Earnings	934	—
	Difference Between Expected and Actual Experiences	—	6,874
	Changes in Assumptions	—	77
	Contributions Subsequent to the Measurement Date	861	—

\$247,093 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 2021 (\$225,865 thousand for the primary government and \$21,228 thousand for discrete 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 - Discrete Component Units	TRS - Primary Government	TRS - Discrete Component Units	JRS - Primary Government	NGNMRS - Primary Government
2021	\$ 89,443	\$ 5,005	\$ (93)	\$ (984)	\$ 1,027	\$ (4,332)
2022	(28,811)	(2,845)	(232)	(558)	(1,003)	(1,985)
2023	11,072	1,093	87	210	458	219
2024	13,464	1,330	108	262	529	81
2025	—	—	—	—	—	—
Thereafter	—	—	—	—	—	—

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 previously listed. The proportionate share of the net pension liability attributed to the special funding situation was based on a projection of the present value of the State’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers from July 1, 2020 to a projected fully funded year of 2039.

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	Discount Rate	1% Increase
	6.38%	7.38%	8.38%
PERS net pension liability	\$ 1,031,803	\$ 781,773	\$ 572,381
TRS net pension liability	1,596,960	1,108,594	698,550

At June 30, 2019 the proportionate share of the net pension liability attributed to the State for the special funding situation was 14.28 percent for the Public Employee’s Retirement System (PERS) and 59.33 percent for the Teacher’s Retirement System (TRS), which was an increase of 2.95 percent and -0.06 percent from its proportion measured as of June 30, 2018 for PERS and TRS respectively.

For the year ended June 30, 2020, the State recognized expenses of \$245,556 thousand in relation to the special funding situation broken out by plan as follows (in thousands):

<u>Systems</u>	<u>Pension Expense</u>
Public Employees’ Retirement System	\$ 164,111
Teachers’ Retirement System	81,445

At June 30, 2020, 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):

		Deferred Outflows of Resources	Deferred Inflows of Resources
PERS	Difference Between Expected and Actual Experience	\$ —	\$ 11,573
	Difference Between Projected and Actual Investment Earnings	11,209	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	51,937	—
	Changes in Assumptions	23,934	—
	Changes in Benefits	—	—
	Contributions Subsequent to the Measurement Date	79,486	—
TRS	Difference Between Expected and Actual Experience	—	30,062
	Difference Between Projected and Actual Investment Earnings	28,474	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	10,837	—
	Changes in Assumptions	—	7,845
	Contributions Subsequent to the Measurement Date	140,219	—

\$219,705 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 2021. 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
2021	\$ 76,735	\$ 4,596
2022	(8,276)	(20,642)
2023	3,180	7,783
2024	3,867	9,666
2025	—	—
Thereafter	—	—

STATE ADMINISTERED SINGLE EMPLOYER PLANS

The schedules of changes in plan net pension liability/(asset) for the JRS and NGNMRS defined benefit pension plan as of the measurement date, June 30, 2019 are below (in thousands):

JRS	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2018	\$ 226,560	\$ 176,795	\$ 49,765
Changes for the year:			
Service Cost	6,351	—	6,351
Interest	16,653	—	16,653
Contributions - employer	—	10,257	(10,257)
Contributions - employee	—	813	(813)
Net investment income	—	10,448	(10,448)
Benefit payments, including refunds of employee contributions	(13,628)	(13,628)	—
Administrative expense	—	(59)	59
Net Changes	<u>9,376</u>	<u>7,831</u>	<u>1,545</u>
Balances at June 30, 2019	<u>\$ 235,936</u>	<u>\$ 184,626</u>	<u>\$ 51,310</u>

NGNMRS	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balances at June 30, 2018	\$ 21,604	\$ 39,418	\$ (17,814)
Changes for the year:			
Service Cost	496	—	496
Interest	1,497	—	1,497
Contributions - employer	—	852	(852)
Net investment income	—	2,321	(2,321)
Benefit payments, including refunds of employee contributions	(1,344)	(1,344)	—
Administrative expense	—	(282)	282
Net Changes	<u>649</u>	<u>1,547</u>	<u>(898)</u>
Balances at June 30, 2019	<u>\$ 22,253</u>	<u>\$ 40,965</u>	<u>\$ (18,712)</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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The actuarial valuation used the following actuarial assumptions:

Actuarial Assumption	December 31, 2019
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	0.55% of payroll, based on current year actual expense

Mortality rates were based on the Society of Actuaries RP-2014 healthy annuitant mortality table adjusted 91 percent for males and 96 percent for females and the Scale MP-2018 generational mortality improvement in longevity that management expects to occur in the future.

The long-term expected rate of return on pension plan investments of 7.25 percent was determined using a building-block method 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 intermediate-term and long-term expected rates 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 real rates of return for each major asset class are summarized in the following table:

Asset Class	Target allocation	Intermediate-term expected real rate of return	Long-term expected real rate of return
Cash	—%	—%	—%
U.S. Treasury Inflation-Protected Securities (TIPS)	5.00	2.80	1.94
Total Return Bond	13.00	2.70	2.43
Global Bond	5.00	3.05	2.43
High Yield Bond	7.00	4.72	3.88
Domestic Large Cap	20.00	4.87	6.80
Domestic Mid Cap	12.00	5.60	7.77
Domestic Small Cap	8.00	5.85	8.74
International Equity	13.00	5.36	7.04
Commodities	2.00	4.62	1.46
Real Estate	15.00	5.11	4.61
Total	100.00%		

The discount rate used to measure the total pension liability was 7.25 percent. 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 7.25 percent 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 (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net pension liability	\$ 66,566	\$ 30,190	\$ 481

For the year ended December 31, 2019, the ARRC recognized pension expense of \$9,150 thousand and the following deferred outflows and deferred inflows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,284	\$ 1,937
Changes in assumptions	13,019	—
Net difference between actual and projected earnings on investments	—	6,579

Deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

	<u>Amount</u>
Year ending December 31,	
2020	\$ 2,455
2021	1,355
2022	3,464
2023	(1,487)
2024	—
Thereafter	—

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

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Asset (a)- (b)</u>
Balances at January 1, 2019	\$ 212,322	\$ 177,870	\$ 34,452
Changes for the year:			
Service Cost	5,835	—	5,835
Interest	16,059	—	16,059
Change of benefit terms	—	—	—
Difference between expected and actual experience	(496)	—	(496)
Changes of assumptions	16,396	—	16,396
Contributions - employer	—	5,220	(5,220)
Contributions - employee	—	4,477	(4,477)
Net investment loss	—	32,628	(32,628)
Benefit payments, including refunds of employee contributions	(8,086)	(8,086)	—
Administrative expense	—	(269)	269
Net Changes	<u>29,708</u>	<u>33,970</u>	<u>(4,262)</u>
Balances at December 31, 2019	<u>\$ 242,030</u>	<u>\$ 211,840</u>	<u>\$ 30,190</u>

C. NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY/ASSET

Net other post-employment benefits (OPEB) liability is recorded in the schedule of long-term liabilities above. The total OPEB liability for the June 30, 2019 measurement date for all plans was determined by actuarial valuations as of June 30, 2018, which were rolled forward to June 30, 2019. Projections are based on an established pattern of practice. 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 Increases	Healthcare Cost Trend Rates
PERS*	7.38%, net of postretirement healthcare plan investment expenses. This is based on an average inflation of 2.50% and a real rate of return of 4.88%	2.5%	Graded by service, from 7.75% to 2.75% for Peace Officer/Firefighter. Graded by service and age from 6.75% to 2.75% for all others	Pre-65 medical; 7.5% grading down to 4.5% Post-65 medical; 5.5% grading down to 4.5% Prescription drugs/EGWP; 8.5% grading down to 4.5% RDS: 4.7% grading down to 4.5%
TRS*	7.38%, net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%	2.5%	Graded by service, from 6.75% to 2.75%	Pre-65 medical; 7.5% grading down to 4.5% Post-65 medical; 5.5% grading down to 4.5% Prescription drugs/EGWP; 8.5% grading down to 4.5% RDS/EGWP; 4.7% grading down to 4.5%
JRS	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%	2.5%	3.62% per year, compounded annually	Pre-65 Medical; 7.50% grading down to 4.5% Post-65 medical; 5.5% grading down to 4.5% Prescription drugs/EGWP; 8.5% grading down to 4.5% RDS; 4.7% grading down to 4.5%

* Healthcare Cost Trend Rates applicable to Alaska Retiree Healthcare Trust and Retiree Medical Plans within PERS and TRS systems.

PERS Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91 percent of the male rates and 96 percent of the female rate of the RP-2014 healthy annuitant table projected with MP-2017 generational improvement. The rates for pre-termination mortality were 100 percent of the RP-2014 employee table with MP-2017 generational improvement. The actuarial assumption used in the June 30, 2018 actuarial valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior evaluation. Based on recent experience, the healthcare cost trend assumption were updated. Per capita claims cost were updated to reflect recent experience. Healthcare cost trends were updated to reflect a Cadillac Tax load.

TRS post-termination mortality rates were based on 93 percent of the male rates and 90 percent of the female rates of the RP-2014 white collar healthy annuitant table with MP-2017 generational improvement. Pre-termination and post-termination rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100 percent of the PR-2014 white-collar employee table with MP-2017 generational improvement. Deaths are assumed to be occupational 15 percent of the time. Disability mortality in accordance with the RP-2014 disabled table with MP-2017 generational improvement. The actuarial assumption used in the June 30, 2018 actuarial valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior evaluation. Based on recent experience, the healthcare cost trend assumption were updated. Per capita claims cost were updated to reflect recent experience. Healthcare cost trends were updated to reflect a Cadillac Tax load.

JRS post-termination mortality rates were based on 93 percent of the male rates and 90 percent of the female rates of the RP-2014 white-collar healthy annuitant table projected with MP-2017 generational improvement. The rates for pre-termination mortality were based on 100 percent of the RP-2014 white-collar employee table projected with MP-2017 generational improvement. The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior evaluation. Based on recent experience, the healthcare cost trend assumption were updated. Per capita claims cost were updated to reflect recent experience. Healthcare cost trends were updated to reflect a Cadillac Tax load.

The long-term expected rate of return on plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the postretirement healthcare plans' target asset allocation are summarized in the following table as of June 30, 2019 (note that the rates shown below exclude the inflation component):

System	Asset Class	Long-term Expected Real Rate of Return	Allocation	Range
PERS/TRS	Domestic Equity	8.16%	24.00%	+/- 6%
	Global equity ex-U.S.	7.51	22.00	+/- 4
	Fixed Income	—	10.00	+/- 5
	Intermediate treasuries	1.58		
	Opportunistic	3.96	10.00	+/- 5
	Real assets	4.76	17.00	+/- 8
	Absolute return	—	7.00	+/- 4
	Private equity	11.39	9.00	+/- 5
	Cash Equivalents	0.83	1.00	+3/-1
JRS	Domestic Equity	8.16	24.00	+/- 6%
	Global ex-U.S. equity	7.51	22.00	+/- 4
	Intermediate Treasures	1.58		
	Aggregate bonds	—		+/- 5
	Fixed Income	—	10.00	+/-5
	Opportunistic	3.96	10.00	+/- 5
	Real assets	4.76	17.00	+/- 8
	Absolute return	—	7.00	+/- 4
	Private equity	11.39	9.00	+/- 5
Cash Equivalents	0.83	1.00	-1/+3	

The discount rate used to measure the total OPEB liability/asset for each plan was 7.38 percent which is a decrease of 0.62 percent from the June 30, 2018 measurement. The projection of cash flows used to determine the discount rate assumed that employer and state contributions will continue to follow the current funding policy, which meets state statutes. Based on those assumptions, the fiduciary net position for each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/asset. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the

System Pension Plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.79 percent as of June 30, 2020. The following presents the net OPEB liability/(asset) for each plan as of June 30, 2019, calculated using the discount rate, as well as what the respective plans' net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate (in thousands):

	1% Decrease 6.38%	Discount Rate 7.38%	1% Increase 8.38%
Primary Government's proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	\$ 593,579	\$ 73,794	\$ (353,786)
Discrete Component Units' proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	58,600	7,285	(34,927)
Primary Government's proportionate share of the PERS Occupational Death and Disability net OPEB liability (asset)	(11,305)	(11,917)	(12,413)
Discrete Component Units' proportionate share of the PERS Occupational Death and Disability net OPEB liability (asset)	(989)	(1,042)	(1,086)
Primary Government's proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	29,024	11,556	(1,595)
Discrete Component Units' proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	3,104	1,236	(171)
Primary Government's proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	1,527	(1,017)	(3,100)
Discrete Component Units' proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	3,668	(2,444)	(7,448)
Primary Government's proportionate share of the TRS Occupational Death and Disability net OPEB liability (asset)	(18)	(18)	(18)
Discrete Component Units' proportionate share of the TRS Occupational Death and Disability net OPEB liability (asset)	(99)	(99)	(99)
Primary Government's proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	30	(17)	(53)
Discrete Component Units' proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	166	(94)	(288)
Primary Government's JRS net OPEB (asset) liability	(13,001)	(15,130)	(16,910)

The following presents the net OPEB liability/(asset) for each applicable plan as of June 30, 2019, calculated using the healthcare cost trend rates as summarized in the 2019 actuarial valuation reports, as well as what the respective plans' net OPEB liability would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rate (in thousands):

	1% Decrease	Current Trend Rate	1% Increase
Primary Government's proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	\$ (403,795)	\$ 73,794	\$ 656,632
Discrete Component Units' proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	(39,864)	7,285	64,825
Primary Government's proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	(3,554)	11,556	32,239
Discrete Component Units' proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	(380)	1,236	3,448
Primary Government's proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	(3,330)	(1,017)	1,819
Discrete Component Units' proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	(8,000)	(2,444)	4,370
Primary Government's proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	(58)	(17)	39
Discrete Component Units' proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	(315)	(94)	211
Primary Government's JRS net OPEB (asset) liability	(17,214)	(15,130)	(12,619)

The State's proportion of the net OPEB liability for the defined benefit plans were based on projections of the present value of the State's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers from July 1, 2020 to a projected fully funded year of 2039. The State's proportion of net OPEB liability/asset for the defined contribution plans were based on employer retiree medical contributions made during the year. The following represents the proportionate share of the multiple employer net OPEB liability/asset attributed to the state at June 30, 2019 and the associated change from its proportion measured as of June 30, 2018:

	2019	2020	Increase/ (Decrease)
PERS Alaska Retiree Healthcare Trust Plan	54.69 %	54.64 %	(0.05)%
Primary Government	49.54	49.73	0.19
Discrete Component Units	5.15	4.91	(0.24)
PERS Occupational Death and Disability Plan	52.95	53.45	0.50
Primary Government	48.37	49.15	0.78
Discrete Component Units	4.58	4.30	(0.28)
PERS Retiree Medical Plan	52.95	53.47	0.52
Primary Government	48.37	48.30	(0.07)
Discrete Component Units	4.58	5.17	0.59
TRS Alaska Retiree Healthcare Trust Plan	2.34	2.27	(0.07)
Primary Government	0.67	0.67	—
Discrete Component Units	1.67	1.60	(0.07)
TRS Occupational Death and Disability Plan	2.68	2.92	0.24
Primary Government	0.40	0.45	0.05
Discrete Component Units	2.28	2.47	0.19
TRS Retiree Medical Plan	2.68	2.91	0.23
Primary Government	0.40	0.45	0.05
Discrete Component Units	2.28	2.46	0.18

For the year ended June 30, 2020 the State recognized OPEB expense of (\$530,273) thousand (\$483,180) thousand for the primary government and (\$47,093) thousand for the discrete component units broken out by plan as follows (in thousands):

<u>Systems</u>	<u>OPEB Expense</u>
PERS Alaska Retiree Healthcare Trust Plan - Primary Government	\$ (485,646)
PERS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	(45,521)
PERS Occupational Death and Disability Plan - Primary Government	715
PERS Occupational Death and Disability Plan - Discrete Component Units	43
PERS Retiree Medical Plan - Primary Government	8,065
PERS Retiree Medical Plan - Discrete Component Units	884
TRS Alaska Retiree Healthcare Trust Plan - Primary Government	(5,564)
TRS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	(2,587)
TRS Occupational Death and Disability Plan - Primary Government	—
TRS Occupational Death and Disability Plan - Discrete Component Units	(2)
TRS Retiree Medical Plan - Primary Government	16
TRS Retiree Medical Plan - Discrete Component Units	90
Judicial Retirement System - Primary Government	(766)

At June 30, 2020 the State reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources by plan (in thousands):

		Deferred Outflows of Resources	Deferred Inflows of Resources
PERS Alaska Retiree Healthcare Trust Plan			
Primary Government	Difference Between Expected and Actual Experience	\$ —	\$ 49,588
	Difference Between Projected and Actual Investment Earnings	—	32,314
	Changes in Proportions and Difference Between Employer Contributions and Proportionate Share of Contributions	—	1,340
	Changes in Assumptions	97,923	—
	Contributions Subsequent to the Measurement Date	53,167	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	4,895
	Difference Between Projected and Actual Investment Earnings	—	3,190
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	2,083	262
	Changes in Assumptions	9,638	—
	Contributions Subsequent to the Measurement Date	8,142	—
PERS Occupational Death and Disability Plan			
Primary Government	Difference Between Expected and Actual Experience	—	3,716
	Difference Between Projected and Actual Investment Earnings	—	79
	Changes in Proportions and Difference Between Employer Contributions and Proportionate Share of Contributions	297	95
	Contributions Subsequent to the Measurement Date	2,137	—
	Discrete Component Units	Difference Between Expected and Actual Experience	—
Difference Between Projected and Actual Investment Earnings		—	7
Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions		40	142
Contributions Subsequent to the Measurement Date		188	—
PERS Retiree Medical Plan			
Primary Government	Difference Between Expected and Actual Experience	\$ —	\$ 856
	Difference Between Projected and Actual Investment Earnings	—	128
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	187
	Changes in Assumptions	5,593	—
	Contributions Subsequent to the Measurement Date	8,555	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	92
	Difference Between Projected and Actual Investment Earnings	14	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	130	7
	Changes in Assumptions	598	—
	Contributions Subsequent to the Measurement Date	914	—

		Deferred Outflows of Resources	Deferred Inflows of Resources
TRS Alaska Retiree Healthcare Trust Plan			
Primary Government	Difference Between Expected and Actual Experience	—	186
	Difference Between Projected and Actual Investment Earnings	—	157
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	11	—
	Changes in Assumption	99	307
	Contributions Subsequent to the Measurement Date	154	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	447
	Difference Between Projected and Actual Investment Earnings	—	378
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	365	—
	Changes in Assumptions	238	739
	Contributions Subsequent to the Measurement Date	860	—
TRS Occupational Death and Disability Plan			
Primary Government	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	1	2
	Contributions Subsequent to the Measurement Date	1	—
	Difference Between Expected and Actual Experience	—	2
Discrete Component Units	Difference Between Projected and Actual Investment Earnings	—	1
	Difference Between Expected and Actual Experience	—	11
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	6
	Contributions Subsequent to the Measurement Date	8	—
TRS Retiree Medical Plan			
Primary Government	Difference Between Expected and Actual Experience	11	1
	Difference Between Projected and Actual Investment Earnings	—	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	1	3
	Changes in Assumption	8	18
	Contributions Subsequent to the Measurement Date	20	—
Discrete Component Units	Difference Between Expected and Actual Experience	59	8
	Difference Between Projected and Actual Investment Earnings	—	2
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	7
	Changes in Assumption	42	100
	Contributions Subsequent to the Measurement Date	103	—
JRS Alaska Retiree Healthcare Trust Plan			
Primary Government	Difference Between Projected and Actual Investment Earnings	—	259
	Difference Between Expected and Actual Experience	8	820
	Changes in Assumptions	292	—
	Contributions Subsequent to the Measurement Date	730	—

\$74,979 thousand reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in fiscal year 2021 (\$64,764 thousand for the primary government and \$10,215 thousand for discrete component units). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense for each plan as follows (in thousands):

	Year Ending June 30					
	2020	2021	2022	2023	2024	Thereafter
PERS Alaska Retiree Healthcare Trust Plan - Primary Government	\$ 21,781	\$ (25,117)	\$ 7,774	\$ 10,146	\$ —	\$ —
PERS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	4,113	(2,480)	768	1,002	—	—
PERS Occupational Death and Disability Plan - Primary Government	(597)	(597)	(488)	(486)	(522)	(1,129)
PERS Occupational Death and Disability Plan - Discrete Component Units	(71)	(71)	(62)	(62)	(65)	(124)
PERS Retiree Medical Plan - Primary Government	449	449	755	749	632	1,388
PERS Retiree Medical Plan - Discrete Component Units	70	70	102	102	89	185
TRS Alaska Retiree Healthcare Trust Plan - Primary Government	(508)	(124)	40	51	—	—
TRS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	(882)	(299)	96	124	—	—
TRS Occupational Death and Disability Plan - Primary Government	—	—	—	—	—	(1)
TRS Occupational Death and Disability Plan - Discrete Component Units	(3)	(3)	(2)	(2)	(2)	(6)
TRS Retiree Medical Plan - Primary Government	(1)	(1)	—	—	—	(1)
TRS Retiree Medical Plan - Discrete Component Units	(5)	(5)	1	1	(2)	(4)
JRS - Primary Government	(557)	(360)	55	82	—	—

SPECIAL FUNDING SITUATION

Under Governmental Accounting Standards Board Statement No. 75, a special funding situation exists when a nonemployer entity is legally responsible for providing certain forms of financial support for OPEB of the employees of another entity. Such support is a special funding situation if either (1) the amount of contributions or benefits, as applicable, for which the nonemployer entity legally is responsible is not dependent upon one or more events unrelated to OPEB or (2) the nonemployer is the only entity with a legal obligation to make contributions directly to an OPEB plan or to make benefit payments as OPEB comes due, as applicable.

As with net pension liability, 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 75 net OPEB 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 OPEB liability attributed to the special funding situation for both the PERS and TRS plans are the same as those previously listed. The proportionate share of the net OPEB liability attributed to the special funding situation was based on a present value of the State's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers from July 1, 2020 to a projected fully funded year of 2039.

The following presents the State's proportionate share of the net OPEB liability/asset associated with the special funding situation calculated using the discount rate, as well as what the State's proportionate share of the net OPEB liability/asset 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	Discount Rate	1% Increase
	6.38%	7.38%	8.38%
PERS Alaska Retiree Healthcare Trust Plan	\$ 170,676	\$ 21,218	\$ (101,727)
TRS Alaska Retiree Healthcare Trust Plan	136,232	(90,788)	(276,617)

The following presents the net OPEB liability/asset associated with the special funding situation for each applicable plan as of June 30, 2019, calculated using the healthcare cost trend rates as summarized in the 2018 actuarial valuation reports, as well as what the respective plans' net OPEB liability/asset would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rate (in thousands):

	1% Decrease	Current Trend Rate	1% Increase
PERS Alaska Retiree Healthcare Trust Plan	\$ (116,106)	\$ 21,218	\$ 188,806
TRS Alaska Retiree Healthcare Trust Plan	(297,114)	(90,788)	162,307

At June 30, 2019 the proportionate share of the net OPEB liability attributed to the State for the special funding situation was 14.30 percent for the Public Employee's Retirement System (PERS) and 59.41 percent for the Teacher's Retirement System (TRS), which was an increase of 2.95% percent and a decrease of 0.06% percent from its proportion measured as of June 30, 2018 for PERS and TRS respectively.

For the year ended June 30, 2020, the State recognized expenses of \$(366,009) thousand in relation to the special funding situation broken out by plan as follows (in thousands):

<u>Systems</u>	<u>OPEB Expense</u>
Public Employees' Retirement System	\$ (119,925)
Teachers' Retirement System	(246,084)

At June 30, 2020, 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):

		Deferred Outflows of Resources	Deferred Inflows of Resources
PERS	Difference Between Expected and Actual Experience	\$ —	\$ 14,258
	Difference Between Projected and Actual Investment Earnings	—	9,291
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	8,386	6,841
	Changes in Assumptions	28,156	—
TRS	Difference Between Expected and Actual Experience	—	16,614
	Difference Between Projected and Actual Investment Earnings	—	14,049
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	9,250
	Changes in Assumptions	8,852	27,434

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
2020	\$ 8,222	\$ (55,553)
2021	(7,222)	(11,107)
2022	2,235	3,574
2023	2,917	4,590
2024	—	—
Thereafter	—	—

STATE ADMINISTERED SINGLE EMPLOYER PLANS

The schedules of changes in plan net OPEB asset for the JRS defined benefit OPEB plan as of the measurement date, June 30, 2019 are below (in thousands):

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB asset (a)-(b)
Balances at June 30, 2018	\$ 16,847	\$ 31,497	\$ (14,650)
Changes for the year:			
Service Cost	801	—	801
Interest	1,270	—	1,270
Difference between expected and actual experience	(73)	—	(73)
Changes of assumptions	—	—	—
Retiree Drug Subsidy	74	74	—
EGWP rebates	22	22	—
Other	—	3	(3)
Contributions - employer	—	591	(591)
Net investment income	—	1,901	(1,901)
Benefit payments, including refunds of employee contributions	(979)	(978)	(1)
Administrative expense	—	(18)	18
Net Changes	<u>1,115</u>	<u>1,595</u>	<u>(480)</u>
Balances at June 30, 2019	<u>\$ 17,962</u>	<u>\$ 33,092</u>	<u>\$ (15,130)</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 retiree health care plan administered by the Nonrepresented Tax Deferred Savings, 457 and Health Care Trust Plan Committee covering nonrepresented and Alaska Railroad Workers represented employees, who became employed prior to November 4, 2014. The plan also covers regular represented employees covered under the American Train Dispatchers Association or other represented employees hired before March 4, 2016 for United Transportation Union; April 2, 2015 for Carmen's Division of Transportation Communication International Union; and April 26, 2016 for International Brotherhood of Teamsters 959, as specified in the labor agreements.

The net OPEB liability/asset was measured as of December 31, 2019, and the total OPEB asset used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019. The actuarial valuation used the following actuarial assumptions:

<u>Actuarial Assumption</u>	<u>December 31, 2019</u>
Discount Rate	6.75% Based on crossover test
Inflation	2.8%
Salary increases	2.8% CPI plus merit based rates
Retirement, disablement, and termination	Based on 2010-2014 experience study
Administrative expenses	0.15% of payroll, based on current year actual expenses
Participation Rates	Varies from 35% to 85%
Medical Trend	Non Medicare 7.5%, decreasing to an ultimate rate of 4.0% in 2076. Medicare 6.5%, decreasing to an ultimate rate of 4.0% in 2076.

Mortality rates were based on the Society of Actuaries RP-2014 healthy annuitant mortality table adjusted 91 percent for males and 96 percent for females and the Scale MP-2018 generational mortality improvement in longevity that management expects to occur in the future.

The long-term expected rate of return on OPEB plan investments of 6.75 percent was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return
Cash	—%	—%
U.S. Treasury Inflation-Protected Securities (TIPS)	5.00	1.94
Total Return Bond	30.00	2.43
Global Bond	5.00	2.43
High Yield Bond	10.00	3.88
Domestic Large Cap	15.00	6.80
Domestic Mid Cap	5.00	7.77
Domestic Small Cap	4.00	8.74
U.S. Healthcare (Equity)	5.00	7.28
International Equity	6.00	7.04
Real Estate	15.00	4.61
Total	<u>100.00%</u>	

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, and contributions from employers will be made based on the actuarially determined contribution rate. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected payments to determine the total OPEB liability.

The following presents the net OPEB liability/asset calculated as of December 31, 2019 using the discount rate of 6.75 percent, as well as what the net OPEB liability/asset would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current rate (in thousands):

	1% decrease 5.75%	Current discount rate 6.75%	1% Increase 7.75%
Net OPEB liability (asset)	\$ (32,694)	\$ (35,233)	\$ (37,265)

The following presents the net OPEB liability/asset calculated as of December 31, 2019 using the medical cost trend rate of 7.5 percent beginning in 2020 decreasing to an ultimate rate of 4.0 percent in 2076+, as well as what the net OPEB liability/asset would be if it were calculated using a trend rate that is 1-percentage-point lower or higher than the current rate (in thousands):

	1% Decrease 6.5%	Medical Cost Trend Rate 7.5%	1% Increase 8.5%
Net OPEB liability (asset)	\$ (37,723)	\$ (35,233)	\$ (32,031)

For the year ended December 31, 2019, the ARRC recognized net OPEB income of \$623 thousand and the following deferred outflows and deferred inflows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ (6,503)
Changes in assumptions	3,032	—
Net difference between actual and projected earnings on investments	—	(550)

Deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense or income as follows (in thousands):

	<u>Amount</u>
Year ending December 31,	
2020	\$ (532)
2021	(543)
2022	(258)
2023	(1,076)
2024	(466)
Thereafter	(1,146)

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a)-(b)
Balances at January 1, 2019	\$ 15,332	\$ 45,248	\$ (29,916)
Changes for the year:			
Service Cost	529	—	529
Interest	1,003	—	1,003
Change of benefit terms	—	—	—
Difference between expected and actual experience	(1,998)	—	(1,998)
Changes in assumptions	1,186	—	1,186
Net investment loss	—	6,096	(6,096)
Benefit payments, net of retiree premiums	(371)	(371)	—
Administrative expense	—	(59)	59
Net Changes	349	5,666	(5,317)
Balances at December 31, 2019	\$ 15,681	\$ 50,914	\$ (35,233)

D. GENERAL OBLIGATION BONDS AND REVENUE BONDS AND OTHER LONG-TERM DEBT

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, 2020, the following were the General Obligation Bond debt outstanding (in millions):

Year Ending June 30,	Principal	Interest	Total
2021	\$ 46.5	\$ 30.5	\$ 77.0
2022	38.0	28.5	66.5
2023	39.7	26.6	66.3
2024	41.5	24.7	66.2
2025	38.5	22.8	61.3
2026-2030	215.9	82.4	298.3
2031-2035	172.9	28.7	201.6
2036-2040	31.9	1.6	33.5
2041-2045	—	—	—
Total debt service requirements	624.9	\$ 245.8	\$ 870.7
Unamortized bond premium	47.2		
Total principal outstanding	<u>\$ 672.1</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 \$4.9 million.

At June 30, 2020, 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, 2020 was \$201.1 million.

REVENUE BONDS AND OTHER LONG-TERM DEBT

As of June 30, 2020, the following were the revenue bonds and other long-term debt outstanding (in millions):

Year Ending June 30	Governmental Activities				Business-Type Activities	
	Bonds		Notes from Direct Borrowings and Direct Placements		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 0.6	\$ 14.5	\$ 2.7	\$ —	\$ 13.9	14.8
2022	0.6	14.5	2.8	—	14.6	13.8
2023	6.0	14.4	1.0	—	17.4	12.9
2024	5.9	14.1	—	—	16.2	12.0
2025	6.5	13.8	—	—	16.9	11.3
2026-2030	38.5	63.9	—	—	101.2	43.5
2031-2035	51.5	52.9	—	—	124.2	24.1
2036-2040	67.0	38.7	—	—	28.9	0.8
2041-2045	91.4	19.6	—	—	—	—
2046-2050	33.6	126.3	—	—	—	—
Total debt service requirements	301.6	\$ 372.7	\$ 6.5	\$ —	333.3	\$ 133.2
Unamortized bond (discounts)/ premiums	(4.8)				21.8	
Plus accreted value	16.1				—	
Total principal outstanding	\$ 312.9				\$ 355.1	

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 bond 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, 2020 includes \$299.8 million in principal, \$372.5 million in interest, \$(4.8) million in unamortized discount, and \$16.1 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 \$1.8 million in principal and \$0.2 million in interest.

Internal Service Fund Direct Borrowing

The Public Building Fund and the Information Service Fund both had direct borrowing activity. Both agreements state that if there is an event of default, notwithstanding any return of the subject property, the agency shall pay upon demand all remaining amounts due and anticipated to be due during the current fiscal year.

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. This debt is reported in the Business-type Activities column of the Government-wide Statement of Net Position. There are \$23.2 million of bonds authorized by the Alaska Legislature that have not been issued. During FY 20 International Airports paid \$13.2 million of bonds that had matured. At June 30, 2020 there was no bond interest arbitrage rebate liability. Federal subsidies related to the interest payments made during the year on Build American Bonds were \$398.8 thousand. International Airports Revenue Bond total at year end includes \$333.3 million in principal, \$133.2 million in interest and \$21.8 million in unamortized premiums/discounts and deferred gains/losses.

E. CAPITAL AND OPERATING LEASES

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

Governmental Activities Year Ending June 30	Operating Leases	Capital Leases		
		Principal	Interest	Total
2021	\$ 31.8	\$ 21.7	\$ 10.8	\$ 32.5
2022	23.3	20.0	9.8	29.8
2023	17.8	17.8	8.9	26.7
2024	15.5	16.7	8.0	24.7
2025	9.6	15.8	7.3	23.1
2026-2030	26.8	87.5	23.1	110.6
2031-2035	2.2	50.2	3.8	54.0
2036-2040	0.3	—	—	—
2041-2045	0.3	—	—	—
2046-2050	0.3	—	—	—
2051-2055	0.3	—	—	—
2056-2060	0.3	—	—	—
2061-2065	0.3	—	—	—
2066-2070	1.6	—	—	—
Total	\$ 130.4	\$ 229.7	\$ 71.7	\$ 301.4

Leases at June 30, 2020 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. Amortization of assets acquired under capital lease is included with depreciation expense. 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, 2020 include the following (in thousands):

	Governmental Activities	Business-Type Activities
Buildings	\$ 469,113	\$ —
Equipment	15,478	—
Less: Accumulated Depreciation	(151,060)	—
	<u>\$ 333,531</u>	<u>\$ —</u>

F. 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, 2020 (in millions):

<u>Governmental Activities</u>	<u>Certificates of Participation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30			
2021	\$ 2.2	\$ 1	\$ 3.2
2022	2.2	1	3.2
2023	2.5	0.8	3.3
2024	2.6	0.7	3.3
2025	2.7	0.6	3.3
2026-2030	12.1	1.3	13.4
2031-2035	—	—	—
Total	<u>\$ 24.3</u>	<u>\$ 5.4</u>	<u>\$ 29.7</u>

G. DISCRETELY PRESENTED COMPONENT UNITS

Debt service requirements are (in millions):

Year Ending June 30	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ 213.6	\$ 149.1	\$ 3.4	\$ 0.7
2022	219.4	140.0	3.1	0.6
2023	206.0	130.7	3.2	0.6
2024	204.0	121.8	2.2	0.5
2025	181.0	113.3	2.0	0.4
2026-2030	1,037.5	445.9	10.7	1.3
2031-2035	827.3	238.3	2.4	0.1
2036-2040	484.6	117.8	—	—
2041-2045	408.9	44.2	—	—
2046-2050	227.1	7.2	—	—
2051-2055	1.4	—	—	—
Total debt service requirements	4,010.8	\$ 1,508.3	\$ 27.0	\$ 4.2
Unamortized (discounts)/premiums	111.5			
Unamortized swap termination penalty	(4.9)			
Deferred amount on refunding	(1.1)			
Total principal outstanding	\$ 4,116.3			

The preceding table does not include \$1,007 thousand of Alaska Energy Authority bond arbitrage interest payable.

The preceding schedule excluded conduit debt of the Alaska Municipal Bond Bank Authority. Under the Coastal Energy Loan Program, the Authority issued \$5 million 1986 Series A Coastal Energy Bonds payable to the National Oceanic and Atmospheric Administration (NOAA). The proceeds of the bonds were used to purchase port revenue bonds from the City of Nome. The City of Nome entered into a tripartite agreement with NOAA and the Authority effective August 2, 1994 to defer payment of the principal and accrual of interest for ten years. Effective January 29, 2009 a second amendment to the tripartite agreement was executed. The amendment authorized the issuance of 2009A Bonds for the purpose of refunding by exchange the outstanding City of Nome, Alaska Port Revenue Bond 1986 Series A. As of June 30, 2020 the aggregate amount outstanding for conduit debt obligations was \$3.7 million.

The Alaska Municipal Bond Bank Authority issued \$6.6 million 1987 Series A Coastal Energy Bonds payable to NOAA. The proceeds of these bonds were used to purchase port revenue bonds from the City of St. Paul. The City of St. Paul entered into a tripartite agreement with NOAA and the Authority effective December 14, 2000 to modify and defer payment. As of June 30, 2020 the aggregate amount outstanding for the City of St. Paul conduit debt obligations was \$6.0 million.

The preceding schedule excluded conduit debt of the Alaska Industrial Development and Export Authority. AIDEA has a standalone revenue bond program wherein AIDEA acts as a conduit to facilitate a market financing transaction for facilities owned by and paid for by third parties. At June 30, 2020 AIDEA had issued conduit revenue bonds for 320 projects (not including bonds issued to refund other bonds). At June 30, 2020, the outstanding aggregate amount of conduit revenue bonds issued after July 1, 1995 was \$644.6 million. AIDEA is unable to determine the aggregate amount outstanding for the remaining conduit revenue bonds, issued prior to July 1, 1995, but their original issue amounts totaled \$616 million for a total of \$1.66 billion issued through June 30, 2020 (not including bonds issued to refund other bonds).

The preceding schedule excluded conduit debt of the Alaska Housing Finance Corporation. AHFC has issued debt to assist private sector entities in the acquisition of construction of facilities that help the Corporation fulfill its mission of making housing affordable for all Alaskans. The bonds are secured by the properties financed and are payable from rents, payments received on the underlying mortgage loans, as well as tax credits, grants and other subsidy funding.

A summary of the all AHFC conduit debt as of June 30, 2020 follows in thousands.

	<u>Balance as of June 30, 2020</u>
Revenue bonds, 2018 (Marina Karina Project)	\$ 742
Revenue bonds, 2020 (West 32nd Project)	50

The separately issued financial statements of the discretely presented component units have identified assets pledged as collateral, terms of default, events of termination, and any related acceleration clauses within their separately audited financial statements. The issuers have no obligation for the debt beyond the resources provided by related leases or loans.

H. 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 or not the derivative constitutes effective hedges. 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. These measurements are Level 2 inputs. 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 risks, 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, 2020, AHFC has not posted any collateral and was not required to post any collateral.

HEDGING DERIVATIVES

The significant terms and credit ratings of AHFC's hedging derivatives as of June 30, 2020, 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
SC02C ³	12/5/2002	4.3030%	SIFMA ⁶ +0.115%	7/1/2022	A+/Aa1
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+/Aa1
E091A	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	A+/Aa1
E091B	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	AA-/Aa2
E091ABD	5/28/2009	3.7400%	70% of 3M LIBOR	12/1/2040	A+/Aa1
SC14C	6/1/2019	3.2220%	100% of 1M LIBOR	12/1/2029	AA-/Aa2

¹ Governmental Purpose Bonds

² Home Mortgage Revenue Bonds

³ State Capital Project Bonds (I/II)

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, 2020, 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, 2020	Fair Values June 30, 2019	Change in Fair Values
GP01A	\$ 37,905	\$ 42,650	\$ (4,745)	\$ (3,063)	\$ (1,682)
GP01B	46,320	56,675	(10,355)	(8,776)	(1,579)
E021A1	32,515	38,145	(5,630)	(3,844)	(1,786)
SC02C	16,890	17,585	(695)	(1,059)	364
E071AB	132,504	184,132	(51,628)	(35,750)	(15,878)
E071AD	88,336	122,534	(34,198)	(23,645)	(10,553)
E091A	71,791	99,154	(27,363)	(19,138)	(8,225)
E091B	71,792	98,712	(26,920)	(18,854)	(8,066)
E091ABD	95,722	131,313	(35,591)	(24,873)	(10,718)
SC14C	140,000	175,421	(35,421)	(17,789)	(17,632)
Total	\$ 733,775	\$ 966,321	\$ (232,546)	\$ (156,791)	\$ (75,755)

As of June 30, 2020, 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 Principal	Outstanding Variable-Rate Debt Interest	Swap Net Payment	Total Payment
2021	\$ 27,780	\$ 1,664	\$ 24,625	\$ 54,069
2022	29,230	1,629	23,630	54,489
2023	27,175	1,591	22,581	51,347
2024	24,750	1,559	21,701	48,010
2025	25,920	1,528	20,855	48,303
2026-2030	288,960	6,646	87,986	383,592
2031-2035	127,845	1,508	44,153	173,506
2036-2040	148,840	709	20,846	170,395
2041-2045	33,275	34	1,017	34,326
	<u>\$ 733,775</u>	<u>\$ 16,868</u>	<u>\$ 267,394</u>	<u>\$ 1,018,037</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, 2020, 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 six separate counterparties. Approximately 32.3 percent of the total notional amount of the swaps is held with one counterparty rated AA-/Aa2. Another 27.4 percent of the total notional amount of the swaps is held with another counterparty rated A+/Aa1 and 19.1% of the total notional amount of swaps is held with another counterparty rated AA-/Aa2. Of the remaining swaps, one counterparty is rated A+/Aa1, another counterparty is rated AA-/Aa3, and the remaining counterparty is rated BBB+/A3, approximating 9.8 percent, 6.3 percent, and 5.2 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. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2020, SIFMA was 0.13 percent and 1 month LIBOR was 0.16 percent, resulting in a SIFMA/LIBOR ratio of 80 percent. The 3 month LIBOR was 0.30 percent resulting in a SIFMA/LIBOR ratio of 43 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.

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 Home Mortgage Revenue Bonds, 2002 Series A 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 Governmental Purpose Bonds, 2001 Series A and B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the un-swapped 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, 2020, 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+/Aa1

The change in fair value of the investment derivatives as of June 30, 2020, is shown below (in thousands) and is presented on the net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2020	Fair Values June 30, 2019	Changes in Fair Value
SC02B	\$ 14,555	\$ 16,290	\$ (1,735)	\$ (1,558)	\$ (177)

Credit Risk

As of June 30, 2020, 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+/Aa1.

NOTE 7 – DEFINED BENEFIT PENSION 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 public employees and public organizations. Benefit and contribution provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by the state legislature. 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), another agency enterprise 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 voluntary long-term care insurance 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 and reports listing Information Required Under Governmental Accounting Standards Board Statement Nos. 68 and 75 as of June 30, 2020, may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or from their website at <http://doa.alaska.gov/drb/>.

For purposes of measuring the net pension liability, net other post employment benefit liability (OPEB), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB liability, and pension and OPEB expense, information about the fiduciary net position of the PERS defined benefits plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. Contributions are due to the Plans when employee services have been performed and paid. Contributions are recognized as revenues when due pursuant to statutory requirements. Benefits and refunds are recognized when due and payable and expenses are recorded when the corresponding liabilities are incurred, regardless of when contributions are received, or payment is made. The Plans own shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Division of Treasury (Treasury). The Plans' investment in the pools, except for the Short-term Fixed Income Pool, is reported at fair value based on the net asset value reported by the Treasury. The Short-term Fixed Income Pool maintains a share price of \$1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Additional information about the Plans' fiduciary net position can be found in the Plans' audited financial statements.

As of June 30, 2020, the number of PERS participating employers were:

State of Alaska	1
Municipalities	72
School Districts	52
Other	26
Total Employers	<u>151</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 monthly pension 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 member's 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 years 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). 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, 2020, was capped at 22 percent of compensation.

The State's employer contributions to PERS-DB for the fiscal years ended June 30, 2020, 2019, and 2018 were \$213.9, \$221.8, and \$220.5 million respectively for the year. For the FY 20 contributions, \$152.9 million (\$134.6 million for the primary government and \$18.3 million for the discretely presented component units) was for pensions and \$61.0 million (\$53.8 million for the primary government and \$7.3 million for the discretely presented component units) was for postemployment benefits. The contributions were equal to the required contributions in FY 20.

Alaska Statute 39.35.280 requires that additional state contributions are to be paid 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. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the Defined Contribution Retirement Pension Plan payroll. The DBUL amount is computed as the difference between:

- A. The amount calculated for the statutory employer effective contribution rate of 22 percent on eligible salary less
- B. The total of the employer contributions for:
 - a. The defined contribution employer matching amount;
 - b. Major medical;

- c. Occupational death and disability; and
- d. Health reimbursement arrangement.

The difference is deposited based on an actuarial allocation into the DB Plan's pension and healthcare funds.

The 31st Alaska State Legislature, HB39 2019 Section 35(a) appropriated \$159.1 million from the General Fund to PERS- DB as an additional state contribution for FY20. The portion of this payment attributable to State of Alaska employers is \$89.1 million (\$79.6 million for the primary government as an employer contribution and \$9.5 million for the discretely presented component units as nonemployer contributions) for pensions.

Postemployment healthcare benefits are provided to retirees and their surviving spouses without premium 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, and their surviving spouses with five years of credited service (or 10 years of credited service for those first hired after July 1, 1996) must pay the full monthly premium if they are under age 60, and receive benefits at no premium cost if they are over age 60. Members hired after June 30, 1986, but before June 30, 1996, who are receiving a conditional benefit, and are age eligible, are eligible for postemployment healthcare benefits. Peace officers and their surviving spouses with 25 years of membership and all other employees and their surviving spouses with 30 years of membership service also receive benefits at no premium cost, regardless of their age or date of hire. Peace officers who are disabled between 20 and 25 years must pay the full monthly premium.

The components of the net pension liability/(asset) of the participating employers at June 30, 2020, were as follows (in thousands):

Total Pension Liability	\$15,370,337
Plan Fiduciary Net Position	<u>(9,469,161)</u>
Employers' Net Pension Liability (Asset)	<u>\$ 5,901,176</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.61 %

The components of the net OPEB liability/(asset) of the participating employers at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 7,360,653
Plan Fiduciary Net Position	<u>(7,813,511)</u>
Employers' Net OPEB Liability (Asset)	<u>\$ (452,858)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	106.15 %

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 agency enterprise 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 voluntary long-term care insurance 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 and reports listing Information Required Under Governmental Accounting Standards Board Statement Nos. 68 and 75 as of June 30, 2020, may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or from their website at <http://doa.alaska.gov/drb/>.

For purposes of measuring the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB liability, and pension and OPEB expense, information about the fiduciary net position of the TRS defined benefits plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. Contributions are due to the Plans when employee services have been performed and paid. Contributions are recognized as revenues when due pursuant to statutory requirements. Benefits and refunds are recognized when due and payable and expenses are recorded when the corresponding liabilities are incurred, regardless of when contributions are received, or payment is made. The Plans own shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Treasury. The Plans' investment in the pools, except for the Short-term Fixed Income Pool, is reported at fair value based on the net asset value reported by the Treasury. The Short-term Fixed Income Pool maintains a share price of \$1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Additional information about the Plans' fiduciary net position can be found in the Plans' audited financial statements.

As of June 30, 2020, the number of participating employers were:

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 annual pension benefit is based on years of service and average base salary. The average base salary is based upon the member's 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, as an amount that, when combined, is expected to finance the costs of benefits earned by

plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer rate for the State of Alaska for the year ended June 30, 2020, 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. Additionally, there is a Defined Benefit Unfunded Liability amount levied against the Defined Contributions Retirement Pension Plan payroll.

The State's employer contributions to TRS-DB for the fiscal years ended June 30, 2020, 2019, and 2018 were \$2.8, \$3.1, and \$3.4 million respectively, equal to the required contributions for each year. For the FY 20 contributions, \$1.8 million (\$0.3 million for the primary government and \$1.5 million for the discretely presented component units) was for pensions and \$1.0 million was for postemployment benefits (\$0.2 million for the primary government and \$0.9 million for the discretely presented component units). The contributions were equal to the required contributions in FY 20.

Alaska Statute 14.25.085 requires that additional state contributions are to be paid 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.

The 31st Alaska State Legislature, HB39 2019 Section 35(b) appropriated \$141.1 million from the General Fund to the TRS-DB as an additional state contribution for FY 20. The portion of this payment attributable to State of Alaska employers is \$5.8 million (\$0.9 million for the primary government as an employer contribution and \$4.9 million for the discretely presented component units as nonemployer contributions) for pensions.

Postemployment healthcare benefits are provided when pension benefits begin, 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/(asset) of the participating employers at June 30, 2020, were as follows (in thousands):

Total Pension Liability	\$ 7,477,917
Plan Fiduciary Net Position	<u>(5,444,799)</u>
Employers' Net Pension Liability (Asset)	<u>\$ 2,033,118</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.81 %

The component of the net OPEB liability/(asset) of the participating employers at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 2,595,717
Plan Fiduciary Net Position	<u>(2,953,461)</u>
Employers' Net OPEB Liability (Asset)	<u>\$ (357,744)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	113.78 %

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 agency enterprise 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 voluntary long-term care insurance 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 or from their website at <http://doa.alaska.gov/dr/b/>.

For purposes of measuring the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB liability, and pension and OPEB expense, information about the fiduciary net position of the JRS defined benefits plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. Contributions are recognized in the period in which they are due. Benefits are recognized when due and payable. The Plans own shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Treasury. The Plans' investment in the pools, except for the Short-term Fixed Income Pool, is reported at fair value based on the net asset value reported by the Treasury. The Short-term Fixed Income Pool maintains a share price of \$1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Additional information about the Plans' fiduciary net position can be found in the Plans' audited financial statements.

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.

Upon the death of a member who has served for at least two years, the surviving spouse is entitled to receive monthly benefits equal to one-half of the monthly retirement pay the member would have been entitled to receive if retired at the time of death. If the member was not eligible to retire or would have been entitled to less than 60 percent of the monthly authorized salary, the spouse is entitled to monthly benefits not less than 30 percent of the authorized salary. The benefits continue until the surviving spouse dies.

If there is no eligible surviving spouse, the member's surviving dependent child(ren) are entitled to receive a benefit equal to 50 percent of the above survivor's benefit. Each child will receive an equal share of the benefit while they are dependent. If there is no surviving spouse or dependent child(ren), the member's beneficiary(ies) shall receive the difference between contributions made and interest accrued in the Plan less benefits paid by the Plan.

Members who are involuntarily retired for incapacity and have a minimum of five years of service at the time of retirement for incapacity are eligible for pension benefits.

Members contribute seven percent of their compensation to JRS, as required by statute. 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, an amount that, when combined, is expected to finance the costs of both pension and postemployment healthcare benefits earned by plan members during the year. The employer rate for the State of Alaska for the year ended June 30, 2020, was 74.42 percent of compensation. Total employer contributions for FY 20 were \$6,117 thousand for pensions, and \$730 thousand for postemployment benefits. Included in the total employer contribution amounts is \$5.0 million appropriated in the 31st Alaska State Legislature, HB39 2019 Section 35(c) from the General Fund to JRS as an additional state contribution for the purpose of funding the retirement system.

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 components of the net pension liability/(asset) at June 30, 2020, were as follows (in thousands):

Total Pension Liability	\$ 229,271
Plan Fiduciary Net Position	<u>(189,844)</u>
Employers' Net Pension Liability (Asset)	<u>\$ 39,427</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.8 %

The components of the net OPEB liability/(asset) at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 19,205
Plan Fiduciary Net Position	<u>(34,036)</u>
Employers' Net OPEB Liability (Asset)	<u>\$ (14,831)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	177.22 %

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. Additional information on the NGNMRS plan may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to the pension asset and pension expense, information about the fiduciary net position of the NGNMRS defined benefits plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. Contributions are recognized as revenue when due pursuant to statutory requirements. Benefits and refunds are recognized when due and payable and expenses are recorded when the corresponding liabilities are incurred, regardless of when contributions are received or when payment is made. The Plan owns shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Treasury. The Plan's investment in the pools, except for the Short-term Fixed Income Pool, is reported at fair value based on the net asset value reported by the Treasury. The Short-term Fixed Income Pool maintains a share price of \$1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals.

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 one-time lump sum.

Upon the death of an eligible member, as previously described, the member's designated beneficiary is entitled to a lump-sum benefit equal to the original pension amount less any payments already paid to the member.

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 cost method.

The 31st Alaska State Legislature, HB39 2019 Section 35(d) appropriated \$861 thousand from the General Fund to the NGNMRS for the purpose of funding past service liability as an additional state contribution for FY 20.

The components of the net pension liability/(asset) at June 30, 2020, were as follows (in thousands):

Total Pension Liability	\$ 22,652
Plan Fiduciary Net Position	<u>(42,096)</u>
Employers' Net Pension Liability (Asset)	<u>\$ (19,444)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	185.84 %

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	\$ 17,324,255
Teachers' Retirement System	8,412,938
Judicial Retirement System	223,276
Alaska National Guard and Alaska Naval Militia Retirement System	42,193

PERS and TRS valuation of assets: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2014. Beginning in FY15, the asset value method recognizes 20 percent of the gain or loss each year, for a period of five years. All assets are fair value. Assets are accounted for on an accrued basis and are taken from financial statements.

JRS and NGNMRS valuation of assets: Effective June 30, 2006, the asset valuation method recognizes 20 percent of the investment gain or loss in each of the current and preceding four years. This method will be phased in over five years. Assets are initialized at market value as of June 30, 2006. All assets are valued at market value. Assets are accounted for on an accrued basis and are taken directly from financial statements. Valuation assets are constrained to a range of 80 percent to 120 percent of the market value of assets.

PLAN MEMBERSHIPS

The table below includes the plan membership counts from the separately issued financial statements for the various plans.

	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>
Inactive plan members or beneficiaries				
currently receiving benefits	36,140	13,053	143	752
Inactive plan members entitled to but				
not yet receiving benefits	7,208	774	3	588
Inactive plan members not entitled to				
benefits	10,575	1,745	—	—
Active plan members	11,162	3,812	72	3,777
Total	<u>65,085</u>	<u>19,384</u>	<u>218</u>	<u>5,117</u>

ACTUARIAL METHODS AND ASSUMPTIONS

PERS, TRS and JRS use the Entry Age Normal actuarial cost method which amortizes funding surpluses or unfunded actuarial accrued liabilities (UAAL) over future years. The UAAL is the excess of the Actuarial Accrued Liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the UAAL.

Amortization occurs over a closed 25-year period as required by Alaska statutes. The closed 25-year period was originally established effective June 30, 2014. Effective June 30, 2018, the Alaska Retirement Management Board (ARMB) adopted a layered UAAL amortization method for PERS and TRS:

- Layer 1 equals the sum of the UAAL at June 30, 2018, based on the 2017 valuation plus the FY 18 experience gain/loss. It is amortized over the remainder of the closed 25-year period that was established in 2014.
- Layer 2 equals the change in UAAL at June 30, 2018, due to the experience study and implementation of the Employer Group Waiver Plan. It is amortized over a separate closed 25-year period starting in 2018.
- Future layers will be created each year based on the change in the UAAL occurring that year, and will be amortized over separate closed 25-year periods.

The UAAL amortization continues to be on a level percent of pay basis. The compensation used to determine required contributions is the total compensation of all active members, including those hired after July 1, 2006, who are members of the Defined benefits and Defined contribution retirement plans. The funding objective is to pay required contributions that remain level as a percent of total compensation. This objective is currently being met and is projected to continue to be met. Absent future gains/losses, actuarially determined contributions are expected to remain level as a percent of pay and the overall funded status is expected to increase to 100 percent after 25 years.

The Further Consolidated Appropriations Act, 2020 that was signed in December of 2019 made several changes as of June 30, 2019, including the repeal of the Cadillac Tax. The repeal of the Cadillac Tax reduced the plan's liabilities as of June 30, 2019 for PERS by \$36.3 million, TRS \$14 million, JRS did not perform a full actuarial valuation for FY 20.

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	7.38% (net of investment expenses), Inflation 2.50%, Real Return 4.88%	Entry age normal; level percentage of pay normal cost basis	Level percentage of pay; closed	layered periods of 25 years	For Peace Officer/Firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.	6/30/2019
TRS	7.38% (net of investment expenses), Inflation 2.50%, Real Return 4.88%	Entry age normal; level percentage of pay normal cost basis	Level percentage of pay; closed	layered periods of 25 years	Graded by service, from 6.75% to 2.75%	6/30/2019
JRS	7.38% (net of investment expenses), Inflation 2.50%, Real Return 4.88%	Entry age normal; level percentage of expected payroll	Level percentage of expected payroll, closed	25 years	0% per year for FY2019 and FY2020, thereafter 3.62%	6/30/2018
NGNMRS	7% (net of pension plan investment expenses) Inflation at 2.50%	Entry age normal	Level dollar, open	20 years less average military service of active members	None	6/30/2018

Effective January 1, 2019, an enhanced Employer Group Waiver Plan (EGWP) was implemented for all Medicare-eligible members receiving healthcare benefits. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage. The Plans received \$45. million from the Center of Medicare and Medicaid Services for fiscal year 2020.

		Health Care Cost Trend Rates			
		Medical Pre-65	Medical Post-65	Rx/EGWP	RDS
For PERS/TRS	FY 20	7.0%	5.4%	8.0%	
	FY 21	6.5%	5.4%	7.5%	
For JRS	FY20	7.0%	5.4%	8.0%	4.7%
	FY21	6.5%	5.4%	7.5%	4.6%

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.

NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS

STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

A. The Public Employees' Retirement System - Defined Contribution Retirement Plan (PERS-DCR)

PERS-DCR is a defined contribution, 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 Medical Plan (RMP) and Healthcare Reimbursement Arrangement Plan (HRA), and Occupational Death and Disability (OD&D). 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 or from their website at <http://doa.alaska.gov/drb/>.

As of June 30, 2020, there were 152 employers participating in PERS-DCR. There were 23,478 members, of which 21,243 are general employees and 2,235 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 ratio 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. Any forfeited employer contributions are used to reduce pension expense in the the fiscal year it is forfeited.

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.

The PERS-DCR pension contributions for the year ended June 30, 2020 by the State of Alaska employees were \$57,387 thousand and the State of Alaska employers were \$33,383 thousand. The State of Alaska PERS other postemployment contributions for the year ended June 30, 2020 were \$34,304 thousand (\$2,325 thousand for OD&D, \$22,517 thousand for HRA, and \$9,469 thousand for RMP).

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, 2020 is \$2,065,313 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, 2020 the State of Alaska recognized \$35,862 thousand in pension expense for the PERS-DCR as an employer. Forfeitures of \$144 thousand are reflected in the pension expense amount.

On July 1, 2006, three other postemployment benefit trust funds were created within PERS; RMP, HRA, and 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 death benefits for beneficiaries of plan participants and long-term disability benefits to all active employees 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.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB liability, OPEB expense, information about the fiduciary net position of the PERS defined contribution OD&D, HRA, and RMP plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. Contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable. The Plans own shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Treasury. The Plans' investment in the pools, except for the Short-term Fixed Income Pool, is reported at fair value based on the net asset value reported by the Treasury. The Short-term Fixed Income Pool maintains a share price of \$1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Additional information about the Plans' fiduciary net position can be found in the Plans' audited financial statements.

The employer RMP contribution rate for FY 20 for each member's compensation was 1.32 percent for medical coverage and 0.26 percent for death and disability (0.72 percent for peace officers and firefighters). HRA is \$176.80 per month for full time employees and \$1.36 per hour for part time employees.

Members in the HRA Plan consisted of the following at June 30, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	63
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1,717
Inactive Plan Members Not Entitled to Benefits	14,643
Active Plan Members	23,378

The components of the net OPEB liability (asset) of the participating employers for the OD&D Plan at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 14,831
Plan Fiduciary Net Position	(42,091)
Employers' Net OPEB Liability/(Asset)	<u>\$ (27,260)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	283.8 %

Members in the OD&D Plan consisted of the following at June 30, 2020:

Active Plan Members	23,378
Participating Employers	152
Open Claims	65

The components of the net OPEB liability (asset) of the participating employers for the RMP at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 148,662
Plan Fiduciary Net Position	(141,569)
Employers' Net OPEB Liability (Asset)	<u>\$ 7,093</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	95.23 %

Members in the RMP consisted of the following at June 30, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	46
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1,717
Inactive Plan Members Not Entitled to Benefits	14,643
Active Plan Members	23,378

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

Inflation	2.5% per year
Salary Increases	Graded by service, from 7.75% to 2.75% for peace officer/ firefighter. Graded by service, from 6.75% to 2.75% for all others
Investment Rate of Return	7.38% net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.88%
Healthcare Cost Trend Rates (RMP)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% RX: 8.0% grading down to 4.5% EGWP: 8.0% grading down to 4.5%
Mortality (ODD,RMP)	Pre-Commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rate were based on 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were on 91% of male and 96% of female rates of the RP-2014 healthy annuitant table, benefit weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

B. The Teachers' Retirement System - Defined Contribution Retirement Plan (TRS-DCR)

TRS-DCR is a defined contribution, 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 Medical Plan (RMP) and Healthcare Reimbursement Arrangement Plan (HRA), and Occupational Death and Disability (OD&D). 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 or from their website at <http://doa.alaska.gov/drb/>.

As of June 30, 2020, there were 57 employers participating in TRS-DCR. There were 5,569 active 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 ratio 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. Any forfeited employer contributions are used to reduce pension expense in the the fiscal year it is forfeited.

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.

The TRS-DCR pension contributions for the year ended June 30, 2020 by the employees were \$902 thousand and the State of Alaska employers were \$751 thousand. The State of Alaska TRS other postemployment contributions for the year ended June 30, 2020 were \$449 thousand (\$9 thousand for ODD, \$317 thousand for HRA and \$123 thousand for RMP).

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, 2020 is \$777,510 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, 2020 the State of Alaska recognized \$844 thousand in pension expense for the TRS-DCR as an employer. No forfeitures are reflected in the pension expense amount.

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 death benefits for beneficiaries and long-term disability benefits to all active employees 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 20 for each member's compensation was 1.09 percent for medical coverage and 0.08 percent for death and disability. HRA is \$176.80 per month for full-time employees while part-time employees are based on the contract percentage worked multiplied by the full-time employee rate.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB liability, OPEB expense, information about the fiduciary net position of the TRS defined contribution OD&D, HRA, and RMP plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. Contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable. The Plans own shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Treasury. The Plans' investment in the pools, except for the Short-term Fixed Income Pool, is reported at fair value based on the net asset value reported by the Treasury. The Short-term Fixed Income Pool maintains a share price of \$1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals. Additional information about the Plans' fiduciary net position can be found in the Plans' audited financial statements.

Members in the HRA Plan consisted of the following at June 30, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	782
Inactive Plan Members Not Entitled to Benefits	2,757
Active Plan Members	5,569

The components of the net OPEB liability (asset) of the participating employers for the OD&D Plan at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 518
Plan Fiduciary Net Position	<u>(4,823)</u>
Employers' Net OPEB Liability (Asset)	<u><u>\$ (4,305)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	931.08 %

Members in the OD&D Plan consisted of the following at June 30, 2020:

Active Plan Members	5,569
Participating Employers	57
Open Claims	16

The components of the net OPEB liability (asset) of the participating employers for the RMP at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 38,548
Plan Fiduciary Net Position	<u>(48,413)</u>
Employers' Net OPEB Liability (Asset)	<u><u>\$ (9,865)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	125.59 %

Members in the RMP consisted of the following at June 30, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	17
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	782
Inactive Plan Members Not Entitled to Benefits	2,757
Active Plan Members	5,569

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

Inflation	2.5% per year
Salary Increases	Graded by service, from 6.75% to 2.75%
Investment Rate of Return	7.38% net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.88%
Healthcare Cost Trend Rates (RMP)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% RX: 8.0% grading down to 4.5% RDS/EGWP: 8.0% grading down to 4.5%
Mortality	Pre-Commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rate were based on 100% of the RP-2014 white collar employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were on 93% of male and 90% of female rates of the RP-2014 white-collar healthy annuitant table, benefit weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to result from occupational causes 15 % of the time.

C. 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, 2020, there were 21 employers participating in SBS. There were 47,874 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 or from their website at <http://doa.alaska.gov/dr/b/>.

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 and other participating employers are 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, 2020, were \$147,966 thousand of that amount contributed by employees were \$73,983 thousand. The State's covered payroll was \$1,206,901 thousand. For the year ended June 30, 2020 the State of Alaska recognized \$73,983 thousand in pension expense for the SBS as an employer.

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 third party administrator (TPA) on the employee's behalf. Effective January 1, 2020 the administration of the voluntary supplemental benefits was transferred to a TPA. The State employee voluntary contributions for the year ended June 30, 2020, were \$1,828 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 or a periodic payment option, unless the participant elects to defer commencement benefits. Various annuities can also be 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 life, accidental death, disability, and critical illness insurance. 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.

Supplemental annuity contributions were deposited with investment managers under contract with SBS for the year ended June 30, 2020. Participant accounts under the Supplemental Annuity Plan are self-directed with respect to investment options. Each participant designates how their contribution is to be allocated among the investment options. Each participant's account is credited with the participants contributions, adjusted for the appreciation or depreciation in unit value for the investment funds, and reduced for administrative fees.

D. University of Alaska Optional Retirement Plan - Defined Contribution (ORP)

The ORP is an employer funded defined contribution plan which operates in conjunction with a companion mandatory tax-deferred annuity plan. The ORP is comprised of three layers of participants: the original ORP, or ORP Tier 1, which was created for participants hired prior to July 1, 2005; ORP Tier 2, which was created for participants hired between July 1, 2005 and June 30, 2006; and ORP Tier 3, which was created for participants hired on or after July 1, 2006. For ORP Tier 1 and ORP

Tier 2, faculty classified as regular and certain administrators made a one-time election to participate in the ORP as an alternative to participation in the defined benefit plans, PERS-DB or TRS-DB. The ORP Tier 2 plan was available for new ORP benefit-eligible employees hired in fiscal year 2006. As of July 1, 2006, the ORP Tier 2 plan was no longer available to newly-hired ORP benefit-eligible employees. For ORP Tier 3, each new eligible employee was able to make a one-time election to participate in the University of Alaska Retirement Program (includes ORP Tier 3 and the University of Alaska Pension Plan) as an alternative to participation in the State of Alaska defined contribution plans, PERS-DC or TRS-DC. Beginning July 1, 2015 the ORP was closed to new hired regular staff.

University contributions are remitted to the plan's authorized employee-selected annuity providers or investment managers. The contribution rates and amounts for fiscal year 2020 were as follows (in thousands):

	ORP Tier 1	ORP Tier 2	ORP Tier 3
Employee Contribution Rates	8.65%	8.65%	8.00%
University Contribution Rates	14.00%	12.00%	12.00%
Covered Payroll	\$30,703	\$2,516	\$103,626
University Contributions	\$4,298	\$302	\$12,435

At June 30, 2020, plan assets (participants' accounts attributable to employer contributions) for ORP Tier 1, Tier 2, and Tier 3 had a net value to \$373.1 million. ORP Tier 1 and ORP Tier 2 participants are 100 percent vested at all times. University contributions for ORP Tier 3 participants are 100 percent vested after three years of service.

University of Alaska Pension Plan

In addition to the other retirement plans, substantially all regular employees (hired before July 1, 2006) and certain faculty classified as temporary, participate in the Pension plan which was established January 1, 1982, when the University withdrew from the federal social security program. Eligible employees, hired on or after July 1, 2006, who elected to participate in the University of Alaska Retirement Program also participate in the Pension plan.

For fiscal year 2020, employer contributions for regular employees were 7.65 percent of covered wages up to \$42.0 thousand. For certain faculty classified as temporary, the employer contributions were 7.65 percent of covered wages up to \$137.7 thousand. The plan provides for employer contributions to be invested in accordance with participant-directed investment elections. Participants hired before July 1, 2006 are 100 percent vested at all times. University contributions for participants hired on or after July 1, 2006 are 100 percent vested after three years of service. Regular staff hired on or after July 1, 2015 are also 100 percent vested after three years of service of the employer contributions of the pension plan.

The University's total covered payroll for the Pension plan was \$148.9 million. The University's gross costs to fund and administer the plan totaled \$11.4 million for the year ended June 30, 2020. At June 30, 2020, plan assets (participants' accounts) had a net value of \$451.8 million.

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 or compensation so that they can receive the amount deferred at a later date. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Code. All amounts deferred are held in a trust for the exclusive benefit of employees and beneficiaries. As of June 30, 2020 the Deferred Compensation Plan had 11,940 participants.

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 their contributions are to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the appreciation or depreciation in unit value for the investment funds and deductions for administrative fees.

Deferred Compensation Plan net position as of June 30, 2020 was \$1,004,456 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, 2020, 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	Unemployment Compensation	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Other		
General Fund	\$ —	\$ 7,713	\$ 5,669	\$ 9,005	\$ 380	\$ 3,165	\$ 21,914	\$ 43,676	\$ 10,500	\$102,022	
Alaska Permanent Fund	20,492	—	—	—	—	—	—	—	—	20,492	
Nonmajor Governmental Funds	6,139	—	—	—	—	—	—	—	—	6,139	
International Airports	630	—	—	—	—	—	—	—	—	630	
Unemployment Compensation	2,655	—	—	—	—	—	—	—	—	2,655	
Nonmajor Enterprise Funds	164	—	—	—	—	—	—	—	—	164	
Internal Service Funds	44	—	—	—	—	—	—	—	—	44	
Fiduciary Funds	5,058	—	—	—	—	—	—	—	—	5,058	
Total	\$ 35,182	\$ 7,713	\$ 5,669	\$ 9,005	\$ 380	\$ 3,165	\$ 21,914	\$ 43,676	\$ 10,500	\$137,204	

The \$10.5 million reported in the Other column consists of transfers from the General Fund to the Alaska Permanent Fund that were not included in the Alaska Permanent Fund outside audit. The amount is immaterial to the Alaska Permanent Fund's audited financial statements thus the audit was not restated.

INTERFUND TRANSFERS

Transfers From	Transfers to				Total
	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ —	\$ 64,559	\$ —	\$ 8,613	\$ 73,172
Alaska Permanent Fund	2,953,576	—	—	—	2,953,576
Nonmajor Governmental Funds	—	18,761	—	—	18,761
Nonmajor Enterprise Funds	143	—	—	—	143
Total	\$ 2,953,719	\$ 83,320	\$ —	\$ 8,613	\$ 3,045,652

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 the Alaska Permanent Fund to the General Fund includes a \$896.5 million transfer for payment of the Permanent Fund dividends and for administrative and associated costs of the dividend program and a \$20.5 million transfer to the Alaska Capital Income Fund.

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 \$5.19 million for providing these services during FY 20. On June 30, 2020, AIDEA had \$3.39 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 \$24.25 million, plus accrued interest, for \$20.63 million. 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, 2020 is \$12.09 million.

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 \$3.80 million for the year ended June 30, 2020. Capital project management services are performed by DOTPF personnel and are capitalized to IAF construction in progress. These costs totaled \$5.49 million during the year ended June 30, 2020.

NOTE 12 – COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS

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, 2020, is \$10.97 million. This amount was calculated using the base pay on file for each employee as of June 30, 2020. 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.

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 20 expended for school debt was \$42.96 million, which was 91 percent of the entitlement. The remaining FY 20 entitlement of \$4.3 million; 9 percent, was paid out in FY 21. The total debt requirement, assuming the State makes full payment of its share of school debt service, would be approximately \$699.66 million. The State has in the past and did appropriate less than the full amount to which the municipalities are entitled under statute in FY 20.

C. RISK MANAGEMENT AND SELF-INSURANCE

PRIMARY GOVERNMENT

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, and 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 20, the State continues to completely self-insure 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, \$500 thousand for marine risks, and \$250 thousand per incident for airport and aviation liability exposures. Limits of excess insurance vary by risk: \$1 billion per occurrence for marine, \$250 million for property, \$125 million for fine arts, and \$500 million for airport.

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 service 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, 2019, and June 30, 2020, (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 19 and for FY 20. 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
2019	\$ 153,983	\$ 32,090	\$ (35,350)	\$ 150,723
2020	150,723	32,591	(35,635)	147,679

The Group Health and Life Fund is an Internal Service Fund of the State of Alaska, the plan is self-insured for all benefits. The plan's funding policy provides for the collection of insurance premiums from employees, if applicable the State. Insurance premium amounts are actuarially determined on an annual basis and adjusted as necessary. The State retains the risk of loss of allowable claims.

The liability for claim incurred but not reported (IBNR) represents the estimated amounts necessary to settle all outstanding claims as of the balance sheet date. The plan's reserve estimate for IBNR are based Primarily on historical development patterns adjusted for current trends that would modify past experience. Claims are re-evaluated periodically to consider the effect on inflation, claims settlement trends, and other economic factors. The process of establishing loss reserves is subject to uncertainties that are normal, recurring and inherent in the healthcare business.

Changes in the balances of claims liabilities during the years ended June 30, 2020 and 2019 were as follows (in thousands):

Fiscal Year	Beginning Balance	Health care Benefits	Benefits paid	Ending Balance
2019	\$ 14,530	\$ 121,685	\$ (122,954)	\$ 13,261
2020	13,261	128,071	(126,267)	15,065

UNIVERSITY OF ALASKA

The University is exposed to a wide variety of risks including property loss, bodily and personal injury, intellectual property, errors and omissions, cyber-attacks, aviation and marine. Exposures are handled with a combination of self-insurance, commercial insurance, and membership in a reciprocal risk retention group.

The University is self-insured up the maximum of \$2.0 million per occurrence for casualty claims and \$250 thousand for property claims. Commercial carriers provide coverage in excess of these amounts. Health care, workers' compensation and unemployment claims are fully self-insured. Liabilities have been established using actuarial analysis to cover estimates for specific reported losses, estimates for unreported losses based upon past experience modified for current trends, and estimates of expenses for investigating and settling claims. Settled claims have not exceeded the coverages for any of the past three years.

Changes in applicable self-insured liability amounts follow (in thousands):

	Balance July 1, 2019	Provision for Claims	Claims Payments	Balance June 30, 2020
Health	\$ 5,943	\$ 46,696	\$ (47,322)	\$ 5,317
General Liability	3,120	—	1,430	4,550
Workers' Compensation	5,243	(1,241)	(129)	3,873
Unemployment	107	159	(212)	54
	<u>\$ 14,413</u>	<u>\$ 45,614</u>	<u>\$ (46,233)</u>	<u>\$ 13,794</u>

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 \$76.58 million, with an additional possible liability of \$97.55 million. 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 Tax Division's Oil and Gas Production Tax Audit Group performs periodic audits of oil and gas companies that file Alaska's oil and gas production tax returns. The audits mostly result in additional tax assessments and associated interest. The companies sometimes choose to pay the additional assessment "under protest" to avoid accruing interest. Because these prepayments are deposited in the Constitutional Budget Reserve Fund (CBRF) but are still under dispute, the tax assessment revenues recognized in the CBRF could be adversely affected by a potential refund resulting from a decision issued by the Department of Revenue Tax Division's Appeals Group, by the Department of Administration's Office of Administrative Hearings, by a Superior Court ruling, or by a Supreme Court ruling. As of the end of fiscal year June 30, 2020, there are no pending prepayments or payments made "under protest". If there were, we would not be able to estimate the amount of potential refund.

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, 2020, 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, 2020, 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 \$69.60 million and \$43.19 million respectively.

As of June 30, 2020, the Department of Commerce, Community and Economic Development identified outstanding loan commitments. Agreements have been entered into, but funds have not yet been disbursed. The open loan commitments include the Alaska Commercial Fishing Revolving Loan Fund for \$509 thousand and the Alaska Fisheries Enhancement Revolving Loan Fund for \$1.76 million.

As of June 30, 2020, the Alaska Energy Authority (AEA) had Power Project Fund loan commitments of \$5.59 million.

As of June 30, 2020, the Alaska Industrial Development and Export Authority (AIDEA) had extended loan participation purchase commitments to be funded by the Revolving Fund of \$2.2 million and pending applications of \$4.2 million, as well as loan guarantees of \$1.2 million.

AIDEA has also entered into funding agreements with Ambler Metals, LLC to support Ambler Access Project, developing an industrial road to the Ambler Mining District. The agreements entail Interim Funding Agreement and Full Funding Agreement and through each agreement, AIDEA will provide funds up to \$1 million and \$35 million, respectively.

AIDEA had also extended commitments to fund a loan to the Interior Gas Utility not to exceed \$139 million from the Sustainable Energy Transmission and Supply Development Fund for the Interior Energy Project. As of June 30, 2020, AIDEA had funded approximately \$125.3 million, resulting in a remaining commitment of approximately \$13.7 million.

As a result of legislation, AIDEA has a commitment to fund a \$2 million appropriation from the SETS fund as a grant from the Department of Commerce, Community and Economic Development to the Northwest Arctic Borough for costs of school construction and major maintenance. The grant amount is based on project expenses incurred up to \$2 million. AIDEA will fund the appropriation based on grant draws requested. No draws were made on the grant as of June 30, 2020.

H. POTENTIAL DEVELOPMENT PROJECTS

Exclusive of the Alaska LNG Project, and regarding the development of a proposed in-state natural gas pipeline from the North Slope to Cook Inlet (Bullet Line), the Alaska Gasline Development Corporation (AGDC) entered into a 2010 agreement where \$4.66 million would become due and payable when (a) the State awards permits, work product, and other results of a Bullet Line 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 Bullet Line 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 Bullet Line 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 Bullet Line development and construction expenses.

I. INVESTMENT COMMITMENTS

As of June 30, 2020, the APFC, on behalf of the Fund, had outstanding future funding commitments of: \$100 million for absolute return; \$4.8 billion for private equity; \$1.9 billion for infrastructure; and \$1.2 billion for 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.

As of June 30, 2020, the APFC, on behalf of the Fund, had outstanding future funding commitments of \$600 million for real estate fund investments.

The Alaska Retirement Management Board (ARMB) has entered into agreements with external investment managers to provide funding for future pension fund investments. As of June 30, 2020, ARMB's unfunded commitments were as follows (in thousands):

Investment Type	
Alternative Fixed Income	\$ 390,586
Energy	32,968
Private Equity	1,541,977
Real Estate	212,592
	<u>\$ 2,178,123</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.

According to AS 46.03.010, it is the policy of the State to conserve, improve, and protect its natural resources and environment and control water, land, and air pollution, in order to enhance the health, safety, and welfare of the people of the State and their overall economic and social well-being. It is also the policy of the State to improve and coordinate the environmental plans, functions, powers, and programs of the State, in cooperation with the federal government, local governments, other public and private organizations, and concerned individuals, and to develop and manage the basic resources of water, land, and air to the end that the State may fulfill its responsibility as trustee of the environment for the present and future generations.

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. GASBS 49 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.

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, 2019, the General Fund had pollution remediation obligations of \$126,646 thousand. As of June 30, 2020, the State had an increase to the obligations of \$4,087 thousand and recognized a decrease of \$5,506 thousand, for an ending balance of

\$125,227 thousand in pollution remediation obligation related activities. The State has an estimated potential recovery of \$8 thousand from other responsible parties.

Additionally, the International Airports Fund (IAF) reported pollution remediation liabilities for which IAF is in whole or in part a responsible party. The liabilities were valued using the estimated mean of the future cash flows of costs and recovery associated with identified sites, measured at current value. Amounts recorded as current and long-term portions of these estimated liabilities were respectively \$1,476,840 and \$4,378,620 in 2020 and \$3,085,840 and \$3,404,000 in 2019.

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, 2020:

	Amount (in thousands)
General Fund	\$ 428,674
Special Revenue Funds	45,371
Capital Project Funds	4,124
Permanent Funds	1
Total Encumbrances	<u>\$ 478,170</u>

A review of the appropriations with encumbrance balances over \$5 million were identified and analyzed below:

The Department of Education and Early Development had several school construction and renovation projects underway that total \$102 million. These projects are funded by general funds.

The Department of Commerce, Community and Economic Development administers grants to municipalities and named recipients which total \$33.9 million for port facilities in Anchorage and is in the General Fund. These projects are funded by general funds and bond proceeds.

The Department of Commerce, Community and Economic Development administers a grant for the Exxon Valdez Oil Spill funded "EVOSTC" of the Prince William Sound Science Center and Technology Institute Facilities replacement for \$17.2 million. This is funded by the Exxon Valdez Settlement Trust Fund.

The Department of Commerce, Community and Economic Development administers the Alaska Reinsurance Program which was established under AS 21.55 to stabilize the health insurance market in Alaska. The program provides a reinsurance mechanism for insurers issuing policies that cover certain high-risk individuals through the Comprehensive Health Insurance Association. The program has \$53.5 million remaining obligated in the Alaska Comprehensive Health Insurance Fund from revenues collected under Title 21 of the Alaska Statutes.

The Department of Transportation and Public Facilities has a project for the Alaska Marine Highway System Alaska Class Ferry purchase for a total of \$6.7 million, which is in the Constitutional Budget Reserve (CBR) Fund. This is funded by CBR fund resources.

The Department of Health and Social Services had several specialized contracts required for its Medical Assistance program, including some specific to information technology operation and maintenance. A total of \$8.35 million of these contracts are funded by general funds with additional funding from federal grant awards.

The Department of Corrections had a project for \$5.4 million to provide constitutionally and statutorily required essential medical services for the inmate population. This project is funded by general funds.

The Department of Military and Veteran Affairs had numerous Program Worksheets (Public Assistance) and Project Worksheets (Hazard Mitigation) totaling \$5.2 million for the November 2018 earthquake that are funded with 75 percent Federal and 25 percent State Disaster Relief funds.

The Department of Military and Veteran Affairs had a project for the Alaska Land Mobile Radio Site Refresh for a total of \$18 million, which is funded by general funds.

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, and provider claim submission errors. Due to the complexity of claim processing, the cost of settling the suspended claims cannot be reasonably estimated.

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, 2020, the Department of Revenue has received tax credit applications totaling \$22.2 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.

N. CONCENTRATIONS

In FY 20, the most significant sources of revenue were federal revenues, taxes, and rents and royalties, which make up 88.2 percent of total revenues. With the decline in petroleum related revenues, rents and royalties and taxes continue to be a significant concern for the State of Alaska.

O. COVID-19

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, governments, businesses, and communities. Specific to the State of Alaska, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, declines in tax revenues, costs for increased use of technology, costs related to providing public health services and delivering of vaccines. Management believes the State of Alaska is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 13 – SUBSEQUENT EVENTS

A. ALASKA MUNICIPAL BOND BANK AUTHORITY

On July 7, 2020, the Alaska Municipal Bond Bank Authority (AMBBA) closed on the 2020 Series One bonds. The 2020 Series One bonds consisted of \$98.31 million in general obligation and refunding bonds with interest rates ranging between 4% and 5%. The proceeds of the 2020 Series One bonds were used to make new loans to authorized borrowers, and to refund certain outstanding bonds previously issued by AMBBA, including all or a portion of the 2010-1A, 2010-1B, 2010-2B, 2010-3B, 2010-4A, 2010-4B of the 2005 General Bond Resolution, and all or a portion of the 2010 A-2 of the 2010 General Bond Resolution.

On September 3, 2020, the Bond Bank Board of Directors approved a resolution authorizing the issuance of the 2020 Series Two bonds. The Bond Bank may issue the 2020 Series Two bonds before the end of calendar year 2020.

On September 4, 2020, the Alaska Supreme Court issued a ruling in S17377 - Eric Forrer v. State of Alaska and Lucinda Mahoney. In that decision the Court found that the Alaska Tax Credit Certificate Bond Corporation (ATCCBC) debt construct was unconstitutional. There are some similarities between the statutory construct of the ATCCBC and AMBBA, and the Bond Bank's bond counsel firm and the Alaska Department of Law are analyzing what, if any, impact the decision will have on AMBBA.

B. ALASKA CLEAN WATER FUND

Pursuant to legislative authorization obtained during the 2020 session of the Alaska Legislature, plans are in place to issue Series A Revenue Bond Anticipation Notes for FY 21 in an amount not to exceed \$2.00 million. Although this transaction has not yet been finalized, the issuance of the bonds will occur in mid-fiscal year 2021. The borrowing is to be secured by interest earnings of the Alaska Clean Water Fund.

C. ALASKA DRINKING WATER FUND

Pursuant to legislative authorization obtained during the 2020 session of the Alaska Legislature, plans are in place to issue Series A Revenue Bond Anticipation Notes for FY 21 in an amount not to exceed \$2.20 million. Although this transaction has not yet been finalized, the issuance of the bonds will occur in mid-fiscal year 2021. The borrowing is to be secured by interest earnings of the Alaska Drinking Water Fund.

D. ALASKA HOUSING FINANCE CORPORATION

Alaska Housing Finance Corporation (AHFC) will deliver its \$209.85 million General Mortgage Revenue Bonds II, 2020 Series A and B, on September 15, 2020. The Series A Bonds are \$135.17 million tax-exempt general obligations of the Corporation with a final maturity of December 1, 2044. The Series B Bonds are \$74.68 million tax-exempt general obligations of the Corporation with a final maturity of December 1, 2035. Interest on the Series A and B Bonds is payable each June 1 and December 1 at fixed rates ranging from 0.25% to 5.00%. Proceeds of the Series A Bonds will be used to finance mortgage loans, to refund the Corporation's Mortgage Revenue Bonds, 2009 Series A 2, and to pay certain costs of issuance. Proceeds of the Series B Bonds will be used to refund the Corporation's Mortgage Revenue Bonds, 2011 Series B-1 and 2011 Series B-2 and certain other outstanding obligations of the Corporation.

AHFC will deliver \$96.67 million State Capital Project Bonds II, 2020 Series A (Federally Taxable), on October 13, 2020. The Series A Bonds are taxable general obligations of the Corporation with a final maturity of December 1, 2033. Interest on the Bonds will be payable each June 1 and December 1 at fixed rates ranging from 0.531% to 2.18%. Proceeds of the Bonds will be used to refund certain outstanding bonds of AHFC and for any authorized purpose of AHFC.

E. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

On September 15, 2020 reflecting several months of discussions, the AIDEA Board passed a resolution authorizing the AIDEA executive director to enter into a Debt Settlement and Restructuring Agreement with other creditors and working interest owners of the Mustang project to settle various outstanding debts and restructure the Mustang project into a viable enterprise.

On September 23, 2020, a newly organized AIDEA subsidiary, Mustang Holdings LLC (MHLLC), acquired by offset bid all of the rights, title and interests of Caracol Petroleum LLC, TP North Slope Development, Brooks Range Petroleum Corporation, Mustang Operations Center 1 LLC and Mustang Road LLC (MRLLC) in the leases comprising the Mustang Project, along with all associated personal property and MRLLC's interest in the Mustang Road and Pad (collectively, the "Mustang Assets"). In addition, MHLLC acquired working interests in certain additional leases and acquired an overriding royalty interest in certain additional leases.

Conduit bonds do not constitute a general obligation of AIDEA. They are payable only out of the revenues derived from the projects or private businesses for which the projects are financed.

AIDEA issued \$11.79 million in conduit revenue bonds September 24, 2020 in support of the design and construction of natural gas infrastructure in interior Alaska.

On December 17, 2020, the Alaska Industrial Development and Export Authority (AIDEA) entered into a private placement loan agreement with the Alaska Energy Authority providing \$17 million in funding Power Revenue Bonds, Tenth Series, for the purpose of financing costs and expenses of planning, designing, acquiring, and construction of the Transmission Line Projects. The Project consists of (i) the acquisition, improvement and development of the electric transmission line between the Sterling Substation and Quartz Creek Substation, including associated rights of ways and permits, (ii) the acquisition, improvement and development of a 69 kV line between Sterling Substation and Quartz Creek Substation, including associated rights of ways and permits, and (iii) the acquisition of transmission capacity rights on the transmission line between Soldotna Substation and Sterling Substation, all of which become an integral part of the Bradley Lake Hydro Electric Project. The Tenth Series bond was fully drawn on the date of issuance. Principal on the Bond is payable annually on each July 1, commencing on July 1, 2022. Interest on the Bond is payable on August 1, 2021, and semi-annually thereafter on January 1 and July 1. The final maturity date is July 1, 2040.

In December 2020, the AIDEA Board passed Resolution G20-31 authorizing the authority bid up to \$20 million on the US Department of the Interior Bureau of Land Management's (BLM) Arctic National Wildlife Refuge (ANWR) Coastal Plain auction. On January 6, 2021, AIDEA was selected as the successful bidder for nine (9) tracts and subsequently executed lease agreements for seven (7) of those tracts encompassing 365,755 acres in Area 1002 of the ANWR.

F. ALASKA MENTAL HEALTH TRUST AUTHORITY

In FY2020, the Trust finalized a \$20 million sales agreement of property located in Juneau, Alaska. The purchase price, plus or minus all adjustments or credits, was paid in full subsequent to year end, on October 9, 2020.

G. ALASKA ENERGY AUTHORITY

On December 17, 2020, AEA issued, as a private placement with the Alaska Industrial Development and Export Authority, \$17 million of Power Revenue Bonds, Tenth Series, for the purpose of financing costs and expenses of planning, designing, acquiring, and construction of the Transmission Line Projects. The Project consists of (i) the acquisition, improvement and development of the electric transmission line between the Sterling Substation and Quartz Creek Substation, including associated rights of ways and permits, (ii) the acquisition, improvement and development of a 69 kV line between Sterling Substation and Quartz Creek Substation, including associated rights of ways and permits, and (iii) the acquisition of transmission capacity rights on the transmission line between Soldotna Substation and Sterling Substation, all of which become an integral part of the Bradley Lake Hydro Electric Project and collectively constitutes capital improvement to the Bradley Lake Hydroelectric Project. The project is required project work under the Bradley Lake Power Revenue Bond Resolution and the loan is parity debt. The Tenth Series bond was fully drawn on the date of issuance. Principal on the Bond is payable annually on each July 1, commencing on July 1, 2022. Interest on the Bond is payable on August 1, 2021, and semi-annually thereafter on January 1 and July 1. The final maturity date is July 1, 2040.

H. STATE OF ALASKA

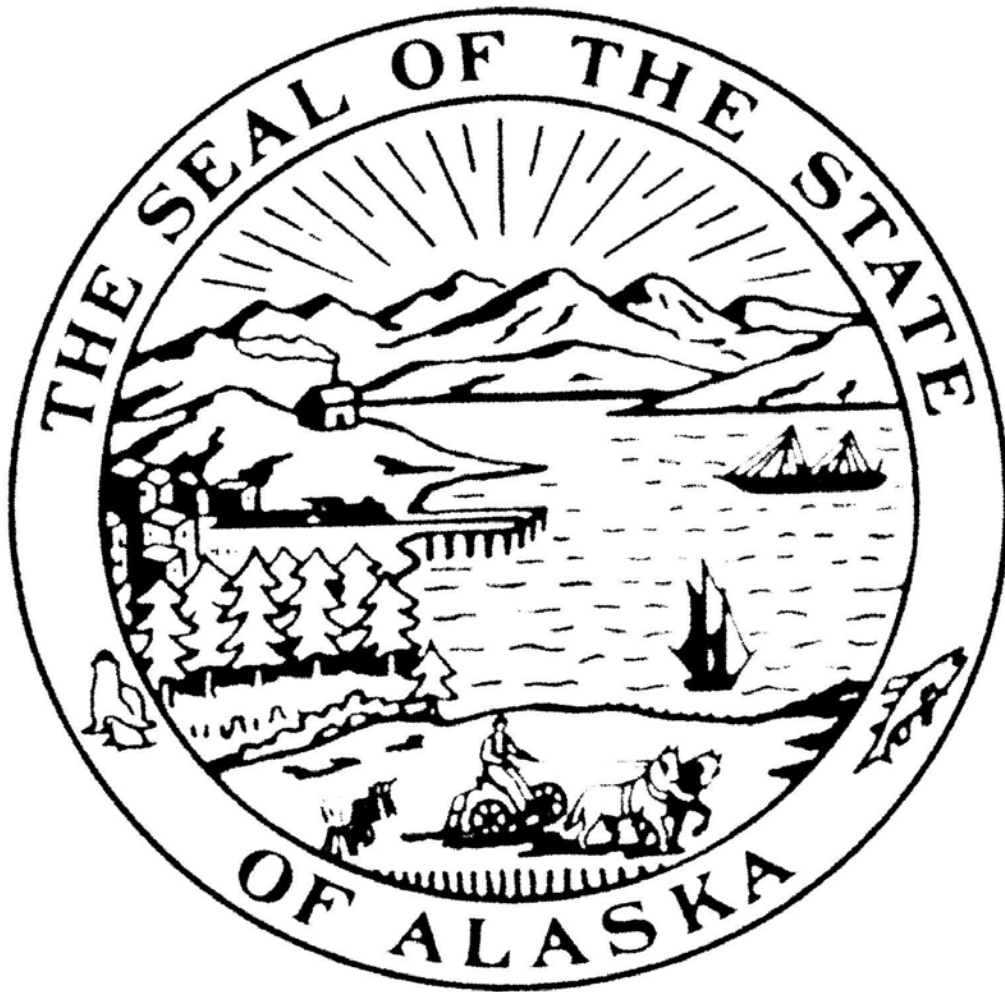
On March 11, 2020, the World Health Organization officially declared Coronavirus (COVID-19), the disease caused by the novel coronavirus, a pandemic. The impact of the pandemic is likely to affect various parts of fiscal year 2021 operations and financial performance. In response to the COVID-19 pandemic, the United States Congress passed a variety of legislation (including but not limited to the Coronavirus Aid, Relief, and Economic Security act, or "CARES Act") that provides certain relief to partially mitigate the economic impact of the pandemic. The relief provided under the CARES Act has been distributed through the Coronavirus Relief Fund (CRF). The outbreak of COVID-19 has affected travel, commerce, and financial markets globally, and is widely expected to affect economic growth worldwide. The degree of any such impact to the State's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. While the overall impact on the State cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the State.

On August 8, 2020, in an effort to help ease the financial burden on those who are unemployed as a result of the COVID-19 pandemic, President Trump signed a Presidential Memorandum authorizing FEMA to use the Robert T. Stafford Disaster Relief and Emergency Assistance Act ("Stafford Act") disaster relief funds to provide supplemental payments for lost wages. As of September 14, 2020, \$72.1 million was obligated to the State of Alaska. The first payment was issued on November 4, 2020 and the State of Alaska expects approximately 195,000 eligible recipients. These funds are being distributed by the Alaska Department of Labor and Workforce Development in accordance with Federal law.

On July 10, 2020, the State of Alaska used \$1.8 million, comprised of \$388 thousand from State of Alaska Sport Fishing Revenue Bonds and \$1.4 million from State of Alaska Sport Fishing Revenue Bonds Reserve to optionally redeem and pay accrued interest on the following 2011 Sport Fishing Revenue Bonds: \$600 thousand of the April 1, 2021 principal maturity, \$600 thousand of the April 1, 2022 principal maturity, \$610 thousand of the April 1, 2023 principal maturity, and \$24 thousand of accrued interest through July 10, 2020. This optional redemption resulted in the redemption of all outstanding 2011 Sport Fishing Revenue Bonds.

On September 4, 2020, the Alaska Supreme Court issued a ruling in S17377 – Eric Forrer v. State of Alaska and Lucinda Mahoney. In that decision, the Court found that the Alaska Tax Credit Certificate Bond Corporation (ATCCBC) debt construct was unconstitutional. The Alaska Department of Law is analyzing what, if any, impact the decision will have on the State.

On August 5, 2020, the State of Alaska closed on the final series of General Obligation Bonds, Series 2020A for the 2012 Act. This \$84.56 million 2020A issuance generated the final construction fund deposit of \$110.35 million.



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Required Supplementary Information



STATE OF ALASKA
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2020
 (Stated in Thousands)

STATEMENT 2.01

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Unrestricted:				
Taxes	\$ 1,518,861	\$ 1,518,486	\$ 1,051,223	\$ 467,263
Licenses and Permits	107,282	107,650	128,506	(20,856)
Charges for Services	371,610	334,257	152,784	181,473
Fines and Forfeitures	29,902	28,640	20,698	7,942
Rents and Royalties	929,097	927,543	741,748	185,795
Premiums and Contributions	1,098	856	29,751	(28,895)
Interest and Investment Income	135,328	135,328	273,987	(138,659)
Payments In from Component Units	56,133	56,134	56,134	—
Other Revenues	107,719	103,917	39,111	64,806
Restricted:				
Federal Grants in Aid	14,266,158	15,057,286	3,456,526	11,600,760
Interagency	810,527	1,181,271	691,001	490,270
Payments In from Component Units	214,197	223,677	10,553	213,124
Other Revenues	1	1	4,920	(4,919)
Total Revenues	<u>18,547,913</u>	<u>19,675,046</u>	<u>6,656,942</u>	<u>13,018,104</u>
EXPENDITURES				
Current:				
General Government	715,387	1,183,682	965,570	218,112
Alaska Permanent Fund Dividend	1,013,638	1,027,258	1,024,587	2,671
Education	1,888,726	1,849,453	1,841,791	7,662
University	887,785	887,746	350,691	537,055
Health and Human Services	4,014,308	4,078,674	3,312,035	766,639
Law and Justice	288,065	305,132	277,592	27,540
Public Protection	927,834	1,290,680	947,145	343,535
Natural Resources	463,361	569,138	284,102	285,036
Development	1,565,589	1,827,724	1,195,481	632,243
Transportation	7,222,304	6,748,768	1,257,681	5,491,087
Intergovernmental Revenue Sharing	101,512	110,071	108,222	1,849
Debt Service:				
Principal	25,107	25,108	23,823	1,285
Interest and Other Charges	11,913	11,913	12,994	(1,081)
Total Expenditures	<u>19,125,529</u>	<u>19,915,347</u>	<u>11,601,714</u>	<u>8,313,633</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(577,616)</u>	<u>(240,301)</u>	<u>(4,944,772)</u>	<u>4,704,471</u>
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	4,862,932	4,862,932	4,862,932	—
Transfers (Out to) Other Funds	(1,973,771)	(1,973,771)	(1,973,771)	—
Total Other Financing Sources and Uses	<u>2,889,161</u>	<u>2,889,161</u>	<u>2,889,161</u>	<u>—</u>
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, Budgetary Basis	<u>\$ 2,311,545</u>	<u>\$ 2,648,860</u>	(2,055,611)	<u>\$ 4,704,471</u>
RECONCILIATION OF BUDGETARY / GAAP REPORTING:				
Adjust Expenditures for Encumbrances			200,848	
Basis Difference			<u>980,292</u>	
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, GAAP Basis			(874,471)	
Fund Balances - Beginning of Year			4,857,325	
Fund Balances - End of Year			<u>\$ 3,982,854</u>	

**Note to Required Supplementary Information - Budgetary Reporting
For the Fiscal Year Ended June 30, 2020**

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	\$ (53,908)
Medical Assistance Program	51,802
Tobacco Tax	(1,073)
Alcohol Tax	(167)
Tire Tax	79
Vehicle Rental Tax	(1,196)
Commercial Passenger Vessel Excise Tax	(6,359)
Marijuana Tax	1,418
Power Cost Equalization FY 2019 Reverse Sweep	1,053,595
Power Cost Equalization Direct Appropriations	(63,899)
Total General Fund Basis Difference	\$ 980,292

STATE OF ALASKA

STATEMENT 2.10

Proportionate Share of the Net Pension Liability Schedule
Public Employees' Retirement System - Pension
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2020	2019	2018	2017	2016
Primary government's proportion of the net pension liability	49.72%	49.53%	50.62%	51.87%	50.75%
Component unit's proportion of the net pension liability	4.91%	5.15%	4.74%	5.79%	5.52%
Nonemployer contributing state's proportion of the net pension liability	14.28%	11.33%	13.40%	5.38%	10.40%
Primary government's proportionate share of the net pension liability	\$ 2,721,623	\$ 2,461,037	\$ 2,616,648	\$ 2,899,139	\$ 2,461,215
Component unit's proportionate share of the net pension liability	\$ 268,783	\$ 255,967	\$ 244,871	\$ 323,541	\$ 267,632
Nonemployer contributing state's share of the net pension liability	\$ 781,773	\$ 562,886	\$ 692,476	\$ 300,921	\$ 504,300
Primary government's covered payroll	\$ 1,102,180	\$ 1,093,705	\$ 1,092,504	\$ 1,090,607	\$ 1,148,502
Component unit's covered payroll	\$ 116,162	\$ 119,018	\$ 128,050	\$ 140,886	\$ 150,562
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	246.93%	225.02%	239.51%	265.83%	214.30%
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	231.39%	215.07%	191.23%	229.65%	177.76%
Plan fiduciary net position as a percentage of the total pension liability	63.42%	65.19%	63.37%	59.55%	63.96%

This schedule continued on next page.

Proportionate Share of the Net Pension Liability Schedule
Public Employees' Retirement System - Pension
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2015	2014
Primary government's proportion of the net pension liability	52.23%	51.60%
Component unit's proportion of the net pension liability	4.44%	4.43%
Nonemployer contributing state's proportion of the net pension liability	21.86%	22.87%
Primary government's proportionate share of the net pension liability	\$ 2,436,220	\$ 2,709,520
Component unit's proportionate share of the net pension liability	\$ 207,090	\$ 232,515
Nonemployer contributing state's share of the net pension liability	\$ 1,019,583	\$ 1,201,055
Primary government's covered payroll	\$ 1,136,811	\$ 1,094,801
Component unit's covered payroll	\$ 143,205	\$ 145,495
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	214.30%	214.30%
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	144.61%	144.61%
Plan fiduciary net position as a percentage of the total pension liability	62.37%	56.04%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule

Public Employees' Retirement System - Pension

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016
Primary Government					
Statutorily required contribution	\$ 200,767	\$ 188,809	\$ 181,720	\$ 170,247	\$ 164,533
Contributions in relation to the statutorily required contribution	212,693	207,815	183,334	179,742	164,533
Contribution deficiency (excess)	<u>\$ (11,926)</u>	<u>\$ (19,006)</u>	<u>\$ (1,614)</u>	<u>\$ (9,495)</u>	<u>\$ —</u>
Covered payroll	\$ 1,276,521	\$ 1,102,180	\$ 1,093,885	\$ 1,092,504	\$ 1,090,607
Contributions as a percentage of covered payroll	16.66%	18.85%	16.76%	16.45%	15.09%
Component Units					
Statutorily required contribution	\$ 16,074	\$ 17,626	\$ 20,590	\$ 19,693	\$ 17,969
Contributions in relation to the statutorily required contribution	19,763	17,718	20,590	19,693	17,969
Contribution deficiency (excess)	<u>\$ (3,689)</u>	<u>\$ (92)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 102,596	\$ 116,162	\$ 119,018	\$ 128,050	\$ 140,886
Contributions as a percentage of covered payroll	19.26%	15.25%	17.30%	15.38%	12.75%
Primary Government Nonemployer Contribution					
Statutorily required contribution	\$ 69,067	\$ 67,433	\$ 36,399	\$ 40,360	\$ 43,535
Contributions in relation to the statutorily required contribution	79,486	67,857	36,770	50,027	43,535
Contribution deficiency (excess)	<u>\$ (10,419)</u>	<u>\$ (424)</u>	<u>\$ (371)</u>	<u>\$ (9,667)</u>	<u>\$ —</u>

This schedule continued on next page.

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 \$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
Employer Contributions Schedule
Public Employees' Retirement System - Pension
Last Ten Fiscal Years
(Stated in Thousands)

STATEMENT 2.11

	2015	2014	2013
Primary Government			
Statutorily required contribution	\$ 285,769	\$ 200,076	\$ 177,375
Contributions in relation to the statutorily required contribution	636,865	200,076	177,375
Contribution deficiency (excess)	<u>\$ (351,096)</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 1,148,502	\$ 1,136,811	\$ 1,094,801
Contributions as a percentage of covered payroll	55.45 %	17.60 %	16.20 %
Component Units			
Statutorily required contribution	\$ 18,561	\$ 17,313	\$ 15,819
Contributions in relation to the statutorily required contribution	18,561	17,313	15,819
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 150,562	\$ 143,205	\$ 145,495
Contributions as a percentage of covered payroll	12.33 %	12.09 %	10.87 %
Primary Government Nonemployer Contribution			
Statutorily required contribution	\$ 153,622	\$ 82,554	\$ 77,689
Contributions in relation to the statutorily required contribution	479,750	82,554	77,689
Contribution deficiency (excess)	<u>\$ (326,128)</u>	<u>\$ —</u>	<u>\$ —</u>

Proportionate Share of the Net OPEB Liability Schedule

Public Employees' Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2020	2019	2018
Primary government's proportion of the net pension liability	49.73 %	49.54 %	50.64 %
Component unit's proportion of the net pension liability	4.91 %	5.15 %	4.74 %
Nonemployer contributing state's proportion of the net pension liability	14.30 %	11.35 %	13.41 %
Primary government's proportionate share of the net pension liability	\$ 73,794	\$ 508,456	\$ 427,754
Component unit's proportionate share of the net pension liability	\$ 7,285	\$ 52,106	\$ 39,552
Nonemployer contributing state's share of the net pension liability	\$ 21,218	\$ 116,512	\$ 113,255
Primary government's covered payroll	\$ 1,102,180	\$ 1,093,705	\$ 1,092,504
Component unit's covered payroll	\$ 116,162	\$ 119,018	\$ 128,050
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	6.70 %	46.49 %	39.15 %
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	6.27 %	43.78 %	30.89 %
Plan fiduciary net position as a percentage of the total pension liability	98.13 %	93.13 %	89.7 %

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule

Public Employees' Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018
Primary Government			
Statutorily required contribution	\$ 64,223	\$ 87,606	\$ 44,192
Contributions in relation to the statutorily required contribution	53,167	50,848	41,929
Contribution deficiency (excess)	<u>\$ 11,056</u>	<u>\$ 36,758</u>	<u>\$ 2,263</u>
Covered payroll	\$ 1,276,521	\$ 1,102,180	\$ 1,093,885
Contributions as a percentage of covered payroll	4.16 %	4.61 %	3.83 %
Component Units			
Statutorily required contribution	\$ 6,073	\$ 6,825	\$ 6,060
Contributions in relation to the statutorily required contribution	8,142	6,614	6,060
Contribution deficiency (excess)	<u>\$ (2,069)</u>	<u>\$ 211</u>	<u>\$ —</u>
Covered payroll	\$ 110,704	\$ 116,162	\$ 119,018
Contributions as a percentage of covered payroll	7.35 %	5.69 %	5.09 %
Primary Government Nonemployer Contribution			
Statutorily required contribution	\$ 11,289	\$ 11,137	\$ 2,316
Contributions in relation to the statutorily required contribution	—	—	—
Contribution deficiency (excess)	<u>\$ 11,289</u>	<u>\$ 11,137</u>	<u>\$ 2,316</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.

Proportionate Share of the Collective Net OPEB Liability Schedule

Public Employees' Retirement System - Occupational Death & Disability Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2020	2019	2018
Primary government's proportion of the collective net OPEB liability	49.15 %	48.37 %	49.14 %
Component unit's proportion of the collective net OPEB liability	4.30 %	4.58 %	4.03 %
Primary government's proportionate share of the collective net OPEB liability (asset)	\$ (11,917)	\$ (9,395)	\$ (6,972)
Component unit's proportionate share of the collective net OPEB liability (asset)	\$ (164)	\$ (140)	\$ (103)
Primary government's covered payroll	\$ 1,102,180	\$ 1,093,705	\$ 508,805
Component unit's covered payroll	\$ 116,162	\$ 119,018	\$ 65,874
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	1.08 %	0.86 %	1.37 %
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.14 %	0.12 %	0.16 %
Plan fiduciary net position as a percentage of the total OPEB liability	— %	— %	— %

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule

Public Employees' Retirement System - Occupational Death & Disability Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018
Primary Government			
Statutorily required contribution	\$ 1,432	\$ 2,599	\$ 1,088
Contributions in relation to the statutorily required contribution	2,137	2,008	1,088
Contribution deficiency (excess)	<u>\$ (705)</u>	<u>\$ 591</u>	<u>\$ —</u>
Covered payroll	\$ 1,276,521	\$ 1,102,180	\$ 547,669
Contributions as a percentage of covered payroll	0.17 %	0.18 %	0.20 %
Component Units			
Statutorily required contribution	\$ 181	\$ 246	\$ 85
Contributions in relation to the statutorily required contribution	188	175	85
Contribution deficiency (excess)	<u>\$ (7)</u>	<u>\$ 71</u>	<u>\$ —</u>
Covered payroll	\$ 89,410	\$ 116,162	\$ 65,276
Contributions as a percentage of covered payroll	0.21 %	0.15 %	0.13 %

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.

Proportionate Share of the Collective Net OPEB Liability Schedule
Public Employees' Retirement System - Retiree Medical Plan
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2020	2019	2018
Primary government's proportion of the collective net OPEB liability	48.37 %	48.37 %	49.14 %
Component unit's proportion of the collective net OPEB liability	5.17 %	4.58 %	4.03 %
Primary government's proportionate share of the collective net OPEB liability	\$ 11,556	\$ 6,156	\$ 2,563
Component unit's proportionate share of the collective net OPEB liability	\$ 1,236	\$ 582	\$ 210
Primary government's covered payroll	\$ 599,129	\$ 547,669	\$ 508,805
Component unit's covered payroll	\$ 116,162	\$ 65,276	\$ 65,874
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	1.93 %	1.12 %	0.50 %
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	1.06 %	0.89 %	0.32 %
Plan fiduciary net position as a percentage of the total OPEB liability	83.2 %	8.2 %	94.0 %

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 - Retiree Medical Plan
Last Ten Fiscal Years
(Stated in Thousands)

STATEMENT 2.17

	2020	2019	2018
Primary Government			
Statutorily required contribution	\$ 8,555	\$ 6,156	\$ 5,641
Contributions in relation to the statutorily required contribution	8,555	5,670	5,641
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ 486</u>	<u>\$ —</u>
Covered payroll	\$ 809,874	\$ 599,129	\$ 547,669
Contributions as a percentage of covered payroll	1.06 %	0.95 %	1.03 %
Component Units			
Statutorily required contribution	\$ 896	\$ 582	\$ 532
Contributions in relation to the statutorily required contribution	914	604	532
Contribution deficiency (excess)	<u>\$ (18)</u>	<u>\$ (22)</u>	<u>\$ —</u>
Covered payroll	\$ 84,255	\$ 116,162	\$ 65,276
Contributions as a percentage of covered payroll	1.08 %	0.52 %	0.82 %

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.

STATE OF ALASKA

STATEMENT 2.20

Proportionate Share of the Net Pension Liability Schedule

Teachers' Retirement System - Pension

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2020	2019	2018	2017	2016
Primary government's proportion of the net pension liability	0.67 %	0.67 %	0.67 %	0.75 %	0.78 %
Component unit's proportion of the net pension liability	1.60 %	1.68 %	1.61 %	2.14 %	2.03 %
Nonemployer contributing state's proportion of the net pension liability	59.33 %	59.39 %	63.14 %	53.90 %	61.03 %
Primary government's proportionate share of the net pension liability	\$ 12,438	\$ 12,807	\$ 13,601	\$ 17,047	\$ 14,501
Component unit's proportionate share of the net pension liability	\$ 29,951	\$ 32,065	\$ 32,661	\$ 48,846	\$ 37,680
Nonemployer contributing state's share of the net pension liability	\$ 1,108,594	\$ 1,136,829	\$ 1,279,682	\$ 1,230,776	\$ 1,135,514
Primary government's covered payroll	\$ 5,312	\$ 4,768	\$ 4,853	\$ 5,388	\$ 5,620
Component unit's covered payroll	\$ 20,625	\$ 20,625	\$ 22,128	\$ 25,212	\$ 31,575
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	234.15 %	268.60 %	280.26 %	316.39 %	258.02 %
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	145.22 %	155.47 %	147.60 %	193.74 %	119.33 %
Plan fiduciary net position as a percentage of the total pension liability	74.68 %	74.1 %	72.4 %	68.4 %	73.82 %

This schedule continued on next page.

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Proportionate Share of the Net Pension Liability Schedule
Teachers' Retirement System - Pension
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2015	2014
Primary government's proportion of the net pension liability	0.79 %	0.78 %
Component unit's proportion of the net pension liability	0.97 %	1.02 %
Nonemployer contributing state's proportion of the net pension liability	84.10 %	83.41 %
Primary government's proportionate share of the net pension liability	\$ 23,739	\$ 25,930
Component unit's proportionate share of the net pension liability	\$ 29,024	\$ 33,771
Nonemployer contributing state's share of the net pension liability	\$ 2,522,174	\$ 2,761,123
Primary government's covered payroll	\$ 5,920	\$ 5,834
Component unit's covered payroll	\$ 34,497	\$ 36,150
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	401.00 %	444.46 %
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	84.13 %	93.42 %
Plan fiduciary net position as a percentage of the total pension liability	55.7 %	49.76 %

STATE OF ALASKA
Employer Contributions Schedule
Teachers' Retirement System - Pension
Last Ten Fiscal Years
(Stated in Thousands)

STATEMENT 2.21

	2020	2019	2018	2017	2016
Primary Government					
Statutorily required contribution	\$ 1,097	\$ 1,086	\$ 989	\$ 872	\$ 925
Contributions in relation to the statutorily required contribution	1,184	1,095	1,004	1,003	925
Contribution deficiency (excess)	<u>\$ (87)</u>	<u>\$ (9)</u>	<u>\$ (15)</u>	<u>\$ (131)</u>	<u>\$ —</u>
Covered payroll	\$ 5,143	\$ 5,312	\$ 4,768	\$ 4,853	\$ 5,388
Contributions as a percentage of covered payroll	23.02 %	20.61 %	21.06 %	20.67 %	17.17 %
Component Units					
Statutorily required contribution	\$ 1,465	\$ 1,830	\$ 1,859	\$ 2,003	\$ 1,973
Contributions in relation to the statutorily required contribution	1,735	1,735	1,859	2,003	1,973
Contribution deficiency (excess)	<u>\$ (270)</u>	<u>\$ 95</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 18,249	\$ 20,625	\$ 22,128	\$ 25,212	\$ 27,848
Contributions as a percentage of covered payroll	9.51 %	8.41 %	8.40 %	7.94 %	7.08 %
Primary Government Nonemployer Contribution					
Statutorily required contribution	\$ 126,831	\$ 127,371	\$ 105,888	\$ 94,775	\$ 89,957
Contributions in relation to the statutorily required contribution	140,219	127,365	111,042	115,980	89,957
Contribution deficiency (excess)	<u>\$ (13,388)</u>	<u>\$ 6</u>	<u>\$ (5,154)</u>	<u>\$ (21,205)</u>	<u>\$ —</u>

This schedule continued on next page.

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
Employer Contributions Schedule
Teachers' Retirement System - Pension
Last Ten Fiscal Years
(Stated in Thousands)

STATEMENT 2.21

	2015	2014	2013
Primary Government			
Statutorily required contribution	\$ 2,644	\$ 1,951	\$ 1,836
Contributions in relation to the statutorily required contribution	12,500	1,951	1,836
Contribution deficiency (excess)	<u>\$ (9,856)</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 5,620	\$ 5,920	\$ 5,834
Contributions as a percentage of covered payroll	222.42 %	32.96 %	31.47 %
Component Units			
Statutorily required contribution	\$ 2,314	\$ 2,385	\$ 2,390
Contributions in relation to the statutorily required contribution	2,314	2,385	2,390
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 31,575	\$ 34,497	\$ 36,150
Contributions as a percentage of covered payroll	7.33 %	6.91 %	6.61 %
Primary Government Nonemployer Contribution			
Statutorily required contribution	\$ 315,279	\$ 207,271	\$ 195,435
Contributions in relation to the statutorily required contribution	1,650,517	207,271	195,435
Contribution deficiency (excess)	<u>\$ (1,335,238)</u>	<u>\$ —</u>	<u>\$ —</u>

Proportionate Share of the Collective Net OPEB Liability Schedule
Teachers' Retirement System - Alaska Retiree Healthcare Trust Plan
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2020	2019	2018
Primary government's proportion of the collective net OPEB liability	0.67 %	0.67 %	0.67 %
Component unit's proportion of the collective net OPEB liability	1.60 %	1.67 %	1.61 %
Nonemployer contributing state's proportion of the collective net OPEB liability	59.41 %	59.47 %	63.26 %
Primary government's proportionate share of the collective net OPEB liability	\$ (1,017)	\$ 2,080	\$ 1,234
Component unit's proportionate share of the collective net OPEB liability	\$ (2,444)	\$ 5,196	\$ 2,955
Nonemployer contributing state's share of the collective net OPEB liability	\$ (90,788)	\$ 184,929	\$ 116,351
Primary government's covered payroll	\$ 5,312	\$ 4,768	\$ 4,853
Component unit's covered payroll	\$ 20,625	\$ 20,625	\$ 22,128
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	(19.15)%	43.62 %	25.43 %
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	(11.85)%	25.19 %	13.35 %
Plan fiduciary net position as a percentage of the total OPEB liability	105.5 %	— %	93.8 %

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule

Teachers' Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018
Primary Government			
Statutorily required contribution	\$ 241	\$ 141	\$ 186
Contributions in relation to the statutorily required contribution	154	141	153
Contribution deficiency (excess)	<u>\$ 87</u>	<u>\$ —</u>	<u>\$ 33</u>
Covered payroll	\$ 5,143	\$ 5,312	\$ 4,768
Contributions as a percentage of covered payroll	2.99 %	2.65 %	3.21 %
Component Units			
Statutorily required contribution	\$ 827	\$ 856	\$ 921
Contributions in relation to the statutorily required contribution	860	856	921
Contribution deficiency (excess)	<u>\$ (33)</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 18,249	\$ 20,625	\$ 22,128
Contributions as a percentage of covered payroll		4.15 %	4.16 %
Primary Government Nonemployer Contribution			
Statutorily required contribution	\$ 13,388	\$ —	\$ 5,154
Contributions in relation to the statutorily required contribution	—	—	—
Contribution deficiency (excess)	<u>\$ 13,388</u>	<u>\$ —</u>	<u>\$ 5,154</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.

Proportionate Share of the Collective Net OPEB Liability Schedule
Teachers' Retirement System - Occupational Death & Disability Plan
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2020	2019	2018
Primary government's proportion of the collective net OPEB liability	0.45 %	0.40 %	0.36 %
Component unit's proportion of the collective net OPEB liability	2.47 %	2.28 %	2.30 %
Primary government's proportionate share of the collective net OPEB liability (asset)	\$ (18)	\$ (14)	\$ (12)
Component unit's proportionate share of the collective net OPEB liability (asset)	\$ (99)	\$ (80)	\$ (75)
Primary government's covered payroll	\$ 5,312	\$ 4,768	\$ 1,246
Component unit's covered payroll	\$ 9,654	\$ 9,654	\$ 8,200
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.34 %	0.29 %	0.96 %
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	1.03 %	0.83 %	0.91 %
Plan fiduciary net position as a percentage of the total OPEB liability	140,977 %	— %	— %

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule

Teachers' Retirement System - Occupational Death & Disability Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018
Primary Government			
Statutorily required contribution	\$ 1	\$ —	\$ —
Contributions in relation to the statutorily required contribution	1	1	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ —</u>
Covered payroll	\$ 5,143	\$ 5,312	\$ 1,328
Contributions as a percentage of covered payroll	0.02 %	0.02 %	— %
Component Units			
Statutorily required contribution	\$ 8	\$ —	\$ —
Contributions in relation to the statutorily required contribution	8	8	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ (8)</u>	<u>\$ —</u>
Covered payroll	\$ 9,766	\$ 9,654	\$ 8,200
Contributions as a percentage of covered payroll	0.08 %	0.08 %	— %

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.

Proportionate Share of the Collective Net OPEB Liability Schedule
Teachers' Retirement System - Retiree Medical Plan
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2020	2019	2018
Primary government's proportion of the collective net OPEB liability	0.45 %	0.40 %	0.36 %
Component unit's proportion of the collective net OPEB liability	2.46 %	2.28 %	2.30 %
Primary government's proportionate share of the collective net OPEB liability (asset)	\$ (17)	\$ (13)	\$ (17)
Component unit's proportionate share of the collective net OPEB liability (asset)	\$ (94)	\$ (73)	\$ (109)
Primary government's covered payroll	\$ 1,738	\$ 1,314	\$ 1,246
Component unit's covered payroll	\$ 9,654	\$ 9,654	\$ 8,200
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.98 %	0.99 %	1.36 %
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.97 %	0.76 %	1.33 %
Plan fiduciary net position as a percentage of the total OPEB liability	110.03 %	— %	— %

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 - Retiree Medical Plan
Last Ten Fiscal Years
(Stated in Thousands)

STATEMENT 2.27

	2020	2019	2018
Primary Government			
Statutorily required contribution	\$ 20	\$ 14	\$ 13
Contributions in relation to the statutorily required contribution	20	14	13
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 1,782	\$ 1,738	\$ 1,328
Contributions as a percentage of covered payroll	1.12 %	0.81 %	0.98 %
Component Units			
Statutorily required contribution	\$ 106	\$ 76	\$ 75
Contributions in relation to the statutorily required contribution	103	76	75
Contribution deficiency (excess)	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 9,766	\$ 9,654	\$ 8,200
Contributions as a percentage of covered payroll	1.05 %	0.79 %	0.91 %

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.

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.

Changes in the Net Pension Liability and Related Ratios Schedule
Judicial Retirement System - Pension
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 6,351	\$ 6,452	\$ 6,227	\$ 6,025	\$ 5,814
Interest	16,653	17,331	16,449	16,417	15,564
Differences between expected and actual experience	—	(12,076)	—	(10,791)	—
Changes of assumptions	—	10,344	—	—	—
Benefit payments, including refunds of employee contributions	(13,628)	(12,126)	(11,589)	(11,228)	(10,684)
Net change in total pension liability	9,376	9,925	11,087	423	10,694
Total pension liability - beginning	226,560	216,635	205,548	205,125	194,431
Total pension liability - ending (a)	235,936	226,560	216,635	205,548	205,125
Plan fiduciary net position					
Contributions - employer	10,257	10,528	11,086	11,710	10,222
Contributions - employee	813	833	886	802	811
Net investment income	10,448	13,590	18,910	(567)	4,349
Other income	—	—	—	2	—
Benefit payments, including refunds of employee contributions	(13,628)	(12,126)	(11,589)	(11,228)	(10,684)
Administrative expenses	(59)	(63)	(79)	(60)	(86)
Net change in plan fiduciary net position	7,831	12,762	19,214	659	4,612
Plan fiduciary net position - beginning	176,795	164,033	144,819	144,160	139,548
Plan fiduciary net position - ending (b)	184,626	176,795	164,033	144,819	144,160
State's net pension liability - ending (a) - (b)	\$ 51,310	\$ 49,765	\$ 52,602	\$ 60,729	\$ 60,965
Plan fiduciary net position as a percentage of the total pension liability	78.25 %	78.03 %	75.72 %	70.46 %	70.28 %
Covered payroll	\$ 13,393	\$ 14,599	\$ 14,089	\$ 13,597	\$ 13,507
State's net pension liability as a percentage of covered payroll	383.11 %	340.88 %	373.36 %	446.64 %	451.36 %

This statement continued on next page.

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Changes in the Net Pension Liability and Related Ratios Schedule
Judicial Retirement System - Pension
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2015
Total pension liability	
Service cost	\$ 5,186
Interest	15,320
Differences between expected and actual experience	(3,741)
Changes of assumptions	1,407
Benefit payments, including refunds of employee contributions	(10,578)
Net change in total pension liability	7,594
Total pension liability - beginning	186,837
Total pension liability - ending (a)	194,431
Plan fiduciary net position	
Contributions - employer	8,862
Contributions - employee	780
Net investment income	21,845
Other income	—
Benefit payments, including refunds of employee contributions	(10,578)
Administrative expenses	(66)
Net change in plan fiduciary net position	20,843
Plan fiduciary net position - beginning	118,705
Plan fiduciary net position - ending (b)	139,548
State's net pension liability - ending (a) - (b)	\$ 54,883
Plan fiduciary net position as a percentage of the total pension liability	71.77 %
Covered payroll	\$ 13,731
State's net pension liability as a percentage of covered payroll	399.70 %

STATE OF ALASKA
Employer Contributions Schedule
Judicial Retirement System - Pension
Last Ten Fiscal Years
(Stated in Thousands)

STATEMENT 2.31

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 9,388	\$ 9,454	\$ 10,632	\$ 10,471	\$ 11,183
Contributions in relation to the actuarially determined contribution	11,127	10,257	10,286	11,086	11,710
Contribution deficiency (excess)	<u>\$ (1,739)</u>	<u>\$ (803)</u>	<u>\$ 346</u>	<u>\$ (615)</u>	<u>\$ (527)</u>
Covered payroll	\$ 13,527	\$ 13,393	\$ 14,599	\$ 14,089	\$ 13,996
Contributions as a percentage of covered payroll	82.26 %	76.58 %	70.46 %	78.69 %	83.67 %

This statement continued on next page.

STATE OF ALASKA
Employer Contributions Schedule
Judicial Retirement System - Pension
Last Ten Fiscal Years
(Stated in Thousands)

STATEMENT 2.31

	2015	2014	2013	2012
Actuarially determined contribution	\$ 10,329	\$ 9,156	\$ 8,367	\$ 5,052
Contributions in relation to the actuarially determined contribution	10,222	8,862	8,094	5,419
Contribution deficiency (excess)	<u>\$ 107</u>	<u>\$ 294</u>	<u>\$ 273</u>	<u>\$ (367)</u>
Covered payroll	\$ 13,507	\$ 13,731	\$ 13,289	\$ 11,803
Contributions as a percentage of covered payroll	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.

The Notes to Required Schedule on the next page are an integral part of this statement.

STATE OF ALASKA
Employer Contributions Schedule
Judicial Retirement System - Pension
Last Ten Fiscal Years
(Stated in Thousands)

STATEMENT 2.31

Notes to required schedule

Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

Actuarial Assumptions

The demographic and economic assumptions used in the June 30, 2018 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board in January 2019 based on the experience study for the period July 1, 2013 to June 30, 2017.

Investment Return	7.38% per year, net of investment expenses.
Salary Scale	3.62% per year.
Payroll Growth	2.75% per year.
Total Inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 2.50% annually.
Compensation and Benefit Limit Increases	Compensation is limited to the IRC 401(a)(17) amount, which was \$275,000 for 2018. This limit is assumed to increase 2.50% each year thereafter. Benefits are limited to the IRC 415 amount, which was \$220,000 for 2018. This limit is assumed to increase 2.50% each year thereafter.
Benefit Payment Increases	Benefits for retired members are assumed to increase 3.62% per year.
Mortality (Pre-Termination)	Mortality rates based upon the 2013-2017 actual experience. RP-2014 white-collar employee table projected with MP-2017 generational improvement.
Mortality (Post-Termination)	Mortality rates based upon the 2013-2017 actual experience. 93% of male and 90% of female rates of RP-2014 white-collar healthy annuitant table projected with MP-2017 generational improvement.
Turnover	3% if service is less than 10 years, 1% otherwise.
Disability	Incidence rates in accordance with Table 1. Post-disability mortality in accordance with the RP-2014 disabled table projected with MP-2017 generational improvement.
Retirement	Retirement rates based upon the 2010-2013 experience (see Table 2). Deferred vested members are assumed to retire at age 60.
Form of Payment	Married members are assumed to choose the 50% Joint and Survivor benefit option. Single members are assumed to choose the Modified Cash Refund Annuity.
Refund of Contributions	0% of terminating members with vested benefits are assumed to have their contributions refunded. 100% of those with non-vested benefits are assumed to have their contributions refunded.
Spouse Age Difference	Males are assumed to be four years older than their wives. Females are assumed to be four years younger than husbands.
Percent Married for Pension	90% of male members and 70% of female members are assumed to be married at termination from active service.

Imputed Data

Data changes from the prior year which are deemed to have an immaterial impact on liabilities and contribution rates are assumed to be correct in the current year's client data. Non-vested terminations with appropriate refund dates are assumed to have received a full refund of contributions. Active members with missing salary and service are assumed to be terminated with status based on their vesting percentage.

Expenses

The investment return assumption is net of investment expenses.

Changes in Assumptions Since the Prior Valuation

Effective for the June 30, 2018 valuation, the Board adopted changes to the demographic and economic assumptions recommended by the actuary, based on the results of an experience study performed on the population experience from July 1, 2013 to June 30, 2017. The changes in assumptions were adopted at the January 2019 Board meeting.

Changes in the Net OPEB Liability and Related Ratios Schedule
Judicial Retirement System - Alaska Retiree Healthcare Trust Plan
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 801	\$ 690	\$ 734
Interest	1,270	1,391	1,318
Differences between expected and actual experience	(73)	(1,865)	83
Changes of assumptions	—	710	—
Retiree Drug Subsidy	74	21	64
Pharmacy Rebates	22	—	62
Benefit payments, including refunds of employee contributions	(979)	(1,576)	(1,031)
Net change in total OPEB liability	1,115	(629)	1,230
Total OPEB liability - beginning	16,847	17,476	16,246
Total OPEB liability - ending (a)	17,962	16,847	17,476
Plan fiduciary net position			
Contributions - employer	591	621	628
Net investment income	1,901	2,455	3,470
Other income	(978)	21	127
Benefit payments, including refunds of employee contributions	(18)	(1,576)	(1,031)
Administrative expenses	99	(15)	(51)
Net change in plan fiduciary net position	1,595	1,506	3,143
Plan fiduciary net position - beginning	31,497	29,991	26,848
Plan fiduciary net position - ending (b)	33,092	31,497	29,991
State's net OPEB liability - ending (a) - (b)	<u>\$ (15,130)</u>	<u>\$ (14,650)</u>	<u>\$ (12,515)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	184.23 %	186.96 %	171.61 %
Covered payroll	\$ 13,393	\$ 14,599	\$ 14,089
State's net OPEB liability as a percentage of covered payroll	(112.97)%	(100.35)%	(88.83)%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule

Judicial Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 579	\$ 599	\$ 632	\$ 631	\$ 501
Contributions in relation to the actuarially determined contribution	730	591	594	628	508
Contribution deficiency (excess)	<u>\$ (151)</u>	<u>\$ 8</u>	<u>\$ 38</u>	<u>\$ 3</u>	<u>\$ (7)</u>
Covered payroll	\$ 13,527	\$ 13,393	\$ 14,599	\$ 14,089	\$ 13,996
Contributions as a percentage of covered payroll	5.40 %	4.41 %	4.07 %	4.46 %	3.63 %

This statement continued on next page.

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule

Judicial Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2015	2014	2013	2012
Actuarially determined contribution	\$ 313	\$ 1,094	\$ 723	\$ 1,433
Contributions in relation to the actuarially determined contribution	520	882	834	599
Contribution deficiency (excess)	<u>\$ (207)</u>	<u>\$ 212</u>	<u>\$ (111)</u>	<u>\$ 834</u>
Covered payroll	\$ 13,507	\$ 13,731	\$ 13,289	\$ 11,803
Contributions as a percentage of covered payroll	3.85 %	6.42 %	6.28 %	5.07 %

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

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)

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 496	\$ 611	\$ 611	\$ 603	\$ 604
Interest	1,497	2,266	2,170	2,660	2,554
Differences between expected and actual experience	—	(12,218)	—	(8,659)	—
Changes of assumptions	—	(174)	—	—	—
Benefit payments, including refunds of employee contributions	(1,344)	(1,360)	(1,485)	(1,729)	(1,564)
Net change in total pension liability	649	(10,875)	1,296	(7,125)	1,594
Total pension liability - beginning	21,604	32,480	31,184	38,309	36,715
Total pension liability - ending (a)	22,253	21,605	32,480	31,184	38,309
Plan fiduciary net position					
Contributions - employer	852	907	866	735	628
Net investment income	2,321	1,965	3,182	182	590
Benefit payments, including refunds of employee contributions	(1,344)	(1,360)	(1,485)	(1,729)	(1,564)
Administrative expenses	(282)	(226)	(257)	(242)	(241)
Net change in plan fiduciary net position	1,547	1,286	2,306	(1,054)	(587)
Plan fiduciary net position - beginning	39,418	38,132	35,826	36,880	37,467
Plan fiduciary net position - ending (b)	40,965	39,418	38,132	35,826	36,880
State's net pension liability - ending (a) - (b)	\$ (18,712)	\$ (17,813)	\$ (5,652)	\$ (4,642)	\$ 1,429
Plan fiduciary net position as a percentage of the total pension liability	184.09 %	182.45 %	117.40 %	114.89 %	96.27 %
Covered payroll	N/A	N/A	N/A	N/A	N/A
State's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

This statement continued on next page.

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

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)

	<u>2015</u>
Total pension liability	
Service cost	\$ 632
Interest	2,363
Differences between expected and actual experience	241
Changes of assumptions	27
Benefit payments, including refunds of employee contributions	<u>(1,611)</u>
Net change in total pension liability	1,652
Total pension liability - beginning	<u>35,063</u>
Total pension liability - ending (a)	<u>36,715</u>
Plan fiduciary net position	
Contributions - employer	740
Net investment income	4,528
Benefit payments, including refunds of employee contributions	(1,611)
Administrative expenses	<u>(223)</u>
Net change in plan fiduciary net position	3,434
Plan fiduciary net position - beginning	<u>34,033</u>
Plan fiduciary net position - ending (b)	<u>37,467</u>
State's net pension liability - ending (a) - (b)	<u>\$ (752)</u>
Plan fiduciary net position as a percentage of the total pension liability	102.05 %
Covered payroll	N/A
State's net pension liability as a percentage of covered payroll	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)

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 861	\$ 852	\$ 907	\$ 867	\$ 735
Contributions in relation to the actuarially determined contribution	861	852	907	867	735
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

This statement continued on next page.

STATE OF ALASKA

STATEMENT 2.41

Employer Contributions Schedule

Alaska National Guard and Alaska Naval Militia Retirement System

Last Ten Fiscal Years

(Stated in Thousands)

	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 627	\$ 475	\$ 431	\$ 896	\$ 965
Contributions in relation to the actuarially determined contribution	627	740	739	896	965
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ (265)</u>	<u>\$ (308)</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

The Notes to Required Schedule on the next page are an integral part of this statement.

Employer Contributions Schedule

Alaska National Guard and Alaska Naval Militia Retirement System

Last Ten Fiscal Years

(Stated in Thousands)

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.

Actuarial Assumptions

The demographic and economic assumptions used in the June 30, 2018 valuation are described below. Unless noted otherwise, these assumptions were adopted by the Board in January 2019 based on the experience study for the period July 1, 2013 to June 30, 2017.

Investment Return	7.00% per year, net of investment expenses.						
Mortality (Pre-Termination)	100% (male and female) of RP-2014 employee table with MP-2017 generational improvement.						
Mortality (Post-Termination)	91% of male and 96% of female rates of RP-2014 healthy annuitant table with MP-2017 generational improvement.						
Mortality (Disability)	RP-2014 disabled table with MP-2017 generational improvement.						
Inflation Rate	Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 3.12% annually.						
Administrative Expenses	The expense load is equal to the average of the prior 2 years actual administrative expenses rounded to the nearest \$1,000 as follows: Fiscal Year Ending June 30 <table style="margin-left: 20px;"> <tr> <td>2017</td> <td>257,396</td> </tr> <tr> <td>2018</td> <td>226,466</td> </tr> <tr> <td>Total</td> <td>\$ 483,862/2 = \$ 242,000 Expense Load (Rounded)</td> </tr> </table>	2017	257,396	2018	226,466	Total	\$ 483,862/2 = \$ 242,000 Expense Load (Rounded)
2017	257,396						
2018	226,466						
Total	\$ 483,862/2 = \$ 242,000 Expense Load (Rounded)						
Turnover	Ultimate rates of turnover based upon the 2013-2017 actual experience.						
Disability	Incidence rates based upon the 2013-2017 actual experience of the State of Alaska Public Employees' Retirement System.						
Retirement	Retirement rates based upon the 2013-2017 actual experience.						
Form of Payment	70% of members are assumed to elect a lump sum benefit, 30% of members are assumed to elect a monthly annuity with the number of payments equal to the number of months they were active in the Plan. A lump sum of the remaining payments is paid if the member should die while receiving payments. Lump sums are calculated based on a 7% discount rate using post-termination healthy mortality for retirement benefits and disability mortality for disability benefits.						

Changes in Actuarial Assumptions Since the Prior Valuation

Effective for the June 30, 2018 valuation, the Board adopted changes to the demographic and economic assumption recommended by the actuary, based on the results of an experience analysis performed on the population experience from July 1, 2013 to June 30, 2017. The changes in assumptions were adopted by the Board during the January 2019 Board meeting.

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)

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 5,835	\$ 5,676	\$ 5,777	\$ 5,853	\$ 5,834
Interest	16,059	15,221	14,230	13,244	11,832
Changes of benefits terms	—	—	154	—	—
Differences between expected and actual experience	(496)	(2,321)	(482)	6,368	—
Changes of assumptions	16,396	—	272	—	—
Benefit payments, including refunds of employee contributions	(8,086)	(7,062)	(6,197)	(5,541)	(4,920)
Net change in total pension liability	29,708	11,514	13,754	19,924	12,746
Total pension liability - beginning	212,322	200,808	187,054	167,130	154,384
Total pension liability - ending (a)	242,030	212,322	200,808	187,054	167,130
Plan fiduciary net position					
Contributions - employer	5,220	3,555	4,051	4,163	3,571
Contributions - employee	4,477	4,341	4,302	4,383	4,290
Net investment income	32,628	(8,075)	22,088	11,774	(199)
Benefit payments, including refunds of employee contributions	(8,086)	(7,062)	(6,197)	(5,541)	(4,920)
Administrative expenses	(269)	(312)	(409)	(593)	(550)
Net change in plan fiduciary net position	33,970	(7,553)	23,835	14,186	2,192
Plan fiduciary net position - beginning	177,870	185,423	161,588	147,402	145,210
Plan fiduciary net position - ending (b)	211,840	177,870	185,423	161,588	147,402
State's net pension liability - ending (a) - (b)	\$ 30,190	\$ 34,452	\$ 15,385	\$ 25,466	\$ 19,728
Plan fiduciary net position as a percentage of the total pension liability	87.53 %	83.77 %	92.34 %	86.39 %	88.20 %
Covered payroll	\$ 48,228	\$ 48,228	\$ 47,804	\$ 48,705	\$ 47,660
State's net pension liability as a percentage of covered payroll	62.60 %	71.44 %	32.18 %	52.29 %	41.39 %

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule

Alaska Railroad Corporation Defined Benefits Pension Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 5,220	\$ 3,555	\$ 4,051	\$ 4,163	\$ 3,571
Contributions in relation to the actuarially determined contribution	5,220	3,555	4,051	4,163	3,571
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	49,739	48,288	47,804	48,705	47,660
Contributions as a percentage of covered payroll	10.49%	7.36%	8.47%	8.55%	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.

Changes in the Net OPEB Liability and Related Ratios Schedule

Alaska Railroad Corporation Defined Benefits Postretirement Medical Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2020	2019	2018	2017	2016
Total OPEB liability					
Service cost	\$ 529	\$ 599	\$ 700	\$ 699	\$ 633
Interest	1,003	981	1,095	985	1,021
Changes of benefits terms	—	—	526	—	—
Differences between expected and actual experience	(1,998)	(4,511)	(165)	(1,832)	—
Changes of assumptions	1,186	1,461	—	1,442	—
Benefit payments, including refunds of employee contributions	(371)	(350)	(331)	(506)	(193)
Net change in total OPEB liability	349	(1,820)	1,825	788	1,461
Total OPEB liability - beginning	15,332	17,152	15,327	14,539	13,078
Total OPEB liability - ending (a)	15,681	15,332	17,152	15,327	14,539
Plan fiduciary net position					
Contributions - employer	—	—	—	—	—
Net investment income	6,096	(958)	4,295	2,670	(384)
Benefit payments, including refunds of employee contributions	(371)	(350)	(331)	(506)	(193)
Administrative expenses	(59)	(71)	(77)	(66)	(48)
Net change in plan fiduciary net position	5,666	(1,379)	3,887	2,098	(625)
Plan fiduciary net position - beginning	45,248	46,627	42,740	40,642	41,267
Plan fiduciary net position - ending (b)	50,914	45,248	46,627	42,740	40,642
State's net OPEB liability - ending (a) - (b)	\$ (35,233)	\$ (29,916)	\$ (29,475)	\$ (27,413)	\$ (26,103)
Plan fiduciary net position as a percentage of the total OPEB liability	324.69 %	295.12 %	271.85 %	278.85 %	279.54 %
Covered payroll	\$ 33,444	\$ 33,444	\$ 35,292	\$ 46,941	\$ 47,660
State's net OPEB liability as a percentage of covered payroll	(105.35)%	(89.45)%	(83.52)%	(58.40)%	(54.77)%

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Employer Contributions Schedule

Alaska Railroad Corporation Defined Benefits Postretirement Medical Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the actuarially determined contribution	—	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	32,154	33,444	35,292	46,941	47,660
Contributions as a percentage of covered payroll	— %	— %	— %	— %	— %

This schedule is intended to present information for ten years. Additional years will be displayed as they become available.

Notes to required schedule

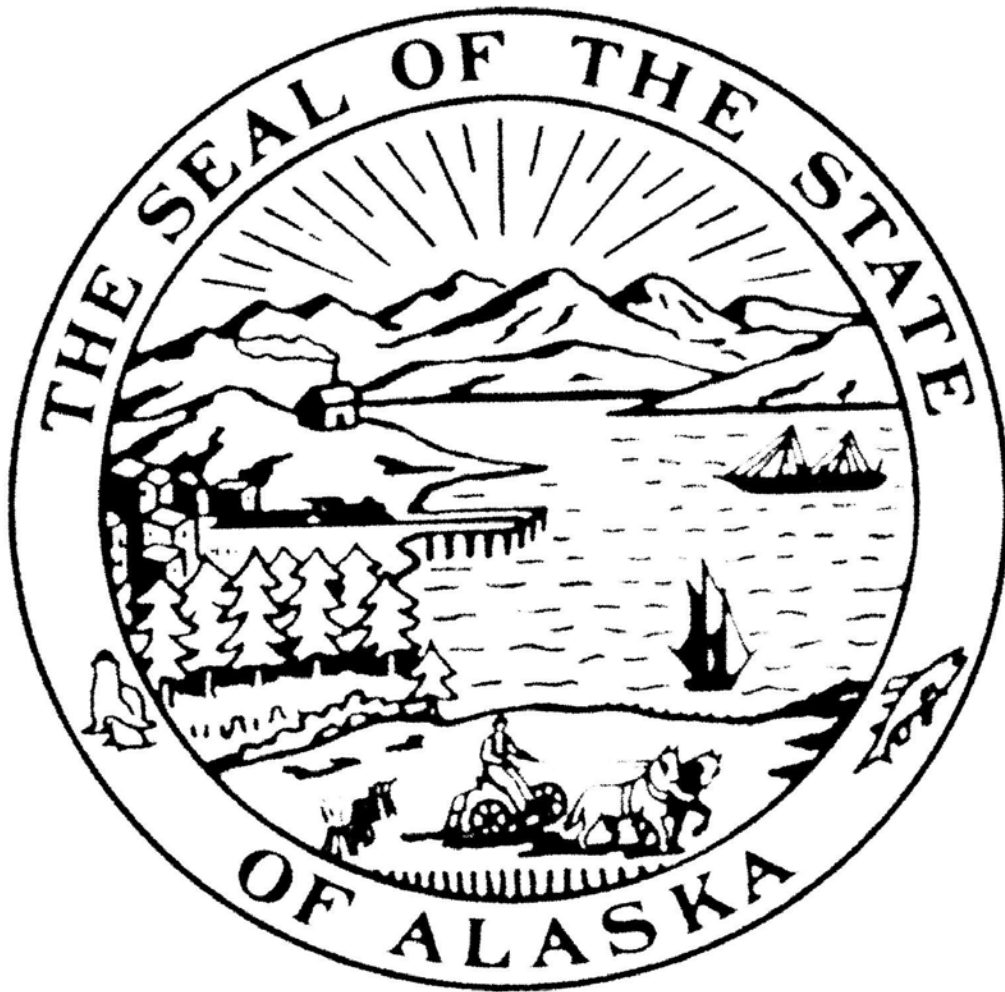
Significant methods and assumptions used in calculating the actuarially determined contribution are presented in Note 6.

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.

Combining Fund Section





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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.

- **1 Cent Response Surcharge Fund (Fund 3388)** - AS 46.080.020, AS 43.55.201 - This fund is established to deposit the surcharge of \$.01 per barrel of oil produced from each lease or property in the state, less any oil the ownership or right to which is exempt from taxation.
- **4 Cent Prevention Surcharge Fund (Fund 3389)** - AS 46.08.020, AS 43.55.300 - This fund is established to deposit the surcharge of \$.04 per barrel of oil produced from each lease or property in the state, less any oil the ownership or right to which is exempt from taxation.
- **Abandoned Motor Vehicles Fund (Fund 3223)** - AS 28.11.110 - Administered by the Department of Administration (DOA). 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 (DOT&PF) 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 (DOR). 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 Comprehensive Health Insurance Fund (Fund 1248)** - AS 21.55.430 - Administered by the Department of Commerce, Community, and Economic Development (DCCED). The fund is established for the purpose of payment for claims under the reimbursement program.
- **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 (DEED). 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 (DNR). 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 DOT&PF, 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 DOR. 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 Technical and Vocational Education Program Fund (Fund 1151)** - AS 23.15.830 - Administered by the Department of Labor and Workforce Development (DOLWD). 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 DOT&PF. 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 (DMVA). 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 DHSS. 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 DOA. 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 DOLWD, 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.
- **Aviation Fuel Tax Fund (Fund 1239)** - AS 43.40.010(e) - This fund is established to deposit the 40 percent of all proceeds of the motor fuel taxes on aviation fuel shall be paid into a special aviation fuel tax account in the state general fund.
- **Building Safety Account (Fund 1172)** - AS 44.31.025 - Administered by the DOLWD. 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 DOLWD 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 (DEC). 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 1206)** - AS 43.35.220, AS 43.52.230(a) - Administered by the DOR. 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 Assistance Fund (Fund 3220)** - AS 29.60.850 - Administered by the DCCED. 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 DOR. 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 (DPS), 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.
- **Derelict Vessel Prevention Program Fund (Fund 3391)** - AS 30.30.096 - Administered by the Department of Transportation and Public Facilities. The fund consists of money appropriated through donations, vessel sales, civil penalties, income from the fund and other program receipts, and boat registration fees. The purpose of the fund is to allow for reimbursing state and local governments for expenses related to removing derelict vessels from state and municipality property and waters; and developing, implementing, and subsidizing incentive programs and projects intended for derelict vessel prevention.
- **Disaster Relief Fund (Fund 1116)** - AS 26.23.300 - Administered by the Office of the Governor and the DMVA. This fund provides resources to alleviate the effects of disasters wherever and whenever they may occur in the State.
- **Dividend Raffle Fund (Fund 1257)** - AS 43.23.230 - Administered by the Department of Revenue. This fund consists of annual donations of part or all of an applicant's permanent fund dividend for educational purposes and to participate in the permanent fund dividend raffle. Donations are appropriated as follows: 25 percent to the Education Endowment Fund; 25 percent to the Dividend Raffle Fund; and 50 percent to the Department of Education and Early Development for supplemental grant distribution to school districts.
- **Donated Commodity Fee Fund (Fund 1014)** - USC 7 CFR, Part 250 - Administered by the DEED. 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.
- **Education Endowment Fund (Fund 1256)** - AS 43.23.220 - Administered by the Department of Revenue. The fund consists of a percentage of the money donated through the Dividend Raffle Fund and other appropriated money. The purpose of the fund is to allow for supplemental grant distribution to school districts.
- **Educational Facilities Maintenance and Construction Fund (Fund 1083)** - AS 37.05.560 - Administered by the DEED. 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 DOLWD. 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 DOA. 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 DEED. 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 DEED. The fund is used to make grants for the cost of school major maintenance.
- **Marijuana Education and Treatment Fund (Fund 1254)** - AS 43.61.010. Administered by the Department of Administration. The fund consists of 25 percent of money collected under the marijuana tax. The purpose of the fund is to provide money for comprehensive marijuana education and treatment programs.
- **Memorial Education Revolving Loan Fund (Fund 3226)** - AS 14.43.255 - Administered by the DEED. 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 DCCED. 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 DOT&PF. 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 DOR. 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 1052 and 3208)** - AS 46.08.010 - Administered by the DEC. 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 DEC. 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 DEC. 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 DCCED. 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.
- **Peace Officer and Firefighter Survivor's Fund (Fund 3387)** - AS 39.60.010 - This fund is established within the DPS for the purpose of paying medical insurance premiums for an eligible surviving spouse or dependent child of a peace officer or a firefighter.
- **Permanent Fund Dividend Fund (Fund 1050)** - AS 43.23.045 - Administered by the DOR. 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 DEED. 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 DOR. 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 DOLWD. 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 DCCED. 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.
- **Recidivism Reduction Fund (Fund 1246)** - AS 43.61.010(c) - Administered by the Department of Administration. This fund is established to deposit 50 percent of the tax collected under the marijuana tax into this fund for recidivism reduction programs.
- **Regional Educational Attendance Area School Fund (Fund 1222)** - AS 14.11.030 - Administered by the DEED 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 DEED. 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 DOA. 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 DNR. The fund consists of revenue from the state land disposal program.
- **State Land Reforestation Fund (Fund 1019)** - AS 41.17.300 - Administered by the DNR. 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 DOR. 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 DOA. 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 DHSS. 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 DOLWD. 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 DHSS. 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 DCCED. 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 DHSS. 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 DOLWD, DVR. 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 DOLWD. 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 DOLWD. 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.



STATE OF ALASKA
Combining Balance Sheet
General Fund
June 30, 2020
(Stated in Thousands)

STATEMENT 3.01

	General Fund						Total General Fund
	Constitutional Budget Reserve Subfund	Statutory Budget Reserve Subfund	Permanent Fund Dividend Subfund	Public Education Subfund	General and all Other Subfunds	Eliminations of Internal Balances	
ASSETS							
Cash and Investments	\$ 1,982,400	\$ 25,123	\$ 650,189	\$ 1,949	\$ 1,996,769	\$ —	\$ 4,656,430
Accounts Receivable - Net	8	—	—	—	176,589	—	176,597
Interest and Dividends Receivable	826	—	80	—	1,645	—	2,551
Due from Other Funds	12,861,096	7,288	—	37	1,842,604	(14,675,843)	35,182
Due from Component Units	—	—	—	—	1,065,602	—	1,065,602
Due from Other Governments	—	—	—	—	692,009	—	692,009
Loans, Notes, and Bonds Receivable	—	—	—	—	18,516	—	18,516
Inventories	—	—	—	—	23,232	—	23,232
Other Assets	—	—	1	—	487,047	—	487,048
Total Assets	14,844,330	32,411	650,270	1,986	6,304,013	(14,675,843)	7,157,167
LIABILITIES							
Accounts Payable and Accrued Liabilities	2,993	527	11,186	—	1,553,649	—	1,568,355
Due to Other Funds	1,170,209	—	637,213	—	12,970,443	(14,675,843)	102,022
Due to Component Units	—	26	—	—	23,624	—	23,650
Unearned Revenue	46	—	302	—	1,218,778	—	1,219,126
Other Liabilities	—	—	48	—	2,612	—	2,660
Total Liabilities	1,173,248	553	648,749	—	15,769,106	(14,675,843)	2,915,813
DEFERRED INFLOWS OF RESOURCES							
Total Deferred Inflows of Resources	—	—	—	—	258,500	—	258,500
FUND BALANCES							
Nonspendable:							
Inventory	—	—	—	—	23,232	—	23,232
Advances and Prepaid Items	10,564,146	—	—	—	486,854	(10,564,146)	486,854
Restricted for:							
Debt Service	—	—	—	—	4,678	—	4,678
Education	—	—	—	—	16,192	—	16,192
Health and Human Services	—	—	—	—	725	—	725
Development	—	—	—	—	12,399	—	12,399
Other Purposes	—	—	—	—	9,768	—	9,768
Committed to:							
Education	—	—	—	1,986	238,443	—	240,429
Health and Human Services	94,592	10,617	—	—	182,164	—	287,373
Public Protection	3,429	2,440	—	—	151,959	—	157,828
Permanent Fund	—	—	1,521	—	(1)	—	1,520
Development	61,326	17,679	—	—	654,109	—	733,114
Other Purposes	3,030	1,122	—	—	93,809	—	97,961
Unassigned	2,944,559	—	—	—	(11,597,924)	10,564,146	1,910,781
Total Fund Balances	13,671,082	31,858	1,521	1,986	(9,723,593)	—	3,982,854
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 14,844,330	\$ 32,411	\$ 650,270	\$ 1,986	\$ 6,304,013	\$ (14,675,843)	\$ 7,157,167

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

General Fund

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	General Fund						Total General Fund
	Constitutional Budget Reserve Subfund	Statutory Budget Reserve Subfund	Permanent Fund Dividend Subfund	Public Education Subfund	General and all Other Subfunds	Eliminations of Internal Balances	
REVENUES							
Taxes	\$ 148,417	\$ —	\$ —	\$ —	\$ 861,628	\$ —	\$ 1,010,045
Licenses and Permits	—	—	—	—	128,506	—	128,506
Charges for Services	—	—	634	127	152,023	—	152,784
Fines and Forfeitures	(4,857)	—	76	—	25,479	—	20,698
Rents and Royalties	2,272	—	—	—	719,448	—	721,720
Premiums and Contributions	—	—	—	—	29,751	—	29,751
Interest and Investment Income (Loss)	217,142	—	—	—	56,846	—	273,988
Federal Grants in Aid	—	—	—	—	3,615,881	—	3,615,881
Payments In from Component Units	—	—	—	—	66,687	—	66,687
Other Revenues	—	—	1	—	43,790	—	43,791
Total Revenues	<u>362,974</u>	<u>—</u>	<u>711</u>	<u>127</u>	<u>5,700,039</u>	<u>—</u>	<u>6,063,851</u>
EXPENDITURES							
Current:							
General Government	9,170	360	9,629	—	340,857	—	360,016
Alaska Permanent Fund Dividend	—	—	1,024,587	—	—	—	1,024,587
Education	—	—	—	1,256,806	577,154	—	1,833,960
University	—	—	—	—	345,327	—	345,327
Health and Human Services	268	2,758	15,418	—	3,388,528	—	3,406,972
Law and Justice	226	102	—	—	248,430	—	248,758
Public Protection	278	—	17,804	—	872,137	—	890,219
Natural Resources	371	59	—	—	275,063	—	275,493
Development	7,489	14	—	—	126,310	—	133,813
Transportation	19,965	108	—	—	1,135,858	—	1,155,931
Intergovernmental Revenue Sharing	—	—	—	—	106,977	—	106,977
Debt Service:							
Principal	—	—	—	—	37,633	—	37,633
Interest and Other Charges	—	—	—	—	12,994	—	12,994
Total Expenditures	<u>37,767</u>	<u>3,401</u>	<u>1,067,438</u>	<u>1,256,806</u>	<u>7,467,268</u>	<u>—</u>	<u>9,832,680</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>325,207</u>	<u>(3,401)</u>	<u>(1,066,727)</u>	<u>(1,256,679)</u>	<u>(1,767,229)</u>	<u>—</u>	<u>(3,768,829)</u>
OTHER FINANCING SOURCES (USES)							
Capital Leases	—	—	—	—	13,811	—	13,811
Transfers In from Other Funds	42,767	177,167	1,068,817	1,245,000	2,337,934	(1,917,966)	2,953,719
Transfers (Out to) Other Funds	—	(172,347)	(2,106)	—	(1,816,685)	1,917,966	(73,172)
Total Other Financing Sources and Uses	<u>42,767</u>	<u>4,820</u>	<u>1,066,711</u>	<u>1,245,000</u>	<u>535,060</u>	<u>—</u>	<u>2,894,358</u>
Net Change in Fund Balances	<u>367,974</u>	<u>1,419</u>	<u>(16)</u>	<u>(11,679)</u>	<u>(1,232,169)</u>	<u>—</u>	<u>(874,471)</u>
Fund Balances - Beginning of Year	<u>13,303,108</u>	<u>30,439</u>	<u>1,537</u>	<u>13,665</u>	<u>(8,491,424)</u>	<u>—</u>	<u>4,857,325</u>
Fund Balances - End of Year	<u>\$ 13,671,082</u>	<u>\$ 31,858</u>	<u>\$ 1,521</u>	<u>\$ 1,986</u>	<u>\$ (9,723,593)</u>	<u>\$ —</u>	<u>\$ 3,982,854</u>

Nonmajor Governmental Funds



STATE OF ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020
(Stated in Thousands)

STATEMENT 3.11

	Permanent Fund				Total Nonmajor Governmental Funds
	Public School Trust Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
ASSETS					
Cash and Investments	\$ 688,111	\$ 119,636	\$ 37,516	\$ 32,541	\$ 877,804
Accounts Receivable - Net	324	1,126	—	—	1,450
Interest and Dividends Receivable	1	6	5	18	30
Due from Other Funds	168	5,501	—	—	5,669
Due from Other Governments	—	519	—	—	519
Loans, Notes, and Bonds Receivable	80	—	—	—	80
Other Assets	—	5,919	—	—	5,919
Total Assets	688,684	132,707	37,521	32,559	891,471
LIABILITIES					
Accounts Payable and Accrued Liabilities	80	9,277	—	14,838	24,195
Due to Other Funds	—	5,555	—	584	6,139
Unearned Revenue	173	550	—	—	723
Other Liabilities	—	775	—	—	775
Total Liabilities	253	16,157	—	15,422	31,832
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	105	134	—	—	239

STATE OF ALASKA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020
(Stated in Thousands)

STATEMENT 3.11

	Permanent Fund				Total Nonmajor Governmental Funds
	Public School Trust Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
FUND BALANCES					
Nonspendable:					
Principal	688,435	—	—	—	688,435
Advances and Prepaid Items	—	5,888	—	—	5,888
Restricted for:					
Debt Service	—	—	37,521	—	37,521
Education	—	1,126	—	243	1,369
Health and Human Services	—	18,157	—	—	18,157
Development	—	41,183	—	16,894	58,077
Other Purposes	—	198	—	—	198
Committed to:					
Education	—	2,927	—	—	2,927
Public Protection	—	916	—	—	916
Development	—	46,211	—	—	46,211
Unassigned	(109)	(190)	—	—	(299)
Total Fund Balances	688,326	116,416	37,521	17,137	859,400
Total Liabilities and Fund Balances	\$ 688,684	\$ 132,707	\$ 37,521	\$ 32,559	\$ 891,471

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Permanent Fund				Total Nonmajor Governmental Funds
	Public School Trust Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
REVENUES					
Taxes	\$ —	\$ 14,772	\$ —	\$ —	\$ 14,772
Licenses and Permits	—	42,426	—	—	42,426
Charges for Services	—	586	—	—	586
Fines and Forfeitures	—	139	—	—	139
Rents and Royalties	5,215	16,377	—	—	21,592
Premiums and Contributions	—	8,699	—	—	8,699
Interest and Investment Income (Loss)	29,991	1,399	886	1,168	33,444
Federal Grants in Aid	—	447	—	—	447
Other Revenues	—	199	16,052	—	16,251
Total Revenues	35,206	85,044	16,938	1,168	138,356
EXPENDITURES					
Current:					
General Government	136	3,089	—	—	3,225
Education	26,173	17,532	—	—	43,705
University	—	452	—	—	452
Health and Human Services	—	3,497	—	—	3,497
Public Protection	—	951	—	—	951
Natural Resources	—	47,046	—	—	47,046
Development	—	9,538	—	—	9,538
Transportation	—	3,905	—	67,767	71,672
Debt Service:					
Principal	—	—	59,600	—	59,600
Interest and Other Charges	—	—	47,819	—	47,819
Total Expenditures	26,309	86,010	107,419	67,767	287,505
Excess (Deficiency) of Revenues Over Expenditures	8,897	(966)	(90,481)	(66,599)	(149,149)
OTHER FINANCING SOURCES (USES)					
Transfers In from Other Funds	—	680	82,640	—	83,320
Transfers (Out to) Other Funds	—	(4,870)	(64)	(13,827)	(18,761)
Total Other Financing Sources and Uses	—	(4,190)	82,576	(13,827)	64,559
Net Change in Fund Balances	8,897	(5,156)	(7,905)	(80,426)	(84,590)
Fund Balances - Beginning of Year	679,429	121,572	45,426	97,563	943,990
Fund Balances - End of Year	\$ 688,326	\$ 116,416	\$ 37,521	\$ 17,137	\$ 859,400

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 Nonmajor 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, 2020

(Stated in Thousands)

	Public School Trust			Alaska Permanent			Total Permanent Funds		
	Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
REVENUES									
Unrestricted:									
Rents and Royalties	\$ 5,215	\$ 5,215	\$ —	\$ 319,049	\$ 319,049	\$ —	\$ 324,264	\$ 324,264	\$ —
Interest and Investment Income (Loss)	29,991	29,991	—	1,764,636	1,764,636	—	1,794,627	1,794,627	—
Total Revenues	35,206	35,206	—	2,083,685	2,083,685	—	2,118,891	2,118,891	—
EXPENDITURES									
Current:									
General Government	274	142	132	168,397	120,479	47,918	168,671	120,621	48,050
Education	26,168	26,173	(5)	—	—	—	26,168	26,173	(5)
Law and Justice	—	—	—	2,618	1,562	1,056	2,618	1,562	1,056
Natural Resources	—	—	—	6,133	6,133	—	6,133	6,133	—
Total Expenditures	26,442	26,315	127	177,148	128,174	48,974	203,590	154,489	49,101
Excess (Deficiency) of Revenues Over Expenditures	8,764	8,891	(127)	1,906,537	1,955,511	(48,974)	1,915,301	1,964,402	(49,101)
OTHER FINANCING SOURCES (USES)									
Transfers (Out to) Other Funds	—	—	—	(2,953,576)	(2,953,576)	—	(2,953,576)	(2,953,576)	—
Total Other Financing Sources and Uses	—	—	—	(2,953,576)	(2,953,576)	—	(2,953,576)	(2,953,576)	—
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	\$ 8,764	8,891	\$ (127)	\$ (1,047,039)	(998,065)	\$ (48,974)	\$ (1,038,275)	(989,174)	\$ (49,101)
RECONCILIATION OF BUDGETARY/GAAP REPORTING									
Adjust Expenditures for Encumbrances		6			—			6	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		8,897			(998,065)			(989,168)	
Fund Balances - Beginning of Year		679,429			66,300,267			66,979,696	
Fund Balances - End of Year		\$ 688,326			\$65,302,202			\$65,990,528	

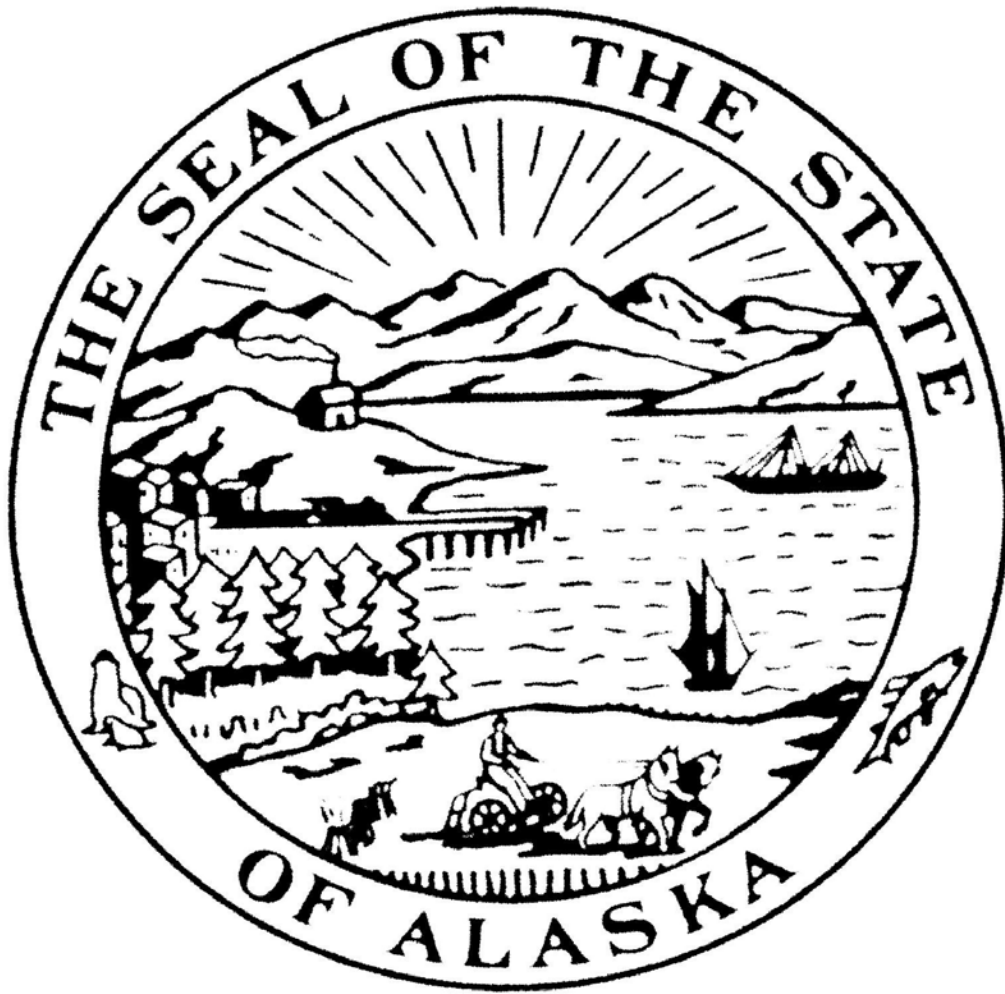
Nonmajor Special Revenue Funds

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 Alaska Housing Finance Corporation (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.
- **Alaska State Council on the Arts (Fund 3392)** - AS 44.27.040 - The fund is established to accept gifts, contributions, and bequests of unrestricted funds from individuals, foundations, corporations, and other organizations or institutions for the purpose of furthering the strategic objectives of the council's programs. The council is the official agency of this state to receive and disburse funds made available by the National Endowment for the Arts.
- **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 (DOR). 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 (DEC). 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 judgment 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 DOR.
- **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 (DF&G). 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 DF&G. 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 (DOLWD). 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 (DNR). 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 DOR 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 DNR. 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 DOR 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 DOLWD. 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, 2020
(Stated in Thousands)

STATEMENT 3.31

	Second Injury	Fishermen's	Fish and Game	School	National Petroleum Reserve	Reclamation Bonding Pool	Clean Air Protection	Exxon Valdez Oil Spill Restoration
ASSETS								
Cash and Investments	\$ 6,228	\$ 12,314	\$ 27,641	\$ 1,563	\$ 42,380	\$ 3,231	\$ 2,332	\$ 1,457
Accounts Receivable - Net	—	—	—	1,126	—	—	—	—
Interest and Dividends Receivable	—	—	—	—	—	—	—	—
Due from Other Funds	—	453	757	1,285	2,020	—	—	—
Due from Other Governments	—	—	—	—	—	—	—	—
Other Assets	—	—	31	—	—	—	—	—
Total Assets	<u>\$ 6,228</u>	<u>\$ 12,767</u>	<u>\$ 28,429</u>	<u>\$ 3,974</u>	<u>\$ 44,400</u>	<u>\$ 3,231</u>	<u>\$ 2,332</u>	<u>\$ 1,457</u>
LIABILITIES								
Accounts Payable and Accrued Liabilities	207	4	2,181	2,848	2,723	—	163	—
Due to Other Funds	627	—	4,280	—	—	—	32	—
Unearned Revenue	—	—	—	—	—	—	—	—
Other Liabilities	—	—	—	—	—	775	—	—
Total Liabilities	<u>834</u>	<u>4</u>	<u>6,461</u>	<u>2,848</u>	<u>2,723</u>	<u>775</u>	<u>195</u>	<u>—</u>
DEFERRED INFLOWS OF RESOURCES								
Total Deferred Inflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
FUND BALANCES								
Nonspendable:								
Advances and Prepaid Items	—	—	—	—	—	—	—	—
Restricted for:								
Education	—	—	—	1,126	—	—	—	—
Health and Human Services	5,394	12,763	—	—	—	—	—	—
Development	—	—	21,968	—	—	2,456	2,137	1,457
Committed to:								
Education	—	—	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—	—	—
Public Protection	—	—	—	—	—	—	—	—
Development	—	—	—	—	41,677	—	—	—
Unassigned	—	—	—	—	—	—	—	—
Total Fund Balances	<u>5,394</u>	<u>12,763</u>	<u>21,968</u>	<u>1,126</u>	<u>41,677</u>	<u>2,456</u>	<u>2,137</u>	<u>1,457</u>
Total Liabilities and Fund Balances	<u>\$ 6,228</u>	<u>\$ 12,767</u>	<u>\$ 28,429</u>	<u>\$ 3,974</u>	<u>\$ 44,400</u>	<u>\$ 3,231</u>	<u>\$ 2,332</u>	<u>\$ 1,457</u>

This statement continued on next page.

STATE OF ALASKA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020
(Stated in Thousands)

STATEMENT 3.31

	Alyeska Settlement Trust	Exxon Valdez Settlement Trust	Northern Tobacco Securitization Corporation	Mine Reclamation Trust	Alaska Housing Capital Corporation	Alaska State Council on the Arts	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and Investments	\$ 3,820	\$ 8,756	\$ 198	\$ 1,302	\$ 8,491	\$ (77)	\$ 119,636
Accounts Receivable - Net	—	—	—	—	—	—	1,126
Interest and Dividends Receivable	—	—	—	—	6	—	6
Due from Other Funds	—	—	—	—	—	986	5,501
Due from Other Governments	—	—	—	—	—	519	519
Other Assets	—	—	—	—	5,888	—	5,919
Total Assets	\$ 3,820	\$ 8,756	\$ 198	\$ 1,302	\$ 14,385	\$ 1,428	\$ 132,707
LIABILITIES							
Accounts Payable and Accrued Liabilities	—	217	—	—	—	934	9,277
Due to Other Funds	—	496	—	—	120	—	5,555
Unearned Revenue	—	—	—	—	—	550	550
Other Liabilities	—	—	—	—	—	—	775
Total Liabilities	—	713	—	—	120	1,484	16,157
DEFERRED INFLOWS OF RESOURCES							
Total Deferred Inflows of Resources	—	—	—	—	—	134	134
FUND BALANCES							
Nonspendable:							
Advances and Prepaid Items	—	—	—	—	5,888	—	5,888
Restricted for:							
Education	—	—	—	—	—	—	1,126
Health and Human Services	—	—	—	—	—	—	18,157
Development	3,820	8,043	—	1,302	—	—	41,183
Other Purposes	—	—	198	—	—	—	198
Committed to:							
Education	—	—	—	—	2,927	—	2,927
Public Protection	—	—	—	—	916	—	916
Development	—	—	—	—	4,534	—	46,211
Unassigned	—	—	—	—	—	(190)	(190)
Total Fund Balances	3,820	8,043	198	1,302	14,265	(190)	116,416
Total Liabilities and Fund Balances	\$ 3,820	\$ 8,756	\$ 198	\$ 1,302	\$ 14,385	\$ 1,428	\$ 132,707

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Second Injury	Fishermen's	Fish and Game	School	National Petroleum Reserve	Reclamation Bonding Pool	Clean Air Protection	Exxon Valdez Oil Spill Restoration
REVENUES								
Taxes	\$ —	\$ —	\$ —	\$ 14,772	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	1,367	37,502	—	—	—	3,557	—
Charges for Services	—	—	528	—	—	58	—	—
Fines and Forfeitures	—	—	139	—	—	—	—	—
Rents and Royalties	—	—	—	—	16,377	—	—	—
Premiums and Contributions	2,453	—	—	—	—	—	—	—
Interest and Investment Income (Loss)	—	—	680	—	—	66	—	31
Federal Grants in Aid	—	—	—	—	—	—	—	—
Other Revenues	—	6	193	—	—	—	—	—
Total Revenues	2,453	1,373	39,042	14,772	16,377	124	3,557	31
EXPENDITURES								
Current:								
General Government	—	—	—	—	2,521	—	510	—
Education	—	—	—	15,810	27	—	—	—
University	—	—	—	—	—	—	—	—
Health and Human Services	2,753	740	—	—	4	—	—	—
Public Protection	—	—	—	—	362	—	—	—
Natural Resources	—	—	33,344	—	297	—	3,308	—
Development	—	—	—	—	5,255	—	—	—
Transportation	—	—	—	—	—	—	—	—
Total Expenditures	2,753	740	33,344	15,810	8,466	—	3,818	—
Excess (Deficiency) of Revenues Over Expenditures	(300)	633	5,698	(1,038)	7,911	124	(261)	31
OTHER FINANCING SOURCES (USES)								
Transfers In from Other Funds	—	—	616	—	—	—	—	—
Transfers (Out to) Other Funds	—	—	(4,870)	—	—	—	—	—
Total Other Financing Sources and Uses	—	—	(4,254)	—	—	—	—	—
Net Change in Fund Balances	(300)	633	1,444	(1,038)	7,911	124	(261)	31
Fund Balances - Beginning of Year	5,694	12,130	20,524	2,164	33,766	2,332	2,398	1,426
Fund Balances - End of Year	\$ 5,394	\$ 12,763	\$ 21,968	\$ 1,126	\$ 41,677	\$ 2,456	\$ 2,137	\$ 1,457

This statement continued on next page.

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Alyeska Settlement Trust	Exxon Valdez Settlement Trust	Northern Tobacco Securitization Corporation	Mine Reclamation Trust	Alaska Housing Capital Corporation	Alaska State Council on the Arts	Total Nonmajor Special Revenue Funds
REVENUES							
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14,772
Licenses and Permits	—	—	—	—	—	—	42,426
Charges for Services	—	—	—	—	—	—	586
Fines and Forfeitures	—	—	—	—	—	—	139
Rents and Royalties	—	—	—	—	—	—	16,377
Premiums and Contributions	—	5,783	—	—	—	463	8,699
Interest and Investment Income (Loss)	80	261	—	56	225	—	1,399
Federal Grants in Aid	—	—	—	—	—	447	447
Other Revenues	—	—	—	—	—	—	199
Total Revenues	80	6,044	—	56	225	910	85,044
EXPENDITURES							
Current:							
General Government	—	—	58	—	—	—	3,089
Education	—	—	—	—	595	1,100	17,532
University	—	—	—	—	452	—	452
Health and Human Services	—	—	—	—	—	—	3,497
Public Protection	—	—	—	—	589	—	951
Natural Resources	—	10,089	—	8	—	—	47,046
Development	—	—	—	—	4,283	—	9,538
Transportation	—	—	—	—	3,905	—	3,905
Total Expenditures	—	10,089	58	8	9,824	1,100	86,010
Excess (Deficiency) of Revenues Over Expenditures	80	(4,045)	(58)	48	(9,599)	(190)	(966)
OTHER FINANCING SOURCES (USES)							
Transfers In from Other Funds	—	—	64	—	—	—	680
Transfers (Out to) Other Funds	—	—	—	—	—	—	(4,870)
Total Other Financing Sources and Uses	—	—	64	—	—	—	(4,190)
Net Change in Fund Balances	80	(4,045)	6	48	(9,599)	(190)	(5,156)
Fund Balances - Beginning of Year	3,740	12,088	192	1,254	23,864	—	121,572
Fund Balances - End of Year	\$ 3,820	\$ 8,043	\$ 198	\$ 1,302	\$ 14,265	\$ (190)	\$ 116,416

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Second Injury			Fishermen's		
	Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
REVENUES						
Unrestricted:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	1,408	1,367	41
Charges for Services	—	—	—	—	—	—
Fines and Forfeitures	—	—	—	—	—	—
Rents and Royalties	—	—	—	—	—	—
Premiums and Contributions	2,851	2,453	398	—	—	—
Interest and Investment Income (Loss)	—	—	—	—	—	—
Other Revenues	—	—	—	—	6	(6)
Restricted:						
Federal Grants in Aid	—	—	—	—	—	—
Total Revenues	<u>2,851</u>	<u>2,453</u>	<u>398</u>	<u>1,408</u>	<u>1,373</u>	<u>35</u>
EXPENDITURES						
Current:						
General Government	—	—	—	—	—	—
Education	—	—	—	—	—	—
University	—	—	—	—	—	—
Health and Human Services	2,851	2,753	98	1,408	740	668
Public Protection	—	—	—	—	—	—
Natural Resources	—	—	—	—	—	—
Development	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Total Expenditures	<u>2,851</u>	<u>2,753</u>	<u>98</u>	<u>1,408</u>	<u>740</u>	<u>668</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>—</u>	<u>(300)</u>	<u>300</u>	<u>—</u>	<u>633</u>	<u>(633)</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>	<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>(300)</u>	<u>\$ 300</u>	<u>\$ —</u>	<u>633</u>	<u>\$ (633)</u>
RECONCILIATION OF BUDGETARY/ GAAP REPORTING						
Adjust Expenditures for Encumbrances		<u>—</u>			<u>—</u>	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		<u>(300)</u>			<u>633</u>	
Fund Balances - Beginning of Year		<u>5,694</u>			<u>12,130</u>	
Fund Balances - End of Year		<u>\$ 5,394</u>			<u>\$ 12,763</u>	

This statement continued on next page.

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Fish and Game			School		
	Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
REVENUES						
Unrestricted:						
Taxes	\$ —	\$ —	\$ —	\$ 16,500	\$ 14,772	\$ 1,728
Licenses and Permits	36,781	37,502	(721)	—	—	—
Charges for Services	518	528	(10)	—	—	—
Fines and Forfeitures	136	139	(3)	—	—	—
Rents and Royalties	—	—	—	—	—	—
Premiums and Contributions	—	—	—	—	—	—
Interest and Investment Income (Loss)	680	680	—	—	—	—
Other Revenues	189	193	(4)	—	—	—
Restricted:						
Federal Grants in Aid	—	—	—	—	—	—
Total Revenues	<u>38,304</u>	<u>39,042</u>	<u>(738)</u>	<u>16,500</u>	<u>14,772</u>	<u>1,728</u>
EXPENDITURES						
Current:						
General Government	—	—	—	—	—	—
Education	—	—	—	16,500	15,810	690
University	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Public Protection	—	—	—	—	—	—
Natural Resources	43,674	33,877	9,797	—	—	—
Development	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Total Expenditures	<u>43,674</u>	<u>33,877</u>	<u>9,797</u>	<u>16,500</u>	<u>15,810</u>	<u>690</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,370)	5,165	(10,535)	—	(1,038)	1,038
OTHER FINANCING SOURCES (USES)						
Transfers In from Other Funds	616	616	—	—	—	—
Transfers (Out to) Other Funds	(6,137)	(4,870)	(1,267)	—	—	—
Total Other Financing Sources and Uses	(5,521)	(4,254)	(1,267)	—	—	—
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	<u>\$ (10,891)</u>	911	<u>\$ (11,802)</u>	<u>\$ —</u>	(1,038)	<u>\$ 1,038</u>
RECONCILIATION OF BUDGETARY/ GAAP REPORTING						
Adjust Expenditures for Encumbrances		<u>533</u>			<u>—</u>	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		1,444			(1,038)	
Fund Balances - Beginning of Year		<u>20,524</u>			<u>2,164</u>	
Fund Balances - End of Year		<u>\$ 21,968</u>			<u>\$ 1,126</u>	

This statement continued on next page.

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	National Petroleum Reserve			Clean Air Protection		
	Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
REVENUES						
Unrestricted:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	4,588	3,557	1,031
Charges for Services	—	—	—	—	—	—
Fines and Forfeitures	—	—	—	—	—	—
Rents and Royalties	21,322	16,377	4,945	—	—	—
Premiums and Contributions	—	—	—	—	—	—
Interest and Investment Income (Loss)	—	—	—	—	—	—
Other Revenues	—	—	—	—	—	—
Restricted:						
Federal Grants in Aid	—	—	—	—	—	—
Total Revenues	<u>21,322</u>	<u>16,377</u>	<u>4,945</u>	<u>4,588</u>	<u>3,557</u>	<u>1,031</u>
EXPENDITURES						
Current:						
General Government	22,912	8,208	14,704	545	510	35
Education	378	378	—	—	—	—
University	—	—	—	—	—	—
Health and Human Services	350	350	—	—	—	—
Public Protection	2,629	2,629	—	—	—	—
Natural Resources	2,931	853	2,078	4,043	3,308	735
Development	5,885	11,483	(5,598)	—	—	—
Transportation	—	—	—	—	—	—
Total Expenditures	<u>35,085</u>	<u>23,901</u>	<u>11,184</u>	<u>4,588</u>	<u>3,818</u>	<u>770</u>
Excess (Deficiency) of Revenues Over Expenditures	(13,763)	(7,524)	(6,239)	—	(261)	261
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>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	<u>\$ (13,763)</u>	<u>(7,524)</u>	<u>\$ (6,239)</u>	<u>\$ —</u>	<u>(261)</u>	<u>\$ 261</u>
RECONCILIATION OF BUDGETARY/ GAAP REPORTING						
Adjust Expenditures for Encumbrances		<u>15,435</u>			<u>—</u>	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		7,911			(261)	
Fund Balances - Beginning of Year		<u>33,766</u>			<u>2,398</u>	
Fund Balances - End of Year		<u>\$ 41,677</u>			<u>\$ 2,137</u>	

This statement continued on next page.

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Exxon Valdez Oil Spill Restoration			Alyeska Settlement Trust		
	Budget	Actual	Variance with Budget	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)	2,653	31	2,622	6,578	80	6,498
Other Revenues	—	—	—	—	—	—
Restricted:						
Federal Grants in Aid	—	—	—	2,060	—	2,060
Total Revenues	<u>2,653</u>	<u>31</u>	<u>2,622</u>	<u>8,638</u>	<u>80</u>	<u>8,558</u>
EXPENDITURES						
Current:						
General Government	—	—	—	—	—	—
Education	—	—	—	—	—	—
University	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Public Protection	—	—	—	—	—	—
Natural Resources	—	—	—	—	—	—
Development	—	—	—	—	—	—
Transportation	2,653	—	2,653	8,639	—	8,639
Total Expenditures	<u>2,653</u>	<u>—</u>	<u>2,653</u>	<u>8,639</u>	<u>—</u>	<u>8,639</u>
Excess (Deficiency) of Revenues Over Expenditures	—	31	(31)	(1)	80	(81)
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>	<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>31</u>	<u>\$ (31)</u>	<u>\$ (1)</u>	<u>80</u>	<u>\$ (81)</u>
RECONCILIATION OF BUDGETARY/ GAAP REPORTING						
Adjust Expenditures for Encumbrances		<u>—</u>			<u>—</u>	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		31			80	
Fund Balances - Beginning of Year		<u>1,426</u>			<u>3,740</u>	
Fund Balances - End of Year		<u>\$ 1,457</u>			<u>\$ 3,820</u>	

This statement continued on next page.

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Exxon Valdez Settlement Trust			Mine Reclamation Trust		
	Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
REVENUES						
Unrestricted:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeitures	—	—	—	—	—	—
Rents and Royalties	—	—	—	—	—	—
Premiums and Contributions	25,685	5,783	19,902	—	—	—
Interest and Investment Income (Loss)	261	261	—	7	56	(49)
Other Revenues	—	—	—	—	—	—
Restricted:						
Federal Grants in Aid	—	—	—	—	—	—
Total Revenues	<u>25,946</u>	<u>6,044</u>	<u>19,902</u>	<u>7</u>	<u>56</u>	<u>(49)</u>
EXPENDITURES						
Current:						
General Government	7	—	7	—	—	—
Education	—	—	—	—	—	—
University	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Public Protection	—	—	—	—	—	—
Natural Resources	13,316	23,493	(10,177)	7	8	(1)
Development	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Total Expenditures	<u>13,323</u>	<u>23,493</u>	<u>(10,170)</u>	<u>7</u>	<u>8</u>	<u>(1)</u>
Excess (Deficiency) of Revenues Over Expenditures	12,623	(17,449)	30,072	—	48	(48)
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>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	<u>\$ 12,623</u>	<u>(17,449)</u>	<u>\$ 30,072</u>	<u>\$ —</u>	<u>48</u>	<u>\$ (48)</u>
RECONCILIATION OF BUDGETARY/ GAAP REPORTING						
Adjust Expenditures for Encumbrances		<u>13,404</u>			<u>—</u>	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		(4,045)			48	
Fund Balances - Beginning of Year		<u>12,088</u>			<u>1,254</u>	
Fund Balances - End of Year		<u>\$ 8,043</u>			<u>\$ 1,302</u>	

This statement continued on next page.

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Alaska State Council on the Arts			Funds Not Annually Budgeted		
	Budget	Actual	Variance with Budget	Reclamation Bonding Pool	Northern Tobacco Securitization Corporation	Alaska Housing Capital Corporation
				Actual	Actual	Actual
REVENUES						
Unrestricted:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Charges for Services	—	—	—	58	—	—
Fines and Forfeitures	—	—	—	—	—	—
Rents and Royalties	—	—	—	—	—	—
Premiums and Contributions	2,322	463	1,859	—	—	—
Interest and Investment Income (Loss)	—	—	—	66	—	225
Other Revenues	—	—	—	—	—	—
Restricted:						
Federal Grants in Aid	1,094	447	647	—	—	—
Total Revenues	3,416	910	2,506	124	—	225
EXPENDITURES						
Current:						
General Government	—	—	—	—	58	—
Education	3,550	1,192	2,358	—	—	595
University	—	—	—	—	—	452
Health and Human Services	—	—	—	—	—	—
Public Protection	—	—	—	—	—	589
Natural Resources	—	—	—	—	—	—
Development	—	—	—	—	—	4,283
Transportation	—	—	—	—	—	3,905
Total Expenditures	3,550	1,192	2,358	—	58	9,824
Excess (Deficiency) of Revenues Over Expenditures	(134)	(282)	148	124	(58)	(9,599)
OTHER FINANCING SOURCES (USES)						
Transfers In from Other Funds	—	—	—	—	64	—
Transfers (Out to) Other Funds	—	—	—	—	—	—
Total Other Financing Sources and Uses	—	—	—	—	64	—
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	\$ (134)	(282)	\$ 148	124	6	(9,599)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING						
Adjust Expenditures for Encumbrances		92		—	—	—
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		(190)		124	6	(9,599)
Fund Balances - Beginning of Year		—		2,332	192	23,864
Fund Balances - End of Year		\$ (190)		\$ 2,456	\$ 198	\$ 14,265

This statement continued on next page.

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2020
 (Stated in Thousands)

REVENUES	Total		
	Budget	Actual	Variance with Budget
Unrestricted:			
Taxes	\$ 16,500	\$ 14,772	\$ 1,728
Licenses and Permits	42,777	42,426	351
Charges for Services	518	586	(68)
Fines and Forfeitures	136	139	(3)
Rents and Royalties	21,322	16,377	4,945
Premiums and Contributions	30,858	8,699	22,159
Interest and Investment Income (Loss)	10,179	1,399	8,780
Other Revenues	189	199	(10)
Restricted:			
Federal Grants in Aid	3,154	447	2,707
Total Revenues	<u>125,633</u>	<u>85,044</u>	<u>40,589</u>
EXPENDITURES			
Current:			
General Government	23,464	8,776	14,688
Education	20,428	17,975	2,453
University	—	452	(452)
Health and Human Services	4,609	3,843	766
Public Protection	2,629	3,218	(589)
Natural Resources	63,971	61,539	2,432
Development	5,885	15,766	(9,881)
Transportation	11,292	3,905	7,387
Total Expenditures	<u>132,278</u>	<u>115,474</u>	<u>16,804</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,645)	(30,430)	23,785
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	616	680	(64)
Transfers (Out to) Other Funds	<u>(6,137)</u>	<u>(4,870)</u>	<u>(1,267)</u>
Total Other Financing Sources and Uses	(5,521)	(4,190)	(1,331)
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	<u>\$ (12,166)</u>	(34,620)	<u>\$ 22,454</u>
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		<u>29,464</u>	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		(5,156)	
Fund Balances - Beginning of Year		121,572	
Fund Balances - End of Year		<u>\$ 116,416</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

STATEMENT 3.41

Combining Balance Sheet

Nonmajor Debt Service Funds

June 30, 2020

(Stated in Thousands)

	General Obligation Bond Redemption	Northern Tobacco Securitization Corporation	Alaska Fish and Game Revenue Bond Redemption	Total Nonmajor Debt Service Funds
ASSETS				
Cash and Investments	\$ 292	\$ 34,788	\$ 2,436	\$ 37,516
Interest and Dividends Receivable	—	5	—	5
Total Assets	292	34,793	2,436	37,521
LIABILITIES				
Total Liabilities	—	—	—	—
FUND BALANCES				
Restricted for:				
Debt Service	292	34,793	2,436	37,521
Total Fund Balances	292	34,793	2,436	37,521
Total Liabilities and Fund Balances	\$ 292	\$ 34,793	\$ 2,436	\$ 37,521

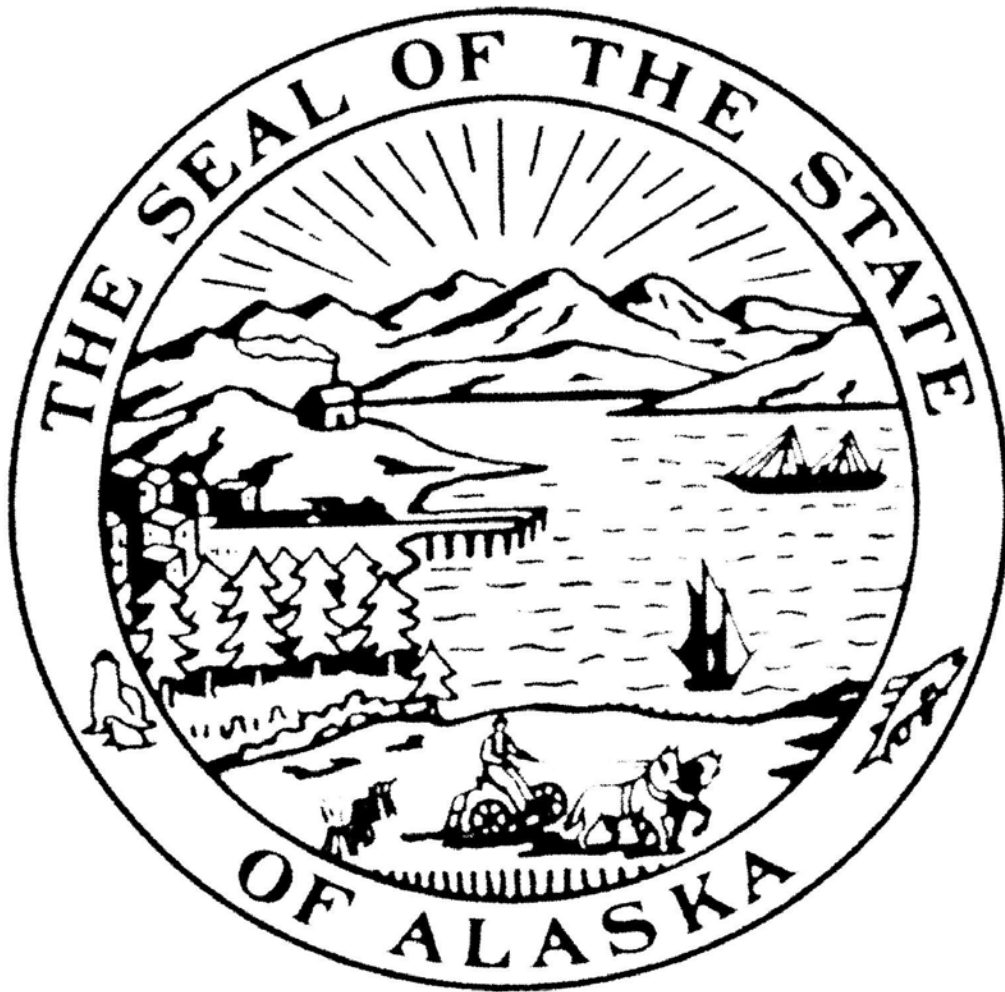
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	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)	\$ 81	\$ 619	\$ 186	\$ 886
Other Revenues	—	16,052	—	16,052
Total Revenues	81	16,671	186	16,938
EXPENDITURES				
Debt Service:				
Principal	45,155	2,390	12,055	59,600
Interest and Other Charges	32,661	14,467	691	47,819
Total Expenditures	77,816	16,857	12,746	107,419
Excess (Deficiency) of Revenues Over Expenditures	(77,735)	(186)	(12,560)	(90,481)
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	77,770	—	4,870	82,640
Transfers (Out to) Other Funds	—	(64)	—	(64)
Total Other Financing Sources and Uses	77,770	(64)	4,870	82,576
Net Change in Fund Balances	35	(250)	(7,690)	(7,905)
Fund Balances - Beginning of Year	257	35,043	10,126	45,426
Fund Balances - End of Year	\$ 292	\$ 34,793	\$ 2,436	\$ 37,521



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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.



Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2020

(Stated in Thousands)

	2008 Transportation Projects	2010 Education Projects	2012 Transportation Projects	Total Nonmajor Capital Projects Fund
ASSETS				
Cash and Investments	\$ 759	\$ 243	\$ 31,539	\$ 32,541
Interest and Dividends Receivable	—	—	18	18
Total Assets	<u>759</u>	<u>243</u>	<u>31,557</u>	<u>32,559</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	—	—	14,838	14,838
Due to Other Funds	—	—	584	584
Total Liabilities	<u>—</u>	<u>—</u>	<u>15,422</u>	<u>15,422</u>
FUND BALANCES				
Restricted for:				
Education	—	243	—	243
Development	759	—	16,135	16,894
Total Fund Balances	<u>759</u>	<u>243</u>	<u>16,135</u>	<u>17,137</u>
Total Liabilities and Fund Balances	<u>\$ 759</u>	<u>\$ 243</u>	<u>\$ 31,557</u>	<u>\$ 32,559</u>

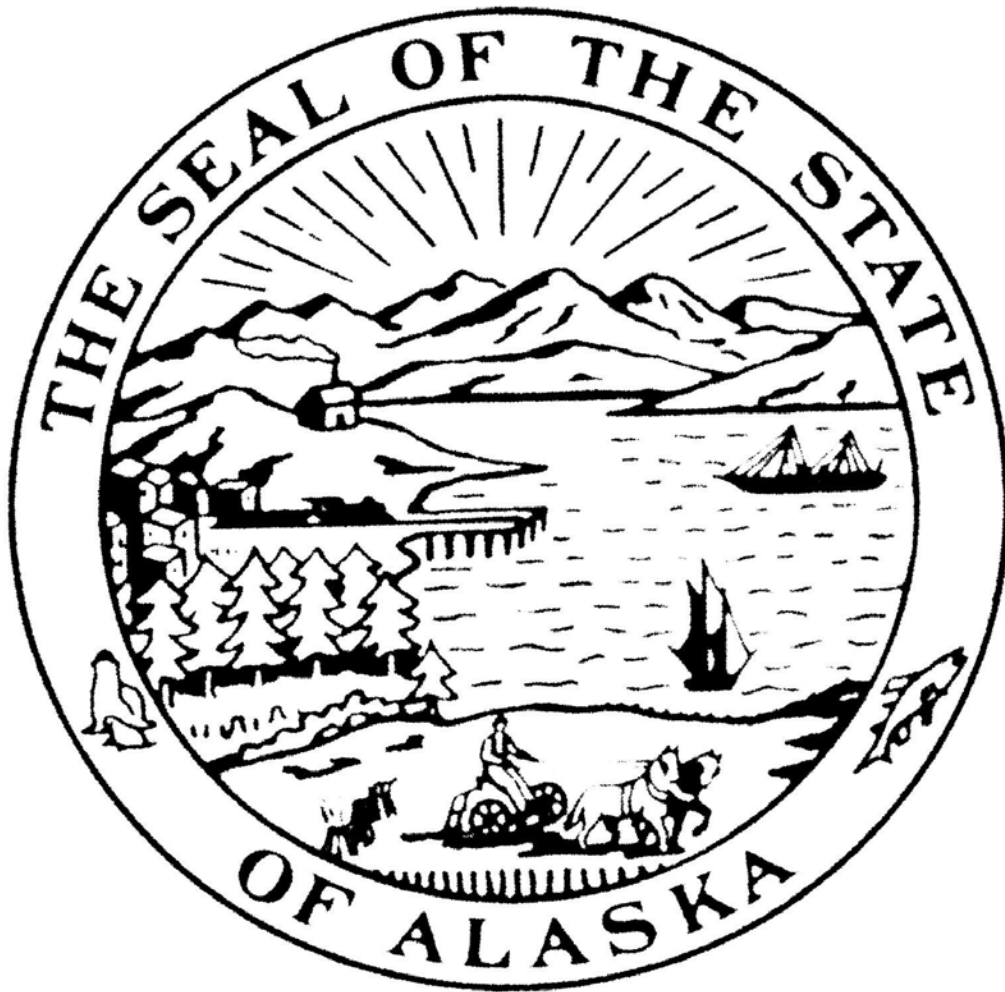
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	2008 Transportation Projects	2010 Education Projects	2012 Transportation Projects	Total Nonmajor Capital Projects Fund
REVENUES				
Interest and Investment Income (Loss)	\$ 25	\$ 16	\$ 1,127	\$ 1,168
Total Revenues	25	16	1,127	1,168
EXPENDITURES				
Current:				
Transportation	—	—	67,767	67,767
Total Expenditures	—	—	67,767	67,767
Excess (Deficiency) of Revenues Over Expenditures	25	16	(66,640)	(66,599)
OTHER FINANCING SOURCES (USES)				
Transfers (Out to) Other Funds	(6,000)	(6,195)	(1,632)	(13,827)
Total Other Financing Sources and Uses	(6,000)	(6,195)	(1,632)	(13,827)
Net Changes in Fund Balances	(5,975)	(6,179)	(68,272)	(80,426)
Fund Balances - Beginning of Year	6,734	6,422	84,407	97,563
Fund Balances - End of Year	\$ 759	\$ 243	\$ 16,135	\$ 17,137



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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.

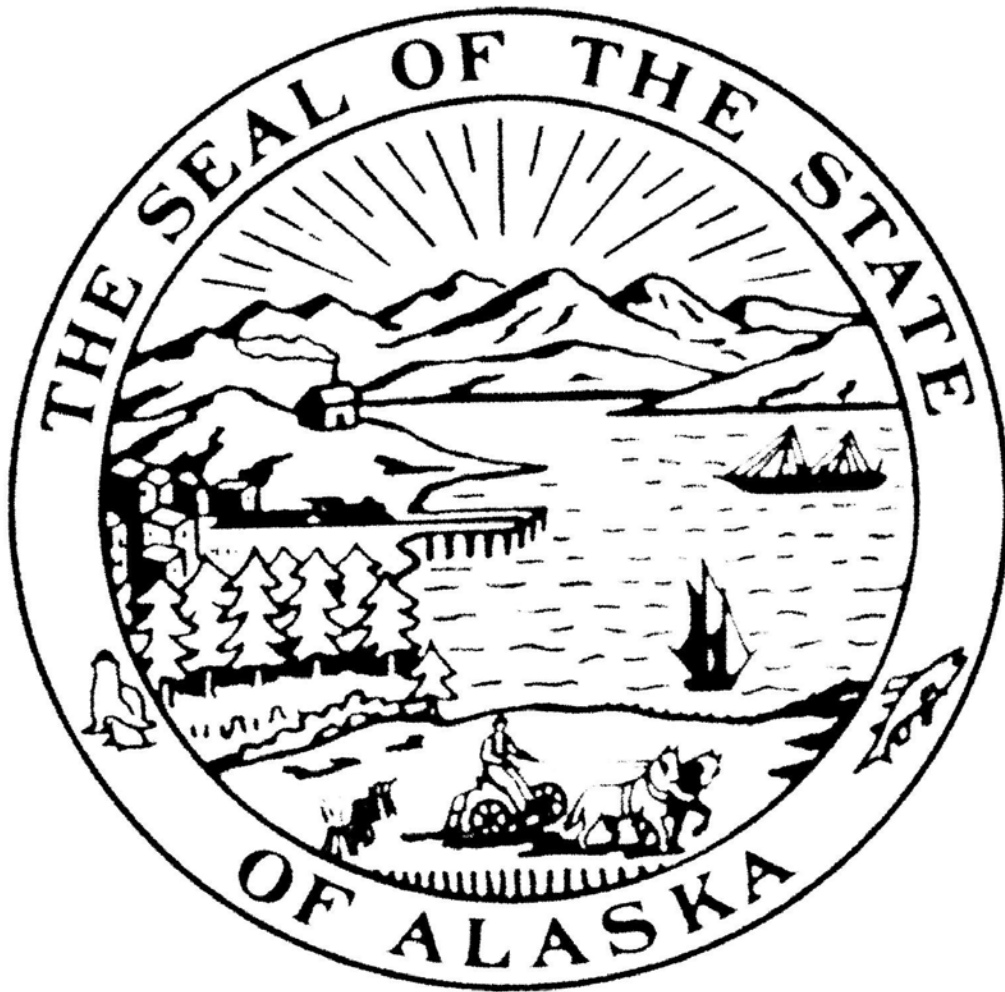
COMMERCIAL AND ENERGY ASSISTANCE ENTERPRISE FUNDS

- **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 the 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.
- **Alternative Energy Conservation Revolving Loan Fund (Fund 1071)** - AS 45.88.010 - Administered by the 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 the 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.
- **Commercial Charter Fisheries Revolving Loan Fund (Fund 1223)** - AS 16.10.801 - Administered by the 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 the 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.
- **Fisheries Enhancement Revolving Loan Fund (Fund 1070)** - AS 16.10.505 - Administered by the 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 the 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 the DCCED. This fund consists of money appropriated by the legislature for loans to underwrite advanced mineral exploration, development, or mining.

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 (DEC). 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 DEC. 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.
- **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.





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STATE OF ALASKA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2020
(Stated in Thousands)

STATEMENT 4.01

	Commercial and Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and Investments	\$ 109,128	\$ 882,886	\$ 992,014
Accounts Receivable - Net	—	906	906
Interest and Dividends Receivable	4,122	1,757	5,879
Due from Other Funds	122	3,043	3,165
Due from Other Governments	—	954	954
Loans, Notes, and Bonds Receivable	9,681	26,323	36,004
Other Current Assets	1	—	1
Total Current Assets	<u>123,054</u>	<u>915,869</u>	<u>1,038,923</u>
Noncurrent Assets:			
Interest and Dividends Receivable	7,947	—	7,947
Loans, Notes, and Bonds Receivable	141,145	336,649	477,794
Repossessed Property	951	—	951
Net OPEB Asset	18	—	18
Other Noncurrent Assets	—	2,335	2,335
Total Noncurrent Assets	<u>150,061</u>	<u>338,984</u>	<u>489,045</u>
Total Assets	<u>273,115</u>	<u>1,254,853</u>	<u>1,527,968</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	<u>582</u>	<u>2</u>	<u>584</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	202	21,917	22,119
Due to Other Funds	21	143	164
Claims, Judgments, Compensated Absences, and Pollution Remediation	229	—	229
Other Current Liabilities	—	25	25
Total Current Liabilities	<u>452</u>	<u>22,085</u>	<u>22,537</u>
Noncurrent Liabilities:			
Claims, Judgments, Compensated Absences, and Pollution Remediation	38	—	38
Net Pension Liabilities	3,098	8	3,106
Net OPEB Liabilities	102	—	102
Other Noncurrent Liabilities	—	33,684	33,684
Total Noncurrent Liabilities	<u>3,238</u>	<u>33,692</u>	<u>36,930</u>
Total Liabilities	<u>3,690</u>	<u>55,777</u>	<u>59,467</u>
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	<u>239</u>	<u>—</u>	<u>239</u>
NET POSITION			
Restricted for:			
Health and Human Services	—	560,010	560,010
Other Purposes	—	239	239
Unrestricted	269,768	638,829	908,597
Total Net Position	<u>\$ 269,768</u>	<u>\$ 1,199,078</u>	<u>\$ 1,468,846</u>

STATE OF ALASKA

STATEMENT 4.02

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Commercial and Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Premiums and Contributions	\$ —	\$ 85,110	\$ 85,110
Charges for Goods and Services	196	1,173	1,369
Interest and Investment Income	6,377	2,726	9,103
Allowance for Uncollectible Interest	116	—	116
Fines and Forfeitures	51	2	53
Other Operating Revenues	—	268	268
Total Operating Revenues	<u>6,740</u>	<u>89,279</u>	<u>96,019</u>
OPERATING EXPENSES			
Benefits	—	72,295	72,295
Operating	4,140	5,153	9,293
Provision for Loan Losses and Forgiveness	(622)	—	(622)
Total Operating Expenses	<u>3,518</u>	<u>77,448</u>	<u>80,966</u>
Operating Income (Loss)	<u>3,222</u>	<u>11,831</u>	<u>15,053</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and Investment Income	773	48,218	48,991
Interest and Investment Expense	—	(142)	(142)
Other Nonoperating Revenues (Expenses)	—	(643)	(643)
Total Nonoperating Revenues (Expenses)	<u>773</u>	<u>47,433</u>	<u>48,206</u>
Income Before Capital Contributions and Transfers	3,995	59,264	63,259
Capital Contributions	—	12,501	12,501
Transfers (Out to) Other Funds	(143)	—	(143)
Change in Net Position	<u>3,852</u>	<u>71,765</u>	<u>75,617</u>
Total Net Position - Beginning of Year	<u>265,916</u>	<u>1,127,313</u>	<u>1,393,229</u>
Total Net Position - End of Year	<u>\$ 269,768</u>	<u>\$ 1,199,078</u>	<u>\$ 1,468,846</u>

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Commercial and Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Other Governments	\$ —	\$ 32	\$ 32
Receipts from Customers	45	—	45
Receipt of Principal from Loan Recipients	27,320	24,525	51,845
Receipt of Interest and Fees from Loan Recipients	6,786	4,066	10,852
Receipts from Insured	—	85,356	85,356
Payments to Employees	(3,108)	(1,174)	(4,282)
Payments to Suppliers	—	(4,505)	(4,505)
Payments to Other Governments	—	(1,239)	(1,239)
Payments to Loan Recipients	(27,581)	(39,354)	(66,935)
Claims Paid	—	(56,731)	(56,731)
Payments for Interfund Services Used	(874)	—	(874)
Other Receipts	11	264	275
Other Payments	(87)	—	(87)
Net Cash Provided (Used) by Operating Activities	<u>2,512</u>	<u>11,240</u>	<u>13,752</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers (Out to) Other Funds	(143)	(640)	(783)
Proceeds from Issuance of Short-term Debt	—	4,102	4,102
Payments on Short-term Debt	—	(4,102)	(4,102)
Interest and Fees Paid on Borrowing	—	(7)	(7)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(143)</u>	<u>(647)</u>	<u>(790)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Federal Grants	—	11,550	11,550
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>—</u>	<u>11,550</u>	<u>11,550</u>

This statement continues on the next page.

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Commercial and Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sales/Maturities of Investments	\$ —	\$ 297,190	\$ 297,190
Purchase of Investments	—	(328,891)	(328,891)
Interest and Dividends on Investments	773	15,939	16,712
Net Cash Provided (Used) by Investing Activities	773	(15,762)	(14,989)
Net Increase (Decrease) in Cash	3,142	6,381	9,523
Cash and Cash Equivalents - Beginning of Year	105,986	250,325	356,311
Cash and Cash Equivalents - End of Year	<u>\$ 109,128</u>	<u>\$ 256,706</u>	<u>\$ 365,834</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 3,222	\$ 11,831	\$ 15,053
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
Accounts Receivable - Net	—	81	81
Due from Other Funds	(62)	(1,044)	(1,106)
Loans, Notes, and Bonds Receivable - Net	(843)	(14,890)	(15,733)
Repossessed Property	(42)	—	(42)
Interest and Dividends Receivable - Net	239	96	335
Net OPEB Asset	(5)	—	(5)
Other Assets	—	63	63
Deferred Outflows of Resources	(106)	15	(91)
Due to Other Funds	(56)	38	(18)
Accounts Payable and Accrued Liabilities	95	15,163	15,258
Net Pension Liability	535	(78)	457
Net OPEB Liability	(427)	(18)	(445)
Other Liabilities	—	(8)	(8)
Deferred Inflows of Resources	(38)	(9)	(47)
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,512</u>	<u>\$ 11,240</u>	<u>\$ 13,752</u>
Reconciliation of Cash to the Statement of Net Position:			
Total Cash and Investments per the Statement of Net Position	\$ 109,128	\$ 882,886	\$ 992,014
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	—	(626,180)	(626,180)
Cash, End of Year	<u>\$ 109,128</u>	<u>\$ 256,706</u>	<u>\$ 365,834</u>

STATE OF ALASKA
Combining Statement of Net Position
Commercial and Energy Assistance Enterprise Funds
June 30, 2020
(Stated in Thousands)

STATEMENT 4.11

	Alaska Microloan Revolving Loan	Commercial Fishing Revolving Loan	Commercial Charter Fisheries Revolving Loan	Fisheries Enhancement Revolving Loan	Mining Revolving Loan
ASSETS					
Current Assets:					
Cash and Investments	\$ 2,468	\$ 33,789	\$ 2,999	\$ 33,582	\$ 205
Interest and Dividends Receivable	4	3,284	—	817	—
Due from Other Funds	—	46	—	68	—
Loans, Notes, and Bonds Receivable	10	7,494	—	1,427	—
Other Current Assets	—	1	—	—	—
Total Current Assets	2,482	44,614	2,999	35,894	205
Noncurrent Assets:					
Interest and Dividends Receivable	4	998	—	6,832	—
Loans, Notes, and Bonds Receivable	264	75,786	—	61,952	—
Repossessed Property	—	174	—	777	—
Net OPEB Asset	—	16	—	2	—
Total Noncurrent Assets	268	76,974	—	69,563	—
Total Assets	2,750	121,588	2,999	105,457	205
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	1	486	3	69	—
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	—	147	12	31	—
Due to Other Funds	—	—	7	—	—
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	229	—	—	—
Total Current Liabilities	—	376	19	31	—
Noncurrent Liabilities:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	38	—	—	—
Net Pension Liabilities	6	2,588	13	367	—
Net OPEB Liabilities	—	86	—	12	—
Total Noncurrent Liabilities	6	2,712	13	379	—
Total Liabilities	6	3,088	32	410	—
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	1	199	1	28	—
NET POSITION					
Unrestricted	2,744	118,787	2,969	105,088	205
Total Net Position	\$ 2,744	\$ 118,787	\$ 2,969	\$ 105,088	\$ 205

This statement continues on next page

STATE OF ALASKA

STATEMENT 4.11

Combining Statement of Net Position

Commercial and Energy Assistance Enterprise Funds

June 30, 2020

(Stated in Thousands)

	Alaska Capstone Avionics Revolving Loan	Mariculture Revolving Loan	Alternative Energy Conservation Revolving Loan	Bulk Fuel Revolving Loan	Total Commercial and Energy Assistance Enterprise Funds
ASSETS					
Current Assets:					
Cash and Investments	\$ 5,111	\$ 4,463	\$ 2,920	\$ 23,591	\$ 109,128
Interest and Dividends Receivable	1	11	—	5	4,122
Due from Other Funds	—	—	—	8	122
Loans, Notes, and Bonds Receivable	8	11	—	731	9,681
Other Current Assets	—	—	—	—	1
Total Current Assets	5,120	4,485	2,920	24,335	123,054
Noncurrent Assets:					
Interest and Dividends Receivable	—	113	—	—	7,947
Loans, Notes, and Bonds Receivable	167	821	—	2,155	141,145
Reposessed Property	—	—	—	—	951
Net OPEB Asset	—	—	—	—	18
Total Noncurrent Assets	167	934	—	2,155	150,061
Total Assets	5,287	5,419	2,920	26,490	273,115
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	15	2	—	6	582
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	7	2	—	3	202
Due to Other Funds	10	2	—	2	21
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	—	—	—	229
Total Current Liabilities	17	4	—	5	452
Noncurrent Liabilities:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	—	—	—	38
Net Pension Liabilities	80	11	—	33	3,098
Net OPEB Liabilities	3	—	—	1	102
Total Noncurrent Liabilities	83	11	—	34	3,238
Total Liabilities	100	15	—	39	3,690
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	6	1	—	3	239
NET POSITION					
Unrestricted	5,196	5,405	2,920	26,454	269,768
Total Net Position	\$ 5,196	\$ 5,405	\$ 2,920	\$ 26,454	\$ 269,768

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Commercial and Energy Assistance Enterprise Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Alaska Microloan Revolving Loan	Commercial Fishing Revolving Loan	Commercial Charter Fisheries Revolving Loan	Fisheries Enhancement Revolving Loan	Mining Revolving Loan
OPERATING REVENUES					
Charges for Goods and Services	\$ 1	\$ 137	\$ —	\$ 57	\$ —
Interest and Investment Income	21	4,471	1	1,697	—
Allowance for Uncollectible Interest	—	(7)	—	124	—
Fines and Forfeitures	—	49	—	—	—
Total Operating Revenues	22	4,650	1	1,878	—
OPERATING EXPENSES					
Operating	7	3,485	17	470	—
Provision for Loan Losses and Forgiveness	1	(872)	(1)	222	(1)
Total Operating Expenses	8	2,613	16	692	(1)
Operating Income (Loss)	14	2,037	(15)	1,186	1
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	51	—	26	—	—
Total Nonoperating Revenues (Expenses)	51	—	26	—	—
Income Before Capital Contributions and Transfers	65	2,037	11	1,186	1
Transfers (Out to) Other Funds	—	—	(143)	—	—
Change in Net Position	65	2,037	(132)	1,186	1
Total Net Position - Beginning of Year	2,679	116,750	3,101	103,902	204
Total Net Position - End of Year	\$ 2,744	\$ 118,787	\$ 2,969	\$ 105,088	\$ 205

This statement continues on next page

STATE OF ALASKA

STATEMENT 4.12

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Commercial and Energy Assistance Enterprise Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Alaska Capstone Avionics Revolving Loan	Mariculture Revolving Loan	Alternative Energy Conservation Revolving Loan	Bulk Fuel Revolving Loan	Total Commercial and Energy Assistance Enterprise Funds
OPERATING REVENUES					
Charges for Goods and Services	\$ —	\$ 1	\$ —	\$ —	\$ 196
Interest and Investment Income	5	41	—	141	6,377
Allowance for Uncollectible Interest	—	(1)	—	—	116
Fines and Forfeitures	—	1	—	1	51
Total Operating Revenues	5	42	—	142	6,740
OPERATING EXPENSES					
Operating	103	15	—	43	4,140
Provision for Loan Losses and Forgiveness	2	(1)	—	28	(622)
Total Operating Expenses	105	14	—	71	3,518
Operating Income (Loss)	(100)	28	—	71	3,222
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	110	93	62	431	773
Total Nonoperating Revenues (Expenses)	110	93	62	431	773
Income Before Capital Contributions and Transfers	10	121	62	502	3,995
Transfers (Out to) Other Funds	—	—	—	—	(143)
Change in Net Position	10	121	62	502	3,852
Total Net Position - Beginning of Year	5,186	5,284	2,858	25,952	265,916
Total Net Position - End of Year	\$ 5,196	\$ 5,405	\$ 2,920	\$ 26,454	\$ 269,768

Combining Statement of Cash Flows

Commercial and Energy Assistance Enterprise Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Alaska Microloan Revolving Loan	Commercial Fishing Revolving Loan	Commercial Charter Fisheries Revolving Loan	Fisheries Enhancement Revolving Loan	Mining Revolving Loan
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ —	\$ 39	\$ —	\$ 6	\$ —
Receipts of Principal from Loan Recipients	112	11,868	3	1,445	—
Receipt of Interest and Fees from Loan Recipients	18	4,459	2	2,140	—
Payments to Employees	(5)	(2,609)	(21)	(353)	—
Payments to Loan Recipients	(157)	(10,398)	—	(4,792)	—
Payments for Interfund Services Used	(2)	(729)	(5)	(104)	—
Other Receipts	—	10	—	—	1
Other Payments	—	(62)	(19)	(5)	—
Net Cash Provided (Used) by Operating Activities	<u>(34)</u>	<u>2,578</u>	<u>(40)</u>	<u>(1,663)</u>	<u>1</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Subsidies and Transfers (Out to) Other Funds	—	—	(143)	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	<u>—</u>	<u>—</u>	<u>(143)</u>	<u>—</u>	<u>—</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Dividends on Investments	51	—	26	—	—
Net Cash Provided (Used) by Investing Activities	<u>51</u>	<u>—</u>	<u>26</u>	<u>—</u>	<u>—</u>
Net Increase (Decrease) in Cash	17	2,578	(157)	(1,663)	1
Cash and Cash Equivalents - Beginning of Year	2,451	31,211	3,156	35,245	204
Cash and Cash Equivalents - End of Year	<u>\$ 2,468</u>	<u>\$ 33,789</u>	<u>\$ 2,999</u>	<u>\$ 33,582</u>	<u>\$ 205</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 14	\$ 2,037	\$ (15)	\$ 1,186	\$ 1
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
Due From Other Funds	—	14	—	(68)	—
Loans, Notes and Bonds Receivable - Net	(43)	549	25	(3,075)	—
Repossessed Property	—	(39)	—	(3)	—
Interest and Dividends Receivable - Net	(5)	(55)	1	319	—
Net OPEB Asset	—	(5)	—	—	—
Deferred Outflows of Resources	—	(91)	(1)	(13)	—
Due to Other Funds	—	—	(22)	(30)	—
Accounts Payable and Accrued Liabilities	—	108	(31)	13	—
Net Pension Liability	1	452	4	64	—
Net OPEB Liability	—	(362)	(1)	(51)	—
Deferred Inflows of Resources	(1)	(30)	—	(5)	—
Net Cash Provided (Used) by Operating Activities	<u>\$ (34)</u>	<u>\$ 2,578</u>	<u>\$ (40)</u>	<u>\$ (1,663)</u>	<u>\$ 1</u>
Reconciliation of Cash to the Statement of Net Position					
Total Cash and Investments per the Statement of Net Position	2,468	33,789	2,999	33,582	205
Cash, End of Year	<u>\$ 2,468</u>	<u>\$ 33,789</u>	<u>\$ 2,999</u>	<u>\$ 33,582</u>	<u>\$ 205</u>

This statement continues on next page

Combining Statement of Cash Flows

Commercial and Energy Assistance Enterprise Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Alaska Capstone Avionics Revolving Loan	Mariculture Revolving Loan	Alternative Energy Conservation Revolving Loan	Bulk Fuel Revolving Loan	Total Commercial and Energy Assistance Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ —	\$ —	\$ —	\$ —	\$ 45
Receipts of Principal from Loan Recipients	31	17	—	13,844	27,320
Receipt of Interest and Fees from Loan Recipients	5	15	—	147	6,786
Payments to Employees	(77)	(9)	—	(34)	(3,108)
Payments to Loan Recipients	(85)	—	—	(12,149)	(27,581)
Payments for Interfund Services Used	(23)	(3)	—	(8)	(874)
Other Receipts	—	—	—	—	11
Other Payments	—	(1)	—	—	(87)
Net Cash Provided (Used) by Operating Activities	(149)	19	—	1,800	2,512
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Subsidies and Transfers (Out to) Other Funds	—	—	—	—	(143)
Net Cash Provided (Used) by Noncapital Financing Activities	—	—	—	—	(143)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Dividends on Investments	110	93	62	431	773
Net Cash Provided (Used) by Investing Activities	110	93	62	431	773
Net Increase (Decrease) in Cash	(39)	112	62	2,231	3,142
Cash and Cash Equivalents - Beginning of Year	5,150	4,351	2,858	21,360	105,986
Cash and Cash Equivalents - End of Year	\$ 5,111	\$ 4,463	\$ 2,920	\$ 23,591	\$ 109,128
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (100)	\$ 28	\$ —	\$ 71	\$ 3,222
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
Due From Other Funds	—	—	—	(8)	(62)
Loans, Notes and Bonds Receivable - Net	(55)	18	—	1,738	(843)
Repossessed Property	—	—	—	—	(42)
Interest and Dividends Receivable - Net	—	(26)	—	5	239
Net OPEB Asset	—	—	—	—	(5)
Deferred Outflows of Resources	(2)	—	—	1	(106)
Due to Other Funds	3	—	—	(7)	(56)
Accounts Payable and Accrued Liabilities	3	—	—	2	95
Net Pension Liability	14	2	—	(2)	535
Net OPEB Liability	(11)	(2)	—	—	(427)
Deferred Inflows of Resources	(1)	(1)	—	—	(38)
Net Cash Provided (Used) by Operating Activities	\$ (149)	\$ 19	\$ —	\$ 1,800	\$ 2,512
Reconciliation of Cash to the Statement of Net Position					
Total Cash and Investments per the Statement of Net Position	5,111	4,463	2,920	23,591	109,128
Cash, End of Year	\$ 5,111	\$ 4,463	\$ 2,920	\$ 23,591	\$ 109,128

STATE OF ALASKA

STATEMENT 4.21

Combining Statement of Net Position

Other Agencies Enterprise Funds

June 30, 2020

(Stated in Thousands)

	Alcoholism and Drug Abuse Revolving Loan	Agricultural Revolving Loan	Alaska Clean Water	Alaska Drinking Water	Retiree Health	Total Other Agencies Enterprise Funds
ASSETS						
Current Assets:						
Cash and Investments	\$ 239	\$ 13,535	\$ 123,931	\$ 74,269	\$ 670,912	\$ 882,886
Accounts Receivable - Net	—	51	457	398	—	906
Interest and Dividends Receivable	—	39	907	800	11	1,757
Due from Other Funds	—	—	2,532	413	98	3,043
Due from Other Governments	—	—	—	954	—	954
Loans, Notes, and Bonds Receivable	—	516	14,329	11,478	—	26,323
Total Current Assets	239	14,141	142,156	88,312	671,021	915,869
Noncurrent Assets:						
Loans, Notes, and Bonds Receivable	—	7,015	188,187	141,447	—	336,649
Other Noncurrent Assets	—	—	—	—	2,335	2,335
Total Noncurrent Assets	—	7,015	188,187	141,447	2,335	338,984
Total Assets	239	21,156	330,343	229,759	673,356	1,254,853
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	—	2	—	—	—	2
LIABILITIES						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	—	27	8	—	21,882	21,917
Due to Other Funds	—	35	15	44	49	143
Other Current Liabilities	—	—	17	8	—	25
Total Current Liabilities	—	62	40	52	21,931	22,085
Noncurrent Liabilities:						
Net Pension Liabilities	—	8	—	—	—	8
Other Noncurrent Liabilities	—	—	—	—	33,684	33,684
Total Noncurrent Liabilities	—	8	—	—	33,684	33,692
Total Liabilities	—	70	40	52	55,615	55,777
NET POSITION						
Restricted for:						
Health and Human Services	—	—	330,303	229,707	—	560,010
Other Purposes	239	—	—	—	—	239
Unrestricted	—	21,088	—	—	617,741	638,829
Total Net Position	\$ 239	\$ 21,088	\$ 330,303	\$ 229,707	\$ 617,741	\$ 1,199,078

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Other Agencies Enterprise Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Alcoholism and Drug Abuse Revolving Loan	Agricultural Revolving Loan	Alaska Clean Water	Alaska Drinking Water	Retiree Health	Total Other Agencies Enterprise Funds
OPERATING REVENUES						
Premiums and Contributions	\$ —	\$ —	\$ —	\$ —	\$ 85,110	\$ 85,110
Charges for Goods and Services	—	3	576	594	—	1,173
Interest and Investment Income	—	375	1,139	1,212	—	2,726
Fines and Forfeitures	—	2	—	—	—	2
Other Operating Revenues	—	—	—	—	268	268
Total Operating Revenues	—	380	1,715	1,806	85,378	89,279
OPERATING EXPENSES						
Benefits	—	—	—	—	72,295	72,295
Operating	—	50	1,102	300	3,701	5,153
Total Operating Expenses	—	50	1,102	300	75,996	77,448
Operating Income (Loss)	—	330	613	1,506	9,382	11,831
NONOPERATING REVENUES (EXPENSES)						
Interest and Investment Income	5	4	2,657	1,556	43,996	48,218
Interest and Investment Expense	—	—	(4)	(4)	(134)	(142)
Other Nonoperating Revenues (Expenses)	—	(3)	(284)	(356)	—	(643)
Total Nonoperating Revenues (Expenses)	5	1	2,369	1,196	43,862	47,433
Income Before Capital Contributions and Transfers	5	331	2,982	2,702	53,244	59,264
Capital Contributions	—	—	8,779	3,722	—	12,501
Change in Net Position	5	331	11,761	6,424	53,244	71,765
Total Net Position - Beginning of Year	234	20,757	318,542	223,283	564,497	1,127,313
Total Net Position - End of Year	\$ 239	\$ 21,088	\$ 330,303	\$ 229,707	\$ 617,741	\$ 1,199,078

Combining Statement of Cash Flows

Other Agencies Enterprise Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Alcoholism and Drug Abuse Revolving Loan	Agricultural Revolving Loan	Alaska Clean Water	Alaska Drinking Water	Retiree Health	Total Other Agencies Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Other Governments	\$ —	\$ 32	\$ —	\$ —	\$ —	\$ 32
Receipts of Principal from Loan Recipients	—	944	12,549	11,032	—	24,525
Receipt of Interest and Fees from Loan Recipients	—	371	1,790	1,905	—	4,066
Receipts from Insured	—	—	—	—	85,356	85,356
Payments to Employees	—	(9)	(891)	(270)	(4)	(1,174)
Payments to Suppliers	—	(136)	(212)	(30)	(4,127)	(4,505)
Payments to Other Governments	—	—	(1,231)	(8)	—	(1,239)
Payments to Loan Recipients	—	(456)	(28,293)	(10,605)	—	(39,354)
Claims Paid	—	—	—	—	(56,731)	(56,731)
Other Receipts	—	—	—	—	264	264
Other Payments	—	—	—	—	—	—
Net Cash Provided (Used) by Operating Activities	—	746	(16,288)	2,024	24,758	11,240
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating Subsidies and Transfers (Out) Other Funds	—	—	(284)	(356)	—	(640)
Proceeds from Issuance of Short-term Debt	—	—	1,901	2,201	—	4,102
Payments on Short-term Debt	—	—	(1,901)	(2,201)	—	(4,102)
Interest and Fees Paid on Borrowing	—	—	(3)	(4)	—	(7)
Net Cash Provided (Used) by Noncapital Financing Activities	—	—	(287)	(360)	—	(647)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Federal Grants	—	—	8,779	2,771	—	11,550
Net Cash Provided (Used) by Capital and Related Financing Activities	—	—	8,779	2,771	—	11,550
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sales/ Maturities of Investments	—	—	—	—	297,190	297,190
Purchase of Investments	—	—	—	—	(328,891)	(328,891)
Interest and Dividends on Investments	5	4	2,656	1,556	11,718	15,939
Net Cash Provided (Used) by Investing Activities	5	4	2,656	1,556	(19,983)	(15,762)
Net Increase (Decrease) in Cash	5	750	(5,140)	5,991	4,775	6,381
Cash and Cash Equivalents - Beginning of Year	234	12,785	129,071	68,278	39,957	250,325
Cash and Cash Equivalents - End of Year	\$ 239	\$ 13,535	\$ 123,931	\$ 74,269	\$ 44,732	\$ 256,706

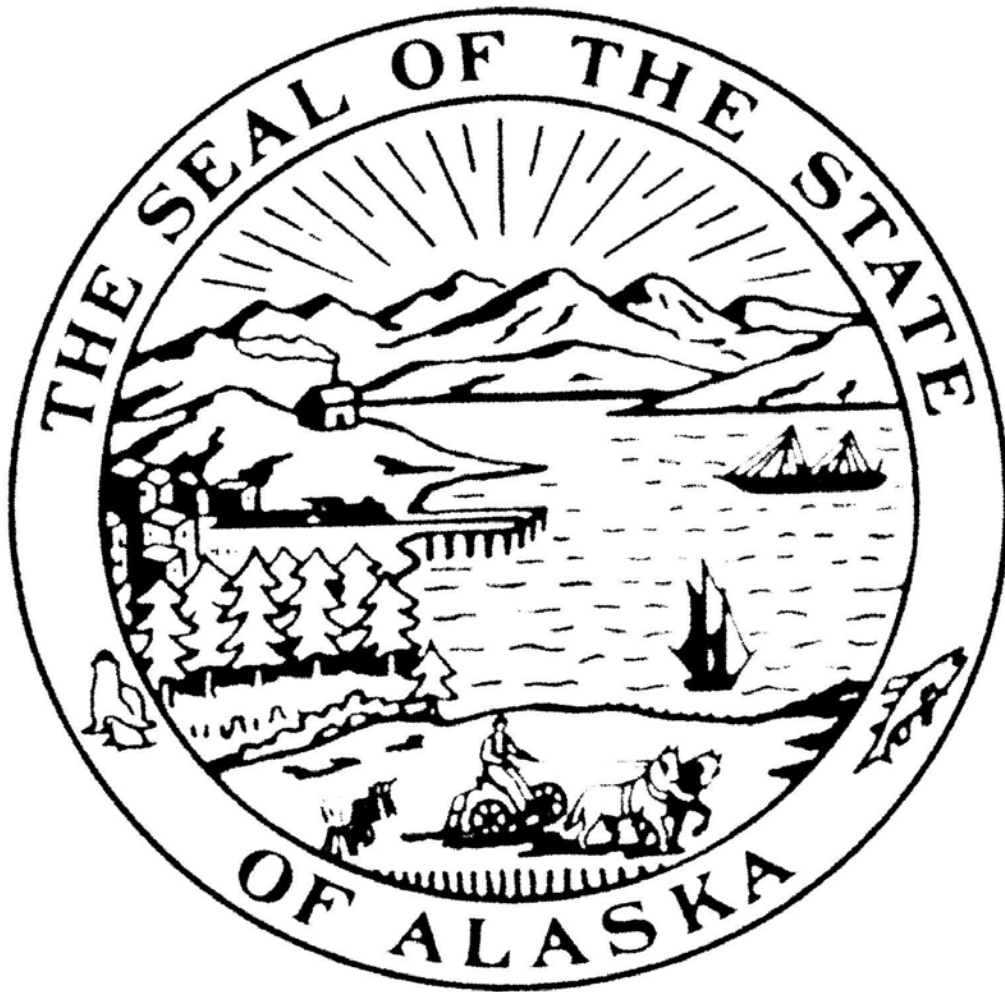
Combining Statement of Cash Flows

Other Agencies Enterprise Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Alcoholism and Drug Abuse Revolving Loan	Agricultural Revolving Loan	Alaska Clean Water	Alaska Drinking Water	Retiree Health	Total Other Agencies Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ —	\$ 330	\$ 613	\$ 1,506	\$ 9,382	\$ 11,831
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:						
Accounts Receivable - Net	—	(3)	29	41	14	81
Due From Other Funds	—	—	(1,216)	(57)	229	(1,044)
Loans, Notes and Bonds Receivable - Net	—	427	(15,748)	431	—	(14,890)
Interest and Dividends Receivable - Net	—	(8)	50	54	—	96
Other Assets	—	63	—	—	—	63
Deferred Outflows of Resources	—	15	—	—	—	15
Due to Other Funds	—	32	15	43	(52)	38
Accounts Payable and Accrued Liabilities	—	—	(20)	(2)	15,185	15,163
Net Pension Liability	—	(78)	—	—	—	(78)
Net OPEB Liability	—	(18)	—	—	—	(18)
Other Liabilities	—	(5)	(11)	8	—	(8)
Deferred Inflows of Resources	—	(9)	—	—	—	(9)
Net Cash Provided (Used) by Operating Activities	<u>\$ —</u>	<u>\$ 746</u>	<u>\$ (16,288)</u>	<u>\$ 2,024</u>	<u>\$ 24,758</u>	<u>\$ 11,240</u>
Reconciliation of Cash to the Statement of Net Position:						
Total Cash and Investments per the Statement of Net Position	\$ 239	\$ 13,535	\$ 123,931	\$ 74,269	\$ 670,912	\$ 882,886
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	—	—	—	—	(626,180)	(626,180)
Cash, End of Year	<u>\$ 239</u>	<u>\$ 13,535</u>	<u>\$ 123,931</u>	<u>\$ 74,269</u>	<u>\$ 44,732</u>	<u>\$ 256,706</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 (DOA). Effective July 1, 2000, the DOA 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 DOA. 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 DOA 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

STATEMENT 4.31

Combining Statement of Net Position

Internal Service Funds

June 30, 2020

(Stated in Thousands)

	Group Health and Life Benefits	Alaska Public Building	Information Services	Highways Equipment Working Capital	Total Internal Service Funds
ASSETS					
Current Assets:					
Cash and Investments	\$ 34,038	\$ 11,324	\$ 17,326	\$ 87,650	\$ 150,338
Accounts Receivable - Net	—	178	7	192	377
Due from Other Funds	—	6,125	8,421	7,368	21,914
Inventories	—	—	—	4,654	4,654
Other Current Assets	593	—	1,458	1,469	3,520
Total Current Assets	34,631	17,627	27,212	101,333	180,803
Noncurrent Assets:					
Net OPEB Asset	—	3	217	103	323
Capital Assets:					
Equipment, Net of Depreciation	—	504	35,737	134,780	171,021
Buildings, Net of Depreciation	—	128,945	—	—	128,945
Construction in Progress	—	2,170	14,798	—	16,968
Total Noncurrent Assets	—	131,622	50,752	134,883	317,257
Total Assets	34,631	149,249	77,964	236,216	498,060
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	—	88	6,657	3,165	9,910
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	15,687	69	4,294	5,256	25,306
Due to Other Funds	44	—	—	—	44
Claims, Judgments, Compensated Absences, and Pollution Remediation	24	63	1,572	1,361	3,020
Notes, Bonds, and Leases Payable	—	120	2,573	—	2,693
Total Current Liabilities	15,755	252	8,439	6,617	31,063
Noncurrent Liabilities:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	23	—	1,948	131	2,102
Notes, Bonds, and Leases Payable	—	515	3,355	—	3,870
Net Pension Liabilities	—	467	35,439	16,849	52,755
Net OPEB Liabilities	—	15	1,171	557	1,743
Total Noncurrent Liabilities	23	997	41,913	17,537	60,470
Total Liabilities	15,778	1,249	50,352	24,154	91,533
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	—	36	2,726	1,296	4,058
NET POSITION					
Net Investment in Capital Assets	—	130,984	44,607	134,780	310,371
Unrestricted	18,853	17,068	(13,064)	79,151	102,008
Total Net Position	\$ 18,853	\$ 148,052	\$ 31,543	\$ 213,931	\$ 412,379

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Internal Service Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Group Health and Life Benefits	Alaska Public Building	Information Services	Highways Equipment Working Capital	Total Internal Service Funds
OPERATING REVENUES					
Premiums and Contributions	\$ 129,034	\$ —	\$ —	\$ —	\$ 129,034
Charges for Goods and Services	—	17,620	54,121	46,661	118,402
Other Operating Revenues	3,960	—	—	—	3,960
Total Operating Revenues	<u>132,994</u>	<u>17,620</u>	<u>54,121</u>	<u>46,661</u>	<u>251,396</u>
OPERATING EXPENSES					
Benefits	128,071	—	—	—	128,071
Operating	5,493	11,341	62,115	27,968	106,917
Depreciation	—	7,658	7,314	15,282	30,254
Total Operating Expenses	<u>133,564</u>	<u>18,999</u>	<u>69,429</u>	<u>43,250</u>	<u>265,242</u>
Operating Income (Loss)	<u>(570)</u>	<u>(1,379)</u>	<u>(15,308)</u>	<u>3,411</u>	<u>(13,846)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	703	—	—	—	703
Interest and Investment Expense	—	(21)	—	—	(21)
Gain (Loss) on Disposal of Capital Assets	—	—	—	(401)	(401)
Other Nonoperating Revenues (Expenses)	—	41	—	—	41
Total Nonoperating Revenues (Expenses)	<u>703</u>	<u>20</u>	<u>—</u>	<u>(401)</u>	<u>322</u>
Income Before Capital Contributions and Transfers	133	(1,359)	(15,308)	3,010	(13,524)
Capital Contributions	—	8	1,267	2,432	3,707
Transfers In from Other Funds	—	—	8,613	—	8,613
Change in Net Position	133	(1,351)	(5,428)	5,442	(1,204)
Total Net Position - Beginning of Year	18,720	149,403	36,971	208,489	413,583
Total Net Position - End of Year	<u>\$ 18,853</u>	<u>\$ 148,052</u>	<u>\$ 31,543</u>	<u>\$ 213,931</u>	<u>\$ 412,379</u>

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Group Health and Life Benefits	Alaska Public Building	Information Services	Highways Equipment Working Capital	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ —	\$ 197	\$ —	\$ —	\$ 197
Receipts for Interfund Services Provided	—	18,308	52,833	45,738	116,879
Receipts from Insured	129,034	—	—	—	129,034
Payments to Employees	(369)	(528)	(30,251)	(17,397)	(48,545)
Payments to Suppliers	(5,463)	(1,426)	(26,650)	(12,524)	(46,063)
Claims Paid	(126,267)	—	—	—	(126,267)
Payments for Interfund Services Used	—	(10,960)	(5,645)	(709)	(17,314)
Other Receipts	3,960	—	—	—	3,960
Net Cash Provided (Used) by Operating Activities	895	5,591	(9,713)	15,108	11,881
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Subsidies and Transfers In from Other Funds	—	—	8,613	—	8,613
Net Cash Provided (Used) by Noncapital Financing Activities	—	—	8,613	—	8,613
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Sale of Capital Assets	—	—	—	349	349
Acquisition and Construction of Capital Assets	—	(1,097)	(1,226)	(13,405)	(15,728)
Principal Paid on Capital Debt	—	(116)	(2,588)	—	(2,704)
Interest and Fees Paid on Capital Debt	—	(21)	(197)	—	(218)
Net Cash Provided (Used) by Capital and Related Financing Activities	—	(1,234)	(4,011)	(13,056)	(18,301)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Dividends on Investments	703	—	—	—	703
Net Cash Provided (Used) by Investing Activities	703	—	—	—	703
Net Increase (Decrease) in Cash	1,598	4,357	(5,111)	2,052	2,896
Cash and Cash Equivalents - Beginning of Year	32,440	6,967	22,437	85,598	147,442
Cash and Cash Equivalents - End of Year	\$ 34,038	\$ 11,324	\$ 17,326	\$ 87,650	\$ 150,338

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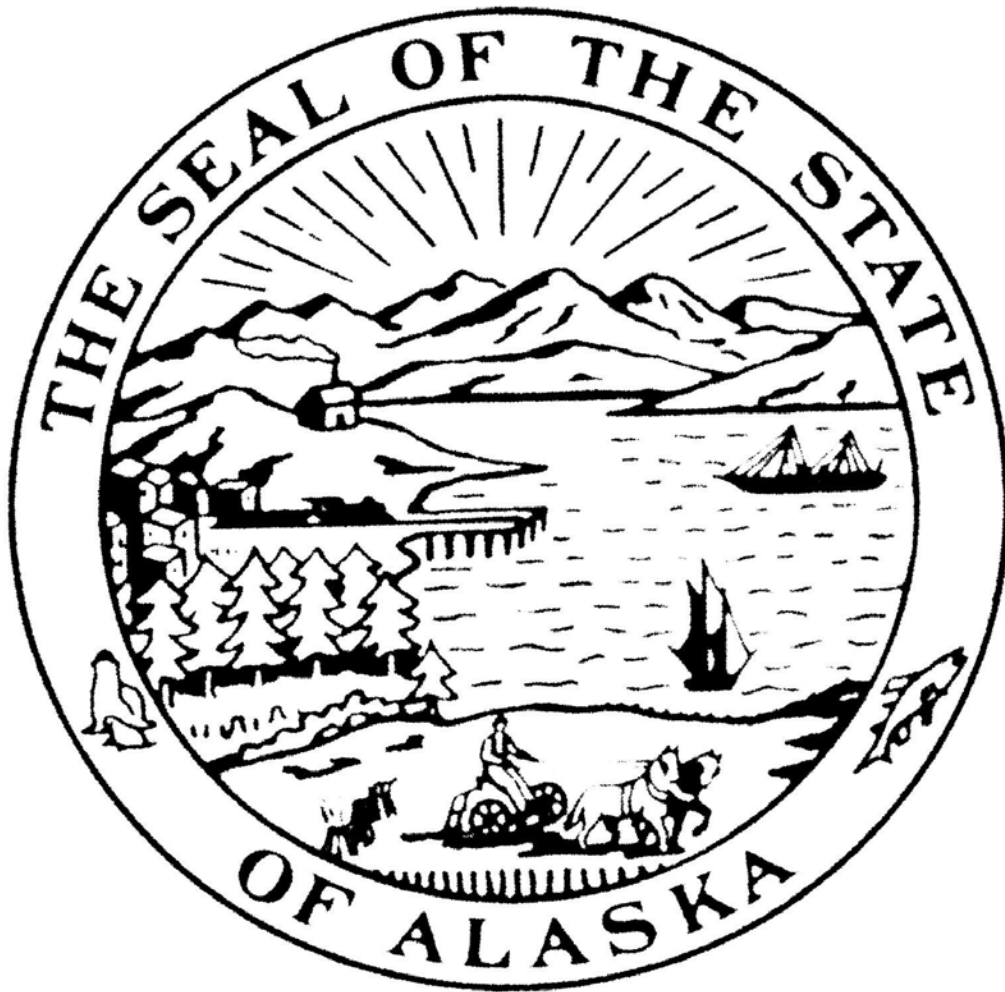
Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Group Health and Life Benefits	Alaska Public Building	Information Services	Highways Equipment Working Capital	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (570)	\$ (1,379)	\$ (15,308)	\$ 3,411	\$ (13,846)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization	—	7,657	7,314	15,282	30,253
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
Accounts Receivable - Net	—	(1)	587	397	983
Due from Other Funds	—	886	(1,876)	(983)	(1,973)
Inventories	—	—	—	(231)	(231)
Net OPEB Asset	—	—	—	(19)	(19)
Other Assets	—	—	1,873	(1,423)	450
Deferred Outflows of Resources	—	19	(950)	6	(925)
Due to Other Funds	1	—	—	—	1
Accounts Payable and Accrued Liabilities	1,464	(1,349)	(677)	2,443	1,881
Net Pension Liability	—	(109)	4,708	(223)	4,376
Net OPEB Liability	—	(106)	(5,340)	(3,024)	(8,470)
Other Liabilities	—	(1)	513	—	512
Deferred Inflows of Resources	—	(26)	(557)	(528)	(1,111)
Net Cash Provided (Used) by Operating Activities	<u>\$ 895</u>	<u>\$ 5,591</u>	<u>\$ (9,713)</u>	<u>\$ 15,108</u>	<u>\$ 11,881</u>
Reconciliation of Cash to the Statement of Net Position					
Total Cash and Investments per the Statement of Net Position	\$ 34,038	\$ 11,324	\$ 17,326	\$ 87,650	\$ 150,338
Cash, End of Year	<u>\$ 34,038</u>	<u>\$ 11,324</u>	<u>\$ 17,326</u>	<u>\$ 87,650</u>	<u>\$ 150,338</u>
Noncash Investing, Capital, and Financing Activities					
Contributed Capital Assets	—	8	1,267	2,432	3,707



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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 (DOA). 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 DOA. 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 DOA. 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 DOA. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Public Employees' Retirement System.
- **Supplemental Benefits System (Fund 3141)** – AS 39.30.150 – Administered by the DOA. 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 DOA. 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 DOA. 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 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 DOA. 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.



STATE OF ALASKA

STATEMENT 5.01

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2020
(Stated in Thousands)

	Public Employees' Retirement			Teachers' Retirement		
	Defined Benefit Pension	Defined Contribution Pension	Other Postemployment Benefits	Defined Benefit Pension	Defined Contribution Pension	Other Postemployment Benefits
ASSETS						
Cash and Cash Equivalents	\$ 92,279	\$ 3,713	\$ 74,648	\$ 48,811	\$ 655	\$ 26,697
Investments:						
Fixed Income	2,047,425	—	1,845,182	1,178,804	—	684,784
Broad Domestic Equity	2,578,937	—	2,324,317	1,484,807	—	862,615
Global Equity ex-US	1,779,252	—	1,603,586	1,024,393	—	595,131
Opportunistic	513,333	—	462,651	295,547	—	171,702
Private Equity Pool	1,166,939	—	1,051,725	671,858	—	390,323
Real Assets	1,276,258	—	1,151,324	734,798	—	427,287
Pooled Investment Funds	—	825,612	—	—	348,974	—
Collective Investment Funds	—	493,292	—	—	202,427	—
Synthetic Investment Contracts	—	76,046	—	—	29,797	—
Investment Loss Trust Fund Assets	—	—	—	—	—	—
Accounts Receivable - Net	137	—	—	33	—	—
Contributions Receivable	12,148	—	—	8,635	—	—
Securities Lending Collateral	12,138	—	10,911	6,991	—	4,047
Due from Other Funds	3,220	8,162	5,340	—	6,214	3,532
Other Assets	15	—	967	—	—	318
Total Assets	<u>9,482,081</u>	<u>1,406,825</u>	<u>8,530,651</u>	<u>5,454,677</u>	<u>588,067</u>	<u>3,166,436</u>
LIABILITIES						
Accounts Payable and Accrued Liabilities	782	371	1,824	344	174	659
Obligations Under Securities Lending	12,138	—	10,911	6,991	—	4,047
Forfeiture Payable to Employer	—	653	—	—	159	—
Claims Payable	—	—	35,336	—	—	10,812
Due to Other Funds	—	—	—	2,543	—	—
Total Liabilities	<u>12,920</u>	<u>1,024</u>	<u>48,071</u>	<u>9,878</u>	<u>333</u>	<u>15,518</u>
NET POSITION						
Restricted for:						
Pension Benefits	9,469,161	—	—	5,444,799	—	—
Other Postemployment Benefits	—	—	8,482,580	—	—	3,150,918
Individuals, Organizations, and Other Governments	—	1,405,801	—	—	587,734	—
Total Net Position	<u>\$ 9,469,161</u>	<u>\$ 1,405,801</u>	<u>\$ 8,482,580</u>	<u>\$ 5,444,799</u>	<u>\$ 587,734</u>	<u>\$ 3,150,918</u>

This statement continued on the next page.

STATE OF ALASKA

STATEMENT 5.01

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

June 30, 2020

(Stated in Thousands)

	Judicial Retirement		Alaska National Guard and Alaska Naval Militia Retirement	Deferred Compensation	Supplemental Benefits	Total Pension and Other Employee Benefit Trust Funds
	Pension	Other Postemployment Benefits				
ASSETS						
Cash and Cash Equivalents	\$ 1,906	\$ 316	\$ 11	\$ 1,723	\$ 6,343	\$ 257,102
Investments:						
Fixed Income	40,902	7,377	17,712	—	—	5,822,186
Broad Domestic Equity	51,520	9,293	11,986	—	—	7,323,475
Global Equity ex-US	35,545	6,411	9,275	—	—	5,053,593
Opportunistic	10,255	1,850	3,146	—	—	1,458,484
Private Equity Pool	23,312	4,205	—	—	—	3,308,362
Real Assets	25,496	4,603	—	—	—	3,619,766
Pooled Investment Funds	—	—	—	214,048	2,490,581	3,879,215
Collective Investment Funds	—	—	—	581,622	1,276,341	2,553,682
Synthetic Investment Contracts	—	—	—	205,421	459,553	770,817
Investment Loss Trust Fund Assets	—	—	—	—	2,085	2,085
Accounts Receivable - Net	1	—	—	—	—	171
Contributions Receivable	—	—	—	—	783	21,566
Securities Lending Collateral	242	44	63	—	—	34,436
Due from Other Funds	920	95	—	1,803	5,667	34,953
Other Assets	—	3	—	—	—	1,303
Total Assets	190,099	34,197	42,193	1,004,617	4,241,353	34,141,196
LIABILITIES						
Accounts Payable and Accrued Liabilities	13	5	22	161	1,279	5,634
Obligations Under Securities Lending	242	44	63	—	—	34,436
Forfeiture Payable to Employer	—	—	—	—	—	812
Claims Payable	—	111	—	—	2,155	48,414
Due to Other Funds	—	—	12	—	—	2,555
Total Liabilities	255	160	97	161	3,434	91,851
NET POSITION						
Restricted for:						
Pension Benefits	189,844	—	42,096	—	—	15,145,900
Other Postemployment Benefits	—	34,037	—	—	—	11,667,535
Individuals, Organizations, and Other Governments	—	—	—	1,004,456	4,237,919	7,235,910
Total Net Position	\$ 189,844	\$ 34,037	\$ 42,096	\$ 1,004,456	\$ 4,237,919	\$ 34,049,345

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Public Employees' Retirement			Teachers' Retirement		
	Defined Benefit Pension	Defined Contribution Pension	Other Postemployment Benefits	Defined Benefit Pension	Defined Contribution Pension	Other Postemployment Benefits
ADDITIONS						
Premiums and Contributions:						
Employer	\$ 350,028	\$ 62,715	\$ 174,545	\$ 34,114	\$ 27,366	\$ 35,895
Member	74,514	109,124	—	33,566	32,907	—
Other	79,487	—	—	140,219	—	—
Total Premiums and Contributions	504,029	171,839	174,545	207,899	60,273	35,895
Investment Income:						
Net Appreciation (Depreciation) in Fair Value of Investments	261,863	55,335	240,251	150,651	22,109	89,147
Interest	43,895	165	38,005	25,747	45	14,099
Dividends	100,129	—	90,035	58,039	—	33,396
Total Investment Income	405,887	55,500	368,291	234,437	22,154	136,642
Less Investment Expense	28,074	746	24,040	16,243	335	8,919
Net Investment Income	377,813	54,754	344,251	218,194	21,819	127,723
Securities Lending Income	383	—	336	224	—	124
Less Securities Lending Expense	77	—	67	45	—	24
Net Securities Lending Income	306	—	269	179	—	100
Other Additions:						
Other	148	19	81,705	33	57	27,796
Total Additions	882,296	226,612	600,770	426,305	82,149	191,514
DEDUCTIONS						
Benefits Paid	885,252	—	440,531	488,748	—	135,654
Refunds of Premiums and Contributions	10,271	49,620	—	1,699	15,598	—
Administrative Expenses	7,017	4,225	21,523	2,988	1,539	6,955
Total Deductions	902,540	53,845	462,054	493,435	17,137	142,609
Net Increase (Decrease) in Net Position Restricted for:						
Pension Benefits	(20,244)	—	—	(67,130)	—	—
Other Postemployment Benefits	—	—	138,716	—	—	48,905
Individuals, Organizations, and Other Governments	—	172,767	—	—	65,012	—
Net Position - Beginning of the Year	9,489,405	1,233,034	8,343,864	5,511,929	522,722	3,102,013
Net Position - End of the Year	\$ 9,469,161	\$ 1,405,801	\$ 8,482,580	\$ 5,444,799	\$ 587,734	\$ 3,150,918

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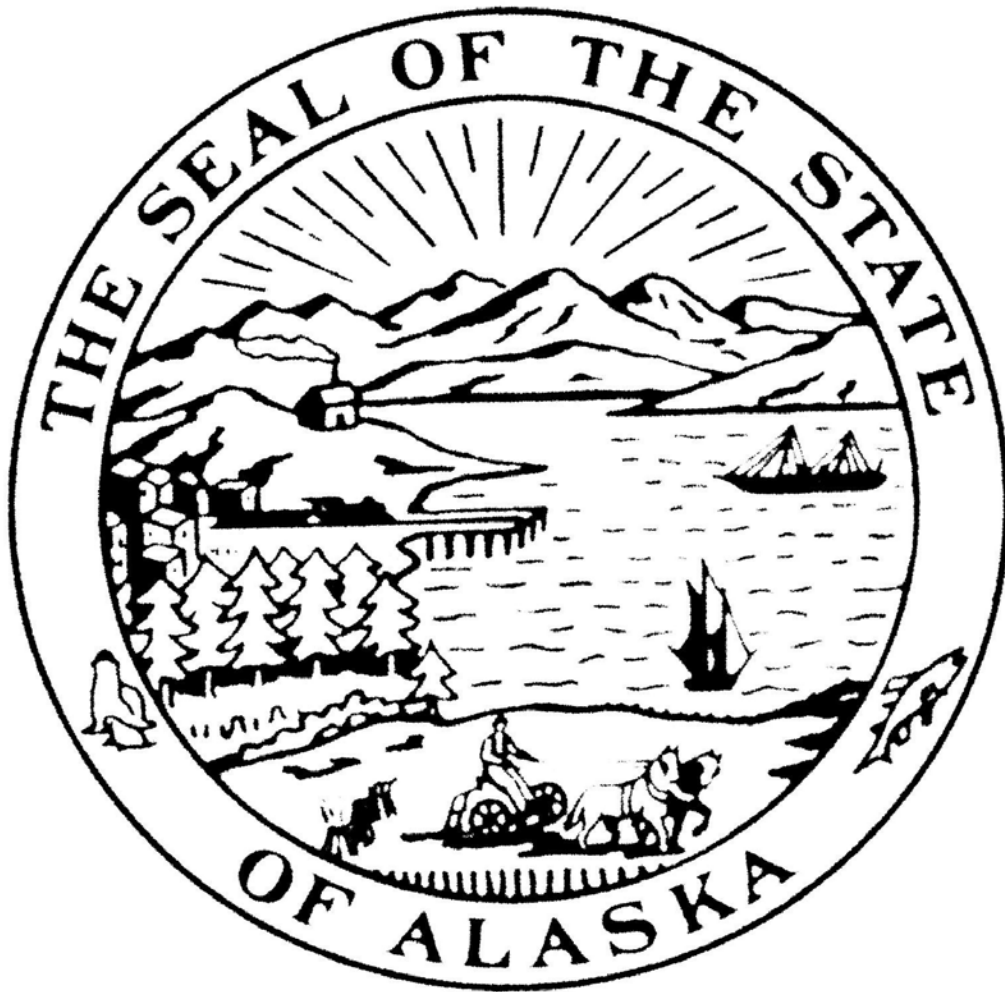
Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Judicial Retirement		Alaska National Guard and Alaska Naval Militia Retirement	Deferred Compensation	Supplemental Benefits	Total Pension and Other Employee Benefit Trust Funds
	Pension	Other Postemployment Benefit				
ADDITIONS						
Premiums and Contributions:						
Employer	\$ 6,117	\$ 730	\$ 861	\$ —	\$ 81,846	\$ 774,217
Member	839	—	—	46,008	89,152	386,110
Other	5,010	—	—	—	—	224,716
Total Premiums and Contributions	11,966	730	861	46,008	170,998	1,385,043
Investment Income:						
Net Appreciation (Depreciation) in Fair Value of Investments	5,220	963	1,495	41,264	197,494	1,065,792
Interest	878	151	299	231	712	124,227
Dividends	1,978	358	404	—	—	284,339
Total Investment Income	8,076	1,472	2,198	41,495	198,206	1,474,358
Less Investment Expense	545	95	57	1,003	2,778	82,835
Net Investment Income	7,531	1,377	2,141	40,492	195,428	1,391,523
Securities Lending Income	8	1	—	—	—	1,076
Less Securities Lending Expense	2	—	—	—	—	215
Net Securities Lending Income	6	1	—	—	—	861
Other Additions:						
Other	—	335	—	20	178	110,291
Total Additions	19,503	2,443	3,002	86,520	366,604	2,887,718
DEDUCTIONS						
Benefits Paid	14,178	1,425	1,641	71,146	251,642	2,290,217
Refunds of Premiums and Contributions	—	—	—	—	—	77,188
Administrative Expenses	107	73	230	1,238	4,477	50,372
Total Deductions	14,285	1,498	1,871	72,384	256,119	2,417,777
Net Increase (Decrease) in Net Position Restricted for:						
Pension Benefits	5,218	—	1,131	—	—	(81,025)
Other Postemployment Benefits	—	945	—	—	—	188,566
Individuals, Organizations, and Other Governments	—	—	—	14,136	110,485	362,400
Net Position - Beginning of the Year	184,626	33,092	40,965	990,320	4,127,434	33,579,404
Net Position - End of the Year	\$ 189,844	\$ 34,037	\$ 42,096	\$ 1,004,456	\$ 4,237,919	\$ 34,049,345



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Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2020

(Stated in Thousands)

	Deposits, Suspense, and Miscellaneous	Wage and Hour	Public Advocacy	Exxon Valdez Oil Spill Investment	Impact Aid PL 103-382	Total Agency Funds
ASSETS						
Cash and Cash Equivalents	\$ 420,640	\$ 275	\$ 36,592	\$ —	\$ 31	\$ 457,538
Investments	—	—	—	186,075	—	186,075
Accounts Receivable - Net	3	—	—	—	—	3
Due from Other Funds	6,333	17	—	2,373	—	8,723
Total Assets	<u>426,976</u>	<u>292</u>	<u>36,592</u>	<u>188,448</u>	<u>31</u>	<u>652,339</u>
LIABILITIES						
Accounts Payable and Accrued Liabilities	5,499	23	—	—	—	5,522
Trust Deposits Payable	419,350	269	36,236	188,428	31	644,314
Due to Other Funds	2,127	—	356	20	—	2,503
Total Liabilities	<u>\$ 426,976</u>	<u>\$ 292</u>	<u>\$ 36,592</u>	<u>\$ 188,448</u>	<u>\$ 31</u>	<u>\$ 652,339</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

June 30, 2020

(Stated in Thousands)

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<u>DEPOSITS, SUSPENSE, AND MISCELLANEOUS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 313,231	\$ 720,132	\$ 612,723	\$ 420,640
Accounts Receivable - Net	12	—	9	3
Due from Other Funds	5,828	6,354	5,849	6,333
Total Assets	<u>319,071</u>	<u>726,486</u>	<u>618,581</u>	<u>426,976</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	5,647	31,158	31,306	5,499
Trust Deposits Payable	311,518	781,478	673,646	419,350
Due to Other Funds	1,906	349	128	2,127
Total Liabilities	<u>\$ 319,071</u>	<u>\$ 812,985</u>	<u>\$ 705,080</u>	<u>\$ 426,976</u>
<u>WAGE AND HOUR</u>				
ASSETS				
Cash and Cash Equivalents	\$ 269	\$ 201	\$ 195	\$ 275
Due from Other Funds	68	17	68	17
Total Assets	<u>337</u>	<u>218</u>	<u>263</u>	<u>292</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	8	350	335	23
Trust Deposits Payable	329	626	686	269
Total Liabilities	<u>\$ 337</u>	<u>\$ 976</u>	<u>\$ 1,021</u>	<u>\$ 292</u>
<u>PUBLIC ADVOCACY</u>				
ASSETS				
Cash and Cash Equivalents	\$ 30,372	\$ 22,858	\$ 16,638	\$ 36,592
Total Assets	<u>30,372</u>	<u>22,858</u>	<u>16,638</u>	<u>36,592</u>
LIABILITIES				
Trust Deposits Payable	30,095	12,334	6,193	36,236
Due to Other Funds	277	873	794	356
Total Liabilities	<u>\$ 30,372</u>	<u>\$ 13,207</u>	<u>\$ 6,987</u>	<u>\$ 36,592</u>
<u>EXXON VALDEZ OIL SPILL INVESTMENT</u>				
ASSETS				
Investments	\$ 189,095	\$ 116,125	\$ 119,145	\$ 186,075
Due from Other Funds	308	4,638	2,573	2,373
Total Assets	<u>189,403</u>	<u>120,763</u>	<u>121,718</u>	<u>188,448</u>
LIABILITIES				
Trust Deposits Payable	189,053	252,591	253,216	188,428
Due to Other Funds	350	20	350	20
Total Liabilities	<u>\$ 189,403</u>	<u>\$ 252,611</u>	<u>\$ 253,566</u>	<u>\$ 188,448</u>

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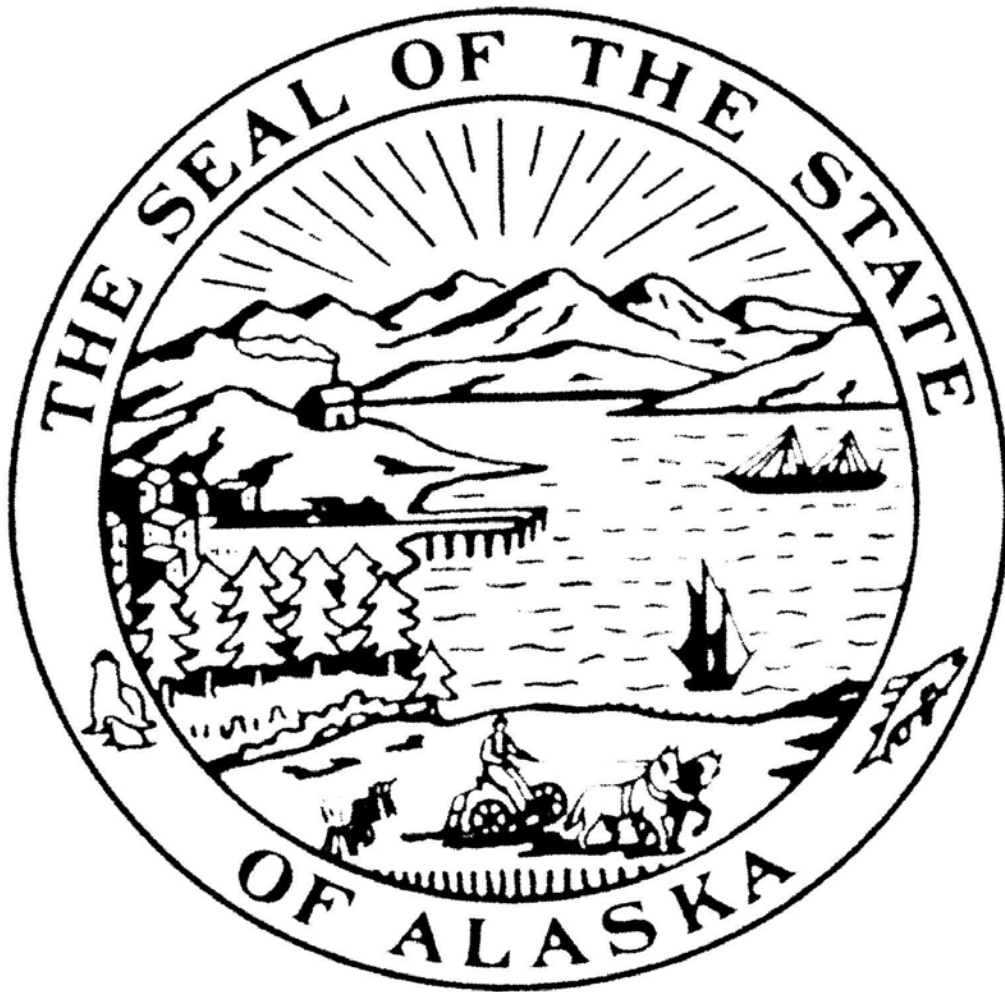
Combining Statement of Changes in Assets and Liabilities

Agency Funds

June 30, 2020

(Stated in Thousands)

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<u>IMPACT AID PL 103-382</u>				
ASSETS				
Cash and Cash Equivalents	\$ 31	\$ 33,524	\$ 33,524	\$ 31
Due from Other Funds	115	—	115	—
Total Assets	<u>146</u>	<u>33,524</u>	<u>33,639</u>	<u>31</u>
LIABILITIES				
Trust Deposits Payable	146	37,159	37,274	31
Total Liabilities	<u>\$ 146</u>	<u>\$ 37,159</u>	<u>\$ 37,274</u>	<u>\$ 31</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 343,903	\$ 776,715	\$ 663,080	\$ 457,538
Investments	189,095	116,125	119,145	186,075
Accounts Receivable - Net	12	—	9	3
Due from Other Funds	6,319	11,009	8,605	8,723
Total Assets	<u>539,329</u>	<u>903,849</u>	<u>790,839</u>	<u>652,339</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	5,655	31,508	31,641	5,522
Trust Deposits Payable	531,141	1,084,188	971,015	644,314
Due to Other Funds	2,533	1,242	1,272	2,503
Total Liabilities	<u>\$ 539,329</u>	<u>\$ 1,116,938</u>	<u>\$ 1,003,928</u>	<u>\$ 652,339</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 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 (DCCED), 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 (DOR). 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 DOR, 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 DCCED, 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 DCCED, 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.



Combining Statement of Net Position

Nonmajor Component Units

June 30, 2020

(Stated in Thousands)

	Alaska Municipal Bond Bank Authority	Alaska Student Loan Corporation	Alaska Railroad Corporation	Alaska Aerospace Corporation	Alaska Mental Health Trust Authority	Alaska Seafood Marketing Institute	Alaska Gasline Development Corporation	Total Nonmajor Component Units
ASSETS								
Cash and Investments	\$ 67,598	\$ 102,113	\$ 82,401	\$ 6,715	\$ 697,495	\$ 13,999	\$ 24,250	\$ 994,571
Accounts Receivable - Net	—	—	17,607	1,253	116	—	—	18,976
Interest and Dividends Receivable	13,448	4,358	—	—	18,251	—	—	36,057
Due from Primary Government	—	—	256	—	22,589	893	—	23,738
Due from Other Governments	—	—	17,379	—	—	—	—	17,379
Loans, Notes, and Bonds Receivable	1,036,764	103,824	—	—	5,596	—	—	1,146,184
Inventories	—	—	12,108	12	—	—	—	12,120
Restricted Assets	—	42,767	32,341	—	—	—	—	75,108
Securities Lending Collateral	—	—	—	—	12,616	—	—	12,616
Net OPEB Asset	—	—	35,233	8	45	10	—	35,296
Other Assets	—	170	2,336	98	434	132	469	3,639
Capital Assets:								
Equipment, Net of Depreciation	—	—	112,363	18,366	—	—	95	130,824
Buildings, Net of Depreciation	—	—	12	47,005	8,649	—	—	55,666
Infrastructure, Net of Depreciation	—	—	598,303	14,975	—	—	—	613,278
Land / Right-of-Way	—	—	36,360	—	11,616	—	—	47,976
Construction in Progress	—	—	135,004	2,259	—	—	—	137,263
Total Assets	1,117,810	253,232	1,081,703	90,691	777,407	15,034	24,814	3,360,691
DEFERRED OUTFLOWS OF RESOURCES								
Total Deferred Outflows of Resources	—	—	17,335	252	1,367	311	1,195	20,460
LIABILITIES								
Accounts Payable and Accrued Liabilities	92	49	21,282	467	42,292	641	865	65,688
Obligations Under Securities Lending	—	—	—	—	12,616	—	—	12,616
Due to Primary Government	164	1,170	1,568	—	—	—	—	2,902
Due to Other Governments	—	333	—	—	—	—	—	333
Interest Payable	13,201	—	1,364	—	—	—	—	14,565
Other Current Liabilities	10,916	—	—	—	—	—	—	10,916
Long-term Liabilities:								
Portion Due or Payable Within One Year:								
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	—	480	176	693	148	250	1,747
Unearned Revenue	—	—	3,308	753	825	—	—	4,886
Notes, Bonds, and Leases Payable	67,245	7,556	16,999	—	—	—	—	91,800
Portion Due or Payable After One Year:								
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	—	2,154	—	—	96	—	2,250
Notes, Bonds, and Leases Payable	966,920	28,257	68,185	—	—	—	—	1,063,362
Net Pension Liabilities	—	—	30,190	1,340	7,278	1,656	5,634	46,098
Net OPEB Liabilities	—	—	—	44	241	55	193	533
Total Liabilities	1,058,538	37,365	145,530	2,780	63,945	2,596	6,942	1,317,696

This statement continued on the next page.

Combining Statement of Net Position

Nonmajor Component Units

June 30, 2020

(Stated in Thousands)

	Alaska Municipal Bond Bank Authority	Alaska Student Loan Corporation	Alaska Railroad Corporation	Alaska Aerospace Corporation	Alaska Mental Health Trust Authority	Alaska Seafood Marketing Institute	Alaska Gasline Development Corporation	Total Nonmajor Component Units
DEFERRED INFLOWS OF RESOURCES								
Total Deferred Inflows of Resources	—	—	575,218	103	560	127	281	576,289
NET POSITION								
Net Investment in Capital Assets	—	—	235,322	82,606	20,265	—	95	338,288
Restricted for:								
Permanent Funds								
Nonexpendable	—	—	—	—	512,365	—	—	512,365
Expendable	—	—	—	—	181,639	—	—	181,639
Development	—	—	142,968	—	—	—	—	142,968
Debt Service	37,394	6,619	—	—	—	—	—	44,013
Other Purposes	—	—	—	—	—	12,622	—	12,622
Unrestricted	21,878	209,248	—	5,454	—	—	18,691	255,271
Total Net Position	\$ 59,272	\$ 215,867	\$ 378,290	\$ 88,060	\$ 714,269	\$ 12,622	\$ 18,786	\$ 1,487,166

Combining Statement of Activities

Nonmajor Component Units

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

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	\$ 49,495	\$ 49,010	\$ —	\$ —
Alaska Student Loan Corporation	10,688	4,045	—	—
Alaska Railroad Corporation	184,216	148,381	54,083	—
Alaska Aerospace Corporation	18,035	20,336	60	—
Alaska Mental Health Trust Authority	29,940	19,697	19,418	—
Alaska Seafood Marketing Institute	15,752	—	5,625	—
Alaska Gasline Development Corporation	14,653	11,274	304	—
Total Nonmajor Component Units	<u>\$ 322,779</u>	<u>\$ 252,743</u>	<u>\$ 79,490</u>	<u>\$ —</u>

This statement continued on the next page.

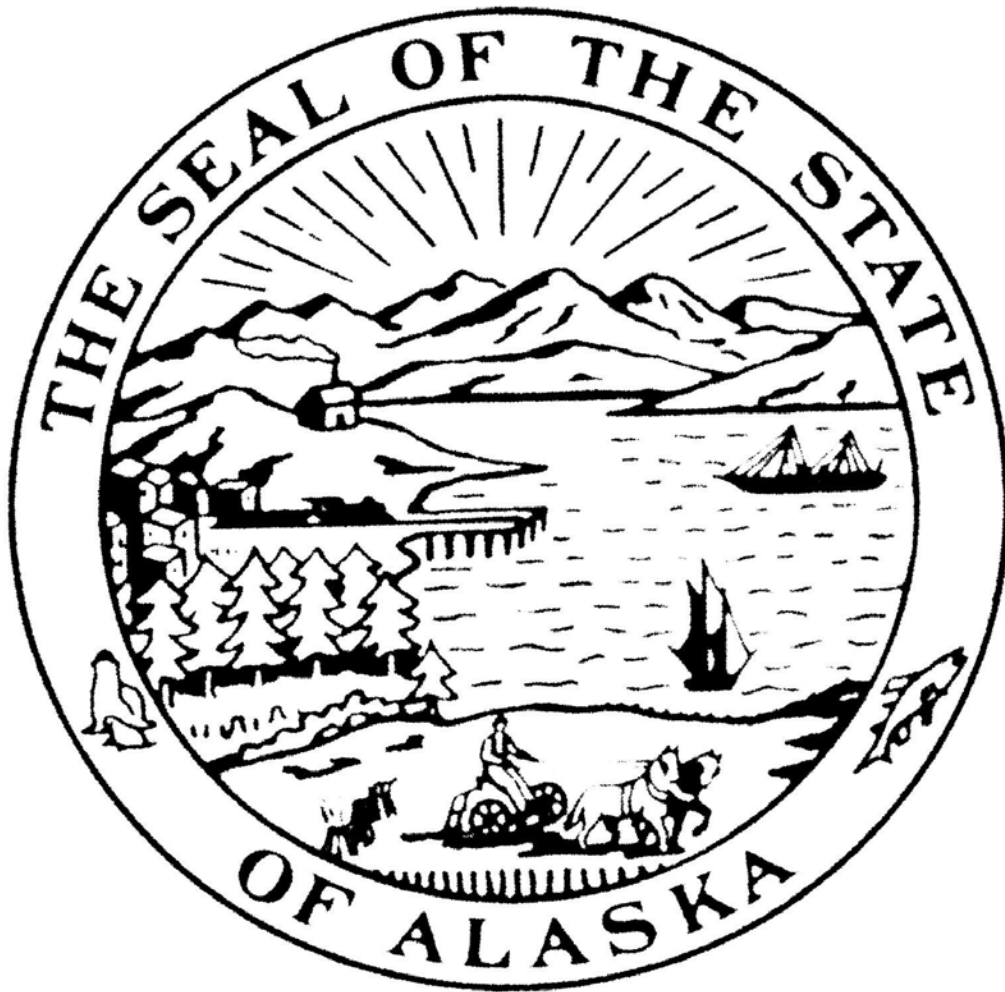
Combining Statement of Activities

Nonmajor Component Units

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

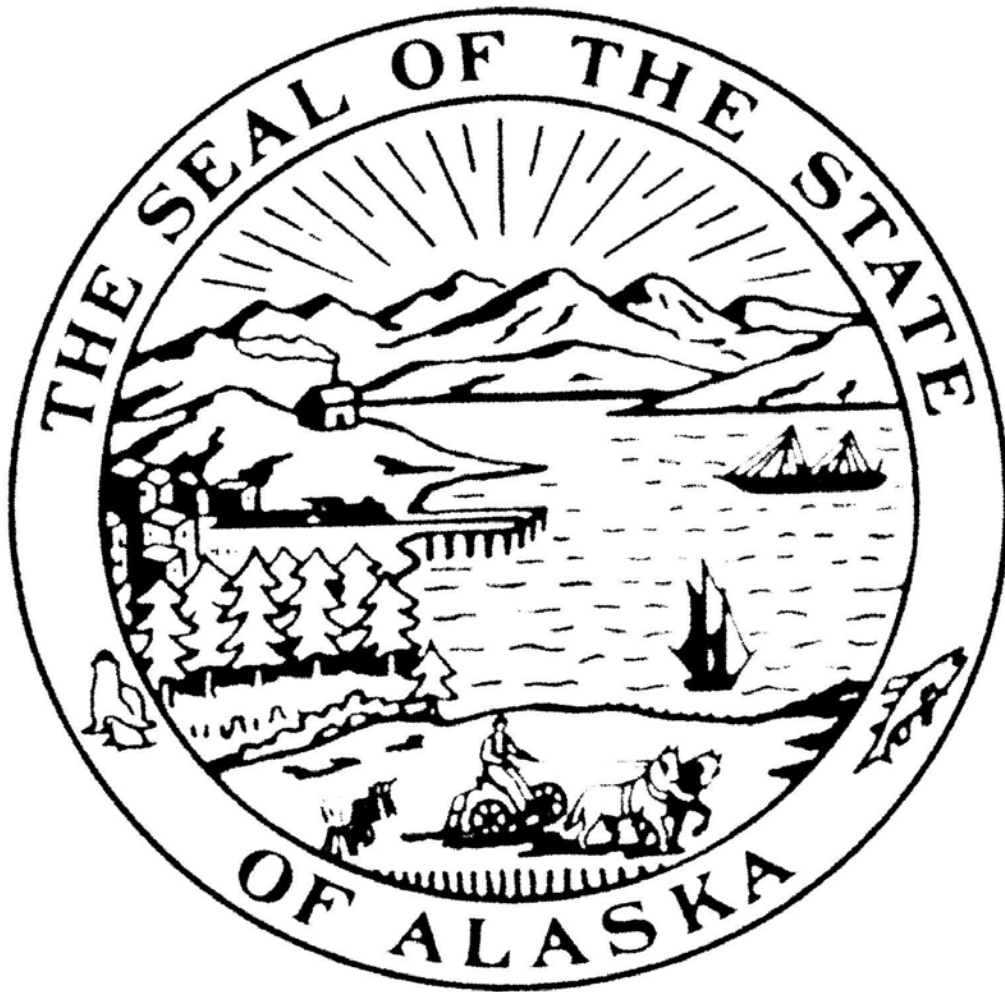
FUNCTIONS/ PROGRAMS	Net (Expense) Revenue and Changes in Net Position							
	Alaska Municipal Bond Bank Authority	Alaska Student Loan Corporation	Alaska Railroad Corporation	Alaska Aerospace Corporation	Alaska Mental Health Trust Authority	Alaska Seafood Marketing Institute	Alaska Gasline Development Corporation	Total Nonmajor Component Units
Nonmajor Component Units:								
Alaska Municipal Bond Bank Authority	\$ (485)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (485)
Alaska Student Loan Corporation	—	(6,643)	—	—	—	—	—	(6,643)
Alaska Railroad Corporation	—	—	18,248	—	—	—	—	18,248
Alaska Aerospace Corporation	—	—	—	2,361	—	—	—	2,361
Alaska Mental Health Trust Authority	—	—	—	—	9,175	—	—	9,175
Alaska Seafood Marketing Institute	—	—	—	—	—	(10,127)	—	(10,127)
Alaska Gasline Development Corporation	—	—	—	—	—	—	(3,075)	(3,075)
Total Nonmajor Component Units	(485)	(6,643)	18,248	2,361	9,175	(10,127)	(3,075)	9,454
General Revenues:								
Interest and Investment Income (Loss)	2,300	3,081	1,575	54	—	—	459	7,469
Payments In from Primary Government	—	—	—	—	227	6,269	—	6,496
Other Revenues	—	—	1,794	290	(94)	—	—	1,990
Total General Revenues, Transfers, and Contributions	2,300	3,081	3,369	344	133	6,269	459	15,955
Change in Net Position	1,815	(3,562)	21,617	2,705	9,308	(3,858)	(2,616)	25,409
Net Position - Beginning of Year	57,457	219,429	356,673	85,355	704,961	16,480	21,402	1,461,757
Net Position - End of Year	<u>\$ 59,272</u>	<u>\$ 215,867</u>	<u>\$ 378,290</u>	<u>\$ 88,060</u>	<u>\$ 714,269</u>	<u>\$ 12,622</u>	<u>\$ 18,786</u>	<u>\$ 1,487,166</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, 2020

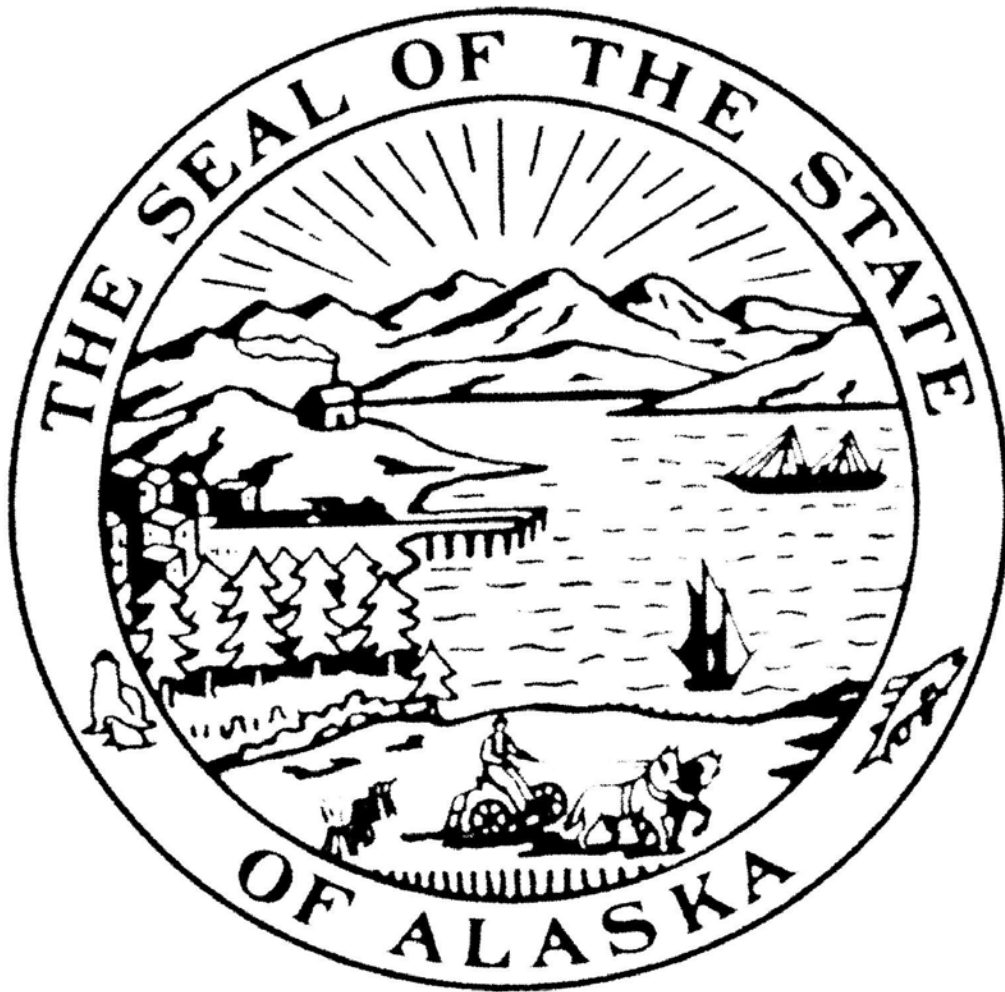
STATISTICAL SECTION

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) These schedules contain trend information to help the reader understand how the state's financial performance and well-being have changed over time.	285
Revenue Capacity (Schedules B-1 through B-3) These schedules contain information to help the reader assess the state's most significant revenue sources: investment income, oil severance taxes, and oil royalties.	293
Debt Capacity (Schedules C-1 and C-2) 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.	298
Demographic and Economic Information (Schedules D-1 and D-2) These schedules offer demographic and economic indicators to help the reader understand the environment within which the state's financial activities take place.	300
Operating Information (Schedules E-1 through E-3) 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.	303

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.



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STATE OF ALASKA
Financial Trends - Net Position By Component
Last Ten Fiscal Years
(Stated in Thousands)

SCHEDULE A-1

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities:										
Net Investment in Capital Assets	\$ 7,425,480	\$ 7,330,252	\$ 7,247,754	\$ 6,951,428	\$ 6,786,011	\$ 6,683,296	\$ 6,205,097	\$ 5,940,490	\$ 5,784,736	\$ 5,618,713
Restricted ^a	53,236,743	48,698,597	46,900,224	47,893,276	45,173,358	46,442,972	45,797,266	41,811,811	39,109,760	38,808,084
Unrestricted	12,087,646	17,876,681	17,387,310	14,558,125	14,020,197	18,358,463	28,015,987	26,270,988	23,398,603	20,099,413
Total Governmental Activities Net Position	<u>72,749,869</u>	<u>73,905,530</u>	<u>71,535,288</u>	<u>69,402,829</u>	<u>65,979,566</u>	<u>71,484,731</u>	<u>80,018,350</u>	<u>74,023,289</u>	<u>68,293,099</u>	<u>64,526,210</u>
Business-type Activities:										
Net Investment in Capital Assets	863,218	878,911	846,649	831,268	813,876	817,436	868,403	847,214	805,993	783,353
Restricted	1,008,822	1,058,984	1,006,773	989,686	967,266	939,413	865,739	777,552	680,149	670,492
Unrestricted	988,368	900,133	814,160	773,238	316,963	298,017	350,713	357,143	343,417	292,783
Total Business-type Activities Net Position	<u>2,860,408</u>	<u>2,838,028</u>	<u>2,667,582</u>	<u>2,594,192</u>	<u>2,098,105</u>	<u>2,054,866</u>	<u>2,084,855</u>	<u>1,981,909</u>	<u>1,829,559</u>	<u>1,746,628</u>
Primary Government:										
Net Investment in Capital Assets	8,288,698	8,209,163	8,094,403	7,782,696	7,599,887	7,500,732	7,073,500	6,787,704	6,590,729	6,402,066
Restricted	54,245,565	49,757,581	47,906,997	48,882,962	46,140,624	47,382,385	46,663,005	42,589,363	39,789,909	39,478,576
Unrestricted	13,076,014	18,776,814	18,201,470	15,331,363	14,337,160	18,656,480	28,366,700	26,628,131	23,742,020	20,392,196
Total Primary Government Net Position	<u>\$75,610,277</u>	<u>\$76,743,558</u>	<u>\$74,202,870</u>	<u>\$71,997,021</u>	<u>\$68,077,671</u>	<u>\$73,539,597</u>	<u>\$82,103,205</u>	<u>\$76,005,198</u>	<u>\$70,122,658</u>	<u>\$66,272,838</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.

STATE OF ALASKA

SCHEDULE A-2

Financial Trends - Government-wide Expenses, Program Revenues, and Net (Expense)/Revenue

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 21,011	\$ 22,497	\$ 23,183	\$ 24,472	\$ 15,917	\$ 12,316	\$ 12,442	\$ 12,374	\$ 13,807	\$ 10,940
Education	3,391	3,988	4,494	4,430	6,510	3,705	3,779	4,123	2,977	3,195
University	—	—	—	—	—	40	—	—	—	—
Health and Human Services	56,544	52,477	49,608	55,324	55,533	50,513	49,545	48,904	45,775	43,166
Law and Justice	4,018	5,770	12,432	11,802	12,656	17,140	12,771	12,960	19,267	17,294
Public Protection	172,855	187,916	169,139	185,091	170,302	174,986	170,439	179,861	159,589	157,898
Natural Resources	1,127,226	1,600,076	1,534,225	1,216,901	1,005,680	1,768,465	2,612,946	2,864,093	3,053,020	2,798,551
Development	(1,244)	948	2,796	180	2,030	3,224	2,723	2,472	18,277	994
Transportation	39,198	67,016	62,795	73,938	55,877	69,890	63,234	65,158	60,945	59,215
Debt Service	—	—	—	—	—	—	—	—	—	—
Operating Grants and Contributions	2,903,184	2,751,384	2,599,655	2,559,108	2,157,268	1,917,686	1,809,703	1,866,903	1,827,888	2,029,375
Capital Grants and Contributions	741,864	753,053	632,198	650,102	727,426	768,853	681,189	651,304	648,810	659,305
Total Governmental Activities Program Revenues	5,068,047	5,445,125	5,090,525	4,781,348	4,209,199	4,786,818	5,418,771	5,708,152	5,850,355	5,779,933
Business-type Activities:										
Charges for Services										
Loans	125,967	11,268	10,295	10,279	9,969	11,062	10,144	11,477	12,030	12,652
Insurance	85,110	192,375	205,044	212,436	155,660	185,476	236,266	237,694	200,070	190,321
Airports	136,704	141,265	147,893	142,826	137,167	134,361	123,896	107,864	106,764	106,604
Development	—	—	—	1,076	1,455	1,602	1,851	1,765	1,349	1,212
Operating Grants and Contributions	399,026	383	407	407	430	521	25,558	80,780	117,929	106,801
Capital Grants and Contributions	49,271	103,550	58,988	71,401	59,837	68,976	80,351	109,152	110,804	48,419
Total Business-type Activities Program Revenues	796,078	448,841	422,627	438,425	364,518	401,998	478,066	548,732	548,946	466,009
Total Primary Government Program Revenues	\$ 5,864,125	\$ 5,893,966	\$ 5,513,152	\$ 5,219,773	\$ 4,573,717	\$ 5,188,816	\$ 5,896,837	\$ 6,256,884	\$ 6,399,301	\$ 6,245,942
Expenses										
Governmental Activities:										
General Government	\$ 405,388	\$ 620,897	\$ 734,156	\$ 172,897	\$ 323,158	\$ 586,724	\$ 553,636	\$ 572,776	\$ 504,434	\$ 466,540
Alaska Permanent Fund Dividend ¹	1,024,587	1,014,677	698,016	652,746	1,330,027	1,203,234	570,590	562,621	757,576	817,894
Education	1,577,450	1,925,088	1,942,640	1,715,774	1,921,828	2,285,272	2,080,526	2,076,009	1,912,994	1,864,934
University	325,654	396,466	387,047	356,986	467,456	524,677	595,060	568,955	492,576	449,650
Health and Human Services	3,365,428	3,333,061	3,160,709	3,165,385	2,940,851	2,770,978	2,587,529	2,717,565	2,596,033	2,420,412
Law and Justice	230,361	221,526	221,818	262,401	291,706	259,017	270,022	266,949	277,816	187,722
Public Protection	855,946	721,990	718,987	854,667	842,739	791,136	804,823	729,682	703,039	740,113
Natural Resources	301,648	314,241	313,208	384,784	438,036	475,146	383,338	376,333	403,746	394,500
Development	128,179	129,888	192,045	176,934	447,510	409,528	1,123,531	700,695	597,796	892,847
Transportation	1,022,282	1,148,805	987,322	1,277,028	1,289,035	1,278,527	1,403,539	1,156,853	1,110,674	1,026,604
Intergovernmental Revenue Sharing	107,105	111,869	99,790	96,423	118,807	134,239	262,001	287,028	254,159	189,741
Debt Service	66,497	51,496	65,950	64,263	70,447	65,808	64,885	64,334	72,718	50,864
Total Governmental Activities Expenses	9,410,525	9,990,004	9,521,688	9,180,288	10,481,600	10,784,286	10,699,480	10,079,800	9,683,561	9,501,821

STATE OF ALASKA

SCHEDULE A-2

Financial Trends - Government-wide Expenses, Program Revenues, and Net (Expense)/Revenue

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Business-type Activities:										
Loans	594,255	8,656	5,348	9,860	15,905	10,518	10,197	8,350	11,190	5,095
Insurance	73,427	164,323	193,349	199,892	152,505	142,702	196,345	258,709	302,406	325,040
Airports	159,593	155,313	158,113	167,523	139,529	150,341	157,367	151,125	144,009	134,020
Development	—	—	—	1,063	1,570	61,220	5,149	4,820	6,254	2,633
Total Business-type Activities Expenses	827,275	328,292	356,810	378,338	309,509	364,781	369,058	423,004	463,859	466,788
Total Primary Government Expenses	10,237,800	10,318,296	9,878,498	9,558,626	10,791,109	11,149,067	11,068,538	10,502,804	10,147,420	9,968,609
Net (Expense)/Revenue (To Schedule A-3)										
Governmental Activities	(4,342,478)	(4,544,879)	(4,431,163)	(4,398,940)	(6,272,401)	(5,997,468)	(5,280,709)	(4,371,648)	(3,833,206)	(3,721,888)
Business-type Activities	(31,197)	120,549	65,817	60,087	55,009	37,217	109,008	125,728	85,087	(779)
Total Primary Government Net Expense	\$ (4,373,675)	\$ (4,424,330)	\$ (4,365,346)	\$ (4,338,853)	\$ (6,217,392)	\$ (5,960,251)	\$ (5,171,701)	\$ (4,245,920)	\$ (3,748,119)	\$ (3,722,667)

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.

STATE OF ALASKA

SCHEDULE A-3

Financial Trends - Government-wide General Revenues and Other Changes in Net Position

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net (Expense)/Revenue (From Schedule A-2)										
Governmental Activities	\$(4,342,478)	\$(4,544,879)	\$(4,431,163)	\$(4,398,940)	\$(6,272,401)	\$(5,997,468)	\$ (5,280,709)	\$ (4,371,648)	\$(3,833,206)	\$ (3,721,888)
Business-type Activities	(31,197)	120,549	65,817	60,087	55,009	37,217	109,008	125,728	85,087	(779)
Total Primary Government Net Expense	<u>\$(4,373,675)</u>	<u>\$(4,424,330)</u>	<u>\$(4,365,346)</u>	<u>\$(4,338,853)</u>	<u>\$(6,217,392)</u>	<u>\$(5,960,251)</u>	<u>\$(5,171,701)</u>	<u>\$(4,245,920)</u>	<u>\$(3,748,119)</u>	<u>\$(3,722,667)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Severance Taxes	\$ 462,874	\$ 792,016	\$ 777,690	\$ 232,999	\$ (318,546)	\$ (106,738)	\$ 2,175,990	\$ 3,855,649	\$ 6,069,648	\$ 4,217,074
Selective Sales/Use	281,082	293,945	260,693	260,819	265,992	250,283	252,538	246,235	251,826	249,705
Income Taxes	153,093	333,828	195,387	62,402	65,795	239,379	414,613	583,429	647,256	720,734
Property Taxes	125,223	121,462	125,421	120,693	111,137	127,821	128,076	99,598	215,407	184,254
Other Taxes	2,545	2,577	2,483	2,643	2,576	2,592	2,631	2,444	2,556	9,712
Interest and Investment Earnings	2,040,436	4,198,869	5,829,716	7,049,727	706,296	2,832,768	8,236,307	5,208,270	318,107	8,075,366
Tobacco Settlement	20,037	19,740	51,117	30,175	30,479	29,175	32,261	30,012	29,997	29,574
Payments In from Component Units	66,709	1,101,258	13,229	31,178	174,722	14,106	22,578	31,336	39,463	42,866
Other Revenues	34,675	49,312	51,722	38,604	36,905	4,641	27,842	68,841	28,887	48,106
Transfers - Internal Activity	143	2,117	—	9,467	747	(10,544)	(627)	(23,127)	(3,052)	(1,310)
Prior Period Adjustments and Restatements	—	—	—	—	(308,867)	285,522	(11,230)	—	—	—
Total Governmental Activities General Revenues and Other Changes in Net Position	<u>3,186,817</u>	<u>6,915,124</u>	<u>7,307,458</u>	<u>7,838,707</u>	<u>767,236</u>	<u>3,669,005</u>	<u>11,280,979</u>	<u>10,102,687</u>	<u>7,600,095</u>	<u>13,576,081</u>
Business-type Activities:										
Interest and Investment Earnings	53,336	51,665	20,915	21,381	(11,403)	(10,155)	(13,985)	(16,838)	(13,772)	(16,374)
Other Revenues	384	349	325	1,172	380	890	4,703	4,460	8,564	—
Payments In from Component Units	—	—	—	—	—	—	—	15,873	—	—
Transfers - Internal Activity	(143)	(2,117)	—	(9,467)	(747)	10,544	627	23,127	3,052	1,310
Total Business-type Activities General Revenues and Other Changes in Net Position	<u>53,577</u>	<u>49,897</u>	<u>21,240</u>	<u>13,086</u>	<u>(11,770)</u>	<u>1,279</u>	<u>(8,655)</u>	<u>26,622</u>	<u>(2,156)</u>	<u>(15,064)</u>
Total Primary Government General Revenues and Other Changes in Net Position	<u>3,240,394</u>	<u>6,965,021</u>	<u>7,328,698</u>	<u>7,851,793</u>	<u>755,466</u>	<u>3,670,284</u>	<u>11,272,324</u>	<u>10,129,309</u>	<u>7,597,939</u>	<u>13,561,017</u>
Change in Net Position										
Governmental Activities	(1,155,661)	2,370,245	2,876,295	3,439,767	(5,505,165)	(2,328,463)	6,000,270	5,731,039	3,766,889	9,854,193
Business-type Activities	22,380	170,446	87,057	73,173	43,239	38,496	100,353	152,350	82,931	(15,843)
Total Primary Government Changes in Net Position	<u>\$(1,133,281)</u>	<u>\$ 2,540,691</u>	<u>\$ 2,963,352</u>	<u>\$ 3,512,940</u>	<u>\$(5,461,926)</u>	<u>\$(2,289,967)</u>	<u>\$ 6,100,623</u>	<u>\$ 5,883,389</u>	<u>\$ 3,849,820</u>	<u>\$ 9,838,350</u>

NOTE:

This schedule is presented on the accrual basis of accounting.

STATE OF ALASKA

SCHEDULE A-4

Financial Trends - Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 510,086	\$ 63,323	\$ 93,737	\$ 138,773	\$ 154,762	\$ 219,190	\$ 219,953	\$ 108,524	\$ 165,504	\$ 146,525
Restricted	43,762	49,963	49,849	47,530	50,065	83,969	58,953	77,042	105,472	134,863
Committed	1,518,225	1,590,474	1,975,195	2,363,884	3,470,237	4,995,744	6,577,052	5,997,573	5,339,354	4,448,973
Unassigned	1,910,781	3,153,565	1,863,474	3,740,423	6,384,544	10,533,000	15,685,658	16,440,266	15,953,852	13,051,711
Total General Fund	<u>\$ 3,982,854</u>	<u>\$ 4,857,325</u>	<u>\$ 3,982,255</u>	<u>\$ 6,290,610</u>	<u>\$10,059,608</u>	<u>\$15,831,903</u>	<u>\$22,541,616</u>	<u>\$22,623,405</u>	<u>\$21,564,182</u>	<u>\$17,782,072</u>
All Other Governmental Funds										
Nonspendable	\$53,102,386	\$48,509,513	\$46,778,930	\$47,598,764	\$44,788,850	\$46,263,114	\$45,563,618	\$41,299,265	\$38,713,004	\$38,261,469
Restricted	115,322	206,931	287,694	293,811	336,081	163,147	172,275	425,573	289,667	406,063
Committed	50,054	5,980,240	4,754,276	47,981	68,094	74,218	129,391	598,440	615,614	817,352
Assigned	9,802,646	12,547,573	16,141,699	12,815,504	8,570,020	7,162,406	6,211,325	4,053,792	2,080,582	2,307,820
Unassigned	3,091,194	—	1,863,474	—	—	(92,534)	(18,377)	—	—	—
Total All Other Governmental Funds	<u>\$66,161,602</u>	<u>\$67,244,257</u>	<u>\$69,826,073</u>	<u>\$60,756,060</u>	<u>\$53,763,045</u>	<u>\$53,570,351</u>	<u>\$52,058,232</u>	<u>\$46,377,070</u>	<u>\$41,698,867</u>	<u>\$41,792,704</u>

NOTE:

This schedule is presented on the modified accrual basis of accounting.

STATE OF ALASKA

SCHEDULE A-5

Financial Trends - Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Taxes	\$1,024,817	\$1,573,800	\$1,331,702	\$ 679,556	\$ 126,954	\$ 513,337	\$2,973,848	\$4,787,355	\$7,186,196	\$5,381,479
Licenses and Permits	170,932	178,653	167,556	148,707	166,523	163,089	154,991	147,790	148,058	147,331
Charges for Services	153,370	179,599	173,740	214,307	183,910	199,976	184,657	194,058	197,276	179,554
Fines and Forfeitures	20,837	32,076	19,041	40,416	32,680	15,564	17,017	30,615	13,732	11,867
Rents and Royalties	1,062,361	1,541,942	1,477,977	1,162,924	931,662	1,714,369	2,563,426	2,807,255	2,996,900	2,779,564
Premiums and Contributions	38,450	32,433	40,465	36,058	46,942	27,441	24,741	25,949	23,363	28,790
Interest and Investment Income	2,072,068	4,261,668	5,859,553	7,109,848	721,084	2,847,916	8,299,902	5,248,270	344,378	8,139,303
Federal Grants in Aid	3,616,328	3,446,564	3,125,376	3,198,108	2,706,153	2,544,252	2,459,581	2,434,288	2,500,941	2,442,957
Payments in from Component Units	66,687	1,101,223	12,765	31,180	174,720	14,106	22,578	31,336	39,463	42,866
Other Revenues	60,042	73,837	110,486	72,856	70,608	50,187	61,190	101,707	66,759	53,920
Total Revenues	8,285,892	12,421,795	12,318,661	12,693,960	5,161,236	8,090,237	16,761,931	15,808,623	13,517,066	19,207,631
Expenditures										
General Government	483,720	495,196	439,975	524,207	519,288	1,395,586	555,498	588,288	491,697	481,434
Alaska Permanent Fund Dividend	1,024,587	1,014,677	698,016	652,746	1,330,027	1,203,234	570,590	562,621	757,576	817,894
Education	1,877,665	1,854,765	1,852,716	1,823,237	1,872,621	3,770,244	2,118,884	2,081,438	1,899,380	1,835,425
University	345,779	385,237	370,313	379,156	481,268	653,543	594,777	568,805	491,857	449,248
Health and Human Services	3,410,469	3,343,891	3,186,022	3,075,982	2,920,002	2,803,944	2,599,796	2,741,002	2,573,858	2,427,974
Law and Justice	250,320	245,923	242,018	237,810	254,627	274,155	294,064	271,633	278,809	238,083
Public Protection	891,170	773,536	738,853	714,867	765,161	794,420	801,663	736,133	734,059	784,268
Natural Resources	328,672	341,100	340,418	332,946	371,231	427,988	401,217	399,938	384,167	379,151
Development	143,351	126,703	203,522	184,622	434,298	421,857	1,122,243	707,665	595,362	893,417
Transportation	1,227,603	1,310,898	1,179,903	1,289,670	1,465,843	1,548,227	1,520,690	1,277,201	1,146,767	1,103,655
Intergovernmental Revenue Sharing	106,977	109,666	107,852	97,454	125,351	134,686	263,408	288,281	254,525	189,796
Debt Service:										
Principal	97,233	85,762	116,031	93,752	91,349	85,126	84,365	97,959	134,825	47,229
Interest and Other Charges	60,813	61,712	68,514	67,558	63,025	67,155	69,208	64,891	77,816	44,201
Bond Issuance Costs	—	—	—	—	—	426	—	—	—	—
Total Expenditures	10,248,359	10,149,066	9,544,153	9,474,007	10,694,091	13,580,591	10,996,403	10,385,855	9,820,698	9,691,775
Excess (Deficiency) of Revenues Over Expenditures	(1,962,467)	2,272,729	2,774,508	3,219,953	(5,532,855)	(5,490,354)	5,765,528	5,422,768	3,696,368	9,515,856

Financial Trends - Changes in Fund Balances, Governmental Funds

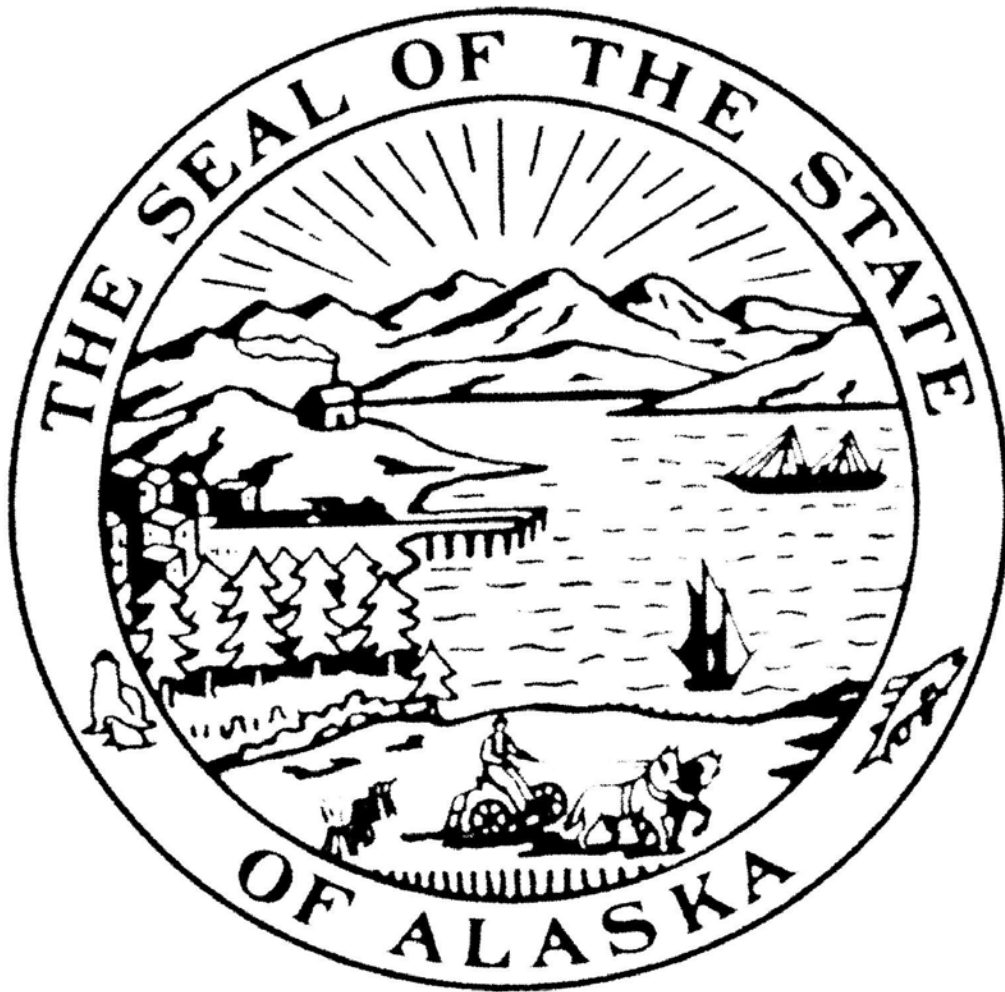
Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Other Financing Sources (Uses)										
Bonds Issued	—	—	—	—	263,090	30,895	—	—	—	200,000
Refunding Bonds Issued	—	—	—	—	—	94,425	—	312,125	204,390	—
Bond Issue Premium	—	—	—	—	52,046	26,718	—	36,338	33,007	1,837
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	(116,296)	—	—	(237,509)	—
Capital Leases	13,811	8,140	12,093	2,894	12,170	5,148	13,842	5,279	10,277	8,212
Transfers In from Other Funds	3,037,039	2,843,168	865,589	123,905	798,139	1,532,769	1,387,386	716,027	1,324,843	1,277,441
Transfers (Out to) Other Funds	(3,045,509)	(2,848,528)	(872,787)	(122,735)	(812,405)	(1,566,421)	(1,404,040)	(754,907)	(1,343,103)	(1,288,102)
Total Other Financing Sources and Uses	5,341	2,780	4,895	4,064	313,040	7,238	(2,812)	314,862	(8,095)	199,388
Prior Period Adjustments and Restatements	—	—	—	—	—	285,522	(163,343)	—	—	—
Net Change in Fund Balances	(1,957,126)	2,275,509	2,779,403	3,224,017	(5,219,815)	(5,197,594)	5,599,373	5,737,630	3,688,273	9,715,244
Debt Service as a Percentage of Noncapital Expenditures	1.64 %	1.55 %	2.07 %	1.71 %	1.47 %	1.16 %	1.43 %	1.60 %	2.18 %	0.96 %

NOTES:

This schedule is presented on the modified accrual basis of accounting.



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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 Value	Ending Fund Market Value ¹	Nonspendable Fund Assets	Committed Fund Assets ²	Assigned Fund Assets ³	Total Fund Return
2011	40,140	37,832	—	2,308	20.6 %
2012	40,333	38,252	—	2,081	— %
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 %
2017	59,785	46,970	—	12,815	12.6 %
2018	64,894	46,030	2,723	16,142	10.7 %
2019	66,300	47,820	5,933	12,548	6.3 %
2020	65,302	52,408	3,092	9,803	2.0 %

Annual Rate of Return by Asset Class ⁴

Fiscal Year	Domestic Equities	International Equities	Global Equities	Domestic Bonds	Non-Dollar Bonds	Real Estate	Alternative Investments	Total Fund
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%	—%
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%	15.50%
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%
2017	20.1%	22.6%	18.8%	2.0%	2.8 %	4.5%	13.4%	12.6%
2018	14.8%	8.4%	11.5%	-0.6%	1.7 %	6.6%	16.8%	10.7%
2019	4.8%	-0.4%	4.0%	9.8%	7.5 %	-1.3%	13.1%	6.3%
2020	-0.9%	-3.6%	3.9%	9.7%	0.2 %	-0.8%	1.9%	2.0%

SOURCE:

Alaska Permanent Fund Corporation

NOTES:

¹ The Alaska Permanent Fund is made up of two parts: non-expendable and assigned assets. The non-expendable portion of the fund is invested in perpetuity and cannot be spent without amending the state constitution through a majority vote of the people.

² Committed fund assets are realized earnings of the Fund which have been designated by appropriation for a specific purpose and meet other criteria as defined by Generally Accepted Accounting principles. During FY 18, legislation was passed which provides for a transfer from the Earnings Reserve Account to the General Fund for the payment of unrestricted General Fund expenditures, including the dividend. The transfer occurred in FY 19 in the amount of \$2.7 billion.

³ 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 portion of realized earnings to the citizens of Alaska and to protect the nonexpendable 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 nonexpendable and assigned fund assets are commingled for investment purposes.

⁴ Returns are shown by major asset class only and are unaudited.

REVENUE BASE (Last Ten Fiscal Years)

Fiscal Year	Oil Severance Taxes	
	Well-Head Value*	Weighted Average Severance Tax Rate **
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	\$63.83 per barrel	35.0%
2016	\$33.30 per barrel	35.0%
2017	\$39.73 per barrel	35.0%
2018	\$54.09 per barrel	35.0%
2019	\$61.44 per barrel	35.0%
2020***	\$44.03 per barrel	35.0%

* Wellhead Value is calculated as a simple average of the North Slope monthly well-head price across the fiscal year.

**Production tax rate is applied to net production value.

***Fiscal Year 20 information is preliminary and subject to change. For fiscal year 20, 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.

REVENUE RATE: The method of calculating production tax revenue changed on January 1, 2014 with the implementation of the Senate Bill 21 (SB21) tax system.

Production tax revenue under SB21 is calculated as follows:

$$[(\text{Petroleum Value}^1 \text{ minus Costs}^2) \text{ times Tax Rate}^3] \text{ minus Credits}^4$$

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 = Allowable lease expenditures, including qualified operating and capital expenses

³ Tax Rate = SB21: The production tax rate is 35% of the petroleum value minus costs.

⁴ Credits = 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.

Note: An alternative gross tax, generally 4% of Petroleum Value, applies.

REVENUE PAYERS (Current Reporting Period and Period Nine Years Prior)

	2020	2011
Alaska Statute 43.05.230 prohibits naming individual tax payers.	Five oil companies account for 99.8% of severance tax.	Five oil companies account for more than 99.9% of severance tax.
Amount of Revenue Base	Five oil companies account for 161,999 thousand of barrels of oil production.	Five oil companies account for 219,948 thousand barrels of oil production.
Percent of top payers to total oil production	94.1%	98.0%
Percent of top payers to total production tax revenue	99.8%	99.9%

SOURCE:

Alaska Department of Revenue, Tax Division

STATE OF ALASKA
Revenue Capacity - Oil Royalties

SCHEDULE B-3

REVENUE BASE (Last Ten Fiscal Years)

Fiscal Year	Gross Number of Barrels (Restated) ^b	Number of Barrels for Which Royalties are Charged (Restated) ^b	Weighted Average ^a Royalty Rate (Restated) ²
2011	216,027,640	27,881,036	12.91%
2012	209,074,634	26,761,278	12.80%
2013	192,464,254	24,575,178	12.77%
2014	193,568,700	24,360,922	12.59%
2015	179,624,794	22,653,101	12.61%
2016	181,107,799	22,586,285	12.47%
2017	181,955,466	23,095,454	12.69%
2018	179,601,168	22,273,189	12.40%
2019	173,728,468	21,963,355	12.64%
2020*	166,855,450	20,976,700	12.57%

* Fiscal Year 20 information is preliminary and subject to change. For fiscal year 20, 35% was the statutory tax rate applied to net production tax value.

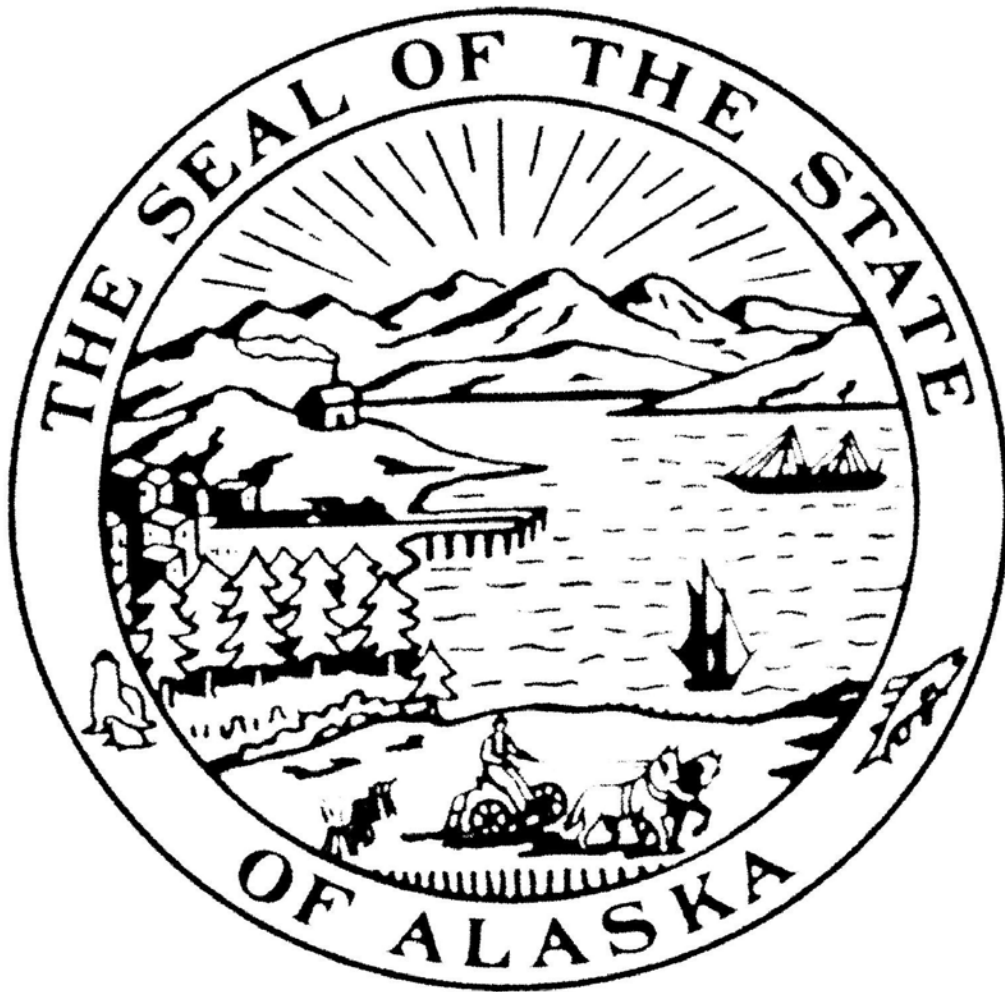
- a. The royalty rate ranges from 5.00% to 33.33%, depending on lease terms. However, the majority of fields are charged at 12.50%. Per Article IX, Section 15 of the Alaska Constitution, "At least 25 percent of all mineral. . . royalties. . . received by the State shall be placed in a permanent fund. . ."
- b. 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 have been updated for the prior year with "final" figures.

REVENUE PAYERS (Current Reporting Period and Period Nine Years Prior)

	2020	2011
Top Payers	Royalties from British Petroleum, ConocoPhillips, ExxonMobil, Hilcorp, and Tesoro/PetroStar corporations comprise more than 90% of oil royalty barrels this fiscal year.	Royalties from British Petroleum, ConocoPhillips and Flint Hills corporations comprise about 88% of oil royalty barrels this fiscal year.
Amount of Revenue Base	British Petroleum, ConocoPhillips, ExxonMobil, Hilcorp, and Tesoro/PetroStar corporations paid royalty on more than 18.9 million barrels of oil this fiscal year.	British Petroleum, ConocoPhillips and Flint Hills corporations paid royalty on about 24.6 million barrels of oil this fiscal year.
Percent of top payers to number of royalty barrels:	90.38%	88.11%
Percent of top payers to total royalty revenue:	90.65%	86.73%

SOURCE:

Alaska Department of Natural Resources, Division of Oil and Gas



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STATE OF ALASKA

SCHEDULE C-1

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				Business-type Activities	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Percentage of Personal Income ^a	Per Capita ^a	Tobacco Revenue Bonds	Sport Fishing Revenue Bonds	Certificates of Participation	Capital Leases	International Airports Revenue Bonds			
2011	655,633	2.08 %	923	370,677	51,859	39,600	392,636	593,597	2,104,002	6.67 %	2,962
2012	609,961	1.85 %	845	365,871	48,274	11,375	380,131	579,579	1,995,191	6.05 %	2,763
2013	893,966	2.47 %	1,221	360,774	42,272	4,910	341,765	565,029	2,208,716	6.11 %	3,016
2014	691,720	1.88 %	939	353,680	37,441	3,345	329,417	513,685	1,929,288	5.23 %	2,620
2015	656,599	1.68 %	893	348,696	33,134	35,277	308,262	497,155	1,879,123	4.82 %	2,555
2016	921,144	2.24 %	1,245	342,410	29,360	31,919	293,769	474,477	2,093,079	5.10 %	2,829
2017	859,532	2.08 %	1,162	335,881	20,561	30,149	268,938	439,837	1,954,898	4.74 %	2,642
2018	793,697	1.88 %	1,077	311,842	17,461	28,214	254,324	402,048	1,807,586	4.27 %	2,452
2019	727,611	1.66 %	988	311,633	14,193	26,384	232,500	370,351	1,682,672	3.84 %	2,286
2020	672,105	1.46 %	919	311,121	1,810	24,341	229,730	355,082	1,594,189	3.47 %	2,181

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.

Debt Capacity - Pledged-Revenue Coverage

Last Ten Fiscal Years

(Stated in Thousands)

Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Debt Service Interest	Coverage
International Airports Revenue Bonds: ^a						
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
2017	144,540	97,933	46,607	18,720	21,677	1.15
2018	150,349	85,158	65,191	11,365	19,902	2.08
2019	141,265	82,059	59,206	12,500	18,100	1.93
2020	142,392	85,015	57,377	13,175	16,534	1.93
Northern Tobacco Securitization Corporation (NTSC) Tobacco Revenue Bonds: ^b						
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
2017	24,380	—	24,380	13,480	16,159	0.82
2018	41,458	—	41,458	9,615	15,775	1.63
2019	16,625	—	16,625	2,035	14,559	1.00
2020	16,671	—	16,671	—	14,477	1.15
Sport Fishing Revenue Bonds: ^c						
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
2017	6,875	—	6,874	8,170	1,392	0.72
2018	6,536	—	6,536	2,830	986	1.71
2019	6,763	—	6,763	3,060	841	1.73
2020	6,129	—	6,129	12,055	691	0.48

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.

STATE OF ALASKA

SCHEDULE D-1

Demographic and Economic Information - Statistics

Last Ten Calendar Years

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
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	737,183	41,032	55,307	49,571	34.5	6.4 %
2016	739,828	41,283	55,646	49,246	34.7	6.6 %
2017	737,080	42,301	57,179	51,640	34.9	7.2 %
2018	736,239	43,818	59,420	54,446	35.2	6.6 %
2019	731,007	45,945	62,806	56,490	35.5	6.1 %

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.

Demographic and Economic Information - Employment by Industry
Calendar Year 2019 and Period Nine Years Prior

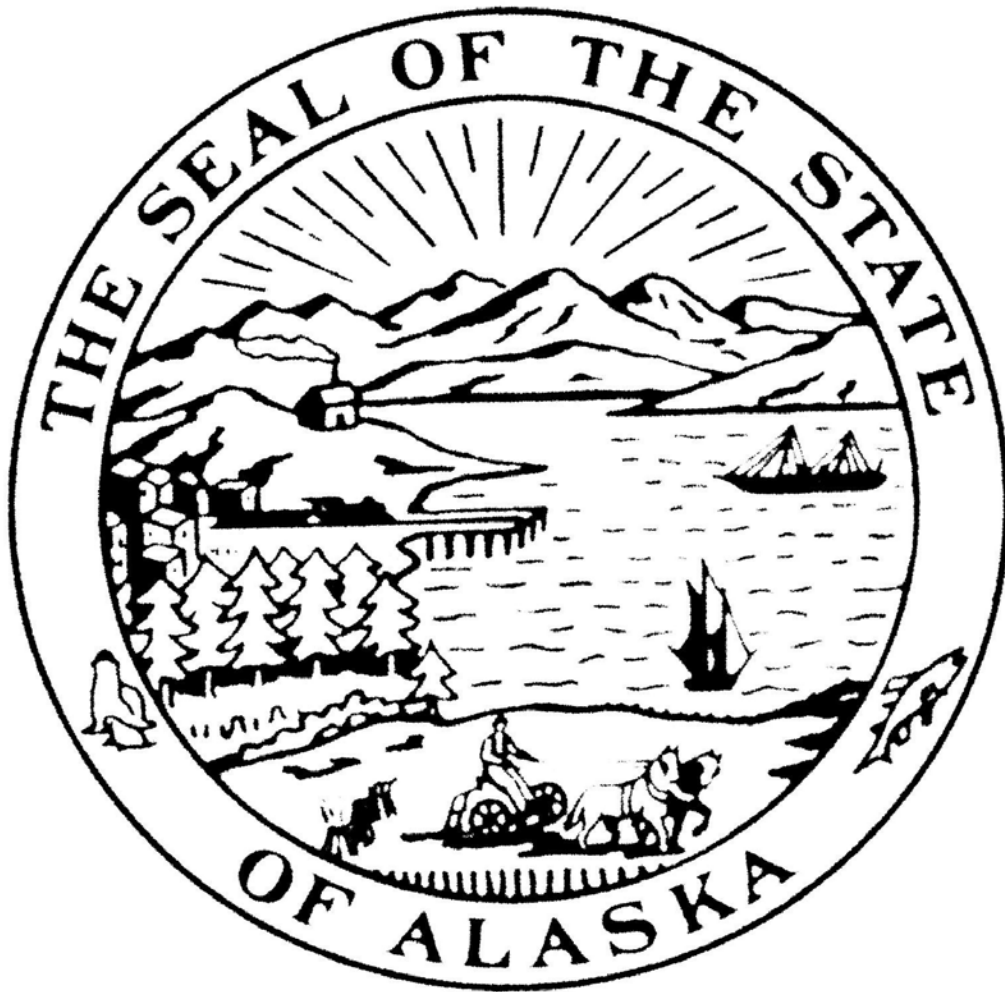
Year	2019			2010		
	Employment	Rank	Percentage of Total State Employment	Employment	Rank	Percentage of Total State Employment
Health Care	38,500	1	10.97 %	30,200	2	8.67 %
Retail Trade	35,500	2	10.11 %	35,400	1	10.17 %
Local Government Education	22,700	3	6.47 %	24,000	3	6.89 %
Transportation, Warehousing, Utilities	22,400	4	6.38 %	21,000	5	6.03 %
Food Service and Drinking Places	21,400	5	6.10 %	23,200	4	6.66 %
Military	21,300	6	6.07 %	19,300	6	5.54 %
Local Government (Non Education)	19,000	7	5.41 %	18,000	8	5.17 %
State Government (Non Education)	16,500	8	4.70 %	18,200	7	5.23 %
Construction	16,400	9	4.67 %	16,600	10	4.77 %
Federal Government (Non Military)	14,800	10	4.22 %	17,500	9	5.03 %
Total	<u>228,500</u>		<u>65.10 %</u>	<u>223,400</u>		<u>64.16 %</u>
Total Employment ^a	<u>351,100</u>			<u>348,200</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.



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STATE OF ALASKA

SCHEDULE E-1

**Operating Information - Full-time Equivalent Government Employees by Function
Last Ten Fiscal Years**

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government	2,428	2,404	2,559	2,534	2,274	2,330	2,250	2,213	2,272	2,248
Education*	343	357	351	343	383	410	403	402	421	434
Health and Human Services	2,748	2,760	2,674	2,708	2,968	3,183	3,035	2,988	2,930	2,921
Law and Justice	1,550	1,537	1,517	1,523	1,616	1,717	1,670	1,659	1,710	1,685
Public Protection	3,496	3,517	3,510	3,572	3,661	3,665	3,794	3,617	3,481	3,511
Natural Resources	1,636	1,646	1,601	1,604	2,045	2,231	2,137	2,140	2,230	2,195
Development	541	539	577	583	631	694	709	784	812	826
Transportation	2,460	2,686	2,641	2,704	2,979	3,042	2,961	3,045	3,169	3,131
Totals	<u>15,202</u>	<u>15,446</u>	<u>15,430</u>	<u>15,571</u>	<u>16,557</u>	<u>17,272</u>	<u>16,959</u>	<u>16,848</u>	<u>17,025</u>	<u>16,951</u>

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.

*Education includes University

Operating Information - Operating Indicators by Function

Last Ten Fiscal Years

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Alaska Permanent Fund Dividend										
Number of Dividends Paid ^a	—	638,286	639,247	632,685	636,790	640,386	636,088	633,017	640,700	644,156
Education										
Student Enrollment in State Supported Schools (pre-elementary through grade 12)	132,577	132,554	133,381	133,223	132,966	131,882	131,577	132,185	131,682	132,104
University										
Student Enrollment in the State University System (average head count over both semesters)	24,943	26,641	27,339	28,480	30,298	31,587	32,363	33,654	35,082	34,528
Health and Human Services										
Medicaid Beneficiaries	186,465	189,776	189,361	178,365	187,097	151,591	156,595	138,790	136,913	132,991
Temporary Assistance Caseload	4,102	4,626	5,372	5,660	5,586	3,195	3,547	3,661	3,803	3,619
Protective Services Reports Regarding Children	4,397	23,145	22,253	18,339	16,889	15,958	15,859	15,721	16,288	16,067
Law and Justice										
Criminal Caseload - Misdemeanors	22,979	22,217	17,909	14,721	17,091	22,196	21,327	21,710	21,672	23,138
Criminal Caseload - Felonies and Appeals	7,941	7,850	7,672	6,335	5,418	7,441	8,500	8,752	8,233	8,592
Civil Caseload	5,692	5,929	6,097	5,491	5,960	6,201	6,065	6,133	6,485	6,116
Public Protection										
Adult Offenders in Correctional Facilities	6,077	5,738	4,862	5,150	5,904	6,288	6,304	6,120	6,023	5,864
Juvenile Offenders in Detention or Treatment Facilities	173	171	166	171	139	170	158	157	199	185
National Guard Assigned Strength in Alaska	3,679	3,924	3,834	3,787	3,940	3,847	3,968	3,860	3,949	4,043
Number of Homicides Investigated by State Troopers	35	20	18	19	25	28	18	22	14	18
Natural Resources										
Wholesale Value of Alaska Commercial Fish Harvests (stated in thousands of dollars) ^a	—	4,660,373	4,505,673	4,855,213	4,157,269	4,151,623	2,815,654	3,158,152	2,841,699	2,903,915
Recreation Acres State Owned or Maintained	12,669,705	12,669,705	12,652,683	12,652,603	12,652,523	12,626,004	12,622,086	12,622,881	12,622,881	11,892,818
State Timber Sold Annually (million board feet)	2	16	8	11	8	21	29	9	18	24
State Acreage Leased for Oil and Gas Development ^a	4,222,358	4,453,261	4,996,840	5,343,661	6,161,719	5,752,866	5,857,373	5,938,891	5,398,580	6,150,545
Placer Mines Permitted	552	541	295	313	292	403	430	603	562	486
Development										
Number of State Business Licenses	78,263	73,468	73,952	73,085	70,263	68,935	68,503	51,310	66,737	63,618
Transportation										
Annual Fatalities per 100 Million Miles of Vehicle Travel in AK ^a	—	1	1	1	2	1	2	1	1	2
State Ferry Route Miles	3,290	3,290	3,290	3,290	3,290	3,290	3,290	3,290	3,290	3,274
Intergovernmental Revenue Sharing										
Number of Communities that Receive a Portion of Shared										
Taxes and Fees	133	143	141	145	142	150	144	144	144	147
Loans										
Number of Loans in Portfolio	1,414	1,462	1,537	1,563	1,534	1,515	1,643	1,668	1,846	2,158

Operating Information - Operating Indicators by Function
Last Ten Fiscal Years

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Unemployment Compensation										
Initial Claims Paid ^a	—	52,588	53,751	60,641	64,979	67,060	72,998	83,554	79,743	72,696
Airports ^b										
Landings:										
Jets	61,040	61,707	59,908	55,413	53,487	60,909	61,637	62,998	66,787	71,499
Other Aircraft	38,929	45,436	51,548	56,375	59,657	51,504	51,850	46,812	46,432	45,632
Passengers:										
In	2,648,606	3,408,876	3,317,932	3,298,767	3,311,305	3,178,340	3,043,991	2,947,939	2,961,887	2,926,922
Out	2,625,595	3,402,426	3,312,723	3,300,949	3,321,417	3,167,655	3,030,809	2,494,044	2,955,646	2,939,191
Through	38,750	68,540	53,246	50,173	42,358	90,291	105,266	106,914	150,449	221,529
Freight (in tons):										
In	709,413	674,190	672,129	313,317	325,244	350,231	387,142	426,802	496,126	414,014
Out	725,539	672,817	706,253	341,913	381,388	317,992	326,308	374,096	441,201	374,048

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.

^c Includes both onshore and offshore acres.

Operating Information - Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Primary Government:										
General Government										
Buildings (square feet)	2,274,362	1,978,224	1,061,752	1,172,468	971,343	937,638	941,144	932,305	921,990	891,302
Education										
Buildings (square feet)	1,818,236	1,827,309	1,706,760	1,720,970	1,739,362	1,886,872	1,922,210	2,010,102	2,180,240	2,037,695
Schools	77	77	77	80	79	92	94	97	114	106
Schools Under Construction	10	14	10	8	11	16	29	28	25	23
Health and Human Services										
Buildings (square feet)	2,573,569	2,270,894	1,248,516	1,301,564	1,267,830	1,281,004	1,269,375	1,258,620	1,188,573	1,157,282
Pioneer Homes	6	6	6	6	6	6	6	6	6	6
Law and Justice										
Buildings (square feet)	1,451,585	1,264,566	708,302	732,146	690,114	691,178	698,420	698,636	693,392	667,637
Court Buildings	13	13	12	13	13	13	13	13	13	13
Public Protection										
Buildings (square feet)	3,274,466	2,893,852	1,638,852	1,716,920	1,564,052	1,475,111	1,586,955	1,523,692	1,411,646	1,391,021
Correctional Institutions	12	12	12	14	13	13	13	13	11	11
Aircraft	9	12	12	12	12	19	19	17	18	18
Motor Vessels	10	15	15	20	18	25	24	23	22	22
National Guard Armories	14	14	20	20	21	21	21	21	21	21
Natural Resources										
Buildings (square feet)	1,531,991	1,353,868	747,522	771,156	873,340	897,974	894,020	901,530	904,724	869,809
Parks Acreage	3,393,933	3,393,926	3,393,904	3,393,824	3,393,744	3,357,444	3,357,393	3,357,393	3,357,393	3,300,000
Forest Acreage	2,134,899	2,134,899	2,134,899	2,134,899	2,134,899	2,144,680	2,144,680	2,144,680	2,144,680	2,121,499
Other State Land Acreage	95,100,905	95,075,825	94,981,149	94,982,598	94,985,055	94,991,360	94,964,340	94,966,591	94,909,670	92,134,583
Aircraft	6	5	5	5	5	5	5	3	3	3
Motor Vessels	14	10	10	10	10	10	11	11	11	9
Development										
Buildings (square feet)	506,608	443,819	269,407	269,559	269,452	279,392	296,453	330,084	329,430	327,102
Transportation										
Buildings (square feet)	2,304,595	2,210,076	1,233,108	1,299,713	1,272,699	1,224,279	1,238,694	1,282,466	1,285,261	1,240,569
Light Duty Vehicles	3,508	3,403	3,324	3,527	3,623	3,730	3,686	3,097	3,225	3,461
Heavy Duty Utility Vehicles	2,940	2,917	2,842	2,233	2,219	2,238	2,236	2,162	2,102	2,064
Ferries	12	11	11	11	11	11	11	11	11	11
Building Projects Under Construction										
Rural Airports	235	239	237	242	242	247	254	253	253	252
Rural Airport Projects Under Construction										
Centerline Road Miles ^a		6,225.96	5,634	5,629	5,629	5,612	5,592	5,589	5,609	5,608
Highway Projects Under Construction										
	745	1,005	842	1,040	874	832	897	910	831	827

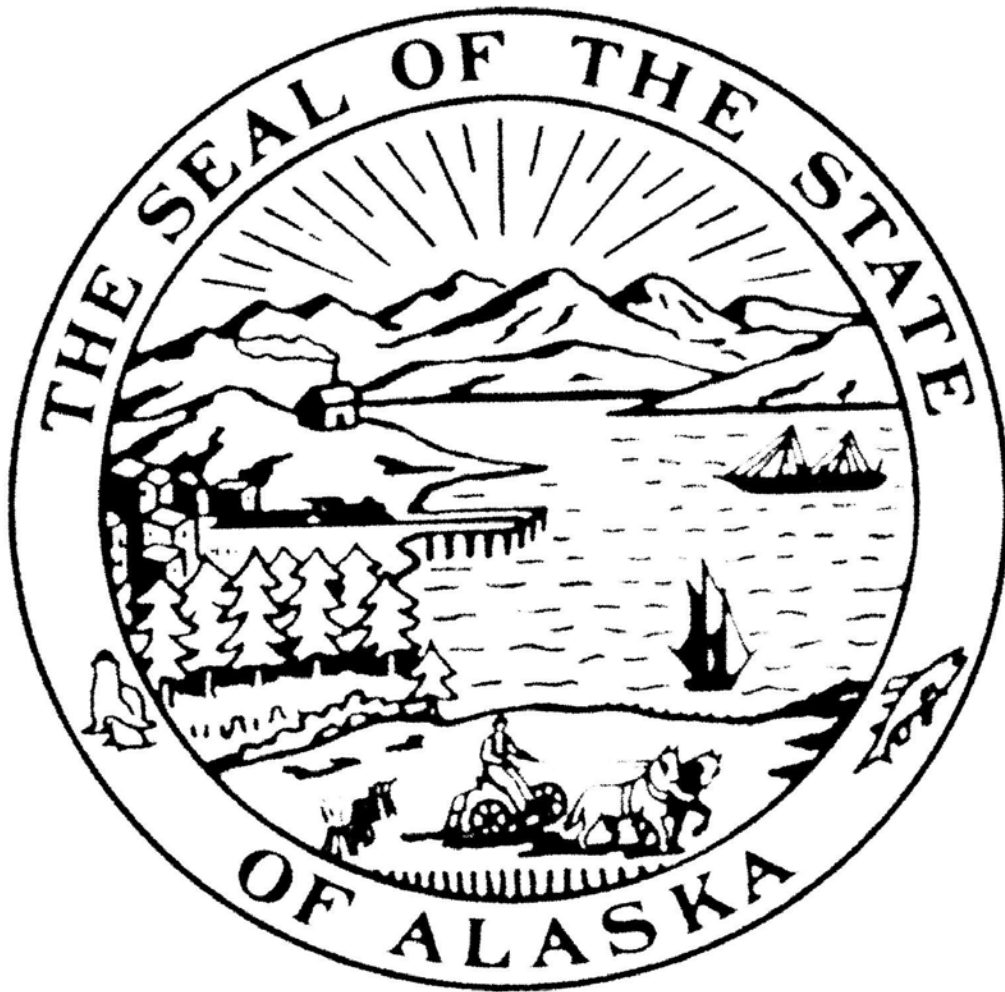
Operating Information - Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Business-type Activities:										
Airports (Anchorage and Fairbanks International)										
Terminals (square feet)	1,320,737	1,320,737	1,320,737	1,320,737	1,320,737	1,320,737	1,320,737	1,320,737	1,271,568	1,271,568
International Airport (acreage)	8,288	8,288	8,288	8,288	8,288	8,288	8,288	8,168	8,244	8,244
International Airport Projects Under Construction	148	136	121	121	99	94	83	94	98	122
Runways (miles)	10	10	10	10	10	10	10	10	10	8

NOTES:

^a Centerline road miles are calculated on a calendar year basis.



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Index of Funds



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Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
1 Cent Per Barrel of Oil Produced Surcharge	AS 46.08.020 AS 43.55.201	No	GF	3.01, 3.02
4 Cent Per Barrel of Oil Produced Surcharge	AS 46.08.020 AS 43.55.300	No	GF	3.01, 3.02
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	4.21 - 4.23
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	4.21 - 4.23
Alaska Comprehensive Health Insurance Fund	AS 21.55.430	No	GF	3.01, 3.02
Alaska Debt Retirement	AS 37.15.011	No	GF	3.01, 3.02
Alaska Drinking Water	AS 46.03.036	Yes	OAEF	4.21 - 4.23
Alaska Energy Authority	AS 44.83.020	Yes	DPCU	1.41, 1.42
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	4.31 - 4.33
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, 6.02

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Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
Alaska State Council on the Arts	AS 44.27.040	Yes	SRF	3.31 - 3.33
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
Alcohol and Other Drug Abuse Treatment and Prevention	AS 43.60.050	No	GF	3.01, 3.02
Alcoholism and Drug Abuse Revolving Loan	AS 44.29.210	Yes	OAEF	4.21 - 4.23
Alternative Energy Conservation Revolving Loan	AS 45.88.010	Yes	EAEF	4.11 - 4.13
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
Aviation Fuel Tax Account	AS 43.40.010(e)	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	4.11 - 4.13
Civil Legal Services	AS 37.05.590	No	GF	3.01, 3.02
Clean Air Protection	AS 46.14.260 Federal Clean Air Act	Yes	SRF	3.31 - 3.33
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 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
Derelict Vessel Prevention Program Fund	AS 30.30.096	No	GF	3.01, 3.02
Disaster Relief	AS 26.23.300	No	GF	3.01, 3.02
Dividend Raffle Fund	AS 43.23.230	No	GF	3.01, 3.02
Donated Commodity Fee	USC 7 CFR, Part 250	No	GF	3.01, 3.02
Education Endowment Fund	AS 43.23.220	No	GF	3.01, 3.02

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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
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	4.31 - 4.33
Highways Equipment Working Capital	AS 44.68.210	Yes	ISF	4.31 - 4.33
Impact Aid	Federal PL 103-382	Yes	AF	5.11, 5.12
Information Services	AS 44.21.045	Yes	ISF	4.31 - 4.33
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
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
Marijuana Education and Treatment Fund	AS 43.61.010(f)	No	GF	3.01, 3.02
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

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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
Peace Officer and Firefighter Survivor's Fund	AS 39.60.010	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
Recidivism Reduction Fund	AS 43.61.010(c)	No	GF	3.01, 3.02
Reclamation Bonding Pool	AS 27.19.040	Yes	SRF	3.31 - 3.33
Regional Educational Attendance Area School	AS 14.11.030	No	GF	3.01, 3.02
Retiree Health	AS 39.35.535, AS 14.25.168, AS 22.25.090	Yes	OAEF	4.21 - 4.23
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

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Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
Unemployment Compensation	AS 23.20.130	Yes	OAEF	1.21 - 1.23
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

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
ASCA	Alaska State Council on the Arts
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
ASCA	Alaska State Council on the Arts
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
DEC	Department of Environmental Conservation
DEED	Department of Education and Early Development
DF&G	Department of Fish and Game
DHSS	Department of Health and Social Services
DMVA	Department of Military and Veterans Affairs
DNR	Department of Natural Resources
DOA	Department of Administration
DOLWD	Department of Labor and Workforce Development
DOR	Department of Revenue
DOT&PF	Department of Transportation and Public Facilities
DPS	Department of Public Safety
DCP	Deferred Compensation Plan
DCR	Defined Contribution Retirement Plan
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

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LEGEND OF ACRONYMS

Acronym	Description
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
MD&A	Management Discussion and Analysis
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

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LEGEND OF ACRONYMS

Acronym	Description
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
SSOA	Shared Services of Alaska
SSSLA	Second Special Session Laws of Alaska
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