NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: See "RATINGS" herein**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Bonds is not included in taxable income for purposes of the State of Alaska income tax imposed on corporations. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

$55,900,000
STATE OF ALASKA
General Obligation Refunding Bonds
Series 2023A

Dates, Interest Rates, Prices and Yields Are Shown on the Inside Cover Page

The State of Alaska (the "State") is issuing $55,900,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2023A (the "Bonds").

The Bonds will be general obligations of the State and the full faith, credit and resources of the State will be pledged to the payment of principal of and interest on the Bonds. See "THE BONDS – Security for the Bonds" herein.

The Bonds will be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. Interest on the Bonds will be payable on August 1, 2023 and semiannually thereafter on February 1 and August 1 in each year until maturity. Interest will be calculated on the basis of a 360-day year of twelve 30-day months at the annual rates set forth on the inside front cover. The Bonds will not be subject to redemption prior to maturity.

The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of Bonds will not receive physical certificates representing their interest in the Bonds purchased. DTC will act as securities depository for the Bonds. Individual purchases of interests in the Bonds will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. The principal of and interest on the Bonds will be payable directly to DTC by U.S. Bank National Association, Seattle, Washington as authenticating agent, paying agent and registrar for the Bonds. Upon receipt of payments of principal and interest, DTC is to remit such principal and interest to the Direct Participants (defined in Appendix E) for subsequent disbursement to the purchasers of beneficial interests in the Bonds, as described herein.

The Bonds are being issued pursuant to the Alaska Constitution, Alaska Statutes 37.15.010 through 37.15.220 (the "Bond Act") and the Resolution (as defined herein) for the purpose of refunding all of the State's General Obligation Refunding Bonds, Series 2012A and the State's General Obligation Bonds, Series 2013B. See "THE BONDS – Application of Bond Proceeds."

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

The Bonds are offered when, as and if issued, subject to receipt of an approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the State Bond Committee. Certain legal matters will be passed upon for the Underwriters by their special counsel, K&L Gates LLP. Acacia Financial Group, Inc. is serving as Financial Advisor to the State. It is expected that the Bonds in book-entry form will be available for delivery by Fast Automated Securities Transfer, through the facilities of DTC, on or about February 7, 2023.

Jefferies **RBC Capital Markets**

The date of this Official Statement is January 30, 2023

$55,900,000

STATE OF ALASKA

GENERAL OBLIGATION REFUNDING BONDS
SERIES 2023A

Dated: Date of Delivery

Due: August 1, as shown below

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, CUSIPS

Maturity August 1	Principal Amount	Interest Rate	Yield	Price	CUSIP*
2023	$20,890,000	5.00%	2.60%	101.144%	0117705E0
2024	17,060,000	5.00	2.42	103.736	0117705F7
2025	17,950,000	5.00	2.34	106.380	0117705G5

* Copyright 2023, CUSIP Global Services. CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CGS. This data is not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided in this Official Statement for convenience of reference only. CUSIP numbers are subject to change. Neither the State of Alaska nor the Underwriter nor their agents or advisors takes any responsibility for the accuracy of such CUSIP® numbers

STATE OF ALASKA
Mike Dunleavy, Governor
Nancy Dahlstrom, Lt. Governor
P.O. Box 110001
Juneau, Alaska 99811
http://www.alaska.gov[1]

STATE BOND COMMITTEE

Julie Sande, Chair
Commissioner
Department of Commerce, Community and Economic Development

Adam Crum, Secretary
Commissioner
Department of Revenue

Paula Vrana, Member
Commissioner
Department of Administration

Micaela Fowler, Designee for Department of Commerce, Community and Economic Development
Deputy Commissioner of the Department of Commerce, Community and Economic Development

Brian Fechter, Designee for Department of Revenue
Deputy Commissioner of the Department of Revenue

Dave Donley, Designee for Department of Administration
Deputy Commissioner of the Department of Administration

Ryan S. Williams
Debt Manager, State of Alaska
Department of Revenue
P.O. Box 110405
Juneau, Alaska 99811-0400

STATE DEPARTMENT OF LAW
P.O. Box 110300
Juneau, Alaska 99811-0400

William E. Milks
Chief Assistant Attorney General

FINANCIAL ADVISOR TO THE STATE
Acacia Financial Group, Inc.
Anchorage, Alaska

BOND COUNSEL
Orrick, Herrington & Sutcliffe LLP
Seattle, Washington

BOND REGISTRAR
U.S. Bank Trust Company, National Association
Seattle, Washington

[1] The reference to the State's website is not part of this Official Statement, and investors should not rely on information presented in the State's website in determining whether to purchase the Bonds. This inactive textual reference to the State's website is not a hyperlink and does not incorporate the State's website by reference.

The information contained in this Official Statement has been obtained from sources the State deems reliable. The information concerning DTC and its book-entry system has been obtained from DTC, and no representation is made by the State as to the completeness or accuracy of such information.

No dealer, broker, salesperson or other person has been authorized by the State or by the State Bond Committee (the "Committee") or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Underwriters, the State or by the Committee.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sales made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State or DTC since the date hereof. This Official Statement does not constitute a contract between the State and any one or more of the purchasers or registered owners of the Bonds.

Information on website addresses set forth in this Official Statement is not incorporated into this Official Statement and cannot be relied upon to be accurate as of the date of this Official Statement, nor can any such information be relied upon in making investment decisions regarding the Bonds.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements contained in this Official Statement reflect not historical facts but forecasts and "forward-looking statements." The words "estimate," "project," "anticipate," "expect," "intend," "believe," "plan," "budget," "forecast," "assume," and similar expressions are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are based upon underlying assumptions, many of which in turn are based upon further assumptions. No assurance can be given that the future results or plans discussed herein will be achieved and actual results may differ, perhaps materially, from the plans, budgets, assumptions, forecasts and projections described herein. Except for the historical information included in the continuing disclosure undertaking of the State, the State does not plan to issue any updates or revisions to those forward-looking statements. See APPENDIX D - "Proposed Form of Continuing Disclosure Undertaking."

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT 1

THE BONDS 2
- Authority for Issuance and Purpose of the Bonds 2
- Security for the Bonds 2
- General Description of the Bonds 2
- Application of Bond Proceeds 3
- Sources and Uses of Funds 3
- Redemption of the Bonds 4
- Purchase of the Bonds 4
- Defeasance 4
- Book-Entry System 4

INFORMATION CONCERNING THE STATE OF ALASKA 5
- General 5
- State Government 5
- State Bond Committee 5
- Infectious Disease Outbreak – COVID-19 5
- State Revenues 7
- Government Budgets and Appropriations 17
- Government Funds 21
- Revenue Forecasts 25
- General Fund Expenditure Trends 26
- 10-Year Plan and General Fund Forecast 27
- Other Funds Maintained by the State 29
- State Ownership of Land and Natural Resources 29
- Oil and Gas Reserves and Potential Future Recoverable Resources 30
- Natural Gas Pipeline Developments 32
- Mineral Resources 33
- Other Major Resources 35
- Public Debt and Other Obligations of the State 35

STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES 44
- General 44
- The ARM Board 45
- Administration of the Systems 45
- Valuation Reports 45
- The Public Employees' Retirement System 46
- Teachers' Retirement System 55
- Pension Reforms 62
- The Other Retirement Systems 63
- State's Supplemental Benefits System 63
- State's Deferred Compensation Plan 63
- State's Annual/Personal Leave and Sick Leave 63

INVESTMENT POLICIES 64
- General Fund, Constitutional Budget Reserve Fund and Other Subfunds 64
- The Permanent Fund 64

SPECIAL INVESTOR CONSIDERATIONS 65
- Revenues of the State 65

Other Factors Affecting the State 66
Infectious Disease Outbreak 67
Ratings 67
Early Redemption 67
Federal Income Tax Considerations 67
Secondary Market and Prices 68
LITIGATION 68
Oil and Gas Tax Litigation 68
Environmental Litigation 69
Tort Claims 69
Medicaid Payment Rate Appeals 69
Employment Claims 69
Tobacco Company Litigation 69
Opioid Litigation 70
CERTAIN LEGAL MATTERS 71
TAX MATTERS 71
Not Qualified Tax-Exempt Obligations 72
VERIFICATION OF SUFFICIENCY 73
FORWARD-LOOKING STATEMENTS 73
RATINGS 73
FINANCIAL ADVISOR 74
UNDERWRITING 74
CONTINUING DISCLOSURE 74
MISCELLANEOUS 75
EXECUTION OF OFFICIAL STATEMENT 75

APPENDIX A – Summary Information Regarding the Economy of the State
APPENDIX B – State of Alaska "General Purpose Financial Statements" from the Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2021
APPENDIX C – Proposed Form of Bond Counsel Opinion
APPENDIX D – Proposed Form of Continuing Disclosure Undertaking
APPENDIX E – Information Regarding The Depository Trust Company

OFFICIAL STATEMENT

Relating to

$55,900,000
STATE OF ALASKA
General Obligation Refunding Bonds,
Series 2023A

INTRODUCTORY STATEMENT

The purpose of this Official Statement, including the Appendices, is to provide certain information concerning the State of Alaska (the "State") and the issuance of $55,900,000 aggregate principal amount of the State of Alaska General Obligation Refunding Bonds, Series 2023A (the "Bonds"). The Bonds will be issued pursuant to Resolution No. 2023-01 (the "Resolution"), adopted by the State Bond Committee (the "Committee") on January 11, 2023. See "THE BONDS" herein for a description of the Bonds and the security therefor.

The Bonds will be general obligations of the State and the full faith, credit and resources of the State will be pledged to the payment of the principal of and interest on the Bonds. See "THE BONDS – Security for the Bonds" herein.

The Bonds are being issued to refund all of the State's outstanding General Obligation Refunding Bonds, Series 2012A (the "Series 2012A Bonds") and all of the State's outstanding General Obligation Bonds, Series 2013B (the "Series 2013B Bonds"), as more fully described under the caption "THE BONDS – Application of Bond Proceeds" herein.

The proposed form of the opinion of Bond Counsel is included in Appendix C.

The proposed form of the Continuing Disclosure Undertaking is included in Appendix D.

The historical financial information included in this Official Statement is derived primarily from the State's audited financial statements and from the State's unaudited financial documents and records. All of the historical information about the State's financial condition and about its economy and resources and all summaries of resolutions, statutes, agreements, reports and other documents are subject to and are qualified in their entirety by reference to such financial statements, records, resolutions, statutes, agreements, reports and other documents. A copy of the State's audited financial statements for the fiscal year ("FY") ended June 30, 2021 is included in this Official Statement as Appendix B.

In addition to historical information, this Official Statement includes information about the State's long-term plans and proposed budgets and forecast information about the State's resources, economy and revenues and expenditures. Forecast information is derived from a number of sources and is based upon a variety of assumptions, many of which themselves are based upon other forecasts and assumptions and most of which are not within the State's control. Actual budgets, plans and results may differ materially from the plans, budgets and results described herein.

The outbreak of the 2019 novel coronavirus ("COVID-19") is a significant event that has had and will continue to have ongoing, material effects on the State. Although the effects of COVID-19 cannot be predicted with certainty, COVID-19 and related social distancing measures implemented by local, state,

federal or foreign governments in response to COVID-19 have had and may continue to have a material adverse effect on the global economy and financial markets; economic activity within the State, including the oil and gas, tourism, seafood and healthcare industries, among others; revenues collected by the State; and the value of the Alaska Permanent Fund and Earnings Reserve. Historic information in this Official Statement about the finances and operations of the State that predates the outbreak of COVID-19 should be considered in light of the effects the COVID-19 outbreak may have on the current and future finances and operations thereof. Any budgets or projections that have been updated since the outbreak of COVID-19 should be considered in light of potential further impact from the COVID-19 outbreak. On December 15, 2022, the Department of Revenue's Tax Division (the "Tax Division") issued its Revenue Sources Book Fall 2022 Revenue Forecast (the "Fall 2022 Revenue Forecast"), which provides updated projections that reflect certain impacts from the COVID-19 outbreak and is described in this Official Statement. The Fall 2022 Revenue Forecast and any other budget and projection information and all other forward-looking statements in this Official Statement were based on expectations as of the date thereof and are not intended as representations of fact or guarantees of results. Any such forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated, or projected.

For a discussion of COVID-19 and certain other risks associated with an investment in the Bonds, see "INFORMATION CONCERNING THE STATE OF ALASKA – Infectious Disease Outbreak – COVID-19" and "SPECIAL INVESTOR CONSIDERATIONS – Infectious Disease Outbreak."

THE BONDS

Authority for Issuance and Purpose of the Bonds

The Bonds are being issued pursuant to the Alaska Constitution, AS 37.15.010 through 37.15.220 (the "Bond Act") and the Resolution.

Security for the Bonds

When issued, the Bonds will be general obligations of the State, and the full faith, credit and resources of the State will be pledged to the payment of the principal of and interest on the Bonds. Pursuant to the Bond Act, the amounts required annually to pay the principal of and interest and redemption premium on all issued and outstanding general obligation bonds of the State are appropriated to the Committee to make all required payments of principal, interest and redemption premium. AS 37.15.012 provides that, if such appropriation is insufficient to fully pay these amounts, the necessary additional amounts are appropriated from the General Fund to the Committee to make all required payments of principal, interest and redemption premium.

For the payment of principal of and interest on general obligation indebtedness, including the Bonds, the State has the power to levy taxes, including taxes on all taxable property and income in the State, without limitation as to rate or amount. For a description of the State's current taxes and other sources of revenues, see "INFORMATION CONCERNING THE STATE OF ALASKA – State Revenues" and "INFORMATION CONCERNING THE STATE OF ALASKA – Public Debt and Other Obligations of the State" herein.

General Description of the Bonds

The Bonds are issuable solely as fully registered Bonds without coupons (initially in the book-entry only system) in denominations of $5,000 or any integral multiple thereof. The Bonds will be dated as of their date of original issuance and delivery and will bear interest at the rates and will mature on the dates set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable

semiannually on February 1 and August 1 of each year, commencing on August 1, 2023, computed on the basis of a 360-day year (consisting of 12 months of 30 days each).

When issued, the Bonds will be registered in the name of Cede & Co. as the partnership nominee of the Depository Trust Company, New York, New York ("DTC"). So long as Cede & Co. (or such other name as may be requested by an authorized representative of DTC), is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the U.S. Bank Trust Company, National Association, as bond registrar (the "Bond Registrar") to DTC, which, in turn, is obligated to remit such principal and interest to the Direct Participants for subsequent disbursement to the Beneficial Owners (each as defined in Appendix E) of the Bonds. See "– Book-Entry-System" below and "INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY" in Appendix E.

In the event that DTC or its successor (or substitute securities depository or its successor) resigns and no substitute securities depository can be obtained, or in the event the State determines that it is in the best interests of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, new Bonds are required to be issued and registered.

Application of Bond Proceeds

The Bonds are being issued to provide for (i) the optional redemption on February 7, 2023 of all of the outstanding principal amount of the Series 2012A Bonds (the "Series 2012A Refunded Bonds") and (ii) the optional redemption on February 7, 2023 of all of the outstanding principal amount of the Series 2013B Bonds (the "Series 2013B Refunded Bonds" and together with the Series 2012A Refunded Bonds, the "Refunded Bonds"). Details of the Refunded Bonds are set forth below.

Refunded Bonds
State of Alaska General Obligation Refunding Bonds, Series 2012A
Dated: February 8, 2012

Maturity (August 1)	Outstanding Principal Amount	Coupon	Redemption Date	Price	CUSIP No.
2023	$2,665,000	3.00%	February 7, 2023	100%	011770X41
2023	4,750,000	4.00%	February 7, 2023	100%	011770W42

State of Alaska General Obligation Bonds, Series 2013B
Dated: January 23, 2013

Maturity (August 1)	Outstanding Principal Amount	Coupon	Redemption Date	Price	CUSIP No.
2023	$10,040,000	5.00%	February 7, 2023	100%	011770Z98
2023	4,000,000	4.00%	February 7, 2023	100%	011770Y73
2024	17,000,000	5.00%	February 7, 2023	100%	0117702A1
2024	630,000	4.00%	February 7, 2023	100%	011770Y81
2025	18,135,000	5.00%	February 7, 2023	100%	0117702B9
2025	405,000	4.00%	February 7, 2023	100%	011770Y99

Sources and Uses of Funds

The State expects to apply the net proceeds of the Bonds as shown below.

Sources of Funds:	
Principal Amount of Bonds	$55,900,000.00
Original Issue Premium	2,021,553.20
Total	$57,921,553.20
Uses of Funds:	
Redemption of the Refunded Bonds	$57,670,501.67
Costs of Issuance*	251,051.53
Total	$57,921,553.20

* Costs of issuance include legal fees, printing costs, underwriting discount, financial advisory fees, rating agency fees and similar costs.

Redemption of the Bonds

Optional Redemption. The Bonds are not subject to redemption prior to maturity.

Purchase of the Bonds

The State has reserved the right to purchase any of the Bonds offered to the State at any time at a price deemed reasonable by the State.

Defeasance

The Resolution provides that in the event that money and/or noncallable direct obligations of the United States or obligations unconditionally guaranteed by the United States, (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are set aside in a special account of the State to effect such redemption and retirement and are pledged for such purpose, then no further payments need be made for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of the Resolution except the right to receive the moneys so set aside and pledged, and such Bonds shall be deemed to be no longer outstanding under the Resolution.

Book-Entry System

When issued, the Bonds will be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of DTC), as nominee of DTC. DTC will act as securities depository for the Bonds. Unless the State elects to substitute another depository or determines that Beneficial Owners of the Bonds obtain Bond certificates, individual purchases will be made only in book-entry form through DTC, and purchasers will not receive physical certificates representing their interests in the Bonds purchased. Except as provided in the Resolution so long as Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to Owners, Registered Owners or holders mean Cede & Co. (or such other name) and not the Beneficial Owners of the Bonds. For information about DTC and its book-entry system, see "INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY" in Appendix E.

INFORMATION CONCERNING THE STATE OF ALASKA

General

Alaska is a sovereign state of the United States of America, located in the far northwest of North America to the west of Canada, with its southeastern border approximately 500 miles north of the State of Washington. Alaska became a state in 1959. The State's population grew each year and increased approximately 7.7 percent between fiscal year 2008 and fiscal year 2016; however, since 2016 the population has contracted by approximately 0.4 percent with a population estimate of 736,556 (2022 estimated), (Alaska Department of Labor and Workforce Development, Research & Analysis Section).

Alaska includes approximately 586,412 square miles (approximately 365 million acres) of land and is the largest state of the United States (roughly equivalent in size to one-fifth of all of the other 49 states combined). Unlike the other 49 states, where significant portions of the land may be owned by individuals or entities in the private sector, less than one percent of the land in Alaska is owned by private, non-Alaska Native owners. As described below, most of the State's revenue is derived from resources owned by the State itself, including petroleum and minerals extracted from State-owned lands and investment income on securities in funds owned by the State.

State Government

Alaska became the 49th state in 1959 pursuant to the Alaska Statehood Act, which was enacted by the United States Congress in 1958 (the "Statehood Act"). The Alaska Constitution was adopted by the Constitutional Convention on February 5, 1956, ratified by the people of Alaska on April 24, 1956, and became operative with the formal proclamation of statehood on January 3, 1959.

Alaska government has three branches: 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 "Legislature"). 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 is prescribed by law. The courts constitute a unified judicial system for operation and administration.

The State provides or funds 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.

There are 19 organized boroughs in Alaska and 145 cities, 49 of which are located within an organized borough and 96 of which are located within the unorganized borough. Of these, 15 boroughs and 21 cities impose property taxes and 9 boroughs and 94 cities impose general sales taxes.

State Bond Committee

The Legislature, by AS 37.15.110, has created the Committee. The Committee is comprised of the Commissioner of the Department of Commerce, Community & Economic Development ("DCCED"), as chairperson, the Commissioner of the Department of Revenue, as secretary, and the Commissioner of the Department of Administration, or their designees. The Committee adopts resolutions and generally oversees the proceedings relating to the issuance of bonds by the State.

Infectious Disease Outbreak – COVID-19

The outbreak of COVID-19 has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce, and financial markets globally. In addition to actions

taken by State, local and federal governments, governments throughout the world have taken action to limit, and in some cases prohibit, non-essential travel to or from their territories in response to COVID-19, which may have an adverse effect on tourism and other economic activity in the State. While some governments have lifted such restrictions, certain restrictions have been reimposed from time to time. In November of 2021, Canada ended its ban on cruise ships. If Canada reinstates its ban, without U.S. Congressional action, future large sailings to the Alaska market may be effectively cancelled. On February 14, 2021, the State's declaration of public health disaster emergency, which had been in place since March 2020, expired. With this expiration the prior State-level health orders, health alerts, and health mandates expired. Four State-level health advisories remain in place to provide guidance to individuals on keeping safe in their community, while travelling to/from the State and within the State, and for critical infrastructure. Certain individual boroughs, cities and villages continue to maintain locally imposed restrictions on travel, businesses and other activities.

The United States government and the Federal Reserve Board have taken legislative and regulatory actions and have implemented measures to mitigate the broad disruptive effects of the COVID-19 outbreak. The CARES Act, passed by the 116th U.S. Congress in March 2020, established a $150 billion Coronavirus Relief Fund to, among other things, provide financial assistance to states. The State has received its approximately $1.25 billion allocation from the Coronavirus Relief Fund, which can be used to cover COVID-19 related expenses. The CARES Act limits the State's use of funds from the Coronavirus Relief Fund to COVID-19 expense reimbursement rather than to offset anticipated State tax revenue losses. A unique provision specific to just over $1 billion of the federal relief funds allowed the State to appropriate a portion of the funding to replace revenue lost due to COVID-19. This provision functionally allowed these funds to be appropriated toward any public purpose, just like unrestricted General Fund revenue. In the fiscal year 2022 and fiscal year 2023 budgets, a total of approximately $750 million was appropriated as unrestricted revenue replacement, and in some reports produced by the State's Office of Management and Budget ("OMB") and Legislative Finance Division, these funds are depicted as unrestricted revenue for illustrative purposes. However, in the Fall 2022 Revenue Forecast, all federal funds are shown as restricted revenue in all years.

The State, governmental agencies, and local governments within the State have received grants from the federal government including approximately $87 million in pass-through funding to school districts, $50 million in pass-through funding for fisheries relief, $49 million for rural airports, and $29 million related to Federal Transit Administration pass-through funding, among other grants.

In addition, the State received a 6.2 percent increase to its federal medical assistance percentage ("FMAP") related to Medicaid through the end of the calendar quarter in which the COVID-19 pandemic is determined to be over. The prior FMAP increase will currently be phased down over the course of calendar year 2023 if the State meets certain requirements for eligibility redeterminations. The current phase down approach retains the 6.2 percent increase in the first quarter, 5.0 percent increase in the second quarter, 2.5 percent increase in the third quarter, and 1.5 percent increase in the fourth quarter. The State is currently evaluating the phase down methodology and estimates an additional $40 million to $60 million in federal funding as a result of the remaining FMAP increase.

On March 11, 2021, President Biden signed the $1.9 trillion stimulus package. The State is expected to receive funding through a number of channels from the package. The State is expected to receive $1.17 billion and local governments in the State are expecting to receive approximately $230 million. Tribes in Alaska are expected to receive approximately $1 billion, among other funding, the allocation and expenditure of which may take place over the next three years.

The COVID-19 outbreak is ongoing, and its dynamic nature leads to uncertainties, including (i) the geographic spread of the virus and its variants and the emergence of new variants; (ii) the severity of the disease; (iii) the duration of the outbreak; (iv) actions that governmental authorities may take in the future

to contain or mitigate the outbreak; (v) the development, efficacy, distribution and acceptance of medical therapeutics and vaccinations and the efficacy of therapeutics and vaccines to emerging and new variants; (vi) additional or changed travel restrictions; (vii) the impact of the outbreak on the State, local or global economy; (viii) whether and to what extent the Governor or local executives may order additional public health measures; (ix) restoration of public perception of the safety and necessity of travel for personal and business needs; and (x) the impact of the outbreak and actions taken in response to the outbreak on the State. Prospective investors should assume that the restrictions and limitations instituted related to COVID-19 may be reimposed or continue, that the current upheaval to the national and global economies and financial markets may continue and/or be exacerbated, at least over the near term, and that the recovery may be prolonged. Additional pandemics, and other public health emergencies, may occur and may occur with greater frequency and intensity due to trends in globalization.

State Revenues

The State does not currently impose personal income taxes and has never imposed statewide general sales taxes. The State does, however, impose a number of business-related taxes that, together with rents and royalties and fines and fees, represented nearly 100 percent of designated and unrestricted non-investment General Fund revenue in fiscal year 2022. Grants, contributions, and other revenue from the federal government and interest and investment income represent the remaining portions of State revenue.

The key drivers of the Alaska economy include natural resource development, federal (including national defense) and State government, seafood, and tourism. Approximately 24.7 percent of the State's total nonfarm employment is derived from government (including federal, state, and local). Other major industries in Alaska include the educational (private) and health services industry, making up 15.7 percent, trade, transportation, and utilities, making up 20.0 percent and the leisure and hospitality industry, making up 10.8 percent of total nonfarm employment. The State's major exports are oil, seafood (primarily salmon, halibut, cod, pollock, and crab), coal, gold, silver, zinc, and other minerals (Alaska Department of Labor and Workforce Development, Research & Analysis, Employment Statistics; 2022 Annual Average).

The Tax Division produces a semi-annual revenue sources book. The revenue sources book published each fall is the comprehensive annual forecast released in December, and the revenue forecast published in the spring is an annual, partial update of the revenue sources book published in the preceding fall. The most recent revenue forecast comes from the Fall 2022 Revenue Forecast. The Department of Revenue currently develops a monthly Outlook Update that is used internally to review near-term revenue projections. While this update does not incorporate the level of rigor and detail put into the official spring and fall revenue forecasts, it does give an indication of how revenues are anticipated to perform based on the most currently available information each month. The next forecast update, the Spring 2023 Revenue Sources Book and Forecast (the "Spring 2023 Revenue Forecast"), is anticipated to be released in March 2023.

The Fall 2022 Revenue Forecast reflects a decrease in expected unrestricted General Fund revenue compared to the Spring 2022 Revenue Sources Book and Forecast, released by the Tax Division on March 15, 2022. Decreases in petroleum-related revenue are largely a function of lower oil price forecasts related to global market supply/demand fluctuations. The Fall 2022 Revenue Forecast for federal revenue is based on federal receipts as of November 30, 2022 and includes COVID-19 relief funding.

The Infrastructure Investment and Jobs Act ("IIJA"), passed by Congress in November 2021, included $550 billion in investments for transportation, water, power and energy, environmental remediation, public lands, broadband, and resilience. It is anticipated that the State, local governments, tribes and other organizations in the State could receive a total of nearly $5 billion in funding over fiscal years 2023-2027 as a result of the legislation, some of which would represent overall increases to state revenue from federal funding. For the Fall 2022 Revenue Forecast, federal projections developed in

consultation with the OMB include anticipated program increases from IIJA based primarily on federal program estimates by the State. These include $100 million for a new Broadband Equity, Access, and Deployment Program; $40 million for the Village Safe Water Program; and $7 million for the Alaska Energy Authority's State Energy Program, Energy Efficiency and Revolving Loan Fund, and Energy Auditor Training Grant Program.

As of November 30, 2022, Alaska has received $624 million in grants and contracts from IIJA. Of this amount, State agencies have received $372 million of which $317 million, has been for transportation programs, including Highway Planning and Construction in the amount of $308 million. The State also received funding for the State Energy Program, Pacific Coast Salmon Recovery, the National Dam Safety Program, Weatherization Assistance for Low-Income Persons, the Energy Community Revitalization Program, United States Geological Survey ("USGS") Research and Data Collection, Low-Income Home Energy Assistance and Cooperative Research and Training Programs. While the State has applied for considerably more in IIJA funding, award announcements for other funding opportunities are still pending.

Historically, petroleum-related revenue has been the largest source of unrestricted revenue for the General Fund. In fiscal year 2018 approximately 80 percent of total unrestricted General Fund revenue was generated from oil production. In 2018, the Legislature enacted Senate Bill 26 ("SB 26"), which directs the State to appropriate amounts from the earnings reserve of the Alaska Permanent Fund to the General Fund as unrestricted General Fund revenue, diminishing the percentage of unrestricted General Fund revenue that petroleum-related revenue represents to approximately 38 percent in fiscal year 2019, 24 percent in fiscal year 2020, 25 percent in fiscal year 2021, and 50 percent in fiscal year 2022. In the Fall 2022 Revenue Forecast, the State forecasts the percentage of unrestricted General Fund revenue that petroleum-related revenue represents to be approximately 47 percent in fiscal year 2023 and 41 percent in fiscal year 2024.

In fiscal year 2019, pursuant to SB 26, the State began appropriating amounts from the Permanent Fund Earnings Reserve to the General Fund as unrestricted General Fund revenue. SB 26 adjusted the transfers from the Permanent Fund Earnings Reserve to an amount determined by taking 5.25 percent of the average market value of the Permanent Fund for the first five of the preceding six fiscal years, including the fiscal year just ended. Effective July 1, 2021, the amount determined for transfers from the Permanent Fund Earnings Reserve was reduced to 5.00 percent of the average market value of the Permanent Fund for the first five of the preceding six fiscal years, including the fiscal year just ended. As described below in "Government Funds – The Alaska Permanent Fund," this calculation does not include the principal attributable to the settlement of *State v. Amerada Hess*. The Alaska Permanent Fund Corporation ("APFC"), which manages the Permanent Fund, projects these annual transfers to the General Fund as unrestricted revenue in their monthly history and projections report, as reflected in Table 2. The Permanent Fund Earnings Reserve transferred approximately $3.1 billion to General Fund revenue in fiscal year 2022 and is expected to transfer approximately $3.4 billion and $3.5 billion to General Revenue in fiscal years 2023 and 2024, respectively. The Permanent Fund Dividend may be paid out of these transfers, and any residual revenue is available for other appropriation. The Permanent Fund Dividend amount, paid in calendar year 2021, was $1,114 per qualified resident, and the Permanent Fund Dividend amount, paid in calendar year 2022, was $3,284 per qualified resident, including amounts designated for energy relief to Alaskans.

The Alaska Permanent Fund was established by a voter-approved constitutional amendment that took effect in February 1977. Pursuant to legislation enacted in 1982, annual appropriations are made from the Permanent Fund Earnings Reserve, first for dividends to qualified Alaska residents and then for inflation-proofing. The principal portion of the Permanent Fund, which was approximately $58.3 billion as of September 30, 2022, unaudited, may not be spent without amending the State Constitution. The earnings reserve, approximately $13.5 billion as of November 30, 2022, unaudited (subsequent to June 30, 2022, this amount includes approximately $3.5 billion committed to the State's General Fund pursuant to SB 26 for the succeeding fiscal year, and $4.1 billion for current fiscal year inflation proofing), may be

appropriated by a majority vote of the Legislature. See "– Government Funds – *The Alaska Permanent Fund*" below.

In the Fall 2022 Revenue Forecast, the State forecasted general purpose unrestricted revenue to be approximately $7,225.8 million in fiscal year 2023 and $6,936.2 million in fiscal year 2024, compared to $6,939.2 million in fiscal year 2022 and $4,782.8 million in fiscal year 2021.

In the Fall 2022 Revenue Forecast, the State forecasts that Alaska North Slope ("ANS") oil prices will average $88.45 in fiscal year 2023 and $81.00 in fiscal year 2024, compared to actual prices averaging $91.41 in fiscal year 2022, $54.14 in fiscal year 2021 and $52.12 in fiscal year 2020. The State forecasts that ANS production will average approximately 491.7 thousand barrels of oil per day in fiscal year 2023 and 503.7 thousand barrels of oil per day in fiscal year 2024, compared to 476.5 thousand barrels of oil per day in fiscal year 2022, 486.1 thousand barrels of oil per day in fiscal year 2021 and 471.8 thousand barrels of oil per day in fiscal year 2020. In the Fall 2022 Revenue Forecast, the State forecasts ANS oil prices and production and general purpose unrestricted revenue through fiscal year 2033. See Table 4.

Oil and Gas Revenues. The State's unrestricted General Fund revenues have historically been generated primarily from petroleum production activities. The State receives petroleum revenues (some of which are restricted) from five sources: oil and gas property taxes, oil and gas production taxes, bonuses and rents, oil and gas royalties, and corporate income taxes.

Oil and Gas Property Tax. The State levies an oil and gas property tax on the value of taxable oil and gas exploration, production and pipeline transportation property in the State at a rate of 20 mills (two percent) of the assessed value of the property. This is the only centrally assessed statewide property tax program in Alaska. Oil and gas reserves, oil or gas leases, the rights to explore or produce oil or gas, and intangible drilling expenses are not considered taxable property under the statute. The most notable properties that are subject to this tax are the Trans-Alaska Pipeline System, including the terminal at Valdez ("TAPS") and the field production systems at Prudhoe Bay. The assessed value of all existing properties subject to this tax was approximately $28.2 billion as of January 1, 2021, $29.0 billion as of January 1, 2020, $28.5 billion as of January 1, 2019, and $28.2 billion as of January 1, 2018.

Property taxes on exploration property are based upon estimated market value of the property. For property taxes on production property, values are based upon replacement cost, less depreciation based on the economic life of the proven reserves (or the economic limit in the case of taxes on offshore platforms or onshore facilities). The amount collected from property taxes on existing production property is expected to decrease in the future. For property taxes on pipeline transportation property (primarily TAPS property), values are determined based upon the economic value, taking into account the estimated life of the proven reserves of gas or unrefined oil expected to be transported by the pipeline and replacement cost, less depreciation based on the economic life of the reserves.

When the oil and gas property is located within the jurisdiction of a municipality, the municipality may also levy a tax on the property at the same rate the municipality taxes all other non-oil and gas property. The tax paid to a municipality on oil and gas property acts as a credit toward the payment to the State. Of the $571.4 million of gross tax levied in fiscal year 2022 on oil and gas property in the State, the State's share was $123.0 million; $122.4 million of gross tax was actually collected due to a combination of credits and late payments. In the Fall 2022 Revenue Forecast, the State forecasts income from the oil and gas property tax to be approximately $116.3 million in fiscal year 2023 and $114.0 million in fiscal year 2024.

Revenue from oil and gas property taxes is deposited in the General Fund; however, the State Constitution requires that settlement payments received by the State after a property tax assessment dispute be deposited in the Constitutional Budget Reserve Fund (the "CBRF"). In fiscal years 2021 and 2022, $22.5 million and $21.1 million, respectively, in total settlements were deposited into the CBRF, and in the

Fall 2022 Revenue Forecast, the State forecasts settlements to be $145.0 million in fiscal year 2023 and $20.0 million in fiscal year 2024. See "– Government Funds – *The Constitutional Budget Reserve Fund*" below.

Oil and Gas Production Taxes. The State levies a tax on oil and gas production income generated from production activities in the State. The tax on production is levied on sales of all onshore oil and gas production, except for federal and State royalty shares and on offshore developments within three miles of shore.

The oil and gas production tax can be a significant source of revenue and in many past years has been the State's single largest source of revenue. The production tax is levied differently based upon the type of production (oil versus gas) and the geographical location (North Slope versus Cook Inlet, the State's two producing petroleum basins).

For North Slope oil and export gas, the tax uses the concept of "Production Tax Value" ("PTV"), which is the gross value at the point of production minus lease expenditures. PTV is similar in concept to net profit, but different in that all lease expenditures can be deducted in the year incurred; that is, capital expenditures are not subject to a depreciation schedule. The production tax rate is 35 percent of PTV with an alternative minimum tax of 0 percent to 4 percent of gross value, with the 4 percent minimum tax applying when average ANS oil prices for the year exceed $25 per barrel.

Several tax credits and other mechanisms are available for North Slope oil production to provide incentives for additional investment. A per-taxable-barrel credit is available, which is reduced progressively from $8 per barrel to $0 per barrel as wellhead value increases from $80 per barrel to $150 per barrel. A company that chooses to take this credit may not use any other credits to reduce tax paid to below the gross minimum tax. An additional incentive applies for qualifying new production areas on the North Slope. The so-called "Gross Value Reduction" ("GVR") allows a company to exclude 20 percent or 30 percent of the gross value for that production from the tax calculation. Qualifying production includes areas surrounding a currently producing area that may not be commercial to develop, as well as new oil pools. Oil that qualifies for this GVR receives a flat $5 per-taxable-barrel credit rather than the sliding-scale credit available for most other North Slope production. As a further incentive, this $5 per-taxable-barrel credit can be applied to reduce tax liability below the minimum tax. The GVR is available only for the first seven years of production and ends early if ANS prices exceed $70 per barrel for any three years.

Effective January 1, 2022, for North Slope export gas, the tax rate is 13 percent of gross value at the point of production. Currently, only a very small amount of gas is technically export gas, which is sold for field operations in federal offshore leases. However, this tax rate would apply to any major gas export project developed in the future.

For the North Slope, a Net Operating Loss ("NOL") credit in the amount of 35 percent of losses was available until December 31, 2017. It allowed a credit to be carried forward to offset a future tax liability or, in some cases, to be transferred or repurchased by the State. Effective January 1, 2018, the NOL credit was replaced with a new carried-forward annual loss provision. In lieu of credits, a company may carry forward 100 percent of lease expenditures not applied against the tax and may apply all or part of lease expenditures in a future year. A carried-forward annual loss may not reduce tax below the minimum tax and may only be used after the start of regular production from the area in which the expenditures were incurred. An unused carried-forward annual loss declines in value by one-tenth each year beginning in the eighth or eleventh year after it is earned, depending on whether the carried-forward annual loss was earned from a producing or non-producing area.

Cook Inlet oil production is officially subject to the same tax rate of 35 percent of PTV. However, the tax is limited by statute to a maximum of $1 per barrel.

For Cook Inlet gas production, the tax rate is 35 percent of PTV, and the tax is limited to a maximum value averaging 17.7 cents per thousand cubic feet. This rate also applies to North Slope gas used for qualifying in-State uses, commonly referred to as "non-export gas."

Taxpayers are required to make monthly estimated payments, based upon activities of the preceding month. These payments are due on the last day of the following month, and taxpayers are required to file an annual tax return to "true up" any tax liabilities or overpayments made during the year. From fiscal year 2007 through fiscal year 2017, as an incentive for new exploration, companies without tax liability against which to apply credits could apply for a refund of the value of most of the credits, subject to appropriation. In fiscal year 2016, the State credited for potential purchase $498 million from companies claiming such credits. For fiscal year 2017, the State appropriated the minimum provided for in the statutorily based formula of $30 million for payments of such credits. In fiscal year 2018, the State purchased $78 million in tax credits through the Oil and Gas Tax Credit Fund and purchased an additional $100 million in fiscal year 2019. No funds were appropriated for the purchase of tax credit certificates for fiscal year 2020 or fiscal year 2021, and $54 million of general funds were appropriated in the fiscal year 2022 budget. In the enacted fiscal year 2023 budget, $60 million of general funds were appropriated to the Oil and Gas Tax Credit Fund. Additionally, an amount equal to 10 percent of all revenues from taxes levied by AS 43.55.011 that is not required to be deposited in the budget reserve fund, not to exceed $330 million, is appropriated from the General Fund to the Oil and Gas Tax Credit Fund. As of the date of the Fall 2022 Revenue Forecast, an estimated $384 million in tax credits are projected to be available for State repurchase, with the majority of those being credits earned in prior years. Payments of these credits are subject to future fiscal year appropriation.

In 2017, House Bill 111 ("HB 111") was enacted, making multiple changes to the State's oil and gas production tax and tax credit statutes. Following passage of HB 111, new credits will no longer be eligible for cash repurchase. Instead, companies will retain their credits until such time as they owe a tax liability to the State, at which time the credits could be used to offset the company's oil and gas production taxes.

In 2018, House Bill 331 ("HB 331") was enacted, creating a tax credit bonding program that would allow the State to purchase outstanding oil and gas tax credits at a discount to face value, and spread the funding out over several years through the issuance of subject to appropriation bonds. The fiscal year 2020 operating budget appropriated $700 million of bond proceeds to the Oil and Gas Tax Credit Fund for expenditure in fiscal year 2020 or 2021. A legal challenge delayed the tax credit bonding program, and in September 2020, the Alaska Supreme Court (the "Supreme Court") held that the tax credit bonding program under HB 331 was unconstitutional, prohibiting the Alaska Tax Credit Certificate Bond Corporation ("ATCCBC") from issuing bonds to finance the purchase of approximately $700 million in outstanding tax credit certificates.

All unrestricted revenue generated by the oil and gas production taxes (approximately $750 million in fiscal year 2018, $596 million in fiscal year 2019, $285 million in fiscal year 2020, $389 million in fiscal year 2021, $1,802 million in fiscal year 2022, and forecasted in the Fall 2022 Revenue Forecast to be $1,610 million in fiscal year 2023 and $1,229 million in fiscal year 2024) is deposited in the General Fund, except that any payments received as a result of an audit assessment under the oil and gas production tax or as a result of litigation with respect to the tax are deposited into the CBRF. See Table 1.

Oil and Gas Royalties, Rents and Bonuses. In Alaska, the State retains ownership of all subsurface minerals on lands in the State, with the exception of some federal and Alaska Native Corporation lands. As the land owner, through the Alaska Department of Natural Resources ("DNR"), the State earns revenue from leasing as (i) upfront bonuses, (ii) annual rent charges and (iii) retained royalty interests in the oil and gas production. State land historically has been leased largely based on a competitive bonus bid system. Under this system, the State retains a statutorily prescribed minimum royalty interest of at least 12.5 percent

on oil and gas production from land leased from the State, although some leases contain royalty rates of 16.67 percent and some also include a net profit-share or sliding scale component. Under all lease contracts the State has ever written, the State reserves the right to switch between taking its royalty in-kind or in cash (in cash royalty is valued according to a formula based upon the contract prices received by the producers, net of transportation charges). When the State elects to take its royalty share in-kind, the State becomes responsible for selling and transporting that royalty share, which means establishing complex contracts to accomplish these tasks. The State regularly negotiates these contracts and has historically sold roughly 95 percent of North Slope oil royalties in this way. State royalty revenue from production on State land that is not obligated to the Permanent Fund or Public School Trust Fund is unrestricted revenue that is available for general appropriations.

In addition to royalties from production on State land, the State receives 50 percent of royalties and lease bonuses and rents received by the federal government from leases of federal lands in the National Petroleum Reserve Alaska (the "NPR-A"). The State is required to deposit its entire share of lease bonuses, rents, and royalties from oil activity in the NPR-A in the NPR-A Special Revenue Fund, from which a portion is used to make grants to municipalities that demonstrate present or future impact from oil development in the NPR-A. Of the revenue in the NPR-A Special Revenue Fund that is not appropriated to municipalities, 50 percent is to be deposited to the Permanent Fund, with up to 0.5 percent to the Public School Trust Fund and then to the Power Cost Equalization Fund. Any remaining amount is then available for General Fund appropriations. The State also receives a portion of revenues from federal royalties and bonuses on all other federal lands located within State borders and from certain federal waters.

[Remainder of page intentionally left blank]

Table 1 summarizes the sources and initial applications of oil and other petroleum-related revenue for fiscal years 2013 through 2022.

Table 1

Sources and Initial Applications of Oil and Other Petroleum-Related Revenue
Fiscal Years Ended June 30, 2013 – 2022

($ millions)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Oil Revenue to the General Fund										
Property Tax	$ 99.3	$ 128.1	$ 125.2	$ 111.7	$ 120.4	$ 121.6	$ 119.5	$ 122.9	$ 119.2	$ 122.4
Corporate Income Tax [(1)] .	434.6	307.6	94.8	(58.8)	(59.4)	66.4	217.7	(0.2)	(19.4)	297.5
Production Tax..	4,050.3	2,614.7	389.7	186.0	134.4	749.9	595.5	285.1	389.0	1,801.6
Royalties (including bonuses, rents and interest) [(2)(3)]	1,767.8	1,712.4	1,078.2	870.6	681.5	1,002.3	1,111.1	675.3	728.8	1,259.3
Subtotal	$6,352.0	$4,762.8	$1,687.9	$1,109.5	$ 876.9	$ 1,940.2	$ 2,043.8	$ 1,083.1	$ 1,217.6	$ 3,480.8
Oil Revenue to Other Funds										
Royalties to the Permanent Fund and School Fund [(2)(3)]	$ 855.9	$ 786.2	$ 518.3	$ 396.9	$ 340.0	$ 363.1	$ 382.3	$ 323.9	$ 337.7	$ 458.1
Tax settlements to CBRF	357.4	177.4	149.9	119.1	481.9	121.3	181.2	281.2	22.5	21.1
NPR-A royalties, rents and bonuses [(4)]	3.6	6.8	3.2	1.8	1.4	23.7	12.3	16.4	15.8	16.7
Subtotal	1,216.9	970.4	671.4	517.8	823.2	508.0	575.8	621.5	376.0	495.9
Total Oil Revenue	$7,568.9	$5,733.2	$2,359.3	$1,627.3	$1,700.1	$2,448.2	$2,619.6	$1,704.6	$1,593.6	$3,976.7

(1) Corporate income tax collections for fiscal years 2016-2017 and 2020-2021 were negative due to large refunds of prior-year estimated taxes and low estimated taxes for those fiscal years.

(2) Net of Permanent Fund, Public School Trust Fund and CBRF deposits. See APPENDIX B "State of Alaska "General Purpose Financial Statements" from the Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2021–*Independent Auditor's Report.*" The State Constitution requires the State to deposit at least 25 percent in the Permanent Fund, and between 1980 and 2003, State statutes required the State to deposit at least 50 percent in the Permanent Fund. The statutory minimum was changed to 25 percent beginning July 1, 2003, and changed back to 50 percent as of October 1, 2008. In fiscal years 2018 and 2019, only the constitutionally required 25 percent of royalties were deposited into the Permanent Fund. See "-Government Funds – *The Alaska Permanent Fund*" below.

(3) Includes both Designated General Fund Royalties and Other Restricted Royalties.

(4) By federal statute, the State receives 50 percent of federal revenues from oil and gas lease sales located in the NPR-A.

Source: 2013 through 2022 Revenue Sources Books and Forecast, Tax Division.

Corporate Income Tax. The State levies a corporate income tax on Alaska taxable net income of corporations doing business in Alaska (other than certain qualified small businesses and income received by certain corporations from the sale of salmon or salmon eggs). Corporate income tax rates are graduated and range from zero percent to 9.4 percent of income earned in Alaska. Taxable income generally is calculated using the provisions of the federal Internal Revenue Code, and the calculation of Alaska taxable income varies, depending upon whether the corporation does business solely in Alaska, does business both inside and outside Alaska, or is part of a group of corporations that operate as a unit in the conduct of a

single business (a "unitary" or "combined" group). Oil and gas companies are combined on a world-wide basis, although for other industries only the companies doing business in the United States are combined. Taxpayers may claim all federal incentive credits, but federal credits that refund other federal taxes are not allowed as credits against State corporate income taxes. In addition to the federal incentive credits, the State provides additional incentives, including an education credit for contributions made to accredited State universities or colleges for education purposes, a minerals exploration incentive, an oil and gas exploration incentive, and a gas exploration and development tax credit.

Most corporate net income tax collections are deposited in the General Fund, although collections from corporate income tax audit assessments of oil and gas corporations are deposited in the CBRF.

Non-Oil Revenues. The State also receives unrestricted and restricted General Fund revenues from activities unrelated to petroleum. The State receives revenues from corporate income taxes paid by corporations other than petroleum producers, cigarette/tobacco/marijuana excise taxes, motor fuel taxes, alcoholic beverage taxes, fishery business taxes, electric and telephone cooperative taxes, insurance premium taxes, commercial passenger vessel excise taxes and service charges, permit fees, fines and forfeitures, mining license taxes, and miscellaneous revenues. See "– Government Budgets and Appropriations – *General Appropriations*" below. A number of these non-oil tax, license, and fee revenues (but not investment income and federal revenue) are shared with municipalities. In fiscal year 2022, unrestricted revenues unrelated to petroleum production (excluding investment income and federal revenues) was $448.1 million, and in the Fall 2022 Revenue Forecast, the State forecasts the value to be $450.1 million in fiscal year 2023 and $474.1 million in fiscal year 2024. Contained in the non-oil figures is the minerals industry, which contributes State revenue in the form of corporate income tax, mining license tax, and mining rents and royalties. For additional information, see "– Government Budgets and Appropriations – *General Appropriations*" below.

Federal Revenue. The federal government is a significant employer in Alaska, directly and indirectly, in connection with its military bases and as a result of procurement contracts, grants, and other spending. In addition to expenditures in connection with federal military bases and other activities in Alaska, the State receives funding from the federal government, approximately $3.1 billion in fiscal year 2018, $3.4 billion in fiscal year 2019, $4.2 billion in fiscal year 2020, $7.6 billion in fiscal year 2021, and $6.9 billion in fiscal year 2022. In the Fall 2022 Revenue Forecast, the State forecasts restricted federal revenue to be approximately $4.9 billion in fiscal year 2023 and $5.1 billion in fiscal year 2024. The forecasts represent total budgeted spending authority for federal receipts, and actual federal receipts are subject to change. The federal funds are used primarily for road and airport improvements, aid to schools, and Medicaid payments, all of which are restricted by legislative appropriation to specific uses. Federal funds are most often transferred to the State on a reimbursement basis, and all transfers are subject to federal and State audit. Most federal funding requires State matching. The unrestricted General Fund State match for federal spending in fiscal year 2022 was estimated at approximately $750 million for the operating budget and $130 million for the capital budget.

Investment Revenues. The State earns unrestricted and restricted by custom investment earnings from a number of internal funds. Two primary sources of investment income for the State are the two constitutionally-mandated funds, the Permanent Fund and the CBRF. The Permanent Fund had a fund balance (principal and earnings reserve) of approximately $75.3 billion as of November 30, 2022, unaudited, which includes approximately $3.5 billion committed to the State's General Fund pursuant to SB 26 for the succeeding fiscal year and $4.1 billion for current year inflation proofing. The Permanent Fund had a total fund balance of $76.3 billion as of June 30, 2022, $81.9 billion as of June 30, 2021, $65.3 billion as of June 30, 2020, $66.3 billion as of June 30, 2019, and $64.9 billion as of June 30, 2018. The CBRF had an asset balance of approximately $0.9 billion as of June 30, 2022. The CBRF had an asset balance of approximately $1.1 billion as of June 30, 2021, $2.0 billion as of June 30, 2020, $1.8 billion as of June 30, 2019, and $2.4 billion as of June 30, 2018. Restricted investment revenue from the CBRF was

approximately $1.2 million in fiscal year 2022. CBRF earnings for fiscal year 2022 were adjusted by approximately $52.0 million for investment losses that were realized in the Higher Education Investment Fund and allocated to the CBRF for a total net loss of $50.8 million. In the Fall 2022 Revenue Forecast, the State forecasts restricted investment revenue from the CBRF to be $22.6 million in fiscal year 2023 and $24.9 million in fiscal year 2024. The next comprehensive forecast, the Spring 2023 Revenue Forecast, is anticipated to be released in March 2023. The Permanent Fund Earnings Reserve balance is available for appropriation with a majority vote of the Legislature, while appropriation of the Permanent Fund's principal balance requires amendment of the State Constitution. The balance of the CBRF is available for appropriation with a three-fourths vote of each house of the Legislature, and as described below, the State has historically borrowed from the CBRF when needed to address mismatches between revenue receipts and expenditures in the General Fund and/or to balance the budget at the end of the fiscal year.

As previously described, SB 26, relating to the earnings of the Permanent Fund, was enacted in 2018. The APFC projects these annual transfers of unrestricted General Fund revenue from the Permanent Fund Earnings Reserve to the General Fund in their monthly history and projections report, as reflected in Table 2.

Table 2

State of Alaska
Transfers from the Permanent Fund Earnings Reserve
to the General Fund for the Fiscal Years Ending June 30, 2019 - 2022
APFC Forecast for Fiscal Years Ending June 30, 2023 – 2034

($ millions)

Fiscal Year	Transfer Amount
2019	$2,723
2020	2,933
2021	3,091
2022	3,069
Projected [(1)]	
2023	3,361
2024	3,526
2025	3,663
2026	3,808
2027	3,985
2028	4,018
2029	4,128
2030	4,240
2031	4,354
2032	4,469
2033	4,588
2034	4,712

(1) APFC transfer projections as of the unaudited November 30, 2022, report, and subject to change.

Source: APFC Fund Financial History & Projections as of November 30, 2022.

General Fund asset balances listed as of June 30 may include borrowings from the CBRF for future fiscal year operating requirements. All CBRF values stated above are asset values. See "– Government Funds – *The Constitutional Budget Reserve Fund*" and "– *The Alaska Permanent Fund*" below.

In the past, the State has also received earnings on the Statutory Budget Reserve Fund (the "SBRF"). Earnings on the SBRF are considered General Fund unrestricted revenue unless otherwise appropriated back to the SBRF. Article IX, Section 17(d) of the Alaska Constitution provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year is to be deposited in the CBRF until the amount appropriated from the CBRF is repaid. The available fund balance of the SBRF diminished to zero during fiscal year 2016. The SBRF unassigned fund balance for fiscal year 2021, reported in the State's Annual Comprehensive Financial Report ("ACFR"), was $480.8 million as of June 30, 2021. The OMB Fiscal Summary as of December 15, 2022, projects a SBRF balance of approximately $370.3 million as of June 30, 2022, and $20 million as of June 30, 2023. See "– Government Funds – *The Statutory Budget Reserve Fund*" below.

In addition to investment income from the above-described funds, the State receives investment income (including interest paid) from investment of other unrestricted funds (an investment loss of $5.8 million in fiscal year 2022, $29.4 million in fiscal year 2021, $58.1 million in fiscal year 2020, $93.3 million in fiscal year 2019, $16.3 million in fiscal year 2018, and $17.3 million in fiscal year 2017). In the Fall 2022 Revenue Forecast, the State forecasts investment revenue of other unrestricted funds to be approximately $3.2 million in fiscal year 2023 and $13.4 million in fiscal year 2024. See "– Government Funds" below.

Major Components of State Revenues. Table 3 summarizes the sources of unrestricted and restricted revenues available to the State in fiscal years 2016 through 2022, with a forecast for fiscal years 2023 and 2024 from the Fall 2022 Revenue Forecast.

[Remainder of page intentionally left blank.]

Table 3

Total State Government Revenue by Major Component
Fiscal Years Ended June 30, 2017 – 2022
Forecast for Fiscal Years Ending June 30, 2023 – 2024

($ millions)

	2017	2018	2019	2020	2021	2022	2023 [2]	2024 [2]
Revenue Source								
Unrestricted								
Oil Revenue	$ 876.9	$ 1,940.2	$ 2,043.8	$ 1,083.1	$ 1,217.6	$ 3,480.9	$ 3,380.1	$ 2,861.5
Non-Oil Revenue	460.3	457.0	490.1	454.8	444.3	448.1	450.1	474.1
Investment Earnings	17.3	16.3	2,815.9	2,991.2	3,120.9	3,010.2	3,395.6	3,600.6
Subtotal	$ 1,354.6	$ 2,413.5	$ 5,349.8	$ 4,529.1	$ 4,782.8	$ 6,939.2	$ 7,225.8	$ 6,936.2
Restricted								
Oil Revenue [1]	$ 823.8	$ 508.1	$ 575.8	$ 621.5	$ 376.0	$ 576.7	$ 700.1	$ 536.2
Non-Oil Revenue	656.3	697.4	631.2	558.6	590.9	655.0	730.2	749.7
Investment Earnings [3]	6,832.2	5,616.4	1,188.0	(1,208.5)	16,460.9	(6,422.1)	1,752.0	1,870.0
Federal Revenue	3,198.2	3,124.6	3,434.5	4,173.0	7,555.0	6,911.8	4,954.7	5,183.1
Subtotal	11,510.5	9,446.5	5,829.6	4,144.6	24,982.8	1,721.4	8,137.0	8,339.0
Total	$12,865.1	$12,360.0	$11,179.4	$ 8,673.7	$29,765.6	$ 8,660.6	$ 15,362.8	$ 15,275.2

Totals may not foot due to rounding.

(1) "Restricted Oil Revenue" includes oil revenue for the State's share of rents, royalties, and bonuses from the NPR–A, shared by the federal government. Starting in fiscal year 2022, hazardous release surcharge and refined fuel surcharge are included in Restricted Oil Revenue. Prior to 2021, these surcharges were included in "Unrestricted Oil Revenue."

(2) Forecasts for fiscal years 2023 and 2024 include a projection for the transfer from the Permanent Fund Earnings Reserve to the General Fund for unrestricted General Fund expenditures, including the Permanent Fund Dividend, based on SB 26. All values for fiscal year 2023 and 2024 are based on projections as of the release of the Fall 2022 Revenue Forecast and are subject to change.

(3) A portion of the Restricted investment earnings starting in fiscal year 2019 consist of Permanent Fund unrealized gains and realized gains, less the transfer to the General Fund classified as unrestricted pursuant to SB 26.

Source: 2017 through 2022 Revenue Sources Books and Forecasts, Tax Division.

Government Budgets and Appropriations

The Legislature is responsible for enacting the laws of the State, including laws that impose State taxes, and for appropriating money to operate the government. The State is limited by federal law, the State Constitution and statutes, and by policy in how it manages its funds and, as in other states, no funds, regardless of source, may be spent without a valid appropriation from the Legislature. The Legislature has a 90-day statutory time limit, and a constitutional time limit of 120 days with an allowance for up to an additional 10 days, to approve a budget. If the Legislature fails to approve a budget, or if other limited purpose legislation needs to be considered, the Governor or Legislature may call a special session to consider such matters. See "– *General Appropriations*" below.

Budgets. The State's fiscal year begins on July 1 and ends on the following June 30, and the Legislature meets in regular session beginning on the fourth Monday of January in each year. The Governor is required by AS 37.07.020(a) to prepare: (1) a statutorily conforming budget for the succeeding fiscal

year, including capital, operating, and mental health budgets, setting forth all proposed expenditures (including expenditures of federal and other funds not generated by the State) and anticipated income of all departments, offices, and agencies of the State; (2) a general appropriation bill to authorize proposed expenditures; and (3) in the case of proposed new or additional revenues, one or more bills containing recommendations for such new or additional revenues. In accordance with AS 37.07.020(b), the Governor is also required to prepare a six-year capital budget covering the succeeding six fiscal years and a 10-year fiscal plan. To assist the Governor in preparing budgets, proposed appropriation bills, and fiscal plans, the Tax Division prepares forecasts of annual revenues in December and March or April of each year. See "– State Revenues" above and "– *General Appropriations*," Table 4, "– Government Funds," and "– Revenue Forecasts" below.

The State Constitution prohibits the withdrawal from the treasury of nearly all funds, regardless of source, without an appropriation. As a consequence, the Governor's proposed budget and the Legislature's appropriation bills include federal and other funds as well as funds from the State and, by practice, funds that may be available for withdrawal without an appropriation. The State has customarily restricted certain revenue sources each fiscal year by practice. Such revenue is nonetheless available for appropriation.

General Appropriations. The Governor is required by State law to submit the three budgets—an operating budget, a mental health budget, and a capital budget—by December 15 and to introduce the budgets and appropriation bills formally to the Legislature in January by the fourth day of the regular Legislative session. These three budgets then to go the House Finance Committee and are voted upon by the House of Representatives. The three budgets then go to the Senate Finance Committee, are voted upon by the full Senate, and may go to a conference committee to work out differences between the House and Senate versions (and then be submitted to both houses for final votes). Bills passed by both houses are delivered to the Governor for signature. The Governor may veto one or more of the appropriations made by the Legislature in an appropriations bill (a "line-item veto") or may sign the bill or permit the bill to become law without a signature or veto. The Legislature may override a veto by the Governor (by a vote of three-fourths of the members of each house of the Legislature in the case of appropriation bills and by a vote of two-thirds of the members of each house in the case of other bills). Either the Governor or the Legislature may initiate supplemental appropriations during the fiscal year to deal with new or changed revenue receipts, to correct errors, or for any other reason. An appropriation is an authorization to spend, not a requirement to spend. Enacted budget appropriations may be expended beginning July 1.

The Governor is permitted to prioritize or restrict expenditures, to redirect funds within an operating appropriation to fund core services, and to expend unanticipated federal funds or program receipts. Historically, Alaskan Governors have placed restrictions on authorized operating and capital expenditures during years in which actual revenues were less than forecast and budgeted. Such expenditure restrictions have included deferring capital expenditures, State employment hiring and compensation freezes, lay-offs and furloughs, and restrictions on non-core operating expenses. Operating and capital expenditures have generally declined over the same time period through, among other actions, use of administrative restrictions on spending. See "– Public Debt and Other Obligations of the State" below.

Additional options for the State to manage budget funding include reducing State expenditures, transferring spending authority among line items, providing additional incentives to develop petroleum or mining resources, reinstituting a State personal income tax, or imposing other broad-based statewide taxes, such as a sales tax. Most of these options, including the imposition of personal income taxes or other taxes, would require action by the Legislature.

Governor Michael J. Dunleavy was reelected in November 2022, originally taking office in December 2018. In his fiscal year 2020 budget, the Governor declared that significant adjustments to the State budget were needed to allow for a Permanent Fund Dividend distribution to State residents based on a historical statutory formula. This proposal was not approved by the Legislature. In his fiscal year 2021

and 2022 budgets the Governor again requested a Permanent Fund Dividend distribution to eligible State residents based on the historical statutory formula. Again, the Legislature did not approve these proposals. The enacted fiscal year 2023 budget included an appropriation of approximately $2.1 billion for Permanent Fund Dividend distributions to all eligible Alaskans, of which approximately $420.1 million was designated as a special appropriation for energy relief. The fiscal year 2024 budget proposal includes approximately $2.5 billion for Permanent Fund Dividend distributions to all eligible Alaskans based on the statutory formula.

The State's enacted budget for fiscal year 2023, including forecasted supplemental appropriations, increased spending from fiscal year 2022 from $14.1 billion to $15.6 billion. The fiscal year 2023 estimated expenditure value is inclusive of the permanent fund dividend distribution and K-12 forward funding of $2.1 billion and $48.4 million, respectively.

In May 2021, Governor Dunleavy revised his proposed constitutional amendment relating to the Alaska Permanent Fund, appropriations from the Permanent Fund, and the Permanent Fund Dividend. The revised amendment provides that 50 percent of the annual POMV transfer from the Permanent Fund Earnings Reserve Account would be dedicated to the Permanent Fund Dividend distribution. This proposal has received limited consideration by the Legislature to date and to be implemented, must receive a two-thirds vote of approval from both the House of Representatives and the Senate followed by approval in a statewide election.

Appropriations for Debt and Appropriations for Subject-to-Appropriation Obligations. The Governor's appropriations bills include separate subsections for appropriations for State debt and other subject-to-appropriation obligations and specify the sources of funds to pay such obligations. For the State's outstanding voter-approved general obligation bonds and bond anticipation notes and for revenue anticipation notes to which the State's full faith and credit are pledged, money is appropriated from the General Fund and, if necessary, to the General Fund from other funds, including the Permanent Fund, to the Committee to make all required payments of principal, interest, and redemption premium. For these full faith and credit obligations, the State legally is required to raise taxes if State revenues are not sufficient to make the required payments.

The Governor's appropriation bills also include separate subsections for appropriations for subject-to-appropriation obligations, such as outstanding capital leases and lease-purchase financings authorized by law, and for State appropriations to replenish debt service reserves in the event of a deficiency. Such appropriations are made from the General Fund or from appropriations transferring to the General Fund money available in other funds such as the CBRF, SBRF, the Power Cost Equalization Fund, unencumbered funds of the State's public corporations, and the Permanent Fund Earnings Reserve.

Appropriation Limits. The State Constitution does not limit expenditures but does provide for an appropriation limit and reserves one-third of the amount within the limit for capital projects and loan appropriations. Because State appropriations have never approached the limit, the reservation for capital projects and loan appropriations has not been a constraint. The appropriation limit does not include appropriations for Permanent Fund Dividends described below, appropriations of revenue bond proceeds, appropriations to pay general obligation bonds, or appropriations of funds received in trust from a non-State source for a specific purpose, including revenues of a public enterprise or public corporation of the State that issues revenue bonds. In general, under the State Constitution, appropriations that do not qualify for an exception may not exceed $2.5 billion by more than the cumulative change, derived from federal indices, in population and inflation since July 1, 1981. For fiscal year 2021, the OMB estimated the appropriation limit to be approximately $10.3 billion. The fiscal year 2021 budget, not counting the excluded appropriations, was $5.4 billion, or $4.9 billion less than the constitutional limit.

As shown in Table 4, unrestricted General Fund revenue decreased to $4.5 billion in fiscal year

2020 and increased to approximately $4.8 billion in fiscal year 2021. In fiscal year 2019, the State began appropriating amounts from the Permanent Fund Earnings Reserve to the General Fund as unrestricted General Fund revenue, which significantly diminishes the percentage of unrestricted revenue that petroleum-related revenue represents. The enacted fiscal year 2023 budget included approximately $3.4 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. This shift of classification of revenue of the Permanent Fund from restricted to unrestricted was incorporated into the State's revenue projections in Table 4.

Table 4

State of Alaska
Total Unrestricted General Fund Revenue, ANS West Coast Oil Price, and ANS Oil Production
Fiscal Years Ended June 30, 2013 – 2022 and
Forecast for Fiscal Years Ending June 30, 2023 – 2033

Fiscal Year	Total Unrestricted General Fund Revenue ($ millions)	ANS West Coast Oil Price ($/barrel)	ANS Oil Production (thousands of barrels per day)
2013	6,929	107.57	531.6
2014	5,390	107.57	530.4
2015	2,256	72.58	501.0
2016	1,533	43.18	514.7
2017	1,355	49.43	526.4
2018	2,414	63.61	518.5
2019	5,350	69.46	496.9
2020	4,529	52.12	471.8
2021	4,783	54.14	486.1
2022	6,939	91.41	476.5
Projected (1)			
2023	7,226	88.45	491.7
2024	6,936	81.00	503.7
2025	6,787	77.00	503.3
2026	6,773	75.00	498.8
2027	6,769	73.00	513.6
2028	6,826	72.00	549.2
2029	6,810	70.00	536.1
2030	6,917	72.00	514.3
2031	7,121	74.00	513.2
2032	7,314	75.00	543.3
2033	7,706	77.00	577.5

(1) The values for fiscal years 2023 through 2033 use the projections included in the Fall 2022 Revenue Forecast, and are subject to change. Fiscal year 2023 includes approximately $3.4 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. The forecast period includes a projection for the transfers from the Permanent Fund Earnings Reserve to the General Fund for unrestricted General Fund expenditures, including the Permanent Fund Dividend, based on SB 26.

Source: 2013 through 2022 Revenue Sources Books and Forecast, Tax Division.

The State has historically provided fiscal stability by forward funding or endowing programs, including the methods used by the State to fund K-12 education. The State's constitutionally based obligation for K-12 education has been one of the largest single recurring budget line items in the State's budget. In the enacted fiscal year 2023 budget, $1.2 billion is appropriated from the General Fund to the public education fund. If unrestricted State revenue available for appropriation in fiscal year 2023 is insufficient to cover the appropriations made from the General Fund for this amount, this appropriation will be reduced by the amount of the shortfall. Current Fall 2022 projections estimate a K-12 forward funding deposit of $48.4 million (Source: OMB, FY2024 Fiscal Summary as of December 15, 2022). See "– Public Debt and Other Obligations of the State – *State-Supported Debt – State-Supported Municipal Debt Eligible for State Reimbursement*" below.

The Fall 2022 Revenue Forecast projects approximately $7.2 billion in unrestricted General Fund revenue in fiscal year 2023 prior to any carryforwards and adjustments from fiscal year 2022, and the enacted fiscal year 2023 budget included approximately $5.6 billion in unrestricted General Fund operating and capital budget appropriations prior to any carryforwards and adjustments from fiscal year 2022. The enacted fiscal year 2023 budget included approximately $3.1 billion in transfers from the Permanent Fund Earnings Reserve to the General Fund as unrestricted revenue. In addition, the fiscal year 2023 expenditure value for the permanent fund dividend distribution and estimated K-12 forward funding is $2.1 billion and $48.4 million, respectively.

In fiscal year 2023, projections for unrestricted General Fund capital budget appropriations increased to approximately $734.1 million after seven consecutive fiscal years that unrestricted General Fund capital budget appropriations had been under $250 million, compared to $608 million in fiscal year 2015. The State's fiscal year 2022 total capital budget appropriations, including designated general funds, other funds and federal funds was approximately $2 billion (Source: OMB, FY2023 Fiscal Summary as of June 29, 2022).

Government Funds

Because the State is dependent upon taxes, royalties, fees, and other revenues that can be volatile, the State has developed a framework of constitutionally and statutorily restricted revenue that is held in a variety of reserve funds to provide long-term and short-term options to address cash flow mismatches and budgetary deficits. The State Constitution provides that with three exceptions, the proceeds of State taxes or licenses "shall not be dedicated to any special purpose." The three exceptions are when required by the federal government for State participation in federal programs, any dedication existing before statehood, and when provided by the State Constitution, such as restricted for savings in the Permanent Fund or the CBRF.

Current State funding options available on a statutory basis include General Fund unrestricted revenue (which pursuant to SB 26 includes an annual transfer from the Permanent Fund Earnings Reserve), use of the earnings or the principal balance of the SBRF, borrowing restricted earnings revenue or principal balance from the CBRF, use of the statutorily restricted oil revenue currently flowing to the Permanent Fund, and use of the unrestricted earnings revenue of the Permanent Fund. To balance revenues and expenditures in a time of financial stress, each of these funds can be drawn upon, following various protocols. The CBRF may be accessed with a majority vote of the Legislature following a year-over-year total decline in total revenue available for appropriation, or in any year by a three-quarters vote of both houses of the Legislature. A majority vote of the Legislature is needed to appropriate from the SBRF and from the Permanent Fund Earnings Reserve.

The General Fund. Unrestricted State revenue is annually deposited in the General Fund, which serves as the State's primary operating fund and accounts for most of the State's unrestricted financial resources. The State has, however, created more than approximately 55 subfunds and "cash pools" within

the General Fund to account for funds allocated to particular purposes or reserves, including the CBRF, the SBRF, an Alaska Capital Income Fund, and a debt retirement fund. In terms of long-term and short-term financial flexibility, the CBRF and the SBRF (subfunds within the General Fund) have been of particular importance to the State.

The Constitutional Budget Reserve Fund. The State Constitution requires that oil and gas and mineral dispute-related revenue be deposited in the CBRF. The State Constitution provides that other than money required to be deposited in the Permanent Fund and the Public School Trust Fund, 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 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 required to be deposited in the CBRF. Money in the CBRF may be appropriated (i) for any public purpose, upon the affirmative vote of three-fourths of each house of the Legislature; or (ii) by majority vote if the amount available to the State for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year; however, the amount appropriated may not exceed the amount necessary, when added to other funds available for appropriation, to provide for total appropriations equal to the amount of appropriations made in the previous calendar year for the previous fiscal year. The State Constitution also provides that until the amount appropriated from the CBRF is repaid, excess money in the General Fund at the end of each fiscal year must be deposited in the CBRF.

The State historically has borrowed from the CBRF as part of its cash management plan to address timing mismatches between revenues and disbursements within a fiscal year and also to balance the budget, when necessary, at the end of the fiscal year. The State has drawn on the CBRF in each year since fiscal year 2014, although in some years dedicated earnings and deposits into the CBRF were greater than the draws. Historical borrowing from the CBRF in the 1990's through 2005 was completely repaid in fiscal year 2010 and no borrowing activity from the CBRF occurred during fiscal years 2011, 2012, or 2013.

The fiscal year 2015 capital budget approved by the Legislature included a $3 billion transfer from the CBRF to the Public Employees Retirement System ("PERS") and Teachers Retirement System ("TRS"). PERS received $1 billion and TRS received $2 billion. This transfer resulted in a liability of the General Fund. Additional amounts were appropriated from the CBRF to the General Fund annually in fiscal years 2016 through 2021, to fund shortfalls between State revenue and General Fund appropriations. The total net amount appropriated from the CBRF since fiscal year 2015 as of June 30, 2021 was approximately $12.8 billion. Pursuant to the State's fiscal year 2021 ACFR, the June 30, 2021, unassigned fund balance of the CBRF was approximately $767.2 million.

The asset balance in the CBRF as of June 30, 2022, was approximately $0.9 billion, including earnings of approximately $1.2 million. CBRF earnings as of June 30, 2022, were adjusted by approximately $52.0 million for investment losses that were realized in the Higher Education Investment Fund and allocated to the CBRF for a total net loss of $50.8 million. General Fund asset balances listed as of June 30 may include borrowings from the CBRF for future fiscal year operating requirements. As of June 30, 2021, the asset balance was approximately $1.1 billion, including earnings of approximately $2.2 million; as of June 30, 2020, the asset balance was approximately $2.0 billion, with investment earnings of $62.8 million; as of June 30, 2019, the asset balance was $1.8 billion, with investment earnings of $74.8 million; and as of June 30, 2018, the asset balance was $2.4 billion, with earnings of $47.2 million.

The Statutory Budget Reserve Fund. The SBRF has existed in the State's accounting structure since 1986. The SBRF is available for use for legal purposes by majority vote of the Legislature and with approval by the Governor. If the unrestricted amount available for appropriation in the fiscal year was 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 may be appropriated from the SBRF to the General Fund. For fiscal year 2015, this resulted in a year-end transfer from the SBRF to the

General Fund of approximately $2.5 billion. As of June 30, 2015, the SBRF held approximately $288 million. Article IX, Section 17(d) of the Alaska Constitution provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year is to be deposited in the CBRF until the amount appropriated from the CBRF is repaid. For fiscal year 2016, this resulted in a year-end sweep from the SBRF to the General Fund for transfer to the CBRF in the amount of $288 million and the available fund balance of the SBRF diminished to zero. The SBRF unassigned fund balance for fiscal year 2021, reported in the State's ACFR, was $480.8 million as of June 30, 2021. The most recent OMB Fiscal Summary as of December 15, 2022, projects a SBRF balance of approximately $370.3 million as of June 30, 2022, and $20 million as of June 30, 2023. Any earnings on the SBRF are considered unrestricted investment revenue and flow to the General Fund, unless otherwise appropriated back to the fund.

The Alaska Permanent Fund. The Permanent Fund was established by a voter-approved constitutional amendment that took effect in February 1977. The amendment provides 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" and that "all income from the permanent fund shall be deposited in the General Fund unless otherwise provided by law."

In 1980, legislation was enacted that provided for the management of the Permanent Fund by the APFC, a public corporation within the Department of Revenue managed by a board of trustees. The same legislation modified the contribution rate to the Permanent Fund from 25 percent (the minimum constitutionally mandated contribution) to 50 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares, federal mineral revenue sharing payments, and bonuses received by the State from mineral leases issued after December 1, 1979 or, in the case of bonuses, after May 1, 1980. The statutory contribution rate was changed back to 25 percent by legislation as of July 1, 2003 but then returned to 50 percent as of October 1, 2008. For fiscal year 2022, State oil and mineral revenues deposited in the Permanent Fund were $549 million, compared to $320 million in fiscal year 2021, $319 million in fiscal year 2020, $385 million in fiscal year 2019, and $353 million in fiscal year 2018. Since inception, as of June 30, 2022, contributions to the principal account of the Permanent Fund, both constitutionally and statutorily mandated, include $18.0 billion for inflation proofing, $18.5 billion in royalty contributions, and $15.0 billion in special appropriations.

The Permanent Fund tracks earnings on a basis compliant with statements pronounced by the Governmental Accounting Standards Board ("GASB") in the compilation of the financial statements of the Permanent Fund. Fund balance consists of two parts: (1) principal, which is non-spendable, and (2) earnings reserve, which is spendable with an appropriation by the Legislature. By statute, only realized gains are deposited in the earnings reserve. Unrealized gains and losses associated with principal remain allocated to principal. Because realized gains deposited in the earnings reserve are invested alongside the principal, however, the unrealized gains and losses associated with the earnings reserve are spendable with an appropriation of the Legislature.

Pursuant to legislation enacted in 1982, annual appropriations are made from the Permanent Fund Earnings Reserve, first for dividends to qualified Alaska residents and then for inflation proofing. Between 1982 and 2022, $28.8 billion of dividends were paid to Alaska residents and $18.0 billion of Permanent Fund income has been added to principal for inflation proofing. For fiscal years 2016, 2017, and 2018, there were no appropriations and therefore no transfers from the earnings reserve to principal for inflation proofing. The amount calculated under statute for fiscal year 2019 inflation proofing, $989 million, provided for in the enacted fiscal year 2019 operating budget, was appropriated from the earnings reserve to the principal of the Permanent Fund to offset the effect of inflation on the principal for fiscal year 2019. The State's fiscal year 2020 budget included an appropriation of approximately $4.8 billion from the

earnings reserve to the principal of the Permanent Fund. The State's fiscal year 2021 budget did not include an appropriation for additions to principal for inflation proofing. The Legislature made a $4 billion special appropriation to principal in the fiscal year 2022 budget. In the enacted fiscal year 2023 budget, approximately $1 billion is appropriated from the earnings reserve to the principal of the Permanent Fund. The Permanent Fund Dividend amount, paid in calendar year 2021, was $1,114 per qualified resident, and the Permanent Fund Dividend amount, paid in calendar year 2022, was $3,284 per qualified resident, inclusive of amounts designated as energy relief to Alaskans.

If any income remains after these transfers (except the portion transferred to the Alaska Capital Income Fund as described below), it remains in the Permanent Fund Earnings Reserve as undistributed income. The Legislature may appropriate funds from the earnings reserve at any time for any other lawful purpose. The principal portion of the Permanent Fund, approximately $76.3 billion as of June 30, 2022, down from approximately $81.9 billion as of June 30, 2021, may not be spent without amending the State Constitution. The earnings reserve, approximately $16.1 billion as of June 30, 2022, down from approximately $21.1 billion as of June 30, 2021, may be appropriated by a majority vote of the Legislature.

During fiscal years 1990 through 1999, the Permanent Fund received dedicated State revenues from settlements of a number of North Slope royalty cases (known collectively as *State v. Amerada Hess*). The total of the settlements and retained income thereon, as of June 30, 2022, was approximately $424.4 million. Earnings on the settlements are excluded from the dividend calculation and are not subject to inflation proofing in accordance with State law, and beginning in 2005, the settlement earnings have been appropriated to the Alaska Capital Income Fund, a subfund within the General Fund. The Alaska Capital Income Fund realized earnings on settlement principal of approximately $24.0 million in during fiscal year 2022 and $50.1 million during fiscal year 2021.

As previously discussed, SB 26 created a percent of market value to provide a sustainable draw on the earnings reserve for transfer to the General Fund as unrestricted revenue.

[Remainder of page intentionally left blank.]

Table 5

State of Alaska
Available Funds and Recurring and Discretionary General Fund Expenditures
Fiscal Years Ended June 30, 2013 – 2022

Fiscal Year	General Purpose Unrestricted Revenue ($ mil)	Recurring & Discretionary General Fund Expenditures ($ mil)	Unrestricted Revenue Surplus/ (Deficit) ($ mil)	Ending SBRF Reserves Available Balance ($ mil)	Ending CBRF Reserves Available Balance ($ mil) [1]	Permanent Fund Earnings Reserve Balance ($ mil)	Oil Price ($/barrel)	ANS Oil Production (thousands of barrels per day)
2013	6,929	7,455	(526)	4,711 [2]	11,564	4,054	107.57	531.6
2014	5,394	7,314	(1,920)	2,791 [2]	12,780	6,211	107.57	530.4
2015	2,257	4,760	(2,503) [3]	288 [2]	10,101	7,162	72.58	501.0
2016	1,533	5,213	(3,680) [3]	– [2]	7,331	8,570	43.18	514.7
2017	1,354	4,498	(3,144) [3]	– [2]	3,896	12,816	49.43	526.4
2018	2,414	4,489	(2,075) [3]	– [2]	2,360	18,864 [4]	63.61	518.5
2019	5,350 [5]	4,889	461 [3]	– [2]	1,832	18,481 [4]	69.46	495.0
2020	4,529 [5]	4,805	(276) [3]	– [2]	1,983	12,894 [4]	52.12	471.8
2021	4,783 [5]	5,031 [3]	(248) [3]	481 [2]	1,076	21,148 [4]	54.14	486.1
2022	6,939 [5]	5,362 [3]	1,577 [3]	370	915	16,150 [4]	91.41	476.5

(1) The CBRF available balance represents the historical asset values.

(2) Includes unassigned fund balance through net transfer from the SBRF to the General Fund reconciled at the release of the State's ACFR. The State's fiscal year 2022 ACFR is anticipated to be released after the date of this Official Statement.

(3) The SBRF was used to balance the fiscal year 2015 deficit, with $288 million remaining as of June 30, 2015. Article IX, Section 17(d) of the Alaska Constitution provides that the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year is to be deposited in the CBRF until the amount appropriated is repaid. The available fund balance of the SBRF as of June 30, 2016, was zero. Fiscal year 2021 includes an estimated $325 million transfer to the SBRF from the Unrestricted General Fund, and fiscal year 2022 includes an estimated $111 million draw from the SBRF.

(4) Includes amount committed for General Fund transfer pursuant to SB 26, as well as any special appropriations and/or inflation proofing transfers.

(5) Includes Permanent Fund Earnings Reserve transfer prior to dividend payments.

Source: State of Alaska Department of Revenue and OMB.

Revenue Forecasts

The State regularly prepares revenue forecasts for planning and budgetary purposes. Of necessity, such forecasts include assumptions about events that are not within the State's control. The forecast oil production volumes include only production expected from projects currently under development or evaluation. The forecast does not include any revenues that could be received if a natural gas pipeline is constructed. In making its forecasts, the State makes assumptions about, among other things, the demand for oil and national and international economic factors and assumes that the Legislature will not amend current laws to change materially the sources and uses of State revenue and that no major calamities such as earthquakes or catastrophic damage to TAPS will occur. Portions of TAPS are located in areas that have experienced and may in the future again experience major earthquakes. Actual revenues and expenditures will vary, perhaps materially, from year to year, particularly if any one or more of the assumptions upon which the State's forecasts are based proves to be incorrect or if other unexpected events occur. The State's most recent forecast is set forth in the Fall 2022 Revenue Forecast. The State will next update its forecast in the Spring 2023 Revenue Forecast, which is anticipated to be released in March 2023. The State has provided certain estimates for fiscal years 2023 and 2024 based on information available as of the Fall 2022 Revenue Forecast, as well as certain audited results for fiscal year 2022 for the CBRF and the APFC. The State anticipates the release of the ACFR for fiscal year 2022 after the date of this Official Statement. See

"– Government Funds" above for a description of some of the actions the State can take when revenues prove to be lower than expected.

The State has customarily restricted certain revenue sources each fiscal year by practice. Such revenue is nonetheless available for appropriation. Table 6 provides a summary of the State's most recent forecast for revenues subject to appropriation in fiscal years 2023 through 2028.

Table 6

State of Alaska Projection of Revenues Subject to Appropriation
Forecast Summary for Fiscal Years 2023 through 2028 [1]
($ millions)

	2023	2024	2025	2026	2027	2028
Petroleum Revenue						
Unrestricted General Fund	$3,380.1	$2,861.5	$2,559.1	$2,389.0	$2,198.1	$2,205.4
Production Tax – Hazardous Release Surcharge	8.0	8.2	8.1	8.1	8.3	8.9
Royalties, Bonuses, Rents, and Interest to Alaska Permanent Fund	85.4	72.8	70.7	71.9	91.0	133.5
Tax and Royalty Settlements to CBRF	145.0	20.0	20.0	20.0	20.0	20.0
Subtotal Petroleum Revenue	**$3,618.5**	**$2,962.5**	**$2,657.9**	**$2,489.0**	**$2,317.5**	**$2,367.8**
Non-Petroleum Revenue						
Unrestricted General Fund	$ 450.1	$ 474.1	$ 490.8	$ 501.7	$ 511.7	$ 528.2
Designated General Fund	477.4	493.0	494.3	495.8	497.3	498.5
Royalties to Alaska Permanent Fund beyond 25% dedication	3.4	3.6	3.7	3.8	3.8	3.9
Subtotal Non-Petroleum Revenue	**$ 930.9**	**$ 970.7**	**$ 988.8**	**$1,001.3**	**$1,012.9**	**$1,030.6**
Investment Revenue						
Unrestricted General Fund	$3,395.6	$3,600.6	$3,737.5	$3,882.5	$4,059.5	$4,092.5
Designated General Fund	8.6	42.9	42.9	42.9	42.9	42.9
CBRF [2]	22.6	24.9	26.0	27.1	28.3	29.4
Subtotal Investment Revenue	**$3,426.8**	**$3,668.4**	**$3,806.4**	**$3,952.5**	**$4,130.7**	**$4,164.8**
Total Revenue Subject to Appropriation	**$7,976.3**	**$7,601.6**	**$7,453.2**	**$7,442.8**	**$7,461.1**	**$7,563.2**

(1) This table presents only the largest known categories of current year funds subject to appropriation. A comprehensive review of all accounts in the State accounting system would likely reveal additional revenues subject to appropriation beyond those identified here. Totals may not add due to rounding.

(2) CBRF earnings projections on balances reflect estimates that do not incorporate potential amounts swept to the CBRF under Alaska Constitution Article IX Sec. 17(d).

Source: Fall 2022 Revenue Forecast, Tax Division.

General Fund Expenditure Trends

From the fiscal year 2013 peak through fiscal year 2022, recurring Unrestricted General Fund expenditures have diminished from approximately $7.9 billion to $5.4 billion. A significant portion of the

expenditures through fiscal year 2021 were funded from prior year excess revenue held in the CBRF, the SBRF or in the form of forward funding future fiscal year appropriations.

10-Year Plan and General Fund Forecast

The Executive branch is obligated by AS 37.07.020 (b) to provide a 10-year plan and General Fund forecast on an annual basis. The Office of the Governor, OMB annually in December submits a 10-year projection of revenues based on the Tax Division's Fall Revenue Sources Book and expenditures as projected by their staff. The expenditure projections contained in the document are intended to be used as a planning tool. They do not represent a commitment by the Executive Branch to generate revenue or require spending at a particular level in any future fiscal year.

The Fiscal Year 2024 Budget Overview and 10-Year Plan ("FY 2024 10-Year Plan") was released by Governor Dunleavy's administration and the OMB on December 15, 2022. The FY 2024 10-Year Plan is provided in complete form on the State of Alaska, Office of the Governor, OMB's website. The FY 2024 10-Year Plan includes recognition of the State's diminishing reserves with status-quo revenue sources and policies, a full statutory dividend payment and need for a shift in future year's new revenue targets, as reflected in the "10-Year Plan Summary" in Table 7.

[Remainder of page intentionally left blank.]

Table 7

Fiscal Year 2024 Budget Overview and 10-Year Plan Summary
Fiscal Years Ended June 30, 2024 - 2033

Permanent Fund Dividend ("PFD")	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
PFD Transfer	$ 2,470.9	$ 2,663.4	$ 2,892.4	$ 2,626.9	$ 2,735.6	$ 2,852.3	$ 2,930.4	$ 3,009.6	$ 3,090.9	$ 3,175.6
Per Capita PFD (dollars)	3,860.0	4,161.0	4,518.0	4,104.0	4,274.0	4,456.0	4,578.0	4,702.0	4,829.0	4,961.0
Unrestricted General Fund Expenditures										
Agency Operations	4,148.5	4,210.8	4,273.9	4,338.0	4,403.1	4,469.1	4,536.2	4,604.2	4,673.3	4,743.4
Statewide Items	359.3	301.6	293.6	318.5	324.1	321.9	325.2	319.6	324.4	325.1
Operating Budget	**$ 4,507.8**	**$ 4,512.4**	**$ 4,567.6**	**$ 4,656.6**	**$ 4,727.2**	**$ 4,791.0**	**$ 4,861.3**	**$ 4,923.8**	**$ 4,997.7**	**$ 5,068.5**
Capital Budget	**276.4**	**220.0**	**223.3**	**226.6**	**230.0**	**233.5**	**237.0**	**240.6**	**244.2**	**247.8**
Total General Fund Appropriations	**$ 4,784.2**	**$ 4,732.4**	**$ 4,790.9**	**$ 4,883.2**	**$ 4,957.2**	**$ 5,024.5**	**$ 5,098.3**	**$ 5,164.4**	**$ 5,241.8**	**$ 5,316.3**
Unrestricted Revenues										
Traditional Unrestricted General Fund Revenue	$3,410.1	$ 3,124.4	$ 2,965.3	$ 2,784.4	$ 2,808.2	$ 2,681.7	$ 2,676.5	$ 2,766.5	$ 2,844.6	$ 3,118.0
Gross Percent of Market Value ("POMV") Transfer	3,526.1	3,663.0	3,808.0	3,985.0	4,018.0	4,128.0	4,240.0	4,354.0	4,469.0	4,588.0
Revenue Adjustments	59.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PFD Deposit	(2,470.9)	(2,663.4)	(2,892.4)	(2,626.9)	(2,735.6)	(2,852.3)	(2,930.4)	(3,009.6)	(3,090.9)	(3,175.6)
Status-Quo Available Revenue	**$ 4,524.3**	**$ 4,124.1**	**$ 3,880.9**	**$ 4,142.4**	**$ 4,090.6**	**$ 3,957.4**	**$ 3,986.1**	**$ 4,111.2**	**$ 4,222.7**	**$ 4,530.3**
New Revenue Scenario										
New Revenue Target	300.0	500.0	750.0	900.0	900.0	900.0	900.0	900.0	900.0	900.0
Deposit/(Draw) with New Revenue Target	**$ 40.1**	**($ 108.3)**	**($ 159.9)**	**$ 159.2**	**$ 33.4**	**($ 167.1)**	**($ 212.3)**	**($ 153.2)**	**($ 119.1)**	**$ 114.0**

Reserve Balances	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**
Statutory Budget Reserve End Balance	**$ 20.0**	**$ 20.0**	**$ 20.0**	**$ 20.0**	**$ 20.0**	**$ 20.0**	**$ 20.0**	**$ 20.0**	**$ 20.0**	**$ 20.0**
Constitutional Budget Reserve										
Constitutional Budget Reserve Beginning Balance	$ 2,278.1	$ 2,343.1	$ 2,281.6	$ 2,167.3	$ 2,369.9	$ 2,450.6	$ 2,332.6	$ 2,166.9	$ 2,057.1	$ 1,979.1
Earnings and Deposits	24.9	46.9	45.6	43.3	47.4	49.0	46.7	43.3	41.1	39.6
Surplus/(Draws)	40.1	(108.3)	(159.9)	159.2	33.4	(167.1)	(212.3)	(153.2)	(119.1)	114.0
Constitutional Budget Reserve End Balance	**$ 2,343.1**	**$ 2,281.6**	**$ 2,167.3**	**$ 2,369.9**	**$ 2,450.6**	**$ 2,332.6**	**$ 2,166.9**	**$ 2,057.1**	**$ 1,979.1**	**$ 2,132.7**

[Remainder of page intentionally left blank.]

The fiscal year 2023 budget was approved by the Legislature on May 18, 2022, and on June 28, 2022, Governor Dunleavy signed into law the fiscal year 2023 budget. The most recent 10-Year Plan was released on December 15, 2022. The FY2024 10-Year Plan includes certain forecasted information contained in the Fall 2022 Revenue Forecast as well as other projected revenue scenarios over the forecast period.

Other Funds Maintained by the State

The State maintains other types of funds, such as Enterprise Funds, Trust and Agency Funds, Capital Projects Funds and Special Revenue Funds.

Enterprise Funds are operated by the State for "self-supported" activities that provide goods and/or services to the public on a charged payment basis. The International Airports Revenue Fund and a number of State loan program funds are Enterprise Funds.

Trust and Agency Funds are maintained to account for assets held by the State acting in the capacity of custodian or fiduciary agent. In addition to the Permanent Fund and the retirement systems funds, major funds in this category include the Public School Trust Fund, the Mental Health Trust Reserve Fund, and the Power Cost Equalization Endowment.

Capital Projects Funds account for the use of the proceeds of general obligation bond issues and matching federal funds for capital outlays. In general, all capital outlay projects are accounted for through Capital Projects Funds except capital projects being financed by the General Fund through direct appropriations and capital projects financed with moneys in the International Airports Revenue Fund.

Special Revenue Funds are maintained in connection with the State's issuance of revenue bonds, such as revenue bonds issued by the Alaska International Airports System.

State Ownership of Land and Natural Resources

Alaska includes approximately 586,412 square miles (approximately 365 million acres) of land and is the largest state in the United States, roughly equivalent in size to one-fifth of all the other 49 states combined. Unlike the other 49 states, where significant portions of the land may be owned by individuals or entities in the private sector, less than one percent of the land in Alaska is owned by private, non-Alaska Native owners.

In 1959, when Alaska became a state, 99.8 percent of the land was owned by the federal government. The Statehood Act, as modified by the Alaska Land Transfer Acceleration Act of 2004, gave the State the right to select and acquire approximately 105.5 million of the nearly 365 million acres of federal lands in Alaska. As of August 2022, over 95 percent, about 100.6 million acres, of this grant has been conveyed to the State. In addition, the State owns approximately 65 million acres of submerged and tide lands, some of which overlie areas with the potential for natural resource production.

Land ownership in Alaska is also shaped by the Alaska Native Claims Settlement Act ("ANCSA") enacted by Congress in 1971. Under ANCSA, 13 regional corporations and more than 200 village corporations were established with Alaska Natives as their shareholders and beneficiaries. These corporations were authorized to select approximately 44 million acres of federal lands and the associated subsurface and surface rights for transfer into their ownership.

In summary, Alaska Natives and ANCSA corporations own approximately 13 percent of Alaska lands, the State owns approximately 26 percent, and the federal government owns approximately

60 percent, with less than one percent of Alaska lands owned by private, non-Native owners. As described below, the State obtains significant revenues from companies that lease State-owned lands for extraction of oil, natural gas, coal, gold, silver, zinc, copper and other minerals and shares with the federal government revenues from oil, natural gas and other assets extracted from federal lands leased by private companies. Additionally, the State receives indirect benefits and tax revenues from development and activity on ANCSA corporation-owned lands.

For State land, Article 8, Section 1 of the State Constitution provides that, "it is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest." The DNR is the State entity entrusted with executing this objective on the 165-million-acre upland and tideland portfolio. Consequently, DNR has a stewardship and public trust responsibility for all State-owned land, water and resources in addition to regulatory responsibilities on private lands.

As part of this work, DNR manages the State's mineral, coal, oil and gas, geothermal, timber, material and water resources, provides land use authorizations for surface activities on State land, receives title from the federal government in accordance with the Statehood Act and the Alaska Land Transfer Acceleration Act and conveys land to private purchasers. DNR manages and distributes a large volume of technical data, public records, land records and geospatial information.

Oil and Gas Reserves and Potential Future Recoverable Resources

Most of the State's annual revenues have been generated from oil exploration and production since 1968, when the first large oil and gas reservoir on the Arctic Coast was discovered. To enable the production of this resource, the TAPS, an 800-mile, 48-inch crude oil pipeline from the State's Arctic Coast to Valdez in south-central Alaska was constructed in the 1970s and came online in 1977. This nationally important infrastructure has transmitted more than 18.5 billion barrels of crude oil from the North Slope of Alaska to market through calendar year 2022. Other pipelines exist upstream of TAPS that have spare capacity and currently deliver oil production from existing fields.

At peak production levels in 1988, over 2 million barrels per day were flowing through TAPS from the Prudhoe Bay field, the Kuparuk field (the State's second largest oil-producing area), as well as from the Endicott and Lisburne satellite fields. While oil production has declined to just under 500,000 barrels of oil per day in 2022, since 2016 upwards of 20 billion barrels of new discoveries have been made and currently stand at different stages of appraisal and development.

The ANS continues to see new oil being produced from redevelopment of existing fields, as well as new developments that will bring future production. This new production on the North Slope has helped to offset some of the volume decline since the 1988 peak. The Fall 2022 Revenue Forecast for North Slope crude oil production projects approximately 491,700 barrels per day in fiscal year 2023 and 503,700 in fiscal year 2024.

In the Fall 2022 Revenue Forecast, the State forecasted that crude oil production on the North Slope will rebound to over 500,000 barrels of oil per day in the 10-year forecast period, to 577,300 barrels of oil per day by fiscal year 2033. This forecast applies a risk-weighted view on future projects which typically fall below forecasts by operators of the projects in question.

Other potential in future production lies with some technologically challenged resources within the State. For example, with successful pilot and small-scale deployments of polymer flooding, viscous and heavy oil technologies could further unlock resources that have stayed out of recoverable estimates in the past. Broad application of more viscous and heavy oil technologies will translate to significant increases in State production in viscous and some heavy oil resources.

The State does not include any potential production from the Arctic National Wildlife Refuge ("ANWR") or other fields yet to be discovered in its forecasts. After President Trump signed the Tax Cuts and Jobs Act (Public Law 115-97) in December 2017, the U.S. Department of Interior was directed to hold at least two oil and gas lease sales in the ANWR Coastal Plain. This area is commonly known as the "1002 area," after section 1002 of the Alaska National Interest Lands Conservation Act of 1980. The first of two lease sales required by the law was held in January 2021, but several of the executive orders ("EOs") signed by President Biden upon inauguration suspended the leases. These EOs also require additional review of the ANWR leasing program and restarted the Environment Impact Statement process for future sales. Two of the leaseholders from that lease sale have relinquished their leases, while the third, the Alaska Industrial Development and Export Authority ("AIDEA"), is challenging these actions by the federal government.

Some of the State's oil companies are still able to attract capital at competitive rates to continue to develop oil and gas assets in the State. The Fall 2022 Revenue Forecast presented aggregated capital spending projections for Alaska's Oil industry to exceed $12.7 billion through fiscal year 2027. For the period from March 2020 through the beginning of 2021, for most companies, at least some development drilling, exploration or other projects were deferred until oil prices improved. Even as capital shifted away from other US basins, recent refocusing of oil industry expenditure into conventional resources with relatively low decline rate placed Alaskan projects in favorable ranking. As oil prices rebounded over $50 per barrel at the beginning of 2021, this trend of selective spending is projected to keep the State's projects competitive. For international oil companies, a combination of a balanced State fiscal system and highly competitive Federal tax regime has made Alaskan assets attractive to foreign investors. This is evident by the number of non-US firms that have entered the State's basins in the last 10 years.

Oil production from the smaller fields within the Cook Inlet Basin, in south-central Alaska, has declined in the past three years, partially due to the pandemic and oil prices in fiscal year 2020 and 2021. Although some of these fields have now been in production for over 60 years new discoveries in the basin continue to be made. Cook Inlet production grew from 10,200 barrels per day in fiscal year 2010 to 18,000 barrels in fiscal year 2015, and most recently was 9,400 barrels of oil per day on average in fiscal year 2022. The Fall 2022 Revenue Forecast forecasts Cook Inlet production to reach 9,900 barrels of oil per day in fiscal year 2027, declining to 6,200 in fiscal year 2032.

The State also features immense potential for future production from known (discovered but undeveloped) and unknown (undiscovered) hydrocarbon resources on the North Slope. While relatively under-explored, recent discoveries by operators in new exploration play-types within the shallower Brookian-sourced strata, point to the prolificity of the basin. Department of Revenue's 2022 Fall Forecast forecasted a 10.5% rise in crude oil production from the basin by 2032.

In the next ten years, the State anticipates new developments on State and federal lands, both of which benefit the State. Many of the opportunities to add production from State lands are from conventional light oil, expanded heavy and viscous oil development, tight oil development, continued satellite development at Alpine, and projects targeting the Brookian Nanushuk and Torok Formations. Major projects in active appraisal and development include the Pikka Nanushuk Phase 1 project on State lands which received a final investment decision and project sanction in 2023; the Willow Project on federal lands that has completed extensive appraisal and preparation of a Supplemental Environmental Impact Statement ("SEIS"), and expects a final Record of Decision by the Bureau of Land Management in coming months; and the Nuna-Torok project with some development wells already online and a participating area application is expected soon to be submitted. These projects could increase proved crude oil reserves by several billion barrels.

While production in the NPR-A is entirely on Federally managed lands, the State benefits from the production of federal oil within the State (especially in the NPR-A, where the State is entitled to 50 percent of all royalties, bonuses and rents) and benefits from the production of oil from non-State private lands

shipped through TAPS. In addition to direct payments, projects on State land also benefit from oil production from non-State land through decreased tariffs resulting in increased economic viability of new projects and prolonged economic life of producing fields.

Additionally, studies by the USGS also point to the undiscovered resource potential of the North Slope Basin. A study by the USGS (2020) estimates mean undiscovered resources within the North Slope Central region at 3.5 billion unrisked barrels. This area is generally closer to infrastructure. Including the NPR-A area increases this estimate to over 13 billion barrels (USGS, 2017). Exploration successes by ConocoPhillips Alaska and Oil Search Alaska in and around the Western North Slope area continue to increase industry confidence in the undiscovered resource potential of the area.

The State continues to see strong interest in bidding on leases of State land for oil and gas exploration and production on the North Slope and Cook Inlet. The DNR Division of Oil & Gas holds five regular areawide lease sales twice per year: Cook Inlet and the Alaska Peninsula in Spring, and North Slope, North Slope Foothills, and Beaufort Sea in Fall. In the 5-year period from fiscal years 2017 through 2022, the Division of Oil & Gas held ten lease sales, receiving bids on 548 sale tracts from 28 unique bidding groups, bringing in over $62 million in bonus bids. Bidders included major international producers and established independent companies. As of November 2022, there are 18.9 million unleased acres in the five areawide sale areas.

To encourage interest in the State's unleased acreage, a significant amount of data related to wells, geology, and seismic surveys has been made available on several government websites, including the Division of Oil & Gas, the Division of Geological & Geophysical Surveys, and the Alaska Oil & Gas Conservation Commission.

Natural Gas Pipeline Developments

Natural gas development on the ANS has been limited because a pipeline to transport recovered natural gas to market outside the State has never been constructed. As a result, natural gas produced in conjunction with oil production on the North Slope is not yet sold commercially in significant volumes. Most of the produced gas is re-injected into the North Slope oil fields for use in enhanced oil recovery projects at the Prudhoe Bay field or at the Kuparuk field while some is used on site or is sold to the TAPS and used to heat field camps, run electrical generators or power the TAPS pump stations. Although there are currently an estimated 50 TCF of known contingent gas resources on the North Slope, mostly in the Prudhoe Bay and Point Thomson fields, geologic estimates for the greater Alaska region by the USGS (onshore and state waters) and the Bureau of Ocean Energy Management (Outer Continental Shelf waters) place the amount of undiscovered technically recoverable resources around 200 TCF of conventional gas and 125 TCF of methane hydrates and shale gas.

The State's production tax and royalty provisions apply to natural gas products as well as to oil, and the State's long-term financial planning is based in part on efforts to develop natural gas resources as oil production declines. See "– State Revenues—*Oil and Gas Revenues*" above.

To spur commercialization of Alaska natural gas, the Legislature has passed several acts designed to reach a solution to moving gas off the North Slope to in-state and export markets. After passage of the Alaska Gasline Inducement Act of 2007, the State and TransCanada Alaska investigated a plan to build a 1,715-mile natural gas pipeline from a natural gas treatment plant at Prudhoe Bay to the Alberta Hub in Canada. The project conducted its initial open season in 2010, receiving multiple bids from potential shippers. In 2012, TransCanada, ExxonMobil, ConocoPhillips and BP formally agreed on a work plan under the AGIA framework and pertinent milestones to explore and develop a concept for a liquefied natural gas project and associated pipeline to Southcentral Alaska.

In 2013, the Alaska Gasline Development Corporation ("AGDC") was established as an independent, public corporation of the State. Its mission was expanded in 2014 to include developing a liquified natural gas ("LNG") project for the State. In addition to developing initial scoping and engineering for the project, much work has been done to court potential buyers of LNG in Asian markets.

Since 2016, the AGDC has been leading the proposed multibillion-dollar project to build a natural gas pipeline from the North Slope to South-central Alaska, where LNG was successfully exported to Asian markets from 1969 to 2015. The project will also include infrastructure such as a gas conditioning plant on the North Slope and a new liquefaction plant and marine terminal in Nikiski, Alaska. In April and May of 2020, AGDC received crucial authorizations from the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration and the Federal Energy Regulatory Commission to construct and operate the Alaska LNG Project. AGDC is currently updating its economic analysis to assess commercial viability and is also seeking a partner in the project.

In October 2019, Qilak LNG Inc. announced that a Heads of Agreement ("HOA") was entered with ExxonMobil Alaska Production Inc. regarding the potential supply of natural gas from the Point Thomson field to Qilak LNG's proposed ANS LNG export project. The Qilak LNG project seeks to capitalize on recent developments in Arctic LNG technology allowing natural gas to be directly exported from the ANS. The project targets delivery of natural gas to Asia, utilizing icebreaking LNG carriers at a rate of 4 million tons per year.

In April 2021, the DNR, Division of Oil & Gas, State Pipeline Coordinator issued two pipeline right-of-way leases for an Alaska LNG Point Thomson mainline and transmission line. These pipelines would link the gas field at Point Thomson with the proposed gas treatment plant in the central Prudhoe Bay infrastructure area and be built mostly along existing oil pipeline corridors.

Mineral Resources

According to the DNR Division of Geological Surveys, the State contains measurable amounts of the world's mineral reserves including approximately 12% of the coal, 3.5% of the zinc, 3% of the gold, 2% of the lead, 1.5% of the silver, and 0.3% of the copper. Seven large mines that produce zinc, gold, lead, silver, and coal are currently in operation and several other large mines are under development or exploration. There are also more than 150 smaller-scale placer gold operations, plus additional sand and gravel mining operations.

In 2022, the seven major Alaska mines are:

- Red Dog Mine, a surface mine and mill that produces zinc, lead and silver in concentrates in the Northwest Arctic Borough. It is a joint venture between Teck and an Alaska Native Corporation. Red Dog is one of the largest zinc mines in the world, both in terms of production and reserves.
- Fort Knox Mine, owned by Kinross, has been the largest gold producer in the State since production began in 1996 and is located 25 miles northeast of Fairbanks.
- Gil Satellite Ore Mine, owned by Kinross, is located 13 kilometers east of the Fort Knox Mine. Gold production began in late 2021.
- Pogo Mine is an underground gold mining operation that began producing gold in 2006, operated by Northern Star Resources Limited.
- Usibelli Coal Mine, located outside Healy, in the interior of the State, is the only operating coal mine in Alaska and was established in 1943.
- Greens Creek Mine, located on Admiralty Island, in southeast Alaska near Juneau, is an underground polymetallic mine producing silver, gold, zinc and lead since 1989. It is owned by Hecla and is one of the world's top 10 silver producers.

- Kensington Gold Mine, located on the east side of Lynn Canal about 45 miles north-northwest of Juneau, is owned by Coeur Alaska. It began production in 2010.

Mining claims and prospecting sites covered approximately 4 million acres of Alaska in calendar year 2020, with 6,447 active federal and 41,571 active state mining claims. The total area of State mining claims increased by 15 percent in calendar year 2020, while the total area of Federal claims increased by two percent. The total reported value of Alaska's mineral industry was $3.2 billion in calendar year 2020, an increase of five percent over calendar year 2019. The total value is a composite of the year's expenditures on exploration and development plus the estimated first market value of the commodities produced. Zinc continued to be the top metal produced in calendar year 2020 by a slim margin, accounting for 41 percent of Alaska's total metal production despite a ten percent drop in production volume. Gold followed closely at 39 percent of total production, with total ounces produced up 11 percent and revenue up 38 percent. Production of silver and lead remained steady, but silver revenue rose, while revenue from lead fell due to price changes. Exploration expenditures totaled $146 million in calendar year 2020 and are estimated at $211 million for calendar year 2021 and $290 million for calendar year 2022. Total value spent on exploration since calendar year 1981 is estimated at $4.5 billion. The industry spent an estimated $268 million on mine construction and other capital investment in calendar year 2020, down 23 percent compared to $348 million in calendar year 2019, and $334 million in calendar year 2018. Alaska's mining industry also provided an estimated 3,225 full-time-equivalent jobs in Alaska in calendar year 2020.

Mining companies are among the largest taxpayers in the City and Borough of Juneau, the Fairbanks North Star Borough, the Denali Borough, and the Northwest Arctic Borough. Minerals are the State's second largest non-oil export commodity, behind seafood, and accounted for export value of $1.7 billion in fiscal year 2020. Advanced exploration or development stage mineral projects in the State include:

- The Manh Choh project's Peak gold-silver-copper skarn deposit, located on Tetlin Tribal land just south of Tok, is scheduled to become a mine in mid-2024.
- The Donlin Gold Project in southwest Alaska, a large open-pit gold deposit.
- Arctic, Bornite, and other Upper Kobuk Mineral Project properties in northwest Alaska, all base-metal sulfide deposits.
- The Pebble Project, a copper, gold and molybdenum deposit in the Bristol Bay region of southwest Alaska.
- The Livengood gold project north of Fairbanks, which completed a feasibility study in 2021.
- The Niblack and Palmer projects in southeast Alaska, which contain gold, silver, copper, lead and zinc.
- The Bokan Mountain project, a rare earth minerals deposit in southeast Alaska, on Prince of Wales Island.
- The Graphite Creek graphite project on the Seward Peninsula north of Nome.
- Anarraaq-Aktigiruk and Lik (Su) projects are massive sulfide deposit under investigation for zinc, lead, and silver located about eight to ten miles northwest of Red Dog mine.
- The Palmer Project, a zinc-lead-copper-gold-silver-barite deposit near Haines.

The State's revenues from mining are derived primarily from mining license taxes, corporate income taxes, annual rentals and production royalties. Production may end over the next decade at several of the mines that currently contribute most of the State's mining-related revenue. In most cases, as is common in the industry, new resource areas are being explored for expansions and extensions of the mine life. In addition, several projects are in advanced exploration or the permitting phase. Overall, in calendar year 2021, over $127 million of reported and estimated revenues were paid to the State and municipalities by Alaska's mineral industry, with a state total of $83 million, and an estimated municipality total of $44 million. There was an estimated $98 million in payments to Alaska Native corporations in 2021.

Alaska has a number of deposits of rare earth elements, which are used in magnets, batteries, refining and other metallurgical applications. Finished products in which they are critical include smart phones, hybrid cars, military hardware, advanced consumer electronics, fiber optics and windmills. Bokan Mountain, which is located in Southeast Alaska, on Prince of Wales Island near Ketchikan, has total resources of 77.5 million pounds of total rare-earth oxides. There are three other known deposits of rare earth elements located on Prince of Wales Island. The Alaska Division of Geological & Geophysical Surveys is currently engaged in a major project to evaluate Alaska's potential for rare earth elements and other strategic and critical minerals.

Other Major Resources

Fish and game have long been important resources in Alaska, and taxes on fish landings and processing represent a share of the State's non-petroleum revenues. Tourism has also been a source of revenue for the State. Passenger fee revenues are restricted revenues and not available for general appropriations, the large commercial passenger cruise vessels are subject to the State corporate income tax, the proceeds of which are unrestricted. See "- State Revenues—Other Non-Oil and Non-Mineral Revenues."

Public Debt and Other Obligations of the State

State debt includes general obligation bonds and revenue anticipation notes, and State-supported debt includes lease-purchase financings and revenue bonds. The State also provides guarantees and other support for certain debt and operates the School Debt Reimbursement Program (the "SDRP") and the Transportation and Infrastructure Debt Service Reimbursement Program (the "TIDSRP"). Other than the Veterans' Mortgage Program, these programs do not constitute indebtedness of the State but do provide, annually on a subject-to-appropriation basis, financial support for certain bonds of local governments and obligations of State agencies.

The State may complete the Alaska Public Debt Book through the fiscal year ended June 30, 2022, after the posting of the Official Statement for the Bonds. The State will not incorporate the Alaska Public Debt Book as of June 30, 2022, into the Official Statement.

Outstanding State Debt. State debt includes general obligation bonds and revenue anticipation notes. The State Constitution provides that general obligation bonds must be authorized by law and be ratified by the voters and permits authorization of general obligation bonds only for capital improvements. The amount and timing of a bond sale must be approved by the Committee. For both general obligation bonds and revenue anticipation notes, the full faith, credit, and resources of the State are pledged to the payment of principal and interest. If future State revenues are insufficient to make the required principal and interest payments, the State is legally required to raise taxes to provide sufficient funds for this purpose. Approximately $663.0 million of general obligation bonds were outstanding as of June 30, 2021. See "– *Summary of Outstanding Debt*" and Tables 7 and 8 below.

Most recently, in November 2012, voters approved $453,499,200 in general obligation bonds for the purpose of design and construction of State transportation projects (the "2012 Transportation Bond Act"). During fiscal year 2021, the State issued its General Obligation Bonds Series 2020A, which used the remaining authority under the 2012 Transportation Bond Act.

The following other debt and debt programs of the State were outstanding as of June 30, 2021, except as otherwise noted.

State Guaranteed Debt. The only purpose for which State guaranteed debt may be issued is for payment of principal and interest on revenue bonds issued for the Veterans Mortgage Program by the Alaska Housing Finance Corporation ("AHFC") for the purpose of purchasing mortgage loans made for residences

of qualifying veterans. These bonds are also general obligation bonds of the State, and they must be authorized by law, ratified by the voters, and approved by the Committee. In November 2010, voters approved $600 million of State guaranteed veterans' mortgage bonds, and the total unissued authorization was $584.6 million as of June 30, 2021. As of June 30, 2021, approximately $59.5 million of State guaranteed debt was outstanding.

State-Supported Debt. State-supported debt is debt for which the ultimate source of payment is, or may include, appropriations from the General Fund. The State does not pledge its full faith and credit to State-supported debt, but another public issuer may have pledged its full faith and credit to it. State-supported debt is not considered "debt" under the State Constitution, because the State's payments on this debt are subject to annual appropriation by the Legislature, recourse is limited to the financed property, and this debt does not create a long-term obligation of the State binding future legislatures. Voter approval of such debt is not required. State-supported debt includes lease-purchase financing obligations (structured as certificates of participation ("COPs")) and capital leases the State has entered into with respect to the Linny Pacillo Parking Garage (with AHFC) and the Goose Creek Correctional Center (with the Matanuska-Susitna Borough). Approximately $190.8 million of State-supported debt was outstanding as of June 30, 2021.

On September 4, 2020, the Supreme Court issued a decision in Eric Forrer v. State of Alaska ("Forrer") related to the ATCCBC that clarified the circumstances under which financial obligations of the State constitute debt within the meaning of Article IX Section 8 (State Debt) and Article IX Section 11 (Exceptions) of the State constitution. While the decision reaffirmed prior Supreme Court decisions allowing the use of State-Supported Debt for lease-purchase of real property arrangements and clarified the scope of the revenue bond exception in Article IX Section 11 of the State constitution, it specifically disallowed the structure contemplated for the ATCCBC which is described further below. Due to similarity of structure, the decision also rendered the Pension Obligation Bond Corporation ("POBC") (created in AS 37.16) and the Toll Bridge Revenue Bonds for the Knik Arm Bridge (created in AS37.15, Article 2) illegal. On September 28, 2020, the State of Alaska Department of Law filed a Petition for Rehearing with the Supreme Court in an attempt to obtain clarity on the scope of the Supreme Court's intent in their decision. The Supreme Court declined to respond to the Petition for Rehearing without any further ruling on the merits of the case. Certain broad references in Forrer may be read to effect the constitutionality of certain debt service reserve or other debt service funding structures by the State in connection with current or future State agency or local government programs with legal structures that, while fundamentally different from the ATCCBC in both public purpose and bond structure, share certain statutory frameworks with the ATCCBC.

State-Supported Unfunded Actuarially Assumed Liability (UAAL). In 2008, Senate Bill 125 ("SB 125") became law, requiring that the State fund any actuarially determined employer contribution rate above 22 percent for PERS or 12.56 percent for TRS out of the General Fund, to the extent the actuarially determined employer contribution rate exceeds payment of (i) the employer normal cost and (ii) required employer contributions for retiree major medical insurance, health reimbursement arrangement plans, and occupational death and disability benefits. This change was designed to address stress municipal employers were experiencing due to high actuarially determined percentage of payroll amounts to pay for actuarially assumed unfunded liabilities of the retirement systems. In 2015, GASB Statement No. 68 ("GASB 68") was enacted, updating reporting and disclosure requirements related to pension-related liabilities. One of the key changes was requiring a government that is committed to making payments on a pension system's unfunded actuarially assumed liability ("UAAL") on behalf of another entity to record the liability as a debt of the government making the payment. As a result of GASB 68, $5.8 billion of long-term debt was reflected in the State's ACFR for fiscal year 2015 for a total of $6.0 billion of UAAL.

This liability will be paid through fiscal year 2046 with annual payments determined based on a variety of actuarial assumptions, and the evolving experience as it occurs. Both the current balance of

liabilities as well as the magnitude in change in liability from future outcomes highlight the impact that PERS and TRS funding needs have on the State. Effective January 11, 2019, the Alaska Retirement Management Board ("ARM Board") voted to change the actuarially assumed rate of investment return to 7.38 percent from 8.00 percent, along with several other actuarial assumptions. According to the PERS and TRS ACFR, as of June 30, 2021, a one percent reduction in the rate of return on investments increases the net PERS pension liability by approximately $1,765,059,000 and the net TRS pension liability by approximately $813,272,000.

As long as the SB 125 statutory framework is in place, the State is statutorily obligated to obtain amounts required to meet all actuarially determined employer contribution rates for PERS employers above 22 percent and TRS employers above 12.56 percent (subject to the exceptions described above). This payment is subject to annual appropriation. Based on the most recent actuarial valuation dated June 30, 2021, the UAAL for PERS and TRS as of June 30, 2021, was approximately $4.0 billion. The Other Post Employment Benefit ("OPEB") as of the PERS and TRS fiscal year 2021 ACFR, using fair value asset levels, are greater than the assumed liabilities for both PERS ($2,565,354,000 overfunded) and TRS ($1,162,681,000 overfunded). See "STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES" below for certain information related to the State pension responsibilities.

State-Supported Municipal Debt Eligible for State Reimbursement. The State administers two programs that reimburse municipalities for municipal debt: the SDRP and the TIDSRP. These programs provide for State reimbursement of annual debt service on general obligation bonds of municipalities for the SDRP and a combination of general obligation and revenue bonds of authorized participants in the TIDSRP. The State may choose not to fund these programs in part or whole.

The Department of Education and Early Development ("DEED") administers the SDRP, which was created by law in 1970. The SDRP allows municipalities to apply, and if structured correctly, be eligible for reimbursement on up to 100 percent of the debt service on general obligation bonds issued for school construction. All municipal bonds are required to be authorized as general obligation bonds of the municipality, providing the ultimate source of payment commitment. The SDRP has been partially funded in a number of years. Access to the SDRP was restricted during the 1990s due to State budgetary pressure. Beginning in the early 2000s, and through 2014, the program was generally available for any qualified municipal project at reimbursement rates of 60 to 70 percent of debt service. In 2015, the Legislature passed a moratorium on the SDRP and eliminated DEED's authority to issue agreements to reimburse debt from school bonds that voters approved after January 1, 2015, and before July 1, 2020. Since 1983, the SDRP has been partially funded ten times, most recently in fiscal year 2017 at approximately 79 percent of the authorized amount, in fiscal year 2020 at 50 percent of the authorized amount, in fiscal year 2021 at zero percent of the authorized amount, and in fiscal year 2022 at approximately 42 percent of the authorized amount. The SDRP was fully funded in the enacted fiscal year 2023 budget and includes appropriations to offset prior fiscal year reductions in 2017, 2020, 2021, and 2022. As of June 30, 2021, State-supported SDRP debt was $561.0 million.

The State Department of Transportation and Public Facilities (the "DOTPF") and the Alaska Energy Authority administer TIDSRP. The program currently includes University of Alaska revenue bonds, seven municipalities' general obligation bonds, and two electric associations' revenue bonds. There are no additional authorized participants in TIDSRP and no efforts have been made to add participants to the program since its creation in 2002. Other than certain reimbursements for the University of Alaska, no funding was provided in the budgets for fiscal year 2020 through fiscal year 2022. As of June 30, 2021, State-supported TIDSRP debt was approximately $19.0 million.

While the SDRP and the TIDSRP have been only partially funded or not funded at all in fiscal years 2020-2022, the statutorily allowed reimbursements are still reflected as State subject-to-appropriation obligations in current year balances and future year payment commitments within certain sections of the

State's Public Debt publication.

The State has received $1.25 billion in funding from the federal CARES Act to pay for COVID-19 impacts and mitigate the impact of these reductions. The State has distributed $562.5 million of CARES Act funding to municipalities in the State.

State-Supported Toll Revenue Bonds. In April 2014, AS 37.16 was enacted creating the Knik Arm Crossing project in the DOTPF. The Legislation provides for the DOTPF to enter into a Transportation Infrastructure Finance and Innovation Act ("TIFIA") loan and for the Department of Revenue to issue up to $300 million of state supported subordinate lien toll bridge revenue bonds. Given the green field nature of this project there is a 100 percent expectation of insufficient toll revenue to cover debt service and the State's General Fund having to make debt payments for at least 7 to 10 years, and longer if traffic forecasts are not realized. Based on the September 4, 2020, decision of the Supreme Court this statutory construct is invalid.

State Moral Obligation Debt. State moral obligation debt consists of bonds issued by certain State agencies or authorities that are secured, in part, by a debt service reserve fund that is benefited by a discretionary replenishment provision that requires the applicable State agency or authority to report any deficiencies to the debt service reserve fund, and permits, but does not legally obligate, the Legislature to appropriate, on an annual basis, to the particular State agency or authority the amount necessary to replenish the debt service reserve fund up to its funding requirement (generally the maximum amount of debt service required in any year). Such agency or authority debt is payable in the first instance by revenues generated from loan repayments or by the respective projects financed from bond proceeds. Among those State agencies that have the ability to issue such debt are: Alaska Aerospace Development Corporation, which has not issued any debt; Alaska Energy Authority ("AEA"); AHFC; AIDEA; Alaska Municipal Bond Bank Authority ("AMBBA"); and Alaska Student Loan Corporation ("ASLC"). Approximately $1,096.5 million of such State agency or authority revenue bond debt was outstanding as of June 30, 2021.

State and University Revenue Debt. This type of debt is issued by the State or by the University of Alaska but is secured only by revenues derived from projects financed from bond proceeds. Revenue debt is not a general obligation of the State nor of the University and does not require voter approval. Such debt is authorized by law and issued by the Committee or the University of Alaska for projects approved by the Commissioner of Transportation and Public Facilities or by the University of Alaska. This type of debt includes International Airports Revenue Bonds, various University Revenue Bonds, Notes, and Contracts, Clean Water and Drinking Water Fund Bonds, and Toll Facilities Revenue Bonds. As of June 30, 2021, there was $585.1 million of State and University revenue debt outstanding, consisting of $265.7 million of University of Alaska Revenue Bonds and Notes, and $319.4 million of Alaska International Airport System Revenue Bonds.

State Agency Debt. State agency debt is secured by revenues generated from the use of bond proceeds or the assets financed by bond proceeds or otherwise of assets of the agency issuing the bonds. This debt is not a general obligation of the State nor does the State provide security for the debt in any other manner, i.e., by appropriations, guarantees, or moral obligation pledges. As of June 30, 2021, there was $1,658.4 million aggregate principal amount of State agency debt outstanding, consisting of $1,302.0 million of AHFC obligations, $9.6 million of Bond Bank Coastal Energy Impact Program Bonds payable to the National Oceanic and Atmospheric Administration, $49.5 million of Alaska Railroad Notes, and $297.3 million of obligations of the Northern Tobacco Securitization Corporation.

State Agency Collateralized or Insured Debt. As security for State agency collateralized or insured debt, the particular State agency pledges mortgage loans or other securities as primary security which, in turn, may be 100 percent insured or guaranteed by another party with a superior credit standing. This upgrades the credit rating on the debt and lowers the interest cost and makes it less likely that the State

will assume responsibility for the debt. As of June 30, 2021, the total principal amount outstanding of State agency collateralized or insured debt was approximately $1,104.8 million, consisting of approximately $1,053.0 million issued by AHFC and $51.8 million issued by AIDEA.

Potential State-Supported Pension Obligation Bonds. In 2008, AS 37.16 was enacted creating the POBC for the purpose of issuing bonds for up to $5 billion for the prepayment of UAAL of the retirement systems. The POBC bonds would have been considered State-Supported debt, as they would be secured by agreements with other state agencies that are subject to annual appropriation. In 2018, the POBC bond limit was reduced to $1.5 billion. Based on the September 4, 2020 decision of the Supreme Court, this statutory construct is invalid.

Potential State-Supported Tax Credit Certificate Bonds. In 2018, AS 37.18.010 was enacted creating the ATCCBC for the purpose of selling bonds for up to $1 billion to provide for the purchase of certain State tax credits. The ATCCBC bonds would be considered State-supported debt as they would be secured by agreements entered into by other State agencies that are subject to annual appropriation. A legal challenge of the State Constitutionality of the ATTCCBC was filed and delayed the potential for bond issuance. Based on the September 4, 2020 decision of the Supreme Court, this statutory construct is invalid.

[Remainder of page intentionally left blank.]

Summary of Outstanding Debt. Table 8 lists, by type, the outstanding State-related debt as of June 30, 2021, except as otherwise noted.

Table 8

State of Alaska Debt and State-Related Debt by Type as of June 30, 2021
($ millions)

	Principal outstanding	Interest to maturity	Total debt service to maturity
State Debt			
State of Alaska General Obligation Bonds	$ 663.0	$ 262.3	$ 925.3
State Guaranteed Debt			
Alaska Housing Finance Corporation State Guaranteed Bonds (Veterans' Mortgage Program)	59.5	21.8	81.3
State-Supported Debt			
Certificates of Participation	18.7	4.4	23.1
Lease Revenue Bonds with State Credit Pledge and Payment	172.1	55.1	227.2
Total State-Supported Debt	190.8	59.5	250.3
State-Supported Municipal Debt [(1)]			
State Reimbursement of Municipal School Debt Service	561.0	133.3	694.3
State Reimbursement of Capital Projects	19.0	4.0	23.0
Total State-Supported Municipal Debt	580.0	137.3	717.3
Pension System Unfunded Actuarial Accrued Liability (UAAL) [(2)]			
Public Employees' Retirement System UAAL	4,613.0	N/A	4,613.0
Teachers' Retirement System UAAL	1,328.4	N/A	1,328.4
Total UAAL	5,941.4	N/A	5,941.4
State Moral Obligation Debt			
Alaska Municipal Bond Bank:			
2005 & 2016 General Resolution General Obligation Bonds	1,027.4	400.7	1,428.1
Alaska Energy Authority:			
Power Revenue Bonds #1 through #10	69.1	33.4	102.5
Total State Moral Obligation Debt	1,096.5	434.1	1,530.6
State Revenue Debt			
International Airport System Revenue Bonds	319.4	117.9	437.3
University of Alaska Debt			
University of Alaska Revenue Bonds	251.5	120.8	372.3
University Lease Liability and Notes Payable	14.2	3.8	18.0
Total University of Alaska Debt	265.7	124.6	390.3
Total State Revenue and University Debt	585.1	242.5	827.6

[Table 8 continues on next page]

	Principal outstanding	Interest to maturity	Total debt service to maturity
State Agency Debt			
Alaska Housing Finance Corporation:			
Commercial Paper	$ 130.7	N/A	$ 130.7
State Capital Project Bonds [3]	10.4	$ 0.4	10.8
State Capital Project Bonds II [3]	1,160.9	219.2	1,380.1
Alaska Municipal Bond Bank Coastal Energy Loan Bonds	9.6	1.9	11.5
Alaska Railroad	49.5	3.8	53.3
Northern Tobacco Securitization Corporation			
2006 Tobacco Settlement Asset-Backed Bonds [4]	297.3	357.9	655.2
Total State Agency Debt	1,658.4	583.2	2,241.6
State Agency Collateralized or Insured Debt			
Alaska Housing Finance Corporation:			
Home Mortgage Revenue Bonds:	478.0	208.5	686.5
General Mortgage Revenue Bonds II	497.4	193.9	691.3
Government Purpose Bonds	77.6	13.9	91.5
Alaska Industrial Development and Export Authority:			
Power Revenue Bonds, 2015 Series (Snettisham Hydro Project)	51.8	19.2	71.0
Total State Agency Collateralized or Insured Debt	1,104.8	435.5	1,540.3
Total State and State Agency Debt	11,879.5		
Municipal Debt			
School G.O. Debt	871.7	N/A	N/A
Other G.O. Debt [5]	1,419.0	N/A	N/A
Revenue Debt	765.5	N/A	N/A
Total Municipal Debt	3,056.2		
Debt Reported in More than One Category			
Less: State Reimbursable Municipal Debt and Capital Leases	(191.1)		
Less: State Reimbursable Municipal School G.O. Debt	(561.0)		
Less: Alaska Municipal Bond Bank debt included in University debt	(81.2)		
Less: Alaska Municipal Bond Bank debt included in Municipal debt	(845.5)		
Total Deductions Due to Reporting in More than One Category	(1,678.8)		
Total Alaska Public Debt	**$13,256.9**		

(1) In the enacted fiscal year 2022 Budget, School Debt was funded at 42%, and Capital Project Reimbursements only included certain University of Alaska reimbursements.

(2) From June 30, 2020 actuarial valuation, which was the most current valuation at the time of publication of the 2021 – 2022 Alaska Public Debt Book.

(3) Does not include defeased bonds.

(4) "Interest to Maturity" and "Total Debt Service to Maturity" includes accreted interest due at maturity of $125.2 million

(5) Other G.O. Debt includes certain information sourced directly from municipal ACFRs.

Source: 2021 – 2022 Alaska Public Debt Book, published in January 2022.

General Fund Supported Obligations. General Fund support is pledged and required for only a portion of the total outstanding public debt. General obligation bonds are unconditionally supported, and COPs and capital leases are subject-to-appropriation commitments with associated obligations. The SDRP and TIDSRP provide discretionary annual payments to municipal issuers for qualified bonds of the municipalities that are eligible by statute to participate in the programs. Table 9 sets forth existing debt service on outstanding State-supported debt the State has provided from the General Fund for these outstanding obligations and the forecast support required to retire the outstanding obligations into the future. With the State's fiscal year 2022 budget, the "Capital Project Reimbursements" column was reduced to zero, other than certain reimbursements for the University of Alaska, and the SDRP was funded at approximately 42 percent. In the State's enacted fiscal year 2023 budget, the SDRP was funded at 100 percent, with appropriations for prior year reductions in fiscal year 2017, 2020, 2021, and 2022. The TIDSRP was funded at 100 percent in the enacted fiscal year 2023 budget.

Table 9

State of Alaska
Payments on General Fund Paid Debt as of June 30, 2021
($ millions)

Fiscal Year	State G.O.*	Lease / Purchase	Capital Leases [1]	School Debt Reimburse-ment [2],[3]	Capital Project Reimbursement [3]	Statutory Debt Payment to PERS/TRS [4]	Total Debt Service
2021	$79.1	$2.9	$19.5	$91.4	$3.6	$338.6	$535.0
2022	73.7	2.9	19.5	81.3	3.6	336.2	517.2
2023	73.5	2.9	19.5	82.3	3.6	341.6	523.4
2024	73.3	2.9	19.5	66.7	3.6	358.2	524.2
2025	68.3	2.9	19.5	57.0	3.6	371.7	523.0
2026	68.1	2.9	19.5	47.4	2.8	379.9	520.7
2027	67.5	2.9	20.9	42.8	2.6	388.7	525.4
2028	66.5	2.9	20.9	40.1	2.2	397.9	530.5
2029	65.5	2.9	17.6	35.4	0.9	408.3	530.6
2030	64.8	–	17.6	32.8	0.9	419.1	535.1
2031	52.4	–	17.6	30.2	0.4	431.1	531.6
2032	51.9	–	17.6	27.2	–	443.2	539.9
2033	51.4	–	17.6	21.1	–	456.1	546.2
2034	50.9	–	–	17.9	–	469.4	538.3
2035	27.1	–	–	12.9	–	483.1	523.1
2036	27.0	–	–	5.8	–	498.1	531.0
2037	6.6	–	–	0.7	–	513.7	521.0
2038	18.3	–	–	0.6	–	530.0	548.9
2039	6.1	–	–	0.6	–	546.4	553.1
2040	6.1	–	–	–	–	17.6	23.7
2041	6.1	–	–	–	–	18.3	24.4
2042	–	–	–	–	–	18.8	18.8

(1) A prison and a parking garage have been financed with capital leases.

(2) Fiscal years 2021 – 2039 payments are based on actual bond repayment schedules on file with DEED as of June 30, 2021.

(3) In fiscal year 2022, School Debt and Capital Project Reimbursements were funded at 42%, and zero, respectively, other than certain reimbursements for the University of Alaska.

(4) Based on PERS and TRS Actuarial Valuation Reports as of June 30, 2020, which was the most current valuation at the time of publication of the 2021 – 2022 Alaska Public Debt Book. Payment estimate of zero for fiscal years 2043-2045, and a projected payment in 2046 of $1.3 million.

(*) State G.O. debt service is net of federal subsidies on interest expense through fiscal year 2038.

Source: 2021 – 2022 Alaska Public Debt Book, published in January 2022.

Payment History. The State has never defaulted on its general obligation bond obligations nor has it ever failed to appropriate funds for any State-supported outstanding securitized lease obligations.

State Debt Capacity. The State has historically used the ratio of debt service to revenue as a guideline for determining debt capacity of the State. This policy was established due to the State's relatively small population and high per capita revenue due to oil resource-generated revenue. Historically the State's policy has been that debt service should not exceed five percent of unrestricted revenue when considering only general obligation bonds and COPs that are State-supported. More recently, the State has included more discretionary General Fund supported obligations and programs, including the SDRP, TIDSRP, and certain capital leases. With the more inclusive funding, the State's policy allows the annual payments on these items to range up to seven percent of unrestricted revenue.

Table 10

State of Alaska
Debt Service on Outstanding Obligations to Unrestricted Revenues
Fiscal Years Ended June 30, 1996 – 2021
Forecast for Fiscal Years Ending June 30, 2022 – 2031

Fiscal Year	Unrestricted Revenues ($ millions)	State G.O. Debt Service (%)	State Supported Debt Service (%)	Total State Debt Service (%)	School Debt Reimburse-ments (%)	Statutory Payment to PERS/TRS (%)	Total Payments to Revenues (%)
1996	$2,133.3	1.0%	0.5%	1.4%	3.7%	–	5.2%
1997	2,494.9	0.7	0.4	1.0	2.5	–	3.5
1998	1,825.5	0.8	0.6	1.3	3.4	–	4.7
1999	1,348.4	0.7	1.1	1.8	4.6	–	6.3
2000	2,081.7	0.1	0.9	1.0	3.1	–	4.1
2001	2,281.9	0.0	0.7	0.7	2.3	–	3.0
2002	1,660.3	0.0	1.3	1.3	3.3	–	4.5
2003	1,947.6	0.0	1.1	1.1	2.7	–	3.7
2004	2,345.6	0.8	0.9	1.7	2.6	–	4.3
2005	3,188.8	1.5	0.7	2.2	2.2	–	4.4
2006	4,200.4	1.1	0.6	1.7	1.9	–	3.6
2007	5,158.6	0.9	0.5	1.4	1.7	–	3.1
2008	10,728.2	0.4	0.3	0.6	0.8	–	1.4
2009	5,838.0	0.8	0.6	1.3	1.6	–	2.9
2010	5,512.7	0.9	0.8	1.7	1.7	–	3.4
2011	7,673.0	0.7	0.6	1.3	1.3	–	2.6
2012	9,485.2	0.8	0.4	1.3	1.1	–	2.4
2013	6,928.5	1.1	0.6	1.7	1.6	–	3.3
2014	5,390.0	1.4	0.7	2.1	2.0	–	4.1
2015	2,256.0	3.3	1.6	4.9	5.2	–	10.1
2016	1,533.0	4.0	2.3	6.3	7.6	–	13.9
2017	1,355.0	6.1	2.3	8.3	6.7	–	15.0
2018	2,413.5	3.7	1.1	4.8	4.6	–	9.4
2019	5,349.8	1.7	0.4	2.1	2.0	–	4.1
2020	4,537.0	1.7	0.5	2.2	2.2	–	4.4

2021	4,782.8	1.7	0.5	2.1	2.0	–	4.1
Projected							
2022*	5,731.9	1.3	0.4	1.7	1.5	5.9	9.1
2023*	5,937.7	1.2	0.4	1.6	1.4	5.8	8.8
2024*	6,064.5	1.2	0.4	1.6	1.2	5.9	8.7
2025*	6,237.9	1.1	0.4	1.5	1.0	6.0	8.5
2026*	6,359.0	1.1	0.4	1.4	0.8	6.0	8.2
2027*	6,571.2	1.0	0.4	1.4	0.7	5.9	8.0
2028*	6,685.8	1.0	0.4	1.4	0.6	6.0	8.0
2029*	6,726.1	1.0	0.3	1.3	0.5	6.1	7.9
2030*	6,910.8	0.9	0.3	1.2	0.5	6.1	7.8
2031*	7,132.7	0.7	0.2	1.0	0.4	6.0	7.4

* The forecast for fiscal years 2022 through 2031 use the projections included in the 2021 – 2022 Alaska Public Debt Book and are subject to change.

Source: 2021 – 2022 Alaska Public Debt Book, published in January 2022.

STATE PENSION AND OTHER POST-EMPLOYMENT BENEFIT RESPONSIBILITIES

General

The State, through the Department of Administration, administers five retirement systems, a healthcare trust, a deferred compensation plan and a supplemental annuity plan. The two largest retirement systems are PERS and TRS. Smaller systems are the Alaska National Guard and Naval Militia Retirement System ("NGNMRS") and the Judicial Retirement System ("JRS"). The fifth system, the smallest, is the Elected Public Officers Retirement System ("EPORS"), which provides pension and Other Post-Employment Benefits ("OPEB") benefits to elected officials who served in 1976.

PERS and TRS each had funding ratios in excess of 100 percent (i.e., were "overfunded") as recently as 2001. Since that time, as a result of investment losses, recalibration of OPEB liabilities and changes in actuarial assumptions and valuation methodologies, PERS and TRS each has had a UAAL and increasing actuarially determined employer contribution rates. The NGNMRS and JRS, although much smaller systems, also had UAALs until May 2008, when the Legislature made additional contributions in amounts calculated to eliminate the entire UAAL of both the NGNMRS and JRS as of June 30, 2006. The NGNMRS has been fully funded or close to fully funded since June 30, 2010. Despite the additional funding in 2008, the JRS system has continued to have a UAAL through June 30, 2021, primarily on the pension benefits. The State maintains EPORS as a cash-funded, pay-as-you go arrangement and pays benefits each year as they arise. No assets are set aside to pay EPORS benefit costs.

In December 2021, the State's consulting actuary provided draft June 30, 2021, actuarial valuation information for PERS and TRS defined benefits pension and OPEB, and defined contribution OPEB. The actuarial valuation reports were adopted by the ARM Board on June 16, 2022. The actuarial valuation reports produced a PERS defined benefit pension funded level of 67.9%, OPEB funded level of 125.2%, and a total funded level of 85.5%. The 2021 valuation report shows a TRS defined benefit pension funded level of 79.1%, OPEB funded level of 133.9%, and a total funded level of 92.6% as reflected in Table 11.

Table 11

Actuarial Valuation Report[(1)]
As of June 30, 2021

Funded Status as of June 30 ($'s in 000's)	PERS 2021	PERS 2020	TRS 2021	TRS 2020
Defined Benefit ("DB") – Pension				
a. Actuarial Accrued Liability	$15,419,975	$15,279,525	$7,471,887	$7,447,036
b. Valuation Assets	10,466,709	9,713,710	5,910,369	5,587,064
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	67.9%	63.6%	79.1%	75.0%
DB – Healthcare				
a. Actuarial Accrued Liability	$6,856,170	$7,036,550	$2,439,603	$2,489,675
b. Valuation Assets	8,581,155	7,989,358	3,267,737	3,021,283
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	125.2%	113.5%	133.9%	121.4%
DB – Total				
a. Actuarial Accrued Liability	**$22,276,145**	**$22,316,075**	**$9,911,490**	**$9,936,711**
b. Valuation Assets	**19,047,864**	**17,703,068**	**9,178,106**	**8,608,347**
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	**85.5%**	**79.3%**	**92.6%**	**86.6%**
Defined Contribution Retirement ("DCR") – Pension				
a. Actuarial Accrued Liability	$11,740	$10,634	$205	$223
b. Valuation Assets	53,075	43,029	5,843	4,933
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	452.1%	404.6%	2,850.2%	2,212.1%
DCR – Healthcare				
a. Actuarial Accrued Liability	$168,472	$150,701	$44,396	$40,634
b. Valuation Assets	180,536	144,747	59,380	49,554
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	107.2%	96.0%	133.8%	122.0%
DCR – Total				
a. Actuarial Accrued Liability	**$180,212**	**$161,335**	**$44,601**	**$40,857**
b. Valuation Assets	**233,611**	**187,776**	**65,223**	**54,487**
c. Funded Ratio based on Valuation Assets, (b) ÷ (a)	**129.6%**	**116.4%**	**146.2%**	**133.4%**

(1) The fiscal year 2021 actuarial valuation report was adopted by the ARM Board on June 16, 2022.
Source: Actuarial Valuation Reports as of June 30, 2021.

The ARM Board

The ARM Board is the fiduciary for funds of three of the retirement systems: PERS, TRS and the NGNMRS and has investment oversight of all of the systems. The ARM Board's mission is to serve as the trustee of the assets of the State's retirement systems, the supplemental annuity plan, the deferred compensation program for State employees and the Retiree Healthcare Trusts (for the PERS, TRS, JRS, and the Retiree Health Fund).

Administration of the Systems

The Commissioner of the Department of Administration or the Commissioner's designee is the administrator, and the Attorney General is the legal counsel, for each of the State's retirement systems. The Treasury Division provides investment and cash management services, together with external money managers and consultants, for the ARM Board and for each of the retirement systems and healthcare trusts.

Valuation Reports

PERS and TRS are funded by a combination of mandatory employee contributions at rates that are determined by statute, investment income, and employer contributions at rates adopted by the ARM Board based upon recommendations of the consulting actuary in its valuation reports. State law limits PERS and TRS contribution rates, and statutes provide that the State contribute additional amounts up to the actuarially determined contribution rate. State law requires that actuarial valuation reports be prepared annually for PERS and TRS and that the work of the actuary be reviewed by a second, independent actuary.

Additionally, every four years, an experience study of the actual experience of each system is performed by the consulting actuary, opined on by the review actuary, and adopted by the ARM Board for use in the next four years of actuarial valuation reports. State law also requires that every four years an independent actuary be retained to conduct a separate, complete valuation for comparison purposes.

Employer Contribution Rates. Employer contribution rates are adopted by the ARM Board and are based upon State law, administrative regulations and the actuarial determined employer contribution rates based upon results of the actuary's valuations. Employer rates represent a percentage of payroll based upon (i) the normal cost (a uniform rate for all employers within a specific pension program (e.g., PERS and TRS) calculated to reflect the cost of benefits accruing in the applicable fiscal year, less the value of the employees' contributions during that year, plus (ii) the past service cost (amortization of the UAAL over the remaining amortization period). The PERS employer contribution rate is set by law at 22.0 percent; the TRS contribution employer rate is set by law at 12.56 percent. Compensation used to determine required employer contribution rates is total compensation to all active members, including those who are not members of the defined benefit plans. If the actuarially determined employer contribution rate adopted by the ARM Board to fund the plans exceeds these statutorily established rates, the State is required to consider annually appropriating an amount that, when combined with the total employer contributions, will be sufficient to pay the plans' past service liability for that fiscal year.

Senate Bill 55, an Act relating to employer contributions to the System, made changes to AS 39.35.255 that provided the State, as a participating employer, shall contribute to the System every payroll period an amount sufficient to pay the full actuarially determined employer normal cost, all contributions required under AS 39.30.370 (HRA) and AS 39.35.750 (all DCR costs – employer match, occupational death and disability plan, retiree major medical plan), and past service costs for members at the contribution rate adopted by the ARM Board under AS 37.10.220 for the fiscal year for that payroll period. The State, as an employer, will pay the full actuarial determined employer contribution rate adopted by the ARM Board for each fiscal year effective July 1, 2021.

Employee Contributions. Employee contributions are established by statute and vary for each program and for tiers within a program. If statutorily permitted, employees may also make additional, voluntary contributions, which are accounted for separately.

The Public Employees' Retirement System

General. PERS, formed in 1961, is the largest of the State's retirement systems with 151 employers comprising three State entities, 73 municipalities, 52 school districts and 25 other public entities. The three State entities represent approximately 50 percent of active PERS members. PERS is a cost-sharing, multiple employer plan composed of both a defined benefit ("DB") plan and a defined contribution ("DC") plan. Membership in either plan is dependent upon the participant date of hire. The PERS DB plan was closed to all new members effective July 1, 2006.

At June 30, 2022, the PERS DB membership consisted of 8,996 active members and 37,265 retirees, and beneficiaries and the PERS DC membership consisted of 25,405 total active members. PERS provides pension and other post-employment benefits, death and disability benefits prior to retirement and death benefits and survivor benefits after retirement, in a combination of defined benefit (Tiers 1, 2 and 3) and defined contribution (Tier 4) plans. PERS also provides a voluntary savings plan for the DB tiers and beginning in fiscal year 2007 is funding costs of healthcare benefits through the separate Retiree Healthcare Trust within PERS. Membership in PERS is mandatory for all full- and part-time (15-30 hours per week) employees of the State and of the other participating governmental employers (other than employees exempted by statute or employer participation agreements or who belong to another of the State's retirement systems).

Participants first hired before July 1, 1986 are Tier 1 participants of PERS and are eligible for retirement and for health insurance premiums paid by PERS earlier than members hired after June 30, 1986

(Tier 2). Members first hired after June 30, 1996 (Tier 3) have a 10-year requirement for system-paid premiums, and members who are not peace officer/firefighter members have a different final average earnings calculation than members from Tiers 1 and 2.

Shift to Defined Contribution Plan. In 2005, the Legislature closed the PERS DB plan to members first hired on or after July 1, 2006, and created for Tier 4 employees a DC retirement plan, which is composed of a participant-directed investment account, retiree major medical benefits, a health reimbursement arrangement, and occupational disability and death benefits.

The PERS DC participant account is funded with employee contributions of 8 percent and an employer match of 5 percent. Each participant designates how both employee and employer contributions (regardless of vesting status) are to be allocated among various investment options. Participants are 100 percent vested in their employee contribution and related earnings. Employer contributions to the participant account, plus any earnings they generate are vested as shown in the following Table 12:

Table 12

PERS DC Vesting Schedule

Years of Service	Vested Percentage of Employer Contributions
1 year	0%
2 years	25%
3 years	50%
4 years	75%
5 years	100%

Source: State of Alaska, Division of Retirement & Benefits

Employee Contributions. The PERS DB member contribution rates are 7.5 percent for peace officers and firefighters, 9.6 percent for certain school district employees, and 6.75 percent for general members, as required by statute. The DB member contributions earn interest at the rate of 4.5 percent per annum, compounded semiannually.

The PERS DC Plan member contribution rate is 8.0 percent, as required by statute.

Employer Contributions. The employer contribution rate is determined by the consulting actuary and adopted by the ARM Board annually. AS 39.35.255(a) sets the employer contribution rate at 22.0 percent. The employer contribution rate is paid based on all eligible salaries of the employer without regard to the participant's tier status. The difference between the actuarially determined contribution rate and the statutory employer effective rate is paid by the State as a direct appropriation, also known as the "Additional State Contribution" set out in AS 39.35.280.

Employer contributions made on behalf of DC members also include funding of the DC Retiree Major Medical Plan, Occupational Death and Disability Plan, and the Health Reimbursement Arrangement. DC employer contribution rates are determined by the ARM Board and are based upon State law, administrative regulations, and the actuary's recommended employer contribution rates based upon results of the actuary's valuations.

Table 13 provides a history of the employer contribution rates from fiscal year 2013 through fiscal year 2024.

Table 13

PERS Employer Contribution Rates

FY	ARM Board Adopted Rate	DB Employer Effective Rate	DC Employer Match	DC Retiree Medical Plan	DC Occupational Death and Disability - Police/Fire	DC Occupational Death and Disability – All Others	DC Health Reimbursement Arrangement [1]
2013	35.84%	22.00%	5.00%	0.48%	0.99%	0.14%	$ 1,848.43
2014	35.68%	22.00%	5.00%	0.48%	1.14%	0.20%	$ 1,896.60
2015[2]	44.03%	22.00%	5.00%	1.66%	1.06%	0.22%	$ 1,960.53
2016	27.19%	22.00%	5.00%	1.68%	1.05%	0.22%	$ 2,004.52
2017	26.14%	22.00%	5.00%	1.18%	0.49%	0.17%	$ 2,049.36
2018	25.01%	22.00%	5.00%	1.03%	0.43%	0.16%	$ 2,084.16
2019	27.58%	22.00%	5.00%	0.94%	0.76%	0.26%	$ 2,102.88
2020	28.62%	22.00%	5.00%	1.32%	0.72%	0.26%	$ 2,121.60
2021	30.85%	22.00%	5.00%	1.27%	0.70%	0.31%	$ 2,159.04
2022	30.11%	22.00%	5.00%	1.07%	0.68%	0.31%	$ 2,168.40
2023[3]	24.79%	22.00%	5.00%	1.10%	0.68%	0.30%	$ 2,237.04
2024[3]	25.10%	22.00%	5.00%	1.01%	0.68%	0.30%	$ TBD

(1) The employer contribution to the Health Reimbursement Arrangement is expressed as a dollar amount that must be paid in full on an annual basis for each year of service.

(2) Table 14 shows the ARM Board adopted rate for fiscal year 2015 based on a level percentage of payroll. The actual contribution for fiscal year 2015 was the one-time transfer of $3 billion from the CBRF ($1 billion to PERS and $2 billion to TRS) described under "Pension Reforms."

(3) For both PERS and TRS, the fiscal year 2023 and 2024 ARM Board adopted rates show 0 percent contribution to OPEB due to the trusts' overfunded status.

Source: State of Alaska Division of Retirement and Benefits.

Contributions from the State of Alaska. AS 39.35.280 provides that the State is obligated to annually consider appropriating to contribute each July 1 or, as soon after July 1 as funds become available, an amount for the ensuing fiscal year that, when combined with the total employer contribution rate of 22.0 percent, is sufficient to pay the PERS DB past service liability at the consolidated actuarially determined contribution rate ("ADC") adopted by the ARM Board for the fiscal year. Table 14 provides a seven-year history of the additional PERS contributions from the State under AS 39.35.280. For fiscal year 2015, the State total contribution to PERS was a one-time payment of $1 billion. Due to the one-time contributions, additional legislative and actuarial adjustments in analyzing the pension systems, employer contributions have diminished from levels shown in Table 14. For fiscal year 2024, the ARM Board has recommended a PERS contribution rate attributable to participating employers at 25.10%. This results in estimated employer contributions of $412,287,000 and an additional estimated State contribution under AS 39.35.280 of approximately $37,942,000.

[Remainder of page intentionally left blank.]

Table 14

Additional PERS Contribution from the State (under AS 39.35.280)

FY	Legislative Bill	Amount Provided by State under AS 39.35.280 ($000s)	Total Employer Contributions to PERS DB ($000s)	% of Contributions made by State [1]
2014	House Bill 65	$ 312,473	$ 410,983	43.2%
2015	Senate Bill 119 [2]	1,000,000	397,164	71.6
2016	House Bill 2001	126,520	390,990	24.4
2017	House Bill 256	99,167	388,138	20.4
2018	House Bill 57	72,719	385,396	15.9
2019	House Bill 286	67,857	452,867	13.0
2020	House Bill 39	79,487	457,326	14.8
2021	House Bill 205	101,383	482,932	17.4
2022	House Bill 69	97,700	480,528	16.9

(1) Percent of Contributions made by the State under AS 39.35.280.
(2) One-time transfer of $3 billion from the CBRF ($1 billion to PERS) described under "Pension Reforms."
Source: State of Alaska Division of Retirement and Benefits.

The COVID-19 outbreak may have an adverse effect on assumed investment returns, as well as on revenues of the State and local governments, which may affect the ability of local governments to meet their contribution rates. In such an event, the State may be required to increase future contributions. See "INFORMATION CONCERNING THE STATE OF ALASKA – Infectious Disease Outbreak – *COVID-19*."

Pension Benefits. PERS DB members are eligible for normal retirement at age 55 or early retirement at age 50 (Tier 1) or normal retirement at age 60 and early retirement at age 55 (for Tiers 2 and 3), in each case with at least five years of paid-up PERS service or other qualifying service. Members may retire at any age when they have at least 30 years of paid-up service.

PERS DC members are immediately and fully vested in member contributions and related earnings (losses). A member is fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. See Table 13 for vesting percentages.

Other Post-Employment Benefits. PERS pays provider major medical healthcare benefits for all Tier 1 retirees, for Tier 2 retirees who are at least 60, and for Tier 3 retirees with ten years of credited service without premium cost to the member. Retirees in Tiers 1, 2, and 3 with 30 years of service (20 years for Tier 1 peace officers and firefighters and 25 years for other peace officers and firefighters) receive benefits with premiums paid by PERS regardless of their age or Tier. For Tier 4 retirees who are eligible for Medicare, PERS pays a portion (70-90 percent of the cost, depending upon length of service) of health insurance premiums.

PERS DC members are eligible for major medical benefits through the retiree medical plan after certain requirements have been met. In addition, PERS DC members have access to a health reimbursement arrangement plan and Occupational Death and Disability Benefits.

Actuarial Valuation – PERS DB. 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. Examples include assumptions about future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Effective June 30, 2018, the ARM Board adopted a layered UAAL amortization method: Layer #1 equals the sum of (i) the UAAL at June 30, 2018, based on the 2017 valuation, plus (ii) the fiscal year 2018 experience gain/loss. Layer #1 is amortized over the remainder of the 25-year closed period that was originally established in 2014. Layer #2 is amortized over a separate closed 25-year period starting in 2018. Future layers will be created each year based on the change in 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. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

The fiscal year 2014 contribution requirements were determined as a percentage of total payroll, and reflect the cost of benefits accruing and a fixed 25-year amortization as a level percentage of payroll of the initial unfunded accrued liability and subsequent gains/losses and other changes. The payroll used to determine the contribution rates is the total payroll of all active members in the system, including those hired after July 1, 2006, who are in the DC plan. The amortization period is set by the ARM Board. Contribution rates are recommended by the consulting actuary and adopted by the ARM Board each year.

The Legislature has discretion to deviate from the rates recommended by the ARM Board; however, they have not historically done so.

The most recent funding objective of the plan, as adopted by the ARM Board for fiscal year 2015, is to set an employer contribution rate that will pay the normal cost and amortize the initial UAAL and each subsequent annual change in the UAAL over a closed 25-year period as a level percentage of payroll amortization. After the ARM Board's adoption of the contribution rate for fiscal year 2015, the Legislature provided for one-time deposits of $1 billion to PERS and $2 billion to TRS in the fiscal year 2015 capital budget, and amended statutes to require a level percentage of payroll method for determining contributions in the future.

Table 15 presents a summary of the funding status of PERS as a whole, including pension and post-employment healthcare benefits combined, as of June 30, 2003 through June 30, 2021. The information presented in Table 15 is derived from the 2021 PERS Valuation Report and differs from the information about PERS prepared for accounting purposes.

[Remainder of page intentionally left blank.]

Table 15

PERS Funding Status [1]

(as of June 30)

Actuarial Valuation Year	Aggregate Accrued Liability (000s)	Valuation of Assets (000s)	Unfunded Liability (000s)	Funded Ratio (%)
2003	$ 10,561,653	$ 7,687,281	$ 2,874,372	72.8%
2004 [2]	11,443,916	8,030,414	3,413,502	70.2
2005	12,844,841	8,442,919	4,401,922	65.7
2006	14,388,413	9,040,908	5,347,505	62.8
2007 [3]	14,570,933	9,900,960	4,669,973	68.0
2008	15,888,141	11,040,106	4,848,035	69.5
2009	16,579,371	10,242,978	6,336,393	61.8
2010	18,132,492	11,157,464	6,975,028	61.5
2011	18,740,550	11,813,774	6,926,776	63.0
2012	19,292,361	11,832,030	7,460,331	61.3
2013	19,992,759	12,162,626	7,830,133	60.8
2014	20,897,372	14,644,598	6,252,774	70.1
2015	20,648,663	16,173,459	4,475,204	78.3
2016	21,369,490	16,467,992	4,901,498	77.1
2017	21,881,395	16,786,771	5,094,624	76.7
2018	22,264,137	17,116,701	5,147,436	76.9
2019	22,190,874	17,387,184	4,803,690	78.4
2020	22,316,075	17,703,068	4,613,007	79.3
2021	22,276,145	19,047,864	3,228,281	85.5

See "Pension Reforms" section for actuarial projection as of June 30, 2021.

(1) For PERS Tiers I-III and pension and other post-employment benefits combined.

(2) Change in valuation assumptions (particularly the healthcare cost assumptions) and change in methods.

(3) Tier 4, the PERS defined contribution plan, became effective for employees first hired after June 30, 2006 when the defined benefit plans were closed. Change in healthcare cost assumptions.

Source: 2021 PERS Actuarial Valuation Report, Section 1.7.

Tables 16 and 17 present the State of Alaska PERS, Schedule of Contributions from Employers and the State for the Defined Benefit Pension Plan and the Alaska Retiree Healthcare Trust Plan, respectively. These schedules show the dollar amount of the ADC, contributions in relation to the ADC, and the contributions as a percentage of covered payroll (under AS 39.35.280).

[Remainder of page intentionally left blank.]

Table 16

PERS - Schedule of Employer and Nonemployer Contributions – Defined Benefit Pension Plan

Last 10 Fiscal Years

(In thousands)

Year Ended June 30	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2013	$ 382,889	$ 344,063	$ 38,826	$ 1,470,540	23.40%
2014	358,718	382,998	(24,280)	1,405,197	27.26
2015	529,264	1,226,136	(696,872)	1,328,384	92.30
2016	566,615	323,946	242,669	1,251,066	25.89
2017	368,766	362,764	6,002	1,166,107	33.11
2018	395,663	372,383	23,280	1,096,605	33.96
2019	414,243	418,458	(4,215)	1,033,526	40.49
2020	429,322	429,515	(193)	956,120	44.92
2021	495,499	516,123	(20,624)	893,910	57.74
2022	502,772	513,238	(10,466)	831,409	61.73

Source: PERS Financial Statement as of June 30, 2022.

Table 17

PERS - Schedule of Employer and Nonemployer Contributions – Alaska Retiree Healthcare Trust Plan

Last 10 Fiscal Years

(In thousands)

Year Ended June 30	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2013	$ 612,792	$ 373,205	$ 239,587	$ 1,470,540	25.38%
2014	783,827	340,458	443,369	1,405,197	24.23
2015	782,258	171,028	611,230	1,328,384	12.87
2016	790,824	193,564	597,260	1,251,066	15.47
2017	133,845	124,541	9,304	1,166,107	10.68
2018	71,251	85,731	(14,480)	1,096,605	7.82
2019	99,083	102,266	(3,183)	1,033,526	9.89
2020	114,783	107,298	7,485	956,120	11.22
2021	101,330	68,191	33,139	893,910	7.63
2022	75,091	64,990	10,101	831,409	7.82

Source: PERS Financial Statement as of June 30, 2022.

Projections of benefits for financial report purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the

effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows.

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay normal cost basis for pension and healthcare
Amortization Method	Level percentage of pay, layered
Equivalent Single Amortization Period	25 years
Asset Valuation Method	5-year smoothed fair value, reinitialized to fair value as of June 30, 2014
Actuarial Assumptions:	
Investment rate of return*	7.38% for pension and for healthcare.
Projected salary increases	Peace Officer/Firefighter: Merit – 2.75% per year for the first 4 years of employment, grading down to 0.5% at 7 years and thereafter. Productivity – 0.5% per year. Others: Merit – 6.00% per year grading down to 2.00% after 5 years; for more than 6 years of service, 1.50% grading down to 0%. Productivity – 0.5% per year.
*Includes price inflation at	2.50%
Cost-of-living adjustment	Post-retirement Pension Adjustment.

Changes in Actuarial Assumptions Since the Prior Valuation. The ARM Board completed an experience analysis of the actuarial assumptions underlying the PERS actuarial valuation reports covering the timeframe July 1, 2017, to June 30, 2021. There have been no changes in the actuarial methods or changes in benefit provisions since the June 30, 2021 valuation. Healthcare claims costs are updated annually. However, as a result of the experience analysis, updated demographic and economic assumptions were adopted by the ARM Board in June 2022, and are being used in the June 30, 2022 actuarial valuation reports. One significant item that was changed is the actuarial assumption for investment rate of return. This rate was revised from 7.38 percent down to 7.25 percent for the June 30, 2022 actuarial valuation reports. The actuarial assumptions will be analyzed next for the period July 1, 2021 to June 30, 2025.

[Remainder of page intentionally left blank.]

Defined benefit pension and postemployment healthcare benefit plan:

	June 30, 2021	June 30, 2017
Salary Scale	Based on actual experience from 2013 to 2017. Inflation 2.50% per year and productivity 0.25% per year.	Rates adjusted on actual experience from 2010-2013.
Pre-termination Mortality	Based upon 2013-2017 actual mortality experience. 100% (male and female) of RP-2014 health annuitant table with MP-2017 generational improvement.	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of the post termination mortality rates
Post-termination Mortality	Based upon 2013-2017 actual mortality experience. 91% of male and 96% of female rates of RP-2014 health annuitant table with MP-2017 generational improvement.	96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.
Disability Mortality	In accordance with the RP-2014 disability table, benefit-weighted, rolled back to 2006, with MP-2017 generational improvement.	RP-2000 Disabled retiree table, 2000 base year projected to 2018 with projection scale BB.
Turnover	Rates adjusted based on actual experience from 2013-2017.	Based upon the 2010-2013 actual withdrawal experience.
Disability	Incidence rates based on 2013-2017 actual experience. Peace Officer/Firefighter: assumed to be occupational 75% of the time. Others: assumed to be occupational 40% of the time.	Incidence rates based on 2010-2013 actual experience. Peace officer/firefighter: Decreased rates by 5%. Others: Decreased rates by 30%.
Retirement	Rates were adjusted based on actual experience from 2013-2017.	Retirement rates based upon the actual 2010-2013 experience.
Deferred vested commencement date	Deferred vested members are assumed to retire at their earliest unreduced retirement date. The modified cash refund annuity is valued as a three-year certain and life annuity.	Peace officer/firefighter: Tier 1 age 55 Tier 2 and 3 age 60 Others: Earliest unreduced age
COLA	Of those benefit recipients who are eligible for the COLA, 70% of others and 65% of peace officer/firefighters are assumed to remain in Alaska and receive the COLA.	Of those benefit recipients who are eligible for the COLA, 70% of others and 65% of peace officer/firefighters are assumed to remain in Alaska and receive the COLA.
Occupational Death and Disability	Others: 40% Peace officer/firefighters: 75%	Others: 50% Peace officer/firefighters: 70%

[Remainder of page intentionally left blank.]

Defined contribution occupational death and disability and retiree medical benefits plan:

	June 30, 2021	June 30, 2017
Salary Scale	Based on actual experience from 2013-2017. Inflation – 2.50% per year Productivity – 0.25% per year	Inflation – 3.12% per year Productivity – 0.50% per year
Pre-termination Mortality	Based upon 2013-2017 actual mortality experience. 100% of male and female of RP-2014 employee table, benefit-weighted, rolled back to 2006, with MP-2017 generational improvement.	Based upon 2010-2013 actual mortality experience. 60% of male rates and 65% of female rates of the post termination mortality rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others.
Post-termination Mortality	Based upon 2013-2017 actual mortality experience, 91% of male and 96% of female rates of the RP-2014 healthy annuitant table with MP-2017 generational improvement.	96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.
Disability	Incidence rates based on 2013-2017 actual experience. Post-termination disabled mortality in accordance with RP-2014 disabled retiree mortality table, benefit-weighted, rolled back to 2006, with MP-2017 generational improvement. Disabilities are assumed to be occupational 70% of the time for peace officer/ firefighters, 50% of the time for others.	Incidence rates based on 2010-2013 actual experience. Post termination disabled mortality in accordance with RP-2000 disabled retiree mortality table, 2000 base year projected to 2018 with projection scale BB. Disabilities are assumed to be occupational 70% of the time for peace officer/firefighters, 50% of the time for others.
Turnover	Select and ultimate rates based upon the 2013-2017 actual experience.	Based upon the 2010-2013 actual withdrawal experience.
Occupational Death and Disability	Others: 40% Peace officer/firefighters: 75%	Others: 50% Peace officer/firefighters: 70%

Teachers' Retirement System

General. TRS was established in 1955 to provide pension and other post-employment benefits to teachers and other eligible participants. TRS includes 56 employers (including the 52 school districts). TRS is a cost-sharing, multiple employer plan composed of both a DB plan and a DC plan. Membership in either plan is dependent upon the participant date of hire. The TRS DB plan is closed to all new members effective July 1, 2006.

On June 30, 2022, the TRS DB membership consisted of 3,190 active members and 13,423 retirees and beneficiaries and the TRS DC membership consisted of 6,304 active members. TRS provides pension and other post-employment benefits, death and disability benefits prior to retirement and death benefits and survivor benefits after retirement, in a combination of defined benefit (Tiers 1 and 2) and defined contribution (Tier 3) plans. TRS also funds costs of healthcare benefits through the separate Retiree Healthcare Trust within TRS. Membership in TRS is mandatory for all full- and part-time employees, including employees who are certificated elementary and secondary teachers, school nurses and certificated employees in positions requiring teaching certificates, employees in DEED and Department of Labor and Workforce Development positions that require teaching certificates, University of Alaska full- and part-time teachers and with the approval of the TRS administrator, full-time administrative employees in positions requiring academic standing and certain full-time or part-time teachers of Alaska Native language or culture who elect to be covered under TRS.

Participants first hired before July 1, 1990, are Tier 1 participants of TRS and are eligible for retirement and for health insurance premiums paid by TRS earlier than members hired after July 1, 1990 (Tier 2).

Shift to Defined Contribution Plan. In 2005, the Legislature closed the TRS DB plan to members first hired on or after July 1, 2006, and created for Tier 3 employees a DC retirement plan, which is composed of a participant-directed investment account, medical benefits, a health reimbursement arrangement, and occupational disability and death benefits.

The TRS DC participant account is funded with employee contributions of 8 percent and an employer match of 7 percent. Each participant designates how contributions are to be allocated among various investment options. Participants are 100 percent vested in their employee contribution and related earnings. Employer contributions to the participant account, plus any earnings they generate are vested as shown in the following Table 18:

Table 18

TRS DC Vesting Schedule

Years of Service	Vested Percentage of Employer Contributions
1 year	0%
2 years	25%
3 years	50%
4 years	75%
5 years	100%

Source: State of Alaska, Division of Retirement & Benefits

Employee Contributions. The TRS DB member contribution rates are 8.65 percent as required by statute. Eligible TRS DB members contribute an additional 1.00 percent of their salary under a supplemental contribution provision. The DB member contributions earn interest at the rate of 7.0 percent per annum, compounded annually on June 30.

The TRS DC member contribution rate is 8.0 percent, as required by statute.

Employer Contributions. The employer contribution rate is determined by the consulting actuary and adopted by the ARM Board annually. AS 14.25.070(a) sets the employer contribution rate at 12.56 percent. The employer contribution rate is paid based on all eligible salaries of the employer without regard to the participant's tier status. The difference between the actuarially determined contribution rate and the statutory employer effective rate is paid by the State as a direct appropriation, also known as the "Additional State Contribution" under AS 14.25.085.

Employer contributions made on behalf of DC members also include funding of the DC Retiree Major Medical Plan, Occupational Death and Disability Plan, and the Health Reimbursement Arrangement. DC employer contribution rates are determined by the ARM Board and are based upon State law, administrative regulations, and the actuary's recommended employer contribution rates based upon results of the actuary's valuations.

Table 19 provides a history of the employer contribution rates from fiscal year 2013 through fiscal year 2024.

Table 19 TRS Employer Contribution Rates

FY	ARM Board Adopted Rate	Employer Effective Rate	DC Employer Match	DC Retiree Medical Plan	DC Occupational Death and Disability	DC Health Reimbursement Arrangement [1]
2013	52.67%	12.56%	7.00%	0.49%	0.00%	$ 1,848.43
2014	53.62%	12.56%	7.00%	0.47%	0.00%	$ 1,896.60
2015 [2]	70.75%	12.56%	7.00%	2.04%	0.00%	$ 1,960.53
2016	29.27%	12.56%	7.00%	2.04%	0.00%	$ 2,004.52
2017	28.02%	12.56%	7.00%	1.05%	0.00%	$ 2,049.36
2018	26.78%	12.56%	7.00%	0.91%	0.00%	$ 2,084.16
2019	28.90%	12.56%	7.00%	0.79%	0.08%	$ 2,102.88
2020	30.47%	12.56%	7.00%	1.09%	0.08%	$ 2,121.60
2021	30.47%	12.56%	7.00%	0.93%	0.08%	$ 2,159.04
2022	31.85%	12.56%	7.00%	0.83%	0.08%	$ 2,168.40
2023[3]	24.62%	12.56%	7.00%	0.87%	0.08%	$ 2,237.04
2024[3]	25.52%	12.56%	7.00%	0.82%	0.08%	$ TBD

(1) The employer contribution to the Health Reimbursement Arrangement is expressed as a dollar amount that must be paid in full on an annual basis for each year of service.
(2) Table 19 shows the ARM Board adopted rate for fiscal year 2015 based on a level percentage of payroll. The actual contribution for fiscal year 2015 was the one-time transfer of $3 billion from the CBRF ($1 Billion to PERS and $2 Billion to TRS) discussed in " Pension Reforms."
(3) For both PERS and TRS, the fiscal year 2023 and 2024 ARM Board adopted rates show 0% contribution to OPEB due to the trusts' overfunded status.
Source: State of Alaska Division of Retirement and Benefits.

Contributions from the State of Alaska. AS 14.25.085 provides that the State is obligated to annually consider appropriating to contribute each July 1 or, as soon after July 1 as funds become available, an amount for the ensuing fiscal year that, when combined with the total employer contribution rate of 12.56 percent, is sufficient to pay the DB past service liability at the consolidated ADC adopted by the ARM Board for the fiscal year.

Table 20 provides a history of the TRS contributions from the State under AS 14.25.085 from fiscal years 2014 through 2022. For fiscal year 2015, the State total contribution to TRS was a one-time payment of $2 billion. For fiscal year 2021, the ARM Board has adopted a TRS contribution rate attributable to participating employers at 30.47 percent. This results in employer contributions of $48,459,000 and an additional State contribution under AS 14.25.085 of $134,976,000.

Table 20

TRS Contribution from the State (under AS 14.25.085)

FY	Legislative Bill	Amount Provided by State under AS 14.25.085 ($000s)	Total Employer Contributions to TRS DB Plan ($000s)	% of Contributions made by State [1]
2014	House Bill 65	$ 316,846	$ 69,551	82.0%
2015	Senate Bill 119 [2]	2,000,000	63,296	96.9
2016	House Bill 2001	130,108	60,058	68.4
2017	House Bill 256	116,700	60,703	65.8
2018	House Bill 57	111,757	59,140	65.4
2019	House Bill 286	127,365	54,762	69.9
2020	House Bill 39	140,219	52,902	72.6
2021	House Bill 205	134,070	54,036	71.3
2022	House Bill	141,739	52,513	73.0

(1) Percent of Contributions made by State under AS 14.25.085.

(2) One-time transfer of $3 billion from the CBRF ($2 billion to TRS) described under "Pension Reforms."
Source: State of Alaska Division of Retirement and Benefits.

The COVID-19 outbreak may have an adverse effect on assumed investment returns, as well as on revenues of the State and local governments, which may affect the ability of local governments to meet their contribution rates. In such an event, the State may be required to increase future contributions. See "INFORMATION CONCERNING THE STATE OF ALASKA – Infectious Disease Outbreak – COVID-19."

Pension Benefits. Tier 1 members were hired before July 1, 1990 and are eligible for normal retirement at age 55 or for early retirement at age 50, and Tier 2 members were hired after June 30, 1990 and before July 1, 2006 and are eligible for normal retirement at age 60 and for early retirement at 55, and generally with at least eight years of paid-up membership service or other qualifying service. Members may retire at any age when they have at least 20 years of paid-up membership service or 20-25 years of a combination of paid-up membership service and other types of service. TRS members are also eligible for normal retirement if they have, for each of 20 school years, at least one-half year of membership service as a part-time teacher.

Tier 3 employees were hired after June 30, 2006 and are 100 percent vested in their own contributions from the beginning and vest in their employers' seven-percent contributions over five years: 25 percent after two years of service, 50 percent after three years of service, 75 percent after four years of service and 100 percent after five years of service. Tier 3 pension payments (the account balance plus investment income) are payable in a lump sum or over time at the employee's option.

Other Post-employment Benefits. TRS provides major medical healthcare benefits for all Tier 1 members who are at least 50 or who are any age with at least 20 years of paid-up service, and Tier 2 members who are 60 or older or who have 25 years of paid-up membership service or are disabled. Tier 2 members may receive coverage prior to age 60 if they pay the premiums. Medical benefits are supplemental to Medicare. For both Tier 1 and Tier 2, coverage includes coverage for eligible dependents.

For Tier 3, the TRS healthcare plan is a coinsurance major medical and prescription drug plan intended to maintain over time coinsurance levels at approximately 80 percent by the plan and 20 percent by the participant, with a maximum annual coinsurance payable by the participant of $2,500 per person and a maximum lifetime benefit payable by the plan, less any amounts paid by Medicare.

Actuarial Valuation – TRS DB. 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. Examples include assumptions about future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Effective June 30, 2018, the ARM Board adopted a layered UAAL amortization method: Layer #1 equals the sum of (i) the UAAL at June 30, 2018 based on the 2017 valuation, plus (ii) the fiscal year 2018 experience gain/loss. Layer #1 is amortized over the remainder of the 25-year closed period that was originally established in 2014. Layer #2 equals the change in UAAL at June 30, 2018, due to the experience study and employer group waiver plan implementation. Layer #2 is amortized over a separate closed 25-year period starting in 2018. Future layers will be created each year based on the change in 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. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

The fiscal year 2014 contribution requirements are determined as a percentage of payroll and reflect the cost of benefits accruing and a fixed 25-year amortization as a level percentage of payroll of the initial unfunded accrued liability and subsequent assumption changes and gains/losses. The payroll used to determine the contribution rates is the total payroll of all active members in the System, including those

hired after July 1, 2006 who are in the Defined Contribution Retirement Plan. The amortization period is set by the ARM Board. Contribution levels are recommended by the consulting actuary and adopted by the ARM Board each year.

The Legislature has discretion to deviate from the rates recommended by the ARM Board, however, have not historically done so.

The most recent funding objective of the plan, as adopted by the ARM Board for fiscal year 2015, was to set an employer contribution rate that will pay the normal cost and amortize the initial UAAL and each subsequent annual change in the UAAL over a closed 25-year period as a level percentage of payroll amortization.

The information about TRS funding status included in Table 21 reflects the status of TRS as of June 30, 2021. Information about TRS assets and liabilities allocable to State employers alone is not shown because most non-State TRS employers make these contributions primarily from funds provided by the State.

Table 21

TRS Funding Status [(1)]
(as of June 30)

Actuarial Valuation Year	Aggregate Accrued Liability (000s)	Valuation Assets (000s)	Unfunded Accrued Liability (000s)	Funded Ratio (%)
2003	$ 5,835,609	$ 3,752,285	$ 2,083,324	64.3%
2004 [(2)]	6,123,600	3,845,370	2,278,230	62.8
2005	6,498,556	3,958,939	2,539,617	60.9
2006	7,229,851	4,141,700	3,088,151	57.3
2007	7,189,403	4,424,399	2,765,004	61.5
2008	7,619,178	4,936,976	2,682,202	64.8
2009	7,847,514	4,472,958	3,374,556	57.0
2010	8,847,788	4,739,128	4,108,660	53.6
2011	9,128,795	4,937,937	4,190,858	54.1
2012	9,346,444	4,869,154	4,477,290	52.1
2013	9,592,107	4,974,076	4,618,031	51.9
2014	9,841,032	6,019,274	3,821,758	61.2
2015	9,729,117	8,108,923	1,620,194	83.3
2016	9,907,624	8,200,391	1,707,233	82.8
2017	10,144,618	8,313,637	1,830,981	82.0
2018	9,960,440	8,440,309	1,520,131	84.7
2019	9,906,664	8,511,493	1,395,171	85.9
2020	9,936,711	8,608,347	1,328,364	86.6
2021	9,911,490	9,178,106	733,384	92.6

See "Pension Reforms" herein for actuarial projection as of June 30, 2021

(1) Includes pension benefits and other post-employment benefits.
(2) Change in asset valuation method.

Source: 2021 TRS Actuarial Valuation Report, Section 1.7.

Tables 22 and 23 present the State of Alaska TRS, Schedule of Contributions from Employers and the State for the Defined Benefit Pension Plan and the Alaska Retiree Healthcare Trust Plan, respectively. These schedules show the dollar amount of the ADC, contributions in relation to the ADC, and the contributions as a percentage of covered payroll (under AS 39.35.280).

Table 22

TRS - Schedule of Employer and Nonemployer Contributions – Defined Benefit Pension Plan

Last 10 Fiscal Years

(In thousands)

Year Ended June 30	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2013	$ 259,786	$ 234,317	$ 25,469	$ 541,981	43.23%
2014	240,366	246,461	(6,095)	514,035	47.95
2015	321,971	1,699,074	(1,377,103)	491,223	345.89
2016	359,790	124,067	235,723	463,604	26.76
2017	133,417	153,334	(19,917)	442,029	34.69
2018	144,391	151,593	(7,202)	416,051	36.44
2019	154,083	164,170	(10,087)	392,849	41.79
2020	150,284	174,333	(24,049)	370,449	47.06
2021	155,184	163,406	(8,222)	357,288	45.74
2022	168,900	172,446	(3,546)	333,781	51.66

Source: TRS Financial Statement as of June 30, 2022.

Table 23

TRS - Schedule of Employer and Nonemployer Contributions – Alaska Retiree Healthcare Trust Plan

Last 10 Fiscal Years

(In thousands)

Year Ended June 30	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2013	$ 330,411	$ 141,125	$ 189,286	$ 541,981	26.04%
2014	320,797	139,936	180,861	514,035	27.22
2015	352,417	364,222	(11,805)	491,223	74.15
2016	336,595	66,099	270,496	463,604	14.26
2017	42,171	24,069	18,102	442,029	5.45
2018	19,518	19,305	213	416,051	4.64
2019	19,944	17,957	1,987	392,849	4.57
2020	28,373	18,788	9,585	370,449	5.07
2021	25,197	24,700	497	357,288	6.91
2022	22,360	21,806	554	333,781	6.53

Source: TRS Financial Statement as of June 30, 2022.

Projections of benefits for financial report purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows.

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay normal cost basis for pension and healthcare
Amortization Method	Level percentage of pay, layered
Equivalent Single Amortization Period	25 years (each layer is amortized on a closed 25-year period)
Asset Valuation Method	5-year smoothed fair value, reinitialized to fair value as of June 30, 2014
Actuarial Assumptions:	
Investment rate of return*	7.38% per year
Projected salary increases	Based upon the 2013-2017 actual experience; inflation - 2.50% per year; productivity – 0.25% per year
*Includes inflation at	2.50%
Cost-of-living adjustment	Post-retirement Pension Adjustment ("PRPA") is 50% and 75% of assumed inflation and is valued for the annual automatic PRPA as specified in statute.

Changes in Actuarial Assumptions Since the Prior Valuation. The ARM Board completed an experience analysis of the actuarial assumptions underlying the TRS actuarial valuation reports covering the timeframe July 1, 2017, to June 30, 2021. There have been no changes in the actuarial methods or changes in benefit provisions since the June 30, 2021 valuation. Healthcare claims costs are updated annually. However, as a result of the experience analysis, updated demographic and economic assumptions were adopted by the ARM Board in June 2022, and are being used in the June 30, 2022 actuarial valuation reports. One significant item that was changed is the actuarial assumption for investment rate of return. This rate was revised from 7.38 percent down to 7.25 percent for the June 30, 2022 actuarial valuation reports. The actuarial assumptions will be analyzed next for the period July 1, 2021 to June 30, 2025.

	June 30, 2021	**June 30, 2017**
Salary Scale	Based on actual experience from 2013-2017.	Rates adjusted on actual experience from 2010 to 2013.
Pre-termination Mortality	Mortality rates based on the 2013-2017 actual experience. 100% of RP-2014 white-collar employee table, benefit weighted, rolled back to 2006, with MP-2017 generational improvement.	68% of male rates and 60% of female rates of RP-2000, 2000 Base Year projected to 2018 with Projection Scale BB. Deaths are assumed to result from non-occupational causes 85% of the time.
Post-termination Mortality	Mortality rates based on the 2013-2017 actual experience. 93% of male and 90% of female rates of RP-2014 white-collar healthy annuitant table, benefit weighted, rolled back to 2006, with RP-2017 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.	94% of male rates and 97% of female rates of RP-2000, 2000 Base Year projected to 2018 with Projection Scale BB, with a three-year setback for males and a four-year setback for females.
Disability Mortality	Incidence rates based on the 2013-2017 actual experience. Post-disability mortality in accordance with the RP-2014 disabled table with MP-2017 generational improvement. Deaths are assumed to be from non-occupational	RP-2000 Disabled Retiree Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB.

	June 30, 2021	June 30, 2017
	causes 85% of the time.	
Turnover	Based on the 2013-2017 actual experience	Select and ultimate rates based upon the 2010-2013 actual withdrawal experience.
Disability	Based on the 2013-2017 actual experience.	Retirement rates based on 2010-2013 experience. Male/female rates increased and changed to Unisex rates. Disabilities are assumed to result from occupational causes 15% of the time.
Retirement	Based on the 2013-2017 actual experience.	Retirement rates based on 2010-2013 experience.
Part-time Service	0.75 years of credited service per year.	Part-time employees are assumed to earn 0.75 years of credited service per year.

Pension Reforms

In the past several years, to mitigate expected pension costs and rising employer contribution rates, the Legislature enacted a range of statutory changes to the retirement systems and to the State's approach to managing pension and OPEB costs. In 2005, the Legislature closed the PERS and TRS DB plans and established DC plans, each with a healthcare component, for new employees.

In 2007, the Legislature enacted Senate Bill 123, which created the Alaska Retiree Health Care Trusts (the "Retiree Healthcare Trusts"). Senate Bill 123 directed that all separately calculated employer contributions for other post-employment benefits under the DB plans and all appropriations, earnings and reserves for the payment of retiree medical obligations be credited to these separate trusts. The State received a ruling from the IRS confirming that the State could reallocate a portion of the assets of PERS and TRS to the Retiree Healthcare Trusts, which it did.

In 2008, the Legislature enacted two additional reform bills: Senate Bill 125 and the Retirement Cost Funding Act. The Retirement Cost Funding Act authorizes issuers, including the POBC, to issue bonds and/or to enter into contracts to finance the payment by governmental employers of their share of the UAALs of the retirement systems. The Governor's budget for fiscal year 2017 included an appropriation to the POBC in anticipation of a potential bond issuance. The proposed bonds were to be structured to realize a 90 percent funding level in TRS and to minimize the State's non-employer payments to the retirement system. Projected savings were to be concentrated in the final 8 years of the amortization of the unfunded liability. On February 16, 2016, the Governor's budget was amended and the appropriation to the POBC was eliminated. At this time, it is uncertain whether the POBC will be issuing bonds.

Senate Bill 125 converted PERS to a cost-sharing system, similar to TRS, and shifted to the State more of the cost of funding the UAALs of PERS and TRS. Senate Bill 125 set employer contribution rates at the higher of (i) 22 percent of total payroll for PERS and 12.56 percent of payroll for TRS and (ii) in each case, the rate required to cover the actuarially determined normal cost plus amounts required to be contributed to the DC plans' Retiree Health Care Trusts.

As proposed by the Governor, the 2014 Legislature funded a $3 billion transfer from the State's CBRF to the PERS and TRS retirement trust funds as part of a plan to manage the ongoing cost of funding the unfunded liabilities. The Legislature directed $2 billion being transferred to the TRS trust and $1 billion being transferred to the PERS trust in the fiscal year 2015 capital budget. As part of the agreement for the transfer, the Legislature also approved HB 385 that provides for any excess assets at the termination of the plan be deposited in the General Fund and that the contribution rate for liquidating past service liabilities be based on a level percent of pay method based on amortization of the past service liability for a closed term of 25 years. An additional adjustment in 2014 was provided for in SB 119, which eliminated effective in fiscal year 2015 the two-year lag in actuarial analysis for rate setting. In October 2014, the State's consulting actuary estimated the impact of the one-time contributions and programmatic adjustments to

increase the PERS projected June 30, 2015 funding ratio to 71.8% and the projected 2015 TRS funding ratio to 77.0%. This was updated most recently in the 2021 valuation to a PERS June 30, 2021, funding ratio of 85.5% and a 2021 TRS funding ratio of 92.6%.

The Other Retirement Systems

The Alaska National Guard and Alaska Naval Militia Retirement System. The NGNMRS was established in 1973 and includes members of the Alaska National Guard and members of the Alaska Naval Militia. Members receive voluntary retirement benefits, which do not include healthcare benefits. The total contribution for fiscal year 2021 was $0. As of June 30, 2021, the roll-forward actuarial valuation reported an actuarial accrued liability of $23.0 million, actuarial value of assets of $45.2 million, and excess assets of $22.3 million. The NGNMRS is funded at 196.9%. It is understood that there will be no contributions to the NGNMRS until such time that it is funded below 100%.

The Judicial Retirement System. The JRS was established in 1963 and provides pension and other post-employment benefits to Supreme Court Justices and Superior, District and Appellate Court judges and the administrative director of the court system. As of the June 30, 2021, roll-forward actuarial valuation, the pension plan was funded at 98.6% and the healthcare plan was funded at 211.4%. The System's funded excess was $17.0 million and was funded at 107.1%.

The Elected Public Officers Retirement System. The EPORS was enacted as a retirement system for elected State officials who held office between January 1, 1976 and October 14, 1976. As of June 30, 2021, the actuarial accrued liability was $12.5 million, with an expected annual benefit payment and claims cost of approximately $1.2 million. No assets are set aside to pay EPORS benefit costs.

State's Supplemental Benefits System

In 1979, State employees elected to withdraw from the Social Security system. The State established a benefit program, effective January 1, 1980, which supplements the existing public employee retirement plans. Participation in the supplemental benefits system is mandatory for each State employee and the 19 other employers participating in the supplemental benefits system. A combined employer/employee contribution of 12.26 percent of wages (one-half contributed by employees up to the wage limit in effect for Social Security in a current year) is deposited into each employee's annuity plan account. Separate contributions are allowed to a cafeteria style supplemental benefit plan to provide death, survivor, disability and health benefits.

As of June 30, 2022, the supplemental benefits system had approximately 50,500 participants. At June 30, 2022, net assets available for system benefits were $4.4 billion. These assets are held in trust by the State for the exclusive benefit of covered employees and their beneficiaries.

State's Deferred Compensation Plan

The State maintains an optional Deferred Compensation Plan (the "Plan") for the benefit of its employees and participating eligible employers. Participants under the Plan defer receipt of a portion of their salary until termination of State or political subdivision employment. As of June 30, 2022, the Plan had approximately 12,600 participants. As of June 30, 2022, the net assets available for Plan benefits were approximately $1.1 billion. These assets are held in trust by the State for the exclusive benefit of the covered employees and their beneficiaries.

State's Annual/Personal Leave and Sick Leave

The cost of 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 when an employee's State

service is terminated. In that instance, the accumulated annual/personal leave balance is charged to a terminal leave liability account that is funded by a charge to each agency's operating budget.

INVESTMENT POLICIES

General Fund, Constitutional Budget Reserve Fund and Other Subfunds

By statute, the Commissioner of the Department of Revenue is the fiduciary for many of the State's funds, including the CBRF, General Fund and subfunds within the General Fund, such as the SBRF and the Alaska Capital Income Fund. The Commissioner's responsibilities for these funds include establishing investment policy, providing accounting and custody for the assets and monitoring and reporting the performance and characteristics of the funds and investment options. The Commissioner reviews capital market assumptions and sets an appropriate asset allocation for the General Fund, the CBRF and the other subfunds, consistent with each fund's objectives and constraints.

As of July 1, 2022, the target asset allocation for the General Fund is 15 percent short duration government / credit and 85 percent cash equivalents.

As of July 1, 2022, the CBRF, with a short-term time horizon, has a target asset allocation of 100 percent cash equivalents.

Annually, the Commissioner of the Department of Revenue adopts specific investment policies for each asset class. These investment policies specify asset class characteristics, monitoring requirements and risk controls. The Commissioner may revise the investment policies as market conditions warrant. The State employs industry consultants and a professional staff to assist in monitoring and evaluating investments.

The Permanent Fund

A governor appointed APFC Board of Trustees (the "APFC Board") sets the APFC investment policy. The policy is required to be consistent with the prudent investor rule stated in AS 37.13.120, which provides: "The prudent-investor rule as applied to investment activity of the fund means that the corporation shall exercise the 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."

At least once each calendar year, the APFC Board reviews its asset allocation policy for the investment of fund assets for the coming year and was last amended on May 18, 2022. On May 21, 2020, the APFC Board adopted changes to the Investment Policy which included a five-year asset allocation plan for each fiscal year from 2021 through 2025. This review is conducted under the guidance of APFC investment staff, with the assistance and advice of the APFC Board's investment consultant. The APFC Board's long-term investment goal is to achieve an average annual real rate of return of five percent at acceptable risk levels (measured by expected volatility).

The APFC Board has created a three-person investment advisory council to provide the APFC Board with independent advice from professionals with significant, direct experience in the management and operation of large investment funds. The role of the members of the investment advisory council is to make recommendations to the APFC Board concerning investment policies, investment strategy and investment procedures; and provide other advice as requested by the APFC Board.

The APFC Board's investment allocation includes multiple asset classes having varying risk and correlation assumptions. The APFC investment policy seeks to optimize expected return versus expected risk. The fund's current target asset allocation as of July 1, 2022 is: 36 percent public equity, 20 percent fixed income, 17 percent private equity, 9 percent private income, 9 percent real estate, 6 percent absolute return, 2 percent cash, and 1 percent other investments. The APFC Board also establishes polices and guidelines for each asset class in which fund assets are invested.

To allow for market fluctuations and to minimize transaction costs, the APFC Board has 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 APFC Board can approve operating for longer than 30 days within a third range (the "red zone").

SPECIAL INVESTOR CONSIDERATIONS

The following is a discussion of certain risks that could affect payments to be made with respect to the Bonds. This discussion is not, and is not intended to be, exhaustive, should be read in conjunction with all other parts of this Official Statement, and should not be considered to be a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the appendices, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

Revenues of the State

Investment Earnings. Investment earnings are a principal source of unrestricted General Fund revenue for the State. In 2018, the Legislature enacted SB 26, which directs the State to appropriate amounts from the Earnings Reserve of the Alaska Permanent Fund to the General Fund as unrestricted General Fund revenue. The State has forecasted for fiscal year 2023 that of $7.226 billion of unrestricted General Fund revenue, $3.361 billion, or approximately 47 percent, will be derived from transfers from the Permanent Fund Earnings Reserve. See "INFORMATION CONCERNING THE STATE OF ALASKA – State Revenues" and "– Government Funds – *The Alaska Permanent Fund*." The past performance of such investments cannot be used as a basis to predict future results. The results in subsequent fiscal years will depend upon the state of general economic conditions and market results of investments that may be held by the State from time to time for its investment purposes.

Oil and Gas Revenues. The State's unrestricted General Fund revenue has historically been generated primarily from petroleum production activities. Approximately 80 percent of fiscal year 2018 unrestricted General Fund revenue was generated from petroleum. The State has forecasted for fiscal year 2023 that of $7,225.8 million of unrestricted General Fund revenue, $3,380.1 million, or approximately 47 percent, will be derived from unrestricted petroleum revenue.

Many factors affect the ability of the petroleum industry to sustain production in the State, including: future economic conditions; energy prices; technological changes; transportation costs; availability and cost of materials used in processing; availability and affordability of insurance; availability and capability of qualified management and personnel; technical difficulties or supplier interruptions; and seasonality. Energy prices are affected by, among other factors outside the control of the State: the supply and demand for oil and gas and expectations regarding supply and demand; the development of energy production technology, such as hydraulic fracturing; political conditions in other oil-producing countries, including the possibility of insurgency or war in such areas; economic conditions in the United States and

worldwide; governmental regulations and taxation, including regulations on carbon emissions and other greenhouse gases; the impact of energy conservation efforts; the price and availability of alternative fuel sources; weather conditions; the availability of transportation systems and storage; and market uncertainty.

The spread of COVID-19 has had a material adverse effect on the demand for and price of petroleum products. It is anticipated the reduction in demand for and the price of petroleum products will have a negative effect on revenues of the State, and there can be no assurance that oil and gas revenue of the State will not decrease further. See "INFORMATION CONCERNING THE STATE OF ALASKA – *State Revenues – Oil and Gas Revenues*."

Federal Revenues. The State receives federal revenues for specific purposes that are generally subject to review or audit by grantor agencies. Entitlement to federal revenues is generally conditioned upon compliance with the terms of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the State. Reductions in federal funding could result in reduced economic activity and increased State costs. There can be no assurance that federal revenues available to the State will not decrease. See "INFORMATION CONCERNING THE STATE OF ALASKA – *State Revenues – Federal Revenue*."

Other Factors Affecting the State

Future Economic Conditions. Increased unemployment, adverse economic conditions including the health of the oil and gas industry, volatility in the tourism industry including the summer cruise ship season, changes in demographics, the cost and availability of energy, the inability to control expenses in periods of inflation, and difficulty in increasing revenues while maintaining a competitive economic environment could all affect the finances and operations of the State.

Cybersecurity Risks. The State relies on electronic systems and technologies to conduct its operations. In the past several years, a number of entities have sought to gain unauthorized access to electronic systems of various organizations for the purpose of misappropriating assets or personal, operational, financial, or other sensitive information that can cause operational disruption. These attempts, which are increasing, include highly sophisticated efforts to electronically circumvent security measures as well as more traditional intelligence gathering aimed at obtaining information necessary to gain such access. No assurance can be given that security measures implemented by the State will be able to prevent cyber-attacks on their electronic systems, and no assurances can be given that any cyber-attacks, if successful, will not have a material adverse effect on their finances or operations.

Earthquakes. The State contains many regions of seismic activity, with frequent small earthquakes and occasionally moderate and larger earthquakes. A 1964 earthquake with its epicenter in southcentral Alaska measuring 9.2 on the Richter scale was the most powerful earthquake recorded in North American history, and the second most powerful in world history, causing over 130 deaths. Certain soil types and property located in certain areas of the State could become subject to liquefaction and could result in landslides following a major earthquake and any aftershocks. Areas of the State also could experience the effects of a tsunami following a major earthquake. A significant earthquake may disrupt transportation, communication, water and sewer systems, power and fuel delivery for weeks to months throughout certain regions of the State, and could result in significant permanent loss of population and business.

Volcanic Eruptions. The State contains many active volcanoes. A volcanic eruption could result in landslides and releases of gas and ash that can interfere with air travel, a principal mode of transportation in the State.

Wildfires. Areas of the State have experienced drought conditions and increased wildfire activity. Warmer and drier summer conditions increase the risk of wildfires that may threaten the health, economy,

and environment of the State by creating unhealthy air quality levels, threatening infrastructure, businesses, and residences, destroying natural resources, and damaging wildlife habitat.

Climate Change. Climate change poses potential risks to the State and its finances and operations. Extreme weather events can result in droughts, wildfires, floods, and other natural disasters. Climate change may also affect population migration and shifts in economic activities such as agriculture, fishing, and construction of facilities and roads on permafrost and ice. No assurance can be given that climate change will not have a material adverse effect on the finances and operations of the State.

Infectious Disease Outbreak

The financial condition of the State, including the State's ability to collect tax and other sources of revenue, may be materially affected by an international, national or localized outbreak of an infectious disease, such as COVID-19, or other highly contagious or epidemic disease (an "Outbreak").

Tax and other revenue receipts of the State are heavily dependent on financial markets, commodities markets and tourism, all of which may be adversely affected by the continued spread of COVID-19 or by a new Outbreak and any governmental policies related thereto, in each case on an international, domestic or local level. For example, while some governments have lifted travel restrictions, certain restrictions have been reimposed from time to time. In November 2021, Canada ended its ban on cruise ships. If Canada reinstates its ban, without U.S. Congressional action, future large sailings to the Alaska market may be effectively cancelled.

On February 14, 2021, the State's declaration of public health disaster emergency, which had been in place since March 2020, expired. With this expiration the prior State-level health orders, health alerts, and health mandates expired. Four State-level health advisories remain in place to provide guidance to individuals on keeping safe in their community, while travelling to/from the State and within the State, and for critical infrastructure. Certain individual boroughs, cities and villages continue to maintain locally imposed restrictions on travel, businesses and other activities.

Despite any policies of the State and the existence of governmental aid programs, there can be no assurances that an Outbreak, including COVID-19, will not materially affect the regional economy of the State or the national or global economies and, accordingly, materially adversely affect the receipt of revenues by the State.

Ratings

The lowering, suspension, or withdrawal of either or both of the ratings initially assigned to the Bonds could adversely affect the market price and the market for the Bonds. See "RATINGS."

Early Redemption

Purchasers of Bonds, including those who purchase Bonds at a price in excess of their principal amount or who hold such a Bond trading at a price in excess of par, should consider the fact that the Bonds are subject to redemption at a price equal to their principal amount plus accrued interest in the event such Bonds are redeemed prior to maturity. See "THE BONDS – *Redemption of the Bonds*."

Federal Income Tax Considerations

The exemption of interest on the Bonds from federal income taxes is dependent upon continuing compliance by the State with the requirements of the Code. If there is a failure to continuously comply with the covenants of the Code, interest on the Bonds could become includible for federal income tax purposes in the gross income of the owners thereof, retroactive to the date of issuance of the Bonds. All or a portion

of the interest on the Bonds also could become subject to federal and/or state income tax as a result of changes of law. Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax-exempt status of such interest.

If interest on the Bonds becomes so includible in the owners' gross incomes, the effect will be to reduce the yield on an owner's Bonds as a result of the federal and, in certain cases, state and local, income tax liability incurred in connection with the receipt of interest on the Bonds. There is no provision for any adjustment to the interest rate borne by the Bonds in the event of any such loss of tax-exempt status, nor is any provision made for the payment of any penalties or premium in such event. As a result, the owners of the Bonds may be forced to bear the adverse economic consequences of any such loss of tax-exempt status and may not have adequate remedies against the Bond Bank to recover any losses or damages so sustained.

Secondary Market and Prices

It has been the practice of underwriters to maintain a secondary market in municipal securities they sell, and the underwriters of the Bonds likely will engage in secondary market trading of the Bonds, subject to applicable securities laws. The underwriters, however, are not obligated to engage in secondary trading or to repurchase any of the Bonds at the request of the owners thereof. No assurance can be given that a market will exist for the resale of the Bonds. Because of general market conditions or because of adverse history or economic prospects connected with a particular issue or issuer, secondary marketing activity in connection with a particular issue may be suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price. **There can be no guarantee that there will be a secondary market for the Bonds, or if a secondary market exists, that the Bonds can be sold for any particular price.**

LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the State, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the State taken with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the Bonds, or the existence or powers of the State.

Upon the delivery of the Bonds, the State will furnish a certificate, to the effect that, among other things, there is no litigation pending in any State court to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting the validity or enforceability of the Bonds.

At any given time, including the present, there are numerous civil actions filed by or pending against the State, which could positively or negatively impact revenue sources or cash flow. A short description of such material litigation is provided below.

Oil and Gas Tax Litigation

Administrative Litigation: There are a number of disputed tax assessments against oil and gas corporations that are at the administrative level and thus confidential under AS 43.05.230(a). The assessments involve the corporate income tax (AS 43.20) or the oil and gas production tax (AS 43.55). Because the taxpayers, the tax years, and the amounts involved are confidential, a more detailed description of the cases cannot be given. Due to the confidentiality statute and because the disputed tax assessments are ongoing, the State cannot give an estimate of how much is expected to be eventually recovered through settlement, the administrative proceedings, or adjudication. Moneys recovered are required to be transferred to the CBRF.

Environmental Litigation

State of Alaska v. Williams Alaska Petroleum, Inc. et al., Case No. S-17772; 4FA-14-01544CI Consolidated. This case involves litigation over environmental liabilities for the North Pole Refinery, including sulfolane pollution of the North Pole drinking water aquifer. Defendant refinery operator Williams Alaska Petroleum, Inc., asserted counterclaims seeking contribution from the State due to its role of lessor of the property during 27 out of 37 years the refinery operated. The case went to trial in October 2019. On January 3, 2020, the court issued a memorandum decision in favor of the State and denying Williams' counterclaims. Williams filed an appeal to the Supreme Court, oral argument was held in December 2021, and the case is awaiting decision by the Supreme Court.

Barbara Gaston v. State of Alaska, 3AN-19-08301CI. This class action suit alleges that the DOTPF's use of firefighting foams that contain per- and polyfluoroalkyls ("PFAS") at some public use airports caused soil and groundwater contamination on private property surrounding the airports. The suit seeks to certify a class that consists of the landowners whose property has been affected, and it seeks damages for the class including property damages (e.g., diminution in value, remediation, alternative water, etc.) and medical monitoring costs. In addition, *Saracco v. State of Alaska* (1JU-20-00758 CI) is a single property case arising out of the DOTPF's sale of a fire-fighting vehicle containing firefighting foams to the City of Gustavus, which discharged the foam when responding to a brush fire. At this time, both the Gaston and Saracco cases, along with the *State of Alaska v. 3M Company* (4FA-21-01451 CI) (State's Plaintiff litigation) have been removed to the PFAS Multi-District Litigation proceeding in South Carolina. At present the Multi-District Litigation proceedings are focused on resolving the government contractor defense that has been asserted by various chemical manufacturers and distributors. Briefing and arguments on that issue have been completed, with a decision expected sometime in May 2023. In the meanwhile, preparations are ongoing for several "bellwether" cases that may be ready for trial later this summer. There has been little activity of note in the Gaston and Saracco cases, but initial document production has begun in the State's Plaintiff's case, and is expected to continue over the next two months.

Tort Claims

The Attorney General's Office is involved in defending numerous tort claims asserted against the State and agencies. No estimate can be given as to the likelihood or financial effect on the outcome of such claims.

Medicaid Payment Rate Appeals

The Attorney General's Office is involved in defending numerous Medicaid payment rate appeals filed by providers. No estimate can be given as to the likelihood or financial effect on the outcome of such appeals.

Employment Claims

The Attorney General's Office is involved in defending numerous employment-related claims filed by present or former employees. No estimate can be given as to the likelihood or financial effect on the outcome of such claims.

Tobacco Company Litigation

In 1998, Alaska was among 46 states that entered into a settlement of claims against the nation's major tobacco companies. The companies agreed to pay $4.5 billion in 2000 with annual increases until payments reach $9 billion in 2019 and each year thereafter. The State's share, based upon its proportionate tobacco consumption, is about .034 percent of the yearly payment. This income stream is indefinite as long as Americans continue to consume tobacco products.

The Legislature authorized the State to sell to the AHFC 80 percent of the State's annual settlement income. AHFC's purchase was financed through the issuance of revenue bonds by the Northern Tobacco Securitization Corporation (the "NTSC"), a subsidiary the AHFC established and to which the right to receive 80 percent of the settlement revenues was transferred. In 2006, NTSC issued additional revenue bonds to refinance its purchase of the State's annual settlement income. The NTSC is using the income stream to pay debt service on the bonds. When the bonds are paid, the settlement income reverts to the State. The State used the bond proceeds to pay for a variety of construction and maintenance projects including rural schools, ports and harbors.

The master settlement agreement provides for a payment adjustment mechanism that, when triggered, could result in the impairment of the State's right to receive the remaining 20 percent of revenue that is not pledged to the NTSC and the NTSC could suffer a revenue shortfall. This payment adjustment mechanism has been triggered for the years 2003-2010. States that have diligently enforced their qualifying statute are exempted from the application of this adjustment mechanism. In July 2010, an arbitration commenced regarding which states "diligently enforced" their qualifying statutes in 2003. During that arbitration, Alaska and 15 other states/territories received notice that the participating manufacturers (tobacco companies that joined the master settlement agreement) no longer contested their diligence, rendering those states exempt from the 2003 adjustment. In 2018, the participating manufacturers entered into a settlement agreement that exempted the State from adjustments for the years 2004 through 2017. An additional provision of the settlement agreement was triggered in March 2020 that exempted the State from adjustments for the years 2018 and 2019. Subsequently, the State and participating manufacturers extended the settlement agreement exempting the State from adjustments to include sales years 2020 through 2022. The State continues to monitor and participate in the enforcement of the master settlement agreement.

Opioid Litigation

The State filed three lawsuits against opioid manufacturers and distributors alleging deceptive advertising by the manufacturers and failure by the distributors to properly monitor drug orders to identify likely diversion. See *Alaska v Purdue Pharma et al.* (3AN-17-09966CI); *Alaska v. Mallinckrodt et al* (3AN-19-04861CI); *Alaska v. McKesson, Cardinal, and Amerisourcebergen* (3AN-18-10023CI). Three of the lawsuits have been consolidated. Purdue and Mallinckrodt filed for bankruptcy and the State's claims against them are stayed during the bankruptcy proceedings. The State expects to participate in the settlement of state claims that is part of the bankruptcy. A separate settlement with distributors has been negotiated and the State has agreed to sign on to that settlement. The State has begun to receive the first payments.

The State filed a fourth opioid lawsuit in 2021 against generic drug manufacturers Teva & Allergan. *Alaska v. Teva & Allergan*, (3AN-21-05217CI). The claims against Teva and Allergan are similar to those made against Purdue and Mallinckrodt. The defendants filed a motion to dismiss, but the Court denied the motion with respect to most defendants, and allowed discovery on the issue of personal jurisdiction over Teva, Ltd. A multistate group has negotiated a settlement with Teva and Allergan, which the State has agreed to join the settlement. The settlement will not be final until Teva and Allergan agree that a sufficient number of political subdivisions join the settlement in the coming months.

The State filed suit in June 2022, against a number of Chain Pharmacies, including Walgreens, Walmart, Albertsons, Kroger, Fred Meyer, and Carrs Safeway, alleging that the pharmacies failed to recognize and refuse to fill opioid prescriptions that showed all the signs of diversion of drugs. *State v. Walgreens, et al.* (3AN-22-06675CI). The defendants have accepted service and agreed to a briefing schedule for motions to dismiss or answers. A multistate group has negotiated settlement agreements with Walgreens and Walmart, which are defendants in this litigation, and with CVS, which Alaska has not sued. The State has agreed to all of these settlements. The settlements will not be final until the pharmacies agree that a sufficient number of political subdivisions join the settlements in the coming months.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Committee. The proposed form of the Bond Counsel's opinion is attached as Appendix C hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. The Office of the Attorney General will issue a certificate to the effect that no litigation is pending that challenges the issuance of the Bonds.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the State ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax.

Bond Counsel is also of the opinion, based on existing laws of the State of Alaska, that interest on the Bonds is not included in taxable income for purposes of the State of Alaska income tax imposed on corporations. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth as Appendix C hereto.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The State has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial

Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the State or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The State has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the State or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the State legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the State or the Beneficial Owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Not Qualified Tax-Exempt Obligations

The State has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

VERIFICATION OF SUFFICIENCY

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters on behalf of the State relating to (a) computation of the redemption price of the Refunded Bonds plus the accrued interest thereon until the date of redemption, and (b) sufficiency of the proceeds from the Bonds to be applied to the redemption of the Refunded Bonds was verified by Robert Thomas CPA, LLC. Such computations were based solely upon assumptions and information supplied by the Underwriters on behalf of the State. Robert Thomas CPA, LLC, has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of future events.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the State, that are not purely historical, are forward-looking statements, including statements regarding the State's expectations, hopes, intentions, forecasts or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the State on the date hereof, and the State assumes no obligation to update any such forward-looking statements. The State's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible changes in underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the State. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

RATINGS

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned the Bonds ratings of "Aa3" with a Stable Outlook and "AA-" with a Positive Outlook respectively, based on their research and investigation of the State. Moody's and S&P are collectively referred to as the "Rating Agencies." The State furnished each of the Rating Agencies with certain information and materials concerning the Bonds and the State. Any desired explanation of such ratings should be obtained from the rating agency furnishing the same.

Generally, each of the Rating Agencies bases its ratings on such information and materials and also on investigations, studies, and assumptions that it may undertake independently. The ratings assigned by Moody's and S&P express only the views of the Rating Agencies. An explanation of the significance of the ratings may be obtained from Moody's and S&P, respectively. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in the judgment of such rating agency, circumstances so warrant. Any such change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Acacia Financial Group, Inc. of Anchorage, Alaska (the "Financial Advisor") serves as independent financial advisor to the State in connection with various matters relating to the planning, structuring, execution and delivery of the Bonds. The Financial Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiated instruments. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the State. No guaranty, warranty or other representation is made by the Financial Advisor respecting the accuracy and completeness of this Official Statement or any other matter related to the Official Statement.

UNDERWRITING

The Bonds are to be purchased from the State at an aggregate purchase price of $57,828,576.66 (the principal amount of the Bonds, plus original issue premium of $2,021,553.20, less Underwriters' discount of $92,976.54); subject to the terms of a bond purchase agreement (the "Purchase Agreement") between the State and Jefferies LLC, on behalf of itself and as representative of RBC Capital Markets, LLC (together, the "Underwriters"). The Purchase Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased and that the obligation of the Underwriters to accept and pay for the Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters.

The initial offering prices or prices corresponding to the yields set forth on the inside cover of this Official Statement may be changed from time to time by the Underwriters without prior notice to any person. The Underwriters may offer and sell the Bonds to certain dealers, unit investment trusts, or money market funds at prices lower than the initial offering prices or prices corresponding to the yields set forth on the inside cover of this Official Statement.

The Underwriters and their affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, financial advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the State. The Underwriters and their affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their affiliates may also communicate independent investment recommendations, market color, or trading ideas and publish independent research views in respect of this securities offering or other offerings of the State.

CONTINUING DISCLOSURE

Annual audited financial statements of the State will be available upon request from the Department of Revenue. The State has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data (the "Annual Disclosure Report") within seven months after the end of each fiscal year, commencing January 31, 2024 for the Annual Disclosure Report for the fiscal year ending June 30, 2023, and to provide notices of the occurrence of certain enumerated events. A form of document specifying the nature of the information to be contained in the Annual Disclosure Report or the notices of certain events is set forth in Appendix D hereto. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule").

The State of Alaska has not yet released its ACFR for Fiscal Year 2022. The State anticipates that the ACFR may be released and that the annual reports may be filed after the date of the Official Statement.

A failure by the State to comply with the undertaking pursuant to the Rule will not constitute a default under the Resolution. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by a broker-dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds or their market price.

The State has developed procedures to help its compliance with its continuing disclosure obligations in all material respects. Although there have been instances of technical deficiencies with its previous undertakings, the State has established appropriate written policies and procedures, including trainings and identifying a designated point of contact to help facilitate future compliance with Rule 15c2-12.

MISCELLANEOUS

The Bonds qualify as collateral for State funds deposited by the Department of Revenue.

The purpose of this Official Statement is to supply information to prospective purchasers of the Bonds. Quotations from and summaries and explanations of the Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements as to their provisions. This Official Statement is not intended to be a contract or agreement between the State and the purchasers and owners of the Bonds. This Official Statement may not be reproduced or used, in whole or in part, for any purpose other than in connection with the issuance and sale of the Bonds.

All data contained herein, including the appendices hereto, have been taken from State records unless attributed to a specific source. Insofar as any statements contained in this Official Statement involve matters of estimates, projections, forecasts or matters of opinion, whether or not expressly stated, they are set forth as such and are not to be construed as representations of fact.

The appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

EXECUTION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been authorized by the State.

STATE OF ALASKA

By */s/ Ryan S. Williams*

Ryan S. Williams
Debt Manager,
State of Alaska
For the State Bond Committee

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

SUMMARY INFORMATION REGARDING THE ECONOMY OF THE STATE

[THIS PAGE INTENTIONALLY LEFT BLANK]

INFORMATION CONCERNING THE STATE OF ALASKA AND THE STATE'S ECONOMY

The information concerning the State of Alaska ("Alaska" or the "State") set forth in this Appendix is dated as of the date of the Official Statement. The information contained herein is subject in all respects to the complete text of the financial reports referenced. The information contained herein has been obtained from sources that the State believes to be reliable but is not guaranteed as to accuracy.

The outbreak of the 2019 novel coronavirus ("COVID-19") is a significant event that has had and will continue to have ongoing, material effects on the State. Although the effects of COVID-19 cannot be predicted with certainty, COVID-19 and related social distancing measures implemented in response to COVID-19 have had and are expected to continue to have a material adverse effect on the global economy and financial markets; economic activity within the State, including the oil and gas, tourism, seafood and healthcare industries, among others; revenues collected by the State; and the value of the Alaska Permanent Fund and Earnings Reserve. Historic information in this Official Statement about the finances and operations of the State that predates the outbreak of COVID-19 should be considered in light of the possible effects the COVID-19 outbreak may have on the current and future finances and operations thereof. Any budgets or projections that have been updated since the outbreak of COVID-19 should be considered in light of the possible further negative impact from the COVID-19 outbreak. On December 15, 2022, the Department of Revenue's Tax Division issued its Fall 2022 Revenue Sources Book and Forecast (the "Fall 2022 Revenue Forecast" or "Fall 2022 Revenue Sources Book"), which provides updated projections that reflect certain impacts from the COVID-19 outbreak and is described in this Official Statement. The Fall 2022 Revenue Forecast and any other budget and projection information and all other forward-looking statements in this Official Statement were based on expectations as of the date thereof and are not intended as representations of fact or guarantees of results. Any such forward-looking statements are inherently subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated, or projected.

For a discussion of COVID-19 see "INFORMATION CONCERNING THE STATE OF ALASKA – Infectious Disease Outbreak – COVID-19" and "SPECIAL INVESTOR CONSIDERATIONS – Infectious Disease Outbreak."

State of Alaska

The key drivers of the Alaska economy include natural resource development, federal (including national defense) and State government, seafood, and tourism. Approximately 24.2 percent of the State's total nonfarm employment is derived from government (including federal, state, and local). Other major industries in Alaska include the educational (private) and health services industry, making up 15.7 percent, trade, transportation, and utilities, making up 20.0 percent and the leisure and hospitality industry, making up 10.8 percent of total nonfarm employment. The State's major exports are oil, seafood (primarily salmon, halibut, cod, pollock, and crab), coal, gold, silver, zinc, and other minerals (Alaska Department of Labor and Workforce Development, Research & Analysis, Employment Statistics; 2022 Annual Average).

Population

Alaska's Statewide population of 736,556 (2022 estimate) has increased in each of the last three calendar years; however, the State's population remains below the recent peak of an estimated 739,649 residents in July 2016.

The following table summarizes the State's population since 2013, as well as the estimated population in each of the State's regions.

Population of Alaska by Region, 2013-2022

Area Name	Estimate July 2013	Estimate July 2014	Estimate April 2015	Estimate July 2016	Estimate July 2017	Estimate July 2018	Estimate July 2019	Census Estimate July 2020	Estimate July 2021	Estimate July 2022
Alaska	736,077	736,416	736,989	739,649	737,783	734,055	731,007	733,391	736,105	736,556
Anchorage / Mat-Su Region	396,899	398,151	398,597	401,582	402,110	399,902	398,283	398,328	399,496	401,562
Gulf Coast Region	80,495	80,785	80,937	81,062	80,763	80,806	80,866	81,619	81,700	82,481
Interior Region	114,552	113,019	112,888	113,235	112,020	110,904	109,847	109,425	111,552	110,588
Northern Region	27,545	27,486	27,783	27,780	27,716	27,627	27,432	28,870	28,342	27,774
Southeast Region	74,319	74,437	74,278	73,742	72,941	72,657	72,373	72,286	72,683	72,218
Southwest Region	42,267	42,538	42,506	42,248	42,233	42,159	42,206	42,863	42,332	41,933

Source: US Census Bureau for 2020 Census Estimate, and Alaska Department of Labor and Workforce Development, Research and Analysis Section for July 2013 through 2019 and 2021 through 2022 Estimate.

Income

In 2020, Alaska had a per capita personal income of $64,780, an increase from the 2010 per capita personal income of $45,529. For 2020, Pandemic relief programs also increased Alaska's per capita income, which is total personal income divided by the number of residents. It rose from $62,629 per person in 2019 to $64,780 in 2020.[1]

In 2018, consumer prices increased 3 percent, which was the highest inflation rate in five years and the first time in three years that Alaska's costs increased faster than the U.S. One of the largest contributors to the 2018 increase was medical care, which tends to run higher than the overall index. In 2019, the average inflation rate for Alaska (revised to CPI for Urban Alaska, formerly Municipality of Anchorage) was 1.4 percent. In 2020, the average inflation rate for Alaska was -1.1%, falling for the first time since at least 1961 as demand for many goods and services were impacted by the COVID-19 pandemic, and potentially the State's first year of deflation. In 2021, the average inflation rate for Urban Alaska was 4.9%, the highest annual price increase since 1990, compared to the U.S. city average of 4.7 percent.[2]

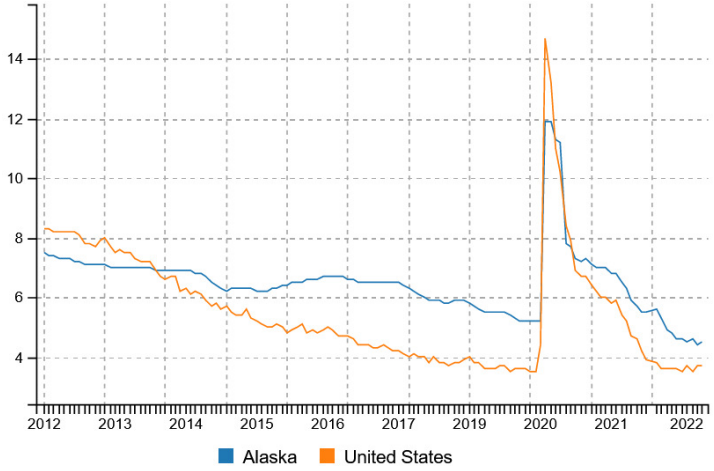
The cost of living in Alaska remains significantly higher than the national average. According to the first quarter 2022 index for professional households, comparing cities' costs to the U.S. average, the cost of living in Anchorage, Fairbanks, and Juneau, in comparison to the total index is approximately 130.1, 124.4, and 127.5 percent, respectively, more expensive than the average index of the U.S.[3]

Employment

Data of the Alaska Department of Labor and Workforce Development shows the unemployment rate (seasonally adjusted, preliminary) for Alaska for November 2022 was 4.5 percent, as compared to a national unemployment rate for the same period of approximately 3.7 percent.[4]

[1] Alaska Department of Labor and Workforce Development, Alaska Economic Trends, April 2021.
[2] Alaska Department of Labor and Workforce Development and US Bureau of Labor Statistics.
[3] Alaska Department of Labor and Workforce Development, Alaska Economic Trends, July 2022.
[4] Alaska Department of Labor and Workforce Development and US Bureau of Labor Statistics.

Seasonally Adjusted Unemployment Rates Alaska and the U.S.
January 2012 to November 2022



The largest employment sector in Alaska is Government comprised of federal, State and local government employees. Government employment on average for calendar year 2022 was 77,000. The largest non-government sector of employment was Trade, Transportation and Utilities with 63,800. The table below provides a summary of the employment of the Alaska labor force by industry.

[Remainder of page intentionally left blank.]

Statewide Jobs, by industry – Annual Average, 2021 and 2022

	2021[1]	2022[1]	Change (2021-2022)
Total Nonfarm[2]	310,200	318,500	2.7%
Mining and Logging	10,500	10,900	3.8%
Oil and Gas	6,700	7,000	4.5%
Construction	15,900	16,300	2.5%
Manufacturing	12,200	12,400	1.6%
Trade, Transportation, Utilities	61,000	63,800	4.6%
Wholesale Trade	6,200	6,200	0.0%
Retail Trade	34,300	34.900	1.7%
Transportation, Warehousing and Utilities	20,500	22,700	10.7%
Information	4,800	4,800	0.0%
Financial Activities	10,800	11,000	1.9%
Professional and Business Services	26,400	27,100	2.7%
Educational and Health Services	50,500	49,900	-1.2%
Health Care	38,900	38,700	-0.5%
Leisure and Hospitality	30,400	34,300	12.8%
Other Services	10,400	10,900	4.8%
Government	77,200	77,000	-0.3%
Federal, except military	15,100	14,900	-1.3%
State, incl. University of Alaska	22,600	22,000	-2.7%
Local and Tribal, incl. public schools	39,500	40,100	1.5%

1 Preliminary and adjusted estimates.
2 Excludes the self-employed, uniformed military, most commercial fishermen, domestic workers, and unpaid family workers.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis.

Federal Spending

Federal spending has a significant impact on Alaska's economy. Federal funds contribute to military and federal government employment, as well as provide support for specific in-state programs and projects. In many cases, State funds are also used to leverage federal funds in matching programs helping to improve Alaskan communities.

According to Pew Trusts, in federal fiscal year 2019, federal spending in Alaska comprised 42.7 percent of total State revenue, with 20.5 percent from taxes, 8.3 percent from service charges, 0.1 percent from local sources, and 28.5 percent from miscellaneous sources.

Oil and Gas[1]

According to a study completed by McDowell Group, Inc. for the Alaska Oil and Gas Association (January 2020), the primary oil and gas companies employed 4,111 Alaska residents earning $983 million in wages in 2018. Alaska residents represent 84 percent of primary company total hire in Alaska. Based on the 2020 report, and wage and salary data from the Alaska Department of Labor and Workforce Development, the oil and gas industry taxes and royalty accounts for 24 percent of all State revenue.

[1] McDowell Group, Inc. (January 2020). The Role of the Oil and Gas Industry in Alaska's Economy. Alaska Oil and Gas Association. Retrieved from https://www.mcdowellgroup.net/wp-content/uploads/2020/01/mcdowell-group-aoga-report-final-1-24-2020.pdf

Government[1]

Government was responsible for 77,000 jobs on average in calendar year 2022, almost a quarter of all nonfarm employment in the State. This sector encompasses occupations in all industries, including teachers, builders, deckhands, and scientists.

Local government employment has remained stable from 2013 to 2022. Local government administrations and school districts represent the largest employers of that sector and accounted for approximately 12.6 percent of total nonfarm employment, which includes tribal government. State government employment accounted for approximately 6.9 percent of total nonfarm employment.

Federal government was responsible for 14,900 jobs on average in calendar year 2022, representing approximately 4.7 percent of total nonfarm employment.

Health Care[2]

Health care employed approximately 38,700 people on average in 2022. In 2017, health care practitioners and technicians made an average wage of $98,020 in Alaska, making Alaska the highest paying state for these jobs overall, followed by Hawaii and California. The national health care wage average was $80,760.

The growing population of elderly Alaskans increased demand for services. Although only 7.7 percent of Alaskans are over 65 compared to the nation's 13 percent, the 65-plus group grew by 54 percent between 2000 and 2010, compared to 13 percent nationally. As the industry expanded and more health care choices emerged, more of Alaska's health care spending remained in-State. In 1990, health care accounted for 4 percent of Alaska's wage and salary employment versus 7 percent for the nation. By 2010, that difference narrowed to 9.3 percent for Alaska and 10.6 percent nationwide.

Fisheries

Approximately 5.7 billion pounds of seafood worth $2.0 billion was harvested on average in 2019. Processors turned this harvest into 2.8 billion pounds of product worth $4.7 billion. Alaska produces approximately two-thirds of the nation's seafood harvest in a typical year and is home to nine of the top twenty U.S. fishing ports by value and eight of the top twenty by volume.[3]

In 2019, Alaska seafood was sold in 100 countries around the world. Export markets typically account for approximately two-thirds of sales value, while the U.S. market accounts for the remaining one-third. Just under one million metric tons, or 2.2 billion pounds, of Alaska seafood was exported in 2019, bringing an estimated $3 billion in new money from foreign buyers into the U.S. economy.[3]

Salmon is the most valuable commercial species, making up 37 percent of first wholesale value, with Alaskan Pollock second making up 35 percent of first wholesale value.[3]

Alaska's seafood was harvested, and processed, by 160 shore-based processing facilities, 52 catcher-processors, approximately 30 floating processors, and various other participants in 2019. This subsector employed 20,244 workers at peak monthly employment, and 9,095 workers on average annually. Seafood processing is Alaska's largest manufacturing subsector, accounting for roughly 70 percent of all manufacturing employment in Alaska.[3]

---

[1] Alaska Department of Labor and Workforce Development, Research and Analysis Section.
[2] Alaska Department of Labor and Workforce Development.
[3] Economic Value of the Alaska Seafood Industry, McKinley Research. January 2022, retrieved from https://www.alaskaseafood.org/wp-content/uploads/MRG_ASMI-Economic-Impacts-Report_final.pdf.

In 2019, the top ports ranked by value in Alaska were Naknek ranked first ($289 million), Dutch Harbor ranked second ($190 million), Aleutian Islands ranked third ($142 million), Kodiak ranked fourth ($120 million), Alaska Peninsula ranked fifth ($75 million).

The effects of COVID-19 have impacted Alaska's fishing and seafood industry within the State through diminishing participation in all related seafood industry subsectors including harvesters, processors, and stalled demand from the foodservice sector as restaurants were closed. The nature of the impact to Alaska's fishing and seafood industry is likely to evolve over the next several years.

Mining

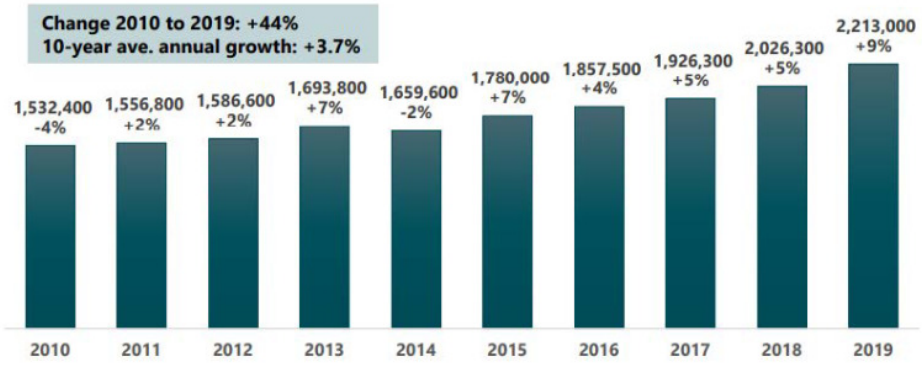
Alaska's mining industry includes exploration, mine development, and production. The industry produces zinc, lead, copper, gold, silver, coal, as well as construction minerals such as sand, gravel, and rock. Alaska's seven largest operating mines are Fort Knox, Greens Creek, Red Dog, Usibelli, Gil Satellite Ore, Pogo, and Kensington, and provided nearly 5,400 full-time jobs of the nearly 10,900 direct and indirect jobs attributed to the mining industry in Alaska in calendar year 2022. The export value of Alaska's primary produced metals was $2.1 billion, or 35% of Alaska's total exports in 2021[1].

Tourism[2]

The Alaska Summer 2019 visitor volume of 2,213,000 was the fifth consecutive summer of growth, at that time, and the largest single year growth in the last decade. By transportation market for Summer 2019, 60.2 percent traveled by cruise ship, 35.7 percent were air visitors, and 4.1 percent were highway / ferry visitors. The following chart shows Summer visitor volume for the 2010-2019 seasons.

The effects of COVID-19 have impacted tourism activity within the State and have largely diminished, and in some cases prohibited, certain modes of travel (for example, large cruise vessels) to and from the State during calendar year 2020, and the nature of the impact is likely to evolve over the next several years.

Chart 4. Alaska Visitor Volume, Summers 2010-2019



Source: McDowell Group, Alaska Visitor Volume Winter 2018-19 & Summer 2019, June 2020 Report

Retail[3]

A number of new chain and homegrown retailers opened in Alaska during the past two decades.

[1] The Economic Benefits of Alaska's Mining Industry, McKinley Research Group report for the Alaska Miners Association. 2021.
[2] McDowell Group, Inc. report for ATIA on Alaska's Visitors Volume, Winter 2018-19 and Summer 2019.
[3] Alaska Economic Trends, September 2011 and January 2014, Decade in Review, 2000-2010.

Since 2000, the following retailers opened stores in the State: Kohl's, Walmart, Best Buy, Target, Sportsman's Warehouse, Petco, Bed Bath and Beyond, and Walgreens. The retail sector provided 34,900 jobs on average in Alaska in 2022.

Transportation[1]

Given the geography of the State, Alaskans rely on aviation and marine transportation to move people and goods. Although the State is the largest state in terms of area, it has the fifth-lowest road mileage in the U.S. The primary reasons for the low road miles in the State are (i) the majority of people live in the urbanized areas and (ii) extreme weather, rugged terrain, vast distances, low population density and scattered islands make road construction difficult and costly compared to the number of users. Many remote communities are connected to the rest of the State and the rest of the world, through waterways or airports, rather than roads.

Most goods shipped to and from the State move by way of intermodal transportation systems. Most food, household items and consumer goods shipped from the lower 48 states of the U.S. to the State generally arrive by container ship, barge or roll-on, roll-off vessel. Upon arriving in the State, freight bound for destinations connected by the highway system are transported by truck or by rail on the Alaska Railroad. Freight bound for remote destinations is flown from Anchorage or Fairbanks to the remote communities. Heavy or bulk commodities are most often moved by barge to remote communities where seasonal barge service is available.

Given the size, geography and population distribution in the State, air transportation is critical for the State's economy and the health, safety and welfare of all Alaskans. The State owns about 252 rural airports, in addition to Ted Stevens Anchorage International Airport ("ANC") and Fairbanks International Airport. ANC serves as the primary passenger airport in the State and is an important cargo airport globally. In terms of cargo levels, ANC was ranked as the number two cargo airport in North America and as the number four cargo airport in the world by Airports Council International in calendar year 2021. In fiscal year 2021, all-cargo certificated maximum gross takeoff weight (measured in 1,000 lb. units) increased to 34,719,317, a level that has not been breached since 2000. In fiscal year 2021, passenger activity at ANC (including passenger enplanements, passenger deplanements and in-transit passengers) was approximately 3.00 million, as compared to 5.69 million in 2019 (last full year prior to COVID-19). [2]

The State's ports and harbors are an important element of the State's economy, providing for the import and export of goods. Port and harbor facilities provide an economic base for those communities dependent on marine resource utilization such as fishing and recreational use. They are an essential link to the State's resources, including fisheries, oil, natural gas, mineral resources and recreational activities.

The Alaska Marine Highway System ("AMHS") is a critical part of the State's transportation system and the service it provides is part of the National Highway System. AMHS serves the State ports by transporting passengers and vehicles between coastal communities. This service helps meet the social, educational, health and economic needs of Alaskans.

The Alaska Railroad operates a total of 656 miles of railway miles in the State, consisting of 467 miles of main line, 54 miles of branch line and 135 miles of yards and sidings. The Alaska Railroad plays an important economic role. In 2021, the Alaska Railroad carried 2.5 million tons of freight and 200,381 passengers. As of 2021, the railroad employed 609 year-round employees, and approximately 120 additional employees are hired for additional summer activity.[3]

[1] Alaska State Transportation Plan, adopted February 29, 2008.
[2] Alaska International Airports System, Statistics, http://www.dot.alaska.gov/aias/assets/AIAS_Statistics.pdf.
[3] Alaska Railroad Corporation, https://www.alaskarailroad.com/sites/default/files/Communications/2022_FCTSHT_ARRC_Quick_Facts_or.pdf

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

STATE OF ALASKA "GENERAL PURPOSE FINANCIAL STATEMENTS" FROM THE ANNUAL COMPREHENSIVE FINANCIAL REPORT,
Fiscal Year Ended June 30, 2021

The annual financial report for the State contained in Appendix B hereto is historical information that presents the State's financial position as of June 30, 2021. This report reflects historical performance. The financial performance of the State reflected in such report cannot be relied upon as a reliable indicator of subsequent performance. Historical trends cannot be used to anticipate results or trends in future periods.

[THIS PAGE INTENTIONALLY LEFT BLANK]

State of Alaska

Annual Comprehensive Financial Report

For the Fiscal Year
July 1, 2020 - June 30, 2021

Prepared by:
Department of Administration
Division of Finance

The FY 2021 ACFR is expected to be available on or after March 4, 2022 on our Internet web site at http://doa.alaska.gov/dof/reports/annualreport.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



This page intentionally left blank.

STATE OF ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS

	Page	Statement
INTRODUCTORY SECTION		
Letter of Transmittal	i	
Exhibits	viii	
Organizational Chart	xii	
Functions of State Departments	xiii	
Alaska State Legislature	xvi	
FINANCIAL SECTION	**1**	
INDEPENDENT AUDITOR'S REPORT	**3**	
MANAGEMENT'S DISCUSSION AND ANALYSIS	**9**	
BASIC FINANCIAL STATEMENTS:	**19**	
Government-wide Financial Statements	**21**	
Statement of Net Position	22	1.01
Statement of Activities	24	1.02
Fund Financial Statements		
Governmental Funds	**27**	
Balance Sheet	28	1.11
Reconciliation of the Balance Sheet to the Statement of Net Position	29	1.12
Statement of Revenues, Expenditures, and Changes in Fund Balances	30	1.13
Reconciliation of the Change in Fund Balances to the Statement of Activities	31	1.14
Proprietary Funds	**33**	
Statement of Net Position	34	1.21
Statement of Revenues, Expenses, and Changes in Fund Net Position	37	1.22
Statement of Cash Flows	38	1.23
Fiduciary Funds	**41**	
Statement of Fiduciary Net Position	42	1.31
Statement of Changes in Fiduciary Net Position	43	1.32
Component Units	**45**	
Statement of Net Position	46	1.41
Statement of Activities	48	1.42
Notes to the Basic Financial Statements	**51**	
REQUIRED SUPPLEMENTARY INFORMATION:	**163**	
Budgetary Comparison Schedule - General Fund	164	2.01
Note to Required Supplementary Information - Budgetary Reporting	165	
Information about the State's Pension and Other Postemployment Benefit Plans	166	2.10 - 2.53

STATE OF ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS

SUPPLEMENTARY INFORMATION

COMBINING FUND STATEMENTS:	**207**	
Governmental Funds		
General Fund	**209**	
Combining Balance Sheet	215	3.01
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	216	3.02
Nonmajor Governmental Funds	**217**	
Combining Balance Sheet	218	3.11
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	219	3.12
Permanent Funds	**221**	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	222	3.23
Nonmajor Special Revenue Funds	**223**	
Combining Balance Sheet	226	3.31
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	228	3.32
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	230	3.33
Nonmajor Debt Service Funds	**237**	
Combining Balance Sheet	238	3.41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	239	3.42
Nonmajor Capital Projects Funds	**241**	
Combining Balance Sheet	242	3.51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	243	3.52
Proprietary Funds		
Nonmajor Enterprise Funds	**245**	
Combining Statement of Net Position	248	4.01
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	249	4.02
Combining Statement of Cash Flows	250	4.03
Commercial and Energy Assistance Enterprise Funds		
Combining Statement of Net Position	252	4.11
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	254	4.12
Combining Statement of Cash Flows	256	4.13
Other Agencies Enterprise Funds		
Combining Statement of Net Position	258	4.21
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	259	4.22
Combining Statement of Cash Flows	260	4.23
Internal Service Funds	**263**	
Combining Statement of Net Position	264	4.31
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	265	4.32
Combining Statement of Cash Flows	266	4.33

STATE OF ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS

Fiduciary Funds	268	
Pension and Other Employee Benefit Trust Funds		
Combining Statement of Fiduciary Net Position	270	5.01
Combining Statement of Changes in Fiduciary Net Position	272	5.02
Custodial and Investment Trust Funds		
Combining Statement of Fiduciary Net Position	274	5.11
Combining Statement of Changes in Fiduciary Net Position	275	5.12
Component Units		
Nonmajor Component Units	**277**	
Combining Statement of Net Position	278	6.01
Combining Statement of Activities	280	6.02
		Schedule
STATISTICAL SECTION	**283**	
Financial Trends		
Net Position by Component	287	A-1
Government-wide Expenses, Program Revenues, and Net (Expense) Revenue	288	A-2
Government-wide General Revenues and Other Changes in Net Position	290	A-3
Fund Balances, Govermental Funds	291	A-4
Changes in Fund Balances, Governmental Funds	292	A-5
Revenue Capacity		
Alaska Permanent Fund Investment Income	295	B-1
Oil Severance Taxes	296	B-2
Oil Royalties	298	B-3
Debt Capacity		
Ratios of Outstanding Debt by Type	300	C-1
Pledged-Revenue Coverage	301	C-2
Demographic and Economic Information		
Statistics	302	D-1
Employment by Industry	303	D-2
Operating Information		
Full-time Equivalent Government Employees by Function	305	E-1
Operating Indicators by Function	306	E-2
Capital Asset Statistics by Function	308	E-3
INDEX OF FUNDS	**311**	
LEGEND OF ACRONYMS	**317**	



This page intentionally left blank.

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Administration
PAULA VRANA, COMMISSIONER
10th Floor State Office Building
P.O. Box 110200
Juneau, Alaska 99811-0200
Main: 907.465.2200
Fax: 907.465.2135
www.doa.alaska.gov/dof

March 4, 2022

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 Annual Comprehensive Financial Report (ACFR) of the State of Alaska for the fiscal year ending June 30, 2021. 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 ACFR 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 ACFR 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, 2021, are free of material misstatement. The audit involved examining, on a test basis, evidence

supporting the amounts and disclosures in the ACFR, assessing the accounting principles used, and evaluating the overall financial statement presentation.

In addition to the annual audit of the State's ACFR, 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 ACFR, 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 $4.9 billion, which makes up 68.1 percent of revenues. Revenue related to taxes decreased from 16.7 percent to 13.4 percent and rents and royalties decreased from 11.9 percent to 10.5 percent of all General Fund Revenues. Interest and investment income was $124.8 million or 1.7 percent of all General Fund revenues. Overall General Fund revenues increased $1,122.8 million or 18.5 percent from FY 2020 to FY 2021.

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

Revenue Source	FY 2021	Percent	FY 2020	Percent
Taxes	$ 963.3	13.4 %	$ 1,010.0	16.7 %
Rent and Royalties	751.9	10.5	721.7	11.9
Interest and Investment Income/(Loss)	124.8	1.7	274.0	4.5
Federal	4,893.6	68.1	3,615.9	59.6
Miscellaneous	453.2	6.3	442.3	7.3
Total Revenue	$ 7,186.8	100.0 %	$ 6,063.9	100.0 %

The total expenditures charged against General Fund appropriations during FY 2021 amounted to $11.48 billion, an increase of $1.65 billion from FY 2020. Overall, the increase is attributable to an increase in funds received related to COVID-19, as well as the reversal of the FY 2020 Power Cost Equalization Fund Sweep. Expenditures by department are compared with the prior year in the following table:

Department Expenditures (stated in millions)	FY 2021	Percent	FY 2020	Percent
Office of the Governor	29.5	0.3 %	$ 65.1	0.7 %
Administration	1,457.5	12.7	378.3	3.8
Law	58.1	0.5	63.7	0.6
Revenue	745.3	6.5	1,144.3	11.6
Education and Early Development	1,669.2	14.4	1,666.6	17.0
Health and Social Services	3,641.1	31.7	3,025.2	30.8
Labor and Workforce Development	191.8	1.7	122.2	1.2
Commerce, Community, and Economic Development	1,003.2	8.7	614.2	6.2
Military and Veterans' Affairs	112.1	1.0	85.2	0.9
Natural Resources	150.9	1.3	267.0	2.7
Fish and Game	145.0	1.3	137.2	1.4
Public Safety	201.2	1.8	176.5	1.8
Environmental Conservation	100.0	0.9	88.6	0.9
Corrections	342.1	3.0	348.9	3.5
Transportation and Public Facilities	1,133.4	9.9	1,107.8	11.3
Legislature	62.7	0.5	63.9	0.7
Debt Service	39.2	0.3	50.6	0.6
Alaska Court System	109.6	1.0	110.7	1.1
University	287.3	2.5	312.9	3.2
Total Expenditures	$ 11,479.2	100.0 %	$ 9,828.9	100.0 %

Major Industry

Alaska North Slope oil prices averaged approximately $54 per barrel during FY 2021. The Alaska Department of Revenue's most recent forecast was $61 per barrel for FY 2022 and $62 per barrel for FY 2023. Forecasting oil prices is inherently difficult and very uncertain.

Oil prices were relatively stable, generally between $40 and $50 per barrel, during the first half of FY 2021 following a temporary price crash and pandemic driven demand destruction in Spring 2020. The second half of FY 2021 saw prices steadily rising to over $70 as demand increased and the economy recovered. Uncertainty remains about future prices.

In terms of oil production, output has stabilized over the past several years, averaging slightly below 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. These new developments still have uncertainty and face hurdles prior to receiving final investment decision approvals. For example, in August 2021 a federal court reversed a key environmental approval

for Willow, and also in August 2021 an acquisition was announced of Oil Search, the Pikka unit developer.

Efforts to monetize the world-class natural gas resources on Alaska's North Slope continue. The Alaska Gasline Development Corporation (AGDC) is an independent, public corporation of the State of Alaska, with a legal existence separate and distinct from the State of Alaska. AGDC currently has the overall responsibility of developing a project to monetize Alaska's vast North Slope natural gas. AGDC is leading the development of the Alaska LNG Project and has received all 36 major federal and state permits required to construct the project and export 20 million tons per annum of LNG from Alaska. The project consists of three subprojects designed to export North Slope gas from the Prudhoe Bay and Point Thomson Units through a Gas Treatment Plant, a Mainline Pipeline, and a Liquefaction Facility in Nikiski, Alaska. AGDC is working towards a model where the private sector will lead the Alaska LNG Project and is currently working with strategic parties who have a combined market capitalization exceeding $1.25 trillion. These private sector entities include buyers of LNG, parties interested in investing the project, and parties interested in building, owning, and operating portions of the project.

Long-term Financial Planning

As of June 30, 2021, the State's General Obligation debt ratings were AA-/A+/Aa3 from S&P Global Ratings (S&P), Fitch Ratings (Fitch), and Moody's Investors Service, Inc. (Moody's), respectively. The outlook on S&P and Moody's ratings is stable, and the outlook on the Fitch rating is negative. On April 22, 2021, Moody's revised the State of Alaska's outlook to stable from negative. On May 4, 2021, S&P revised the State of Alaska's outlook to stable from negative.

Net position at June 30, 2021 of the two largest pension funds, the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems' funds, were $24.6 billion and $11.5 billion, respectively. The funding status for PERS and TRS pensions and postemployment healthcare as of the June 30, 2020 actuarial valuations indicated the actuarial accrued liabilities were 63.6 percent pensions and 113.5 percent postemployment funded for PERS, and 75.0 percent pension and 121.4 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).

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. Although revenue trends are improving, through an increase in the price of oil and market conditions, fiscal restructure is needed to avoid savings balances declining below the amount necessary to manage cashflow.

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 1991 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 1993 and FY 2005, 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 2010. In FY 2021 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 2021 the amount to be repaid is $1.79 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,

// SIGNATURE ON FILE //	// SIGNATURE ON FILE //	// SIGNATURE ON FILE //
Paula Vrana	Hans Zigmund	Mallorie Fagerstrom, CPA
Commissioner	Director	State Accountant
Department of Administration	Division of Finance	Division of Finance

EXHIBIT 1

STATE OF ALASKA
GENERAL FUND
REVENUE SOURCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

7,188
(Millions)

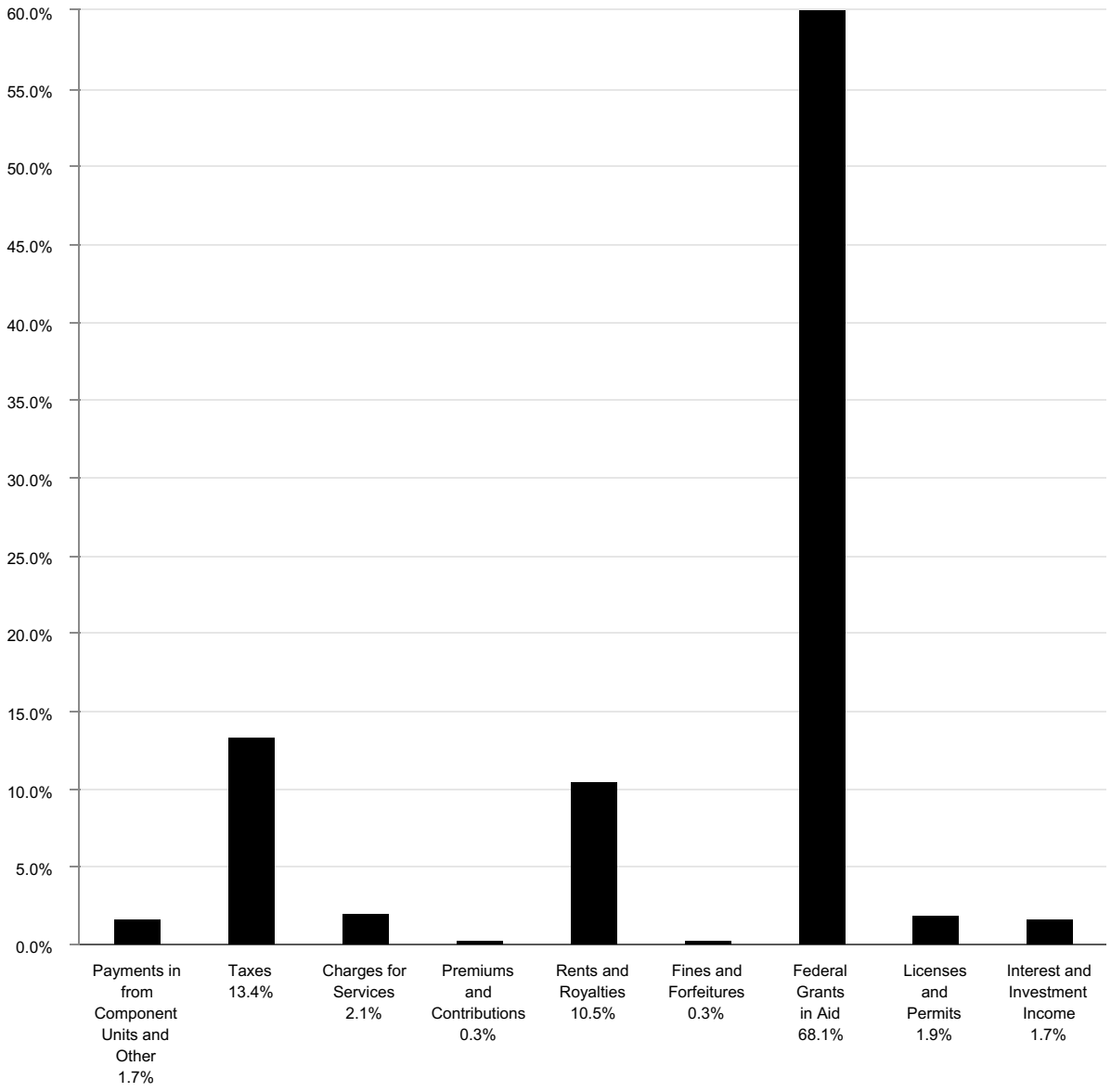


EXHIBIT 2

STATE OF ALASKA
GENERAL FUND
EXPENDITURES BY FUNCTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

$11,500
(Millions)

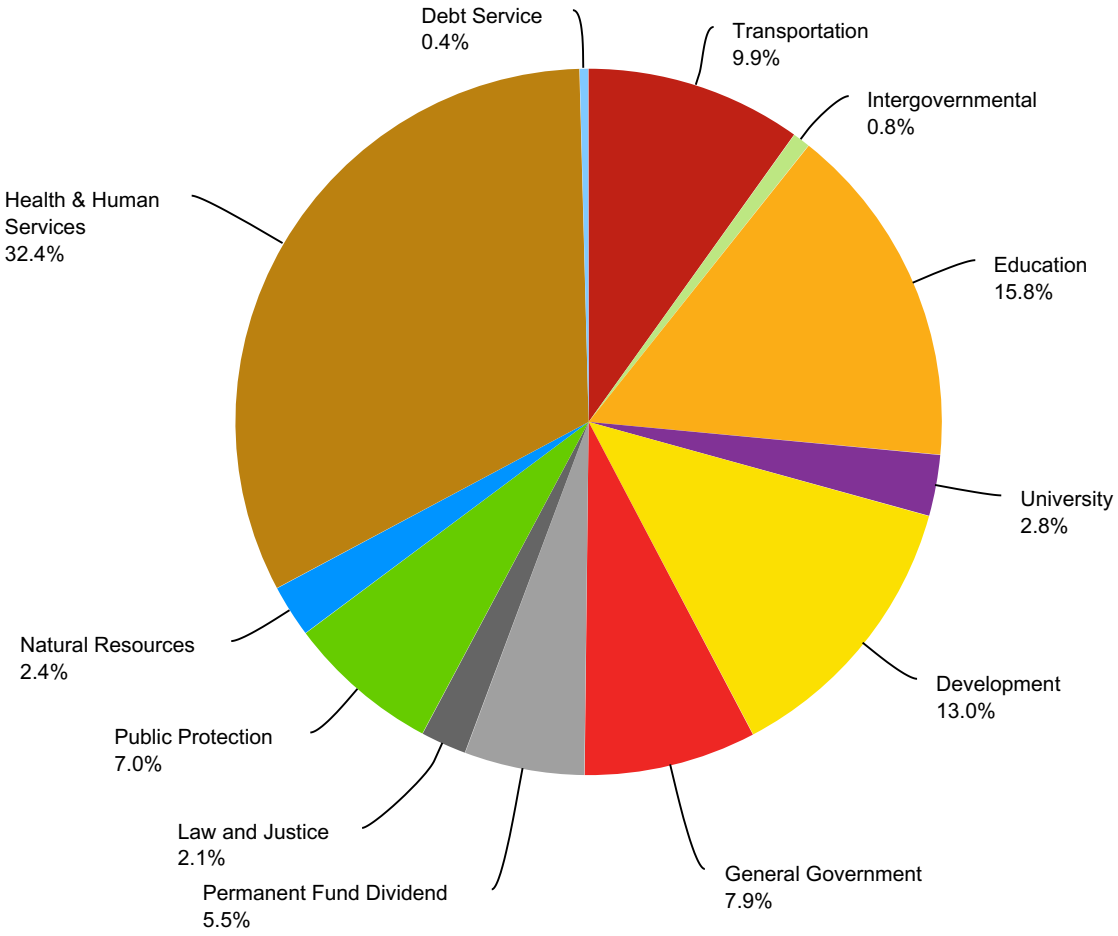


EXHIBIT 3

STATE OF ALASKA
GENERAL FUND
EXPENDITURES AND REVENUES

TEN YEAR COMPARISON
FOR THE FISCAL YEARS 2012 THROUGH 2021

(Stated in Billions)

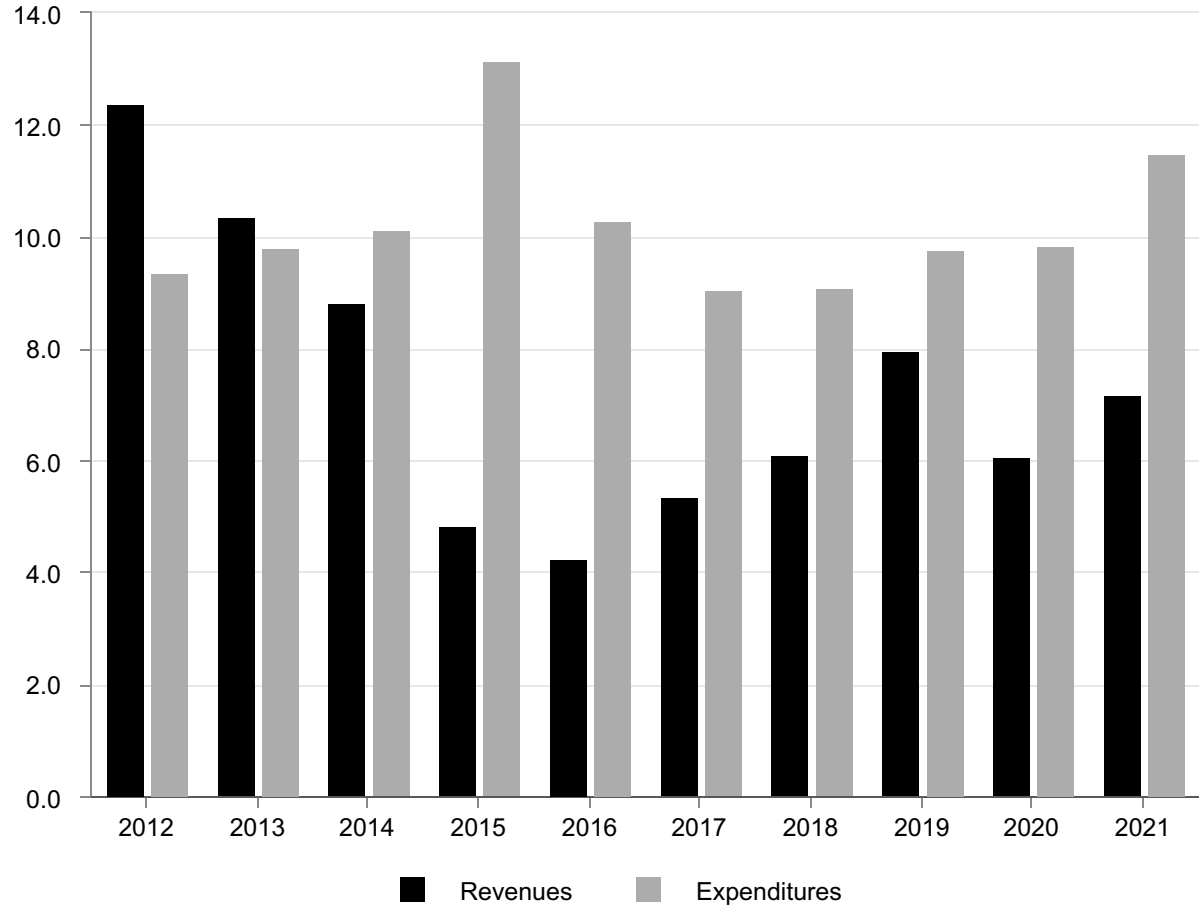
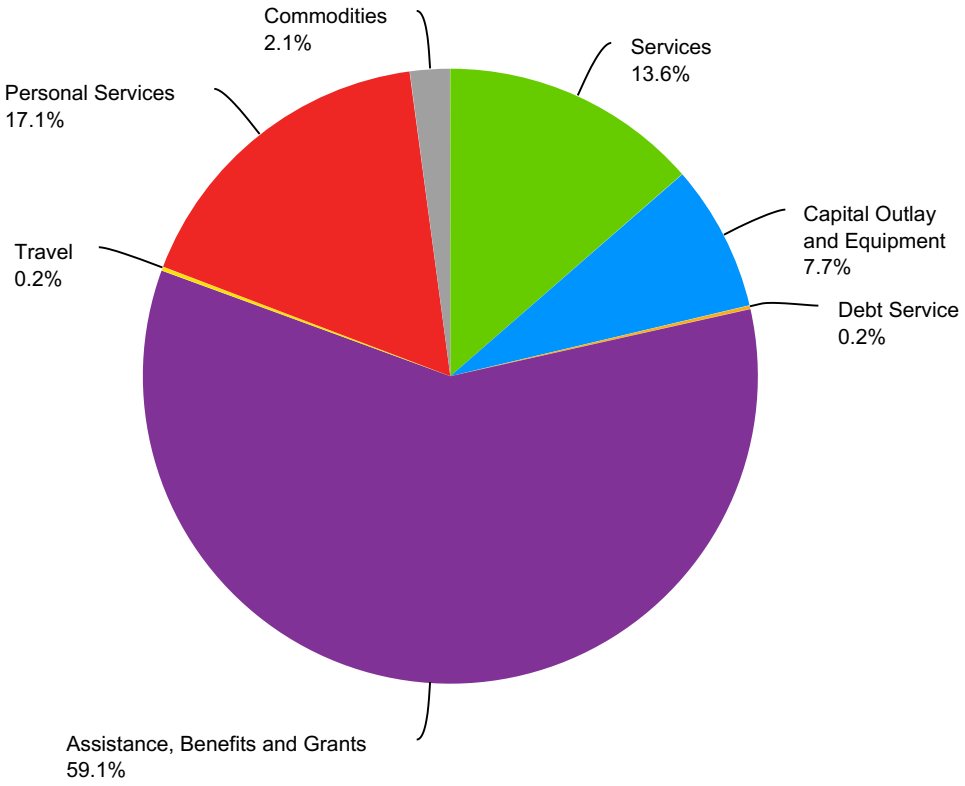


EXHIBIT 4

STATE OF ALASKA
GENERAL FUND
EXPENDITURES BY ACCOUNT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021



STATE OF ALASKA ORGANIZATION CHART

As of June 30, 2021



LEGISLATIVE BRANCH

LEGISLATURE

House of Representatives
Louise Stutes
House Speaker

Senate
Peter Micciche
Senate President

EXECUTIVE BRANCH

GOVERNOR
Michael J. Dunleavy

LIEUTENANT GOVERNOR
Kevin Meyer

JUDICIAL BRANCH

ALASKA COURT SYSTEM

JUDICIAL COUNCIL

SUPREME COURT
Joel Bolger
Chief Justice

APPELLATE COURT
SUPERIOR COURT
DISTRICT COURT

OFFICE OF THE GOVERNOR
Randy Ruaro
Chief of Staff

ADMINISTRATION
Amanda Holland
Acting Commissioner

FISH AND GAME
Doug Vincent-Lang
Commissioner

MILITARY AND VETERANS AFFAIRS
Major General Torrence Saxe
Commissioner

COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
Julie Anderson
Commissioner

HEALTH AND SOCIAL SERVICES
Adam Crum
Commissioner

NATURAL RESOURCES
Corri A. Feige
Commissioner

CORRECTIONS
Nancy Dahlstrom
Commissioner

LABOR AND WORKFORCE DEVELOPMENT
Dr. Tamika L. Ledbetter
Commissioner

PUBLIC SAFETY
James Cockrell
Commissioner

EDUCATION AND EARLY DEVELOPMENT
Dr. Michael Johnson
Commissioner

LAW
Treg R. Taylor
Attorney General

REVENUE
Lucinda Mahoney
Commissioner

ENVIRONMENTAL CONSERVATION
Jason W. Brune
Commissioner

UNIVERSITY OF ALASKA
Board of Regents
Pat Pitney
Interim President

TRANSPORTATION AND PUBLIC FACILITIES
John MacKinnon
Commissioner

- - - 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 Public Broadcasting Commission, and Office of Administrative Hearings.

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 Post-secondary 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 nine 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 services include: administering Medicaid services for low-income and disabled Alaskans through the Division of Health Care Services and Behavioral Health; 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). The department also provides acute, inpatient mental health services for anyone in Alaska requiring hospitalization for a psychiatric crisis through the 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 preparedness, response and recovery; veterans' services; youth military style training and education; and public safety emergency communications and telecommunications infrastructure services. 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.

- Alaska Public Safety Communication Services - Assures public safety emergency communications services are reliable and available to Alaska's first responders and critical workforce and the public they serve. Assures telecommunications infrastructure services are available and reliable for all state and partner agencies.
- 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 wildland 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 1,860 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 38,000 mining claims and leases encompassing approximately 3 million acres; agricultural programs that promote, develop, inspect, and provide technical assistance and lending services to over 950 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, provide harmonized good agricultural audits 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-Second Legislature, First Session (2021)

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	Robert Myers (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	Mike Cronk (R)	Tok/Northway
D	David Wilson (R)	Wasilla	7	Christopher Kurka (R)	Wasilla
			8	Kevin McCabe (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	Ken McCarty (R)	Eagle River
			14	Kelly Merrick (R)	Eagle River
H	Bill Wielechowski (D)	Anchorage	15	David Nelson (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	Tom McKay (R)	Anchorage
M	Josh Revak (R)	Anchorage	25	Calvin Schrage (NA)	Anchorage
			26	Laddie Shaw (R)	Anchorage
N	Roger Holland (R)	Anchorage	27	Liz Snyder (D)	Anchorage
			28	James Kaufman (R)	Anchorage
O	Peter Micciche (R)	Soldotna	29	Ben Carpenter (R)	Nikiski
			30	Ronald Gillham (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	Josiah Patkotak (NA)	Barrow

LEADERSHIP

STATE SENATE

Peter Micciche, Senate President

HOUSE OF REPRESENTATIVES

Louise Stutes, Speaker of the House

FINANCE COMMITTEES

STATE SENATE

Bert Stedman, Co-Chair
Click Bishop, Co-Chair

Members:

Natasha von Imhof, Lyman Hoffman,
David Wilson, Donald Olson,
Bill Wielechowski

HOUSE OF REPRESENTATIVES

Neal Foster, Co-Chair
Kelly Merrick, Co-Chair
Dan Ortiz, Vice Chair

Members:

Andy Josephson, Bart LeBon, Adam Wool,
Bryce Edgmon, Sara Rasmussen,
Steve Thompson, Ben Carpenter,
DeLena Johnson

Financial Section





This page intentionally left blank.

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, 2021, 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, and Pension and Other Employee Benefit Trust Funds except for the Alaska National Guard and Alaska Naval Militia Retirement Fund. As shown on the following page, those financial statements reflect assets and revenues of the indicated opinion units.

Opinion Unit	Percent of Assets	Percent of Revenues
Governmental Activities	90%	74%
Business-Type Activities	80%	36%
Aggregate Discretely Presented Component Units	90%	92%
Major Funds:		
General Fund	78%	2%
Alaska Permanent Fund	100%	100%
Alaska International Airports	100%	100%
Aggregate Remaining Fund Information	95%	94%

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.

Further, fund balances of the State of Alaska's General Fund were not reported in accordance with generally accepted accounting principles and management declined to correct the misstatements. The misstatements were the result of the Attorney General's determination that FY 22 appropriations signed into law prior to July 1, 2021, but with a July 1 effective date, are validly assigned by the legislature and are not considered available for appropriation and, therefore, not subject to the constitutional requirement to repay the Constitutional Budget Reserve Fund. Evidence contradicts the Attorney General's position and supports a determination that related fund balance is unassigned as of June 30, 2021. Misstatements include an understatement to General Fund unassigned fund balance of $108.6 million and overstatements to assigned fund balance for education of $23.7 million, assigned fund balance for health and human services of $29.3 million, assigned fund balance for public protection of $13.5 million, and assigned fund balance for development of $42.1.

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 $1.5 billion and management declined to correct the misstatement. The overstatement is the result of not correcting for the $199.0 million misstatement discussed above, the failure to repay the Constitutional Budget Reserve Fund $108.6 million at year-end, and the Attorney General's guidance to the Department of Revenue and the Department of Natural Resources that concludes 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, June 30, 2020, and June 30, 2021, 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, 2021, 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, 2021, 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, legend 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 the 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, legend 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 them.

// SIGNATURE ON FILE //

Kris Curtis, CPA, CISA
Legislative Auditor

Juneau, Alaska
February 24, 2022



This page intentionally left blank.

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, 2021. 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 2021 by $91.8 billion (net position). Of this amount, $8.7 billion represents net investment in capital assets, $62.8 billion is restricted for various purposes, and unrestricted net position is $20.3 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 $85.7 billion, with $23.8 billion unrestricted (includes committed, assigned, and unassigned), $61.7 billion nonspendable, and $234.7 million restricted to specific purposes such as development, debt, and education. The nonspendable fund balance includes $60.7 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 $2.4 billion. This is a decrease of $903.0 million from FY 2020. The decrease is mainly due to an unassigned fund balance decrease of $944.7 million.

Long-term debt

- As a result of this year's activity, the State's total long-term debt decreased by $234 million (2.85 percent). Long-term debt decreased primarily due to a decrease in unearned revenue due to expending and recognizing the Coronavirus Relief Funds and an increase in the net pension liability which was partially 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 96.8 percent of total government-wide cash and investments and 92.2 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 2.7 percent of total government-wide liabilities (excluding component units). The Unemployment Compensation Fund is 0.1 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), investment trust funds, and custodial 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 $91.8 billion at the close of FY 2021 (see table below). By far the largest portion of the State's net position (89.1 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 ($60.7 billion) may not be spent.

The remainder of the State's net position (10.9 percent) represents net investment in capital assets ($8.7 billion), resources that are subject to external restrictions of how they may be used ($2.02 billion), and the remaining is unrestricted net position.

Net Position
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Current and Other Noncurrent Assets	$ 96,004	$ 77,740	$ 2,354	$ 2,246	$ 98,358	$ 79,986
Capital Assets	8,334	7,934	1,141	1,185	9,475	9,119
Total Assets	104,338	85,674	3,495	3,431	107,833	89,105
Deferred Outflows of Resources	1,017	911	11	11	1,028	922
Long-term Liabilities	7,511	7,720	474	498	7,985	8,218
Other Liabilities	8,691	5,832	50	79	8,741	5,911
Total Liabilities	16,202	13,552	524	577	16,726	14,129
Deferred Inflows of Resources	363	283	5	5	368	288
Net Position:						
Net Investment in Capital Assets	7,835	7,425	833	863	8,668	8,288
Restricted	61,776	53,237	994	1,009	62,770	54,246
Unrestricted	19,179	12,088	1,150	988	20,329	13,076
Total Net Position	$ 88,790	$ 72,750	$ 2,977	$ 2,860	$ 91,767	$ 75,610

The net position of governmental activities increased $16,040 million and business-type activities increased $117 million. Governmental activities net position increased due to a large increase in interest and investment income associated with the Permanent Fund. 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 2021.

Changes in Net Position
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Revenues						
Program Revenues						
Charges for Services	$ 1,447	$ 1,423	$ 343	$ 348	$ 1,790	$ 1,771
Operating Grants	4,344	2,903	560	399	4,904	3,302
Capital Grants	766	742	66	49	832	791
General Revenues						
Taxes	984	1,025	—	—	984	1,025
Interest and Investment Income/(Loss)	19,716	2,040	103	53	19,819	2,093
Payments In from Component Units	44	67	—	—	44	67
Other Revenues	94	55	1	—	95	55
Total Revenues	27,395	8,255	1,073	849	28,468	9,104
Expenses						
General Government	1,102	405	—	—	1,102	405
Alaska Permanent Fund Dividend	632	1,025	—	—	632	1,025
Education and University	2,093	1,903	—	—	2,093	1,903
Health and Human Services	3,744	3,365	—	—	3,744	3,365
Law and Justice	232	230	—	—	232	230
Public Protection	762	856	—	—	762	856
Natural Resources	333	302	—	—	333	302
Development	1,500	128	—	—	1,500	128
Transportation	752	1,022	—	—	752	1,022
Intergovernmental	90	107	—	—	90	107
Debt Service	55	67	—	—	55	67
Loans	—	—	9	594	9	594
Insurance	—	—	849	73	849	73
Airports	—	—	164	160	164	160
Total Expenses	11,295	9,410	1,022	827	12,317	10,237
Excess (Deficiency) of Revenues						
Over Expenditures	16,100	(1,155)	51	22	16,151	(1,133)
Transfers	(66)	—	66	—	—	—
Contributions	—	—	—	—	—	—
Change in Net Position	16,034	(1,155)	117	22	16,151	(1,133)
Net Position - Beginning of Year	72,750	73,905	2,860	2,838	75,610	76,743
Prior Period Adjustment	6	—	—	—	6	—
Net Position - End of Year	$ 88,790	$ 72,750	$ 2,977	$ 2,860	$ 91,767	$ 75,610

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 $85.7 billion, a increase of $15.6 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 $1.0 billion, and $1.5 billion, respectively. The Alaska Permanent Fund (earnings reserve account) had an unrestricted fund balance of $21.1 billion of which $14.1 billion is assigned and $7.0 billion is committed. The remaining nonmajor governmental funds had committed fund balances of $59.6 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 ($60.7 billion), and other items that are nonspendable, such as inventory, advances and prepaid items, and principal ($0.96 billion), and amounts restricted for a variety of other purposes ($235 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 $2.4 billion, while total fund balance reached $2.7 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 22.0 percent of total General Fund expenditures, while total fund balance represents 23.2 percent of that same amount.

The fund balance of the State's General Fund decreased by $1.3 billion during the current fiscal year. For FY 2021, the most significant source of revenue was federal revenues (68.1 percent) followed by taxes (13.4 percent). For FY 2021, the increase in revenues is attributable to a large increase in federal funds received related to COVID-19. There also was a large increase in expenditures related to COVID-19 funding as well as the reversal of the $1.0 billion FY 2020 Power Cost Equalization Fund transfer.

General Fund revenues for FY 2021 were $7.19 billion, an increase of $1.12 billion compared to revenues of $6.06 billion for FY 2020. Revenues by source for FY 2021 are compared to FY 2020 in the following schedule (in millions):

Revenue Source	FY 2021	Percent	FY 2020	Percent
Taxes	$ 963.3	13.4 %	$ 1,010.0	16.7 %
Rents and Royalties	751.9	10.5	721.7	11.9
Interest and Investment Income/(Loss)	124.8	1.7	274.0	4.5
Federal	4,893.6	68.1	3,615.9	59.6
Miscellaneous	453.2	6.3	442.3	7.3
Total Revenue	$ 7,186.7	100.0 %	$ 6,063.9	100.0 %

The primary components of the $1,122.8 million increase in General Fund revenue are $30.2 million in rents and royalties, $11.0 million in miscellaneous revenue including payments in from component units and a $1,277.7 million increase in federal revenue during FY 2021. The increases were partially offset by a $46.7 million decrease in taxes, and a $149.2 million decrease in interest and investment income.

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, 2021, this amounted to $46.9 billion. The sources of contributions and appropriations of the fund, since inception, were as follows: $17.9 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 $13.8 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 2021 balance sheet reflects a commitment of fund balance of $3.1 billion for transfer during FY 2022.

  During FY21, legislation was passed to transfer $4.0 billion from the Earnings Reserve Account to the corpus in FY22. This transfer will take place in FY22 and the amount is reflected as committed fund balance on the June 30, 2021 balance sheet.

- **Assigned Fund Balances:** The assigned fund balances, which are available for legislative appropriation per AS 37.13.145, consist of $9.3 billion in realized earnings of the fund and $4.8 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 $43 million in appropriations (or 0.2 percent). The net effect of increases and decrease in appropriations can be briefly summarized as follows:

- $586 million decrease allocated to transportation
- $276 million increase allocated to public protection
- $539 million increase allocated to development
- $381 million decrease allocated to health and human services
- $126 million increase allocated to education
- 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 $503 million. Interagency receipts (purchases between departments) of $435.0 million make up the majority of other additional revenues.

The difference between the final amended budget and actual expenditures was $9.5 billion (or 44.0 percent). The difference was primarily due to multiyear appropriations exceeding expenditures within FY 2021 by $5.5 billion in transportation and a $1.3 billion in health and human services.

The difference between the final amended budget and actual revenues was $8.6 billion (or 53.2% percent). The difference was primarily due to multiyear appropriations exceeding revenues within FY 2021 by $8.3 billion in Federal Grants in Aid. The biggest variances are due to capital projects that span several fiscal years.

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, 2021, amounts to $8.7 billion. The table below displays total capital assets, net of accumulated depreciation. Depreciation charges for FY 2021 totaled $621 million for governmental activities and $77 million for business-type activities.

Capital Assets

(Stated in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Land	$ 1,081	$ 1,068	$ 31	$ 31	$ 1,112	$ 1,099
Buildings	1,487	1,535	571	600	2,058	2,135
Equipment	624	510	37	32	661	542
Infrastructure	3,650	3,242	479	507	4,129	3,749
Construction in Progress	1,492	1,580	23	14	1,515	1,594
Total Capital Assets	$ 8,334	$ 7,935	$ 1,141	$ 1,184	$ 9,475	$ 9,119

In FY 2021, increases were in infrastructure and equipment with an increase of $380 million and $119 million, respectively. These increases were offset with decreases in buildings and construction in progress in the amount of $77 million and $79 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 $1,375 million. Of this amount, $725 million was general obligation bonds, and $650 million of revenue bonds payable comprised of $311 million issued by the Northern Tobacco Securitization Corporation (NTSC), and $339 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 remaining $339 million are International Airports revenue bonds secured solely by specified revenue sources. The general obligation and NTSC bonds are reported as governmental activities debt, and the International Airports bonds are reported as business-type activities debt.

Long-term Debt
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Revenue Bonds Payable	$ 311	$ 313	$ 339	$ 355	$ 650	$ 668
General Obligation Debt	725	672	—	—	725	672
Notes Payable	4	7	—	—	4	7
Capital Leases Payable	211	230	—	—	211	230
Unearned Revenue	627	1,220	25	36	653	1,256
Certificates of Participation	22	24	—	—	22	24
Compensated Absences	198	181	5	5	204	186
Claims and Judgments	217	225	—	—	217	225
Pollution Remediation	131	125	6	6	137	131
Other Noncurrent Liabilities	35	3	35	34	70	37
Net OPEB Liability	3	105	—	2	3	107
Net Pension Liability	5,027	4,616	63	60	5,090	4,676
Total	$ 7,511	$ 7,721	$ 473	$ 498	$ 7,985	$ 8,218

The State's total long-term debt decreased by $234 million (2.85 percent) during FY 2021. The decrease in debt is primarily due to a decrease in unearned revenue due to Coronavirus Relief Funds and an increase in the net pension liability which was partially offset by an 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 $2,158.2 million net pension liability, and $293.3 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.

As of June 30, 2021, the State's General Obligation debt ratings were AA-/A+/Aa3 from S&P Global Ratings (S&P), Fitch Ratings (Fitch), and Moody's Investors Service, Inc. (Moody's), respectively. The outlook on S&P and Moody's ratings is stable, and the outlook on the Fitch rating is negative. On April 22, 2021, Moody's revised the State of Alaska's outlook to stable from negative. On May 4, 2021, S&P revised the State of Alaska's outlook to stable from negative.

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 increased $5.0 billion to $5.8 billion during FY 2021. The Teacher's Retirement System's (TRS) net investment income increased $2.3 billion to $2.7 billion during FY 2021.

In 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, Fiduciary Activities which was implemented in FY 2021. This statement establishes criteria for identifying and classifying fiduciary activities of state and local governments. It describes four fiduciary funds that should be reported, if applicable: 1) pension (and other employee benefit) trust funds, 2) investment trust funds, 3) private-purpose trust funds, and 4) custodial funds, which generally should report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. Several fund changes are reflected in the financial statements due to the implementation of GASB 84, see Note 14 for additional details.

The Permanent Fund ended the fiscal year at 29.73 percent total return. The components of this increase were $1.5 billion in stock dividends, bond interest, and cash flow income from other investments, $320 million in dedicated mineral deposits, and an increase in the fair value of investments of $18.1 billion offset by operating expenses and other appropriations of $175

million and the General Fund transfer of $3.1 billion. These results were significantly stronger than the 2.01 percent of FY 2020 and were well above the average over the Fund's history. FY 2021's results significantly outperformed any market returns since 1985 which have ranged from -17.96 percent to 25.58 percent. Please see Note 1 for further information regarding this blended component unit and how to obtain the separately issued financial statements.

Economic Factors and Next Year's Budgets and Rates

- The State's average unemployment rate for FY 2021 was 7.0 percent, up slightly from the seasonally adjusted average unemployment rate for FY 2020. Alaska's five year average (2017 to 2021) was 6.5 percent. The United States unemployment rate for FY 2021 was 6.4 percent.

- Total General Fund revenue for FY 2021 was $7.2 billion. Three sources of revenue accounted for 92.0 percent of total state revenue; federal, taxes, and rents and royalties. Federal accounted for 68.1 percent, taxes accounted for 13.4 percent, and rents and royalties accounted for 10.5 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 2021 crude oil and natural gas liquids production in the State of Alaska for the North Slope averaged 485 thousand barrels per day. This is 15 thousand barrels per day more than in the prior year. In Cook Inlet, production averaged approximately 11 thousand barrels per day; a decrease of about three thousand barrels per day compared to the prior year.

- The State of Alaska FY 2021 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 ($992/resident) was paid to each qualifying Alaskan for a total of $632 million.

Requests for Information

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

Basic Financial Statements





This page intentionally left blank.

Government-wide Financial Statements



STATE OF ALASKA **STATEMENT 1.01**

Statement of Net Position

Government-wide

June 30, 2021

(Stated in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and Investments	$ 89,232,727	$ 1,583,659	$ 90,816,386	$ 2,466,921
Accounts Receivable - Net	833,174	45,007	878,181	46,495
Interest and Dividends Receivable	160,340	13,617	173,957	42,201
Internal Balances	(65,483)	65,483	—	—
Due from Primary Government	—	—	—	40,136
Due from Component Units	2,864	—	2,864	6,332
Due from Other Governments	779,227	40,163	819,390	91,031
Loans, Notes, and Bonds Receivable	19,568	522,725	542,293	4,846,193
Inventories	31,043	—	31,043	16,755
Repossessed Property	—	162	162	34,549
Net Investment in Direct Financing Leases	—	—	—	95,046
Restricted Assets	5	75,698	75,703	2,548,432
Securities Lending Collateral	4,348,802	—	4,348,802	37,421
Net Pension Asset	20,031	—	20,031	—
Net OPEB Asset	543,304	5,277	548,581	67,114
Other Assets	98,440	2,339	100,779	50,417
Capital Assets:				
Equipment, Net of Depreciation	624,110	37,120	661,230	363,789
Buildings, Net of Depreciation	1,486,785	571,017	2,057,802	1,400,856
Library Books, Net of Depreciation	—	—	—	6,701
Infrastructure, Net of Depreciation	3,649,578	478,926	4,128,504	938,222
Museum Collections	—	—	—	7,399
Land / Right-of-Way	1,081,704	31,202	1,112,906	124,092
Construction in Progress	1,491,666	22,589	1,514,255	334,359
Total Assets	104,337,885	3,494,984	107,832,869	13,564,461
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	1,016,627	11,309	1,027,936	274,204
LIABILITIES				
Accounts Payable and Accrued Liabilities	4,247,233	43,084	4,290,317	144,198
Obligations Under Securities Lending	4,348,802	—	4,348,802	37,421
Due to Primary Government	—	—	—	5,991
Due to Component Units	79,769	—	79,769	14,198
Due to Other Governments	—	4,111	4,111	681
Interest Payable	15,176	3,339	18,515	21,463
Derivative Instruments	—	—	—	168,250
Other Current Liabilities	—	284	284	163,180

This statement continues on the next page.

STATE OF ALASKA **STATEMENT 1.01**

Statement of Net Position

Government-wide

June 30, 2021

(Stated in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES (Continued)				
Long-Term Liabilities:				
Portion Due or Payable Within One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	206,043	4,593	210,636	17,762
Unearned Revenue	374,294	25,267	399,561	180,723
Notes, Bonds, and Leases Payable	67,955	14,640	82,595	212,913
Other Noncurrent Liabilities	397	—	397	—
Portion Due or Payable After One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	339,657	6,847	346,504	5,683
Unearned Revenue	253,160	—	253,160	1,445
Notes, Bonds, and Leases Payable	1,204,936	324,419	1,529,355	3,662,386
Net Pension Liabilities	5,026,565	63,429	5,089,994	329,480
Net OPEB Liabilities	3,299	106	3,405	94
Other Noncurrent Liabilities	34,993	34,575	69,568	41,696
Total Liabilities	16,202,279	524,694	16,726,973	5,007,564
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	362,570	4,681	367,251	599,214
NET POSITION				
Net Investment in Capital Assets	7,834,739	833,325	8,668,064	2,163,740
Restricted for:				
Permanent Funds				
Nonexpendable	61,593,950	—	61,593,950	677,039
Expendable	—	—	—	201,267
Education	28,798	—	28,798	641,241
Development	89,729	—	89,729	90,500
Unemployment Compensation	—	369,205	369,205	—
Health and Human Services	18,814	579,746	598,560	—
Debt Service	39,684	16,961	56,645	690,377
Other Purposes	4,455	27,446	31,901	1,483,521
Unrestricted	19,179,494	1,150,235	20,329,729	2,284,202
Total Net Position	$ 88,789,663	$ 2,976,918	$ 91,766,581	$ 8,231,887

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

STATE OF ALASKA **STATEMENT 1.02**

Statement of Activities

Government-wide

For the Fiscal Year Ended June 30, 2021

(Stated in Thousands)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services, Royalties and Other Fees	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 1,101,963	$ 27,393	$ 519,561	$ 8,211
Alaska Permanent Fund Dividend	631,807	—	—	—
Education	1,768,748	2,366	471,063	—
University	324,043	—	—	—
Health and Human Services	3,743,545	51,259	2,582,277	26,621
Law and Justice	231,503	4,911	19,704	604
Public Protection	762,166	175,677	105,467	3,873
Natural Resources	332,657	1,137,871	104,579	11,600
Development	1,500,666	290	432,745	1,942
Transportation	752,471	46,739	68,443	712,761
Intergovernmental Revenue Sharing	89,708	—	40,402	—
Debt Service	55,470	—	156	—
Total Governmental Activities	11,294,747	1,446,506	4,344,397	765,612
Business-Type Activities:				
Loans	8,933	10,544	345	17,871
Insurance	849,531	211,192	549,554	—
Airports	163,924	121,631	10,382	48,343
Total Business-Type Activities	1,022,388	343,367	560,281	66,214
Total Primary Government	$ 12,317,135	$ 1,789,873	$ 4,904,678	$ 831,826
Component Units:				
University of Alaska	$ 746,094	$ 150,399	$ 368,951	$ 6,492
Alaska Housing Finance Corporation	297,113	143,793	151,343	5,298
Alaska Industrial Development and Export Authority	330,766	37,581	281,232	976
Alaska Energy Authority	87,811	23,209	17,292	—
Nonmajor Component Units	277,720	188,709	243,350	—
Total Component Units	$ 1,739,504	$ 543,691	$ 1,062,168	$ 12,766

This statement continues on the next page.

STATE OF ALASKA **STATEMENT 1.02**

Statement of Activities

Government-wide

For the Fiscal Year Ended June 30, 2021

(Stated in Thousands)

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	$ (546,798)		$ (546,798)	
Alaska Permanent Fund Dividend	(631,807)		(631,807)	
Education	(1,295,319)		(1,295,319)	
University	(324,043)		(324,043)	
Health and Human Services	(1,083,388)		(1,083,388)	
Law and Justice	(206,284)		(206,284)	
Public Protection	(477,149)		(477,149)	
Natural Resources	921,393		921,393	
Development	(1,065,689)		(1,065,689)	
Transportation	75,472		75,472	
Intergovernmental Revenue Sharing	(49,306)		(49,306)	
Debt Service	(55,314)		(55,314)	
Total Governmental Activities	(4,738,232)		(4,738,232)	
Business-Type Activities:				
Loans		$ 19,827	19,827	
Insurance		(88,785)	(88,785)	
Airports		16,432	16,432	
Total Business-Type Activities		(52,526)	(52,526)	
Total Primary Government	(4,738,232)	(52,526)	(4,790,758)	
Component Units:				
University of Alaska				$ (220,252)
Alaska Housing Finance Corporation				3,321
Alaska Industrial Development and Export Authority				(10,977)
Alaska Energy Authority				(47,310)
Nonmajor Component Unit				154,339
Total Component Units				(120,879)
General Revenues				
Taxes:				
Severance Taxes	525,976	—	525,976	—
Selective Sales/Use	251,001	—	251,001	—
Income Taxes	83,869	—	83,869	—
Property Taxes	120,033	—	120,033	—
Other Taxes	2,620	—	2,620	—
Interest and Investment Income (Loss)	19,716,055	102,821	19,818,876	223,164
Tobacco Settlement	21,406	—	21,406	—
Payments in from Component Units	44,044	—	44,044	—
Payments In from Primary Government	—	—	—	295,739
Other Revenues	72,692	545	73,237	1,020,088
Transfers - Internal Activity	(65,670)	65,670	—	—
Total General Revenues	20,772,026	169,036	20,941,062	1,538,991
Change in Net Position	16,033,794	116,510	16,150,304	1,418,112
Net Position - Beginning of Year	72,749,869	2,860,408	75,610,277	6,804,148
Prior Period Adjustment	6,000	—	6,000	9,627
Net Position - End of Year	$ 88,789,663	$ 2,976,918	$ 91,766,581	$ 8,231,887

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



This page intentionally left blank.

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 **STATEMENT 1.11**

Balance Sheet

Governmental Funds

June 30, 2021

(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 4,192,795	$ 83,760,244	$ 1,116,135	$ 89,069,174
Accounts Receivable - Net	201,147	591,880	3,159	796,186
Interest and Dividends Receivable	225	160,104	11	160,340
Due from Other Funds	96,024	35,689	5,823	137,536
Due from Component Units	2,864	—	—	2,864
Due from Other Governments	776,420	—	215	776,635
Loans, Notes, and Bonds Receivable	19,471	—	97	19,568
Inventories	26,297	—	—	26,297
Securities Lending Collateral	—	4,348,802	—	4,348,802
Other Assets	87,635	—	4,069	91,704
Total Assets	5,402,878	88,896,719	1,129,509	95,429,106
LIABILITIES				
Accounts Payable and Accrued Liabilities	1,556,566	2,601,006	8,350	4,165,922
Obligations Under Securities Lending	—	4,348,802	—	4,348,802
Due to Other Funds	179,750	50,116	4,917	234,783
Due to Component Units	79,769	—	—	79,769
Unearned Revenue	626,737	—	717	627,454
Other Liabilities	34,824	—	566	35,390
Total Liabilities	2,477,646	6,999,924	14,550	9,492,120
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	256,450	—	264	256,714
FUND BALANCES				
Nonspendable:				
Inventory	26,297	—	—	26,297
Principal	—	60,748,410	845,540	61,593,950
Advances and Prepaid Items	87,483	—	4,040	91,523
Restricted for:				
Debt Service	4,678	—	35,152	39,830
Education	16,269	—	21,606	37,875
Health and Human Services	618	—	18,196	18,814
Development	3,157	—	130,564	133,721
Other Purposes	4,251	—	204	4,455
Committed to:				
Education	135,474	—	2,186	137,660
Health and Human Services	289,155	—	—	289,155
Public Protection	144,302	—	811	145,113
Permanent Fund	15,430	4,000,000	—	4,015,430
Development	695,554	—	56,611	752,165
Other Purposes	171,436	3,069,296	—	3,240,732
Assigned to:				
Education	23,656	—	—	23,656
Health and Human Services	29,284	—	—	29,284
Public Protection	13,483	—	—	13,483
Permanent Fund	—	14,079,089	—	14,079,089
Development	42,176	—	—	42,176
Unassigned	966,079	—	(215)	965,864
Total Fund Balances	2,668,782	81,896,795	1,114,695	85,680,272
Total Liabilities, Deferred Inflows, and Fund Balances	$ 5,402,878	$ 88,896,719	$ 1,129,509	$ 95,429,106

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

STATE OF ALASKA **STATEMENT 1.12**

Reconciliation of the Balance Sheet to the Statement of Net Position

Governmental Funds

June 30, 2021

(Stated in Thousands)

Total Fund Balances - Governmental Funds		$ 85,680,272
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	459,339	
Buildings, net of depreciation	1,364,405	
Infrastructure, net of depreciation	3,649,578	
Land / right-of-way	1,081,704	
Construction in progress	1,456,015	
		8,011,041
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)	20,031	
Other post employment benefits asset (Note 7)	538,559	
		561,182
Deferred outflows of resources that are not reported in the funds.		
Losses on bond refunding	4,271	
Related to pensions	794,254	
Related to OPEB	207,932	
		1,006,457
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).		428,852
Certain revenues are not available to pay for the current period's expenditures and therefore are not reported in the funds.		256,714
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	(216,841)	
Compensated absences	(192,183)	
Pollution remediation	(130,533)	
Capital lease obligations	(211,165)	
Net pension liability	(4,969,526)	
Net OPEB liability	(3,204)	
		(5,723,452)
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	(1,057,867)	
Accrued interest payable	(15,176)	
		(1,073,043)
Deferred inflows of resources related to pensions that are not reported in the funds.		(358,360)
Net Position of Governmental Activities		$ 88,789,663

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

STATE OF ALASKA **STATEMENT 1.13**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2021

(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	$ 963,261	$ —	$ 20,237	$ 983,498
Licenses and Permits	134,710	—	37,063	171,773
Charges for Services	149,556	—	744	150,300
Fines and Forfeitures	23,292	—	71	23,363
Rents and Royalties	751,872	319,585	21,100	1,092,557
Premiums and Contributions	20,313	—	16,245	36,558
Interest and Investment Income (Loss)	124,764	19,591,212	182,391	19,898,367
Federal Grants in Aid	4,893,566	—	1,167	4,894,733
Payments In from Component Units	43,328	—	—	43,328
Other Revenues	82,045	—	17,116	99,161
Total Revenues	7,186,707	19,910,797	296,134	27,393,638
EXPENDITURES				
Current:				
General Government	909,595	166,250	2,242	1,078,087
Alaska Permanent Fund Dividend	631,807	—	—	631,807
Education	1,821,946	—	3,905	1,825,851
University	322,105	—	680	322,785
Health and Human Services	3,723,772	—	3,241	3,727,013
Law and Justice	246,111	2,198	—	248,309
Public Protection	802,845	—	561	803,406
Natural Resources	276,949	6,147	45,721	328,817
Development	1,497,702	—	2,192	1,499,894
Transportation	1,138,542	—	42,950	1,181,492
Intergovernmental Revenue Sharing	89,708	—	—	89,708
Debt Service:				
Principal	27,256	—	50,846	78,102
Interest and Other Charges	11,971	—	47,335	59,306
Total Expenditures	11,500,309	174,595	199,673	11,874,577
Excess (Deficiency) of Revenues Over Expenditures	(4,313,602)	19,736,202	96,461	15,519,061
OTHER FINANCING SOURCES (USES)				
Bonds Issued	—	—	84,560	84,560
Bonds Issued Premium	—	—	26,204	26,204
Capital Leases	3,561	—	—	3,561
Transfers In from Other Funds	3,172,458	—	80,290	3,252,748
Transfers (Out to) Other Funds	(176,489)	(3,141,609)	(32,220)	(3,350,318)
Total Other Financing Sources and Uses	2,999,530	(3,141,609)	158,834	16,755
Net Change in Fund Balances	(1,314,072)	16,594,593	255,295	15,535,816
Fund Balances - Beginning of Year	3,982,854	65,302,202	859,400	70,144,456
Fund Balances - End of Year	$ 2,668,782	$ 81,896,795	$ 1,114,695	$ 85,680,272

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

STATE OF ALASKA **STATEMENT 1.14**

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

Governmental Funds

For the Fiscal Year Ended June 30, 2021

(Stated in Thousands)

Net Change in Fund Balances - Total Governmental Funds		$ 15,535,816
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	984,464	
Depreciation expense	(591,084)	
		393,380
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		10,473
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.		(2,025)
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).		
Bonds issued	(84,560)	
Bonds issued premium	(26,204)	
Accrued interest	(2,085)	
Repayment of bond principal	62,313	
Amortization of bond cost	—	
		(50,536)
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.		(3,561)
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	7,904	
Compensated absences	(16,534)	
Pollution remediation	(5,306)	
Capital lease payments	22,126	
Pension	(239,869)	
Other post employment benefits	381,926	
		150,247
Change in Net Position of Governmental Activities		$ 16,033,794

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



This page intentionally left blank.

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 1.21**

Statement of Net Position

Proprietary Funds

June 30, 2021

(Stated in Thousands)

	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	$ 171,940	$ 284,465	$ 1,127,254	$ 1,583,659	$ 163,558
Accounts Receivable - Net	4,926	38,847	1,234	45,007	888
Interest and Dividends Receivable	—	—	5,768	5,768	—
Due from Other Funds	1,730	66,176	661	68,567	16,238
Due from Other Governments	32,185	372	7,606	40,163	—
Loans, Notes, and Bonds Receivable	—	—	33,054	33,054	—
Inventories	—	—	—	—	4,746
Restricted Assets	3,681	—	—	3,681	—
Other Current Assets	—	—	4	4	6,736
Total Current Assets	214,462	389,860	1,175,581	1,779,903	192,166
Noncurrent Assets:					
Interest and Dividends Receivable	—	—	7,849	7,849	—
Loans, Notes, and Bonds Receivable	—	—	489,671	489,671	—
Repossessed Property	—	—	162	162	—
Restricted Assets	72,017	—	—	72,017	—
Net OPEB Asset	4,969	—	308	5,277	4,745
Other Noncurrent Assets	—	—	2,335	2,335	—
Capital Assets:					
Equipment, Net of Depreciation	37,120	—	—	37,120	164,771
Buildings, Net of Depreciation	571,017	—	—	571,017	122,380
Infrastructure, Net of Depreciation	478,926	—	—	478,926	—
Land / Right-of-Way	31,202	—	—	31,202	—
Construction in Progress	22,589	—	—	22,589	35,651
Total Noncurrent Assets	1,217,840	—	500,325	1,718,165	327,547
Total Assets	1,432,302	389,860	1,675,906	3,498,068	519,713
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	10,650	—	659	11,309	10,170

This statement continues on the next page.

STATE OF ALASKA **STATEMENT 1.21**

Statement of Net Position

Proprietary Funds

June 30, 2021

(Stated in Thousands)

	Business-Type Activities Enterprise Funds				Governmental Activities
	International Airports	Unemployment Compensation	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	12,239	8,085	22,760	43,084	27,878
Due to Other Funds	2,591	37	456	3,084	1,807
Due to Other Governments	—	4,111	—	4,111	—
Interest Payable	3,339	—	—	3,339	—
Claims, Judgments, Compensated Absences, and Pollution Remediation	4,391	—	202	4,593	3,291
Unearned Revenue	17,105	8,162	—	25,267	—
Notes, Bonds, and Leases Payable	14,640	—	—	14,640	2,770
Other Current Liabilities	—	260	24	284	—
Total Current Liabilities	54,305	20,655	23,442	98,402	35,746
Noncurrent Liabilities:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	6,847	—	—	6,847	2,852
Notes, Bonds, and Leases Payable	324,419	—	—	324,419	1,089
Net Pension Liabilities	59,729	—	3,700	63,429	57,039
Net OPEB Liabilities	99	—	7	106	95
Other Noncurrent Liabilities	—	—	34,575	34,575	—
Total Noncurrent Liabilities	391,094	—	38,282	429,376	61,075
Total Liabilities	445,399	20,655	61,724	527,778	96,821
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	4,409	—	272	4,681	4,210
NET POSITION					
Net Investment in Capital Assets	833,325	—	—	833,325	318,943
Restricted for:					
Unemployment Compensation	—	369,205	—	369,205	—
Health and Human Services	—	—	579,746	579,746	—
Debt Service	16,961	—	—	16,961	—
Other Purposes	27,207	—	239	27,446	—
Unrestricted	115,651	—	1,034,584	1,150,235	109,909
Total Net Position	$ 993,144	$ 369,205	$ 1,614,569	$ 2,976,918	$ 428,852

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



This page intentionally left blank.

STATE OF ALASKA **STATEMENT 1.22**

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

Proprietary Funds

For the Fiscal Year Ended June 30, 2021

(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	$ —	$ 121,563	$ 88,546	$ 210,109	$ 129,439
Charges for Goods and Services	121,366	—	2,086	123,452	127,690
Allowances for Uncollectible Revenues	(506)	—	—	(506)	—
Interest and Investment Income	—	—	8,624	8,624	—
Allowance for Uncollectible Interest	—	—	58	58	—
Fines and Forfeitures	—	280	121	401	—
Allowance for Uncollectible Fines	—	803	—	803	—
Federal Reimbursements	—	549,554	—	549,554	—
Other Operating Revenues	1,118	—	268	1,386	5,625
Total Operating Revenues	121,978	672,200	99,703	893,881	262,754
OPERATING EXPENSES					
Benefits	—	780,801	65,126	845,927	138,181
Operating	86,867	—	8,808	95,675	130,940
Depreciation	77,057	—	—	77,057	30,407
Provision for Loan Losses and Forgiveness	—	—	1,866	1,866	—
Total Operating Expenses	163,924	780,801	75,800	1,020,525	299,528
Operating Income (Loss)	(41,946)	(108,601)	23,903	(126,644)	(36,774)
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	301	7,272	107,058	114,631	22
Interest and Investment Expense	(11,640)	—	(170)	(11,810)	(17)
Gain (Loss) on Disposal of Capital Assets	278	—	—	278	137
Other Nonoperating Revenues (Expenses)	35	—	(1,864)	(1,829)	116
Total Nonoperating Revenues (Expenses)	(11,026)	7,272	105,024	101,270	258
Income Before Capital Contributions and Transfers	(52,972)	(101,329)	128,927	(25,374)	(36,516)
Capital Contributions	58,343	—	17,871	76,214	15,089
Transfers In from Other Funds	—	66,745	—	66,745	31,900
Transfers (Out to) Other Funds	—	—	(1,075)	(1,075)	—
Change in Net Position	5,371	(34,584)	145,723	116,510	10,473
Total Net Position - Beginning of Year	987,773	403,789	1,468,846	2,860,408	412,379
Prior Period Adjustment	—	—	—	—	6,000
Total Net Position - End of Year	$ 993,144	$ 369,205	$ 1,614,569	$ 2,976,918	$ 428,852

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

STATE OF ALASKA **STATEMENT 1.23**
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(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	$ —	$ 577,394	$ 2,628	$ 580,022	$ —
Receipts from Customers	127,496	—	21	127,517	266
Receipts for Interfund Services Provided	—	—	—	—	137,175
Receipt of Principal from Loan Recipients	—	—	55,506	55,506	—
Receipt of Interest and Fees from Loan Recipients	—	—	10,618	10,618	—
Receipts from Insured	—	126,915	88,663	215,578	128,792
Payments to Employees	(52,317)	—	(3,926)	(56,243)	(47,933)
Payments to Suppliers	(33,558)	—	(3,613)	(37,171)	(71,035)
Payments to Other Governments	—	—	(216)	(216)	—
Payments to Loan Recipients	—	—	(65,308)	(65,308)	—
Claims Paid	—	(843,354)	(63,875)	(907,229)	(136,996)
Payments for Interfund Services Used	—	—	(812)	(812)	(12,920)
Other Receipts	—	204	458	662	5,609
Other Payments	—	—	(81)	(81)	—
Net Cash Provided (Used) by Operating Activities	41,621	(138,841)	20,063	(77,157)	2,958
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Subsidies and Transfers (Out to) Other Funds	—	—	(2,939)	(2,939)	—
Operating Subsidies and Transfers In from Other Funds	—	—	—	—	27,893
Federal Grants	36	—	—	36	—
Proceeds from Issuance of Short-term Debt	—	—	4,101	4,101	—
Payments on Short-term Debt	—	—	(4,101)	(4,101)	—
Interest and Fees Paid on Borrowing	—	—	(9)	(9)	—
Net Cash Provided (Used) by Noncapital Financing Activities	36	—	(2,948)	(2,912)	27,893
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Sale of Capital Assets	884	—	—	884	1,388
Acquisition and Construction of Capital Assets	(33,829)	—	—	(33,829)	(16,118)
Principal Paid on Capital Debt	(13,930)	—	—	(13,930)	(2,778)
Interest and Fees Paid on Capital Debt	(14,337)	—	—	(14,337)	(145)
Passenger Facility Charges	3,524	—	—	3,524	—
Federal Grants	55,840	—	11,219	67,059	—
Other Receipts (Payments)	9,235	—	—	9,235	—
Net Cash Provided (Used) by Capital and Related Financing Activities	7,387	—	11,219	18,606	(17,653)

This statement continues on the next page.

STATE OF ALASKA **STATEMENT 1.23**

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2021

(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	196,550	—	309,372	505,922	—
Purchase of Investments	(203,197)	—	(334,636)	(537,833)	—
Interest and Dividends on Investments	—	7,272	8,489	15,761	22
Change in Restricted Cash and Investments	(1,122)	—	—	(1,122)	—
Net Cash Provided (Used) by Investing Activities	(7,769)	7,272	(16,775)	(17,272)	22
Net Increase (Decrease) in Cash	41,275	(131,569)	11,559	(78,735)	13,220
Cash and Cash Equivalents - Beginning of Year	88,186	416,034	365,834	870,054	150,338
Cash and Cash Equivalents - End of Year	$ 129,461	$ 284,465	$ 377,393	$ 791,319	$ 163,558
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	$ (41,946)	$ (108,601)	$ 23,903	$ (126,644)	$ (36,774)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization	77,057	—	—	77,057	30,406
Bad Debt Expense	505	—	—	505	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
Accounts Receivable - Net	4,973	(28,890)	(328)	(24,245)	(510)
Due from Other Funds	—	360	2,504	2,864	9,682
Due from Other Governments	—	27,840	104	27,944	—
Loans, Notes, and Bonds Receivable - Net	—	—	(9,031)	(9,031)	—
Repossessed Property	—	—	790	790	—
Interest and Dividends Receivable - Net	—	—	197	197	—
Inventories	—	—	—	—	(92)
Net OPEB Asset	80	—	(258)	(178)	(4,422)
Other Assets	—	—	(26)	(26)	(3,215)
Deferred Outflows of Resources	40	—	(83)	(43)	(260)
Due to Other Funds	—	(2,029)	291	(1,738)	1,763
Due to Other Governments	—	(2,871)	—	(2,871)	—
Unearned Revenue	4,398	4,930	—	9,328	—
Accounts Payable and Accrued Liabilities	(4,901)	(29,580)	1,471	(33,010)	2,709
Net Pension Liability	2,614	—	598	3,212	4,283
Net OPEB Liability	(1,788)	—	(103)	(1,891)	(1,648)
Other Liabilities	574	—	(2)	572	884
Deferred Inflows of Resources	15	—	36	51	152
Net Cash Provided (Used) by Operating Activities	$ 41,621	$ (138,841)	$ 20,063	$ (77,157)	$ 2,958
Reconciliation of Cash to the Statement of Net Position					
Total Cash and Investments per the Statement of Net Position	$ 171,940	$ 284,465	$ 1,127,254	$ 1,583,659	$ 163,558
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	(42,479)	—	(749,861)	(792,340)	—
Cash, End of Year	$ 129,461	$ 284,465	$ 377,393	$ 791,319	$ 163,558
Noncash Investing, Capital, and Financing Activities					
Contributed Capital Assets	—	—	—	—	15,089
Transfers In from Other Funds (Accrual)	—	66,745	—	66,745	4,007

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



This page intentionally left blank.

Fiduciary Funds Financial Statements

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

Pension and Other Employee Benefit Trust Funds
Custodial Funds
Investment Trust Funds

STATE OF ALASKA **STATEMENT 1.31**

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2021

(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds	Custodial Funds	Investment Trust Funds
ASSETS			
Cash and Cash Equivalents	$ 295,105	$ 147,983	$ —
Investments:	—	—	200,882
Fixed Income	6,858,354	—	—
Broad Domestic Equity	9,260,576	—	—
Global Equity ex-US	6,187,596	—	—
Opportunistic	1,973,221	—	—
Private Equity Pool	5,021,664	—	—
Real Assets	4,152,316	—	—
Pooled Investment Funds	4,981,013	—	—
Collective Investment Funds	3,220,563	—	—
Synthetic Investment Contracts	860,590	—	—
Investment Loss Trust Fund Assets	2,089	—	—
Accounts Receivable - Net	7,216	178	—
Contributions Receivable	23,057	—	—
Securities Lending Collateral	85,823	—	—
Due from Other Funds	36,723	6,210	—
Other Assets	1,305	—	—
Total Assets	42,967,211	154,371	200,882
LIABILITIES			
Accounts Payable and Accrued Liabilities	10,187	6,179	—
Obligations Under Securities Lending	85,824	—	—
Forfeiture Payable to Employer	212	—	—
Claims Payable	55,070	—	—
Trust Deposits Payable	—	3,713	—
Due to Other Funds	5,363	30,685	52
Total Liabilities	156,656	40,577	52
NET POSITION			
Restricted for:			
Pension Benefits	18,938,651	—	—
Other Postemployment Benefits	14,774,051	—	—
Individuals, Organizations, and Other Governments	9,097,853	113,794	200,830
Total Net Position	$ 42,810,555	$ 113,794	$ 200,830

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, 2021

(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds	Custodial Funds	Investment Trust Funds
ADDITIONS			
Contributions:			
Employer	$ 816,081	$ —	$ —
Member	397,760	—	—
Other	240,598	—	—
Total Contributions	1,454,439	—	—
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	9,443,981	—	—
Interest	97,522	29	35,097
Dividends	278,218	—	—
Total Investment Income	9,819,721	29	35,097
Less Investment Expense	89,109	—	—
Net Investment Income	9,730,612	29	35,097
Securities Lending Income	1,026	—	—
Less Securities Lending Expense	205	—	—
Net Securities Lending Income	821	—	—
Other Additions			
Deposits	—	329,450	—
Other	125,030	—	—
Total Additions	11,310,902	329,479	35,097
DEDUCTIONS			
Distributions	—	318,919	22,695
Benefits Paid	2,401,689	—	—
Refunds of Contributions	93,767	—	—
Administrative Expenses	54,236	2,106	—
Total Deductions	2,549,692	321,025	22,695
Net Increase (Decrease) in Net Position Restricted for:			
Pension Benefits	3,792,751	—	—
Other Postemployment Benefits	3,106,516	—	—
Individuals, Organizations, and Other Governments	1,861,943	8,454	12,402
Net Position - Beginning of the Year (Restated)	34,049,345	105,340	188,428
Net Position - End of the Year	$ 42,810,555	$ 113,794	$ 200,830

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



This page intentionally left blank.

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 1.41**

Statement of Net Position

Component Units

June 30, 2021

(Stated in Thousands)

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Alaska Energy Authority	Nonmajor Component Units	Total
ASSETS						
Cash and Investments	$ 220,702	$ 635,940	$ 512,568	$ —	$ 1,097,711	$ 2,466,921
Accounts Receivable - Net	28,306	—	—	220	17,969	46,495
Interest and Dividends Receivable	691	14,850	5,365	935	20,360	42,201
Due from Primary Government	6,935	2,874	—	1,268	29,059	40,136
Due from Component Units	—	1,251	5,074	7	—	6,332
Due from Other Governments	68,319	2,575	—	3,991	16,146	91,031
Loans, Notes, and Bonds Receivable	487	2,995,561	667,635	26,011	1,156,499	4,846,193
Inventories	4,751	—	—	—	12,004	16,755
Repossessed Property	—	—	34,549	—	—	34,549
Net Investment in Direct Financing Leases	—	20,287	74,759	—	—	95,046
Restricted Assets	659,353	505,894	108,387	1,243,953	30,845	2,548,432
Securities Lending Collateral	—	—	—	—	37,421	37,421
Net OPEB Asset	22,854	3,015	866	—	40,379	67,114
Other Assets	13,985	28,795	269	36	7,332	50,417
Capital Assets:						
Equipment, Net of Depreciation	182,766	971	—	1,228	178,824	363,789
Buildings, Net of Depreciation	1,245,985	59,347	40,707	—	54,817	1,400,856
Library Books, Net of Depreciation	6,701	—	—	—	—	6,701
Infrastructure, Net of Depreciation	100,103	—	19,440	198,741	619,938	938,222
Museum Collections	7,399	—	—	—	—	7,399
Land / Right-of-Way	38,924	20,859	3,165	11,212	49,932	124,092
Construction in Progress	15,725	—	36,444	184,898	97,292	334,359
Total Assets	2,623,986	4,292,219	1,509,228	1,672,500	3,466,528	13,564,461
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	45,852	210,255	3,575	—	14,522	274,204
LIABILITIES						
Accounts Payable and Accrued Liabilities	50,759	12,061	2,419	29,722	49,237	144,198
Obligations Under Securities Lending	—	—	—	—	37,421	37,421
Due to Primary Government	—	116	848	1,908	3,119	5,991
Due to Component Units	14,198	—	—	—	—	14,198
Due to Other Governments	—	384	—	—	297	681
Interest Payable	2,904	6,681	1,258	1,484	9,136	21,463
Derivative Instruments	—	168,250	—	—	—	168,250
Other Current Liabilities	16,946	130,697	1,368	29	14,140	163,180

This statement continued on next page.

STATE OF ALASKA **STATEMENT 1.41**

Statement of Net Position

Component Units

June 30, 2021

(Stated in Thousands)

	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	14,136	2,088	—	—	1,538	17,762
Unearned Revenue	19,291	155,945	—	—	5,487	180,723
Notes, Bonds, and Leases Payable	11,422	94,740	2,935	12,635	91,181	212,913
Portion Due or Payable After One Year:						
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	3,120	—	—	2,563	5,683
Unearned Revenue	—	—	—	—	1,445	1,445
Notes, Bonds, and Leases Payable	282,730	2,271,466	48,815	57,043	1,002,332	3,662,386
Net Pension Liabilities	249,151	37,163	10,403	—	32,763	329,480
Net OPEB Liabilities	—	53	17	—	24	94
Other Noncurrent Liabilities	4,925	267	36,504	—	—	41,696
Total Liabilities	666,462	2,883,031	104,567	102,821	1,250,683	5,007,564
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	17,938	3,512	768	—	576,996	599,214
NET POSITION						
Net Investment in Capital Assets	1,291,644	81,177	85,621	325,614	379,684	2,163,740
Restricted for:						
Permanent Funds:						
Nonexpendable	—	—	—	—	677,039	677,039
Expendable	—	—	—	—	201,267	201,267
Education	641,241	—	—	—	—	641,241
Development	—	—	—	—	90,500	90,500
Debt Service	—	624,266	—	27,636	38,475	690,377
Other Purposes	—	237,327	15,000	1,216,429	14,765	1,483,521
Unrestricted	52,553	673,161	1,306,847	—	251,641	2,284,202
Total Net Position	$ 1,985,438	$ 1,615,931	$ 1,407,468	$ 1,569,679	$ 1,653,371	$ 8,231,887

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, 2021

(Stated in Thousands)

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Component Units				
University of Alaska	$ 746,094	$ 150,399	$ 368,951	$ 6,492
Alaska Housing Finance Corporation	297,113	143,793	151,343	5,298
Alaska Industrial Development and Export Authority	330,766	37,581	281,232	976
Alaska Energy Authority	87,811	23,209	17,292	—
Nonmajor Component Units	277,720	188,709	243,350	—
Total Component Units	$ 1,739,504	$ 543,691	$ 1,062,168	$ 12,766

This statement continued on the next page.

STATE OF ALASKA **STATEMENT 1.42**

Statement of Activities

Component Units

For the Fiscal Year Ended June 30, 2021

(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	$ (220,252)	$ —	$ —	$ —	$ —	$ (220,252)
Alaska Housing Finance Corporation	—	3,321	—	—	—	3,321
Alaska Industrial Development and Export Authority	—	—	(10,977)	—	—	(10,977)
Alaska Energy Authority	—	—	—	(47,310)	—	(47,310)
Nonmajor Component Units	—	—	—	—	154,339	154,339
Total Component Units	(220,252)	3,321	(10,977)	(47,310)	154,339	(120,879)
General Revenues:						
Interest and Investment Income (Loss)	67,729	4,090	(1,028)	151,983	390	223,164
Payments In from Primary Government	285,582	—	—	—	10,157	295,739
Other Revenues	—	1,556	—	1,017,213	1,319	1,020,088
Total General Revenues and Contributions	353,311	5,646	(1,028)	1,169,196	11,866	1,538,991
Change in Net Position	133,059	8,967	(12,005)	1,121,886	166,205	1,418,112
Net Position - Beginning of Year	1,852,379	1,606,964	1,419,473	438,166	1,487,166	6,804,148
Prior Period Adjustment	—	—	—	9,627	—	9,627
Net Position - End of Year	$ 1,985,438	$ 1,615,931	$ 1,407,468	$ 1,569,679	$ 1,653,371	$ 8,231,887

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



This page intentionally left blank.

Notes to the Basic Financial Statements



This page intentionally left blank.

STATE OF ALASKA
INDEX - NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

		Page
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES		**54**
A.	THE FINANCIAL REPORTING ENTITY	54
B.	BASIC FINANCIAL STATEMENTS	58
C.	MEASUREMENT FOCUS AND BASIS OF ACCOUNTING	58
D.	FINANCIAL STATEMENT PRESENTATION	59
E.	FISCAL YEAR ENDS	60
F.	ASSETS, DEF. OUTFLOWS OF RES., LIABILITIES, DEF. INFLOWS OF RES., AND NET POSITION / FUND BALANCE	60
G.	GUARANTY DEPOSITS	64
NOTE 2 – BUDGETING, BUDGETARY CONTROL, AND LEGAL COMPLIANCE		**64**
NOTE 3 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES		**68**
NOTE 4 – DEPOSIT AND INVESTMENT RISK		**70**
A.	DEPOSITS AND INVESTMENTS UNDER THE FIDUCIARY RESPONSIBILITY OF THE COMMISSIONER OF REVENUE	70
B.	DEPOSITS AND INVESTMENTS UNDER CONTROL OF THE ALASKA RETIREMENT MANAGEMENT BOARD	76
C.	DEPOSITS AND INVESTMENTS MAINTAINED BY COMPONENT UNITS WHOSE ACCOUNTS ARE OUTSIDE OF THE STATE TREASURY	86
NOTE 5 – CAPITAL ASSETS		**97**
NOTE 6 – SHORT–TERM DEBT, BONDS PAYABLE AND OTHER LONG–TERM OBLIGATIONS		**101**
A.	SUMMARY OF CHANGES	101
B.	NET PENSION LIABILITY	102
C.	NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY/ASSET	113
D.	GENERAL OBLIGATION BONDS AND REVENUE BONDS AND OTHER LONG-TERM DEBT	127
E.	CAPITAL AND OPERATING LEASES	129
F.	CERTIFICATES OF PARTICIPATION	130
G.	DISCRETELY PRESENTED COMPONENT UNITS	131
H.	ALASKA HOUSING FINANCE CORPORATION DERIVATIVES	132
NOTE 7 – DEFINED BENEFIT PENSION PLANS		**136**
NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS		**145**
A.	PUBLIC EMPLOYEES RETIREMENT SYSTEM	145
B.	TEACHERS RETIREMENT SYSTEM	147
C.	SUPPLEMENTAL BENEFITS SYSTEM	149
D.	UNIVERSITY OF ALASKA	150
NOTE 9 – DEFERRED COMPENSATION PLAN		**151**
NOTE 10 – INTERFUND TRANSACTIONS		**152**
NOTE 11 – RELATED PARTY ACTIVITY		**152**
NOTE 12 – COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS		**153**
A.	SICK LEAVE	153
B.	SCHOOL DEBT	153
C.	RISK MANAGEMENT AND SELF–INSURANCE	153
D.	LITIGATION AND ADMINISTRATIVE APPEALS	155
E.	FEDERAL GRANTS	157
F.	DISASTER RELIEF FUND	157
G.	FUTURE LOAN COMMITMENTS	157
H.	POTENTIAL DEVELOPMENT PROJECTS	157
I.	INVESTMENT COMMITMENTS	157
J.	POLLUTION REMEDIATION	158
K.	ENCUMBRANCES	159
L.	MEDICAID	160
M.	OIL AND GAS TAX CREDITS	160
N.	CONCENTRATIONS	160
O.	COVID-19	160
NOTE 13 – SUBSEQUENT EVENTS		**160**
A.	ALASKA MUNICIPAL BOND BANK AUTHORITY	160
B.	ALASKA CLEAN WATER FUND	160
C.	ALASKA DRINKING WATER FUND	160
D.	ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY	160
E.	ALASKA MENTAL HEALTH TRUST AUTHORITY	161
F.	NORTHERN TOBACCO SECURITIZATION CORPORATION	161
G.	AIRPORTS	161
H.	ALASKA HOUSING FINANCE CORPORATION	161
I.	STATE OF ALASKA	161
NOTE 14 – PRIOR PERIOD ADJUSTMENTS		**162**

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 92 percent of the total cash and investments and 89 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 ACFR 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 99801.

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 ACFR 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 (excluding NGNMRS), 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, investment trust funds, and custodial 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. 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.

Investment trust funds are used to report resources invested on a commingled basis by the State on behalf of other governmental entities. These funds include damage recoveries arising out of the Exxon Valdez oil spill.

Custodial funds are used to report resources for which the State acts solely in a custodial capacity. These funds include resources from unclaimed property, wage and hour, offender trust accounts, and advocacy/guardianship trusts.

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.

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, 2021, the State's estimated liability for compensated absences, as reported in the government-wide Statement of Net Position, is $198.3 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, 2021 (in thousands):

	General	Permanent	Special Revenue	Debt Service	Capital Projects
Nonspendable:					
Inventory	$ 26,297	$ —	$ —	$ —	$ —
Principal	—	61,593,950	—	—	—
Advances and Prepaid Items	87,483	—	4,040	—	—
Total Nonspendable	113,780	61,593,950	4,040	—	—
Restricted:					
Debt Service	4,678	—	—	35,152	—
Education	16,269	—	21,363	—	243
Health & Human Services	618	—	18,196	—	—
Development	3,157	—	46,240	—	84,324
Other Purposes	4,251	—	204	—	—
Total Restricted	28,973	—	86,003	35,152	84,567
Committed:					
Education					
School Foundation Support	857	—	—	—	—
Pupil Transportation	55	—	—	—	—
Education Services	11,274	—	2,186	—	—
Construction & Maintenance	123,288	—	—	—	—
Health & Human Services	289,155	—	—	—	—
Public Protection	144,302	—	811	—	—
Permanent Fund					
Principle	—	4,000,000	—	—	—
Dividend Payments	15,430	—	—	—	—
Development					
Natural Resources	83,407	—	—	—	—
Transportation	430,145	—	—	—	—
Other	182,002	—	56,611	—	—
Other Purposes	171,436	—	—	—	—
Earnings Reserve Transferable to the General Fund	—	3,069,296	—	—	—
Total Committed	1,451,351	7,069,296	59,608	—	—
Assigned:					
Education	23,656	—	—	—	—
Health & Human Services	29,284	—	—	—	—
Public Protection	13,483	—	—	—	—
Development	42,176	—	—	—	—
Assigned for Future Appropriations					
Realized Earnings	—	9,271,412	—	—	—
Unrealized Appreciation on Invested Assets	—	4,807,677	—	—	—
Total Assigned	108,599	14,079,089	—	—	—
Unassigned	966,079	—	(215)	—	—
Total Fund Balance	$ 2,668,782	$ 82,742,335	$ 149,436	$ 35,152	$ 84,567

NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports $62.8 billion of restricted net position for the primary government, of which $40.0 million is restricted by enabling legislation.

G. GUARANTY DEPOSITS

The state is the custodian of guaranty deposits held to protect consumers, to secure the State's deposits in financial institutions, and to ensure payment of taxes and fulfillment of obligations to the State. Guaranty deposits of securities and other properties are not shown on the financial statements.

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 2021, supplemental appropriations within the operating and capital budgets were enacted. The total supplemental appropriations for the FY 2021 operating budget was $1.3 billion, of which $45.5 million was from the General Fund, $124.2 million was from other funds, and $1.1 billion was from federal funds. In addition, total supplemental appropriations for the FY 2021 capital budget was $364.4 million, of which $36.0 million was appropriated from the General Fund, $4.1 million was from other funds, and $324.3 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. For FY 2021, the Office of Management and Budget estimated the appropriation limit to be approximately $10.3 billion. The FY 2021 budget, not counting the excluded appropriations, was $5.4 billion, or $4.9 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 2010 and no borrowing activity from the CBRF occurred during FY 2011 through FY 2014.

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	3,000,000
Chapter 1, SSLA 2015, Section 12(b)	3,617,867
Article IX, Section 17(d) Alaska Constitution (FY 2016)	(522,510)
Subtotal FY 2016	3,095,357
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 2017)	(479,729)
Subtotal FY 2017	3,076,716
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 2018)	(431,688)
Subtotal FY 2018	743,927
Chapter 17, SLA 2018, Section 29(a)	431,688
Chapter 17, SLA 2018, Section 29(b) and (c)	504,530
Article IX, Section 17(d) Alaska Constitution (FY 2019)	(1,728,029)
Subtotal FY 2019	(791,811)
Chapter 1, SSSLA 2019, Section 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, Section 17(b) and (c)	1,178,728
Article IX, Section 17(d) Alaska Constitution (FY 2020)	(1,509,566)
Subtotal FY 2020	1,439,958
Chapter 8, SLA 2020, Section 45(a)	1,509,566
Chapter 1, SSSLA 2019, Section 1	2,406
Chapter 1, SSSLA 2019, Section 4	2,534
Chapter 1, SSSLA 2019, Section 7	2,901
Chapter 8, SLA 2020, Section 8	19,142
Chapter 8, SLA 2020, Section 23(d)	320,000
Chapter 8, SLA 2020, Section 41(a) and (b)	84,640
Chapter 8, SLA 2020, Section 45(b) and (c)	711,319
Article IX, Section 17(d) Alaska Constitution (FY 2021)	(437,916)
Subtotal FY 2021	2,214,592
Total appropriated from the CBRF	$ 12,778,739

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 2010, 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 2015, which results in a liability of the General Fund.

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

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 2017.

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 2018.

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 2019.

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 2020.

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. SLA 2020, Chapter 8, Section 18(a) and (b) changed CBRF as a funding source for some appropriations made in SSSLA 2019, Chapter 1, Section 1. SLA 2020, Chapter 8, Section 23(d) appropriated a transfer to the permanent dividend division fund. SLA 2020, Chapter 8, Section 8, appropriated amounts from CBRF to fund miscellaneous capital projects and grants. SLA 2020, Chapter 8, Section 41(a) and (b) appropriated a transfer to the PERS and TRS.

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, 2021, was $13,681 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 2010, 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 2013 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 2013, 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 2014, 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 2015, this resulted in a year-end transfer from the SBRF to the General Fund for $2,503 million.

SSSLA 2021, Chapter 1, Section 77(a), states that the unencumbered balance of any unrestricted general fund appropriation that is determined to be available for lapse at the end of the fiscal year ending June 30, 2021, after the appropriations made in sec. 24, ch. 8, SLA 2020, and sec. 15(a) of this Act, is appropriated to the budget reserve fund. For FY2021, this resulted in a year-end transfer from the General Fund to the SBRF for $156 million. SSSLA 2021, Chapter 1, Section 77(b) states that for FY 2021, funds were appropriated from the General Fund to the SBRF. This resulted in a year-end transfer from the General Fund to the SBRF for $325 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.

Recent superior court litigation — *Alaska Federation of Natives v. Dunleavy* — has prompted new interpretation and created uncertainty concerning the statutory budget reserve fund status as subject to the sweep. New interpretation of the statutory budget reserve funds sweep status is based primarily on two facts. First, the description of the statutory budget reserve fund in AS 37.05.540 is described as a separate fund in the state treasury. Second, the superior court decision in *Alaska Federal of Natives v. Dunleavy* distinguished between the general fund and the power cost equalization fund. Given these facts, the Department of Law concluded that it was reasonable for the legislature to pass and the governor to sign into law FY 2022 appropriations from the Statutory Budget Reserve to pay the dividend. Division of Finance did not sweep the fund as historically was the case and the funds were used to make the required appropriations.

NOTE 3 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In the fund financial statements, governmental funds reported deferred inflows of resources of $256,714 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, 2021 consisted of the following (in thousands):

Deferred Outflows and Inflows of Resources

	Primary Government		
	Governmental Activities	Business-Type Activities	Discrete Component Units
Deferred Outflows:			
Change in Fair Value-Interest Rate Swaps	$ —	$ —	$ 167,094
Deferred Charge on Bond Refundings	4,271	—	42,187
Deferred Lease Obligation	—	—	1,985
Deferred Outflows Related to Postretirement Benefits	211,328	3,775	24,241
Deferred Outflows Related to Pensions	801,028	7,534	38,697
Total Deferred Outflows	$ 1,016,627	$ 11,309	$ 274,204
Deferred Inflows:			
Unearned Grant Revenue	$ —	$ —	$ 552,047
Deferred Inflows Related to Bond Refundings	—	—	713
Deferred Inflows Related to Postretirement Benefits	327,742	4,229	28,260
Deferred Inflows Related to Pensions	34,828	452	18,194
Total Deferred Inflows	$ 362,570	$ 4,681	$ 599,214

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):

	Related to Postretirement Benefits	Related to Pensions
Highways Equipment Working Capital Fund	1,002	1,999
Information Services Fund	2,368	4,724
Alaska Public Building Fund	26	51

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

	Related to Postretirement	Related to Pensions
Highways Equipment Working Capital Fund	1,122	120
Information Services Fund	2,653	283
Alaska Public Building Fund	29	3

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

	Related to Postretirement	Related to Pensions
International Airports Fund	3,556	7,094
Agricultural Revolving Loan Fund	18	36
Commercial Fishing Revolving Loan Fund	173	346
Fisheries Enhancement Revolving Loan Fund	25	49
Commercial Charter Fisheries Revolving Loan Fund	—	2
Mariculture Revolving Loan Fund	1	2
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):

	Related to Postretirement	Related to Pensions
International Airports Fund	3,983	426
Agricultural Revolving Loan Fund	20	2
Commercial Fishing Revolving Loan Fund	194	21
Fisheries Enhancement Revolving Loan Fund	27	3
Commercial Charter Fisheries Revolving Loan Fund	1	—
Mariculture Revolving Loan Fund	1	—
Bulk Fuel Loan Fund	3	—

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	—	—	—	2,597	9,495
Alaska Housing Finance Corporation	167,094	35,692	—	3,558	3,911
Alaska Aerospace Corporation	—	—	—	25	50
Alaska Gasline Development Corporation	—	—	—	198	309
Alaska Industrial Development Export Authority	—	—	1,985	354	1,236
Alaska Seafood and Marketing Institute	—	—	—	116	232
University of Alaska	—	6,495	—	16,892	22,465
Alaska Mental Health Trust Authority	—	—	—	501	999

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

	Deferred Inflows Related to Bond Refundings	Unearned Grant Revenue	Deferred Inflows Related to Postretirement Benefits	Deferred Inflows Related to Pensions
Alaska Railroad Corporation	—	552,047	7,870	15,558
Alaska Housing Finance Corporation	713	—	2,436	363
Alaska Aerospace Corporation	—	—	28	3
Alaska Gasline Development Corporation	—	—	291	434
Alaska Industrial Development Export Authority	—	—	694	74
Alaska Seafood and Marketing Institute	—	—	130	14
University of Alaska	—	—	16,250	1,688
Alaska Mental Health Trust Authority	—	—	561	60

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 for which the Commissioner has fiduciary responsibility. 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, 2021 is as follows:

	Fair Value (in thousands)						
Investment Type	Short-term Fixed Income Pool	Non-interest Bearing Deposits	Broad Market Fixed Income Pool	Domestic Equity Pool	International Equity Pool	Tobacco Revenue Fixed Income	Income Receivable (Payable)
General Fund and GeFONSI	$ 2,831,305	$ 41,926	$ 737,242	$ 216,952	$ 143,678	$ 10,427	$ (68)
Constitutional Budget Reserve Fund	1,076,103	—	—	—	—	—	(36)
Public School Trust Fund	7,304	—	244,912	359,697	232,833	—	—
Investment Loss Trust Fund	3,749	—	—	—	—	—	—
General Obligation Bond Fund	86,518	—	—	—	—	—	(3)
International Airports Construction Fund	31,531	—	—	—	—	—	(1)
International Airports Fund	152,991	—	42,479	—	—	—	(5)
Power Cost Equalization Endowment Fund	9,852	—	689,141	280,130	170,043	—	—
Retiree Health Insurance Fund							
Major Medical	18,963	—	—	—	—	—	(1)
Long-Term Care	6,198	—	408,228	207,376	134,256	—	—
Mine Reclamation Fund	13	—	427	627	406	—	—
Total Invested Assets	$ 4,224,527	$ 41,926	$ 2,122,429	$ 1,064,782	$ 681,216	$ 10,427	$ (114)

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, 2021 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.

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 - ± 20% of the Barclays 1-3 Year Government Bond Index.

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

At June 30, 2021, the effective duration by investment type was as follows:

	Effective Duration (in years)
Certificate of Deposit	0.17
Corporate Bonds	6.19
Mortgage-backed	3.24
Municipal Bonds	13.67
Other Asset-backed	0.46
U.S. Government Agency	5.02
U.S. Treasury Bills, Notes, and Bonds	1.51
Yankee Corporate Bonds	2.42
Yankee Government Bonds	3.18
Portfolio Effective Duration	2.11

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.

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, 2021 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	Broad Market Fixed Income Pool
AAA	$ 1,653,230	$ 201,569
AA	32,225	87,438
A	193,089	374,502
A-1	60,101	—
BBB	7,063	346,127
BB	—	6,521
U.S. Government Agency	—	158,358
U.S. Treasury Bills, Notes, and Bonds	2,559,528	469,294
Not Rated	389,053	578,344
No Credit Risk	(321,436)	21,085
Other Fiduciary	(348,326)	(120,810)
	$ 4,224,527	$ 2,122,428

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that deposits may not be returned in the event of a bank failure. 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 policy with regard to custodial credit risk.

At June 30, 2021 the State had no uncollateralized and uninsured deposits.

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, 2021, 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 2021 and invested assets included the following holdings at June 30, 2021, for the funds invested in the International Equity Pool:

	Policy	Actual
Education Endowment Fund	28% +/- 5%	27.56 %
GeFONSI II	3% - 3% /+ 5%	3.02 %
Higher Education Fund	28% +/- 5%	27.57 %
Illinois Creek Mine Reclamation Fund	28% +/- 5%	27.57 %
Power Cost Equalization Endowment Fund	15% +/- 5%	14.80 %
Public School Trust Fund	28% +/- 5%	27.56 %
Retiree Health Insurance Fund, Long Term Care	18% +/- 5%	17.76 %

At June 30, 2021, the funds invested in the International Equity Pool had no exposure to foreign currency risk.

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 or quoted in less active markets.

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, 2021 (in thousands):

Investment by Fair Value Level	Total	Level 1	Level 2	Level 3
Cash Equivalents				
Certificates of Deposits	$ 23,012	$ —	$ 23,012	$ —
Deposits	64,704	64,704	—	—
Money Market	10,429	—	10,429	—
Repurchase Agreement	412,400	—	412,400	—
Total Cash Equivalents	510,545	64,704	445,841	—
Debt Securities				
Corporate Bonds	954,892	—	954,892	—
Mortgage Backed	534,225	—	534,225	—
Municipal Bonds	17,820	—	17,820	—
Other Asset Backed	1,598,127	—	1,598,127	—
U.S. Government Agency	158,358	—	158,358	—
U.S. Treasury Bills, Notes, and Bonds	3,028,821	—	3,028,821	—
Yankee Corporate Bonds	311,069	—	311,069	—
Yankee Government Bonds	77,718	—	77,718	—
Total Debt Securities	6,681,030	—	6,681,030	—
Equity Securities				
Commingled Equity Funds	1,887,221	1,887,221	—	—
Total Equity Securities	1,887,221	1,887,221	—	—
Total Investments by Fair Value Level		$ 1,951,925	$ 7,126,871	$ —
Total Investments Measured at Fair Value	$ 9,078,796			
Other Fiduciary Responsibility	(610,487)			
Net Receivables/(Payables) from Investment Activity	(323,002)			
Total Commissioner Invested Assets	$ 8,145,307			

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. There was no income from derivative investments as of June 30, 2021.

The International Equity Pool includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future. The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of nonperformance by these counterparties; however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date. At June 30, 2021, 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. The Plan's Investments in fully benefit-responsive Synthetic Investment Contracts (SICs) are stated at contract value. Investment purchases and sales are recorded on a trade-date basis. Investment income includes realized and unrealized gains and losses and interest income on investments and income from securities lending.

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, 2021 (in thousands):

	Totals	Level 1	Level 2	Level 3
Investment by Fair Value Level				
Cash Equivalents				
Certificates of Deposit	$ 1,746	$ —	$ 1,746	$ —
Deposits	26,990	26,990	—	—
Money Market	261,504	—	261,504	—
Repurchase Agreement	31,286	—	31,286	—
Total Cash Equivalents	321,526	26,990	294,536	—
Debt Securities				
Commingled Debt Funds	2,295,950	1,838,343	457,607	—
Convertible Bonds	256	—	256	—
Corporate Bonds	1,446,166	—	1,446,166	—
Mortgage Backed	1,122,685	—	1,122,685	—
Other Asset Backed	563,112	—	563,112	—
U.S. Government Agency	142,445	—	142,445	—
U.S. Treasury Bills, Notes, and Bonds	1,451,252	—	1,451,252	—
Yankee Corporate Bonds	364,713	—	364,713	—
Yankee Government Bonds	114,722	—	114,722	—
Total Debt Securities	7,501,301	1,838,343	5,662,958	—
Equity				
Commingled Equity Funds	5,597,435	5,597,435	—	—
Common and Preferred Equity	12,608,278	12,606,236	5	2,037
Depository Receipts	214,573	214,573	—	—
Futures	(382)	(382)	—	—
Real Estate Investment Trust	970,813	970,813	—	—
Rights	32	32	—	—
Warrants	18,678	18,678	—	—
Total Equities	19,409,427	19,407,385	5	2,037
Other				
Balanced Funds	2,205,115	—	2,205,115	—
Target Date Funds	2,775,176	—	2,775,176	—
Securities Lending Collateral Invested	85,824	—	85,824	—
Total Other	5,066,115	—	5,066,115	—
Total Investments by Fair Value Level	$ 32,298,369	$ 21,272,718	$ 11,023,614	$ 2,037
Investments Measured at the NAV				
Alternative Beta	$ 311,149			
Alternative Fixed Income	827,673			
Energy	62,212			
Farmland	900,100			
Infrastructure	742,124			
Private Equity	5,026,490			
Real Estate	1,521,574			
Timber	366,936			
Total Investments Measured at NAV	9,758,258			
Total Investments Measured at Fair Value	$ 42,056,627			
Synthetic Investment Contract at Contract Value	$ 860,524			
Net Receivables / (Payables)	(124,879)			
Total Invested Assets	$ 42,792,272			

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) 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 undergo annual independent financial statement audits. Additional information about these investments is listed in the following table (in thousands):

	Fair Value	Redemption Frequency (if currently available)	Redemption Notice Period
Alternative Beta	$ 311,149	N/A	N/A
Alternative Fixed Income	827,673	Quarterly	2-90 days
Energy	62,212	No redemptions	No redemptions
Farmland	900,100	N/A	N/A
Infrastructure	742,124	Quarterly	30-90 days
Private Equity	5,026,490	No redemptions	No redemptions
Real Estate	1,521,574	Varied	Varied
Timber	366,936	N/A	N/A
Total Investments Measured at NAV	$ 9,758,258		

Alternative Beta and Alternative Fixed Income: Investment strategies include pooled investment vehicles and securities in a variety of markets.

Energy: This type includes investments in three energy funds which invest in the debt and equity of energy-related companies. 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 of a wholly owned agriculture fund. This fund is for the purpose of owning and managing real estate property devoted to agricultural use. Investment properties include row crops, permanent crops and vegetable crops. This investment is a fund of one, therefore can be liquidated at any time.

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. Funds can be redeemed on a quarterly basis with proper notice.

Private Equity: This type includes investments in 34 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. 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 2029.

Real Estate: This type includes investments in 15 real estate funds that invest primarily in U.S. commercial real estate including value-added, opportunistic and core investments. Three of these funds are funds of one, and therefore can be liquidated at any time. For the remaining 18 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 2032.

Timber: This type includes an investment in one wholly owned timber fund that invests, acquires, manages, and disposes of timberland property and associated timber. This investment is a fund of one, and therefore can be liquidated at any time.

Synthetic Investment Contracts (SICs): The ARMB's investment manager entered into investment contracts, on behalf of the ARMB, with five 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, 2021 are as follows (in thousands):

	Contract Provider	Alaska Retirement Management Board
Contract Value of Investment Contract	Prudential Insurance Company of America	$ 165,577
Market Value of Portfolio	Prudential Insurance Company of America	170,394
Average Crediting Rate	Prudential Insurance Company of America	1.94 %
Contract Value of Investment Contract	New York Life Insurance Co.	165,307
Market Value of Portfolio	New York Life Insurance Co.	169,863
Average Crediting Rate	New York Life Insurance Co.	1.89 %
Contract Value of Investment Contract	Pacific Life Insurance Co.	165,711
Market Value of Portfolio	Pacific Life Insurance Co.	170,745
Average Crediting Rate	Pacific Life Insurance Co.	1.99 %
Contract Value of Investment Contract	State Street Bank & Trust Co.	165,746
Market Value of Portfolio	State Street Bank & Trust Co.	170,490
Average Crediting Rate	State Street Bank & Trust Co.	1.98 %
Contract Value of Investment Contract	Massachusetts Mutual Life Insurance Co.	165,376
Market Value of Portfolio	Massachusetts Mutual Life Insurance Co.	169,823
Average Crediting Rate	Massachusetts Mutual Life Insurance Co.	1.89 %

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, 2021, 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 considering all related cash flows. At June 30, 2021, the effective duration of the ARMB's fixed income by investment type, was as follows:

	Effective Duration (in years)
Corporate Bonds	9.06
Mortgage-backed	3.17
Other Asset Backed	1.22
U.S. Government Agency	3.63
U.S. Treasury Bills, Notes, and Bonds	7.70
Yankee Corporate Bonds	5.76
Yankee Government Bonds	7.38
Total Portfolio	6.17

Synthetic Investment Contracts

The ARMB contracts with an external investment manager who is given the authority to invest 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:

Constant duration SICs duration cannot exceed the longer of six years or the duration of the Bloomberg Barclays Aggregate Bond Index plus one-half year. The weighted average duration of the constant duration SICs was 4.16 years at June 30, 2021. The duration of the Bloomberg Barclays Aggregate Bond Index was 6.48 years at June 30, 2021. 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 weighted average duration of the account was 4.01 years at June 30, 2021. The duration of the Bloomberg Barclays U.S. Intermediate Aggregate Bond Index was 4.08 years at June 30, 2021. The balance of the reserve is invested in the custodian's Institutional Treasury Money Market Fund and the external manager's Cash Reserves Trust Fund. The account did not hold any buy-and-hold SICs or structured payout SICs investments at June 30, 2021.

Credit Risk

At June 30, 2021, 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	Foreign
A	$ 788,384	$ —
A-1	4,559	—
AA	206,764	—
AAA	587,134	—
B	12,890	—
BB	21,390	—
BBB	786,597	—
Not Rated	3,499,629	256
U.S. Government Agency	142,445	—
U.S. Treasury Bills, Notes, and Bonds	1,451,252	—
	$ 7,501,044	$ 256

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, 2021, the ARMB's invested assets had uncollateralized and uninsured foreign currency deposits of $15,015 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 risk by limiting 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	10 %	23 %	18 %	20 %
Teachers' Retirement System	10	23	18	20
Judicial Retirement System	10	23	18	20
Alaska National Guard and Naval Militia Retirement System	10	17	12	11

At June 30, 2021, the ARMB had exposure to foreign currency risk with the following deposits and investments (in thousands):

Currency	Convertible Bonds	Deposits	Equity	Private Equity	Rights & Warrants
Australian Dollar	$ —	$ 114	$ 74,665	$ 793	$ —
Brazilian Real	—	466	53,429	—	2
Canadian Dollar	—	1,307	118,550	—	—
Chilean Peso	—	35	6,258	—	—
Colombian Peso	—	—	484	—	—
Czech Koruna	—	12	778	—	—
Danish Krone	—	135	60,381	—	—
Euro Currency	—	2,744	788,300	333,550	30
Hong Kong Dollar	—	623	234,159	—	—
Hungarian Forint	—	22	1,873	—	—
Iceland Krona	—	—	2,570	—	—
Indian Rupee	—	28	65,555	—	—
Indonesian Rupiah	—	7	5,083	—	—
Japanese Yen	—	3,387	573,913	—	—
Kuwaiti Dinar	—	95	1,197	—	—
Malaysian Ringgit	—	3	5,113	—	—
Mexican Peso	—	682	21,846	—	—
New Israeli Sheqel	—	82	5,224	—	—
New Taiwan Dollar	—	478	91,068	—	—
New Zealand Dollar	—	—	5,308	—	—
Norwegian Krone	—	149	25,138	—	—
Philippine Peso	—	—	1,721	—	—
Polish Zloty	—	16	3,217	—	—
Pound Sterling	—	934	318,500	63,978	—
Qatari Rial	—	95	4,715	—	—
Russian Ruble	—	293	60,761	—	—
Saudi Riyal	—	48	22,412	—	—
Singapore Dollar	—	79	19,732	—	—
South African Rand	—	54	21,144	—	—
South Korean Won	—	79	119,866	—	—
Swedish Krona	—	142	94,290	22,310	—
Swiss Franc	256	759	189,071	—	11
Thailand Baht	—	26	13,260	—	1
Turkish Lira	—	34	7,704	—	—
Uae Dirham	—	101	4,079	—	—
Yuan Renminbi	—	1,986	86,341	—	—
	$ 256	$ 15,015	$ 3,107,705	$ 420,631	$ 44

Concentration of Credit Risk

At June 30, 2021, 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, underlying investments, and 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- and 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, 2021, 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	$ (2,899)	Futures	$ —	$ —
Fixed Income Futures Long	Investment Revenue	(655)	Futures	—	19,800
Fixed Income Futures Short	Investment Revenue	—	Futures	—	—
FX Forwards	Investment Revenue	2,702	Long Term Instruments	1,052	149,252
Index Futures Long	Investment Revenue	21,834	Futures	—	17
Index Futures Short	Investment Revenue	(2,876)	Futures	—	—
Rights	Investment Revenue	320	Common Stock	32	232
Warrants	Investment Revenue	7,320	Common Stock	18,678	1,368

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, 2021, 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	$ —	$ (251)	$ —	$ (251)
Brazilian Real	2	—	—	2
Canadian Dollar	—	(337)	(2)	(339)
Swiss Franc	11	—	60	71
Danish Krone	—	—	23	23
Euro Currency	30	—	899	929
Pound Sterling	—	—	492	492
Japanese Yen	—	(193)	21	(172)
South Korean Won	—	—	35	35
Mexican Peso	—	(3)	—	(3)
Norwegian Krone	—	—	7	7
Swedish Krona	—	—	301	301
Singapore Dollar	—	—	—	—
Thailand Baht	1	—	—	1
	$ 44	$ (784)	$ 1,836	$ 1,096

At June 30, 2021 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, 2021, 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, 2021, was approximately $83.6 million. At June 30, 2021, cash collateral received totaling $85.8 million is reported as a securities lending payable and the fair value of the re-invested cash collateral totaling $85.8 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, 2021 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, 2021, Deferred Compensation Plan investments totaled $1.220 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, 2021 are as follows (in thousands):

	FY 2021
S&P 500 Stock Index Fund	$ 270,931
Stable Value Fund	206,109
T. Rowe U.S. Small-Cap Trust	155,398
Alaska Long-Term Balanced Trust	92,255
Passive U.S. Bond Index Fund	80,473
International Equity Fund	59,797
Environmental, Social, and Governance Fund	55,663
Russell 3000 Index Fund	51,363
Alaska Balanced Trust	44,250
Alaska Target Date Retirement 2025 Trust	32,318
Alaska Target Date Retirement 2020 Trust	26,016
State Street Institutional Treasury Money Market Fund	20,818
World Equity Ex-U.S. Index Fund	20,186
Alaska Target Date Retirement 2030 Trust	19,093
Blackrock Strategic Completion Fund	15,810
Alaska Target Date Retirement 2035 Trust	13,474
Alaska Target Date Retirement 2040 Trust	13,411
Alaska Target Date Retirement 2045 Trust	10,128
Alaska Target Date Retirement 2015 Trust	9,958
Alaska Target Date Retirement 2050 Trust	7,953
Alaska Target Date Retirement 2055 Trust	6,370
Alaska Target Date Retirement 2010 Trust	3,334
Mass Mutual Equity Fund	2,626
Alaska Target Date Retirement 2060 Trust	1,462
Alaska Target Date Retirement 2065 Trust	515
Mass Mutual Bond Fund	17
	$ 1,219,728

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, 2021, SBS investments totaled $5.064 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, 2021 are as follows (in thousands):

	FY 2021
Alaska Balanced Trust	$ 1,217,645
Alaska Long-term Balanced Trust	771,486
S&P 500 Stock Index Fund	525,484
Stable Value Fund	491,868
T. Rowe Price U.S. Small Cap Trust	284,471
Passive U.S. Bond Index Fund	190,149
Environmental, Social, and Governance Fund	170,464
International Equity Fund	150,615
Russell 3000 Index Fund	136,280
Alaska Target Date Retirement 2055 Trust	126,305
Alaska Target Date Retirement 2050 Trust	124,902
Alaska Target Date Retirement 2025 Trust	115,257
Alaska Target Date Retirement 2045 Trust	111,642
Alaska Target Date Retirement 2035 Trust	97,531
Alaska Target Date Retirement 2030 Trust	96,586
Alaska Target Date Retirement 2040 Trust	94,296
Alaska Target Date Retirement 2020 Trust	93,312
Alaska Target Date Retirement 2015 Trust	83,149
State Street Institutional Treasury Money Market Fund	67,593
World Equity Ex-U.S. Index Fund	58,739
Blackrock Strategic Completion Fund	36,405
Alaska Target Date Retirement 2010 Trust	10,061
Alaska Target Date Retirement 2060 Trust	7,262
Alaska Target Date Retirement 2065 Trust	2,876
	$ 5,064,378

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 could 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, 2021, the APFC's strategic asset allocation targets were as follows:

Asset Class	Asset Class Target
Public Equities	39%
Fixed Income	21%
Private Equity and Special Opportunities	15%
Real Estate	7%
Infrastructure and Private Income	9%
Absolute Return	6%
Risky Parity	1%
Cash	2%

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 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 39 percent, with the green zone range set at plus or minus five percent, the yellow zone range set at zero to five percent beyond the green zone, and red zone range set at greater than five 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 years, 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, 2021, the Fund held fixed income investments with floating, variable, and step interest rates, valued at $758,105 thousand. These fixed income investments were both domestic and non-domestic, and had current annual interest rates ranging from zero to 15.5 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 the investment in 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 collateral held at derivatives brokers, U.S. Treasury bills, commercial paper, 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, 2021 (in thousands):

Cash	$	202,593
Pooled Funds		1,322,111
Commercial Paper		563,191
U.S. Treasury Bills		3,715,823
FX Forward Exchange Contracts		24,695
Total Cash and Temporary Investments	$	5,828,413

Uninvested cash was held at the custodian, sub-custodian, or derivatives 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, 2021, are summarized as follows (in thousands), categorized by debt instrument type and by country of registration:

	Cost	Fair Value	Unrealized Gains/(Losses)
U.S. Treasury and Government Notes/Bonds	$ 2,389,975	$ 2,396,855	$ 6,880
Mortgage-backed Securities	2,535,497	2,543,881	8,384
U.S. Corporate Bonds	6,259,931	6,700,979	441,048
Commercial Mortgage/Asset-backed Securities	674,984	681,384	6,400
Non-U.S. Treasury and Government Bonds	2,358,445	2,333,976	(24,469)
Non-U.S. Corporate Bonds	998,114	1,073,502	75,388
Commingled and exchange traded funds	712,403	707,792	(4,611)
Total Marketable Debt Securities	$ 15,929,349	$ 16,438,369	$ 509,020

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, 2021, 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	$ 466,392	$ 276,968	$ 743,360	4.52 %
AA	510,927	354,475	865,402	5.26
A	1,405,528	565,066	1,970,594	11.99
BBB	3,260,232	974,917	4,235,149	25.76
BB	940,040	360,982	1,301,022	7.91
B	612,114	245,705	857,819	5.22
CCC	132,794	78,399	211,193	1.28
CC	464	—	464	0.00
C	—	—	—	0.00
D	108	40,766	40,874	0.25
Total Fair Value of Rated Debt Securities	7,328,599	2,897,278	10,225,877	62.21
Commingled and exchange traded funds	707,792	1	707,793	4.31
Not Rated	63,345	531,765	595,110	3.62
U.S. Government Explicitly Backed by the U.S. Government (AA)	2,952,208	—	2,952,208	17.96
U.S. Government Implicitly Backed by the U.S. Government (AA)	1,957,381	—	1,957,381	11.91
Total Fair Value Debt Securities	$ 13,009,325	$ 3,429,044	$ 16,438,369	100.00 %

Marketable Debt Duration

To manage its interest rate risk on marketable debt securities, the APFC monitors fair values daily and routinely reviews portfolio effective duration in comparison to established benchmarks. At June 30, 2021, 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	18.43 %	7.21
Mortgage-backed Securities	19.55	4.58
Corporate Bonds	51.51	8.54
Commercial Mortgage and Asset-backed Securities	5.07	3.90
Commingled and Exchange Traded Funds	5.44	—
Total Domestic Bonds	100.00 %	6.82
Non-domestic Bonds		
Treasury and Government Bonds	68.06 %	7.88
Corporate Bonds	31.31	7.10
Commercial Mortgage and Asset-backed Securities	0.63	9.12
Commingled and Exchange Traded Funds	—	4.68
Total Non-domestic Bonds	100.00 %	7.64

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, 2021 are summarized as follows (in thousands) which include the net fair value of equity index futures of $9.1 million:

	Cost	Fair Value	Unrealized Holding Gains/(Losses)
Direct Investments			
Domestic Stock	$ 11,706,300	$ 16,522,154	$ 4,815,854
Non-domestic Stock	10,561,737	13,379,045	2,817,308
Commingled Funds	459,173	570,594	111,421
Total Preferred and Common Stock	$ 22,727,210	$ 30,471,793	$ 7,744,583

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, 2021, 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	Equity,Private Debt, Real Estate, Infrastructure	Marketable Debt	Total Foreign Currency Exposure
Australian Dollar	$ 4,348	$ 36,263	$ 404,656	$ 51,645	$ 496,912
Brazil Real	4,219	(1,508)	187,154	44,513	234,378
Canadian Dollar	8,349	92,323	684,165	43,149	827,986
Chilean Peso	1,744	(17,549)	8,336	19,876	12,407
Chinese Yuan Renminbi	7,638	(108,394)	284,036	149,161	332,441
Columbian Peso	2,243	(22,177)	1,275	38,744	20,085
Czech Koruna	475	(972)	1,641	17,861	19,005
Danish Krone	6,177	(2,748)	188,570	—	191,999
Dominican Republic Peso	—	—	—	391	391
Egyptian Pound	4,483	(4,231)	224	5,657	6,133
Euro Currency	60,826	(335,177)	3,661,842	415,845	3,803,336
Hong Kong Dollar	9,267	(15,843)	1,322,895	—	1,316,319
Hungarian Forint	240	5,553	6,141	6,789	18,723
Indian Rupee	2,036	7,275	336,572	28	345,911
Indonesian Rupiah	2,427	(28,831)	46,058	78,989	98,643
Israeli Shekel	(6,067)	8,979	44,148	—	47,060
Japanese Yen	9,562	(335,990)	1,540,396	365,317	1,579,285
Kuwaiti Dinar	26	—	1,124	—	1,150
Malaysian Ringgit	1,201	(17,219)	23,759	66,384	74,125
Mexican Peso	(4,816)	(15,307)	61,690	73,579	115,146
New Taiwan Dollar	4,790	(1,745)	499,561	—	502,606
New Zealand Dollar	4,079	(145,740)	14,656	8,923	(118,082)
Norwegian Krone	1,191	(180,021)	69,628	11,508	(97,694)
Pakistan Rupee	108	—	538	—	646
Peruvian Sol	402	(7,978)	—	13,388	5,812
Phillipines Peso	261	1,572	10,122	—	11,955
Polish Zloty	868	24,118	53,507	20,681	99,174
Pound Sterling	1,548	(215,089)	1,095,451	100,570	982,480
Qatari Riyal	3	79	9,207	—	9,289
Romanian Leu	124	7,431	—	2,706	10,261
Russian Ruble	4,728	(25,476)	51,931	66,384	97,567
Saudi Arabian Riyal	605	—	83,798	—	84,403
Serbian Dinar	372	—	—	—	372
Singapore Dollar	1,159	1,484	52,404	—	55,047
South African Rand	3,443	(34,284)	92,688	48,288	110,135
South Korean Won	5,611	(36,206)	565,995	48,136	583,536
Swedish Krona	5,066	121,397	283,266	—	409,729
Swiss Franc	1,488	(77,441)	410,733	—	334,780
Thailand Baht	367	2,861	33,752	22,710	59,690
Turkish Lira	540	3,751	22,311	4,031	30,633
UAE Dirham	57	—	7,171	—	7,228
Ukraine Hryvana	—	—	—	61	61
Uruguayan Peso	—	—	—	658	658
Total foreign currency exposure	$ 151,188	$ (1,316,840)	$ 12,161,401	$ 1,725,972	$ 12,721,721

Cash amounts in the schedule include receivables, payables, 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 investments are denominated in U.S. dollars and are not included in the schedule above.

Real Estate

The Fund holds a variety of real estate interests, including directly owned real estate, real estate investment trusts, multi-family and industrial real estate operating companies, 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. An internal real estate management program was initiated during FY 2021 and two existing direct holdings were moved into this program. The Fund also holds a portfolio of real estate loans collateralized by income-producing, institutional real estate in the United States; these are administered by an external institutional real estate management firm.

The APFC periodically reviews real estate investments for other than temporary impairment. During FY 2021, it was determined that one direct real estate holding 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, $3.8 million of unrealized losses were realized through a write-down of cost to fair value.

Real estate investments at June 30, 2021 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains (Losses)
Real Estate Investment Trusts	$ 682,890	$ 944,695	$ 261,805
Real Estate Funds and Notes	987,201	1,043,254	56,053
American Homes 4 Rent II	115,866	145,832	29,966
Directly Owned Real Estate			
Retail	794,974	1,347,873	552,899
Office	1,073,478	1,274,920	201,442
Hotel	59,422	65,947	6,525
Industrial	242,284	477,168	234,884
Multifamily	176,475	291,093	114,618
Development	71,926	71,945	19
Total Real Estate	$ 4,204,516	$ 5,662,727	$ 1,458,211

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 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 2021, it was determined that twelve private equity funds were impaired because it was more likely than not that 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, $49.8 million of unrealized losses were realized through a write-down of cost to fair value. These impairments have no impact on the carrying value of investments or on the net increase in the fair value of 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 2021 it was determined that no infrastructure funds were impaired.

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 2021, it was determined that three private credit funds were 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 assets. In order to reflect the impairment in statutory net income and fund balance classifications, $11.1 million of unrealized losses were realized through a write-down of cost to fair value.

Alternative investments at June 30, 2021 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains
Absolute Return	$ 4,180,792	$ 5,170,653	$ 989,861
Private Equity	8,381,923	15,294,438	6,912,515
Infrastructure	2,004,046	2,636,769	632,723
Private Credit	1,914,808	2,257,082	342,274
Total Alternative Investments	$ 16,481,569	$ 25,358,942	$ 8,877,373

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, 2021, 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, 2021 the value of securities on loan is as follows (in thousands):

Fair Value of Securities on Loan, Secured by Cash Collateral	$ 4,249,447
Cash Collateral	4,348,802
Fair Value of Securities on Loan, Secured by Non-cash Collateral	7,445,378
Non-cash Collateral	8,230,657

The Fund receives 80 percent of earnings derived from securities lending transactions, and the Bank retains 20 percent. During the year ended June 30, 2021, the Fund incurred no losses from securities lending transactions. The Fund received income of $23.7 million from securities lending for the year ended June 30, 2021, 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 the Fund's investments and derivative instruments at June 30, 2021 are summarized as follows (in thousands):

	Measured Using Input Levels			Measured Using	
	Level 1	Level 2	Level 3	NAV	Total
Marketable Debt Securities	$ 3,023,565	$ 13,331,791	$ 83,013	$ —	$ 16,438,369
Preferred and Common Stock	30,189,384	27	40	282,342	30,471,793
Real Estate	944,679	—	—	4,718,048	5,662,727
Absolute Return	—	—	—	5,170,653	5,170,653
Private credit	—	—	—	2,257,082	2,257,082
Private equity	162,245	—	—	15,132,193	15,294,438
Infrastructure	227,887	—	—	2,408,882	2,636,769
Total Investments	$ 34,547,760	$ 13,331,818	$ 83,053	$ 29,969,200	$ 77,931,831

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, 2021, is summarized as follows (in thousands):

Interest		
Marketable Debt Securities	$	432,314
Short-term and Other		4,167
Total Interest	$	436,481
Dividends	$	558,073
Real Estate and Other Income		
Directly Owned Real Estate Net Rental Income	$	75,271
Real Estate Investment Trust Dividends		22,613
Real Estate Fund and Notes, Net of Fees		8,110
Private Credit Interest Income, Net of Fees		80,094
Infrastructure Interest and Dividend Income, Net of Fees		16,021
Private Equity Dividend Income, Net of Fees		302,533
Class Action Litigation Income		1,160
Loaned Securities, Commission Recapture, and Other Income		24,375
Total Real Estate and Other Income	$	530,177

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, 2021 ranged between one and 127 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, 2021 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 2021 are summarized as follows (in thousands):

Balances at June 30, 2021:		
Face Value of FX Forward Contracts	$	5,895,569
Net Unrealized Holding Gains (losses) on FX Forward Contracts		24,695
Fair Value of FX Forward Contracts	$	5,920,264
Activity for Fiscal Year Ending June 30, 2021		
Change in Unrealized Holding Gains	$	19,018
Realized Gains (losses)		(87,693)
Net Increase (decrease) in Fair Value of FX Forward Contracts	$	(68,675)

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 2021 are summarized as follows (in thousands):

Balances at June 30, 2021:		
Face Value of Equity Index Futures	$	94,252
Net Unrealized Holding Gains on Futures		9,131
Fair Value of Equity Index Futures	$	103,383
Activity for Fiscal Year Ending June 30, 2021		
Change in Unrealized Holding Gains	$	6,553
Realized Gains		41,577
Net Increase in Fair Value of Equity Index Futures	$	48,130

Activity and balances related to futures in fixed income accounts for FY 2021 is summarized as follows (in thousands):

Balances at June 30, 2021:		
Face Value of U.S. Treasury Index Futures	$	106,178
Net Unrealized Holding Losses on Futures		(5,717)
Fair Value of U.S. Treasury Index Futures	$	100,461
Activity for Fiscal Year Ending June 30, 2021		
Change in Unrealized Holding Losses	$	(5,015)
Realized Gains		14,405
Net Increase in Fair Value of U.S. Treasury Index Futures	$	9,390

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:

	Governmental Activities		Business-Type Activities	
Capital Asset	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, 2021, are as follows (in millions):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right-of-Way	$ 688	$ 10	$ —	$ 698
Land	380	3	—	383
Construction in progress	1,580	758	(846)	1,492
Total capital assets not being depreciated	2,648	771	(846)	2,573
Capital assets being depreciated:				
Buildings	2,561	29	(4)	2,586
Intangible - Software	318	1	(1)	318
Equipment	1,058	280	(96)	1,242
Infrastructure	9,939	889	(63)	10,765
Total capital assets being depreciated	13,876	1,199	(164)	14,911
Less accumulated depreciation for:				
Buildings	(1,026)	(78)	5	(1,099)
Intangible - Software	(226)	(30)	—	(256)
Equipment	(640)	(74)	34	(680)
Infrastructure	(6,697)	(439)	21	(7,115)
Total accumulated depreciation	(8,589)	(621)	60	(9,150)
Total capital assets being depreciated, net	5,287	578	(104)	5,761
Capital assets, net	$ 7,935	$ 1,349	$ (950)	$ 8,334

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	14	34	(25)	23
Total capital assets not being depreciated	45	34	(25)	54
Capital assets being depreciated:				
Buildings	1,136	5	(1)	1,140
Equipment	139	12	—	151
Infrastructure	1,105	9	—	1,114
Total capital assets being depreciated	2,380	26	(1)	2,405
Less accumulated depreciation for:				
Buildings	(536)	(33)	—	(569)
Equipment	(107)	(7)	—	(114)
Infrastructure	(598)	(37)	—	(635)
Total accumulated depreciation	(1,241)	(77)	—	(1,318)
Total capital assets being depreciated, net	1,139	(51)	(1)	1,087
Capital assets, net	$ 1,184	$ (17)	$ (26)	$ 1,141

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	$ 37
Education	17
Health and Human Services	25
Law and Justice	6
Natural Resources	4
Development	1
Public Protection	15
Transportation	486
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	$ 621
Business-type Activities:	
Enterprise	$ 77

DISCRETELY PRESENTED COMPONENT UNITS

The estimated useful lives of capital assets range from 4 to 50 years. Intangibles 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 infrastructure. Easements and Right-of-Way are grouped with Construction in Progress. The following table summarizes net capital assets reported by the discretely presented component units at June 30, 2021 (in millions):

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right-of-Way	$ 19	$ 14	$ —	$ 33
Land	119	2	—	121
Museum Collections	7	—	—	7
Construction in Progress	669	131	(498)	302
Total capital assets not being depreciated	814	147	(498)	463
Capital assets being depreciated/depleted:				
Intangible - Software	2	—	—	2
Intangible - Right of Use	21	—	—	21
Land	4	—	—	4
Library Books	56	—	(2)	54
Buildings	2,499	303	—	2,802
Equipment	908	98	(6)	1,000
Infrastructure	1,857	113	—	1,970
Total capital assets being depreciated/depleted	5,347	514	(8)	5,853
Less accumulated depreciation/depletion for:				
Intangible - Software	(2)	—	—	(2)
Intangible - Right of Use	(10)	(1)	—	(11)
Land	(1)	—	—	(1)
Library Books	(49)	(1)	2	(48)
Buildings	(1,317)	(84)	—	(1,401)
Equipment	(597)	(43)	4	(636)
Infrastructure	(977)	(64)	—	(1,041)
Total accumulated depreciation/depletion	(2,953)	(193)	6	(3,140)
Total capital assets being depreciated/depleted, net	2,394	321	(2)	2,713
Capital assets, net	$ 3,208	$ 468	$ (500)	$ 3,176

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 2021 totaling $1,901 thousand and $2,200 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.

Long-Term Liabilities

The following table summarizes changes in long-term liabilities for Governmental Activities for the fiscal year ended June 30, 2021 (in thousands):

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 312,960	$ 1,819	$ 4,106	$ 310,673	$ —
General obligation debt	672,105	110,763	57,771	725,097	41,210
Notes from direct borrowings and direct placements	6,563	74	2,778	3,859	2,770
Capital leases payable	229,730	3,561	22,126	211,165	21,748
Unearned revenue	1,219,849	1,767,559	2,359,954	627,454	374,294
Certificates of participation	24,341	—	2,244	22,097	2,227
Compensated absences	180,772	162,787	145,233	198,326	150,308
Claims and judgments	224,745	17,975	25,879	216,841	42,982
Pollution remediation	125,227	8,739	3,433	130,533	12,753
Other noncurrent liabilities	3,435	71,321	39,366	35,390	397
Net pension liability	4,615,517	440,512	29,464	5,026,565	—
Net OPEB liability	104,548	—	101,249	3,299	—
Total	$ 7,719,792	$ 2,585,110	$ 2,793,603	$ 7,511,299	$ 648,689

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, 2021 (in thousands):

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 355,082	$ —	$ 16,023	$ 339,059	$ 14,640
Unearned revenue	36,093	8,162	18,988	25,267	25,267
Compensated absences	5,076	4,404	4,226	5,254	3,974
Pollution remediation	5,856	885	555	6,186	618
Other Noncurrent Liabilities	33,684	17,733	16,842	34,575	—
Net pension liability	60,221	3,288	80	63,429	—
Net OPEB liability	1,989	1	1,884	106	—
Total	$ 498,001	$ 34,473	$ 58,598	$ 473,876	$ 44,499

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, 2020 measurement date was determined by actuarial valuations as of June 30, 2019, which were rolled forward to June 30, 2020. The JRS and NGNMRS total pension liability for the June 30, 2020 measurement date was determined by actuarial valuations as of June 30, 2020. 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%	0% for FY 2021 through FY 2024, 3.62% per year thereafter
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 pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100 percent of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91 percent of male and 96 percent of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Disabilities are assumed to be occupational 75 percent of the time for Peace Officer/ Firefighters, 40 percent of the time for others. Post-disability mortality in accordance with the RP-2014 disabled 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 July 1, 2013 to June 30, 2017. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for the administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from DB Pension Plan assets.

TRS pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100 percent 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 based

on 93 percent of male and 90 percent 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 percent of the time. Post-disability mortality in accordance with the RP-2014 disabled table, benefit-weighted, rolled back to 2006, and projected 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. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from DB Pension Plan assets.

JRS pre-commencement mortality rates were based on 100 percent 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 based on 93 percent of male and 90 percent 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. Post-disability mortality in accordance with the RP-2014 disabled table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The actuarial assumption used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. The assumptions used in the June 30, 2020 valuation are the same as those used in the June 30, 2019 valuation, except (i) the salary increase assumption and the pensioner benefit increase assumption were modified to be 0 percent per year for FY 2021 through FY 2024, and 3.62 percent per year thereafter based on information provided by the Board, and (ii) the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from pension plan assets.

NGNMRS pre-commencement mortality rates were based on 100 percent of the RP-2014 employee table, benefit weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91 percent of male and 96 percent of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Disability mortality in accordance with the RP-2014 disabled table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The actuarial assumption used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. The actuarial assumptions used in the June 30, 2020 valuation are the same as those used in the June 30, 2019 actuarial valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from pension plan assets.

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 real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 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	Broad Domestic Equity	6.24%	26.00%	+/- 6%
	Global Equity (non-U.S.)	6.67	18.00	+/- 4
	Fixed Income	—	24.00	+/- 10
	Aggregate Bonds	(0.16)	—	—
	Opportunistic	3.01	8.00	+/- 4
	Real Assets	3.82	13.00	+/- 7
	Private Equity	10.00	11.00	+/- 6
	Cash Equivalents	(1.09)	—	—
JRS	Domestic Equity	6.24	26.00	+/- 6
	Global Equity (non-U.S.)	6.67	18.00	+/- 4
	Aggregate Bonds	(0.16)	—	—
	Fixed Income	—	24.00	+/- 10
	Opportunistic	3.01	8.00	+/- 4
	Real Assets	3.82	13.00	+/- 7
	Private Equity	10.00	11.00	+/- 6
	Cash Equivalents	(1.09)	—	—
NGNMRS	Domestic Equity	6.20	26.00	+/- 6
	Global Equity (non-U.S.)	6.66	21.00	+/- 4
	Fixed Income	(0.16)	45.00	+/- 10
	Opportunistic	3.01	8.00	+/- 5
	Cash Equivalents	(1.09)	—	+ 3

The discount rate used to measure the total pension liability was 7.38 percent for PERS, TRS and JRS which is no change from the June 30, 2019 measurement. The discount rate used to measure the total pension liability was 7 percent for NGNMRS which is no change from the June 30, 2019 measurement. The projection of cash flows used to determine the discount rate assumed that 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 2.66 percent as of June 30, 2020.

The following presents the net pension liability/(asset) for each plan as of June 30, 2020, 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	$ 3,766,226	$ 2,896,625	$ 2,167,274
Discrete Component Units' proportionate share of the PERS net pension (asset) liability	367,624	282,741	211,549
Primary Government's proportionate share of the TRS net pension (asset) liability	18,630	13,276	8,773
Discrete Component Units' proportionate share of the TRS net pension (asset) liability	40,416	28,801	19,032
Primary Government's JRS net pension (asset) liability	45,212	21,898	2,242

	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
Primary Government's NGNMRS net pension (asset) liability	$ (18,016)	$ (20,031)	$ (21,768)

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, 2020 to a projected fully funded year of 2039. At June 30, 2020 the proportionate share of the net pension liability attributed to the State was 53.88 percent (49.09 percent for the primary government and 4.79 percent for the discrete component units) for the Public Employee’s Retirement System (PERS) and 2.07 percent (0.65 for the primary government and 1.42 for the discrete component units) for the Teacher’s Retirement System (TRS). This was a decrease of 0.75 percent (0.63 percent decrease for the primary government and 0.12 percent decrease for the discrete component units) for PERS and a decrease of 0.20 percent (0.02 percent decrease for the primary government and 0.18 percent decrease for the discrete component units) for TRS from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the State recognized pension expense of $377,249 thousand ($347,284 thousand for the primary government and $29,965 thousand for the discrete component units) broken out by plan as follows (in thousands):

Systems	Pension Expense
Public Employees’ Retirement System - Primary Government	$ 351,119
Public Employees’ Retirement System - Discrete Component Units	28,519
Teachers’ Retirement System - Primary Government	1,018
Teachers’ Retirement System - Discrete Component Units	1,446
Judicial Retirement System - Primary Government	58
Alaska National Guard and Alaska Naval Militia Retirement System - Primary Government	(4,911)

At June 30, 2021, 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	$ 9,189	$ —
	Difference Between Projected and Actual Investment Earnings	117,893	—
	Changes in Proportions and Difference Between Employer Contributions and Proportionate Share of Contributions	—	7,898
	Changes in Assumptions	—	—
	Contributions Subsequent to the Measurement Date	255,643	—
Discrete Component Units	Difference Between Expected and Actual Experience	897	—
	Difference Between Projected and Actual Investment Earnings	11,508	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	1,360
	Changes in Assumptions	—	—
	Contributions Subsequent to the Measurement Date	21,861	—
TRS			
Primary Government	Difference Between Expected and Actual Experience	15	—
	Difference Between Projected and Actual Investment Earnings	915	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	55
	Changes in Assumption	—	—
	Contributions Subsequent to the Measurement Date	1,120	—
Discrete Component Units	Difference Between Expected and Actual Experience	33	—
	Difference Between Projected and Actual Investment Earnings	1,985	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	1,275
	Changes in Assumptions	—	—
	Contributions Subsequent to the Measurement Date	907	—
JRS			
Primary Government	Difference Between Projected and Actual Investment Earnings	4,903	—
	Difference Between Expected and Actual Experience	2,670	—
	Changes in Assumptions	—	24,903
	Contributions Subsequent to the Measurement Date	12,108	—
NGNMRS			
Primary Government	Difference Between Projected and Actual Investment Earnings	930	—
	Difference Between Expected and Actual Experiences	—	2,464
	Changes in Assumptions	—	29
	Contributions Subsequent to the Measurement Date	—	—

$291,639 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 2022 ($268,871 thousand for the primary government and $22,768 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
2022	$ 3,375	$ (260)	$ (30)	$ (1,220)	$ (11,476)	$ (2,007)
2023	41,460	4,047	323	701	(8,844)	198
2024	43,821	4,277	344	746	1,759	108
2025	30,528	2,980	237	515	1,230	137
2026	—	—	—	—	—	—
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, 2021 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 6.38%	Discount Rate 7.38%	1% Increase 8.38%
PERS net pension liability	$ 1,140,053	$ 876,821	$ 656,043
TRS net pension liability	1,798,166	1,281,372	846,749

At June 30, 2020 the proportionate share of the net pension liability attributed to the State for the special funding situation was 14.86 percent for the Public Employee's Retirement System (PERS) and 63.02 percent for the Teacher's Retirement System (TRS), which was an increase of 0.58 percent and 3.69 percent from its proportion measured as of June 30, 2019 for PERS and TRS respectively.

For the year ended June 30, 2021, the State recognized expenses of $397,951 thousand in relation to the special funding situation broken out by plan as follows (in thousands):

Systems	Pension Expense
Public Employees' Retirement System	$ 201,875
Teachers' Retirement System	196,076

At June 30, 2021, 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	$ 2,781	$ —
	Difference Between Projected and Actual Investment Earnings	35,687	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	10,999	—
	Changes in Assumptions	—	—
	Changes in Benefits	—	—
	Contributions Subsequent to the Measurement Date	101,383	—
TRS	Difference Between Expected and Actual Experience	1,459	—
	Difference Between Projected and Actual Investment Earnings	88,297	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	28,568	—
	Changes in Assumptions	—	—
	Contributions Subsequent to the Measurement Date	134,070	—

$235,453 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 2022. 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
2022	$ 14,411	$ 31,022
2023	12,550	31,190
2024	13,265	33,191
2025	9,241	22,922
2026	—	—
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, 2020 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, 2019	$ 235,935	$ 184,626	$ 51,309
Changes for the year:			
Service Cost	6,580	—	6,580
Interest	17,340	—	17,340
Differences between expected and actual experience	4,075	—	4,075
Changes in assumptions	(38,010)	—	(38,010)
Contributions - employer	—	11,127	(11,127)
Contributions - employee	—	839	(839)
Net investment income	—	7,537	(7,537)
Benefit payments, including refunds of employee contributions	(14,178)	(14,178)	—
Administrative expense	—	(107)	107
Net Changes	(24,193)	5,218	(29,411)
Balances at June 30, 2020	$ 211,742	$ 189,844	$ 21,898

NGNMRS	**Increase (Decrease)**		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Asset (a)-(b)**
Balances at June 30, 2019	$ 22,253	$ 40,965	$ (18,712)
Changes for the year:			
Service Cost	508	—	508
Interest	1,532	—	1,532
Differences between expected and actual experience	(587)	—	(587)
Contributions - employer	—	861	(861)
Net investment income	—	2,142	(2,142)
Benefit payments, including refunds of employee contributions	(1,641)	(1,641)	—
Administrative expense	—	(231)	231
Net Changes	(188)	1,131	(1,319)
Balances at June 30, 2020	$ 22,065	$ 42,096	$ (20,031)

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The actuarial valuation used the following actuarial assumptions:

Actuarial Assumption	December 31, 2020
Inflation	2.8%
Salary increases	2.8% CPI plus merit based rates
Long term rate of return	7.25%
Cost of living allowance	1.4%
Retirement, disablement, and termination	Based on 2010-2014 experience study
Administrative expenses	0.52% 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-2019 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 by management 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):

	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
Net pension liability	$ 54,807	$ 17,939	$ (12,289)

For the year ended December 31, 2020, the ARRC recognized pension expense of $4.2 million and the following deferred outflows and deferred inflows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 13	$ 2,435
Changes in assumptions	9,482	3,090
Net difference between actual and projected earnings on investments	—	10,033

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

	Amount
Year ending December 31,	
2021	$ (1,087)
2022	1,023
2023	(3,929)
2024	(2,070)
2025	—
Thereafter	—
	$ (6,063)

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

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Asset (a)-(b)**
Balances at January 1, 2020	$ 242,030	$ 211,840	$ 30,190
Changes for the year:			
Service Cost	6,106	—	6,106
Interest	17,659	—	17,659
Change of benefit terms	—	—	—
Difference between expected and actual experience	(1,502)	—	(1,502)
Changes of assumptions	(3,929)	—	(3,929)
Contributions - employer	—	4,619	(4,619)
Contributions - employee	—	4,639	(4,639)
Net investment income	—	21,600	(21,600)
Benefit payments, including refunds of employee contributions	(9,116)	(9,116)	—
Administrative expense	—	(273)	273
Net Changes	9,218	21,469	(12,251)
Balances at December 31, 2020	$ 251,248	$ 233,309	$ 17,939

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, 2020 measurement date for all plans except JRS was determined by actuarial valuations as of June 30, 2019, which were rolled forward to June 30, 2020. The total OPEB liability for JRS was determined by actuarial valuations as of June 30, 2020. 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 from 6.75% to 2.75% for all others	Pre-65 medical; 7.0% grading down to 4.5% Post-65 medical; 5.4% grading down to 4.5% Prescription drugs/EGWP; 8.0% 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; 7.0% grading down to 4.5% Post-65 medical; 5.4% grading down to 4.5% Prescription drugs/EGWP; 8.0% 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%	0% for FY 2021 through FY 2024, 3.62% per year thereafter	Pre-65 Medical; 6.5 % grading down to 4.5% Post-65 medical; 5.4% grading down to 4.5% Prescription drugs/EGWP; 7.5% 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-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Post-commencement mortality rates were based on 91 percent of the male rates and 96 percent of the female rates of the RP-2014 healthy annuitant table benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The rates for pre-commencement mortality were 100 percent of the RP-2014 employee, benefit-weighted, rolled back to 2006, and projected table with MP-2017 generational improvement. Deaths are assumed to be occupational 75 percent of the time for peace officers/firefighters, 40 percent of the time for all others. Disability mortality in accordance with the RP-2014 Disabled Table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The actuarial assumption used in the June 30, 2019 actuarial valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions: Per capita claims were updated to reflect current experience, retired member contribution trend rates were updated, the Cadillac Tax was repealed, and the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from postretirement healthcare plan assets.

TRS pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100 percent 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 based on 93 percent of male and 90 percent 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 be occupational 15 percent of the time. Disability mortality in accordance with the RP-2014 disabled table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The actuarial assumption used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions: Per capita claims cost were updated to reflect recent experience, retired member contribution trend rates were updated, the Cadillac Tax was repealed, administrative expenses were updated.

JRS pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. JRS pre-commencement mortality rates were based on 100 percent 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 based on 93 percent of male and 90 percent 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. Post-disability mortality in accordance with the RP-2014 disabled table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. The assumptions used in the June 30, 2020 valuation are the same as those in the June 30, 2019 valuation, except (i) the salary increase assumption and the pensioner benefit increase assumption were modified to be 0 percent per year for FY 2021 through FY 2024, and 3.62 percent per year thereafter based on information provided by the Board, (ii) the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from postretirement healthcare plan assets, (iii) the repeal of the Cadillac Tax reduced the plan's liabilities as of June 30, 2020 by approximately $0.2 million, and (iv) healthcare claim costs are updated annually.

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, 2020 (note that the rates shown below exclude the inflation component):

System	Asset Class	Long-term Expected Real Rate of Return	Allocation	Range
PERS/TRS	Broad Domestic Equity	6.24%	26.00%	+/- 6%
	Global Equity ex-U.S.	6.67	18.00	+/- 4
	Fixed Income	—	24.00	+/-10
	Aggregate Bonds	(0.16)	—	—
	Opportunistic	3.01	8.00	+/- 4
	Real Assets	3.82	13.00	+/- 7
	Private Equity	10.00	11.00	+/- 6
	Cash Equivalents	(1.09)	—	—
JRS	Domestic Equity	6.24	26.00	+/- 6%
	Global Equity ex-U.S.	6.67	18.00	+/- 4
	Aggregate Bonds	(0.16)	—	—
	Fixed Income	—	24.00	+/-10
	Opportunistic	3.01	8.00	+/- 4
	Real Assets	3.82	13.00	+/- 7
	Private Equity	10.00	11.00	+/- 6
	Cash Equivalents	(1.09)	—	—

The discount rate used to measure the total OPEB liability/asset for each plan was 7.38 percent which is no change from the June 30, 2019 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 2.66 percent as of June 30, 2020. The following presents the net OPEB liability/(asset) for each plan as of June 30, 2020, 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)	$ 232,029	$ (222,361)	$ (598,731)
Discrete Component Units' proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	22,633	(21,690)	(58,402)
Primary Government's proportionate share of the PERS Occupational Death and Disability net OPEB liability (asset)	(12,492)	(13,294)	(13,935)
Discrete Component Units' proportionate share of the PERS Occupational Death and Disability net OPEB liability (asset)	(1,090)	(1,160)	(1,215)
Primary Government's proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	21,089	3,404	(9,983)
Discrete Component Units' proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	2,237	361	(1,059)
Primary Government's proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	(129)	(2,335)	(4,155)
Discrete Component Units' proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	(279)	(5,054)	(8,993)
Primary Government's proportionate share of the TRS Occupational Death and Disability net OPEB liability (asset)	(20)	(20)	(20)
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)	2	(45)	(80)
Discrete Component Units' proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	12	(227)	(406)
Primary Government's JRS net OPEB (asset) liability	(15,246)	(17,273)	(18,957)

The following presents the net OPEB liability/(asset) for each applicable plan as of June 30, 2020, calculated using the healthcare cost trend rates as summarized in the 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)	$ (642,860)	$ (222,361)	$ 286,838
Discrete Component Units' proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	(62,706)	(21,690)	27,979
Primary Government's proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	(11,945)	3,404	24,282
Discrete Component Units' proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	(1,267)	361	2,575
Primary Government's proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	(4,358)	(2,335)	125
Discrete Component Units' proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	(9,431)	(5,054)	270
Primary Government's proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	(85)	(45)	11
Discrete Component Units' proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	(430)	(227)	53
Primary Government's JRS net OPEB (asset) liability	(19,093)	(17,273)	(15,075)

The State's proportion of the net OPEB liability for the Alaska Retiree Healthcare Trust 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, 2021 to a projected fully funded year of 2039. The State's proportion of net OPEB liability/asset for the Occupational Death and Disability and the Retiree Medical plans were based on employer retiree medical contributions made during the measurement year. The following represents the proportionate share of the multiple employer net OPEB liability/asset attributed to the state at June 30, 2020 and the associated change from its proportion measured as of June 30, 2019:

	2020	2021	Increase/ (Decrease)
PERS Alaska Retiree Healthcare Trust Plan	54.64 %	53.89 %	(0.75)%
Primary Government	49.73	49.10	(0.63)
Discrete Component Units	4.91	4.79	(0.12)
PERS Occupational Death and Disability Plan	53.45	53.02	(0.43)
Primary Government	49.15	48.77	(0.38)
Discrete Component Units	4.30	4.25	(0.05)
PERS Retiree Medical Plan	53.47	53.08	(0.39)
Primary Government	48.30	47.99	(0.31)
Discrete Component Units	5.17	5.09	(0.08)
TRS Alaska Retiree Healthcare Trust Plan	2.27	2.06	(0.21)
Primary Government	0.67	0.65	(0.02)
Discrete Component Units	1.60	1.41	(0.19)
TRS Occupational Death and Disability Plan	2.92	2.75	(0.17)
Primary Government	0.45	0.46	0.01
Discrete Component Units	2.47	2.29	(0.18)
TRS Retiree Medical Plan	2.91	2.76	(0.15)
Primary Government	0.45	0.46	0.01
Discrete Component Units	2.46	2.30	(0.16)

For the year ended June 30, 2021 the State recognized OPEB expense of ($150,028) thousand ($138,150 thousand for the primary government and $11,878 thousand for the discrete component units) broken out by plan as follows (in thousands):

Systems	OPEB Expense
PERS Alaska Retiree Healthcare Trust Plan - Primary Government	$ (144,683)
PERS Alaska Retiree Heathcare Trust Plan - Discrete Component Units	(10,634)
PERS Occupational Death and Disability Plan - Primary Government	919
PERS Occupational Death and Disability Plan - Discrete Component Units	61
PERS Retiree Medical Plan - Primary Government	8,241
PERS Retiree Medical Plan - Discrete Component Units	895
TRS Alaska Retiree Healthcare Trust Plan - Primary Government	(1,375)
TRS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	(2,260)
TRS Occupational Death and Disability Plan - Primary Government	—
TRS Occupational Death and Disability Plan - Discrete Component Units	(1)
TRS Retiree Medical Plan - Primary Government	12
TRS Retiree Medical Plan - Discrete Component Units	61
Judicial Retirement System - Primary Government	(1,264)

At June 30, 2021 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	$ —	$ 17,838
	Difference Between Projected and Actual Investment Earnings	89,217	—
	Changes in Proportions and Difference Between Employer Contributions and Proportionate Share of Contributions	—	105
	Changes in Assumptions	—	154,999
	Contributions Subsequent to the Measurement Date	34,183	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	1,740
	Difference Between Projected and Actual Investment Earnings	8,702	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	1,057	7
	Changes in Assumptions	—	15,119
	Contributions Subsequent to the Measurement Date	6,574	—
PERS Occupational Death and Disability Plan			
Primary Government	Difference Between Expected and Actual Experience	—	4,460
	Difference Between Projected and Actual Investment Earnings	456	—
	Changes in Proportions and Difference Between Employer Contributions and Proportionate Share of Contributions	309	82
	Changes in Assumptions	—	195
	Contributions Subsequent to the Measurement Date	2,591	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	389
	Difference Between Projected and Actual Investment Earnings	40	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	44	129
	Changes in Assumptions	—	17
	Contributions Subsequent to the Measurement Date	251	—
PERS Retiree Medical Plan			
Primary Government	Difference Between Expected and Actual Experience	$ —	$ 732
	Difference Between Projected and Actual Investment Earnings	1,524	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	204
	Changes in Assumptions	4,781	8,801
	Contributions Subsequent to the Measurement Date	8,914	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	78
	Difference Between Projected and Actual Investment Earnings	162	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	117	17
	Changes in Assumptions	507	933
	Contributions Subsequent to the Measurement Date	1,002	—

		Deferred Outflows of Resources	Deferred Inflows of Resources
TRS Alaska Retiree Healthcare Trust Plan			
Primary Government	Difference Between Expected and Actual Experience	—	63
	Difference Between Projected and Actual Investment Earnings	451	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	17	—
	Changes in Assumption	—	735
	Contributions Subsequent to the Measurement Date	210	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	136
	Difference Between Projected and Actual Investment Earnings	977	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	298	—
	Changes in Assumptions	—	1,590
	Contributions Subsequent to the Measurement Date	1,107	—
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	2	—
	Difference Between Expected and Actual Experience	—	2
Discrete Component Units	Difference Between Projected and Actual Investment Earnings	2	—
	Difference Between Expected and Actual Experience	—	11
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	6	5
	Contributions Subsequent to the Measurement Date	9	—
TRS Retiree Medical Plan			
Primary Government	Difference Between Expected and Actual Experience	9	3
	Difference Between Projected and Actual Investment Earnings	5	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	1	3
	Changes in Assumption	7	39
	Contributions Subsequent to the Measurement Date	22	—
Discrete Component Units	Difference Between Expected and Actual Experience	48	17
	Difference Between Projected and Actual Investment Earnings	26	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	6	6
	Changes in Assumption	35	197
	Contributions Subsequent to the Measurement Date	104	—
JRS Alaska Retiree Healthcare Trust Plan			
Primary Government	Difference Between Projected and Actual Investment Earnings	782	—
	Difference Between Expected and Actual Experience	162	250
	Changes in Assumptions	84	1,705
	Contributions Subsequent to the Measurement Date	654	—

$55,623 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 or increase of the net OPEB asset in fiscal year 2022 ($46,576 thousand for the primary government $9,047 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					
	2021	2022	2023	2024	2025	Thereafter
PERS Alaska Retiree Healthcare Trust Plan - Primary Government	$ (173,660)	$ 31,756	$ 34,098	$ 24,081	$ —	$ —
PERS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	(15,878)	3,098	3,326	2,349	—	—
PERS Occupational Death and Disability Plan - Primary Government	(649)	(540)	(538)	(574)	(689)	(979)
PERS Occupational Death and Disability Plan - Discrete Component Units	(76)	(67)	(67)	(70)	(80)	(92)
PERS Retiree Medical Plan - Primary Government	(413)	(109)	(115)	(231)	(598)	(1,947)
PERS Retiree Medical Plan - Discrete Component Units	(22)	10	9	(3)	(42)	(192)
TRS Alaska Retiree Healthcare Trust Plan - Primary Government	(782)	160	171	121	—	—
TRS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	(1,429)	347	371	262	—	—
TRS Occupational Death and Disability Plan - Primary Government	—	—	—	—	—	(1)
TRS Occupational Death and Disability Plan - Discrete Component Units	(1)	(1)	(1)	(1)	(2)	(3)
TRS Retiree Medical Plan - Primary Government	(3)	(2)	(2)	(2)	(4)	(11)
TRS Retiree Medical Plan - Discrete Component Units	(14)	(8)	(8)	(10)	(16)	(48)
JRS - Primary Government	(744)	(329)	(64)	210	—	—

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, 2021 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 6.38%	Discount Rate 7.38%	1% Increase 8.38%
PERS Alaska Retiree Healthcare Trust Plan	$ 70,362	$ (67,431)	$ (181,564)
TRS Alaska Retiree Healthcare Trust Plan	(12,449)	(225,823)	(401,809)

The following presents the net OPEB liability/asset associated with the special funding situation for each applicable plan as of June 30, 2020, calculated using the healthcare cost trend rates as summarized in the 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	$ (194,946)	$ (67,431)	$ 86,983
TRS Alaska Retiree Healthcare Trust Plan	(421,394)	(225,823)	12,057

At June 30, 2020 the proportionate share of the net OPEB liability/asset attributed to the State for the special funding situation was 14.89 percent for the Public Employee's Retirement System (PERS) and 63.12 percent for the Teacher's Retirement System (TRS), which was an increase of 0.59 percent and an increase of 3.71 percent from its proportion measured as of June 30, 2019 for PERS and TRS respectively.

For the year ended June 30, 2021, the State recognized expenses of $(204,964) thousand in relation to the special funding situation broken out by plan as follows (in thousands):

Systems	OPEB Expense
Public Employees' Retirement System	$ (50,836)
Teachers' Retirement System	(154,128)

At June 30, 2021, 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	$ —	$ 5,409
	Difference Between Projected and Actual Investment Earnings	27,055	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	6,292
	Changes in Assumptions	—	47,003
TRS	Difference Between Expected and Actual Experience	—	6,056
	Difference Between Projected and Actual Investment Earnings	43,648	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	5,953
	Changes in Assumptions	—	71,042

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	$ (58,922)	$ (83,159)
2022	9,630	15,491
2023	10,340	16,571
2024	7,372	11,694
2025	—	—
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, 2020 are below (in thousands):

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB asset (a)-(b)**
Balances at June 30, 2019	$ 17,962	$ 33,092	$ (15,130)
Changes for the year:			
Service Cost	758	—	758
Interest	1,340	—	1,340
Difference between expected and actual experience	224	—	224
Changes of assumptions	(2,361)	—	(2,361)
EGWP rebates	109	109	—
Pharmacy Rebates	—	202	(202)
Other	—	24	(24)
ASO fees	—	(45)	45
Contributions - employer	—	730	(730)
Net investment income	—	1,378	(1,378)
Benefit payments, including refunds of employee contributions	(1,268)	(1,425)	157
Administrative expense	—	(29)	29
Net Changes	(1,198)	944	(2,142)
Balances at June 30, 2020	$ 16,764	$ 34,036	$ (17,272)

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, and June 28, 2019 for American Train Dispatchers Association as specified in the labor agreements.

The net OPEB asset was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of January 1, 2020. The actuarial valuation used the following actuarial assumptions:

Actuarial Assumption	**December 31, 2020**
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 7.25%, decreasing to an ultimate rate of 4.0% in 2076. Medicare 6.3%, 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-2019 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 by management 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 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 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	Long-term expected real rate of return
Cash	—%	—%	—%
U.S. Treasury Inflation-Protected Securities (TIPS)	5.00	2.80	1.94
Total Return Bond	30.00	2.70	2.43
Global Bond	5.00	3.05	2.43
High Yield Bond	10.00	4.72	3.88
Domestic Large Cap	15.00	4.87	6.80
Domestic Mid Cap	5.00	5.60	7.77
Domestic Small Cap	4.00	5.85	8.74
U.S. Healthcare (Equity)	5.00	5.26	7.28
International Equity	6.00	5.36	7.04
Real Estate	15.00	5.11	4.61
Total	100.00%		

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, 2020 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)	$ (36,750)	$ (39,152)	$ (41,088)

The following presents the net OPEB liability/asset calculated using the medical cost trend rate of 7.25 percent (Non-Medicare) and 6.3 percent (Medicare) beginning in 2021, decreasing to an ultimate rate of 4.0 percent in 2076+ as of December 31, 2020 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	Medical Cost Trend Rate	1% Increase
Net OPEB liability (asset)	$ (41,534)	$ (39,152)	$ (36,111)

For the year ended December 31, 2020, the ARRC recognized net OPEB income of $2.7 million and the following deferred outflows and deferred inflows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ —	$ 6,676
Changes in assumptions	2,597	315
Net difference between actual and projected earnings on investments	—	879

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

	Amount
Year ending December 31,	
2021	$ (813)
2022	(528)
2023	(1,346)
2024	(735)
2025	(603)
Thereafter	(1,248)
	$ (5,273)

Changes in the net OPEB asset 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, 2020	$ 15,681	$ 50,914	$ (35,233)
Changes for the year:			
Service Cost	522	—	522
Interest	972	—	972
Change of benefit terms	—	—	—
Difference between expected and actual experience	(1,205)	—	(1,205)
Changes in assumptions	(353)	—	(353)
Contributions - employer	—	—	—
Net investment income	—	3,914	(3,914)
Benefit payments, net of retiree premiums	(491)	(491)	—
Administrative expense	—	(59)	59
Net Changes	(555)	3,364	(3,919)
Balances at December 31, 2020	$ 15,126	$ 54,278	$ (39,152)

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, 2021, the following were the General Obligation Bond debt outstanding (in millions):

Year Ending June 30,	Principal	Interest	Total
2022	$ 41.1	$ 32.6	$ 73.7
2023	42.9	30.6	73.5
2024	44.8	28.6	73.4
2025	41.9	26.5	68.4
2026	43.7	24.3	68.0
2027-2031	230.7	86.0	316.7
2032-2036	178.9	29.5	208.4
2037-2041	39.0	4.2	43.2
2042-2046	—	—	—
Total debt service requirements	663.0	$ 262.3	$ 925.3
Unamortized bond premium	62.1		
Total principal outstanding	$ 725.1		

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. The Series 2020A bonds were issued for the purpose of paying $84.56 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, 2021, the amount of General Obligation Bonds authorized was $1,015.7 million with $1,015.7 million issued.

REVENUE BONDS AND OTHER LONG-TERM DEBT

As of June 30, 2021, the following were the revenue bonds and other long-term debt outstanding (in millions):

	Governmental Activities				Business-Type Activities	
	Bonds		Notes from Direct Borrowings and Direct Placements		Bonds	
Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ —	$ 14.2	$ 2.8	$ —	$ 14.6	13.8
2023	2.9	14.2	1.0	—	17.4	12.9
2024	5.9	14.1	—	—	16.2	12.0
2025	6.5	13.8	—	—	16.9	11.2
2026	6.6	13.5	—	—	17.7	10.4
2027-2031	41.2	62.0	—	—	106.0	39.8
2032-2036	54.2	50.4	—	—	130.6	17.8
2037-2041	71.2	35.3	—	—	—	—
2042-2046	108.8	15.1	—	—	—	—
2047-2051	—	—	—	—	—	—
Total debt service requirements	297.3	$ 232.6	$ 3.8	$ —	319.4	$ 117.9
Unamortized bond (discounts)/ premiums	(4.6)				19.6	
Plus accreted value	17.9				—	
Total principal outstanding	$ 310.6				$ 339.0	

Northern Tobacco Securitization Corporation Revenue Bonds

The governmental activities revenue bonds include bond issuances by the Northern Tobacco Securitization Corporation (NTSC). The 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, 2021 includes $297.3 million in principal, $232.6 million in interest, $(4.6) million in unamortized discount, and $17.9 million in accreted value on the Series 2006B and Series 2006C Bonds. This debt is reported in the Governmental Activities column of the Government-wide Statement of Net Position.

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. On July 10, 2020, the State of Alaska used $1.8 million to optionally redeem and pay accrued interest on 2011 Sport Fishing Revenue Bonds. This optional redemption resulted in the redemption of all outstanding 2011 Sport Fishing Revenue Bonds.

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 2021 International Airports paid $13.9 million of bonds that had matured. At June 30, 2021 there was no bond interest arbitrage rebate liability. Federal subsidies related to the interest payments made during the year on Build American Bonds were $404.8 thousand. International Airports Revenue Bond total at year end includes $319.4 million in principal, $117.9 million in interest and $19.6 million in unamortized premiums/discounts and deferred gains/losses.

E. CAPITAL AND OPERATING LEASES

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

Governmental Activities	Operating	Capital Leases		
Year Ending June 30	Leases	Principal	Interest	Total
2022	$ 33.5	$ 21.7	$ 9.9	$ 31.6
2023	24.2	18.2	8.9	27.1
2024	21.5	16.9	8.1	25.0
2025	15.5	16.0	7.3	23.3
2026	12.8	16.4	6.5	22.9
2027-2031	38.0	87.6	18.8	106.4
2032-2036	7.4	34.4	1.8	36.2
2037-2041	1.7	—	—	—
2042-2046	0.3	—	—	—
2047-2051	0.3	—	—	—
2052-2056	0.3	—	—	—
2057-2061	0.3	—	—	—
2062-2066	0.3	—	—	—
2067-2071	1.6	—	—	—
Total	$ 157.7	$ 211.2	$ 61.3	$ 272.5

Leases at June 30, 2021 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, 2021 include the following (in thousands):

	Governmental Activities	Business-Type Activities
Buildings	$ 461,227	$ —
Equipment	15,893	—
Less: Accumulated Depreciation	(161,422)	—
	$ 315,698	$ —

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, 2021 (in millions):

Governmental Activities	Certificates of Participation		
Year Ending June 30	Principal	Interest	Total
2022	$ 2.2	$ 1.0	$ 3.2
2023	2.5	0.8	3.3
2024	2.6	0.7	3.3
2025	2.7	0.6	3.3
2026	2.9	0.5	3.4
2027-2031	9.2	0.8	10.0
2032-2036	—	—	—
Total	$ 22.1	$ 4.4	$ 26.5

G. DISCRETELY PRESENTED COMPONENT UNITS

Debt service requirements are (in millions):

	Bonds		Notes from Direct Borrowings and Direct Placements	
Year Ending June 30	Principal	Interest	Principal	Interest
2022	$ 210.0	$ 122.6	$ 3.0	$ 0.8
2023	191.5	114.2	3.1	0.7
2024	196.8	118.7	2.1	0.6
2025	173.2	102.6	1.9	0.5
2026	160.1	95.9	1.9	0.5
2027-2031	1,025.1	374.3	9.6	1.4
2032-2036	781.4	190.9	2.9	0.1
2037-2041	458.0	89.3	—	—
2042-2046	353.4	25.2	—	—
2047-2051	183.5	2.1	—	—
2052-2056	—	—	—	—
Total debt service requirements	3,733.0	$ 1,235.8	$ 24.5	$ 4.6
Unamortized (discounts)/premiums	114.8			
Unamortized swap termination penalty	(4.1)			
Total principal outstanding	$ 3,843.7			

The preceding table does not include $390 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, 2021 the aggregate amount outstanding for conduit debt obligations was $3.6 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, 2021 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, 2021 AIDEA had issued conduit revenue bonds for 321 projects (not including bonds issued to refund other bonds). At June 30, 2021, the outstanding principal amount of conduit revenue bonds issued after July 1, 1995 was $471.4 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 $1.68 billion issued through June 30, 2021 (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 or 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. Neither the Corporation nor the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds and any related assets are not reported as assets or liabilities in the accompanying financial statements.

A summary of the all AHFC conduit debt as of June 30, 2021 follows (in thousands):

	Maximum Issue Amount	Balance as of June 30, 2021	Remaining Authority as of June 30, 2021
Revenue bonds, 2021 (Spenard East Phase I Project)	$ 7,500	$ 50	$ 7,450
Revenue bonds, 2021 (Jewel Lake Apt Project)	19,000	19,000	—
Revenue bonds, 2020 (Old Mat Phase I Project)	3,800	50	3,750
Revenue bonds, 2020 (West 32nd Ave Project)	3,500	2,866	634
Revenue bonds, 2020 (Spruce View Apt Project)	9,500	6,837	2,663
Total	$ 43,300	$ 28,803	$ 14,497

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 derivatives constitute 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 the use of capital profit. The fair value represents the current price to settle swap assets 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 swap's fair value. As of June 30, 2021, AHFC had 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, 2021, are shown below:

Related Bond Issue	Effective Date	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 (1/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, 2021, 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, 2021	Fair Values June 30, 2020	Change in Fair Value
GP01A	$ 34,935	$ 38,115	$ (3,180)	$ (4,745)	$ 1,565
GP01B	42,690	50,270	(7,580)	(10,355)	2,775
E021A1	30,690	34,598	(3,908)	(5,630)	1,722
SC02C	10,350	10,566	(216)	(695)	479
E071AB	128,964	166,739	(37,775)	(51,628)	13,853
E071AD	85,976	111,277	(25,301)	(34,198)	8,897
E091A	69,717	89,696	(19,979)	(27,363)	7,384
E091B	69,717	89,466	(19,749)	(26,920)	7,171
E091ABD	92,956	119,324	(26,368)	(35,591)	9,223
SC14C	140,000	163,038	(23,038)	(35,421)	12,383
	$ 705,995	$ 873,089	$ (167,094)	$ (232,546)	$ 65,452
Investment Issue					
SCO2B	$ 14,555	$ 15,711	$ (1,156)	$ (1,735)	579
Total	$ 720,550	$ 888,800	$ (168,250)	$ (234,281)	$ 66,031

As of June 30, 2021, 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
2022	$ 29,230	$ 987	$ 24,275	$ 54,492
2023	27,175	978	23,199	51,352
2024	24,750	971	22,296	48,017
2025	25,920	964	21,428	48,312
2026	27,115	956	20,519	48,590
2027-2031	291,010	3,412	80,834	375,256
2032-2036	125,585	320	40,987	166,892
2037-2041	146,970	124	16,007	163,101
2042-2046	8,240	2	149	8,391
	$ 705,995	$ 8,714	$ 249,694	$ 964,403

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, 2021, 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 32.5 percent of the total notional amount of the swaps is held with one counterparty rated AA-/Aa2. Another 26.8 percent of the total notional amount of the swaps is held with another counterparty rated A+/Aa1 and 19.8% of the total notional amount of swaps is held with another counterparty rated AA-/Aa2. Of the remaining swaps, the counterparties are rated A+/Aa1, AA/Aa3, and BBB+/A3, approximating 9.9 percent, 6.0 percent, and 4.9 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, 2021, SIFMA was 0.03 percent and 1 month LIBOR was 0.10 percent, resulting in a SIFMA/LIBOR ratio of 29.85 percent. The 3 month LIBOR was 0.15 percent resulting in a SIFMA/LIBOR ratio of 20.58 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.

INVESTMENT DERIVATIVE

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, 2021, 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, 2021, 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, 2021	Fair Values June 30, 2020	Changes in Fair Value
SC02B	$ 14,555	$ 15,711	$ (1,156)	$ (1,735)	$ 579

Credit Risk

As of June 30, 2021, 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 and their dependents not eligible to participate in the ARHCT, along with optional dental, vision, audio, and voluntary long-term care insurance coverage to all retirees and their dependents 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, 2021", 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, 2021, the number of PERS participating employers were:

State of Alaska	1
Municipalities	72
School Districts	52
Other	25
Total Employers	150

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, 2021, was capped at 22 percent of compensation.

The State's employer contributions to PERS-DB for the fiscal years ended June 30, 2021, 2020, and 2019 were $215.8, $213.9, and $221.8 million respectively for the year. For the FY 2021 contributions, $175.3 million ($155.0 million for the primary government and $20.3 million for the discretely presented component units) was for pensions and $40.5 million ($34.5 million for the primary government and $5.9 million for the discretely presented component units) was for postemployment benefits. The contributions were equal to the required contributions in FY 2021.

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. For FY 2021, the DBUL is allocated 100 percent to the DB Pension Plan and 0 percent to the DB ARHCT Plan.

The 31st Alaska State Legislature, HB205 2020 Section 41(a) appropriated $203.6 million from the General Fund to PERS-DB as an additional state contribution for FY 2021. The portion of this payment attributable to State of Alaska employers is $114.2 million ($102.2 million for the primary government as an employer contribution and $12.0 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, 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 on or after June 30, 1996 with between 5 and 10 years of credited service must pay the full monthly premium regardless of their age. Members hired after June 30, 1986 with less than five years of credited service are not eligible for postemployment healthcare benefits. 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, 2021, were as follows (in thousands):

Total Pension Liability	$15,580,808
Plan Fiduciary Net Position	(11,912,309)
Employers' Net Pension Liability (Asset)	$ 3,668,499
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.46 %

The components of the net OPEB liability/(asset) of the participating employers at June 30, 2021, were as follows (in thousands):

Total OPEB Liability	$ 7,218,787
Plan Fiduciary Net Position	(9,784,141)
Employers' Net OPEB Liability (Asset)	$ (2,565,354)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	135.54 %

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 and their dependents not eligible to participate in the ARHCT, along with optional dental, vision, audio, and voluntary long-term care insurance coverage to all retirees and their dependents 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, 2021", 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, 2021, the number of participating employers were:

State of Alaska	1
School Districts	53
Other	3
Total Employers	57

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, 2021, 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, 2021, 2020, and 2019 were $2.7, $2.8, and $3.1 million respectively, equal to the required contributions for each year. For the FY 2021 contributions, $1.4 million ($0.2 million for the primary government and $1.2 million for the discretely presented component units) was for pensions and $1.3 million was for postemployment benefits ($0.2 million for the primary government and $1.1 million for the discretely presented component units). The contributions were equal to the required contributions in FY 2021.

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, HB205 2020 Section 41(b) appropriated $135.0 million from the General Fund to the TRS-DB as an additional state contribution for FY 2021. The portion of this payment attributable to State of Alaska employers is $5.4 million ($0.9 million for the primary government as an employer contribution and $4.5 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, 2021, were as follows (in thousands):

Total Pension Liability	$ 7,527,454
Plan Fiduciary Net Position	(6,731,481)
Employers' Net Pension Liability (Asset)	$ 795,973
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.43 %

The component of the net OPEB liability/(asset) of the participating employers at June 30, 2021, were as follows (in thousands):

Total OPEB Liability	$ 2,560,350
Plan Fiduciary Net Position	(3,723,031)
Employers' Net OPEB Liability (Asset)	$ (1,162,681)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	145.41 %

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 and their dependents not eligible to participate in the ARHCT, along with optional dental, vision, audio, and voluntary long-term care insurance coverage to all retirees and their dependents 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/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 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 due to the Plan when employee services have been performed and paid. Contributions are recognized as revenue when due pursuant to statutory requirements. Benefits are recognized when due and payable and expenses are recorded when 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.

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, 2021, was 83.94 percent of compensation. Total employer contributions for FY 2021 were $7.0 million for pensions, and $0.7 million for postemployment benefits. Included in the total employer contribution amounts is $5.1 million appropriated in the 31st Alaska State Legislature, HB205 2020 Section 41(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, 2021, were as follows (in thousands):

Total Pension Liability	$ 218,717
Plan Fiduciary Net Position	(245,048)
Employers' Net Pension Liability (Asset)	$ (26,331)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	112.04 %

The components of the net OPEB liability/(asset) at June 30, 2021, were as follows (in thousands):

Total OPEB Liability	$ 17,920
Plan Fiduciary Net Position	(43,173)
Employers' Net OPEB Liability (Asset)	$ (25,253)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	240.91 %

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, did not appropriate funds to the NGNMRS for FY 2021.

The components of the net pension liability/(asset) at June 30, 2021, were as follows (in thousands):

Total Pension Liability	$ 22,655
Plan Fiduciary Net Position	(49,813)
Employers' Net Pension Liability (Asset)	$ (27,158)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	219.88 %

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.

Systems	Fair Value
Public Employees' Retirement System	$ 21,772,904
Teachers' Retirement System	10,488,147
Judicial Retirement System	286,774
Alaska National Guard and Alaska Naval Militia Retirement System	50,045

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 FY 2015, 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: The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2006. Beginning in FY 2007, the asset value method recognizes 20 percent of the gain or loss each year, for a period of five years. All assets are valued at fair 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 fair value of assets.

PLAN MEMBERSHIPS

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

	PERS	TRS	JRS	NGNMRS
Inactive plan members or beneficiaries currently receiving benefits	36,704	13,225	144	708
Inactive plan members entitled to but not yet receiving benefits	5,112	741	3	649
Inactive plan members not entitled to benefits	10,366	1,678	—	—
Active plan members	10,066	3,492	72	3,934
Total	62,248	19,136	219	5,291

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 2018 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 difference between actual and expected 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 in FY 2038 for PERS, FY 2035 for TRS, and after 25 years for JRS.

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.	6/30/2020
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%	6/30/2020
JRS	7.38% (net of investment expenses), Inflation 2.50%, Real Return 4.88%	Entry age normal; level percent of pay	Level percentage of expected payroll, closed	25 years	0% per year for FY 2021 through FY 2024, thereafter 3.62%	6/30/2020
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	6/30/2020

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 $70.9 million from the Center of Medicare and Medicaid Services for fiscal year 2021.

		Health Care Cost Trend Rates		
		Medical Pre-65	Medical Post-65	Rx/EGWP
For PERS/TRS/JRS	FY 2021	6.5%	5.4%	7.5%
	FY 2022	6.3%	5.4%	7.1%

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, 2021, there were 151 employers participating in PERS-DCR. There were 24,487 members, of which 22,129 are general employees and 2,358 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, 2021 by the State of Alaska employees were $62,368 thousand and the State of Alaska employers were $35,887 thousand. The State of Alaska PERS other postemployment contributions for the year ended June 30, 2021 were $36,749 thousand ($2,843 thousand for OD&D, $23,990 thousand for HRA, and $9,916 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, 2021 is $2,916,017 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, 2021 the State of Alaska recognized $39,198 thousand in pension expense for the PERS-DCR as an employer. Forfeitures of $154 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 members within the system. 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 2021 for each member's compensation was 1.27 percent for medical coverage and 0.31 percent for death and disability (0.70 percent for peace officers and firefighters). HRA is $179.92 per month for full time employees and $1.38 per hour for part time employees.

Members in the HRA Plan consisted of the following at June 30, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	113
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2,082
Inactive Plan Members Not Entitled to Benefits	16,249
Active Plan Members	24,481

The components of the net OPEB liability (asset) of the participating employers for the OD&D Plan at June 30, 2021, were as follows (in thousands):

Total OPEB Liability	$ 16,072
Plan Fiduciary Net Position	(60,146)
Employers' Net OPEB Liability/(Asset)	$ (44,074)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	374.23 %

Members in the OD&D Plan consisted of the following at June 30, 2021:

Active Plan Members	24,481
Participating Employers	151
Open Claims	14

The components of the net OPEB liability (asset) of the participating employers for the RMP at June 30, 2021, were as follows (in thousands):

Total OPEB Liability	$ 177,713
Plan Fiduciary Net Position	(204,555)
Employers' Net OPEB Liability (Asset)	$ (26,842)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.1 %

Members in the RMP consisted of the following at June 30, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	67
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2,082
Inactive Plan Members Not Entitled to Benefits	16,249
Active Plan Members	24,481

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

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: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% RX: 7.5% grading down to 4.5% EGWP: 7.5% 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, 2021, there were 57 employers participating in TRS-DCR. There were 6,009 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, 2021 by the employees were $1,076 thousand and the State of Alaska employers were $898 thousand. The State of Alaska TRS other postemployment contributions for the year ended June 30, 2021 were $457 thousand ($11 thousand for ODD, $320 thousand for HRA and $126 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, 2021 is $1,088,289 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, 2021 the State of Alaska recognized $943 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 members within the system. 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 2021 for each member's compensation was 0.93 percent for medical coverage and 0.08 percent for death and disability. HRA is $179.92 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, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	29
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	832
Inactive Plan Members Not Entitled to Benefits	2,848
Active Plan Members	6,009

The components of the net OPEB liability (asset) of the participating employers for the OD&D Plan at June 30, 2021, were as follows (in thousands):

Total OPEB Liability	$ 528
Plan Fiduciary Net Position	(6,623)
Employers' Net OPEB Liability (Asset)	$ (6,095)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1,254.36 %

Members in the OD&D Plan consisted of the following at June 30, 2021:

Active Plan Members	6,009
Participating Employers	57
Open Claims	1

The components of the net OPEB liability (asset) of the participating employers for the RMP at June 30, 2021, were as follows (in thousands):

Total OPEB Liability	$ 47,198
Plan Fiduciary Net Position	(67,278)
Employers' Net OPEB Liability (Asset)	$ (20,080)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	142.54 %

Members in the RMP consisted of the following at June 30, 2021:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	20
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	832
Inactive Plan Members Not Entitled to Benefits	2,848
Active Plan Members	6,009

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

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: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% RX: 7.5% grading down to 4.5% EGWP: 7.5% grading down to 4.5%
Mortality	Pre-Commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates 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 based 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, 2021, there were 21 employers participating in SBS. There were 49,552 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/drb/.

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, 2021, were $154,118 thousand of that amount contributed by employees were $77,059 thousand. The State's covered payroll was $1,257,079 thousand. For the year ended June 30, 2021 the State of Alaska recognized $77,059 thousand in pension expense for the SBS as an employer.

Supplemental Benefits 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, 2021, were 3,693 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 of 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. Employees may request a hardship withdrawal for an unforeseeable emergency, within the definition allowed by the Internal Revenue Code. Hardship withdrawals are disbursed as lump sums and must be approved by the plan administrator.

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, 2021. 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, but is still available for faculty and certain administrators.

University contributions are remitted to the plan's authorized employee-selected annuity providers or investment managers. The contribution rates and amounts for fiscal year 2021 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	$28,312	$2,328	$102,524
University Contributions	$3,964	$279	$12,303

At June 30, 2021, plan assets (participants' accounts attributable to employer contributions) for ORP Tier 1, Tier 2, and Tier 3 had a net value to $477.9 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 2021, 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 $142.8 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 $146.2 million. The University's gross costs to fund and administer the plan totaled $11.2 million for the year ended June 30, 2021. At June 30, 2021, plan assets (participants' accounts) had a net value of $549.1 million.

NOTE 9 – DEFERRED COMPENSATION PLAN

The State of Alaska Deferred Compensation Plan was created by Alaska statutes issued May 31, 1974 and was most recently amended effective August 30, 2021. It is a deferred compensation plan under Section 457 of the Internal Revenue Code and is available to all permanent and long-term non-permanent employees and elected officials of the State and members of State boards and commissions. 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. Additionally, participants may also have their contributions directed as a ROTH contribution. Those amounts are post-tax contributions and earnings on ROTH contributions are not taxable when properly withdrawn from the plan. As of June 30, 2021 the Deferred Compensation Plan had 12,454 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, 2021 was $1,223,745 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, 2021, and interfund transfers for the year then ended (in thousands):

INTERFUND RECEIVABLE / PAYABLE BALANCES

	Due from Other Funds									
Due to Other Funds	General Fund	Alaska Permanent Fund	Nonmajor Governmental Funds	International Airports	Unemployment Compensation	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Other	Total
General Fund	$ —	$ 35,689	$ 5,823	$ 1,730	$ 66,176	$ 661	$ 16,238	$ 42,933	$ 10,500	$179,750
Alaska Permanent Fund	50,116	—	—	—	—	—	—	—	—	50,116
Nonmajor Governmental Funds	4,917	—	—	—	—	—	—	—	—	4,917
International Airports	2,591	—	—	—	—	—	—	—	—	2,591
Unemployment Compensation	37	—	—	—	—	—	—	—	—	37
Nonmajor Enterprise Funds	456	—	—	—	—	—	—	—	—	456
Internal Service Funds	1,807	—	—	—	—	—	—	—	—	1,807
Fiduciary Funds	36,100	—	—	—	—	—	—	—	—	36,100
Total	$ 96,024	$ 35,689	$ 5,823	$ 1,730	$ 66,176	$ 661	$ 16,238	$ 42,933	$ 10,500	$275,774

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 to					
Transfers From	General Fund	Nonmajor Governmental Funds	Unemployment Compensation	Nonmajor Enterprise Funds	Internal Service Funds	Total
General Fund	$ —	$ 77,844	$ 66,745	$ —	$ 31,900	$ 176,489
Alaska Permanent Fund	3,141,609	—	—	—	—	3,141,609
Nonmajor Governmental Funds	29,774	2,446	—	—	—	32,220
Nonmajor Enterprise Funds	1,075	—	—	—	—	1,075
Total	$ 3,172,458	$ 80,290	$ 66,745	$ —	$ 31,900	$ 3,351,393

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 $3.09 billion transfer for payment of the Permanent Fund dividends and for administrative and associated costs of the dividend program and a $50.12 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 $5.3 million for providing these services during FY 2021. On June 30, 2021, AIDEA had $5.07 million receivable from AEA for services and short-term borrowings.

In December 2020, AEA borrowed $17 million from AIDEA to acquire an approximately 39.3-mile 115 kV electricity transmission line system between the Sterling Substation and Quartz Creek Substation ("SSQ Line") from Homer Electric Association and to incorporate it as part of the Bradley Lake Hydroelectric Project. The loan, bearing interest at 3.5%, requires semiannual interest and annual principal payments with a final maturity date of July 2040. The first principal payment is scheduled for July 2022.

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, 2021 is $8.93 million.

The Department of Transportation and Public Facilities (DOTPF) provides administrative and technical services benefiting all of Alaska's airports and aircraft bases. Related costs are allocated based upon budgetary estimates of the *pro rata* portion which should be borne by the 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 $3.37 million for the year ended June 30, 2021. Capital project management services are performed by DOTPF personnel and are capitalized to IAF construction in progress. These costs totaled $1.84 million during the year ended June 30, 2021.

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, 2021, is $10.06 million. This amount was calculated using the base pay on file for each employee as of June 30, 2021. 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 2021 expended for school debt was zero, due to the program not being funded. The total debt requirement, assuming the State makes full payment of its share of school debt service, would be approximately $656.67 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 2021.

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 2021, the State completely self-insured all statutory workers' compensation claims, general (premises and operations) and professional liability, automobile, property and aircraft liability. The State had Self-Insured Retention (SIR) levels of $400 thousand for marine risks and $250 thousand per incident for airport liability exposures. Limits of excess insurance vary by risk: $1 billion per occurrence for marine, $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, 2020, and June 30, 2021, (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 2020 and for FY 2021. 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
2020	$ 150,723	$ 32,591	$ (35,635)	$ 147,679
2021	147,679	17,975	(23,198)	142,456

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, and 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 claims 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, 2021 and 2020 were as follows (in thousands):

Fiscal Year	Beginning Balance	Heath Care Benefits	Benefits Paid	Ending Balance
2020	$ 13,261	$ 128,071	$ (126,267)	$ 15,065
2021	15,065	138,181	(137,358)	15,888

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 and commercial insurance.

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, 2020	Provision for Claims	Claims Payments	Balance June 30, 2021
Health	$ 5,317	$ 50,568	$ (50,636)	$ 5,249
General Liability	4,550	110	—	4,660
Workers' Compensation	3,873	975	(1,179)	3,669
Unemployment	54	914	(869)	99
	$ 13,794	$ 52,567	$ (52,684)	$ 13,677

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 $73.9 million, with an additional possible liability of $195.37 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 Division of Retirement and Benefits is a defendant in a class action lawsuit against the State alleging that the passage of Senate Bill (SB) 141 violated the Alaska Constitution by extinguishing a former member's ability to re-enter the PERS/TRS defined benefits plan. According to SB 141, a PERS/TRS defined benefit former member would have to re-employ into an eligible defined benefit position by June 30, 2010 or lose that former member's status (tier standing). If that former member re-entered the workforce in a valid PERS/TRS position but after June 30, 2010, that person would become a defined contribution retirement plan member, rather than reinstated into their prior defined benefit status (tier standing). The lawsuit challenged the effect of SB 141 as an unconstitutional diminishment of a promised defined benefit.

In April 2021, the Alaska Supreme Court found that a former member's ability to reinstate PERS/TRS status is an accrued benefit protected by Article XII, Section 7 of the Alaska Constitution. The Court held that not allowing former members to buy back into PERS/TRS defined benefit status resulted in an unconstitutional diminishment. The decision could lead to an increase in the number of employees previously believed to be ineligible for the defined benefit plan by operation of SB 141 for PERS/TRS. The case was returned to the Superior Court and the Department of Law filed a motion for final judgement. The class action group opposes the execution of final judgement and seeks to further litigate the specifics of the implementation of the Supreme Court's decision. The issue is currently under advisement by the Superior Court.

The Division is determining the impact of the Metcalfe decision on PERS and TRS. However, the Division has not implemented results from this decision as final judgement has not been entered. At this time, it is unclear exactly how many former members will seek to reinstate to the defined benefits plan or the precise impact the reintroduction of those former members to the defined benefits plan will cost .

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 an Alaska Superior Court ruling, or by an Alaska Supreme Court ruling. As of the end of fiscal year June 30, 2021, 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.

The Department of Natural Resource's Division of Oil and Gas performs periodic audits of oil and gas companies that file Alaska's oil and gas Royalty and Net Profit Share (NPS) reports. The audits mostly result in additional royalty and NPS payments and associated interest. The companies sometimes pay the additional assessment "under protest" to avoid accruing interest. Per Alaska Statutes 37.14.150 and 37.13.010, royalty payments are split between the Constitutional Budget Reserve Fund, Public School Trust Fund, and the Alaska Permanent Fund. Since the royalty and NPS revenues are still under dispute the funds could be adversely affected by a potential refund resulting from a decision issued by the Department of Natural Resource's Commissioner, by an Alaska Superior Court ruling, or by an Alaska Supreme Court ruling. As of the end of fiscal year June 30, 2021, there were pending prepayments or payments made "under protest", however, we are not be able to estimate the amount of potential refund.

In August of 2018, the U.S. Department of Health & Human Services (USDHHS), Office of Inspector General (OIG) released audit report number A-04-17-08059, in which the OIG found that the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) over payed the State of Alaska an estimated $8.9 million in bonus payments due to the State including individuals that did not qualify because of their basis-of-eligibility category. The State of Alaska disagrees with this finding and joined several other states by entering into the formal appeals process through the USDHHS Department of Appeals Board (DAB) based on the states following the statutory criteria for the CHIPRA bonus payments and preparing current enrollment numbers in accordance with Centers for Medicare & Medicaid Services (CMS) guidance.

During FY21, USDHHS DAB issued a preliminary decision that required additional action by both the State and CMS. According to USDHHS DAB, the previous methodology used for determining the bonus awards was invalid; therefore, CMS could not pursue collecting the estimated overpayments. However, the decision allowed CMS the opportunity to recalculate the baseline year (2007) for determining eligibility and pursue an overpayment collection in accordance with this new calculation. As of June 30, 2021, the amount potentially to be repaid is unknown.

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, 2021, 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, 2021, 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 $74.87 million and $45.33 million respectively.

As of June 30, 2021, 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 $3.19 million and the Alaska Fisheries Enhancement Revolving Loan Fund for $7.52 million.

As of June 30, 2021, the Alaska Energy Authority (AEA) had Power Project Fund loan commitments of $5.15 million.

As of June 30, 2021, the Alaska Industrial Development and Export Authority (AIDEA) had extended loan participation purchase commitments to be funded by the Revolving Fund of $1.2 million and pending applications of $6.4 million, as well as loan guarantees of $4.5 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, 2021, AIDEA had funded approximately $137.5 million, resulting in a remaining commitment of approximately $1.5 million.

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, 2021, the APFC, on behalf of the Fund, had outstanding future funding commitments of: $100 million for absolute return; $5.1 billion for private equity; $1.9 billion for infrastructure; and $1.3 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, 2021, the APFC, on behalf of the Fund, had outstanding future funding commitments of $400 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, 2021, ARMB's unfunded commitments were as follows (in thousands):

Investment Type		
Alternative Fixed Income	$	120,521
Energy		28,453
Private Equity		1,218,942
Real Estate		183,906
	$	1,551,822

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, 2020, the General Fund had pollution remediation obligations of $125,227 thousand. As of June 30, 2021, the State had an increase to the obligations of $8,739 thousand and recognized a decrease of $3,433 thousand, for an ending balance of $130,533 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 $619 thousand and $5,568 thousand in 2021 and $1,477 thousand and $4,379 thousand in 2020.

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, 2021:

	Amount (in thousands)	
General Fund	$	462,167
Special Revenue Funds		42,565
Capital Project Funds		3,543
Total Encumbrances	$	508,275

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

The Department of Commerce, Community and Economic Development, Department of Administration, and Governor's Office all have projects related to the COVID-19 pandemic which total $31.66 million. These projects are funded by general funds.

The Department of Education and Early Development had several school construction and renovation projects underway that total $83 million. These projects are funded by general funds.

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 $11.7 million. This is funded by the Exxon Valdez Settlement Trust Fund.

The Department of Commerce, Community and Economic Development administers a grant for the Alaska Impact Grant Program for $10.29 million. This is funded by the National Petroleum Reserve 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 several projects for road work in Kake and Petersburg for a total of $16.62 million. These projects are funded by general funds. There was also $8.84 million in Federal-Aid state match, which is in the Constitutional Budget Reserve (CBR) Fund.

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 $18.90 million of these contracts are funded by general funds with additional funding from federal grant awards.

The Department of Corrections had a project for $11.8 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 $17.0 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 $6.5 million, which is funded by general funds.

L. MEDICAID

The Department of Health and Social Services uses two Medicaid Management Information Systems, Alaska Health Enterprise (AHE) and Optum Behavioral Health System (OBHS) FACETS, to process 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, 2021, the Department of Revenue has received tax credit applications totaling $772 thousand, 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 2021, the most significant sources of revenues were federal, taxes, and rents and royalties; which make up 92.0 percent of total revenues. With the majority of total revenues coming from federal sources (68.1 percent), a large decrease in federal funding could impact the stability of the State. Additionally, with the continued decline in petroleum related revenues, taxes, and rents and royalties continue to be a significant concern for the State of Alaska

O. COVID-19

During FY 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. 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 2022 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 June 16, 2021, the Alaska Municipal Bond Bank Authority (AMBBA) priced $5.73 million in general obligation refunding bonds through a forward delivery bond issue, the 2021 Series Three (AMT), with interest rate yields ranging between 1.75% and 1.98% and a coupon rate of 5%. The forward delivery bond issue closed in fiscal year 2022, on December 2, 2021. AMBBA utilized the forward delivery bond issue to refund the $7.05 million in outstanding 2015-2B general obligation bonds with an interest rate yield of 3.81% and coupon rate of 5%. The forward delivery bond issue is anticipated to reduce total debt service payments over the next 12 year by approximately $1.9 million. This is anticipated to produce an economic gain (difference between the present values of the debt service payments on the old and net debt) of approximately $1.6 million.

B. ALASKA CLEAN WATER FUND

Pursuant to legislative authorization obtained during the 2021 session of the Alaska Legislature, Series A Revenue Bond Anticipation Notes for FY 2021 were issued on November 10, 2021 in the amount of $1.90 million. The borrowing is secured by interest earnings of the Alaska Clean Water Fund.

C. ALASKA DRINKING WATER FUND

Pursuant to legislative authorization obtained during the 2021 session of the Alaska Legislature, Series A Revenue Bond Anticipation Notes for FY 2021 were issued on November 10, 2021 in the amount of $2.20 million. The borrowing is secured by interest earnings of the Alaska Drinking Water Fund.

D. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

In August 2021, the AIDEA Board passed a resolution authorizing the AIDEA executive director to start the sale process for the Mustang project.

In January 2022, the AIDEA board passed Resolution G22-03 approving $15.4 million to advance pre-development work for the 2022 field season for the Ambler Access Project to be matched by $15.4 million from Ambler Metals under the terms of the Ambler Access Development Agreement.

E. ALASKA MENTAL HEALTH TRUST AUTHORITY

Since 2005, the Trust and the United States Forest Service (USFS) have been working on a transfer to the USFS of Trust land surrounding seven Southeast Alaska communities in exchange for federal land that could create revenue to the Trust in support of its mission. The exchange of land was not to be based on acres, rather be based on land of equal value. In FY 2021, appraisals of the land were completed. The majority of the land exchange was completed August 30, 2021 with the transfer of 17,980.19 acres of Trust land, valued at $20.66 million for 18,491.96 acres of federal land, valued at $20.69 million. The Trust Land Office paid $35,408.81 to the USFS to equalize the values of land exchanged. Subsequent to August 30, 2021, all outstanding easements were exchanged between the Trust and the USFS totaling about 45 miles of permanent access on January 13, 2022, concluding the main items of the Land Exchange.

In August 2021, the Board of Trustees authorized an irrevocable transfer of $26.3 million in spendable earnings to the Trust principal. The transfer was made in September 2021, to offset erosions of the purchasing power of the Trust's cash corpus attributed to inflation.

F. NORTHERN TOBACCO SECURITIZATION CORPORATION

On July 1, 2021, the Corporation issued $282.48 million of its Tobacco Settlement Asset-Backed Bonds, 2021 Series A, B and C. Proceeds of the sale were used to fully refund the Corporation's outstanding Tobacco Settlement Asset-Backed Bonds, Series 2006. Pursuant to the terms of the 2021 Bond Indenture, proceeds from the sale in the amount of $18.99 million will be used to fund additional capital projects as appropriated by the Alaska State Legislature.

G. AIRPORTS

In August 2021, AIAS issued $85.5 million of Series 2021 refunding bonds, which in conjunction with the contribution of $40.0 million of cash and prior debt service funds on hand, defeased/refunded $154.4 million of par of then outstanding AIAS revenue bonds. The transaction resulted in a $68.9 million reduction of outstanding bonds payable and an estimated $81.8 million reduction in scheduled debt service payments between FY 2022 and FY 2036. The refunding portion of the transaction provided an estimated net present value savings of approximately $24.9 million.

H. ALASKA HOUSING FINANCE CORPORATION

The Corporation delivered its $122,795,000 General Mortgage Revenue Bonds II, 2022 Series A and B, on January 12, 2022. The 2022 Bonds are the first two series of Social Bonds designated under the Corporation's General Mortgage Revenue Bonds II indenture. The $39,065,000 Series A Bonds are tax-exempt general obligations of the Corporation having a final maturity of June 1, 2051, and bearing interest at fixed rates ranging from 0.15% to 3.00%. The $83,730,000 Series B Bonds are tax-exempt general obligations of the Corporation having a final maturity of June 1, 2036, and bearing interest at fixed rates ranging from 1.65% to 5.00%. Interest on the Series A and B Bonds is payable on June 1, 2022, and semiannually on each June 1 and December 1 thereafter until maturity or redemption. Proceeds of the Series A Bonds were used to purchase mortgage loans and to pay certain costs of issuance. Proceeds of the Series B Bonds were used to refund certain outstanding obligations of the Corporation.

I. STATE OF ALASKA

On December 1, 2021 the State of Alaska entered into a settlement agreement for prior year oil and gas royalty payments as a result of the administrative and judicial appeals process. The settlement resulted in a $66.4 million liability to the State of Alaska. Per Alaska Statutes 37.14.150 and 37.13.010, royalty payments are split between the General Fund, Public School Trust Fund and the Alaska Permanent Fund. As a result, a settlement liability was booked in the General Fund for $32.9 million and in the Public School Trust Fund for $332 thousand. The Alaska Permanent Fund is managed by the Alaska Permanent Fund Corporation (APFC) which issues separate financial statements that are incorporated as a blended component unit of the State. The settlement was reached after the APFC financial statement audit opinion date therefore the $33.2 million liability was not recorded by the Alaska Permanent Fund.

NOTE 14 – PRIOR PERIOD ADJUSTMENTS AND RESTATED BEGINNING NET POSITION

PRIOR PERIOD ADJUSTMENT

Alaska Industrial Development and Export Authority

AIDEA determined a reserve account and the corresponding liability of $23.0 million should have been reported in the prior year which resulted in cash and liabilities to be understated as of June 30, 2020. Accordingly, the amount reported for the cash and liabilities have been restated as of June 30, 2020.

Office of Information Technology

During the process of collecting FY 2021 information for the Information Services Fund, it was identified that Alaska Land Mobile Radio had an appropriation that existed in another department for FY 2020 and had expenses totaling $6.0 million that was not reported as contributed capital in the prior year. As a result, contributed capital and net position were understated by $6.0 million as of June 30, 2020.

RESTATED BEGINNING NET POSITION

Alaska Energy Authority

Beginning net position/fund balance was restated for an increase of $7.39 million to record revised amounts related to the sweep activity in the due to the State of Alaska. Beginning net position/fund balance was restated for an increase of $2.24 million to record revised amounts related to the general activity in the due to funds managed by Treasury. The following table shows the changes to the beginning net position/fund balance as of July 1, 2020, for the following:

	Major Special Revenue Fund	Statement of Activities
Fund balance/net position at June 30, 2020, as previously reported	$ 39,891	$ 39,891
Correction of the due to State of Alaska-sweep activity	7,388	7,388
Correction of the due to funds managed by Treasury	2,239	2,239
Fund balance/net position at July 1, 2020, as restated	$ 49,518	$ 49,518

Governmental Accounting Standards Board Statement No. 84

In 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying and classifying fiduciary activities of state and local governments. It describes four fiduciary funds that should be reported, if applicable: 1) pension (and other employee benefit) trust funds, 2) investment trust funds, 3) private-purpose trust funds, and 4) custodial funds, which generally should report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. Several fund changes reflected below were necessary to present the funds within the state's reporting entity according to the requirements of GASB 84.

The State of Alaska and its component units adopted the provisions of Statement 84 during FY 2021. The effects of adopting Statement 84 are reported as a restated beginning net position due to a change in accounting principle. The following funds had an effect on the beginning net position due to this change as follows (in thousands):

Fund Statements - Fiduciary Funds	Custodial	Investment Trust	Totals
Net Positions June 30, 2020 as reported in the 2020 ACFR	—	—	—
Implementation of GASB 84	105,340	188,428	293,768
Net positions July 1, 2020 as restated	105,340	188,428	293,768

Required Supplementary Information



STATE OF ALASKA **STATEMENT 2.01**
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021
(Stated in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Unrestricted:				
Taxes	$ 762,506	$ 762,131	$ 907,277	$ (145,146)
Licenses and Permits	112,777	113,903	134,710	(20,807)
Charges for Services	443,120	403,174	149,556	253,618
Fines and Forfeitures	22,499	21,191	23,293	(2,102)
Rents and Royalties	478,060	476,181	711,952	(235,771)
Premiums and Contributions	1,112	676	20,313	(19,637)
Interest and Investment Income	34,323	34,323	124,764	(90,441)
Payments In from Component Units	183,759	186,758	43,328	143,430
Other Revenues	101,057	96,743	76,956	19,787
Restricted:				
Federal Grants in Aid	12,486,381	12,988,888	4,676,378	8,312,510
Interagency	626,453	1,061,474	727,013	334,461
Payments In from Component Units	100,762	100,123	—	100,123
Other Revenues	—	—	5,089	(5,089)
Total Revenues	15,352,809	16,245,565	7,600,629	8,644,936
EXPENDITURES				
Current:				
General Government	1,113,896	1,134,465	894,414	240,051
Alaska Permanent Fund Dividend	634,759	634,759	631,807	2,952
Education	2,340,437	2,466,060	2,038,744	427,316
University	867,787	868,291	331,919	536,372
Health and Human Services	5,350,961	4,969,495	3,628,659	1,340,836
Law and Justice	304,320	312,504	277,218	35,286
Public Protection	1,066,029	1,341,552	977,853	363,699
Natural Resources	511,792	546,193	294,506	251,687
Development	1,744,887	2,283,407	1,493,440	789,967
Transportation	7,529,242	6,943,089	1,421,540	5,521,549
Intergovernmental Revenue Sharing	86,690	93,790	91,422	2,368
Debt Service:				
Principal	24,057	24,057	23,695	362
Interest and Other Charges	11,971	11,971	11,971	—
Total Expenditures	21,586,828	21,629,633	12,117,188	9,512,445
Excess (Deficiency) of Revenues Over Expenditures	(6,234,019)	(5,384,068)	(4,516,559)	(867,509)
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	6,913,424	6,913,424	6,913,424	—
Transfers (Out to) Other Funds	(3,879,562)	(3,879,562)	(3,879,562)	—
Total Other Financing Sources and Uses	3,033,862	3,033,862	3,033,862	—
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, Budgetary Basis	$ (3,200,157)	$ (2,350,206)	(1,482,697)	$ (867,509)
RECONCILIATION OF BUDGETARY / GAAP REPORTING:				
Adjust Expenditures for Encumbrances			111,461	
Basis Difference			57,164	
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, GAAP Basis			(1,314,072)	
Fund Balances - Beginning of Year			3,982,854	
Fund Balances - End of Year			$ 2,668,782	

Note to Required Supplementary Information - Budgetary Reporting
For the Fiscal Year Ended June 30, 2021

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/annualreport.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	$ 94,278
Medical Assistance Program	(36,311)
Tobacco Tax	372
Alcohol Tax	277
Tire Tax	9
Vehicle Rental Tax	1,558
Marijuana Tax	(592)
Working Reserve	(2,427)
Total General Fund Basis Difference	$ 57,164

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)

	2021	2020	2019	2018	2017
Primary government's proportion of the net pension liability	49.09 %	49.72 %	49.53 %	50.62 %	51.87 %
Component unit's proportion of the net pension liability	4.79 %	4.91 %	5.15 %	4.74 %	5.79 %
Nonemployer contributing state's proportion of the net pension liability	14.86 %	14.28 %	11.33 %	13.40 %	5.38 %
Primary government's proportionate share of the net pension liability	$ 2,896,625	$ 2,721,623	$ 2,461,037	$ 2,616,648	$ 2,899,139
Component unit's proportionate share of the net pension liability	$ 282,741	$ 268,783	$ 255,967	$ 244,871	$ 323,541
Nonemployer contributing state's share of the net pension liability	$ 876,821	$ 781,773	$ 562,886	$ 692,476	$ 300,921
Primary government's covered payroll	$ 1,276,521	$ 1,102,180	$ 1,093,705	$ 1,092,504	$ 1,090,607
Component unit's covered payroll	$ 102,596	$ 116,162	$ 119,018	$ 128,050	$ 140,886
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	226.92 %	246.93 %	225.02 %	239.51 %	265.83 %
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	275.59 %	231.39 %	215.07 %	191.23 %	229.65 %
Plan fiduciary net position as a percentage of the total pension liability	61.61 %	63.42 %	65.19 %	63.37 %	59.55 %

This schedule continued on next page.

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)

	2016	2015	2014
Primary government's proportion of the net pension liability	50.75 %	52.23 %	51.60 %
Component unit's proportion of the net pension liability	5.52 %	4.44 %	4.43 %
Nonemployer contributing state's proportion of the net pension liability	10.40 %	21.86 %	22.87 %
Primary government's proportionate share of the net pension liability	$ 2,461,215	$ 2,436,220	$ 2,709,520
Component unit's proportionate share of the net pension liability	$ 267,632	$ 207,090	$ 232,515
Nonemployer contributing state's share of the net pension liability	$ 504,300	$ 1,019,583	$ 1,201,055
Primary government's covered payroll	$ 1,148,502	$ 1,136,811	$ 1,094,801
Component unit's covered payroll	$ 150,562	$ 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 %	247.49 %
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	177.76 %	144.61 %	159.81 %
Plan fiduciary net position as a percentage of the total pension liability	63.96 %	62.37 %	56.04 %

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

STATE OF ALASKA **STATEMENT 2.11**

Employer Contributions Schedule

Public Employees' Retirement System - Pension

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018	2017
Primary Government					
Statutorily required contribution	$ 254,597	$ 200,767	$ 188,809	$ 181,720	$ 170,247
Contributions in relation to the statutorily required contribution	255,643	212,693	207,815	183,334	179,742
Contribution deficiency (excess)	$ (1,046)	$ (11,926)	$ (19,006)	$ (1,614)	$ (9,495)
Covered payroll	$ 1,140,501	$ 1,276,521	$ 1,102,180	$ 1,093,885	$ 1,092,504
Contributions as a percentage of covered payroll	22.41 %	16.66 %	18.85 %	16.76 %	16.45 %
Component Units					
Statutorily required contribution	$ 13,890	$ 16,074	$ 17,626	$ 20,590	$ 19,693
Contributions in relation to the statutorily required contribution	21,861	19,763	17,718	20,590	19,693
Contribution deficiency (excess)	$ (7,971)	$ (3,689)	$ (92)	$ —	$ —
Covered payroll	$ 91,176	$ 102,596	$ 116,162	$ 119,018	$ 128,050
Contributions as a percentage of covered payroll	23.98 %	19.26 %	15.25 %	17.30 %	15.38 %
Primary Government Nonemployer Contribution					
Statutorily required contribution	$ 102,429	$ 69,067	$ 67,433	$ 36,399	$ 40,360
Contributions in relation to the statutorily required contribution	101,383	79,486	67,857	36,770	50,027
Contribution deficiency (excess)	$ 1,046	$ (10,419)	$ (424)	$ (371)	$ (9,667)

This schedule continued on next page.

STATE OF ALASKA **STATEMENT 2.11**

Employer Contributions Schedule

Public Employees' Retirement System - Pension

Last Ten Fiscal Years

(Stated in Thousands)

	2016	2015	2014	2013
Primary Government				
Statutorily required contribution	$ 164,533	$ 285,769	$ 200,076	$ 177,375
Contributions in relation to the statutorily required contribution	$ 164,533	636,865	200,076	177,375
Contribution deficiency (excess)	$ —	$ (351,096)	$ —	$ —
Covered payroll	$ 1,090,607	$ 1,148,502	$ 1,136,811	$ 1,094,801
Contributions as a percentage of covered payroll	15.09 %	55.45 %	17.60 %	16.20 %
Component Units				
Statutorily required contribution	$ 17,969	$ 18,561	$ 17,313	$ 15,819
Contributions in relation to the statutorily required contribution	17,969	18,561	17,313	15,819
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Covered payroll	$ 140,886	$ 150,562	$ 143,205	$ 145,495
Contributions as a percentage of covered payroll	12.75 %	12.33 %	12.09 %	10.87 %
Primary Government Nonemployer Contribution				
Statutorily required contribution	$ 43,535	$ 153,622	$ 82,554	$ 77,689
Contributions in relation to the statutorily required contribution	43,535	479,750	82,554	77,689
Contribution deficiency (excess)	$ —	$ (326,128)	$ —	$ —

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.

In FY 2015 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 **STATEMENT 2.12**

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)

	2021	2020	2019	2018
Primary government's proportion of the net OPEB liability or asset	49.10 %	49.73 %	49.54 %	50.64 %
Component unit's proportion of the net OPEB liability or asset	4.79 %	4.91 %	5.15 %	4.74 %
Nonemployer contributing state's proportion of the net OPEB liability or asset	14.89 %	14.30 %	11.35 %	13.41 %
Primary government's proportionate share of the net OPEB liability or (asset)	$ (222,361)	$ 73,794	$ 508,456	$ 427,754
Component unit's proportionate share of the net OPEB liability or (asset)	$ (21,690)	$ 7,285	$ 52,106	$ 39,552
Nonemployer contributing state's share of the net OPEB liability or (asset)	$ (67,431)	$ 21,218	$ 116,512	$ 113,255
Primary government's covered payroll	$ 1,276,521	$ 1,102,180	$ 1,093,705	$ 1,092,504
Component unit's covered payroll	$ 110,704	$ 116,162	$ 119,018	$ 128,050
Primary government's proportionate share of the net OPEB liability or asset as a percentage of its covered payroll	17.42 %	6.70 %	46.49 %	39.15 %
Component unit's proportionate share of the net OPEB liability or asset as a percentage of its covered payroll	19.59 %	6.27 %	43.78 %	30.89 %
Plan fiduciary net position as a percentage of the total OPEB liability	106.15 %	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.

STATE OF ALASKA **STATEMENT 2.13**

Employer Contributions Schedule

Public Employees' Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018
Primary Government				
Statutorily required contribution	$ 34,183	$ 64,223	$ 87,606	$ 44,192
Contributions in relation to the statutorily required contribution	34,183	53,167	50,848	41,929
Contribution deficiency (excess)	$ —	$ 11,056	$ 36,758	$ 2,263
Covered payroll	$ 1,140,501	$ 1,276,521	$ 1,102,180	$ 1,093,885
Contributions as a percentage of covered payroll	3.00 %	4.16 %	4.61 %	3.83 %
Component Units				
Statutorily required contribution	$ 7,015	$ 6,073	$ 6,825	$ 6,060
Contributions in relation to the statutorily required contribution	6,574	8,142	6,614	6,060
Contribution deficiency (excess)	$ 441	$ (2,069)	$ 211	$ —
Covered payroll	$ 100,856	$ 110,704	$ 116,162	$ 119,018
Contributions as a percentage of covered payroll	6.52 %	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)	$ —	$ 11,289	$ 11,137	$ 2,316

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.

STATE OF ALASKA **STATEMENT 2.14**

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)

	2021	2020	2019	2018
Primary government's proportion of the collective net OPEB liability or asset	48.77 %	49.15 %	48.37 %	49.14 %
Component unit's proportion of the collective net OPEB liability or asset	4.25 %	4.30 %	4.58 %	4.03 %
Primary government's proportionate share of the collective net OPEB liability or (asset)	$ (13,294)	$ (11,917)	$ (9,395)	$ (6,972)
Component unit's proportionate share of the collective net OPEB liability or (asset)	(1,160)	$ (164)	$ (140)	$ (103)
Primary government's covered payroll	$ 1,276,521	$ 1,102,180	$ 1,093,705	$ 508,805
Component unit's covered payroll	$ 89,410	$ 116,162	$ 119,018	$ 65,874
Primary government's proportionate share of the collective net OPEB liability or asset as a percentage of its covered payroll	1.04 %	1.08 %	0.86 %	1.37 %
Component unit's proportionate share of the collective net OPEB liability or asset as a percentage of its covered payroll	1.30 %	0.14 %	0.12 %	0.16 %
Plan fiduciary net position as a percentage of the total OPEB liability	283.80 %	— %	— %	— %

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

STATE OF ALASKA **SCHEDULE 2.15**

Employer Contributions Schedule

Public Employees' Retirement System - Occupational Death & Disability Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018
Primary Government				
Statutorily required contribution	$ 1,823	$ 1,432	$ 2,599	$ 1,088
Contributions in relation to the statutorily required contribution	2,591	2,137	2,008	1,088
Contribution deficiency (excess)	$ (768)	$ (705)	$ 591	$ —
Covered payroll	$ 1,140,501	$ 1,276,521	$ 1,102,180	$ 547,669
Contributions as a percentage of covered payroll	0.23 %	0.17 %	0.18 %	0.20 %
Component Units				
Statutorily required contribution	$ 300	$ 181	$ 246	$ 85
Contributions in relation to the statutorily required contribution	251	188	175	85
Contribution deficiency (excess)	$ 49	$ (7)	$ 71	$ —
Covered payroll	$ 93,463	$ 89,410	$ 116,162	$ 65,276
Contributions as a percentage of covered payroll	0.27 %	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.

STATE OF ALASKA **SCHEDULE 2.16**

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)

	2021	2020	2019	2018
Primary government's proportion of the collective net OPEB liability	47.99 %	48.37 %	48.37 %	49.14 %
Component unit's proportion of the collective net OPEB liability	5.09 %	5.17 %	4.58 %	4.03 %
Primary government's proportionate share of the collective net OPEB liability	$ 3,404	$ 11,556	$ 6,156	$ 2,563
Component unit's proportionate share of the collective net OPEB liability	$ 361	$ 1,236	$ 582	$ 210
Primary government's covered payroll	$ 809,874	$ 599,129	$ 547,669	$ 508,805
Component unit's covered payroll	$ 84,255	$ 116,162	$ 65,276	$ 65,874
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.42 %	1.93 %	1.12 %	0.50 %
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.43 %	1.06 %	0.89 %	0.32 %
Plan fiduciary net position as a percentage of the total OPEB liability	95.23 %	83.17 %	88.17 %	94.00 %

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

STATE OF ALASKA **STATEMENT 2.17**

Employer Contributions Schedule

Public Employees' Retirement System - Retiree Medical Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018
Primary Government				
Statutorily required contribution	$ 8,914	$ 8,555	$ 6,156	$ 5,641
Contributions in relation to the statutorily required contribution	8,914	8,555	5,670	5,641
Contribution deficiency (excess)	$ —	$ —	$ 486	$ —
Covered payroll	$ 680,616	$ 809,874	$ 599,129	$ 547,669
Contributions as a percentage of covered payroll	1.31 %	1.06 %	0.95 %	1.03 %
Component Units				
Statutorily required contribution	$ 894	$ 896	$ 582	$ 532
Contributions in relation to the statutorily required contribution	1,002	914	604	532
Contribution deficiency (excess)	$ (108)	$ (18)	$ (22)	$ —
Covered payroll	$ 88,707	$ 84,255	$ 116,162	$ 65,276
Contributions as a percentage of covered payroll	1.13 %	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.

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)

	2021	2020	2019	2018	2017
Primary government's proportion of the net pension liability	0.65 %	0.67 %	0.67 %	0.67 %	0.75 %
Component unit's proportion of the net pension liability	1.42 %	1.60 %	1.68 %	1.61 %	2.14 %
Nonemployer contributing state's proportion of the net pension liability	63.02 %	59.33 %	59.39 %	63.14 %	53.90 %
Primary government's proportionate share of the net pension liability	$ 13,276	$ 12,438	$ 12,807	$ 13,601	$ 17,047
Component unit's proportionate share of the net pension liability	$ 28,801	$ 29,951	$ 32,065	$ 32,661	$ 48,846
Nonemployer contributing state's share of the net pension liability	$ 1,281,372	$ 1,108,594	$ 1,136,829	$ 1,279,682	$ 1,230,776
Primary government's covered payroll	$ 5,143	$ 5,312	$ 4,768	$ 4,853	$ 5,388
Component unit's covered payroll	$ 18,249	$ 20,625	$ 20,625	$ 22,128	$ 25,212
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	258.14 %	234.15 %	268.60 %	280.26 %	316.39 %
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	157.82 %	145.22 %	155.47 %	147.60 %	193.74 %
Plan fiduciary net position as a percentage of the total pension liability	72.81 %	74.68 %	74.1 %	72.4 %	68.4 %

This schedule continued on next page.

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)

	2016	2015	2014
Primary government's proportion of the net pension liability	0.78 %	0.79 %	0.78 %
Component unit's proportion of the net pension liability	2.03 %	0.97 %	1.02 %
Nonemployer contributing state's proportion of the net pension liability	61.03 %	84.10 %	83.41 %
Primary government's proportionate share of the net pension liability	$ 14,501	$ 23,739	$ 25,930
Component unit's proportionate share of the net pension liability	$ 37,680	$ 29,024	$ 33,771
Nonemployer contributing state's share of the net pension liability	$ 1,135,514	$ 2,522,174	$ 2,761,123
Primary government's covered payroll	$ 5,620	$ 5,920	$ 5,834
Component unit's covered payroll	$ 31,575	$ 34,497	$ 36,150
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	258.02 %	401.00 %	444.46 %
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	119.33 %	84.13 %	93.42 %
Plan fiduciary net position as a percentage of the total pension liability	73.82 %	55.7 %	49.76 %

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

STATE OF ALASKA **STATEMENT 2.21**

Employer Contributions Schedule

Teachers' Retirement System - Pension

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018	2017
Primary Government					
Statutorily required contribution	$ 1,120	$ 1,097	$ 1,086	$ 989	$ 872
Contributions in relation to the statutorily required contribution	1,120	1,184	1,095	1,004	1,003
Contribution deficiency (excess)	$ —	$ (87)	$ (9)	$ (15)	$ (131)
Covered payroll	$ 5,349	$ 5,143	$ 5,312	$ 4,768	$ 4,853
Contributions as a percentage of covered payroll	20.94 %	23.02 %	20.61 %	21.06 %	20.67 %
Component Units					
Statutorily required contribution	$ 907	$ 1,465	$ 1,830	$ 1,859	$ 2,003
Contributions in relation to the statutorily required contribution	907	1,735	1,735	1,859	2,003
Contribution deficiency (excess)	$ —	$ (270)	$ 95	$ —	$ —
Covered payroll	$ 16,049	$ 18,249	$ 20,625	$ 22,128	$ 25,212
Contributions as a percentage of covered payroll	5.65 %	9.51 %	8.41 %	8.40 %	7.94 %
Primary Government Nonemployer Contribution					
Statutorily required contribution	$ 134,070	$ 126,831	$ 127,371	$ 105,888	$ 94,775
Contributions in relation to the statutorily required contribution	134,070	140,219	127,365	111,042	115,980
Contribution deficiency (excess)	$ —	$ (13,388)	$ 6	$ (5,154)	$ (21,205)

This schedule continued on next page.

STATE OF ALASKA **STATEMENT 2.21**

Employer Contributions Schedule

Teachers' Retirement System - Pension

Last Ten Fiscal Years

(Stated in Thousands)

	2016	2015	2014	2013
Primary Government				
Statutorily required contribution	$ 925	$ 2,644	$ 1,951	$ 1,836
Contributions in relation to the statutorily required contribution	925	12,500	1,951	1,836
Contribution deficiency (excess)	$ —	$ (9,856)	$ —	$ —
Covered payroll	$ 5,388	$ 5,620	$ 5,920	$ 5,834
Contributions as a percentage of covered payroll	17.17 %	222.42 %	32.96 %	31.47 %
Component Units				
Statutorily required contribution	$ 1,973	$ 2,314	$ 2,385	$ 2,390
Contributions in relation to the statutorily required contribution	1,973	2,314	2,385	2,390
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Covered payroll	$ 27,848	$ 31,575	$ 34,497	$ 36,150
Contributions as a percentage of covered payroll	7.08 %	7.33 %	6.91 %	6.61 %
Primary Government Nonemployer Contribution				
Statutorily required contribution	$ 89,957	$ 315,279	$ 207,271	$ 195,435
Contributions in relation to the statutorily required contribution	89,957	1,650,517	207,271	195,435
Contribution deficiency (excess)	$ —	$ (1,335,238)	$ —	$ —

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.

In FY 2015 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 **STATEMENT 2.22**

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)

	2021	2020	2019	2018
Primary government's proportion of the collective net OPEB liability or asset	0.65 %	0.67 %	0.67 %	0.67 %
Component unit's proportion of the collective net OPEB liability or asset	1.41 %	1.60 %	1.67 %	1.61 %
Nonemployer contributing state's proportion of the collective net OPEB liability or asset	63.12 %	59.41 %	59.47 %	63.26 %
Primary government's proportionate share of the collective net OPEB liability or (asset)	$ (2,335)	$ (1,017)	$ 2,080	$ 1,234
Component unit's proportionate share of the collective net OPEB liability or (asset)	$ (5,054)	$ (2,444)	$ 5,196	$ 2,955
Nonemployer contributing state's share of the collective net OPEB liability or (asset)	$ (225,823)	$ (90,788)	$ 184,929	$ 116,351
Primary government's covered payroll	$ 5,143	$ 5,312	$ 4,768	$ 4,853
Component unit's covered payroll	$ 18,249	$ 20,625	$ 20,625	$ 22,128
Primary government's proportionate share of the collective net OPEB liability or asset as a percentage of its covered payroll	45.40 %	19.15 %	43.62 %	25.43 %
Component unit's proportionate share of the collective net OPEB liability or asset as a percentage of its covered payroll	27.69 %	11.85 %	25.19 %	13.35 %
Plan fiduciary net position as a percentage of the total OPEB liability	113.78 %	105.50 %	— %	93.80 %

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

STATE OF ALASKA **STATEMENT 2.23**

Employer Contributions Schedule

Teachers' Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018
Primary Government				
Statutorily required contribution	$ 210	$ 241	$ 141	$ 186
Contributions in relation to the statutorily required contribution	210	154	141	153
Contribution deficiency (excess)	$ —	$ 87	$ —	$ 33
Covered payroll	$ 5,349	$ 5,143	$ 5,312	$ 4,768
Contributions as a percentage of covered payroll	3.93 %	2.99 %	2.65 %	3.21 %
Component Units				
Statutorily required contribution	$ 1,109	$ 827	$ 856	$ 921
Contributions in relation to the statutorily required contribution	1,107	860	856	921
Contribution deficiency (excess)	$ 2	$ (33)	$ —	$ —
Covered payroll	$ 16,049	$ 18,249	$ 20,625	$ 22,128
Contributions as a percentage of covered payroll	6.90 %	4.71 %	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)	$ —	$ 13,388	$ —	$ 5,154

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.

STATE OF ALASKA **STATEMENT 2.24**

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)

	2021	2020	2019	2018
Primary government's proportion of the collective net OPEB liability or asset	0.46 %	0.45 %	0.40 %	0.36 %
Component unit's proportion of the collective net OPEB liability or asset	2.29 %	2.47 %	2.28 %	2.30 %
Primary government's proportionate share of the collective net OPEB liability or (asset)	$ (20)	$ (18)	$ (14)	$ (12)
Component unit's proportionate share of the collective net OPEB liability or (asset)	$ (99)	$ (99)	$ (80)	$ (75)
Primary government's covered payroll	$ 5,143	$ 5,312	$ 4,768	$ 1,246
Component unit's covered payroll	$ 9,766	$ 9,654	$ 9,654	$ 8,200
Primary government's proportionate share of the collective net OPEB liability or asset as a percentage of its covered payroll	0.39 %	0.34 %	0.29 %	0.96 %
Component unit's proportionate share of the collective net OPEB liability or asset as a percentage of its covered payroll	1.01 %	1.03 %	0.83 %	0.91 %
Plan fiduciary net position as a percentage of the total OPEB liability	931.08 %	1,409.77 %	— %	— %

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

STATE OF ALASKA **STATEMENT 2.25**

Employer Contributions Schedule

Teachers' Retirement System - Occupational Death & Disability Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018
Primary Government				
Statutorily required contribution	$ 2	$ 1	$ —	$ —
Contributions in relation to the statutorily required contribution	2	1	1	—
Contribution deficiency (excess)	$ —	$ —	$ (1)	$ —
Covered payroll	$ 5,349	$ 5,143	$ 5,312	$ 1,328
Contributions as a percentage of covered payroll	0.04 %	0.02 %	0.02 %	— %
Component Units				
Statutorily required contribution	$ 9	$ 8	$ —	$ —
Contributions in relation to the statutorily required contribution	9	8	8	—
Contribution deficiency (excess)	$ —	$ —	$ (8)	$ —
Covered payroll	$ 11,145	$ 9,766	$ 9,654	$ 8,200
Contributions as a percentage of covered payroll	0.08 %	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.

STATE OF ALASKA **STATEMENT 2.26**

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)

	2021	2020	2019	2018
Primary government's proportion of the collective net OPEB liability or asset	0.46 %	0.45 %	0.40 %	0.36 %
Component unit's proportion of the collective net OPEB liability or asset	2.30 %	2.46 %	2.28 %	2.30 %
Primary government's proportionate share of the collective net OPEB liability or (asset)	$ (45)	$ (17)	$ (13)	$ (17)
Component unit's proportionate share of the collective net OPEB liability or (asset)	$ (227)	$ (94)	$ (73)	$ (109)
Primary government's covered payroll	$ 1,782	$ 1,738	$ 1,314	$ 1,246
Component unit's covered payroll	$ 9,766	$ 9,654	$ 9,654	$ 8,200
Primary government's proportionate share of the collective net OPEB liability or asset as a percentage of its covered payroll	2.53 %	0.98 %	0.99 %	1.36 %
Component unit's proportionate share of the collective net OPEB liability or asset as a percentage of its covered payroll	2.32 %	0.97 %	0.76 %	1.33 %
Plan fiduciary net position as a percentage of the total OPEB liability	125.59 %	110.03 %	— %	— %

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

STATE OF ALASKA **STATEMENT 2.27**

Employer Contributions Schedule

Teachers' Retirement System - Retiree Medical Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018
Primary Government				
Statutorily required contribution	$ 22	$ 20	$ 14	$ 13
Contributions in relation to the statutorily required contribution	22	20	14	13
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Covered payroll	$ 2,307	$ 1,782	$ 1,738	$ 1,328
Contributions as a percentage of covered payroll	0.95 %	1.12 %	0.81 %	0.98 %
Component Units				
Statutorily required contribution	$ 104	$ 106	$ 76	$ 75
Contributions in relation to the statutorily required contribution	104	103	76	75
Contribution deficiency (excess)	$ —	$ 3	$ —	$ —
Covered payroll	$ 11,145	$ 9,766	$ 9,654	$ 8,200
Contributions as a percentage of covered payroll	0.93 %	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.

STATE OF ALASKA **STATEMENT 2.30**

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)

	2021	2020	2019	2018	2017
Total pension liability					
Service cost	$ 6,580	$ 6,351	$ 6,452	$ 6,227	$ 6,025
Interest	17,340	16,653	17,331	16,449	16,417
Differences between expected and actual experience	4,075	—	(12,076)	—	(10,791)
Changes of assumptions	(38,010)	—	10,344	—	—
Benefit payments, including refunds of employee contributions	(14,178)	(13,628)	(12,126)	(11,589)	(11,228)
Net change in total pension liability	(24,193)	9,376	9,925	11,087	423
Total pension liability - beginning	235,935	226,560	216,635	205,548	205,125
Total pension liability - ending (a)	211,742	235,936	226,560	216,635	205,548
Plan fiduciary net position					
Contributions - employer	11,127	10,257	10,528	11,086	11,710
Contributions - employee	839	813	833	886	802
Net investment income	7,537	10,448	13,590	18,910	(567)
Other income	—	—	—	—	2
Benefit payments, including refunds of employee contributions	(14,178)	(13,628)	(12,126)	(11,589)	(11,228)
Administrative expenses	(107)	(59)	(63)	(79)	(60)
Net change in plan fiduciary net position	5,218	7,831	12,762	19,214	659
Plan fiduciary net position - beginning	184,626	176,795	164,033	144,819	144,160
Plan fiduciary net position - ending (b)	189,844	184,626	176,795	164,033	144,819
State's net pension liability - ending (a) - (b)	$ 21,898	$ 51,310	$ 49,765	$ 52,602	$ 60,729
Plan fiduciary net position as a percentage of the total pension liability	89.66 %	78.25 %	78.03 %	75.72 %	70.46 %
Covered payroll	$ 13,527	$ 13,393	$ 14,599	$ 14,089	$ 13,597
State's net pension liability as a percentage of covered payroll	161.88 %	383.11 %	340.88 %	373.36 %	446.64 %

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.

STATE OF ALASKA **STATEMENT 2.30**

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)

	2016	2015
Total pension liability		
Service cost	$ 5,814	$ 5,186
Interest	15,564	15,320
Differences between expected and actual experience	—	(3,741)
Changes of assumptions	—	1,407
Benefit payments, including refunds of employee contributions	(10,684)	(10,578)
Net change in total pension liability	10,694	7,594
Total pension liability - beginning	194,431	186,837
Total pension liability - ending (a)	205,125	194,431
Plan fiduciary net position		
Contributions - employer	10,222	8,862
Contributions - employee	811	780
Net investment income	4,349	21,845
Other income	—	—
Benefit payments, including refunds of employee contributions	(10,684)	(10,578)
Administrative expenses	(86)	(66)
Net change in plan fiduciary net position	4,612	20,843
Plan fiduciary net position - beginning	139,548	118,705
Plan fiduciary net position - ending (b)	144,160	139,548
State's net pension liability - ending (a) - (b)	$ 60,965	$ 54,883
Plan fiduciary net position as a percentage of the total pension liability	70.28 %	71.77 %
Covered payroll	$ 13,507	$ 13,731
State's net pension liability as a percentage of covered payroll	451.36 %	399.70 %

STATE OF ALASKA **STATEMENT 2.31**

Employer Contributions Schedule

Judicial Retirement System - Pension

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 10,239	$ 9,388	$ 9,454	$ 10,632	$ 10,471
Contributions in relation to the actuarially determined contribution	12,108	11,127	10,257	10,286	11,086
Contribution deficiency (excess)	$ (1,869)	$ (1,739)	$ (803)	$ 346	$ (615)
Covered payroll	$ 13,945	$ 13,527	$ 13,393	$ 14,599	$ 14,089
Contributions as a percentage of covered payroll	86.83 %	82.26 %	76.58 %	70.46 %	78.69 %

This statement continued on next page.

STATE OF ALASKA **STATEMENT 2.31**

Employer Contributions Schedule

Judicial Retirement System - Pension

Last Ten Fiscal Years

(Stated in Thousands)

	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 11,183	$ 10,329	$ 9,156	$ 8,367	$ 5,052
Contributions in relation to the actuarially determined contribution	11,710	10,222	8,862	8,094	5,419
Contribution deficiency (excess)	$ (527)	$ 107	$ 294	$ 273	$ (367)
Covered payroll	$ 13,996	$ 13,507	$ 13,731	$ 13,289	$ 11,803
Contributions as a percentage of covered payroll	83.67 %	75.68 %	64.54 %	60.91 %	45.91 %

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

Notes to required schedule

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

STATE OF ALASKA **STATEMENT 2.32**

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)

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 758	$ 801	$ 690	$ 734
Interest	1,340	1,270	1,391	1,318
Differences between expected and actual experience	224	(73)	(1,865)	83
Changes of assumptions	(2,361)	—	710	—
Retiree Drug Subsidy	—	74	21	64
Pharmacy Rebates	109	22	—	62
Benefit payments, including refunds of employee contributions	(1,268)	(979)	(1,576)	(1,031)
Net change in total OPEB liability	(1,198)	1,115	(629)	1,230
Total OPEB liability - beginning	17,962	16,847	17,476	16,246
Total OPEB liability - ending (a)	16,764	17,962	16,847	17,476
Plan fiduciary net position				
Contributions - employer	730	591	621	628
Net investment income	1,378	1,901	2,455	3,470
Other income	290	99	21	127
Benefit payments, including refunds of employee contributions	(1,425)	(978)	(1,576)	(1,031)
Administrative expenses	(29)	(18)	(15)	(51)
Net change in plan fiduciary net position	944	1,595	1,506	3,143
Plan fiduciary net position - beginning	33,092	31,497	29,991	26,848
Plan fiduciary net position - ending (b)	34,036	33,092	31,497	29,991
State's net OPEB liability - ending (a) - (b)	$ (17,272)	$ (15,130)	$ (14,650)	$ (12,515)
Plan fiduciary net position as a percentage of the total OPEB liability	203.03 %	184.23 %	186.96 %	171.61 %
Covered payroll	$ 13,527	$ 13,393	$ 14,599	$ 14,089
State's net OPEB liability or asset as a percentage of covered payroll	127.69 %	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.



This page intentionally left blank.

STATE OF ALASKA **STATEMENT 2.33**

Employer Contributions Schedule

Judicial Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 805	$ 579	$ 599	$ 632	$ 631
Contributions in relation to the actuarially determined contribution	654	730	591	594	628
Contribution deficiency (excess)	$ 151	$ (151)	$ 8	$ 38	$ 3
Covered payroll	$ 13,945	$ 13,527	$ 13,393	$ 14,599	$ 14,089
Contributions as a percentage of covered payroll	4.69 %	5.40 %	4.41 %	4.07 %	4.46 %

This statement continued on next page.

STATE OF ALASKA **STATEMENT 2.33**

Employer Contributions Schedule

Judicial Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 501	$ 313	$ 1,094	$ 723	$ 1,433
Contributions in relation to the actuarially determined contribution	508	520	882	834	599
Contribution deficiency (excess)	$ (7)	$ (207)	$ 212	$ (111)	$ 834
Covered payroll	$ 13,996	$ 13,507	$ 13,731	$ 13,289	$ 11,803
Contributions as a percentage of covered payroll	3.63 %	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.

STATE OF ALASKA **STATEMENT 2.40**

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)

	2021	2020	2019	2018	2017
Total pension liability					
Service cost	$ 508	$ 496	$ 611	$ 611	$ 603
Interest	1,532	1,497	2,266	2,170	2,660
Differences between expected and actual experience	(587)	—	(12,218)	—	(8,659)
Changes of assumptions	—	—	(174)	—	—
Benefit payments, including refunds of employee contributions	(1,641)	(1,344)	(1,360)	(1,485)	(1,729)
Net change in total pension liability	(188)	649	(10,875)	1,296	(7,125)
Total pension liability - beginning	22,253	21,604	32,480	31,184	38,309
Total pension liability - ending (a)	22,065	22,253	21,605	32,480	31,184
Plan fiduciary net position					
Contributions - employer	861	852	907	866	735
Net investment income	2,142	2,321	1,965	3,182	182
Benefit payments, including refunds of employee contributions	(1,641)	(1,344)	(1,360)	(1,485)	(1,729)
Administrative expenses	(231)	(282)	(226)	(257)	(242)
Net change in plan fiduciary net position	1,131	1,547	1,286	2,306	(1,054)
Plan fiduciary net position - beginning	40,965	39,418	38,132	35,826	36,880
Plan fiduciary net position - ending (b)	42,096	40,965	39,418	38,132	35,826
State's net pension liability (asset) - ending (a) - (b)	$ (20,031)	$ (18,712)	$ (17,813)	$ (5,652)	$ (4,642)
Plan fiduciary net position as a percentage of the total pension liability	190.78 %	184.09 %	182.45 %	117.40 %	114.89 %
Covered payroll	N/A	N/A	N/A	N/A	N/A
State's net pension liability or asset 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 2.40**

Changes in the Net Pension Liability and Related Ratios Schedule

Alaska National Guard and Alaska Naval Militia Retirement System

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2016	2015
Total pension liability		
Service cost	$ 604	$ 632
Interest	2,554	2,363
Differences between expected and actual experience	—	241
Changes of assumptions	—	27
Benefit payments, including refunds of employee contributions	(1,564)	(1,611)
Net change in total pension liability	1,594	1,652
Total pension liability - beginning	36,715	35,063
Total pension liability - ending (a)	38,309	36,715
Plan fiduciary net position		
Contributions - employer	628	740
Net investment income	590	4,528
Benefit payments, including refunds of employee contributions	(1,564)	(1,611)
Administrative expenses	(241)	(223)
Net change in plan fiduciary net position	(587)	3,434
Plan fiduciary net position - beginning	37,467	34,033
Plan fiduciary net position - ending (b)	36,880	37,467
State's net pension liability (asset) - ending (a) - (b)	$ 1,429	$ (752)
Plan fiduciary net position as a percentage of the total pension liability	96.27 %	102.05 %
Covered payroll	N/A	N/A
State's net pension liability or asset as a percentage of covered payroll	N/A	N/A

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

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)

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ —	$ 861	$ 852	$ 907	$ 867
Contributions in relation to the actuarially determined contribution	—	861	852	907	867
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
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)

	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 735	$ 627	$ 475	$ 431	$ 896
Contributions in relation to the actuarially determined contribution	735	627	740	739	896
Contribution deficiency (excess)	$ —	$ —	$ (265)	$ (308)	$ —
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.

Notes to required schedule

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

STATE OF ALASKA **STATEMENT 2.50**

Changes in the Net Pension Liability and Related Ratios Schedule

Alaska Railroad Corporation Defined Benefits Pension Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2021	2020	2019	2018	2017
Total pension liability					
Service cost	$ 6,106	$ 5,835	$ 5,676	$ 5,777	$ 5,853
Interest	17,659	16,059	15,221	14,230	13,244
Changes of benefits terms	—	—	—	154	—
Differences between expected and actual experience	(1,502)	(496)	(2,321)	(482)	6,368
Changes of assumptions	(3,929)	16,396	—	272	—
Benefit payments, including refunds of employee contributions	(9,116)	(8,086)	(7,062)	(6,197)	(5,541)
Net change in total pension liability	9,218	29,708	11,514	13,754	19,924
Total pension liability - beginning	242,030	212,322	200,808	187,054	167,130
Total pension liability - ending (a)	251,248	242,030	212,322	200,808	187,054
Plan fiduciary net position					
Contributions - employer	4,619	5,220	3,555	4,051	4,163
Contributions - employee	4,639	4,477	4,341	4,302	4,383
Net investment income	21,600	32,628	(8,075)	22,088	11,774
Benefit payments, including refunds of employee contributions	(9,116)	(8,086)	(7,062)	(6,197)	(5,541)
Administrative expenses	(273)	(269)	(312)	(409)	(593)
Net change in plan fiduciary net position	21,469	33,970	(7,553)	23,835	14,186
Plan fiduciary net position - beginning	211,840	177,870	185,423	161,588	147,402
Plan fiduciary net position - ending (b)	233,309	211,840	177,870	185,423	161,588
State's net pension liability - ending (a) - (b)	$ 17,939	$ 30,190	$ 34,452	$ 15,385	$ 25,466
Plan fiduciary net position as a percentage of the total pension liability	92.86 %	87.53 %	83.77 %	92.34 %	86.39 %
Covered payroll	$ 49,739	$ 48,228	$ 48,228	$ 47,804	$ 48,705
State's net pension liability as a percentage of covered payroll	36.07 %	62.60 %	71.44 %	32.18 %	52.29 %

This statement continued on next page.

STATE OF ALASKA **STATEMENT 2.50**

Changes in the Net Pension Liability and Related Ratios Schedule

Alaska Railroad Corporation Defined Benefits Pension Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2016
Total pension liability	
Service cost	$ 5,834
Interest	11,832
Changes of benefits terms	—
Differences between expected and actual experience	—
Changes of assumptions	—
Benefit payments, including refunds of employee contributions	(4,920)
Net change in total pension liability	12,746
Total pension liability - beginning	154,384
Total pension liability - ending (a)	167,130
Plan fiduciary net position	
Contributions - employer	3,571
Contributions - employee	4,290
Net investment income	(199)
Benefit payments, including refunds of employee contributions	(4,920)
Administrative expenses	(550)
Net change in plan fiduciary net position	2,192
Plan fiduciary net position - beginning	145,210
Plan fiduciary net position - ending (b)	147,402
State's net pension liability - ending (a) - (b)	$ 19,728
Plan fiduciary net position as a percentage of the total pension liability	88.20 %
Covered payroll	$ 47,660
State's net pension liability as a percentage of covered payroll	41.39 %

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

STATE OF ALASKA **STATEMENT 2.51**

Employer Contributions Schedule

Alaska Railroad Corporation Defined Benefits Pension Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 4,619	$ 5,220	$ 3,555	$ 4,051	$ 4,163
Contributions in relation to the actuarially determined contribution	4,619	5,220	3,555	4,051	4,163
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Covered payroll	51,559	49,739	48,288	47,804	48,705
Contributions as a percentage of covered payroll	8.96 %	10.49 %	7.36 %	8.47 %	8.55 %

This statement continued on next page.

STATE OF ALASKA **STATEMENT 2.51**

Employer Contributions Schedule

Alaska Railroad Corporation Defined Benefits Pension Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2016
Actuarially determined contribution	$ 3,571
Contributions in relation to the actuarially determined contribution	3,571
Contribution deficiency (excess)	$ —
Covered payroll	47,660
Contributions as a percentage of covered payroll	7.49 %

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

Notes to required schedule

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

STATE OF ALASKA **STATEMENT 2.52**

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)

	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	$ 522	$ 529	$ 599	$ 700	$ 699
Interest	972	1,003	981	1,095	985
Changes of benefits terms	—	—	—	526	—
Differences between expected and actual experience	(1,205)	(1,998)	(4,511)	(165)	(1,832)
Changes of assumptions	(353)	1,186	1,461	—	1,442
Benefit payments, net of Retiree Premiums	(491)	(371)	(350)	(331)	(506)
Net change in total OPEB liability	(555)	349	(1,820)	1,825	788
Total OPEB liability - beginning	15,681	15,332	17,152	15,327	14,539
Total OPEB liability - ending (a)	15,126	15,681	15,332	17,152	15,327
Plan fiduciary net position					
Contributions - employer	—	—	—	—	—
Net investment income	3,914	6,096	(958)	4,295	2,670
Benefit payments, net of Retiree Premiums	(491)	(371)	(350)	(331)	(506)
Administrative expenses	(59)	(59)	(71)	(77)	(66)
Net change in plan fiduciary net position	3,364	5,666	(1,379)	3,887	2,098
Plan fiduciary net position - beginning	50,914	45,248	46,627	42,740	40,642
Plan fiduciary net position - ending (b)	54,278	50,914	45,248	46,627	42,740
State's net OPEB liability (asset) - ending (a) - (b)	$ (39,152)	$ (35,233)	$ (29,916)	$ (29,475)	$ (27,413)
Plan fiduciary net position as a percentage of the total OPEB liability	358.84 %	324.69 %	295.12 %	271.85 %	278.85 %
Covered payroll	$ 32,154	$ 33,444	$ 33,444	$ 35,292	$ 46,941
State's net OPEB liability or asset as a percentage of covered payroll	121.76 %	105.35 %	89.45 %	83.52 %	58.40 %

This statement continued on next page.

STATE OF ALASKA **STATEMENT 2.52**

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)

	2016
Total OPEB liability	
Service cost	$ 633
Interest	1,021
Changes of benefits terms	—
Differences between expected and actual experience	—
Changes of assumptions	—
Benefit payments, net of Retiree Premiums	(193)
Net change in total OPEB liability	1,461
Total OPEB liability - beginning	13,078
Total OPEB liability - ending (a)	14,539
Plan fiduciary net position	
Contributions - employer	—
Net investment income	(384)
Benefit payments, net of Retiree Premiums	(193)
Administrative expenses	(48)
Net change in plan fiduciary net position	(625)
Plan fiduciary net position - beginning	41,267
Plan fiduciary net position - ending (b)	40,642
State's net OPEB liability (asset) - ending (a) - (b)	$ (26,103)
Plan fiduciary net position as a percentage of the total OPEB liability	279.54 %
Covered payroll	$ 47,660
State's net OPEB liability or asset as a percentage of covered payroll	54.77 %

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

STATE OF ALASKA **STATEMENT 2.53**

Employer Contributions Schedule

Alaska Railroad Corporation Defined Benefits Postretirement Medical Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ —	$ —	$ —	$ —	$ —
Contributions in relation to the actuarially determined contribution	—	—	—	—	—
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Covered payroll	32,015	32,154	33,444	35,292	46,941
Contributions as a percentage of covered payroll	— %	— %	— %	— %	— %

This statement continued on next page.

STATE OF ALASKA **STATEMENT 2.53**

Employer Contributions Schedule

Alaska Railroad Corporation Defined Benefits Postretirement Medical Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2016
Actuarially determined contribution	$ —
Contributions in relation to the actuarially determined contribution	—
Contribution deficiency (excess)	$ —
Covered payroll	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.



This page intentionally left blank.

Combining Fund Section



This page intentionally left blank.

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 **STATEMENT 3.01**

Combining Balance Sheet

General Fund

June 30, 2021

(Stated in Thousands)

	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	Total General Fund
ASSETS							
Cash and Investments	$ 1,076,103	$ 24,768	$ 27,544	$ 1,240	$ 3,063,140	$ —	$ 4,192,795
Accounts Receivable - Net	—	—	—	—	201,147	—	201,147
Interest and Dividends Receivable	(36)	—	(1)	—	262	—	225
Due from Other Funds	14,429,621	482,332	—	37	1,890,408	(16,706,374)	96,024
Due from Component Units	—	—	—	—	2,864	—	2,864
Due from Other Governments	—	—	—	—	776,420	—	776,420
Loans, Notes, and Bonds Receivable	—	—	—	—	19,471	—	19,471
Inventories	—	—	—	—	26,297	—	26,297
Other Assets	4	—	—	—	87,631	—	87,635
Total Assets	15,505,692	507,100	27,543	1,277	6,067,640	(16,706,374)	5,402,878
LIABILITIES							
Accounts Payable and Accrued Liabilities	30,428	702	11,570	365	1,513,501	—	1,556,566
Due to Other Funds	1,794,199	47	164	—	15,091,714	(16,706,374)	179,750
Due to Component Units	—	296	—	—	79,473	—	79,769
Unearned Revenue	(269)	—	300	—	626,706	—	626,737
Other Liabilities	—	—	79	—	34,745	—	34,824
Total Liabilities	1,824,358	1,045	12,113	365	17,346,139	(16,706,374)	2,477,646
DEFERRED INFLOWS OF RESOURCES							
Total Deferred Inflows of Resources	—	—	—	—	256,450	—	256,450
FUND BALANCES							
Nonspendable:							
Inventory	—	—	—	—	26,297	—	26,297
Advances and Prepaid Items	12,778,739	—	—	—	87,478	(12,778,734)	87,483
Restricted for:							
Debt Service	—	—	—	—	4,678	—	4,678
Education	—	—	—	—	16,269	—	16,269
Health and Human Services	—	—	—	—	618	—	618
Development	—	—	—	—	3,157	—	3,157
Other Purposes	—	—	—	—	4,251	—	4,251
Committed to:							
Education	—	—	—	912	134,562	—	135,474
Health and Human Services	91,658	9,886	—	—	187,611	—	289,155
Public Protection	722	3,210	—	—	140,370	—	144,302
Permanent Fund	—	—	15,430	—	—	—	15,430
Development	39,917	12,207	—	—	643,430	—	695,554
Other Purposes	3,098	—	—	—	168,338	—	171,436
Assigned to:							
Education	—	—	—	—	23,656	—	23,656
Health and Human Services	—	—	—	—	29,284	—	29,284
Public Protection	—	—	—	—	13,483	—	13,483
Development	—	—	—	—	42,176	—	42,176
Unassigned	767,200	480,752	—	—	(13,060,607)	12,778,734	966,079
Total Fund Balances	13,681,334	506,055	15,430	912	(11,534,949)	—	2,668,782
Total Liabilities, Deferred Inflows, and Fund Balances	$ 15,505,692	$ 507,100	$ 27,543	$ 1,277	$ 6,067,640	$ (16,706,374)	$ 5,402,878

STATE OF ALASKA **STATEMENT 3.02**

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

General Fund

For the Fiscal Year Ended June 30, 2021

(Stated in Thousands)

	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	Total General Fund
REVENUES							
Taxes	$ 9,775	$ —	$ —	$ —	$ 953,486	$ —	$ 963,261
Licenses and Permits	—	—	—	—	134,710	—	134,710
Charges for Services	—	—	537	76	148,943	—	149,556
Fines and Forfeitures	53	—	85	—	23,154	—	23,292
Rents and Royalties	(1,880)	—	—	—	753,752	—	751,872
Premiums and Contributions	—	—	—	—	20,313	—	20,313
Interest and Investment Income (Loss)	2,304	—	—	—	122,460	—	124,764
Federal Grants in Aid	—	—	—	—	4,893,566	—	4,893,566
Payments In from Component Units	—	—	—	—	43,328	—	43,328
Other Revenues	—	—	2	—	82,043	—	82,045
Total Revenues	10,252	—	624	76	7,175,755	—	7,186,707
EXPENDITURES							
Current:							
General Government	38,741	180	8,396	—	862,278	—	909,595
Alaska Permanent Fund Dividend	—	—	631,807	—	—	—	631,807
Education	39,689	—	—	1,290,924	491,333	—	1,821,946
University	4,094	—	—	—	318,011	—	322,105
Health and Human Services	3,906	740	12,915	—	3,706,211	—	3,723,772
Law and Justice	149	174	—	—	245,788	—	246,111
Public Protection	2,559	—	12,148	—	788,138	—	802,845
Natural Resources	867	—	—	—	276,082	—	276,949
Development	1,584	369	—	—	1,495,749	—	1,497,702
Transportation	20,034	5,434	—	—	1,113,074	—	1,138,542
Intergovernmental Revenue Sharing	—	—	—	—	89,708	—	89,708
Debt Service:							
Principal	—	—	—	—	27,256	—	27,256
Interest and Other Charges	—	—	—	—	11,971	—	11,971
Total Expenditures	111,623	6,897	665,266	1,290,924	9,425,599	—	11,500,309
Excess (Deficiency) of Revenues Over Expenditures	(101,371)	(6,897)	(664,642)	(1,290,848)	(2,249,844)	—	(4,313,602)
OTHER FINANCING SOURCES (USES)							
Capital Leases	—	—	—	—	3,561	—	3,561
Transfers In from Other Funds	431,623	481,094	680,000	1,289,774	3,582,048	(3,292,081)	3,172,458
Transfers (Out to) Other Funds	(320,000)	—	(1,449)	—	(3,147,121)	3,292,081	(176,489)
Total Other Financing Sources and Uses	111,623	481,094	678,551	1,289,774	438,488	—	2,999,530
Net Change in Fund Balances	10,252	474,197	13,909	(1,074)	(1,811,356)	—	(1,314,072)
Fund Balances - Beginning of Year	13,671,082	31,858	1,521	1,986	(9,723,593)	—	3,982,854
Fund Balances - End of Year	$ 13,681,334	$ 506,055	$ 15,430	$ 912	$ (11,534,949)	$ —	$ 2,668,782

Nonmajor Governmental Funds

STATE OF ALASKA **STATEMENT 3.11**

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2021

(Stated in Thousands)

	Permanent Fund				
	Public School Trust Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash and Investments	$ 844,746	$ 149,720	$ 35,151	$ 86,518	$ 1,116,135
Accounts Receivable - Net	622	2,537	—	—	3,159
Interest and Dividends Receivable	1	12	1	(3)	11
Due from Other Funds	664	5,159	—	—	5,823
Due from Other Governments	—	215	—	—	215
Loans, Notes, and Bonds Receivable	97	—	—	—	97
Other Assets	—	4,069	—	—	4,069
Total Assets	846,130	161,712	35,152	86,515	1,129,509
LIABILITIES					
Accounts Payable and Accrued Liabilities	334	6,203	—	1,813	8,350
Due to Other Funds	—	4,782	—	135	4,917
Unearned Revenue	150	567	—	—	717
Other Liabilities	1	565	—	—	566
Total Liabilities	485	12,117	—	1,948	14,550
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	105	159	—	—	264
FUND BALANCES					
Nonspendable:					
Principal	845,540	—	—	—	845,540
Advances and Prepaid Items	—	4,040	—	—	4,040
Restricted for:					
Debt Service	—	—	35,152	—	35,152
Education	—	21,363	—	243	21,606
Health and Human Services	—	18,196	—	—	18,196
Development	—	46,240	—	84,324	130,564
Other Purposes	—	204	—	—	204
Committed to:					
Education	—	2,186	—	—	2,186
Public Protection	—	811	—	—	811
Development	—	56,611	—	—	56,611
Unassigned	—	(215)	—	—	(215)
Total Fund Balances	845,540	149,436	35,152	84,567	1,114,695
Total Liabilities and Fund Balances	$ 846,130	$ 161,712	$ 35,152	$ 86,515	$ 1,129,509

STATE OF ALASKA **STATEMENT 3.12**

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

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2021

(Stated in Thousands)

	Permanent Fund				
	Public School Trust Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES					
Taxes	$ —	$ 20,237	$ —	$ —	$ 20,237
Licenses and Permits	—	37,063	—	—	37,063
Charges for Services	—	744	—	—	744
Fines and Forfeitures	—	71	—	—	71
Rents and Royalties	5,310	15,790	—	—	21,100
Premiums and Contributions	—	16,245	—	—	16,245
Interest and Investment Income (Loss)	181,859	331	45	156	182,391
Federal Grants in Aid	—	1,167	—	—	1,167
Other Revenues	—	13	17,103	—	17,116
Total Revenues	187,169	91,661	17,148	156	296,134
EXPENDITURES					
Current:					
General Government	181	2,061	—	—	2,242
Education	—	3,905	—	—	3,905
University	—	680	—	—	680
Health and Human Services	—	3,241	—	—	3,241
Public Protection	—	561	—	—	561
Natural Resources	—	45,721	—	—	45,721
Development	—	2,192	—	—	2,192
Transportation	—	1,503	—	41,447	42,950
Debt Service:					
Principal	—	—	50,846	—	50,846
Interest and Other Charges	—	—	46,924	411	47,335
Total Expenditures	181	59,864	97,770	41,858	199,673
Excess (Deficiency) of Revenues Over Expenditures	186,988	31,797	(80,622)	(41,702)	96,461
OTHER FINANCING SOURCES (USES)					
Bonds Issued	—	—	—	84,560	84,560
Bonds Issued Premium	—	—	—	26,204	26,204
Transfers In from Other Funds	—	1,223	79,067	—	80,290
Transfers (Out to) Other Funds	(29,774)	—	(814)	(1,632)	(32,220)
Total Other Financing Sources and Uses	(29,774)	1,223	78,253	109,132	158,834
Net Change in Fund Balances	157,214	33,020	(2,369)	67,430	255,295
Fund Balances - Beginning of Year	688,326	116,416	37,521	17,137	859,400
Fund Balances - End of Year	$ 845,540	$ 149,436	$ 35,152	$ 84,567	$ 1,114,695



This page intentionally left blank.

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.

STATE OF ALASKA **STATEMENT 3.23**

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

Permanent Funds

For the Fiscal Year Ended June 30, 2021

(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	$ 5,310	$ 5,310	$ —	$ 319,585	$ 319,585	$ —	$ 324,895	$ 324,895	$ —
Interest and Investment Income (Loss)	181,859	181,859	—	19,591,212	19,591,212	—	19,773,071	19,773,071	—
Total Revenues	187,169	187,169	—	19,910,797	19,910,797	—	20,097,966	20,097,966	—
EXPENDITURES									
Current:									
General Government	274	181	93	197,180	166,250	30,930	197,454	166,431	31,023
Law and Justice	—	—	—	2,619	2,198	421	2,619	2,198	421
Natural Resources	—	—	—	6,147	6,147	—	6,147	6,147	—
Total Expenditures	274	181	93	205,946	174,595	31,351	206,220	174,776	31,444
Excess (Deficiency) of Revenues Over Expenditures	186,895	186,988	(93)	19,704,851	19,736,202	(31,351)	19,891,746	19,923,190	(31,444)
OTHER FINANCING SOURCES (USES)									
Transfers (Out to) Other Funds	(29,774)	(29,774)	—	(3,141,609)	(3,141,609)	—	(3,171,383)	(3,171,383)	—
Total Other Financing Sources and Uses	(29,774)	(29,774)	—	(3,141,609)	(3,141,609)	—	(3,171,383)	(3,171,383)	—
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ 157,121	157,214	$ (93)	$16,563,242	16,594,593	$ (31,351)	$16,720,363	16,751,807	$ (31,444)
RECONCILIATION OF BUDGETARY/GAAP REPORTING									
Adjust Expenditures for Encumbrances		—			—			—	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		157,214			16,594,593			16,751,807	
Fund Balances - Beginning of Year		688,326			65,302,202			65,990,528	
Fund Balances - End of Year		$ 845,540			$81,896,795			$82,742,335	

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.



This page intentionally left blank.

STATE OF ALASKA **STATEMENT 3.31**

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2021

(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
ASSETS								
Cash and Investments	$ 5,652	$ 12,410	$ 32,835	$ 15,406	$ 54,986	$ 3,147	$ 1,905	$ 1,458
Accounts Receivable - Net	—	—	—	2,401	—	—	—	—
Interest and Dividends Receivable	—	—	—	—	—	—	—	—
Due from Other Funds	—	480	95	3,556	77	—	—	—
Due from Other Governments	—	—	—	—	—	—	—	—
Other Assets	—	—	29	—	—	—	—	—
Total Assets	$ 5,652	$ 12,890	$ 32,959	$ 21,363	$ 55,063	$ 3,147	$ 1,905	$ 1,458
LIABILITIES								
Accounts Payable and Accrued Liabilities	322	23	2,899	—	682	—	339	—
Due to Other Funds	1	—	3,297	—	—	—	112	—
Unearned Revenue	—	—	—	—	—	—	—	—
Other Liabilities	—	—	—	—	—	565	—	—
Total Liabilities	323	23	6,196	—	682	565	451	—
DEFERRED INFLOWS OF RESOURCES								
Total Deferred Inflows of Resources	—	—	—	—	—	—	—	—
FUND BALANCES								
Nonspendable:								
Advances and Prepaid Items	—	—	—	—	—	—	—	—
Restricted for:								
Education	—	—	—	21,363	—	—	—	—
Health and Human Services	5,329	12,867	—	—	—	—	—	—
Development	—	—	26,763	—	—	2,582	1,454	1,458
Other Purposes	—	—	—	—	—	—	—	—
Committed to:								
Education	—	—	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—	—	—
Public Protection	—	—	—	—	—	—	—	—
Development	—	—	—	—	54,381	—	—	—
Unassigned	—	—	—	—	—	—	—	—
Total Fund Balances	5,329	12,867	26,763	21,363	54,381	2,582	1,454	1,458
Total Liabilities and Fund Balances	$ 5,652	$ 12,890	$ 32,959	$ 21,363	$ 55,063	$ 3,147	$ 1,905	$ 1,458

This statement continued on next page.

STATE OF ALASKA **STATEMENT 3.31**

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2021

(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
ASSETS							
Cash and Investments	$ 3,823	$ 9,661	$ 204	$ 1,619	$ 6,584	$ 30	$ 149,720
Accounts Receivable - Net	—	—	—	—	—	136	2,537
Interest and Dividends Receivable	—	—	—	—	12	—	12
Due from Other Funds	—	—	—	—	—	951	5,159
Due from Other Governments	—	—	—	—	—	215	215
Other Assets	—	—	—	—	4,040	—	4,069
Total Assets	3,823	9,661	204	1,619	10,636	1,332	161,712
LIABILITIES							
Accounts Payable and Accrued Liabilities	—	1,117	—	—	—	821	6,203
Due to Other Funds	—	3	—	—	1,369	—	4,782
Unearned Revenue	—	—	—	—	—	567	567
Other Liabilities	—	—	—	—	—	—	565
Total Liabilities	—	1,120	—	—	1,369	1,388	12,117
DEFERRED INFLOWS OF RESOURCES							
Total Deferred Inflows of Resources	—	—	—	—	—	159	159
FUND BALANCES							
Nonspendable:							
Advances and Prepaid Items	—	—	—	—	4,040	—	4,040
Restricted for:							
Education	—	—	—	—	—	—	21,363
Health and Human Services	—	—	—	—	—	—	18,196
Development	3,823	8,541	—	1,619	—	—	46,240
Other Purposes	—	—	204	—	—	—	204
Committed to:							
Education	—	—	—	—	2,186	—	2,186
Public Protection	—	—	—	—	811	—	811
Development	—	—	—	—	2,230	—	56,611
Unassigned	—	—	—	—	—	(215)	(215)
Total Fund Balances	3,823	8,541	204	1,619	9,267	(215)	149,436
Total Liabilities and Fund Balances	$ 3,823	$ 9,661	$ 204	$ 1,619	$ 10,636	$ 1,332	$ 161,712

STATE OF ALASKA **STATEMENT 3.32**

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

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2021

(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	$ —	$ —	$ —	$ 20,237	$ —	$ —	$ —	$ —
Licenses and Permits	—	674	32,822	—	—	—	3,567	—
Charges for Services	—	—	621	—	—	123	—	—
Fines and Forfeitures	—	—	71	—	—	—	—	—
Rents and Royalties	—	—	—	—	15,790	—	—	—
Premiums and Contributions	2,593	—	23	—	—	—	—	—
Interest and Investment Income (Loss)	—	—	14	—	—	3	—	1
Federal Grants in Aid	—	—	—	—	—	—	—	—
Other Revenues	—	13	—	—	—	—	—	—
Total Revenues	2,593	687	33,551	20,237	15,790	126	3,567	1
EXPENDITURES								
Current:								
General Government	—	—	—	—	1,313	—	543	—
Education	—	—	—	—	13	—	—	—
University	—	—	—	—	—	—	—	—
Health and Human Services	2,658	583	—	—	—	—	—	—
Public Protection	—	—	—	—	443	—	—	—
Natural Resources	—	—	29,768	—	294	—	3,707	—
Development	—	—	—	—	1,023	—	—	—
Transportation	—	—	—	—	—	—	—	—
Total Expenditures	2,658	583	29,768	—	3,086	—	4,250	—
Excess (Deficiency) of Revenues Over Expenditures	(65)	104	3,783	20,237	12,704	126	(683)	1
OTHER FINANCING SOURCES (USES)								
Transfers In from Other Funds	—	—	1,012	—	—	—	—	—
Net Change in Fund Balances	(65)	104	4,795	20,237	12,704	126	(683)	1
Fund Balances - Beginning of Year	5,394	12,763	21,968	1,126	41,677	2,456	2,137	1,457
Fund Balances - End of Year	$ 5,329	$ 12,867	$ 26,763	$ 21,363	$ 54,381	$ 2,582	$ 1,454	$ 1,458

This statement continued on next page.

STATE OF ALASKA **STATEMENT 3.32**

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

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2021

(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	$ —	$ —	$ —	$ —	$ —	$ —	$ 20,237
Licenses and Permits	—	—	—	—	—	—	37,063
Charges for Services	—	—	—	—	—	—	744
Fines and Forfeitures	—	—	—	—	—	—	71
Rents and Royalties	—	—	—	—	—	—	15,790
Premiums and Contributions	—	12,468	—	—	—	1,161	16,245
Interest and Investment Income (Loss)	3	(18)	—	317	11	—	331
Federal Grants in Aid	—	—	—	—	—	1,167	1,167
Other Revenues	—	—	—	—	—	—	13
Total Revenues	3	12,450	—	317	11	2,328	91,661
EXPENDITURES							
Current:							
General Government	—	—	205	—	—	—	2,061
Education	—	—	—	—	1,539	2,353	3,905
University	—	—	—	—	680	—	680
Health and Human Services	—	—	—	—	—	—	3,241
Public Protection	—	—	—	—	118	—	561
Natural Resources	—	11,952	—	—	—	—	45,721
Development	—	—	—	—	1,169	—	2,192
Transportation	—	—	—	—	1,503	—	1,503
Total Expenditures	—	11,952	205	—	5,009	2,353	59,864
Excess (Deficiency) of Revenues Over Expenditures	3	498	(205)	317	(4,998)	(25)	31,797
OTHER FINANCING SOURCES (USES)							
Transfers In from Other Funds	—	—	211	—	—	—	1,223
Net Change in Fund Balances	3	498	6	317	(4,998)	(25)	33,020
Fund Balances - Beginning of Year	3,820	8,043	198	1,302	14,265	(190)	116,416
Fund Balances - End of Year	$ 3,823	$ 8,541	$ 204	$ 1,619	$ 9,267	$ (215)	$ 149,436

STATE OF ALASKA **STATEMENT 3.33**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2021
(Stated in Thousands)

	Second Injury			Fishermen's		
	Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
REVENUES						
Unrestricted:						
Taxes	$ —	$ —	$ —	$ —	$ —	$ —
Licenses and Permits	—	—	—	1,410	674	736
Charges for Services	—	—	—	—	—	—
Fines and Forfeitures	—	—	—	—	—	—
Rents and Royalties	—	—	—	—	—	—
Premiums and Contributions	2,852	2,593	259	—	—	—
Interest and Investment Income (Loss)	—	—	—	—	—	—
Other Revenues	—	—	—	—	13	(13)
Restricted:						
Federal Grants in Aid	—	—	—	—	—	—
Total Revenues	2,852	2,593	259	1,410	687	723
EXPENDITURES						
Current:						
General Government	—	—	—	—	—	—
Education	—	—	—	—	—	—
University	—	—	—	—	—	—
Health and Human Services	2,852	2,658	194	1,410	583	827
Public Protection	—	—	—	—	—	—
Natural Resources	—	—	—	—	—	—
Development	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Total Expenditures	2,852	2,658	194	1,410	583	827
Excess (Deficiency) of Revenues Over Expenditures	—	(65)	65	—	104	(104)
OTHER FINANCING SOURCES (USES)						
Transfers In from Other Funds	—	—	—	—	—	—
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ —	(65)	$ 65	$ —	104	$ (104)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING						
Adjust Expenditures for Encumbrances		—			—	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		(65)			104	
Fund Balances - Beginning of Year		5,394			12,763	
Fund Balances - End of Year		$ 5,329			$ 12,867	

This statement continued on next page.

STATE OF ALASKA **STATEMENT 3.33**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2021
(Stated in Thousands)

	Fish and Game			School		
	Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
REVENUES						
Unrestricted:						
Taxes	$ —	$ —	$ —	$ 15,700	$ 20,237	$ (4,537)
Licenses and Permits	34,411	32,822	1,589	—	—	—
Charges for Services	651	621	30	—	—	—
Fines and Forfeitures	75	71	4	—	—	—
Rents and Royalties	—	—	—	—	—	—
Premiums and Contributions	24	23	1	—	—	—
Interest and Investment Income (Loss)	14	14	—	—	—	—
Other Revenues	—	—	—	—	—	—
Restricted:						
Federal Grants in Aid	191	—	191	—	—	—
Total Revenues	35,366	33,551	1,815	15,700	20,237	(4,537)
EXPENDITURES						
Current:						
General Government	—	—	—	—	—	—
Education	—	—	—	—	—	—
University	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Public Protection	—	—	—	—	—	—
Natural Resources	42,565	29,083	13,482	—	—	—
Development	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Total Expenditures	42,565	29,083	13,482	—	—	—
Excess (Deficiency) of Revenues Over Expenditures	(7,199)	4,468	(11,667)	15,700	20,237	(4,537)
OTHER FINANCING SOURCES (USES)						
Transfers In from Other Funds	1,012	1,012	—	—	—	—
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ (6,187)	5,480	$ (11,667)	$ 15,700	20,237	$ (4,537)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING						
Adjust Expenditures for Encumbrances		(685)			—	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		4,795			20,237	
Fund Balances - Beginning of Year		21,968			1,126	
Fund Balances - End of Year		$ 26,763			$ 21,363	

This statement continued on next page.

STATE OF ALASKA **STATEMENT 3.33**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2021
(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	—	—	—	4,615	3,567	1,048
Charges for Services	—	—	—	—	—	—
Fines and Forfeitures	—	—	—	—	—	—
Rents and Royalties	19,127	15,790	3,337	—	—	—
Premiums and Contributions	—	—	—	—	—	—
Interest and Investment Income (Loss)	—	—	—	—	—	—
Other Revenues	—	—	—	—	—	—
Restricted:						
Federal Grants in Aid	—	—	—	—	—	—
Total Revenues	19,127	15,790	3,337	4,615	3,567	1,048
EXPENDITURES						
Current:						
General Government	10,536	6,188	4,348	548	537	11
Education	—	—	—	—	—	—
University	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Public Protection	—	—	—	—	—	—
Natural Resources	—	—	—	4,067	3,703	364
Development	19,257	—	19,257	—	—	—
Transportation	500	—	500	—	—	—
Total Expenditures	30,293	6,188	24,105	4,615	4,240	375
Excess (Deficiency) of Revenues Over Expenditures	(11,166)	9,602	(20,768)	—	(673)	673
OTHER FINANCING SOURCES (USES)						
Transfers In from Other Funds	—	—	—	—	—	—
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ (11,166)	9,602	$ (20,768)	$ —	(673)	$ 673
RECONCILIATION OF BUDGETARY/ GAAP REPORTING						
Adjust Expenditures for Encumbrances		3,102			(10)	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		12,704			(683)	
Fund Balances - Beginning of Year		41,677			2,137	
Fund Balances - End of Year		$ 54,381			$ 1,454	

This statement continued on next page.

STATE OF ALASKA **STATEMENT 3.33**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2021
(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	1	2,652	—	3	(3)
Other Revenues	—	—	—	—	—	—
Restricted:						
Federal Grants in Aid	—	—	—	2,060	—	2,060
Total Revenues	2,653	1	2,652	2,060	3	2,057
EXPENDITURES						
Current:						
General Government	—	—	—	—	—	—
Education	—	—	—	—	—	—
University	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Public Protection	—	—	—	—	—	—
Natural Resources	—	—	—	—	—	—
Development	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Total Expenditures	—	—	—	—	—	—
Excess (Deficiency) of Revenues Over Expenditures	2,653	1	2,652	2,060	3	2,057
OTHER FINANCING SOURCES (USES)						
Transfers In from Other Funds	—	—	—	—	—	—
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ 2,653	1	$ 2,652	$ 2,060	3	$ 2,057
RECONCILIATION OF BUDGETARY/ GAAP REPORTING						
Adjust Expenditures for Encumbrances		—			—	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		1			3	
Fund Balances - Beginning of Year		1,457			3,820	
Fund Balances - End of Year		$ 1,458			$ 3,823	

This statement continued on next page.

STATE OF ALASKA **STATEMENT 3.33**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2021
(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	2,646	12,468	(9,822)	—	—	—
Interest and Investment Income (Loss)	—	(18)	18	—	317	(317)
Other Revenues	—	—	—	—	—	—
Restricted:						
Federal Grants in Aid	—	—	—	—	—	—
Total Revenues	2,646	12,450	(9,804)	—	317	(317)
EXPENDITURES						
Current:						
General Government	7	—	7	—	—	—
Education	—	—	—	—	—	—
University	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Public Protection	—	—	—	—	—	—
Natural Resources	19,072	4,683	14,389	—	—	—
Development	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Total Expenditures	19,079	4,683	14,396	—	—	—
Excess (Deficiency) of Revenues Over Expenditures	(16,433)	7,767	(24,200)	—	317	(317)
OTHER FINANCING SOURCES (USES)						
Transfers In from Other Funds	—	—	—	—		—
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ (16,433)	7,767	$ (24,200)	$ —	317	$ (317)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING						
Adjust Expenditures for Encumbrances		(7,269)			—	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		498			317	
Fund Balances - Beginning of Year		8,043			1,302	
Fund Balances - End of Year		$ 8,541			$ 1,619	

This statement continued on next page.

STATE OF ALASKA **STATEMENT 3.33**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2021
(Stated in Thousands)

	Alaska State Council on the Arts			Funds Not Annually Budgeted		
				Reclamation Bonding Pool	Northern Tobacco Securitization Corporation	Alaska Housing Capital Corporation
	Budget	Actual	Variance with Budget	Actual	Actual	Actual
REVENUES						
Unrestricted:						
Taxes	$ —	$ —	$ —	$ —	$ —	$ —
Licenses and Permits	—	—	—	—	—	—
Charges for Services	—	—	—	123	—	—
Fines and Forfeitures	—	—	—	—	—	—
Rents and Royalties	—	—	—	—	—	—
Premiums and Contributions	1,770	1,161	609	—	—	—
Interest and Investment Income (Loss)	—	—	—	3	—	11
Other Revenues	—	—	—	—	—	—
Restricted:						
Federal Grants in Aid	1,780	1,167	613	—	—	—
Total Revenues	3,550	2,328	1,222	126	—	11
EXPENDITURES						
Current:						
General Government	—	—	—	—	205	—
Education	3,550	2,448	1,102	—	—	1,539
University	—	—	—	—	—	680
Health and Human Services	—	—	—	—	—	—
Public Protection	—	—	—	—	—	118
Natural Resources	—	—	—	—	—	—
Development	—	—	—	—	—	1,169
Transportation	—	—	—	—	—	1,503
Total Expenditures	3,550	2,448	1,102	—	205	5,009
Excess (Deficiency) of Revenues Over Expenditures	—	(120)	120	126	(205)	(4,998)
OTHER FINANCING SOURCES (USES)						
Transfers In from Other Funds	—	—	—	—	211	—
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ —	(120)	$ 120	$ 126	$ 6	$ (4,998)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING						
Adjust Expenditures for Encumbrances		95		—	—	—
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		(25)		126	6	(4,998)
Fund Balances - Beginning of Year		(190)		2,456	198	14,265
Fund Balances - End of Year		$ (215)		$ 2,582	$ 204	$ 9,267

This statement continued on next page.

STATE OF ALASKA **STATEMENT 3.33**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2021
(Stated in Thousands)

	Total		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	$ 15,700	$ 20,237	$ (4,537)
Licenses and Permits	40,436	37,063	3,373
Charges for Services	651	744	(93)
Fines and Forfeitures	75	71	4
Rents and Royalties	19,127	15,790	3,337
Premiums and Contributions	7,292	16,245	(8,953)
Interest and Investment Income (Loss)	2,667	331	2,336
Other Revenues	—	13	(13)
Restricted:			
Federal Grants in Aid	4,031	1,167	2,864
Total Revenues	89,979	91,661	(1,682)
EXPENDITURES			
Current:			
General Government	11,091	6,930	4,161
Education	3,550	3,987	(437)
University	—	680	(680)
Health and Human Services	4,262	3,241	1,021
Public Protection	—	118	(118)
Natural Resources	65,704	37,469	28,235
Development	19,257	1,169	18,088
Transportation	500	1,503	(1,003)
Total Expenditures	104,364	55,097	49,267
Excess (Deficiency) of Revenues Over Expenditures	(14,385)	36,564	(50,949)
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	1,012	1,223	(211)
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ (13,373)	37,787	$ (51,160)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		(4,767)	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		33,020	
Fund Balances - Beginning of Year		116,416	
Fund Balances - End of Year		$ 149,436	

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, 2021

(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	$ 295	$ 34,856	$ —	$ 35,151
Interest and Dividends Receivable	—	1	—	1
Total Assets	295	34,857	—	35,152
LIABILITIES				
Total Liabilities	—	—	—	—
FUND BALANCES				
Restricted for:				
Debt Service	295	34,857	—	35,152
Total Fund Balances	295	34,857	—	35,152
Total Liabilities and Fund Balances	$ 295	$ 34,857	$ —	$ 35,152

STATE OF ALASKA **STATEMENT 3.42**

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

Nonmajor Debt Service Funds

For the Fiscal Year Ended June 30, 2021

(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)	$ (4)	$ 48	$ 1	$ 45
Other Revenues	—	17,103	—	17,103
Total Revenues	(4)	17,151	1	17,148
EXPENDITURES				
Debt Service:				
Principal	46,526	2,510	1,810	50,846
Interest and Other Charges	32,534	14,366	24	46,924
Total Expenditures	79,060	16,876	1,834	97,770
Excess (Deficiency) of Revenues Over Expenditures	(79,064)	275	(1,833)	(80,622)
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	79,067	—	—	79,067
Transfers (Out to) Other Funds	—	(211)	(603)	(814)
Total Other Financing Sources and Uses	79,067	(211)	(603)	78,253
Net Change in Fund Balances	3	64	(2,436)	(2,369)
Fund Balances - Beginning of Year	292	34,793	2,436	37,521
Fund Balances - End of Year	$ 295	$ 34,857	$ —	$ 35,152



This page intentionally left blank.

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 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 general obligation bonds, 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 general obligation bonds, and is to be used for the purpose of paying the cost of state transportation projects.

STATE OF ALASKA **STATEMENT 3.51**

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2021

(Stated in Thousands)

	2008 Transportation Projects	2010 Education Projects	2012 Transportation Projects	Total Nonmajor Capital Projects Fund
ASSETS				
Cash and Investments	$ 760	$ 243	$ 85,515	$ 86,518
Interest and Dividends Receivable	—	—	(3)	(3)
Total Assets	760	243	85,512	86,515
LIABILITIES				
Accounts Payable and Accrued Liabilities	—	—	1,813	1,813
Due to Other Funds	—	—	135	135
Total Liabilities	—	—	1,948	1,948
FUND BALANCES				
Restricted for:				
Education	—	243	—	243
Development	760	—	83,564	84,324
Total Fund Balances	760	243	83,564	84,567
Total Liabilities and Fund Balances	$ 760	$ 243	$ 85,512	$ 86,515

STATE OF ALASKA **STATEMENT 3.52**

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

Nonmajor Capital Projects Funds

For the Fiscal Year Ended June 30, 2021

(Stated in Thousands)

	2008 Transportation Projects	2010 Education Projects	2012 Transportation Projects	Total Nonmajor Capital Projects Fund
REVENUES				
Interest and Investment Income (Loss)	$ 1	$ —	$ 155	$ 156
Total Revenues	1	—	155	156
EXPENDITURES				
Current:				
Transportation	—	—	41,447	41,447
Debt Service:				
Interest and Other Charges	—	—	411	411
Total Expenditures	—	—	41,858	41,858
Excess (Deficiency) of Revenues Over Expenditures	1	—	(41,703)	(41,702)
OTHER FINANCING SOURCES (USES)				
Bonds Issued	—	—	84,560	84,560
Bonds Issued Premium	—	—	26,204	26,204
Transfers (Out to) Other Funds	—	—	(1,632)	(1,632)
Total Other Financing Sources and Uses	—	—	109,132	109,132
Net Changes in Fund Balances	1	—	67,429	67,430
Fund Balances - Beginning of Year	759	243	16,135	17,137
Fund Balances - End of Year	$ 760	$ 243	$ 83,564	$ 84,567



This page intentionally left blank.

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.



This page intentionally left blank.

STATE OF ALASKA **STATEMENT 4.01**

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2021

(Stated in Thousands)

	Commercial and Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and Investments	$ 118,414	$ 1,008,840	$ 1,127,254
Accounts Receivable - Net	—	1,234	1,234
Interest and Dividends Receivable	3,383	2,385	5,768
Due from Other Funds	99	562	661
Due from Other Governments	—	7,606	7,606
Loans, Notes, and Bonds Receivable	9,257	23,797	33,054
Other Current Assets	4	—	4
Total Current Assets	131,157	1,044,424	1,175,581
Noncurrent Assets:			
Interest and Dividends Receivable	7,849	—	7,849
Loans, Notes, and Bonds Receivable	133,577	356,094	489,671
Repossessed Property	162	—	162
Net OPEB Asset	282	26	308
Other Noncurrent Assets	—	2,335	2,335
Total Noncurrent Assets	141,870	358,455	500,325
Total Assets	273,027	1,402,879	1,675,906
DEFERRED OUTFLOWS OF RESOURCES			
Total Deferred Outflows of Resources	605	54	659
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	271	22,489	22,760
Due to Other Funds	276	180	456
Claims, Judgments, Compensated Absences, and Pollution Remediation	201	1	202
Other Current Liabilities	—	24	24
Total Current Liabilities	748	22,694	23,442
Noncurrent Liabilities:			
Net Pension Liabilities	3,393	307	3,700
Net OPEB Liabilities	6	1	7
Other Noncurrent Liabilities	—	34,575	34,575
Total Noncurrent Liabilities	3,399	34,883	38,282
Total Liabilities	4,147	57,577	61,724
DEFERRED INFLOWS OF RESOURCES			
Total Deferred Inflows of Resources	250	22	272
NET POSITION			
Restricted for:			
Health and Human Services	—	579,746	579,746
Other Purposes	—	239	239
Unrestricted	269,235	765,349	1,034,584
Total Net Position	$ 269,235	$ 1,345,334	$ 1,614,569

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, 2021

(Stated in Thousands)

	Commercial and Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Premiums and Contributions	$ —	$ 88,546	$ 88,546
Charges for Goods and Services	166	1,920	2,086
Interest and Investment Income	5,286	3,338	8,624
Allowance for Uncollectible Interest	58	—	58
Fines and Forfeitures	118	3	121
Other Operating Revenues	1	267	268
Total Operating Revenues	5,629	94,074	99,703
OPERATING EXPENSES			
Benefits	—	65,126	65,126
Operating	3,299	5,509	8,808
Provision for Loan Losses and Forgiveness	1,866	—	1,866
Total Operating Expenses	5,165	70,635	75,800
Operating Income (Loss)	464	23,439	23,903
NONOPERATING REVENUES (EXPENSES)			
Interest and Investment Income	78	106,980	107,058
Interest and Investment Expense	—	(170)	(170)
Other Nonoperating Revenues (Expenses)	—	(1,864)	(1,864)
Total Nonoperating Revenues (Expenses)	78	104,946	105,024
Income Before Capital Contributions and Transfers	542	128,385	128,927
Capital Contributions	—	17,871	17,871
Transfers (Out to) Other Funds	(1,075)	—	(1,075)
Change in Net Position	(533)	146,256	145,723
Total Net Position - Beginning of Year	269,768	1,199,078	1,468,846
Total Net Position - End of Year	$ 269,235	$ 1,345,334	$ 1,614,569

STATE OF ALASKA **STATEMENT 4.03**

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2021

(Stated in Thousands)

	Commercial and Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Other Governments	$ —	$ 2,628	$ 2,628
Receipts from Customers	21	—	21
Receipt of Principal from Loan Recipients	28,449	27,057	55,506
Receipt of Interest and Fees from Loan Recipients	6,288	4,330	10,618
Receipts from Insured	—	88,663	88,663
Payments to Employees	(2,544)	(1,382)	(3,926)
Payments to Suppliers	—	(3,613)	(3,613)
Payments to Other Governments	—	(216)	(216)
Payments to Loan Recipients	(21,274)	(44,034)	(65,308)
Claims Paid	—	(63,875)	(63,875)
Payments for Interfund Services Used	(812)	—	(812)
Other Receipts	237	221	458
Other Payments	(81)	—	(81)
Net Cash Provided (Used) by Operating Activities	10,284	9,779	20,063
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers (Out to) Other Funds	(1,075)	(1,864)	(2,939)
Proceeds from Issuance of Short-term Debt	—	4,101	4,101
Payments on Short-term Debt	—	(4,101)	(4,101)
Interest and Fees Paid on Borrowing	—	(9)	(9)
Net Cash Provided (Used) by Noncapital Financing Activities	(1,075)	(1,873)	(2,948)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Federal Grants	—	11,219	11,219
Net Cash Provided (Used) by Capital and Related Financing Activities	—	11,219	11,219

This statement continues on the next page.

STATE OF ALASKA **STATEMENT 4.03**

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2021

(Stated in Thousands)

	Commercial and Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sales/Maturities of Investments	$ —	$ 309,372	$ 309,372
Purchase of Investments	—	(334,636)	(334,636)
Interest and Dividends on Investments	77	8,412	8,489
Net Cash Provided (Used) by Investing Activities	77	(16,852)	(16,775)
Net Increase (Decrease) in Cash	9,286	2,273	11,559
Cash and Cash Equivalents - Beginning of Year	109,128	256,706	365,834
Cash and Cash Equivalents - End of Year	$ 118,414	$ 258,979	$ 377,393
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ 464	$ 23,439	$ 23,903
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
Accounts Receivable - Net	—	(328)	(328)
Due from Other Funds	23	2,481	2,504
Due from Other Governments	—	104	104
Loans, Notes, and Bonds Receivable - Net	7,992	(17,023)	(9,031)
Repossessed Property	790	—	790
Interest and Dividends Receivable - Net	836	(639)	197
Net OPEB Asset	(258)	—	(258)
Other Assets	—	(26)	(26)
Deferred Outflows of Resources	(31)	(52)	(83)
Due to Other Funds	252	39	291
Accounts Payable and Accrued Liabilities	7	1,464	1,471
Net Pension Liability	291	307	598
Net OPEB Liability	(96)	(7)	(103)
Other Liabilities	—	(2)	(2)
Deferred Inflows of Resources	14	22	36
Net Cash Provided (Used) by Operating Activities	$ 10,284	$ 9,779	$ 20,063
Reconciliation of Cash to the Statement of Net Position:			
Total Cash and Investments per the Statement of Net Position	$ 118,414	$ 1,008,840	$ 1,127,254
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	—	(749,861)	(749,861)
Cash, End of Year	$ 118,414	$ 258,979	$ 377,393

STATE OF ALASKA **STATEMENT 4.11**

Combining Statement of Net Position

Commercial and Energy Assistance Enterprise Funds

June 30, 2021

(Stated in Thousands)

	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	$ 2,570	$ 41,457	$ 2,168	$ 35,762	$ 207
Interest and Dividends Receivable	4	2,697	—	654	—
Due from Other Funds	—	99	—	—	—
Loans, Notes, and Bonds Receivable	7	7,230	—	1,508	—
Other Current Assets	—	4	—	—	—
Total Current Assets	2,581	51,487	2,168	37,924	207
Noncurrent Assets:					
Interest and Dividends Receivable	7	1,131	—	6,595	—
Loans, Notes, and Bonds Receivable	147	69,150	—	61,016	—
Repossessed Property	—	162	—	—	—
Net OPEB Asset	1	242	1	34	—
Total Noncurrent Assets	155	70,685	1	67,645	—
Total Assets	2,736	122,172	2,169	105,569	207
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	1	519	2	74	—
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	—	211	18	31	—
Due to Other Funds	1	—	227	42	—
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	201	—	—	—
Total Current Liabilities	1	412	245	73	—
Noncurrent Liabilities:					
Net Pension Liabilities	6	2,912	13	412	—
Net OPEB Liabilities	—	5	—	1	—
Total Noncurrent Liabilities	6	2,917	13	413	—
Total Liabilities	7	3,329	258	486	—
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	—	215	1	30	—
NET POSITION					
Unrestricted	2,730	119,147	1,912	105,127	207
Total Net Position	$ 2,730	$ 119,147	$ 1,912	$ 105,127	$ 207

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, 2021

(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	$ 5,150	$ 4,547	$ 2,922	$ 23,631	$ 118,414
Interest and Dividends Receivable	—	27	—	1	3,383
Due from Other Funds	—	—	—	—	99
Loans, Notes, and Bonds Receivable	2	11	—	499	9,257
Other Current Assets	—	—	—	—	4
Total Current Assets	5,152	4,585	2,922	24,131	131,157
Noncurrent Assets:					
Interest and Dividends Receivable	1	115	—	—	7,849
Loans, Notes, and Bonds Receivable	137	748	—	2,379	133,577
Repossessed Property	—	—	—	—	162
Net OPEB Asset	—	1	—	3	282
Total Noncurrent Assets	138	864	—	2,382	141,870
Total Assets	5,290	5,449	2,922	26,513	273,027
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	—	3	—	6	605
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	7	1	—	3	271
Due to Other Funds	—	2	—	4	276
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	—	—	—	201
Total Current Liabilities	7	3	—	7	748
Noncurrent Liabilities:					
Net Pension Liabilities	—	13	—	37	3,393
Net OPEB Liabilities	—	—	—	—	6
Total Noncurrent Liabilities	—	13	—	37	3,399
Total Liabilities	7	16	—	44	4,147
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	—	1	—	3	250
NET POSITION					
Unrestricted	5,283	5,435	2,922	26,472	269,235
Total Net Position	$ 5,283	$ 5,435	$ 2,922	$ 26,472	$ 269,235

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, 2021

(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	$ —	$ 100	$ —	$ 66	$ —
Interest and Investment Income	16	4,175	—	949	—
Allowance for Uncollectible Interest	(2)	(42)	—	102	—
Fines and Forfeitures	—	82	—	36	—
Other Operating Revenues	—	1	—	—	—
Total Operating Revenues	14	4,316	—	1,153	—
OPERATING EXPENSES					
Operating	6	2,887	24	408	—
Provision for Loan Losses and Forgiveness	24	1,069	—	706	(2)
Total Operating Expenses	30	3,956	24	1,114	(2)
Operating Income (Loss)	(16)	360	(24)	39	2
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	2	—	42	—	—
Total Nonoperating Revenues (Expenses)	2	—	42	—	—
Income Before Capital Contributions and Transfers	(14)	360	18	39	2
Transfers (Out to) Other Funds	—	—	(1,075)	—	—
Change in Net Position	(14)	360	(1,057)	39	2
Total Net Position - Beginning of Year	2,744	118,787	2,969	105,088	205
Total Net Position - End of Year	$ 2,730	$ 119,147	$ 1,912	$ 105,127	$ 207

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, 2021

(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	$ —	$ —	$ —	$ —	$ 166
Interest and Investment Income	6	37	—	103	5,286
Allowance for Uncollectible Interest	—	—	—	—	58
Fines and Forfeitures	—	—	—	—	118
Other Operating Revenues	—	—	—	—	1
Total Operating Revenues	6	37	—	103	5,629
OPERATING EXPENSES					
Operating	(76)	13	—	37	3,299
Provision for Loan Losses and Forgiveness	(1)	(3)	—	73	1,866
Total Operating Expenses	(77)	10	—	110	5,165
Operating Income (Loss)	83	27	—	(7)	464
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	4	3	2	25	78
Total Nonoperating Revenues (Expenses)	4	3	2	25	78
Income Before Capital Contributions and Transfers	87	30	2	18	542
Transfers (Out to) Other Funds	—	—	—	—	(1,075)
Change in Net Position	87	30	2	18	(533)
Total Net Position - Beginning of Year	5,196	5,405	2,920	26,454	269,768
Total Net Position - End of Year	$ 5,283	$ 5,435	$ 2,922	$ 26,472	$ 269,235

STATE OF ALASKA **STATEMENT 4.13**

Combining Statement of Cash Flows

Commercial and Energy Assistance Enterprise Funds

For the Fiscal Year Ended June 30, 2021

(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	$ —	$ 15	$ —	$ 6	$ —
Receipts of Principal from Loan Recipients	96	12,007	—	6,151	—
Receipt of Interest and Fees from Loan Recipients	10	4,659	—	1,488	—
Payments to Employees	(4)	(2,162)	(23)	(318)	—
Payments to Loan Recipients	—	(6,075)	—	(5,057)	—
Payments for Interfund Services Used	(2)	(708)	(1)	(86)	—
Other Receipts	—	7	227	1	2
Other Payments	—	(75)	—	(5)	—
Net Cash Provided (Used) by Operating Activities	100	7,668	203	2,180	2
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Subsidies and Transfers (Out to) Other Funds	—	—	(1,075)	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	—	—	(1,075)	—	—
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Dividends on Investments	2	—	41	—	—
Net Cash Provided (Used) by Investing Activities	2	—	41	—	—
Net Increase (Decrease) in Cash	102	7,668	(831)	2,180	2
Cash and Cash Equivalents - Beginning of Year	2,468	33,789	2,999	33,582	205
Cash and Cash Equivalents - End of Year	$ 2,570	$ 41,457	$ 2,168	$ 35,762	$ 207
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	$ (16)	$ 360	$ (24)	$ 39	$ 2
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
Due From Other Funds	—	(53)	—	68	—
Loans, Notes and Bonds Receivable - Net	119	6,900	—	855	—
Repossessed Property	—	13	—	777	—
Interest and Dividends Receivable - Net	(3)	453	—	400	—
Net OPEB Asset	(1)	(226)	1	(32)	—
Deferred Outflows of Resources	—	(36)	(1)	(5)	—
Due to Other Funds	1	—	220	42	—
Accounts Payable and Accrued Liabilities	—	(2)	6	—	—
Net Pension Liability	—	324	—	45	—
Net OPEB Liability	—	(81)	—	(11)	—
Deferred Inflows of Resources	—	16	1	2	—
Net Cash Provided (Used) by Operating Activities	$ 100	$ 7,668	$ 203	$ 2,180	$ 2
Reconciliation of Cash to the Statement of Net Position					
Total Cash and Investments per the Statement of Net Position	2,570	41,457	2,168	35,762	207
Cash, End of Year	$ 2,570	$ 41,457	$ 2,168	$ 35,762	$ 207

This statement continues on next page

STATE OF ALASKA **STATEMENT 4.13**

Combining Statement of Cash Flows

Commercial and Energy Assistance Enterprise Funds

For the Fiscal Year Ended June 30, 2021

(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	$ —	$ —	$ —	$ —	$ 21
Receipts of Principal from Loan Recipients	31	77	—	10,087	28,449
Receipt of Interest and Fees from Loan Recipients	6	19	—	106	6,288
Payments to Employees	—	(11)	—	(26)	(2,544)
Payments to Loan Recipients	—	—	—	(10,142)	(21,274)
Payments for Interfund Services Used	(2)	(4)	—	(9)	(812)
Other Receipts	—	—	—	—	237
Other Payments	—	—	—	(1)	(81)
Net Cash Provided (Used) by Operating Activities	35	81	—	15	10,284
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Subsidies and Transfers (Out to) Other Funds	—	—	—	—	(1,075)
Net Cash Provided (Used) by Noncapital Financing Activities	—	—	—	—	(1,075)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Dividends on Investments	4	3	2	25	77
Net Cash Provided (Used) by Investing Activities	4	3	2	25	77
Net Increase (Decrease) in Cash	39	84	2	40	9,286
Cash and Cash Equivalents - Beginning of Year	5,111	4,463	2,920	23,591	109,128
Cash and Cash Equivalents - End of Year	$ 5,150	$ 4,547	$ 2,922	$ 23,631	$ 118,414
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	$ 83	$ 27	$ —	$ (7)	$ 464
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
Due From Other Funds	—	—	—	8	23
Loans, Notes and Bonds Receivable - Net	36	73	—	9	7,992
Repossessed Property	—	—	—	—	790
Interest and Dividends Receivable - Net	—	(18)	—	4	836
Net OPEB Asset	—	—	—	—	(258)
Deferred Outflows of Resources	15	(1)	—	(3)	(31)
Due to Other Funds	(10)	(2)	—	1	252
Accounts Payable and Accrued Liabilities	—	—	—	3	7
Net Pension Liability	(80)	2	—	—	291
Net OPEB Liability	(3)	(1)	—	—	(96)
Deferred Inflows of Resources	(6)	1	—	—	14
Net Cash Provided (Used) by Operating Activities	$ 35	$ 81	$ —	$ 15	$ 10,284
Reconciliation of Cash to the Statement of Net Position					
Total Cash and Investments per the Statement of Net Position	5,150	4,547	2,922	23,631	118,414
Cash, End of Year	$ 5,150	$ 4,547	$ 2,922	$ 23,631	$ 118,414

STATE OF ALASKA **STATEMENT 4.21**

Combining Statement of Net Position

Other Agencies Enterprise Funds

June 30, 2021

(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	$ 12,126	$ 120,652	$ 76,623	$ 799,200	$ 1,008,840
Accounts Receivable - Net	—	52	683	480	19	1,234
Interest and Dividends Receivable	—	59	1,366	960	—	2,385
Due from Other Funds	—	—	—	552	10	562
Due from Other Governments	—	—	3,986	3,620	—	7,606
Loans, Notes, and Bonds Receivable	—	412	11,979	11,406	—	23,797
Total Current Assets	239	12,649	138,666	93,641	799,229	1,044,424
Noncurrent Assets:						
Loans, Notes, and Bonds Receivable	—	8,511	202,420	145,163	—	356,094
Net OPEB Asset	—	26	—	—	—	26
Other Noncurrent Assets	—	—	—	—	2,335	2,335
Total Noncurrent Assets	—	8,537	202,420	145,163	2,335	358,455
Total Assets	239	21,186	341,086	238,804	801,564	1,402,879
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	—	54	—	—	—	54
LIABILITIES						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	—	28	27	—	22,434	22,489
Due to Other Funds	—	20	93	—	67	180
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	—	—	—	1	1
Other Current Liabilities	—	—	16	8	—	24
Total Current Liabilities	—	48	136	8	22,502	22,694
Noncurrent Liabilities:						
Net Pension Liabilities	—	307	—	—	—	307
Net OPEB Liabilities	—	1	—	—	—	1
Other Noncurrent Liabilities	—	—	—	—	34,575	34,575
Total Noncurrent Liabilities	—	308	—	—	34,575	34,883
Total Liabilities	—	356	136	8	57,077	57,577
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	—	22	—	—	—	22
NET POSITION						
Restricted for:						
Health and Human Services	—	—	340,950	238,796	—	579,746
Other Purposes	239	—	—	—	—	239
Unrestricted	—	20,862	—	—	744,487	765,349
Total Net Position	$ 239	$ 20,862	$ 340,950	$ 238,796	$ 744,487	$ 1,345,334

STATE OF ALASKA **STATEMENT 4.22**

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

Other Agencies Enterprise Funds

For the Fiscal Year Ended June 30, 2021

(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	$ —	$ —	$ —	$ —	$ 88,546	$ 88,546
Charges for Goods and Services	—	—	1,156	764	—	1,920
Interest and Investment Income	—	342	1,657	1,339	—	3,338
Fines and Forfeitures	—	3	—	—	—	3
Other Operating Revenues	—	—	—	—	267	267
Total Operating Revenues	—	345	2,813	2,103	88,813	94,074
OPERATING EXPENSES						
Benefits	—	—	—	—	65,126	65,126
Operating	—	575	1,103	227	3,604	5,509
Total Operating Expenses	—	575	1,103	227	68,730	70,635
Operating Income (Loss)	—	(230)	1,710	1,876	20,083	23,439
NONOPERATING REVENUES (EXPENSES)						
Interest and Investment Income	—	4	111	40	106,825	106,980
Interest and Investment Expense	—	—	(4)	(4)	(162)	(170)
Other Nonoperating Revenues (Expenses)	—	—	(500)	(1,364)	—	(1,864)
Total Nonoperating Revenues (Expenses)	—	4	(393)	(1,328)	106,663	104,946
Income Before Capital Contributions and Transfers	—	(226)	1,317	548	126,746	128,385
Capital Contributions	—	—	9,330	8,541	—	17,871
Change in Net Position	—	(226)	10,647	9,089	126,746	146,256
Total Net Position - Beginning of Year	239	21,088	330,303	229,707	617,741	1,199,078
Total Net Position - End of Year	$ 239	$ 20,862	$ 340,950	$ 238,796	$ 744,487	$ 1,345,334

STATE OF ALASKA **STATEMENT 4.23**

Combining Statement of Cash Flows

Other Agencies Enterprise Funds

For the Fiscal Year Ended June 30, 2021

(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	$ —	$ —	$ 2,628	$ —	$ —	$ 2,628
Receipts of Principal from Loan Recipients	—	1,182	14,681	11,194	—	27,057
Receipt of Interest and Fees from Loan Recipients	—	342	2,128	1,860	—	4,330
Receipts from Insured	—	—	—	—	88,663	88,663
Payments to Employees	—	(250)	(936)	(189)	(7)	(1,382)
Payments to Suppliers	—	(20)	(167)	(38)	(3,388)	(3,613)
Payments to Other Governments	—	(34)	—	(182)	—	(216)
Payments to Loan Recipients	—	(2,633)	(26,564)	(14,837)	—	(44,034)
Claims Paid	—	—	—	—	(63,875)	(63,875)
Other Receipts	—	—	—	—	221	221
Net Cash Provided (Used) by Operating Activities	—	(1,413)	(8,230)	(2,192)	21,614	9,779
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating Subsidies and Transfers (Out) Other Funds	—	—	(500)	(1,364)	—	(1,864)
Proceeds from Issuance of Short-term Debt	—	—	1,901	2,200	—	4,101
Payments on Short-term Debt	—	—	(1,901)	(2,200)	—	(4,101)
Interest and Fees Paid on Borrowing	—	—	(4)	(5)	—	(9)
Net Cash Provided (Used) by Noncapital Financing Activities	—	—	(504)	(1,369)	—	(1,873)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Federal Grants	—	—	5,344	5,875	—	11,219
Net Cash Provided (Used) by Capital and Related Financing Activities	—	—	5,344	5,875	—	11,219
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from Sales/ Maturities of Investments	—	—	—	—	309,372	309,372
Purchase of Investments	—	—	—	—	(334,636)	(334,636)
Interest and Dividends on Investments	—	4	111	40	8,257	8,412
Net Cash Provided (Used) by Investing Activities	—	4	111	40	(17,007)	(16,852)
Net Increase (Decrease) in Cash	—	(1,409)	(3,279)	2,354	4,607	2,273
Cash and Cash Equivalents - Beginning of Year	239	13,535	123,931	74,269	44,732	256,706
Cash and Cash Equivalents - End of Year	$ 239	$ 12,126	$ 120,652	$ 76,623	$ 49,339	$ 258,979

STATE OF ALASKA **STATEMENT 4.23**

Combining Statement of Cash Flows

Other Agencies Enterprise Funds

For the Fiscal Year Ended June 30, 2021

(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)	$ —	$ (230)	$ 1,710	$ 1,876	$ 20,083	$ 23,439
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:						
Accounts Receivable - Net	—	(1)	(226)	(82)	(19)	(328)
Due From Other Funds	—	—	2,532	(139)	88	2,481
Due From Other Governments	—	104	—	—	—	104
Loans, Notes and Bonds Receivable - Net	—	(1,496)	(11,883)	(3,644)	—	(17,023)
Interest and Dividends Receivable - Net	—	(20)	(459)	(160)	—	(639)
Other Assets	—	(26)	—	—	—	(26)
Deferred Outflows of Resources	—	(52)	—	—	—	(52)
Due to Other Funds	—	(15)	79	(43)	18	39
Accounts Payable and Accrued Liabilities	—	1	19	—	1,444	1,464
Net Pension Liability	—	307	—	—	—	307
Net OPEB Liability	—	(7)	—	—	—	(7)
Other Liabilities	—	—	(2)	—	—	(2)
Deferred Inflows of Resources	—	22	—	—	—	22
Net Cash Provided (Used) by Operating Activities	$ —	$ (1,413)	$ (8,230)	$ (2,192)	$ 21,614	$ 9,779
Reconciliation of Cash to the Statement of Net Position:						
Total Cash and Investments per the Statement of Net Position	$ 239	$ 12,126	$ 120,652	$ 76,623	$ 799,200	$ 1,008,840
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	—	—	—	—	(749,861)	(749,861)
Cash, End of Year	$ 239	$ 12,126	$ 120,652	$ 76,623	$ 49,339	$ 258,979



This page intentionally left blank.

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, 2021

(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	$ 25,512	$ 21,300	$ 20,951	$ 95,795	$ 163,558
Accounts Receivable - Net	—	102	20	766	888
Due from Other Funds	4,958	1,698	3,384	6,198	16,238
Inventories	—	—	—	4,746	4,746
Other Current Assets	593	—	4,951	1,192	6,736
Total Current Assets	31,063	23,100	29,306	108,697	192,166
Noncurrent Assets:					
Net OPEB Asset	—	36	3,309	1,400	4,745
Capital Assets:					
Equipment, Net of Depreciation	—	452	31,217	133,102	164,771
Buildings, Net of Depreciation	—	122,380	—	—	122,380
Construction in Progress	—	2,985	32,666	—	35,651
Total Noncurrent Assets	—	125,853	67,192	134,502	327,547
Total Assets	31,063	148,953	96,498	243,199	519,713
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	—	77	7,092	3,001	10,170
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	17,027	215	5,204	5,432	27,878
Due to Other Funds	—	164	1,643	—	1,807
Claims, Judgments, Compensated Absences, and Pollution Remediation	27	53	1,909	1,302	3,291
Notes, Bonds, and Leases Payable	—	123	2,647	—	2,770
Total Current Liabilities	17,054	555	11,403	6,734	35,746
Noncurrent Liabilities:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	31	18	2,487	316	2,852
Notes, Bonds, and Leases Payable	—	392	697	—	1,089
Net Pension Liabilities	—	432	39,776	16,831	57,039
Net OPEB Liabilities	—	1	66	28	95
Total Noncurrent Liabilities	31	843	43,026	17,175	61,075
Total Liabilities	17,085	1,398	54,429	23,909	96,821
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	—	32	2,936	1,242	4,210
NET POSITION					
Net Investment in Capital Assets	—	125,302	60,539	133,102	318,943
Unrestricted	13,978	22,298	(14,314)	87,947	109,909
Total Net Position	$ 13,978	$ 147,600	$ 46,225	$ 221,049	$ 428,852

STATE OF ALASKA **STATEMENT 4.32**

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

Internal Service Funds

For the Fiscal Year Ended June 30, 2021

(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	$ 129,439	$ —	$ —	$ —	$ 129,439
Charges for Goods and Services	—	17,744	58,085	51,861	127,690
Other Operating Revenues	5,613	—	12	—	5,625
Total Operating Revenues	135,052	17,744	58,097	51,861	262,754
OPERATING EXPENSES					
Benefits	138,181	—	—	—	138,181
Operating	5,775	11,122	83,606	30,437	130,940
Depreciation	—	7,563	7,155	15,689	30,407
Total Operating Expenses	143,956	18,685	90,761	46,126	299,528
Operating Income (Loss)	(8,904)	(941)	(32,664)	5,735	(36,774)
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	22	—	—	—	22
Interest and Investment Expense	—	(17)	—	—	(17)
Gain (Loss) on Disposal of Capital Assets	—	—	—	137	137
Other Nonoperating Revenues (Expenses)	—	116	—	—	116
Total Nonoperating Revenues (Expenses)	22	99	—	137	258
Income Before Capital Contributions and Transfers	(8,882)	(842)	(32,664)	5,872	(36,516)
Capital Contributions	—	390	13,453	1,246	15,089
Transfers In from Other Funds	4,007	—	27,893	—	31,900
Change in Net Position	(4,875)	(452)	8,682	7,118	10,473
Total Net Position - Beginning of Year	18,853	148,052	31,543	213,931	412,379
Prior Period Adjustment	—	—	6,000	—	6,000
Total Net Position - End of Year	$ 13,978	$ 147,600	$ 46,225	$ 221,049	$ 428,852

STATE OF ALASKA **STATEMENT 4.33**

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2021

(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	$ —	$ 266	$ —	$ —	$ 266
Receipts for Interfund Services Provided	—	21,981	63,120	52,074	137,175
Receipts from Insured	128,792	—	—	—	128,792
Payments to Employees	(302)	(487)	(29,583)	(17,561)	(47,933)
Payments to Suppliers	(5,651)	(876)	(51,305)	(13,203)	(71,035)
Claims Paid	(136,996)	—	—	—	(136,996)
Payments for Interfund Services Used	—	(9,516)	(2,867)	(537)	(12,920)
Other Receipts	5,609	—	—	—	5,609
Net Cash Provided (Used) by Operating Activities	(8,548)	11,368	(20,635)	20,773	2,958
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Subsidies and Transfers In from Other Funds	—	—	27,893	—	27,893
Net Cash Provided (Used) by Noncapital Financing Activities	—	—	27,893	—	27,893
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Sale of Capital Assets	—	—	—	1,388	1,388
Acquisition and Construction of Capital Assets	—	(1,255)	(847)	(14,016)	(16,118)
Principal Paid on Capital Debt	—	(120)	(2,658)	—	(2,778)
Interest and Fees Paid on Capital Debt	—	(17)	(128)	—	(145)
Net Cash Provided (Used) by Capital and Related Financing Activities	—	(1,392)	(3,633)	(12,628)	(17,653)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Dividends on Investments	22	—	—	—	22
Net Cash Provided (Used) by Investing Activities	22	—	—	—	22
Net Increase (Decrease) in Cash	(8,526)	9,976	3,625	8,145	13,220
Cash and Cash Equivalents - Beginning of Year	34,038	11,324	17,326	87,650	150,338
Cash and Cash Equivalents - End of Year	$ 25,512	$ 21,300	$ 20,951	$ 95,795	$ 163,558

This statement continued on the next page.

STATE OF ALASKA **STATEMENT 4.33**

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2021

(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)	$ (8,904)	$ (941)	$ (32,664)	$ 5,735	$ (36,774)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization	—	7,562	7,155	15,689	30,406
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
Accounts Receivable - Net	—	77	(13)	(574)	(510)
Due from Other Funds	(951)	4,427	5,036	1,170	9,682
Inventories	—	—	—	(92)	(92)
Net OPEB Asset	—	(33)	(3,092)	(1,297)	(4,422)
Other Assets	—	—	(3,492)	277	(3,215)
Deferred Outflows of Resources	—	11	(435)	164	(260)
Due to Other Funds	(44)	164	1,643	—	1,763
Accounts Payable and Accrued Liabilities	1,351	146	910	302	2,709
Net Pension Liability	—	(35)	4,336	(18)	4,283
Net OPEB Liability	—	(14)	(1,105)	(529)	(1,648)
Other Liabilities	—	8	876	—	884
Deferred Inflows of Resources	—	(4)	210	(54)	152
Net Cash Provided (Used) by Operating Activities	$ (8,548)	$ 11,368	$ (20,635)	$ 20,773	$ 2,958
Reconciliation of Cash to the Statement of Net Position					
Total Cash and Investments per the Statement of Net Position	$ 25,512	$ 21,300	$ 20,951	$ 95,795	$ 163,558
Cash, End of Year	$ 25,512	$ 21,300	$ 20,951	$ 95,795	$ 163,558
Noncash Investing, Capital, and Financing Activities					
Contributed Capital Assets	—	390	13,453	1,246	15,089
Transfers In from Other Funds (Accrual)	4,007	—	—	—	4,007



This page intentionally left blank.

Fiduciary Funds

Trust and custodial funds are fiduciary in nature and are maintained to account for assets held by the State acting in the capacity as a trustee or custodian. The following are the State's trust and custodial 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.

CUSTODIAL 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.
- **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.

INVESTMENT TRUST FUND

- **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.

STATE OF ALASKA **STATEMENT 5.01**

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

June 30, 2021

(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	$ 105,905	$ 3,769	$ 83,676	$ 55,595	$ 639	$ 31,154
Investments:						
Fixed Income	2,413,353	—	2,186,271	1,365,542	—	813,878
Broad Domestic Equity	3,265,330	—	2,958,084	1,847,616	—	1,101,200
Global Equity ex-US	2,181,877	—	1,976,577	1,234,568	—	735,818
Opportunistic	695,474	—	630,033	393,518	—	234,541
Private Equity Pool	1,770,792	—	1,604,171	1,001,964	—	597,182
Real Assets	1,463,999	—	1,327,303	828,372	—	494,114
Pooled Investment Funds	—	1,227,154	—	—	521,012	—
Collective Investment Funds	—	621,217	—	—	246,064	—
Synthetic Investment Contracts	—	116,277	—	—	46,336	—
Investment Loss Trust Fund Assets	—	—	—	—	—	—
Accounts Receivable - Net	155	—	5,208	41	—	1,793
Contributions Receivable	12,363	—	—	9,952	—	—
Securities Lending Collateral	30,277	—	27,382	17,140	—	10,183
Due from Other Funds	4,094	7,962	6,121	—	5,253	2,628
Other Assets	17	—	967	—	—	318
Total Assets	11,943,636	1,976,379	10,805,793	6,754,308	819,304	4,022,809
LIABILITIES						
Accounts Payable and Accrued Liabilities	1,050	481	5,617	413	153	1,837
Obligations Under Securities Lending	30,277	—	27,382	17,140	—	10,183
Forfeiture Payable to Employer	—	151	—	—	61	—
Claims Payable	—	—	39,972	—	—	12,733
Due to Other Funds	—	—	—	5,274	—	—
Total Liabilities	31,327	632	72,971	22,827	214	24,753
NET POSITION						
Restricted for:						
Pension Benefits	11,912,309	—	—	6,731,481	—	—
Other Postemployment Benefits	—	—	10,732,822	—	—	3,998,056
Individuals, Organizations, and Other Governments	—	1,975,747	—	—	819,090	—
Total Net Position	$ 11,912,309	$ 1,975,747	$ 10,732,822	$ 6,731,481	$ 819,090	$ 3,998,056

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, 2021

(Stated in Thousands)

	Judicial Retirement					
	Pension	Other Postemployment Benefits	Alaska National Guard and Alaska Naval Militia Retirement	Deferred Compensation	Supplemental Benefits	Total Pension and Other Employee Benefit Trust Funds
ASSETS						
Cash and Cash Equivalents	$ 2,209	$ 348	$ 1,271	$ 1,430	$ 9,109	$ 295,105
Investments:						
Fixed Income	49,246	8,778	21,286	—	—	6,858,354
Broad Domestic Equity	66,631	11,877	9,838	—	—	9,260,576
Global Equity ex-US	44,522	7,937	6,297	—	—	6,187,596
Opportunistic	14,191	2,530	2,934	—	—	1,973,221
Private Equity Pool	36,134	6,441	4,980	—	—	5,021,664
Real Assets	29,874	5,329	3,325	—	—	4,152,316
Pooled Investment Funds	—	—	—	280,537	2,952,310	4,981,013
Collective Investment Funds	—	—	—	733,082	1,620,200	3,220,563
Synthetic Investment Contracts	—	—	—	206,109	491,868	860,590
Investment Loss Trust Fund Assets	—	—	—	—	2,089	2,089
Accounts Receivable - Net	1	18	—	—	—	7,216
Contributions Receivable	—	—	—	—	742	23,057
Securities Lending Collateral	617	110	114	—	—	85,823
Due from Other Funds	2,262	77	—	2,774	5,552	36,723
Other Assets	—	3	—	—	—	1,305
Total Assets	245,687	43,448	50,045	1,223,932	5,081,870	42,967,211
LIABILITIES						
Accounts Payable and Accrued Liabilities	21	17	29	187	382	10,187
Obligations Under Securities Lending	618	110	114	—	—	85,824
Forfeiture Payable to Employer	—	—	—	—	—	212
Claims Payable	—	148	—	—	2,217	55,070
Due to Other Funds	—	—	89	—	—	5,363
Total Liabilities	639	275	232	187	2,599	156,656
NET POSITION						
Restricted for:						
Pension Benefits	245,048	—	49,813	—	—	18,938,651
Other Postemployment Benefits	—	43,173	—	—	—	14,774,051
Individuals, Organizations, and Other Governments	—	—	—	1,223,745	5,079,271	9,097,853
Total Net Position	$ 245,048	$ 43,173	$ 49,813	$ 1,223,745	$ 5,079,271	$ 42,810,555

STATE OF ALASKA **STATEMENT 5.02**

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2021

(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						
Contributions:						
Employer	$ 414,741	$ 67,389	$ 139,973	$ 29,336	$ 30,070	$ 41,968
Member	70,614	117,855	—	33,342	36,513	—
Other	101,383	—	—	134,070	—	—
Total Contributions	586,738	185,244	139,973	196,748	66,583	41,968
Investment Income:						
Net Appreciation (Depreciation) in Fair Value of Investments	2,688,309	454,492	2,407,173	1,534,132	190,099	894,239
Interest	34,448	3	30,803	19,681	1	11,439
Dividends	98,019	—	88,626	55,977	—	32,916
Total Investment Income	2,820,776	454,495	2,526,602	1,609,790	190,100	938,594
Less Investment Expense	26,954	2,922	23,710	15,420	1,208	8,803
Net Investment Income	2,793,822	451,573	2,502,892	1,594,370	188,892	929,791
Securities Lending Income	363	—	325	208	—	121
Less Securities Lending Expense	73	—	65	42	—	24
Net Securities Lending Income	290	—	260	166	—	97
Other Additions:						
Other	536	148	91,355	273	21	30,799
Total Additions	3,381,386	636,965	2,734,480	1,791,557	255,496	1,002,655
DEDUCTIONS						
Benefits Paid	921,899	—	463,929	499,942	—	148,162
Refunds of Contributions	8,107	61,879	—	1,487	22,294	—
Administrative Expenses	8,232	5,140	20,309	3,446	1,846	7,355
Total Deductions	938,238	67,019	484,238	504,875	24,140	155,517
Net Increase (Decrease) in Net Position Restricted for:						
Pension Benefits	2,443,148	—	—	1,286,682	—	—
Other Postemployment Benefits	—	—	2,250,242	—	—	847,138
Individuals, Organizations, and Other Governments	—	569,946	—	—	231,356	—
Net Position - Beginning of the Year	9,469,161	1,405,801	8,482,580	5,444,799	587,734	3,150,918
Net Position - End of the Year	$ 11,912,309	$ 1,975,747	$ 10,732,822	$ 6,731,481	$ 819,090	$ 3,998,056

This statement continued on the next page.

STATE OF ALASKA **STATEMENT 5.02**

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2021

(Stated in Thousands)

	Judicial Retirement					
	Pension	Other Postemployment Benefit	Alaska National Guard and Alaska Naval Militia Retirement	Deferred Compensation	Supplemental Benefits	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS						
Premiums and Contributions:						
Employer	$ 6,962	$ 654	$ —	$ —	$ 84,988	$ 816,081
Member	838	—	—	47,203	91,395	397,760
Other	5,145	—	—	—	—	240,598
Total Premiums and Contributions	12,945	654	—	47,203	176,383	1,454,439
Investment Income:						
Net Appreciation (Depreciation) in Fair Value of Investments	54,570	9,641	8,926	255,557	946,843	9,443,981
Interest	698	123	306	5	15	97,522
Dividends	1,988	354	338	—	—	278,218
Total Investment Income	57,256	10,118	9,570	255,562	946,858	9,819,721
Less Investment Expense	545	95	97	2,189	7,166	89,109
Net Investment Income	56,711	10,023	9,473	253,373	939,692	9,730,612
Securities Lending Income	7	1	1	—	—	1,026
Less Securities Lending Expense	1	—	—	—	—	205
Net Securities Lending Income	6	1	1	—	—	821
Other Additions:						
Other	8	262	2	39	1,587	125,030
Total Additions	69,670	10,940	9,476	300,615	1,117,662	11,310,902
DEDUCTIONS						
Benefits Paid	14,369	1,729	1,454	79,754	270,451	2,401,689
Refunds of Premiums and Contributions	—	—	—	—	—	93,767
Administrative Expenses	97	75	305	1,572	5,859	54,236
Total Deductions	14,466	1,804	1,759	81,326	276,310	2,549,692
Net Increase (Decrease) in Net Position Restricted for:						
Pension Benefits	55,204	—	7,717	—	—	3,792,751
Other Postemployment Benefits	—	9,136	—	—	—	3,106,516
Individuals, Organizations, and Other Governments	—	—	—	219,289	841,352	1,861,943
Net Position - Beginning of the Year	189,844	34,037	42,096	1,004,456	4,237,919	34,049,345
Net Position - End of the Year	$ 245,048	$ 43,173	$ 49,813	$ 1,223,745	$ 5,079,271	$ 42,810,555

STATE OF ALASKA **STATEMENT 5.11**

Combining Statement of Fiduciary Net Position

Custodial and Investment Trust Funds

June 30, 2021

(Stated in Thousands)

	Custodial Funds					Investment Trust Fund
	Deposits, Suspense, and Miscellaneous	Wage and Hour	Public Advocacy	Impact Aid PL 103-382	Total Custodial Funds	Exxon Valdez Oil Spill Investment
ASSETS						
Cash and Cash Equivalents	$ 108,417	$ 275	$ 39,653	$ (362)	$ 147,983	$ —
Investments	—	—	—	—	—	200,882
Accounts Receivable - Net	178	—	—	—	178	—
Due from Other Funds	5,802	15	—	393	6,210	—
Total Assets	114,397	290	39,653	31	154,371	200,882
LIABILITIES						
Accounts Payable and Accrued Liabilities	6,158	21	—	—	6,179	—
Trust Deposits Payable	3,713		—	—	3,713	—
Due to Other Funds	30,361	—	324	—	30,685	52
Total Liabilities	40,232	21	324	—	40,577	52
NET POSITION						
Restricted for:						
Individuals, Organizations, and Other Governments	74,165	269	39,329	31	113,794	200,830
Total Net Position	$ 74,165	$ 269	$ 39,329	$ 31	$ 113,794	$ 200,830

STATE OF ALASKA **STATEMENT 5.12**

Combining Statement of Changes in Fiduciary Net Position

Custodial and Investment Trust Funds

June 30, 2021

(Stated in Thousands)

	Custodial Funds					Investment Trust Fund
	Deposits, Suspense, and Miscellaneous	Wage and Hour	Public Advocacy	Impact Aid PL 103-382	Total Custodial Funds	Exxon Valdez Oil Spill Investment
ADDITIONS						
Interest	$ —	$ —	$ 29	$ —	$ 29	$ 35,097
Deposits	261,911	195	32,176	35,168	329,450	—
Total Additions	261,911	195	32,205	35,168	329,479	35,097
DEDUCTIONS						
Distributions	257,184	195	26,372	35,168	318,919	22,695
Administrative Expense	—	—	2,106	—	2,106	—
Total Deductions	257,184	195	28,478	35,168	321,025	22,695
Net Increase (Decrease) in Net Position Restricted for:						
Individuals, Organizations, and Other Governments	4,727	—	3,727	—	8,454	12,402
Net Position - Beginning of the Year (Restated)	69,438	269	35,602	31	105,340	188,428
Net Position - End of the Year	$ 74,165	$ 269	$ 39,329	$ 31	$ 113,794	$ 200,830



This page intentionally left blank.

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.

STATE OF ALASKA **STATEMENT 6.01**

Combining Statement of Net Position

Nonmajor Component Units

June 30, 2021

(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	$ 71,337	$ 87,347	$ 32,246	$ 3,381	$ 872,500	$ 13,586	$ 17,314	$ 1,097,711
Accounts Receivable - Net	—	—	12,553	5,404	12	—	—	17,969
Interest and Dividends Receivable	8,283	5,551	—	—	6,526	—	—	20,360
Due from Primary Government	—	—	131	—	24,190	4,738	—	29,059
Due from Other Governments	—	—	16,146	—	—	—	—	16,146
Loans, Notes, and Bonds Receivable	1,028,922	121,287	—	—	6,290	—	—	1,156,499
Inventories	—	—	12,004	—	—	—	—	12,004
Restricted Assets	—	—	30,845	—	—	—	—	30,845
Securities Lending Collateral	—	—	—	—	37,421	—	—	37,421
Net OPEB Asset	—	—	39,152	35	700	163	329	40,379
Other Assets	—	94	3,947	71	2,888	164	168	7,332
Capital Assets:								
Equipment, Net of Depreciation	—	—	170,204	8,557	—	—	63	178,824
Buildings, Net of Depreciation	—	—	7	46,596	8,214	—	—	54,817
Infrastructure, Net of Depreciation	—	—	596,737	23,201	—	—	—	619,938
Land / Right-of-Way	—	—	37,226	—	12,706	—	—	49,932
Construction in Progress	—	—	96,920	372	—	—	—	97,292
Total Assets	1,108,542	214,279	1,048,118	87,617	971,447	18,651	17,874	3,466,528
DEFERRED OUTFLOWS OF RESOURCES								
Total Deferred Outflows of Resources	—	—	12,092	75	1,500	348	507	14,522
LIABILITIES								
Accounts Payable and Accrued Liabilities	56	270	19,688	1,266	25,562	1,869	526	49,237
Obligations Under Securities Lending	—	—	—	—	37,421	—	—	37,421
Due to Primary Government	352	1,380	1,387	—	—	—	—	3,119
Due to Other Governments	—	297	—	—	—	—	—	297
Interest Payable	8,086	—	1,050	—	—	—	—	9,136
Other Current Liabilities	14,140	—	—	—	—	—	—	14,140
Long-term Liabilities:								
Portion Due or Payable Within One Year:								
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	—	451	153	582	161	191	1,538
Unearned Revenue	—	—	3,969	673	845	—	—	5,487
Notes, Bonds, and Leases Payable	73,390	—	17,791	—	—	—	—	91,181
Portion Due or Payable After One Year:								
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	—	2,193	—	267	103	—	2,563
Unearned Revenue	—	—	1,445	—	—	—	—	1,445
Notes, Bonds, and Leases Payable	953,985	—	48,347	—	—	—	—	1,002,332
Net Pension Liabilities	—	—	17,939	421	8,409	1,954	4,040	32,763
Net OPEB Liabilities	—	—	—	1	14	3	6	24
Total Liabilities	1,050,009	1,947	114,260	2,514	73,100	4,090	4,763	1,250,683

This statement continued on the next page.

STATE OF ALASKA **STATEMENT 6.01**

Combining Statement of Net Position

Nonmajor Component Units

June 30, 2021

(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	—	—	575,475	31	621	144	725	576,996
NET POSITION								
Net Investment in Capital Assets	—	—	279,975	78,726	20,920	—	63	379,684
Restricted for:								
Permanent Funds								
Nonexpendable	—	—	—	—	677,039	—	—	677,039
Expendable	—	—	—	—	201,267	—	—	201,267
Development	—	—	90,500	—	—	—	—	90,500
Debt Service	38,475		—	—	—	—	—	38,475
Other Purposes	—	—	—	—	—	14,765	—	14,765
Unrestricted	20,058	212,332	—	6,421	—	—	12,830	251,641
Total Net Position	$ 58,533	$ 212,332	$ 370,475	$ 85,147	$ 899,226	$ 14,765	$ 12,893	$ 1,653,371

STATE OF ALASKA **STATEMENT 6.02**

Combining Statement of Activities

Nonmajor Component Units

For the Fiscal Year Ended June 30, 2021

(Stated in Thousands)

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Nonmajor Component Units:				
Alaska Municipal Bond Bank Authority	$ 43,360	$ 42,927	$ —	$ —
Alaska Student Loan Corporation	9,650	5,796	—	—
Alaska Railroad Corporation	159,053	96,823	53,871	—
Alaska Aerospace Corporation	13,311	10,345	23	—
Alaska Mental Health Trust Authority	30,467	32,818	181,202	—
Alaska Seafood Marketing Institute	15,965	—	8,254	—
Alaska Gasline Development Corporation	5,914	—	—	—
Total Nonmajor Component Units	$ 277,720	$ 188,709	$ 243,350	$ —

This statement continued on the next page.

STATE OF ALASKA **STATEMENT 6.02**

Combining Statement of Activities

Nonmajor Component Units

For the Fiscal Year Ended June 30, 2021

(Stated in Thousands)

	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
FUNCTIONS/ PROGRAMS								
Nonmajor Component Units:								
Alaska Municipal Bond Bank Authority	$ (433)	$ —	$ —	$ —	$ —	$ —	$ —	$ (433)
Alaska Student Loan Corporation	—	(3,854)	—	—	—	—	—	(3,854)
Alaska Railroad Corporation	—	—	(8,359)	—	—	—	—	(8,359)
Alaska Aerospace Corporation	—	—	—	(2,943)	—	—	—	(2,943)
Alaska Mental Health Trust Authority	—	—	—	—	183,553	—	—	183,553
Alaska Seafood Marketing Institute	—	—	—	—	—	(7,711)	—	(7,711)
Alaska Gasline Development Corporation	—	—	—	—	—	—	(5,914)	(5,914)
Total Nonmajor Component Units	(433)	(3,854)	(8,359)	(2,943)	183,553	(7,711)	(5,914)	154,339
General Revenues:								
Interest and Investment Income (Loss)	(306)	319	326	30	—	—	21	390
Payments In from Primary Government	—	—	—	—	364	9,793	—	10,157
Other Revenues	—	—	218	—	1,040	61	—	1,319
Total General Revenues, Transfers, and Contributions	(306)	319	544	30	1,404	9,854	21	11,866
Change in Net Position	(739)	(3,535)	(7,815)	(2,913)	184,957	2,143	(5,893)	166,205
Net Position - Beginning of Year	59,272	215,867	378,290	88,060	714,269	12,622	18,786	1,487,166
Net Position - End of Year	$ 58,533	$ 212,332	$ 370,475	$ 85,147	$ 899,226	$ 14,765	$ 12,893	$ 1,653,371



This page intentionally left blank.

Statistical Section





This page intentionally left blank.

STATE OF ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

STATISTICAL SECTION

This part of the State of Alaska's annual comprehensive 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.

	Page
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.	**287**
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.	**295**
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.	**300**
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.	**302**
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.	**305**

SOURCES:

Unless otherwise noted, the information in these schedules is derived from the financial statements presented in the annual comprehensive financial reports for the relevant years.



This page intentionally left blank.

STATE OF ALASKA **SCHEDULE A-1**

Financial Trends - Net Position By Component

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Net Investment in Capital Assets	$ 7,834,739	$ 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
Restricted [a]	61,775,430	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
Unrestricted	19,179,494	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
Total Governmental Activities Net Position	88,789,663	72,749,869	73,905,530	71,535,288	69,402,829	65,979,566	71,484,731	80,018,350	74,023,289	68,293,099
Business-type Activities:										
Net Investment in Capital Assets	833,325	863,218	878,911	846,649	831,268	813,876	817,436	868,403	847,214	805,993
Restricted	993,358	1,008,822	1,058,984	1,006,773	989,686	967,266	939,413	865,739	777,552	680,149
Unrestricted	1,150,235	988,368	900,133	814,160	773,238	316,963	298,017	350,713	357,143	343,417
Total Business-type Activities Net Position	2,976,918	2,860,408	2,838,028	2,667,582	2,594,192	2,098,105	2,054,866	2,084,855	1,981,909	1,829,559
Primary Government:										
Net Investment in Capital Assets	8,668,064	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
Restricted	62,768,788	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
Unrestricted	20,329,729	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
Total Primary Government Net Position	$91,766,581	$75,610,277	$76,743,558	$74,202,870	$71,997,021	$68,077,671	$73,539,597	$82,103,205	$76,005,198	$70,122,658

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	$ 27,393	$ 21,011	$ 22,497	$ 23,183	$ 24,472	$ 15,917	$ 12,316	$ 12,442	$ 12,374	$ 13,807
Education	2,366	3,391	3,988	4,494	4,430	6,510	3,705	3,779	4,123	2,977
University	—	—	—	—	—	—	40	—	—	—
Health and Human Services	51,259	56,544	52,477	49,608	55,324	55,533	50,513	49,545	48,904	45,775
Law and Justice	4,911	4,018	5,770	12,432	11,802	12,656	17,140	12,771	12,960	19,267
Public Protection	175,677	172,855	187,916	169,139	185,091	170,302	174,986	170,439	179,861	159,589
Natural Resources	1,137,871	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
Development	290	(1,244)	948	2,796	180	2,030	3,224	2,723	2,472	18,277
Transportation	46,739	39,198	67,016	62,795	73,938	55,877	69,890	63,234	65,158	60,945
Debt Service	—	—	—	—	—	—	—	—	—	—
Operating Grants and Contributions	4,344,397	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
Capital Grants and Contributions	765,612	741,864	753,053	632,198	650,102	727,426	768,853	681,189	651,304	648,810
Total Governmental Activities Program Revenues	6,556,515	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
Business-type Activities:										
Charges for Services										
Loans	10,544	125,967	11,268	10,295	10,279	9,969	11,062	10,144	11,477	12,030
Insurance	211,192	85,110	192,375	205,044	212,436	155,660	185,476	236,266	237,694	200,070
Airports	121,631	136,704	141,265	147,893	142,826	137,167	134,361	123,896	107,864	106,764
Development	—	—	—	—	1,076	1,455	1,602	1,851	1,765	1,349
Operating Grants and Contributions	560,281	399,026	383	407	407	430	521	25,558	80,780	117,929
Capital Grants and Contributions	66,214	49,271	103,550	58,988	71,401	59,837	68,976	80,351	109,152	110,804
Total Business-type Activities Program Revenues	969,862	796,078	448,841	422,627	438,425	364,518	401,998	478,066	548,732	548,946
Total Primary Government Program Revenues	$ 7,526,377	$ 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
Expenses										
Governmental Activities:										
General Government	1,101,963	405,388	620,897	734,156	172,897	323,158	586,724	553,636	572,776	504,434
Alaska Permanent Fund Dividend [a]	631,807	1,024,587	1,014,677	698,016	652,746	1,330,027	1,203,234	570,590	562,621	757,576
Education	1,768,748	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
University	324,043	325,654	396,466	387,047	356,986	467,456	524,677	595,060	568,955	492,576
Health and Human Services	3,743,545	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
Law and Justice	231,503	230,361	221,526	221,818	262,401	291,706	259,017	270,022	266,949	277,816
Public Protection	762,166	855,946	721,990	718,987	854,667	842,739	791,136	804,823	729,682	703,039
Natural Resources	332,657	301,648	314,241	313,208	384,784	438,036	475,146	383,338	376,333	403,746
Development	1,500,666	128,179	129,888	192,045	176,934	447,510	409,528	1,123,531	700,695	597,796
Transportation	752,471	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
Intergovernmental Revenue Sharing	89,708	107,105	111,869	99,790	96,423	118,807	134,239	262,001	287,028	254,159
Debt Service	55,470	66,497	51,496	65,950	64,263	70,447	65,808	64,885	64,334	72,718
Total Governmental Activities Expenses	11,294,747	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

STATE OF ALASKA **SCHEDULE A-2**

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

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Business-type Activities:										
Loans	8,933	594,255	8,656	5,348	9,860	15,905	10,518	10,197	8,350	11,190
Insurance	849,531	73,427	164,323	193,349	199,892	152,505	142,702	196,345	258,709	302,406
Airports	163,924	159,593	155,313	158,113	167,523	139,529	150,341	157,367	151,125	144,009
Development	—	—	—	—	1,063	1,570	61,220	5,149	4,820	6,254
Total Business-type Activities Expenses	1,022,388	827,275	328,292	356,810	378,338	309,509	364,781	369,058	423,004	463,859
Total Primary Government Expenses	12,317,135	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
Net (Expense)/Revenue (To Schedule A-3)										
Governmental Activities	(4,738,232)	(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)
Business-type Activities	(52,526)	(31,197)	120,549	65,817	60,087	55,009	37,217	109,008	125,728	85,087
Total Primary Government Net Expense	$ (4,790,758)	$ (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)

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (Expense)/Revenue (From Schedule A-2)										
Governmental Activities	$(4,738,232)	$(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)
Business-type Activities	(52,526)	(31,197)	120,549	65,817	60,087	55,009	37,217	109,008	125,728	85,087
Total Primary Government Net Expense	$(4,790,758)	$(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)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Severance Taxes	$ 525,976	$ 462,874	$ 792,016	$ 777,690	$ 232,999	$ (318,546)	$ (106,738)	$ 2,175,990	$ 3,855,649	$ 6,069,648
Selective Sales/Use	251,001	281,082	293,945	260,693	260,819	265,992	250,283	252,538	246,235	251,826
Income Taxes	83,869	153,093	333,828	195,387	62,402	65,795	239,379	414,613	583,429	647,256
Property Taxes	120,033	125,223	121,462	125,421	120,693	111,137	127,821	128,076	99,598	215,407
Other Taxes	2,620	2,545	2,577	2,483	2,643	2,576	2,592	2,631	2,444	2,556
Interest and Investment Earnings	19,716,055	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
Tobacco Settlement	21,406	20,037	19,740	51,117	30,175	30,479	29,175	32,261	30,012	29,997
Payments In from Component Units	44,044	66,709	1,101,258	13,229	31,178	174,722	14,106	22,578	31,336	39,463
Other Revenues	72,692	34,675	49,312	51,722	38,604	36,905	4,641	27,842	68,841	28,887
Transfers - Internal Activity	(65,670)	143	2,117	—	9,467	747	(10,544)	(627)	(23,127)	(3,052)
Prior Period Adjustments and Restatements	—	—	—	—	—	(308,867)	285,522	(11,230)	—	—
Total Governmental Activities General Revenues and Other Changes in Net Position	20,772,026	3,186,817	6,915,124	7,307,458	7,838,707	767,236	3,669,005	11,280,979	10,102,687	7,600,095
Business-type Activities:										
Interest and Investment Earnings	102,821	53,336	51,665	20,915	21,381	(11,403)	(10,155)	(13,985)	(16,838)	(13,772)
Other Revenues	545	384	349	325	1,172	380	890	4,703	4,460	8,564
Payments In from Component Units	—	—	—	—	—	—	—	—	15,873	—
Transfers - Internal Activity	65,670	(143)	(2,117)	—	(9,467)	(747)	10,544	627	23,127	3,052
Total Business-type Activities General Revenues and Other Changes in Net Position	169,036	53,577	49,897	21,240	13,086	(11,770)	1,279	(8,655)	26,622	(2,156)
Total Primary Government General Revenues and Other Changes in Net Position	20,941,062	3,240,394	6,965,021	7,328,698	7,851,793	755,466	3,670,284	11,272,324	10,129,309	7,597,939
Change in Net Position										
Governmental Activities	16,033,794	(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
Business-type Activities	116,510	22,380	170,446	87,057	73,173	43,239	38,496	100,353	152,350	82,931
Total Primary Government Changes in Net Position	$16,150,304	$(1,133,281)	$ 2,540,691	$ 2,963,352	$ 3,512,940	$(5,461,926)	$(2,289,967)	$ 6,100,623	$ 5,883,389	$ 3,849,820

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	$ 113,780	$ 510,086	$ 63,323	$ 93,737	$ 138,773	$ 154,762	$ 219,190	$ 219,953	$ 108,524	$ 165,504
Restricted	28,973	43,762	49,963	49,849	47,530	50,065	83,969	58,953	77,042	105,472
Committed	1,451,351	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
Assigned	108,599	—	—	—	—	—	—	—	—	—
Unassigned	966,079	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
General Fund (Prior GASB 54)[a]										
Reserved	—	—	—	—	—	—	—	—	—	—
Unreserved	—	—	—	—	—	—	—	—	—	—
Total General Fund	$ 2,668,782	$ 3,982,854	$ 4,857,325	$ 3,982,255	$ 6,290,610	$10,059,608	$15,831,903	$22,541,616	$22,623,405	$21,564,182
All Other Governmental Funds										
Nonspendable	$61,597,990	$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
Restricted	205,722	115,322	206,931	287,694	293,811	336,081	163,147	172,275	425,573	289,667
Committed	7,128,904	50,054	5,980,240	4,754,276	47,981	68,094	74,218	129,391	598,440	615,614
Assigned	14,079,089	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
Unassigned	(215)	3,091,194	—	1,863,474	—	—	(92,534)	(18,377)	—	—
Total All Other Governmental Funds	$83,011,490	$66,161,602	$67,244,257	$69,826,073	$60,756,060	$53,763,045	$53,570,351	$52,058,232	$46,377,070	$41,698,867

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Taxes	$ 983,498	$1,024,817	$1,573,800	$1,331,702	$ 679,556	$ 126,954	$ 513,337	$2,973,848	$4,787,355	$7,186,196
Licenses and Permits	171,773	170,932	178,653	167,556	148,707	166,523	163,089	154,991	147,790	148,058
Charges for Services	150,300	153,370	179,599	173,740	214,307	183,910	199,976	184,657	194,058	197,276
Fines and Forfeitures	23,363	20,837	32,076	19,041	40,416	32,680	15,564	17,017	30,615	13,732
Rents and Royalties	1,092,557	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
Premiums and Contributions	36,558	38,450	32,433	40,465	36,058	46,942	27,441	24,741	25,949	23,363
Interest and Investment Income	19,898,367	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
Federal Grants in Aid	4,894,733	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
Payments in from Component Units	43,328	66,687	1,101,223	12,765	31,180	174,720	14,106	22,578	31,336	39,463
Other Revenues	99,161	60,042	73,837	110,486	72,856	70,608	50,187	61,190	101,707	66,759
Total Revenues	27,393,638	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
Expenditures										
General Government	1,078,087	483,720	495,196	439,975	524,207	519,288	1,395,586	555,498	588,288	491,697
Alaska Permanent Fund Dividend	631,807	1,024,587	1,014,677	698,016	652,746	1,330,027	1,203,234	570,590	562,621	757,576
Education	1,825,851	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
University	322,785	345,779	385,237	370,313	379,156	481,268	653,543	594,777	568,805	491,857
Health and Human Services	3,727,013	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
Law and Justice	248,309	250,320	245,923	242,018	237,810	254,627	274,155	294,064	271,633	278,809
Public Protection	803,406	891,170	773,536	738,853	714,867	765,161	794,420	801,663	736,133	734,059
Natural Resources	328,817	328,672	341,100	340,418	332,946	371,231	427,988	401,217	399,938	384,167
Development	1,499,894	143,351	126,703	203,522	184,622	434,298	421,857	1,122,243	707,665	595,362
Transportation	1,181,492	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
Intergovernmental Revenue Sharing	89,708	106,977	109,666	107,852	97,454	125,351	134,686	263,408	288,281	254,525
Debt Service:										
Principal	78,102	97,233	85,762	116,031	93,752	91,349	85,126	84,365	97,959	134,825
Interest and Other Charges	59,306	60,813	61,712	68,514	67,558	63,025	67,155	69,208	64,891	77,816
Bond Issuance Costs	—	—	—	—	—	—	426	—	—	—
Total Expenditures	11,874,577	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
Excess (Deficiency) of Revenues Over Expenditures	15,519,061	(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

STATE OF ALASKA **SCHEDULE A-5**

Financial Trends - Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Stated in Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Other Financing Sources (Uses)										
Bonds Issued	84,560	—	—	—	—	263,090	30,895	—	—	—
Refunding Bonds Issued		—	—	—	—	—	94,425	—	312,125	204,390
Bond Issue Premium	26,204	—	—	—	—	52,046	26,718	—	36,338	33,007
Payment to Refunded Bond Escrow Agent		—	—	—	—	—	(116,296)	—	—	(237,509)
Capital Leases	3,561	13,811	8,140	12,093	2,894	12,170	5,148	13,842	5,279	10,277
Transfers In from Other Funds	3,252,748	3,037,039	2,843,168	865,589	123,905	798,139	1,532,769	1,387,386	716,027	1,324,843
Transfers (Out to) Other Funds	(3,350,318)	(3,045,509)	(2,848,528)	(872,787)	(122,735)	(812,405)	(1,566,421)	(1,404,040)	(754,907)	(1,343,103)
Total Other Financing Sources and Uses	16,755	5,341	2,780	4,895	4,064	313,040	7,238	(2,812)	314,862	(8,095)
Prior Period Adjustments and Restatements	—	—	—	—	—	—	285,522	(163,343)	—	—
Net Change in Fund Balances	$15,535,816	$(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
Debt Service as a Percentage of Noncapital Expenditures	1.26 %	1.64 %	1.55 %	2.07 %	1.71 %	1.47 %	1.16 %	1.43 %	1.60 %	2.18 %

NOTE:

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



This page intentionally left blank.

STATE OF ALASKA **SCHEDULE B-1**

Revenue Capacity - Alaska Permanent Fund Investment Income

Last Ten Fiscal Years

(Stated in Millions)

Fiscal Value	Ending Fund Market Value [1]	Nonspendable Fund Assets	Committed Fund Assets [2]	Assigned Fund Assets [3]	Total Fund Return
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 %
2021	81,896	60,748	7,069	14,079	29.7 %

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
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%
2021	54.5%	42.2%	44.6%	2.6%	8.3 %	1.4%	51.3%	29.7%

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 2018, 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 2019 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)

	Oil Severance Taxes	
Fiscal Year	Well-Head Value*	Weighted Average Severance Tax Rate **
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	$43.96 per barrel	35.0%
2021***	$45.02 per barrel	35.0%

* Well-head 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 21 information is preliminary and subject to change. For fiscal year 21, 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:

[(Petroleum Value[1] minus Costs[2]) times Tax Rate[3]] minus Credits[4]

[1] Petroleum Value = (Total number of barrels[a] produced minus royalty barrels[b]) multiplied by the well-head 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 well-head 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.

STATE OF ALASKA **SCHEDULE B-2**

Revenue Capacity - Oil Severance Taxes

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

	2021	2012
Alaska Statute 43.05.230 prohibits naming individual tax payers.	Five oil companies account for > 99.9% of severance tax revenue.	Five oil companies account for more than 99.9% of severance tax revenue.
Amount of Revenue Base	Five oil companies account for 179,997 thousand barrels of oil production.	Five oil companies account for 206,024 thousand barrels of oil production.
Percent of top payers to total oil production	99.6%	95.5%
Percent of top payers to total production tax revenue	> 99.9%	99.9%

SOURCE:

Alaska Department of Revenue, Tax Division

STATE OF ALASKA **SCHEDULE B-3**

Revenue Capacity - Oil Royalties

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]
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%
2021*	170,736,009	21,506,252	12.60%

* Fiscal year 21 information is preliminary and subject to change. For fiscal year 21, 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)

	2021	2012
Top Payers	Royalties from ConocoPhillips, ExxonMobil, Hilcorp Alaska, Hilcorp North Slope, and Tesoro/ PetroStar corporations comprise almost 92% of oil royalty barrels this fiscal year.	Royalties from British Petroleum, ConocoPhillips and Flint Hill Resource corporations comprise more than 88% of oil royalty barrels this fiscal year.
Amount of Revenue Base	ConocoPhillips, ExxonMobil, Hilcorp Alaska, Hilcorp North Slope, and Tesoro/PetroStar corporations paid royalty on more than 19.7 million barrels of oil this fiscal year.	Flint Hill Resources, British Petroleum, and ConocoPhillips corporations paid royalty on about 24 million barrels of oil this fiscal year.
Percent of top payers to number of royalty barrels:	91.80%	88.65%
Percent of top payers to total royalty revenue:	88.60%	87.77%

SOURCE:

Alaska Department of Natural Resources, Division of Oil and Gas



This page intentionally left blank.

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)

	General Bonded Debt			Other Governmental Activities Debt				Business-type Activities			
Fiscal Year	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	Total Primary Government	Percentage of Personal Income [a]	Per Capita [a]
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
2021	725,097	1.53 %	995	310,673	—	22,097	211,165	339,058	1,608,090	3.40 %	2,206

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.

STATE OF ALASKA **SCHEDULE C-2**

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]						
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
2021	122,314	86,867	35,447	14,640	13,784	1.25
Northern Tobacco Securitization Corporation (NTSC) Tobacco Revenue Bonds: [b]						
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
2021	17,151	—	17,151	—	14,367	1.19
Sport Fishing Revenue Bonds: [c]						
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
2021	(263)		(263)	1,810	24	(0.14)

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 ACFR.

[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. On July 10, 2020, the State of Alaska used $1.8 million to optionally redeem and pay accrued interest on 2011 Sport Fishing Revenue 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]
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 %
2020	728,903	47,365	64,780	59,729	35.7	7.8 %

SOURCES:

[1] Alaska Department of Labor and Workforce Development, Research and Analysis Section

[2] U.S. Department of Commerce, Bureau of Economic Analysis

NOTE:

At the time of preparation, data provided by the U.S. Department of Commerce, Bureau of Economic Analysis is preliminary.

STATE OF ALASKA **SCHEDULE D-2**

Demographic and Economic Information - Employment by Industry

Calendar Year 2020 and Period Nine Years Prior

	2020			2011		
Year	Employment	Rank	Percentage of Total State Employment	Employment	Rank	Percentage of Total State Employment
Health Care	38,200	1	11.80 %	31,400	2	8.94 %
Retail Trade	33,400	2	10.32 %	35,600	1	10.14 %
Local Government Education	21,200	3	6.55 %	20,900	5	5.95 %
Transportation, Warehousing, Utilities	19,900	4	6.15 %	23,700	3	6.75 %
Food Service and Drinking Places	19,300	5	5.96 %	21,300	4	6.07 %
Military	19,100	6	5.90 %	18,000	8	5.13 %
Local Government (Non Education)	17,300	7	5.34 %	19,900	6	5.67 %
State Government (Non Education)	16,000	8	4.94 %	18,300	7	5.21 %
Construction	15,800	9	4.88 %	16,300	10	4.64 %
Federal Government (Non Military)	15,400	10	4.76 %	17,100	9	4.87 %
Total	215,600		66.60 %	222,500		63.37 %
Total Employment [a]	323,800			351,100		

SOURCE:

Alaska Department of Labor and Workforce Development, Research and Analysis Section

NOTE:

[a] Standard wage and salary employment totals supplemented by active-duty military totals.



This page intentionally left blank.

STATE OF ALASKA **SCHEDULE E-1**

Operating Information - Full-time Equivalent Government Employees by Function

Last Ten Fiscal Years

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government	2,355	2,428	2,404	2,559	2,534	2,274	2,330	2,250	2,213	2,272
Education*	321	343	357	351	343	383	410	403	402	421
Health and Human Services	2,889	2,748	2,760	2,674	2,708	2,968	3,183	3,035	2,988	2,930
Law and Justice	1,577	1,550	1,537	1,517	1,523	1,616	1,717	1,670	1,659	1,710
Public Protection	3,544	3,496	3,517	3,510	3,572	3,661	3,665	3,794	3,617	3,481
Natural Resources	1,583	1,636	1,646	1,601	1,604	2,045	2,231	2,137	2,140	2,230
Development	583	541	539	577	583	631	694	709	784	812
Transportation	2,495	2,460	2,686	2,641	2,704	2,979	3,042	2,961	3,045	3,169
Totals	15,347	15,202	15,446	15,430	15,571	16,557	17,272	16,959	16,848	17,025

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

STATE OF ALASKA **SCHEDULE E-2**

Operating Information - Operating Indicators by Function

Last Ten Fiscal Years

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Alaska Permanent Fund Dividend										
Number of Dividends Paid [a]	—	630,937	638,286	639,247	632,685	636,790	640,386	636,088	633,017	640,700
Education										
Student Enrollment in State Supported Schools (pre-elementary through grade 12)	130,394	132,577	132,554	133,381	133,223	132,966	131,882	131,577	132,185	131,682
University										
Student Enrollment in the State University System (average head count over both semesters)	21,825	24,943	26,641	27,339	28,480	30,298	31,587	32,363	33,654	35,082
Health and Human Services										
Medicaid Beneficiaries	191,508	186,465	189,776	189,361	178,365	187,097	151,591	156,595	138,790	136,913
Temporary Assistance Caseload	3,124	4,102	4,626	5,372	5,660	5,586	3,195	3,547	3,661	3,803
Protective Services Reports Regarding Children	18,513	4,397	23,145	22,253	18,339	16,889	15,958	15,859	15,721	16,288
Law and Justice										
Criminal Caseload - Misdemeanors	21,593	22,979	22,217	17,909	14,721	17,091	22,196	21,327	21,710	21,672
Criminal Caseload - Felonies and Appeals	8,175	7,941	7,850	7,672	6,335	5,418	7,441	8,500	8,752	8,233
Civil Caseload	5,600	5,692	5,929	6,097	5,491	5,960	6,201	6,065	6,133	6,485
Public Protection										
Adult Offenders in Correctional Facilities	4,986	5,145	5,738	4,862	5,150	5,904	6,288	6,304	6,120	6,023
Juvenile Offenders in Detention or Treatment Facilities	134	173	171	166	171	139	170	158	157	199
National Guard Assigned Strength in Alaska	3,896	3,679	3,924	3,834	3,787	3,940	3,847	3,968	3,860	3,949
Number of Homicides Investigated by State Troopers	23	35	20	18	19	25	28	18	22	14
Natural Resources										
Wholesale Value of Alaska Commercial Fish Harvests (stated in thousands of dollars) [a]	—	3,414,071	4,660,373	4,505,673	4,855,213	4,157,269	4,151,623	2,815,654	3,158,152	2,841,699
Recreation Acres State Owned or Maintained	12,616,232	12,669,712	12,669,705	12,652,683	12,652,603	12,652,523	12,626,004	12,622,086	12,622,881	12,622,881
State Timber Sold Annually (million board feet)	42	2	16	8	11	8	21	29	9	18
State Acreage Leased for Oil and Gas Development [c]	3,828,211	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
Placer Mines Permitted	568	552	541	295	313	292	403	430	603	562
Development										
Number of State Business Licenses	91,114	78,263	73,468	73,952	73,085	70,263	68,935	68,503	51,310	66,737
Transportation										
Annual Fatalities per 100 Million Miles of Vehicle Travel in AK [a]	1	—	1	1	1	2	1	2	1	1
State Ferry Route Miles	3,290	3,290	3,290	3,290	3,290	3,290	3,290	3,290	3,290	3,290
Intergovernmental Revenue Sharing										
Number of Communities that Receive a Portion of Shared										
Taxes and Fees	134	133	143	141	145	142	150	144	144	144
Loans										
Number of Loans in Portfolio	1,428	1,414	1,462	1,537	1,563	1,534	1,515	1,643	1,668	1,846

STATE OF ALASKA **SCHEDULE E-2**

Operating Information - Operating Indicators by Function

Last Ten Fiscal Years

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Unemployment Compensation										
Initial Claims Paid [a]	—	322,403	52,588	53,751	60,641	64,979	67,060	72,998	83,554	79,743
Airports [b]										
Landings:										
Jets	62,318	61,040	61,707	59,908	55,413	53,487	60,909	61,637	62,998	66,787
Other Aircraft	36,896	38,929	45,436	51,548	56,375	59,657	51,504	51,850	46,812	46,432
Passengers:										
In	1,793,212	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
Out	1,739,701	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
Through	44,508	38,750	68,540	53,246	50,173	42,358	90,291	105,266	106,914	150,449
Freight (in tons):										
In	931,358	709,413	674,190	672,129	313,317	325,244	350,231	387,142	426,802	496,126
Out	946,970	725,539	672,817	706,253	341,913	381,388	317,992	326,308	374,096	441,201

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.

STATE OF ALASKA **SCHEDULE E-3**

Operating Information - Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Primary Government:										
General Government										
Buildings (square feet)	2,163,035	2,274,362	1,978,224	1,061,752	1,172,468	971,343	937,638	941,144	932,305	921,990
Education										
Buildings (square feet)	1,770,874	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
Schools	75	77	77	77	80	79	92	94	97	114
Schools Under Construction	10	10	14	10	8	11	16	29	28	25
Health and Human Services										
Buildings (square feet)	2,653,932	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
Pioneer Homes	6	6	6	6	6	6	6	6	6	6
Law and Justice										
Buildings (square feet)	1,448,512	1,451,585	1,264,566	708,302	732,146	690,114	691,178	698,420	698,636	693,392
Court Buildings	12	13	13	12	13	13	13	13	13	13
Public Protection										
Buildings (square feet)	3,255,154	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
Correctional Institutions	12	12	12	12	14	13	13	13	13	11
Aircraft	14	9	12	12	12	12	19	19	17	18
Motor Vessels	17	10	15	15	20	18	25	24	23	22
National Guard Armories	14	14	14	20	20	21	21	21	21	21
Natural Resources										
Buildings (square feet)	1,453,729	1,531,991	1,353,868	747,522	771,156	873,340	897,974	894,020	901,530	904,724
Parks Acreage	3,357,393	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
Forest Acreage	2,134,899	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
Other State Land Acreage	95,124,057	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
Aircraft	6	6	5	5	5	5	5	5	3	3
Motor Vessels	11	14	10	10	10	10	10	11	11	11
Development										
Buildings (square feet)	535,669	506,608	443,819	269,407	269,559	269,452	279,392	296,453	330,084	329,430
Transportation										
Buildings (square feet)	2,291,760	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
Light Duty Vehicles	3,467	3,508	3,403	3,324	3,527	3,623	3,730	3,686	3,097	3,225
Heavy Duty Utility Vehicles	2,928	2,940	2,917	2,842	2,233	2,219	2,238	2,236	2,162	2,102
Ferries	10	12	11	11	11	11	11	11	11	11
Building Projects Under Construction	119	106	155	153	135	115	151	173	167	152
Rural Airports	235	235	239	237	242	242	247	254	253	253
Rural Airport Projects Under Construction	562	500	550	283	311	407	381	372	357	401
Centerline Road Miles [a]	6200	6200	6225.96	5,634	5,629	5,629	5,612	5,592	5,589	5,609
Highway Projects Under Construction	790	745	1,005	842	1,040	874	832	897	910	831

STATE OF ALASKA **SCHEDULE E-3**

Operating Information - Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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	1,320,737	1,271,568
International Airport (acreage)	8,288	8,288	8,288	8,288	8,288	8,288	8,288	8,288	8,168	8,244
International Airport Projects Under Construction	146	148	136	121	121	99	94	83	94	98
Runways (miles)	10	10	10	10	10	10	10	10	10	10

NOTES:

[a] Centerline road miles are calculated on a calendar year basis.



This page intentionally left blank.

Index of Funds

STATE OF ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

INDEX OF FUNDS

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

STATE OF ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

INDEX OF FUNDS

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	CF	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

STATE OF ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

INDEX OF FUNDS

Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
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	ITF	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	CF	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

STATE OF ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

INDEX OF FUNDS

Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
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	CF	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

STATE OF ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

INDEX OF FUNDS

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	CF	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

STATE OF ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

LEGEND OF ACRONYMS

Acronym	Description
AAC	Alaska Aerospace Corporation
AAL	Actuarial Accrued Liabilities
ACFR	Annual Comprehensive Financial Report
ACPE	Alaska Commission on Postsecondary Education
ASCA	Alaska State Council on the Arts
AEA	Alaska Energy Authority
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
CBRF	Constitutional Budget Reserve Fund
CF	Custodial 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 Developement
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

STATE OF ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

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
ITF	Investment Trust 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 ACFR
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

STATE OF ALASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

LEGEND OF ACRONYMS

Acronym	Description
SBJPA	Small Business Job Protection Act
SBPA	Standby Bond Purchase Agreement
SBS	Supplemental Benefits System
SF	Sport Fish
SIR	Self-Insured Retention
SLA	Session Laws of Alaska
SRF	Special Revenue Fund
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

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]

February __, 2023

State of Alaska
State Bond Committee
Juneau, Alaska

State of Alaska General Obligation Refunding Bonds, Series 2023A
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the State Bond Committee (the "Committee") of the State of Alaska (the "State") in connection with its issuance of $_____ aggregate principal amount of State of Alaska General Obligation Refunding Bonds, Series 2023A (the "Bonds"), issued pursuant to Resolution No. 2023-01, adopted by the Committee on January 11, 2023 (the "Bond Resolution"). The State has appointed U.S. Bank Trust Company, National Association, as bond registrar (the "Bond Registrar") under the Bond Resolution. The Bonds are issued for the stated purposes of (i) providing funds to pay the costs of refunding the State's General Obligation Refunding Bonds, Series 2012A and the State's General Obligation Bonds, Series 2013B and (ii) paying costs of issuing the Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Resolution.

In such connection, we have reviewed the Bond Resolution; the Tax Certificate, dated the date hereof (the "Tax Certificate"), of the State; a Certificate of No Litigation of the Attorney General of the State of Alaska, as counsel to the State; certificates of the State, the Bond Registrar and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the State. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Bond Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Bond Resolution and the

Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against the State. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Bond Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion or conclusion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding general obligations of the State.

2. The Bond Resolution has been duly adopted by, and constitutes the valid and binding obligation of, the State. The Bond Resolution creates a valid pledge of the full faith, credit and resources of the State to secure the payment of the principal of and interest on the Bonds.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Bonds included in financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Bonds is not included in taxable income for purposes of the State of Alaska income tax imposed on corporations. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") constitutes the written undertaking of the State of Alaska (the "State") in connection with the issuance by the State of $_____ aggregate principal amount of General Obligation Refunding Bonds, Series 2023A (the "Bonds"). The execution and delivery by the State of this Disclosure Certificate were authorized by Resolution No. 2023-01 adopted by the State Bond Committee on January 11, 2023. The State agrees as follows.

SECTION 1. Purpose of the Disclosure Certificate. The State is executing and delivering this Disclosure Certificate for the benefit of the Beneficial Owners of the Bonds and to assist the Participating Underwriter in complying with Section (b)(5) of Securities and Exchange Commission ("SEC") Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12) (as amended from time to time, the "Rule").

SECTION 2. Definitions: The following capitalized terms shall have the following meanings:

*"**Annual Report**"* means an Annual Report provided by the State pursuant to and as described in Section 3 of this Disclosure Certificate.

*"**Audited Financial Statements**"* means the State's annual financial statements, prepared in accordance with GAAP, which financial statements shall have been audited by a firm of independent certified public accountants or by the Legislative Auditor of the State.

*"**Beneficial Owner**"* means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or intermediaries).

*"**Disclosure Representative**"* means the Chairman of the State Bond Committee or his or her designee or such other officer or employee as the State shall designate in writing from time to time.

*"**Financial Obligation**"* shall mean, for purposes of the listed events set out in Section 4(a)(10) and Section 4(b)(8) hereof, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

*"**Fiscal Year**"* means the fiscal year of the State (currently the 12-month period ending June 30), as such fiscal year may be changed from time to time as required by State law.

*"**Holder**"* means the person in whose name any Bond is registered.

*"**MSRB**"* means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic

Municipal Market Access ("EMMA") website of the MSRB, currently located at http://emma.msrb.org.

*"**Notice of Significant Events**"* means the notice required to be given in accordance with Section 4 hereof.

*"**Official Statement**"* means the Official Statement dated _____ __, 2023 relating to the Bonds.

*"**Participating Underwriter**"* means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

*"**Report Date**"* has the meaning set forth in Section 3 hereof.

*"**Resolution**"* means Resolution No. 2023-01 of the State Bond Committee of the State, adopted on January 11, 2023, authorizing the issuance of the Bonds.

SECTION 3. Provision of Annual Reports and Financial Statements.

(a) The State shall, while any Bonds are outstanding, provide an Annual Report to the MSRB in an electronic format as provided by the MSRB, on or before January 31 of each year (the "Report Date"), commencing January 31, 2024. The State may adjust the Report Date if the State changes its Fiscal Year, by providing written notice of the change of Fiscal Year and the new Report Date to the MSRB; provided that the new Report Date shall be seven months after the end of the new Fiscal Year, and provided further that the period between the final Report Date relating to the former Fiscal Year and the initial Report Date relating to the new Fiscal Year shall not exceed one year in duration. The Annual Report may cross-reference other information as provided below, and the State's audited financial statements may be submitted separately from the balance of the Annual Report and later than the date required above if the audited financial statements are not available by that date. The Annual Report shall contain or include by reference:

(1) annual audited financial statements of the State; and

(2) historical operating data and financial information of the type included in the Official Statement under the heading "INFORMATION CONCERNING THE STATE OF ALASKA."

Any or all of these items may be included by specific reference to documents available to the public or on the internet website of the MSRB or filed with the SEC. The State shall clearly identify each such other document so incorporated by reference. The Annual Report may be submitted as a single document or as separate documents comprising a package, provided that audited financial statements may be submitted separately from the remainder of the Annual Report.

(b) If the State is unable to provide to the MSRB the Annual Report by the Report Date, the State in a timely manner shall send a notice to the MSRB in substantially the form attached hereto as Exhibit A.

The State reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or

appropriate in the judgment of the State; provided that the State agrees that any such modification will be done in a manner consistent with the Rule as provided in Section 6 hereof.

SECTION 4. Reporting of Significant Events. (a) The State shall file with the MSRB a notice of any of the following events with respect to the Bonds, within ten (10) business days after the occurrence of such event:

(1) Principal and interest payment delinquencies.

(2) Unscheduled draws on debt service reserves reflecting financial difficulties.

(3) Unscheduled draws on credit enhancements reflecting financial difficulties.

(4) Substitution of credit or liquidity providers, or their failure to perform.

(5) Adverse tax opinions or the issuance by the Internal Revenue Service ("IRS") of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB).

(6) Defeasances.

(7) Rating changes.

(8) Tender offers.

(9) Bankruptcy, insolvency, receivership or similar event of the State.

(10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the State, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph 4(a)(9), the event is considered to occur when any of the following occurs: the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

(b) The State shall file with the MSRB a notice of any of the following events with respect to the Bonds, within ten (10) business days after the occurrence of such event, if material:

(1) Unless described in Section 4(a)(5), other notices or determinations by the IRS with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.

(2) Nonpayment-related defaults.

(3) Modifications to rights of Holders of the Bonds.

(4) Bond calls.

(5) Release, substitution or sale of property securing repayment of the Bonds.

(6) The consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or a termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(7) Appointment of a successor or additional trustee or the change in name of the trustee for the Bonds.

(8) Incurrence of a Financial Obligation of the State, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the State, any of which affect Holders of the Bonds.

SECTION 5. Termination of Reporting Obligation. The State's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the State may amend this Disclosure Certificate, provided that the amendment meets each of the following conditions:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the State;

(b) This Disclosure Certificate, as amended, would have complied with the requirements of the Rule as of the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances;

(c) The State obtains an opinion of counsel unaffiliated with the State that the amendment does not materially impair the interests of the Beneficial Owners of the Bonds; and

(d) The State notifies and provides the MSRB with copies of the opinions and amendments.

Any such amendment may be adopted without the consent of any Beneficial Owner of any of the Bonds, notwithstanding any other provision of this Disclosure Certificate or the Resolution.

The first Annual Report containing amended operating data or financial information pursuant to an amendment of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment and its effect on the type of operating data and financial information being provided.

SECTION 7. Filing. Any filing required under the terms of this Disclosure Certificate may be made solely by transmitting such filing to the Electronic Municipal Market Access as provided at

http://www.emma.msrb.org, or in such other manner as may be permitted from time to time by the Securities Exchange Commission.

SECTION 8. Additional information. Nothing in this Disclosure Certificate shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or Notice of Significant Event, in addition to that which is required by this Disclosure Certificate. If the State chooses to include any information in any Annual Financial Information or Notice of Significant Event in addition to that which is specifically required by this Disclosure Certificate, the State shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Financial Information or Notice of Significant Event.

SECTION 9. Default. In the event of a failure of the State to comply with any provision of this Disclosure Certificate, any Beneficial Owner may take such actions as may be necessary and appropriate, including an action to compel specific performance, to cause the State to comply with its obligations under this Disclosure Certificate; provided, however, that any such action may be instituted only in a State court in Juneau, Alaska. No failure to comply with any provision of this Disclosure Certificate shall be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the State to comply with this Disclosure Certificate shall be an action to compel specific performance.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the State of Alaska, the Participating Underwriters and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

BY: _____

Ryan S. Williams
Debt Manager, State of Alaska,
For the State Bond Committee

Date: _____ __, 2023

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	THE STATE OF ALASKA
Name of Obligated Person:	THE STATE OF ALASKA
Name of Bond Issue:	State of Alaska General Obligation Refunding Bonds, Series 2023A
Date of Issuance:	[_____ __], 2023

NOTICE IS HEREBY GIVEN that the State has not provided its Annual Report with respect to the above-named Bonds as required by Continuing Disclosure Certificate of the State dated [_____ __], 2023. The State anticipates that the Annual Report will be filed by_____.

Dated: _____

By: _____

Ryan S. Williams
Debt Manager, State of Alaska
For the State Bond Committee

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY

[THIS PAGE INTENTIONALLY LEFT BLANK]

INFORMATION REGARDING THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the State or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the State or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.



Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fibre.

Printed by: ImageMaster, LLC
www.imagemaster.com