



**STATE OF ALASKA
DEPARTMENT OF REVENUE
TREASURY DIVISION**

**INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF
REVENUE**

JUNE 30, 2017

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA
DEPARTMENT OF REVENUE
TREASURY DIVISION**

**INVESTED ASSETS UNDER THE
INVESTMENT AUTHORITY OF THE
COMMISSIONER OF REVENUE**

Combined Schedules

June 30, 2017

Table of Contents

	<u>Page</u>
Independent Auditors' Report.....	1
Combined Schedule of Invested Assets.....	3
Combined Schedule of Investment Income.....	4
Notes to Combined Schedules.....	5



KPMG LLP
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701 West Eighth Avenue
Anchorage, AK 99501

Independent Auditors' Report

State of Alaska, Department of Revenue
Treasury Division:

We have audited the accompanying combined schedules of invested assets under the investment authority of the Commissioner of Revenue as of June 30, 2017, and of investment income for the year then ended, and the related notes to the schedules (collectively referred to as "the Schedules").

Management's Responsibility for the Schedules

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Schedules based on our audit. 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 Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend upon the auditors' judgment, including the assessment of the risks of material misstatement of the Schedules, 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 Schedules 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 Schedules.

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

Opinion

In our opinion, the Schedules referred to above present fairly, in all material respects, the invested assets under the investment authority of the Commissioner of Revenue as of June 30, 2017, and the net investment income for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited the combined schedules of invested assets under the investment authority of the Commissioner of Revenue as of June 30, 2016, and of investment income for the year then ended, and we expressed an unmodified audit opinion on those audited schedules in our report dated September 29, 2016. In our opinion, the



summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited Schedules from which it has been derived.

Emphasis of Matter

We draw attention to Note 1 to the Schedules, which describes that the accompanying schedules represent only the activity of the funds outlined in Note 1 and were prepared to present the invested assets under the authority of the Commissioner of Revenue and related investment income, and not the complete financial activity of the funds or the State of Alaska as a whole. The complete financial activity of the funds is shown in the Comprehensive Annual Financial Report available from the Division of Finance in the Department of Administration.

KPMG LLP

September 12, 2017

STATE OF ALASKA
DEPARTMENT OF REVENUE - TREASURY DIVISION
INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

COMBINED SCHEDULE OF INVESTED ASSETS
June 30, 2017
(Expressed in thousands)

	GENERAL FUND and GeFONSI	CONSTITUTIONAL BUDGET RESERVE FUND MAIN	PUBLIC SCHOOL TRUST FUND		INVESTMENT LOSS TRUST FUND	GENERAL OBLIGATION BOND FUND	INTERNATIONAL AIRPORTS CONSTRUCTION FUND	INTERNATIONAL AIRPORTS FUND	POWER COST EQUALIZATION ENDOWMENT FUND	RETIREE HEALTH INSURANCE FUND		MINE RECLAMATION FUND	TOTAL INVESTED ASSETS		
			PRINCIPAL	INCOME						MAJOR MEDICAL	LONG-TERM CARE		6/30/2017	6/30/2016	
INVESTMENTS (at Fair Value) (Notes 4 and 5)															
Short-term Fixed Income Pool	\$	2,460,519	2,561,034	753	8,289	2,567	183,363	45,301	89,651	1,742	16,168	3,580	-	5,372,967	7,515,047
Short-term Liquidity Fixed Income Pool		355,543	-	-	-	-	-	-	-	-	-	-	-	355,543	440,509
Non-interest Bearing Deposits		10,839	-	-	-	-	-	-	-	-	-	-	-	10,839	30,199
Intermediate-term Fixed Income Pool		1,267,493	-	-	-	-	-	-	-	-	-	-	-	1,267,493	1,076,153
Broad Market Fixed Income Pool		117,621	1,067,967	266,366	-	-	-	22,589	325,084	-	281,570	341	2,081,538	2,641,920	
Domestic Equity Pool		137,943	132,209	194,728	-	-	-	2,897	381,215	-	93,619	397	943,008	1,334,379	
International Equity Pools		103,946	96,396	143,688	-	-	-	2,795	287,266	-	74,245	299	708,635	643,250	
Real Estate Investment Trust Pool		10,225	34,867	17,201	-	-	-	666	28,257	-	12,766	29	104,011	-	
Tobacco Revenue Fixed Income		14,219	-	-	-	-	-	-	-	-	-	-	14,219	16,230	
Total Investments		4,478,348	3,892,473	622,736	8,289	2,567	183,363	45,301	118,598	1,023,564	16,168	465,780	1,066	10,858,253	13,697,687
Receivables (Payables)															
Income Receivable (Payable)		1,874	3,476	(762)	771	3	193	48	66	2	17	3	-	5,691	5,653
Total Receivables (Payables)		1,874	3,476	(762)	771	3	193	48	66	2	17	3	-	5,691	5,653
Net Invested Assets	\$	4,480,222	3,895,949	621,974	9,060	2,570	183,556	45,349	118,664	1,023,566	16,185	465,783	1,066	10,863,944	13,703,340

STATE OF ALASKA
DEPARTMENT OF REVENUE - TREASURY DIVISION
INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

COMBINED SCHEDULE OF INVESTMENT INCOME
For the year ended June 30, 2017
(Expressed in thousands)

	GENERAL FUND and GeFONSI	CONSTITUTIONAL BUDGET RESERVE FUND MAIN	PUBLIC SCHOOL TRUST FUND		INVESTMENT LOSS TRUST FUND	GENERAL OBLIGATION BOND FUND	INTERNATIONAL AIRPORTS CONSTRUCTION FUND	INTERNATIONAL AIRPORTS FUND	POWER COST EQUALIZATION ENDOWMENT FUND	RETIREE HEALTH INSURANCE FUND		MINE RECLAMATION FUND	TOTAL INCOME (LOSS)	
			PRINCIPAL	INCOME						MAJOR MEDICAL	LONG-TERM CARE		YEAR ENDED 6/30/2017	YEAR ENDED 6/30/2016
Investment Income (Loss)														
Short-term Fixed Income Pool	\$ 18,201	31,912	3	182	23	1,788	418	361	20	137	30	-	53,075	44,786
Short-term Liquidity Fixed Income Pool	2,035	-	-	-	-	-	-	-	-	-	-	-	2,035	907
Short-term Treasury Fixed Income Pool	296	-	-	-	-	-	-	-	-	-	-	-	296	62
Intermediate-term Fixed Income Pool	646	-	-	-	-	-	-	-	-	-	-	-	646	19,870
Broad Market Fixed Income Pool	78	(4,779)	41	-	-	-	-	37	273	-	(15)	-	(4,365)	176,184
Domestic Equity Pool	25,395	45,784	33,783	-	-	-	-	400	64,502	-	16,829	67	186,760	28,969
International Equity Pool	17,809	20,010	23,144	-	-	-	-	230	46,416	-	11,704	48	119,361	(64,014)
Real Estate Investment Trust Pool	411	1,271	688	-	-	-	-	11	1,120	-	509	1	4,011	-
Tobacco Revenue Fixed Income	124	-	-	-	-	-	-	-	-	-	-	-	124	51
Total Investment Income	64,995	94,198	57,659	182	23	1,788	418	1,039	112,331	137	29,057	116	361,943	206,815
Transfer from (to) Other Funds	-	-	(15,007)	15,007	-	-	-	-	-	-	-	-	-	-
Net Investment Income	\$ 64,995	94,198	42,652	15,189	23	1,788	418	1,039	112,331	137	29,057	116	361,943	206,815

**INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE
COMMISSIONER OF REVENUE**
Notes to Combined Schedules
June 30, 2017

(1) THE ACCOUNTING ENTITY

The accompanying combined schedules present the financial position and changes therein, as of and for the year ended June 30, 2017, for the invested assets of funds under the investment authority of the Commissioner of Revenue (Commissioner). The Commissioner is responsible for all deposits and investments of the State of Alaska (State) except where the Legislature has delegated that responsibility to other individuals or boards. As the fiduciary, the Commissioner has the statutory authority to invest the assets under the prudent investor rule. Alaska Statutes 37.10.070 and 37.10.071 provide 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.

These schedules represent only the investment activity of the funds and not the complete financial activity of the funds or the State as a whole. The complete financial activity of the funds is shown in the Comprehensive Annual Financial Report available from the Division of Finance in the Department of Administration.

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

For detailed information on the ten funds under the fiduciary authority of the Commissioner of Revenue, please see the Treasury's website at: <http://treasury.dor.alaska.gov/Investments.aspx>

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The combined schedules are prepared using the accrual basis of accounting for investment income (loss). Assets are reported at fair value. Investment purchases and sales are recorded on a trade-date basis.

Valuation

Fixed income 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.

Noninterest Bearing Deposits are reported at cost, which approximates fair value.

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

(3) NON-INTEREST BEARING DEPOSITS

At June 30, 2017, non-interest bearing deposits totaled \$10.8 million, comprised of various State agency cash held pending redemption of State warrants and compensating balances.

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Notes to Combined Schedules

June 30, 2017

(4) FAIR VALUE MEASUREMENTS

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

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

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

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

The Commissioner categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Commissioner has the following recurring fair value measurements as of June 30, 2017 (in thousands):

Investment by fair value level	Total	Level 1	Level 2	Level 3
Cash Equivalents				
Certificates of Deposit	\$ 105,858	-	105,858	-
Deposits	(129,430)	(129,430)	-	-
Money Market Mutual Funds	17,998	14,207	3,791	-
Repurchase Agreement	753,000	-	753,000	-
Total Cash Equivalents	747,426	(115,223)	862,649	-
Debt Securities				
Corporate Bonds	1,235,497	-	1,235,497	-
Mortgage Backed	801,661	-	801,661	-
Municipal Bonds	16,951	-	16,951	-
Other Asset Backed	2,401,985	-	2,401,985	-
U.S. Government Agency	30,445	-	30,445	-
U.S. Treasury Bills, Notes, Bonds, and TIPS	3,690,391	-	3,690,391	-
Yankee Corporate	878,715	-	878,715	-
Yankee Government	76,110	-	76,110	-
Total Debt Securities	9,131,755	-	9,131,755	-
Equity				
Common and Preferred Stock	87,876	87,876	-	-
Commingled Equity Funds	1,733,114	1,733,114	-	-
Depository Receipts	1,278	1,278	-	-
Real Estate Inv Trust	103,399	103,399	-	-
Total Equities	\$ 1,925,667	1,925,667	-	-
Total investments by fair value level	11,804,848	1,810,444	9,994,404	-
Total investments measured at fair value	11,804,848			
Other Fiduciary Responsibility	(878,345)			
Net Receivables / (Payables)	(68,250)			
Total Commissioner Invested Assets	10,858,253			

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

(5) DEPOSIT AND INVESTMENT RISK

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Notes to Combined Schedules

June 30, 2017

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 3 years to maturity or 3 years expected average life *upon purchase*. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2017, the expected average life of individual fixed rate securities ranged from 3 days to 1.3 years and the expected average life of floating rate securities ranged from 5 days to 22.6 years.

Short-term Liquidity Fixed Income Pool

Treasury's investment policy limits individual fixed rate securities to six months to maturity. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2017, the days to maturity of fixed rate securities ranged from 76-83 days.

Short-term Treasury Fixed Income Pool

Treasury's investment policy limits individual fixed rate securities to six months to maturity. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2017, this pool held no securities or cash.

Intermediate and Broad Market Fixed Income Pools

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows. Treasury uses industry-standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software considers various possible future interest rates, historical and estimated prepayment rates, call options and other variable cash flows for purposes of the effective duration calculation.

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

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

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

At June 30, 2017, the Commissioner's effective duration by investment type was as follows:

	Effective Duration (in years)
Corporate Bonds	8.01
Mortgage Backed	3.92
Municipal Bonds	14.48
Other Asset Backed	0.75
U.S. Government Agency	7.73
U.S. Treasury Issuances	3.44
Yankee Corporate	5.50
Yankee Government	6.10
Effective Duration	4.37

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Notes to Combined Schedules

June 30, 2017

Credit Risk

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

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

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

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

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. At June 30, 2017, 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):

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Notes to Combined Schedules

June 30, 2017

Investment Type	Rating	Short-Term Fixed Income Pool	Short-Term Liquidity Fixed Income Pool	Intermediate Term Fixed Income Pool	Broad Market Fixed Income Pool	
Certificate of Deposit	Not Rated	1.75	-	-	-	%
Corporate Bonds	A	5.13	-	4.31	10.26	
Corporate Bonds	AA	4.72	-	1.60	2.75	
Corporate Bonds	AAA	0.45	-	-	0.43	
Corporate Bonds	BBB	-	-	1.98	7.57	
Corporate Bonds	Not Rated	0.83	-	0.36	0.19	
Deposits	Not Rated	(2.14)	-	-	-	
Mortgage Backed	A	0.01	-	-	0.03	
Mortgage Backed	AA	0.96	-	-	-	
Mortgage Backed	AAA	2.15	-	-	0.09	
Mortgage Backed	Not Rated	0.54	-	0.88	26.22	
Municipal Bonds	AA	-	-	-	0.73	
Municipal Bonds	AAA	0.02	-	-	-	
Other Asset Backed	A-1	0.34	-	-	-	
Other Asset Backed	AA	0.32	-	-	0.07	
Other Asset Backed	AAA	24.44	-	1.60	1.36	
Other Asset Backed	Not Rated	13.49	-	0.54	0.34	
Other Pool Ownership	Not Rated	-	0.22	1.35	0.83	
Repurchase Agreement	AAA	10.45	28.15	-	-	
Repurchase Agreement	Not Rated	0.33	-	-	-	
U.S. Government Agency	Not Rated	-	-	-	1.41	
U.S. Treasury Issuances	Not Rated	24.14	71.63	84.72	41.71	
Yankee Corporate	A	1.98	-	0.91	1.92	
Yankee Corporate	AA	2.05	-	1.10	0.37	
Yankee Corporate	AAA	5.19	-	-	0.36	
Yankee Corporate	BBB	-	-	-	0.87	
Yankee Corporate	Not Rated	3.62	-	-	-	
Yankee Government	A	0.49	-	0.39	-	
Yankee Government	AA	-	-	-	0.63	
Yankee Government	BBB	-	-	-	0.84	
Yankee Government	Not Rated	-	-	-	0.46	
No Credit Risk		(1.26)	-	0.26	0.56	
		<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	%

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 \$250,000 of coverage). In accordance with Treasury policy, they are required to retain collateral equal to 100% of uninsured deposits.

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Notes to Combined Schedules

June 30, 2017

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, 2017, the State had the following uncollateralized and uninsured deposits:

	Amount (in thousands)
International Equity Pool	\$ 115

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, 2017, no pool had exposure to any one issuer greater than 5% 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 fiscal year 2017 and invested assets included the following holdings at June 30, 2017, for the funds invested in the International Equity Pool:

	Policy	Actual
Constitutional Budget Reserve Fund	2% -2% /+5%	2.47%
Higher Education Fund	27% +/- 5%	28.11%
Illinois Creek Mine Reclamation Fund	27% +/- 5%	28.05%
AIA Revenue Fund	2% -2% /+5%	2.37%
Power Cost Equalization Endowment Fund	27% +/- 5%	28.07%
Public School Trust Fund, Principal	22% +/- 5%	23.07%
Retiree Health Insurance Fund, Long-Term Care	15% +/- 4%	15.94%

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Notes to Combined Schedules

June 30, 2017

At June 30, 2017, the funds invested in the International Equity Pool had exposure to foreign currency risk as follows (in thousands):

	<u>Deposits</u>	<u>Equity</u>
Australian Dollar	\$ -	961
Canadian Dollar	-	4,068
Danish Krone	-	2,592
Euro Currency	-	24,360
Japanese Yen	115	16,406
Norwegian Krone	-	2,276
Pound Sterling	-	23,987
Singapore Dollar	-	1,445
Swedish Krona	-	3,807
Swiss Franc	-	3,837
Total	115	83,739
Other Fiduciary Responsibility	(10)	(7,047)
Total Commissioner Responsibility	\$ 105	\$ 76,692

(6) FOREIGN EXCHANGE, FOREIGN EXCHANGE CONTRACTS, OFF-BALANCE SHEET RISK, AND DERIVATIVE EXPOSURE

The Commissioner is exposed to credit risk on investment derivative instruments that are in asset positions. The Commissioner has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the Commissioner has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the Commissioner have a policy or contingencies. The International Equity Pool's investments include the following income from derivative investments at June 30, 2017:

<u>Investment Derivatives</u>	<u>Changes in Fair Value</u>		<u>Fair Value</u>		
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
FX Forwards	Investment Income	\$ (784)	Long Term Instruments	-	-

The International Equity Pools include 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, 2017, the International Equity Pools had no outstanding contracts.