



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

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

JUNE 30, 2018

(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, 2018

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KPMG LLP
Suite 600
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, 2018, 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, 2018, and the investment income for the year then ended in accordance with U.S. generally accepted accounting principles.

**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

Anchorage, Alaska
December 19, 2018

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, 2018

(Expressed in thousands)

	GENERAL FUND and GeFONSI	CONSTITUTIONAL BUDGET RESERVE FUND MAIN	PUBLIC SCHOOL TRUST FUND PRINCIPAL	INCOME	INVESTMENT LOSS TRUST FUND	GENERAL OBLIGATION BOND FUND	INTERNATIONAL AIRPORTS CONSTRUCTION FUND	INTERNATIONAL AIRPORTS FUND	POWER COST EQUALIZATION ENDOWMENT FUND	RETIREE HEALTH INSURANCE FUND MAJOR MEDICAL	LONG-TERM CARE	MINE RECLAMATION FUND	TOTAL INVESTED ASSETS
INVESTMENTS (at Fair Value) (Notes 4 and 5)													
Short-term Fixed Income Pool	\$ 1,245,546	1,585,938	998	425	2,588	135,482	43,210	88,957	45	17,420	8,926	1	3,129,536
Short-term Liquidity Fixed Income Pool	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-interest Bearing Deposits	3,694	-	-	-	-	-	-	-	-	-	-	-	3,694
Intermediate-term Fixed Income Pool	1,451,095	-	-	-	-	-	-	-	-	-	-	-	1,451,095
Broad Market Fixed Income Pool	159,959	569,237	260,466	-	-	-	-	25,205	300,857	-	263,509	323	1,579,556
High Yield Fixed Income Pool	91,695	75,790	27,107	-	-	-	-	3,434	44,739	-	20,798	47	263,610
Domestic Equity Pool	227,574	73,701	214,607	-	-	-	-	3,174	420,801	-	123,381	444	1,063,682
International Equity Pools	140,351	27,859	119,523	-	-	-	-	1,182	248,729	-	67,784	262	605,690
Real Estate Investment Trust Pool	34,880	24,858	28,188	-	-	-	-	1,126	58,207	-	21,627	61	168,947
Tax Credit Loans	14,920	-	-	-	-	-	-	-	-	-	-	-	14,920
Tobacco Revenue Fixed Income	13,548	-	-	-	-	-	-	-	-	-	-	-	13,548
Total Investments	3,383,262	2,357,383	650,889	425	2,588	135,482	43,210	123,078	1,073,378	17,420	506,025	1,138	8,294,278
Receivables (Payables)													
Income Receivable (Payable)	1,933	2,747	(1,023)	1,033	5	240	76	150	-	31	14	-	5,206
Total Receivables (Payables)	1,933	2,747	(1,023)	1,033	5	240	76	150	-	31	14	-	5,206
Net Invested Assets	\$ 3,385,195	2,360,130	649,866	1,458	2,593	135,722	43,286	123,228	1,073,378	17,451	506,039	1,138	8,299,484

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, 2018

(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		
Investment Income (Loss)													
Short-term Fixed Income Pool	\$ 21,380	28,835	9	159	39	2,310	1,015	667	2	256	64	-	54,736
Short-term Liquidity Fixed Income Pool	3,971	-	-	-	-	-	-	-	-	-	-	-	3,971
Short-term Treasury Fixed Income Pool	468	-	-	-	-	-	-	-	-	-	-	-	468
Intermediate-term Fixed Income Pool	3,302	-	-	-	-	-	-	-	-	-	-	-	3,302
Broad Market Fixed Income Pool	(990)	(410)	(1,239)	-	-	-	115	-	(1,505)	-	(1,317)	(2)	(5,348)
High Yield Fixed Income Pool	(1,306)	(440)	(282)	-	-	-	(23)	-	(473)	-	(212)	-	(2,736)
Domestic Equity Pool	17,576	11,573	28,457	-	-	-	333	-	55,658	-	16,112	58	129,767
International Equity Pool	1,021	7,293	9,818	-	-	-	170	-	19,952	-	5,555	21	43,830
Real Estate Investment Trust Pool	1,933	341	1,329	-	-	-	63	-	2,968	-	1,040	3	7,677
Tax Credit Loans	(3,767)	-	-	-	-	-	-	-	-	-	-	-	(3,767)
Tobacco Revenue Fixed Income	217	-	-	-	-	-	-	-	-	-	-	-	217
Total Investment Income	43,805	47,192	38,092	159	39	2,310	1,673	667	76,602	256	21,242	80	232,117
Transfer from (to) Other Funds	-	-	(17,795)	17,795	-	-	-	-	-	-	-	-	-
Net Investment Income	\$ 43,805	47,192	20,297	17,954	39	2,310	1,673	667	76,602	256	21,242	80	232,117

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Notes to Combined Schedules June 30, 2018

(1) THE ACCOUNTING ENTITY

The accompanying combined schedules present the financial position and changes therein, as of and for the year ended June 30, 2018, 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, High Yield 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.

Tax Credit Loans are valued at fair value by Treasury's valuation committee.

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Notes to Combined Schedules

June 30, 2018

(3) NON-INTEREST BEARING DEPOSITS

At June 30, 2018, non-interest bearing deposits totaled \$3.7 million, comprised of various State agency cash held pending redemption of State warrants and compensating balances.

(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, 2018 (in thousands):

Investment by fair value level	Total	Level 1	Level 2	Level 3
Cash Equivalents				
Certificate of Deposit	\$ 46,037	-	46,037	-
Commerical Paper	10,517	-	10,517	-
Deposits	37,830	37,830	-	-
Money Market	7,930	-	7,930	-
Repurchase Agreement	359,900	-	359,900	-
Short-term Investment Fund	3,120	-	3,120	-
Total Cash Equivalents	465,334	37,830	427,504	-
Debt Securities				
Corporate Bonds	890,166	-	890,166	-
Mortgage Backed	534,387	-	534,387	-
Municipal Bonds	15,407	-	15,407	-
Other Asset Backed	1,297,752	-	1,297,752	-
Tax Credit Loans	14,920	-	-	14,920
U.S. Government Agency	22,090	-	22,090	-
U.S. Treasury Bills, Notes, Bonds, and TIPS	3,261,756	-	3,261,756	-
Yankee Corporate	305,598	-	305,598	-
Yankee Government	35,282	-	35,282	-
Total Debt Securities	6,377,358	-	6,362,438	14,920
Equity Securities				
Commingled Equity Funds	1,723,315	1,723,315	-	-
Common and Preferred Stock	78,838	78,838	-	-
Depository Receipts	1,891	1,891	-	-
Real Estate Inv Trust	167,977	167,977	-	-
Total Equity Securities	1,972,021	1,972,021	-	-
Total investments by fair value level	8,814,713	2,009,851	6,789,942	14,920
Total investments measured at fair value	8,814,713			
Other Fiduciary Responsibility	(499,019)			
Net Receivables / (Payables) from Investment Activity	(21,416)			
Total Commissioner Invested Assets	\$ 8,294,278			

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Notes to Combined Schedules

June 30, 2018

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. Debt securities classified as level 3 are valued by the Treasury's valuation committee using an income approach.

(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.

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, 2018, the expected average life of individual fixed rate securities ranged from 2 days to 4.03 years and the expected average life of floating rate securities ranged from 12 days to 21.6 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, 2018, this pool is in the process of liquidation.

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, 2018, this pool held no securities or cash.

Intermediate, Broad Market, and High Yield 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.

High Yield Fixed Income Pool - $\pm 20\%$ of the US High Yield Ba ex 144As 2% Cap Bond Index.

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Notes to Combined Schedules

June 30, 2018

At June 30, 2018, the Commissioner's effective duration by investment type was as follows:

	Effective Duration
	(in years)
Corporate Bonds	6.25
Mortgage Backed	4.65
Municipal Bonds	13.87
Other Asset Backed	0.73
U.S. Government Agency	7.22
U.S Treasury Issuances	2.92
Yankee Corporate	4.42
Yankee Government	5.69
	4.01

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.

High Yield Fixed Income Pool investments are limited to no more than 10% of the portfolio's assets in securities rated A3 or higher by any rating agency (including government instruments). Cash held in the portfolio will be included in this limitation. Treasury may not invest more than 5% in securities rated below B3 or equivalent at the time of investment. Additionally, Treasury may not invest more than 5% of the portfolio's assets in unrated securities. Unrated securities shall be assumed to be rated below B3.

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.

The Commissioner has no policy regarding credit risk relating to Tax Credit Loans. The Commissioner's risk is limited by first lien priorities on tax credits supporting loans.

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Notes to Combined Schedules

June 30, 2018

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. At June 30, 2018, 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	Intermediate Term Fixed Income Pool	Broad Market Fixed Income Pool	High Yield Fixed Income Pool	Tax Credit Loans
AAA	\$ 1,446,892	15,805	29,120	-	-
AA	111,250	38,273	62,911	-	-
A	83,426	125,803	202,265	-	-
A-1	10,416	-	-	-	-
BBB	-	33,153	198,238	39,128	-
BB	-	-	-	168,860	-
B	-	-	-	24,515	-
U.S. Government Agency	-	-	22,090	-	-
U.S. Treasury Bills, Notes, Bonds, and TIPS	1,404,520	1,224,424	632,812	-	-
Not Rated	368,266	12,016	509,258	2,850	14,920
No Credit Risk	(295,234)	1,621	(77,138)	28,257	-
	\$ 3,129,536	1,451,095	1,579,556	263,610	14,920

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.

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, 2018, the State had the following uncollateralized and uninsured deposits:

	Amount (in thousands)
International Equity Pool	\$ 215

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, 2018, 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 2018 and invested assets included the following holdings at June 30, 2018, for the funds invested in the International Equity Pool:

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Notes to Combined Schedules

June 30, 2018

	Policy	Actual
GeFonsi II	4% -4% /+5%	4.70%
Constitutional Budget Reserve Fund	1% -1% /+5%	1.20%
Higher Education Fund	24% +/- 5%	23.10%
Illinois Creek Mine Reclamation Fund	24% +/- 5%	23.00%
AIA Revenue Fund	1% -1% /+5%	1.00%
Power Cost Equalization Endowment Fund	24% +/- 5%	23.20%
Public School Trust Fund, Principal	19% +/- 5%	18.40%
Retiree Health Insurance Fund, Long-Term Care	14% +/- 5%	13.40%

At June 30, 2018, the funds invested in the International Equity Pool had exposure to foreign currency risk as follows (in thousands):

	Deposits	Equity
Canadian Dollar	\$ 4	4,169
Danish Krone	-	1,449
Euro Currency	-	21,181
Japanese Yen	83	15,147
New Israeli Sheqel	-	30
Norwegian Krone	-	2,449
Pound Sterling	106	22,325
Singapore Dollar	-	1,838
Swedish Krona	40	3,175
Swiss Franc	-	3,864
Subtotal	233	75,627
Other Fiduciary Responsibility	(18)	(5,784)
Total Commissioner Responsibility	215	69,843

(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, 2018:

Investment Derivatives	Changes in Fair Value		Fair Value		Notional
	Classification	Amount	Classification	Amount	
FX Forwards	Investment Income	\$ 2,587	Long Term Instruments	-	-

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

INVESTED ASSETS UNDER THE INVESTMENT AUTHORITY OF THE COMMISSIONER OF REVENUE

Notes to Combined Schedules

June 30, 2018

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, 2018, the International Equity Pool had no outstanding contracts.

(7) TAX CREDIT LOANS AND RELATED PARTY DISCLOSURES

In 2015, the Commissioner of Revenue contemplated creating a Tax Credit Loan Program (Program). In lieu of the program, a line of credit was extended to an entity majority owned by the Alaska Industrial Development and Export Authority (AIDEA), a major component unit of the State of Alaska. The tax credits issued to the company were used as collateral for the loan. The Commissioner of Revenue (or his Designee) serves on the AIDEA board, as appointed by the Governor of Alaska.