Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Basic Financial Statements, Required Supplementary Information, and Other Information
Year Ended June 30, 2024

(With Independent Auditor's Report Thereon)

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Contents

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Independent Auditor's Report

The Board of Directors
Alaska Industrial Development and Export Authority
Anchorage, Alaska

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alaska Industrial Development and Export Authority (the "Authority"), a component unit of the State of Alaska, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

As discussed in Note 13 to the financial statements, during the preparation of the 2024 financial statements, an error was identified in the Authority's previously issued financial statements. The Authority has restated the beginning balance of net position as of July 1, 2023 to correct the error. Our opinion on the 2024 financial statements is not modified with respect to this matter.

As discussed in Note 14 to the financial statements, the Authority adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of *GASB Statement No. 62*. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of the Authority for the year ended June 30, 2023 (not presented herein), before restatement for the matter described in the Emphasis of Matter paragraph, were audited by other auditors, whose report dated December 8, 2023 (not presented herein) on those statements was unmodified.

As part of our audit of the 2024 financial statements, we also audited the adjustments described in Note 13 that were applied to restate the net position as of July 1, 2023. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 financial statements of the Authority other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule 1 – schedule of dividend information – unaudited and schedule 2 – schedule of development project information – unaudited but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
December 18, 2024

Management's Discussion and Analysis

Overview of the Financial Statements

- Management's Discussion and Analysis (MD&A) is intended to provide an objective and easily readable analysis of the Authority's financial activities based on currently known facts, decisions, or conditions.
- The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the fiscal year.
- The Statement of Revenues, Expenses, and Changes in Net Position reports the revenues, expenses, and the resulting change in fund net position as of the end of the fiscal year.
- The Statement of Cash Flows reports the sources and uses of cash using the direct method of presenting cash flows from operating activities and includes a reconciliation of operating cash flows to operating income.
- Notes to the Basic Financial Statements provide detailed information to enhance understanding of the financial information reported in the basic financial statements.
- Required Supplementary Information other than MD&A reports detail of the Authority's share of the net pension liability and net other postemployment benefits (OPEB) liabilities and assets due to the Authority's participation in the State Pension and OPEB plans.
- The Other Information section contains a Schedule of Dividend Information detailing the amount of dividends paid and appropriated to the State of Alaska and also a Schedule of Development Project Information providing unaudited explanatory information about the Authority's development projects.

Financial Summary

Although the financial statements of the Authority are not presented in a comparative format, the fiscal year ending June 30, 2023 has been presented within the tables of this section for comparative purposes. Some amounts within fiscal year 2023 have been restated from prior year financial statements to correct errors related to the fiscal year 2022 implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. The Authority erred by restating the assets underlying existing direct-financing leases at their historical cost rather than using the residual value of the leases as the carrying values of the underlying assets. Additionally, errors in capital asset classification and depreciation expense related to the 1997 acquisition of the Ketchikan Shipyard were also identified and corrected. The correction of each of these errors is presented in greater detail in Note 13. Correction of Error, which can be found within the notes to the financial statements.

The Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at June 30, 2024 and 2023 by $1,490,989 thousand and $1,438,153 thousand, respectively. This is an increase of $52,836 thousand for the fiscal year.

The unrestricted net position increased by $46,427 thousand to $1,266,297 thousand. Although this amount is unrestricted and therefore available for future operations, a substantial portion of it has been deployed to finance loans, leases, and other investment opportunities. Unrestricted cash and cash equivalents made up only $375,570 thousand of the unrestricted net position.

The Authority manages its cash to not only provide resources for loans, projects, and other investment opportunities, but also to facilitate bonding when the need arises. It also manages cash to generate interest earnings and to pay dividends to the State of Alaska.

Operating revenues, which are revenues generated by the Authority's principal ongoing operations, totaled $65,420 thousand. These operating revenues were offset by operating expenses of $31,465 thousand. Operating income, which is the net result of operating revenues less operating expenses, totaled $33,955 thousand.

There was a decrease in operating expenses of $8,600 thousand compared to the prior year. A large portion of this decrease was from a $7,715 thousand credit to the provision for loan losses. The reasons for this adjustment are discussed in greater detail in the Detailed Analyses section of the document.

The DeLong Mountain Transportation System continues to be a significant source of operating income for the Authority. In fiscal year 2024, tolls from the use of these assets generated $33,547 thousand. Direct expenses were $8,514 thousand and depreciation expenses were $3,343 thousand, for total expenses of $11,857 thousand. The combined revenues and expenses associated with this project resulted in a net increase of $21,690 thousand, or almost sixty-four percent of the Authority's operating income.

Although GAAP defines revenues and expenses related to financing as nonoperating revenues and expenses, GAAP also requires governments to establish a policy that defines operating revenues in a way that is appropriate to the nature of the activity being reported, and displays the extent to which an enterprise's operating expense were covered by revenues generated by its principal ongoing operations.

The Authority has determined that revenues derived from direct-financing leases should be considered operating revenues, because these financing activities are a principal function of its ongoing operations.

Investment income, which is considered nonoperating revenue under GAAP, played a significant role in the year-over-year increase in net position for the Authority.

Investment interest, the net change in the fair value of investments, and investment fees totaled $30,098 thousand, which is an increase of $22,055 thousand from the prior year.

Impairment losses of $891 thousand were $9,739 thousand less than the prior year. These impairment losses were from the Mustang Holding LLC component unit, which was fully divested by sale in the 2024 fiscal year. This sale permitted the Authority to avoid additional expenses and contingent liabilities associated with potential future pollution remediation and dismantlement, removal, and restoration costs.

The Authority also recognized $17,904 thousand in dividend expense to the State of Alaska, which was $11,424 thousand more than the prior year.

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The table below summarizes the Authority's changes in assets, liabilities, and net position (in thousands) as of June 30, 2024 and 2023:

Assets	FY 2024	FY 2023 (RESTATED)	CHANGE
Current assets	$ 429,371	$ 351,338	$ 78,033
Capital assets	180,158	175,638	4,520
Other noncurrent assets	1,097,581	1,138,371	(40,790)
Total assets	1,707,110	1,665,347	41,763
Total deferred outflows of resources	1,780	1,378	402
Total assets and deferred outflows of resources	1,708,890	1,666,725	42,165
Liabilities			
Current liabilities	14,325	4,906	9,419
Noncurrent liabilities	28,815	28,442	373
Total liabilities	43,140	33,348	9,792
Total deferred inflows of resources	174,761	195,224	(20,463)
Net position			
Investment in capital assets	180,158	175,638	4,520
Restricted	44,534	42,645	1,889
Unrestricted	1,266,297	1,219,870	46,427
Total net position	1,490,989	1,438,153	52,836
Total liabilities, deferred inflows of resources and net position	$1,708,890	$ 1,666,725	$ 42,165

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The following table presents current assets (in thousands):

Current assets	FY 2024	FY 2023 (RESTATED)	CHANGE
Cash and cash equivalents			
Unrestricted	$ 274,394	$ 296,679	$ (22,285)
Unrestricted but reserved for loan and equity commitments	101,176	4,526	96,650
Loans	21,583	18,533	3,050
Lease receivables	6,751	7,216	(465)
Investments	16,090	16,087	3
Due from Alaska Energy Authority	2,790	4,057	(1,267)
Accrued interest receivable on investments	2,652	2,277	375
Accrued interest receivable on loans	1,852	1,865	(13)
Other accounts receivable	2,015	24	1,991
Other assets	68	74	(6)
Total current assets	$ 429,371	$ 351,338	$ 78,033

At $429,371 thousand, current assets were $78,033 thousand higher than the prior year. This large change was primarily due to a net increase in the Authority's more liquid assets, specifically cash and cash equivalents, which increased by $74,365 thousand. The amount of unrestricted cash and cash equivalents held by AIDEA which has been committed by Board action for FY2025 includes amounts for HEX Cook Inlet ($50,000 thousand), the Alaska Gasline Development Corporation ($50,000 thousand), Loan Participation Program loans, and other projects.

Operating activities contributed $47,811 thousand to the increase in cash and cash equivalents. A combined $60,105 thousand came from loans, with $42,399 thousand in principal payments and $17,706 thousand in interest payments. Outflows of $19,593 thousand to fund loans partially offset the increase in cash from loan payments. The net payoff of loans accounted for $40,512 thousand of the addition to cash and cash equivalents.

The noncapital financing activities of the Authority consisted of only dividends paid to the State of Alaska in the amount of $10,952 thousand. This amount is less than the $17,904 thousand in dividend expense recognized due to the timing of $6,952 thousand in dividends that was not paid to the State of Alaska until after the end of the fiscal year.

Capital and related financing activities contributed a net of $18,210 thousand to the increase in cash. The Authority received reimbursements in the amount of $16,892 thousand that had been paid in a prior year for leases in Section 1002 of the Arctic National Wildlife Refuge (ANWR). Principal payments on leases, capital contributions from Ambler Metals, LLC, and capital appropriations from the State of Alaska increased cash by $13,232 thousand. Investment in capital assets used $11,914 thousand of cash.

The higher interest rate environment enabled the Authority to realize a significant increase in interest income. Management has been intentionally building reserves of cash and short-term investments to better position the Authority for investment in larger projects and loans without having to issue significant amounts of debt. By increasing liquidity so there are more resources available to finance larger investment opportunities, the Authority may realize higher net returns on its investments than it would otherwise if it had to use revenues generated by its investments to also service debt. However, with higher reserves of cash and cash equivalents, there is a risk of decreased interest income if interest rates were to fall below the returns earned on loans, leases, and other assets.

Investing activities provided a net increase of $17,072 thousand in cash. The Authority purchased $211,016 thousand in investment securities and $196,625 thousand matured or were sold. The net decrease in cash from these investing activities was offset by $12,527 thousand in interest received from investments and $18,936 thousand in interest received on cash and cash equivalents, for a total of $31,463 thousand in interest payments.

The current portion of loans increased by $3,050 thousand to $21,583 thousand. This amount represents the amount of loan principal that is scheduled to mature on or before June 30, 2025. The $13 thousand decrease in accrued interest receivable on loans is a smaller reduction than the overall reduction in the size of the loan portfolio, which is indicative of an increase in the weighted average effective interest rate for the loan portfolio.

Investments and accrued interest receivable on investments made up $378 thousand of the increase in current assets. A $1,267 thousand decrease in the amount due from the Alaska Energy Authority, coupled with a $465 thousand decrease in the current portion of direct financing leases accounted for as lease receivables and $1,985 thousand decrease in other assets and other accounts receivable made up the remainder of the change in total current assets.

The following table details noncurrent assets (in thousands):

Noncurrent assets	FY 2024	FY 2023 (RESTATED)	CHANGE
Cash and cash equivalents (restricted) - Snettisham	$ 12,155	$ 13,479	$ (1,324)
Cash and cash equivalents (restricted)	44,164	45,063	(899)
Investments	332,344	319,696	12,648
Net other post-employment benefits (OPEB) asset (restricted)	5,398	3,674	1,724
Loans, net of allowance for loan losses	518,657	536,713	(18,056)
Lease receivables	181,884	198,248	(16,364)
Component Unit - Mustang Holding LLC	-	4,870	(4,870)
Capital assets, net of depreciation	180,158	175,638	4,520
Other Assets	2,979	16,628	(13,649)
Total noncurrent assets	$ 1,277,739	$ 1,314,009	$ (36,270)

Noncurrent assets decreased by $36,270 thousand during the year.

Cash and cash equivalents restricted by agreements, which is therefore not available for use in current operations, decreased by $2,223 thousand to $56,319 thousand.

Much of the overall increase of $12,651 thousand in the investment portfolio was in noncurrent investments, which increased by $12,648 thousand.

The net other post-employment benefits (OPEB) asset represents the Authority's allocated portion of the asset for OPEB benefits provided through the State of Alaska Public Employees' Retirement System (PERS). The amount increased by $1,724 thousand because of a change in the proportionate share of OPEB asset related to the Authority's participation in the PERS plan.

At $518,657 thousand, loans net of allowances for loan losses made up $18,056 thousand of the net decrease in noncurrent assets.

The net reductions in the loan portfolio due to maturities and prepayments were partially offset by a $14,548 thousand reduction in the loan loss reserve. Of this reduction, $12,919 thousand was the result of restructuring the BlueCrest Alaska Operating, LLC loan and $1,629 thousand was related to the Mustang Operations Center 1, LLC loan.

Noncurrent lease receivables were lower by $16,364 thousand compared to the prior year. Out of this amount, $12,166 thousand was related to the Federal Express Aircraft Hanger and Maintenance Facility lease. The Federal Express Corporation did not exercise the lease extension as expected, leaving the lease to continue on a month-to-month basis. Because either party may cancel the lease, it was accounted for as a short-term lease under Government Accounting Standards Board (GASB) Statement No. 87, which required that the remaining receivable and deferred inflows of resources be recognized as a loss. The remaining $4,198 thousand decrease in lease receivables was the result of scheduled lease payments.

Other assets were lower by a net of $13,649 thousand. The primarily causes of this net reduction were the receipt of $16,892 thousand in reimbursements related to the ANWR Section 1002 leases and an addition of $2,979 thousand in long-term receivables related to the sale of the Mustang Holding LLC component unit to Finnex Operating, LLC.

There was a net reduction in noncurrent assets of $1,891 thousand related to the sale of the Mustang Holding LLC component unit. That amount is comprised of a $4,870 thousand reduction in the component unit offset by an increase in other assets of $2,979 thousand in long-term receivables that will be payable by Finnex Operating, LLC.

The following table details deferred outflows of resources (in thousands):

Deferred outflows of resources	FY 2024	FY 2023 (RESTATED)	CHANGE
Related to pensions	$ 1,453	$ 1,105	$ 348
Related to other post-employment benefits	327	273	54
Total deferred outflow of resources	$ 1,780	$ 1,378	$ 402

Deferred outflows of resources increased approximately $402 thousand from the prior year.

Deferred outflows of resources related to employee pensions represents the Authority's allocated portion of deferred outflows of resources relating to participation in the PERS, based on the most recent plan valuation. Deferred outflows of resources include the impact of changes in certain actuarial assumptions and experience. The Authority's allocated portion of these amounts increased approximately $348 thousand this year. Deferred outflows of resources related to employee OPEB represents the allocated portion of deferred outflows of resources relating to the Authority's participation in the OPEB plan. The balance increased approximately $54 thousand this year.

The State's proportionate share of deferred outflows of resources related to employee OPEB increased this year, which increased the balance allocated to the Authority, as its portion is based on fiscal year contributions to the defined benefit plan under PERS in relation to the State's contributions.

The following table details current liabilities (in thousands):

Current Liabilities	FY 2024	FY 2023 (RESTATED)	CHANGE
Accounts payable	$ 10,685	$ 4,362	6,323
Other liabilities	3,640	544	3,096
Total current liabilities	$ 14,325	$ 4,906	$ 9,419

Current liabilities increased by $9,419 thousand from the prior year. This was due to an increase in accounts payable of $6,323 thousand. Of this amount, $6,952 thousand was for dividends declared to the State of Alaska that had not been paid by June 30, 2024. In fiscal year 2023, Teck Resources Limited overestimated the amount due to the Authority for its use of the DeLong Mountain Transportation System assets. This overestimation resulted in an overpayment to the Authority, and there was a $3,288 thousand increase in liabilities at the end of the year due to this credit.

The following table details noncurrent liabilities (in thousands):

Noncurrent Liabilities	FY 2024	FY 2023 (RESTATED)	CHANGE
Net pension liability	$ 11,667	$ 9,160	$ 2,507
Due to State of Alaska	4,993	5,803	(810)
Other liabilities (restricted) for Snettisham	12,155	13,479	(1,324)
Total noncurrent liabilities	$ 28,815	$ 28,442	$ 373

Noncurrent liabilities increased by $373 thousand. The net pension liability represents the allocated portion of the liability for pension benefits provided through PERS. The Authority's portion of the liability increased by $2,507 thousand. The State's proportionate share of net pension liability increased, which increased the balance allocated to the Authority.

The Authority had a liability of $4,993 thousand to the State of Alaska. Of this amount, $4,846 thousand was an advance from the State of Alaska for the West Susitna Access Project. Another $147 thousand was interest earned on this appropriation, which is not recognized as revenue of the Authority and is turned over to the State of Alaska.

Other liabilities in the amount of $12,155 thousand is for cash related to the conduit debt for the Snettisham Hydroelectric Project. This is a decrease of $1,324 thousand from the prior year.

The following table presents deferred inflows of resources (in thousands):

Deferred inflows of resources	FY 2024	FY 2023 (RESTATED)	CHANGE
Related to leases	$ 174,544	$ 194,935	$ (20,391)
Related to OPEB	217	289	(72)
Total deferred inflows of resources	$ 174,761	$ 195,224	$ (20,463)

Deferred inflows of resources, which represents the receipt of resources that will be recognized as revenues in future periods, decreased to $174,761 thousand. Of this amount, $174,544 thousand is related to leasing of the Authority's capital assets to other parties.

Total net position increased by $52,836 thousand to $1,490,989 thousand during the fiscal year. Of that amount, $224,692 thousand is invested in capital assets or restricted by agreements with third parties. The $1,266,297 thousand unrestricted net position is available for use in the Authority's operations. However, only $391,660 thousand, which consists of current assets such as cash and cash equivalents and investments, could be liquidated to finance projects, loans, or other investment opportunities without realizing material losses. Noncurrent assets such as investments could also be liquidated if the Authority needed additional cash, but doing so would result in the Authority realizing gains or losses on the disposals, depending on market conditions at the time of liquidation.

The following table details the Authority's net position (in thousands) for current and prior years:

Net position	FY 2024	FY 2023 (RESTATED)	CHANGE
Net investment in capital assets	$ 180,158	$ 175,638	$ 4,520
Restricted by agreement with third parties	44,534	42,645	1,889
Unrestricted	1,266,297	1,219,870	46,427
Total net position	$ 1,490,989	$ 1,438,153	$ 52,836

Key factors influencing the increase in net position for the current year include:

- A $7,715 thousand credit to the loan loss provision, effectively increasing operating income.
- Management of the Authority used a portion of assets that were converted to cash and cash equivalents over the past year to benefit from the higher interest rates and increase investment interest by $9,146 thousand. Interest earned on investment securities was also up by $2,215 thousand over the prior year.
- The net change in fair value of the Authority's investments increased by $10,999 thousand compared to the prior year. Although some of this change is the result of investments which have matured or were sold, interest rates have fallen slightly from their previous highs, enabling the value of investment holdings to increase.
- The dividend declared to the State of Alaska was $11,424 thousand larger than in the prior year, which reduced net position.

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The table below summarizes the Authority's changes in revenues, expenses, and changes in position (in thousands) for the years ended June 30, 2024 and 2023:

	FY 2024	FY 2023 (RESTATED)	CHANGE
Operating revenues	$ 65,420	$ 74,451	$ (9,031)
Operating expenses	(31,465)	(40,065)	8,600
Operating income (expense)	$ 33,955	$ 34,386	$ (431)
Nonoperating revenues	$ 32,795	$ 22,454	$ 10,341
Nonoperating expenses	(20,535)	(29,891)	9,356
Total nonoperating revenues (expenses)	$ 12,260	$ (7,437)	$ 19,697
Capital contributions	$ 6,621	$ 7,274	$ (653)
Increase (decrease) in net position	$ 52,836	$ 34,223	$ 18,613

The following table details the Authority's operating revenues (in thousands) for current and prior years:

Operating revenues	FY 2024	FY 2023 (RESTATED)	CHANGE
Interest from loans	$ 17,693	$ 18,382	$ (689)
Lease revenue	24,728	26,079	(1,351)
Income from Alaska Energy Authority	7,707	6,275	1,432
Other income	15,292	23,715	(8,423)
Total operating revenues	$ 65,420	$ 74,451	$ (9,031)

At $65,420 thousand, operating revenues were $9,031 thousand higher than the prior year.

Much of this was related to revenues from Teck Resources Limited, which were lower by a total of $6,122 thousand. The contingent tonnage fee made up $2,505 thousand of that amount, the zinc price escalator made up $2,193 thousand, and the remaining $1,424 thousand was related to the quarterly tonnage sensitive minimum annual assessment.

Income from the Alaska Energy Authority (AEA) was up by $1,432 thousand. Although this is revenue of the Authority, it is used to offset operating expenses that the Authority had already incurred to employ staff to conduct operations for AEA.

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The following table details the Authority's operating expenses (in thousands):

Operating expenses	FY 2024	FY 2023 (RESTATED)	CHANGE
General and administrative	$ 18,801	$ 13,748	$ 5,053
Net pension related adjustments	2,169	(279)	2,448
Net OPEB related adjustments	(1,848)	(804)	(1,044)
Provision for loan losses (recovery)	(7,715)	5,362	(13,077)
Depreciation	7,394	6,481	913
Project Expenses	12,664	15,557	(2,893)
Total operating expenses	$ 31,465	$ 40,065	$ (8,600)

At $31,465 thousand, operating expenses were $8,600 thousand lower than the prior year. Approximately $13,077 thousand of this difference was due to a reduction in the provision for loan losses, which had a $7,715 thousand credit in the current year.

General and administrative expenses were a net of $5,053 thousand higher. Personnel service expenses for both the Authority and AEA operations caused $2,642 thousand of this increase. The cost of contractual services was $2,355 thousand higher than the prior year.

The following table details AIDEA's nonoperating revenues, expenses, and capital contributions (in thousands) for the current and prior years:

Nonoperating revenues (expenses)	FY 2024	FY 2023 (RESTATED)	CHANGE
Investment interest	$ 31,838	20,824	11,014
Net change in fair value of investments	(1,105)	(12,104)	10,999
Investment fees	(635)	(677)	42
Appropriations and contributions from State of Alaska	957	1,630	(673)
Impairment loss	(891)	(10,630)	9,739
Dividend to the State of Alaska	(17,904)	(6,480)	(11,424)
Total nonoperating revenues (expenses)	$ 12,260	$ (7,437)	$ 19,697

Nonoperating revenues and expenses at year end were $12,260 thousand, an increase of $19,697 thousand from the prior year.

Investment interest was $31,838 thousand. Of this amount, $12,902 thousand was interest earned on investments and the remaining $18,936 thousand was earned on cash or cash equivalents.

The Authority recorded a $1,105 thousand loss related to the net change in the fair value of investments during the year. This is a $10,999 thousand increase from the prior year, and reflects a smaller decrease in the overall value of investment securities held by the Authority.

The final divestiture of the Mustang Holding, LLC component unit through sale to Finnex Operating, LLC resulted in an additional impairment loss of $891 thousand. This is $9,739 thousand less than the prior year.

The expense for dividends to the State of Alaska reduced the total of operating revenues net of expenses by $17,904 thousand.

In a prior year, the Authority received an advance from the State of Alaska for the West Susitna Access Project, and only recognizes this as revenue when qualifying expenses are incurred. Revenue from appropriations and contributions from the State of Alaska was $957 thousand. The Authority expects to recognize substantially more of this type of revenue in the upcoming year, as it intends to submit applications for the permitting required to construct the road.

Capital contributions amounted to $6,621 thousand for the year. This is $653 thousand less than the prior year, and is based on the Authority incurring project expenses qualifying for reimbursement by Ambler Metals, LLC. Although permitting for the Ambler Road was congressionally mandated in the Alaska National Interest Lands Conservation Act in 1980, progress on the Ambler Mining District Industrial Access Project has been slower and more costly than expected due to delays in obtaining the permitting required to construct the road. However, the Authority remains just as committed as ever to this project, and will continue to pursue acquisition of the requisite permits.

Significant Capital Asset and Long-Term Financing Activity

There were $11,802 thousand in additions to capital work in progress during the year. Of that amount, $10,746 thousand was for Ambler Mining District Industrial Access Project costs related to obtaining the permitting and right-of-way needed to construct the road. When completed and ready to provide service, these additions are expected to be classified as internally generated intangible assets. There were $1,027 thousand in additions to capital work in progress for the West Susitna Access Project, which will also be classified as internally generated intangible assets when complete. The remaining $29 thousand in additions were for other construction work in progress and building improvements.

The Authority recognized capital contribution revenue in the amount of $6,621 thousand from Ambler Metals, LLC. These revenues were to reimburse the Authority for project-specific costs it incurred for the Ambler Mining District Industrial Access Project

Commitments of Authority Resources

The Board has committed significant amounts of the Authority's resources to fund future development projects and loans, and the Authority currently has applications and inquiries amounting to hundreds of millions of dollars under varying stages of review.

The Authority is also legally required to pay for the dismantlement and removal of assets and restoration of land when certain existing assets are retired from service. The amounts of these future DR&R obligations are not currently known and therefore these liabilities have not yet been recorded in the financial statements.

The commitments of resources are discussed in greater detail in Note 12 of the notes to the financial statements under the heading of Loans and Loan Participation Purchase Commitments. The DR&R obligations are also discussed in Note 12, but under the heading for Environmental Contingencies.

Currently Known Facts, Decisions, or Conditions

Selected Operational and Financial Metrics

Management uses a variety of operational and financial goals and objectives to evaluate performance and financial condition. As discussed in more detail herein, certain of these metrics are critical to understanding the financial condition of the Authority. These financial comments are provided along with the related GAAP financial measures as we believe they provide useful information to the public and the Legislature and others as a supplement to our financial statements, which are prepared and presented in accordance with GAAP. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

Results Related to Certain Projects

Beginning in January 2023, and continuing to date, management has engaged in a sustained effort to resolve potential liabilities and ongoing costs related to two projects – the Mustang Development Loan and the BlueCrest Alaska Operating, LLC loan. Both of these projects were financially and operationally challenged and lacked adequate collateral. Management has adopted policies and procedures to mitigate risks and prevent certain conditions from reoccurring in the future.

Mustang Development Loan

Brooks Range Petroleum Corporation (BRPC), the principal borrower on the Mustang Development Loan, also known as the Mustang oil and gas project, went into breach of payment obligations in October 2019. The only collateral the Authority had were the leases, a 15-acre drilling pad, equipment located in the US and Canada, wells, a 1,200-foot common carrier pipeline, and a 4 ½ mile gravel road. In October 2019, the Authority issued notices of default and after the cure period chose to foreclose on the collateral identified above. Because the operation never produced sustained levels of oil and gas, the Authority took title to assets and property that was not only failing to produce revenue, but was also incurring significant costs to own, in terms of pad maintenance, insurance, bonding, property taxes, obligations for plugging and abandonment of the pipeline, wells, and road. Several lawsuits were filed just after foreclosure for recorded miners' liens for invoices that went unpaid by the former operator, BRPC. After months of effort and negotiations, the Authority was able to negotiate a sale of the entity holding the assets, Mustang Holding, LLC.

The sale provided one million in cash and $2,470 thousand to the Authority, secured by letters of credit, rather than the Mustang real property and assets. The Authority also avoided tens of millions of dollars in potential liabilities for liens, plugging and abandonment, attorney fees, and related costs. The Authority retained oil tax credits of roughly $14,586 thousand and an overriding royalty interest in the ConocoPhillips-owned and operated PUTU Unit, as well as several leases that are not part of the Oil Search operated Quokka Unit, which if either are developed, will provide future revenue to the Authority.

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BlueCrest Alaska Operating, LLC Loan

The BlueCrest Alaska Operating, LLC oil and gas loan, issued in mid-2015 with a 7-year tenor, was first modified within eighteen months of execution. A series of fourteen modifications and forbearances followed over nine years. The only collateral held by the Authority was in the form of a drill rig and a 50-bed man camp. All other collateral, including the real property oil and gas leases, have been pledged to other financing parties. The Authority has received payments totaling $35,617 thousand with a calculated final payment of $3,248 thousand due by July 1, 2025.

Results Related to Returns on Cash and Cash Equivalents

Another major management initiative was to review all of the bank accounts of the Authority, explore opportunities for consolidation, and ensure that all cash was earning reasonable returns based on market rates.

This review identified more than $46.5 million in resources that could be put to better use, including $16.9 million previously paid to the Bureau of Land Management for leases, $14.6 million in tax credits, and an account holding $15 million for cost overruns for the Red Dog expansion project from the late 1990's that management discovered was only being maintained due to contract terms. The Authority intends to meet with Teck Resources Limited and amend agreements to release these resources for other uses.

New Project Areas

Management has received applications from several entities related to the technology sector. Management views this area as a significant area to consider investing in and will process all requests using due diligence.

The expansion of the technology sector is intrinsically linked to the development of data centers and cloud-based services, both of which are pivotal for the enhancement of modern infrastructure. Management is actively exploring opportunities to develop the necessary infrastructure to position Alaska as a premier international center for artificial intelligence and technology commerce. Strategic investments in data centers and cloud services will provide a solid foundation for technological innovation and attract new global enterprises to the state.

Moreover, Alaska's substantial electrical generation capacity presents a distinct competitive advantage. By capitalizing on this capacity through carbon-neutral methods, such as hydroelectric, wind, and solar power or carbon capture systems, Alaska can ensure sustainable and environmentally responsible technological growth. This strategy not only aligns with global sustainability initiatives but also reinforces our commitment to establishing Alaska as a forward-looking and eco-friendly technology hub that can coexist alongside a strong, responsible resource development economy.

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Loan Participation Program Highlights

The overall usage of the loan program by the State's commercial lenders has decreased due to multiple factors which include, but are not limited to, higher interest rates, lower borrowing power, less qualified borrowers, and market uncertainty. However, the higher interest rates, combined with increased costs for both materials and labor, have positioned the Authority to be integral to the success of a number of construction projects which would not otherwise be funded by financial institutions. Although there may currently be fewer applications, the Authority has experienced an increase in the dollar amount of applications. Over the course of the year, the Authority approved loan participations of more than $74 million dollars. Included in these loans were two new office/hotel buildings in downtown Anchorage as well as several new construction and real estate projects across Alaska. Because of lender limitations outside of the Authority's control, $28 million of the $74 million in loans the Authority approved are not expected to be funded. However, the high dollar amount of loan approvals over this period points to a potential for growth in the loan participation program compared to the past several years.

The loan participation program still maintains a zero percent delinquency rate, and as loans with lower interest rates mature, management of the Authority expects new loans with higher interest rates will be funded, increasing the effective interest rate of the loan portfolio.

State Rights Asserted Against Federal Government

AIDEA, on behalf of the State of Alaska, is preparing to launch three separate litigation alternatives in an effort to curb unhindered, inappropriate and illegal federal overreach that severely impacts and threatens the Authority's projects, its mission and purpose. These three initiatives include: 1) Statehood Access litigation; 2) Seeking injunctive relief relating to ANWR Area 1002 Lease Sales; and 3) Lifting and/or Termination of Public Land Ord 5150.

1. Statehood Access Litigation

One of the primary purposes of the Authority is to develop and provide financing for industrial development and facilities that "are essential to the development of the natural resources and the long-term economic growth of the state, and will directly and indirectly alleviate unemployment in the state..." See AS 44.88.010(a)(4), 44.88.070(1). The mission of the Authority is to work with public and private institutions to promote, develop, and advance the general prosperity and economic welfare of the people of the state.

The Authority's Ambler Mining District Industrial Access Project is aimed at the development of an industrial road that provides access for multiple mining companies to the Ambler Mining District for exploration and mine development and is the type of development that the Authority was established to pursue. The opening of new areas for natural resource development through the construction of access roads is important in supporting economic development and is in furtherance of the Authority's statutory mission. In 2020, the Bureau of Land Management ("BLM") issued a joint record of decision ("JROD") approving the Ambler Road Project. In many ways, the JROD specifically recognized and acknowledged the State of Alaska's express rights to access and cross those federal lands.

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Despite the 2020 JROD, and while that decision was being challenged by third parties, the Department of Interior ("DOI") and BLM, under a new presidential administration, moved for the voluntary remand of the JROD, stating that it intended to revisit its decision. In June 2024, the BLM ultimately issued a ROD regarding the Ambler Access Road, selecting the "No Action" alternative. In doing so, the BLM ignored multiple non-discretionary federal laws and regulations that grant Alaska an undeniable right to road access to the Ambler Mining District, with such provisions including but not limited to the following. BLM is required to follow federal laws, rules and regulations. Key among these is the Alaska National Interest Lands Conservation Act, Pub. L. 96-487 ("ANILCA"). ANILCA provides the owner of parcels surrounded by DOI lands with a mandatory right of access over those lands as the agency determines are "adequate to secure" the "reasonable use and enjoyment" of the surrounded parcel, subject to DOI's "rules and regulations applicable to access over public lands." Title II, Section 201(4)(b) of ANILCA further provides that: "Congress finds that there is a need for access for surface transportation purposes across the Western (Kobuk River) unit of the Gates of the Arctic National Preserve (from the Ambler Mining District to the Alaska Pipeline Haul Road) and the Secretary shall permit such access in accordance with the provisions of this subsection." "Shall" means access is non-discretionary to any of the Federal Agencies, including the BLM.

ANILCA section 1110(b), codified as 16 U.S.C. § 3170(b), says that "the State or private owner or occupier shall be given by the Secretary such rights as may be necessary to assure adequate and feasible access for economic and other purposes to the concerned land by such State or private owner or occupier and their successors in interest." This Statutory language clearly requires the Secretary to grant access to inholdings for the State or other persons or entities with mineral rights.

Similar to the non-discretionary access requirements contained in ANILCA, the 1976 Federal Land Policy and Management Act ("FLPMA"), Section 302(b), codified as 43 U.S.C. § 1732(b), guarantees reasonable and feasible access to federal mining patents. There are over 500 acres of federally patented mining claims in the Ambler Mining District. This provision provides a guarantee of reasonable and economically feasible access across federal land to prospect for, mine, and remove minerals and further, limits the Secretary's authority under the National Environmental Policy Act.

The BLM's selection of the No Action alternative affirmatively prevents use of any transportation and utility corridor to the Ambler Mining District in the manner contemplated by the 1872 Mining Law, Section 6(i) of the Alaska Statehood Compact, and ANILCA Sections 201(4)(d), 203, 206, 1109 and 1323(b) and FLPMA Section 302(b).

2. Injunctive Relief Relating to ANWR Area 1002 Lease Sales

Section 20001(b)(2)(A) of Public Law 115-97 (Dec. 22, 2017) (the "Tax Cuts and Jobs Act") requires the Secretary of the Interior, acting through the Bureau of Land Management, to establish and administer a competitive oil and gas program for the leasing, development, production, and transportation of oil and gas in and from the Arctic National Wildlife Refuge (ANWR) Coastal Plain.

The Tax Cuts and Jobs Act required that the lease sales be not fewer than 400,000 acres each and be in the areas of the highest potential for the discovery of hydrocarbons. The first of the two lease sales occurred in January 2021, however, the leases awarded as a result of that sale were subsequently unlawfully suspended and later cancelled. The Authority has been litigating the suspension and cancellation of the awarded leases ever since that occurred. Despite not having yet even held a single valid lease sale in ANWR as required by the Tax Cuts and Jobs Act, the BLM is now preparing to hold the second of the two lease sales required by the Act. It is anticipated that the BLM may attempt to use a flawed Final Environmental Impact Statement analysis as the means to make the most productive portions of ANWR Area 1002 unavailable for oil production.

As outlined above, it has become clear that the federal government is unwilling to honor the legal commitments it has previously made to Alaska by way of the 1872 Mining Law, the Alaska Statehood Compact, ANILCA, FLPMA, and the Tax Cuts and Jobs Act. The federal government's actions referenced above are not only contrary to explicit legal provisions and authority, but further, they severely impact the Authority's ability to fulfill its statutory mission and purpose and further, greatly harm the economic and long-term prosperity of the state and its citizens. Immediate legal action by the Authority is required to compel the federal government to honor the statutory, regulatory and other legal commitments it has made to Alaska and its citizens regarding access to the state's resources. The Authority is entitled to expend funds from its Revolving Fund on outside legal counsel to advance its statutory purpose, mission and projects. The Authority intends to pursue a legal strategy that will address and counter the unlawful actions of the federal government as described above. Taking such legal action is in furtherance of the Authority's statutory powers and advances the public interest.

3. Lifting and/or Termination of Public Land Order 5150

Normally, the federal government can only control and dictate what occurs on land that it owns. In Alaska, the federal government has no shortage of land to do so. Unfortunately, in Alaska, the federal government has sought to use inapplicable, outdated and repealed legal authority to inappropriately manage and control vast swaths of land that the federal government does not own and has no legal authority to control. In Alaska and many of our sister Western States, the federal government is inappropriately doing so through the Public Land Order ("PLO") system.

The State of Alaska's unique right to access and use certain lands within its borders has been protected by federal law since statehood. That absolute right, as a sovereign state separate and apart from all other states, is found in the express language of numerous laws, including the Alaska Statehood Act, the Alaska Native Claims Settlement Act, Public Land Order 5150, the Federal Land Policy Management Act, and the Alaska National Interest Lands Conservation Act. The State of Alaska's right to access and use certain lands prohibits the federal government and its agencies from unlawfully withdrawing those federal lands from access and use. Those "certain lands" include the millions of acres the State of Alaska "selected" pursuant to the Alaska Statehood Act and then "top-filed" under the Alaska National Interest Lands Conservation Act.

Specifically, PLO 5150 has been used by the federal government to withdraw and restrict over 2 million acres of land in Alaska. While perhaps initially lawful, PLO 5150 was issued pursuant to authority that has long since been revoked, and recently, the federal government, both in its actions and inactions, have failed to comply with the initial purpose of the withdrawal and with the express statutory requirements that apply to land withdrawals of this nature. In fact, in recent decisions concerning these lands, the federal government has signaled a clear, ongoing intent to manage the lands subject to PLO 5150 as if it is a permanent land withdrawal, and not, as a temporary withdrawal for a limited purpose. As a result, Federal Defendants have managed those lands in an improper and unlawful way.

Further, despite the absolute statutory requirement to do otherwise, the federal government has failed to revoke PLO 5150. This failure has caused great harm to the State of Alaska and its citizens by preventing local control of those lands and by impeding desired economic growth. It is time for the federal government to act in accordance with clear federal law. In this regard, the federal government has no discretion. Put bluntly, so many years after statehood, Alaska "ought to be able to manage its property knowing what is its property." Alaska v. United States U.S ., 201 F.3d 1154, 1165 (9th Cir. 2000). The Authority is preparing to mount a legal challenge to these inappropriate and illegal federal actions.

Requests for Information

This financial report is designed to provide a general overview of AIDEA's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Alaska Industrial Development and Export Authority
813 West Northern Lights Blvd.
Anchorage, Alaska 99503

Basic Financial Statements

Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Statement of Net Position
(in thousands)

June 30, 2024

Assets		
Current Assets		
Cash and cash equivalents		
Unrestricted	$	274,394
Unrestricted but reserved for loan and equity commitments (Note 12)		101,176
Investments		16,090
Due from Alaska Energy Authority		2,790
Loans		21,583
Lease receivables		6,751
Accrued interest receivable - investments		2,652
Accrued interest receivable - loans		1,852
Other accounts receivable and other assets		2,083
Total current assets		429,371
Noncurrent Assets		
Cash and cash equivalents (restricted) - Snettisham		12,155
Cash and cash equivalents (restricted)		44,164
Investments		332,344
Net other post-employment benefits (OPEB) asset (restricted)		5,398
Loans, net of allowance for loan losses		518,657
Lease receivables		181,884
Capital assets		
Land and land improvements		3,165
Capital work in progress		58,085
Buildings, net of accumulated depreciation		49,460
Equipment, net of accumulated depreciation		6,511
Infrastructure, net of accumulated depreciation		62,937
Other assets		2,979
Total noncurrent assets		1,277,739
Total assets		1,707,110
Deferred Outflows of Resources		
Related to employee pensions		1,453
Related to OPEB		327
Total deferred outflows of resources		1,780
Total Assets and Deferred Outflows of Resources		1,708,890

See Notes to Financial Statements

Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Statement of Net Position, continued
(in thousands)

June 30, 2024

Liabilities		
Current Liabilities		
Accounts payable	$	10,685
Other liabilities		3,640
Total current liabilities		14,325
Noncurrent Liabilities		
Net pension liability		11,667
Due to the State of Alaska		4,993
Other liabilities (restricted) - Snettisham		12,155
Total noncurrent liabilities		28,815
Total liabilities		43,140
Deferred Inflows of Resources		
Related to leases		174,544
Related to OPEB		217
Total deferred inflows of resources		174,761
Net Position		
Investment in capital assets		180,158
Restricted by agreement with third parties and OPEB		44,534
Unrestricted		1,266,297
Total net position		1,490,989
Total Liabilities, Deferred Inflows of Resources, and Net Position	$	1,708,890

See Notes to Financial Statements

Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Statement of Revenues, Expenses, and Changes in Net Position
(in thousands)

Year Ended June 30, 2024

Operating Revenues		
Interest on loans	$	17,693
Lease revenue		24,728
Income from Alaska Energy Authority		7,707
Other income		15,292
Total operating revenues		65,420
Operating Expenses		
General and administrative		18,801
Net pension related adjustments		2,169
Net OPEB related adjustments		(1,848)
Provision for loan losses (recovery)		(7,715)
Depreciation		7,394
Project expenses		12,664
Total operating expenses		31,465
Operating Income		33,955
Nonoperating Revenues (Expenses)		
Investment interest		31,838
Net change in fair value of investments		(1,105)
Investment fees		(635)
Appropriations and contributions from the State of Alaska		957
Impairment loss		(891)
Dividend to the State of Alaska		(17,904)
Total nonoperating revenues		12,260
Income before capital contributions		46,215
Capital contributions		6,621
Increase in Net Position		52,836
Net Position - Beginning of Year - As Restated (Note 13)		1,438,153
Net Position - End of Year	$	1,490,989

See Notes to Financial Statements

Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Statement of Cash Flows
(in thousands)

Year Ended June 30, 2024

Operating Activities		
Interest received on loans	$	17,706
Principal received on loans		42,399
Interest payments received from leases		14,702
Other operating receipts		21,775
Loans originated		(19,593)
Payments to suppliers		(15,836)
Payments to employees for services		(13,342)
Net Cash from Operating Activities		47,811
Noncapital Financing Activities		
Dividend paid to the State of Alaska		(10,952)
Capital and Related Financing Activities		
Principal payments received on leases		6,464
Capital contributions		6,621
Capital appropriation - State of Alaska		147
Investment in development projects - capital assets		(11,802)
Investment in capital assets		(112)
Cash received from refund of purchased assets		16,892
Net Cash from Capital and Related Financing Activities		18,210
Investing Activities		
Net proceeds from sales and maturities or investment securities		196,625
Purchases of investment securities		(211,016)
Interest collected on investments		31,463
Net Cash from Investing Activities		17,072
Net Change in Cash and Cash Equivalents		72,141
Cash and Cash Equivalents, Beginning of Year		359,748
Cash and Cash Equivalents, End of Year	$	431,889

See Notes to Financial Statements

Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Statement of Cash Flows, continued

(in thousands)

Year Ended June 30, 2024

Reconciliation to Statement of Net Position		
Cash and cash equivalents		
Unrestricted	$	274,394
Unrestricted but reserved for loan commitments (Note 12)		101,176
Restricted cash and cash equivalents - noncurrent		44,164
Restricted cash and cash equivalents - Snettisham		12,155
Cash and Cash Equivalents, End of Year	$	431,889
Reconciliation of operating income to net cash from operating activities:		
Operating income	$	33,955
Adjustments to reconcile operating income to net cash from operating activities		
Principal collected on loans		42,399
Loans originated		(19,593)
Recovery for loan losses		(7,827)
Depreciation and amortization		7,394
Changes in assets and liabilities		
Other accounts receivable and other assets		(1,985)
Due from Alaska Energy Authority		1,267
Other assets		761
Net OPEB asset		(1,724)
Deferred outflows related to pensions		(347)
Deferred outflows related to OPEB		(54)
Accounts payable and other liabilities		2,467
Other liabilities - restricted - Snettisham		(1,324)
Accrued interest receivable		13
Net pension liability		2,507
Deferred inflows related to leases		(10,026)
Deferred inflows related to OPEB		(72)
Net Cash from Operating Activities	$	47,811
Noncash Investing, Capital, and Financing Activities		
Net change in fair value of investments	$	(1,105)

See Notes to Financial Statements

1. Organization and Operations

The Alaska Industrial Development and Export Authority (AIDEA or Authority) was created as a public corporation of the State of Alaska and a body corporate and politic constituting a political subdivision within the Department of Commerce, Community, and Economic Development, but with separate and independent legal existence (Alaska Statute (AS) 44.88.020).

The Authority exists 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 investment in industrial, manufacturing, export, and business enterprises within the State of Alaska.

Membership of the board of directors of the Authority consists of the Commissioner of Revenue; the Commissioner of Commerce, Community and Economic Development; and five public members who are appointed by the Governor to serve for two-year terms (AS 44.88.030).

Under AS 44.88.205, the legislature must approve the operating budget of the Authority, which is subject to the Executive Budget Act (AS 37.07). The board of directors approves the capital budget.

The business-type activities of the Authority are discretely presented within the Annual Comprehensive Financial Report (ACFR) of the State of Alaska. Because of this, intra-entity transactions and balances between the State of Alaska and the Authority are reported as if they were external transactions – that is, as revenues and expenses.

2. Summary of Significant Accounting Policies

Basis of Accounting

These financial statements are presented in accordance with generally accepted accounting principles (GAAP) and statements issued by the Government Accounting Standards Board (GASB).

The financial activities of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when goods or services are received, or the related liability is incurred.

Fair Value Measurement and Application

Financial securities are reported and measured at fair value if (a) held primarily for the purpose of income or profit and (b) the present service capacity is based solely on its ability to generate cash or be sold to generate cash.

Cash and Cash Equivalents

For purposes of the basic financial statements, cash and cash equivalents consist of cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and are so close to their maturity that they present insignificant risk of change in value because of changes in interest rates. Cash equivalents include investments such as treasury bills, commercial paper, certificates of deposit, and money market funds with original maturities of three months or less, and positions in the Alaska Municipal League Investment Pool (Pool) or in the State's investment pools. Cash and cash equivalents reasonably expected to be realized in cash or sold or consumed within a year are classified as current in the Statement of Net Position.

Investments

Marketable securities are reported at fair value in the financial statements. Fair values are obtained from independent sources. Investments are segregated between current and noncurrent based on stated maturity and intended use. Investments maturing within a year are classified as current if the resources invested in them are available to be used in current operations, and are not restricted for acquisition or construction of noncurrent assets or for liquidation of long-term debt. This classification recognizes that a portion of our investment portfolio may be for current operations.

Loans and Related Interest Income

Loans consist of direct loans made by the Authority, loans made through banking institutions and purchased by the Authority, and loans made through the Small Business of Economic Development program and Rural Development Initiative Fund, the latter two managed for the Authority by Alaska's Division of Investments. Loans made by the Authority are primarily secured by first or second deeds of trust on real estate located in Alaska. Loans made by the Alaska Division of Investments must be secured by collateral that is acceptable, which includes, but is not limited to, a mortgage or other security instrument in real property, equipment, or other tangible assets.

Loan collections are conducted as follows:

- Monitor loan delinquencies on a monthly basis and discuss results with the originator for loan participations or borrower for loans funded directly.
- Analyze loans for possible impairment if the loan is more than 90 days past due, have been restructured, or there is an issue of specific concern.
- Charge off loans when foreclosure or deed in lieu of foreclosure is completed, or there is a determination that no economic benefit will result from pursuing legal remedies.

An allowance for loan losses has been established to recognize potential losses in the Authority's loan portfolios. Subsequent charge offs are adjusted through the allowance.

The Authority considers lending activities to be part of principal ongoing operations and classifies them as operating in the statement of revenues, expenses, and changes in net position. Except for the Power Project Fund loan portfolio held by the Revolving Fund, loans are considered program loans (and therefore, cash flows from operating activities) for the purposes of cash flow presentation.

The current portion of loans is the amount that the Authority expects to collect within the next fiscal year.

Allowance for Loan Losses

The allowance for loan losses is an estimated valuation reserve that is adjusted by charges against operating income based on management's judgment as to the amount required to absorb probable losses in the loan portfolio. Factors used to determine the allowance required include historical loss experience, individual loan delinquencies, collateral values, economic conditions, debt coverage ratios, guarantor financial strength, and other factors. Management's opinion is that the allowance is currently adequate to absorb known losses and inherent risks in the portfolio.

Lease Receivables

Lease receivables are recorded at the present value of future lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received has been discounted based on the interest rate charged to the lessee.

Allowance for Lease Receivables

The allowance for lease receivables represents management's judgment as to the amount required to absorb probable unrealizable lease receivables. Factors used by management to determine the allowance required include individual lease delinquencies, property values, economic conditions, and other factors. Management's opinion is that no allowance for lease receivables is required at June 30, 2024.

Capital Asset Additions and Retirements

Additions of capital assets are at original cost. Costs consist of contractual services, materials, and other ancillary or direct costs necessary to place the asset into its intended location and condition for use. When capital assets are disposed of or otherwise retired, the cost of retirement, less salvage value is charged against the net book value of the asset. Any gain or loss is recognized as income or expense in the year of disposition or retirement. Maintenance and repairs are charged to expense as incurred. Improvements, betterments, or additions which extend the useful life of the asset, or significantly increase its capacity or productivity are capitalized. Capital assets are depreciated or amortized utilizing the straight-line method over their estimated useful lives.

The estimated economic lives and capitalization thresholds of the assets are as follows:

	Life in Years	Capitalization Threshold
Land and land improvements	Indefinite	All land acquisitions are capitalized
Intangibles	3-7	$ 500,000 or greater
Equipment	3-30	100,000 or greater
Buildings	50	1,000,000 or greater
Infrastructure	15-75	1,000,000 or greater

Intangible Assets

AIDEA recognizes intangible assets in accordance with GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets. Intangible assets are assets that are nonfinancial in nature, lack physical substance, are identifiable, and have a useful life extending beyond a single reporting period. Costs associated with the generation of internally generated intangible assets are capitalized when incurred after the following milestones have been met:

Determination of the specific objective of the project and the nature of the service capacity that is expected to be provided by the intangible asset upon the completion of the project.

Demonstration of the technical or technological feasibility for completing the project so that the intangible asset will provide its expected service capacity.

Demonstration of the current intention, ability, and presence of effort to complete or, in the case of a multi-year project, continue development of the intangible asset.

AIDEA recognizes impairment losses for long lived assets whenever there is a significant unexpected decline in service utility.

Environmental Issues

AIDEA's environmental issues policy is to record a liability when the likelihood of responsibility for pollution remediation activities such as site assessments and cleanups is probable, and the costs are reasonably estimable. At the end of fiscal year 2024, there were no environmental issues meeting both of these criteria and, accordingly, no provision has been made in the accompanying financial statements for any potential pollution remediation liability or asset retirement obligations.

Pension and Other Postemployment Benefits

For purposes of measuring the net pension liability and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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. Investments are reported at fair value.

The Authority follows the special funding situation guidance in GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68). We recognize the employer portion of net pension liability, deferred outflows of resources and deferred inflows of resources related to PERS.

The Authority follows the guidance in GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). We recognize the employer portion of net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to PERS.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position may sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Authority reports certain pension and other post-employment benefits (OPEB) related items as deferred outflows of resources. These items are amortized to expense over time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports certain pension and OPEB related items as deferred inflows of resources. These items are amortized as an increase to revenue over time.

Net Position

In the Statement of Net Position, net position is displayed in three components:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, noted, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted Net Position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

The spending policy is to evaluate, on a case-by-case basis, whether restricted or unrestricted net position should be spent. This evaluation is performed by management as part of the overall spending plan. When both restricted and unrestricted resources are available for use, it is generally the policy of the Authority to use externally restricted resources first, followed by unrestricted resources as needed.

Operating Revenue and Expense

AIDEA considers all revenues and expenses except the following to be part of its ongoing operations and classifies them as operating in the statement of revenues, expenses, and changes in net position:

- Capital contributions
- Transfers to the State of Alaska, including dividends
- Investment income and related expenditures
- Appropriations and contributions from the State of Alaska

Contributions, State Appropriations, Grants and State Advances

The Authority recognizes grant revenue, revenue related to contributions, and State appropriations when all applicable eligibility requirements, including time requirements, have been met. Advances from the State that are not expended must be repaid to the State, and are therefore reflected as a liability in the financial statements.

Depreciation and Amortization

Depreciation of physical capital assets and amortization for intangible assets is charged to operations by use of the straight line method at an annual rate depending on the expected useful life of the asset.

Nonexchange Payments

Nonexchange payments to other governmental entities, including the dividend to the State, are recorded when the liability has been incurred and the amount is reasonably estimable.

Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and to make disclosures of contingent assets and liabilities as of the date of the basic financial statements. Actual results could differ from these estimates.

3. Cash and Investment Securities

Cash and Cash Equivalents

Following is a summary of cash and cash equivalents at June 30, 2024 (in thousands):

June 30, 2024		
Current - unrestricted	$	274,394
Current – unrestricted but reserved for loan and equity commitments (Note 12)		101,176
Noncurrent - restricted		44,164
Noncurrent - restricted - Snettisham		12,155
Balance	$	431,889

Cash equivalents include $14.27 million invested in the Pool. The Pool was rated a principal stability rating of AAA by Standard & Poor's (S&P). Stand-alone financial statements can be obtained by writing to the Alaska Permanent Capital Management Co., 900 West Fifth Avenue, Suite 601, Anchorage, Alaska 99501 or visiting www.amlip.org.

AS 37.23 provides for regulatory oversight of the Pool. The Statute provides requirements regarding authorized investments and reporting. The Pool is incorporated in Alaska as a nonprofit corporation and reports to a board of directors. AS 37.23.050 requires retention of an investment manager. The manager is required to produce monthly disclosure statements for the Pool. An investment advisor monitors the performance of the investment manager to ensure compliance with investment policies. The Pool must maintain a dollar weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. The fair value of the investments in the Pool are reviewed monthly by an independent pricing service. The Pool meets the standards for reporting investments at amortized cost with regard to portfolio requirements including maturity, quality, diversification, liquidity and shadow price. There are no restrictions or limitations on withdrawals from the Pool. As of June 30, 2024, the fair value of the investments in the Pool approximates the amortized cost at which they are reported. The fair value of our investments in the Pool is the same as the value of our Pool units.

Cash equivalents include $4.26 million invested in the State of Alaska General Fund and Other Non-segregated Funds (GeFonsi) Pool. The Alaska State Department of Revenue, Treasury Division, has established various investment pools to manage funds for which the Commissioner of Revenue has fiduciary responsibility. The GeFonsi pool in which the Corporation participates is itself comprised of investment shares of the State's short-term fixed income, and Intermediate-term Fixed Income investment pools. Assets in these pools are reported at fair value with purchases and sales recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service. The complete financial activity of the State of Alaska's investment pools is shown in the ACFR available from the Department of Administration, Division of Finance.

The accrual basis of accounting is used for the investment income and GeFonsi investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, short-term liquidity and intermediate-term fixed income pools is allocated to the pool participants daily on a pro-rata basis.

For additional information on interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk see the separately issued report on the Invested Assets of the Commissioner of Revenue at: http://treasury.dor.alaska.gov/Investments/Annual-Investment-Reports.aspx.

Snettisham project investments are subject to the investment guidelines provided in the Snettisham Power Revenue Bond Resolution. The guidelines dictate investments be made at the direction of AIDEA and specify allowable investment type and quality, but not duration, other than requiring moneys to be available when needed.

Investment Securities

General – Investment Policies and Portfolio Information

Investments are governed by statute and AIDEA's Resolution No. G21-25, Amended and Restated Resolution of the Alaska Industrial Development and Export Authority Relating to Fixed Income Investment Policies (Resolution), which specifies allowable investments. AIDEA has an internally managed portfolio and also uses two external money managers for a portion of its portfolio.

Under the Resolution, the following securities are eligible for investment by the external money managers:

- Debt instruments issued or guaranteed by the U.S. government, its agencies and instrumentalities, and Government Sponsored Enterprises (GSEs);
- Dollar denominated debt instruments that have been issued by domestic and nondomestic entities;
- Non-U.S. dollar denominated investments provided the greater of $200 million or 60% of the externally managed investment portfolios in aggregate are invested in U.S. dollar denominated investments. Restrictions apply to limit the portfolio amount of certain types of non U.S. dollar denominated investments;
- Mortgage backed securities issued or guaranteed by federal agencies or GSEs;
- Asset backed securities, including collateralized mortgage backed securities and collateralized mortgage obligations (CMOs). CMOs are limited to the more stable classes; prohibited CMO classes include those where principal and interest components are separated or where leverage is employed;
- Certificates of deposit and term deposits of United States domestic financial institutions provided the institutions meet guidelines set forth in the Resolution; and
- Other money market instruments described in the Resolution.

Under the Resolution, the following securities are eligible for investment in the internally managed portfolio:

- Debt instruments issued or guaranteed by the U.S. government, its agencies and instrumentalities, and GSEs;
- Money market funds and repurchase agreements collateralized by U.S. Treasury and agency securities;
- Units in the investment pool or any series of investment pool of the Alaska Municipal League Investment Pool, Inc., or any successor to that entity, or any other investment pool for public entities of the State of Alaska that is established under the Alaska Investment Pool Act (AS 37.23.010 37.23.900);
- and other investments specifically approved by the board.

Following is a summary of investments at June 30, 2024 (in thousands):

June 30, 2024		
Current - unrestricted	$	16,090
Noncurrent - unrestricted		332,344
	$	348,434

Fair Value Measurement

The Authority categorizes 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 an 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. Following is a summary of the portfolio, organized by major investment type and the recurring fair value measurement at June 30, 2024 (in thousands):

June 30, 2024		Level 2
Municipal Bonds	$	336
U.S. Agency Bonds		16,830
Corporate Securities		101,678
Asset-Backed Securities		14,209
U.S. Treasury Bonds		84,308
Commercial Mortgage-Backed		1,917
Mortgage-Backed		129,156
Total Investments at Fair Value	$	348,434

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will negatively affect the fair value of an investment. The Resolution addresses interest rate risk. Duration is an indicator of a portfolio's market sensitivity to changes in interest rates. In general, major factors affecting duration are (in order of importance):

1. Maturity
2. Prepayment frequency
3. Level of market interest rates
4. Size of coupon
5. Coupon payments

Rising interest rates generally translate into the fair market value of fixed income investments declining, while falling interest rates are generally associated with increasing market values. Effective duration attempts to account for the price sensitivity of a bond to changes in prevailing interest rates, including the effect of embedded options. For example, for a bond portfolio with a duration of 5.0, a one-percentage-point parallel decline in interest rates would result in an approximate price increase on that bond portfolio of 5.0%.

The duration of each externally managed fixed income portfolio must be within plus or minus 25% of the duration of the Barclays Capital Aggregate Bond Index for domestic fixed income portfolios and between 0.5 (½ year) and 125% of the contractual non U.S. dollar denominated benchmark for the portfolios (or sub portfolio component) available for investment in non U.S. dollar denominated instruments (at June 30, 2024, there were no portfolios investing in non U.S. dollar denominated instruments). AIDEA believes it meets the investment policy's requirements for maturity and duration of the externally managed fixed income portfolios.

For the internally managed portfolio, the duration for longer-term investments is two years or less. The maximum maturity of any issue is three years from the date of purchase. We meet the investment policy's requirements for maturity and duration of the internally managed fixed income portfolio.
Below are presented the weighted average effective duration in years for cash equivalents and investments at June 30, 2024. The duration values in the table take into account any put or call options embedded in the security, any expected sinking fund pay downs, or expected principal prepayments:

	Internally Managed Portfolio	Externally Managed Portfolio
Money market	0.06	0.07
Mortgage-Backed Securities	-	5.81
Corporate Securities	-	7.78
Asset-Backed Securities	-	1.85
U.S. Agency Bonds	-	3.66
U.S. Treasury Bonds	-	5.88
Municipal Bonds	-	13.25

Credit Risk

Credit risk is the financial risk that an issuer or other counterparty to an investment will not fulfill its obligations and a loss will result. The Resolution sets guidelines for investment quality.

Investments must carry a rating of BBB or above at the time of purchase, or, if unrated, be deemed by the external manager to be of investment grade quality. In the event the rating of a security is downgraded below investment grade, it will no longer be eligible for purchase and the investment manager will report the downgrade with a plan for monitoring the security and its disposition within six months. If the investment manager believes the security is undervalued, the investment manager may request an additional six months to liquidate the security.

The weighted average quality rating of each externally managed portfolio shall be AA or better. For purposes of determining compliance with quality guidelines, a rating will be the middle rating if ratings are provided by Moody's, S&P, and Fitch; the lower rating if only two ratings exist, and the rating provided if only one rating exists. If a security is unrated, the investment manager shall assign an internal rating for compliance purposes. The total of unrated investments may not exceed 5% of the investment manager's portfolio value and the unrated investments of a single issuer may not exceed 2% of the investment manager's portfolio value. Mortgage-backed securities guaranteed by Federal agencies or GSE are permitted, as are asset-backed securities, including collateralized mortgage-backed securities and collateralized mortgage obligations. AIDEA believes it is in compliance with the requirement of the investment policy regarding the credit quality of the portfolio.

The quality ratings of cash equivalent and investment portfolio at June 30, 2024, are stated in the table below as a percentage of the total portfolio. U.S. Treasury securities and securities of agencies and corporations explicitly guaranteed by the U.S. government are not considered to have credit risk and are reported as such in the table. On September 6, 2008, the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation were placed into conservatorship by the Federal Housing Finance Agency. Prior to this, both corporations were considered GSEs with an implicit backing of the U.S. government. Ratings used are S&P's rating scale unless not rated by S&P or rated lower by Moody's, in which case Moody's is used. Rate modifiers are not disclosed.

Investment Type	Rating Agency	Rating	Percentage of Total
Money market	S&P	AAA	55%
U.S. Agency Bonds	S&P	AA	2%
Mortgage-Backed Securities	S&P	AA	17%
Corporate Securities	S&P	A	3%
Corporate Securities	S&P	BBB	10%
Asset-Backed Securities	S&P	AAA	2%
U.S. Treasuries	Moody's	Aaa	11%
			100%

Custodial Credit Risk

Custodial credit risk of investments is the risk that, in the event of the failure of a custodian, the value of investments or collateral securities may not be recovered. Amounts totaling approximately $129 million at June 30, 2024, are held in the Pool or other money market funds. Funds held in the Pool are registered in the name of the trust department of a commercial bank and are held by a third-party custodian. Money market funds are held by the trust department of a custodial bank and are registered in the bank's name. The investments in the Pool are owned by the Pool. All other investment securities are registered in the name of the Authority and are held by our custodian, the trust department of a commercial bank; therefore, no custodial credit risk exists for these securities.

Concentration of Credit Risk

This is the risk of loss based on the amount of our investment. Exposure is managed through the Resolution and bond resolutions. The Resolution limits how much is invested with any one issuer, other than securities issued or guaranteed by the U.S. government, its agencies or GSEs, or collateralized by securities issued or guaranteed by the U.S. government, its agencies or GSEs to 5% of the market value of the portfolio at the time of purchase. Other than securities issued or guaranteed by the U.S. government, or GSEs, AIDEA had no holdings in a single issuer that exceeded 5% of the market value of the portfolios except as listed below.

On June 30, 2024, the Authority had more than 5% of the combined portfolios invested in the following (dollar amounts in thousands):

		Percent of Combined Portfolio
Mortgage-Backed Ginnie Mae Securities	$ 23,631	7%

Restricted Cash, Cash Equivalents, and Investment Securities

Certain investment securities, money market funds, and cash are restricted by the terms of bond resolutions or other agreements. A summary of restricted amounts at June 30, 2024, is as follows (in thousands):

	Allowable Usage	
DMTS Sustaining Capital Fund	Project costs	$ 15,000
DMTS Reserve Acct	Project costs	23,208
West Susitna Access Road Project	Project costs	5,140
Ketchikan Shipyard Repair and Replacement Fund	Project costs	816
Snettisham Hydroelectric Project Funds	Project costs	12,155
		$ 56,319

4. Loans

Loans outstanding at June 30, 2024, are classified as follows (in thousands):

	Number	Current	Noncurrent	Balance
Loan participation	239	$ 16,724	$ 344,655	$ 361,379
Loans purchased from AEA	10	1,005	8,432	9,437
Direct Loans	6	3,854	160,457	164,311
Small Business Economic Development loans	40	-	10,988	10,988
Rural development initiative loans	25	-	2,305	2,305
Less allowance for loan losses		-	(8,180)	(8,180)
Total loans	320	$ 21,583	$ 518,657	$ 540,240

Loan participation loans
The Authority participates in loans with commercial banks or other financial institutions which are secured by real or tangible personal property. Nearly all of these loans relate to real property.

Purchased loans
On September 30, 2010, pursuant to legislation and an agreement with the Alaska Energy Authority (AEA), the Authority purchased 37 loans from AEA. Under the agreement, AEA must repurchase any loan upon default. As of June 30, 2024, 27 loans have been repaid and 10 have balances remaining, which are expected to be paid in full by fiscal year 2037.

Direct loans
The Authority currently has six outstanding direct loans.

In July 2015, AIDEA provided financing for the procurement of a new extended reach onshore drilling rig used for well installation and rig camp facilities in Cook Inlet. This Bluecrest Alaska Operating LLC loan was restructured in fiscal year 2024 and matures on July 1, 2025.

AIDEA entered into a loan agreement with Blood Bank of Alaska to assist with construction and furnishing of a 57,000 square foot laboratory and collection facility. The Blood Bank of Alaska, Inc. loan was advanced in 2017 and matures August 1, 2052.

The Duck Point Development II, LLC loan was advanced in 2020 for the development of a floating cruise ship dock, welcome center and upland improvements at Ice Straight Point near Hoonah, Alaska. The loan matures August 1, 2039.

The North Pole House of Alaska loan was advanced in 1997 and matures March 1, 2027.

In December 2020, AEA borrowed $17 million from AIDEA to acquire a 39.3 mile 115 kV electricity transmission line system between the Sterling Substation and Quartz Creek Substation ('SSQ Line") from Homer Electric Association to incorporate as part of the Bradley Lake Hydroelectric Project. This loan has a 3.5% interest rate, requires semi-annual interest payments, annual principal payments and will mature in July 2040.

The Interior Energy Project (IEP) loan is a financing package generated by the Authority to assist with natural gas availability in interior Alaska. The per annum stated interest rate for the loan is zero percent (0%) during the deferral period, unless the default rate of interest of three percent (3%) has been imposed, as provided in the Financing Agreement. Upon expiration of the deferral period and continuing until the maturity date, the annual interest rate on the principal amount shall be one quarter of one percent (0.25%). The deferral period is fifteen (15) years after the closing date of June 13, 2018. The loan maturity date is fifty (50) years after the closing date.

Small Business Economic Development and Rural Development Initiative loans

The Authority has contractual agreements with the Division of Investments within the State of Alaska Department of Commerce, Community, and Economic Development (DCCED) for the operation and management of the Small Business Economic Development and Rural Development Initiative loans. These loans are required to be secured by collateral such as mortgages, other real property securities, equipment or other tangible assets.

Following is an analysis of changes in the allowance for loan losses for fiscal year 2024 (in thousands):

Balance, beginning of year	$	22,952
Loan write-off		(7,057)
Provision for loan loss		(7,715)
	$	8,180

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5. Lease Receivables

Below is a schedule of the changes in the lease receivable for the fiscal year ended June 30, 2024 (in thousands):

	Restated Beginning Balance	Addition	Deletions	Ending Balance	Due Within One Year
DeLong Mountain Transportation System	$ 180,997	$ 1,736	$ (6,050)	$ 176,683	$ 6,453
Aircraft hangar and maintenance facility	12,238	-	(12,238)	-	-
Alaska Department of Military and Veteran's Affairs	12,229	-	(277)	11,952	298
Total lease receivable	$ 205,464	$ 1,736	$ (18,565)	$ 188,635	$ 6,751
Less current portion				$ (6,751)	
Long-term lease receivable, net				$ 181,884	

Following are the future minimum lease receivable payments for fiscal year 2024 through fiscal year 2044 (dollars in thousands):

Minimum Lease Payments

Fiscal Years Ending June 30,	Principal	Interest
2025	$ 6,751	$ 11,894
2026	7,352	11,444
2027	7,832	10,964
2028	8,343	10,452
2029	8,889	9,907
2030-2034	53,951	40,021
2035-2039	74,049	19,924
2040-2044	21,468	1,411
	$ 188,635	$ 116,017

The Authority accrued a lease receivable for use of the DeLong Mountain Transportation System. The remaining receivable for this lease is $176,683 thousand as of June 30, 2024. Deferred inflows related to this lease were $163,511 thousand and interest revenue recognized was $11,067 thousand. Principal receipts of $6,050 thousand were recognized. Final receipts are expected in fiscal year 2040.

AIDEA has accrued a lease receivable for the Department of Military and Veteran's Affairs development project. The remaining receivable for this lease is $11,952 thousand as of June 30, 2024. Deferred inflows related to this lease were $11,033 thousand as of June 30, 2024. Interest revenue recognized on this lease was $827 thousand for the year ended June 30, 2024. Principal receipts of $277 thousand were recognized for the year ended June 30, 2024. Final receipts are expected in FY 2044.

The interest rate on the leases ranged from 6.05% - 7.00%.

6. Capital Assets

A summary of capital assets at June 30, 2024 is as follows:

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land and land improvements	$ 3,165	$ -	$ -	$ 3,165
Capital work in progress	46,283	11,802	-	58,085
Total capital assets, not being depreciated/amortized:	49,448	11,802	-	61,250
Capital assets, being depreciated:				
Buildings	80,204	112	-	80,316
Equipment	13,376	-	-	13,376
Infrastructure	88,971	-	(5,637)	83,334
Total capital assets, being depreciated	182,551	112	(5,637)	177,026
Less accumulated depreciation:				
Buildings	(27,930)	(2,926)	-	(30,856)
Equipment	(6,410)	(455)	-	(6,865)
Infrastructure	(22,021)	(4,013)	5,637	(20,397)
Total accumulated depreciation	(56,361)	(7,394)	5,637	(58,118)
Total capital assets, being depreciated	126,190	(7,282)	-	118,908
Capital Assets, net	$ 175,638	$ 4,520	$ -	$ 180,158

Depreciation expense totaled $7,394 thousand for the fiscal year ended June 30, 2024, and is presented within operating expenses in the statement of revenues, expenses, and changes in net position.

Additions to capital work in progress include $30 thousand related to the roof replacement for the Federal Express Aircraft Maintenance, Repair, and Operations Facility, and $10,746 thousand related to the Ambler Mining District Industrial Access Project (AMDIAP). The Authority became the sponsor of the AMDIAP in fiscal year 2013, and has capitalized most of the costs incurred during the National Environmental Policy Act (NEPA) process. The NEPA process is required in order to obtain all the permits and right-of-way easements needed to build the road. Management views these capitalized NEPA costs as being costs of developing internally generated intangible assets that will ultimately result in the exclusive right to build the road.

7. Sale of Component Unit – Mustang Holding LLC

In October 2023, AIDEA divested the Mustang Holding LLC component unit though a sale to Finnex Operating LLC. This sale freed up additional resources for future investment and permitted the Authority to avoid additional costs for upkeep and field development as well as potential future liability.

The sale resulted in an immediate cash payment of $1,000 thousand at closing. AIDEA will also receive additional payments secured by letters of credit, including a payment of $1,235 thousand on or before April 25, 2025; and a payment of $1,235 thousand on or before April 25, 2025. Finnex will also reimburse AIDEA for approximately $509 thousand in property tax payments by October 2026.

8. ANWR Section 1002 Leases

In 1980, Congress enacted the Alaska National Interest Lands Conservation Act (ANILCA). Section 1002 of ANILCA authorized exploratory activity within the “Coastal Plain” area of the Arctic National Wildlife Refuge (ANWR). The Coastal Plain is a 1.56-million-acre area that was not only excluded from the 19.3-million-acre wilderness area, but specifically set aside for future oil and natural resource development.

The Authority entered into lease agreements for seven tracts in the Coastal Plain that had been offered through a competitive program authorized by the Tax Cuts and Jobs Act. However, in January 2021, the Biden Administration suspended the leases, and in September 2023 the United States Department of Interior Bureau of Land Management (BLM) announced the cancellation of the oil and gas leases in the Coastal Plain.

In fiscal year 2024, the Authority was refunded all but $112 thousand in processing fees for the leases. However, Management of the Authority believes that these leases represent legally enforceable obligations of the United States Government and is pursuing available remedies.

9. Conduit Debt

AS 44.88.080 authorizes the Authority to borrow money and issue taxable and tax-exempt bonds for the purpose of acquiring ownership interests in projects and to provide development project financing. These bonds may be issued in an amount not to exceed $400 million in a 12-month period and the maturities are limited to no more than 40 years from the date of issuance.

The Board of Directors has authorized the issuance of up to $185,000 thousand in additional conduit debt to finance the construction of power transmission interties that electric utilities will own.

There are no outstanding bond issuances for which the Authority is financially responsible. However, the Authority has acted as a conduit and utilized the services of trustees to issue bonds for the benefit of third-parties. The third-parties, which receive the benefit from the proceeds of these issuances, are legally responsible for the payment of principal and interest.

As of the end of June 30, 2024, there was approximately $354,721 thousand in conduit debt obligations issued by the Authority outstanding.

The Authority has not made any moral obligation or appropriation pledges; financial guarantees; pledges of its own property, revenue or assets; or any other type of voluntary or additional commitment for payment of principal or interest of these bonds. The only commitment AIDEA has made is the limited commitment to maintain the tax-exempt status of tax-exempt bond issuances.

In 2007, the Authority issued Community Provider Revenue Bonds to finance the acquisition of land and the construction, equipping, and furnishing of a residential adolescent treatment center located on 13 acres at the corner of 30th and Lathrop in Fairbanks. The Boys and Girls Home and Family Services, Inc., a 501(c)(3) corporation that is a subsidiary of Boys and Girls Home and Family Services in Sioux City, Iowa, constructed the facility. The Authority has received notice that the borrower does not anticipate ever being able to make debt service payments on the $39,435 thousand the remaining debt, and has made a settlement offer to the bond holders.

10. Pension and Other Postemployment Benefits Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

The Authority participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple-employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in an annual comprehensive financial report that includes financial statements and other required supplemental information. That report is available via the internet at https://drb.alaska.gov/docs/reports/#pers. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from a DB agent-multiple-employer plan to a DB cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board (ARM Board). As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

The Authority recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the DC plan. Contributions derived from the DC employee payroll is referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2039. This change results in a lower ARM Board Rates than previously adopted.

State Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the proprietary funds and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

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Contribution rates for the year ended June 30, 2024 were determined in the June 30, 2022 actuarial valuations. The Authority's contribution rates for the 2024 fiscal year were as follows:

	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	18.47%	3.10%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.63%	-%
Total Contribution Rates	25.10%	3.10%

Alaska Statue 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the fiscal year the employer rate is 22.00% for pension and 0.00% for ARHCT. The contribution requirements for the Authority are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

In 2024, the Authority was credited with the following contributions to the pension plan (in thousands):

	Measurement Period July 1, 2022 to June 30, 2023	Authority Fiscal Year July 1, 2023 to June 30, 2024
Employer contributions (including DBUL)	$ 1,178	$ 1,369
Nonemployer contributions (on-behalf)	206	263
Total Contributions	$ 1,384	$ 1,632

In addition, employee contributions to the Plan totaled $119 thousand during the Authority's fiscal year.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the Authority reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Authority. The amount recognized by the Authority for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Authority were as follows:

Authority proportionate share of NPL	$	11,667
State's proportionate share of NPL associated with the Authority		-
Total Net Pension Liability	$	11,667

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 and adjusted to reflect updated assumptions to calculate the net pension liability as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2023 measurement date, the Authority's proportion was 0.22501 percent, which was an increase of 0.04530 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Authority recognized pension expense of $2,627 thousand and on-behalf revenue of $0 for support provided by the State. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Changes in benefits	-	-
Net difference between projected and actual earnings on pension plan investments	304	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	-
Authority contributions subsequent to the measurement date	1,149	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	$ 1,453	$ -

The $1,149 thousand reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2025	$	(116)
2026		(255)
2027		691
2028		(16)
2029		-
Thereafter		-
Total Amortization	$	304

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2023 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2024 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

The total pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.82%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.17 %
Global equity (non-U.S.)	18%	+/- 4%	6.55 %
Aggregate bonds	19%	+/- 10%	1.63 %
Multi-asset	8%	+/- 4%	- %
Real assets	14%	+/- 7%	4.87 %
Private equity	14%	+/- 7%	11.57 %
Cash equivalents	-%	-%	0.49 %

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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 pension plan's 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Authority's proportionate share of the net pension liability 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:

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Authority's proportionate share of the net pension liability	0.22501%	$ 15,663	$ 11,667	$ 8,292

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the annual comprehensive financial report for PERS, and at the following website, as noted above. https://drb.alaska.gov/docs/reports/#pers.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the Authority contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2024 to cover a portion of the Authority's employer match contributions. For the year ended June 30, 2024, forfeitures reduced pension expense by $0.

Employee Contribution Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2024, the Authority was required to contribute 5% of covered salary into the Plan.

The Authority and employee contributions to PERS for pensions for the year ended June 30, 2024 were $336 thousand and $538 thousand, respectively. The Authority contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the Authority participates in the following cost-sharing multiple-employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD).

The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the annual comprehensive financial report for PERS, at the following website, https://drb.alaska.gov/docs/reports/#pers.

Employer Contribution Rates

Employer contribution rates are actuarily determined and adopted by and may be amended by the Board. Employees do not contribute.

Employer contribution rates for the year ended June 30, 2024 were as follows:

Alaska Retiree Healthcare Trust	-%
Retiree Medical Plan	1.01%
Occupational Death and Disability	0.30%
Total Contribution Rates	1.31%

In 2024, the Authority was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2022 to June 30, 2023	Authority Fiscal Year July 1, 2023 to June 30, 2024
Employer contributions – ARHCT	$ 149	$ 116
Employer contributions - RMP	64	72
Employer contributions - ODD	17	43
Nonemployer contributions (on-behalf)	-	-
Total Contributions	$ 230	$ 231

OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At June 30, 2024, the Authority reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the Authority. The amount recognized by the Authority for its proportional share, the related State proportion, and the total were as follows:

Authority's proportionate share of NOA – ARHCT	$	5,179
Authority's proportionate share of NOA - RMP		104
Authority's proportionate share of NOA – ODD		115
Total Authority's Proportionate Share of Net OPEB Asset	$	5,398
State's proportionate share of the ARHCT NOA associated with the Authority		-
Total Net OPEB Asset	$	5,398

The total OPEB liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 and adjusted to reflect updated assumptions to calculate the net OPEB assets as of that date. The Authority's proportion of the net OPEB assets was based on a projection of the Authority's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2022 Measurement Date Employer Proportion	June 30, 2023 Measurement Date Employer Proportion	Change
Authority's proportionate share of the net OPEB assets:			
ARHCT	0.17976%	0.22506%	0.04531%
RMP	0.17362%	0.21944%	0.04582%
ODD	0.17651%	0.22392%	0.04740%

For the year ended June 30, 2024, the Authority recognized OPEB expense of $(444,167). Of this amount, $0 was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

Plan		OPEB Expense		On-behalf Revenue
ARHCT	$	(570)	$	-
RMP		85		-
ODD		41		-
Total	$	(444)	$	-

At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

Deferred Outflows of Resources	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	$ 11	$ 3	$ -	$ 14
Changes in assumptions	-	11	-	11
Changes in benefits	-	-	-	-
Difference between projected and actual investment earnings	55	9	3	67
Changes in proportion and differences between Authority contributions and proportionate share of contributions	3	-	1	4
Authority contributions subsequent to the measurement date	116	72	43	231
Total Deferred Outflows of Resources Related to OPEB Plans	$ 185	$ 95	$ 47	$ 327

Deferred Inflows of Resources	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	$ -	$ (3)	$ (32)	$ (35)
Changes in assumptions	(95)	(85)	-	(180)
Changes in benefits	-	-	-	-
Difference between projected and actual investment earnings	-	-	-	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	(1)	(1)	(2)
Total Deferred Inflows of Resources Related to OPEB Plans	$ (95)	$ (89)	$ (33)	$ (217)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Authority contributions subsequent to the measurement date will be recognized as an increase in the net OPEB assets in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	ARHCT	RMP	ODD	Total
2025	$ (184)	$ (14)	$ (7)	$ (205)
2026	(213)	(15)	(8)	(236)
2027	385	-	(3)	382
2028	(14)	(16)	(5)	(35)
2029	-	(11)	(4)	(15)
Thereafter	-	(10)	(2)	(12)
Total Amortization	$ (26)	$ (66)	$ (29)	$ (121)

Actuarial Assumptions

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2023:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2023 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2024 to 2039.
Investment rate of return	7.25%, 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 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 6.7% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Rx/EGWP: 7.2% grading down to 4.5% Initial trend rates are from fiscal year 2024 Ultimate trend rates reached in FY 2050
Mortality (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and

	106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.
All others	25% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2022 actuarial valuation.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.82%, for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.17%
Global equity (non-U.S.)	18%	+/- 4%	6.55%
Aggregate bonds	19%	+/- 10%	1.63%
Multi-asset	8%	+/- 4%	-%
Real assets	14%	+/- 7%	4.87
Private equity	14%	+/- 7%	11.57%
Cash equivalents	-%	-%	0.49%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2023 was 7.25%. 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 or 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB asset calculated using the discount rate of 7.25%, as well as what the Authority's proportionate share of the respective plan's net OPEB 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:

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Authority's proportionate share of the net OPEB asset:				
ARHCT	0.22506%	$ 3,442	$ 5,179	$ 6,637
RMP	0.21944%	$ 4	$ 104	$ 181
ODD	0.22392%	$ 108	$ 115	$ 120

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the Authority's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2022 actuarial valuation reports as well as what the Authority's proportionate share of the respective plan's net OPEB asset (liability) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Authority's proportionate share of the net OPEB asset (liability):				
ARHCT	0.22506%	$ 6,804	$ 5,179	$ 3,243
RMP	0.21944%	$ 191	$ 104	$ (13)
ODD	0.22392%	$ n/a	$ 115	$ n/a

OPEB Plan Fiduciary Net Position

Detailed information about each OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

(d) Defined Contribution OPEB Plans

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expense to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

Contribution Rate

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2023, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,303 per year for each full-time employee, and $1.48 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2024, the Authority contributed $155 thousand in DC OPEB costs. This amount has been recognized as expense/expenditures.

11. Related Parties

State of Alaska

Because the Authority is a proprietary fund of the State of Alaska (State), other funds and departments of the State that it conducts business with are related parties. Transactions between these related parties cannot be presumed to be carried out on an arm’s-length basis, as the essential conditions of competitive, free-market dealings may not exist.

The Authority has contractual agreements with the Division of Investments within the Department of Commerce, Community, and Economic Development, to operate and manage the Small Business Economic Development Fund and the Rural Development Initiative Fund on behalf of AIDEA.

Fees are assessed to the Authority for internal services provided to AIDEA through the State. These charges for services include, but are not limited to, information technology and state-wide data reporting.

When the Authority receives appropriations from the State for specific purposes such as work towards advancing the West Susitna Access Road Project, AIDEA recognizes the revenue at the time when qualifying expenses have been incurred. Interest earned on unearned appropriations from the State are considered interest income of the State.

In accordance with GAAP, AIDEA has recognized its proportion of the PERS net pension liability, which totals $11.7 million. It has also recorded a net OPEB asset of $5.4 million as of June 30, 2024.

Alaska Energy Authority

In 1993, legislation directed AIDEA's board members to also serve as the board of directors of the Alaska Energy Authority (AEA), a separate public corporation of the State of Alaska. The Authority provides personnel services to AEA on a contractual basis because AEA is not authorized by Alaska Statutes to have employees. AIDEA and AEA each have separate executive directors, which are both employees of AIDEA. AIDEA provides an interest-free working capital loan to AEA up to $7.5 million. The two authorities do not comingle funds, assets, or liabilities or have any responsibility for the debts or obligations of the other. Therefore, AIDEA does not include the accounts or activities of AEA in the accompanying financial statements.

The Authority provides a facility for AEA to conduct its operations out of and also employs all of the personnel that conduct business for AEA. AIDEA receives revenues from AEA for reimbursement of personnel expenses incurred by AIDEA employees providing services to AEA.

AIDEA recognized revenue totaling $7.7 million for providing these services during fiscal year 2024. As of June 30, 2024, AIDEA had $2.8 million receivable from AEA for an interest-free working capital loan to pay for services and operating costs.

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 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. As of June 30, 2024, the balance of this loan was $5.1 million.

12. Commitments, Contingencies, and Other

The Authority makes various commitments and guarantees and is subject to contingent liabilities as a part of normal business. From time to time, the Authority may also be a named as a defendant in legal proceedings and contract disputes over how business has been conducted. The Internal Revenue Service may perform compliance or other audits concerning the tax-exempt status of certain outstanding bonds issued by the Authority. Because the accounting impact of these events is dependent upon their final resolution, these items do not appear in the accompanying financial statements.

Liability to Teck Resources Limited

On June 30, 1986, the Authority entered into an agreement with Cominco American Incorporated (now Teck Resources Limited) for the financing, construction, use, operation and maintenance of the DeLong Mountain Transportation System (DMTS), which was authorized by the State of Alaska Chapter 68, SLA 1985. The DMTS was constructed on lands leased by the Authority from the NANA Regional Corporation, Inc., for a term of 99 years beginning August 7, 1986. In the event that Teck Resources Limited (Teck) has not defaulted on its contractual obligations to the Authority by the end of the Initial Period, which commenced 7/1/1990 and ends 6/30/2040 (unless extended), the sum of $11.5 million will be payable to Teck from the $23 million Reserve Account that was established for all Tonnage Sensitive Minimum Annual Assessments payable pursuant to subsection 3.2(b) and all Contingent Tonnage Fees payable pursuant to Section 3.4. Although the amount is measurable as of the date of the financial statements, a liability has not yet been incurred because it is contingent upon both Teck not defaulting and completion of the Initial Period.

Liability for Advances from Ambler Metals, LLC

On February 11, 2021, the Authority and Ambler Metals, LLC entered into a development agreement for the Ambler Mining District Industrial Access Project. Under this agreement, Ambler Metals provided the Authority with reimbursement for activities related to feasibility and permitting. The agreement specifies that if the project proceeds to financing and construction, the parties have agreed that the amount advanced shall be converted by Ambler Metals into credits, which may be applied, with interest, to future user fees pursuant to any road use toll or similar agreement entered into between the parties. As of June 30, 2024, Ambler Metals had advanced $19,487 thousand to the Authority. The Authority has not recognized a liability for these advances in the financial statements. Although the amount of advances is measurable as of the date of the financial statements, the parties have not entered into a road use agreement and the project has not advanced to construction, so it is not yet considered probable that a liability has been incurred.

The Agreement terminates as of December 31, 2024; or in the event that the Project does not proceed to construction; or if Ambler decides that it will not develop its mining claims in the Ambler Mining District or the Arctic Mine; or when the total expenditures for feasibility and permitting activities for the project reach $70 million.

Loans and Loan Participation Purchase Commitments

The Authority reviews potential development projects in order to determine whether the projects will meet the economic development mission and should be considered under the Development Finance Program. Due to the significant amount of due diligence work that must be completed, only a select number of projects that are evaluated are presented to the Board of Directors for consideration.

On May 15, 2024, the Board of the Authority approved resolution G24-04, committing $70,000 thousand to Alyeschem, LLC as an anticipated equity investment to assist in financing the construction and long-term operation of the first petrochemical facility on the North Slope of Alaska.

The Authority purchases a portion of qualifying loans extended through financial institutions. As of June 30, 2024, the Authority had extended loan participation purchase commitments of $31,176 thousand.

On October 23, 2024, the Board of the Authority approved resolution G24-12, which extended a revolving line of credit in the amount of $50,000 thousand to Hex Cook Inlet, LLC for the purpose of increasing Cook Inlet natural gas production and supply.

On December 4, 2024, the Board of the Authority approved resolution G24-17 to extend a debt issuance backstop not to exceed $50,000 thousand for the Front End Engineering and Design study for Phase One of the Alaska LNG Project.

Loan Guarantees

On June 30, 2024, the Authority had guaranteed loans totaling $1,999 thousand under the Authority's Sustaining Alaska's Future Economy Guaranty Program.

AIDEA may also guarantee loans for the Alaska Insurance Guaranty Association (Association). The Association pays claims on behalf of insurance companies that regulators have put into liquidation, and pays for those claims by assessments to member insurers. The Authority can guarantee loans the Association needs up to a maximum of $30 million in principal balance, and only to meet cash flow needs. No outstanding guarantees have been made pursuant to this authorization.

Dividend

Under Alaska Statutes Title 44, Chapter 88, Section 088, the Board of Directors (Board) must annually declare a dividend to the State of Alaska. This dividend must be at least 25% but not more than 50% of "unrestricted net income," as defined in the Statute, and is declared based on the unrestricted net income from two years prior to the fiscal year in which the dividend must be paid. The dividend declared may never exceed "unrestricted net income", and the payment requires legislative appropriation, which is subject to line item veto by the Governor. The Board authorized a $17,904 thousand dividend in fiscal year 2022, of which $10,952 thousand was paid in the year ending June 30, 2024. The board authorized fiscal year 2023 dividends totaling $11,000 thousand which will be expensed in fiscal year 2025.

Environmental Contingencies

The Authority has been identified by the Alaska Department of Environmental Conservation as a potentially responsible party in relation to an aqueous film forming foam overflow tank failure and resulting contamination at the Ted Stevens Anchorage International Airport. The Authority is the Lessor of the property where the contamination occurred. Federal Express Corporation ("FedEx") is the Lessee and occupant of the property. The Authority has contractual commitments with FedEx that effectively absolves the Authority from potential liability resulting from the contamination. The Authority's management does not believe that the Authority has any legal obligation to contribute to the cleanup. It is also the opinion of the Authority's management that the final outcome of this contamination issue will not materially affect the Authority's financial position.

The Authority has also been involved with the development and construction of project assets such as the DeLong Mountain Transportation System on land owned by the State of Alaska. As a result of this involvement, the Authority may have liability for future asset retirement obligations related to the dismantlement, removal, and restoration (DR&R) requirements imposed as a condition of land use permits it has been granted. It is unknown when the DeLong Mountain Transportation System will be taken out of service and neither the amount of potential costs nor the extent of the Authority's liability for DR&R is currently known.

Risk Management

AIDEA is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. AIDEA covers that risk through the purchase of commercial insurance and participation in the State's Risk Management Pool. The Risk Management Pool administers a self-insurance program for each State agency, which covers all sudden and accidental property and casualty claims. Annual assessments allocated by Risk Management are the maximum each agency is called upon to pay, forestalling the need for supplemental appropriation or distribution of vital State services after a major property loss, adverse civil jury award, or significant worker compensation claim. In consultation with the State's Division of Risk Management, we ensure our Development Projects using commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

AIDEA is the policyholder under the terms of an Owner Controlled Insurance Program related to the Healy Clean Coal Project. AIDEA sold the project in fiscal year 2014 but continues to be responsible for claims filed under the policy. Premiums under this policy are based on actual loss experience during the period of coverage. AIDEA is not aware of any outstanding premium adjustments under this policy.

Subsequent Event

On July 31, 2024, Alaska Governor Mike Dunleavy signed HB 307 into law. Among other things, this law established a board for the Alaska Energy Authority (AEA) that was separate from the board for the Alaska Industrial Development and Export Authority and amended AS 44.83.040 to permit the board of AEA to appoint persons as officers, including an executive director, professional advisors, counsel, technical experts, agents, and other employees. Prior to the July 1, 2024 effective date for these statutory changes, AEA did not possess the legal authority to employ personnel. Professional services for AEA operations were performed by employees of AIDEA, which invoiced AEA for those services. Although AIDEA still employs personnel which provide some of the professional services necessary for operations of both AIDEA and AEA, the amount of revenues and expenses recognized by AIDEA related to services provided to AEA is expected to be considerably less than in the fiscal year ending June 30, 2024.

13. Correction of Error

During the fiscal year, the Authority identified and corrected errors related to the fiscal year 2022 implementation of Governmental Accounting Standards Board Statement No. 87, Leases (GASB 87). The Authority erred in the implementation of GASB 87 by restating assets underlying existing direct-financing leases at their historical cost rather than using the residual value of the leases as the carrying values of the underlying assets. Capital Assets, net of Accumulated Depreciation, was overstated by $36,767 thousand as of June 30, 2023. The effect of the restatement on the prior period June 30, 2023 net position is as follows and has been corrected in the opening July 1, 2023 balance to the fiscal year 2024 financial statements:

Statement of Revenues, Expenses, and Changes in Net Position	For the period ended June 30, 2024 (in Thousands)		
	As Previously Reported	Adjustment	As Restated
Net Position – Beginning of Year	$1,474,920	($36,767)	$1,438,153

14. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Authority for fiscal year 2024 reporting:

GASB Statement No. 99 – Omnibus 2022 – Provisions of this Statement address requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63, which are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024. The Authority did not experience any changes in accounting due to implementation.

GASB Statement No. 100 – Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62 – Effective for year-end June 30, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Authority restated the fiscal year ending in 2023 to correct errors in prior periods. Specifically, the Authority identified errors related to the implementation of GASB Statement No. 87, Leases.

The GASB has issued new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 101 – Compensated Absences – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 – Certain Risk Disclosures – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

GASB Statement No. 103 – Financial Reporting Model Improvements – Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

GASB Statement No. 104 – Disclosure of Certain Capital Assets – Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The Statement will enable users to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

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Required Supplementary Information

Alaska Industrial Development and Export Authority

Public Employees' Retirement System (PERS) Pension Plan
Schedule of the Authority's Proportionate Share of the Net Pension Liability

Years Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's Proportion of the Net Pension Liability	0.23%	0.18%	0.18%	0.18%	0.21%	0.20%	0.19%	0.29%	0.26%	0.18%
Authority's Proportionate Share of the Net Pension Liability	$ 11,667	$ 9,160	$ 7,026	$ 10,403	$ 11,244	$ 9,772	$ 9,843	$ 15,941	$ 12,606	$ 8,595
State of Alaska Proportionate Share of the Net Pension Liability	-	-	-	4,305	4,465	2,830	3,667	2,009	3,563	7,439
Total Net Pension Liability	$ 11,667	$ 9,160	$ 7,026	$ 14,708	$ 15,709	$ 12,602	$ 13,510	$ 17,950	$ 16,169	$ 16,034
Authority's Covered Payroll	7,376	9,011	6,192	6,746	6,804	6,967	7,525	8,468	9,213	8,595
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	158.18%	101.65%	113.47%	154.21%	165.26%	140.26%	130.80%	188.25%	136.83%	100.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.23%	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%	62.37%

Schedule of the Authority's Contributions

Years Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	$ 1,149	$ 1,178	$ 1,100	$ 674	$ 770	$ 828	$ 858	$ 1,282	$ 871	$ 971
Contributions Relative to the Contractually Required Contribution	1,149	1,178	1,100	674	770	828	858	1,282	871	971
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	9,049	7,376	9,011	6,192	6,746	6,804	6,967	7,525	8,468	9,213
Contributions as a Percentage of Covered Payroll	12.70%	15.97%	12.21%	10.89%	11.41%	12.17%	12.32%	17.04%	10.29%	10.54%

See accompanying notes to Required Supplementary Information.

1. Public Employees' Retirement System Pension Plan

Schedule of the Authority's Proportionate Share of the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2024, the Plan measurement date is June 30, 2023.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

Schedule of the Authority's Contributions

This table is based on the Authority's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

Alaska Industrial Development and Export Authority

Public Employees' Retirement System - OPEB Plans

Schedule of the Authority's Proportionate Share of the Net OPEB Liability (Asset) - ARHCT

Years Ended June 30,	2024	2023	2022	2021	2020	2019	2018
Authority's Proportion of the Net OPEB Liability (Asset)	0.23%	0.18%	0.18%	0.18%	0.21%	0.20%	19.00%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	$ (5,179)	$ (3,537)	$ (4,703)	$ (866)	$ 371	$ 2,049	$ 1,622
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ (5,179)	$ (3,537)	$ (4,578)	$ (811)	$ 426	$ 2,604	$ 795
Authority's Covered Payroll	7,376	9,011	6,192	6,746	6,804	6,967	7,525
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-70.21%	-39.25%	-73.93%	-12.02%	4.48%	30.13%	2.60%
Plan Fiduciary Net Position as a Percentage	-						
of the Total OPEB Liability (Asset)	133.96%	128.51%	135.54%	106.15%	98.13%	88.12%	89.91%

Schedule of the Authority's Contributions

Years Ended June 30,	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 116	$ 149	$ 754	-	$ 173	$ 299	$ 135
Contributions Relative to the Contractually Required Contribution	116	149	754	-	173	299	135
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	9,049	7,376	9,011	6,192	6,746	6,804	6,967
Contributions as a Percentage of Covered Payroll	1.28%	2.03%	8.36%	0.00%	2.57%	4.39%	2.01%

See accompanying notes to Required Supplementary Information.

Alaska Industrial Development and Export Authority

Public Employees' Retirement System - OPEB Plans

Schedule of the Authority's Proportionate Share of the Net OPEB Liability (Asset) - RMP

Years Ended June 30,	2024	2023	2022	2021	2020	2019	2018
Authority's Proportion of the Net OPEB Liability (Asset)	0.22%	0.17%	0.18%	0.18%	0.28%	0.25%	0.25%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	$ (104)	$ (60)	$ (47)	$ 12	$ 66	$ 32	$ 13
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ (104)	$ (60)	$ (47)	$ 12	$ 66	$ 32	$ 13
Authority's Covered Payroll	7,376	9,011	6,192	6,746	6,804	6,967	7,525
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-1.41%	-0.67%	-0.76%	0.18%	0.98%	0.47%	0.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	- 124.29%	120.08%	115.10%	95.23%	83.17%	88.71%	93.98%

Schedule of the Authority's Contributions

Years Ended June 30,	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 72	$ 64	$ 53	$ 49	$ 48	$ 39	$ 38
Contributions Relative to the Contractually Required Contribution	72	64	53	49	380	338	283
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	9,049	7,376	9,011	6,192	6,746	6,804	6,967
Contributions as a Percentage of Covered Payroll	0.80%	0.87%	0.59%	0.79%	0.71%	0.57%	0.57%

See accompanying notes to Required Supplementary Information.

Alaska Industrial Development and Export Authority

Public Employees' Retirement System - OPEB Plans

Schedule of the Authority's Proportionate Share of the Net OPEB Liability (Asset) - ODD

Years Ended June 30,	2024	2023	2022	2021	2020	2019	2018
Authority's Proportion of the Net OPEB Liability (Asset)	0.22%	0.18%	0.18%	0.18%	0.28%	0.25%	0.01%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	$ (115)	$ (77)	$ (78)	$ (48)	$ (69)	$ (48)	$ (36)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ (115)	$ (77)	$ (78)	$ (48)	$ (69)	$ (48)	$ (36)
Authority's Covered Payroll	7,376	9,011	6,192	6,746	6,804	6,967	7,525
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-1.56%	-0.86%	-1.26%	-0.72%	-1.01%	-0.72%	-0.48%
Plan Fiduciary Net Position as a Percentage	-						
of the Total OPEB Liability (Asset)	349.24%	348.80%	374.22%	283.80%	297.43%	270.62%	212.97%

Schedule of the Authority's Contributions

Years Ended June 30,	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 43	$ 17	$ 109	$ 11	$ 9	$ 11	$ 6
Contributions Relative to the Contractually Required Contribution	43	17	109	11	9	11	6
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	9,049	7,376	9,011	6,192	6,746	6,804	6,967
Contributions as a Percentage of Covered Payroll	0.48%	0.24%	1.21%	0.18%	0.14%	0.16%	0.09%

See accompanying notes to Required Supplementary Information.

1. Public Employees' Retirement System OPEB Plans

Schedule of the Authority's Proportionate Share of the Net OPEB Liability (Asset)

This table is presented based on the Plan measurement date. For June 30, 2024, the Plan measurement date is June 30, 2023.

Changes in Assumptions:

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2022 actuarial valuation.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

In 2019, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in largest projected subsidies to offset the cost of prescription drug coverage.

GASB requires ten years of information be presented. However, until a full 10 years of information is available, the Authority will present only those years for which information is available.

Schedule of the Authority's Contributions

This table is based on the Authority's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the Authority will present only those years for which information is available.

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Other Information

Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Schedule 1 - Schedule of Dividend Information - Unaudited

(In thousands)

Year Ended June 30, 2024

Fiscal Year Payable	Revolving Fund	SETS Fund	Arctic Infrastructure Development Fund	Total
1997	$ 15,000	$ —	$ —	$ 15,000
1998	16,000	—	—	16,000
1999	16,000	—	—	16,000
2000	26,000	—	—	26,000
2001	18,500	—	—	18,500
2002	17,500	—	—	17,500
2003	20,150	—	—	20,150
2004	18,176	—	—	18,176
2005	22,000	—	—	22,000
2006	8,812	—	—	8,812
2007	16,650	—	—	16,650
2008	10,000	—	—	10,000
2009	23,800	—	—	23,800
2010	22,720	—	—	22,720
2011	23,423	—	—	23,423
2012	29,400	—	—	29,400
2013	20,400	—	—	20,400
2014	20,745	—	—	20,745
2015	10,665	—	—	10,665
2016	17,650	—	—	17,650
2017	6,328	—	—	6,328
2018	12,883	—	—	12,883
2019	4,597	195	—	4,792
2020	10,000	285	—	10,285
2021	13,950	525	—	14,475
2022	17,097	207	1	17,305
2023	6,296	184	—	6,480
2024	17,893	11	—	17,904
Total dividends to State of Alaska as of June 30, 2024	462,635	1,407	1	464,043
Declared for 2025	11,000	—	—	11,000
Total dividends to State of Alaska	$ 473,635	$ 1,407	$ 1	$ 475,043

Industrial Development Projects

There are ongoing industrial development projects currently generating revenue for the Authority, as well as several projects for which the Authority is incurring expenses to develop and operate.

DeLong Mountain Transportation System Project

The DeLong Mountain Transportation System *(DMTS)* project in northwest Alaska was initiated to create a 52-mile, 30-foot wide all weather road, shallow water port, and other support infrastructure necessary to develop the Red Dog Mine, which is one of the world's largest producing zinc mines. Initial construction was completed in 1989, followed by an expansion in 1997.

Teck Alaska, Inc. (Teck) utilizes this infrastructure to access and mine zinc and lead deposits in the area, and pays the Authority toll fees for use. The agreement between AIDEA and Teck provides for capital cost repayment through a toll fee structure based on an annual rate of return of 6.5% on the net investment base. Toll fees consist of a minimum and supplemental minimum annual assessment, which are accounted as lease payments, as well as a contingent escalator for zinc price increases, and a contingent tonnage fee. The toll fees for use of the DMTS will remain in effect through the end of the agreement in 2040.

Although the Red Dog deposit was depleted in 2012, mining has been shifted to the nearby Aqqaluk and Qanaiyaq deposits, which are expected to extend the mining activities until approximately 2031. There is also ongoing exploration of other nearby deposits that may further extend the life of this project.

Camp Denali Readiness Center Addition Project

Under a license between the State of Alaska and the United States Air Force, construction of the Camp Denali Readiness Center Addition Project *(CDRCAP)*, also known as the Department of Military and Veteran Affairs (DMVA) Project, began in August of 2012, and was completed in December 2013.

The purpose of the project was to add to the existing National Guard Armory on property owned by the United States on Joint Base Elmendorf-Richardson (JBER). Under a 30-year Project Development and Operations Agreement between the Authority and the DMVA, the DMVA is responsible for operations and maintenance of the facility, which it subleases to the United States Coast Guard. The payments due to AIDEA under the agreement cover the costs incurred to construct the project, as well as a 7% return on the investment.

Ketchikan Shipyard Project

The Ketchikan Shipyard consists of approximately 25.27 acres of real property, various support buildings, fixtures and improvements, equipment, and floating dry docks, all of which are located adjacent to the Alaska Marine Highway System (AMHS) ferry facilities in Ketchikan.

AIDEA acquired ownership of the shipyard in 1997, and entered into an agreement with Alaska Ship and Dry-dock, Inc. for operation. In 2012, Vigor Industrial LLC (Vigor) acquired Alaska Ship and Dry-dock, Inc., which then became the new operator of the shipyard.

Vigor is required to remit an annual payment to the Authority equal to 1% of their gross revenue. In addition to this payment, Vigor must also remit the unspent balance of the maximum annual maintenance requirement to the Authority. If Vigor exceeds the maximum annual maintenance requirement, the Authority reimburses Vigor from the Ketchikan Shipyard R&R fund.

Federal Express Aircraft Maintenance, Repair, and Operations Facility Project
The Federal Express Maintenance, Repair, and Operations (MRO) Facility project consists of a hangar facility capable of accommodating one wide-body aircraft such as a Boeing 747. The MRO was constructed and completed in 1995 on land owned by the State of Alaska Department of Transportation and Public Facilities at the Ted Stevens Anchorage International Airport. Along with the construction of the MRO, the project included the associated ramp, taxiway, access road, utilities and land improvements, and a fire suppression pump house and water storage facility.

Construction was financed through the issuance of bonds backed by the revenue from the 20-year lease agreement signed in 1992. In March 2015, Federal Express paid off the remainder of the direct financing lease related to the facility, and negotiated a new user fee and a lease with a scheduled expiration in July 2023. After the scheduled expiration, Federal Express is still occupying the property and facilities on a month-to-month basis while actively negotiating a long-term extension with AIDEA. Several maintenance and refurbishment projects are expected to be part of a new lease agreement.

West Susitna Access Project
In 2019, the Authority and the Matanuska-Susitna Borough signed a Memorandum of Understanding that provided a partnership framework for a phased feasibility analysis of the West Susitna Access Project. In 2021, the Authority accepted $8.5 million from the Alaska State Legislature under HB 69 to advance pre-development work. In fiscal year 2024, the Department of Transportation and Public Facilities (DOT&PF) made the independent decision to include approximately the first 20 miles of the proposed public road in the Statewide Transportation Improvement Plan (STIP). This decision by DOT&PF allows the State to utilize Federal highway matching funds to construct a portion of the proposed project. DOT&PF's proposed project would begin west of Wasilla and terminate on the west-side of Alexander Creek, providing public access to new opportunities for residential land and recreational amenities. Due to this significant change, the Authority seized on the opportunity to revise its project development timeline and conduct additional fieldwork activities to further strengthen any permit application applicable to the Authority's separate project. The Authority remains committed to furthering development of the proposed West Susitna Access Project, which would terminate at the Whiskey Bravo Airstrip approximately 100 miles west of Wasilla.

Arctic National Wildlife Refuge Section 1002 Leases
In 1980, Congress enacted the Alaska National Interest Lands Conservation Act (ANILCA). Section 1002 of ANILCA authorized exploratory activity within the "Coastal Plain" area of the Arctic National Wildlife Refuge (ANWR). The Coastal Plain is a 1.56 million acre area specifically set aside for future oil and natural resource development and excluded from the 19.3 million acre wilderness area.

The Authority entered into lease agreements for seven tracts in the Coastal Plain that had been offered through a completive program authorized by the Tax Cuts and Jobs Act. However, in January 2021, the Biden Administration suspended the leases, and in September 2023 the United States Department of Interior Bureau of Land Management (BLM) announced the cancellation of the oil and gas leases in the Coastal Plain. Management of the Authority believes that these leases represent legally enforceable obligations of the United States Government and is pursuing available remedies.

Ambler Mining District Industrial Access Project

This infrastructure project would allow access to a large prospective copper-zinc mineral mine with extensive deposits of critical minerals and other elements making this a secure, reliable US supply-chain resource essential for our nation's tech-focused economy and military effectiveness.

In 2009, the Alaska Department of Transportation and Public Facilities (DOT&PF) began evaluating possible routes to the Ambler Mining District, ultimately resulting in the identification of a potential corridor that would connect with the Dalton Highway. In 2013, the project was transferred to the Authority with the goal of forming a public-private partnership to finance, construct, operate, and maintain the controlled industrial private access road. The Authority began capitalizing costs of the project in 2014, and on November 24, 2015, AIDEA filed a consolidated application under the Alaska National Interest Lands Conservation Act (ANILCA) Title XI to construct and operate a proposed 211-mile private industrial access road. The consolidated application included 50 year right of way request from the National Park Service (NPS) and Bureau of Land Management (BLM); regulatory permit request from the U.S. Army Corps of Engineers (USACE), and U.S. Coast Guard (USCG). The application review took approximately 5 years to complete and resulted in environmental and economic reviews that culminating in a Joint Record of Decision (JROD) from BLM and USACE, a Record of Decision (ROD) on the Environmental and Economic Analysis (EEA) from the NPS and Federal Highways Administration, and USCG approved permits in 2020. The federal approvals were subsequently litigated and the BLM identified two deficiencies and requested a voluntary remand without vacatur to the court on the Environmental Impact Statement (EIS), which the court granted in May 2022.

As of June 2024, the Ambler Road Supplemental Environmental Impact Statement (SEIS) ROD was issued by the U.S. Department of the Interior through the Bureau of Land Management. This decision indicated that the Department of Interior’s had selected the “No Action” alternative that was presented in the April 2024 Ambler Road Final SEIS, and had terminated the BLM right of way grant issued to AIDEA for the construction and operation of the proposed road that would cross BLM-managed public lands. The Authority deems the SEIS ROD as illegal and does not conform to federal law specifically ANILCA Section 201(4)b and Section 1323(b). The NPS 50-year right of way permit is not affected by this decision as it is not subject to judicial review.

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Lines of Credit or Term Loans

BlueCrest Drill Rig

In July 2015, AIDEA entered into a Loan Agreement with BlueCrest Alaska Operating, LLC (Borrower) and BlueCrest Alaska Oil & Gas, LLC, BlueCrest Cosmopolitan, LLC and BlueCrest Energy Inc. (Co-Borrowers). A fixed Line of Credit Note (LOC) not to exceed $30 million. AIDEA executed a term loan note effective December 2018 with the Borrower and Co-Borrowers in the amount of $31.9 million. The AIDEA provided financing was for the procurement of a new high-horsepower, extended reach, onshore drilling rig being used for the installation of numerous wells to produce oil from the Cosmopolitan lease blocks in the lower Cook Inlet. AIDEA also financed the construction of rig camp facilities for workers on the project. Effective June 20, 2020, AIDEA through Board resolution G21-06 accepted a payoff consisting to two $3 million payments spaced 12-months apart in satisfaction of the amounts outstanding on the loan. The first payment was received on June 28, 2024.

Blood Bank of Alaska, Inc.

In August 2015, the Authority entered into a Loan Agreement with Blood Bank of Alaska, Inc. This Loan Agreement included a line of credit not to exceed $8.5 million to provide for the acquisition, delivery and installation of furniture, fixtures and equipment for a laboratory and collection facility. Interest on the unpaid principal drawn on the LOC accrued at 5.66% per annum. The line of credit was converted to a term note in February 2017. Monthly payments are due on the term loan until the maturity date of February 14, 2052. The loan was current at June 30, 2024.

Duck Point Development, ISP Uplands II Project

The Authority has extended financing of up to $15 million to Duck Point Development II LLC (DPDII), a subsidiary of Huna Totem Corporation (HTC), for development of a 500-foot floating cruise ship dock, a 3,500 sq. ft. welcome center, and associated uplands improvements at Icy Strait Point near Hoonah, Alaska. The uplands construction was completed in July 2020. The second pier at Wilderness Landing and associated facilities was finalized in 2023. The loan was current at June 30, 2024.

Interior Energy Project

The goal of the Interior Energy Project (IEP) is to provide the financial tools needed to bring natural gas to Interior Alaskans. Legislation passed in 2013 (Chapter 26, Session Laws of Alaska [SLA] 2013) authorized AIDEA to provide the financing package to collaborate with the private sector to bring affordable, clean-burning natural gas to Interior Alaska. In 2015, the 29th Alaska Legislature passed House Bill (HB) 105 which provided AIDEA additional tools necessary to develop an integrated supply chain bringing lower-cost energy to residents and businesses through local utilities. AIDEA has been working diligently on the IEP goal of getting natural gas to as many Interior Alaska customers, at the lowest cost, as soon as possible. The financing package included an initial loan commitment of up to $125 million and a subsequent amendment increased the total amount to $139 million.

SSQ Line

The transmission path for energy produced by the Bradley Lake Hydroelectric Project travels through Homer Electric Association's (HEA) electric system, including HEA's Sterling Substation to Quartz Creek Substation 115 kV transmission line (also known as the SSQ Line). The Authority's financing of the purchase of the SSQ Line by the Alaska Energy Authority provides benefits to the region, the state, and to rail belt utility ratepayers. The loan is in good standing and current at June 30, 2024.