



Alaska Gasline Development Corporation

Financial Statements, Required
Supplementary Information and
Supplemental Information
Year Ended June 30, 2016

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Year Ended June 30, 2016

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Independent Auditor's Report

To the Board of Directors
Alaska Gasline Development Corporation
Anchorage, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Alaska Gasline Development Corporation (the Corporation), a component unit of the State of Alaska, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements.

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Corporation, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and defined benefit pension plan schedules on pages 19 through 20 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The combining statements of net position and activities on pages 22-23 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements of net position and activities is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements of net position and activities is fairly stated, in all material respects, in relation to the basic financial statements.

BDO USA, LLP

Anchorage, Alaska
December 12, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Alaska Gasline Development Corporation ("the Corporation") consists of four sections: *Management's Discussion and Analysis*, the *Basic Financial Statements*, *Required Supplemental Information Schedule of Governmental Fund Revenues, Expenditures & Changes in Fund Balance – Budget to Actual and Combining Statement of Net Position and Combining Statement of Activities Supplemental Information*. The Basic Financial Statements include the government-wide presentation, along with the governmental fund presentation and the Notes to Financial Statements. Summarized financial information for the year ended June 30, 2016 is also presented here in the Management's Discussion and Analysis to facilitate and enhance the understanding of the Corporation's financial position, and the results of operations for the current fiscal year as compared to the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Corporation's annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the fiscal year ended June 30, 2016. This information is being presented to assist the reader in identifying significant financial issues and to provide additional information regarding the activities of the Corporation. This information should be read in conjunction with the Independent Auditors' Report, the audited financial statements and accompanying notes.

BASIC FINANCIAL STATEMENTS

The government-wide financial statements of the Corporation, which include the *Statement of Net Position (Exhibit A)* and the *Statement of Activities (Exhibit B)*, are presented to display information about the Corporation as a whole and are prepared using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The governmental fund financial statements of the Corporation, which include the *Governmental Fund Balance Sheet (Exhibit A)* and the *Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances (Exhibit B)*, are presented using the current financial resources measurement focus and the modified accrual basis of accounting which measures cash and other financial assets that can be readily converted to cash. Revenues are recognized when they become both measurable and available to finance expenditures and expenditures are recognized when they occur.

Differences between the government-wide and governmental fund financial statements are reconciled within Exhibits A and B. The adjustments are related to the timing of when expenses are recognized.

The *Statement of Net Position (Exhibit A)* provides information on the financial health of the Corporation and includes all assets and liabilities. Over time, changes in Net Position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *Statement of Activities (Exhibit B)* accounts for all fiscal year revenues, expenses and change in fund balance or Net Position. This statement provides information on whether the Corporation has had all of its costs covered through state contributions for the fiscal year.

The *Notes to Financial Statements* provide additional information that may enhance or provide for a better understanding of the information in the financial statements. The notes to the financial statements follow Exhibit (B).

The Required Supplemental Information, *Schedule of Governmental Fund Revenues, Expenditures & Changes in Fund Balance – Budget to Actual (Exhibit C)* presents the original and final legally authorized budgets compared to the actual amounts utilized by the Corporation and identifies any variances. Adoption of the Governmental Accounting Standards Board statement 68 present *Defined Benefit Pension Plan* information in Exhibits D and E.

The Supplemental Information, Combining Statement of Net Position (Exhibit F) and Combining Statement of Activities (Exhibit G) present AGDC's financial activity by the In State Natural Gas Pipeline Fund and the Alaska Liquefied Natural Gas Project Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ACCOMPLISHMENTS AND PLANS

In FY 16, AGDC progressed its mission by conducting the following activities:

- Participated in the Alaska LNG project as a joint-venture by: funding its share of project expenditures; providing owner's representation and oversight on technical, commercial, and management committees; negotiating Alaska LNG project agreements for future phases of project development; and providing appropriate information to oversight agencies as to the activities of the venture. Specifically, AGDC completed the review of the 12 Alaska LNG Draft Resource Reports prior to submission to FERC.
- Progressed the ASAP project in concert with the Alaska LNG project by: ensuring the ASAP project schedule is aligned with the Alaska LNG project schedule; and maintaining the ASAP project as a viable alternative for delivering North Slope natural gas to Alaskans.
- Developed and submitted a revised Joint Application for Permit (404/10) to US Army Corps of Engineers for the ASAP Project to acquire a federal permit
- Participated in significant public outreach efforts include: AGC, RDC, AFN, AMA, Meet Alaska, and the State Fair.

In FY 17, the Alaska LNG project will be transitioned to a state-led effort, empowering AGDC, a public corporation owned by the State of Alaska, to expedite, finance and build a gas project. AGDC will provide project leadership and manage the project through the following activities: FERC Section 3 application and environmental (EIS) permitting process.

AGDC will also advance the development, financing, construction and operation of natural gas pipelines, related facilities, and other transportation systems by conducting the following activities:

- Progress the ASAP project in concert with the Alaska LNG project by: ensuring the ASAP project schedule is aligned with the Alaska LNG project schedule; and maintaining the ASAP project as a viable alternative for delivering North Slope natural gas to Alaskans.
- Position and support the Alaska LNG Project for a FEED decision by creating a joint venture with ConocoPhillips to market natural gas from the North Slope. JV will focus on: structuring for federal and state tax efficiencies – including seeking a federal ruling on tax exempt status, advancing low-cost financing and investor options, engaging engineering, procurement & contracting companies with the ability to shoulder a significant part of the construction risk, enrolling major North Slope producers to commit their gas to the planned JV or tolling arrangements with the project; and engaging the LNG market to gauge the extent and timing of demand.
- Market the Alaska LNG project internationally and domestically to maximize the financial investment opportunities and gain overall project support.

FINANCIAL HIGHLIGHTS

\$ in thousands	Governmental Fund				Government - Wide			
	<u>FY 15</u>	<u>FY 16</u>	<u>Variance</u>	<u>% Variance</u>	<u>FY 15</u>	<u>FY 16</u>	<u>Variance</u>	<u>% Variance</u>
Assets	282,797	131,053	(151,744)	-54%	285,099	133,779	(151,320)	-53%
Liabilities	9,694	1,409	(8,285)	-85%	11,367	5,766	(5,601)	-49%
Fund Balance / Net Position	273,103	129,644	(143,459)		273,732	128,013	(145,719)	
Revenue	2,603	149,980	147,377	5662%	1,449	149,439	147,990	10213%
Expenditures / Expenses	99,101	293,439	194,338	196%	98,288	295,158	196,870	200%
Position	(96,498)	(143,459)	(46,961)		(96,839)	(145,719)	(48,880)	

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Fund

Assets are \$131.1 million, Liabilities are \$1.4 million and the fund balance is \$129.6 million.

Revenue is \$150 million in FY 16. Expenses are \$293.4 million, \$194.3 million more than in FY 15.

Government-Wide

Assets are \$133.8 million, Liabilities are \$5.8 million and Net Position is \$128 million. Net Position decreased \$145.7 million.

Revenue is \$149.4 million and expenses were \$295.2 million, resulting in a negative change of position of \$145.7 million.

Budgetary Basis

The Alaska Legislature appropriated the following amounts to AGDC for the Instate Natural Gas Pipeline Fund and the Alaska Liquefied Natural Gas Project Fund. AGDC incurred the following budgetary expenditures including encumbrances:

\$ in thousands	<u>Appropriation/ (Restricted)</u>	<u>Budgetary Basis Expenditures</u>	<u>Variance</u>
FY 16	153,350	139,809	13,541
FY 15	(166,000)	100,493	(266,493)
FY 14	399,800	73,851	325,949
FY 13	21,000	21,000	
FY 12	28,200	28,200	
FY 11	15,640	15,640	
Total	451,990	378,993	72,997

Notes:

FY 16 – CSSB 3001(FIN) appropriated \$64.4 million for the purchase of TransCanada's share of the Alaska liquefied natural gas project, \$75.6 million for the continued funding of the Pre-Feed work on the Alaska liquefied natural gas project and \$4.2 million in receipt authority for field work performed and paid. Additionally, CSSB 138(FIN) appropriated \$4.1 million from the general fund to the Alaska liquefied natural gas fund and will transfer \$26 million from the in-state natural gas pipeline fund to the Alaska liquefied natural gas fund.

FY 15 - CCS HB 72 restricted \$9 million from the In State Gasline Fund and CCS HB 2001 restricted

\$157 million from the In State Gasline Fund.

FY 14 - HB 4 appropriated \$330 million In State Gasline Fund for Alaska Gasline Development Corporation.

FY 14 - \$69.8 million was appropriated to the Alaska Liquefied Natural Gas Project Fund with the passage of SB 138.

Effective June 30, 2013 AGDC's FY 12 and FY 13 unexpended and unobligated appropriation balance of \$16.5 million

(FY 12 \$6.6 million and FY 13 \$9.9 million) was appropriated to the In State Natural Gasline Fund (AS31.25.100)

following SB 18.

FY 12 includes \$21 million appropriation and \$7.2 million supplemental appropriation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

On April 13, 2013, the 28th Alaska Legislature passed SCS CSSH 4 (FIN), and the Governor signed the legislation into law on May 21, 2013. The Legislature appropriated \$355 million to fund the In State Natural Gas Pipeline Fund (AS 31.25.100) for the purposes of the advancement, development, financing, construction and operation of an in-state natural gas pipeline and other transportation systems to deliver natural gas and other non-oil hydrocarbon products for in-state use at the lowest possible cost.

On April 20, 2014, the 28th Alaska Legislature passed HCS CSSB 138(FIN) am H, and the Governor signed the legislation into law on May 8, 2014. The Legislature appropriated \$69.8 million to fund the Alaska Liquefied Natural Gas Project Fund (AS 31.25.110) for the purposes of enabling the State to participate as an equity owner in the Alaska LNG project which is focused on liquefying North Slope natural gas for the Asian export market and making gas available for domestic use in Alaska.

On May 18, 2015, the governor signed into law CCS HB 72 (brf sup maj fld H), Chapter 23 SLA 15, passed by the 29th Alaska Legislature. Section 3 of the legislation appropriated \$9 million from the In-State Natural Gas Pipeline Fund (AS 31.25.100). This amount is included in the restricted funds shown on Exhibit A and Exhibit G.

On June 29, 2015, the governor signed into law CCS HB 2001, (Chapter 1, SSSLA 15), Section 9 of the legislation appropriated \$157 million from the In-State Natural Gas Pipeline Fund (AS 31.25.100). This amount is shown as restricted transfer / expense shown on Exhibit G.

On November 6, 2015, the governor signed in law CSSB 3001(FIN), (Chapter 1, TSSLA 2015), Section 5 (a) of the legislation appropriated \$64.4 million to acquire the interest held by TransCanada in the Alaska liquefied natural gas project. Section 5 (b) of the legislation appropriated \$75.6 million to fund the state's share of preliminary front-end engineering and design work for the Alaska liquefied natural gas project. Section 5 (c and d) gave program receipt authority for reimbursement of costs of field work previously paid in the amount of \$4.2 million.

On June 28, 2016 the governor signed in law HCS CSSB 138(FIN) am H(brf sup maj fld H), Chapter 2, Section 8 appropriated \$9 million from the General Fund to the In-State Natural Gas Pipeline Fund, effectively reversing the May 18, 2015 legislation of CCS HB 72. Section 32(a) of the HCS CSSB 138 appropriated \$4.1 million from the General Fund to the Alaska Liquefied Natural Gas Fund. Section 32(b) transferred \$26 million from the In State Natural Gas Pipeline Fund to the Alaska Liquefied Natural Gas Project Fund.

CONTACTING AGDC'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives during the periods reported. If you have questions about this report or need additional financial information, please visit the Corporation's web site at www.agdc.us.

ALASKA GASLINE DEVELOPMENT CORPORATION
(A Component Unit of the State of Alaska)
Governmental Fund Balance Sheet / Statement of Net Position
As of June 30, 2016
(in thousands of dollars)

Exhibit A

	Governmental Fund Balance Sheet	Adjustments*	Statement of Net Position
<u>ASSETS</u>			
Cash and Investments	\$ 117,094	\$ -	\$ 117,094
Prepaid Expenses	3,567	-	3,567
Due from State of Alaska	10,392	336	10,728
Equipment, Net of Depreciation	-	274	274
Total Assets	\$ 131,053	\$ 610	\$ 131,663
Deferred Outflows	\$ -	\$ 2,116	\$ 2,116
<u>LIABILITIES</u>			
Accrued payables	\$ 1,409	\$ -	\$ 1,409
Accrued Compensated Absences	-	336	336
Net Pension Liabilities	-	3,951	3,951
Total Liabilities	1,409	4,287	5,696
Deferred Inflows	-	70	70
<u>FUND BALANCES</u>			
Nonspendable	\$ 3,567		
Restricted	9,000		
Assigned	117,077		
Unassigned	-		
Total Fund balance	\$ 129,644		
Total Liabilities and Fund Balance	\$ 131,053		
<u>Net Position</u>			
Total Net Position		\$ (1,631)	\$ 128,013

***Adjustments:**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Governmental funds don't accrue revenue that isn't collectable within 60 days of year end - reimbursement for compensated absences.	\$ 336
Governmental funds don't recognize General Fixed Assets as current financial resources.	274
Governmental funds don't accrue revenue that isn't collectable within 60 days of year end - deferred outflows for pension.	2,116
Governmental funds don't recognize accrued compensated absences as payable using current financial resources.	(336)
Governmental funds don't accrue liabilities that will be paid greater than 60 days of year end - net pension liabilities.	(3,951)
Governmental funds don't accrue liabilities that will be paid greater than 60 days of year end - deferred inflows.	(70)
Total Adjustments to the Governmental Fund Balance Sheet	\$ (1,631)

See accompanying notes to the financial statements.

ALASKA GASLINE DEVELOPMENT CORPORATION

(A Component Unit of the State of Alaska)

Statement of Governmental Fund Revenues, Expenditures & Changes in Fund Balance / Statement of Activities

For the Year Ended June 30, 2016

(in thousands of dollars)

Exhibit B

	Governmental Fund Income Statement	Adjustments*	Statement of Activities
<u>REVENUES</u>			
Revenues from the State of Alaska	\$ 144,596	\$ (524)	\$ 144,072
Investment and Interest Income	928	-	928
Other Revenues	4,293	-	4,293
Retirement Funding State of Alaska	163	(17)	146
Total Revenues	149,980	(541)	149,439
<u>EXPENDITURES / EXPENSES</u>			
Contractual Services	129,835		129,835
Personnel	4,748	1,379	6,127
Office and Supplies	1,453	(24)	1,429
Travel	133		133
Retirement Funding State of Alaska	163	(17)	146
Depreciation	-	381	381
Insurance	66		66
Other Services	40		40
Advertising	1		1
Restricted Funds Transfer / Expense	157,000		157,000
Total Expenditures / Expenses	293,439	1,719	295,158
Excess (Deficiency) of Revenues Over Expenditures / Expenses	(143,459)	(2,260)	(145,719)
Net change in fund balance / Change in Net Position	(143,459)	(2,260)	(145,719)
<u>FUND BALANCE / Net Position</u>			
Beginning of year balance	273,103	629	273,732
End of year balance	\$ 129,644	\$ (1,631)	\$ 128,013

***Adjustments:**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds don't accrue Program revenue that isn't collectable within 60 days of year end - reimbursement for compensated absences.	\$ (524)
Governmental funds don't recognize accrued compensated absences as an expenditure.	524
Governmental funds don't recognize on behalf revenue equal to the nonemployer entities total proportionate share of the collective pension expense that is associated with the employer.	(17)
Governmental funds don't recognize on behalf revenue equal to the nonemployer entities total proportionate share of the collective pension expense that is associated with the employer.	17
Governmental funds don't accrue liabilities that will be paid greater than 60 days of year end - this is the chagne in net pension liabilities and trelated deferred outflows and inflows of resources.	(1,903)
Governmental funds don't recognize General Fixed Assets as current financial resources.	24
Governmental funds don't recognize General Fixed Assets as current financial resources.	(381)
Change in Net Position of governmental activities	\$ (2,260)

See accompanying notes to the financial statements.

Notes to Financial Statements

FOOTNOTE INDEX

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Notes to Financial Statements

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Note A: The Alaska Gasline Development Corporation

The Alaska Gasline Development Corporation ("AGDC") is a public corporation and government instrumentality of the State of Alaska (the "State") located for administrative purposes within the Department of Commerce, Community, and Economic Development ("DCCED") but with a separate and independent legal existence. The 2013 legislation identified as SCS CSSH 4 (FIN) became law on May 21, 2013, as Chapter 11, Session Laws of Alaska 2013 ("Ch. 11 SLA 13"). Ch. 11 SLA 13 continued the existence of AGDC but changed it from a wholly-owned subsidiary of the Alaska Housing Finance Corporation ("AHFC") under AS 18.56.086 into an independent public corporation of the State of Alaska organized under AS 31.25 and having a legal existence independent of and separate from the State of Alaska. AGDC's purpose is to advance the planning, constructing, financing and operations of an in-state natural gas pipeline project or an Alaska liquefied natural gas project or other transportation systems to deliver natural gas and other non-oil hydrocarbon products available to Fairbanks, the South-central region of the state, and other communities in the state at the lowest rates possible.

AGDC is located within DCCED solely for state administrative purposes, and there is no financial accountability between AGDC and DCCED. AGDC is authorized to borrow money and issue bonds on its own behalf to provide sufficient funds for carrying out its purpose but, at this time, mainly relies upon appropriations of state money for that purpose.

AGDC is a component unit of the State of Alaska (the "State") and is a government instrumentality of the State. On September 13, 2013, the Governor appointed a new board of directors for AGDC to replace the AHFC Board of Directors which had served as AGDC's board while AGDC was a subsidiary corporation of AHFC. The AGDC Board of Directors is comprised of five public members and two individuals designated by the Governor from among the heads of the principal departments of the State.

The in-state natural gas pipeline fund is established in AS 31.25.100 and consists of money appropriated to it. Effective June 30, 2013, AGDC's FY12 and FY13 unexpended and unobligated appropriation balance of \$16.5 million (FY12 \$6.6 million and FY13 \$9.9 million) was re-appropriated to the in-state natural gas pipeline fund. In FY 14, AGDC received an appropriation of an additional \$355 million in state funds (\$427 million less the prior year's appropriations of \$72 million) to the in-state natural gas pipeline fund to provide for AGDC's ASAP project through sanction and the beginning of construction.

The Alaska liquefied natural gas project fund is established in AS 31.25.110. In FY 15, AGDC received an appropriation of \$69.8 million to provide funding for the state's 25% ownership interest in the pipeline and marine facilities for the Alaska liquefied natural gas project. In FY 15, the legislature also appropriated \$166 million from the In-State Natural Gas Pipeline Fund to be used for other purposes.

In FY 16, AGDC received an appropriation of \$64.4 million to purchase the TransCanada share of the Alaska liquefied natural gas project for North Slope gas transmission lines, gas treatment plant, and the LNG facility. In FY 16, AGDC also received an appropriation of \$75.6 million to provide continued funding for the state's share of preliminary front-end engineering and design work for the Alaska liquefied natural gas project. AGDC also received statutory designated program receipts received as reimbursed costs of

Notes to Financial Statements

field work paid from the Alaska liquefied natural gas project fund in the amount of \$2.9 million and field work paid from the in-state natural gas pipeline fund in the amount of \$1.3 million. Also effective June 30, 2016, AGDC received an appropriation of \$9 million as a partial reversal of the \$166 million previously appropriated from the AGDC fund. This legislation also appropriated an additional \$4.1 million to the Alaska Liquefied Natural Gas Project Fund and transferred \$26 million from the In-State Natural Gas Pipeline Fund to the Alaska Liquefied Natural Gas Project Fund.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

AGDC is a single purpose governmental fund and has elected to show a single combining presentation of its annual financial statements showing the Government-wide and Fund financial statements as Exhibit A – Governmental Fund Balance Sheet / Statement of Net position and Exhibit B Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance / Statement of Activities. The financial statements have been prepared in conformity with generally accepted accounting principles, including all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Government-wide and Governmental Fund Financial Statements

The Statement of Net position and the Statement of Activities report information on all of the activities of AGDC. The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances are provided for governmental funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental Fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, AGDC considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Accounting Governmental Standards Board (“GASB”) Statement 68, Accounting and Financial Reporting for Pensions, was effective for AGDC’s fiscal year 2015. The statement changes how employers measure and report the costs and obligations associated with pensions in their financial statements. The effect from the adoption of the provisions of this statement will be a liability recognized as employees earn their pension benefits.

Fiscal year 2015 was the first time that the Corporation has recognized its proportionate share of the collective pension amounts for all benefits provided through the plan at the current measurement date. The pension amounts recognized in the financial statements include the net pension liability, deferred outflows of resources, deferred inflows of resources (Exhibits A and F) and pension expense (Exhibits B and G).

NOTE C: INVESTMENTS

The Department of Revenue, Treasury Division (Treasury) has created a pooled environment by which it manages the investments the Commissioner has fiduciary responsibility for. Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The Corporation invests in the State’s internally managed General Fund and Other Non-Segregated Investments Pool (GeFONSI). The GeFONSI consists of investments in the State’s internally managed Short-term Fixed Income Pool, Short-term Liquidity Fixed Income Pool and the Intermediate-term Fixed Income Pool. The Complete financial activity of the Corporation is shown in the Comprehensive Annual Financial Report (CAFR) available from the Department of Administration, Division of Finance.

Notes to Financial Statements

Assets in the pools are reported at fair value. Investment purchases and sales are recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service.

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 Liquidity and Intermediate-term Fixed Income Pools is allocated to the pool participants daily on a pro-rata basis.

6/30/2016	Fund 1229	Fund 1235
GeFONSI	36,198,614.95	63,045,094.16

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>.

Additional Governmental Accounting Standards Board (GASB) Disclosure Information

GASB 72, Appendix C, illustration 1 establishes the unit of account measure for an external investment pool as each share held, and the value of the position would be the fair value of the pool's share multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

GASB 79, paragraph 41 states that if an external investment pool does not meet the criteria in paragraph 4, the pool's participants should measure their investments in that pool at fair value as provided in paragraph 11 of GASB 31, as amended.

According to GASB 31, paragraph 11, investment positions in external pools are measured by the fair value per share of the pool's underlying portfolio. Currently, all pools (State and ARMB) are priced using fair valuation. The underlying portfolio in each pool is priced, which then rolls up to individual mandates within each pool. Finally, the pools are priced. Participants have a number of shares in each pool which is then used to calculate the value of each participant's share of each pool.

NOTE D: RELATED PARTY TRANSACTIONS

AGDC utilizes certain AHFC administrative and support services and products such as payroll administration for half the fiscal year, employee medical plans and their associated administrative services.

The following amounts were owed, paid or received by AHFC on behalf of AGDC in F16.

Due to AHFC as of 6/30/15	-
Payments to vendors and payroll	144
Received from State of Alaska	(144)
Due to AHFC as of 6/30/16	-

Due from State of Alaska

The outstanding balance is for reimbursement of payments made by AHFC to vendors on behalf of AGDC that have not yet been reimbursed by the State of Alaska.

Due to Alaska Housing Finance Corporation

AGDC utilizes AHFC's cash disbursement system to pay for costs incurred. As a result the outstanding balance is the net result of payments made by AHFC to vendors on behalf of AGDC and the periodic reimbursements from the State of Alaska for AGDC's vendor costs.

Notes to Financial Statements

NOTE E: ASSETS AND LIABILITIES

Equipment Net of Depreciation

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated/depleted:				
Intangible - Software	497	-		497
Equipment	1,003	24		1,027
Total capital assets being depreciated/depleted	1,500	24	-	1,524
Less accumulated depreciation/depletion for:				
Intangible - Software	(237)	(140)	-	(377)
Equipment	(631)	(242)	-	(873)
Total accumulated depreciation/depletion	(868)	(382)	-	(1,250)
Total capital assets being depreciated/depletion, net	632	(358)	-	274
Capital assets, net	\$ 632	\$ (358)	\$ -	\$ 274

NOTE F: LONG TERM LIABILITIES

The activity for the year ended June 30, 2016 is summarized in the following schedule (in thousands):

	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
Compensated absences	\$ 861	\$ 191	\$ (716)	\$ 336	\$ 111
Net Pension Liabilities	\$ 728	\$ 3,223	\$ -	\$ 3,951	\$ -

NOTE G: PENSION AND POST EMPLOYMENT HEALTH CARE

Plan Description

As of June 30, 2016, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System ("PERS"). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan which includes both pension and post employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008 when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan. PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan which includes both pension and post employment healthcare plans for all employees hired on or after July 1, 2006.

PERS is administered by the State of Alaska. Benefits and contribution provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by State Legislature. Amendments do not affect existing employees. A publicly available financial report that includes financial statements and required supplementary information is issued annually by PERS. That report may be obtained by writing to State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0202 or on the web at www.doa.alaska.gov/drb.

Notes to Financial Statements

Defined Benefit Plans (Employees hired prior to July 1, 2006):

Employees hired prior to July 1, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service and for all service prior to July 1, 1986, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan pays the retiree medical plan premium and also provides death and disability benefits.

Employees hired after June 30, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. Also the plan does not pay the retiree medical plan premium for retirees under the age of 60 unless the retiree has 30 years of credited service. The employee may elect to pay the full premium cost for medical coverage.

Employees hired between June 30, 1996 and June 30, 2006 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's five-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees with less than 10 years of service at age 60. The employee may elect to pay the full premium cost for medical coverage.

Defined Contribution Plan (Employees hired on or after July 1, 2006):

There is no retirement age set, however taxes and penalties may apply if withdrawn prior to age 59 ½. Retirement benefits are equal to the Defined Contribution account balance plus interest. The employee may direct the investment of the account if so desired. The account balance is 100% of the employees contribution plus 25% of the Corporation's contribution after two years of service, 50% of the Corporation's contribution after three years of service, 75% of the Corporation's contribution after four years of service, and 100% of the Corporation's contribution after 5 years of service. The plan pays a portion of the retiree medical plan premium if the retiree retires directly from the plan and is eligible for Medicare. The portion of premium paid by the plan is determined by years of service. Disability benefits are also provided.

Funding Policy

Defined Benefit Plans:

Under State law, covered employees are required to contribute 6¾% of their annual covered salary to the pension plan and are not required to contribute to the Post Employment Healthcare Plan.

Under State law the Corporation is required to contribute 22% of annual covered salary. For the fiscal year 2016, 13.25% of covered salary is for the pension plan and 8.75% of covered salary is for the Post Employment Healthcare Plan.

Under AS 39.35.255, the difference between the actuarial required contribution of 27.19% for the fiscal year 2016 and the employer rate of 22% will be funded by the State.

The State contribution to the pension plan for the Corporation for the year ended June 30, 2016 was \$23,585.

The Corporation's contributions to the pension plan for the years ended June 30, 2016 and June 30, 2015 was \$86,087 and \$264,467, respectively.

The State contribution to the post employment healthcare plan for the Corporation for the year ended June 30, 2016 was \$0.

The Corporation's contributions to the post employment healthcare plan for the years ended June 30, 2016 and June 30, 2015 was \$136,255 and \$199,511, respectively.

Notes to Financial Statements

		Employer <u>Post Employment</u>	On-Behalf <u>Post Employment</u>
PERS Confirmation 2016	DB Employer ARHCT Cont Healthcare	136,255	
	DB Employer DBUL - ARHCT	74,934	
		<u>211,189</u>	48,984
PERS Confirmation 2015	DB Employer ARHCT Cont Healthcare	199,511	
	DB Employer DBUL - ARHCT	61,629	
		<u>261,140</u>	
PERS Confirmation 2014	DB Employer ARHCT Cont Healthcare	47,545	
	DB Employer DBUL - ARHCT	11,744	
		<u>59,289</u>	31,704
PERS Confirmation 2013	DB Employer ARHCT Cont Healthcare	-	
	DB Employer DBUL - ARHCT	-	
		<u>-</u>	

Defined Contribution Plans:

Under State law, covered employees are required to contribute 8% of their annual covered salary. For the fiscal year 2016, the Corporation is required to contribute 5.22% of the annual covered salary to the pension plan.

Under State law, covered employees are not required to contribute to the post employment healthcare plan. For the fiscal year 2016, the Corporation is required to contribute 1.68% of the annual covered salary plus an annual flat dollar amount of \$2,004.52 for each covered employee.

If the total amount that the Corporation has contributed for the defined contribution pension and post employment healthcare plans is less than 22% of covered payroll, the Corporation must pay that additional amount. For the year ended June 30, 2016, the Corporation paid additional contributions of \$105,569.

The contributions to the pension plan for the year ended June 30, 2016 by the employees was \$62,600, by the Corporation was \$39,125 and by the State was \$28,405.

The contributions to the post employment healthcare plan for the year ended June 30, 2016 by the Corporation was \$27,457 and by the State was \$12,207.

Defined Benefit Pension Liabilities:

At June 30, 2016 the Corporation reported a liability for its proportionate share to the net pension liability in the amount of \$3,951,177. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the new pension liability was determined by the actuarial valuation as of June 30, 2014 and rolled forward to June 30, 2015.

Defined Benefit Pension Expense:

For the year ended June 30, 2016, the Corporation recognized pension expense of \$163,371 and revenue of \$163,371 for support provided by the State. Pension expense does not include the employer portion paid of \$652,878, just the amount paid by the State on behalf of the Corporation.

Notes to Financial Statements

Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions:

The Corporation's deferred outflows of resources related to pensions of \$1,795,715 was due to a change in its proportionate share of contributions to the pension plan of \$1,449,555 and contributions to the pension plan subsequent to the measurement date of \$319,810. The Corporation's deferred inflows of resources related to pension of \$69,952 was due to a difference between expected versus actual investment returns.

The amounts recognized as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
2017	\$ 1,381,318	\$ (17,488)	\$ 1,363,830
2018	414,397	(17,488)	396,909
2019	-	(17,488)	(17,488)
2020	-	(17,488)	(17,488)
	\$ 1,795,715	\$ (69,952)	\$ 1,725,763

Defined Benefit Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015. The valuation was prepared assuming an inflation rate of 3.12%. Salary increases were determined by grading by age and service to range from 4.34% to 8.55%. Investment rate of return was calculated at 8%, net of pension plan investment expenses, based on an average inflation rate of 3.12% and a real rate of return of 4.88%.

Pre-termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time. Post-termination mortality rates were based on 95% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

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 rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table (note that the rates shown below exclude the inflation component):

Notes to Financial Statements

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	5.35%
Global equity (non-US)	5.55
Private equity	6.25
Fixed income composite	.80
Real estate	3.65
Alternative equity	4.70

Discount rate:

The discount rate used to ensure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer 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 Corporations proportionate share of the net pension liability using the discounted rate of 8% and what if would be in the discount rate was 1% lower (7%) or 1% higher (9%).

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Corporation's proportionate share of the net pension liability	\$2,855,383	\$3,951,177	\$5,252,755

NOTE H: OTHER COMMITMENTS AND CONTINGENCIES

The Corporation entered into an agreement where \$4,657,856 would become due and payable when (a) the State awards permits, work product, and other results of the North Slope to Tidewater Preliminary Development Project to a Qualified Builder (other than a public corporation owned by the State). Or (b) the State determines it will construct the North Slope to Tidewater pipeline itself, either through a public corporation owned by the State or otherwise, and (I) the Legislature of the State of Alaska appropriates some or all of the funding for the North Slope to Tidewater Development and Construction Expenses, or (II) bonds are issued by the State or a public corporation owned by the State intended to finance some or all of the North Slope to Tidewater Development and Construction Expenses.

The Corporation entered into a Joint Venture Agreement effective July 1, 2014, with affiliates of ExxonMobil, BP, ConocoPhillips, and TransCanada Corp., for a proposed Alaska LNG (AK LNG) project. The project is to jointly fund and conduct Pre Front End Engineering (Pre-FEED) work consisting of engineering, design, permitting and related studies for a North Slope treatment plant, large-diameter pipeline from the North Slope to Nikiski and liquefied natural gas plant and marine terminal at Nikiski. Costs of the overall project are estimated to be \$45 billion to \$65 billion and the estimated export of LNG is 15 million to 18 million tons per year. Under the agreement, the Corporation would contribute its ownership share of funds to carry out the Pre-FEED work for the Alaska LNG project. In FY15 the Corporation contributed \$16.3 million, in FY16 the Corporation contributed \$49.8 million, with an additional \$25.4 - \$42.8 million estimated to be contributed in FY17 to complete joint venture Pre-FEED work.

Notes to Financial Statements

During the fiscal year ended June 30, 1998 the Alaska Housing Finance Corporation (AHFC) began a program of self-insurance for employee medical benefits. Costs are billed directly to AHFC by the Administrative Services Provider that processes all of the claims from the employees and their dependents. AHFC has purchased a stop-loss policy that limits its liability to \$175,000 per employee per year. AHFC has provided for an estimate of the Incurred But Not Reported (IBNR) liability in the amount of \$2,358,000 as of June 30, 2015. The Corporation reimbursed AHFC for the cost of their employee medical benefits and pays for the administration of those services through a reimbursable service agreement.

On May 18, 2015 the governor signed into law CCS HB 72(brf sup maj fld H), Chapter 23, SLA 15, Section 3 of the legislation appropriated \$8,986,700 from the In-State Natural Gas Pipeline Fund (AS 31.25.100) to be used for other purposes in the fiscal year ending June 30, 2016. On June 29, 2015, the governor signed into law CCS HB 2001, (Chapter 1, SSSLA 15), Section 9 of the legislation appropriated \$157,000,000 from the In-State Natural Gas Pipeline Fund (AS 31.25.100). These appropriations are presented as restricted funds transfer or expense in Exhibits A, B and G. The \$8,986,700 remains restricted as of June 30, 2016, as the governor on June 28, 2016 signed HCS CSSB 138(FIN) am H(brf sup maj fld H) passed by the Fourth Special Session of the Twenty-Ninth Alaska State Legislature to appropriate the funds from the general fund to the In-State Natural Gas Pipeline Fund (AS 31.25.100).

ALASKA GASLINE DEVELOPMENT CORPORATION**Exhibit C**

(A Component Unit of the State of Alaska)

Required Supplementary Information

Schedule of Governmental Fund Revenues, Expenditures & Changes in Fund Balance - Budget to Actual

For the Year Ended June 30, 2016

(in thousands of dollars)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget Positive (Negative)
<u>REVENUES</u>				
Revenues from the State of Alaska	\$ 153,350	\$ 153,350	\$ 153,350	\$ -
Total Revenues	<u>153,350</u>	<u>153,350</u>	<u>153,350</u>	<u>-</u>
<u>EXPENDITURES</u>				
Contractual Services	133,206	133,206	133,206	-
Personnel	4,748	4,748	4,748	-
Office and Supplies	1,453	1,453	1,453	-
Travel	133	133	133	-
Retirement Funding State of Alaska	163	163	163	-
Depreciation	-	-	-	-
Insurance	66	66	66	-
Other Services	40	40	40	-
Advertising	1	1	1	-
Restricted Funds	157,000	157,000	157,000	-
Total Expenditures	<u>296,809</u>	<u>296,809</u>	<u>296,809</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (143,459)</u>	<u>\$ (143,459)</u>	<u>\$ (143,459)</u>	<u>\$ -</u>
Net change in fund balance			(143,459)	
<u>FUND BALANCE</u>				
Beginning of Year Balance			273,103	
End of year balance			<u>\$ 129,644</u>	

Notes to Required Supplementary Information:**Basis of Budgeting**

The legislature's legal authorization for AGDC to incur obligations is enacted on a basis inconsistent with generally accepted accounting principles (GAAP). This schedule presents comparisons of the original and final adopted budget with actual data on a budgetary basis. Encumbrances are included for total authorized expenditures, although for GAAP purposes they are excluded. The actual data in this schedule is modified accrual basis of accounting with encumbrances.

Reconciliation of Budgetary to GAAP reporting:

Budgetary Basis -Total Revenue	\$ 153,350
	\$ -
HB 4 appropriation	-
SB 138 appropriation	-
SB 18 re-appropriation receipt	-
Retirement funding made by State of Alaska on-behalf of AGDC	-
Prepaid items	(3,370)
Encumbrances	-
Governmental Fund Income Statement - Total Revenue	<u>\$ 149,980</u>
Budgetary Basis - Expenditures	\$ 296,809
Retirement funding made by State of Alaska on-behalf of AGDC	-
Prepaid items	(3,370)
Encumbrances	-
Governmental Fund Income Statement - Expenditures	<u>\$ 293,439</u>

ALASKA GASLINE DEVELOPMENT CORPORATION**Exhibit D**

(A Component Unit of the State of Alaska)

Required Supplementary Information

Defined Benefit Pension Plan**Schedule of the Corporation's Proportionate Share of the Net Pension Liability**

For the Year Ended June 30, 2016

	<u>2016</u>
The Corporation's proportion of the net pension liability (asset)	0.08147000%
The Corporation's proportionate share of the net pension liability (asset)	\$ 3,951,177
State's proportionate share of the net pension liability associated with the Corporation	1,058,318
Total	<u><u>\$ 5,009,495</u></u>
The Corporation's covered employee payroll fiscal year 2015	\$ 3,306,920
The Corporation's proportionate share of the net pension liability as a percentage of its covered employee payroll	119.48%
Plan fiduciary net position as a percentage of the total pension liability	63.95%
	<u>2015</u>
The Corporation's proportion of the net pension liability (asset)	0.00028939%
The Corporation's proportionate share of the net pension liability (asset)	\$ 727,606
State's proportionate share of the net pension liability associated with the Corporation	502,361
Total	<u><u>\$ 1,229,967</u></u>
The Corporation's covered employee payroll fiscal year 2014	\$ 2,210,771
The Corporation's proportionate share of the net pension liability as a percentage of its covered employee payroll	33.00%
Plan fiduciary net position as a percentage of the total pension liability	62.37%

Notes to Required Supplementary Information:**Proportionate Share of the Net Pension Liability**

Information in this table is presented based on the plan measurement date. For June 30, 2016 the plan measurement date is June 30, 2015.

The table is intended to present 10 years of information. Additional year's information will be added to the schedules as it becomes available.

The plan is not reporting any changes in benefit terms from the prior measurement period.

The plan is not reporting any changes in assumptions from the prior measurement period.

ALASKA GASLINE DEVELOPMENT CORPORATION**Exhibit E**

(A Component Unit of the State of Alaska)

Required Supplementary Information

Defined Benefit Pension Plan**Schedule of the Corporation's Contributions**

For the Year Ended June 30, 2016

	2016
Contractually required contributions	319,810
Contributions in relation to the contractually required contributions	319,810
Contribution deficiency (excess)	-
The Corporation's covered employee payroll fiscal year 2016	3,021,153
Contributions as a percentage of covered employee payroll	10.586%
	2015
Contractually required contributions	346,160
Contributions in relation to the contractually required contributions	346,160
Contribution deficiency (excess)	-
The Corporation's covered employee payroll fiscal year 2015	3,306,920
Contributions as a percentage of covered employee payroll	10.468%

Notes to Required Supplementary Information:**Corporation's Contributions**

This table reports the Corporation's pension contributions to PERS during fiscal year 2016. These Contributions are reported as a deferred outflow on the June 30, 2016 basic financial statements.

The table is intended to present 10 years of information. Additional year's information will be added to the schedules as it becomes available.

ALASKA GASLINE DEVELOPMENT CORPORATION

(A Component Unit of the State of Alaska)

Combined Statement of Net Position

As of June 30, 2016

(in thousands of dollars)

Exhibit F

	Instate Natural Gas Pipeline Fund (INGPF)	Alaska Liquefied Natural Gas Project Fund (ALNGPF)	Combined Statement of Net Position
<u>ASSETS</u>			
Cash and Investments	\$ 28,049	\$ 89,045	\$ 117,094
Prepaid Expenses	3,567	-	3,567
Due from State of Alaska	10,728	-	10,728
Equipment, Net of Depreciation	274	-	274
Total Assets	\$ 42,618	\$ 89,045	\$ 131,663
Deferred Outflows	\$ 2,116	\$ -	\$ 2,116
<u>LIABILITIES</u>			
Accrued payables	\$ 1,409	\$ -	\$ 1,409
Accrued Compensated Absences	336	-	336
Due to Alaska Houseing Finance Corporation	-	-	-
Due to From Other Fund	10,398	(10,398)	-
Net Pension Liability	3,951	-	3,951
Total Liabilities	\$ 16,094	\$ (10,398)	\$ 5,696
Deferred Inflows	\$ 70	\$ -	\$ 70
<u>Net Position</u>			
Total Net Position	\$ 28,570	\$ 99,443	\$ 128,013

ALASKA GASLINE DEVELOPMENT CORPORATION

(A Component Unit of the State of Alaska)

Combined Statement of Activities

For the Year Ended June 30, 2016

(in thousands of dollars)

Exhibit G

	Instate Natural Gas Pipeline Fund (INGPF)	Alaska Liquefied Natural Gas Project Fund (ALNGPF)	Combined Statement of Activities
<u>REVENUES</u>			
Revenues from the State of Alaska	\$ 0	\$ 170,072	\$ 170,072
Investment and Interest Income	365	563	928
Other Revenue	1,318	2,975	4,293
Retirement Funding State of Alaska	146	-	146
Total Revenues	1,829	173,610	175,439
<u>EXPENDITURES / EXPENSES</u>			
Contractual Services	11,345	118,490	129,835
Personnel	4,802	1,325	6,127
Office and Supplies	1,218	211	1,429
Travel	80	53	133
Retirement Funding State of Alaska	146	-	146
Depreciation	346	35	381
Insurance	55	11	66
Other Services	40	0	40
Advertising	1	-	1
Restricted transfer / expense	183,000	-	183,000
Total Expenditures / Expenses	201,033	120,125	321,158
Excess (Deficiency) of Revenues Over Expenditures / Expenses	(199,204)	53,485	(145,719)
Net change in fund balance / Change in Net Position	(199,204)	53,485	(145,719)
<u>FUND BALANCE / Net Position</u>			
Beginning of Year Balance as Restated	227,774	45,958	273,732
End of year balance	<u>\$ 28,570</u>	<u>\$ 99,443</u>	<u>\$ 128,013</u>
<u>End of Year Fund Balance</u>			
Restricted	9,000	-	9,000
Unrestricted	19,570	99,443	119,013
Total	<u>\$ 28,570</u>	<u>\$ 99,443</u>	<u>\$ 128,013</u>