Alaska Gasline Development Corporation

Financial Statements, Required Supplementary Information and Supplemental Information
Year Ended June 30, 2019

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

Alaska Gasline Development Corporation

Financial Statements, Required Supplemental Information and Supplemental Information

Year Ended June 30, 2019

TABLE OF CONTENTS

Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

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 the Alaska Gasline Development Corporation (the Corporation), a component unit of the State of Alaska, as of and for the year ended June 30, 2019, 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 from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, 2019, 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 information and defined benefit pension plan schedules on pages 3 through 8, 28 and 29 through 32 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 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 directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of net position and activities is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BDO USA, LLP

Anchorage, Alaska
October 16, 2019

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, 2019 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, 2019. 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.

Adoption of the Governmental Accounting Standards Board statement 75 present Other Post Employment Benefits information in Exhibits F and G. The Supplemental Information, Combining Statement of Net Position (Exhibit H) and Combining Statement of Activities (Exhibit I) present AGDC's financial activity by the In State Natural Gas Pipeline Fund and the Alaska Liquefied Natural Gas Project Fund.

ACCOMPLISHMENTS AND PLANS

In FY 19, the Corporation progressed its mission by accomplishing the following milestones:

- Alaska LNG project environmental schedule accelerated by the Federal Energy Regulatory Commission (FERC).
- Amendment to State of Alaska right-of-way signed.
- Binding gas sales precedent agreement signed with ExxonMobil.
- Sinopec, CIC Capital, and Bank of China signed supplemental agreement.
- AGDC Board of Directors authorized project structure through acquisition of limited liability corporations.
- FERC issued Notice of Schedule for the Alaska LNG project.
- Alaska Federation of Natives unanimously passed resolution supporting an Alaska natural gas pipeline project.
- Maintained eight Letters of Intent and Memoranda of Understanding with potential LNG customers.
- U.S. Army Corps of Engineers (USACE) issued Section 404 permit for the Alaska Stand Alone Pipeline (ASAP) project.
- USACE and Department of the Interior issued joint Record of Decision for the ASAP project.
- BP Alaska and ExxonMobil signed collaboration agreement with AGDC.

The primary focus areas for FY20 include the Technical and Regulatory aspects of permitting the Alaska LNG project. The Corporation's mission is to maximize the benefit of Alaska's vast North Slope natural gas resources through the development of infrastructure necessary to move the gas into local and international markets as well as to continue our efforts with state and federal regulators, and North Slope producers. In July 2019 BP and ExxonMobil signed a cost sharing agreement to provide up to $10 million each for AGDC to progress that Alaska LNG project in FY20.

In FY20, the Corporation will advance the Technical and Regulatory aspects of permitting the Alaska LNG project by conducting the following activities:

- Advance the Alaska LNG project through the FERC environmental review process and receive a FERC Order authorizing construction of the project.
- Receive right-of-way grant from the Department of Natural Resources for State of Alaska lands necessary to construct the project.
- Receive Record of Decision and right-of-way grants from the Bureau of Land Management and National Park Service for federal lands necessary to construct the project.
- Receive Record of Decision and Section 404 permit from the USACE authorizing placement of fill in waters (wetlands) of the United States.
- Right-size AGDC's level of operations and personnel to achieve the primary goal of completing the FERC environmental review and FERC Order authorizing the construction of the Alaska LNG Project.

FINANCIAL HIGHLIGHTS

$ in thousands	Governmental Fund				Government - Wide			
	FY18	**FY19**	**Variance**	**% Variance**	**FY18**	**FY19**	**Variance**	**% Variance**
Assets	57,654	28,219	(29,435)	-51%	58,960	29,337	(29,623)	-50%
Liabilities	3,986	1,924	(2,021)	-52%	11,454	7,935	(3,519)	-31%
Fund Balance/Net Position	53,668	26,295	(27,373)		47,506	21,402	(26,104)	
Revenue	638	1,160	522	82%	819	1,031	212	26%
Expenditures/Expenses	34,480	28,533	(5,947)	-17%	34,520	27,135	7,385	-21%
Position	(33,842)	(27,373)	6,470		(33,701)	(26,104)	7,597	

Government-Fund

Assets are $28.2 million, Liabilities are $1.9 million and the fund balance is $26.3 million.

Revenue is $1.2 million in FY 19. Expenses are $28.5 million, $5.9 million less than in FY 18.

Government-Wide

Assets are $29.3 million, Liabilities are $7.9 million and Net Position is $21.4 million. Net Position decreased $26.1 million.

Revenue is $1.0 million and expenses were $27.1 million, resulting in a negative change of position of $26.1 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	Appropriation / (Restricted)	Budgetary Basis Expenditures	Variance
FY19	1,054	28,427	(27,373)
FY18	515	34,357	(33,842)
FY17	(2,443)	39,691	(42,134)
FY16	153,350	139,809	13,541
FY15	(166,000)	100,493	(266,493)
FY14	399,800	73,851	325,949
FY13	21,000	21,000	-
FY12	28,200	28,200	-
FY11	15,640	15,640	-
Total	451,116	481,468	(30,352)

Notes:

FY 19 - CSSSSB 19 did not appropriate funds to the Alaska liquefied natural gas project fund.

FY 18 - CCSHB 286 did not appropriate funds to the in-state natural gas pipeline fund or the Alaska liquefied natural Gas project fund, however, effective July 1, 2018 (FY 19), $10.1 million was appropriated from the In-state natural gas pipeline fund to the Alaska liquefied natural gas fund.

FY 17 - CCSHB 256 did not appropriate funds to the in-state natural gas pipeline fund or the Alaska liquefied natural gas project fund.

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.

On April 13, 2013, the 28th Alaska Legislature passed SCS CSSSHB 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.

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, and in FY17 the Corporation contributed $17.7 million to complete the joint venture Pre-FEED work. No additional contributions are currently estimated for this joint venture work.

In FY 17, the in-state natural gas pipeline fund and the Alaska liquefied natural gas project fund did not receive additional appropriations.

On June 13, 2018 the governor signed into law CCS HB 286, Section 23(j) of the legislation appropriated the balance on June 30, 2018 of the in-state natural gas pipeline fund (AS 31.25.100) to the liquefied natural gas project fund (AS 31.25.110), effective July 1, 2018.

On July 10, 2019 the governor signed into law HCS CSSSSB 19(FIN) am H(brf sup maj fld H), effective July 1, 2019, which did not appropriate additional funds to the Alaska liquefied natural gas project fund (AS 31.25.110).

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.

Financial Statements

ALASKA GASLINE DEVELOPMENT CORPORATION

Exhibit A

(A Component Unit of the State of Alaska)

Governmental Fund Balance Sheet / Statement of Net Position

As of June 30, 2019

(in thousands of dollars)

	Governmental Fund Balance Sheet	Adjustments*	Statement of Net Position
ASSETS			
Cash and Investments	$ 28,458	$ -	$ 28,458
Prepaid Expenses	268	-	268
Due from State of Alaska	(507)	507	-
Equipment, Net of Depreciation	-	1	1
Total Current Assets	28,219	508	28,727
Deferred Pension Outflows	-	449	449
Deferred OPEB Outflows	-	161	161
Total Deferred Outflows	-	610	610
Total Assets and Deferred Outflows	$ 28,219	$ 1,118	$ 29,337
LIABILITIES			
Accrued Payables	$ 1,924	$ -	$ 1,924
Accrued Compensated Absences	-	507	507
Net Pension Liabilities	-	4,060	4,060
Net OPEB Liabilities	-	825	825
Total Current Liabilities	1,924	5,392	7,316
Deferred Pension Inflows	-	185	185
Deferred OPEB Inflows	-	434	434
Total Deferred Inflows		619	619
FUND BALANCES			
Nonspendable	$ 268		
Restricted	-		
Assigned	26,027		
Unassigned	-		
Total Fund balance	$ 26,295		
Total Liabilities and Fund Balance	$ 28,219		
Net Position			
Total Net Position		$ (4,893)	$ 21,402

***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.	$ 507
Governmental funds don't recognize General Fixed Assets as current financial resources.	1
Governmental funds don't accrue revenue that isn't collectable within 60 days of year end - deferred outflows and deferred OPEB outflows.	610
Governmental funds don't recognize accrued compensated absences as payable using current financial resources.	(507)
Governmental funds don't accrue liabilities that will be paid greater than 60 days of year end - net pension liabilities and net OPEB liabilities.	(4,885)
Governmental funds don't accrue liabilities that will be paid greater than 60 days of year end - deferred inflows and deferred OPEB inflows.	(619)
Total Adjustments to the Governmental Fund Balance Sheet	$ (4,893)

See accompanying notes to the financial statements.

ALASKA GASLINE DEVELOPMENT CORPORATION **Exhibit B**

(A Component Unit of the State of Alaska)

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

For the Twelve Months Ended June 30, 2019

(in thousands of dollars)

	Governmental Fund Income Statement	Adjustments*	Statement of Activities
REVENUES			
Revenues from the State of Alaska	$ 9	$ (9)	$ -
Investment and Interest Income	976	-	976
Retirement Funding State of Alaska	175	(120)	55
Total Revenues	1,160	(129)	1,031
EXPENDITURES / EXPENSES			
Contractual Services	20,342	-	20,342
Personnel	5,631	(1,289)	4,342
Office and Supplies	2,019	-	2,019
Travel	235	-	235
Retirement Funding State of Alaska	175	(120)	55
Depreciation	-	11	11
Insurance	123	-	123
Other Services	8	-	8
Total Expenditures / Expenses	28,533	(1,398)	27,135
Excess (Deficiency) of Revenues Over Expenditures / Expenses	(27,373)	1,269	(26,104)
Net change in fund balance / Change in Net Position	(27,373)	1,269	(26,104)
FUND BALANCE / Net Position			
Beginning of year balance	53,668	(6,162)	47,506
End of year balance	$ 26,295	$ (4,893)	$ 21,402

***Adjustments:**

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

Governmental funds don't accrue revenue that isn't collectable within 60 days of year end - reimbursement for compensated absences.	$ (9)
Governmental funds don't recognize accrued compensated absences as an expenditure.	9
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.	(120)
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.	120
Governmental funds don't accrue liabilities that will be paid grater than 60 days of year end - this is the change in net pension liabilities and related deferred outflows and inflows of resources.	1,280
Governmental funds don't recognize General Fixed Assets as current financial resources.	(11)
Change in Net Position of governmental activities	$ 1,269

See accompanying notes to the financial statements.

This page intentionally left blank.

FOOTNOTE INDEX

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 CSSSHB 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 states 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 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.

In FY 17, the in-state natural gas pipeline fund and the Alaska liquefied natural gas project fund did not receive additional appropriations.

In FY 18, the in-state natural gas pipeline fund (AS 31.25.100) balance as of June 30, 2018 was appropriated to the Alaska liquefied natural gas project fund (AS 31.25.110), effective July 1, 2018. During FY 19 it was the intent of the Corporation to continue the purpose of the in-state natural gas pipeline fund through the Alaska liquefied natural gas project fund.

In FY 19, the Alaska liquefied natural gas project fund did not receive an additional appropriation.

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 No. 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 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 H) and pension expense (Exhibits B and I).

In fiscal year 2018, the Corporation adopted the provisions of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which, among other accounting and reporting criteria, requires the Corporation to recognize its proportional share of the Net OPEB Liability (and related deferred inflow / outflow accounts). Fiscal year 2018 was the first time that the Corporation recognized its proportionate share of the collective pension amounts for all the postemployment benefits provided through the plan at the current measurement date. The pension amounts recognized in the financial statements include the net OPEB liability, deferred OPEB outflows of resources, deferred OPEB inflows of resources (Exhibits A and H) and OPEB expense (Exhibits B and I).

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.

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.

As June 30, 2019, the Corporation's share of pool investments was as follows:

	Fund 1229	Fund 1235
GeFONSI balance	$ -	$ 20,765,961

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 FY 19.

Due to AHFC as of 6/30/18	$ -
Payments to vendors and payroll	23
Received from State of Alaska	(23)
Due to AHFC as of 6/30/19	$ -

Due to Alaska Housing Finance Corporation
AGDC participates with AHFC's group benefits and pays for those services through a reimbursable service agreement. As a result any outstanding balance is the net result of payments made by AHFC to vendors on behalf of AGDC and the periodic reimbursements for AGDC's vendor costs.

Due from State of Alaska
The outstanding balance is for reimbursement of payments made by AGDC through a reimbursable service agreement that have not yet been reimbursed by the State of Alaska.

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	1,043	-	-	1,043
Total capital assets being depreciated/depleted	1,540	-	-	1,540
Less accumulated depreciation/depletion for:				
Intangible – Software	(497)	-	-	(497)
Equipment	(1,031)	(11)	-	(1,042)
Total accumulated depreciation/depletion	(1,528)	(11)	-	(1,539)
Total capital assets being depreciated/depleted, net	12	(11)	-	1
Capital assets, net	$ 12	$ (11)	$ -	$ 1

NOTE F: LONG-TERM LIABILITIES

The activity for the year ended June 30, 2019 is summarized in the following schedule (in thousands):

	June 30, 2018	Additions	Reductions	June 30, 2019	Due Within One Year
Compensated absences	$ 516	$ 113	$ (122)	$ 507	$ 253
Net Pension Liabilities	$ 4,528	$ -	$ (467)	$ 4,061	$ -
Net OPEB Liabilities	$ 720	$ 105	$ -	$ 825	$ -

NOTE G: PENSION AND POST EMPLOYMENT HEALTHCARE

Plan Description

As of June 30, 2019, 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 .

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 employee's 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 2019, 16.17% of covered salary is for the pension plan and 5.83% of covered salary is for the Post Employment Healthcare Plan.

Under AS 39.35.255, the difference between the actuarial required contribution of 27.58% for the fiscal year 2019 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, 2019 was $50,167.

The Corporation's contributions to the pension plan for the years ended June 30, 2019 and June 30, 2018 was $145,376 and $142,652, respectively.

The State contribution to the post employment healthcare plan for the Corporation for the year ended June 30, 2019 was $0.

The Corporation's contributions to the post employment healthcare plan for the years ended June 30, 2019 and June 30, 2018 was $52,414 and $40,797, respectively.

		Employer Post Employment	On-Behalf Post Employment
PERS Confirmation 2019	DB Employer ARHCT Cont Healthcare	$ 52,414	$
	BD Employer DBUL - ARHCT	79,899	
		132,313	
PERS Confirmation 2018	DB Employer ARHCT Cont Healthcare	$ 40,797	$
	BD Employer DBUL - ARHCT	73,836	
		114,633	
PERS Confirmation 2017	DB Employer ARHCT Cont Healthcare	$ 62,350	$
	BD Employer DBUL - ARHCT	103,409	
		165,759	

Defined Contribution Plans:

Under State law, covered employees are required to contribute 8% of their annual covered salary. For the fiscal year 2019, the Corporation is required to contribute 5.26% 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 2019, the Corporation is required to contribute .94% of the annual covered salary plus an annual flat dollar amount of $2,102.88 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, 2019, the Corporation paid additional contributions of $319,451.

The contributions to the pension plan for the year ended June 30, 2019 by the employees was $147,953, by the Corporation was $100,793 and by the State was $121,436.

The contributions to the post employment healthcare plan for the year ended June 30, 2019 by the Corporation was $58,535 and by the State was $0.

Defined Benefit Pension Liabilities

At June 30, 2019 the Corporation reported a liability for its proportionate share to the net pension liability in the amount of $4,061,328. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the new pension liability was determined by the actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2018.

Defined Benefit Pension Expense:
For the year ended June 30, 2019, the Corporation recognized pension expense of $55,109 and revenue of $55,109 for support provided by the State. Pension expense does not include the employer portion paid of $626,733, just the amount paid by the State on behalf of the Corporation.

Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions:
The Corporation's deferred outflows of resources related to pensions of $449,337 was due to a change in its proportionate share of contributions to the pension plan of $89,696 and contributions to the pension plan subsequent to the measurement date of $359,641. The Corporation's deferred inflows of resources related to pension of $185,457 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
2019	$ (25,010)	$ (46,365)	$ (71,375)
2020	95,410	(46,365)	49,045
2021	(23,134)	(46,364)	(69,498)
2022	42,430	(46,363)	(3,933)
	$ 89,696	$ (185,457)	$ (95,761)

Defined Benefit Actuarial Assumptions:
The total pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2018. 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 96% 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, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. These actuarial assumptions were 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 ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	8.90%
Global ex-US equity	7.85
Private equity	12.08
Fixed Income	1.25
Opportunistic	4.76
Real assets	6.20
Absolute return	4.76
Cash equivalents	.66

Discount rate:
The discount rate used to ensure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that the Corporation and nonemployer 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 in accordance with the method prescribed by GASB statement No. 67.

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 it would be if 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	$ 2,947,394	$ 4,061,328	$ 5,378,222

Defined Benefit OPEB Plan

As part of its participation in the PERS DB Plan (Tiers I, II, III), which is a cost-sharing multiple-employer plan, the Corporation participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier level. The Plan is administered by the State of Alaska, Department of Administration. General information about the OPEB Plan, including a description of the plan, benefits provided, contribution rates and historical context can be found at the beginning of Note G.

Employer Contribution Rate:
The Corporation is required to contribute 8.75% of covered payroll into the OPEB plan. Employees do not contribute.

In 2019, the Corporation was credited with the following contributions to the OPEB plan.

	Measurement Period Corporation FY18	Corporation FY19
Employer contributions	$ 147,648	$ 154,925
Nonemployer contributions (on-behalf)	-	-
Total Contributions	$ 147,648	$ 154,925

OPEB Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources:
At June 30, 2019, the Corporation reported a liability for its proportionate share of the net OPEB liability (NOL) that reflected a reduction for State OPEB support provided to the Corporation. The amount recognized by the Corporation for its proportional share, the related State proportion, and the total were as follows:

	2019
Corporation's proportionate share of NOL – ARHCT	$ 838,287
Corporation's proportionate share of NOL – RMP	25,761
Corporation's proportionate share of NOL – ODD	(39,318)
State's proportionate share of the NOL associated with the Corporation	244,442
Total Net OPEB Liability	$ 1,069,172

The total OPEB liabilities for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net OPEB liabilities as of that date. The Corporation's proportion of the net OPEB liabilities were based on a projection of the Corporation's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2017 Measurement Date Employer Proportion	June 30, 2018 Measurement Date Employer Proportion	Change
Corporation's proportionate share of the net OPEB liability			
ARHCT	0.08757%	0.08168%	(0.00589)%
RMP	0.21583%	0.20244%	(0.01339)%
ODD	0.21583%	0.20244%	(0.01339)%

As a result of its requirement to contribute to the Plan, the Corporation recognized OPEB expense / (benefit) of $(28,824) and on-behalf revenue of $32,090 for support provided by the State. At June 30, 2019, the Corporation reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (101,957)
Changes in assumptions	-	-
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(182,780)
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	5,849	(149,455)
Corporation contributions subsequent to the measurement date	154,925	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB	$ 160,774	$ (434,192)

The $154,925 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2020. 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,	
2020	$ (181,948)
2021	(154,581)
2022	(45,117)
2023	(45,117)
2024	(385)
Thereafter	(1,195)

Actuarial Assumptions:
The total OPEB liability for the measurement period ended June 30, 2018 (Corporation fiscal year 2019) was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018. The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) 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.

Actuarial cost method	Entry age normal; level dollar normal cost basis
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service from 9.66% to 4.92% for peace officer/ firefighter Graded by service from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY18 were allocated to employers based on the projected present value of contributions for FY2019-FY2039.

Investment Return / Discount Rate	8.00%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drug: 9.0% grading down to 4.0% Retiree Drug Subsidy / Employer Group Waiver Plans: 6.5% grading down to 4.0%
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for all others. Post-termination – 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB

The long-term expected rate of return on OPEB 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 postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return
Broad domestic equity	8.90%
Global ex-U.S. equity	7.85%
Fixed Income	1.25%
Opportunistic	4.76%
Real assets	6.20%
Absolute return	4.76%
Private equity	12.08%
Cash equivalents	0.66%

Discount rate:
The discount rate used to measure the total OPEB liability was 8.00%. 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 OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity:
The following presents the Corporation's proportionate share of the net OPEB liability calculated using the discount rate of 8.00%, as well as what the Corporation's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	Proportional Share		1% Decrease (7.00%)		Current Discount Rate (8.00%)		1% Increase (9.00%)
Corporation's proportionate share of the net OPEB liability							
ARHCT	0.08168%	$	1,697,110	$	838,287	$	118,417
RMP	0.20244%	$	76,928	$	25,761	$	(14,149)
ODD	0.20244%	$	(36,921)	$	(39,318)	$	(41,290)

Healthcare Cost Trend Rates Sensitivity:
The following presents the Corporation's proportionate share of the net OPEB liability calculated using the healthcare cost trend rate, as well as what the Corporation's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportional Share		1% Decrease		Current Discount Rate		1% Increase
Corporation's proportionate share of the net OPEB liability							
ARHCT	0.08168%	$	16,273	$	838,287	$	1,828,483
RMP	0.20244%	$	(21,902)	$	25,761	$	89,548
ODD	0.20244%	$	-	$	(39,318)	$	-

OPEB Plan Fiduciary Net Position:
Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report. Available at State of Alaska, Department of Administration, Retirement and Benefits.

Defined Contribution OPEB Plan

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment healthcare benefits.

Employer Contribution Rates:
Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2019 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	.94%	.94%
Occupational death and disability benefits	0.26%	0.76%
Total Contribution Rates	1.20%	1.70%

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. 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, 2018, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,102.88 per year for each full-time employee, and $1.35 per hour for part-time employees.

Annual Postemployment Healthcare Cost:
In 2019, the Corporation contributed $30,595 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

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.

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 $4,902,000 as of June 30, 2018. 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.

Required Supplemental Information

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, 2019

(in thousands of dollars)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Revenues from the State of Alaska	$ 1,054	$ 1,054	$ 1,054	-
Total Revenues	1,054	1,054	1,054	-
EXPENDITURES				
Contractual Services	20,236	20,236	20,236	-
Personnel	5,631	5,631	5,631	-
Office and Supplies	2,019	2,019	2,019	-
Travel	235	235	235	-
Retirement Funding State of Alaska	175	175	175	-
Depreciation	-	-	-	-
Insurance	123	123	123	-
Other Services	8	8	8	-
Total Expenditures	28,427	28,427	28,427	-
Excess (Deficiency) of Revenues Over Expenditures	$ (27,373)	$ (27,373)	$ (27,373)	$ -
Net change in fund balance			(27,373)	
FUND BALANCE				
Beginning of Year Balance			53,668	
End of year balance			$ 26,295	

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).

Reconciliation of Budgetary to GAAP reporting:

Budgetary Basis -Total Revenue	$ 1,054
HB 4 appropriation	-
SB 138 appropriation	-
SB 18 re-appropiation reciept	-
Retirement funding made by State of Alaska on-behalf of AGDC	-
Prepaid items	106
Encumbrances	-
Governmental Fund Income Statement - Total Revenue	$ 1,160
Budgetary Basis - Expenditures	$ 28,427
Prepaid items	
Retirement funding made by State of Alaska on-behalf of AGDC	-
Prepaid items	106
Encumbrances	-
Governmental Fund Income Statement - Expenditures	$ 28,533

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 Years Ended June 30

	The Corporation's proportion of the net pension liability (asset)	The Corporation's proportionate share of the net pension liability (asset)	State's proportionate share of the net pension liability associated with the Corporation	Total	The Corporation's covered employee payroll	The Corporation's proportionate share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net postion as a percentage of the total pension liability
2019	0.08170000%	$ 4,061,328	$ 1,176,999	$ 5,238,327	$ 3,075,316	132.06%	65.19%
2018	0.08760000%	4,528,481	1,688,262	6,216,743	3,204,487	141.32%	63.37%
2017	0.13171000%	7,362,141	927,522	8,289,663	3,314,034	222.15%	59.54%
2016	0.08147000%	3,951,177	1,058,318	5,009,495	3,021,153	130.78%	63.96%
2015	0.00028939%	727,606	502,361	1,229,967	3,306,920	33.00%	62.37%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*

* Information for these years is not available

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, 2019 the plan measurement date is June 30, 2018.

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 DB Contributions
For the Years Ended June 30

	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	The Corporation's covered employee payroll	Contributions as a percentage of covered employee payroll
2019	$ 359,641	$ 359,641	$ -	$ 3,075,316	11.694%
2018	402,177	402,177	-	3,204,487	12.550%
2017	352,236	352,236	-	3,314,034	10.629%
2016	319,810	319,810	-	3,021,153	10.586%
2015	346,160	346,160	-	3,306,920	10.468%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

* Information for these years is not available

Notes to Required Supplementary Information:

Corporation's Contributions

This table reports the Corporation's pension contributions to PERS during fiscal year 2019. These contributions are reported as a deferred pension outflow on the June 30, 2019 basic financial statements.

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 F

(A Component Unit of the State of Alaska)

Required Supplementary Information

Public Employees Retirement System

Schedule of the Corporation's Proportionate Share on the Net OPEB Liability

For the Years Ended June 30

	Corporation's Proportion of the Net OPEB Liability	Corporation's Proportion of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	Corporation's Covered Payroll	Corporation's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Contributions as a percentage of covered employee payroll
2019	0.08168	$ 838,287	$ 244,442	$ 1,082,729	$ 3,075,316	35.21%	88.31%
2018	0.08757	739,768	275,664	1,015,432	3,204,487	31.69%	89.68%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*

* Information for these years is not available.

Notes to Required Supplementary Information:

Proportionate Share of the Net OPEB Liability

This table reports the Corporation's Other Post Employment Benefit contributions to PERS during fiscal years 2019 and 2018. These contributions are reported as a Net OPEB Liability on the respective June 30 financial statements.

Information in this table is presented based on the plan measurement date. For June 30, 2019 the plan measurement date is June 30, 2018.

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 G**

(A Component Unit of the State of Alaska)

Required Supplementary Information

Defined Benefit Pension Plan Other Post Employment Benefits

Schedule of the Corporation's OPEB Contributions

For the Years Ended June 30

	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Corporation's Covered Payroll	Contributions as a percentage of covered employee payroll
2019	$ 154,925	$ 154,925	$ -	$ 3,075,316	5.04%
2018	141,899	141,899	-	3,204,487	4.43%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*
2011	*	*	*	*	*
2010	*	*	*	*	*

* Information for these years is not available.

Notes to Required Supplementary Information:

Proportionate Share of the Deferred OPEB Outflow

This table reports the Corporation's Other Post Employment Benefit contributions to PERS during fiscal year 2019 and 2018. These contributions are reported as a deferred OPEB outflow on the respective June 30 financial statements.

Information in this table is presented based on the plan measurement date. For June 30, 2019 the plan measurement date is June 30, 2018.

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.

Supplemental Information

ALASKA GASLINE DEVELOPMENT CORPORATION **Exhibit H**

(A Component Unit of the State of Alaska)

Combined Statement of Net Position

As of June 30, 2019

(in thousands of dollars)

	Instate Natural Gas Pipeline Fund (INGPF)	Alaska Liquefied Natural Gas Project Fund (ALNGPF)	Combined Statement of Activities
ASSETS			
Cash and Investments	$ -	$ 28,458	$ 28,458
Prepaid Expenses	-	268	268
Equipment, Net of Depreciation	-	1	1
Total Current Assets	-	28,727	28,727
Deferred Pension Outflows	-	449	449
Deferred OPEB Outflows	-	161	161
Total Deferred Outflows	-	610	610
Total Assets and Deferred Outflows	$ -	$ 29,337	$ 29,337
LIABILITIES			
Accrued Payables	$ -	$ 1,924	$ 1,924
Accrued Compensated Absences	-	507	507
Net Pension Liability	-	4,060	4,060
Net OPEB Liability	-	825	825
Total Current Liabilities	$ -	$ 7,316	$ 7,316
Deferred Pension Inflows	$ -	$ 185	$ 185
Deferred OPEB Inflows	-	434	434
Total Deferred Inflows	$ -	$ 619	$ 619
NET POSITION			
Total Net Position	$ -	$ 21,402	$ 21,402

ALASKA GASLINE DEVELOPMENT CORPORATION **Exhibit I**

(A Component Unit of the State of Alaska)
Combined Statement of Activities
For the Twelve Months Ended June 30, 2019
(in thousands of dollars)

	Instate Natural Gas Pipeline Fund (INGPF)	Alaska Liquefied Natural Gas Project Fund (ALNGPF)	Combined Statement of Activities
REVENUES			
Investment and Interest Income	$ -	$ 976	$ 976
Retirement Funding State of Alaska	-	55	55
Total Revenues	-	1,031	1,031
EXPENDITURES / EXPENSES			
Contractual Services	-	20,342	20,342
Personnel	-	4,342	4,342
Office and Supplies	-	2,019	2,019
Travel	-	235	235
Retirement Funding State of Alaska	-	55	55
Depreciation	-	11	11
Insurance	-	123	123
Other Services	-	8	8
Total Expenditures / Expenses	-	27,135	27,135
Deficiency of Revenues Over Expenditures / Expenses	-	(26,104)	(26,104)
Net change in fund balance / Change in Net Position	-	(26,104)	(26,104)
Transfers			
Transfers in (out)	(10,060)	10,060	-
FUND BALANCE / Net Position			
Beginning of Year Balance	10,060	37,446	47,506
End of year balance	-	21,402	21,402
End of Year Fund Balance			
Restricted	-	-	-
Unrestricted	-	21,402	21,402
Total	$ -	$ 21,402	$ 21,402