Alaska Gasline Development Corporation

Financial Statements and Required Supplementary Information

Year Ended June 30, 2020

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Financial Statements and Required Supplementary Information
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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, 2020, 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, 2020, 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 4 through 9, 36, 37, and 39 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.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Corporation will continue as a going concern. As described in Note J to the financial statements, the Corporation has enacted a plan that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note J. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

BDO USA, LLP

Anchorage, Alaska
October 15, 2020

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, 2020 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, 2020. 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 FY20, the Corporation progressed its mission by accomplishing the following milestones:

- Received FERC's Section 3 authorization to construct and operate the Alaska LNG Project.
- Received FERC's Notice of Availability of the Final Environmental Impact Statement for the Alaska LNG Project.
- Received Records of Decision from the U.S. Army Corps of Engineers and the Bureau of Land Management for the Alaska LNG Project.
- Received Department of Energy authorization to export LNG to non-Free Trade Countries.
- Receipt of other major federal permits and authorizations of the Alaska LNG Project.
- Closed out the Alaska LNG Project FAST-41 permit tracking dashboard signifying all major federal authorizations are complete.
- Worked to optimize the Alaska LNG Project with ExxonMobil, BP, and Fluor to reduce the cost of overall construction from $44.2B ($2015) to $38.7B ($2020) with achievable cost savings that have a high level of confidence and reduce the cost of supply to Asia to mid-range of competitors market pricing
- Establish 8-Star, LLC asset structure for transfer of Alaska LNG Project assets.
- Maintained Alaska LNG Project fund levels and AGDC Receipt Authority
- Right-sizing AGDC's level of operations and personnel to achieve primary goal for FY21 outlined below.

The primary focus area for FY21 will be transition from AGDC's sole ownership of the Alaska LNG Project to a venture structure that will lead to successful equity and debt financing of the project. This will include solicitation and receipt of investment from strategic parties. 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 AGDC's efforts with state and federal regulators, strategic parties, and North Slope producers.

To meet the objectives, the following activities are planned:

- In August 2020 Hilcorp and ExxonMobil agreed to continue the 2019 cost sharing agreement for AGDC to progress that Alaska LNG project in FY21.
- Growing the strategic party group. Additional potential strategic parties are being approached to join the discussions on project structure and execution.
- Project competitiveness has been improved through cost reductions and project structuring efforts.
- Further optimizations to project competitiveness have been identified and are being pursued.
- Addressing late question from state regulators for final permits.
- Meeting cultural resource requirements.
- 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.

- Continued reductions of operating and capital expenditures in line with work effort and budget.
- Stage gate economic approach.
    - If, by December 31, 2020, sufficient strategic parties are interested, AGDC President will make a recommendation to the Board to execute agreements and a transition plan.
    - If, by December 31, 2020, sufficient strategic parties are not present, there will be a open solicitation to draw other parties for participation in the Alaska LNG Project.
    - If qualifying proposals are received in the solicitation, then AGDC President will make a recommendation to the Board to execute agreements and a transition plan by June 30, 2021.

In the case where the Board rejects the solicitation respondents, or no strategic parties have been identified, AGDC will suspend/archive the Projects and commence wind-down to be completed by June 30, 2021.

FINANCIAL HIGHLIGHTS

$ in thousands	Governmental Fund				Government - Wide			
	FY19	**FY20**	**Variance**	**% Variance**	**FY19**	**FY20**	**Variance**	**% Variance**
Assets	28,219	24,437	(3,782)	-13%	29,337	26,009	(3,328)	-11%
Liabilities	1,924	865	(1,059)	-55%	7,935	7,223	(712)	-9%
Fund Balance/Net Position	26,295	23,572	(2,723)		21,402	18,786	(2,616)	
Revenue	1,160	11,901	10,741	926%	1,031	12,037	11,066	1068%
Expenditures/Expenses	28,533	14,624	(13,909)	49%	27,135	14,653	(12,482)	-46%
Position	(27,373)	(2,723)	24,650		(26,104)	(2,616)	23,488	

Government-Fund

Assets are $24.4 million, Liabilities are $.8 million and the fund balance is $23.6 million.

Revenue is $11.9 million in FY 20. Expenses are $14.6 million, $13.9 million less than in FY 19.

Government-Wide

Assets are $26 million, Liabilities are $7.2 million and Net Position is $18.8 million. Net Position decreased $2.6 million.

Revenue is $12 million and expenses were $14.7 million, resulting in a positive change of position of $23.5 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
FY20	10,386	10,386	-
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	461,502	491,854	(30,352)

Notes:
FY 20 - HB 205 did not appropriate funds to the Alaska liquefied natural gas project fund.
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).

On April 6, 2020 the governor signed into law HB 205 effective July 1, 2020, which did not appropriate additional funds to the Alaska liquefied natural gas project fund (A.S. 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.

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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, 2020

(in thousands of dollars)

	Governmental Fund Balance Sheet	Adjustments*	Statement of Net Position
ASSETS			
Cash and Investments	$ 24,250	$ -	$ 24,250
Prepaid Expenses	437	-	437
Due from State of Alaska	(250)	250	-
Equipment, Net of Depreciation	-	95	95
Net OPEB Assets	-	32	32
Total Assets	24,437	377	24,814
Deferred Pension Outflows	-	842	842
Deferred OPEB Outflows	-	353	353
Total Deferred Outflows	-	1,195	1,195
Total Assets and Deferred Outflows	$ 24,437	$ 1,572	$ 26,009
LIABILITIES			
Accrued Payables	$ 865	$ -	$ 865
Accrued Compensated Absences	-	250	250
Net Pension Liabilities	-	5,634	5,634
Net OPEB Liabilities	-	193	193
Total Liabilities	865	6,077	6,942
Deferred Pension Inflows	-	83	83
Deferred OPEB Inflows	-	198	198
Total Deferred Inflows		281	281
FUND BALANCES			
Nonspendable	$ 437		
Restricted	-		
Assigned	23,135		
Unassigned	-		
Total Fund balance	$ 23,572		
Total Liabilities and Fund Balance	$ 24,437		
Net Position			
Total Net Position		$ (4,786)	$ 18,786

***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.	$ 250
Governmental funds don't recognize General Fixed Assets as current financial resources.	95
Governmental funds don't accrue a receivable that isn't collectable within 60 days of year end - net OPEB assets.	32
Governmental funds don't accrue revenue that isn't collectable within 60 days of year end - deferred outflows and deferred OPEB outflows.	1,195
Governmental funds don't recognize accrued compensated absences as payable using current financial resources.	(250)
Governmental funds don't accrue liabilities that will be paid greater than 60 days of year end - net pension liabilities and net OPEB liabilities.	(5,827)
Governmental funds don't accrue liabilities that will be paid greater than 60 days of year end - deferred inflows and deferred OPEB inflows.	(281)
Total Adjustments to the Governmental Fund Balance Sheet	$ (4,786)

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 Year Ended June 30, 2020

(in thousands of dollars)

	Governmental Fund Income Statement	Adjustments*	Statement of Activities
REVENUES			
Cost Sharing Revenue	$ 11,274	$ -	$ 11,274
Investment and Interest Income	459	-	459
Retirement Funding State of Alaska	168	136	304
Total Revenues	11,901	136	12,037
EXPENDITURES / EXPENSES			
Contractual Services	10,109	-	10,109
Personnel	3,064	(156)	2,908
Office and Supplies	1,146	-	1,146
Travel	31	-	31
Retirement Funding State of Alaska	168	136	304
Depreciation	-	49	49
Insurance	105	-	105
Other Services	1	-	1
Total Expenditures / Expenses	14,624	29	14,653
Excess (Deficiency) of Revenues Over Expenditures / Expenses	(2,723)	107	(2,616)
Net change in fund balance / Change in Net Position	(2,723)	107	(2,616)
FUND BALANCE / Net Position			
Beginning of year balance	26,295	(4,893)	21,402
End of year balance	$ 23,572	$ (4,786)	$ 18,786

***Adjustments:**

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

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.	$ 136
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.	(136)
Governmental funds don't accrue liabilities that will be paid greater than 60 days of year end - this is the change in net pension liabilities and related deferred outflows and inflows of resources.	156
Governmental funds don't recognize General Fixed Assets as current financial resources.	(49)
Change in Net Position of governmental activities	$ 107

See accompanying notes to the financial statements.

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Notes to Financial Statements

FOOTNOTE INDEX

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 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.

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.

In FY 20, the Alaska liquefied natural gas project fund did not receive an additional appropriation. The legislature did authorize up to $20 million in designated program receipt authority allowing AGDC to receive funds from 3rd parties to advance the Alaska LNG Project.

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.

NOTE C: NEW ACCOUNTING PRONOUNCEMENTS

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

GASB Statement No. 84, Fiduciary activities (Statement 84) was issued by GASB in January 2017. The objective of Statement 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be recorded. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of this Statement are required to be implemented for the reporting periods beginning after December 15, 2019. We have not implemented Statement 84 and are currently evaluating the impact on future financial statements.

GASB Statement No. 87, Leases (Statement 87) was issued by GASB in June 2017. The objective of Statement 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of this Statement are required to be implemented for the reporting periods beginning after June 15 , 2021. We have not implemented Statement 87 and are currently evaluating the impact on future financial statements.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period – Effective for year-end June 30, 2021. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB Statement No. 90 – Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61 – Effective for year-end June 30, 2020. This Statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria.

GASB Statement No. 91 – Conduit Debt Obligations – Effective for year-end June 30, 2022.This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

GASB Statement No. 92 - Omnibus 2020 – Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2021. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

GASB Statement No. 93 – Replacement of Interbank Offered Rates – The provisions of this Statement, except for paragraph 11b, are required to be implemented for year-end June 30, 2022 The requirements in paragraph 11b are required to be implemented for year-end June 30, 2023. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements – Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

In light of the COVID-19 Pandemic, on May 8, 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, to provide relief to governments. This Statement, which was effective upon issuance, postpones the effective dates of certain provisions in the above noted pronouncements for one year, except for Statement No. 87 and provisions related to leases in Statement No. 92 which are postponed for eighteen months, Certain other provisions of Statement No. 92 are excluded from Statement No. 95. Additionally, Statement No. 95 excludes provisions in Statement No. 93 related to lease modifications and excludes Statement No. 94 since the GASB considered the pandemic in determining effective dates. Earlier application of the standards is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements – Effective for year-end June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – Effective for year-end June 30, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end June 30, 2020. This statement modifies certain guidance contained in Statement No. 84 and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

NOTE D: 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 1235
GeFONSI balance	$ 21,206,985

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.

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	143	-	1,186
Total capital assets being depreciated/depleted	1,540	143	-	1,683
Less accumulated depreciation/depletion for:				
Intangible – Software	(497)	-	-	(497)
Equipment	(1,042	(49)	-	(1,091)
Total accumulated depreciation/depletion	(1,539)	(49)	-	(1,588)
Total capital assets being depreciated/depleted, net	1	94	-	95
Capital assets, net	1	94	-	95

NOTE F: LONG-TERM LIABILITIES

The activity for the year ended June 30, 2020 is summarized in the following schedule (in thousands):

	June 30, 2019	Additions	Reductions	June 30, 2020	Due Within 1 Year
Compensated absences	507	121	(378)	250	250
Net Pension Liabilities	4,060	1,574	-	5,634	-
Net OPEB Liabilities	825	-	(632)	193	-

NOTE G: Retirement Plans

General Information About the Plan

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

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at http://doa.alaska.gov/drb/pers. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.
The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

(a) Defined Benefit (DB) Pension Plan

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

Historical Context and Special Funding Situation

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

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

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Police officers and firefighters are required to contribute 7.50% of their annual covered salary.

Employer and Other Contribution Rates

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

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

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

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

Contribution rates for the year ended June 30, 2020 were determined in the June 30, 2017 actuarial valuations. The Corporations contribution rates for the 2020 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.72%	23.73%	6.62%
Postemployment healthcare (ARHCT)	6.28%	4.89%	0.00%
Total Contribution Rates	22.00%	28.62%	6.62%

In 2020, the Corporation was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2018 to June 30, 2019	Corporation Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions (including DBUL)	$ 359,641	$ 260,381
Nonemployer contributions (on-behalf)	175,997	136,207
Total Contributions	$ 535,638	$ 396,588

In addition, employee contributions to the Plan totaled $57,254 during the Corporation's fiscal year.

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

At June 30, 2020, the Corporation reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Corporation. The amount recognized by the Corporation for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Corporation were as follows:

Corporation proportionate share of NPL	$ 5,634,217
State's proportionate share of NPL associated with the Corporation	2,236,687
Total Net Pension Liability	$ 7,870,904

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net pension liability as of that date. The Corporation's proportion of the net pension liability is based on the ratio of the present value of projected future contributions for each employer to the present value of project future contributions to the Plan for the fiscal years 2020 to 2039. At the June 30, 2019 measurement date, the Corporations' proportion was 0.10292 percent, which was an increase of 0.02119 from its proportion measured as of June 30, 2018.

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For the year ended June 30, 2020, the Corporation recognized pension expense of $1,338,551 and on-behalf revenue of $303,842 for support provided by the State. At June 30, 2020, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (83,408)
Changes in assumptions	172,495	-
Net difference between projected and actual earnings on pension plan investments	80,783	-
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	328,349	-
Corporation contributions subsequent to the measurement date	260,381	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	$ 842,008	$ (83,408)

The $260,381 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	$ 507,088
2022	(59,643)
2023	22,920
2024	27,872
2025	-
Thereafter	-
Total Amortization	$ 498,237

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of pay, closed
Inflation	2.50%
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

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, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

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Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which 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 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 Corporation's proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what the Corporation's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Corporation's proportionate share of the net pension liability	0.10292%	$ 4,125,134	$ 5,634,217	$ 7,436,178

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

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension participation accounts. Each participation account is self-directed with respect to investment options. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. http://doa.alaska.gov/drb/pers.

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

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2020 to cover a portion of the Corporations' employer match contributions. For the year ended June 30, 2020, forfeitures reduced pension expense by $0.

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended June 30, 2020, the Corporation was required to contribute 5% of covered salary into the Plan.

The Corporation and employee contributions to PERS for pensions for the year ended June 30, 2020 were $396,588 and $57,254, respectively. The Corporation contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

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

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

Employer Contribution Rate

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

Employer contribution rates for the year ended June 30, 2020 were as follows:

	Other	Police/Fire
Alaska Retiree Healthcare Trust	6.28%	6.28%
Retiree Medical Plan	1.32%	1.32%
Occupational Death and Disability Benefits	0.26%	0.72%
Total Contribution Rates	7.86%	8.32%

In 2020, the Corporation was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2018 to June 30, 2019	Corporation Fiscal Year July 1, 2019 to June 30, 2020
Employer contributions – ARHCT	$ 129,712	$ 102,823
Employer contributions - RMP	19,751	16,008
Employer contributions - ODD	5,463	3,269
Total Contributions	$ 154,926	$ 122,100

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

At June 30, 2020, the Corporation reported a liability for its proportionate share of the net OPEB liabilities (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:

Corporation's proportionate share of NOL – ARHCT	$ 152,717
Corporation's proportionate share of NOL – RMP	40,265
Total Corporation's Proportionate Share of Net OPEB Liabilities	$ 192,982
State's proportionate share of the ARHCT NOL associated with the Corporation	60,719
Total Net OPEB Liabilities	$ 253,701

At June 30, 2020, the Corporation reported an asset for its proportionate share of the net OPEB asset (NOA) associated with the Corporation's participation in the ODD Plan. The amount recognized by the Corporation for its proportionate share was $32,439.
The total OPEB liabilities (asset) for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net OPEB liabilities (asset) as of that date. The Corporation's proportion of the net OPEB liabilities (asset) is based on the ratio of the present value of projected future contributions for each employer to the present value of project future contributions to the Plans for the fiscal years 2020 to 2039.

	June 30, 2018 Measurement Date Employer Proportion	June 30, 2019 Measurement Date Employer Proportion	Change
Corporation's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.08168%	0.10290%	0.02122%
RMP	0.20244%	0.16830%	(0.03414) %
ODD	0.20244%	0.13380%	(0.06864) %

For the year ended June 30, 2020, the Corporation recognized OPEB expense of $(943,893). Of this amount, $(392,430) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

Plan	OPEB expense	On-behalf revenue
ARHCT	$ (974,276)	$ (392,430)
RMP	28,411	-
ODD	1,972	-
Total	$ (943,893)	$ (392,430)

At June 30, 2020, the Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

Deferred Outflows of Resources	ARHCT	RMP	ODD	Total
Changes in assumptions	$ 202,653	$ 19,489	$ -	$ 222,142
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	134,436	4,329	8,765	147,530
Corporation contributions subsequent to the measurement date	102,823	16,008	3,269	122,100
Total Deferred Outflows of Resources Related to OPEB Plans	$ 439,912	$ 39,826	$ 12,034	$ 491,772

Deferred Inflows of Resources	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	$ (102,623)	$ (2,983)	$ (10,114)	$ (115,720)
Changes in assumptions	-	-	(620)	(620)
Difference between projected and actual investment earnings	(66,873)	(444)	(214)	(67,531)
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	(4,063)	(3,623)	(6,723)	(14,409)
Total Deferred Inflows of Resources Related to OPEB Plans	$ (173,559)	$ (7,050)	$ (17,671)	$ (198,280)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Corporation contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	ARHCT	RMP	ODD	Total
2021	$ 178,424	$ 1,872	$ (1,600)	$ 178,696
2022	(51,980)	1,872	(1,600)	(51,708)
2023	16,089	2,938	(1,303)	17,724
2024	20,997	2,919	(1,297)	22,619
2025	-	2,511	(1,396)	1,115
Thereafter	-	4,656	(1,711)	2,945
Total Amortization	$ 163,530	$ 16,768	$ (8,907)	$ 171,391

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2019 was determined by actuarial valuations as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of payroll, closed
Inflation	2.50%
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/ Firefighter. Graded by service from 6.75% to 2.75% for all others
Investment return of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rates (ARHCT Plan and RMP)	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5%

	Prescription drug: 8.5% grading down to 4.5% EGWP: 8.5% grading down to 4.5%
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table project with MP-2017 generational improvement. The rates for pre-termination mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior valuation:

1. An Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated
3. Per capita claims costs were updated to reflect recent experience.
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 rates of return, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2019 was 7.38%. This is a reduction in the discount rate used since the prior measurement date, which 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 fiduciary net position or each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the Corporation's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38%, as well as what the Corporation's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Corporation's proportionate share of the net OPEB liability (asset):				
ARHCT	0.10290%	$ 1,228,417	$ 152,717	$ (732,164)
RMP	0.16830%	$ 101,131	$ 40,265	$ (5,559)
ODD	0.13380%	$ (30,771)	$ (32,439)	$ (33,788)

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

The following presents the Corporation's proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2019 actuarial valuation reports as well as what the Corporation's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Corporation's proportionate share of the net OPEB liability (asset):				
ARHCT	0.10290%	$ (835,657)	$ 152,717	$ 1,358,906
RMP	0.16830%	$ (12,384)	$ 40,265	$ 112,335
ODD	0.13380%	$ n/a	$ n/a	$ n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan is established under AS 39.30.300. The HRA Plan allows for medical care expense to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

Contribution Rate

AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2019, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,121 per year for each full-time employee, and $1.36 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2020, the Corporation contributed $20,014 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

NOTE H: OTHER COMMITMENTS, CONTINGENCIES

Exclusive of the Alaska LNG Project, and regarding the development of a proposed in-state natural gas pipeline from the North Slope to Cook Inlet (Bullet Line), the Corporation entered into a 2010 agreement where $4,657,856 would become due and payable when (a) the State awards permits, work product, and other results of a Bullet Line 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 Bullet Line 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 Bullet Line 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 Bullet Line 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 $1,987,258 as of June 30, 2020. 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.

NOTE I: RISKS AND UNCERTAINTIES

In late January 2020 the World Health Organization ("WHO") announced a global health emergency regarding a new strain of virus called coronavirus (COVID-19). This virus originated from within China, and spread globally, including Alaska. Further, in March 2020, the WHO classified the coronavirus as a pandemic. On March 12, 2020, the mayor of Anchorage declared a state of emergency to protect and preserve public health and safety, and subsequently closed all civic, cultural and recreational facilities in the Municipality. The governor of Alaska declared a public health disaster as did the President of the United States. The governor instituted a number of public health measures that affected intrastate and interstate travel and the movement of goods and services.

Management is actively monitoring the global situation and assessing its effect on the Corporation's financial condition, liquidity, operations, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Corporation is not able to estimate the effects of the COVID-19 outbreak on its results of operations or financial condition for FY21.

On March 27, 2020 President Trump signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to States and certain local governments. The Corporation will continue to examine the impact that the Cares Act may have. Currently, the Corporation has not received any funds and is unable to determine the full impact that the CARES Act will have on the Corporation's financial condition, results of operations or liquidity.

NOTE J: GOING CONCERN

The Board of Directors does not support the Corporation's role continuing as the sole sponsor for the Alaska LNG Project past December 31, 2020. In the event there is not sufficient interest by new project sponsors, or the Board of Directors extends the date, the Corporation will put the Alaska LNG Project assets up for sale in a formal RFP process.

Summary of the Corporation's plan is as follows (as approved by the Board of Directors at their April 9, 2020 meeting):

- If, on June 30, 2020, Alaska LNG Project is economically viable, the Board of Directors will direct AGDC to compile Alaska LNG FEED Stage Gate DSP and an initial Alaska LNG solicitation process with strategic parties will be initiated.
- If, by December 31, 2020, sufficient strategic parties are interested, AGDC President will make a recommendation to the Board to execute agreements and a transition plan.
- If, by December 31, 2020, sufficient strategic parties are not present, there will be a secondary open solicitation to draw other parties for participation in the Alaska LNG Project.
- If qualifying proposals are received in the second solicitation, then AGDC President will make a recommendation to the Board to execute agreements and a transition plan by June 30, 2021.
- In the case where the Board rejects the solicitation respondents, or no strategic parties have been identified, AGDC will suspend/archive the Projects and commence wind-down to be completed by June 30, 2021.

The Corporation is subject to legislative appropriation each year. Currently the Corporation has an approved budget through June 30, 2021.

Required Supplementary 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, 2020

(in thousands of dollars)

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Cost Sharing Revenue	$ -	$ -	$ 10,837	$ 10,837
Investment and Interest Income	-	-	459	459
Retirement Funding State of Alaska	-	-	168	168
Total Revenues	-	-	11,464	11,464
EXPENDITURES				
Contractual Services	3,522	3,522	9,672	(6,150)
Personnel	5,786	5,786	3,064	2,722
Office and Supplies	250	250	1,146	(896)
Travel	128	128	31	97
Retirement Funding State of Alaska	-	-	168	(168)
Depreciation	-	-	-	-
Insurance	-	-	105	(105)
Other Services	-	-	1	(1)
Total Expenditures	9,686	9,686	14,187	(4,501)
Excess (Deficiency) of Revenues Over Expenditures	$ (9,686)	$ (9,686)	$ (2,723)	$ 6,963
Net change in fund balance			(2,723)	
FUND BALANCE				
Beginning of Year Balance			26,295	
End of year balance			$ 23,572	

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	$ 11,464
HB 4 appropriation	-
SB 138 appropriation	-
SB 18 re-appropiation reciept	-
Retirement funding made by State of Alaska on-behalf of AGDC	-
Prepaid items	437
Encumbrances	-
Governmental Fund Income Statement - Total Revenue	$ 11,901
Budgetary Basis - Expenditures	$ 14,187
Retirement funding made by State of Alaska on-behalf of AGDC	-
Prepaid items	437
Encumbrances	-
Governmental Fund Income Statement - Expenditures	$ 14,624

Alaska Gasline Development Corporation

Exhibit D

(A Component Unit of the State of Alaska)

Required Supplementary Information

Public Employees' Retirement System (PERS) - Pension Plan

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

For the Years Ended June 30

Years Ended June 30,	2020	2019	2018	2017	2016	2015
The Corporation's Proportion of the Net Pension Liability	0.10292%	0.08173%	0.08760%	0.13170%	0.08147%	0.00000%
The Corporation's Proportionate Share of the Net Pension Liability	$ 5,634,217	$ 4,061,328	$ 4,525,481	$ 7,362,141	$ 3,951,177	$ 727,606
State of Alaska Proportionate Share of the Net Pension Liability	2,236,687	1,176,999	1,688,262	927,522	1,058,318	502,361
Total Net Pension Liability	$ 7,870,904	$ 5,238,327	$ 6,213,743	$ 8,289,663	$ 5,009,495	$ 1,229,967
The Corporation's Covered Payroll	3,075,316	3,204,487	3,314,034	3,021,153	3,306,920	*
The Corporation's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	183.21%	126.74%	136.56%	243.69%	119.48%	*
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.42%	65.19%	63.37%	59.55%	63.96%	63.37%

Schedule of the Corporation's Contributions

Years Ended June 30,	2020	2019	2018	2017	2016	2015
Contractually Required Contributions	$ 260,381	$ 359,641	$ 402,177	$ 352,236	$ 319,810	$ 346,160
Contributions Relative to the Contractually Required Contribution	260,381	359,641	402,177	352,236	319,810	346,160
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
The Corporation's Covered Payroll	1,861,344	3,075,316	3,204,487	3,314,034	3,021,153	3,306,920
Contributions as a Percentage of Covered Payroll	13.99%	11.69%	12.55%	10.63%	10.59%	10.47%

* Information for this year is not available

See accompanying notes to Required Supplementary Information.

Notes to Required Supplemental Information

1. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For June 30, 2020, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

In 2020, the discount rate was lowered from 8% to 7.38%.

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, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

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

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

Schedule of Corporation Contributions

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

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

Alaska Gasline Development Corporation **Exhibit E**

(A Component Unit of the State of Alaska)

Required Supplementary Information

Public Employees' Retirement System - OPEB Plans

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

For the Years Ended June 30

	ARHCT			RMP			ODD		
Years Ended June 30,	2020	2019	2018	2020	2019	2018	2020	2019	2018
The Corporation's Proportion of the Net OPEB Liability (Asset)	0.00000%	0.08168%	0.08757%	0.00000%	0.20244%	0.21583%	0.00000%	0.20244%	0.21583%
The Corporation's Proportionate Share of the Net OPEB Liability (Asset)	$ 152,717	$ 838,287	$ 739,768	$ 40,265	$ 25,761	$ 11,256	$ (32,439)	$ (39,318)	$ (30,624)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	60,719	244,442	275,664	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ 213,436	$ 1,082,729	$ 1,015,432	$ 40,265	$ 25,761	$ 11,256	$ (32,439)	$ (39,318)	$ (30,624)
The Corporation's Covered Payroll	1,260,880	1,313,840	*	1,814,436	1,890,647	*	1,814,436	1,890,647	*
The Corporation's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	12.11%	63.80%	*	2.22%	1.36%	*	-1.79%	-2.08%	*
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	98.13%	88.12%	89.68%	83.17%	88.71%	93.98%	297.43%	270.62%	212.97%

Schedule of the Corporation's Contributions

	ARHCT			RMP			ODD		
Years Ended June 30,	2020	2019	2018	2020	2019	2018	2020	2019	2018
Contractually Required Contributions	$ 102,823	$ 129,712	*	$ 16,008	$ 19,751	*	$ 3,269	$ 5,463	*
Contributions Relative to the Contractually Required Contribution	$ 102,823	$ 129,712	*	$ 16,008	$ 19,751	*	$ 3,269	$ 5,463	*
Contribution Deficiency (Excess)	$ -	$ -	*	$ -	$ -	*	$ -	$ -	*
The Corporation's Covered Payroll	$ 758,635	$ 1,260,880	$ 1,313,840	$ 1,102,709	$ 1,814,436	$ 1,890,647	$ 1,102,709	$ 1,814,436	$ 1,890,647
The Contributions as a Percentage of Covered Payroll	13.554%	10.287%	*	1.452%	1.089%	*	0.296%	0.301%	*

** Information for this year is not availabe*

See accompanying notes to Required Supplementary Information.

2. Public Employees' Retirement System OPEB Plans

Schedule of the Corporation's Proportionate Share of the Net OPEB Asset and Liability

This table is presented based on the Plan measurement date. For June 30, 2020, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

1. An Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated
3. Per capita claims costs were updated to reflect recent experience
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.
5. The discount rate was lowered from 8% to 7.38%.

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, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

Changes in Methods:

As part of the experience study, the actuarial cost method for the retiree healthcare plan was changed from the Entry Age Level Dollar method to the Entry Age Level Percent of Pay method.

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

Schedule of Corporation Contributions

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

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