Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Basic Financial Statements, Required Supplementary Information, and Other Information

Year Ended June 30, 2026

(With Independent Auditor's Report Thereon)

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

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(A Component Unit of the State of Alaska)

Basic Financial Statements, Required Supplementary Information, and Other Information

Year Ended June 30, 2026

Alaska Industrial Development and Export Authority

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Alaska Industrial Development and Export Authority (the Authority), a discretely presented component unit of the State of Alaska, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2026, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and schedules of the Authority's proportionate share of the pension and OPEB liabilities and assets and plan contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BDO USA, P.C.

November 5, 2026

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Management's Discussion and Analysis

Overview of the Financial Statements

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

Financial Summary

Although the financial statements of the Authority are not presented in a comparative format, the fiscal year ended June 30, 2025 has been presented within the tables of this section for comparative purposes.

The Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at June 30, 2026 and 2025 by $1.605 billion and $1.561 billion, respectively. This is an increase of $44.8 million for the fiscal year.

Unrestricted net position increased by $26.9 million to $1.368 billion. Unrestricted net position is not synonymous with cash or liquidity. While not legally restricted, a substantial portion has been deployed to finance loans, leases, and other investment activities and is therefore not readily available for immediate spending. Unrestricted cash and cash equivalents totaled $468 million at June 30, 2026, of which $132 million had been committed for loans to HEX Energy LLC ($46 million), Alyeschem, LLC ($69 million), and Greensparc, Inc. ($17 million). As a result, unrestricted and uncommitted cash and cash equivalents totaled approximately $336 million.

The Authority manages its cash resources to support lending, project development, and other investment activities, while maintaining sufficient liquidity to facilitate future bonding when needed. Cash resources are also managed to generate investment earnings and support dividend payments to the State of Alaska.

Operating revenues totaled $45.4 million for fiscal year 2026 and were primarily generated from loan interest, lease revenue, interagency billings to the Alaska Energy Authority (AEA) for shared staff, and tollage fees from the DeLong Mountain Transportation System (Red Dog mine road and port facilities). Operating expenses totaled $26.6 million, resulting in operating income of $18.8 million.

In addition to operating revenues, the Authority generates significant nonoperating revenues from lease interest, investment interest, changes in the fair value of investments, and capital appropriations.

The DeLong Mountain Transportation System (DMTS) continues to be a significant source of earnings for the Authority. In fiscal year 2026, DMTS generated $34.9 million in lease revenue, lease interest, and tonnage fees. DMTS expenses totaled $10.1 million, consisting of $6.8 million in direct operating costs and $3.3 million in depreciation expense. As a result, DMTS generated $24.8 million of net income during the year.

Investment income, which is reported as nonoperating revenue under GAAP, remained a significant contributor to the Authority's increase in net position. Investment interest and changes in the fair value of investments, net of investment fees, totaled $34.2 million in fiscal year 2026, a decrease of $6.5 million from the prior year. Interest rates decreased during fiscal year 2026, reducing the return earned on the Authority's investments compared to the prior year.

The Authority recognized a $20 million dividend as a noncapital subsidy to the State of Alaska, which was $9 million higher than the prior year. The dividend is set annually by the Authority's board of directors and a larger dividend was authorized for fiscal year 2026.

The table below summarizes the Authority's changes in assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (in thousands) as of June 30, 2026 and 2025 (in thousands):

Assets	FY 2026	FY 2025	Change
Current and other noncurrent assets	$ 1,614,556	$ 1,565,809	$ 48,747
Capital assets	206,533	181,013	25,520
Total assets	1,821,089	1,746,822	74,267
Total deferred outflows of resources	1,184	472	712
Liabilities			
Current liabilities	18,445	3,741	14,704
Noncurrent liabilities	44,996	19,195	25,801
Total liabilities	63,441	22,936	40,505
Total deferred inflows of resources	153,447	163,791	(10,344)
Net position			
Investment in capital assets	194,714	179,521	15,193
Restricted	43,048	40,325	2,723
Unrestricted	1,367,623	1,340,721	26,902
Total net position	$ 1,605,385	$ 1,560,567	$ 44,818

Detailed Analyses of Financial Position and Changes in Financial Position

Current assets totaled $537.4 million at June 30, 2026, an increase of $75.1 million from the prior year. The increase was primarily attributable to a net increase in the Authority's liquid assets, specifically cash and cash equivalents, which increased by $76.9 million. Cash increased primarily due to scheduled loan repayments, lease payments to the Authority, and proceeds received from the issuance of the 2026A Bond Anticipation Note.

Total net position increased by $44.8 million to $1.605 billion at June 30, 2026. Of this amount, $194.7 million represents the Authority's net investment in capital assets and $43.0 million is restricted by agreements with third parties. The remaining $1.368 billion is reported as unrestricted net position.

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

- Operating income of $18.8 million generated by the Authority's lending, leasing, and tollage activities.
- Investment income, including investment interest and changes in the fair value of investments, net of fees, totaled $34.2 million.
- Lease interest income totaled $11.4 million. These positive factors were offset by dividend noncapital subsidy of $20.0 million paid to the State of Alaska

The table below summarizes the Authority's changes in revenues, expenses, and changes in position (in thousands) for the years ended June 30, 2026 and 2025:

	FY2026	FY2025	Change
Operating revenues	$ 45,356	$ 51,706	$ (6,350)
Operating expenses	(26,584)	(29,882)	3,298
Operating income (loss)	18,772	21,824	(3,052)
Noncapital Subsidies			
Dividend paid to the State of Alaska	(20,000)	(11,000)	(9,000)
Operating income (loss) and noncapital subsidies	(1,228)	10,824	(12,052)
Nonoperating revenues	47,723	57,027	(9,304)
Nonoperating expenses	(1,677)	(720)	(957)
Total nonoperating revenues (expenses)	46,046	56,307	(10,261)
Unusual or Infrequent Item	-	2,447	(2,447)
Increase (decrease) in net position	$ 44,818	$ 69,578	$ (24,760)

Operating revenues totaled $45.4 million for fiscal year 2026, a decrease of $6.4 million from fiscal year 2025. The decrease was primarily due to lower mining tollage revenues reported in other income, partially offset by an increase in interest income from the Authority's direct loan portfolio.

Interest from loans increased $0.8 million year over year, primarily due to higher interest earned on the Authority's direct loan portfolio.

Other income decreased $7.0 million year over year, primarily due to a decrease in mining tollage revenue related to the DeLong Mountain Transportation System, which serves the Red Dog mine road and port facilities. The Authority's tollage revenue is based on tonnage shipped through the port, and decreased shipping volumes resulted in decreased revenues.

Operating expenses totaled $26.6 million for fiscal year 2026, a decrease of $3.3 million from the prior fiscal year. The decrease was primarily attributable to a higher recovery of provision for loan losses and favorable net OPEB-related adjustments, partially offset by increased net pension-related expenses and depreciation expense.

The dividend paid was $20.0 million for fiscal year 2026, an increase of $9.0 million compared to the prior fiscal year. The dividend is set annually by the Authority's board of directors and a larger dividend was authorized for fiscal year 2026.

Nonoperating revenues, net of expenses, totaled $46.0 million for fiscal year 2026, a decrease of $10.3 million compared to the prior fiscal year. The decrease was primarily driven by a decrease in investment income and net change in the fair value of investments, as well as an increase in bond interest expense.

Investment income decreased $2.8 million year over year to $33.5 million. Interest rates decreased during fiscal year 2026, reducing the return earned on the Authority's short-term investments.

The net change in fair value of investments decreased $3.8 million year over year to a gain of $1.3 million. The net change in fair value of investments represents unrealized gains and losses resulting from changes in the market value of investments held at year end. While the Authority recognized an unrealized gain in fiscal year 2026, the gain was lower than the $5.1 million unrealized gain recognized in fiscal year 2025.

Capital contributions decreased $2.3 million year over year to $1.4 million. The Authority previously received an advance of $8.5 million from the State of Alaska for the West Susitna Access Project, and only recognizes this as revenue when qualifying expenses are incurred. Revenue recognized from the State of Alaska was $0.7 million for fiscal year 2026 compared to $2.3 million for 2025.

There were no unusual or infrequent items in fiscal year 2026. In the previous fiscal year, the Authority recognized an unusual and infrequent gain of $2.4 million related to the reallocation of net pension liability to the Alaska Energy Authority (AEA). The Authority previously employed all personnel who performed services for AEA, and in fiscal year 2025, the majority of these employees were transitioned to direct employment by AEA. This transfer led to a reduction in the Authority's pension liability, generating the unusual gain.

Significant Capital Asset and Long-Term Financing Activity

The Authority's net capital assets totaled $206.5 million as of June 30, 2026, compared to $181.0 million as of June 30, 2025. During the fiscal year, $33.4 million was added to construction work in progress. Of this amount, $2.3 million was for a roof replacement at the AIDEA hangar at Ted Stevens Anchorage International Airport, $17.1 million was for the Ambler Mining District Industrial Access Project, $13.2 million was for the ANWR Section 1002 Project, and $0.8 million was for the West Susitna Access Project.

During the year, the hangar roof replacement was completed and placed into service at a total cost of $3.3 million. In addition, $13.3 million of intangible oil and gas rights associated with the ANWR Section 1002 project was placed into service. No other capital assets were placed into service during the fiscal year. Upon completion and placement into service, construction work in progress is expected to be reclassified as either buildings, infrastructure assets, or other intangible assets. No capital assets were disposed of during the fiscal year.

During fiscal year 2026, the Authority issued a $25 million private placement bond anticipation note (2026A BAN) to provide funding for its development loan programs. The note bears interest at a fixed rate of 4.75% and matures on December 1, 2030. The financing provides additional resources to support the Authority's lending and economic development activities.

Commitments of Authority Resources

The Board has committed significant Authority resources to fund future development projects and loans, and the Authority is currently evaluating loan and project applications representing several hundred million dollars of potential investment activity.

The Authority is also legally required to pay for the dismantlement and removal of assets and restoration of land when certain existing assets are retired from service. The timing and amount of these potential future DR&R obligations cannot currently be reasonably estimated; therefore, no liability has been recorded in the financial statements.

The commitments of resources are discussed in greater detail in Note 11 of the notes to the financial statements under the heading of Loans and Loan Participation Purchase Commitments. The DR&R obligations are also discussed in Note 11, but under the heading for Environmental Contingencies.

Currently Known Facts, Decisions, or Conditions

The Authority continues to evaluate emerging economic development opportunities and monitor market conditions that may affect future financial results. Management is focused on expanding financing opportunities in emerging industry sectors while maintaining a strong loan portfolio and supporting development projects and job creation throughout Alaska.

New Project Areas

The Authority has received applications from several entities operating in technology and other emerging industries. Management views these sectors as potential areas for future investment and will evaluate all opportunities using established due diligence and underwriting standards. Advances in digital technologies, communications infrastructure, and related services continue to create opportunities for economic development and diversification throughout Alaska. Management is actively exploring opportunities to support technology infrastructure and projects that strengthen the state's long-term economic competitiveness and attract private investment.

Alaska's substantial energy resources and strategic geographic location provide distinct competitive advantages for a range of emerging industries. By leveraging these advantages through responsible and sustainable development, the state is well positioned to support innovation, expand economic opportunities, and attract new business activity. This approach aligns with the Authority's mission of promoting economic growth while supporting long-term job creation and maintaining a balanced economy that complements Alaska's traditional resource development sectors.

Loan Participation Program Highlights

The overall usage of the loan participation program by the State's commercial lenders has decreased in recent years due to several factors, including higher interest rates, reduced borrowing capacity, a smaller pool of qualified borrowers, and general economic uncertainty. At the same time, rising borrowing and construction costs have enhanced the value of the Authority's participation in financing projects that may not otherwise obtain sufficient funding through traditional lending sources. Although the number of applications has decreased, the Authority has experienced an increase in the total dollar amount of financing requested. While the Authority did not fund any new loan participations during the current fiscal year, the Authority has a likely pipeline of over $100 million in loan participation commitments that could be funded in the next fiscal year.

The loan participation program continues to maintain a delinquency rate of less than 1%. As loans with lower interest rates mature, the Authority anticipates funding new loans at higher interest rates, which will increase the effective interest rate of the loan portfolio.

Requests for Information

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

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

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Basic Financial Statements

Alaska Industrial Development and Export Authority
(A Component Unit of the State of Alaska)
Statement of Net Position
(in thousands)
June 30, 2026

Assets and Deferred Outflows of Resources

Current Assets		
Cash and cash equivalents (unrestricted)	$	335,671
Unrestricted cash reserved for loan and equity commitments (Note 11)		132,100
Investments		31,489
Due from Alaska Energy Authority and Interagency		294
Loans		23,032
Lease receivables		7,831
Accrued interest receivable - investments		4,427
Accrued interest receivable - loans		1,872
Other accounts receivable and other assets		698
Total current assets		537,414
Noncurrent Assets		
Cash and cash equivalents (restricted) - Snettisham		14,571
Cash and cash equivalents (restricted)		40,208
Investments		353,560
Net other post-employment benefits (OPEB) asset (restricted)		4,617
Loans, net of allowance for loan losses		497,634
Lease receivables		166,552
Capital assets		
Land and land improvements		3,165
Capital work in progress		82,122
Buildings, net of accumulated depreciation		47,214
Equipment, net of accumulated depreciation		5,600
Infrastructure, net of accumulated depreciation		54,910
Intangible assets, net of accumulated amortization		13,522
Total noncurrent assets		1,283,675
Total assets		1,821,089
Deferred Outflows of Resources		
Related to employee pensions		1,112
Related to OPEB		72
Total deferred outflows of resources		1,184
Total Assets and Deferred Outflows of Resources	$	1,822,273

See Notes to Financial Statements

Alaska Industrial Development and Export Authority
(A Component Unit of the State of Alaska)
Statement of Net Position, continued
(in thousands)
June 30, 2026

Liabilities, Deferred Inflows of Resources, and Net Position

Current Liabilities		
Accounts payable	$	13,883
Other liabilities		17
Bonds payable		4,545
Total current liabilities		18,445
Noncurrent Liabilities		
Net pension liability		8,193
Due to the State of Alaska (restricted)		1,777
Other liabilities (restricted) - Snettisham		14,571
Bonds payable		20,455
Total noncurrent liabilities		44,996
Total liabilities		63,441
Deferred Inflows of Resources		
Related to leases		152,973
Related to employee pensions		204
Related to OPEB		270
Total deferred inflows of resources		153,447
Net Position		
Net investment in capital assets		194,714
Restricted by agreement with third parties and OPEB		43,048
Unrestricted		1,367,623
Total net position		1,605,385
Total Liabilities, Deferred Inflows of Resources, and Net Position	$	1,822,273

See Notes to Financial Statements

Alaska Industrial Development and Export Authority
(A Component Unit of the State of Alaska)

Statement of Revenues, Expenses, and Changes in Net Position
(in thousands)
Year Ended June 30, 2026

Operating Revenues		
Interest on loans	$	17,519
Lease revenue		12,443
Income from Alaska Energy Authority		739
Other income		14,655
Total operating revenues		45,356
Operating Expenses		
General and administrative		22,716
Net pension related adjustments		4,429
Net OPEB related adjustments		(3,004)
Provision for loan losses (recovery)		(5,402)
Depreciation and amortization		7,845
Total operating expenses		26,584
Operating Income		18,772
Noncapital Subsidies		
Dividend to the State of Alaska		(20,000)
Total operating income and noncapital subsidies		(1,228)
Other Nonoperating Revenues (Expenses)		
Investment income		33,540
Lease interest income		11,443
Increase in fair value of investments		1,298
Investment fees		(674)
Bond interest expense		(1,003)
Capital contributions		1,442
Total other nonoperating revenues (expenses)		46,046
Increase in Net Position		44,818
Net Position - Beginning of Year		1,560,567
Net Position - End of Year	$	1,605,385

See Notes to Financial Statements

Alaska Industrial Development and Export Authority
(A Component Unit of the State of Alaska)

Statement of Cash Flows
(in thousands)
Year Ended June 30, 2026

Operating Activities		
Interest received on loans	$	17,797
Principal received on loans		49,967
Income from lease revenue		1,657
Other operating receipts		17,395
Loans originated		(2,982)
Payments to suppliers		(15,163)
Payments to employees for services		(6,419)
Net Cash from Operating Activities		62,252
Noncapital Financing Activities		
Interest paid on bonds payable		(1,003)
Issuance of bonds payable		25,000
Dividend paid to the State of Alaska		(20,000)
Net Cash from Noncapital and Related Financing Activities		3,997
Capital and Related Financing Activities		
Principal payments received on leases		7,351
Capital contributions		708
Investment in development projects - capital assets		(23,038)
Interest received on leases		11,443
Net Cash from Capital and Related Financing Activities		(3,536)
Investing Activities		
Net proceeds from sales and maturities or investment securities		224,305
Purchases of investment securities		(242,553)
Interest collected on investments		32,189
Net Cash from Investing Activities		13,941
Net Change in Cash and Cash Equivalents		76,654
Cash and Cash Equivalents, Beginning of Year		445,896
Cash and Cash Equivalents, End of Year	$	522,550

See Notes to Financial Statements

Alaska Industrial Development and Export Authority
(A Component Unit of the State of Alaska)

Statement of Cash Flows, continued
(in thousands)
Year Ended June 30, 2026

Reconciliation to Statement of Net Position		
Cash and cash equivalents		
Unrestricted	$	335,671
Unrestricted cash reserved for loan and equity commitments (Note 11)		132,100
Restricted cash and cash equivalents - noncurrent		40,208
Restricted cash and cash equivalents - Snettisham		14,571
Cash and Cash Equivalents, End of Year	$	522,550
Reconciliation of operating income to net cash from operating activities:		
Operating income	$	18,772
Adjustments to reconcile operating income to net cash from operating activities		
Principal collected on loans		49,967
Loans originated		(2,982)
Recovery for loan losses		(5,402)
Depreciation and amortization		7,845
Changes in assets and liabilities		
Other accounts receivable and other assets		2,279
Due from Alaska Energy Authority		169
Net OPEB asset		(3,252)
Deferred outflows related to pensions		(722)
Deferred outflows related to OPEB		10
Accounts payable and other liabilities		(168)
Other liabilities - restricted - Snettisham		1,132
Net pension liability		4,948
Deferred inflows related to leases		(10,786)
Deferred inflows related to employee pensions		204
Deferred inflows related to OPEB		238
Net Cash from Operating Activities	$	62,252
Noncash Investing, Capital, and Financing Activities		
Unrealized gains on investments	$	1,298
Capital assets purchased on account	$	11,819

See Notes to Financial Statements

1. Organization and Operations

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

The Authority exists to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska; to relieve problems of unemployment; to create additional employment by providing various means of financing; and to facilitate the investment in industrial, manufacturing, export, and business enterprises within the State of Alaska.

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

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

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

2. Summary of Significant Accounting Policies

Basis of Accounting

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

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

Fair Value Measurement and Application

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

Cash and Cash Equivalents

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

Investments

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

Loans and Related Interest Income

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

Loan collections are conducted as follows:

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

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

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

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

Allowance for Loan Losses

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

Lease Receivables

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

Allowance for Lease Receivables

The allowance for lease receivables represents management's judgment as to the amount required to absorb probable unrealizable lease receivables. Factors used by management to determine the allowance required include individual lease delinquencies, property values, economic conditions, and other factors. Management's opinion is that no allowance for lease receivables is required at June 30, 2026.

Capital Asset Additions and Retirements

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

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

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

Intangible Assets

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

- Determination of the specific objective of the project and the nature of the service capacity that is expected to be provided by the intangible asset upon the completion of the project.
- Demonstration of the technical or technological feasibility for completing the project so that the intangible asset will provide its expected service capacity.
- Demonstration of the current intention, ability, and presence of effort to complete or, in the case of a multi-year project, continue development of the intangible asset.

Impairment Losses

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

Environmental Issues

AIDEA's environmental issues policy is to record a liability when the likelihood of responsibility for pollution remediation activities such as site assessments and cleanups is probable, and the costs are reasonably estimable. At the end of fiscal year 2026, there were no environmental issues meeting both of these criteria and, accordingly, no provision has been made in the accompanying financial statements for any potential pollution remediation liability or asset retirement obligations.

Pension and Other Postemployment Benefits

For purposes of measuring the net pension liability and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. Benefits and refunds are recognized when due and payable and expenses are recorded when the corresponding liabilities are incurred, regardless of when contributions are received or payment is made. Investments are reported at fair value.

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

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

Deferred Outflows/Inflows of Resources

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

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

Net Position

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

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

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

Operating Revenue and Expense

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

- Noncapital subsidies and capital contributions from the State of Alaska or other sources
- Transfers to the State of Alaska, including dividends
- Investment income and related expenditures
- Interest income related to leases
- Interest expense related to bonds as well as interest expense related to leases

Noncapital Subsidies and Capital Contributions

The Authority recognizes as capital contributions those contributions or State appropriations designated by the governing body for capital outlays as capital contributions only when all applicable eligibility requirements, including time requirements, have been met. Appropriations or advances from the State of Alaska for operating purposes are recognized as noncapital subsidies. Advances from the State that are not expended must be repaid to the State and are therefore reflected as a liability in the financial statements.

Depreciation and Amortization

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

Nonexchange Payments

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

Estimates

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

3. Cash and Investment Securities

Cash and Cash Equivalents

Following is a summary of cash and cash equivalents (in thousands):

June 30, 2026		
Current - unrestricted	$	467,771
Noncurrent - restricted		40,208
Noncurrent - restricted - Snettisham		14,571
Balance	$	522,550

Cash equivalents include $6.7 million invested in the State of Alaska General Fund and Other Non-segregated Funds (GeFonsi) Pool. The Alaska State Department of Revenue, Treasury Division, has established various investment pools to manage funds for which the Commissioner of Revenue has fiduciary responsibility. The GeFonsi pool in which the Corporation participates is itself comprised of investment shares of the State's short-term fixed income, and Intermediate-term Fixed Income investment pools. Assets in these pools are reported at fair value with purchases and sales recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service. The complete financial activity of the State of Alaska's investment pools is shown in the ACFR available from the Department of Administration, Division of Finance.

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

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

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

Investment Securities

General – Investment Policies and Portfolio Information

Investments are governed by statute and AIDEA's Resolution No. G26-04, *Resolution relating to the Authority's Investment Policy Statement (Resolution)*, which specifies allowable investments. AIDEA has an internally managed portfolio and also uses two external investment managers for a portion of its portfolio.

The Board has approved, pursuant to the Resolution, the following asset allocation targets and ranges:

		Rebalancing Range	
Asset Class	Strategic Target	Min	Max
Public equity	20%	15%	25%
Fixed Income	70%	55%	85%
Private Market	10%	0%	20%
Total fund	100%	-	-

Recognizing the inherent volatility of investing in markets, each permissible asset class has a minimum and maximum range established around its intended target weight. So long as each asset class is within its range, the portfolio is considered in compliance with the investment policy. As of June 30, 2026, the Authority was in the process of adding public equity to its investment mix to align its actual asset allocations with its amended investment resolution, passed in April, 2026. The Authority anticipates compliance with the updated policies in fiscal year 2027.

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

- Public equity, or securities available in the public market (i.e., listed or exchange-traded) as equity securities; Investment strategies for the public equity portfolio must be approved by the Executive Director;
- Long-term fixed income and short-term fixed income, defined as publicly traded and other liquid income-oriented investments;
- Private market equity, including private equity, private credit, and real estate; all private market investments must have a nexus to Alaska and must be made consistent with the applicable investment management agreement;
- Certificates of deposit and term deposits of United States domestic financial institutions provided the institutions meet guidelines set forth in the Resolution; and
- Other cash equivalents described in the Resolution.

Following is a summary of investments (in thousands):

June 30, 2026		
Current - unrestricted	$	31,489
Noncurrent - unrestricted		353,560
Total investments	$	385,049

Fair Value Measurement

The Authority categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Following is a summary of the portfolio, organized by major investment type and the recurring fair value measurement (in thousands):

June 30, 2026	Level 1	Level 2	Total
Corporate Debt Securities	$ -	$ 112,189	$ 112,189
Corporate Paydown Securities	-	17,083	17,083
Foreign Government Securities	-	2,215	2,215
Mortgage-Backed Securities	-	138,942	138,942
Municipal Bonds	-	314	314
U.S. Agency Securities	-	10,223	10,223
U.S. Treasury Securities	104,083	-	104,083
Total Investments at Fair Value	$ 104,083	$ 280,966	$ 385,049

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will negatively affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not maintain a formal interest rate risk policy.

Investments made by the Authority are summarized below (in thousands):

		Investment Maturities (in Years)		
Investment Type	Amount	1 year or less	2-5	More than 5
Corporate Debt Securities	$ 112,189	$ 3,784	$ 21,970	$ 86,435
Corporate Paydown Securities	17,083	-	10,977	6,106
Foreign Government Securities	2,215	-	-	2,215
Mortgage-Backed Securities	138,942	-	1,259	137,683
Municipal Bonds	314	-	-	314
U.S. Agency Securities	10,223	1,967	3,853	4,403
U.S. Treasury Securities	104,083	24,748	39,031	40,304
Total Investments	$ 385,049	$ 30,499	$ 77,090	$ 277,460

Credit Risk

Credit risk is the financial risk that an issuer or other counterparty to an investment will not fulfill its obligations and a loss will result. The quality ratings of the investment portfolio at June 30, 2026, are stated in the table below as a percentage of the total portfolio. U.S. Treasury securities and securities of agencies and corporations explicitly guaranteed by the U.S. government are not considered to have credit risk and are reported as such in the table. Ratings used are S&P's rating scale. Rate modifiers are not disclosed. The Authority does not maintain a formal credit risk policy.

			Investment Maturities (in Years)		
Credit Rating (S&P)	Percentage of Total	Amount (in thousands)	1 year or less	2-5	More than 5
AAA	3%	$ 10,553	$ -	$ 8,072	$ 2,481
AA+	3%	10,223	1,967	3,853	4,403
AA-	1%	2,215	-	-	2,215
A+	>1%	1,325	-	-	1,325
A	2%	7,326	1,493	-	5,833
A-	5%	21,135	-	3,419	17,716
BBB+	7%	26,620	-	9,045	17,575
BBB	11%	42,458	1,296	8,510	32,652
BBB-	3%	11,705	-	-	11,705
BB+	1%	2,073	-	996	1,077
U.S. Treasury Securities	27%	104,083	24,748	39,031	40,304
Not Rated	38%	145,333	995	4,164	140,174
Total Investments	100%	$ 385,049	$ 30,499	$ 77,090	$ 277,460

Custodial Credit Risk

The Authority's cash, cash equivalents, and investment securities are registered in the name of the Authority and are held by a custodian, the trust department of a commercial bank; therefore, no custodial credit risk exists for these securities.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the Authority's investment in a single issuer. Exposure is managed through the Resolution and bond resolutions. The Resolution limits how much is invested with any one issuer, other than securities issued or guaranteed by the U.S. government, its agencies or GSEs, or collateralized by securities issued or guaranteed by the U.S. government, its agencies or GSEs to 5% of the market value of the portfolio at the time of purchase.

On June 30, 2026, the Authority had no more than 5% of the combined portfolios invested in any one issuer exposed to credit risk except for:

	Amount (in thousands)	Percentage of Investments
Mortgage-Backed Fannie Mae Securities	$ 79,541	20.50%
Mortgage-Backed Freddie Mac Securities	45,471	11.72%

Restricted Cash, Cash Equivalents, and Investment Securities

Certain investment securities, money market funds, and cash are restricted by the terms of bond resolutions or other agreements. A summary of restricted amounts at June 30, 2026, is as follows (in thousands):

	Allowable Usage	
DMTS Sustaining Capital Fund	Project costs	$ 15,000
DMTS Reserve Acct	Project costs	23,079
West Susitna Access Road Project	Project costs	1,970
Ketchikan Shipyard Repair and Replacement Fund	Project costs	159
Snettisham Hydroelectric Project Funds	Project costs	14,571
		$ 54,779

4. Loans

Loans outstanding at June 30, 2026, are classified as follows (in thousands):

	Number	Current	Noncurrent	Balance
Loan participation	216	$ 18,017	$ 315,563	$ 333,580
Loans purchased from AEA	8	215	1,457	1,672
Working capital loan to AEA	1	-	3,500	3,500
Sustainable Energy and Transmission Supply	2	264	143,827	144,091
Direct loans	6	4,059	21,543	25,602
Small Business Economic Development loans	49	359	12,448	12,807
Rural development initiative loans	22	118	1,869	1,987
Less: allowance for loan losses			(2,573)	(2,573)
Total loans		$ 23,032	$ 497,634	$ 520,666

Loan Participation Loans

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

Loans Purchased from AEA

On September 30, 2010, pursuant to legislation and an agreement with the Alaska Energy Authority (AEA), the Authority purchased 37 loans from AEA. Under the agreement, AEA must repurchase any loan upon default. As of June 30, 2026, 29 loans have been repaid and eight have balances remaining, which are expected to be paid in full by fiscal year 2037.

Working Capital Loan to AEA

On July 31, 2024 Alaska Governor Mike Dunleavy signed HB 307 into law. Prior to the passage of the law, the Alaska Energy Authority (AEA) did not possess the legal authority to employ personnel and personnel services were performed by AIDEA on behalf of the AEA. AIDEA provided AEA with a working capital loan as AEA establishes its independent administrative and operational infrastructure as a standalone public corporation.

Sustainable Energy and Transmission Supply (SETS)

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

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

Direct Loans

The Authority currently has six outstanding direct loans.

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

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

AIDEA entered into a loan agreement with Valley Utilities, LLC to assist with construction of sewer infrastructure at the Goose Creek Correctional Center. The loan was advanced in 2010 and matures September 1, 2031.

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

The Authority has extended a five-year, $50 million revolving line of credit to Hex Cook Inlet, LLC to finance the multi-year development of natural gas production in the Cook Inlet for instate Alaskan utilization. Each drawdown is treated as a separate loan and will be amortized over a five-year period from the date of the drawdown.

The Alyeschem, LLC loan was approved in fiscal year 2026 to provide up to $70 million in financing for the development and construction of a methanol and ultra-low sulfur fuel production facility in the North Slope of Alaska.

Small Business Economic Development and Rural Development Initiative Loans

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

Following is an analysis of changes in the allowance for loan losses for fiscal year 2026 (in thousands):

Balance, beginning of year	$ 7,975
Write offs	-
Provision for loan recovery	(5,402)
Balance, end of year	$ 2,573

In 2026, the Authority earned $545 thousand in loan commitment fees.

5. Lease Receivables

Below is a schedule of the changes in the lease receivable for the fiscal year ended June 30, 2026 (in thousands):

	Beginning Balance	Addition	Deletions	Ending Balance	Due Within One Year
DeLong Mountain Transportation System	$ 170,081	$ -	$ (7,032)	$ 163,049	$ 7,489
Alaska Department of Military and Veteran's Affairs	11,653	-	(319)	11,334	342
Total lease receivable	$ 181,734	$ -	$ (7,351)	$ 174,383	$ 7,831
Less: current portion				(7,831)	
Long-term lease receivable, net				$ 166,552	

Following are the future minimum lease receivable payments for fiscal year 2027 through fiscal year 2044 (dollars in thousands):

Minimum Lease Payments

Fiscal year ending June 30,	Principal	Interest
2027	$ 7,831	$ 10,963
2028	8,343	10,451
2029	8,888	9,906
2030	9,469	9,325
2031	10,088	8,707
2032-2036	61,235	32,737
2037-2041	65,956	10,346
2042-2044	2,573	239
	$ 174,383	$ 92,674

The Authority accrued a lease receivable for use of the DeLong Mountain Transportation System. The remaining receivable for this lease is $163 million as of June 30, 2026. Deferred inflows of resources related to this lease were $143 million as of June 30, 2026 and interest revenue recognized was $10.6 million for the year ended June 30, 2026. Principal receipts of $7 million were recognized for the year ended June 30, 2026. Final receipts are expected in fiscal year 2040.

AIDEA has accrued a lease receivable for the Department of Military and Veteran's Affairs development project. The remaining receivable for this lease is $11.3 million as of June 30, 2026. Deferred inflows of resources related to this lease were $9.9 million as of June 30, 2026. Interest revenue recognized on this lease was $0.8 million for the year ended June 30, 2026. Principal receipts of $0.3 million were recognized for the year ended June 30, 2026. Final receipts are expected in fiscal year 2044.

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

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6. Capital Assets

A summary of capital assets at June 30, 2026 is as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land and land improvements	$ 3,165	$ -	$ -	$ 3,165
Capital work in progress	65,245	33,365	(16,488)	82,122
Total capital assets, not being depreciated/amortized:	68,410	33,365	(16,488)	85,287
Capital assets, being depreciated:				
Buildings	80,316	3,277	-	83,593
Equipment	13,376	-	-	13,376
Intangibles – Oil and Gas	901	13,211	-	14,112
Infrastructure	83,334	-	-	83,334
Total capital assets, being depreciated	177,927	16,488	-	194,415
Less accumulated depreciation:				
Buildings	(33,580)	(2,799)	-	(36,379)
Equipment	(7,321)	(455)	-	(7,776)
Intangibles – Oil and Gas	(12)	(578)	-	(590)
Infrastructure	(24,411)	(4,013)	-	(28,424)
Total accumulated depreciation	(65,324)	(7,845)	-	(73,169)
Total capital assets, being depreciated	112,603	8,643	-	121,246
Capital assets, net	$ 181,013	$ 42,008	$ (16,488)	$ 206,533

Depreciation expense totaled $7.85 million for the fiscal year ended June 30, 2026, and is presented within operating expenses in the statement of revenues, expenses, and changes in net position.

7. Long-Term Debt

During fiscal year 2026, the Authority issued a $25 million private placement bond anticipation note (2026A BAN) to provide funding for the Authority's development loan programs. The note bears interest at a fixed rate of 4.75% and matures on December 1, 2030. Interest is payable semiannually on June 1 and December 1, and principal is payable annually on December 1. The note contains certain financial covenants and the Authority is required to maintain a debt service coverage ratio of not less than 1.50 to 1.00 and unrestricted and unreserved cash and investments of not less than $75 million at each fiscal year-end. Management believes the Authority was in compliance with these covenants as of June 30, 2026. As the note is a taxable obligation, federal arbitrage regulations applicable to tax-exempt debt do not apply.

No principal repayments were made during the fiscal year. The outstanding balance at June 30, 2026 was $25 million, of which $4.5 million is due within one year and $20.5 million is due thereafter.

Annual debt service requirements to maturity for the note are as follows (in thousands):

Year Ending June 30,	Principal	Interest	Total
2027	$ 4,545	$ 1,080	$ 5,625
2028	4,760	859	5,619
2029	4,990	627	5,617
2030	5,230	384	5,614
2031	5,475	130	5,605
Total Bond Payable	$ 25,000	$ 3,080	$ 28,080

8. Conduit Debt

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

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

The Authority has acted as a conduit and utilized the services of trustees to issue bonds for the benefit of third-parties. The third-parties, which receive the benefit from the proceeds of these issuances, are legally responsible for the payment of principal and interest.

As of the end of June 30, 2026, there was approximately $276.7 million in conduit debt obligations issued by the Authority outstanding.

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

9. Pension and Other Postemployment Benefits Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

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

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

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

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

Historical Context and Special Funding Situation

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

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

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

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

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

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

Contribution rates for the year ended June 30, 2026 were determined in the June 30, 2024 actuarial valuations. The Authority's contribution rates for the 2026 fiscal year were as follows:

	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	21.43%	6.33%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.90%	-%
Total Contribution Rates	28.33%	6.33%

Alaska Statue 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the fiscal year the employer rate is 22.00% for pension and 0.00% for ARHCT. The contribution requirements for the Authority are established and may be amended by the ARM Board. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DC Plan payroll. The DBUL amount is computed as the

difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

In 2026, the Authority was credited with the following contributions to the pension plan (in thousands):

	Measurement Period July 1, 2024 to June 30, 2025	Authority Fiscal Year July 1, 2025 to June 30, 2026
Employer contributions (including DBUL)	$ 358	$ 1,112
Nonemployer contributions (on-behalf)	118	360
Total Contributions	$ 476	$ 1,472

In addition, employee contributions to the Plan totaled $95 thousand during the Authority's fiscal year.

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

At June 30, 2026, the Authority reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Authority. The amount recognized by the Authority for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Authority were as follows (in thousands):

Authority proportionate share of NPL	$ 8,193
State's proportionate share of NPL associated with the Authority	-
Total Net Pension Liability	$ 8,193

The total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025 and adjusted to reflect updated assumptions to calculate the net pension liability as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2025 measurement date, the Authority's proportion was 0.16510 percent, which was an increase of 0.10593 from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the Authority recognized pension expense of $441 thousand and on-behalf revenue of $0 for support provided by the State. At June 30, 2026, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ (204)
Authority contributions subsequent to the measurement date	1,112	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	$ 1,112	$ (204)

The $1,112 thousand reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ending June 30,	
2027	$ 318
2028	(200)
2029	(189)
2030	(133)
Total Amortization	$ (204)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2025 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2026 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

The total pension liability was determined by an actuarial valuation as of June 30, 2024, rolled forward to the measurement date of June 30, 2025. The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021.

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 2.51%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	26%	+/- 6%	5.74%
Global equity (non-U.S.)	17%	+/- 4%	6.37%
Global equity	-%	-%	5.88%
Aggregate bonds	23%	+/- 10%	2.30%
Multi-asset	6%	+/- 4%	-%
Real assets	14%	+/- 7%	4.54%
Private equity	14%	+/- 7%	9.28%
Cash equivalents	-%	-%	0.60%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate (dollars in thousands):

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Authority's proportionate share of the net pension liability	0.16510%	$ 11,201	$ 8,193	$ 5,644

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 ARM Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the annual comprehensive financial report for PERS, and at the following website, as noted above. https://drb.alaska.gov/docs/reports/#pers.

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

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2026 to cover a portion of the Authority's employer match contributions. For the year ended June 30, 2026, 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, 2026, the Authority was required to contribute 5% of covered salary into the Plan.

The Authority and employee contributions to PERS for pensions for the year ended June 30, 2026 were $214 thousand and $342 thousand, respectively. The Authority contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

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

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

Employer Contribution Rates

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

Employer contribution rates for the year ended June 30, 2026 were as follows:

	Rates
Alaska Retiree Healthcare Trust	-%
Retiree Medical Plan	0.86%
Occupational Death and Disability	0.24%
Total Contribution Rates	1.10%

In 2026, the Authority was credited with the following contributions to the OPEB plans (in thousands):

	Measurement Period July 1, 2024 to June 30, 2025	Authority Fiscal Year July 1, 2025 to June 30, 2026
Employer contributions – ARHCT	$ 15	$ 38
Employer contributions - RMP	6	6
Employer contributions - ODD	3	-
Total Contributions	$ 24	$ 44

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

At June 30, 2026, the Authority reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the Authority. The amount recognized by the Authority for its proportional share, the related State proportion, and the total were as follows (in thousands):

Authority's proportionate share of NOA – ARHCT	$	4,394
Authority's proportionate share of NOA - RMP		104
Authority's proportionate share of NOA – ODD		119
Total Authority's Proportionate Share of Net OPEB Asset	$	4,617
State's proportionate share of the ARHCT NOA associated with the Authority		-
Total Net OPEB Asset	$	4,617

The total OPEB liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025 and adjusted to reflect updated assumptions to calculate the net OPEB assets as of that date. The Authority's proportion of the net OPEB assets was based on a projection of the Authority's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2024 Measurement Date Employer Proportion	June 30, 2025 Measurement Date Employer Proportion	Change
Authority's proportionate share of the net OPEB assets:			
ARHCT	0.05918%	0.16509%	0.10591 %
RMP	0.05749%	0.16420%	0.10671 %
ODD	0.05881%	0.16836%	0.10955 %

For the year ended June 30, 2026, the Authority recognized OPEB benefit of $(436) thousand. Of this amount, $0 was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below (in thousands):

Plan		OPEB Expense (Benefit)		On-behalf Revenue
ARHCT	$	(439)	$	-
RMP		8		-
ODD		(5)		-
Total	$	(436)	$	-

At June 30, 2026, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources (in thousands):

Deferred Outflows of Resources	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	$ -	$ 8	$ -	$ 8
Changes in assumptions	-	20	-	20
Authority contributions subsequent to the measurement date	38	6	-	44
Total Deferred Outflows of Resources Related to OPEB Plans	$ 38	$ 34	$ -	$ 72

Deferred Inflows of Resources	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	$ -	$ (7)	$ (23)	$ (30)
Changes in assumptions	-	(50)	-	(50)
Net difference between projected and actual investment earnings	(174)	(10)	(3)	(187)
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	(1)	(2)	(3)
Total Deferred Inflows of Resources Related to OPEB Plans	$ (174)	$ (68)	$ (28)	$ (270)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Authority contributions subsequent to the measurement date will be recognized as an increase in the net OPEB assets in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ending June 30,	ARHCT	RMP	ODD	Total
2027	$ 258	$ (4)	$ (6)	$ 248
2028	(167)	(15)	(7)	(189)
2029	(157)	(12)	(6)	(175)
2030	(108)	(9)	(5)	(122)
2031	-	-	(2)	(2)
Thereafter	-	-	(2)	(2)
Total Amortization	$ (174)	$ (40)	$ (28)	$ (242)

Actuarial Assumptions

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2025:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2025 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2026 to 2039.
Investment rate of return	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 6.2% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx/EGWP: 8.5% grading down to 4.5% Initial trend rates are from FY 2026 Ultimate trend rates reached in FY 2050

Mortality	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Participation (ARHCT)	100% system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible. 25% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2024, rolled forward to the measurement date of June 30, 2025. The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2024 actuarial valuation. Employer Group Waiver Program (EGWP) subsidies were updated to reflect higher expected subsidies due to the Inflation Reduction Act. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than-expected inflationary environment.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.51%, for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	26%	+/- 6%	5.74 %
Global equity (non-U.S.)	17%	+/- 4%	6.37 %
Global equity	-%	-%	5.88 %
Aggregate bonds	23%	+/- 10%	2.30 %
Multi-asset	6%	+/- 4%	- %
Real assets	14%	+/- 7%	4.54 %
Private equity	14%	+/- 7%	9.28 %
Cash equivalents	-%	-%	0.60 %

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2025 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position or each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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

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

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Authority's proportionate share of the net OPEB asset (liability):				
ARHCT	0.16509%	$ 3,070	$ 4,394	$ 5,509
RMP	0.16420%	$ 2	$ 104	$ 182
ODD	0.16836%	$ 112	$ 119	$ 125

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

The following presents the Authority's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2024 actuarial valuation reports as well as what the Authority's proportionate share of the respective plan's net OPEB asset (liability) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates (dollars in thousands):

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Authority's proportionate share of the net OPEB asset (liability):				
ARHCT	0.16509%	$ 5,636	$ 4,394	$ 2,921
RMP	0.16420%	$ 192	$ 104	$ (14)
ODD	0.16836%	$ 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 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, 2025, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,468 per year for each full-time employee, and $1.58 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2026, the Authority contributed $75 thousand in DC OPEB costs. This amount has been recognized as expense.

10. Related Parties

State of Alaska

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

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

Fees are assessed to the Authority for internal services provided to AIDEA through the State. These charges for services include, but are not limited to, inter-agency mail, human resources, risk management, financial systems, procurement, information technology, commissioner's office, and admin services.

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

In accordance with GAAP, AIDEA has recognized its proportion of the PERS net pension liability of $8.2 million and a net OPEB asset of $4.6 million as of June 30, 2026.

Alaska Energy Authority

The Alaska Energy Authority (AEA) is a separate public corporation of the State of Alaska. The Authority provides personnel services to AEA for payroll, human resources, and information technology. For the fiscal year ending June 30, 2026 the Authority recognized $0.7 million in revenue for personnel services rendered to AEA.

The Authority has provided AEA with a working capital loan of $3.5 million. AEA does not pay fixed interest on the loan, but rather pays the Authority the interest it earns on the related cash balances. For the fiscal year ending June 30, 2026 the Authority recognized $46 thousand in interest from the AEA working capital loan.

AEA does not maintain a separate administrative facility and operates within the Authority's headquarters. AEA does not pay rent or reimburse the Authority for utilities, grounds maintenance, security, or other facility-related costs, with the exception of internet and telephone services. Accordingly, such costs are borne by the Authority.

In December 2020, AEA borrowed $17 million from AIDEA to acquire an approximately 39.3-mile 115 kV electricity transmission line system between the Sterling Substation and Quartz Creek Substation ("SSQ Line") from Homer Electric Association and to incorporate as part of the Bradley Lake Hydroelectric Project. The loan, bearing interest at 3.5%, requires semiannual interest and annual principal payments with a final maturity date of July 2040. As of June 30, 2026, the balance of this loan was $5.1 million.

11. Commitments, Contingencies, and Other

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

Liability to Teck Resources Limited

On June 30, 1986, the Authority entered into an agreement with Cominco American Incorporated (now Teck Resources Limited) for the financing, construction, use, operation and maintenance of the DeLong Mountain Transportation System (DMTS), which was authorized by the State of Alaska Chapter 68, SLA 1985. The DMTS was constructed on lands leased by the Authority from the NANA Regional Corporation, Inc., for a term of 99 years beginning August 7, 1986. A $23 million Reserve Account was established to provide a source of funds for AIDEA to fulfill its obligations under the agreement, ensure financial stability for the operation and maintenance of the DMTS, and allow for distributions to Teck under specific conditions. The Reserve Account is funded by Tonnage Sensitive MAA (Minimum Annual Assessment) payments, Contingent Tonnage Fees (CTF) paid by Teck, and investment earnings on the funds in the account. In the event that Teck has not defaulted on its contractual obligations to the Authority by the end of the Initial Period, which commenced 7/1/1990 and ends 6/30/2040 (unless extended), the sum of 50% of the $23 million Reserve Account will become payable to Teck with the remaining 50% retained by AIDEA. Although the amount is measurable as of the date of the financial statements, a liability has not yet been incurred because it is contingent upon both Teck not defaulting and completion of the Initial Period.

Port Mackenzie

In June 2026, AIDEA assumed the rights and obligations of the Port MacKenzie Rail Extension Project Pre-Development Agreement (PDA). Under the PDA, as amended, Phase 2 pre-development activities are subject to a budget cap of approximately $8.8 million. The PDA provides for reimbursement of certain allowable project development costs incurred by the project developer. As of June 30, 2026, the ultimate amount and timing of future costs, if any, associated with the PDA were dependent upon future project activities and approvals. As of June 30, 2026 AIDEA has therefore not recorded a liability in the accompanying financial statements.

Liability for Advances from Ambler Metals, LLC

On February 11, 2021, the Authority and Ambler Metals, LLC entered into a development agreement for the Ambler Mining District Industrial Access Project. Under this agreement, Ambler Metals provided the Authority with reimbursement for activities related to feasibility and permitting. The agreement specifies that if the project proceeds to financing and construction, the parties have agreed that the amount advanced shall be converted by Ambler Metals into credits, which may be applied, with interest, to future user fees pursuant to any road use toll or similar agreement entered into between the parties. The sixth amendment and extension of the agreement extended the term through February 28, 2026. The agreement expired and has not been renewed. Over the term of the agreement through February 28, 2026 Ambler Metals, LLC advanced $21.4 million to the Authority. The Authority has not recognized a liability related to these advances in the accompanying financial statements. Although the amount of the advances is measurable as of June 30, 2026, the parties have not entered into a road use agreement, the project has not advanced to financing or construction, and the agreement has expired without renewal. Accordingly, management has concluded that no obligation exists as of June 30, 2026, and no liability has been recorded.

Loans and Loan Participation Purchase Commitments

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

The Authority purchases a portion of qualifying loans extended through financial institutions. As of June 30, 2026, the Authority had no loan participation purchase commitments extended.

On May 15, 2024, the Authority's Board approved Resolution G24-04, committing up to $70 million to Alyeschem, LLC to support the financing of construction and long-term operation of the first petrochemical facility on Alaska's North Slope. As of June 30, 2026, $1.1 million had been loaned and $68.9 million of the commitment remains outstanding.

On October 23, 2024, the Board of the Authority approved resolution G24-12, extending a $50 million revolving line of credit to Hex Cook Inlet, LLC to support increased natural gas production and supply in the Cook Inlet. As of June 30, 2026 Hex Cook Inlet, LLC had an outstanding principal balance of $3.8 million from the line of credit, leaving $46.2 million available.

On June 17, 2025, the Authority's Board approved Resolution G25-03, committing up to $17 million to Greensparc, Inc. to support the financing of a new data center in Cordova, Alaska. As of June 30, 2026, no loans had been issued to Greensparc, Inc., and the full commitment remains outstanding.

Loan Guarantees

As of June 30, 2026, the Authority had guaranteed loans totaling $0.4 million under its Sustaining Alaska's Future Economy (SAFE) Guaranty Program. This program was established to support Alaskan lenders during the COVID-19 pandemic by providing loan guarantees that enabled them to extend additional capital to businesses already holding loans.

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

Dividend

Under Alaska Statutes Title 44, Chapter 88, Section 088, the AIDEA Board of Directors is required to annually declare a dividend to the State of Alaska. The dividend must be not less than 25% and not more than 50% of the unrestricted net income from the fiscal year two years prior to the year in which the dividend is made available. The dividend amount may not exceed the unrestricted net income for that base year, and payment is subject to legislative appropriation, which may be line-item vetoed by the Governor. For fiscal year 2024, the Board authorized a $20 million dividend which was paid during the year ending June 30, 2026. For fiscal year 2025, the Board authorized a dividend of $17 million, which will be expensed in fiscal year 2027, pending appropriation.

Environmental Contingencies

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

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

Risk Management

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

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

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12. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Authority for fiscal year 2026 reporting:

GASB Statement No. 103 – Financial Reporting Model Improvements – Effective for year-end June 30, 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The Authority updated its management discussion and analysis as a result of the implementation of this standard. Management evaluated the provisions of GASB Statement No. 103 and determined that implementation of the Statement did not result in any material changes to the Authority's measurement, recognition, or presentation of financial statement amounts. Accordingly, adoption of this Statement had no material impact on the Authority's financial statements or related disclosures for the year ended June 30, 2026.

GASB Statement No. 104 – Disclosure of Certain Capital Assets – Effective for year-end June 30, 2026. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The disclosure requirements will improve consistency and comparability between governments. Management evaluated the Authority's capital assets and related reporting requirements under the Statement and determined that no significant additional disclosures were required under the new guidance. Accordingly, the adoption of GASB Statement No. 104 had no material impact on the Authority's financial statements or related disclosures for the year ended June 30, 2026.

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

GASB Statement No. 105 – Subsequent Events – Effective for year-end June 30, 2027. Earlier application is encouraged. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

13. Dividend

The following tables reconcile the Authority's change in net position for fiscal year 2026 and fiscal year 2025 to the statutory "net income" used for calculating the dividend to the State of Alaska. The Rural Development Initiative Fund (RDIF) and the Small Business Economic Development Fund (SBED) are excluded from the statutory dividend calculation.

Fiscal year 2026

	Revolving	SETS	RDIF	SBED	Total
Increase in net position per GASB	$ 43,453	$ 304	$ 357	$ 704	$ 44,818
Subtract – excluded increase in net position	-	-	(357)	(704)	(1,061)
Add- dividend paid to State of Alaska	20,000	-	-	-	20,000
Subtract- capital contributions	(1,442)	-	-	-	(1,442)
Add- net noncash expenses related to pension / OPEB	1,425	-	-	-	1,425
Subtract- unrealized gains on investments	(1,298)	-	-	-	(1,298)
Statutory net income for dividend	$ 62,138	$ 304	-	-	$ 62,442

Fiscal year 2025

	Revolving	SETS	RDIF	SBED	Total
Increase in net position per GASB	$ 68,402	$ 41	$ 447	$ 688	$ 69,578
Subtract – excluded increase in net position	-	-	(447)	(688)	(1,135)
Add- dividend paid to State of Alaska	10,820	180	-	-	11,000
Subtract- capital contributions	(3,726)	-	-	-	(3,726)
Subtract- unrealized gains on investments	(5,057)	-	-	-	(5,057)
Subtract- net noncash gains related to pension / OPEB	(3,267)	-	-	-	(3,267)
Statutory net income for dividend	$ 67,172	$ 221	-	-	$ 67,393

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Required Supplementary Information

Alaska Industrial Development and Export Authority

Public Employees' Retirement System (PERS) Pension Plan

Schedule of the Authority's Proportionate Share of the Net Pension Liability (in thousands)

Year ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net Pension Liability	0.16%	0.06%	0.23%	0.18%	0.18%	0.18%	0.21%	0.20%	0.19%	0.29%
Authority's Proportionate Share of the Net Pension Liability	$ 8,193	$ 3,245	$ 11,667	$ 9,160	$ 7,026	$ 10,403	$ 11,244	$ 9,772	$ 9,843	$ 15,941
State of Alaska Proportionate Share of the Net Pension Liability	-	-	-	-	-	4,305	4,465	2,830	3,667	2,009
Total Net Pension Liability	$ 8,193	$ 3,245	$ 11,667	$ 9,160	$ 7,026	$ 14,708	$ 15,709	$ 12,602	$ 13,510	$ 17,950
Authority's Covered Payroll	5,183	4,692	7,376	9,011	6,192	6,746	6,804	6,967	7,525	8,468
Authority's Proportionate Share of the Net Pension Liability as a Percentage of payroll	158.07%	69.16%	158.18%	101.65%	113.47%	154.21%	165.26%	140.26%	130.80%	188.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.23%	67.81%	68.23%	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%

Schedule of the Authority's Contributions (in thousands)

Year ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	$ 1,112	$ 358	$ 1,149	$ 1,178	$ 1,100	$ 674	$ 770	$ 828	$ 858	$ 1,282
Contributions Relative to the Contractually Required Contribution	1,112	358	1,149	1,178	1,100	674	770	828	858	1,282
Contribution Deficiency (Excess)	$	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	5,374	5,183	4,692	7,376	9,011	6,192	6,746	6,804	6,967	7,525
Contributions as a Percentage of Covered Payroll	20.69%	6.91%	24.49%	15.97%	12.21%	10.89%	11.41%	12.17%	12.32%	17.04%

See accompanying notes to Required Supplementary Information.

1. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For June 30, 2026, the Plan measurement date is June 30, 2025.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2024, rolled forward to the measurement date of June 30, 2025. The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021.

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

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

Schedule of the Authority's Contributions

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

Allocation of Pension Amounts to AEA

In fiscal year 2025, in conjunction with AEA, the Authority discontinued employing personnel that conduct business for AEA, who in turn began to employ these personnel. The Authority allocated $5.3 million of the Authority's pension liability and related deferred inflows and outflows of resources at the start of 2025 to AEA.

Alaska Industrial Development and Export Authority

Public Employees' Retirement System - OPEB Plans

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

Year ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018
Authority's Proportion of the Net OPEB Liability (Asset)	0.17%	0.06%	0.23%	0.18%	0.18%	0.18%	0.21%	0.20%	0.19%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	$ (4,394)	$ (1,303)	$ (5,179)	$ (3,537)	$ (4,703)	$ (866)	$ 371	$ 2,049	$ 1,622
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ (4,394)	$ (1,303)	$ (5,179)	$ (3,537)	$ (4,703)	$ (866)	$ 371	$ 2,049	$ 1,622
Authority's Covered Payroll	1,041	909	7,376	9,011	6,192	6,746	6,804	6,967	7,525
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	(422.09%)	(143.34%)	(70.21%)	(39.25%)	(75.95%)	(12.84%)	5.45%	29.41%	21.55%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	136.81%	130.59%	133.96%	128.51%	135.54%	106.15%	98.13%	88.12%	89.91%

Schedule of the Authority's Contributions (in thousands)

Year ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 38	$ 90	$ 116	$ 149	$ 754	$ -	$ 173	$ 299	$ 135
Contributions Relative to the Contractually Required Contribution	$ 38	90	116	149	754	-	173	299	135
Contribution Deficiency (Excess)	$	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	1,334	1,041	909	7,376	9,011	6,192	6,746	6,804	6,967
Contributions as a Percentage of Covered Payroll	2.85%	8.65%	12.76%	2.02%	8.37%	-	2.56%	4.39%	1.94%

See accompanying notes to Required Supplementary Information. Information.

Alaska Industrial Development and Export Authority

Public Employees' Retirement System - OPEB Plans

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

Year ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018
Authority's Proportion of the Net OPEB Liability (Asset)	0.16%	0.06%	0.22%	0.17%	0.18%	0.18%	0.28%	0.25%	0.25%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	$ (104)	$ (104)	$ (60)	$ -	$ (47)	$ 12	$ 66	$ 32	$ 13
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ (104)	$ (104)	$ (60)	$ -	$ (47)	$ 12	$ 66	$ 32	$ 13
Authority's Covered Payroll	4,142	3,783	7,376	9,011	6,192	6,746	6,804	6,967	7,525
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of payroll	(2.51%)	(2.75%)	(0.81%)	0.00%	(0.76%)	0.18%	0.97%	0.46%	0.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	123.73%	119.87%	124.29%	120.08%	115.10%	95.23%	83.17%	88.71%	93.98%

Schedule of the Authority's Contributions (in thousands)

Year ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 6	$ 10	$ 72	$ 64	$ 53	$ 49	$ 380	$ 338	$ 283
Contributions Relative to the Contractually Required Contribution	$ 6	10	72	64	53	49	380	338	283
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	4,040	4,142	3,783	7,376	9,011	6,192	6,746	6,804	6,967
Contributions as a Percentage of Covered Payroll	0.15%	0.24%	1.90%	0.87%	0.59%	0.79%	5.63%	4.97%	4.06%

See accompanying notes to Required Supplementary Information.

Alaska Industrial Development and Export Authority

Public Employees' Retirement System - OPEB Plans

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

Year ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018
Authority's Proportion of the Net OPEB Liability (Asset)	0.17%	0.06%	0.22%	0.18%	0.18%	0.18%	0.28%	0.25%	0.01%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	$ (119)	$ (35)	$ (115)	$ (77)	$ (78)	$ (48)	$ (69)	$ (48)	$ (36)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ (119)	$ (35)	$ (115)	$ (77)	$ (78)	$ (48)	$ (69)	$ (48)	$ (36)
Authority's Covered Payroll	5,183	9,049	7,376	9,011	6,192	6,746	6,804	6,967	7,525
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	(2.30%)	(0.39%)	(1.56%)	(0.85%)	(1.26%)	(0.71%)	(1.01%)	(0.69%)	(0.48%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	353.09%	346.81%	349.24%	348.80%	374.22%	283.80%	297.43%	270.62%	212.97%

Schedule of the Authority's Contributions (in thousands)

Year ended June 30,	2026	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	$ -	$ 4	$ 43	$ 17	$ 109	$ 11	$ 9	$ 11	$ 6
Contributions Relative to the Contractually Required Contribution	-	4	43	17	109	11	9	11	6
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	5,374	5,183	4,692	7,376	9,011	6,192	6,746	6,804	6,967
Contributions as a Percentage of Covered Payroll	0.00%	0.08%	0.92%	0.23%	1.21%	0.18%	0.13%	0.16%	0.09%

See accompanying notes to Required Supplementary Information. Information.

Alaska Industrial Development and Export Authority

Notes to Required Supplementary Information – OPEB Plans
June 30, 2026

1. Public Employees' Retirement System OPEB Plans

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

This table is presented based on the Plan measurement date. For June 30, 2026, the Plan measurement date is June 30, 2025.

Changes in Assumptions:

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2024, rolled forward to the measurement date of June 30, 2025. The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2024 actuarial valuation. Employer Group Waiver Program (EGWP) subsidies were updated to reflect higher expected subsidies due to the Inflation Reduction Act. Because of the significant increase in the EGWP subsidy for FY25 and beyond due to the Inflation Reduction Act, and uncertainty regarding future subsidy levels, the ARMB has adopted a smoothing of EGWP subsidy estimates over five years. In addition, the prescription drug and EGWP trend assumption was updated to reflect recent survey information indicating higher than initial trend rates in part due to the recent higher-than-expected inflationary environment.

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

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

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

Schedule of the Authority's Contributions

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

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

Allocation of OPEB Amounts to AEA

In fiscal year 2025, in conjunction with AEA, the Authority discontinued employing personnel that conduct business for AEA, who in turn began to employ these personnel. The Authority allocated the net OPEB asset and associated deferred inflows and outflows of resources in the amount of $2.9 million to AEA.

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Other Information

Alaska Industrial Development and Export Authority
(A Component Unit of the State of Alaska)
Schedule 1 - Schedule of Dividend Information - Unaudited
(In thousands)
Year Ended June 30, 2026

Fiscal Year Payable	Revolving Fund	SETS Fund	Arctic Infrastructure Development Fund	Total
1997	$ 15,000	$ —	$ —	$ 15,000
1998	16,000	—	—	16,000
1999	16,000	—	—	16,000
2000	26,000	—	—	26,000
2001	18,500	—	—	18,500
2002	17,500	—	—	17,500
2003	20,150	—	—	20,150
2004	18,176	—	—	18,176
2005	22,000	—	—	22,000
2006	8,812	—	—	8,812
2007	16,650	—	—	16,650
2008	10,000	—	—	10,000
2009	23,800	—	—	23,800
2010	22,720	—	—	22,720
2011	23,423	—	—	23,423
2012	29,400	—	—	29,400
2013	20,400	—	—	20,400
2014	20,745	—	—	20,745
2015	10,665	—	—	10,665
2016	17,650	—	—	17,650
2017	6,328	—	—	6,328
2018	12,883	—	—	12,883
2019	4,597	195	—	4,792
2020	10,000	285	—	10,285
2021	13,950	525	—	14,475
2022	17,097	207	1	17,305
2023	6,296	184	—	6,480
2024	17,893	11	—	17,904
2025	10,820	180	—	11,000
2026	20,000	—	—	20,000
Total dividends to State of Alaska as of June 30, 2026	493,455	1,587	1	495,043
Declared for 2027	16,944	56	—	17,000
Total dividends to State of Alaska	$ 510,399	$ 1,643	$ 1	$ 512,043

Industrial Development Projects

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

DeLong Mountain Transportation System Project

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

Teck Alaska, Inc. (Teck) uses the DMTS infrastructure to access and develop zinc and lead deposits in the region and pays tolls to the Authority under a long-term agreement. The toll structure is designed to recover AIDEA's investment and provide an annual rate of return of 6.5% on the net investment base. Toll revenues consist of minimum and supplemental minimum annual assessments, which are accounted for as lease payments, as well as contingent fees tied to zinc prices and production tonnage. The agreement remains in effect through 2040.

The original Red Dog deposit was depleted in 2012, and mining operations subsequently shifted to the nearby Aqqaluk and Qanaiyaq deposits. The Qanaiyaq deposit is expected to be depleted in 2026, and Aqqaluk is expected to support mining activities through approximately 2031.

Teck is currently advancing its mine life extension project, which includes the evaluation and potential development of the nearby Aktigiruq and Anarraaq deposits on state land. If these or other regional deposits are successfully developed, the agreement between AIDEA and Teck could be renegotiated and extended, potentially generating annual revenues for AIDEA for several additional decades.

Camp Denali Readiness Center Addition Project

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

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

Ketchikan Shipyard Project

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

AIDEA acquired ownership of the shipyard in 1997, and entered into an agreement with Alaska Ship and Dry-dock, Inc. for operation. In 2012, Vigor Industrial LLC (Vigor) acquired Alaska Ship and Dry-dock, Inc., which then became the new operator of the shipyard. In 2025, AIDEA entered into a new operating agreement with JAG Ketchikan, LLC, which assumed operation of the shipyard. AIDEA anticipates the new operating arrangement will support increased shipyard activity, employment opportunities, and long-term economic benefits for the Ketchikan region.

Federal Express Aircraft Maintenance, Repair, and Operations Facility Project

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

The facility is leased to Federal Express Corporation (FedEx) and supports the company's Anchorage air cargo hub operations. AIDEA continues to maintain and improve the facility through capital investment projects, including a roof replacement in 2025, to preserve the long-term value and functionality of the asset.

West Susitna Access Project

In 2019, the Authority and the Matanuska-Susitna Borough signed a Memorandum of Understanding that provided a partnership framework for a phased feasibility analysis of the West Susitna Access Project. In 2021, the Authority accepted $8.5 million from the Alaska State Legislature under HB 69 to advance pre-development work. The Department of Transportation and Public Facilities (DOT&PF) will finance and construct the first 22 miles of road from Wasilla to the west side of Alexander Creek. The remaining 78.5 miles of road would be financed by AIDEA and extend the road from the west side of Alexander Creek to the Whiskey Bravo Airstrip. The road is intended to provide public access to resource development, recreational opportunities, and potential renewable energy projects, including the proposed wind farm at Little Mount Susitna.

In July 2025, AIDEA submitted a Department of the Army Individual Permit application to advance the project.

Arctic National Wildlife Refuge Section 1002 Leases

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

AIDEA entered into lease agreements for seven tracts in the Coastal Plain that had been offered through a competitive program authorized by the Tax Cuts and Jobs Act. Following subsequent federal actions affecting the leases and related litigation, AIDEA's lease interests in the Coastal Plain were restored in 2025. AIDEA subsequently executed new lease agreements for six of the seven original tracts and elected not to execute a lease agreement for the remaining tract.

AIDEA continues to evaluate its lease holdings and is pursuing the acquisition of 3-D seismic data to further assess the oil and gas potential of the leased acreage. In June 2026, AIDEA expanded its position in the Coastal Plain by acquiring three additional lease tracts through a competitive lease sale conducted by the Bureau of Land Management.

AIDEA believes responsible development of these resources could provide substantial economic benefits to the State of Alaska, including employment opportunities, royalty revenues, and other long-term economic impacts.

Ambler Mining District Industrial Access Project

The Ambler Mining District Industrial Access Project is intended to provide access to the Ambler Mining District, a region that contains significant deposits of copper, zinc, and other critical minerals important to domestic manufacturing, technology, and national defense supply chains.

In 2009, the Alaska Department of Transportation and Public Facilities (DOT&PF) began evaluating potential access routes to the district and identified a corridor connecting the area to the Dalton Highway. In 2013, responsibility for the project was transferred to AIDEA with the objective of developing a public-private partnership to finance, construct, operate, and maintain a controlled-access industrial road.

AIDEA began capitalizing project costs in 2014 and, in 2015, submitted applications for the federal permits and rights-of-way necessary to construct and operate a proposed 211-mile industrial access road. Following several years of environmental review, the project received federal approvals and permits in 2020.

Subsequent litigation and agency reviews resulted in additional environmental analysis and the issuance of a Supplemental Environmental Impact Statement in 2024, which selected the "No Action" alternative and terminated the Bureau of Land Management right-of-way grant for the project. In 2025, AIDEA appealed the decision to the President of the United States pursuant to ANILCA. The appeal was granted, reversing the prior denial of the right-of-way and restoring federal authorizations for the project. AIDEA continues to advance development of the proposed industrial access road.

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Lines of Credit or Term Loans

Blood Bank of Alaska, Inc.

In August 2015, the Authority entered into a Loan Agreement with Blood Bank of Alaska, Inc. This Loan Agreement included a line of credit not to exceed $8.5 million to provide for the acquisition, delivery and installation of furniture, fixtures and equipment for a laboratory and collection facility. Interest on the unpaid principal drawn on the LOC accrued at 5.66% per annum. The line of credit was converted to a term note in February 2017. Monthly payments are due on the term loan until the maturity date of February 14, 2052. The loan was current as of June 30, 2026.

Duck Point Development, ISP Uplands II Project

The Authority has extended financing of up to $15 million to Duck Point Development LLC (DPDII), a subsidiary of Huna Totem Corporation (HTC), for development of a 500-foot floating cruise ship dock, a 3,500 sq. ft. welcome center, and associated uplands improvements at Icy Strait Point near Hoonah, Alaska. The uplands construction was completed in July 2020. The second pier at Wilderness Landing and associated facilities was finalized in 2023. The loan was current as of June 30, 2026.

Hex Energy, LLC

The Authority has extended a five-year, $50 million revolving line of credit to Hex Energy, LLC to finance the multi-year development of natural gas production in the Cook Inlet for instate Alaskan utilization. The development will consist of offshore production using the Allegra Leigh platform in the Kitchen Lights Unit of the Cook Inlet as well as onshore production in north Kenai. Each drawdown is treated as a separate loan and will be amortized over a five-year period from the date of the drawdown.

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Alyeschem Project

AIDEA has provided up to $70 million in financing to Alyeschem, LLC for the development of a fuel manufacturing facility on the North Slope. The facility is designed to utilize North Slope natural gas and captured carbon dioxide to produce methanol and ultra-low sulfur diesel for use in North Slope oil and gas operations. The project is intended to strengthen Alaska's industrial supply chain, reduce reliance on imported products, and create a value-added use for North Slope natural gas resources.

Greensparc

AIDEA has provided up to $17 million in financing to GreenSparc Alaska LLC for the development of an edge data center in Cordova, Alaska. The project is designed to utilize renewable hydroelectric power generated by the Cordova Electric Cooperative to support high-performance computing and data processing services. The project is intended to promote technology-sector investment in Alaska while creating a productive use for available renewable energy resources.

Interior Energy Project

The goal of the Interior Energy Project (IEP) is to expand access to natural gas and lower-cost energy for residents and businesses in the Fairbanks region. The Interior Gas Utility (IGU), a consortium of the Fairbanks North Star Borough, City of Fairbanks, and City of North Pole, was established to develop and operate a natural gas distribution system serving the region. AIDEA provided $139 million under a 50-year loan arrangement to support development of the region’s natural gas infrastructure.

SSQ Line

The Sterling Substation to Quartz Creek Substation 115-kV transmission line (SSQ Line) is a key component of the Railbelt electric transmission system and an important transmission path for power generated by the Bradley Lake Hydroelectric Project. AIDEA financed the acquisition of the SSQ Line by the Alaska Energy Authority (AEA) to support the continued delivery of hydroelectric power to Southcentral Alaska.