Financial Statements
June 30, 2023

Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

EideBailly®

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Independent Auditor's Report

To 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 business-type activities of the Alaska Industrial Development and Export Authority (AIDEA or Authority), a Component Unit of the State of Alaska, as of and for the year ended June 30, 2023, 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 business-type activities of the Authority, as of June 30, 2023, 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 (*Government Auditing Standards*). 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.

Correction of Errors

As discussed in Note 13 to the financial statements, during the current year management discovered errors resulting in prior period adjustments. Accordingly, a restatement has been made to the business-type activities net position as of June 30, 2022, to correct the errors. Our opinion is not modified with respect to that matter.

Emphasis of Matter
As discussed in Notes 2 and 9, to the financial statements, the Authority has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations*, which eliminates the option for issuers of conduit debt to recognize a liability for this debt on their financial statements. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of Authority's share of net pension liability and employer 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, which 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 do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023 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.

Eide Bailly LLP

Boise, Idaho
December 8, 2023

Financial Statement Layout

- *Management's Discussion and Analysis (MD&A)* contains the financial position of the Authority and results of operations. This section informs readers about significant financial matters and provides additional context about operations.
- *Statement of Net Position* reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at year-end.
- *Statement of Revenues, Expenses, and Changes in Net Position* reports the income, expenses, and resulting change in net position during the fiscal year. Both of these statements use the full accrual basis of accounting and economic resources measurement focus.
- *Statement of Cash Flows* reports the sources and uses of cash, and changes in cash and cash equivalents over the fiscal year.
- *Notes to the Basic Financial Statements* provide detailed information to facilitate understanding the amounts reported in the basic financial statements.
- *Required Supplementary Information other than MD&A* details the Authority's share of the State's net pension liability.
- *Supplementary Information* provides a Schedule of Dividends Declared and paid to the State of Alaska, and unaudited explanatory information about development projects of the Authority.

Financial Highlights

Correction of Errors.

During the financial statement audit, an aggregate of $50,956 thousand in accounting errors were identified and corrected, resulting in a $9,296 thousand net increase to net position on the opening balance sheet for FY 2023. Error corrections are applied retroactively to prior periods, resulting in no impact to earnings in the current or future fiscal years; see also, Note 13 within the audited financial statements. Among the errors was an overstatement by $23,335 thousand in the net book value of liabilities associated with the DeLong Mountain Transportation System. Additionally, the net book value of the assets held by wholly-owned Mustang Holding LLC (previously reported at $34,549 thousand at June 30, 2022 and 2021) was overstated by $19,049 thousand.

Change in Accounting Principles.

Management adopted Governmental Accounting Standards Board Statement (GASBS) No. 91, *Conduit Debt Obligations*, during the fiscal year ending June 30, 2023 (FY 2023), resulting in a change in accounting for the Snettisham Hydroelectric Project. The noncurrent assets, deferred outflows of resources, and current and noncurrent liabilities were all derecognized as required by GASBS 91. The Authority was only a conduit to finance the purchase of the facility and the derecognition is a reflection of the fact that the Authority is not financially responsible for repayment of the debt issued to finance the acquisition, nor is the Authority expected to end up owning the facility long-term or using it in operations. The only commitment made by the Authority was the limited commitment to maintain the tax-exempt status of the associated bond issuance. The implementation of GASBS 91 is further addressed in Note 2, Summary of Significant Accounting Policies, and Conduit Debt is addressed in Note 9.

Reclassification of Assets.
In September 2023, the United States Department of Interior Bureau of Land Management (BLM) announced the cancellation of oil and gas leases in the Coastal Plain of the Arctic National Wildlife Refuge (ANWR) that had been offered through a competitive program authorized by the Tax Cuts and Jobs Act. The Authority entered into lease agreements for seven tracts in the Coastal Plain that had been set aside for future oil and gas development under Section 1002 of the Alaska National Interest Lands Conservation Act (ANILCA). These leases were reported as right-to-use lease assets in the FY 2022 financial statements. Management of the Authority believes that these leases represent legally enforceable obligations of the United States Government and has elected to reclassify $16,570 thousand in capital assets and other receivables associated with these leases as Other Assets in the FY 2023 financial statements. Because development on the leases had been suspended since January 2021, the Authority has also elected to recapture $1,291 thousand in amortization expense through a prior period adjustment to net position, which is included in the aggregate above for correction of the errors.

Extraordinary Item.
During FY 2023, an impairment loss of $10,630 thousand was recognized against Mustang Holding LLC, which is reported separately on the Statement of Revenues, Expenses, and Changes in Net Position as an extraordinary item in accordance with generally accepted accounting principles for reporting events which are both unusual in nature and infrequent in occurrence.

Financial Analysis

Statement of Net Position

The following table presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (in thousands) as of June 30th, for the fiscal years ending in 2023 and 2022:

Assets	2023	RESTATED 2022	CHANGE
Current assets	$ 345,598	$ 293,101	$ 52,497
Capital assets	212,405	220,173	(7,768)
Other noncurrent assets	1,144,110	1,228,254	(84,144)
Total assets	1,702,113	1,741,528	(39,415)
Total deferred outflows of resources	1,379	3,176	(1,797)
Total assets and deferred outflows of resources	$ 1,703,492	$ 1,744,704	$ (41,212)
Liabilities			
Current liabilities	$ 4,906	$ 10,473	$ (5,567)
Noncurrent liabilities	28,442	71,211	(42,769)
Total liabilities	33,348	81,684	(48,336)
Total deferred inflows of resources	195,224	219,037	(23,813)
Net Position			
Net investment in capital assets	212,405	194,717	17,688
Restricted	48,501	25,505	22,996
Unrestricted	1,214,014	1,223,761	(9,747)
Total Net Position	1,474,920	1,443,983	30,937
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,703,492	$ 1,744,704	

Additional tables provided within this section of Management's Discussion and Analysis separately present each component of the Statement of Net Position and the year-over-year differences. The significant transactions or circumstances which led to those differences and a description of how these differences impact the Authority are also presented.

The following table details current assets (in thousands):

Current Assets	FY 2023	RESTATED FY 2022	CHANGE
Unrestricted cash and cash equivalents	$ 295,492	$ 180,509	$ 114,983
Investments	16,087	56,043	(39,956)
Accrued interest receivable - investments	2,277	2,129	148
Loans	18,506	35,239	(16,733)
Accrued interest receivable - loans	1,865	2,326	(461)
Lease receivables	7,216	8,025	(809)
Due from other governments	4,057	4,074	(17)
Other accounts receivable	98	4,756	(4,658)
Total current assets	$ 345,598	$ 293,101	$ 52,497

Current assets, which are assets that can reasonably be expected to be sold, consumed or exhausted through normal operations within the upcoming fiscal year, increased by approximately $52,497 thousand. This change was largely due to a $114,983 thousand increase in unrestricted cash and cash equivalents, $39,956 decrease in the investments, $16,733 thousand reduction in loans receivable, and $4,658 thousand reduction in other accounts receivable. The $52,497 thousand net increase in current assets represents a year-over-year increase in liquid resources that are available to the Authority to meet the short-term obligations known to be maturing in FY 2024.

Cash equivalents are short-term investments such as treasury bills, commercial paper, marketable securities, money market funds, short-term government bonds, or certificates of deposit that are highly liquid and can readily be converted to cash. Increasing interest rates are making investment in longer-term bonds unattractive, which in turn is in turn causing an increase in current assets such as cash, cash equivalents, and short-term investments.

Noncurrent Assets	FY 2023	RESTATED FY 2022	CHANGE
Restricted cash and cash equivalents for Snettisham Hydroelectric Project	$ 13,479	$ 12,070	$ 1,409
Restricted cash and cash equivalents	50,777	48,491	2,286
Investments	319,696	326,092	(6,396)
Net other post-employment benefits asset	3,674	3,715	(41)
Loans, net of allowance for loan losses	536,713	561,708	(24,995)
Lease receivables	198,248	213,155	(14,907)
Capital assets, net of depreciation/amortization	212,405	220,173	(7,768)
Restricted net investment in Snettisham Hydroelectric Project	-	47,270	(47,270)
Component Unit - Mustang Holding LLC	4,870	15,500	(10,630)
Other assets	16,653	253	16,400
Total noncurrent assets	$ 1,356,515	$ 1,448,427	$ (91,912)

The table above presents noncurrent assets (in thousands).

Noncurrent assets are those which are not as easily converted to cash, and are not expected to be sold, consumed, or exhausted through normal operations within the upcoming fiscal year.

When cash or cash equivalents are presented as restricted, the use of those cash or cash equivalents is constrained for a specific purpose. Restrictions cannot be removed by internal actions of the Authority and come from laws or through legally enforceable agreements with an external party. The Authority had $64,256 thousand in cash and cash equivalents that was restricted, which was a $3,695 increase from FY 2022.

The noncurrent assets of the authority decreased by $91,912 thousand between FY 2022 and FY 2023. Some of the more significant items that led to this decrease include a $24,995 thousand reduction in loans receivable (net of allowance for loan losses), a $47,270 thousand reduction in the restricted net investment in the Snettisham Hydroelectric Project due to a change in accounting, and an impairment of $10,630 thousand related to the carrying value of the Mustang Holding LLC component unit.

Although the Authority held $319,696 thousand in noncurrent investments, all resources are managed to balance between earning a high rate of return and the need to maintain liquidity for known or planned development projects and loans that will provide industrial development and job creation. Because the Authority must recognize gains or losses on long-term securities held within the year in which the gain or loss was incurred, and also maintain significant reserves for loans and industrial development, the investment in additional long-term bonds is unappealing at this time. Additionally, there are infrastructure development projects currently in the pre-construction phase that will require a significant amount of liquid resources when they proceed to construction.

There was a $14,907 thousand reduction in lease receivables, which included $5,500 thousand related to the correction of an error from the GASBS 87 implementation.

Deferred outflows of resources	FY 2023	RESTATED FY 2022	CHANGE
Related to pensions	$ 1,106	$ 1,495	$ (389)
Related to other post-employment benefits	273	-	273
Related to the Snettisham Hydroelectric Project	-	1,681	(1,681)
Total deferred outflow of resources	$ 1,379	$ 3,176	$ (1,797)
Total assets and deferred outflows of resources	$ 1,703,492	$ 1,744,704	$ (41,212)

The table above presents deferred outflows of resources (in thousands).

Deferred outflows of resources are a consumption of net assets that will not be recognized as an expense until a future fiscal year.

There was a $1,797 thousand net reduction in deferred outflows of resources. Of that amount, $1,681 thousand was related to the Snettisham Hydroelectric Project accounting change, $389 thousand related to pensions, and $273 thousand was related to other post-employment benefits (OPEB).

Current Liabilities	FY 2023	RESTATED FY 2022	CHANGE
Accounts payable	$ 4,362	$ 6,051	$ (1,689)
Accrued interest payable for Snettisham Hydroelectric Project	-	3,085	(3,085)
Power revenue bonds for Snettisham Hydroelectric Project	-	1,185	(1,185)
Other liabilities	544	152	392
Total Current Liabilities	$ 4,906	$ 10,473	$ (5,567)

The table above presents current liabilities (in thousands).

Current liabilities are short-term financial obligations that are due for settlement within the upcoming fiscal year and which are typically settled using current assets. The $5,567 thousand net reduction in current liabilities came from a $4,270 thousand decrease to liabilities resulting from the accounting change for the Snettisham Hydroelectric Project, a $1,689 reduction in accounts payable, and a $392 thousand increase in other liabilities.

Noncurrent Liabilities	FY 2023	RESTATED FY 2022	CHANGE
Net pension liability	$ 9,160	$ 7,026	$ 2,134
Due to other governments	5,803	7,434	(1,631)
Other liabilities (restricted) for Snettisham Hydroelectric Project	13,479	56,751	(43,272)
Total Noncurrent Liabilities	$ 28,442	$ 71,211	$ (42,769)

The table above presents noncurrent liabilities (in thousands).

Noncurrent liabilities are the financial obligations that are not expected to become due for settlement within the next fiscal year.

There was a net reduction in noncurrent liabilities of $42,769 thousand. Of that amount, $2,134 thousand was from increases in the net pension liability, while a $43,272 thousand reduction was related to the change in accounting for the Snettisham Hydroelectric Project. The remaining $1,631 thousand decrease was in the amounts due to other governments, a majority of which was an appropriation for the West Susitna Access Project that has not yet been fully expended.

Deferred Inflows of Resources	FY 2023	FY 2022	CHANGE
Related to leases	$ 194,935	$ 215,375	$ (20,440)
Related to employee pensions	289	2,802	(2,513)
Deferred inflows of resources for Snettisham Hydroelectric Project	-	860	(860)
Total Deferred Inflows of Resources	$ 195,224	$ 219,037	$ (23,813)

The table above presents deferred inflows of resources (in thousands).

Deferred inflows of resources are acquisitions of net assets in the current year that are applicable to a future reporting period. Deferred inflows of resources will be recognized as revenue when earned.

There was a $23,813 thousand overall decrease in deferred inflows of resources, with $20,440 thousand related to leases, $2,513 thousand related to employee pensions, and the remaining $860 thousand related to the accounting change for the Snettisham Hydroelectric Project.

The following table details net position (in thousands).

Net Position	FY 2023	RESTATED FY 2022	CHANGE
Net investment in capital assets	$ 212,405	$ 194,717	$ 17,688
Restricted by agreement with third parties	44,827	21,790	23,037
Restricted by OPEB	3,674	3,715	(41)
Unrestricted	1,214,014	1,223,761	(9,747)
Total Net Position	$ 1,474,920	$ 1,443,983	$ 30,937

The net position of a fund is the amount that assets and deferred outflows of resources exceed liabilities and deferred inflows of resources.

The Authority is an enterprise fund, a type of proprietary fund used for business-type activities under GAAP when there is a legal requirement to cover costs with fees and charges from users for services rather than through taxes or other revenues that would come from the State of Alaska.

For the fiscal year ended June 30, 2023, the net position of the enterprise fund increased by $30,937 thousand to $1,474,920 thousand. This net position was comprised of a net investment in capital assets of $212,405 thousand, $44,827 thousand restricted by agreement with third parties, $3,674 restricted for other post-employment benefits, and $1,214,014 thousand that was unrestricted and available for continuing operations and industrial development activities.

Statement of Revenues, Expenses, and Changes in Net Position

Operating revenues for FY 2023 totaled $70,616 thousand and was $39,256 thousand greater than FY 2022. This difference was due largely to a $36,890 thousand decrease in the loss recorded on the fair value of investments. The implementation in FY 2022 of GASBS 87 caused a significant year-over- year difference in the lease revenue, which was $16,146 thousand less in FY 2023. Investment interest was $11,149 thousand greater due to rising interest rates, and other income such as interest on loans and income from State of Alaska agencies was $7,363 thousand greater.

Operating Revenues	2023	RESTATED 2022	CHANGE
Interest on loans	$ 17,397	$ 16,614	$ 783
Lease revenue	26,080	42,226	(16,146)
Investment interest	20,147	8,998	11,149
Net change in fair value of investments	(12,104)	(48,994)	36,890
Income from State of Alaska agencies	6,276	5,473	803
Other income	12,820	7,043	5,777
Total operating revenues	$ 70,616	$ 31,360	$ 39,256

The table above presents operating revenues (in thousands).

Operating expenses were $164 thousand less than FY 2022. There were several factors that contributed to this overall reduction. The interest on liabilities related to the Snettisham Hydroelectric Project was $2,533 thousand less due to the accounting change. Project expenses were $1,085 thousand higher, primarily due to increased spending of legislative grant funds for the West Susitna Access Project. General and administrative expenses were $778 thousand greater. There was a reduction in the provision for loan losses of $1,790 thousand due to an improvement in the quality of the loan portfolio. Net pension and other post-employment benefit expenses were $2,170 thousand less.

Operating Expenses	2023	RESTATED 2022	CHANGE
Interest on Snettisham Hydroelectric Project liabilities	$ -	$ 2,533	$ (2,533)
General and administrative	12,763	11,985	778
Net pension related adjustments	(269)	(897)	628
Net other post-employment benefit related adjustments	(803)	(2,345)	1,542
Provision for loan losses	5,362	7,152	(1,790)
Depreciation/amortization	9,768	9,642	126
Project expenses	4,653	3,568	1,085
Total operating expenses	$ 31,474	$ 31,638	$ (164)
Operating income (expense)	$ 39,142	$ (278)	$ 39,420

The table above presents operating expenses (in thousands).

The net amount of nonoperating revenues and expenses was $2,425 thousand, which is $13,686 thousand greater than FY 2022. The sum of capital contributions and appropriations and contributions from the State of Alaska was $2,861 thousand higher. The dividend of $6,480 thousand that was paid to the State of Alaska during FY 2023 from FY 2021 unrestricted net income was $10,825 thousand less than the dividend paid in FY 2022 from FY 2020 unrestricted net income.

Nonoperating Revenues (Expenses)	2023	RESTATED 2022	CHANGE
Capital contributions	$ 7,274	$ 5,929	$ 1,345
Appropriations and contributions from State of Alaska	1,631	115	1,516
Dividend to the State of Alaska	(6,480)	(17,305)	10,825
Total nonoperating revenues (expenses)	$ 2,425	$ (11,261)	$ 13,686
Extraordinary Item			
Impairment loss	$ (10,630)	$ -	$ (10,630)
Increase (Decrease) in Net Position	$ 30,937	$ (11,539)	$ 42,476

The table above presents nonoperating revenues (expenses) (in thousands).

There were no extraordinary or special items in FY 2022. However, in FY 2023 there was an extraordinary item due to an impairment loss in the amount of $10,630 thousand related to the value of the Mustang Holding LLC component unit.

Outlook

The Authority is actively seeking opportunities to further support employment and the growth of businesses in Alaska through the development of mines, tourism, infrastructure, and oil and gas production. By providing loans and developing commercial, industrial, and infrastructure projects, the Authority contributes to the creation of meaningful jobs for Alaskans that will establish a strong foundation for future generations in the State.

The Authority is actively pursuing potential new infrastructure projects along with continuing to grow and diversify the direct loan program to aide in expanding economic activity statewide. AIDEA will continue to coordinate with private sector banks and credit unions and expand loan participations, which helps to ensure the availability of financing for businesses so that they can grow and develop industries and add jobs that contribute to the economy of Alaska.

The Authority is investing in the future by focusing on projects and investments that will enable the creation of jobs and assist with the development and growth of industries in Alaska. These investments will also generate returns in the future, which can be put to work on development projects, loans, and also increase the amount of dividends that will be paid to the State of Alaska.

The October 27, 2023 divestiture of the Mustang Holding LLC component unit will permit the Authority to not only free up resources for future investment in Alaska, but also avoid additional costs and potential future liability. This sale of an AIDEA-owned asset to a public sector company will allow for the Mustang Field to be further developed, providing jobs for Alaskans and supplying oil for transportation through the Trans-Alaska Pipeline System.

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
www.aidea.org

June 30, 2023

Basic Financial Statements

Alaska Industrial Development and Export Authority

(in thousands)

Assets	
Current Assets	
Cash and cash equivalents (unrestricted)	$ 295,492
Investments	16,087
Due from other governments	4,057
Loans	18,506
Lease receivables	7,216
Accrued interest receivable - investments	2,277
Accrued interest receivable - loans	1,865
Other accounts receivable	98
Total current assets	345,598
Noncurrent Assets	
Cash and cash equivalents (restricted) - Snettisham	13,479
Cash and cash equivalents (restricted)	50,777
Investments	319,696
Net other post-employment benefits (OPEB) asset	3,674
Loans, net of allowance for loan losses	536,713
Lease receivables	198,248
Component Unit - Mustang Holding LLC	4,870
Capital assets	
Land and land improvements, and intangible assets	49,448
Buildings, equipment, and infrastructure, net of accumulated depreciation	56,716
Right-to-use lease assets, net of accumulated amortization	106,241
Other assets	16,653
Total noncurrent assets	1,356,515
Total assets	1,702,113
Deferred Outflows of Resources	
Related to employee pensions	1,106
Related to OPEB	273
Total deferred outflows of resources	1,379
Total Assets and Deferred Outflows of Resources	$ 1,703,492

(in thousands)

Liabilities	
Current Liabilities	
Accounts payable	$ 4,362
Other liabilities	544
Total current liabilities	4,906
Noncurrent Liabilities	
Net pension liability	9,160
Due to other governments	5,803
Other liabilities (restricted) - Snettisham	13,479
Total noncurrent liabilities	28,442
Total liabilities	33,348
Deferred Inflows of Resources	
Related to leases	194,935
Related to OPEB	289
Total deferred inflows of resources	195,224
Net Position	
Net investment in capital assets	212,405
Restricted by agreement with third parties	44,827
Restricted by OPEB	3,674
Unrestricted	1,214,014
Total net position	1,474,920
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,703,492

Statement of Revenues, Expenses, and Changes in Net Position
(in thousands)
Year Ended June 30, 2023

Operating Revenues	
Interest on loans	$ 17,397
Lease revenue	26,080
Investment interest	20,147
Net change in fair value of investments	(12,104)
Income from state agencies	6,276
Other income	12,820
Total operating revenues	70,616
Operating Expenses	
General and administrative	12,763
Net pension related adjustments	(269)
Net OPEB related adjustments	(803)
Provision for loan losses	5,362
Depreciation/amortization	9,768
Project expenses	4,653
Total operating expenses	31,474
Operating Income	39,142
Nonoperating Revenues (Expenses)	
Capital contributions	7,274
Appropriations and contributions from the State of Alaska	1,631
Dividend to the State of Alaska	(6,480)
Total nonoperating revenues	2,425
Extraordinary Item	
Impairment loss	10,630
Increase in Net Position	30,937
Net Position - Beginning of Year - As Previously Reported	1,434,687
Prior Period Adjustment	9,296
Net Position - Beginning of Year - Restated	1,443,983
Net Position - End of Year	$ 1,474,920

Statement of Cash Flows
(in thousands)
Year Ended June 30, 2023

Operating Activities	
Interest received on loans	$ 17,880
Principal collected on loans	60,647
Other operating receipts	38,973
Loans originated	(24,587)
Payments to suppliers and employees for services	(17,347)
Net Cash from Operating Activities	75,566
Noncapital and Related Financing Activities	
Dividend paid to the State of Alaska	(6,480)
Cash received from (paid to) other funds	12,290
Net Cash from Noncapital and Related Financing Activities	5,810
Capital and Related Financing Activities	
Principal payments received on leases	8,864
Capital grant receipts	7,274
Capital appropriation - State of Alaska	1,631
Internal receipts	(11,947)
Investment in development projects - capital assets	(73)
Investment in capital assets	(15,083)
Net Cash used for Capital and Related Financing Activities	(9,334)
Investing Activities	
Net proceeds from sales and maturities or investment securities	30,665
Interest collected on investments	18,721
Loans originated	(2,750)
Net Cash from Investing Activities	46,636
Net Change in Cash and Cash Equivalents	118,678
Cash and Cash Equivalents, Beginning of Year	241,070
Cash and Cash Equivalents, End of Year	$ 359,748

(in thousands)

Reconciliation to Statements of Net Position	
Unrestricted cash and cash equivalents	$ 295,492
Restricted cash and cash equivalents - noncurrent	50,777
Restricted cash and cash equivalents - Snettisham	13,479
Cash and Cash Equivalents, End of Year	$ 359,748
Reconciliation of operating income to net cash from operating activities:	
Operating income	$ 39,141
Adjustments to reconcile operating income to net cash from operating activities	
Principal collected on loans	58,570
Loans originated	(20,597)
Investment interest income	(18,143)
Provision for loan losses	5,931
Depreciation on projects	9,768
Net change in fair value of investments	12,104
Changes in assets and liabilities	
Due from other governments	(25)
Other assets	818
Internal balance	301
Other liabilities	2,470
Net OPEB asset	41
Deferred outflows related to pensions	389
Deferred outflows related to OPEB	(273)
Accrued interest receivable and other assets	484
Net pension liability	2,134
Accounts payable and other liabilities	(2,757)
Deferred inflows related to leases	(11,417)
Deferred inflows related to pensions	(2,802)
Deferred inflows related to OPEB	(571)
Net Cash from Operating Activities	$ 75,566
Noncash Investing, Capital, and Financing Activities	
Net unrealized loss on investments	$ 12,104
Prior Period Adjustments:	
Impairment loss - Mustang Holding LLC	(19,049)
Lease receivables	5,500
Intangible assets/other assets	1,291
Notes receivables	(1,781)
Other Liabilities	23,335
	$ 21,400

Note 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.

Component Unit

During fiscal year 2023, the Authority was financially accountable for Mustang Holding LLC, a wholly-owned, but legally separate organization.

Relationship between AIDEA and Alaska Energy Authority

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

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

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

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

Fair Value Measurement and Application

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

Cash and Cash Equivalents

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

Investments

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

Loans and Related Interest Income

Loans consist of direct loans made by the Authority, loans made through banking institutions and purchased by the Authority, and loans made through the Small Business of Economic Development program and Rural Development Initiative Fund, the latter two managed for the Authority by Alaska's Division of Investments. Loans made by the Authority are primarily secured by first or second deeds of trust on real estate located in Alaska. Loans made by the Alaska Division of Investments must be secured by collateral that is acceptable, which includes, but is not limited to, a mortgage or other security instrument in real property, equipment, or other tangible assets. Loans are generally carried at amounts advanced less principal payments collected. Loan application fees are recognized as revenue when the application is received. Commitment fees are recognized as revenue when loans are funded. Interest income is accrued as earned. Interest accrual on loans is discontinued when the payment of interest or principal is more than 90 days past due or when loan terms are restructured. The collection of accrued interest is pursued until such time as it is deemed uncollectible. Interest accrual is resumed when a loan is no longer more than 90 days past due.

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.

Other Real Estate Owned

Other real estate owned (OREO) is property acquired through foreclosure on loans; received by deed in lieu of foreclosure; or transferred from a lease receivable when the properties become available for sale. OREO is recorded at the estimated fair market value of the property at the time of receipt or transfer less costs to sell, with any excess of loan or lease balance over fair market value charged to the respective allowance for loan or lease losses. Upon final disposition or a decline in the value of the property, gains or losses are charged or credited to operations in the current period.

Allowance for Loan Losses

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

Lease Receivables

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

Allowance for Lease Receivables

The allowance for lease receivables represents management's judgment as to the amount required to absorb probable unrealizable lease receivables. Factors used by management to determine the allowance required include individual lease delinquencies, property values, economic conditions, and other factors. Management's opinion is that no allowance for lease receivables is required at June 30, 2023.

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
Software and intangibles	3-15	$500,000 or greater
Machinery and equipment	3-30	$100,000 or greater
Buildings	15-20	$1,000,000 or greater
Building improvements	15-20	$100,000 or greater
Infrastructure	20-40	$1,000,000 or greater

Intangible Assets

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

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

- Demonstration of the technical or technological feasibility for completing the project so that the intangible asset will provide its expected service capacity.
- Demonstration of the current intention, ability, and presence of effort to complete or, in the case of a multi-year project, continue development of the intangible asset.

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

Environmental Issues

AIDEA's environmental issues policy is to record a liability when the likelihood of responsibility for pollution remediation activities such as site assessments and cleanups is probable, and the costs are reasonably estimable. At the end of fiscal year 2023, there were no environmental issues meeting both of these criteria and, accordingly, no provision has been made in the accompanying financial statements for any potential pollution remediation liability or asset retirement obligations.

Pension and Other Postemployment Benefits

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Net Position

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

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

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

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

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

Operating Revenue and Expense

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

- capital contributions
- transfers to the State of Alaska, including dividends
- investment income and related expenditures

Contributions, State Appropriations, Grants and State Advances

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

Depreciation and Amortization

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

Nonexchange Payments

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

Estimates

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

Implementation of GASB Statement No. 91

As of July 1, 2022, the Authority adopted GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. The implementation of this standard eliminates the option for issuers of conduit debt to recognize a liability for this debt on their financial statements. In addition, it requires issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations. There was no effect on the beginning net position as a result of the implementation of the standard. The additional information is disclosed in Note 9.

Note 3 - Cash and Investment Securities

Cash and Cash Equivalents

Following is a summary of cash and cash equivalents at June 30, 2023 (in thousands):

Current - unrestricted	$ 295,492
Noncurrent - restricted	50,777
Noncurrent - restricted - Snettisham	13,479
Carrying amount	$ 359,748
Bank balance	$ 359,748

Cash equivalents include $39.84 million invested in the Pool. The Pool was rated a principal stability rating of AAA by Standard & Poor's (S&P). Stand-alone financial statements can be obtained by writing to the Alaska Permanent Capital Management Co., 900 West Fifth Avenue, Suite 601, Anchorage, Alaska 99501 or visiting www.amlip.org.

AS 37.23 provides for regulatory oversight of the Pool. The Statute provides requirements regarding authorized investments and reporting. The Pool is incorporated in Alaska as a nonprofit corporation and reports to a board of directors. AS 37.23.050 requires retention of an investment manager. The manager is required to produce monthly disclosure statements for the Pool. An investment advisor monitors the performance of the investment manager to ensure compliance with investment policies. The Pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. The fair value of the investments in the Pool are reviewed monthly by an independent pricing service. The Pool meets the standards for reporting investments at amortized cost with regard to portfolio requirements including maturity, quality, diversification, liquidity and shadow price. There are no restrictions or limitations on withdrawals from the Pool. As of June 30, 2023, the fair value of the investments in the Pool approximates the amortized cost at which they are reported. The fair value of our investments in the Pool is the same as the value of our Pool units.

Cash equivalents include $9.90 million invested in the State of Alaska General Fund and Other Non-segregated Funds (GeFonsi) Pool. The Alaska State Department of Revenue, Treasury Division, has established various investment pools to manage funds for which the Commissioner of Revenue has fiduciary responsibility. The GeFonsi pool in which the Corporation participates is itself comprised of investment shares of the State's short-term fixed income, and Intermediate-term Fixed Income investment pools. Assets in these pools are reported at fair value with purchases and sales recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service. The complete financial activity of the State of Alaska's investment pools is shown in the ACFR available from the Department of Administration, Division of Finance.

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

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

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

Investment Securities

General – Investment Policies and Portfolio Information

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

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

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

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

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

Following is a summary of investments at June 30, 2023 (in thousands):

Current - unrestricted	$ 16,087
Noncurrent - unrestricted	319,696
	$ 335,783

Fair Value Measurement

The Authority categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Following is a summary of the portfolio, organized by major investment type and the recurring fair value measurement at June 30, 2023 (in thousands):

	Level 2
Municipal Bonds	$ 336
US Agency Bonds	18,544
Corporate Securities	107,174
Asset-Backed Securities	14,464
US Treasury Bonds	79,104
Commercial Mortgage-Backed	1,936
Mortgage-Backed	114,225
	$ 335,783

Interest Rate Risk

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

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

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

The duration of each externally managed fixed income portfolio must be within plus or minus 25% of the duration of the Barclays Capital Aggregate Bond Index for domestic fixed income portfolios and between 0.5 (½ year) and 125% of the contractual non-U.S. dollar denominated benchmark for the portfolios (or sub-portfolio component) available for investment in non-U.S. dollar denominated instruments (at June 30, 2023, there were no portfolios investing in non-U.S. dollar denominated instruments). AIDEA believes it meets the investment policy's requirements for maturity and duration of the externally managed fixed-income portfolios.

For the internally managed portfolio, the duration for longer-term investments is two years or less. The maximum maturity of any issue is three years from the date of purchase. We meet the investment policy's requirements for maturity and duration of the internally managed fixed-income portfolio.

Below are presented the weighted average effective duration in years for cash equivalents and investments at June 30, 2023. The duration values in the table take into account any put or call options embedded in the security, any expected sinking-fund pay downs, or expected principal prepayments:

	Internally Managed Portfolio	Externally Managed Portfolio
Money market	0.04	0.05
Mortgage-Backed	-	5.91
Corporate Securities	-	7.59
Asset-Backed Securities	-	2.12
US Agency Bonds	-	4.13
US Treasury Bonds	-	6.54
Municipal Bond	-	13.25

Credit Risk

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

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

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

The quality ratings of cash equivalent and investment portfolio at June 30, 2023, are stated in the table below as a percentage of the total portfolio. U.S. Treasury securities and securities of agencies and corporations explicitly guaranteed by the U.S. government are not considered to have credit risk and are reported as such in the table. On September 6, 2008, the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation were placed into conservatorship by the Federal Housing Finance Agency. Prior to this, both corporations were considered GSEs with an implicit backing of the U.S. government. Ratings used are S&P's rating scale unless not rated by S&P or rated lower by Moody's, in which case Moody's is used. Rate modifiers are not disclosed.

Investment Type	Rating Agency	Rating	Percentage of Total
Money Market	S&P	AAA	48.00%
US Agency bonds	S&P	AA	3.00%
Mortgage-Backed	S&P	AA	18.00%
Corporate Securities	S&P	A	5.00%
Corporate Securities	S&P	BB	11.00%
Corporate Securities*	Moody	Baa	1.00%
Asset-Backed securities	S&P	AAA	2.00%
US Treasuries	S&P	AAA	12.00%
			100%

* Moody's ratings

Custodial Credit Risk

Custodial credit risk of investments is the risk that, in the event of the failure of a custodian, the value of investments or collateral securities may not be recovered. Amounts totaling approximately $101 million at June 30, 2023, are held in the Pool or other money market funds. Funds held in the Pool are registered in the name of the trust department of a commercial bank and are held by a third-party custodian. Money market funds are held by the trust department of a custodial bank and are registered in the bank's name. The investments in the Pool are owned by the Pool. All other investment securities are registered in the name of the Authority and are held by our custodian, the trust department of a commercial bank; therefore, no custodial credit risk exists for these securities.

Concentration of Credit Risk

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

On June 30, 2023, the Authority had more than 5% of the combined portfolios invested in the following GSEs (dollar amounts in thousands):

	Revolving Fund	Percent of Combined Portfolio
Mortgage-Backed Freddie Mac	$ 21,575	8%
Mortgage-Backed Fannie Mae	69,994	25%
Mortgage-Backed Ginnie Mae	22,656	8%

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, 2023, is as follows (in thousands):

	Allowable Usage	
Red Dog Project Sustaining Capital Fund	Project costs	$ 15,000
West Susitna Access Road Project	Project costs	5,949
Ketchikan Shipyard restricted funds	Payment of guarantees	2
Ketchikan Shipyard Repair and Replacement Fund	Project costs	778
AK SAFE Program	Project costs	2,584
Interior Energy Project	Project costs	3,128
Cominco	Project costs	23,208
Markair	Project costs	128
Snettisham Hydroelectric Project Funds	Various costs relating to the project	13,479
		$ 64,256

Note 4 - Loans

Loans outstanding at June 30, 2023, are classified as follows (in thousands):

	Number	Amount
Loan participation		
Internally funded	261	$ 377,427
Bond sale	1	8,098
OREO sale financing	1	100
Purchased loans	11	2,435
Development project loans	5	32,443
SSQ Line Loan	1	5,830
Interior Energy Project Loans	6	139,000
Small Business Economic Development loans	38	10,082
Rural Development Initiative loans	34	2,756
Less allowance for loan loss	-	(22,952)
Less current portion	-	(18,506)
	358	$ 536,713

AIDEA purchases participations in loans secured by real property or tangible personal property made by commercial banks or other financial institutions. Nearly all of them relate to real property.

On September 30, 2010, pursuant to legislation and an agreement, the Authority purchased 37 loans from AEA. Under the agreement, AEA must repurchase any loan upon a payment default.

The loans include a loan which was a product of our financing of the IEP in fiscal year 2018. The per annum stated interest rate for the loan is zero percent (0%) during the deferral period unless the default rate of interest of three percent (3%) has been imposed as provided by the Financing Agreement. Upon expiration of the deferral period and continuing until the maturity date, the interest rate for the term note is one quarter of one percent (0.25%). The deferral period is fifteen years after the closing date of June 13, 2018. The loan maturity date is fifty (50) years after the closing date.

In December 2020, AEA borrowed $17 million 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 semi-annual interest and annual principal payments with a final maturity date of July 2040.

Following is an analysis of changes in the allowance for loan losses for fiscal year 2023 (in thousands):

Balance, beginning of year	$ 17,590
Provision for loan loss	5,362
Balance, end of year	$ 22,952

Note 5 - Lease Receivables

Below is a schedule of the changes in the lease receivable for the fiscal year ended June 30, 2023 (in thousands):

Lease receivable	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
DeLong Mountain Transportation System	$ 186,670	$ -	$ 5,673	$ 180,997	$ 6,050
Skagway Ore Terminal	413	-	413	-	-
Federal Express Aircraft Maintenance, Repair, and Operations Facility Proj	13,070	-	833	12,237	888
Dept Military and Veteran's Affairs	14,174	-	1,944	12,230	278
Total lease receivable	$ 214,327	$ -	$ 8,863	205,464	$ 7,216
Less current portion				(7,216)	
Long-term lease receivable, net				$ 198,248	

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

Minimum Lease Payments Fiscal Years Ending June 30,	Principal	Interest
2024	$ 7,216	$ 13,236
2025	7,699	12,753
2026	8,213	12,239
2027	8,763	11,689
2028	9,349	11,103
2029-2033	57,000	45,260
2034-2038	69,212	25,507
2039-2043	37,461	3,503
2044	551	11
	$ 205,464	$ 135,301

The Authority accrued a lease receivable for use of the DeLong Mountain Transportation System. The remaining receivable for this lease is $181,000 thousand as of June 30, 2023. Deferred inflows related to this lease were $171,800 thousand and interest revenue recognized was $12,000 thousand. Principal receipts of $5,700 thousand were recognized. Final receipts are expected in fiscal year 2040.

AIDEA accrued a lease receivable for use of the Skagway Ore Terminal. The remaining receivable and deferred inflows for this lease are $0 as of June 30, 2023. Interest revenue recognized on this lease was $12 thousand, along with principal receipts of $413 thousand. The Authority disposed of the ore terminal and the lease was terminated in FY 2023.

The Authority accrued a lease receivable for use of the Federal Express Aircraft Maintenance, Repair, and Operations Facility project. The remaining receivable for this lease is $12,200 thousand as of June 30, 2023. Deferred inflows related to this lease were $11,600 thousand of June 30, 2023. Interest revenue recognized on this lease was $825 thousand for the year ended June 30, 2023. Principal receipts of $833 thousand were recognized for the year ended June 30, 2023. Final receipts are expected in FY 2034.

AIDEA has accrued a lease receivable for the Department of Military and Veteran’s Affairs development project. The remaining receivable for this lease is $12,200 thousand as of June 30, 2023. Deferred inflows related to this lease were $11,600 thousand as of June 30, 2023. Interest revenue recognized on this lease was $866 thousand for the year ended June 30, 2023. Principal receipts of $1.9 million were recognized for the year ended June 30, 2023. Final receipts are expected in FY 2043.

The interest rate on the leases ranged from 6.50% - 7.00%.

Note 6 - Capital Assets

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated/ amortized				
Land and land improvements	$ 3,165	$ -	$ -	$ 3,165
Construction work in progress	654	2,622	(55)	3,221
Intangible assets	30,846	12,216	-	43,062
Total capital assets, not being depreciated/ amortized	34,665	14,838	(55)	49,448
Capital assets, being depreciated				
Buildings and equipment	66,581	132	(155)	66,558
Infrastructure	39,743	-	-	39,743
Total capital assets, being depreciated	106,324	132	(155)	106,301
Less accumulated depreciation				
Buildings and equipment	(24,530)	(2,326)	153	(26,703)
Infrastructure	(21,593)	(1,289)	-	(22,882)
Total accumulated depreciation	(46,123)	(3,615)	153	(49,585)
Total capital assets, being depreciated	60,201	(3,483)	(2)	56,716
Capital assets, being amortized				
Right-to-use leased assets	313,071	-	(6,154)	306,917
Less accumulated amortization				
Right-to-use leased assets	(200,677)	(6,153)	6,154	(200,676)
Total capital assets, being amortized	112,394	(6,153)	-	106,241
Capital assets, net	$ 207,260	$ 5,202	$ (57)	$ 212,405

Depreciation and amortization expense totaled $9.8 million for the fiscal year ended June 30, 2023, and is included in depreciation and amortization in the statement of revenues, expenses, and changes in net position.

Capital assets include capitalized costs for the infrastructure project - Interior Energy Project (IEP) infrastructure and the intangible right-of-way assets for the Ambler Mining District Industrial Access Project (AMDIAP). AIDEA became the project sponsor for these projects in fiscal year 2013.

IEP – AIDEA received a $57.5 million capital appropriation effective June 30, 2013, and an authorization to finance up to a principal amount of $275.0 million (which may include up to $150 million in bonds and the remainder from the SETS Fund) for the development, construction, and installation of, and the start-up costs of operation and maintenance for, a liquefied natural gas production system and affiliated infrastructure on the North Slope and a natural gas distribution system and affiliated infrastructure in Interior Alaska from a direct State appropriation and bond authorization. During fiscal year 2015 the scope of this project was expanded to allow for the source of natural gas to be from locations in the state other than the North Slope.

AMDIAP – Effective July 1, 2013, we received an $8.5 million capital appropriation for the AMDIAP, with an additional $8.5 million capital appropriation effective July 1, 2014. Costs incurred for this project have included professional efforts related to planning, public outreach, environmental impact studies and preliminary work relating to the permitting and scoping for the project. During fiscal year 2015 we were directed by the Governor to limit spending on this project. Scope was also limited to work relating to scoping and environmental impact studies. During fiscal year 2019 both the funding and scope limitations were lifted. We have continued development.

Note 7 - Component Unit – Mustang Holding LLC

Mustang Holding LLC (MHLLC) is a legally separate organization wholly owned by the Authority and reported as a component unit within its financial statements. During fiscal year 2023, an extraordinary item for impairment loss was recognized in the amount of $10,630 thousand.

Note 8 - Other Assets

The Arctic National Wildlife Refuge (ANWR) consists of 19.3 million acres located in northeast Alaska, which was created through an agreement between the State of Alaska and the U.S. Department of the Interior (DOI) under the Alaska National Interest Lands Conservation Act (ANILCA) and signed into law in 1980 by President Jimmy Carter. Section 1002 of ANILCA provides that Coastal Plain constituting 1.56 million acres was not included in the wilderness designation and was specifically set aside for future oil and gas exploration and development.

With the passage of the Tax Cuts and Jobs Act in 2017, Congress authorized the DOI Bureau of Land Management (BLM) to establish and administer a competitive oil and gas program in the Coastal Plain, which occurred in December 2020. The Authority was the successful bidder for nine of the 22 tracts available and elected to enter into lease agreements for seven of these tracts for a period of 10-years. These leases were classified as intangible right-to-use lease assets in the FY2022 financial statements.

In September 2023, the BLM announced the cancellation of oil and gas leases in ANWR. The Authority has elected to reclassify $12.9 million in intangible assets and $3.7 million from accounts receivable associated with these leases as other assets as of the end of fiscal year 2023 and intends to protect its rights in the ANWR leases through available legal remedies.

Note 9 - Conduit Debt

AS 44.88.080 authorizes AIDEA 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.

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

As of the end of June 30, 2023, there was approximately $370.8 million in conduit debt obligations outstanding. Additionally, the Board of Directors has authorized the issuance of up to $185.0 million in additional conduit debt to finance the construction of power transmission interties that electric utilities will own.

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.

Note 10 - Retirement Plan PERS

Defined Benefit (DB) Pension Plan

Plan Description

The Authority participates in the Alaska 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 annual comprehensive financial report that includes financial statements and other required supplemental information. That report is available via the internet at http://doa.alaska.gov/drb/pers. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

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

The PERS DB Plan was closed to new entrants effective June 30, 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 an agent-multiple-employer plan to a 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.

AS 39.35.255 requires the State of Alaska to contribute to the DB 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. As such, the DB 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, and disclosures on this basis.

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

It is important to note that the Alaska legislature has the power and authority to change the aforementioned statute through the legislative process.

Employee Contribution Rates

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

Employer and Other Contribution Rates

There are several contribution rates associated with the pension and healthcare 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, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board (ARM). This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap of 22%. 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 that ends in 2039. This change results in an ARM Board Adopted Rate that is lower than previously adopted.

On-behalf 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. On-behalf amounts are reflected as 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, 2023 were determined in the June 30, 2022 actuarial valuation.

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.54%	26.99%	8.11%
Postemployment benefits	6.46%	3.12%	0.00%
	22.00%	30.11%	8.11%

In 2023, AIDEA was credited with the following contributions to the pension plan (in thousands):

Employer contributions (including DBUL)	$ 1,178
Nonemployer contributions (on-behalf)	-
	$ 1,178

In addition, employee contributions to the Plan totaled approximately $102 thousand during the fiscal year.

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

At June 30, 2023, AIDEA reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to AIDEA. The amount recognized by AIDEA for its proportional share, the related State proportion, and the total were as follows (in thousands):

AIDEA proportionate share of NPL	$ 9,160
State's proportionate share of NPL associated with AIDEA	-
	$ 9,160

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. AIDEA's proportion of the net pension liability was based on AIDEA's actual contributions to the pension plan relative to the actual contributions of the State. At June 30, 2023, AIDEA's proportion 0.361%, which was a decrease of 0.027% from its proportion measured as of the prior measurement date, June 30, 2021.

For the year ended June 30, 2023, AIDEA recognized a net adjustment for pension expense of approximately $269 thousand including AIDEA's portion of nonemployer contributions provided by the State. This includes approximately $1.2 million paid by AIDEA during the fiscal year and approximately $0 in pension related adjustments including the on-behalf portion allocated to AIDEA as a PERS employer. At June 30, 2023, AIDEA 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
Difference between expected and actual experience	$ -	$ -
Changes in assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	262	-
Changes in proportion and differences between AIDEA contributions and proportionate share of contributions	-	-
AIDEA contributions subsequent to the measurement date	844	-
	$ 1,106	$ -

The $844 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 ended June 30, 2024.

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):

Fiscal Years Ending June 30,		
2024	$	(31)
2025		(80)
2026		(192)
2027		565
2028		-
Thereafter		-
	$	262

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2022 (AIDEA fiscal year 2023) was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Investment rate of return	7.38% net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Projected Salary Increase	For peace officers/firefighters, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on age and years of service.
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Disability are assumed to be occupational 75% of the time for peace officers/firefighters; 40% of the time for all others.

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. The best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	27%	6.51%
Global equity (non-U.S.)	18%	5.70%
Aggregate bonds	21%	0.31%
Opportunistic	6%	0.00%
Real assets	14%	3.71%
Private equity	14%	9.61%
Cash equivalents	0%	-0.50%

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 that 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.

Discount Rate Sensitivity

The following presents AIDEA's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what AIDEA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lesser (6.25%) or one-percentage-point greater (8.25%) than the current rate (in thousands):

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
AIDEA's proportionate share of the net pension liability	$ 12,331	$ 9,160	$ 6,486

Pension Plan Fiduciary Net Position

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

Defined Contribution (DC) Pension Plan

Plan Description

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration, in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, 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, http://doa.alaska.gov/drb/pers.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that AIDEA 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.

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, 2023, AIDEA was required to contribute 5% of covered salary into the DC Plan which represents pension share of the total 8% contribution of covered salary.

AIDEA and employee contributions to PERS for pensions for the year ended June 30, 2023, were $293 thousand and $469 thousand, respectively. The AIDEA contribution amount was recognized as pension expense.

Defined Benefit OPEB Plan

Plan Description

As part of its participation in the PERS DB Plan (Tiers I, II, III), which is a cost-sharing multiple-employer plan, AIDEA participates in the Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is self-funded and provides major medical coverage to retirees of the DB Plan. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plan is administered by the State of Alaska, Department of Administration.

Employer Contribution Rate

AIDEA's contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

	Other	Police/Fire
Alaska Retiree Healthcare Trust	6.46%	6.46%
Retiree Medical Plan	1.07%	1.07%
Occupational Death and Disability Plan	0.31%	0.68%
	7.84%	8.21%

OPEB Plan Fiduciary Net Position

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

Defined Contribution OPEB Plans

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

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. Alaska Statute 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of all employees of all employers in the plan." As of July 1, 2019, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and $2,168 per year for each full-time employee, and $1.39 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2023, AIDEA contributed $129 thousand in DC OPEB costs. These amounts have been recognized as expense.

Note 11 - Related Party – Alaska Energy Authority

Based on understandings and board-approved agreements between AIDEA and AEA, the Authority supplies administrative, personnel, data processing, communications, and other services to AEA. AIDEA recognized revenue totaling $6.3 million for providing these services during fiscal year 2023. As of June 30, 2023, AIDEA had $4.1 million receivable from AEA for services and short-term borrowings. These amounts are recorded as part of income from state agencies and component units.

In December 2020, AEA borrowed $17 million 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, 2023, the balance of this loan was $5.8 million.

AIDEA recorded a net pension liability of $9.2 million and a net OPEB asset of $3.7 million as of June 30, 2023. AEA's annual payments to AIDEA for personnel services supporting AEA activities includes a PERS contribution component. Receipts from AEA funds over half of AIDEA's personnel services.

Note 12 - Commitments, Contingencies, and Other

Dividend

Under AS 44.88.088, the Board of Directors (Board) must annually declare a dividend to the State of Alaska. This dividend must be at least 25% but not more than 50% of "unrestricted net income," as defined in the statute, and is declared based on the unrestricted net income from two years prior to the fiscal year in which the dividend must be paid. The dividend declared may never exceed "unrestricted net income", and the payment requires legislative appropriation, which is subject to line item vetoed by the Governor. The Board authorized a $6.5 million dividend in FY 2021 that was paid in the year ending June 30, 2023.

Alaska Insurance Guaranty Association

AIDEA may guarantee loans for the Alaska Insurance Guaranty Association (Association). The Association pays claims on behalf of insurance companies that regulators that 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 guarantees have been made pursuant to this authorization.

Potential Development Projects

The Authority reviews potential development finance 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.

Other Commitments and Contingencies

From time to time, the Authority may be a named as a defendant in legal proceedings and contract disputes over how business has been conducted. Additionally, the Internal Revenue Service may perform compliance or other audits concerning the tax-exempt status of certain outstanding bonds issued by AIDEA.

The Authority makes various commitments and is subject to contingent liabilities as a part of normal business. Commitments such as the extension of credit and guarantees do not appear in the accompanying financial statements. On June 30, 2023, the Authority had extended the following commitments:

- Loan participation purchase commitments of $4,526 thousand with no pending applications
- Loan guarantees of $2,452 thousand

AIDEA has also entered into funding agreements with Ambler Metals, LLC to support the Ambler Access Project, to develop an industrial access road to the Ambler Mining District. The associated Interim Funding Agreement and Full Funding Agreement indicate that AIDEA will provide funds up to $1 million and $35 million, respectively.

Additionally, AIDEA has been identified by the United States Environmental Protection Agency as a Potentially Responsible Party (PRP) in relation to lead contamination at the Port of Skagway. AIDEA no longer owns any part of the Skagway Ore Terminal, which is the property of the City and Municipality of Skagway. Management of the Authority does not believe that AIDEA has any legal obligation to contribute to the cleanup.

In the opinion of the Management of the Authority, the final outcome of present legal proceedings or other contingent liabilities and commitments will not materially affect our financial position.

Risk Management

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

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

Subsequent Event

On October 27, 2023, a closing was held in which ownership of Mustang Holding LLC was transferred to Finnex Operating LLC. The divestiture of this component unit took place in the form of an installment sale in which the Authority received $1,000 thousand at closing. The sale also requires two payments in the amount of $1,235 thousand, with the first payable in 18 months and the second payable within 24 months. These installment payments are secured by irrevocable letters of credit which expire on May 25, 2025 and November 25, 2025, respectively.

The Authority is also entitled to receive property tax credits from the Alaska Department of Revenue. When payment of these credits is received, it will be used to pay property taxes due. As part of the agreement, Finnex Operating LLC will reimburse the Authority for payment of property taxes due up to $1,400 thousand within 36 months.

Note 13 - Correction of Error

During the fiscal year 2023, the Authority identified and corrected the following misstatements in the fiscal year 2022 financial statements. An understatement of revenue and related lease receivables; an understatement of revenue related to DMTS and an overstatement of accrued liabilities; understatement of impairment loss and an overstatement of the related component unit – Mustang Holding LLC; an understatement of expenses and an overstatement of the related to notes receivables; an overstatement of expenses and an understatement of the related ANWR Section 1002 other asset. To correct the beginning net position as of June 30, 2022, a restatement was required as noted in the table below.

Net position at June 30, 2022, as previously reported	$ 1,434,687
Correction of revenues related to leases not previously recorded	5,500
Correction of revenues related to DMTS not previosly recorded	23,335
Correction of impairment loss related to Mustang Holding, LLC not previously recorded	(19,049)
Correction of expenses related to notes receivables not previously recorded	(1,781)
Correction of expenses related to ANWR Section 1002 leases previously recorded	1,291
Net position at July 1, 2022, as restated	$ 1,443,983

Alaska Industrial Development and Export Authority
(A Component Unit of the State of Alaska)
Schedule of Authority's Share of Net Pension Liability and Employer Contributions – Alaska Public Employees' Retirement System
(in thousands)
Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.18%	0.18%	0.18%	0.21%	0.20%	0.19%	0.29%	0.26%	0.18%	0.18%
Proportionate share of the net pension liability	$ 9,160	$ 7,026	$ 10,403	$ 11,244	$ 9,772	$ 9,843	$ 15,941	$ 12,606	$ 8,595	$ 9,287
State's proportionate share of the net pension liability	-	-	4,305	4,465	2,830	3,667	2,009	3,563	7,439	8,542
	$ 9,160	$ 7,026	$ 14,708	$ 15,709	$ 12,602	$ 13,510	$ 17,950	$ 16,169	$ 16,034	$ 17,829
Covered payroll	$ 7,376	$ 9,011	$ 6,192	$ 6,746	$ 6,804	$ 6,697	$ 7,525	$ 8,468	$ 9,213	$ 8,595
Proportionate share of the net pension liability as a percentage of its covered payroll	124%	78%	168%	167%	144%	147%	212%	149%	93%	108%
Plan fiduciary net position as a percentage of the total pension liability	68%	76%	62%	63%	65%	63%	60%	64%	62%	N/A
Statutorily required contribution	1,178	1,100	$ 674	$ 770	$ 828	$ 858	$ 1,282	$ 871	$ 971	$ 1,017
Contributions recognized by the plan in relation to the statutorily required contribution	1,178	1,100	674	770	828	858	1,282	871	971	1,017
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Statutorily required contribution as a percentage of covered payroll	16%	12%	11%	11%	12%	13%	17%	10%	11%	12%

Information in this table is presented based on the Plan measurement date. For June 30, 2023, the Plan measurement date is June 30, 2022, except for AIDEA's statutorily required contributions and contributions recognized by the Plan in relation to the statutorily required contributions which are on a current fiscal year basis. There were no changes in benefit terms from the prior measurement period. There were no changes in assumptions from the prior measurement period. There were no changes in allocation methodology.

The table above reports AIDEA's pension and OPEB contributions to PERS during fiscal year 2019 for comparison purposes. Contributions were not tracked separately for pension and OPEB for years prior to fiscal year 2018. Amounts represent combined contributions.

Supplementary Information
June 30, 2023

Alaska Industrial Development and Export Authority

Schedule 1 – Schedule of Dividend Information – Unaudited
(in thousands)
Year Ended June 30, 2023

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
Total dividends to State of Alaska as of June 30, 2023	444,742	1,396	1	446,139
Appropriated for 2024	10,952	-	-	10,952
Total dividends to State of Alaska paid or appropriated	$ 455,694	$ 1,396	$ 1	$ 457,091

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

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

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

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

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

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

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

Vigor must remit payments annually for use of the shipyard based on a minimum maintenance requirement and payment of a percentage of revenue. Vigor is also required to make payments into a repair and replacement account established under the agreement, as well as reimburse the Authority for $18,000 per year (adjusted for inflation) for administrative costs.

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

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

- ***West Susitna Access Project***
  In 2019, AIDEA 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, AIDEA accepted $8.5 million from the Alaska State Legislature under HB 69 to advance pre-development work.

- ***Interior Energy Project***
  The goal of the Interior Energy Project (IEP) is to provide the financial tools needed to bring natural gas to Interior Alaskans. Legislation passed in 2013 authorizes AIDEA to provide the financing package to collaborate with the private sector to bring affordable, clean-burning natural gas to Interior Alaska. AIDEA has been working diligently on the IEP goal of getting natural gas to as many Interior Alaska customers, at the lowest cost, as soon as possible. The financing package included a loan commitment of up to $125 million.

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

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

Management of the Authority believes that these leases represent legally enforceable obligations of the United States Government and is pursuing available remedies.

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

  In 2009, the Alaska Department of Transportation and Public Facilities (DOT&PF) began evaluating possible routes to the Ambler Mining District, ultimately resulting in the identification of a potential corridor that would connect with the Dalton Highway. In 2013, the project was transferred to the Authority with the goal of forming a public-private partnership to finance, construct, operate, and maintain the controlled industrial private access road.

Lines of Credit or Term Loans

- ***BlueCrest Drill Rig***
  In July 2015, AIDEA entered into a Loan Agreement with BlueCrest Alaska Operating, LLC (Borrower) and BlueCrest Alaska Oil & Gas, LLC, BlueCrest Cosmopolitan, LLC and BlueCrest Energy Inc. (Co-Borrowers). A fixed Line of Credit Note (LOC) not to exceed $30.0 million.

  AIDEA provided financing for the procurement of a new high-horsepower, extended reach, onshore drilling rig being used for the installation of numerous wells to produce oil from the Cosmopolitan lease blocks in the lower Cook Inlet. AIDEA also financed construction of rig camp facilities for workers on the project. Interest on the outstanding LOC principal balance accrued at 6.4% per annum.

- ***Blood Bank of Alaska, Inc.***
  In August 2015, the Authority entered into a Loan Agreement with Blood Bank of Alaska, Inc. This Loan Agreement included a line of credit not to exceed $8.5 million to provide for the Acquisition, delivery and installation of furniture, fixtures and equipment for a laboratory and collection facility. Interest on the unpaid principal drawn on the LOC accrued at 5.66% per annum.

  The line of credit was converted to a term note in February 2017. Monthly payments are due on the term loan until the maturity date of February 14, 2052. The loan was current at June 30, 2023.

- ***Mustang Operations Center 1 LLC Loan***
  Mustang Operations Center 1 LLC (MOC1) Acquired Loan As a part of the MOC1 and Mustang Road LLC (MRLLC) purchase and sale transaction, AIDEA agreed to guarantee a line of credit the Alaska Department of Revenue (DOR) had extended to MOC1. Soon thereafter AIDEA acquired the lender's position on the loan from DOR for a total of $16.4 million and accrued interest.

  The loan is secured by oil and gas tax credits due to MOC1 by the DOR. AIDEA has received oil and tax credit payments under the DOR MOC1 Tax Credit Loan for 2016 tax certificate collateral, as approved by the Legislature under HB 3003 and HB 281. Total payments received to-date have been $12.35 million.

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

- ***SSQ Line***
  The transmission path for energy produced by the Bradley Project travels through Homer Electric Association's (HEA) electric system, including HEA's Sterling Substation to Quartz Creek Substation 115 kV transmission line (also known as the SSQ Line).

  The SSQ transmission line had been out-of-service for an extended time during the Swan Lake Wildfire in the summer of 2019. The Authority’s financing of the purchase of the SSQ Line by the Alaska Energy Authority provides benefits to the region, the state, and to rail belt utility ratepayers. The loan is in good standing.

- ***HEX Cook Inlet, LLC***
  In June 2020, AIDEA entered into a $7.5 million direct financing loan agreement with HEX, LLC. The funding will be used for acquiring and developing the Beluga and Sterling Formations within the Kitchen Lights Unit (KLU), along with existing infrastructure including a 15-mile subsea pipeline, an on-shore production facility, and offshore production platform.

  HEX and their operating company, Furie Alaska, continue focusing on development, enhance safety, and minimize environmental footprint of KLU related infrastructure, evaluation of drilling additional wells on existing lease acreage. The loan is performing well and expected to be paid in full in October 2023.