

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Basic Financial Statements and *Government Auditing Standards* Auditor's Report
Year Ended June 30, 2024

(With Independent Auditor's Report Thereon)

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

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(A Component Unit of the State of Alaska)

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Independent Auditor's Report

To the Board of Trustees
Alaska Mental Health Trust Authority
Anchorage, Alaska

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alaska Mental Health Trust Authority (the Trust), a component unit of the State of Alaska, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Alaska Mental Health Trust Authority, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the investments managed by the Alaska Permanent Fund Corporation and related disclosures in the notes to the financial statements, which represent 75%, 76% and 68%, of the assets and deferred outflows, net position, and revenues of the Trust, respectively. Those schedules were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Schedules of Investments Managed by the Alaska Permanent Fund Corporation, is based solely on the report of the other auditors.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Alaska Mental Health Trust Authority and do not purport to, and do not, present fairly the financial position of the State of Alaska nor the Alaska Permanent Fund Corporation as of June 30, 2024, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust'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 Trust'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 Trust'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 schedules of the Trust's proportionate share of the net pension and net OPEB liability or asset and the Trust's contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated XXXX, 2024 on our consideration of Alaska Mental Health Trust 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 Alaska Mental Health Trust 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 Alaska Mental Health Trust Authority's internal control over financial reporting and compliance.

Anchorage, Alaska
XXXX, 2024

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Management's Discussion and Analysis

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Alaska Mental Health Trust Authority

(A Component Unit of the State of Alaska)

Management's Discussion and Analysis

June 30, 2024

The Alaska Mental Health Trust Authority (the Trust or Authority) management is pleased to offer readers this Management Discussion and Analysis (MD&A) of the financial activities of the Trust for the fiscal years ended June 30, 2023 and June 30, 2022.

The Authority is a state corporation established in 1994 to administer the Alaska Mental Health Trust, a perpetual trust with the purpose of improving the lives of Trust beneficiaries. Beneficiaries are Alaskans with mental illness, developmental disabilities, substance use disorders, Alzheimer's disease and related dementia, and traumatic brain injuries. The Trust operates much like a private foundation, using its resources to ensure that Alaska has a comprehensive integrated mental health program.

The Trust engages in the advocacy for, and planning, implementing and funding of the State of Alaska's Comprehensive Integrated Mental Health Program. Each year it provides grants to state agencies and private sector organizations in support of their efforts to improve the lives of current and future beneficiaries. The Trust funds these activities with revenue generated from Trust land and financial investments. Trust lands are managed by the Trust Land Office (TLO), which resides within the State of Alaska's Department of Natural Resources. Revenue-generated from Trust land includes land leasing and sales, real estate investment and development, commercial timber sales, mineral exploration and production, coal, oil and gas exploration and development, and sand, gravel and rock sales. Trust financial investments are managed by the Alaska Permanent Fund Corporation (APFC) and the State of Alaska's Department of Revenue, Investments Division (Treasury).

The purpose of this MD&A is to provide management's insights into the Trust's operating results over the past two years. It consists of three sections: financial highlights, discussion regarding use of the financial statements, and an analysis of the financial statements. Management recommends it be read in conjunction with the accompanying financial statements and notes to best contribute to the reader's understanding of the Trust's overall financial report.

The financial statements below present a report on the Trust's financial ability to fulfill its mission in FY2023 and FY2022. Readers who have questions about the Trust or need additional financial information are encouraged to visit www.mhtrust.org or contact the Trust at (907) 269-7960.

Financial Highlights

- The Trust closed the Fiscal Year (FY) ending June 30, 2023 with a net position of \$878.8 million, an increase of \$20.6 million, or 2.4%, from \$858.2 million in FY2022. This contrasts to FY2022's decrease in net position of \$41.0 million, down 4.6%, from FY2021's year-end balance of \$899.2 million.
- The Trust's FY2023 revenues of \$52.7 million were comprised primarily of investment earnings. This contrasts with FY2022 revenues which were negative \$12.7 million due to investment losses.
- APFC, which manages the majority of Trust assets on a co-mingled basis with the Alaska Permanent Fund, reported a 5.18% total return. This is compared to the FY2022 return of negative 1.32%.
- The Trust's budget reserves managed by the Treasury posted a positive return of 11.61% in FY2023, compared to a negative return of 13.27% in FY2022.
- Revenue generated from land managed by the Trust Land Office totaled \$16.1 million in FY2023, higher than the \$9.7 million earned in FY2022 due to increased timber and land transactions.

Alaska Mental Health Trust Authority

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Management's Discussion and Analysis

- Total FY2023 expenses of the Trust were \$32.1 million, a 13.1% increase over the \$28.4 million in FY2022, primarily due to grantmaking.
- \$21.3 million in grant funds were disbursed in FY2023, an increase of 12.2% from \$18.9 million in grant funds disbursed in FY2022.
- During FY2023 \$7.4 million of Trust land earnings was transferred into the Alaska Mental Health Trust, the Trust's principal account (or corpus), In FY2022, \$7.2 million in land revenue and \$26.3 million of reserved earnings were transferred to the principal account.
- At the end of FY2023, the Trust's proportionate share of Net Pension Liability totaled \$8.8 million, an increase from the \$7.2 million pension liability at the end of in FY2022. Defined benefit retirement plans have been closed to new participants since FY2007. The Trust's obligation should reduce over time but year-over-year increases can occur depending on changing actuarial assumptions.

Using the Financial Statements

The following discussion and analysis provide an overview of the financial statements and activities of the Trust for the years ended June 30, 2023 and 2022, and selected information for 2021.

The financial statements focus on Trust operating activities during the year, reflected in revenues and expenditures, and the assets and liabilities used to support the operating activities. Assets are items of economic value owned by the Trust. They include cash and investments, and capital assets, such as land and buildings, as well as financial payments due to the Trust that have not yet been received, such as the balances due from individuals who have purchased Trust land. Liabilities are obligations due from the Trust to others, such as a bill received but not paid for services provided to the Trust or payroll due to employees. Assets and liabilities are categorized as current or long-term. Current assets are available to satisfy current liabilities.

The Trust's financial statements have been prepared in accordance with GASB (Government Accounting Standards Board) principles. There are three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. A brief explanation of these statements follows, as is required by the GASB reporting model.

Government-wide Financial Statements: The government-wide financial statements report all assets and liabilities of the Trust. There are two statements:

The **Statement of Net Position** helps answer the question: "How is the Trust's financial health at the end of the year?" It presents the Trust's financial position at a snapshot in time, June 30, and includes all assets, liabilities, and the net position, which represents the remaining Trust assets after liabilities are deducted. Over multiple fiscal periods, increases or decreases in net position serve as a useful indicator of whether the financial position of the Trust is improving or deteriorating.

The **Statement of Activities** helps answer the question: "Is the Trust as a whole better off or worse off as a result of the year's activities?" Revenue and expenses are reported once the underlying event occurs, regardless of whether or not the revenue is actually received or the expense is actually paid. Therefore, items such as personal leave earned but not yet used are reported as an expense in this statement.

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Management's Discussion and Analysis

Fund Financial Statements: The Trust's fund financial statements demonstrate compliance with legal requirements. These statements focus on the Trust's activities, assets and liabilities from a near-term perspective, and the flow of cash and near-cash items. There are two statements:

The ***Balance Sheet*** helps answer the question: "How is the Trust's financial health at the end of the year?" It includes only current assets and current liabilities. For example, capital assets used for operations (including land, buildings and equipment that are not acquired for financial investment purposes) are not reported in the Balance Sheet, while they are included in the Government-wide Statement of Net Position.

The ***Statement of Revenues, Expenditures and Changes in Fund Balance*** helps answer the question: "Did the Trust's cash inflows and outflows from its investment and operational activities make it better or worse off as a whole?" Revenues are included when they become available. Expenditures (not expenses) are included when paid. Capital spending (for items such as buildings or equipment) are reported as expenditures in the Fund Financial Statements, whereas the Government-wide Financial Statements would include them in assets.

The Fund Financial Statements are reconciled with the Government-wide Financial Statements with a "change in net position" within the Government-wide Statement of Net Position.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found immediately following the Fund Financial Statements.

The tables on the following pages contain condensed financial information derived from the Trust's Government-wide Financial Statements and reflects the Trust's change in net position.

Financial Analysis

The Trust ended FY2023 with \$928.3 million in total financially measurable assets, down \$8.3 million from FY2022's \$936.6 million in total assets, a decline of 0.9%.

In FY2023, the Lease Receivable was \$9.5 million, a decline of \$0.6 million from the Lease Receivable for FY2022. It is noted that FY2022 reflects the start of the General Accounting Standards Boards standard GASB 87 for the accounting of leases. GASB 87's purpose is to reflect the economic value of future lease payments the Trust can expect to receive from noncancellable leases of land. Lease Receivable is not included in FY2021 total assets.

The FY2023 increase in net position reflects generally positive investment earnings and the resulting modest increases in asset values. This contrasts with the increase in net position resulting from strong FY2021 investment performance and the subsequent FY2022 decline in investment performance. APFC manages 75.6% of Trust assets, which are invested with the same asset allocation as the Alaska Permanent Fund. Consequently, the performance of the Trust's portfolio is intrinsically tied to that of the Alaska Permanent Fund and the overall financial markets. APFC managed funds posted returns of 5.18%, -1.32% and 29.73% in FY2023, FY2022 and FY2021, respectively.

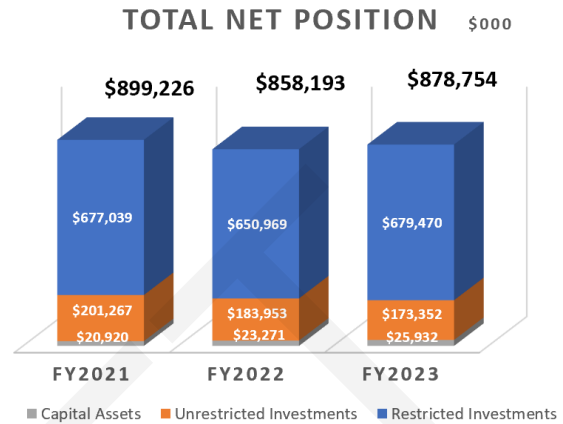
Alaska Mental Health Trust Authority

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Management's Discussion and Analysis

Adjusting total asset for liabilities and deferred inflows and outflows of resources, the net position of the Trust ended the year at \$878.8 million, an increase of 2.4% over FY2022, and a decline of 2.3% from FY2021.

At year-end FY2023, the Trust had \$679.5 million in restricted investments, an increase of \$28.5 million compared to FY2022. This was due to unrealized investment increases allocated to Trust principal in addition to \$7.4 million of revenues from the TLO. Unrestricted investments of \$173.4 million in FY2023 were \$10.6 million below the FY2022 year-end balance.



The following table contains condensed financial information derived from the Trust's government-wide financial statements. It reflects the Trust's change in net position during FY2021 through FY2023.

June 30,	2023	Percent Change	\$Change	2022	Percent Change	\$Change	2021
Assets							
Current and other assets	\$ 902,383,000	(1%)	(10,965,000)	\$ 913,348,000	(4%)	(37,179,000)	\$ 950,527,000
Capital assets	25,932,000	11%	2,661,000	23,271,000	11%	2,351,000	20,920,000
Total Assets	928,315,000	(1%)	(8,304,000)	936,619,000	(4%)	(34,828,000)	971,447,000
Total Deferred Outflows of Resources	1,319,000	(25%)	(434,000)	1,753,000	17%	253,000	1,500,000
Liabilities							
Current and other liabilities	32,666,000	(43%)	(24,689,000)	57,355,000	(11%)	(7,322,000)	64,677,000
Long-term liabilities	8,764,000	21%	1,544,000	7,220,000	(14%)	(1,203,000)	8,423,000
Total Liabilities	41,430,000	(36%)	(23,145,000)	64,575,000	(12%)	(8,525,000)	73,100,000
Total Deferred Inflows of Resources	9,450,000	(39%)	(6,154,000)	15,604,000	2413%	14,983,000	621,000
Net Position							
Net invested in capital assets	25,932,000	11%	2,661,000	23,271,000	11%	2,351,000	20,920,000
Restricted for investments	679,470,000	4%	28,501,000	650,969,000	(4%)	(26,070,000)	677,039,000
Unrestricted	173,352,000	(6%)	(10,601,000)	183,953,000	(9%)	(17,314,000)	201,267,000
Total Net Position	\$ 878,754,000	2%	20,561,000	\$ 858,193,000	(5%)	(41,033,000)	\$ 899,226,000

The Trust's liabilities are primarily due to APFC's obligations due, but not yet settled, on securities purchases. The large change in Total Deferred Inflow of Resources in FY2023 as compared to FY2021 reflects the inclusion of the value of future expected Trust land lease revenue.

The table below contains condensed financial information derived from the Trust's government-wide financial statements related to revenues and expenses during FY2021 through FY2023, and the resulting change in year-end net position for those years.

Alaska Mental Health Trust Authority

(A Component Unit of the State of Alaska)

Management’s Discussion and Analysis

June 30,			Percent Change			Percent Change
	2023			2022		2021
Total revenues	\$ 52,664,000	516%		\$ (12,654,000)	(106%)	\$ 215,424,000
Total expenses	32,103,000	13%		28,379,000	(7%)	30,467,000
Increase (decrease) in net position	20,561,000	150%		(41,033,000)	(122%)	184,957,000
Net position - beginning of year	858,193,000	(5%)		899,226,000	26%	714,269,000
Net position - end of year	878,754,000	2%		858,193,000	(5%)	899,226,000

As shown in the table above, in FY2023 the Trust posted an increase in net position of \$20.6 million, contrasting to net loss of \$41.0 million in FY2022 and an increase of \$185.0 million in FY2021. These changes are primarily driven by strong investment gains in FY2021, investment losses in FY2022, and moderate gains in FY2023. In most years, the performance of Trust investments at APFC and Treasury have much more impact than revenues from the Trust’s land and commercial real estate investments. FY2021’s record revenue was driven primarily by extreme gains in investment earnings as financial markets recovered from the initial economic contraction related to the COVID-19 pandemic.

Expenditures for FY2023 totaled \$32.1 million, 13.1% higher than FY2022 levels. Grant expenditures in FY2023, at \$21.3 million, were up \$2.4 million from FY2022, following a \$0.6 million decline between FY2022 and FY2021, and \$1.7 million decline between FY2021 and FY2020 that reflected the impact of COVID-19 on operations and staffing for grant partners.

Other Facts, Decisions or Conditions

Asset valuation: The Trust applies fair market values to determine asset value for liquid investments and developed properties. The approximately one million acres in land assets transferred to the Trust through the 1994 mental health trust settlement are maintained at the original value of \$1 per acre.

GASB 87: The Governmental Accounting Standards Board implemented a new requirement, effective July 1, 2021, where the Trust reports the expected economic value to be generated from twenty-four leases managed by the Trust Land Office.

Legal and other contingencies: The fiduciary responsibility of the Trust Land Office is to maximize value of the land transferred to the Trust through the 1994 mental health trust settlement. Activities to monetize Trust land may involve development, resource extraction, sale and/or exchange for other land. If persons or entities oppose a proposed TLO activity, they could potentially initiate action to stop or delay the proposed TLO activity, and if successful, the expected revenue from that land parcel could be adversely affected.

Alaska Mental Health Trust Authority

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Management's Discussion and Analysis

State of Alaska Legislative Audit: In March 2020, the Chair of the Legislative Budget and Audit Committee informed the Trust that it would be conducting a follow-up audit to review the actions the Trust had taken in response to a FY2018 Legislative Audit report. The Legislative Audit commenced March 2021 and the audit was presented to the Legislative Budget and Audit Committee July 2021. In its report, the Legislative auditor maintained its FY2018 position that the Trust should consider selling its commercial real estate investments, and it made several policy and procedural recommendations that the Trust has taken into consideration. The report and the Trust's response may be found at the Alaska Division of Legislative Audit's website: [04-30099-21 - State of Alaska Division of Legislative Audit \(akleg.gov\)](#) On August 30, 2023, the Legislative Budget and Audit Committee approved a follow-up audit of the Trust relating to the commercial real estate investments.

COVID-19: In FY2023 Trust operations continued uninterrupted with an understanding that the effects of the pandemic are a normalized aspect of Trust activities. Trust financial policies, designed to preserve long-term sustainability, have allowed and are expected to continue to allow relatively stable revenues necessary to pursue the Trust's mission and goals in support of beneficiary needs.

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Basic Financial Statements

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Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Statement of Net Position

June 30, 2024

Assets and Deferred Outflows of Resources

Cash and investments	\$ 895,565,000
Accounts receivable, net of allowance	3,869,000
Prepaid items	756,000
Due from State of Alaska	-
Securities lending collateral invested	33,323,000
Notes receivable, net of allowance	9,546,000
Net OPEB asset	4,496,000
Leases receivable	9,138,000
Capital assets, net of accumulated depreciation	27,083,000

Total Assets 983,776,000

Deferred Outflows of Resources

Related to pension	1,210,000
Related to OPEB	273,000

Total Deferred Outflows of Resources 1,483,000

Total Assets and Deferred Outflows of Resources \$ 985,259,000

Liabilities, Deferred Inflows of Resources and Net Position

Liabilities

Accounts payable and accrued liabilities	\$ 11,392,000
Due from (to) State of Alaska	540,000
Securities lending collateral	33,323,000
Unearned revenue	1,137,000
Accrued leave	903,000

Noncurrent liabilities:

Net pension liability - due in more than one year	9,717,000
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Total Liabilities 57,012,000

Deferred Inflows of Resources

Related to OPEB	181,000
Related to leases receivable	8,652,000

Total Deferred Inflows of Resources 8,833,000

Net Position

Net investment in capital assets	27,083,000
Restricted for investments	697,132,000
Unrestricted	195,199,000

Total Net Position 919,414,000

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 985,259,000

See accompanying notes to basic financial statements.

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Statement of Activities

Year Ended June 30, 2024

Expenses

Personnel services	\$ 3,267,000
Travel	82,000
Services	2,024,000
Supplies	71,000
Trust land office and land management	6,372,000
Grant awards	22,450,000
Depreciation	415,000

Total Expenses 34,681,000

Revenues

Program revenues:	
Nonexpendable rents, royalties and exchanges	10,516,000
Rents and royalties	5,174,000
Nonexpendable investment income	11,472,000
Investment income	47,313,000
Charges for services, fines and forfeitures	230,000
PERS On-behalf revenue	135,000
Other revenues	501,000

Total Revenues 75,341,000

Change in net position 40,660,000

Net Position, beginning of year 878,754,000

Net Position, end of year \$ 919,414,000

See accompanying notes to basic financial statements.

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Balance Sheet

June 30, 2024

Assets

Cash and investments	\$	895,565,000
Accounts receivable, net of allowance		3,869,000
Prepaid items		756,000
Securities lending collateral invested		33,323,000
Notes receivable, net of allowance		9,546,000
Leases receivable		9,138,000

Total Assets \$ 952,197,000

Liabilities, Deferred Inflows of Resources and Fund Balance

Liabilities

Accounts payable and accrued liabilities	\$	11,392,000
Due to State of Alaska		540,000
Securities lending collateral		33,323,000
Unearned revenue		1,137,000

Total Liabilities 46,392,000

Deferred Inflows of Resources

Land sales - unavailable		9,789,000
Leases receivable - unavailable		8,652,000

Total deferred inflows of resources 18,441,000

Total Liabilities and Deferred Inflows of Resources 64,833,000

Fund Balance

Nonspendable:		
Nonexpendable corpus		687,343,000
Prepaid items		756,000
Assigned		199,265,000

Total Fund Balance 887,364,000

Total Liabilities, Deferred Inflows of Resources and Fund Balance \$ 952,197,000

See accompanying notes to basic financial statements.

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Reconciliation of Governmental Fund Balance Sheet to Statement of Net Position

<i>June 30,</i>	2024
Total fund balance	\$ 887,364,000
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	27,083,000
Long-term assets are not receivable in the current period and therefore are not reported as fund assets. This is the amount of net OPEB asset.	4,496,000
Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities.	
Long-term liabilities reported in these statements consist of:	
Accrued leave	(903,000)
Net pension liability	(9,717,000)
Total long-term liabilities	(10,620,000)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These are amortized over time.	
Deferred outflows of resources related to pension	1,210,000
Deferred outflows of resources related to OPEB	273,000
Deferred inflows of resources related to OPEB	(181,000)
Total deferred pension items	1,302,000
Land sales contract receivables are not available to pay current period expenditures, and therefore are deferred in the governmental funds.	9,789,000
Total Net Position	\$ 919,414,000

See accompanying notes to basic financial statements.

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Statement of Revenues, Expenditures and Changes in Fund Balance

<i>Year Ended June 30,</i>	<i>2024</i>
Revenues	
Investment income	\$ 47,313,000
Nonexpendable investment income	11,472,000
Nonexpendable rents, royalties and exchanges	10,545,000
Rents and royalties	5,174,000
Charges for services	230,000
PERS on-behalf revenue	135,000
Other revenues	501,000
Total Revenues	75,370,000
Expenditures	
Personnel services	3,433,000
Travel	82,000
Services	2,024,000
Supplies	71,000
Trust land office and land management	8,016,000
Grant awards	22,466,000
Total Expenditures	36,092,000
Net change in fund balance	39,278,000
Fund Balance, beginning of year	848,086,000
Fund Balance, end of year	\$ 887,364,000

See accompanying notes to basic financial statements.

Alaska Mental Health Trust Authority
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**Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Fund to the Statement of Activities**

<i>Year Ended June 30,</i>	<i>2024</i>
Net change in fund balance	\$ 39,278,000
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlays	1,566,000
Depreciation	(415,000)
Net change in capital assets	1,151,000
<p>Some expenses do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount of change in accrued leave.</p>	
	(27,000)
<p>Changes in net pension liability and related accounts can increase or decrease net position. This is the net increase in net position due to changes in net pension liability and the related deferred outflows and inflows of resources.</p>	
	(800,000)
<p>Changes in net OPEB assets and related accounts can increase or decrease net position. This is the net increase in net position due to changes in net OPEB assets and the related deferred outflows and inflows of resources.</p>	
	1,087,000
<p>Some revenues in the statement of activities that do not provide current financial resources are not reported in the statement of revenues, expenditures, and changes in fund balance. This is the change in unavailable land sales revenue.</p>	
	(29,000)
Change in Net Position	\$ 40,660,000

See accompanying notes to basic financial statements.

Alaska Mental Health Trust Authority

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Notes to Basic Financial Statements

Year Ended June 30, 2024

1. Summary of Significant Accounting Policies

Reporting Entity

The accompanying financial statements include only the accounts of the Alaska Mental Health Trust Authority (the Trust), a component unit of the State of Alaska (the State), created by an act of the State of Alaska legislature as the result of the settlement of mental health land trust litigation (Weiss v. State). The act authorized the Trust to use income from the Alaska Mental Health Trust Fund to assist it in fulfilling its purpose and ensuring an integrated comprehensive mental health program for the State. The Trust is governed by a Board of Trustees appointed by the governor and confirmed by the legislature. These financial statements are not intended to present the complete financial activity of the State as a whole. The complete financial activity of the State is shown in the Annual Comprehensive Financial Report available from the Division of Finance in the Department of Administration.

The Trust Land Office (TLO) manages Trust land to generate income, which is used by the Trust to improve the lives and circumstance of Trust beneficiaries. The 1994 settlement reconstituted the Trust, and the related legislation transferred nearly one million acres of land to the Trust. As required by the settlement and legislation, the Trust contracts with the Alaska Permanent Fund Corporation to manage the cash corpus of the Trust and with the Department of Natural Resources (DNR) to manage the land corpus of the Trust. The TLO was established within DNR for this purpose and manages about one million acres of Trust land throughout the State on behalf of the Trust.

By statute and memorandum of agreement, a portion of the assets of the Trust are to be held and invested by the Alaska Permanent Fund Corporation (APFC) under the same investment authority as the Alaska Permanent Fund (the Fund) is managed. The APFC is a component unit of the State and is administered by a Board of Trustees (the APFC Trustees). By statute, net income from the Trust is distributed to the Mental Health Trust Income Account and is not included in the computation of Fund dividends, which are distributed to eligible State residents annually. These financial statements are not intended to present the complete financial activity of the APFC as a whole.

Basis of Presentation

The accounts of the Trust are organized as a Permanent Fund. Accordingly, the financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Measurement Focus and Basis of Accounting - Government-wide Statements

The Government-wide Financial Statements include the Statement of Net Position and the Statement of Activities and report information about the Trust as a whole.

The Government-wide Financial Statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred.

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Notes to Basic Financial Statements

Measurement Focus and Basis of Accounting - Fund Statements

The Fund Financial Statements have been prepared using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. The Trust considers receivables collected within the fiscal year to be available and recognizes them as revenues of the current year. Expenditures are recorded at the time fund liabilities are incurred, as under accrual accounting. However, expenditures related to accrued leave are recorded only to the extent they have matured.

Cash and Temporary Investments

Included in the amounts shown on the Statement of Net Position as cash and investments is amounts with the State of Alaska, Department of Revenue, Treasury Division (Treasury) and the APFC. The amounts shown as cash and temporary investments include cash on deposit at the custodian bank, cash swept to overnight investment funds, cash collateral held at derivative brokers, U.S. Treasury bills, commercial paper, and the net fair value of foreign exchange forward contracts. The APFC's asset allocation includes approximately 2% in cash. APFC's investment policy specifies that funds dedicated to this portion of the asset allocation will be invested in money market funds or fixed income securities with weighted average maturities of no greater than 24 months.

Cash, Investments, and Related Policies

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

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

The accrual basis of accounting is used for the investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, 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>

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Notes to Basic Financial Statements

Mental Health Trust Fund

The Department of Revenue, Treasury Division (Treasury) has created a pooled environment by which it manages the investments the Commissioner has fiduciary responsibility for. Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The Fund invests in the State's internally managed Short-term Fixed Income Pool, the Broad Market Fixed Income Pool, as well as the State's externally managed Domestic Equity and International Equity pools. The complete financial activity of the Fund is shown in the Annual Comprehensive Financial Report (ACFR) available from the Department of Administration, Division of Finance.

Assets in the pools are reported at fair value. Investment purchases and sales are recorded on a trade-date basis. Fixed income and equity securities are valued each business day. Securities expressed in terms of foreign currencies are translated into U.S. dollars at the prevailing exchange rates.

The accrual basis of accounting is used for investment income. Income in the Short-term and Broad Market Fixed Income Pools is allocated to 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>

APFC Managed Funds

The Trust's investments managed by the APFC have been commingled with the assets of the Fund for investment purposes. The investments have been credited with unit shares and fractions of unit shares, which represent an undivided beneficial interest in the commingled assets managed by the APFC equal to the proportion those shares bear to the total unit shares outstanding. The Trust has received unit shares and fractions of unit shares based directly upon the dollar amount per share of funds contributed; the Trust will be charged with unit shares and fractions of unit shares based directly upon the dollar amount per share of funds withdrawn.

Investment Income

Earnings are allocated from the commingled invested assets monthly as a credit to the Trust on the basis of total unit shares outstanding at the end of the month. All earnings are subject to allocation, which includes interest, dividends, and realized and unrealized gains and losses on total investments managed by the APFC.

Carrying Value of Investments

The investments managed by the APFC are reported at fair value in the schedules. Investments without a readily determinable fair value are generally reported by using the net asset value per share (or its equivalent) of the investment. Securities transactions are recorded on the trade date that securities are purchased or sold. Unrealized gains and losses are reported as components of net change in fund balance.

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Notes to Basic Financial Statements

State Investment Regulations

In accordance with Alaska Statute 37.13.120(a), the Trustees have adopted regulations designating the types of eligible investments for Fund assets. The regulations follow the prudent investor rule, requiring the exercise of judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the assets over time while maximizing the expected total return from both income and the appreciation of capital.

Investment Policy - Asset Allocation

The APFC Trustees have established a long-term goal of achieving a five percent real rate of return over time on the investment portfolio. To help achieve this goal, the Trustees of the Alaska Permanent Fund allocate the investments among various asset classes. At June 30, 2024, the APFC's strategic asset allocation targets were as follows:

Asset Class	Asset Class Target
Public equity	34%
Fixed income	20%
Private equity & special opportunities	16%
Real estate	10%
Infrastructure & private income	9%
Absolute return	7%
Risk parity	2%
Cash	2%

To allow for market fluctuations and to minimize transaction costs, the Trustees have adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each asset class, the APFC's Chief Investment Officer has discretionary authority to permit target deviations within one specified range (referred to as the "green zone" in the investment policy), the APFC's Executive Director can approve target deviations for up to 90 days within a broader range (the "yellow zone"), and the Board can approve operating for longer than 30 days within a third range (the "red zone"). For example, the target dollar allocation for the public equities class is 34 percent, with the green zone range set at plus or minus five percent, the yellow zone range set at zero to five percent beyond the green zone, and red zone range set at greater than five percent beyond the green zone. In a similar manner, the APFC investment policy also requires the APFC to monitor relative risk (the expected investment portfolio's risk and return relative to the risk benchmark using standard industry risk measures), active budget risk (risk due to active management decisions made by managers), and limits on private investments and future commitments.

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Notes to Basic Financial Statements

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The APFC manages the Trust's exposure to interest rate risk in part through tracking error guidelines set forth in the APFC investment policy. Duration is an indicator of a portfolio's market sensitivity to changes in interest rates. In general, the major factors affecting duration are, in order of importance, maturity, prepayment frequency, level of market interest rates, size of coupon, and frequency of coupon payments. Rising interest rates generally translate into the value of fixed income investments declining, while falling interest rates are generally associated with increasing value. Effective duration attempts to account for the price sensitivity of a bond to changes in prevailing interest rates, including the effect of embedded options. As an example, for a bond portfolio with a duration of five years, a one percentage point parallel decline in interest rates would result in an approximate price increase on that bond portfolio of five percent.

At June 30, 2024, the Trust held fixed income investments with floating, step, and variable interest rates, valued at \$9.0 million. The annual interest rates ranged from 0 to 9.6%.

Unit Shares

Unit Shares represent an undivided beneficial interest in the commingled assets managed by the APFC and are computed on the next calendar day following the valuation date.

Valuation Data

The last calendar day of each month is designated as the valuation date.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to a marketable debt investment will not fulfill its obligations. The APFC requires that its investment grade fixed income managers, both internal and external, invest in domestic and nondomestic bonds that have an explicit or implied investment grade rating. Minimum standards are a Standard & Poor's Corporation rating of BBB or better, or Moody's Investors Service, Inc. rating of Baa or better, or a comparable rating by another Nationally Recognized Statistical Rating Organizations (NRSRO) or by a recognized rating service in the jurisdiction of the issuer. Should the required ratings on an existing fixed income security fall below the minimum standards, the security must be sold within seven months. Certain high yield investment managers are allowed to invest a specified amount of funds in bonds rated below investment grade.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure the Trust's deposits may not be returned. The APFC generally requires that all investment securities at custodian banks be held in the name of the Fund or the APFC (on behalf of the Trust). For the Trust's nondomestic securities held by most sub-custodians, the APFC's primary custodian provides contractual indemnities against sub-custodial credit risk. Excess cash in custodial accounts is swept daily to a money market fund. Late deposits of cash which miss the money market sweep deadline are deposited to an interest-bearing account at the custodian. These deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, balances in individual accounts exceed this limit.

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Notes to Basic Financial Statements

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to holding investments from a single issuer. The APFC manages the Trust's concentration of credit risk by following its strategic asset allocation policy, diversifying investments among managers with varying investment styles and mandates, and monitoring tracking error. Tracking error is a measure of how closely a portfolio follows the index to which it is benchmarked. The APFC's policy for mitigating this risk of loss for fixed income and equity investments is to ensure compliance with APFC investment policy and investment manager contracts. There is no single-issuer exposure within the APFC portfolio that comprises five percent or more of the overall portfolio. Therefore, no concentration of credit risk is reported in the notes to the schedules.

Foreign Currency Risk

Foreign currency risk is the risk of loss from adverse changes in foreign currency exchange rates. Foreign currency risk is managed through foreign currency forward contracts, and by diversifying assets into various countries and currencies.

Forward Exchange Contracts

The APFC's investment managers enter into a variety of forward currency contracts in their trading activities and management of foreign currency exchange rate risk exposure. These contracts are typically intended to neutralize the effect of foreign currency fluctuations, and the contract amounts do not appear on the balance sheet. Realized gains and losses are included in the net increase/decrease in the fair value of investments at the time the contract is settled and determined based on the difference between the contract rate and the market rate at the time of maturity or closing. Unrealized gains and losses are also included in the net increase/decrease in the fair value of investments and are calculated based on the difference between the contract rate and a forward market rate determined as of the balance sheet date.

A portion of the investment in forward exchange contracts is intended to manage, rather than neutralize, foreign currency fluctuations. Certain managers seek to control the effect of fluctuations in foreign exchange rates within their overall portfolio strategy rather than on a security-by-security basis. They attempt to optimize their foreign currency exposure in a market rather than accept the natural geographical exposure to the market's currency.

Futures

Certain equity and fixed income managers at APFC for the Fund are permitted to buy and sell equity and interest rate index futures. The gross contract and fair value of futures does not appear in the balance sheets. The net unrealized gain or loss on open futures trades is included in investments on the balance sheets, based on the difference between the future's purchase price and the current value of such index futures. Realized gains and losses on futures are included in the net increase in the fair value of investments at the time the futures contract expires. The net change in unrealized gains and losses is included in the net increase/decrease in the fair value of investments.

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Real Estate

Trust assets are invested in a variety of real estate interests, including directly owned real estate, real estate investment trusts, a multi-family and industrial real estate operating companies, private real estate funds and other entities in which the assets consist primarily of real property. The APFC invests Trust assets in real estate directly through ownership of interests in corporations, limited liability companies, and partnerships that hold title to the real estate. Real estate is included in investments and is reported at fair value in accordance with GASB 52, Land and Other Real Estate Held as Investments by Endowments.

The net change in unrealized gains and losses is included in investment income. The Trust's directly owned real estate investments are managed by either (1) external institutional real estate management firms (for all directly owned real estate commingled with the Fund), or (2) by the TLO (for all other directly owned real estate not under fiduciary care of APFC). APFC initiated an internal real estate management program during FY2021, and two existing direct holdings were moved into this program. APFC also holds a portfolio of real estate loans collateralized by income-producing, institutional real estate in the United States; these are administered by an external institutional real estate management firm.

The APFC periodically reviews real estate investments for other than temporary impairment. During FY2024, no real estate holdings were determined to be impaired.

Alternative Investments

Alternative investments include the Trust's investments in or through absolute return strategies, private equity, infrastructure, and private credit. The APFC periodically reviews alternative investments for other than temporary impairment.

Absolute return strategies are investments in specialized funds that seek to deliver returns that are largely uncorrelated with traditional market driven asset classes. The Trust is invested in two existing limited partnerships, in which the Trust is the only limited partner ("fund-of-one"); both are currently in liquidation. The Trust also holds direct hedge fund investments, in which the Trust is one of many limited partners. External investment management services are provided by institutional investment managers who have acknowledged their status as fiduciaries to the Trust. Because of the off-exchange and private nature of many absolute return strategies, investments may have no readily determinable fair value, and the estimated fair values could differ significantly from values that would be obtained in a market transaction for the assets. Each manager provides the APFC with fair value estimates of partnership interests and undergoes an annual independent audit.

The Trust invests in private credit through limited partnerships that invest either directly in distressed or mezzanine debt, or in commingled limited liability funds with a distressed debt or credit opportunity focus. These investments are funded over time as opportunities arise. The limited partnership and funds undergo annual independent audits. Private credit investments by their nature generally have no readily determinable fair value, and the estimated fair value may differ significantly from values that would be obtained in a market transaction for the assets.

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The Trust holds private equity through investments in limited liability companies and limited partnerships that typically invest in unlisted, illiquid common and preferred stock and, to a lesser degree, subordinated and senior debt of companies that are in most instances privately held. The APFC has hired external advisors to select private equity holdings diversified by geography and strategy. Private equity is funded slowly over time as opportunities are identified by the APFC staff, the external advisors, and the underlying fund managers. The underlying private equity funds provide the APFC with fair value estimates of the investments utilizing the most current information available. In addition, the external advisors review the fair value estimates, and the underlying private equity funds undergo annual independent audits. Private equity investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

Infrastructure investments involve ownership or operating agreements in essential long-term service assets with high barriers to entry. Examples of infrastructure assets include: toll roads; airports; deep water ports; communication towers; and energy generation, storage and transmission facilities. Investments in this asset class are expected to have inflation protection attributes and exhibit low correlations with other major asset classes in the APFC's investment strategy. The Trust holds infrastructure investments through commingled funds organized as limited partnerships whose investment managers provide periodic fair value estimates and undergo annual independent audits. Infrastructure investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

Fair Value Measurement

Various inputs are used in valuing the investments held by the Trust. Accounting principles generally accepted in the United States of America (GAAP) establishes a hierarchy of inputs used to value investments emphasizing observable inputs and minimizing unobservable inputs. These inputs are summarized as follows:

Level 1 - Quoted prices for identical assets in an active market.

Level 2 - Inputs, other than quoted prices, that are observable for the asset, either directly or indirectly.

Level 3 - Unobservable inputs. Unobservable inputs should only be used to the extent that observable inputs are not available for a particular asset.

Investments measured using net asset value (NAV) per share as a practical expedient to fair value are not categorized into input levels.

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Notes to Basic Financial Statements

Accounts and Notes Receivables

Accounts receivable have been established and offset with proper provisions for estimated uncollectible accounts where applicable. Practically all accounts receivable of the Trust are due from interest income related to resource management and investments with the State and APFC.

Notes receivable are secured through land sale contracts. Notes are generally repaid over terms ranging from two to twenty years, with annual scheduled principal and interest payments. Interest rates are fixed at the time the loan agreement is signed.

Factors used by management to determine the allowance include individual loan delinquencies, economic conditions and other factors.

Capital Assets

Capital assets, which include land, buildings, infrastructure, and other equipment, are reported in the Statement of Net Position. Capital assets are defined by the Alaska Mental Health Trust as assets with an initial, individual cost of more than \$100,000 and an estimated useful life of at least five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Corpus land is received from the State of Alaska and recorded at \$1 per acre when it is conveyed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Equipment	3-10
Buildings and infrastructure	10-40

Deposits

It is the Trust's policy to receive advance payment deposits prior to the usage of land, for any reason. The Trust may apply the deposit to pay for the performance of the default obligation incurred as a result of the lessee or the deposit is returned when the lessee has fully satisfied the terms of the agreement.

Accrued Leave

It is the Trust's policy to permit employees to accumulate earned but unused personal leave. All personal leave pay is accrued when incurred in the Statement of Net Position. A liability for these amounts is reported on the fund statements only if they have matured (e.g., the employee has terminated employment).

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Notes to Basic Financial Statements

Due to/from State of Alaska

The Trust uses the State of Alaska's central treasury for payments of current obligations. The obligations are settled daily from the Trust's cash or investment accounts with the central treasury.

Deferred Inflow and Deferred Outflow of Resources

In addition to assets, the statement of financial position will 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 (expense/expenditure) until then. Generally, the Trust reports pension related items as deferred outflows of resources. These items are amortized to expense over time.

In addition to the liabilities, the financial statements may also present deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until later. The Trust reports certain pension related items as deferred inflows of resources. These items are amortized as a reduction of expense over varying periods of time based on their nature. Deferred inflows of resources are also related to lease receivables. Initially, the deferred inflows are recognized in the amount of the initial measurement of lease receivable plus lease payments received from lessees at or before the commencement of the lease term that relate to future periods. Subsequently the Trust recognizes the deferred inflow of resources as inflows of resources in a systematic manner over the term of the lease.

Deferred inflows in the governmental fund financial statements include those items that are measurable, but not yet available for revenue recognition under the modified accrual basis of accounting rules. Specifically, this includes receivables for amounts not collected for land sales contracts that are not considered to be available to liquidate liabilities of the current period.

Fund Balance

The 1994 State legislature authorized the appropriation of \$200,000,000 and approximately 957,170 acres nominally valued at \$1 per acre to the principal of the Trust. The corpus of the Trust is to be retained perpetually for investment and is included in nonspendable fund balance - nonexpendable corpus. Additionally, the Board of Trustees of the Trust has approved additional reservations of Trust income, as authorized by State law.

By statute, earnings of the Trust may be used to offset the effect of inflation on the value of the corpus of the Trust. Increases to the nonspendable fund balance consist of land sales, resource and royalty revenues, special appropriations, and inflation-proofing transfers to the Trust corpus, as well as recorded unrealized appreciation or depreciation of invested assets. Assigned fund balances consist of the spendable earnings of the Trust, which have not yet been allocated for expenditure.

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Net Position

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets (net of debt, when applicable); restricted net position, which includes the nonspendable balance and deferred inflows not made available for spending; and unrestricted net position. Net position is reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

The Trust had funded outlays for a purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Trust's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Program Revenues and Expenses

Program revenues and expenses generally result from providing services in connection with the Trust's principal ongoing programs. Revenues received from the management of Trust land is allocated between principal and income as follows: to principal, 100 percent of (a) land sale revenue, (b) royalties on coal, oil, gas, materials, and minerals, (c) revenues for perpetual easements, and (d) 85 percent of timber sales; to income, 100 percent of (a) interest from land sale contracts, (b) bonus bids, (c) rents, and (d) 15 percent of timber sales. Program expenses include operating costs, Trust Land Office and funding of comprehensive mental health programs for Alaskans who experience mental illness, developmental disabilities, chronic alcohol or drug addiction, Alzheimer's disease and related dementia, or traumatic brain injury.

Revenue generated by the TLO from Trust land is characterized as Distributable Income (proceeds from no disposal actions on Trust land) and Principal (proceeds from the disposal of nonrenewable Trust land assets). Distributable Income is transmitted to the Trust and expended in accordance with Trust policies and procedures. Trust land principal is deposited in the Principal Fund (cash corpus) of the Trust or, with the Trust's approval, used to purchase substitute Trust lands. Trust land principal continues to generate income in the Principal Fund, with that income making up a significant portion of annual Trust income distributions.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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Management's Use of Estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows/inflows of resources, and liabilities and the disclosure of contingent assets, deferred outflows/inflows of resources, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Leases

The Trust has leased to third-parties multiple nonfinancial assets. The Trust recognizes a lease receivable and a deferred inflow of resources in both the government-wide and governmental fund financial statements where applicable.

At the commencement of the lease, the Trust initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments receivable. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Trust determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Trust uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Trust monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Income Taxes

The Internal Revenue Code provides that gross income for tax purposes does not include income accruing to a state, territory or any political subdivision thereof which is derived from the exercise of any essential governmental function or any public utility. The Trust is a political subdivision of the State of Alaska and is therefore exempt from state and federal taxes.

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Notes to Basic Financial Statements

2. Cash and Investments

At June 30, 2024, the fund's share of pooled investments and APFC investments was as follows:

	Alaska Mental Health Trust Reserve AY70	GeFONSI 3320	GeFONSI 1092	GeFONSI 3322	Trust Land Office (Other)	Alaska Permanent Fund Corp	Total
Investment Type							
Cash and temporary investments	\$ 570,000	\$ -	\$ -	\$ -	\$ -	\$ 30,215,000	\$ 30,785,000
Corporate bonds	-	-	-	-	-	54,577,000	54,577,000
Mortgage-backed securities	-	-	-	-	-	22,217,000	22,217,000
Commingled and exchange traded funds	-	-	-	-	-	1,226,000	1,226,000
Commercial mortgage/asset-backed securities	-	-	-	-	-	7,286,000	7,286,000
Non-U.S. treasury and government bonds	-	-	-	-	-	19,496,000	19,496,000
Non-U.S. corporate bonds	-	-	-	-	-	9,750,000	9,750,000
Preferred and common stock	-	-	-	-	-	249,063,000	249,063,000
Real estate	-	-	-	-	59,846,000	85,609,000	145,455,000
Alternative investments:							
Absolute return	-	-	-	-	-	49,807,000	49,807,000
Private credit	-	-	-	-	-	25,556,000	25,556,000
Private equity	-	-	-	-	-	130,791,000	130,791,000
Infrastructure	-	-	-	-	-	35,097,000	35,097,000
U.S. Treasury bills, notes, bonds, and TIPS	-	-	-	-	-	19,472,000	19,472,000
Fixed Income Securities							
Broad-term Internally Managed	13,702,000	-	-	-	-	-	13,702,000
Fidelity Tactical Bond	3,216,000	-	-	-	-	-	3,216,000
Broad Domestic Equity							
Ssga Russell 3000	21,386,000	-	-	-	-	-	21,386,000
Global Equity Ex-U.S.							
SOA International Equity Pool	14,894,000	-	-	-	-	-	14,894,000
Investment Managed by Department of Revenue	-	1,807,000	32,295,000	7,682,000	-	-	41,784,000
Cash in transit	-	3,000	2,000	-	-	-	5,000
Net Cash and Investments	\$ 53,768,000	\$ 1,810,000	\$ 32,297,000	\$ 7,682,000	\$ 59,846,000	\$ 740,162,000	\$ 895,565,000

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Uninvested cash was held at the custodian, sub-custodian, or derivatives broker banks, primarily in interest-bearing accounts. All pooled funds were invested in a money market fund. U.S. Treasury bills are explicitly guaranteed by the U.S. government.

Fair Value Measurement

The Trust's asset managers measure the value of investments using standard input levels. The Trust's investments and derivative instruments at June 30, 2024, managed by APFC, are summarized as follows:

2024	Measured using input levels			Measured Using NAV	Total
	Level 1	Level 2	Level 3		
APFC:					
Marketable debt securities	\$ 20,641,000	\$ 113,378,000	\$ 5,000	\$ -	\$ 134,024,000
Preferred and common stock	247,871,000	10,000	-	1,182,000	249,063,000
Real estate	6,782,000	-	-	78,827,000	85,609,000
Absolute return	-	-	-	49,807,000	49,807,000
Private credit	-	-	-	25,556,000	25,556,000
Private equity	-	-	-	130,791,000	130,791,000
Infrastructure	-	-	-	35,097,000	35,097,000
Total Investments	\$ 275,294,000	\$ 113,388,000	\$ 5,000	\$ 321,260,000	\$ 709,947,000

Marketable debt securities are preferred and common stock classified as level 1 as valued using prices quoted in active markets for those securities. Marketable debt securities classified as level 2 are valued using matrix pricing and those at level 3 are term loans. Pricing is sourced from various sources. Commingled funds reported at NAV use the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions made prior to the balance sheet date.

Publicly traded real estate investment trusts are valued using prices quoted in active markets and are reported as level 1. Directly held real estate, real estate debt investments, and private real estate funds are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Directly owned real estate investments are subject to appraisals.

Absolute return investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Absolute return investments undergo annual independent financial statement audits. The redemption notice period is from 1-91 days and the frequency of redemption is daily to quarterly.

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Private credit investments are reported at NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Private credit investments undergo annual independent financial statement audits. Redemptions are not allowed, and the usual life of these investments is five to seven years.

Private equity investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Private equity investments undergo annual independent financial statement audits. Redemptions are not allowed, and the usual life of these investments is ten to twelve years.

Publicly traded infrastructure investments are classified as level 1 and are valued using prices quoted in active markets for those securities. The majority of infrastructure investments are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Infrastructure investments undergo annual independent financial statement audits. Redemptions are not allowed, and the usual life of these investments is five to seven years.

Marketable Debt Duration

To manage its interest rate risk on marketable debt securities, the APFC and Treasury portfolio managers monitor fair values daily and routinely review portfolio effective duration in comparison to established benchmarks. At June 30, 2024, the effective duration by investment type, based on fair value, for marketable debt securities managed by APFC are as follows:

	Percent of Bond Holdings	Duration (in years)
Domestic Bonds		
Treasury and government notes/bonds	18.70%	6.16
Mortgage-backed securities	21.33%	6.15
Corporate bonds	52.41%	6.48
Commercial mortgage and asset backed securities	6.61%	1.32
Commingled and exchange traded funds	0.95%	-
Total Domestic Bonds	100.00%	5.95
Nondomestic Bonds		
Treasury and government bonds	65.25%	7.62
Corporate bonds	32.63%	6.92
Commercial mortgage and asset backed securities	1.33%	1.27
Commingled and exchange traded funds	0.79%	-
Total Nondomestic Bonds	100.00%	7.24

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Credit Risk

Marketable debt credit rating

To manage credit risk for marketable debt securities, the APFC monitors fair values of all securities daily and routinely reviews its investment holdings' credit ratings. For accounts with an investment grade mandate, issues falling below the minimum standards are required to be sold within seven months of the downgrade date. Minimum standards are a Standard & Poor's Corporation rating of BBB or better, or Moody's Investors Service, Inc. rating of Baa or better, or a comparable rating by another Nationally Recognized Statistical Rating Organizations (NRSRO) or by a recognized rating service in the jurisdiction of the issuer. Managers with high yield mandates are allowed to hold positions in assets with below investment grade ratings (high yield bonds) based on the terms of their contracts. For purposes of this note, if credit ratings differ among the NRSROs used, the rating with the highest degree of risk (the lowest rating) is reported.

At June 30, 2024, the Trust's credit ratings for its marketable debt securities are as follows:

NRSRO Quality rating	Domestic	Non-domestic	Total fair value	Percent of holdings
AAA	\$ 4,975,000	\$ 2,243,000	\$ 7,218,000	5.39%
AA	3,559,000	5,011,000	8,570,000	6.39%
A	16,997,000	3,800,000	20,797,000	15.52%
BBB	25,271,000	6,149,000	31,420,000	23.44%
BB	8,232,000	1,986,000	10,218,000	7.62%
B	2,413,000	780,000	3,193,000	2.38%
D	-	1,364,000	1,364,000	1.02%
<hr/>				
Total fair value of rated debt securities	61,447,000	21,333,000	82,780,000	61.76%
Exchange traded funds	991,000	235,000	1,226,000	0.92%
Not rated	188,000	8,310,000	8,498,000	6.34%
U.S. government explicitly backed by the U.S. government (AA)	24,597,000	-	24,597,000	18.35%
U.S. government implicitly backed by the U.S. government (AA)	16,923,000	-	16,923,000	12.63%
<hr/>				
Total Fair Value Debt Securities	\$ 104,146,000	\$ 29,878,000	\$ 134,024,000	100.00%

Preferred and Common Stock

Direct investments in preferred and common stock are held by the APFC's custodian bank on behalf of the Fund and the Trust. The Fund and the Trust also invests in commingled stock funds, which are held by the custodian bank of the fund manager on behalf of fund investors, and equity index futures, which are held at the prime broker.

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Preferred and common stocks and commingled stock funds at June 30 are summarized as follows, and include the net fair value of equity index futures of \$(6,000) as of June 30, 2024:

	Cost	Fair Value	Unrealized Holding Gains (Losses)
Direct investments:			
Domestic	\$ 109,095,000	\$ 138,093,000	\$ 28,998,000
Nondomestic	100,218,000	109,043,000	8,825,000
Commingled funds	1,674,000	1,927,000	253,000
Total Preferred and Common Stock	\$ 210,987,000	\$ 249,063,000	\$ 38,076,000

Marketable Debt Securities

Marketable debt securities held by APFC on behalf of the Trust at June 30, 2024 are summarized as follows, categorized by debt instrument type and by country of registration:

	Amortized Cost	Fair Value	Unrealized Holding Gains (Losses)
Mortgage-backed securities	\$ 23,301,000	\$ 22,217,000	\$ (1,084,000)
U.S. Treasury and government notes/bonds	19,542,000	19,472,000	(70,000)
U.S. corporate bonds	57,305,000	54,577,000	(2,728,000)
U.S. commercial mortgage and asset-backed securities	7,058,000	6,889,000	(169,000)
U.S. exchange traded funds	949,000	991,000	42,000
Non-U.S. government bonds	20,226,000	19,496,000	(730,000)
Non-U.S. corporate bonds	9,833,000	9,750,000	(83,000)
Non-U.S. commercial mortgage and asset-backed securities	402,000	397,000	(5,000)
Non-U.S. exchange traded funds	230,000	235,000	5,000
Total Marketable Debt Securities	\$ 138,846,000	\$ 134,024,000	\$ (4,822,000)

Foreign Currency Exposure

Alaska Permanent Fund Corporation

Foreign currency risk arises when a loss could result from adverse changes in foreign currency exchange rates. Foreign currency risk is managed by the international investment managers in part through their decisions to enter into foreign currency forward contracts. Foreign currency risk is also managed through the diversification of assets into various countries and currencies.

Cash amounts in the schedule below include receivables, payables, certificates of deposits, and cash balances in each related currency. If payables exceed receivables and cash balances in a currency, then the total cash balance for that currency will appear as a negative value. The remaining Trust assets are invested in U.S. cash, equities, and debt, as well as in direct real estate properties, absolute return and similar funds, and infrastructure, all of which are denominated in U.S. dollars, and are not included in the schedule below.

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At June 30, 2024, the Trust's cash holdings, foreign currency forward contracts, nondomestic public and private equity, and debt securities had exposure to foreign currency risk as follows (shown in U.S. dollar equivalent at fair value and based on the currency in which the securities are held and traded):

Foreign Currency	Cash and Cash Equivalents	Foreign Exchange Forward Contracts	Public/Private Equity, Real Estate, Infrastructure	Debt	Total Foreign Currency Exposure
Australian Dollar	21,000	(541,000)	2,982,000	346,000	2,808,000
Brazilian Real	9,000	3,000	1,086,000	—	1,098,000
Canadian Dollar	13,000	(530,000)	5,201,000	459,000	5,143,000
Chilean Peso	2,000	—	59,000	—	61,000
Chinese Yuan Renminbi	18,000	(2,404,000)	2,803,000	2,339,000	2,756,000
Columbian Peso	—	—	19,000	—	19,000
Czech Koruna	1,000	(52,000)	9,000	50,000	8,000
Danish Krone	3,000	—	1,599,000	—	1,602,000
Egyptian Pound	1,000	—	12,000	—	13,000
Euro Currency	539,000	(7,388,000)	33,089,000	6,228,000	32,468,000
Hong Kong Dollar	37,000	(115,000)	6,633,000	—	6,555,000
Hungarian Forint	2,000	—	91,000	—	93,000
Indian Rupee	13,000	(2,000)	4,014,000	—	4,025,000
Indonesian Rupiah	4,000	(210,000)	584,000	205,000	583,000
Israeli Shekel	13,000	(145,000)	259,000	143,000	270,000
Japanese Yen	69,000	(4,390,000)	11,349,000	4,376,000	11,404,000
Kuwaiti Dinar	—	—	54,000	—	54,000
Malaysian Ringgit	5,000	(192,000)	335,000	189,000	337,000
Mexican Peso	11,000	(168,000)	584,000	164,000	591,000
New Taiwan Dollar	12,000	(6,000)	5,029,000	—	5,035,000
New Zealand Dollar	2,000	(67,000)	71,000	66,000	72,000
Norwegian Krone	2,000	(122,000)	714,000	122,000	716,000
Pakistan Rupee	—	—	23,000	—	23,000
Peruvian Sol	—	(115,000)	—	111,000	(4,000)
Philippine Peso	1,000	—	73,000	—	74,000
Polish Zloty	(2,000)	(58,000)	592,000	63,000	595,000
Pound Sterling	162,000	(2,169,000)	11,310,000	1,439,000	10,742,000
Qatari Riyal	3,000	—	135,000	—	138,000
Romanian Leu	—	(51,000)	—	49,000	(2,000)
Russian Ruble	—	—	1,000	—	1,000
Saudi Arabian Riyal	9,000	—	893,000	—	902,000
Singapore Dollar	6,000	(89,000)	981,000	87,000	985,000
South African Rand	2,000	—	648,000	—	650,000
South Korean Won	16,000	(509,000)	3,767,000	503,000	3,777,000
Swedish Krona	2,000	(2,000)	1,339,000	—	1,339,000
Swiss Franc	10,000	(201,000)	3,121,000	79,000	3,009,000
Thai Baht	—	(143,000)	304,000	143,000	304,000
Turkish Lira	10,000	—	311,000	—	321,000
UAE Dirham	1,000	—	264,000	—	265,000
Total	\$ 997,000	\$ (19,666,000)	\$ 100,338,000	\$ 17,161,000	\$ 98,830,000

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Notes to Basic Financial Statements

Foreign Exchange Contracts, Futures, Derivative Exposure, and Off-Balance Sheet Risk

Alaska Permanent Fund Corporation

Certain external investment managers enter into foreign currency forward exchange contracts (FX forward contracts) to buy and sell specified amounts of foreign currencies at specified rates and future dates for the purpose of managing or optimizing foreign currency exposure. The maturity periods for outstanding contracts at June 30, 2024 ranged between two and 101 days.

The counterparties to the FX forward contracts consisted of a diversified group of financial institutions. The Trust is exposed to credit risk to the extent of nonperformance by these counterparties. The Trust's market risk as of June 30, 2024 is limited to the difference between contractual rates and forward market rates determined at the end of the fiscal year.

Activity and balances related to FX forward contracts are summarized as follows:

Balance at June 30, 2024

Fair value of FX forward contracts, beginning of year	\$ 22,000
Net change in fair value of FX forward contracts	190,000
Fair Value of FX Forward Contracts, end of year	\$ 212,000
Notional amount of FX Forward Contracts, end of year	\$ 46,635,000

Certain APFC equity and fixed income investment managers are permitted to trade equity and U.S. Treasury index futures. Equity index futures are traded in both domestic and nondomestic markets based on an underlying stock exchange value. Equity index futures are settled with cash for the net difference between the trade price and the settle price.

Activity and balances related to equity index futures are summarized as follows:

Balance at June 30, 2024

Fair value of equity index futures, beginning of year	\$ 51,000
Net change in fair value of equity index futures	(57,000)
Fair Value of equity index futures, end of year	\$ (6,000)
Notional amount of equity index futures, end of year	\$ (177,000)

Activity and balances related to fixed income accounts are summarized as follows:

Balance at June 30, 2024

Fair value of U.S. Treasury index futures, beginning of year	\$ (58,000)
Net change in fair value of U.S. Treasury index futures	59,000
Fair Value of U.S. Treasury index futures, end of year	\$ 1,000
Notional amount of U.S. Treasury index futures, end of year	\$ 893,000

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Real Estate

Real estate investments at June 30, 2024 are summarized as follows:

	Cost	Fair Value	Unrealized Holding Gains
Real estate investment trusts	\$ 6,423,000	\$ 6,782,000	\$ 359,000
Real estate funds and notes	28,085,000	29,238,000	1,153,000
American Homes 4 Rent II	752,000	1,063,000	311,000
Directly owned real estate:			
Retail	8,536,000	13,997,000	5,461,000
Hotel	553,000	586,000	33,000
Office	63,403,000	75,728,000	13,857,000
Industrial	3,415,000	8,518,000	5,103,000
Multifamily	3,214,000	4,212,000	998,000
Development	5,347,000	5,331,000	(16,000)
Total Real Estate	\$ 119,728,000	145,455,000	27,259,000

As of June 30, 2024, the APFC, on behalf of the Trust, had outstanding future funding commitments of \$3.4 million for real estate fund investments.

Alternative Investments

Alternative investments at June 30, 2024 are summarized as follows:

	Cost	Fair Value	Unrealized Holding Gains
Absolute return	\$ 36,573,000	\$ 49,807,000	\$ 13,234,000
Private credit	22,686,000	25,556,000	2,870,000
Private equity	92,736,000	130,791,000	38,055,000
Infrastructure	25,980,000	35,097,000	9,117,000
Total Alternative Investments	\$ 177,975,000	\$ 241,251,000	\$ 63,276,000

The APFC periodically reviews alternative investments for other than temporary impairment. During FY2024, it was determined that four private credit funds, 26 private equity funds, and two infrastructure funds were impaired because it was more likely than not that the Trust would not recover the carrying cost over the remaining estimated holding period of the assets. In order to reflect the impairment in statutory net income, \$1.3 million of unrealized losses were realized through a write down of cost to fair value. In FY2023, 19 private equity funds were determined to be impaired and \$860,000 of unrealized losses were realized through a write down of cost to fair value. These impairments have no impact on the carrying value of investments or on the net increase in the fair value of private equity investments.

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As of June 30, 2024, the APFC, on behalf of the Trust, had outstanding future funding commitments of \$393,000 for absolute return, \$13.1 million for private credit, \$36.8 million for private equity, and \$11.5 million for infrastructure investments. Many alternative investments have liquidity constraints and may not be available for cash withdrawal until a specified period of time has elapsed.

3. Securities Lending

State regulations at 15 AAC 137.510 and the APFC investment policy authorize the APFC to enter into securities lending transactions on behalf of the Trust. Through a contract with the Bank of New York Mellon (the Bank), the Trust lends marketable debt and equity securities to borrowers who are banks and broker-dealers. The loans are collateralized with cash or marketable securities guaranteed by the U.S. government or a U.S. government agency. Under the APFC's contract with the Bank, the Bank must mark the loaned securities and collateral to the market daily, and the loan agreements require the borrowers to maintain the collateral at not less than 102 percent of the fair value of domestic loaned securities (and nondomestic loaned securities denominated in U.S. dollars) and not less than 105 percent of the fair value for other nondomestic loaned securities. The APFC can sell securities that are on loan. If a borrower fails to return the loaned securities (borrower default), the Bank can use cash collateral (and the proceeds on the sale of any noncash collateral) to purchase replacement securities. Generally, the Trust is protected from credit risk associated with the lending transactions through indemnification by the Bank against losses resulting from counterparty failure, reinvestment of cash collateral, default on collateral investments, or a borrower's failure to return loaned securities.

Cash collateral received for loaned securities is reported on the Trust's Statement of Net Position and invested by the Bank on behalf of the Trust. As of June 30, 2024, such investments were in overnight repurchase agreements that had a weighted average maturity of one day. The average term of the loans was also one day.

At June 30, 2024, the value of securities on loan is as follows:

Fair Value of Securities on Loan, Secured by Cash Collateral	\$ 32,544,000
Cash Collateral	\$ 33,323,000
Fair Value of Securities on Loan, Secured by Noncash Collateral	\$ 53,491,000
Noncash Collateral	\$ 58,994,000

The Trust receives 80 percent of earnings derived from securities lending transaction and the Bank retains 20 percent. During the years ended June 30, 2024, the Trust incurred no losses from securities lending transactions. The Trust received \$205,000 in earnings from securities lending for the years ended June 30, 2024.

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Notes to Basic Financial Statements

4. Accounts Receivable

Accounts receivable at June 30, 2024 are as follows:

Interest and dividends receivable	\$ 3,814,000
Other receivables	61,000
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Total accounts receivables	3,875,000
Allowance for uncollectible accounts	(6,000)
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Total Accounts Receivable, net of allowance	\$ 3,867,000

5. Notes Receivable

Notes receivable at June 30, 2024 are as follows:

Land sale notes receivable	\$ 10,747,000
Allowance for uncollectible accounts	(1,201,000)
<hr/>	
Total Notes Receivable, net of allowance	\$ 9,546,000

6. Capital Assets

The Trust owns and accounts for all land and buildings. Contributed assets are recorded at fair value at date of receipt. Capital asset activity for the year ended June 30, 2024 follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
<i>Nondepreciable Assets:</i>				
Land:				
Corpus	\$ 999,000	\$ 1,000	\$ (1,000)	\$ 999,000
Land and land improvements	17,588,000	1,785,000	-	19,373,000
<hr/>				
Total nondepreciable assets	18,587,000	1,786,000	(1,000)	20,372,000
<hr/>				
<i>Depreciable Assets:</i>				
Buildings and infrastructure	13,118,000	-	(596,000)	12,522,000
Equipment	312,000	-	(312,000)	-
<hr/>				
Total depreciable assets	13,430,000	-	(908,000)	12,522,000
<hr/>				
Accumulated depreciation	(6,086,000)	(415,000)	690,000	(5,811,000)
<hr/>				
Total Capital Assets, Net of Accumulated Depreciation	\$ 25,931,000	\$ 1,371,000	\$ (219,000)	\$ 27,083,000

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Depreciation expense for the year ended June 30, 2024 was \$415,000.

In 2023, the entity transitioned from a Geographic Information System (GIS)-based acreage reporting methodology to using legal title documentation.

The Trust's estate titles include the Fee Simple (surface and subsurface), Land (surface only), and Mineral and Hydrocarbon Estates (subsurface only). Each of these estates is counted as one acre. The surface portion of the fee simple estate may be conveyed, but the subsurface is retained and the total acreage reported for capital assets results in no change.

The schedule below provides a visual representation, intentionally left unrounded, of the acreage changes between the surface estate and the subsurface estate:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Fee Simple Estate	\$ 550,000	\$ -	\$ (1,000)	549,000
Land	1,000	-	-	1,000
Mineral & Hydrocarbon	448,000	1,000	-	449,000
Total	\$ 999,000	\$ 1,000	\$ (1,000)	999,000

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2024 are summarized as follows:

Accounts payable	\$ 10,885,000
Accrued payroll and benefits	507,000
Total	\$ 11,392,000

8. Accrued Leave Liability

The following is a summary of the accrued leave liability for the year ended June 30, 2024:

Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
\$ 878,000	\$ 630,000	\$ (605,000)	\$ 903,000	\$ 546,000

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Notes to Basic Financial Statements

9. Pension and Other Postemployment Benefits Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

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

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

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

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

Historical Context and Special Funding Situation

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

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

The Trust 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.

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In accordance with Senate Bill 55 (SB55), during the year ended June 30, 2023, the Trust contributed to PERS at a rate adopted by Alaska Retirement Management Board (ARMB). The rate tends to vary from year to year and for the year ended June 30, 2024, the Trust contributed 25.10% of covered payroll based on the ARMB adopted rate for fiscal year 2024.

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

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

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

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

Contribution rates for the year ended June 30, 2024 were determined in the June 30, 2022 actuarial valuations. The Trust's contribution rates for the 2024 fiscal year were as follows:

	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans:		
Pension	18.47%	3.10%
Postemployment healthcare (ARHCT)	-%	-%
Defined contribution - Pension	6.63%	-%
Total Contribution Rates	25.10%	3.10%

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Alaska Statue 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the fiscal year, the employer rate is 22.00% for pension and 0.00% for ARHCT. The contribution requirements for the Trust are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DCR Plan payroll. The DBUL amount is computed as the difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

In 2024, the Trust was credited with the following contributions to the pension plan:

	Measurement Period July 1, 2022 to June 30, 2023	Trust Fiscal Year July 1, 2023 to June 30, 2024
Employer contributions (including DBUL)	\$ 728,000	\$ 743,000
Nonemployer contributions (on-behalf)	119,000	143,000
Total Contributions	\$ 847,000	\$ 886,000

In addition, employee contributions to the Plan totaled \$99,000 during the Trust's fiscal year.

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

At June 30, 2024, the Trust reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Trust. The amount recognized by the Trust for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Trust were as follows:

Trust proportionate share of NPL	\$ 9,717,000
State's proportionate share of NPL associated with the Trust	-
Total Net Pension Liability	\$ 9,717,000

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 and adjusted to reflect updated assumptions to calculate the net pension liability as of that date. The Trust's proportion of the net pension liability was based on a projection of the Trust's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2023 measurement date, the trust's proportion was 0.18739 percent, which was an increase of 0.01543 percent from its proportion measured as of June 30, 2022.

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For the year ended June 30, 2024, the Trust recognized pension expense of \$1,047,000 and on-behalf revenue of \$135,000 for support provided by the State. At June 30, 2024, the Trust reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Changes in benefits	-	-
Net difference between projected and actual earnings on pension plan investments	254,000	-
Changes in proportion and differences between Trust contributions and proportionate share of contributions	214,000	-
Trust contributions subsequent to the measurement date	742,000	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	\$ 1,210,000	\$ -

The \$743,000 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

2025	\$	(96,000)
2026		(213,000)
2027		576,000
2028		201,000
2029		-
Thereafter		-
Total Amortization	\$	468,000

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2023 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2024 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Peace officer/firefighter	
All others	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree

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table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

The total pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.82%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.17%
Global equity (non-U.S.)	18%	+/- 4%	6.55%
Aggregate bonds	19%	+/- 10%	1.63%
Multi-asset	8%	+/- 4%	-%
Real assets	14%	+/- 7%	4.87%
Private equity	14%	+/- 7%	11.57%
Cash equivalents	-%	-%	0.49%

Discount Rate

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

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

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

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Trust’s proportionate share of the net pension liability	0.18739%	\$ 13,044,000	\$ 9,717,000	\$ 6,905,000

Pension Plan Fiduciary Net Position

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

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the annual comprehensive financial report for PERS, and at the following website, as noted above. <https://drb.alaska.gov/docs/reports/#pers>.

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

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2024 to cover a portion of the Trust’s employer match contributions. For the year ended June 30, 2024, forfeitures reduced pension expense by \$0.

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended June 30, 2024, the Trust was required to contribute 5% of covered salary into the Plan.

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The Trust and employee contributions to PERS for pensions for the year ended June 30, 2024 were \$144,000 and \$230,000, respectively. The Trust contribution amount was recognized as pension expense/expenditures.

(c) Defined Benefit OPEB Plans

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

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

Employer Contribution Rates

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

Employer contribution rates for the year ended June 30, 2024 were as follows:

	Other	Peace/Fire
Alaska Retiree Healthcare Trust	-%	-%
Retiree Medical Plan	1.01%	1.01%
Occupational Death and Disability	0.30%	0.68%
Total Contribution Rates	1.31%	1.69%

In 2024, the Trust was credited with the following contributions to the OPEB plans:

	Measurement Period July 1, 2022 to June 30, 2023	Trust Fiscal Year July 1, 2023 to June 30, 2024
Employer contributions - ARHCT	\$ 92,000	\$ 161,000
Employer contributions - RMP	31,000	11,000
Employer contributions - ODD	8,000	19,000
Nonemployer contributions (on-behalf)	-	-
Total Contributions	\$ 131,000	\$ 191,000

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Notes to Basic Financial Statements

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

At June 30, 2024, the Trust reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the Trust. The amount recognized by the Trust for its proportional share, the related State proportion, and the total were as follows:

Trust's proportionate share of NOA - ARHCT	\$ 4,313,000
Trust's proportionate share of NOA - RMP	87,000
Trust's proportionate share of NOA - ODD	96,000
Total Trust's Proportionate Share of Net OPEB Asset	\$ 4,496,000
<hr/>	
State's proportionate share of the ARHCT NOA associated with the Trust	-
Total Net OPEB Asset	\$ 4,496,000

The total OPEB liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 and adjusted to reflect updated assumptions to calculate the net OPEB assets as of that date. The Trust's proportion of the net OPEB assets was based on a projection of the Trust's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2022 Measurement Date Employer Proportion	June 30, 2023 Measurement Date Employer Proportion	Change
Trust's proportionate share of the net OPEB assets:			
ARHCT	0.17200%	0.18743%	0.01543%
RMP	0.16612%	0.18275%	0.01663%
ODD	0.16889%	0.18648%	0.01759%

For the year ended June 30, 2024, the Trust recognized OPEB benefit of \$523,000. Of this amount, \$0 was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below:

<i>Plan</i>	OPEB expense (benefit)	On-behalf revenue
ARHCT	\$ (561,000)	\$ -
RMP	21,000	-
ODD	17,000	-
Total	\$ (523,000)	\$ -

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At June 30, 2024, the Trust reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

<i>Deferred Outflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ 9,000	\$ 2,000	\$ -	\$ 11,000
Changes in assumptions	-	2,000	-	2,000
Changes in benefits	-	-	-	-
Difference between projected and actual investment earnings	36,000	-	2,000	38,000
Changes in proportion and differences between Trust contributions and proportionate share of contributions	2,000	-	29,000	31,000
Trust contributions subsequent to the measurement date	161,000	11,000	19,000	191,000
Total Deferred Outflows of Resources Related to OPEB Plans	\$ 208,000	\$ 15,000	\$ 50,000	\$ 273,000

<i>Deferred Inflows of Resources</i>	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	\$ -	\$ (3,000)	\$ (27,000)	\$ (30,000)
Changes in assumptions	(79,000)	(71,000)	-	(150,000)
Changes in benefits	-	-	-	-
Difference between projected and actual investment earnings	-	-	-	-
Changes in proportion and differences between Trust contributions and proportionate share of contributions	-	-	(1,000)	(1,000)
Total Deferred Inflows of Resources Related to OPEB Plans	\$ (79,000)	\$ (74,000)	\$ (28,000)	\$ (181,000)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Trust contributions subsequent to the measurement date will be recognized as an increase in the net OPEB assets in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ending June 30,</i>	ARHCT	RMP	ODD	Total
2025	\$ (153,000)	\$ (11,000)	\$ (6,000)	\$ (170,000)
2026	(177,000)	(13,000)	(6,000)	(196,000)
2027	471,000	-	(3,000)	468,000
2028	(173,000)	(28,000)	24,000	(177,000)
2029	-	(1,000)	(3,000)	(4,000)
Thereafter	-	(17,000)	(3,000)	(20,000)
Total Amortization	\$ (32,000)	\$ (70,000)	\$ 3,000	\$ (99,000)

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Actuarial Assumptions

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2023:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officer/firefighter, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2023 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2024 to 2039.
Investment rate of return	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 6.7% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.2% grading down to 4.5% Rx/EGWP: 7.2% grading down to 4.5% Initial trend rates are from FY 2024 Ultimate trend rates reached in FY 2050
Mortality Peace officer/firefighter (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupation causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

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(ODD Plan)

Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time. Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

All others
(ARHCT and RMP Plans)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

(ODD Plan)

Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

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Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.
Peace officer/firefighter	20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.
All others	25% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2022 actuarial valuation.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.82%, for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	27%	+/- 6%	6.17%
Global equity (non-U.S.)	18%	+/- 4%	6.55%
Aggregate bonds	19%	+/- 10%	1.63%
Multi-asset	8%	+/- 4%	-%
Real assets	14%	+/- 7%	4.87%
Private equity	14%	+/- 7%	11.57%
Cash equivalents	-%	-%	0.49%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2023 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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

The following presents the Trust's proportionate share of the net OPEB asset calculated using the discount rate of 7.25%, as well as what the Trust's proportionate share of the respective plan's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Trust's proportionate share of the net OPEB asset (liability):				
ARHCT	0.18743%	\$ (2,867,000)	\$ 4,313,000	\$ (5,527,000)
RMP	0.18275%	\$ (3,000)	\$ 87,000	\$ (151,000)
ODD	0.18648%	\$ (90,000)	\$ 96,000	\$ (100,000)

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

The following presents the Trust's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2022 actuarial valuation reports as well as what the Trust's proportionate share of the respective plan's net OPEB asset (liability) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Trust's proportionate share of the net OPEB asset (liability):				
ARHCT	0.18743%	\$ 5,666,000	\$ (4,313,000)	\$ 2,701,000
RMP	0.18275%	\$ 159,000	\$ (87,000)	\$ 2,832,000
ODD	0.18648%	\$ n/a	\$ n/a	\$ n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

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

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Contribution Rate

AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2023, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,303 per year for each full-time employee, and \$1.48 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2024, the Trust contributed \$66,000 in DC OPEB costs. This amount has been recognized as expense/expenditures.

10. Rental Income under Operating Leases

The Trust’s program revenues, rents and royalties include the leasing of land, which is not in-scope of GASB 87, leases, illustrated in Note 15. The following is a schedule of minimum future rental income payments under noncancelable operating leases for the next five years:

<i>Year Ending June 30:</i>	Land	Minerals, Oil & Gas	Total
2025	\$ 1,644,000	\$ 663,000	\$ 2,307,000
2026	1,272,000	663,000	1,935,000
2027	1,190,000	577,000	1,767,000
2028	1,140,000	587,000	1,727,000
2029	1,130,000	587,000	1,717,000
	\$ 6,376,000	\$ 3,077,000	\$ 9,453,000

11. Statutory Income

By Alaska law, statutory net income is computed in accordance with accounting principles generally accepted in the United States of America (GAAP), excluding any unrealized gains or losses attributed to Trust principal. However, the income from investments is required by GAAP to include unrealized gains and losses and income, regardless of source. Consequently, GAAP income from investments and statutory net income differ.

The APFC periodically reviews investments for other than temporary impairment of value. Investments with fair values significantly less than costs over multiple reporting periods may be considered impaired if the cost basis will not be recovered over the investment’s remaining estimated holding period. If an other-than-temporary impairment is determined to exist for an investment, a realized loss will be recorded which will replace the previously recorded unrealized loss. Carrying value will not be affected, but the reclassification of the loss from unrealized to realized will affect the statutory net income of the Trust. During FY 2024, approximately \$1.3 million of impairments were recorded.

Alaska Mental Health Trust Authority
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Notes to Basic Financial Statements

Statutory net income for the year ended June 30, 2024 is calculated as follows:

Gain from investments managed by APFC	\$ 49,711,000
Unrealized holding gains	(11,472,000)
<hr/>	
Statutory Net Income	\$ 38,239,000

12. Nonspendable Trust Assets Managed by APFC

The legislature determines amounts to be contributed to, or distributed from, nonspendable Trust assets. The 1994 State legislature authorized the appropriation of \$200,000,000 to the principal of the Trust, transferring the funds on July 3, 1995 to the APFC. Additionally, the Board of Directors of the Trust has approved additional reservations of Trust income, as authorized by State law. By statute, earnings of the Trust may be used to offset the effect of inflation on the value of the contributions to the Trust. In FY2024, Trustees approved additional reservations of Trust income, and \$30,240,000 was permanently transferred to principal.

On June 16, 2009 the APFC received a State of Alaska Attorney General's Opinion clarifying the accounting treatment of unrealized gains and losses. Based on the opinion, nonspendable fund balance and assigned fund balance should be allocated proportionate values of the unrealized appreciation or depreciation on invested assets. Previously unrealized gains and losses had been allocated in full to the nonspendable fund balance.

Based on the Opinion, the recorded unrealized earnings of the Trust assets were reclassified from assigned Trust fund balance to nonspendable Trust fund balance. The Opinion had no effect on previously reported gains or losses from investments managed by the APFC. See 2003 Attorney General Opinion (June 18; 663-03-0153).

Nonspendable funds under management at APFC for the year ended June 30, 2024 is calculated as follows:

Contributions and appropriations to principal	\$ 551,221,000
Unrealized gains on principal	95,361,000
<hr/>	
Nonspendable Fund Balance	\$ 646,582,000

13. Spendable Trust Assets Managed by APFC

The Trust has established an account to ensure sufficient reserves are available to meet the disbursement requirements of the Trust's existing payout policy. Earnings are allocated monthly to the Trust on the basis of its total unit shares and fractional unit shares outstanding on the valuation date. The earnings of the Trust are to be used to assist the Trust in fulfilling its purpose of ensuring an integrated comprehensive mental health program for the State. As stated in Note 12, the unrealized gains and losses of the Trust assets are allocated proportionately between the nonspendable Trust assets and spendable Trust assets.

Alaska Mental Health Trust Authority

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Notes to Basic Financial Statements

14. Risk Management

With regards to workers' compensation insurance, the Trust participates in the State of Alaska Risk Management Pool. The risks are transferred to the Pool, and the premium is charged to the Trust based on payroll expenditures. The State is an authorized self-insurer under AS 23.30.090. Casualty and property insurance coverage is provided under endorsement to the State of Alaska Aviation and Airports program of insurance. For directly owned real estate holdings located outside of Alaska and managed by the TLO, commercial insurance policies are purchased from the marketplace in the state the property is located to indemnify the title holding entity and to mitigate the risk of loss that the Trust is exposed to.

15. Leases

Governmental Accounting Standards Board (GASB) Statement Number 87, *Leases* (GASB 87) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

The Trust has leased to third-parties multiple nonfinancial assets, primarily land and office real estate. Lease terms vary and can include from one year to more than fifty years. The Trust recognizes a lease receivable and a deferred inflow of resources in both the government-wide and governmental fund financial statements where applicable.

At the commencement of the lease, the Trust initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments receivable. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Trust determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Trust uses rates stated in agreements to determine discount rates. If the rate is not stated in the agreement, management of the Trust estimates the interest rate implicit in the lease. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Trust monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lease revenues recognized from the leases in scope of GASB 87 were \$748,000 and related interest income recognized was \$675,000 for the year ended June 30, 2024.

Alaska Mental Health Trust Authority
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Notes to Basic Financial Statements

Schedule of future payments that are included in the measurement of the lease receivable is as following:

<i>Fiscal Year Ending June 30:</i>	Principal	Interest	Total Payment
2025	\$ 609,000	\$ 656,000	\$ 1,265,000
2026	321,000	640,000	961,000
2027	126,000	629,000	755,000
2028	137,000	619,000	756,000
2029	149,000	608,000	757,000
2030 - 2034	635,000	2,866,000	3,501,000
2035 - 2039	477,000	2,702,000	3,179,000
2040 - 2044	496,000	2,551,000	3,047,000
2045 - 2049	517,000	2,380,000	2,897,000
2050 - 2054	582,000	2,167,000	2,749,000
Thereafter	5,089,000	5,662,000	10,751,000
	\$ 9,138,000	\$ 21,480,000	\$ 30,618,000

16. Contingencies and Commitments

Environmental Contingencies and Commitments.

As prescribed by the Governmental Accounting Standards Board (GASB) under Statement 49, the Trust is required to estimate pollution remediation outlays and determine whether outlays should be accrued as a liability when the government is compelled to take pollution remediation action because of an eminent endangerment or when the government commences or legally obligates itself to commence pollution remediation.

There are several sites used by previous parties that may require environmental review, feasibility study and remediation and restoration of the sites, as applicable. The Trust intends to seek reimbursement of pollution remediation costs from responsible parties and any remaining costs will be recognized by the Trust. While an obligating event, as defined by Statement 49 has occurred, no liability has been recognized by the Trust either because the amounts are not material to the financial statements and/or the risk is such that the Trust is under no obligation to address the site.

Legal Contingencies and Commitments

No Name Bay. In 1989, *No Name Bay* parcel was selected by Department of Natural Resources (DNR) as a national forest community grant selection. In 1994, the Alaska legislature passed HB 201, which included *No Name Bay* on an “other state lands” list, meaning this parcel would not be Mental Health Trust lands. However, in 2009, under the authority of the Alaska Land Transfer Acceleration Act, DNR, the Trust, and the U.S. Department of the Interior entered into an agreement to close out the remaining Alaska Mental Health Enabling Act (AMHEA) entitlement (Closeout Agreement). The federal government conveyed *No Name Bay* to Alaska. Southeast Alaska Conservation Council (SEACC) sued DNR and the Trust, claiming that the State’s acceptance of the federal patent to the *No Name Bay* parcel under the AMHEA and the Closeout Agreement 1) violated HB 201, 2) violated the 1994 settlement agreement, and 3) the state had not provided adequate constitutional notice of the Closeout Agreement.

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This breach of contract case seeking to have the court void the state's conveyance of the *No Name Bay* parcel to the Trust was decided in favor of DNR and the Trust. An appeal by SEACC to the Alaska Supreme Court was decided in FY2021. The Supreme Court agreed with SEACC's arguments that the Trust's holding of *No Name Bay* violated HB 201 and that the state had provided inadequate notice of the land exchange. The case was remanded back to the Superior Court to fashion a remedy. On remand, SEACC and the Superior Court supported the parcel being conveyed to the United States Forest Service (USFS) pursuant to the Alaska Mental Health Land Exchange Act of 2017. The conveyance of *No Name Bay* parcel to the USFS was completed August 30, 2021, with the exception of a 54-acre island, Lot 10. The state of Alaska has agreed to purchase Lot 10 from the Trust at the appraised fair market value. The sale of Lot 10 is complete. Legal fees in the amount of \$68,000 were awarded to SEACC and will be split by AMHTA, TLO, and DNR. The timing of the payment and the split between the parties is not yet known.

17. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of *GASB Statement No. 95 - Postponement of the Effective Dates of Certain Authoritative Guidance*). The following new accounting standards were implemented by the Trust for 2024 reporting:

GASB Statement No. 99 - Omnibus 2022 - Provisions of this Statement address requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63, which are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs are to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024. This did not impact the Trust for the year ended June 30, 2024.

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

GASB Statement No. 101 - Compensated Absences - Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 - Certain Risk Disclosures - Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

Alaska Mental Health Trust Authority
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Notes to Basic Financial Statements

GASB Statement No. 103 - Financial Reporting Model Improvements - Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

18. Subsequent Events

The Trust has evaluated subsequent events through **XXXX, 2024**, the date on which the financial statements were available to be issued.

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Required Supplementary Information

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Alaska Mental Health Trust Authority
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Public Employees' Retirement System Pension Plan
Schedule of the Trust's Proportionate Share of the Net Pension Liability - Pension Plan

<i>Years Ended June 30,</i>	Trust's Proportion of the Net Pension Liability	Trust's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Trust's Covered Payroll	Trust's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.18739%	\$ 9,717,000	\$ -	\$ 9,717,000	\$ 4,281,000	226.98%	68.23%
2023	0.17196%	\$ 8,764,000	\$ -	\$ 8,764,000	\$ 4,117,000	212.87%	67.97%
2022	0.19683%	\$ 7,220,000	\$ -	\$ 7,220,000	\$ 4,181,000	172.69%	76.46%
2021	0.14250%	\$ 8,409,000	\$ 3,480,000	\$ 11,889,000	\$ 3,272,000	257.00%	61.61%
2020	0.13295%	\$ 7,278,000	\$ 2,890,000	\$ 10,168,000	\$ 3,786,000	192.23%	63.42%
2019	0.13190%	\$ 6,554,000	\$ 1,899,000	\$ 8,453,000	\$ 3,272,000	200.31%	65.19%
2018	0.10445%	\$ 5,399,000	\$ 2,012,000	\$ 7,411,000	\$ 3,507,000	153.95%	63.37%
2017	0.14636%	\$ 8,181,000	\$ 1,031,000	\$ 9,212,000	\$ 3,761,000	217.52%	59.55%
2016	0.13338%	\$ 6,387,000	\$ 1,662,000	\$ 8,049,000	\$ 3,834,000	166.59%	63.96%
2015	0.08800%	\$ 4,277,000	\$ 3,702,000	\$ 7,979,000	\$ 3,664,000	116.73%	62.37%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Public Employees' Retirement System Pension Plan
Schedule of the Trust's Contributions - Pension Plan

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Trust's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 743,000	\$ 743,000	\$ -	\$ 4,346,000	17.096%
2023	\$ 728,000	\$ 728,000	\$ -	\$ 4,281,000	17.005%
2022	\$ 532,000	\$ 532,000	\$ -	\$ 4,117,000	12.922%
2021	\$ 473,000	\$ 473,000	\$ -	\$ 4,181,000	11.313%
2020	\$ 451,000	\$ 451,000	\$ -	\$ 3,272,000	13.784%
2019	\$ 483,000	\$ 483,000	\$ -	\$ 3,786,000	12.758%
2018	\$ 442,000	\$ 442,000	\$ -	\$ 3,272,000	13.509%
2017	\$ 376,000	\$ 376,000	\$ -	\$ 3,507,000	10.721%
2016	\$ 398,000	\$ 398,000	\$ -	\$ 3,761,000	10.582%
2015	\$ 382,000	\$ 382,000	\$ -	\$ 3,834,000	9.963%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Public Employees' Retirement System OPEB Plan
Schedule of the Trust's Proportionate Share of the Net OPEB Liability (Asset) - ARHCT

<i>Years Ended June 30,</i>	Trust's Proportion of the Net OPEB Liability (Asset)	Trust's Proportionate Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	Total Net OPEB Liability (Asset)	Trust's Trust's Covered Payroll	Trust's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2024	0.49578%	\$ (4,313,000)	\$ -	\$ (4,313,000)	\$ 1,450,000	-297.45%	133.96%
2023	0.17200%	\$ (3,384,000)	\$ -	\$ (3,384,000)	\$ 1,695,000	-199.65%	128.51%
2022	0.19677%	\$ (5,048,000)	\$ -	\$ (5,048,000)	\$ 1,859,000	-271.54%	135.54%
2021	0.14244%	\$ (645,000)	\$ (189,000)	\$ (834,000)	\$ 1,515,000	-42.57%	106.15%
2020	0.13294%	\$ 198,000	\$ 56,000	\$ 254,000	\$ 1,751,000	11.31%	98.13%
2019	0.13188%	\$ 1,353,000	\$ 393,000	\$ 1,746,000	\$ 1,515,000	89.31%	88.12%
2018	0.10446%	\$ 882,000	\$ 329,000	\$ 1,211,000	\$ 1,809,000	48.76%	89.68%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Public Employees' Retirement System OPEB Plan
Schedule of the Trust's Contributions - ARHCT

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Trust's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 161,000	\$ 161,000	\$ -	\$ 1,467,000	10.97%
2023	\$ 92,000	\$ 92,000	\$ -	\$ 1,450,000	6.34%
2022	\$ 499,000	\$ 499,000	\$ -	\$ 1,695,000	29.44%
2021	\$ 241,000	\$ 241,000	\$ -	\$ 1,859,000	12.96%
2020	\$ 162,000	\$ 162,000	\$ -	\$ 1,515,000	10.69%
2019	\$ 175,000	\$ 175,000	\$ -	\$ 1,751,000	9.99%
2018	\$ 126,000	\$ 126,000	\$ -	\$ 1,515,000	8.32%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Alaska Mental Health Trust Authority
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Public Employees' Retirement System OPEB Plan
Schedule of the Trust's Proportionate Share of the Net OPEB Liability (Asset) - RMP

<i>Years Ended June 30,</i>	Trust's Proportion of the Net OPEB Liability (Asset)	Trust's Proportion Share of the Net OPEB Liability (Asset)	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability (Asset)	Trust's Covered Payroll	Trust's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.48340%	\$ (87,000)	\$ -	\$ (87,000)	\$ 2,832,000	-3.07%	124.29%
2023	0.16612%	\$ (58,000)	\$ -	\$ (58,000)	\$ 2,422,000	-2.39%	120.08%
2022	0.32100%	\$ (86,000)	\$ -	\$ (86,000)	\$ 2,322,000	-3.70%	115.10%
2021	0.19698%	\$ 14,000	\$ -	\$ 14,000	\$ 1,757,000	0.80%	95.23%
2020	0.18045%	\$ 43,000	\$ -	\$ 43,000	\$ 2,034,000	2.11%	83.17%
2019	0.16615%	\$ 21,000	\$ -	\$ 21,000	\$ 1,757,000	1.20%	88.71%
2018	0.13918%	\$ 7,000	\$ -	\$ 7,000	\$ 1,697,000	0.41%	93.98%
2017	*		*		*		*
2016	*		*		*		*
2015	*		*		*		*
2014	*		*		*		*
2013	*		*		*		*
2012	*		*		*		*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Public Employees' Retirement System OPEB Plan
Schedule of the Trust's Contributions - RMP

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Trust's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 11,000	\$ 11,000	\$ -	\$ 2,879,000	0.38%
2023	\$ 31,000	\$ 31,000	\$ -	\$ 2,832,000	1.09%
2022	\$ 26,000	\$ 26,000	\$ -	\$ 2,422,000	1.07%
2021	\$ 29,000	\$ 29,000	\$ -	\$ 2,322,000	1.25%
2020	\$ 18,000	\$ 18,000	\$ -	\$ 1,757,000	1.02%
2019	\$ 19,000	\$ 19,000	\$ -	\$ 2,034,000	0.93%
2018	\$ 7,000	\$ 7,000	\$ -	\$ 1,757,000	0.40%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Public Employees' Retirement System OPEB Plan
Schedule of the Trust's Proportionate Share of the Net OPEB Asset - ODD

<i>Years Ended June 30,</i>	Trust's Proportion of the Net OPEB Asset	Trust's Proportion Share of the Net OPEB Asset	State of Alaska Proportionate Share of the Net OPEB Asset	Total Net OPEB Asset	Trust's Covered Payroll	Trust's Proportionate Share of the Net OPEB Asset as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset
2024	0.49327%	\$ (96,000)	\$ -	\$ (96,000)	\$ 2,832,000	-3.39%	349.24%
2023	0.16889%	\$ (74,000)	\$ -	\$ (74,000)	\$ 2,422,000	-3.06%	348.80%
2022	0.11771%	\$ (52,000)	\$ -	\$ (52,000)	\$ 2,322,000	-2.24%	374.22%
2021	0.20016%	\$ (55,000)	\$ -	\$ (55,000)	\$ 1,757,000	-3.13%	238.80%
2020	0.18363%	\$ (45,000)	\$ -	\$ (45,000)	\$ 2,034,000	-2.21%	297.43%
2019	0.16615%	\$ (32,000)	\$ -	\$ (32,000)	\$ 1,757,000	-1.82%	270.62%
2018	0.13918%	\$ (20,000)	\$ -	\$ (20,000)	\$ 1,697,000	-1.18%	212.97%
2017	*	*	*	*	*	*	*
2016	*	*	*	*	*	*	*
2015	*	*	*	*	*	*	*
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Public Employees' Retirement System OPEB Plan
Schedule of the Trust's Contributions - ODD

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Trust's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 19,000	\$ 19,000	\$ -	\$ 2,879,000	0.66%
2023	\$ 8,000	\$ 8,000	\$ -	\$ 2,832,000	0.28%
2022	\$ 8,000	\$ 8,000	\$ -	\$ 2,422,000	0.33%
2021	\$ 7,000	\$ 7,000	\$ -	\$ 2,322,000	0.30%
2020	\$ 3,000	\$ 3,000	\$ -	\$ 1,757,000	0.17%
2019	\$ 5,000	\$ 5,000	\$ -	\$ 2,034,000	0.25%
2018	\$ 3,000	\$ 3,000	\$ -	\$ 1,757,000	0.17%
2017	*	*	*	*	*
2016	*	*	*	*	*
2015	*	*	*	*	*
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Alaska Mental Health Trust Authority
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Notes to Required Supplementary Information
June 30, 2023

1. Public Employees' Retirement System Pension Plan

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

This table is presented based on the Plan measurement date. For June 30, 2024, the Plan measurement date is June 30, 2023.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

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

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

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

Schedule of the Trust's Contributions

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

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

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Notes to Required Supplementary Information, continued
June 30, 2023

2. Public Employees' Retirement System OPEB Plans

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

This table is presented based on the Plan measurement date. For June 30, 2024, the Plan measurement date is June 30, 2023.

Changes in Assumptions:

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2022 actuarial valuation.

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

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

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

Schedule of the Trust's Contributions

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

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

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Government Auditing Standards Auditor's Report

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To The Board of Trustees
Alaska Mental Health Trust Authority
Anchorage, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alaska Mental Health Trust Authority (the Trust), a component unit of the State of Alaska, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated XXXX, 2024. Our report includes a reference to other auditors who audited the Schedules of Investments Managed by the Alaska Permanent Fund Corporation as described in our report on the Trust's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are report on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Trust's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2004-001 that we consider to be a significant deficiency.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Trust's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Trust's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Trust's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anchorage, Alaska
XXXX, 2024

Alaska Mental Health Trust Authority
(A Component Unit of the State of Alaska)

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes (none reported)

Noncompliance material to financial statements noted?

yes no

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

Finding 2024-001 **Financial Reporting and Close Process - Significant Deficiency in Internal Control Over Financial Reporting**

Criteria 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 (GAAP); this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement. Management is also responsible for analysis and implementation of new accounting pronouncements.

Condition Opening net position didn't agree to the ending net position as reported in the financial statements as of June 30, 2023 by approximately \$12 million.

Cause This issue has been recurring, with prior year adjustments historically not being accurately recorded. In FY 24, an adjustment intended to reconcile the net position was mistakenly applied, leading to the variance.

Effect or Potential Effect Opening net position needed adjustment.

Recommendation We recommend that management enhance procedures and controls over financial reporting and close process, including reconciliations of opening net position to prior year's closing net position.

Views of Responsible Officials: Management concurs with the finding. See corrective action plan.

**Alaska Mental Health Trust Authority
Audit Responses (Unaudited)**

DRAFT

TO: Steve Williams, Chief Executive Officer
FROM: Julee Farley, Chief Financial Officer
DATE: November 6, 2023
REGARDING: FY2023 Financial Audit – Corrective Action Plan

Finding 2024-001- Internal Control Over Financial Reporting

Since FY2017 and the implementation of new State of Alaska reporting systems, there have been material weaknesses in the closing process and year-end reporting. Significant improvements have been made through coordination with Statewide accounting on adjusting journal entries, however there are still times where the Statewide accounting does not accurately reflect the Trust's accounting. Starting in June 2023, the Trust is permitted to record certain entries previously recorded by Statewide accounting. Additionally, beginning balances will be reconciled to prior year ending balances before preparing information for the annual financial statement audit.

To: Steve Williams, Chief Executive Officer
From: Julee Farley, Chief Financial Officer
Date: October 16, 2024
Re: FY2024 Financial Audit – Status on Prior Year Findings

There was one finding reported for the FY2023 financial audit. Below is a summary of the finding and the current year status.

Prior Year Finding 2023-001: Financial Reporting and Close Process – Significant Deficiency in Internal Control over Financial Reporting. Opening net position did not agree to closing net position by approximately \$8 million.

Current Year Status: The finding related to opening net position has been resolved. The finding related to the opening net position not matching with the prior year ending position is a finding again this year and is included in the BDO Audit Report for FY2024.