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, 2021

(With Independent Auditor's Report Thereon)

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Contents

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Contents

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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, 2021, 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 other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of Alaska Mental Health Trust Authority, as of June 30, 2021, 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.

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, 2021, 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.

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 within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 79%, 78% and 79%, 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.

Other Matters

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 on pages 6 through 11 and 62 through 71, 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.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Trust's financial statements for the year ended June 30, 2020, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021 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.

BDO USA, LLP

Anchorage, Alaska
October 27, 2021

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Management's Discussion and Analysis

As management of the Alaska Mental Health Trust Authority (the Trust or Authority), we offer readers this narrative overview and analysis of the financial activities of the Trust for the fiscal years ended June 30, 2021 and June 30, 2020. This supplemental information required by the Governmental Accounting Standards Board (GASB) is intended to contribute to the reader's understanding of the accompanying financial statements and notes.

The MD&A contains highly summarized information. It focuses on current activities, resulting changes, and currently known facts. Because of this, it should be read in conjunction with the accompanying financial statements and notes.

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.

The Trust 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 and intellectual 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 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 investments managed on its behalf by the Alaska Permanent Fund Corporation (APFC) and the State of Alaska's Department of Revenue, Investments Division (Treasury), and revenue-generated from Trust land that include 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.

The financial statements below present a report on the Trust's financial ability to fulfill its mission FY2021 and FY2020.

Financial Highlights

- The Trust's net position at the close of the Fiscal Year (FY) ending June 30, 2021, increased to $899.2 million from $714.3 million in FY2020, representing an increase of $184.9 million, or 25.9%, over the prior fiscal year. This contrasts to FY2020's increase in net position of $9.3 million, or 1.3% from FY2019.
- The Trust's total FY2021 revenue, at $215.4 million, was nearly 5.5 times higher than FY2020, primarily attributable to a rebound from the prior year's decline in financial markets, which was driven by economic uncertainty related to the impact of the novel coronavirus (COVID-19) global pandemic. COVID-19's impact was also reflected in the Trust's FY2020 revenue, at $39.2 million, a decline of 16.2% from FY2019.

- The Alaska Permanent Fund Corporation (APFC), which manages the majority of Trust assets on a co-mingled basis with the Alaska Permanent Fund, reported unprecedent growth, ending FY2021 at an all-time high of 29.73% total return, compared to the FY2020 total return of 2.01% and the FY2021 mid-range forecast of 6.48% projected at the start of FY2021. The Trust's budget reserves managed by the Department of Revenue Treasury Division (Treasury) similarly generated an all-time high for the Trust, with a 21.36% return in FY2021, comparing favorably to a 5.96% return in FY2020 and 6.84% in FY2019.
- Revenue generated from land managed by the Trust Land Office totaled $28.9 million in FY2021. During the fiscal year, $26.0 million in earnings was transferred into the Alaska Mental Health Trust, the Trust's principal account, $20 million of which was generated from a single land sale.
- Total FY2021 expenses of the Trust were $30.5 million, a 2.0% increase over the $29.9 million in FY2020, driven primarily by an increase in service activities and changes in pension and post-retirement obligations. FY2020 expenses were also up year-over-year, with a $1.6 million increase driven by increased grant awards.
- $19.6 million in grant funds were disbursed in FY2021, down 7.8% from $21.3 million in FY2020. FY2021 disbursements were within an expected range, and above the $18.7 million disbursed in FY2019.
- The Trust transferred $50.0 million of reserved earnings to the Alaska Mental Health Trust Fund in FY2021. This irrevocable transfer protects the Trust's future purchasing power against the effects of inflation. The last previous transfer of reserves for permanent inflation proofing was in FY2018.
- As in FY2020, in FY2021 COVID 19 affected how Trust staff, beneficiaries, and public and private sector organizations worked to address mental health needs. While travel and face to face meetings were reduced, technology support allowed continued operations and reduced related travel costs.
- At the end of FY2021, the Trust's proportionate share of Net Pension Liability totaled $8.4 million, up from $7.3 million in FY2020 and $6.6 million in FY2019. Defined benefit retirement plans have been closed to new participants since FY2007. While the Trust's obligation is currently increasing, ultimately the obligation will reduce over time.

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, 2021 and 2020, and selected information for 2019.

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.

Fund Financial Statements: The Trust's fund financial statements ensure and 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.

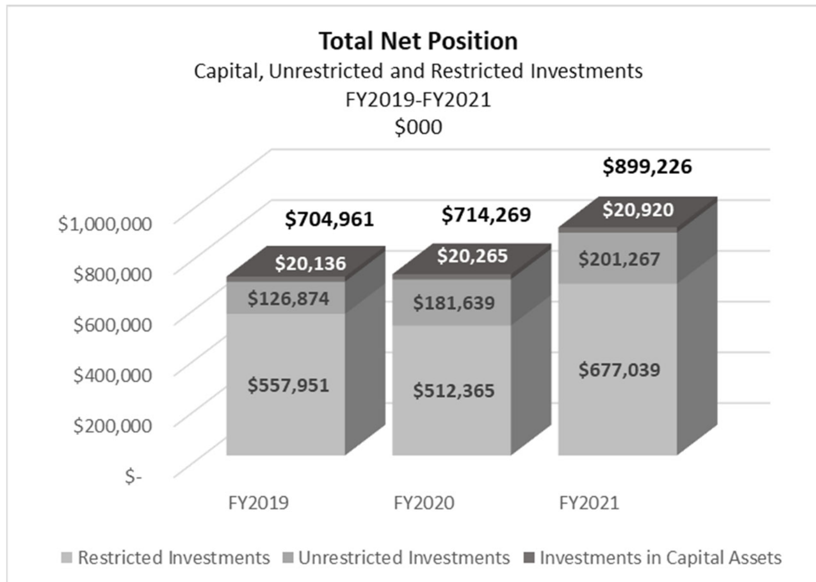
The Fund Financial Statements are reconciled with the Government-wide Financial Statements with a "change in net position" within the Government-wide Statement of Net Position.

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 below 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 FY2021 with $971.4 million in total financially measurable assets, $194.0 million and $224.4 million above FY2020's and FY2019's total assets, respectively. $201.3 million of total assets, or 20.7% of total, were unrestricted investments. Asset growth was driven in FY2021 by $215.4 million in revenue, 84.1% of which was derived from investment income, and the remaining 15.9% derived from Trust lands. The strong investment performance generated a 25.9% increase in net position during FY2021, comparing favorably to the 1.3% and 2.7% increases in FY2020 and FY2021, respectively.



The majority of the Trust's total assets, 78.8%, are managed by the APFC. These assets 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.

The following tables contain condensed financial information derived from the Trust's government-wide financial statements and reflects the Trust's change in net position during FY2019 through FY2021.

June 30,	2021	Percent Change	2020	Percent Change	2019
Assets					
Current and other assets	$ 950,527,000	25.5%	$ 757,142,000	4.2%	$ 726,931,000
Capital assets	20,920,000	3.2%	20,265,000	0.6%	20,136,000
Total Assets	971,447,000	25.0%	777,407,000	4.1%	747,067,000
Total Deferred Outflows of Resources	1,500,000	9.7%	1,367,000	12.2%	1,218,000
Liabilities					
Current and other liabilities	64,677,000	14.6%	56,426,000	62.6%	34,695,000
Long-term liabilities	8,423,000	12.0%	7,159,000	(5.2)%	7,928,000
Total Liabilities	73,100,000	14.3%	63,945,000	50.0%	42,623,000
Total Deferred Inflows of Resources	621,000	10.9%	560,000	(20.1)%	701,000
Net Position					
Net invested in capital assets	20,920,000	3.2%	20,265,000	0.6%	20,136,000
Restricted for investments	677,039,000	32.1%	512,365,000	(8.2)%	557,951,000
Unrestricted	201,267,000	10.8%	181,639,000	43.2%	126,874,000
Total Net Position	$ 899,226,000	25.9%	$ 714,269,000	1.3%	$ 704,961,000

Despite continued global uncertainty related to the economic impact of COVID-19, during FY2021 the volatility in financial markets moderated relative to FY2020, and the Trust's financial assets outperformed expectations. The Trust's net position increased $185.0 million, or 25.9%, during FY2021. This is in sharp contrast to FY2020, when the markets in which Trust assts were invested were highly volatile due to the emergence of the global health emergency. In FY2020, the net position of the Trust increased from FY2019 levels by $9.3 million, or 1.3%.

FY2021 liabilities increased primarily due to APFC's increase in obligations due, but not yet settled, on securities purchases. In FY2020, the increase in liabilities over FY2019 levels was driven by both the securities purchase obligations and by a large deposit held in escrow for a land sale completed in FY2021.

The Trust's capital assets increased year-over-year driven by land and land improvements, which increased by 9.4% and 5.1% in FY2021 and FY2020, respectively.

June 30,	2021	Percent Change	2020	Percent Change	2019
Total revenues	$ 215,424,000	448.9%	$ 39,248,000	(16.2)%	$ 46,834,000
Total expenses	(30,467,000)	1.8%	(29,940,000)	5.6%	(28,349,000)
Increase (decrease) in net position	184,957,000	1,887.1%	9,308,000	(49.6)%	18,485,000
Net position – beginning of year	$ 714,269,000	1.3%	$ 704,961,000	2.7%	$ 686,476,000
Net position – end of year	$ 899,226,000	25.9%	$ 714,269,000	1.3%	$ 704,961,000

As shown in the table above, during FY2021, net earnings reached $185.0 million. This was record earnings for the Trust: significantly above FY2020, which was affected by the economic uncertainty related to COVID-19, and well above FY2019, which posted earnings more aligned with long-term earnings expectations.

APFC and Treasury managed funds generated 83.2% of total revenues. APFC investment income, net of operating expenses, was $168.0 million in FY2021, up from $14.0 million in FY2020 and $31.1 million in FY2019. APFC calculated its total investment yield at 29.73% for FY2021, compared to a yield of 2.01% and 6.32% for FY2020 and FY2019, respectively. Investments held through the Treasury, where a portion of the Trust's budget reserves are invested, generated interest and investment income of $11.3 million, $4 million and $3.2 million in FY2021, FY2020 and FY2019, respectively. The strong earnings in FY2021 are reflected in the record 21.3% investment yield. These FY2021 APFC and Treasury investment yields were significantly above the mid-range forecasts of 6.48% and 5.75%, respectively, at the start of the fiscal year.

In FY2021, assets under management by the Trust Land Office generated $30.3 million in revenue, of which $28.9 million was revenue generated directly from the 1 million acres transferred to the Trust through the 1994 mental health trust settlement. A significant portion, $20 million, was realized through the sale of the Juneau Subport land. Total revenue was up from $11.5 million in FY2020 and $10.6 million in FY2019. The Trust's land exchange with the United States Forest Service made significant progress, with the exchange completed subsequent to June 30, 2021.

Expenditures for FY2021 totaled $30.5 million, 2.0% and 7.5% above FY2020 and FY2019 levels, respectively. When excluding post-employment benefits, the operating expenses of the Trust Authority and Trust Land Office remained lower than the authorized budget in both FY2021 and FY2020, as the level of in-person activities was dampened due to COVID-19. Grant expenditures declined in FY2021, at $19.6 million, as compared to $21.3 million in FY2020. FY2021 grants expended were $0.9 million above FY2019 levels. The year-to-year variations are within range of expectations: grant funds disbursed vary by year depending upon initiatives and proposals received, the number of projects transitioning to other funding sources, and grant projects not yet completed by the end of the fiscal year.

Other Facts, Decisions or Conditions

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

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. This may involve development, resource extraction, sale and/or exchange of Trust land. If individual persons or entities were to oppose a proposed TLO action, they may initiate litigation to stop or delay action. The outcome of litigation is inherently uncertain. If legal matters are resolved against the proposed action of the TLO, the revenue expected from the action on that parcel of land could be materially adversely affected.

State of Alaska Legislative Audit: In March 2020, the Chair of the Legislative Budget and Audit Committee informed the AMHTA that it would be conducting a follow-up audit to review the actions AMHTA had taken in response to a FY2018 Legislative Audit report. The Legislative Audit was commenced March 2021 and had not concluded prior to the end FY2021. In the process of that audit, AMHTA provided evidence that actions were taken to address the concerns outlined in the FY2018 Legislative Audit report, and these actions aligned with AMHTA's statutory, regulatory and fiduciary responsibilities.

COVID-19: There continues to be uncertainty related to the impact of COVID-19 on Trust's investment and operations. The Trust is confident current cash, cash equivalents and fund reserve balances are sufficient to satisfy its operating needs and other liquidity requirements over the next 12 months. Revenue from assets used to support Trust activities is based on a formula designed for long-term sustainability. Additionally, the Trust strives to maintain a Reserve balance of 400% of the annual distribution from these funds in order to maintain a relatively consistent operating budget if faced with an environment of significant, sustained financial market decline. This Reserve balance was sufficiently funded in FY2021.

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Basic Financial Statements

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

Statement of Net Position (With Summarized Comparative Amounts for 2020)

June 30,	2021	2020
Assets and Deferred Outflows of Resources		
Cash and investments	$ 872,500,000	$ 697,495,000
Accounts receivable, net of allowance	6,538,000	18,367,000
Prepaid items	2,888,000	434,000
Due from State of Alaska	24,190,000	22,589,000
Securities lending collateral invested	37,421,000	12,616,000
Notes receivable, net of allowance	6,290,000	5,596,000
Net OPEB asset	700,000	45,000
Capital assets, net of accumulated depreciation	20,920,000	20,265,000
Total Assets	971,447,000	777,407,000
Deferred Outflows of Resources		
Related to pension	999,000	824,000
Related to OPEB	501,000	543,000
Total Deferred Outflows of Resources	1,500,000	1,367,000
Total Assets and Deferred Outflows of Resources	$ 972,947,000	$ 778,774,000
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities		
Accounts payable and accrued liabilities	$ 25,562,000	$ 42,292,000
Securities lending collateral	37,421,000	12,616,000
Unearned revenue	845,000	825,000
Accrued leave	849,000	693,000
Noncurrent liabilities:		
Net pension liability - due in more than one year	8,409,000	7,278,000
Net OPEB liability - due in more than one year	14,000	241,000
Total Liabilities	73,100,000	63,945,000
Deferred Inflows of Resources		
Related to pension	60,000	292,000
Related to OPEB	561,000	268,000
Total Deferred Inflows of Resources	621,000	560,000
Net Position		
Net investment in capital assets	20,920,000	20,265,000
Restricted for investments	677,039,000	512,365,000
Unrestricted	201,267,000	181,639,000
Total Net Position	899,226,000	714,269,000
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 972,947,000	$ 778,774,000

See accompanying notes to basic financial statements.

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

Statement of Activities (With Summarized Comparative Amounts for 2020)

Years Ended June 30,	2021	2020
Expenses		
Personnel services	$ 3,387,000	$ 2,391,000
Travel	2,000	63,000
Services	2,217,000	1,636,000
Supplies	26,000	57,000
Trust land office and land management	4,786,000	4,095,000
Grant awards	19,614,000	21,265,000
Depreciation	435,000	433,000
Total Expenses	30,467,000	29,940,000
Revenues		
Program revenues:		
Nonexpendable rents, royalties and exchanges	26,142,000	7,027,000
Rents and royalties	6,608,000	12,450,000
Nonexpendable investment income (loss)	98,525,000	(11,973,000)
Investment income	82,677,000	31,391,000
Charges for services, fines and forfeitures	68,000	220,000
PERS On-behalf revenue	364,000	227,000
Other revenues (expenses)	1,040,000	(94,000)
Total Revenues	215,424,000	39,248,000
Change in net position	184,957,000	9,308,000
Net Position, beginning of year	714,269,000	704,961,000
Net Position, end of year	$ 899,226,000	$ 714,269,000

See accompanying notes to basic financial statements.

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

Balance Sheet (With Summarized Comparative Amounts for 2020)

June 30,	2021	2020
Assets		
Cash and investments	$ 872,500,000	$ 697,495,000
Accounts receivable, net of allowance	6,538,000	18,367,000
Prepaid items	2,888,000	434,000
Due from State of Alaska	24,190,000	22,589,000
Securities lending collateral invested	37,421,000	12,616,000
Notes receivable, net	6,290,000	5,596,000
Total Assets	$ 949,827,000	$ 757,097,000
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities		
Accounts payable and accrued liabilities	$ 25,562,000	$ 42,292,000
Securities lending collateral	37,421,000	12,616,000
Unearned revenue	845,000	825,000
Total Liabilities	63,828,000	55,733,000
Deferred Inflows of Resources		
Land sales - unavailable	6,419,000	5,750,000
Total Liabilities and Deferred Inflows of Resources	70,247,000	61,483,000
Fund Balance		
Nonspendable:		
Nonexpendable corpus	670,620,000	506,615,000
Prepaid items	2,888,000	434,000
Assigned	206,072,000	188,565,000
Total Fund Balance	879,580,000	695,614,000
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 949,827,000	$ 757,097,000

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
(With Summarized Comparative Amounts for 2020)

June 30,	2021	2020
Total fund balance	$ 879,580,000	$ 695,614,000
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	20,920,000	20,265,000
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.	700,000	45,000
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	(849,000)	(693,000)
Net pension liability	(8,409,000)	(7,278,000)
Net OPEB liability	(14,000)	(241,000)
Total long-term liabilities	(9,272,000)	(8,212,000)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These are amortized over time.		
Deferred outflows of resources related to pension	999,000	824,000
Deferred outflows of resources related to OPEB	501,000	543,000
Deferred inflows of resources related to pension	(60,000)	(292,000)
Deferred inflows of resources related to OPEB	(561,000)	(268,000)
Total deferred pension items	879,000	807,000
Land sales contract receivables are not available to pay current period expenditures, and therefore are deferred in the governmental funds.	6,419,000	5,750,000
Total Net Position	$ 899,226,000	$ 714,269,000

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
(With Summarized Comparative Amounts for 2020)

Years Ended June 30,	2021	2020
Revenues		
Investment income	$ 82,677,000	$ 31,391,000
Nonexpendable investment income (loss)	98,525,000	(11,973,000)
Nonexpendable rents, royalties and exchanges	25,473,000	6,498,000
Rents and royalties	6,608,000	12,450,000
Charges for services	68,000	220,000
PERS on-behalf revenue	364,000	227,000
Other revenues (expenses)	1,040,000	(94,000)
Total Revenues	214,755,000	38,719,000
Expenditures		
Personnel services	3,137,000	2,833,000
Travel	2,000	63,000
Services	2,217,000	1,636,000
Supplies	26,000	57,000
Trust land office and land management	5,808,000	4,925,000
Grant awards	19,599,000	21,335,000
Total Expenditures	30,789,000	30,849,000
Net change in fund balance	183,966,000	7,870,000
Fund Balance, beginning of year	695,614,000	687,744,000
Fund Balance, end of year	$ 879,580,000	$ 695,614,000

See accompanying notes to basic financial statements.

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities (With Summarized Comparative Amounts for 2020)

Years Ended June 30,	2021	2020
Net change in fund balance	$ 183,966,000	$ 7,870,000
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.		
Capital outlays	1,090,000	562,000
Depreciation	(435,000)	(433,000)
Net change in capital assets	655,000	129,000
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.	(156,000)	68,000
Changes in net pension liability and related accounts can increase or decrease net position. This is the net decrease in equity due to changes in net pension liability and the related deferred outflows and inflows of resources.	(724,000)	(771,000)
Changes in net OPEB liability and related accounts can increase or decrease net position. This is the net increase in equity due to changes in net OPEB liability and the related deferred outflows and inflows of resources.	547,000	1,483,000
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.	669,000	529,000
Change in Net Position	$ 184,957,000	$ 9,308,000

See accompanying notes to basic financial statements.

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.

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 two percent 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

Funds in the State's internally managed General Fund and Other Nonsegregated Investments Pool
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 Core U.S. Fixed Income Pool, which consists of 23% of the total investments, and Cash Equivalents Pool, which consists of 77% of the total investments. 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 Core U.S. Fixed Income Pool and Cash Equivalents Pool 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

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 Alaska Permanent 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.

State Investment Regulations
In accordance with Alaska Statute 37.13.120(a), the APFC Trustees have adopted regulations designating the types of eligible investments for Trust 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, 2021, the APFC's strategic asset allocation targets were as follows:

Asset Class	Asset Class Target
Public Equities	39%
Fixed Income Plus	21%
Private Equity/Growth Opportunities	15%
Real Estate	7%
Infrastructure & Private Income	9%
Absolute Return	6%
Risk Parity	1%
Cash	2%

To allow for market fluctuations and to minimize transaction costs, the APFC 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 risk and 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 39 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.

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's 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 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, 2021, the Trust held fixed income investments with floating, step, and variable interest rates, valued at $6,523,000. These fixed income investments were both domestic and nondomestic, and had current annual interest rates ranging from zero to 15.5 percent.

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.

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

APFC's Fund 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 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 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 in the fair value of investments.

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*. Net unrealized changes in fair value are included in investments on the balance sheets. Realized gains and losses are included in investment income.

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 Trust periodically reviews real estate investments for other than temporary impairment. During FY2021, it was determined that one direct real estate holding was impaired because it was more likely than not that the Fund would not recover the carrying cost over the remaining estimated holding period of the asset. In order to reflect the impairment in statutory net income and fund balance classifications, $33,000 of unrealized losses were realized through a write-down of cost to fair value.

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 Fund 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 Fund. 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 Fund with fair value estimates of partnership interests and undergoes an annual independent audit.

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 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.

During FY2021, it was determined that 12 private equity funds were impaired because it was more likely than not that the Fund would not recover their carrying cost over the remaining estimated holding period of the assets. In order to reflect the impairment in the statutory net income, $438,900 of unrealized losses were realized through a write-down of cost to fair value. In FY2020, 20 private equity funds were impaired with a related write-down of $1,633,000. These impairments have no impact on the carrying value of investments or on the net increase (decrease) in the fair value of private equity investments.

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, as well as securities listed on public exchanges. The limited partnerships 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.

During FY2021, it was determined that no infrastructure funds were impaired. In FY2020, one infrastructure fund was impaired with a related write-down of $205,000.

The Fund 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 partnerships and funds undergo annual independent audits. Private credit 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.

During FY2021, it was determined that three private credit funds were impaired because it was more likely than not that the Fund would not recover the carrying cost over the remaining estimated holding period of the asset. In order to reflect the impairment in the statutory net income, $98,000 of unrealized losses were realized through a write-down of cost to fair value. In FY2020, three private credit funds were impaired with a related write-down of $349,000.

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.

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).

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

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 for amounts not collected for land sales contracts that are not considered to be available to liquidate liabilities of the current period.

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 deferred charges on bond refunding and 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.

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 historical land rent and royalty revenues, special appropriations, and inflation - proofing transfers within the Fund, as well as recorded unrealized appreciation or depreciation of invested assets. Assigned fund balances consist of the realized earnings of the Fund, which have not yet been appropriated.

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; 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.

Sometimes the Trust will fund 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.

Prior Year Financial Information

The financial statements include certain prior-year comparative information in the Statement of Net Position, Statement of Activities, Balance Sheet, and Statement of Revenues, Expenditures and Changes in Fund Balance. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Trust's financial statements for the year ended June 30, 2020, from which the prior year information was derived. Certain reclassifications have been made to the 2020 basic financial statements to conform to the 2021 presentation.

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.

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.

2. Cash and Investments

At June 30, 2021, 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	$ 16,000	$ -	$ -	$ -	$ -	$ 51,290,000	$ 51,306,000
Corporate bonds	-	-	-	-	-	58,816,000	58,816,000
Mortgage-backed securities	-	-	-	-	-	22,328,000	22,328,000
Bond-backed exchange Traded funds	-	-	-	-	-	6,212,000	6,212,000
Commercial mortgage/ asset-backed securities	-	-	-	-	-	5,981,000	5,981,000
Non-U.S. treasury and government bonds	-	-	-	-	-	20,486,000	20,486,000
Non-U.S. corporate bonds	-	-	-	-	-	9,422,000	9,422,000
Preferred and common stock	-	-	-	-	-	261,529,000	261,529,000
Real estate	-	-	-	-	65,891,000	48,585,000	114,476,000
Alternative investments:							
Absolute return	-	-	-	-	-	44,661,000	44,661,000
Private credit	-	-	-	-	-	19,573,000	19,573,000
Private equity	-	-	-	-	-	128,630,000	128,630,000
Infrastructure	-	-	-	-	-	22,663,000	22,663,000
U.S. Treasury bills, notes, bonds, and TIPS	-	-	-	-	-	21,038,000	21,038,000
Fixed Income Securities Broad-term Internally Managed	26,924,000	-	-	-	-	-	26,924,000
Broad Domestic Equity Ssga Russell 3000	20,580,000	-	-	-	-	-	20,580,000
Global Equity Ex-U.S. SOA International Equity Pool	13,927,000	-	-	-	-	-	13,927,000
Investment Managed by Department of Revenue	-	1,570,000	21,869,000	426,000	-	-	23,865,000
Cash in transit	-	73,000	10,000	-	-	-	83,000
Net Cash and Investments	$ 61,447,000	$ 1,643,000,	$ 21,879,000	$ 426,000	$ 65,891,000	$ 721,214,000	$ 872,500,000

The Trust made two fund transfers in FY2021 that are not reflected in the above table. The Trust transferred $24,157,000 from an APFC managed account to the State Treasury account GeFONSI 1092. The Trust also transferred from GeFONSI 1092 $1,200,000 to GeFONSI 3322. These transfers are currently reflected in Due from the State of Alaska. Had the transfers been completed, GeFONSI 1092 would total $44,823,000, GeFONSI 3322 would total $1,624,000, and the total Net Cash and Investments would be $896,657,000.

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, 2021, managed by APFC, are summarized as follows:

	Measured using input levels			Measured	
2021	Level 1	Level 2	Level 3	Using NAV	Total
APFC:					
Marketable debt securities	$ 26,538,000	$ 117,016,000	$ 729,000	$ -	$ 144,283,000
Preferred and common stock	259,106,000	-	-	2,423,000	261,529,000
Real estate	8,105,000	-	-	40,480,000	48,585,000
Absolute return	-	-	-	44,661,000	44,661,000
Private credit	-	-	-	19,573,000	19,573,000
Private equity	1,364,000	-	-	127,266,000	128,630,000
Infrastructure	1,959,000	-	-	20,704,000	22,663,000
Total Investments	$297,072,000	$ 117,016,000	$ 729,000	$ 255,107,000	$ 669,924,000

Marketable debt securities are preferred and common stock classified as level 1 as valued using prices quoted in active markets for those securities. Debt securities classified as level 2 are valued using matrix pricing. Pricing is sourced from various sources. Marketable debt securities valued at level 3 are term loans.

Publicly traded real estate investment trusts are valued using prices quoted in active markets and are reported as level 1. Directly owned real estate through ownership of interests in corporations, limited liability companies, and partnerships that hold title to real estate 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 annual appraisals and audits. American Homes 4 Rent II is reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions, and does not allow redemptions until the company is wound-up and dissolved.

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.

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, 2021, 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	18.43%	7.21
Mortgage-backed securities	19.55%	4.58
Corporate bonds	51.51%	8.54
Commercial mortgage and asset backed securities	5.07%	3.90
Commingled and exchange traded funds	5.44%	-
Total Domestic Bonds	100.00%	6.82
Nondomestic Bonds		
Treasury and government bonds	68.06%	7.88
Corporate bonds	31.31%	7.10
Commercial mortgage and asset backed securities	0.63%	9.12
Commingled and exchange traded funds	-%	4.68
Total Nondomestic Bonds	100.00%	7.64

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, 2021, 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	$ 4,093,000	$ 2,431,000	$ 6,524,000	4.52%
AA	4,485,000	3,111,000	7,596,000	5.26%
A	12,337,000	4,960,000	17,297,000	11.99%
BBB	28,616,000	8,557,000	37,173,000	25.76%
BB	8,251,000	3,168,000	11,419,000	7.91%
B	5,373,000	2,157,000	7,530,000	5.22%
CCC	1,166,000	688,000	1,854,000	1.28%
CC	4,000	-	4,000	-%
D	1,000	358,000	359,000	0.25%
Total fair value of rated debt securities	64,326,000	25,430,000	89,756,000	62.20%
Commingled bond funds	6,212,000	-	6,212,000	4.31%
Not rated	556,000	4,667,000	5,223,000	3.62%
U.S. government explicitly backed by the U.S government (AA)	25,912,000	-	25,912,000	17.96%
U.S. government implicitly backed by the U.S. government (AA)	17,180,000	-	17,180,000	11.91%
Total Fair Value Debt Securities	$ 114,186,000	$ 30,097,000	$ 144,283,000	100.00%

Preferred and Common Stock
Direct investments in preferred and common stock are held by the APFC's and Treasury's custodian bank on behalf of the Alaska Permanent Fund and the Trust. The Alaska Permanent 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.

Preferred and common stocks and commingled stock funds at June 30, 2021 are summarized as follows, and include the net fair value of equity index futures of $72,000 as of June 30, 2021:

	Cost	Fair Value	Unrealized Holding Gains
Direct investments:			
Domestic	$ 103,064,000	$ 141,804,000	$ 38,740,000
Nondomestic	92,987,000	114,828,000	21,841,000
Commingled funds	4,043,000	4,897,000	854,000
Total Preferred and Common Stock	$ 200,094,000	$ 261,529,000	$ 61,435,000

Marketable Debt Securities

Marketable debt securities held by APFC on behalf of the Trust at June 30, 2021 are summarized as follows, categorized by debt instrument type and by country of registration:

	Amortized Cost	Fair Value	Unrealized Holding Gains (Losses)
U.S. Treasury and government notes/bonds	$ 21,042,000	$ 21,038,000	$ (4,000)
Mortgage-backed securities	22,323,000	22,328,000	5,000
U.S. Corporate bonds	55,114,000	58,816,000	3,702,000
Commercial mortgage/asset-backed securities	5,943,000	5,981,000	38,000
Non-U.S. treasury and government bonds	20,764,000	20,486,000	(278,000)
Non-U.S. corporate bonds	8,788,000	9,422,000	634,000
Commingled and exchange traded funds	6,272,000	6,212,000	(60,000)
Total Marketable Debt Securities	$ 140,246,000	$ 144,283,000	$ 4,037,000

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.

At June 30, 2021, 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	$ 37,000	$ 312,000	$ 3,454,000	$ 444,000	$ 4,247,000
Brazilian Real	36,000	(13,000)	1,604,000	382,000	2,009,000
Canadian Dollar	72,000	794,000	5,876,000	371,000	7,113,000
Chilean Peso	14,000	(151,000)	68,000	171,000	102,000
Chinese Yuan Renminbi	64,000	(933,000)	2,257,000	1,285,000	2,673,000
Columbian Peso	20,000	(190,000)	9,000	332,000	171,000
Czech Koruna	3,000	(8,000)	14,000	153,000	162,000
Danish Krone	53,000	(25,000)	1,621,000	-	1,649,000
Dominican Republic Peso	-	-	-	3,000	3,000
Egyptian Pound	39,000	(36,000)	1,000	48,000	52,000
Euro Currency	526,000	(2,886,000)	31,464,000	3,581,000	32,685,000
Hong Kong Dollar	77,000	(136,000)	11,278,000	-	11,219,000
Hungarian Forint	1,000	49,000	53,000	58,000	161,000
Indian Rupee	18,000	63,000	2,842,000	-	2,923,000
Indonesian Rupiah	20,000	(248,000)	375,000	682,000	829,000
Israeli Shekel	(53,000)	77,000	368,000	-	392,000
Japanese Yen	78,000	(2,891,000)	13,027,000	3,139,000	13,353,000
Kuwaiti Dinar	-	-	12,000	-	12,000
Malaysian Ringgit	9,000	(147,000)	170,000	571,000	603,000
Mexican Peso	(41,000)	(131,000)	523,000	633,000	984,000
New Taiwan Dollar	43,000	(15,000)	4,191,000	-	4,219,000
New Zealand Dollar	35,000	(1,254,000)	120,000	77,000	(1,022,000)
Norwegian Krone	8,000	(1,549,000)	588,000	99,000	(854,000)
Pakistan Rupee	1,000	-	-	-	1,000
Peruvian Sol	3,000	(68,000)	-	115,000	50,000
Philippine Peso	2,000	14,000	80,000	-	96,000
Polish Zloty	5,000	206,000	453,000	178,000	842,000
Pound Sterling	12,000	(1,852,000)	9,425,000	867,000	8,452,000
Qatari Riyal	1,000	-	74,000	-	75,000
Romanian Leu	1,000	64,000	-	24,000	89,000
Russian Ruble	41,000	(219,000)	447,000	571,000	840,000
Saudi Arabian Riyal	3,000	-	714,000	-	717,000
Serbian Dinar	3,000	-	-	-	3,000
Singapore Dollar	10,000	13,000	432,000	-	455,000
South African Rand	29,000	(294,000)	797,000	416,000	948,000
South Korean Won	46,000	(313,000)	4,686,000	413,000	4,832,000
Swedish Krona	45,000	1,044,000	2,434,000	-	3,523,000
Swiss Franc	13,000	(668,000)	3,532,000	-	2,877,000
Thai Baht	3,000	25,000	266,000	195,000	489,000
Turkish Lira	3,000	33,000	177,000	34,000	247,000
UAE Dirham	-	-	58,000	-	58,000
Ukraine Hryvana	-	-	-	1,000	1,000
Uruguayan Peso	-	-	-	6,000	6,000
Total	$ 1,280,000	$ (11,333,000)	$ 103,490,000	$14,849,000	$ 108,286,000

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

Alaska Permanent Fund Corporation
Certain APFC 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, 2021 ranged between one and 127 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, 2021 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, 2021*	
Face value of FX forward contracts	$ 46,767,000
Net unrealized holding gains on FX forward contracts	196,000
Fair Value of FX Forward Contracts	**$ 46,963,000**

Activity for fiscal year ended June 30, 2021	
Change in unrealized holding gains	$ 174,000
Realized losses	(740,000)
Net Decrease in Fair Value of FX Forward Contracts	**$ (566,000)**

Certain APFC equity investment managers are permitted to trade in equity index futures for the Fund's account, and the internal fixed income management team began trading U.S. Treasury index futures. Equity index futures are traded in both domestic and nondomestic markets based on an underlying stock exchange value. Equity and fixed income 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, 2021*	
Face value of equity index futures	$ 748,000
Net unrealized holding gains on futures	72,000
Fair Value of Equity Index Futures	**$ 820,000**

Activity for fiscal year ended June 30, 2021	
Change in unrealized holding gains	$ 46,000
Realized gains	355,000
Net Increase in Fair Value of Futures	**$ 401,000**

Activity and balances related to equity U.S. Treasury futures are summarized as follows:

***Balance** at June 30, 2021*	
Face value of U.S. Treasury index futures	$ 842,000
Net unrealized holding losses on futures	(45,000)
Fair Value of U.S. Treasury Futures	$ 797,000

Activity for fiscal year ended June 30, 2021	
Change in unrealized holding losses	$ (35,000)
Realized gains	123,000
Net Increase in Fair Value of U.S. Treasury Futures	$ 88,000

The face value of FX forward contracts and futures shown in these schedules is not required to be included in the schedules of investments of the Trust. All other balance and activity amounts shown above are included in the Trust's financial statements within the net increas in fair value of investments on the schedule of investment income.

Real Estate

Real estate investments at June 30, 2021 are summarized as follows:

	Cost	Fair Value	Unrealized Holding Gains
Real estate investment trusts	$ 6,012,000	$ 8,089,000	$ 2,077,000
Real estate funds and notes	8,691,000	9,136,000	445,000
American Homes 4 Rent II	1,020,000	1,258,000	238,000
Directly owned real estate:			
Retail	6,999,000	11,497,000	4,498,000
Hotel	523,000	563,000	40,000
Office	55,214,000	76,766,000	21,552,000
Industrial	2,133,000	4,070,000	1,937,000
Multifamily	1,554,000	2,483,000	929,000
Development	633,000	614,000	(19,000)
Total Real Estate	$ 82,779,000	$ 114,476,000	$ 31,697,000

As of June 30, 2021, the APFC, on behalf of the Trust, had outstanding future funding commitments of $4 million for real estate fund investment.

Alternative Investments

Alternative investments at June 30, 2021 are summarized as follows:

	Cost	Fair Value	Unrealized Holding Gains
Absolute return	$ 36,808,000	$ 44,661,000	$ 7,853,000
Private credit	16,858,000	19,573,000	2,715,000
Private equity	73,796,000	128,630,000	54,834,000
Infrastructure	17,644,000	22,663,000	5,019,000
Total Alternative Investments	$ 145,106,000	$ 215,527,000	$ 70,421,000

As of June 30, 2021, the APFC, on behalf of the Trust, had outstanding future funding commitments of $1 million for absolute return; $44 million for private equity; $11 million for public-private credit; and $17 million for infrastructure investments. Many alternative investments have liquidity constraints and may not be available for cash withdrawal until a specific period 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 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 the loaned securities for domestic 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 APFC is protected from credit risk associated with the lending transactions through indemnification by the Bank against losses resulting from counterparty failure, the 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 schedules of investments and invested by the Bank on behalf of the Fund and the Trust. As of June 30, 2021, 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, 2021 the value of securities on loan is as follows:

Fair Value of Securities on Loan, Secured by Cash Collateral	$ 36,566,000
Cash Collateral	$ 37,421,000
Fair Value of Securities on Loan, Secured by Noncash Collateral	$ 64,067,000
Noncash Collateral	$ 70,825,000

The Trust receives 80 percent of earnings derived from securities lending transactions, and the Bank retains 20 percent. During the years ended June 30, 2021, the Trust incurred no losses from securities lending transactions. The Trust received $204,000 in earnings from securities lending for the year ended June 30, 2021.

4. Accounts Receivable

Accounts receivable at June 30, 2021 are as follows:

Interest and dividends receivable	$ 6,526,000
Other receivables	24,000
Total accounts receivables	6,597,000
Allowance for uncollectible accounts	(12,000)
Total Accounts Receivable, net of allowance	$ 6,538,000

Accounts receivable decreased in FY 2021 from $18,367,000 in FY 2020 due primarily to investment activities of the APFC on behalf of the Trust.

5. Notes Receivable

Notes receivable at June 30, 2021 are as follows:

Land sale notes receivable	$ 7,127,000
Allowance for uncollectible accounts	(837,000)
Total Notes Receivable, net of allowance	$ 6,290,000

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, 2021 follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Nondepreciable Assets:				
Land:				
Corpus	$ 1,010,000	$ -	$ -	$ 1,010,000
Land and land improvements	10,606,000	1,090,000	-	11,696,000
Total nondepreciable assets	11,616,000	1,090,000	-	12,706,000
Depreciable Assets:				
Buildings and infrastructure	13,118,000	-	-	13,118,000
Equipment	312,000	-	-	312,000
Total depreciable assets	13,430,000	-	-	13,430,000
Accumulated depreciation	(4,781,000)	(435,000)	-	(5,216,000)
Total Capital Assets, Net of Accumulated Depreciation	$ 20,265,000	$ 655,000	$ -	$ 20,920,000

Depreciation expense for the year ended June 30, 2021 was $435,000.

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2021 are summarized as follows:

Accounts payable	$ 24,925,000
Accrued payroll and benefits	637,000
Total	$ 25,562,000

Accounts payable and accrued liabilities decreased in FY 2021 from $42,292,000 in FY 2020 due primarily to a sale of land that didn’t finalize until FY 2021 and payments were received in advance.

8. Accrued Leave Liability

The following is a summary of the accrued leave liability for the year ended June 30, 2021:

Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
$ 693,000	$ 696,000	$ (540,000)	$ 849,000	$ 849,000

9. Retirement Plans

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

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

(a) Defined Benefit (DB) Pension Plan

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

Historical Context and Special Funding Situation

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

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

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

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

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

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

Contribution rates for the year ended June 30, 2021 were determined in the June 30, 2018 actuarial valuations. The Trust's contribution rates for the 2021 fiscal year were as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	26.58%	8.85%
Postemployment healthcare (ARHCT)	-%	4.27%	-%
Total Contribution Rates	22.00%	30.85%	8.85%

In 2021, the Trust was credited with the following contributions to the pension plan.

	Measurement Period July 1, 2019 to June 30, 2020	Trust Fiscal Year July 1, 2020 to June 30, 2021
Employer contributions (including DBUL)	$ 451,000	$ 473,000
Nonemployer contributions (on-behalf)	227,000	364,000
Total Contributions	$ 678,000	$ 837,000

In addition, employee contributions to the Plan totaled $125,000 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, 2021, 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	$ 8,409,000
State's proportionate share of NPL associated with the Trust	3,480,000
Total Net Pension Liability	$ 11,889,000

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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, 2020 measurement date, the Trust's proportion was 0.14250 percent, which was an increase of 0.00955 from its proportion measured as of June 30, 2019.

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For the year ended June 30, 2021, the Trust recognized pension expense of $1,606,000 and on-behalf revenue of $450,000 for support provided by the State. At June 30, 2021, 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	$ 27,000	$ -
Net difference between projected and actual earnings on pension plan investments	342,000	-
Changes in proportion and differences between Trust contributions and proportionate share of contributions	157,000	(60,000)
Trust contributions subsequent to the measurement date	473,000	-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	$ 999,000	$ (60,000)

The $473,000 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 ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	$ (27,000)
2023	120,000
2024	127,000
2025	246,000
Total Amortization	$ 466,000

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 40% of the time.

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

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 2.36%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24%
Global equity (non-U.S.)	18%	6.67%
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01%
Real assets	13%	3.82%
Private equity	11%	10.00%
Cash equivalents	-%	(1.09)%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Trust's proportionate share of the net pension liability calculated using the discount rate of 7.38%, 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 (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Trust's proportionate share of the net pension liability	0.14250%	$ 10,934,000	$ 8,409,000	$ 6,292,000

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 comprehensive annual financial report for PERS, and at the following website, as noted above. http://doa.alaska.gov/drb/pers.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the 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, 2021 to cover a portion of the Trust's employer match contributions. For the year ended June 30, 2021, forfeitures reduced pension expense by zero.

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, 2021, the Trust was required to contribute 8% of covered salary into the Plan.

The Trust and employee contributions to PERS for pensions for the year ended June 30, 2021 were $116,000 and $186,000, 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 is self-insured and provides major medical coverage to retirees of the PERS DC Plan (Tier IV). Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. http://doa.alaska.gov/drb/pers.

Employer Contribution Rate

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

Employer contribution rates for the year ended June 30, 2021 were as follows:

	Other
Alaska Retiree Healthcare Trust	-%
Retiree Medical Plan	1.27%
Occupational Death and Disability Benefits	0.31%
Total Contribution Rates	1.58%

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

	Measurement Period July 1, 2019 to June 30, 2020	Trust Fiscal Year July 1, 2020 to June 30, 2021
Employer contributions – ARHCT	$ 162,000	$ 241,000
Employer contributions - RMP	18,000	29,000
Employer contributions - ODD	3,000	7,000
Total Contributions	$ 183,000	$ 277,000

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

At June 30, 2021, the Trust reported a liability for its proportionate share of the net OPEB liabilities (NOL) 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	$ 645,000
Trust's proportionate share of NOA – ODD	55,000
Total Trust's Proportionate Share of Net OPEB Assets	$ 700,000
State's proportionate share of the ARHCT NOA associated with the Trust	189,000
Total Net OPEB Assets	$ 889,000

At June 30, 2021, the Trust reported a liability for its proportionate share of the net OPEB liability (NOL) associated with the Trust's participation in the RMP Plan. The amount recognized by the Trust for its proportionate share was $(14,000).

The total OPEB liabilities (asset) for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 to calculate the net OPEB liabilities (asset) as of that date. The Trust's proportion of the net OPEB liabilities (asset) is 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, 2019 Measurement Date Employer Proportion	June 30, 2020 Measurement Date Employer Proportion	Change
Trust's proportionate share of the net OPEB liabilities (asset):			
ARHCT	0.13294%	0.14244%	0.00950%
RMP	0.18045%	0.19698%	0.01653%
ODD	0.18363%	0.20016%	0.01653%

For the year ended June 30, 2021, the Trust recognized OPEB expense of ($246,000). Of this amount, ($172,000) was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense and on-behalf revenue is listed by plan in the table below:

Plan	OPEB expense	On-behalf revenue
ARHCT	$ (319,000)	$ (172,000)
RMP	63,000	-
ODD	10,000	-
Total	$ (246,000)	$ (172,000)

At June 30, 2021, the Trust reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

Deferred Outflows of Resources	ARHCT	RMP	ODD	Total
Changes in assumptions	$ -	$ 20,000	$ -	$ 20,000
Difference between projected and actual investment earnings	259,000	6,000	2,000	267,000
Changes in proportion and differences between Trust contributions and proportionate share of contributions	(75,000)	7,000	5,000	(63,000)
Trust contributions subsequent to the measurement date	241,000	29,000	7,000	277,000
Total Deferred Outflows of Resources Related to OPEB Plans	$ 425,000	$ 62,000	$ 14,000	$ 501,000

Deferred Inflows of Resources	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	$ (52,000)	$ (3,000)	$ (18,000)	$ (73,000)
Changes in assumptions	(450,000)	(36,000)	(1,000)	(487,000)
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	$ (502,000)	$ (40,000)	$ (19,000)	$ (561,000)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Trust contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	ARHCT	RMP	ODD	Total
2022	$ (478,000)	$ (2,000)	$ (3,000)	$ (483,000)
2023	92,000	-	(2,000)	90,000
2024	99,000	-	(2,000)	97,000
2025	(31,000)	(1,000)	(2,000)	(34,000)
2026	-	(3,000)	(3,000)	(6,000)
Thereafter	-	(1,000)	-	(1,000)
Total Amortization	$ (318,000)	$ (7,000)	$ (12,000)	$ (337,000)

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2020 was determined by actuarial valuations as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2020:

Actuarial cost method	Entry age normal
Amortization method	Unfunded accrued actuarial liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Graded by service from 6.75% to 2.75%.
Allocation methodology	Amounts for the June 30, 2020 measurement date were allocated to employers based on the present value of contributions for fiscal years 2022 to 2039 to the Plan, as determined by projections based on the June 30, 2019 valuation.
Investment return of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 91% of male and 96% of female rates of the RP-2014 health annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 40% of the time.
Participation (ARHCT)	100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population form pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amounts included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.36% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	26%	6.24%
Global equity (non-U.S.)	18%	6.67%
Aggregate bonds	24%	(0.16)%
Opportunistic	8%	3.01%
Real assets	13%	3.82%
Private equity	11%	10.00%
Cash equivalents	-%	(1.09)%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2020 was 7.38%. This discount rate used did not change from the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position or each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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

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

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
Trust's proportionate share of the net OPEB liability (asset):				
ARHCT	0.14244%	$ 673,000	$ (645,000)	$(1,737,000)
RMP	0.19698%	$ 87,000	$ 14,000	$ (41,000)
ODD	0.20016%	$ (51,000)	$ (55,000)	$ (57,000)

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

The following presents the Trust's proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports as well as what the Trust's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Trust's proportionate share of the net OPEB liability (asset):				
ARHCT	0.14244%	$ (1,865,000)	$ (645,000)	$ 832,000
RMP	0.19698%	$ (49,000)	$ 14,000	$ 100,000
ODD	0.20016%	$ n/a	$ n/a	$ n/a

OPEB Plan Fiduciary Net Position

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

(d) Defined Contribution OPEB Plans

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

Contribution Rate

AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2020, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,159 per year for each full-time employee, and $1.38 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2021, the Trust contributed $55,000 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

10. Rental Income under Operating Leases

The Trust's program revenues, rents and royalties include the leasing of land. The following is a schedule of minimum future rental income payments under noncancelable operating leases for the next five years:

Year Ending June 30:	Land	Minerals, Oil & Gas	Total
2022	$ 850,000	$ 648,000	$ 1,498,000
2023	827,000	647,000	1,474,000
2024	811,000	647,000	1,458,000
2025	797,000	526,000	1,323,000
2026	611,000	520,000	1,131,000
	$ 3,896,000	$ 2,988,000	$ 6,884,000

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. 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 2021 approximately $570,000 of impairments were recorded.

Statutory net income for the year ended June 30, 2021 is calculated as follows:

Income from investments managed by APFC	$ 167,999,000
Unrealized holding gains	(98,525,000)
Statutory Net Income	$ 69,474,000

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 FY2021, Trustees approved additional reservations of Trust income, and $50,000,000 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, 2021 is calculated as follows:

Contributions and appropriations to principal	$ 497,966,000
Unrealized gains on principal	132,024,000
Nonspendable Fund Balance	$ 629,990,000

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.

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. 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.

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 Trust could lose the value of Lot 10, the Trust could lose potential future income derived from Lot 10, and the court could award attorney's fees to SEACC.

COVID-19
On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the 2020 outbreak of a new strain of coronavirus, "COVID-19," continues to evolve as of the date of this report. The COVID-19 pandemic has adversely affected global, regional and Alaskan economic activity. Management is monitoring the global situation's impact on the Trust's financial condition, liquidity, operations, suppliers, industry, and workforce. However, given the daily evolution of the COVID-19 pandemic and the responses to curb its spread, the Trust is not able to estimate the effects of the COVID-19 pandemic on its results of operations, financial condition, or liquidity for fiscal year 2022.

Legislative Audit
Between fiscal years FY 2011 and FY 2016, the TLO purchased seven commercial properties using principal earnings generated from land assets under TLO management. The conclusion of a State Legislative Audit completed in FY 2018 was that the cash principal used by the TLO to purchase the assets was statutorily required to be managed by the APFC. In response to the recommendations of the Legislative Audit, and with Board of Trustees approval, the Trust made the following actions:

1) In FY 2019, $39,500,000 was transferred from spendable reserves to the Trust Fund, which resulted in the asset classification change from a principal-based investment to an investment from Trust spendable reserves;
2) In FY 2019, $1,800,000 was transferred from spendable reserves to the Trust Fund for the purpose of making-whole principal funds that had been used to invest in program-related real estate;
3) In FY 2020, implemented a revised Asset Management Policy Statement and began the process for updating the Resource Management Strategy; and
4) In FY 2020, engaged a Securities and Exchange Commission-registered independent commercial real estate financial advisor, Harvest Capital, to evaluate the commercial real estate performance and serve as an advisor to the Trust.

In March 2020, the Chairman of the Legislative Budget and Audit Committee informed the Trust that it would be conducting a follow-up audit to confirm funds were transferred to APFC for management and address other concerns that could be identified during the following audit. The audit process began March 2021, and the Legislative Auditor produced a report that was released to the public August 27, 2021, see Note 17.

16. 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 2021 reporting:

GASB Statement No. 84 – Fiduciary Activities – Effective for year-end June 30, 2021. This Statement addresses criteria for identifying and reporting fiduciary activities. This did not impact the Trust for the year ended June 30, 2021.

GASB Statement No. 90 – Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61 – Effective for year-end June 30, 2021. This Statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria. This did not impact the Trust for the year ended June 30, 2021.

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB 95). 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. 87 – Leases – Effective for year-end June 30, 2022, This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period – Effective for year-end June 30, 2022. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB Statement No. 91 – Conduit Debt Obligations – Effective for year-end June 30, 2023.This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This Statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

GASB Statement No. 92 - Omnibus 2020 – Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end June 30, 2022. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

GASB Statement No. 93 – Replacement of Interbank Offered Rates – The provisions of this Statement, except for paragraph 11b, 13 and 14, are required to be implemented for year-end June 30, 2021. The requirements in paragraph 11b, 13 and 14 are required to be implemented for year-end June 30, 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

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

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

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

17. Subsequent Events

Legislative Audit.
August 27, 2021, the State of Alaska Division of Legislative Audit released its special audit of the Trust that found the Trust had successfully responded to the Legislative Auditor's 2018 findings. 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. This report and the Trust's response may be found at the Division's web site. 30099 AMHTA Final.indd (akleg.gov)

U.S. Forest Service Land Exchange
Since 2005, the Trust and the United States Forest Service (USFS) have been working on a transfer to the USFS of Trust land surrounding seven Southeast Alaska communities in exchange for federal land that could create revenue to the Trust in support of its mission. The exchange of land was not to be based on acres, rather be based on land of equal value. In FY2021, appraisals of the land were completed. The transfer of 17,980.19 acres of Trust land, valued at $20,656,000, for 18,491.96 acres of federal land, valued at $20,692,000, occurred August 31, 2021. The TLO paid $36,000 to the USFS to equalize the values of land exchanged.

Trust Principal
In August 2021, the Board of Trustees authorized an irrevocable transfer of $26.3 million in spendable earnings to the Trust principal. The transfer was made in September 2021, to offset erosions of the purchasing power of the Trust's cash corpus attributed to inflation.

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 Proportionate Share of the Net Pension Liability - Pension Plan

Years Ended June 30,	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
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

Years Ended June 30,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Trust's Covered Payroll	Contributions as a Percentage of Covered Payroll
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

Public Employees' Retirement System OPEB Plan

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

Years Ended June 30,	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)
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

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

Years Ended June 30,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Trust's Covered Payroll	Contributions as a Percentage of Covered Payroll
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

Public Employees' Retirement System OPEB Plan

Schedule of the Trust's Proportionate Share of the Net OPEB Liability - RMP

Years Ended June 30,	Trust's Proportion of the Net OPEB Liability	Trust's Proportion Share of the Net OPEB Liability	State of Alaska Proportionate Share of the Net OPEB Liability	Total Net OPEB Liability	Trust's Covered Payroll	Trust's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
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

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

Years Ended June 30,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Trust's Covered Payroll	Contributions as a Percentage of Covered Payroll
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

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

Years Ended June 30,	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
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

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

Years Ended June 30,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Trust's Covered Payroll	Contributions as a Percentage of Covered Payroll
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.

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, 2021, the Plan measurement date is June 30, 2020.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2019 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

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

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 Trust 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.

2. Public Employees' Retirement System OPEB Plans

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

This table is presented based on the Plan measurement date. For June 30, 2021, the Plan measurement date is June 30, 2020.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.
4. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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

In 2020, 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 ten years of information is available, the Trust will present only those years for which information is available.

Schedule of Trust 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, 2021, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated October 27, 2021. 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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*.

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.

BDO USA, LLP

Anchorage, Alaska
October 27, 2021

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	X no
Significant deficiency(ies) identified?	___ yes	X (none reported)
Noncompliance material to financial statements noted?	___ yes	X no

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

There were no findings related to the financial statements which are required to be reported in accordance with the standards of financial audits contained in *Government Auditing Standards*.