



February 5, 2026

Representative Ashley Carrick
Chair of the House State Affairs Committee
120 4th Street, Room 406
Juneau, Alaska 99801-1182

Re: Response to Questions HB 124

Dear Chair Carrick:

The following information is provided in response to questions from the committee.

AIDEA's financial statements are prepared following the Governmental Accounting Standards Board (GASB) requirements, and on page 21 of AIDEA's audited FY25 financial statements, AIDEA presents a deferred inflows of resources balance of \$163.8 million. GASB Concept Statement No. 4 defines deferred inflows of resources as the *acquisition of net assets by the government that is applicable to a future reporting period*. GASB Statement No. 63 requires deferred inflows of resources to be presented as a separate section following liabilities and that the total of deferred inflows may be added to the total for liabilities. AIDEA's deferred inflows of resources is made up of two balances- amounts related to leases and amounts related to Other Post Employment Benefits (OPEB).

AIDEA's deferred inflows of resources related to leases was reported as \$163.8 million for FY25. Under GASB 87, AIDEA (as a lessor) must report the present value of long-term leases on its statement of net position. Under the accounting guidance for a lessor, the present value of each lease is recorded as an asset (debit), and an equal amount is recorded as deferred inflows of resources (credit). The deferred inflows of resources are amortized over the life of the leases and recognized as revenue. The \$163.8 million represents future lease revenue that will be recognized by AIDEA over the periods FY26- FY44.

AIDEA's deferred inflows of resources related to OPEB was reported as \$32 thousand. Under GASB 75, AIDEA must report a proportional share of the postemployment benefits (health care) related to the Alaska PERS Tier I -Tier III defined benefit pension plans. This amount represents changes in actuarial assumptions related to AIDEA's proportional share of the statewide OPEB balance that impacts the acquisition of net assets by AIDEA that is applicable to a future reporting period. This means that a change in actuarial assumptions related to the PERS defined benefit health care plan resulted in a gain (or reduction of cost) that will be recognized by AIDEA in a future reporting period.

Breakdown of operating revenues and nonoperating revenues

Under GASB 34, operating revenues are revenues from AIDEA's principal ongoing operations, and nonoperating revenues relate to activities that fall outside the principal ongoing operations. AIDEA's operating revenues from principal ongoing operations for FY25 totaled \$51.7 million

and includes interest on loans (\$16.7 million), lease revenue (\$12.5 million), income from the Alaska Energy Authority related to billings on shared employees (\$851 thousand), and other operating income such as rentals and mining tolls (\$21.6 million).

Under the accounting guidance, nonoperating revenues and expenses are reported together and not broken out into separate subtotals. For FY25, nonoperating revenues, net of expenses, totaled \$43.9 million.

AIDEA's nonoperating revenues and expenses primarily relate to investments. AIDEA's investment income, net of expenses, totaled approximately \$40.7 million. This amount is broken down as investment interest income (\$36.4 million) and noncash mark-to-market increase in the fair value of investments (\$5.1 million), reduced by investment manager expenses (\$720 thousand).

Lease interest income from AIDEA's leases totaled \$11.9 million. Lease interest income was previously reported as operating income along with lease revenue as the leases relate to AIDEA's principal ongoing operations, however GASB Implementation Guide No. 2025-1 now requires all lease interest income under GASB 87 to be reported as nonoperating income. As a result, the portion of lease revenue related to the amortization of the deferred inflows of resources continues to be recorded as operating revenue, whereas the lease interest income related to the financing component of those same leases must now be recorded as nonoperating revenue.

Appropriations from the State of Alaska totaled \$2.3 million and this relates to revenue recognized on the West Susitna Access Road. The Legislature previously appropriated AIDEA \$8.5 million to advance the road, and AIDEA only recognizes revenue from that advance as the work is performed.

AIDEA's dividend to the State of Alaska of \$11 million is reflected as the final nonoperating expense.

Sincerely,



Randy Ruaro
Executive Director
AIDEA

cc: House State Affairs Committee
Stuart Relay, Legislative Assistant, Representative Ashley Carrick