



**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Schedule of Employer and Nonemployer Allocations and
Schedule of Pension Amounts by Employer and Nonemployer

June 30, 2021

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

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Independent Auditors' Report

The Division of Retirement and Benefits and
Members of the Alaska Retirement Management Board
State of Alaska Teachers' Retirement System:

We have audited the accompanying schedule of employer and nonemployer allocations of the State of Alaska Teachers' Retirement System Defined Benefit Pension Plan (the Plan) as of and for the year ended June 30, 2021, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (benefit) (specified column totals) included in the accompanying schedule of pension amounts by employer and nonemployer of the Plan as of and for the year ended June 30, 2021, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on the schedule of employer and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer and nonemployer allocations and specified column totals included in the schedule of pension amounts by employer and nonemployer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer and nonemployer allocations and specified column totals included in the schedule of pension amounts by employer and nonemployer. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule of employer and nonemployer allocations and specified column totals included in the schedule of pension amounts by employer and nonemployer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer and nonemployer allocations and specified column totals included in the schedule of pension amounts by employer and nonemployer 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer and nonemployer allocations and specified column totals included in the schedule of pension amounts by employer and nonemployer.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer and nonemployer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (benefit) for the total of all participating entities for the Plan as of and for the year ended June 30, 2021, in accordance with U.S. generally accepted accounting principles.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State of Alaska Teachers' Retirement System, which includes the Defined Benefit Pension Plan, as of and for the year ended June 30, 2021, and our report thereon, dated October 20, 2021, expressed an unmodified opinion on those financial statements.

Other Information

The supplemental schedule of employer allocations of special funding amounts, supplemental schedule of special funding amounts by employer, and supplemental schedule of employer and nonemployer contributions have not been subject to the auditing procedures applied in the audit of the schedule of employer and nonemployer allocations and schedule of pension amounts by employer and nonemployer and accordingly, we do not express an opinion or provide any assurance on them.

Restriction on Use

Our report is intended solely for the information and use of the State of Alaska Teachers' Retirement System management, the members of the Alaska Retirement Management Board, State of Alaska Teachers' Retirement System Defined Benefit Pension Plan employers and nonemployers, and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Anchorage, Alaska
April 22, 2022

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2021

<u>Employer/nonemployer</u>	<u>Employer/ nonemployer number</u>	<u>Present value of projected future contributions</u>	<u>Allocation percentage</u>
Employer:			
Anchorage School District	701	\$ 238,772,000	18.93630 %
Cordova City School District	704	1,803,000	0.14299
Craig City School District	705	2,282,000	0.18098
Fairbanks North Star Borough School District	706	67,712,000	5.37004
Haines Borough School District	707	1,335,000	0.10587
Hoonah City School District	708	657,000	0.05210
Hydaburg City School District	709	753,000	0.05972
Juneau Borough School District	710	26,059,000	2.06666
Kake City School District	712	733,000	0.05813
Ketchikan Gateway Borough School District	714	13,987,000	1.10927
Klawock City School District	717	1,174,000	0.09311
Kodiak Island Borough School District	718	12,824,000	1.01703
Nenana City School District	719	1,944,000	0.15417
Nome City School District	720	3,606,000	0.28598
Matanuska-Susitna Borough School District	722	88,321,000	7.00448
Pelican City School District	723	99,000	0.00785
Petersburg City School District	724	2,845,000	0.22563
Sitka Borough School District	727	7,854,000	0.62288
Skagway City School District	728	919,000	0.07288
Unalaska City School District	729	2,055,000	0.16298
Valdez City School District	730	4,466,000	0.35419
Wrangell Public School District	731	1,715,000	0.13601
Yakutat School District	732	401,000	0.03180
University of Alaska	733	24,299,000	1.92708
Galena City School District	735	4,954,000	0.39289
North Slope Borough School District	736	14,271,000	1.13179
State of Alaska	737	8,235,000	0.65309
Bristol Bay Borough School District	742	757,000	0.06004
Southeast Regional Resource Center	743	560,000	0.04441
Dillingham City School District	744	2,960,000	0.23475
Kenai Peninsula Borough School District	746	43,313,000	3.43503
Saint Mary's School District	748	1,356,000	0.10754
Northwest Arctic Borough School District	751	12,613,000	1.00030
Bering Strait School District	752	14,263,000	1.13116
Lower Yukon School District	753	9,933,000	0.78776
Lower Kuskokwim School District	754	23,429,000	1.85808
Kuspuk School District	755	3,094,000	0.24538

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2021

<u>Employer/nonemployer</u>	<u>Employer/ nonemployer number</u>	<u>Present value of projected future contributions</u>	<u>Allocation percentage</u>
Southwest Region School District	756	\$ 4,375,000	0.34697 %
Lake And Peninsula Borough School District	757	3,571,000	0.28321
Aleutian Region School District	758	299,000	0.02371
Pribilof School District	759	344,000	0.02728
Iditarod Area School District	761	1,540,000	0.12213
Yukon / Koyukuk School District	762	4,495,000	0.35649
Yukon Flats School District	763	1,627,000	0.12903
Denali Borough School District	764	2,522,000	0.20001
Delta/Greely School District	765	3,579,000	0.28384
Alaska Gateway School District	766	2,343,000	0.18582
Copper River School District	767	1,543,000	0.12237
Chatham School District	768	1,019,000	0.08081
Southeast Island School District	769	1,826,000	0.14481
Annette Island School District	770	2,144,000	0.17003
Chugach School District	771	1,554,000	0.12324
Tanana School District	775	252,000	0.01999
Kashunamiut School District	777	936,000	0.07423
Yupiiit School District	778	3,058,000	0.24252
Special Education Service Agency	779	1,023,000	0.08113
Aleutians East Borough School District	780	1,444,000	0.11452
		<u>685,847,000</u>	<u>54.39249</u>
Total present value of projected future employer contributions			
Nonemployer:			
State of Alaska	999	575,075,000	45.60751
		<u>\$ 1,260,922,000</u>	<u>100.00000 %</u>
Total of all participating entities			

See accompanying notes to schedule of employer and nonemployer allocations and schedule of pension amounts by employer and nonemployer.

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**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Schedule of Pension Amounts by Employer and Nonemployer

As of and for the year ended June 30, 2021

Employer/nonemployer	Employer/ nonemployer number	Net pension liability	Deferred outflows of resources	
			Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
Employer:				
Anchorage School District	701	\$ 150,727,852	21,989,910	21,989,910
Cordova City School District	704	1,138,167	64,416	64,416
Craig City School District	705	1,440,541	281,795	281,795
Fairbanks North Star Borough School District	706	42,744,059	5,656,142	5,656,142
Haines Borough School District	707	842,736	102,351	102,351
Hoonah City School District	708	414,740	101,769	101,769
Hydaburg City School District	709	475,341	55,233	55,233
Juneau Borough School District	710	16,450,074	2,552,575	2,552,575
Kake City School District	712	462,716	51,590	51,590
Ketchikan Gateway Borough School District	714	8,829,471	1,390,800	1,390,800
Klawock City School District	717	741,102	98,293	98,293
Kodiak Island Borough School District	718	8,095,313	1,352,063	1,352,063
Nenana City School District	719	1,227,175	130,575	130,575
Nome City School District	720	2,276,333	442,211	442,211
Matanuska-Susitna Borough School District	722	55,753,751	7,979,938	7,979,938
Pelican City School District	723	62,495	17,301	17,301
Petersburg City School District	724	1,795,942	219,076	219,076
Sitka Borough School District	727	4,957,937	559,529	559,529
Skagway City School District	728	580,130	115,185	115,185
Unalaska City School District	729	1,297,245	188,075	188,075
Valdez City School District	730	2,819,219	439,725	439,725
Wrangell Public School District	731	1,082,615	232,399	232,399
Yakutat School District	732	253,136	51,183	51,183
University of Alaska	733	15,339,052	1,770,389	1,770,389
Galena City School District	735	3,127,275	461,960	461,960
North Slope Borough School District	736	9,008,750	1,555,471	1,555,471
State of Alaska	737	5,198,448	12,859	12,859
Bristol Bay Borough School District	742	477,866	111,024	111,024
Southeast Regional Resource Center	743	353,507	84,050	84,050
Dillingham City School District	744	1,868,538	876,229	876,229
Kenai Peninsula Borough School District	746	27,341,880	3,694,698	3,694,698
Saint Mary's School District	748	855,992	165,323	165,323
Northwest Arctic Borough School District	751	7,962,116	782,827	782,827
Bering Strait School District	752	9,003,700	1,380,151	1,380,151
Lower Yukon School District	753	6,270,332	866,574	866,574
Lower Kuskokwim School District	754	14,789,853	1,885,149	1,885,149
Kuspuk School District	755	1,953,127	458,270	458,270
Southwest Region School District	756	2,761,774	304,476	304,476
Lake And Peninsula Borough School District	757	2,254,239	408,919	408,919
Aleutian Region School District	758	188,748	21,443	21,443
Pribilof School District	759	217,154	6,008	6,008
Iditarod Area School District	761	972,145	165,887	165,887
Yukon / Koyukuk School District	762	2,837,526	437,608	437,608
Yukon Flats School District	763	1,027,064	192,848	192,848
Denali Borough School District	764	1,592,044	223,688	223,688
Delta/Greely School District	765	2,259,289	302,498	302,498
Alaska Gateway School District	766	1,479,048	155,303	155,303
Copper River School District	767	974,038	201,091	201,091
Chatham School District	768	643,257	137,228	137,228
Southeast Island School District	769	1,152,686	307,108	307,108
Annette Island School District	770	1,353,427	336,026	336,026
Chugach School District	771	980,982	193,823	193,823
Tanana School District	775	159,078	47,748	47,748
Kashunamiut School District	777	590,862	109,983	109,983
Yupit School District	778	1,930,401	518,402	518,402
Special Education Service Agency	779	645,782	81,948	81,948
Aleutians East Borough School District	780	911,543	—	—
Total attributable to employer contributions		432,949,613	62,329,143	62,329,143
Nonemployer:				
State of Alaska	999	363,023,387	—	—
Total of all participating entities		\$ 795,973,000	62,329,143	62,329,143

See accompanying notes to schedule of employer and nonemployer allocations and schedule of pension amounts by employer and nonemployer.

Deferred inflows of resources				Pension expense (benefit)		
Difference between expected and actual experience	Net difference between projected and actual investment earnings on pension plan investments	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan pension expense (benefit)	Net amortization of deferred amounts from change in proportion and difference between employer contributions and proportionate share of contributions	
					Proportionate share of contributions	Total pension expense (benefit)
1,449,064	155,610,957	—	157,060,021	(19,298,398)	64,919,575	45,621,177
10,942	1,175,040	—	1,185,982	(145,725)	162,600	16,875
13,849	1,487,210	—	1,501,059	(184,439)	900,719	716,280
410,932	44,128,830	—	44,539,762	(5,472,723)	16,669,386	11,196,663
8,102	870,038	—	878,140	(107,899)	313,821	205,922
3,987	428,176	—	432,163	(53,101)	301,130	248,029
4,570	490,740	—	495,310	(60,860)	266,469	205,609
158,147	16,983,004	—	17,141,151	(2,106,181)	7,377,452	5,271,271
4,448	477,706	—	482,154	(59,244)	118,025	58,781
84,885	9,115,518	—	9,200,403	(1,130,479)	4,369,920	3,239,441
7,125	765,112	—	772,237	(94,887)	310,851	215,964
77,827	8,357,575	—	8,435,402	(1,036,481)	3,998,189	2,961,708
11,798	1,266,931	—	1,278,729	(157,121)	372,353	215,232
21,884	2,350,079	—	2,371,963	(291,450)	1,345,918	1,054,468
536,004	57,559,996	—	58,096,000	(7,138,416)	23,509,788	16,371,372
601	64,520	—	65,121	(8,002)	56,253	48,251
17,266	1,854,125	—	1,871,391	(229,943)	641,778	411,835
47,665	5,118,559	—	5,166,224	(634,788)	1,489,135	854,347
5,577	598,925	—	604,502	(74,277)	321,377	247,100
12,471	1,339,271	—	1,351,742	(166,092)	485,385	319,293
27,103	2,910,553	—	2,937,656	(360,958)	1,554,664	1,193,706
10,408	1,117,689	—	1,128,097	(138,612)	683,272	544,660
2,434	261,337	—	263,771	(32,410)	140,452	108,042
147,466	15,835,988	—	15,983,454	(1,963,931)	4,625,805	2,661,874
30,065	3,228,589	—	3,258,654	(400,400)	1,367,090	966,690
86,608	9,300,605	—	9,387,213	(1,153,433)	3,738,989	2,585,556
49,977	5,366,861	—	5,416,838	(665,582)	(12,561)	(678,143)
4,594	493,347	—	497,941	(61,183)	298,735	237,552
3,399	364,960	—	368,359	(45,261)	277,106	231,845
17,964	1,929,072	—	1,947,036	(239,238)	2,085,605	1,846,367
262,859	28,227,671	—	28,490,530	(3,500,710)	10,172,916	6,672,206
8,229	883,724	—	891,953	(109,597)	522,858	413,261
76,546	8,220,063	—	8,296,609	(1,019,427)	1,959,098	939,671
86,560	9,295,391	—	9,381,951	(1,152,786)	4,091,173	2,938,387
60,282	6,473,471	—	6,533,753	(808,820)	2,088,428	1,285,608
142,186	15,268,998	—	15,411,184	(1,893,615)	5,228,298	3,334,683
18,777	2,016,402	—	2,035,179	(250,068)	1,355,446	1,105,378
26,551	2,851,247	—	2,877,798	(353,603)	747,678	394,075
21,672	2,327,269	—	2,348,941	(288,621)	1,148,093	859,472
1,815	194,862	—	196,677	(24,166)	60,043	35,877
2,088	224,189	—	226,277	(27,803)	(6,727)	(34,530)
9,346	1,003,639	—	1,012,985	(124,468)	487,289	362,821
27,279	2,929,453	—	2,956,732	(363,302)	1,237,704	874,402
9,874	1,060,338	—	1,070,212	(131,500)	371,784	240,284
15,306	1,643,622	—	1,658,928	(203,837)	733,919	530,082
21,720	2,332,483	—	2,354,203	(289,267)	865,492	576,225
14,219	1,526,965	—	1,541,184	(189,370)	434,869	245,499
9,364	1,005,594	—	1,014,958	(124,711)	483,154	358,443
6,184	664,096	—	670,280	(82,359)	328,331	245,972
11,082	1,190,029	—	1,201,111	(147,584)	846,958	699,374
13,012	1,397,274	—	1,410,286	(173,286)	841,263	667,977
9,431	1,012,763	—	1,022,194	(125,600)	595,469	469,869
1,529	164,232	—	165,761	(20,368)	75,279	54,911
5,680	610,004	—	615,684	(75,651)	119,460	43,809
18,558	1,992,940	—	2,011,498	(247,158)	1,420,941	1,173,783
6,208	666,703	—	672,911	(82,682)	292,503	209,821
8,763	941,074	74,928	1,024,765	(116,709)	(245,120)	(361,829)
<u>4,162,282</u>	<u>446,975,809</u>	<u>74,928</u>	<u>451,213,019</u>	<u>(55,432,582)</u>	<u>178,945,880</u>	<u>123,513,298</u>
<u>3,490,026</u>	<u>374,784,191</u>	<u>62,254,215</u>	<u>440,528,432</u>	<u>(46,479,596)</u>	<u>(178,945,880)</u>	<u>(225,425,476)</u>
<u>7,652,308</u>	<u>821,760,000</u>	<u>62,329,143</u>	<u>891,741,451</u>	<u>(101,912,178)</u>	<u>—</u>	<u>(101,912,178)</u>

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Notes to Schedule of Employer and Nonemployer Allocations and
Schedule of Pension Amounts by Employer and Nonemployer

June 30, 2021

(1) Plan Description

The State of Alaska Teachers' Retirement System (the System) Defined Benefit Pension Plan (the Plan) is a cost-sharing multiple-employer defined benefit pension plan that provides pension benefits for teachers and other eligible members.

The Plan is established under Alaska Statute 14.25, which defines the benefit and contribution provisions, and may be amended only by the State of Alaska (State) legislature. The 24th Alaska State Legislature enacted into law Senate Bill 141, which closed the Plan to new members effective July 1, 2006.

There are two tiers within the Plan:

- Employees hired between July 1, 1955 June 30, 1990
- Employees hired between July 1, 1990 and June 30, 2006

Vested members hired prior to July 1, 1990 are entitled to pension benefits beginning at normal retirement age, 55, or early retirement age, 50. For members hired after June 30, 1990, the normal and early retirement ages are 60 and 55, respectively. Members may also retire at any age and receive a normal benefit when they accumulate the required credited service.

The normal annual pension benefit is based on years of service and average base salary. The average base salary is based upon the members' three highest contract years' salaries.

The benefit related to all years of credited service prior to July 1, 1990 and for years of service through a total of 20 years is equal to 2% of the employee's average base salary. The benefit for each year over 20 years of service subsequent to June 30, 1990 is equal to 2.5% of the employee's base salary.

Minimum benefits for members eligible for retirement are \$25 per month for each year of credited service.

Married members must receive their benefits in the form of a joint and survivor annuity unless their spouse consents to another form of benefit or benefits are payable under the 1% supplemental contributions provision.

The Plan has two types of postretirement pension adjustments (PRPA). The automatic PRPA is issued annually to all eligible benefit recipients when the cost of living increases in the previous calendar year. The automatic PRPA increase is paid beginning July 1 of each year. The discretionary PRPA may be granted to eligible recipients by the Plan's Administrator if the cost of living in the previous calendar year rises and the financial condition of the Plan's permits. If both an automatic and discretionary PRPA are granted, and a retiree is eligible for both adjustments, the one that provides the retiree the greater increase will be paid.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Notes to Schedule of Employer and Nonemployer Allocations and
Schedule of Pension Amounts by Employer and Nonemployer

June 30, 2021

(2) Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of the Plan, its participating employers, or the State as a nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the Plan, its participating employers, or the State. The amounts presented in the Schedules are prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

(3) Allocation Methodology

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in the Plan to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense (benefit). The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

(4) Contributions

Employer contributions are actuarially determined and adopted by the Alaska Retirement Management Board (the Board). Employer contributions were 5.65% of annual payroll for the fiscal year 2021.

Alaska Statute 14.25.085 requires the State, as a nonemployer contributing entity, to contribute each July 1, or as soon after July 1 for the ensuing fiscal year, an amount that when combined with the total employer contributions is sufficient to pay the Plan's past service liability at the actuarially determined contribution rate adopted by the Board for that fiscal year.

(5) Collective Net Pension Liability

(a) Components of Collective Net Pension Liability

The components of the collective net pension liability of the Plan as of June 30, 2021, are as follows:

Total pension liability	\$	7,527,454,000
Plan fiduciary net position		<u>(6,731,481,000)</u>
Net pension liability	\$	<u><u>795,973,000</u></u>

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Notes to Schedule of Employer and Nonemployer Allocations and
Schedule of Pension Amounts by Employer and Nonemployer

June 30, 2021

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	Graded by service, from 6.75% to 2.75%
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 white-collar employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 93% of male and 90% of female of the RP-2014 white-collar healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 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 Plan assets.

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Notes to Schedule of Employer and Nonemployer Allocations and
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June 30, 2021

(b) Long-Term Expected Rate of Return

The long-term expected rate of return on 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 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 adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.50%):

<u>Asset class</u>	<u>Target asset allocation</u>	<u>Long-term expected real rate of return</u>
Broad Domestic equity	28.0 %	6.63 %
Global equity (non-U.S.)	19.0	5.41
Aggregate bonds	22.0	0.76
Opportunistic	6.0	4.39
Real assets	13.0	3.16
Private equity	12.0	9.29
Cash equivalents	0.0	0.13

(c) Discount Rate

The discount rate used to measure the total pension liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(d) Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the Plan as of June 30, 2021 calculated using the discount rate of 7.38%, as well as what the Plan's collective 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:

	<u>1% decrease (6.38%)</u>	<u>Current discount rate (7.38%)</u>	<u>1% increase (8.38%)</u>
\$	1,609,245,000	795,973,000	111,008,000

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June 30, 2021

(6) Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2021:

	Year of deferral	Amortization period	Beginning of year balance	Additions	Deductions	End of year balance
Deferred outflows of resources:						
Difference between expected and actual experience	2020	1.4 years	\$ 2,315,714	—	2,315,714	—
Total deferred outflows of resources			<u>\$ 2,315,714</u>	<u>—</u>	<u>2,315,714</u>	<u>—</u>
Deferred inflows of resources:						
Difference between expected and actual experience	2021	1.3 years	\$ —	33,160,000	25,507,692	7,652,308
Difference between projected and actual earnings on pension plan investments	2017	5 years	47,911,800	—	47,911,800	—
	2018	5 years	6,347,200	—	3,173,600	3,173,600
	2019	5 years	(48,877,800)	—	(16,292,600)	(32,585,200)
	2020	5 years	(145,480,000)	—	(36,370,000)	(109,110,000)
	2021	5 years	—	1,200,352,000	240,070,400	960,281,600
			<u>(140,098,800)</u>	<u>1,200,352,000</u>	<u>238,493,200</u>	<u>821,760,000</u>
Total deferred inflows of resources			<u>\$ (140,098,800)</u>	<u>1,233,512,000</u>	<u>264,000,892</u>	<u>829,412,308</u>

The previous amounts do not include employer and nonemployer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer and nonemployer over the average of the expected remaining service lives of all plan members, which is 1.3 years for the 2021 amount.

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June 30, 2021

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2022	\$ (198,233,708)
2023	(187,407,800)
2024	(203,700,400)
2025	<u>(240,070,400)</u>
Total	<u>\$ (829,412,308)</u>

(7) Collective Pension Expense (Benefit)

The components of the collective pension benefit (excluding employer specific amounts) for the year ending June 30, 2021 are as follows:

Service cost	\$	48,401,000
Interest on total pension liability		535,725,000
Member contributions		(33,342,000)
Administrative expense		3,446,000
Expected investment return net of investment expenses		(394,184,000)
Other		(273,000)
Recognition (amortization) of deferred outflows/inflows of resources:		
Difference between expected and actual experience		(23,191,978)
Difference between projected and actual investment earnings on pension plan investments		<u>(238,493,200)</u>
Total pension expense (benefit)	\$	<u>(101,912,178)</u>

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
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Supplemental Schedule of Employer Allocations of Special Funding Amounts (Unaudited)

As of and for the year ended June 30, 2021

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Anchorage School District	701	\$ 202,635,000	35.23627 %
Cordova City School District	704	1,531,000	0.26623
Craig City School District	705	1,935,000	0.33648
Fairbanks North Star Borough School District	706	57,462,000	9.99209
Haines Borough School District	707	1,134,000	0.19719
Hoonah City School District	708	557,000	0.09686
Hydaburg City School District	709	640,000	0.11129
Juneau Borough School District	710	22,117,000	3.84593
Kake City School District	712	623,000	0.10833
Ketchikan Gateway Borough School District	714	11,869,000	2.06390
Klawock City School District	717	1,001,000	0.17406
Kodiak Island Borough School District	718	10,882,000	1.89227
Nenana City School District	719	1,651,000	0.28709
Nome City School District	720	3,060,000	0.53210
Matanuska-Susitna Borough School District	722	74,953,000	13.03360
Pelican City School District	723	85,000	0.01478
Petersburg City School District	724	2,415,000	0.41995
Sitka Borough School District	727	6,668,000	1.15950
Skagway City School District	728	778,000	0.13529
Unalaska City School District	729	1,745,000	0.30344
Valdez City School District	730	3,787,000	0.65852
Wrangell Public School District	731	1,456,000	0.25318
Yakutat School District	732	339,000	0.05895
University of Alaska	733	20,623,000	3.58614
Galena City School District	735	4,200,000	0.73034
North Slope Borough School District	736	12,112,000	2.10616
Bristol Bay Borough School District	742	640,000	0.11129
Southeast Regional Resource Center	743	477,000	0.08295
Dillingham City School District	744	2,513,000	0.43699
Kenai Peninsula Borough School District	746	36,760,000	6.39221
Saint Mary's School District	748	1,151,000	0.20015
Northwest Arctic Borough School District	751	10,705,000	1.86150
Bering Strait School District	752	12,102,000	2.10442
Lower Yukon School District	753	8,429,000	1.46572
Lower Kuskokwim School District	754	19,882,000	3.45729
Kuspuk School District	755	2,624,000	0.45629
Southwest Region School District	756	3,714,000	0.64583
Lake And Peninsula Borough School District	757	3,029,000	0.52671
Aleutian Region School District	758	257,000	0.04469

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Supplemental Schedule of Employer Allocations of Special Funding Amounts (Unaudited)

As of and for the year ended June 30, 2021

<u>Employer</u>	<u>Employer number</u>	<u>Present value of projected future State contributions</u>	<u>Employer proportionate share</u>
Pribilof School District	759	\$ 295,000	0.05130 %
Iditarod Area School District	761	1,310,000	0.22780
Yukon / Koyukuk School District	762	3,815,000	0.66339
Yukon Flats School District	763	1,382,000	0.24032
Denali Borough School District	764	2,139,000	0.37195
Delta/Greely School District	765	3,036,000	0.52793
Alaska Gateway School District	766	1,989,000	0.34587
Copper River School District	767	1,311,000	0.22797
Chatham School District	768	865,000	0.15042
Southeast Island School District	769	1,553,000	0.27005
Annette Island School District	770	1,820,000	0.31648
Chugach School District	771	1,318,000	0.22919
Tanana School District	775	215,000	0.03739
Kashunamiut School District	777	796,000	0.13842
Yupit School District	778	2,594,000	0.45107
Special Education Service Agency	779	869,000	0.15111
Aleutians East Borough School District	780	1,227,000	0.21336
		<u>\$ 575,075,000</u>	<u>100.00000 %</u>

See accompanying independent auditors' report.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
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Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2021

Employer	Employer number	State proportionate share of net pension liability attributable to employer	Employer pension expense and related revenue attributable to special funding situation
Anchorage School District	701	\$ 127,915,919	\$ (16,377,674)
Cordova City School District	704	966,463	(123,741)
Craig City School District	705	1,221,493	(156,394)
Fairbanks North Star Borough School District	706	36,273,616	(4,644,282)
Haines Borough School District	707	715,852	(91,654)
Hoonah City School District	708	351,613	(45,019)
Hydaburg City School District	709	404,008	(51,727)
Juneau Borough School District	710	13,961,637	(1,787,574)
Kake City School District	712	393,277	(50,353)
Ketchikan Gateway Borough School District	714	7,492,457	(959,295)
Klawock City School District	717	631,894	(80,904)
Kodiak Island Borough School District	718	6,869,400	(879,522)
Nenana City School District	719	1,042,215	(133,440)
Nome City School District	720	1,931,664	(247,320)
Matanuska-Susitna Borough School District	722	47,315,032	(6,057,967)
Pelican City School District	723	53,657	(6,870)
Petersburg City School District	724	1,524,499	(195,189)
Sitka Borough School District	727	4,209,260	(538,931)
Skagway City School District	728	491,122	(62,881)
Unalaska City School District	729	1,101,553	(141,037)
Valdez City School District	730	2,390,592	(306,079)
Wrangell Public School District	731	919,118	(117,679)
Yakutat School District	732	213,998	(27,399)
University of Alaska	733	13,018,530	(1,666,824)
Galena City School District	735	2,651,303	(339,459)
North Slope Borough School District	736	7,645,854	(978,935)
Bristol Bay Borough School District	742	404,008	(51,727)
Southeast Regional Resource Center	743	301,112	(38,553)
Dillingham City School District	744	1,586,363	(203,110)
Kenai Peninsula Borough School District	746	23,205,216	(2,971,073)
Saint Mary's School District	748	726,583	(93,028)
Northwest Arctic Borough School District	751	6,757,667	(865,216)
Bering Strait School District	752	7,639,541	(978,126)
Lower Yukon School District	753	5,320,913	(681,262)
Lower Kuskokwim School District	754	12,550,765	(1,606,934)
Kuspuk School District	755	1,656,433	(212,081)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2021

<u>Employer</u>	<u>Employer number</u>	<u>State proportionate share of net pension liability attributable to employer</u>	<u>Employer pension expense and related revenue attributable to special funding situation</u>
Southwest Region School District	756	\$ 2,344,510	\$ (300,179)
Lake And Peninsula Borough School District	757	1,912,095	(244,814)
Aleutian Region School District	758	162,235	(20,772)
Pribilof School District	759	186,222	(23,843)
Iditarod Area School District	761	826,954	(105,879)
Yukon / Koyukuk School District	762	2,408,267	(308,342)
Yukon Flats School District	763	872,405	(111,698)
Denali Borough School District	764	1,350,271	(172,882)
Delta/Greely School District	765	1,916,513	(245,380)
Alaska Gateway School District	766	1,255,581	(160,758)
Copper River School District	767	827,585	(105,960)
Chatham School District	768	546,042	(69,912)
Southeast Island School District	769	980,351	(125,519)
Annette Island School District	770	1,148,898	(147,099)
Chugach School District	771	832,004	(106,525)
Tanana School District	775	135,721	(17,377)
Kashunamiut School District	777	502,485	(64,336)
Yupit School District	778	1,637,495	(209,656)
Special Education Service Agency	779	548,567	(70,236)
Aleutians East Borough School District	780	774,559	(99,170)
Total for all employers		<u>\$ 363,023,387</u>	<u>\$ (46,479,596)</u>

See accompanying independent auditors' report.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
DEFINED BENEFIT PENSION PLAN**

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2021

<u>Employer/nonemployer</u>	<u>Employer number</u>	<u>Actual contributions</u>
Employer:		
Anchorage School District	701	\$ 9,845,817
Cordova City School District	704	84,368
Craig City School District	705	102,517
Fairbanks North Star Borough School District	706	2,904,889
Haines Borough School District	707	44,989
Hoonah City School District	708	37,495
Hydaburg City School District	709	27,158
Juneau Borough School District	710	1,067,248
Kake City School District	712	24,464
Ketchikan Gateway Borough School District	714	614,141
Klawock City School District	717	58,956
Kodiak Island Borough School District	718	559,135
Nenana City School District	719	92,091
Nome City School District	720	156,746
Matanuska-Susitna Borough School District	722	3,797,960
Pelican City School District	723	7,753
Petersburg City School District	724	136,268
Sitka Borough School District	727	344,183
Skagway City School District	728	42,181
Unalaska City School District	729	94,194
Valdez City School District	730	212,196
Wrangell Public School District	731	72,657
Yakutat School District	732	17,775
University of Alaska	733	1,168,574
Galena City School District	735	209,084
North Slope Borough School District	736	586,217
State of Alaska	737	1,120,497
Bristol Bay Borough School District	742	25,403
Southeast Regional Resource Center	743	13,905
Dillingham City School District	744	94,633
Kenai Peninsula Borough School District	746	1,793,208
Saint Mary's School District	748	46,980
Northwest Arctic Borough School District	751	492,116
Bering Strait School District	752	493,328
Lower Yukon School District	753	523,635
Lower Kuskokwim School District	754	837,947
Kuspuk School District	755	83,864
Southwest Region School District	756	163,506
Lake And Peninsula Borough School District	757	159,522
Aleutian Region School District	758	10,241
Pribilof School District	759	14,522
Iditarod Area School District	761	58,900

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
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Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2021

<u>Employer/nonemployer</u>	<u>Employer number</u>	<u>Actual contributions</u>
Yukon / Koyukuk School District	762	\$ 177,599
Yukon Flats School District	763	79,025
Denali Borough School District	764	104,267
Delta/Greely School District	765	154,276
Alaska Gateway School District	766	75,615
Copper River School District	767	44,906
Chatham School District	768	32,386
Southeast Island School District	769	44,107
Annette Island School District	770	58,668
Chugach School District	771	71,896
Tanana School District	775	3,702
Kashunamiut School District	777	42,326
Yupit School District	778	101,573
Special Education Service Agency	779	38,673
Aleutians East Borough School District	780	<u>65,293</u>
Total employer contributions		29,335,577
Nonemployer:		
State of Alaska	999	<u>134,069,997</u>
Total for all participating entities		<u>\$ 163,405,574</u>

See accompanying independent auditors' report.