



**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, 2022

(With Independent Auditors' Report Thereon)

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

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Independent Auditor's Report

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

Opinions

We have audited the 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, 2022, 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, 2022, and the related notes.

In our opinion, the accompanying 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, 2022, in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Plan 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 opinions.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with U.S. generally accepted accounting principles, and for 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' Responsibilities for the Audit of the Schedules

Our objectives are 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, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 schedule of employer and nonemployer allocations and the specified totals included in the schedule of pension amounts by employer and nonemployer.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule of employer and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer, 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 schedule of employer and nonemployer allocations and specified column totals included in the schedule of pension amounts by employer and nonemployer.
- 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 Plan'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 schedule of employer and nonemployer allocations and the specified column totals included in the schedule of pension amounts by employer and nonemployer.

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.

Other Matter

We have audited, in accordance with GAAS, the financial statements of the State of Alaska Teachers' Retirement System as of and for the year ended June 30, 2022, and our report thereon, dated October 14, 2022, 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, Alaska Management Retirement Board, State of Alaska Teachers' Retirement System employers 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
March 28, 2023

**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, 2022

<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	\$ 230,364,000	14.82423 %
Cordova City School District	704	2,046,000	0.13166
Craig City School District	705	2,327,000	0.14975
Fairbanks North Star Borough School District	706	64,424,000	4.14577
Haines Borough School District	707	1,336,000	0.08597
Hoonah City School District	708	669,000	0.04305
Hydaburg City School District	709	668,000	0.04299
Juneau Borough School District	710	24,067,000	1.54874
Kake City School District	712	806,000	0.05187
Ketchikan Gateway Borough School District	714	13,542,000	0.87145
Klawock City School District	717	1,018,000	0.06551
Kodiak Island Borough School District	718	13,388,000	0.86154
Nenana City School District	719	2,192,000	0.14106
Nome City School District	720	3,691,000	0.23752
Matanuska-Susitna Borough School District	722	92,187,000	5.93236
Pelican City School District	723	103,000	0.00663
Petersburg City School District	724	3,086,000	0.19859
Sitka Borough School District	727	7,578,000	0.48765
Skagway City School District	728	922,000	0.05933
Unalaska City School District	729	1,823,000	0.11731
Valdez City School District	730	4,271,000	0.27484
Wrangell Public School District	731	1,635,000	0.10521
Yakutat School District	732	597,000	0.03842
University of Alaska	733	23,985,000	1.54347
Galena City School District	735	5,832,000	0.37530
North Slope Borough School District	736	12,824,000	0.82524
State of Alaska	737	10,067,000	0.64783
Bristol Bay Borough School District	742	879,000	0.05656
Southeast Regional Resource Center	743	561,000	0.03610
Dillingham City School District	744	2,819,000	0.18141
Kenai Peninsula Borough School District	746	42,225,000	2.71724
Saint Mary's School District	748	924,000	0.05946
Northwest Arctic Borough School District	751	11,406,000	0.73399
Bering Strait School District	752	14,107,000	0.90780
Lower Yukon School District	753	11,632,000	0.74853
Lower Kuskokwim School District	754	20,726,000	1.33375

**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, 2022

<u>Employer/nonemployer</u>	<u>Employer/ nonemployer number</u>	<u>Present value of projected future contributions</u>	<u>Allocation percentage</u>
Kuspuk School District	755	\$ 2,146,000	0.13810 %
Southwest Region School District	756	4,660,000	0.29988
Lake And Peninsula Borough School District	757	3,857,000	0.24820
Aleutian Region School District	758	348,000	0.02239
Pribilof School District	759	389,000	0.02503
Iditarod Area School District	761	1,108,000	0.07130
Yukon / Koyukuk School District	762	4,658,000	0.29975
Yukon Flats School District	763	1,478,000	0.09511
Denali Borough School District	764	2,408,000	0.15496
Delta/Greely School District	765	3,203,000	0.20612
Alaska Gateway School District	766	2,814,000	0.18108
Copper River School District	767	1,570,000	0.10103
Chatham School District	768	691,000	0.04447
Southeast Island School District	769	1,256,000	0.08083
Annette Island School District	770	2,550,000	0.16410
Chugach School District	771	1,643,000	0.10573
Tanana School District	775	196,000	0.01261
Kashunamiut School District	777	1,056,000	0.06796
Yupiiit School District	778	2,181,000	0.14035
Special Education Service Agency	779	1,108,000	0.07130
Aleutians East Borough School District	780	1,888,000	0.12150
Total present value of projected future employer contributions		671,935,000	43.23993
Nonemployer:			
State of Alaska	999	882,034,000	56.76007
Total of all participating entities		<u>\$ 1,553,969,000</u>	<u>100.00000 %</u>

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, 2022

Deferred outflows of resources						
Employer/nonemployer	Employer/ nonemployer number	Net pension liability	Change of assumptions	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 outflows of resources
Employer:						
Anchorage School District	701	\$ 247,105,452	2,076,713	10,910,962	—	12,987,675
Cordova City School District	704	2,194,691	18,445	96,907	—	115,352
Craig City School District	705	2,496,112	20,978	110,216	—	131,194
Fairbanks North Star Borough School District	706	69,105,944	580,777	3,051,379	—	3,632,156
Haines Borough School District	707	1,433,092	12,044	63,278	—	75,322
Hoonah City School District	708	717,619	6,031	31,687	—	37,718
Hydaburg City School District	709	716,546	6,022	31,639	—	37,661
Juneau Borough School District	710	25,816,043	216,962	1,139,910	—	1,356,872
Kake City School District	712	864,575	7,266	38,175	—	45,441
Ketchikan Gateway Borough School District	714	14,526,150	122,080	641,403	—	763,483
Klawock City School District	717	1,091,982	9,177	48,217	—	57,394
Kodiak Island Borough School District	718	14,360,958	120,692	634,109	—	754,801
Nenana City School District	719	2,351,301	19,761	103,822	—	123,583
Nome City School District	720	3,959,239	33,274	174,821	—	208,095
Matanuska-Susitna Borough School District	722	98,886,590	831,059	4,366,346	—	5,197,405
Pelican City School District	723	110,485	929	4,878	—	5,807
Petersburg City School District	724	3,310,272	27,820	146,165	—	173,985
Sitka Borough School District	727	8,128,723	68,315	358,924	—	427,239
Skagway City School District	728	989,005	8,312	43,670	—	51,982
Unalaska City School District	729	1,955,485	16,434	86,345	—	102,779
Valdez City School District	730	4,581,390	38,503	202,292	—	240,795
Wrangell Public School District	731	1,753,822	14,739	77,440	—	92,179
Yakutat School District	732	640,386	5,382	28,276	5,296	38,954
University of Alaska	733	25,728,084	216,223	1,136,026	—	1,352,249
Galena City School District	735	6,255,834	52,575	276,227	—	328,802
North Slope Borough School District	736	13,755,970	115,607	607,396	—	723,003
State of Alaska	737	10,798,608	90,753	476,813	—	567,566
Bristol Bay Borough School District	742	942,880	7,924	41,633	—	49,557
Southeast Regional Resource Center	743	601,770	5,057	26,571	—	31,628
Dillingham City School District	744	3,023,868	25,413	133,519	—	158,932
Kenai Peninsula Borough School District	746	45,293,656	380,655	1,999,945	—	2,380,600
Saint Mary's School District	748	991,151	8,330	43,764	—	52,094
Northwest Arctic Borough School District	751	12,234,919	102,824	540,234	—	643,058
Bering Strait School District	752	15,132,211	127,174	668,164	—	795,338
Lower Yukon School District	753	12,477,343	104,862	550,938	—	655,800
Lower Kuskokwim School District	754	22,232,239	186,843	981,666	—	1,168,509
Kuspuk School District	755	2,301,958	19,346	101,643	—	120,989
Southwest Region School District	756	4,998,660	42,010	220,716	—	262,726
Lake And Peninsula Borough School District	757	4,137,303	34,771	182,683	—	217,454
Aleutian Region School District	758	373,291	3,137	16,483	—	19,620
Pribilof School District	759	417,270	3,507	18,425	—	21,932
Iditarod Area School District	761	1,188,523	9,989	52,479	—	62,468
Yukon / Koyukuk School District	762	4,996,515	41,992	220,622	—	262,614
Yukon Flats School District	763	1,585,412	13,324	70,004	—	83,328
Denali Borough School District	764	2,582,999	21,708	114,053	—	135,761
Delta/Greely School District	765	3,435,775	28,875	151,707	—	180,582
Alaska Gateway School District	766	3,018,504	25,368	133,282	—	158,650
Copper River School District	767	1,684,098	14,153	74,361	—	88,514
Chatham School District	768	741,218	6,229	32,729	—	38,958
Southeast Island School District	769	1,347,278	11,323	59,489	—	70,812
Annette Island School District	770	2,735,318	22,988	120,778	—	143,766
Chugach School District	771	1,762,403	14,812	77,819	—	92,631
Tanana School District	775	210,244	1,767	9,283	—	11,050
Kashunamiut School District	777	1,132,744	9,520	50,016	—	59,536
Yupit School District	778	2,339,502	19,662	103,301	—	122,963
Special Education Service Agency	779	1,188,523	9,989	52,479	—	62,468
Aleutians East Borough School District	780	2,025,208	17,020	89,423	360	106,803
Total attributable to employer contributions		<u>720,767,141</u>	<u>6,057,445</u>	<u>31,825,532</u>	<u>5,656</u>	<u>37,888,633</u>
Nonemployer:						
State of Alaska	999	946,134,859	7,951,464	41,776,668	20,466,478	70,194,610
Total of all participating entities		<u>\$ 1,666,902,000</u>	<u>14,008,909</u>	<u>73,602,200</u>	<u>20,472,134</u>	<u>108,083,243</u>

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	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)
804,107	7,404,648	8,208,755	19,534,761	(52,056,547)	(32,521,786)
7,142	29,178	36,320	173,500	(227,369)	(53,869)
8,123	59,938	68,061	197,329	(317,580)	(120,251)
224,878	2,214,339	2,439,217	5,463,126	(16,487,251)	(11,024,125)
4,663	38,390	43,053	113,292	(281,545)	(168,253)
2,335	17,600	19,935	56,731	(74,231)	(17,500)
2,332	28,690	31,022	56,646	(231,672)	(175,026)
84,008	911,068	995,076	2,040,871	(6,558,102)	(4,517,231)
2,813	15,094	17,907	68,348	(99,352)	(31,004)
47,270	436,991	484,261	1,148,355	(2,979,111)	(1,830,756)
3,553	45,925	49,478	86,326	(360,958)	(274,632)
46,732	313,172	359,904	1,135,296	(1,779,656)	(644,360)
7,651	31,753	39,404	185,881	(186,956)	(1,075)
12,884	93,487	106,371	312,995	(492,663)	(179,668)
321,787	2,152,819	2,474,606	7,817,415	(13,548,249)	(5,730,834)
360	2,289	2,649	8,734	(5,588)	3,146
10,772	59,268	70,040	261,691	(373,609)	(111,918)
26,452	240,014	266,466	642,611	(1,840,614)	(1,198,003)
3,218	25,702	28,920	78,185	(141,837)	(63,652)
6,363	78,985	85,348	154,590	(601,776)	(447,186)
14,908	140,732	155,640	362,179	(967,594)	(605,415)
5,707	55,072	60,779	138,647	(318,318)	(179,671)
2,084	—	2,084	50,625	104,141	154,766
83,722	705,151	788,873	2,033,917	(5,281,120)	(3,247,203)
20,357	58,076	78,433	494,551	(118,797)	375,754
44,763	542,545	587,308	1,087,469	(3,869,977)	(2,782,508)
35,140	5,172	40,312	853,677	(38,855)	814,822
3,068	10,913	13,981	74,539	1,897	76,436
1,958	16,746	18,704	47,573	(83,407)	(35,834)
9,840	97,676	107,516	239,050	(100,530)	138,520
147,390	1,316,008	1,463,398	3,580,661	(9,465,381)	(5,884,720)
3,225	76,371	79,596	78,355	(598,391)	(520,036)
39,814	465,699	505,513	967,224	(3,874,164)	(2,906,940)
49,242	420,222	469,464	1,196,267	(2,822,074)	(1,625,807)
40,603	129,550	170,153	986,388	(428,927)	557,461
72,346	893,874	966,220	1,757,555	(7,053,596)	(5,296,041)
7,491	169,513	177,004	181,980	(1,236,864)	(1,054,884)
16,266	105,187	121,453	395,166	(747,391)	(352,225)
13,463	78,227	91,690	327,072	(373,355)	(46,283)
1,215	4,517	5,732	29,510	(23,726)	5,784
1,358	6,000	7,358	32,987	(53,990)	(21,003)
3,868	79,959	83,827	93,958	(633,703)	(539,745)
16,259	113,370	129,629	394,996	(696,095)	(301,099)
5,159	59,905	65,064	125,334	(406,198)	(280,864)
8,405	81,185	89,590	204,197	(588,166)	(383,969)
11,180	132,892	144,072	271,613	(1,026,422)	(754,809)
9,823	27,854	37,677	238,626	(123,239)	115,387
5,480	40,844	46,324	133,135	(207,345)	(74,210)
2,412	56,257	58,669	58,596	(425,346)	(366,750)
4,384	101,953	106,337	106,508	(712,424)	(605,916)
8,901	28,228	37,129	216,239	53,745	269,984
5,735	36,702	42,437	139,326	(173,192)	(33,866)
684	12,553	13,237	16,621	(77,785)	(61,164)
3,686	17,003	20,689	89,548	(60,048)	29,500
7,613	165,015	172,628	184,948	(1,131,747)	(946,799)
3,868	21,813	25,681	93,958	(136,186)	(42,228)
6,590	—	6,590	160,102	(71,327)	88,775
2,345,450	20,472,134	22,817,584	56,979,780	(142,410,563)	(85,430,783)
3,078,823	—	3,078,823	74,796,076	142,410,563	217,206,639
5,424,273	20,472,134	25,896,407	131,775,856	—	131,775,856

**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, 2022

(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 and 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, 2022

(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 6.06% of annual payroll for the fiscal year 2022.

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, 2022, are as follows:

Total pension liability	\$ 7,693,553,000
Plan fiduciary net position	<u>(6,026,651,000)</u>
Net pension liability	<u>\$ 1,666,902,000</u>

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Notes to Schedule of Employer and Nonemployer Allocations and
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June 30, 2022

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

Inflation	2.50% per year
Salary increases	Range from 7.00% to 2.85% based on service.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality	<p>Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.</p> <p>Post-commencement mortality rates for healthy retirees were based on 97% of the Pub-2010 Teachers Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on 100% of male and 95% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>
Other	Please see the experience study report dated July 15, 2022.

The assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 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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June 30, 2022

(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, 2022 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	27.00%	6.51%
Global equity (non-U.S.)	18.00	5.70
Aggregate bonds	21.00	0.31
Opportunistic	6.00	—
Real assets	14.00	3.71
Private equity	14.00	9.61
Cash equivalents	—	(0.50)

(c) Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the 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, 2022 calculated using the discount rate of 7.25%, 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 (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% increase (8.25%)</u>
\$	2,493,199,000	1,666,902,000	969,858,000

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June 30, 2022

(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, 2022:

	<u>Year of deferral</u>	<u>Amortization period</u>	<u>Beginning of year balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of year balance</u>
Deferred outflows of resources:						
Change in assumptions	2022	1.1 years	\$ —	154,098,000	140,089,091	14,008,909
Difference between projected and actual earnings on pension plan investments	2018	5 years	(3,173,600)	—	(3,173,600)	—
	2019	5 years	32,585,200	—	16,292,600	16,292,600
	2020	5 years	109,110,000	—	36,370,000	72,740,000
	2021	5 years	(960,281,600)	—	(240,070,400)	(720,211,200)
	2022	5 years	—	880,976,000	176,195,200	704,780,800
			<u>(821,760,000)</u>	<u>880,976,000</u>	<u>(14,386,200)</u>	<u>73,602,200</u>
Total deferred outflows of resources			<u>\$ (821,760,000)</u>	<u>1,035,074,000</u>	<u>125,702,891</u>	<u>87,611,109</u>
Deferred inflows of resources:						
Difference between expected and actual experience	2021	1.3 years	\$ 7,652,308	—	7,652,308	—
	2022	1.1 years	—	59,667,000	54,242,727	5,424,273
Total deferred inflows of resources			<u>\$ 7,652,308</u>	<u>59,667,000</u>	<u>61,895,035</u>	<u>5,424,273</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 1.1 years and 1.3 years for the 2022 and 2021 amounts, respectively.

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June 30, 2022

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:	
2023	\$ (2,627,964)
2024	(27,505,200)
2025	(63,875,200)
2026	<u>176,195,200</u>
Total	<u>\$ 82,186,836</u>

(7) Collective Pension Expense

The components of the collective pension expense (excluding employer specific amounts) for the year ending June 30, 2022 are as follows:

Service cost	\$ 44,727,000
Interest on total pension liability	538,703,000
Member contributions	(30,013,000)
Administrative expense	3,805,000
Other additions less other deductions	(36,000)
Expected investment return net of investment expenses	(489,218,000)
Other	
Recognition (amortization) of deferred outflows/inflows of resources:	
Change in assumptions	140,089,091
Difference between projected and actual investment earnings on pension plan investments	(14,386,200)
Difference between expected and actual experience	<u>(61,895,035)</u>
Total pension expense	<u>\$ 131,775,856</u>

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

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

As of and for the year ended June 30, 2022

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Anchorage School District	701	\$ 306,986,000	34.80429 %
Cordova City School District	704	2,726,000	0.30906
Craig City School District	705	3,100,000	0.35146
Fairbanks North Star Borough School District	706	85,855,000	9.73375
Haines Borough School District	707	1,780,000	0.20181
Hoonah City School District	708	893,000	0.10124
Hydaburg City School District	709	891,000	0.10102
Juneau Borough School District	710	32,070,000	3.63591
Kake City School District	712	1,076,000	0.12199
Ketchikan Gateway Borough School District	714	18,047,000	2.04607
Klawock City School District	717	1,358,000	0.15396
Kodiak Island Borough School District	718	17,843,000	2.02294
Nenana City School District	719	2,920,000	0.33105
Nome City School District	720	4,921,000	0.55792
Matanuska-Susitna Borough School District	722	122,854,000	13.92849
Pelican City School District	723	142,000	0.01610
Petersburg City School District	724	4,111,000	0.46608
Sitka Borough School District	727	10,099,000	1.14497
Skagway City School District	728	1,228,000	0.13922
Unalaska City School District	729	2,429,000	0.27539
Valdez City School District	730	5,692,000	0.64533
Wrangell Public School District	731	2,179,000	0.24704
Yakutat School District	732	795,000	0.09013
University of Alaska	733	31,964,000	3.62390
Galena City School District	735	7,773,000	0.88126
North Slope Borough School District	736	17,090,000	1.93757
Bristol Bay Borough School District	742	1,171,000	0.13276
Southeast Regional Resource Center	743	751,000	0.08514
Dillingham City School District	744	3,756,000	0.42583
Kenai Peninsula Borough School District	746	56,265,000	6.37901
Saint Mary's School District	748	1,232,000	0.13968
Northwest Arctic Borough School District	751	15,199,000	1.72318
Bering Strait School District	752	18,798,000	2.13121
Lower Yukon School District	753	15,497,000	1.75696
Lower Kuskokwim School District	754	27,619,000	3.13129
Kuspuk School District	755	2,862,000	0.32448
Southwest Region School District	756	6,209,000	0.70394
Lake And Peninsula Borough School District	757	5,140,000	0.58274
Aleutian Region School District	758	464,000	0.05261

**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, 2022

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Pribilof School District	759	\$ 518,000	0.05873 %
Iditarod Area School District	761	1,478,000	0.16757
Yukon / Koyukuk School District	762	6,206,000	0.70360
Yukon Flats School District	763	1,971,000	0.22346
Denali Borough School District	764	3,212,000	0.36416
Delta/Greely School District	765	4,268,000	0.48388
Alaska Gateway School District	766	3,750,000	0.42515
Copper River School District	767	2,094,000	0.23741
Chatham School District	768	922,000	0.10453
Southeast Island School District	769	1,674,000	0.18979
Annette Island School District	770	3,397,000	0.38513
Chugach School District	771	2,186,000	0.24784
Tanana School District	775	260,000	0.02948
Kashunamiut School District	777	1,410,000	0.15986
Yupiiit School District	778	2,906,000	0.32947
Special Education Service Agency	779	1,478,000	0.16757
Aleutians East Borough School District	780	2,519,000	0.28559
		\$ 882,034,000	100.00000 %

See accompanying independent auditors' report.

**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, 2022

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	\$ 329,295,876	26,032,273
Cordova City School District	704	2,924,109	231,164
Craig City School District	705	3,325,289	262,879
Fairbanks North Star Borough School District	706	92,094,418	7,280,464
Haines Borough School District	707	1,909,360	150,943
Hoonah City School District	708	957,898	75,726
Hydaburg City School District	709	955,752	75,556
Juneau Borough School District	710	34,400,652	2,719,521
Kake City School District	712	1,154,197	91,244
Ketchikan Gateway Borough School District	714	19,358,546	1,530,377
Klawock City School District	717	1,456,691	115,158
Kodiak Island Borough School District	718	19,139,721	1,513,078
Nenana City School District	719	3,132,208	247,615
Nome City School District	720	5,278,628	417,299
Matanuska-Susitna Borough School District	722	131,782,280	10,417,963
Pelican City School District	723	152,320	12,042
Petersburg City School District	724	4,409,762	348,611
Sitka Borough School District	727	10,832,934	856,391
Skagway City School District	728	1,317,244	104,134
Unalaska City School District	729	2,605,525	205,978
Valdez City School District	730	6,105,660	482,679
Wrangell Public School District	731	2,337,356	184,778
Yakutat School District	732	852,776	67,416
University of Alaska	733	34,286,949	2,710,532
Galena City School District	735	8,337,894	659,147
North Slope Borough School District	736	18,331,997	1,449,224
Bristol Bay Borough School District	742	1,256,101	99,300
Southeast Regional Resource Center	743	805,578	63,684
Dillingham City School District	744	4,028,963	318,507
Kenai Peninsula Borough School District	746	60,353,997	4,771,246
Saint Mary's School District	748	1,321,534	104,473
Northwest Arctic Borough School District	751	16,303,571	1,288,868
Bering Strait School District	752	20,164,124	1,594,062
Lower Yukon School District	753	16,623,228	1,314,138
Lower Kuskokwim School District	754	29,626,181	2,342,078
Kuspuk School District	755	3,069,993	242,696

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Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

<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	\$ 6,660,232	526,520
Lake And Peninsula Borough School District	757	5,513,544	435,870
Aleutian Region School District	758	497,721	39,347
Pribilof School District	759	555,645	43,926
Iditarod Area School District	761	1,585,412	125,334
Yukon / Koyukuk School District	762	6,657,014	526,266
Yukon Flats School District	763	2,114,240	167,140
Denali Borough School District	764	3,445,429	272,376
Delta/Greely School District	765	4,578,172	361,924
Alaska Gateway School District	766	4,022,527	317,998
Copper River School District	767	2,246,179	177,570
Chatham School District	768	989,005	78,185
Southeast Island School District	769	1,795,656	141,954
Annette Island School District	770	3,643,873	288,064
Chugach School District	771	2,344,865	185,372
Tanana School District	775	278,895	22,048
Kashunamiut School District	777	1,512,470	119,567
Yupiit School District	778	3,117,190	246,427
Special Education Service Agency	779	1,585,412	125,334
Aleutians East Borough School District	780	2,702,066	213,610
Total for all employers		<u>\$ 946,134,859</u>	<u>74,796,076</u>

See accompanying independent auditors' report.

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

For the year ended June 30, 2022

<u>Employer/nonemployer</u>	<u>Employer number</u>	<u>Actual contributions</u>
Employer:		
Anchorage School District	701	\$ 10,949,649
Cordova City School District	704	90,204
Craig City School District	705	106,576
Fairbanks North Star Borough School District	706	2,690,548
Haines Borough School District	707	49,448
Hoonah City School District	708	27,796
Hydaburg City School District	709	30,485
Juneau Borough School District	710	1,067,172
Kake City School District	712	25,236
Ketchikan Gateway Borough School District	714	561,390
Klawock City School District	717	56,347
Kodiak Island Borough School District	718	568,230
Nenana City School District	719	107,130
Nome City School District	720	168,902
Matanuska-Susitna Borough School District	722	3,975,188
Pelican City School District	723	6,134
Petersburg City School District	724	130,013
Sitka Borough School District	727	398,679
Skagway City School District	728	39,852
Unalaska City School District	729	75,672
Valdez City School District	730	215,500
Wrangell Public School District	731	76,221
Yakutat School District	732	16,975
University of Alaska	733	1,140,207
Galena City School District	735	294,258
North Slope Borough School District	736	437,709
State of Alaska	737	1,146,588
Bristol Bay Borough School District	742	33,915
Southeast Regional Resource Center	743	13,135
Dillingham City School District	744	105,413
Kenai Peninsula Borough School District	746	1,876,537
Saint Mary's School District	748	43,933
Northwest Arctic Borough School District	751	471,586
Bering Strait School District	752	573,355
Lower Yukon School District	753	503,276
Lower Kuskokwim School District	754	989,897
Kuspuk School District	755	117,179
Southwest Region School District	756	125,483
Lake And Peninsula Borough School District	757	136,437
Aleutian Region School District	758	10,364
Pribilof School District	759	13,724
Iditarod Area School District	761	69,615

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

For the year ended June 30, 2022

<u>Employer/nonemployer</u>	<u>Employer number</u>	<u>Actual contributions</u>
Yukon / Koyukuk School District	762	\$ 192,020
Yukon Flats School District	763	56,417
Denali Borough School District	764	106,485
Delta/Greely School District	765	156,920
Alaska Gateway School District	766	82,785
Copper River School District	767	71,789
Chatham School District	768	48,630
Southeast Island School District	769	57,969
Annette Island School District	770	68,989
Chugach School District	771	63,279
Tanana School District	775	3,496
Kashunamiut School District	777	32,166
Yupit School District	778	87,532
Special Education Service Agency	779	42,782
Aleutians East Borough School District	780	<u>100,088</u>
Total employer contributions		30,707,305
Nonemployer:		
State of Alaska	999	<u>141,739,390</u>
Total for all participating entities		<u>\$ 172,446,695</u>

See accompanying independent auditors' report.