



**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2022

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

**Table of Contents**

	<b>Page(s)</b>
Independent Auditors' Report	1-2
Schedule of Employer and Nonemployer Allocations	3-4
Schedule of OPEB Amounts by Employer and Nonemployer	6-7
Notes to Schedule of Employer and Nonemployer Allocations and Schedule of OPEB Amounts by Employer and Nonemployer	8-14
Supplemental Schedules:	
Schedule of Employer Allocations of Special Funding Amounts (Unaudited)	15-16
Schedule of Special Funding Amounts by Employer (Unaudited)	17-18
Schedule of Employer and Nonemployer Contributions (Unaudited)	19-20



KPMG LLP  
Suite 600  
701 West Eighth Avenue  
Anchorage, AK 99501

## 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 Alaska Retiree Healthcare Trust (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 OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense (benefit) (specified column totals) included in the accompanying schedule of OPEB 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 OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB 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 OPEB 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 OPEB 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 OPEB 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 OPEB 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 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 allocations and the specified column totals included in the schedule of OPEB amounts by employer.

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 and nonemployer 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 OPEB 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  
ALASKA RETIREE HEALTHCARE TRUST**

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	\$ 82,399,000	15.12433 %
Cordova City School District	704	732,000	0.13436
Craig City School District	705	833,000	0.15290
Fairbanks North Star Borough School District	706	23,045,000	4.22991
Haines Borough School District	707	472,000	0.08664
Hoonah City School District	708	240,000	0.04405
Hydaburg City School District	709	239,000	0.04387
Juneau Borough School District	710	8,609,000	1.58018
Kake City School District	712	287,000	0.05268
Ketchikan Gateway Borough School District	714	4,843,000	0.88893
Klawock City School District	717	366,000	0.06718
Kodiak Island Borough School District	718	4,791,000	0.87939
Nenana City School District	719	783,000	0.14372
Nome City School District	720	1,322,000	0.24265
Matanuska-Susitna Borough School District	722	32,976,000	6.05274
Pelican City School District	723	37,000	0.00679
Petersburg City School District	724	1,107,000	0.20319
Sitka Borough School District	727	2,712,000	0.49779
Skagway City School District	728	328,000	0.06020
Unalaska City School District	729	652,000	0.11967
Valdez City School District	730	1,529,000	0.28065
Wrangell Public School District	731	586,000	0.10756
Yakutat School District	732	213,000	0.03910
University of Alaska	733	8,578,000	1.57449
Galena City School District	735	2,088,000	0.38325
North Slope Borough School District	736	4,590,000	0.84249
State of Alaska	737	3,532,000	0.64830
Bristol Bay Borough School District	742	317,000	0.05819
Southeast Regional Resource Center	743	202,000	0.03708
Dillingham City School District	744	1,006,000	0.18465
Kenai Peninsula Borough School District	746	15,103,000	2.77215
Saint Mary's School District	748	328,000	0.06020
Northwest Arctic Borough School District	751	4,079,000	0.74870
Bering Strait School District	752	5,047,000	0.92638
Lower Yukon School District	753	4,161,000	0.76375
Lower Kuskokwim School District	754	7,412,000	1.36047

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

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	\$ 770,000	0.14133 %
Southwest Region School District	756	1,668,000	0.30616
Lake And Peninsula Borough School District	757	1,379,000	0.25312
Aleutian Region School District	758	124,000	0.02276
Pribilof School District	759	140,000	0.02570
Iditarod Area School District	761	399,000	0.07324
Yukon/Koyukuk School District	762	1,667,000	0.30598
Yukon Flats School District	763	529,000	0.09710
Denali Borough School District	764	863,000	0.15840
Delta/Greely School District	765	1,145,000	0.21016
Alaska Gateway School District	766	1,004,000	0.18428
Copper River School District	767	562,000	0.10316
Chatham School District	768	247,000	0.04534
Southeast Island School District	769	452,000	0.08296
Annette Island School District	770	911,000	0.16721
Chugach School District	771	587,000	0.10774
Tanana School District	775	70,000	0.01285
Kashunamiut School District	777	377,000	0.06920
Yupit School District	778	781,000	0.14335
Special Education Service Agency	779	399,000	0.07324
Aleutians East Borough School District	780	676,000	0.12408
Total present value of projected future employer contributions		240,294,000	44.10594
Nonemployer:			
State of Alaska	999	304,517,000	55.89406
Total of all participating entities		\$ 544,811,000	100.00000 %

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

Page intentionally blank

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

Schedule of OPEB Amounts by Employer and Nonemployer

As of and for the year ended June 30, 2022

Employer/nonemployer	Employer/ nonemployer number	Net OPEB asset	Deferred outflows of resources		
			Difference Between Projected and Actual Investment Earnings	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred outflows of resources
<b>Employer:</b>					
Anchorage School District	701	\$ 132,564,425	6,860,217	8,205,117	15,065,334
Cordova City School District	704	1,177,650	60,943	33,449	94,392
Craig City School District	705	1,340,140	69,352	67,334	136,686
Fairbanks North Star Borough School District	706	37,075,052	1,918,635	2,329,568	4,248,203
Haines Borough School District	707	759,359	39,297	37,071	76,368
Hoonah City School District	708	386,115	19,981	18,611	38,592
Hydaburg City School District	709	384,506	19,898	29,010	48,908
Juneau Borough School District	710	13,850,255	716,751	996,909	1,713,660
Keke City School District	712	461,729	23,894	12,386	36,280
Ketchikan Gateway Borough School District	714	7,791,472	403,209	462,651	865,860
Klawock City School District	717	588,825	30,472	53,832	84,304
Kodiak Island Borough School District	718	7,707,814	398,880	315,745	714,625
Nenana City School District	719	1,259,699	65,189	36,158	101,347
Nome City School District	720	2,126,848	110,064	99,674	209,738
Matanuska-Susitna Borough School District	722	53,052,156	2,745,451	2,320,339	5,065,790
Pelican City School District	723	59,526	3,080	2,156	5,236
Petersburg City School District	724	1,780,954	92,164	60,186	152,350
Sitka Borough School District	727	4,363,096	225,790	271,589	497,379
Skagway City School District	728	527,690	27,308	25,798	53,106
Unalaska City School District	729	1,048,945	54,283	80,755	135,038
Valdez City School District	730	2,459,872	127,298	160,807	288,105
Wrangell Public School District	731	942,763	48,788	59,657	108,445
Yakutat School District	732	342,677	17,734	—	17,734
University of Alaska	733	13,800,382	714,170	815,433	1,529,603
Galena City School District	735	3,359,198	173,839	68,001	241,840
North Slope Borough School District	736	7,384,443	382,145	520,447	902,592
State of Alaska	737	5,682,321	294,060	17,594	311,654
Bristol Bay Borough School District	742	509,993	26,392	7,391	33,783
Southeast Regional Resource Center	743	324,980	16,818	13,119	29,937
Dillingham City School District	744	1,618,464	83,756	93,374	177,130
Kenai Peninsula Borough School District	746	24,297,874	1,257,416	1,428,252	2,685,668
Saint Mary's School District	748	527,690	27,308	81,670	108,978
Northwest Arctic Borough School District	751	6,562,341	339,601	451,526	791,127
Bering Strait School District	752	8,119,670	420,193	391,496	811,689
Lower Yukon School District	753	6,694,263	346,428	108,676	455,104
Lower Kuskokwim School District	754	11,924,508	617,094	950,272	1,567,366
Kuspuk School District	755	1,238,785	64,107	175,184	239,291
Southwest Region School District	756	2,683,497	138,871	85,953	224,824
Lake And Peninsula Borough School District	757	2,218,551	114,810	65,388	180,198
Aleutian Region School District	758	199,493	10,324	1,313	11,637
Pribilof School District	759	225,234	11,656	4,959	16,615
Iditarod Area School District	761	641,916	33,219	83,094	116,313
Yukon/Koyukuk School District	762	2,681,888	138,788	110,206	248,994
Yukon Flats School District	763	851,061	44,042	53,194	97,236
Denali Borough School District	764	1,388,404	71,850	89,215	161,065
Delta/Greely School District	765	1,842,089	95,328	148,676	244,004
Alaska Gateway School District	766	1,615,246	83,589	11,144	94,733
Copper River School District	767	904,152	46,790	38,956	85,746
Chatham School District	768	397,376	20,564	60,433	80,997
Southeast Island School District	769	727,183	37,632	108,053	145,685
Annette Island School District	770	1,465,627	75,846	13,582	89,428
Chugach School District	771	944,372	48,871	41,089	89,960
Tanana School District	775	112,617	5,828	10,928	16,756
Kashunamiut School District	777	606,522	31,388	11,518	42,906
Yupit School District	778	1,256,481	65,023	171,673	236,696
Special Education Service Agency	779	641,916	33,219	19,050	52,269
Aleutians East Borough School District	780	1,087,556	56,281	785	57,066
Total attributable to employer contributions		386,587,661	20,005,924	21,930,446	41,936,370
<b>Nonemployer:</b>					
State of Alaska	999	489,910,339	25,352,876	—	25,352,876
Total of all participating entities		\$ 876,498,000	45,358,800	21,930,446	67,289,246

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



Deferred inflows of resources			OPEB expense (benefit)			
Difference between expected and actual experience	Change in assumptions	Change in proportion and difference between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Net amortization of deferred amounts from change in proportion and difference between employer contributions and proportionate share of contributions		
				Proportionate share of allocable plan OPEB expense (benefit)	Proportionate share of contributions	Total OPEB expense (benefit)
469,684	3,004,600	—	3,474,284	(31,823,844)	21,776,609	(10,047,235)
4,172	26,692	—	30,864	(282,710)	98,709	(184,001)
4,748	30,375	—	35,123	(321,718)	160,772	(160,946)
131,358	840,313	—	971,671	(8,900,357)	6,246,800	(2,653,557)
2,690	17,211	—	19,901	(182,294)	89,275	(93,019)
1,368	8,751	—	10,119	(92,692)	35,391	(57,301)
1,362	8,715	—	10,077	(92,306)	77,720	(14,586)
49,072	313,919	—	362,991	(3,324,937)	2,684,638	(640,299)
1,636	10,465	—	12,101	(110,844)	23,360	(87,484)
27,605	176,595	—	204,200	(1,870,446)	1,190,397	(680,049)
2,086	13,346	—	15,432	(141,355)	160,447	19,092
27,309	174,699	—	202,008	(1,850,363)	694,042	(1,156,321)
4,463	28,551	—	33,014	(302,407)	88,956	(213,451)
7,535	48,205	—	55,740	(510,578)	217,341	(293,237)
187,966	1,202,438	—	1,390,404	(12,735,872)	5,767,741	(6,968,131)
211	1,349	—	1,560	(14,290)	1,466	(12,824)
6,310	40,366	—	46,676	(427,542)	151,499	(276,043)
15,459	98,890	—	114,349	(1,047,419)	764,399	(283,020)
1,870	11,960	—	13,830	(126,679)	56,370	(70,309)
3,716	23,775	—	27,491	(251,813)	216,548	(35,265)
8,715	55,753	—	64,468	(590,525)	437,628	(152,897)
3,340	21,368	—	24,708	(226,323)	140,390	(85,933)
1,214	7,767	9,513	18,494	(82,264)	(46,537)	(128,801)
48,895	312,788	—	361,683	(3,312,964)	2,323,292	(989,672)
11,902	76,137	—	88,039	(806,420)	105,596	(700,824)
26,163	167,370	—	193,533	(1,772,733)	1,265,576	(507,157)
20,133	128,791	—	148,924	(1,364,116)	74,393	(1,289,723)
1,807	11,559	—	13,366	(122,431)	(5,333)	(127,764)
1,151	7,366	—	8,517	(78,016)	18,446	(59,570)
5,734	36,683	—	42,417	(388,534)	81,387	(307,147)
86,088	550,716	—	636,804	(5,833,026)	3,807,848	(2,025,178)
1,870	11,960	—	13,830	(126,679)	227,910	101,231
23,251	148,737	—	171,988	(1,575,377)	1,224,035	(351,342)
28,768	184,034	—	212,802	(1,949,234)	866,848	(1,082,386)
23,718	151,727	—	175,445	(1,607,046)	125,046	(1,482,000)
42,249	270,271	—	312,520	(2,862,636)	2,571,437	(291,199)
4,389	28,077	—	32,466	(297,387)	444,551	147,164
9,508	60,822	—	70,330	(644,209)	180,320	(463,889)
7,860	50,284	—	58,144	(532,592)	99,470	(433,122)
707	4,522	—	5,229	(47,891)	(4,842)	(52,733)
798	5,105	—	5,903	(54,070)	9,329	(44,741)
2,274	14,549	—	16,823	(154,100)	226,815	72,715
9,502	60,786	—	70,288	(643,823)	236,763	(407,060)
3,015	19,289	—	22,304	(204,308)	123,063	(81,245)
4,919	31,468	—	36,387	(333,305)	241,610	(91,695)
6,527	41,751	—	48,278	(442,218)	421,969	(20,249)
5,723	36,610	—	42,333	(387,761)	(21,505)	(409,266)
3,203	20,493	—	23,696	(217,054)	70,548	(146,506)
1,408	9,007	—	10,415	(95,395)	161,050	65,655
2,576	16,482	—	19,058	(174,570)	267,670	93,100
5,193	33,219	—	38,412	(351,843)	(56,955)	(408,798)
3,346	21,404	—	24,750	(226,709)	95,174	(131,535)
399	2,552	—	2,951	(27,035)	21,735	(5,300)
2,149	13,747	—	15,896	(145,604)	3,729	(141,875)
4,452	28,478	—	32,930	(301,635)	424,924	123,289
2,274	14,549	—	16,823	(154,100)	35,802	(118,298)
3,853	24,650	—	28,503	(261,082)	16,681	(244,401)
1,369,693	8,762,086	9,513	10,141,292	(92,805,481)	56,718,343	(36,087,138)
1,735,769	11,103,914	21,920,933	34,760,616	(117,609,457)	(56,718,343)	(174,327,800)
3,105,462	19,866,000	21,930,446	44,901,908	(210,414,938)	—	(210,414,938)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2022

**(1) Plan Description**

The State of Alaska Teachers' Retirement System (the System) Alaska Retiree Healthcare Trust (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan that provides health 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 Plan, a healthcare trust fund of the State, provides major medical coverage to retirees of the System's Defined Benefit Pension Plan (DB Plan). The Plan is self-funded and self-insured. The 24<sup>th</sup> 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

When pension benefits begin, major medical benefits are provided without cost to (1) all members first hired before July 1, 1990; (2) members hired after July 1, 1990, with 25 years of membership service; and (3) members who are disabled or age 60 or older, regardless of their initial hire dates. Members first hired after June 30, 1990, may receive major medical benefits prior to age 60 by paying premiums.

**(2) Basis of Presentation**

The schedule of employer and nonemployer allocations and the schedule of OPEB 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB asset, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB 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 OPEB 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 to the Plan for the fiscal years 2023 to 2039. Employer and nonemployer allocation percentages have been rounded for presentation purposes;

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2022

therefore, amounts presented in the schedule of OPEB 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 (Board). Employer contributions were 6.50% of annual payroll for the year ended June 30, 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 OPEB Asset**

**(a) Components of the Collective Net OPEB Asset**

The components of the collective net OPEB asset of the Plan as of June 30, 2022 are as follows:

Total OPEB liability	\$	2,515,713,000
Plan fiduciary net position		<u>(3,392,211,000)</u>
Net OPEB asset	\$	<u><u>(876,498,000)</u></u>

The total OPEB liability for each plan was determined by actuarial valuations 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 from 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	Graded by service, from 7.00% to 2.85%
Investment rate of return	7.25%, net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Trend rates	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Employer Group Waiver Plan (EGWP): 7.5% grading down to 4.5% Initial trend rates are for FY 2023 Ultimate trend rates reached in FY 2050

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2022

Mortality	<p>Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, headcount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for healthy retirees were based on 98% of male and 100% of female rates of the Pub-2010 Teachers Retiree table, headcount-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, headcount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on 100% of male and 94% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.</p>
Other	<p>Please see the experience study report dated July 15, 2022.</p>

The assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. 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.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2022

**(b) Long-term Rate of Return**

The long-term expected rate of return on postretirement healthcare 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 postretirement healthcare 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 OPEB 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 postretirement healthcare 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 postretirement healthcare plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2022

**(d) Sensitivity of the Collective Net OPEB Asset to Changes in the Discount Rate**

The following presents the collective net OPEB asset as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the System's net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<b>Current discount rate (7.25%)</b>	<b>1% increase (8.25%)</b>
<b>1% decrease (6.25%)</b>		
\$ 571,895,000	876,498,000	1,130,546,000

**(e) Sensitivity of the Collective Net OPEB Asset to Changes in the Healthcare Cost Trend Rates**

The following presents the collective net OPEB asset as of June 30, 2022, calculated using the healthcare cost trend rates, as well as what the System's net OPEB asset would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	<b>Current healthcare cost trend rate</b>	<b>1% increase</b>
<b>1% decrease</b>		
\$ 1,159,541,000	876,498,000	536,272,000

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

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

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 ending 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>
<b>Deferred outflows of resources:</b>						
Difference between projected and actual earnings on OPEB plan investments						
	2018	5 years	\$ (1,711,000)	—	(1,711,000)	—
	2019	5 years	15,454,000	—	7,727,000	7,727,000
	2020	5 years	55,575,000	—	18,525,000	37,050,000
	2021	5 years	(523,917,600)	—	(130,979,400)	(392,938,200)
	2022	5 years	—	491,900,000	98,380,000	393,520,000
			<u>\$ (454,599,600)</u>	<u>491,900,000</u>	<u>(8,058,400)</u>	<u>45,358,800</u>
<b>Deferred inflows of resources:</b>						
Difference between expected and actual experience						
	2021	1.5 years	\$ 8,161,000	—	8,161,000	—
	2022	1.3 years	—	13,457,000	10,351,538	3,105,462
			<u>8,161,000</u>	<u>13,457,000</u>	<u>18,512,538</u>	<u>3,105,462</u>
Change in assumptions						
	2021	1.5 years	33,567,000	—	33,567,000	—
	2022	1.3 years	—	86,086,000	66,220,000	19,866,000
			<u>33,567,000</u>	<u>86,086,000</u>	<u>99,787,000</u>	<u>19,866,000</u>
			<u>\$ 41,728,000</u>	<u>99,543,000</u>	<u>118,299,538</u>	<u>22,971,462</u>
Total deferred inflows of resources						

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

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

June 30, 2022

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 and 1.5 years for the 2022 and 2021 amounts, respectively.

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

Year ending June 30:	
2023	\$ (29,318,862)
2024	(14,074,400)
2025	(32,599,400)
2026	<u>98,380,000</u>
Total	<u>\$ 22,387,338</u>

**(7) Collective OPEB Expense (Benefit)**

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

Service cost	\$ 21,350,000
Interest on total OPEB liability	185,824,000
Change in benefits	(22,446,000)
Administrative expense	2,044,000
Expected investment return net of investment expenses	(270,782,000)
Other	(47,000)
Recognition (amortization) of deferred outflows/inflows of resources:	
Difference between expected and actual experience	(18,512,538)
Change in assumptions	(99,787,000)
Difference between projected and actual investment earnings on OPEB plan investments	<u>(8,058,400)</u>
Total OPEB expense (benefit)	<u>\$ (210,414,938)</u>



**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

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

As of and for the year ended June 30, 2022

<b>Employer</b>	<b>Employer number</b>	<b>Present value of projected future State contributions</b>	<b>Employer proportionate share</b>
Anchorage School District	701	\$ 105,981,000	34.80296 %
Cordova City School District	704	940,000	0.30869
Craig City School District	705	1,070,000	0.35138
Fairbanks North Star Borough School District	706	29,639,000	9.73312
Haines Borough School District	707	614,000	0.20163
Hoonah City School District	708	308,000	0.10114
Hydaburg City School District	709	308,000	0.10114
Juneau Borough School District	710	11,072,000	3.63592
Kake City School District	712	372,000	0.12216
Ketchikan Gateway Borough School District	714	6,231,000	2.04619
Klawock City School District	717	468,000	0.15369
Kodiak Island Borough School District	718	6,160,000	2.02288
Nenana City School District	719	1,009,000	0.33134
Nome City School District	720	1,699,000	0.55793
Matanuska-Susitna Borough School District	722	42,411,000	13.92730
PELICAN CITY School District	723	50,000	0.01642
Petersburg City School District	724	1,420,000	0.46631
Sitka Borough School District	727	3,487,000	1.14509
Skagway City School District	728	427,000	0.14022
Unalaska City School District	729	838,000	0.27519
Valdez City School District	730	1,963,000	0.64463
Wrangell Public School District	731	754,000	0.24761
Yakutat School District	732	274,000	0.08998
University of Alaska	733	11,034,000	3.62344
Galena City School District	735	2,683,000	0.88107
North Slope Borough School District	736	5,899,000	1.93717
Bristol Bay Borough School District	742	405,000	0.13300
Southeast Regional Resource Center	743	260,000	0.08538
Dillingham City School District	744	1,296,000	0.42559
Kenai Peninsula Borough School District	746	19,424,000	6.37863
Saint Mary's School District	748	427,000	0.14022
Northwest Arctic Borough School District	751	5,247,000	1.72306
Bering Strait School District	752	6,490,000	2.13124
Lower Yukon School District	753	5,348,000	1.75622
Lower Kuskokwim School District	754	9,536,000	3.13152
Kuspuk School District	755	990,000	0.32511
Southwest Region School District	756	2,144,000	0.70407
Lake And Peninsula Borough School District	757	1,775,000	0.58289
Aleutian Region School District	758	161,000	0.05287

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

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	\$ 179,000	0.05878 %
Iditarod Area School District	761	511,000	0.16781
Yukon/Koyukuk School District	762	2,144,000	0.70407
Yukon Flats School District	763	681,000	0.22363
Denali Borough School District	764	1,108,000	0.36385
Delta/Greely School District	765	1,472,000	0.48339
Alaska Gateway School District	766	1,296,000	0.42559
Copper River School District	767	721,000	0.23677
Chatham School District	768	317,000	0.10410
Southeast Island School District	769	578,000	0.18981
Annette Island School District	770	1,173,000	0.38520
Chugach School District	771	757,000	0.24859
Tanana School District	775	91,000	0.02988
Kashunamiut School District	777	487,000	0.15993
Yupit School District	778	1,006,000	0.33036
Special Education Service Agency	779	512,000	0.16814
Aleutians East Borough School District	780	870,000	0.28570
Total for all employers		<u>\$ 304,517,000</u>	<u>100.00000 %</u>

See accompanying independent auditors' report.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Special Funding Amounts by Employer (Unaudited)

As of and for the year ended June 30, 2022

<b>Employer</b>	<b>Employer number</b>	<b>State proportionate share of net OPEB asset attributable to employer</b>	<b>Employer OPEB benefit and related revenue attributable to special funding situation</b>
Anchorage School District	701	\$ 170,503,413	(40,931,600)
Cordova City School District	704	1,512,282	(363,043)
Craig City School District	705	1,721,428	(413,252)
Fairbanks North Star Borough School District	706	47,683,553	(11,447,068)
Haines Borough School District	707	987,810	(237,137)
Hoonah City School District	708	495,514	(118,955)
Hydaburg City School District	709	495,514	(118,955)
Juneau Borough School District	710	17,812,757	(4,276,188)
Kake City School District	712	598,478	(143,672)
Ketchikan Gateway Borough School District	714	10,024,502	(2,406,514)
Klawock City School District	717	752,924	(180,749)
Kodiak Island Borough School District	718	9,910,277	(2,379,093)
Nenana City School District	719	1,623,290	(389,692)
Nome City School District	720	2,733,370	(656,182)
Matanuska-Susitna Borough School District	722	68,231,289	(16,379,823)
Pelican City School District	723	80,441	(19,311)
Petersburg City School District	724	2,284,512	(548,427)
Sitka Borough School District	727	5,609,924	(1,346,737)
Skagway City School District	728	686,962	(164,914)
Unalaska City School District	729	1,348,184	(323,649)
Valdez City School District	730	3,158,096	(758,143)
Wrangell Public School District	731	1,213,044	(291,207)
Yakutat School District	732	440,814	(105,823)
University of Alaska	733	17,751,622	(4,261,512)
Galena City School District	735	4,316,440	(1,036,219)
North Slope Borough School District	736	9,490,377	(2,278,290)
Bristol Bay Borough School District	742	651,569	(156,418)
Southeast Regional Resource Center	743	418,291	(100,416)
Dillingham City School District	744	2,085,019	(500,536)
Kenai Peninsula Borough School District	746	31,249,547	(7,501,867)
Saint Mary's School District	748	686,962	(164,914)
Northwest Arctic Borough School District	751	8,441,432	(2,026,477)
Bering Strait School District	752	10,441,184	(2,506,544)

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

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 OPEB asset attributable to employer	Employer OPEB benefit and related revenue attributable to special funding situation
Lower Yukon School District	753	\$ 8,603,922	(2,065,485)
Lower Kuskokwim School District	754	15,341,623	(3,682,960)
Kuspuk School District	755	1,592,723	(382,354)
Southwest Region School District	756	3,449,291	(828,048)
Lake And Peninsula Borough School District	757	2,855,640	(685,534)
Aleutian Region School District	758	259,019	(62,181)
Pribilof School District	759	287,977	(69,133)
Iditarod Area School District	761	822,102	(197,357)
Yukon/Koyukuk School District	762	3,449,291	(828,048)
Yukon Flats School District	763	1,095,600	(263,013)
Denali Borough School District	764	1,782,563	(427,928)
Delta/Greely School District	765	2,368,170	(568,511)
Alaska Gateway School District	766	2,085,019	(500,536)
Copper River School District	767	1,159,953	(278,462)
Chatham School District	768	509,993	(122,431)
Southeast Island School District	769	929,893	(223,233)
Annette Island School District	770	1,887,135	(453,032)
Chugach School District	771	1,217,870	(292,366)
Tanana School District	775	146,402	(35,146)
Kashunamiut School District	777	783,491	(188,087)
Yupit School District	778	1,618,464	(388,534)
Special Education Service Agency	779	823,711	(197,743)
Aleutians East Borough School District	780	1,399,666	(336,008)
Total for all employers		\$ <u>489,910,339</u>	<u>(117,609,457)</u>

See accompanying independent auditors' report.

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2022

Employer/nonemployer	Employer number	Employer contributions		
		Actual	RDS	Total
Employer:				
Anchorage SD	701	\$ 8,419,133	120,071	8,539,204
Cordova City SD	704	78,294	1,117	79,411
Craig City SD	705	86,917	1,240	88,157
Fairbanks North Star Borough SD	706	1,997,177	28,483	2,025,660
Haines Borough SD	707	23,082	329	23,411
Hoonah City SD	708	20,488	292	20,780
Hydaburg City SD	709	15,636	223	15,859
Juneau Borough SD	710	870,078	12,409	882,487
Kake City SD	712	11,697	167	11,864
Ketchikan Gateway Borough SD	714	442,125	6,306	448,431
Klawock City SD	717	48,498	692	49,190
Kodiak Island Borough SD	718	372,641	5,315	377,956
Nenana City SD	719	77,725	1,109	78,834
Nome City SD	720	119,699	1,707	121,406
Matanuska-Susitna Borough SD	722	3,171,807	45,236	3,217,043
Pelican City SD	723	—	—	—
Petersburg City SD	724	99,385	1,417	100,802
Sitka Borough SD	727	286,361	4,084	290,445
Skagway City SD	728	22,562	322	22,884
Unalaska City SD	729	42,458	606	43,064
Valdez City SD	730	175,945	2,509	178,454
Wrangell Public SD	731	57,847	825	58,672
Yakutat SD	732	6,417	92	6,509
University of Alaska	733	1,013,824	14,459	1,028,283
Galena City SD	735	209,559	2,989	212,548
North Slope Borough SD	736	215,190	3,069	218,259
State of Alaska	737	183,967	2,624	186,591
Bristol Bay Borough SD	742	20,457	292	20,749
Southeast Regional Resource Center	743	3,531	50	3,581
Dillingham City SD	744	48,386	690	49,076
Kenai Peninsula Borough SD	746	1,459,771	20,819	1,480,590
Saint Mary's SD	748	22,572	322	22,894
Northwest Arctic Borough SD	751	183,552	2,618	186,170
Bering Strait SD	752	239,464	3,415	242,879
Lower Yukon SD	753	270,582	3,859	274,441
Lower Kuskokwim SD	754	605,832	8,640	614,472
Kuspuk SD	755	35,469	506	35,975
Southwest Region SD	756	77,355	1,103	78,458
Lake and Peninsula Borough SD	757	66,065	942	67,007
Aleutian Region SD	758	—	—	—
Pribilof SD	759	6,402	91	6,493
Iditarod Area SD	761	18,142	259	18,401
Yukon / Koyukuk SD	762	112,774	1,608	114,382
Yukon Flats SD	763	4,338	62	4,400
Denali Borough SD	764	89,698	1,279	90,977
Delta/greely SD	765	121,629	1,735	123,364
Alaska Gateway SD	766	32,248	460	32,708
Copper River SD	767	31,199	445	31,644
Chatham SD	768	17,220	246	17,466
Southeast Island SD	769	35,078	500	35,578
Annette Island SD	770	31,587	450	32,037

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM  
ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2022

Employer/nonemployer	Employer number	Employer contributions		
		Actual	RDS	Total
Chugach SD	771	\$ 62,725	895	63,620
Tanana SD	775	—	—	—
Kashunamiut SD	777	10,957	156	11,113
Yupit SD	778	48,727	695	49,422
Special Education Service Agency	779	21,063	300	21,363
Aleutians East Borough SD	780	61,092	871	61,963
Total employer contributions		21,806,427	311,000	22,117,427
Nonemployer:				
State of Alaska	999	—	—	—
Total of all participating entities		\$ 21,806,427	311,000	22,117,427

See accompanying independent auditors' report.