



**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, 2023

(With Independent Auditors' Report Thereon)

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

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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 Alaska Retiree Healthcare Trust (the Plan) as of and for the year ended June 30, 2023, and the related notes. We have also audited the total for all participating entities of the columns titled net OPEB asset, 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, 2023, 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 asset, 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, 2023, 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 specified column 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 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 in the schedule of employer and nonemployer allocations and specified column totals included in the schedule of OPEB amounts by employer and nonemployer and the related disclosures.
- 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 specified column totals included in the schedule of OPEB 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, 2023, and our report thereon, dated October 12, 2023, 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 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
December 21, 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, 2023

<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	\$ 78,250,000	14.11512 %
Cordova City School District	704	578,000	0.10426
Craig City School District	705	654,000	0.11797
Fairbanks North Star Borough School District	706	19,465,000	3.51119
Haines Borough School District	707	456,000	0.08226
Hoonah City School District	708	166,000	0.02994
Hydaburg City School District	709	295,000	0.05321
Juneau Borough School District	710	7,834,000	1.41314
Kake City School District	712	290,000	0.05231
Ketchikan Gateway Borough School District	714	4,640,000	0.83699
Klawock City School District	717	322,000	0.05808
Kodiak Island Borough School District	718	4,134,000	0.74571
Nenana City School District	719	801,000	0.14449
Nome City School District	720	1,101,000	0.19860
Matanuska-Susitna Borough School District	722	29,762,000	5.36862
Pelican City School District	723	34,000	0.00613
Petersburg City School District	724	934,000	0.16848
Sitka Borough School District	727	2,733,000	0.49299
Skagway City School District	728	311,000	0.56100
Unalaska City School District	729	693,000	0.12501
Valdez City School District	730	1,342,000	0.24208
Wrangell Public School District	731	473,000	0.08532
Yakutat School District	732	131,000	0.02363
University of Alaska	733	7,924,000	1.42937
Galena City School District	735	1,892,000	0.34129
North Slope Borough School District	736	4,051,000	0.73074
State of Alaska	737	3,629,000	0.65462
Bristol Bay Borough School District	742	311,000	0.05610
Southeast Regional Resource Center	743	203,000	0.03662
Dillingham City School District	744	758,000	0.13673
Kenai Peninsula Borough School District	746	14,036,000	2.53188
Saint Mary's School District	748	290,000	0.05231
Northwest Arctic Borough School District	751	3,267,000	0.58932
Bering Strait School District	752	5,093,000	0.91860
Lower Yukon School District	753	4,497,000	0.81119
Lower Kuskokwim School District	754	8,058,000	1.45354

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
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Schedule of Employer and Nonemployer Allocations

As of and for the year ended June 30, 2023

<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	\$ 952,000	0.17173 %
Southwest Region School District	756	1,404,000	0.25326
Lake And Peninsula Borough School District	757	1,343,000	0.24226
Aleutian Region School District	758	58,000	0.01046
Pribilof School District	759	58,000	0.01046
Iditarod Area School District	761	451,000	0.08135
Yukon/Koyukuk School District	762	1,765,000	0.31838
Yukon Flats School District	763	521,000	0.09398
Denali Borough School District	764	747,000	0.13475
Delta/Greely School District	765	1,140,000	0.20564
Alaska Gateway School District	766	852,000	0.15369
Copper River School District	767	503,000	0.09073
Chatham School District	768	311,000	0.05610
Southeast Island School District	769	455,000	0.08208
Annette Island School District	770	741,000	0.13367
Chugach School District	771	486,000	0.08767
Tanana School District	775	81,000	0.01461
Kashunamiut School District	777	250,000	0.04510
Yupit School District	778	840,000	0.15152
Special Education Service Agency	779	332,000	0.05989
Aleutians East Borough School District	780	431,000	0.07775
Total present value of projected future employer contributions		223,129,000	40.75392
Nonemployer:			
State of Alaska	999	331,241,000	59.24608
Total of all participating entities		\$ 554,370,000	100.00000 %

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

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**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, 2023

Employer/nonemployer	Employer/ nonemployer number	Net OPEB asset	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings	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	\$ 142,652,788	393,037	5,885,303	1,506,748	7,785,088	
Cordova City School District	704	1,053,716	2,903	43,472	45,048	91,423	
Craig City School District	705	1,192,267	3,285	49,188	52,278	104,751	
Fairbanks North Star Borough School District	706	35,485,450	97,769	1,463,992	1,076,215	2,637,976	
Haines Borough School District	707	831,306	2,290	34,296	6,530	43,116	
Hoonah City School District	708	302,624	834	12,485	21,124	34,443	
Hydaburg City School District	709	537,796	1,482	22,187	—	23,669	
Juneau Borough School District	710	14,281,686	39,349	589,207	250,154	878,710	
Keke City School District	712	528,681	1,457	21,811	530	23,798	
Ketchikan Gateway Borough School District	714	8,458,900	23,306	348,981	77,494	449,781	
Klawock City School District	717	587,018	1,617	24,218	13,984	39,819	
Kodiak Island Borough School District	718	7,536,442	20,764	310,924	199,992	531,680	
Nenana City School District	719	1,460,254	4,023	60,244	—	64,267	
Nome City School District	720	2,007,166	5,530	82,808	66,059	154,397	
Matanuska-Susitna Borough School District	722	54,257,280	149,489	2,238,445	1,028,894	3,416,828	
Pelican City School District	723	61,983	171	2,557	984	3,712	
Petersburg City School District	724	1,702,718	4,691	70,248	51,936	126,875	
Sitka Borough School District	727	4,982,365	13,727	205,553	6,995	226,275	
Skagway City School District	728	566,965	1,562	23,391	6,177	31,130	
Unalaska City School District	729	1,263,366	3,481	52,122	—	55,603	
Valdez City School District	730	2,446,518	6,741	100,934	57,692	165,367	
Wrangell Public School District	731	862,297	2,376	35,575	33,283	71,234	
Yakutat School District	732	238,818	658	9,853	23,161	33,672	
University of Alaska	733	14,445,759	39,801	595,976	212,233	848,010	
Galena City School District	735	3,449,189	9,503	142,300	62,993	214,796	
North Slope Borough School District	736	7,385,130	20,347	304,682	168,073	493,102	
State of Alaska	737	6,615,808	18,228	272,943	—	291,171	
Bristol Bay Borough School District	742	566,965	1,562	23,391	3,455	28,408	
Southeast Regional Resource Center	743	370,077	1,020	15,268	674	16,962	
Dillingham City School District	744	1,381,863	3,807	57,010	71,738	132,555	
Kenai Peninsula Borough School District	746	25,588,172	70,500	1,055,669	359,427	1,485,596	
Saint Mary's School District	748	528,681	1,457	21,811	11,804	35,072	
Northwest Arctic Borough School District	751	5,955,868	16,410	245,716	237,220	499,346	
Bering Strait School District	752	9,284,736	25,581	383,052	11,245	419,878	
Lower Yukon School District	753	8,198,205	22,588	338,226	—	360,814	
Lower Kuskokwim School District	754	14,690,046	40,474	606,054	—	646,528	
Kuspuk School District	755	1,735,533	4,782	71,601	—	76,383	
Southwest Region School District	756	2,559,546	7,052	105,597	81,890	194,539	
Lake And Peninsula Borough School District	757	2,448,341	6,746	101,009	16,678	124,433	
Aleutian Region School District	758	105,736	291	4,362	18,420	23,073	
Pribilof School District	759	105,736	291	4,362	22,820	27,473	
Iditarod Area School District	761	822,190	2,265	33,920	—	36,185	
Yukon/Koyukuk School District	762	3,217,663	8,865	132,748	—	141,613	
Yukon Flats School District	763	949,803	2,617	39,185	5,353	47,155	
Denali Borough School District	764	1,361,810	3,752	56,183	35,388	95,323	
Delta/Greely School District	765	2,078,264	5,726	85,741	6,701	98,168	
Alaska Gateway School District	766	1,553,229	4,279	64,080	45,838	114,197	
Copper River School District	767	916,988	2,526	37,831	18,568	58,925	
Chatham School District	768	566,965	1,562	23,391	—	24,953	
Southeast Island School District	769	829,483	2,285	34,221	1,301	37,807	
Annette Island School District	770	1,350,872	3,722	55,732	50,210	109,664	
Chugach School District	771	885,997	2,441	36,553	33,731	72,725	
Tanana School District	775	147,666	407	6,092	—	6,499	
Kashunamiut School District	777	455,760	1,256	18,803	35,663	55,722	
Yupit School District	778	1,531,353	4,219	63,178	—	67,397	
Special Education Service Agency	779	605,249	1,668	24,970	19,975	46,613	
Aleutians East Borough School District	780	785,730	2,165	32,416	69,385	103,966	
Total attributable to employer contributions		406,772,817	1,120,737	16,781,867	6,126,061	24,028,665	
Nonemployer:							
State of Alaska	999	603,865,183	1,663,763	24,913,133	—	26,576,896	
Total of all participating entities		\$ 1,010,638,000	2,784,500	41,695,000	6,126,061	50,605,561	

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)		
Change in assumptions	Change in proportionate share of contributions and difference between employer contributions and proportionate share of contributions	Total deferred inflows of resources	Proportionate share of allocable plan OPEB expense (benefit)	Net amortization of deferred amounts from change in proportion and difference between employer contributions and difference between employer contributions and proportionate share of contributions	
				Proportionate share of contributions	Total OPEB expense (benefit)
2,255,855	—	2,255,855	(19,764,040)	15,738,863	(4,025,177)
16,663	—	16,663	(145,989)	258,690	112,701
18,854	—	18,854	(165,184)	328,724	163,540
561,153	—	561,153	(4,916,384)	7,710,643	2,794,259
13,146	—	13,146	(115,174)	69,723	(45,451)
4,786	—	4,786	(41,928)	124,233	82,305
8,505	14,021	22,526	(74,510)	(41,094)	(115,604)
225,845	—	225,845	(1,978,677)	2,247,678	269,001
8,360	—	8,360	(73,247)	15,037	(58,210)
133,766	—	133,766	(1,171,951)	850,118	(321,833)
9,283	—	9,283	(81,329)	123,754	42,425
119,178	—	119,178	(1,044,147)	1,315,706	271,559
23,092	1,233	24,325	(202,313)	29,994	(172,319)
31,741	—	31,741	(278,086)	429,969	151,883
858,003	—	858,003	(7,517,155)	7,464,807	(52,348)
980	—	980	(8,588)	7,075	(1,513)
26,926	—	26,926	(235,906)	319,867	83,961
78,789	—	78,789	(690,289)	306,564	(383,725)
8,966	—	8,966	(78,551)	56,681	(21,870)
19,978	8,036	28,014	(175,035)	40,573	(134,462)
38,688	—	38,688	(338,956)	449,268	110,312
13,636	—	13,636	(119,468)	226,073	106,605
3,777	—	3,777	(33,087)	106,291	73,204
228,440	—	228,440	(2,001,409)	1,876,598	(124,811)
54,544	—	54,544	(477,873)	382,968	(94,905)
116,786	—	116,786	(1,023,184)	1,360,812	337,628
104,620	9,613	114,233	(916,597)	(30,472)	(947,069)
8,966	—	8,966	(78,551)	24,665	(53,886)
5,852	—	5,852	(51,273)	16,487	(34,786)
21,852	—	21,852	(191,452)	452,062	260,610
404,641	—	404,641	(3,545,151)	3,225,388	(319,763)
8,360	—	8,360	(73,247)	140,692	67,445
94,184	—	94,184	(825,164)	1,637,628	812,464
146,825	—	146,825	(1,286,367)	447,719	(838,648)
129,643	71,319	200,962	(1,135,832)	(247,919)	(1,383,751)
232,303	113,956	346,259	(2,035,254)	380,491	(1,654,763)
27,445	45,426	72,871	(240,452)	(51,945)	(292,397)
40,476	—	40,476	(354,616)	495,404	140,788
38,717	—	38,717	(339,209)	148,776	(190,433)
1,672	—	1,672	(14,649)	93,412	78,763
1,672	—	1,672	(14,649)	119,057	104,408
13,002	12,210	25,212	(113,912)	22,043	(91,869)
50,883	18,702	69,585	(445,796)	16,698	(429,098)
15,020	—	15,020	(131,592)	79,961	(51,631)
21,535	—	21,535	(188,674)	266,157	77,483
32,865	—	32,865	(287,936)	182,184	(105,752)
24,562	—	24,562	(215,194)	240,332	25,138
14,501	—	14,501	(127,046)	131,796	4,750
8,966	15,687	24,653	(78,551)	(18,001)	(96,552)
13,117	—	13,117	(114,922)	114,558	(364)
21,362	—	21,362	(187,159)	264,629	77,470
14,011	—	14,011	(122,752)	209,742	86,990
2,335	2,646	4,981	(20,459)	(2,304)	(22,763)
7,207	—	7,207	(63,144)	189,832	126,688
24,216	12,234	36,450	(212,163)	110,505	(101,658)
9,571	—	9,571	(83,855)	118,925	35,070
12,425	—	12,425	(108,860)	347,709	238,849
6,432,546	325,083	6,757,629	(56,356,938)	50,925,826	(5,431,112)
9,549,287	5,800,978	15,350,265	(83,663,391)	(50,925,826)	(134,589,217)
15,981,833	6,126,061	22,107,894	(140,020,329)	—	(140,020,329)

**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 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

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 2024 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 0.00% of annual payroll for the year ended June 30, 2023.

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, 2023 are as follows:

Total OPEB liability	\$	2,495,957,000
Plan fiduciary net position		<u>(3,506,595,000)</u>
Net OPEB asset	\$	<u><u>(1,010,638,000)</u></u>

The collective total OPEB liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to the measurement date of June 30, 2023. The actuarial valuation used the following actuarial assumptions:

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 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: 6.7% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription/Employer Group Waiver Plans (EGWP): 7.2% grading down to 4.5% Initial trend rates are for FY 2024 Ultimate trend rates reached in FY 2050

**STATE OF ALASKA TEACHERS' RETIREMENT SYSTEM
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Notes to Schedule of Employer and Nonemployer Allocations and
Schedule of OPEB Amounts by Employer and Nonemployer

June 30, 2022

Mortality

Pre-commencement mortality rates were based on the Pub-2010 Teachers Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 15% of the time.

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.

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.

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.

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The assumptions used in the June 30, 2022 actuarial valuation are the same as those used in the June 30, 2021 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
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Notes to Schedule of Employer and Nonemployer Allocations and
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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 real rates of return for each major asset class included in the Plan's target asset allocation 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%	6.17%
Global equity (non-U.S.)	22.00	6.55
Aggregate bonds	23.00	1.63
Real assets	14.00	4.87
Private equity	14.00	11.57
Cash equivalents	—	0.49

(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 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 OPEB liability.

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Notes to Schedule of Employer and Nonemployer Allocations and
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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, 2023, calculated using the discount rate of 7.25%, as well as what the Plan's collective net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	Current discount rate (7.25%)	1% increase (8.25%)
1% decrease (6.25%)		
\$ 714,741,000	1,010,638,000	1,257,868,000

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

The following presents the collective net OPEB asset as of June 30, 2023, calculated using the healthcare cost trend rates as disclosed above, as well as what the Plan's collective 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:

	Current healthcare cost trend rate	1% increase
1% decrease		
\$ 1,258,216,000	1,010,638,000	681,705,000

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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, 2023:

	<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:						
Difference between expected and actual experience	2023	1.2 years	—	16,707,000	13,922,500	2,784,500
Difference between projected and actual earnings on OPEB plan investments	2019	5 years	7,727,000	—	7,727,000	—
	2020	5 years	\$ 37,050,000	—	18,525,000	18,525,000
	2021	5 years	(392,938,200)	—	(130,979,400)	(261,958,800)
	2022	5 years	393,520,000	—	98,380,000	295,140,000
	2023	5 years	—	(12,514,000)	(2,502,800)	(10,011,200)
			<u>45,358,800</u>	<u>(12,514,000)</u>	<u>(8,850,200)</u>	<u>41,695,000</u>
Total deferred outflows of resources			\$ <u>45,358,800</u>	<u>4,193,000</u>	<u>5,072,300</u>	<u>44,479,500</u>
Deferred inflows of resources:						
Difference between expected and actual experience	2022	1.3 years	3,105,462	—	3,105,462	—
Change in assumptions	2022	1.3 years	\$ 19,866,000	—	19,866,000	—
	2023	1.2 years	—	95,891,000	79,909,167	15,981,833
Total deferred inflows of resources			\$ <u>19,866,000</u>	<u>95,891,000</u>	<u>99,775,167</u>	<u>15,981,833</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 1.2 years and 1.3 years for the 2023 and 2022 amounts, respectively.

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

June 30, 2022

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:	
2024	\$ (29,774,533)
2025	(35,102,200)
2026	95,877,200
2027	<u>(2,502,800)</u>
Total	<u>\$ 28,497,667</u>

(7) Collective OPEB Expense (Benefit)

The components of the collective OPEB expense (benefit) (excluding employer specific amounts) for the year ending June 30, 2023 are as follows:

Service cost	\$ 18,258,000
Interest on total OPEB liability	178,811,000
Administrative expense	1,867,000
Expected investment return net of investment expenses	(240,975,000)
Other	(173,000)
Recognition (amortization) of deferred outflows/inflows of resources:	
Difference between expected and actual experience	(8,850,200)
Change in assumptions	(99,775,167)
Difference between projected and actual investment earnings on OPEB plan investments	<u>10,817,038</u>
Total OPEB expense benefit	<u>\$ (140,020,329)</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, 2023

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Anchorage School District	701	\$ 118,077,000	35.64689 %
Cordova City School District	704	873,000	0.26355
Craig City School District	705	987,000	0.29797
Fairbanks North Star Borough School District	706	29,376,000	8.86847
Haines Borough School District	707	690,000	0.20831
Hoonah City School District	708	252,000	0.07608
Hydaburg City School District	709	444,000	0.13404
Juneau Borough School District	710	11,821,000	3.56870
Kake City School District	712	437,000	0.13193
Ketchikan Gateway Borough School District	714	7,006,000	2.11508
Klawock City School District	717	488,000	0.14732
Kodiak Island Borough School District	718	6,239,000	1.88352
Nenana City School District	719	1,205,000	0.36378
Nome City School District	720	1,659,000	0.50084
Matanuska-Susitna Borough School District	722	44,911,000	13.55841
PELICAN CITY School District	723	50,000	0.01509
Petersburg City School District	724	1,411,000	0.42597
Sitka Borough School District	727	4,120,000	1.24381
Skagway City School District	728	468,000	0.14129
Unalaska City School District	729	1,047,000	0.31608
Valdez City School District	730	2,028,000	0.61224
Wrangell Public School District	731	716,000	0.21616
Yakutat School District	732	196,000	0.05917
University of Alaska	733	11,953,000	3.60855
Galena City School District	735	2,855,000	0.86191
North Slope Borough School District	736	6,117,000	1.84669
Bristol Bay Borough School District	742	469,000	0.14159
Southeast Regional Resource Center	743	308,000	0.09298
Dillingham City School District	744	1,149,000	0.34688
Kenai Peninsula Borough School District	746	21,183,000	6.39504
Saint Mary's School District	748	438,000	0.13223
Northwest Arctic Borough School District	751	4,931,000	1.48864
Bering Strait School District	752	7,682,000	2.31916
Lower Yukon School District	753	6,787,000	2.04896
Lower Kuskokwim School District	754	12,161,000	3.67135
Kuspuk School District	755	1,438,000	0.43413
Southwest Region School District	756	2,117,000	0.63911
Lake And Peninsula Borough School District	757	2,028,000	0.61224
Aleutian Region School District	758	87,000	0.02626

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

As of and for the year ended June 30, 2023

Employer	Employer number	Present value of projected future State contributions	Employer proportionate share
Pribilof School District	759	\$ 87,000	0.02626 %
Iditarod Area School District	761	682,000	0.20589
Yukon/Koyukuk School District	762	2,667,000	0.80515
Yukon Flats School District	763	787,000	0.23759
Denali Borough School District	764	1,124,000	0.33933
Delta/Greely School District	765	1,719,000	0.51896
Alaska Gateway School District	766	1,286,000	0.38824
Copper River School District	767	758,000	0.22884
Chatham School District	768	474,000	0.14310
Southeast Island School District	769	683,000	0.20619
Annette Island School District	770	1,116,000	0.33691
Chugach School District	771	732,000	0.22099
Tanana School District	775	125,000	0.03774
Kashunamiut School District	777	377,000	0.11381
Yupit School District	778	1,269,000	0.38310
Special Education Service Agency	779	502,000	0.15155
Aleutians East Borough School District	780	649,000	0.19593
Total for all participating employers		<u>\$ 331,241,000</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, 2023

<u>Employer</u>	<u>Employer number</u>	<u>State proportionate share of net OPEB asset attributable to employer</u>	<u>Employer OPEB benefit and related revenue attributable to special funding situation</u>
Anchorage School District	701	\$ 215,258,947	(29,823,369)
Cordova City School District	704	1,591,513	(220,498)
Craig City School District	705	1,799,339	(249,292)
Fairbanks North Star Borough School District	706	53,553,587	(7,419,660)
Haines Borough School District	707	1,257,897	(174,277)
Hoonah City School District	708	459,406	(63,649)
Hydaburg City School District	709	809,429	(112,144)
Juneau Borough School District	710	21,550,141	(2,985,696)
Kake City School District	712	796,668	(110,376)
Ketchikan Gateway Borough School District	714	12,772,210	(1,769,545)
Klawock City School District	717	889,643	(123,257)
Kodiak Island Borough School District	718	11,373,939	(1,575,819)
Nenana City School District	719	2,196,762	(304,354)
Nome City School District	720	3,024,421	(419,023)
Matanuska-Susitna Borough School District	722	81,874,494	(11,343,422)
Pelican City School District	723	91,152	(12,629)
Petersburg City School District	724	2,572,308	(356,384)
Sitka Borough School District	727	7,510,920	(1,040,611)
Skagway City School District	728	853,182	(118,205)
Unalaska City School District	729	1,908,722	(264,447)
Valdez City School District	730	3,697,123	(512,223)
Wrangell Public School District	731	1,305,296	(180,844)
Yakutat School District	732	357,316	(49,505)
University of Alaska	733	21,790,782	(3,019,036)
Galena City School District	735	5,204,776	(721,103)
North Slope Borough School District	736	11,151,528	(1,545,005)
Bristol Bay Borough School District	742	855,005	(118,458)
Southeast Regional Resource Center	743	561,496	(77,793)
Dillingham City School District	744	2,094,672	(290,209)
Kenai Peninsula Borough School District	746	38,617,430	(5,350,309)
Saint Mary's School District	748	798,491	(110,628)
Northwest Arctic Borough School District	751	8,989,404	(1,245,450)
Bering Strait School District	752	14,004,584	(1,940,286)

**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, 2023

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	\$ 12,372,964	(1,714,231)
Lower Kuskokwim School District	754	22,169,974	(3,071,572)
Kuspuk School District	755	2,621,530	(363,204)
Southwest Region School District	756	3,859,373	(534,703)
Lake And Peninsula Borough School District	757	3,697,123	(512,223)
Aleutian Region School District	758	158,604	(21,974)
Pribilof School District	759	158,604	(21,974)
Iditarod Area School District	761	1,243,312	(172,257)
Yukon/Koyukuk School District	762	4,862,044	(673,619)
Yukon Flats School District	763	1,434,732	(198,777)
Denali Borough School District	764	2,049,096	(283,895)
Delta/Greely School District	765	3,133,804	(434,177)
Alaska Gateway School District	766	2,344,428	(324,812)
Copper River School District	767	1,381,863	(191,452)
Chatham School District	768	864,120	(119,721)
Southeast Island School District	769	1,245,135	(172,509)
Annette Island School District	770	2,034,511	(281,874)
Chugach School District	771	1,334,464	(184,885)
Tanana School District	775	227,880	(31,572)
Kashunamiut School District	777	687,286	(95,221)
Yupit School District	778	2,313,436	(320,518)
Special Education Service Agency	779	915,165	(126,793)
Aleutians East Borough School District	780	1,183,152	(163,922)
Total for all participating employers		\$ <u>603,865,183</u>	<u>(83,663,391)</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, 2023

Employer/nonemployer	Employer number	Employer contributions		
		Actual	Retiree Drug Subsidy	Total
Employer:				
Anchorage SD	701	\$ 542	811	1,353
Cordova City SD	704	—	—	—
Craig City SD	705	—	—	—
Fairbanks North Star Borough SD	706	1,981	2,967	4,948
Haines Borough SD	707	—	—	—
Hoonah City SD	708	—	—	—
Hydaburg City SD	709	—	—	—
Juneau Borough SD	710	1,052	1,575	2,627
Kake City SD	712	—	—	—
Ketchikan Gateway Borough SD	714	(20)	(29)	(49)
Klawock City SD	717	914	1,370	2,284
Kodiak Island Borough SD	718	29	44	73
Nenana City SD	719	(62)	(93)	(155)
Nome City SD	720	344	515	859
Matanuska-Susitna Borough SD	722	14,497	21,716	36,213
Pelican City SD	723	—	—	—
Petersburg City SD	724	—	—	—
Sitka Borough SD	727	—	—	—
Skagway City SD	728	117	175	292
Unalaska City SD	729	—	—	—
Valdez City SD	730	—	—	—
Wrangell Public SD	731	—	—	—
Yakutat SD	732	—	—	—
University of Alaska	733	(11,122)	(16,661)	(27,783)
Galena City SD	735	616	922	1,538
North Slope Borough SD	736	2,231	3,342	5,573
State of Alaska	737	300	449	749
Bristol Bay Borough SD	742	845	1,266	2,111
Southeast Regional Resource Center	743	—	—	—
Dillingham City SD	744	—	—	—
Kenai Peninsula Borough SD	746	1,051	1,575	2,626
Saint Mary's SD	748	—	—	—
Northwest Arctic Borough SD	751	(3,197)	(4,789)	(7,986)
Bering Strait SD	752	234	351	585
Lower Yukon SD	753	153	229	382
Lower Kuskokwim SD	754	62,530	93,669	156,199
Kuspuk SD	755	416	623	1,039
Southwest Region SD	756	6,568	9,839	16,407
Lake and Peninsula Borough SD	757	1,209	1,811	3,020
Aleutian Region SD	758	—	—	—
Pribilof SD	759	—	—	—
Iditarod Area SD	761	(44)	(66)	(110)
Yukon / Koyukuk SD	762	—	—	—
Yukon Flats SD	763	1,728	2,588	4,316
Denali Borough SD	764	—	—	—
Delta/greely SD	765	—	—	—
Alaska Gateway SD	766	142	213	355
Copper River SD	767	(15)	(23)	(38)
Chatham SD	768	1,102	1,651	2,753
Southeast Island SD	769	—	—	—
Annette Island SD	770	—	—	—

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ALASKA RETIREE HEALTHCARE TRUST**

Supplemental Schedule of Employer and Nonemployer Contributions (Unaudited)

For the year ended June 30, 2023

Employer/nonemployer	Employer number	Employer contributions		
		Actual	Retiree Drug Subsidy	Total
Chugach SD	771	\$ 8,854	13,264	22,118
Tanana SD	775	—	—	—
Kashunamiut SD	777	(1,028)	(1,540)	(2,568)
Yupiiit SD	778	158	236	394
Special Education Service Agency	779	—	—	—
Aleutians East Borough SD	780	—	—	—
Total employer contributions		92,125	138,000	230,125
Nonemployer:				
State of Alaska	999	—	—	—
Total of all participating entities		\$ 92,125	138,000	230,125

See accompanying independent auditors' report.