



**STATE OF ALASKA**  
**JUDICIAL RETIREMENT SYSTEM**  
(A Component Unit of the State of Alaska)

Financial Statements and Supplemental Schedules

June 30, 2021

(With summarized financial information for June 30, 2020)

(With Independent Auditors' Report Thereon)

**STATE OF ALASKA**  
**JUDICIAL RETIREMENT SYSTEM**  
(A Component Unit of the State of Alaska)

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KPMG LLP  
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701 West Eighth Avenue  
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## **Independent Auditors' Report**

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

We have audited the accompanying combining financial statements of the State of Alaska Judicial Retirement System (the System), a component unit of the State of Alaska, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the State of Alaska Judicial Retirement System as of June 30, 2021, and the changes in fiduciary net position for the year then ended, in accordance with U.S. generally accepted accounting principles.



## **Other Matters**

### *Prior-Year Comparative Information*

We have previously audited the System's 2020 combining financial statements, and we expressed an unmodified opinion on those financial statements in our report dated October 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3–11, the schedules of changes in plan net pension and other postemployment benefits liability and related ratios, schedules of employer and nonemployer contributions, and schedules of investment returns on pages 25–35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplemental Schedules*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The supplemental schedules on pages 36–37 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**KPMG LLP**

October 20, 2021

**STATE OF ALASKA**  
**JUDICIAL RETIREMENT SYSTEM**  
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Management's Discussion and Analysis (Unaudited)  
June 30, 2021

This section presents management's discussion and analysis (MD&A) of the State of Alaska Judicial Retirement System's (the System) financial position and performance for the years ended June 30, 2021 and 2020. This section is presented as a narrative overview and analysis. Please read the MD&A in conjunction with the financial statements, notes to financial statements, required supplementary information, and supplemental schedules to better understand the financial condition and performance of the System during the fiscal years ended June 30, 2021 and 2020. Information for fiscal year 2019 is presented for comparative purposes.

**Financial Highlights**

The System's financial highlights for the year ended June 30, 2021 were as follows:

- The System's fiduciary net position restricted for pension and postemployment healthcare benefits increased by \$64.3 million.
- The plan member and employer contributions of \$8.5 million increased by \$768,493 when compared to fiscal year 2020.
- The State of Alaska (the State) directly appropriated \$5.1 million to the System.
- The System's net investment income increased \$57.8 million when compared to fiscal year 2020, to \$66.7 million.
- The System's pension benefit expenditures totaled \$14.4 million.
- The System's postemployment healthcare benefit expenditures totaled \$1.7 million.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the System's financial statements. The System's financial statements are composed of three components: (1) combining statement of fiduciary net position, (2) combining statement of changes in fiduciary net position, and (3) notes to financial statements. This report also contains required supplementary information and other supplemental schedules.

*Combining statement of fiduciary net position* – This statement presents information regarding the System's assets, liabilities, and resulting net position restricted for pension and postemployment healthcare benefits. This statement reflects the System's investments at fair value, along with cash and cash equivalents, receivables, and other assets, less liabilities at June 30, 2021.

*Combining statement of changes in fiduciary net position* – This statement presents how the System's net position restricted for pension and postemployment healthcare benefits changed during the fiscal year ended June 30, 2021. This statement presents contributions and investment income during the period. Deductions for pension and postemployment healthcare benefits, refunds, and operating deductions are also presented.

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The above statements represent resources available for investment and payment of benefits as of June 30, 2021 and the sources and uses of those funds during fiscal year 2021.

*Notes to financial statements* – The notes to financial statements are an integral part of the financial statements and provide additional detailed information and schedules that are essential to a full understanding of the System's financial statements.

*Required supplementary information and related notes* – The required supplementary information consists of six schedules and related notes concerning the funded status of the System and actuarial assumptions and methods used in the actuarial valuation.

*Supplemental schedules* – Supplemental schedules include detailed information on administrative and investment deductions incurred by the System and payments to consultants (other than investment advisors) for professional services.

**Condensed Financial Information**

Description	Plan Fiduciary Net Position				
	2021	2020	Increase		2019
			Amount	Percentage	
<b>Assets:</b>					
Cash and cash equivalents	\$ 3,284,166	2,508,034	776,132	30.9 %	\$ 4,439,385
Due from State of Alaska General Fund	2,338,732	1,015,397	1,323,335	130.3	711,665
Other receivables	19,209	1,004	18,205	1,813.2	23,928
Investments at fair value	283,489,650	220,767,779	62,721,871	28.4	213,029,011
Other assets	3,076	3,076	—	—	3,076
<b>Total assets</b>	<b>289,134,833</b>	<b>224,295,290</b>	<b>64,839,543</b>	<b>28.9</b>	<b>218,207,065</b>
<b>Liabilities:</b>					
Claims payable	148,000	111,000	37,000	33.3	98,000
Accrued expenses	38,304	17,879	20,425	114.2	20,172
Securities lending collateral payable	727,183	285,884	441,299	154.4	370,749
<b>Total liabilities</b>	<b>913,487</b>	<b>414,763</b>	<b>498,724</b>	<b>120.2</b>	<b>488,921</b>
<b>Plan fiduciary net position</b>	<b>\$ 288,221,346</b>	<b>223,880,527</b>	<b>64,340,819</b>	<b>28.7 %</b>	<b>\$ 217,718,144</b>

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Description	Changes in Plan Fiduciary Net Position		Increase (decrease)		2019
	2021	2020	Amount	Percentage	
Plan fiduciary net position, beginning of year	\$ 223,880,527	217,718,144	6,162,383	2.8 %	\$ 208,292,572
Additions:					
Contributions – employer and plan member	8,454,676	7,686,183	768,493	10.0	6,752,446
Nonemployer contribution - State of Alaska	5,145,000	5,010,000	135,000	2.7	4,909,000
Net investment income	66,741,226	8,915,235	57,825,991	648.6	12,349,096
Employer group waiver plan	167,474	108,886	58,588	53.8	22,294
Medicare retiree drug subsidy	685	—	685	100.0	74,248
Pharmacy rebates	77,257	202,491	(125,234)	(61.8)	117,852
Pharmacy management allowance	1,942	—	1,942	100.0	—
Other income	22,236	23,956	(1,720)	(7.2)	2,291
Total additions	80,610,496	21,946,751	58,663,745	267.3	24,227,227
Deductions:					
Pension and postemployment healthcare benefits	16,097,947	15,604,088	493,859	3.2	14,687,051
Administrative	171,730	180,280	(8,550)	(4.7)	114,604
Total deductions	16,269,677	15,784,368	485,309	3.1	14,801,655
Increase in fiduciary net position	64,340,819	6,162,383	58,178,436	944.1	9,425,572
Plan fiduciary net position, end of year	\$ 288,221,346	223,880,527	64,340,819	28.7 %	\$ 217,718,144

**Financial Analysis of the System**

The statements of fiduciary net position as of June 30, 2021 and 2020 show net position restricted for pension and postemployment healthcare benefits of \$288,221,346 and \$223,880,527, respectively. The entire amount is available to cover the System's obligation to pay pension and postemployment healthcare benefits to its members and their beneficiaries, as well as administrative costs.

This represents an increase in the System's net position restricted for pension and postemployment healthcare benefits of \$64,340,819 or 28.7% from fiscal year 2020 to 2021 and an increase of \$6,162,383 or 2.8% from fiscal year 2019 to 2020. Over the long term, plan member and employer contributions, as well as investment income earned, are anticipated to sufficiently fund the pension benefit and postemployment healthcare costs of the System.

During the 31st Alaska State Legislature and as part of the State's Fiscal Year 2021 Operating Budget, House Bill 205 appropriated \$5,145,000 from the General Fund and the Budget Reserve Fund to the Department of Administration for deposit in the Defined Benefit Pension fund.

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The investment of pension funds is a long-term undertaking. On an annual basis, the Alaska Retirement Management Board (the Board) reviews and adopts an asset allocation strategy to ensure the asset mix will remain at an optimal risk/return level given the System's constraints and objectives.

**System Asset Allocation**

During fiscal years 2021 and 2020, the Board adopted the following asset allocations:

	<b>2021</b>		<b>2020</b>	
	<b>Pension and healthcare trusts</b>		<b>Pension and healthcare trusts</b>	
	<b>Allocation</b>	<b>Range</b>	<b>Allocation</b>	<b>Range</b>
Broad domestic equity	28.0 %	± 6%	26.0 %	± 6%
Global equity ex-U.S.	19.0	± 4	18.0	± 4
Fixed income	22.0	± 10	24.0	± 10
Opportunistic	6.0	± 4	8.0	± 4
Real assets	13.0	± 7	13.0	± 7
Private equity	12.0	± 6	11.0	± 6
Total	<u>100.0 %</u>		<u>100.0 %</u>	
Expected return 20-year geometric mean	7.13 %		7.13 %	
Projected standard deviation	13.55		13.80	

For fiscal years 2021 and 2020, the Pension Plan's investments generated a 27.64% and 3.84% rate of return, respectively. For fiscal years 2021 and 2020, the Alaska Retiree Healthcare Trust Plan's investments generated a 27.69% and 3.93% rate of return, respectively.

**Contributions, Investment Income, and Other Additions**

The additions required to fund retirement benefits are accumulated through a combination of employer and plan member contributions, State appropriation, investment income, and other additions as follows:

	<b>2021</b>	<b>2020</b>	<b>Additions</b>		<b>2019</b>
			<b>Increase (decrease)</b>		
			<b>Amount</b>	<b>Percentage</b>	
Employer contributions	\$ 7,616,990	6,847,507	769,483	11.2 %	\$ 5,939,072
Plan members contributions	837,686	838,676	(990)	(0.1)	813,374
Nonemployer contributions –					
State of Alaska	5,145,000	5,010,000	135,000	2.7	4,909,000
Net investment income	66,741,226	8,915,235	57,825,991	648.6	12,349,096
Employer group waiver plan	167,474	108,886	58,588	53.8	22,294
Medicare retiree drug subsidy	685	—	685	100.0	74,248
Pharmacy rebates	77,257	202,491	(125,234)	(61.8)	117,852
Pharmacy management allowance	1,942	—	1,942	100.0	—
Other income	22,236	23,956	(1,720)	(7.2)	2,291
Total	<u>\$ 80,610,496</u>	<u>21,946,751</u>	<u>58,663,745</u>	<u>267.3 %</u>	<u>\$ 24,227,227</u>



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The System's employer contributions increased from \$6,847,507 during fiscal year 2020 to \$7,616,990 in fiscal year 2021, an increase of \$769,483, or 11.2%. The System's employer contributions increased from \$5,939,072 during fiscal year 2019 to \$6,847,507 during fiscal year 2020, an increase of \$908,435, or 15.3%. The increase in employer contributions for both fiscal year 2021 and 2020 was caused by a combination of an increase in the employer contributions paid through the payroll process and an increase in additional funding from the employer.

Beginning in fiscal year 2010, the Alaska Court System, sole employer of the System's participants, began paying only the normal cost portion of the plan employer contribution rate and the State funded the past service cost through a direct appropriation. The normal cost rate increased from 42.46% in fiscal year 2020 to 48.16% in fiscal year 2021. Additionally, the Alaska Court System has contributed additional employer contributions in fiscal year 2021 to aid in the funded level of the pension plan.

The System's net investment income in fiscal year 2021 increased by \$57,825,991 or 648.6% from amounts in fiscal year 2020. The System's net investment income in fiscal year 2020 decreased by \$3,433,861 or 27.8% from amounts in fiscal year 2019. The investment returns received in fiscal year 2021 were higher than the returns seen in fiscal year 2020, causing an increase in investment income in comparison between 2021 and 2020. Over the long term, investment earnings play a significant role in funding Plan benefits. The Board continues to look at investment classes and strategies best suited to meet the expected earnings returns to meet future benefit payments.

Effective January 1, 2019, the Division of Retirement and Benefits (the Division) implemented a group Medicare Part D prescription drug plan known as an enhanced Employer Group Waiver Plan (EGWP) for all Medicare-eligible members covered under the Plan. During fiscal year 2021, the Plan received \$167,474 in EGWP funds from the Center of Medicare and Medicaid Services (CMS) through the EGWP Plan Sponsor, OptumRx.

Pharmacy rebates are reimbursed to the Plan by the third-party administrators. These rebates are recorded as revenue when received by the Plan. During fiscal year 2021, the Plan received \$77,257 compared to \$202,491 from fiscal year 2020. The decrease is due to the timing of receipt of funds.

OptumRx provides a pharmacy management allowance, which is a temporary allowance for each covered life that is treated as a discount against the cost of drugs. This allowance can be used to provide improvements or enhancements to the benefits and services offered, or to assist in paying for ongoing administrative costs of providing drug benefits. The Plan received \$1,942 in pharmacy management allowance in fiscal year 2021.

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The Pension Plan's investment rates of return for the year ended June 30 were as follows:

	<b>Year ended</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Plan returns	27.64 %	3.84 %	6.40 %
Broad domestic equity	42.69	2.61	8.41
Global equity ex-U.S.	38.54	(3.59)	(0.08)
Fixed income	2.19	7.36	6.34
Opportunistic	23.85	0.52	7.21
Real assets	9.86	2.06	—
Absolute return	—	—	4.08
Private equity	50.67	10.49	17.66
Cash equivalents	—	—	2.50
Actuarially assumed rate of return	7.38	7.38	7.38

The Alaska Retiree Healthcare Trust Plan's investment rates of return for the year ended June 30 were as follows:

	<b>Year ended</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Plan returns	27.69 %	3.93 %	6.45 %
Broad domestic equity	42.69	2.62	8.41
Global equity ex-U.S.	38.57	(3.58)	(0.09)
Fixed income	2.20	7.36	6.34
Opportunistic	23.86	0.05	7.20
Real assets	10.00	2.37	6.18
Absolute return	—	—	4.07
Private equity	50.67	10.54	17.66
Cash equivalents	—	—	2.49
Actuarially assumed rate of return	7.38	7.38	7.38

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**Benefits and Other Deductions**

The primary deduction of the Plan is the payment of pension and postemployment healthcare benefits. These benefit payments and the cost of administering the System comprise the cost of operations as follows:

	2021	2020	Deductions		2019
			Amount	Percentage	
Pension benefits	\$ 14,368,857	14,178,500	190,357	1.3 %	\$ 13,627,946
Postemployment healthcare benefits	1,729,090	1,425,588	303,502	21.3	1,059,105
Administrative	171,730	180,280	(8,550)	(4.7)	114,604
Total	\$ 16,269,677	15,784,368	485,309	3.1 %	\$ 14,801,655

The System's pension benefit payments in 2021 increased \$190,357 or 1.3% from fiscal year 2020, which increased \$550,554 or 4.0% from fiscal year 2019. The increase in pension benefits in fiscal year 2021 is the result of an increase in the retirees from 143 in 2020 to 145 in 2021, or a 1.4% increase in retirees.

The System's postemployment healthcare benefit payments in fiscal year 2021 increased \$303,502 or 21.3% from fiscal year 2020, which increased \$366,483 or 34.6% from fiscal year 2019. The fiscal year 2021 increase in healthcare costs were attributed to a per member claim cost increase.

**Net Pension (Asset) Liability**

Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, requires the pension Plan to report the total pension liability, fiduciary net position, and net pension (asset) liability. The total pension liability represents the total obligation for the Plan's pension benefits related to costs incurred as a result of years of service, changes in benefit terms, changes in actuarial assumptions, and any differences between the actuarial assumptions and actual experience. The Plan's fiduciary net position represents the assets available to pay the Plan's future payment stream. The assets are derived from contributions received from participating employers, plan members, and nonemployer contributions as well as investment earnings, less benefit payments during the year and the related costs to administer the Plan. The difference between the total pension liability and fiduciary net position is the net pension (asset) liability, or the (overfunded) / unfunded portion of the total pension liability.

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The components of the net pension (asset) liability of the participating employer of the Plan as of June 30 were as follows:

	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 218,717,460	229,271,139
Plan fiduciary net position	<u>(245,047,997)</u>	<u>(189,844,024)</u>
Employer's net pension (asset) liability	<u>\$ (26,330,537)</u>	<u>39,427,115</u>
Plan fiduciary net position as a percentage of the total pension liability	112.04 %	82.80 %

**Net OPEB Asset**

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, requires the other postemployment benefit (OPEB) Plan to report the total OPEB liability, fiduciary net position, and net OPEB asset. The total OPEB liability represents the total obligation for the Plan's postemployment healthcare benefits related to costs incurred as a result of years of service, changes in benefit terms, changes in actuarial assumptions, and any differences between the actuarial assumptions and actual experience. The Plan's fiduciary net position represents the assets available to pay the Plan's future payment stream. The assets are derived from contributions received from participating employers, plan members, and nonemployer contributions as well as investment earnings, less benefit payments during the year and the related costs to administer the Plan. The difference between the total OPEB liability and fiduciary net position is the net OPEB asset, or the overfunded portion of the total OPEB liability.

The components of the net OPEB asset of the participating employer of the Plan as of June 30 were as follows:

	<u>2021</u>	<u>2020</u>
Total OPEB liability	\$ 17,920,646	19,205,475
Plan fiduciary net position	<u>(43,173,349)</u>	<u>(34,036,503)</u>
Employer's net OPEB asset	<u>\$ (25,252,703)</u>	<u>(14,831,028)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	240.91 %	177.22 %

**Funding**

Retirement benefits are financed by accumulations from employer, nonemployer, and plan member contributions and income earned on System investments:

- The actuarially determined contribution rate is calculated by the System's consulting actuary and approved by the administrator. Contributions are determined on an annual basis either through the actuarial valuation or the actuarial valuation roll-forward process.

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- Plan member contributions are set by Alaska Statute 22.25.011.
- The Board works with an external consultant to determine the proper asset allocation strategy.

**Legislation**

During fiscal year 2021, the 32nd Alaska State Legislature enacted one law that affects the System. Conference Committee Substitute First Special Session House Bill 69, Section 73(d), appropriates \$4,185,000 from the general fund to the Department of Administration for deposit in the System's defined benefit pension fund as partial payment of the participating employer's contributions for the fiscal year ending June 30, 2022.

**Economic Conditions, Future Contribution Rates, and Status of Unfunded Liability**

Fiscal year 2021 had positive investment returns. Net investment income increased from \$8,915,235 in fiscal year 2020 to \$66,741,226 in fiscal year 2021, an increase of \$57,825,991, or 648.6%. The Board continues to work with its investment counsel and the Alaska Department of Revenue, Treasury Division, to diversify the portfolio of the System to maintain an optimal risk/return ratio.

The actuarial valuation as of June 30, 2020 reported a funding ratio of 100.5% and an unfunded liability of \$1.1 million. The actuarial roll-forward valuation for June 30, 2019 reported a funding ratio of 91.7% and an unfunded liability of \$19.8 million. The decrease in the unfunded liability is attributable to additional employer contributions to the pension plan over the last several fiscal years. Additionally, the Plan benefited from updated healthcare cost trend assumptions. The impacts of these, combined with negligible losses in other categories, also increased the total actuarially determined contribution rate (normal and past service costs) for fiscal year 2021 to 83.94% from 74.42% for fiscal year 2020.

**Requests for Information**

This financial report is designed to provide a general overview for those parties interested in the System's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

State of Alaska Judicial Retirement System  
Division of Retirement and Benefits, Finance Section  
P.O. Box 110203  
Juneau, Alaska 99811-0203

Questions concerning any of the investment information provided in this report or requests for additional investment information should be addressed to:

State of Alaska  
Department of Revenue, Treasury Division  
P.O. Box 110405  
Juneau, Alaska 99811-0405

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Combining Statement of Fiduciary Net Position

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	<u>Pension</u>	<u>Alaska Retiree Healthcare Trust</u>	<u>System total June 30, 2021</u>	<u>System total June 30, 2020</u>
<b>Assets:</b>				
Cash and cash equivalents:				
Short-term fixed income pool	\$ 2,209,365	347,619	2,556,984	2,222,150
Securities lending collateral	617,333	109,849	727,182	285,884
Total cash and cash equivalents	<u>2,826,698</u>	<u>457,468</u>	<u>3,284,166</u>	<u>2,508,034</u>
Receivables:				
Due from State of Alaska General Fund	2,262,155	76,577	2,338,732	1,015,397
Other receivables	766	18,443	19,209	1,004
Total receivables	<u>2,262,921</u>	<u>95,020</u>	<u>2,357,941</u>	<u>1,016,401</u>
Investments at fair value:				
Fixed-income securities:				
Alternative fixed income pool	5,942,998	1,059,366	7,002,364	6,849,786
Opportunistic fixed income pool	8,671,079	1,545,687	10,216,766	7,250,761
Barclays aggregate bond fund	<u>34,631,422</u>	<u>6,173,406</u>	<u>40,804,828</u>	<u>34,177,738</u>
Total fixed-income securities	<u>49,245,499</u>	<u>8,778,459</u>	<u>58,023,958</u>	<u>48,278,285</u>
Broad domestic equity pool:				
Large cap pool	61,425,368	10,949,645	72,375,013	55,875,224
Small cap pool	<u>5,205,134</u>	<u>927,844</u>	<u>6,132,978</u>	<u>4,937,570</u>
Total broad domestic equity	<u>66,630,502</u>	<u>11,877,489</u>	<u>78,507,991</u>	<u>60,812,794</u>
Global equity ex-U.S.:				
International equity pool	36,721,239	6,545,887	43,267,126	34,699,646
Emerging markets equity pool	<u>7,800,931</u>	<u>1,390,551</u>	<u>9,191,482</u>	<u>7,256,106</u>
Total global equity ex-U.S.	<u>44,522,170</u>	<u>7,936,438</u>	<u>52,458,608</u>	<u>41,955,752</u>
Opportunistic:				
Alternative equity pool	2,802,296	499,507	3,301,803	2,386,528
Alternative beta pool	2,237,763	398,951	2,636,714	2,518,906
Other opportunities pool	146,907	26,174	173,081	311,248
Tactical allocation strategies pool	<u>9,004,427</u>	<u>1,605,172</u>	<u>10,609,599</u>	<u>6,887,996</u>
Total opportunistic	<u>14,191,393</u>	<u>2,529,804</u>	<u>16,721,197</u>	<u>12,104,678</u>
Private equity pool	<u>36,133,731</u>	<u>6,441,173</u>	<u>42,574,904</u>	<u>27,517,084</u>
Real assets:				
Real estate pool	11,044,327	1,972,947	13,017,274	11,197,911
Real estate investment trust pool	3,895,925	694,484	4,590,409	2,503,385
Infrastructure private pool	5,366,792	956,645	6,323,437	5,532,524
Energy pool	447,776	79,786	527,562	553,673
Farmland pool	6,477,961	1,154,804	7,632,765	7,338,401
Timber pool	<u>2,640,816</u>	<u>470,729</u>	<u>3,111,545</u>	<u>2,973,292</u>
Total real assets	<u>29,873,597</u>	<u>5,329,395</u>	<u>35,202,992</u>	<u>30,099,186</u>
Total investments	<u>240,596,892</u>	<u>42,892,758</u>	<u>283,489,650</u>	<u>220,767,779</u>
Other assets	—	3,076	3,076	3,076
Total assets	<u>245,686,511</u>	<u>43,448,322</u>	<u>289,134,833</u>	<u>224,295,290</u>
<b>Liabilities:</b>				
Claims payable	—	148,000	148,000	111,000
Accrued expenses	21,180	17,124	38,304	17,879
Securities lending collateral payable	<u>617,334</u>	<u>109,849</u>	<u>727,183</u>	<u>285,884</u>
Total liabilities	<u>638,514</u>	<u>274,973</u>	<u>913,487</u>	<u>414,763</u>
Net position restricted for pension and postemployment healthcare benefits	<u>\$ 245,047,997</u>	<u>43,173,349</u>	<u>288,221,346</u>	<u>223,880,527</u>

See accompanying notes to financial statements.

**STATE OF ALASKA**  
**JUDICIAL RETIREMENT SYSTEM**  
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Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2021

(With summarized financial information for June 30, 2020)

	<u>Pension</u>	<u>Alaska Retiree Healthcare Trust</u>	<u>System total June 30, 2021</u>	<u>System total June 30, 2020</u>
Additions:				
Contributions:				
Employer	\$ 6,962,607	654,383	7,616,990	6,847,507
Plan members	837,686	—	837,686	838,676
Nonemployer contribution – State of Alaska	5,145,000	—	5,145,000	5,010,000
Total contributions	<u>12,945,293</u>	<u>654,383</u>	<u>13,599,676</u>	<u>12,696,183</u>
Investment income:				
Net appreciation in fair value	54,569,849	9,640,529	64,210,378	6,183,187
Interest	698,257	123,321	821,578	1,029,331
Dividends	1,987,555	354,838	2,342,393	2,335,926
Total investment income	<u>57,255,661</u>	<u>10,118,688</u>	<u>67,374,349</u>	<u>9,548,444</u>
Less investment expense	<u>544,884</u>	<u>95,170</u>	<u>640,054</u>	<u>640,356</u>
Net investment income before securities lending activities	<u>56,710,777</u>	<u>10,023,518</u>	<u>66,734,295</u>	<u>8,908,088</u>
Securities lending income	7,361	1,300	8,661	8,930
Less securities lending expense	<u>1,470</u>	<u>260</u>	<u>1,730</u>	<u>1,783</u>
Net income from securities lending activities	<u>5,891</u>	<u>1,040</u>	<u>6,931</u>	<u>7,147</u>
Net investment income	<u>56,716,668</u>	<u>10,024,558</u>	<u>66,741,226</u>	<u>8,915,235</u>
Other income:				
Employer group waiver plan	—	167,474	167,474	108,886
Medicare retiree drug subsidy	—	685	685	—
Pharmacy rebates	—	77,257	77,257	202,491
Pharmacy management allowance	—	1,942	1,942	—
Miscellaneous income	7,891	14,345	22,236	23,956
Total other income	<u>7,891</u>	<u>261,703</u>	<u>269,594</u>	<u>335,333</u>
Total additions	<u>69,669,852</u>	<u>10,940,644</u>	<u>80,610,496</u>	<u>21,946,751</u>
Deductions:				
Pension and postemployment healthcare benefits	14,368,857	1,729,090	16,097,947	15,604,088
Administrative	97,022	74,708	171,730	180,280
Total deductions	<u>14,465,879</u>	<u>1,803,798</u>	<u>16,269,677</u>	<u>15,784,368</u>
Net increase	55,203,973	9,136,846	64,340,819	6,162,383
Net position restricted for pension and postemployment healthcare benefits:				
Balance, beginning of year	<u>189,844,024</u>	<u>34,036,503</u>	<u>223,880,527</u>	<u>217,718,144</u>
Balance, end of year	<u>\$ 245,047,997</u>	<u>43,173,349</u>	<u>288,221,346</u>	<u>223,880,527</u>

See accompanying notes to financial statements.

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**(1) Description**

The State of Alaska Judicial Retirement System (the System) is a component unit of the State of Alaska (the State). The System consists of a single employer defined benefit pension plan and a defined benefit other postemployment healthcare plan and is administered by the Division of Retirement and Benefits within the Department of Administration to provide pension and postemployment healthcare benefits for eligible state justices and judges. Benefit and contribution provisions are established by State law and may be amended only by the State legislature. The Alaska Retirement Management Board (the Board) is responsible for overseeing the management and investment of the System. The Board consists of nine trustees as follows, two trustees consisting of the commissioner of administration and the commissioner of revenue, two trustees who are members of the general public, one trustee who is employed as a finance officer for a political subdivision participating in either the Public Employees' Retirement System (PERS) or Teachers' Retirement System (TRS), two trustees who are PERS members, and two trustees who are TRS members.

**(a) Defined Benefit Pension Plan**

Inclusion in the Plan is a condition of employment for eligible State justices and judges. At June 30, 2021, the plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	144
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	72
	219

**(b) Pension Benefits**

Members with five or more paid-up years of credited service are entitled to annual pension benefits beginning at normal retirement at age 60 or early retirement at age 55. Members who are under age 60 and have 20 or more years of credited service may retire at any age and receive an actuarially reduced benefit.

The normal monthly pension benefit is based on the member's years of service and the current authorized salary for the position from which they retired. The pension benefit is equal to 5% for each year of service up to a maximum of 75% of the current base salary for an active judge in the month the benefit is paid. In the event of salary increases for active judges, the monthly pension benefit for retired judges also increases.

**(c) Death Benefits**

Upon the death of a member who has served for at least two years, the surviving spouse is entitled to receive monthly benefits equal to one-half of the monthly retirement pay the member would have been entitled to receive if retired at the time of death. If the member was not eligible to retire or would have been entitled to less than 60% of the monthly authorized salary, the spouse is entitled to monthly



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benefits not less than 30% of the authorized salary. The benefits continue until the surviving spouse dies.

If there is no eligible surviving spouse, the member's surviving dependent child(ren) are entitled to receive a benefit equal to 50% of the above survivor's benefit. Each child will receive an equal share of the benefit while they are dependent. If there is no surviving spouse or dependent child(ren), the member's beneficiary(ies) shall receive the difference between contributions made and interest accrued in the System, less benefits paid by the System.

**(d) Disability Benefits**

Members who are involuntarily retired for incapacity and have a minimum of five years of service at the time of retirement for incapacity are eligible for pension benefits.

**(e) Contributions**

Contribution requirements of the active plan members and the participating employers are actuarially determined and approved by the Board as an amount that, when combined, is expected to finance the costs of both pension and postemployment healthcare benefits earned by plan members during the year. The plan members first appointed after July 1, 1978 contribute 7.00% of their compensation as required by statute. Contributions are not required after members have made contributions for 15 years. Members appointed before July 1, 1978 are not required to make contributions. For fiscal years 2021 and 2020, employer contribution rates are 83.94% and 74.42% of eligible compensation, respectively, of which only the employer normal cost rates of 48.16% and 42.46%, respectively, were required from the Alaska Court System. The past service costs were paid for separately by the State via annual appropriations.

**(f) Refunds**

Plan member contributions may be voluntarily refunded to the justice or judge if office is vacated before the justice or judge is fully vested. A justice or judge shall have a vested right to accrued pay if the justice or judge has served five years or more. Plan member contributions may be involuntarily refunded to a garnishing agency. Members whose contributions have been refunded forfeit all retirement benefits, including postemployment healthcare benefits. Members are allowed to reinstate voluntarily refunded service by repaying the voluntarily refunded balance and accrued interest, as long as they have returned to active service. Members are allowed to reinstate refunded service due to involuntary refunds by repaying the involuntary refunded balance and accrued interest.

**(g) Other Postemployment Benefit Plan**

The Alaska Retiree Healthcare Trust Plan (ARHCT), a healthcare trust fund of the State, provides major medical coverage to retirees of the Plan. These major medical benefits, to cover medical expenses, are provided without cost to retired plan members. The ARHCT is self-funded and

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self-insured. The ARHCT is closed to all new members effective July 1, 2006. As of June 30, 2021, membership in the plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	144
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	72
	219

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Accounting**

The accompanying financial statements have been prepared using the economic resources measurement focus and on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). Contributions are due to the System when employee services have been performed and paid. Contributions are recognized as revenue when due pursuant to statutory requirements. Benefits are recognized when due and payable and expenses are recorded when the corresponding liabilities are incurred, regardless of when contributions are received, or payment is made.

**(b) Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents include the System's holdings within the short-term fixed-income pool and overnight investments associated with securities lending collateral. These holdings have the general characteristics of a demand deposit account.

**(d) Investments**

The System owns shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Division of Treasury (Treasury). The System's investment in the pools, except for the short-term fixed-income pool, is reported at fair value based on the net asset value reported by the Treasury. The short-term fixed-income pool maintains a share price of \$1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals.

**(e) Contributions Receivable**

Contributions from the System's members and the employer for payrolls received through August 31 for wages paid for service through June 30 are accrued. These contributions are considered fully collectible, and accordingly, no allowance for uncollectible receivables is reflected in the financial statements.

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**(f) Due from State of Alaska General Fund**

Amounts due from the State of Alaska General Fund represent the amounts remitted by employers to the General Fund but not yet transmitted to the System.

**(g) Other Income**

Other income consists of Medicare Part D Retiree Drug Subsidy (RDS) rebates, Employer Group Waiver Plan (EGWP) rebates, pharmacy rebates, and other miscellaneous items. The RDS are rebates provided to the plan sponsor. The State has elected to voluntarily put the RDS back into the trust and treat it as a contribution for purposes of calculating the net OPEB liability. The EGWP and pharmacy rebates are provided to the Plan through the third-party administrators and are treated as a reduction to the benefit payments for purposes of calculating the net OPEB liability. RDS, and pharmacy rebates are recognized on a cash basis.

**(h) Administrative Costs**

Administrative costs are paid from investment earnings.

**(i) Federal Income Tax Status**

The Plans are qualified plans under Section 401(a) of the Internal Revenue Code and are exempt from federal income taxes under Section 501(a).

**(3) Investments**

The Board is the investment oversight authority of the System's investments. As the fiduciary, the Board has the statutory authority to invest assets under the Prudent Investor Rule. Fiduciary responsibility for the Board's invested assets is pursuant to AS 37.10.210-390.

AS 37.10.071 provides that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investment portfolios.

Treasury provides staff for the Board. Treasury has created a pooled environment by which it manages investments of the Board.

Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The Board has developed investment guidelines, policies, and procedures for Treasury staff and external investment managers to adhere to when managing investments. Treasury manages the U.S. Treasury Fixed-Income Pool, Real Estate Investment Trust Pool, and Treasury Inflation-Protected Securities Pool, in addition to acting as oversight manager for all externally managed investments. All other investments are managed by external management companies.

The short-term fixed-income pool is a State pool managed by Treasury that holds investments on behalf of the Board as well as other State funds.

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**Rate of Return**

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return, net of investment expense, for the year ended June 30, 2021 for the Defined Benefit Pension Plan is 29.62% and for the ARHTC Plan is 29.85%.

For additional information on securities lending, interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk, see the separately issued report on the Invested Assets of the State of Alaska Retirement and Benefits Plans at <http://treasury.dor.alaska.gov/armb/Reports-and-Policies/Annual-Audited-Financial-Schedules.aspx>.

**(4) Net Pension Asset – Defined Benefit Pension Plan**

The components of the net pension asset of the participating employer of the Plan at June 30, 2021 were as follows:

Total pension liability	\$	218,717,460
Plan fiduciary net position		<u>(245,047,997)</u>
Employers' net pension asset	\$	<u><u>(26,330,537)</u></u>
Plan fiduciary net position as a percentage of the total pension liability		112.04 %

**(a) Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.50% per year
Salary increases	0% per year for FY21 through FY24, and 3.62% per year thereafter.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-commencement mortality rates were based on 100% of the RP-2014 white-collar employee table, benefit weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 93% of male and 90% of female rates of the RP-2014 white-collar healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in

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actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The actuarial assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 actuarial valuation, except (i) the salary increase and the pensioner benefit increase assumption were modified to be 0% per year for FY21 through FY24, and 3.62% per year thereafter to better reflect expected short-term experience, and (ii) 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.04%).

Asset class	Long-term expected real rate of return
Domestic equity	6.63 %
Global equity (non-U.S.)	5.41
Aggregate bonds	0.76
Opportunistic	4.39
Real assets	3.16
Private equity	9.29
Cash equivalents	0.13

**(b) Discount Rate**

The discount rate used to measure the total pension liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB 67. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.18% as of June 30, 2021.

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**(c) Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	<b>1.00% decrease (6.38%)</b>	<b>Current discount rate (7.38%)</b>	<b>1.00% increase (8.38%)</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net pension asset	\$ 2,287,072	26,330,537	46,609,932

**(5) Net OPEB Asset – ARHCT Plan**

The components of the net OPEB asset of the participating employer of the Plan at June 30, 2021 were as follows:

Total OPEB liability	\$ 17,920,646
Plan fiduciary net position	<u>(43,173,349)</u>
Employer's net OPEB asset	<u>\$ (25,252,703)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	240.91 %

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**(a) Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods in the measurement, and rolled forward to the measurement date of June 30, 2021:

Inflation	2.50% per year
Salary increases	0% per year for FY21 through FY24, and 3.62% per year thereafter.
Investment rate of return	7.38% per year, net of post-retirement healthcare investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Trend rates	Pre-65 medical: 6.5% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx EGWP: 7.5% grading down to 4.5%
Mortality	Pre-commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rates were based on 100% of the RP-2014 white-collar employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were based on 93% of male and 90% of female rates of the RP-2014 white-collar healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Board to better reflect expected experience. The assumptions used in the June 30, 2020 actuarial valuation are the same as those used in the June 30, 2019 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The salary increase assumption was modified to be 0% per year for FY21 through FY24, and 3.62% per year thereafter to better reflect short-term experience.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax.

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4. 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.

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, 2021 are summarized in the following table (note that the rates shown below exclude an inflation component of 2.04%):

Asset class	Long-term expected real rate of return
Domestic equity	6.63 %
Global equity (non-U.S.)	5.41
Aggregate bonds	0.76
Opportunistic	4.39
Real assets	3.16
Private equity	9.29
Cash equivalents	0.13

**(b) Discount Rate**

The discount rate used to measure the total OPEB liability as of June 30, 2021 was 7.38%. The projection of cash flows used to determine the discount rate assumed that employer and State 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 in accordance with the method prescribed by GASB 74. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.18% as of June 30, 2021.



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

The following presents the net OPEB asset as of June 30, 2021, calculated using the discount rate of 7.38%, 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>1.00% decrease (6.38%)</b>	<b>Current discount rate (7.38%)</b>	<b>1.00% increase (8.38%)</b>
Net OPEB asset	\$ 23,095,678	25,252,703	27,046,526

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

The following presents the net OPEB asset as of June 30, 2021, calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation report, 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>1.00% decrease</b>	<b>Current healthcare cost trend rate</b>	<b>1.00% increase</b>
Net OPEB asset	\$ 27,344,787	25,252,703	22,718,347

**(6) Claims Payable**

The liability for claims payable and claims incurred but not reported, included in the claims payable amount on the statement of fiduciary net position, represent the estimated amounts necessary to settle all outstanding claims incurred as of the balance sheet date. The plan's reserve estimates are based primarily on historical development patterns adjusted for current trends that would modify past experience. Claims are reevaluated periodically to consider the effects of inflation, claims settlement trends, and other economic factors. The process of establishing loss reserves is subject to uncertainties that are normal, recurring, and inherent in the healthcare business.

Changes in the balances of claims liabilities were as follows:

	<b>2021</b>	<b>2020</b>
Total, beginning of year	\$ 111,000	98,000
Healthcare benefits	1,729,090	1,425,588
Benefits paid	(1,692,090)	(1,412,588)
Total, end of year	\$ 148,000	111,000

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**(7) Commitments and Contingencies**

The Division is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Division of Retirement and Benefits' counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Division.

**(8) Employer Group Waiver Program**

Effective January 1, 2019, the Division implemented a group Medicare Part D prescription drug plan known as an enhanced EGWP for all Medicare-eligible members covered under the ARHCT Plan. The enhanced EGWP leverages increased federal subsidies to the ARHCT Plan for prescription drugs covered by Medicare Part D while also providing coverage for medications not covered by Medicare Part D through a "wrap" of additional benefits. Moving to an enhanced EGWP has resulted in the ARHCT Plan receiving significantly higher subsidies, while simultaneously maintaining the prescription drug coverage retirees had prior to implementation of the enhanced EGWP. Currently, EGWP is the primary program used by the Division; however, there are still retirees that are covered by the RDS if they do not meet the requirements of EGWP.

**(9) Medicare Part D Retiree Drug Subsidy**

One of the provisions of Medicare Part D provides sponsors of pension healthcare plans the opportunity to receive an RDS payment if the sponsor's plan provides a prescription drug benefit that is actuarially equivalent to the Medicare Part D benefit. The RDS is equal to 28% of the amount of eligible prescription drug benefit costs of retirees who are eligible for, but not enrolled in, Medicare Part D, by virtue of continuing to be covered by the sponsor's plan. The ARHCT Plan was approved for participation in the Medicare Part D program beginning calendar year 2006.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

**STATE OF ALASKA**  
**JUDICIAL RETIREMENT SYSTEM**  
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Plan Net Pension (Asset) Liability and Related Ratios – Defined Benefit Pension Plan

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total pension liability:										
Service cost	\$ 6,406,615	6,580,544	5,639,424	6,452,021	6,226,617	6,024,599	5,814,128	5,185,969	5,004,795	5,062,095
Interest	16,828,004	17,340,132	18,137,715	17,330,757	16,448,646	16,416,869	15,564,753	15,284,981	14,576,016	14,278,926
Differences between expected and actual experience	4,375,904	—	(13,087,119)	41,775	(10,826,335)	35,662	(11,187,236)	—	—	(451,843)
Changes of assumptions	(23,795,345)	(16,406,216)	10,539,605	—	—	—	4,219,851	—	—	—
Benefit payments, including refunds of member contributions	(14,368,857)	(14,178,500)	(13,627,946)	(12,125,563)	(11,588,512)	(11,228,221)	(10,683,962)	(10,578,414)	(10,343,220)	(10,046,138)
Net change in total pension liability	(10,553,679)	(6,664,040)	7,601,679	11,698,990	260,416	11,248,909	3,727,534	9,892,536	9,237,591	8,843,040
Total pension liability – beginning	229,271,139	235,935,179	228,333,500	216,634,510	216,374,094	205,125,185	201,397,651	191,505,115	182,267,524	173,424,484
Total pension liability – ending (a)	218,717,460	229,271,139	235,935,179	228,333,500	216,634,510	216,374,094	205,125,185	201,397,651	191,505,115	182,267,524
Plan fiduciary net position:										
Contributions – employers	6,962,607	6,117,144	5,347,675	5,142,959	5,673,683	5,819,499	4,980,772	4,578,693	4,443,785	3,212,901
Contributions – member	837,686	838,676	813,374	832,718	886,162	801,924	810,819	780,054	721,171	704,671
Contributions – nonemployer (State)	5,145,000	5,010,000	4,909,000	5,385,000	5,412,366	5,890,788	5,241,619	4,282,876	3,650,650	2,205,898
Net investment income	56,716,668	7,537,504	10,447,841	13,590,028	18,909,380	(567,149)	4,349,487	21,845,311	13,180,214	121,042
Benefit payments, including refunds of member contributions	(14,368,857)	(14,178,500)	(13,627,946)	(12,125,563)	(11,588,512)	(11,228,221)	(10,683,962)	(10,578,414)	(10,343,220)	(9,666,901)
Administrative expenses	(97,022)	(106,618)	(59,094)	(62,933)	(79,219)	(60,330)	(86,243)	(65,716)	(82,231)	(44,855)
Other income	7,891	—	—	—	—	2,364	92	12	—	12
Net change in plan fiduciary net position	55,203,973	5,218,206	7,830,850	12,762,209	19,213,860	658,875	4,612,584	20,842,816	11,570,369	(3,467,232)
Plan fiduciary net position – beginning	189,844,024	184,625,818	176,794,968	164,032,759	144,818,899	144,160,024	139,547,440	118,704,624	107,134,255	110,601,487
Plan fiduciary net position – ending (b)	245,047,997	189,844,024	184,625,818	176,794,968	164,032,759	144,818,899	144,160,024	139,547,440	118,704,624	107,134,255
Plan's net pension (asset) liability (a)–(b)	\$ (26,330,537)	39,427,115	51,309,361	51,538,532	52,601,751	71,555,195	60,965,161	61,850,211	72,800,491	75,133,269
Plan fiduciary net position as a percentage of the total pension liability	112.04 %	82.80 %	78.25 %	77.43 %	75.72 %	66.93 %	70.28 %	69.29 %	61.99 %	58.78 %
Covered payroll	\$ 13,935,042	14,063,861	13,794,071	13,855,039	13,712,665	13,312,955	13,440,878	13,174,513	12,762,199	12,371,625
Net pension (asset) liability as a percentage of covered payroll	(188.95)%	280.34 %	371.97 %	371.98 %	383.60 %	537.49 %	453.73 %	469.47 %	570.44 %	607.30 %

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

**STATE OF ALASKA**  
**JUDICIAL RETIREMENT SYSTEM**  
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Employer and Nonemployer Contributions – Defined Benefit Pension Plan

Last 10 Fiscal Years

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a percentage of covered payroll</u>
2021	\$ 10,238,911	12,107,606	(1,868,695)	13,157,172	92.02 %
2020	9,388,398	11,127,144	(1,738,746)	13,392,864	83.08 %
2019	9,454,023	10,256,675	(802,652)	13,392,864	76.58 %
2018	10,632,195	10,527,959	104,236	14,598,647	72.12 %
2017	10,470,676	11,086,049	(615,373)	14,088,638	78.69 %
2016	11,182,754	11,710,287	(527,533)	13,995,937	83.67 %
2015	10,328,791	10,222,391	106,400	13,506,984	75.68 %
2014	9,155,796	8,861,569	294,227	13,730,948	64.54 %
2013	8,366,815	8,094,435	272,380	13,289,096	60.91 %
2012	5,051,754	5,418,799	(367,045)	11,803,164	45.91 %

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

**STATE OF ALASKA**  
**JUDICIAL RETIREMENT SYSTEM**  
(A Component Unit of the State of Alaska)  
Required Supplementary Information (Unaudited)  
Schedule of Investment Returns – Defined Benefit Pension Plan

<b>Fiscal Year</b>	<b>Annual money-weighted rate of return, net of investment expense</b>
2021	29.62 %
2020	4.05 %
2019	5.88 %
2018	8.20 %
2017	13.04 %
2016	(0.43)%
2015	3.09 %
2014	18.40 %

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

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**STATE OF ALASKA**  
**JUDICIAL RETIREMENT SYSTEM**  
(A Component Unit of the State of Alaska)

Required Supplementary Information (Unaudited)

Schedule of Changes in Plan Net OPEB (Asset) Liability and Related Ratios – Alaska Retiree Healthcare Trust Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:					
Service cost	\$ 910,724	757,923	784,426	689,538	733,897
Interest	1,429,308	1,339,558	1,511,105	1,391,440	1,317,927
Differences between expected and actual experience	663,374	172,561	(735,641)	592,098	209,718
Changes of assumptions	(2,763,326)	131,866	(1,214,467)	—	—
Benefit payments, including refunds of member contributions	(1,692,383)	(1,267,666)	(978,813)	(1,575,877)	(1,031,148)
EGWP rebates	167,474	108,886	22,294	—	—
Net change in total OPEB liability	(1,284,829)	1,243,128	(611,096)	1,097,199	1,230,394
Total OPEB liability – beginning	19,205,475	17,962,347	18,573,443	17,476,244	16,245,850
Total OPEB liability – ending (a)	17,920,646	19,205,475	17,962,347	18,573,443	17,476,244
Plan fiduciary net position:					
Contributions – employer	654,383	730,363	591,397	620,951	627,649
Contributions – RDS	685	—	74,248	20,943	—
Net investment income	10,024,558	1,377,730	1,901,255	2,455,182	3,470,206
Benefit payments	(1,729,090)	(1,425,588)	(1,059,105)	(1,590,842)	(1,031,148)
EGWP rebates	167,474	108,886	22,294	—	—
Pharmacy rebates	77,257	202,491	117,852	43,577	—
Pharmacy management allowance	1,942	—	—	—	—
ASO fees	(42,492)	(44,569)	(37,560)	(28,611)	—
Net benefit payments	(1,524,909)	(1,158,780)	(956,519)	(1,575,876)	(1,031,148)
Administrative expenses, net of ASO fees	(32,216)	(29,092)	(17,950)	(15,127)	(50,762)
Other	14,345	23,956	2,291	244	127,457
Net change in plan fiduciary net position	9,136,846	944,177	1,594,722	1,506,317	3,143,402
Plan fiduciary net position – beginning	34,036,503	33,092,326	31,497,604	29,991,287	26,847,885
Plan fiduciary net position – ending (b)	43,173,349	34,036,503	33,092,326	31,497,604	29,991,287
Plan's net OPEB asset (a)–(b)	\$ (25,252,703)	(14,831,028)	(15,129,979)	(12,924,161)	(12,515,043)
Plan fiduciary net position as a percentage of the total OPEB liability	240.91 %	177.22 %	184.23 %	169.58 %	171.61 %
Covered payroll	\$ 13,935,042	14,063,861	13,794,071	13,855,039	13,712,665
Net OPEB asset as a percentage of covered payroll	(181.22)%	(105.45)%	(109.68)%	(93.28)%	(91.27)%

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.

**STATE OF ALASKA**  
**JUDICIAL RETIREMENT SYSTEM**  
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Required Supplementary Information (Unaudited)

Schedule of Employer and Nonemployer Contributions – Alaska Retiree Healthcare Trust Plan

Last 10 Fiscal Years

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a percentage of covered payroll</u>
2021	\$ 805,219	654,383	150,836	13,157,172	4.97 %
2020	578,572	730,363	(151,791)	13,392,864	5.45 %
2019	598,661	591,397	7,264	13,392,864	4.42 %
2018	632,121	620,951	11,170	14,598,647	4.25 %
2017	631,171	627,649	3,522	14,088,638	4.46 %
2016	500,945	508,413	(7,468)	13,995,937	3.63 %
2015	312,548	520,480	(207,932)	13,506,984	3.85 %
2014	1,094,357	881,725	212,632	13,730,948	6.42 %
2013	722,960	834,295	(111,335)	13,289,096	6.28 %
2012	1,432,721	598,429	834,292	11,803,164	5.07 %

See accompanying notes to required supplementary information (unaudited) and independent auditors' report.



**STATE OF ALASKA**  
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Required Supplementary Information (Unaudited)

Schedule of Investment Returns – Alaska Retiree Healthcare Trust Plan

<b>Fiscal Year</b>	<b>Annual money-weighted rate of return, net of investment expense</b>
2021	29.85 %
2020	4.18 %
2019	6.08 %
2018	8.33 %
2017	12.53 %

This schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

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**STATE OF ALASKA**  
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Notes to Required Supplementary Information (Unaudited)

June 30, 2021

**(1) Actuarial Assumptions and Methods**

The actuarial valuation was prepared by Buck. The significant actuarial methods and assumptions used in the valuation as of June 30, 2020 were as follows:

- (a) Actuarial cost method – Liabilities and contributions in the report are computed using the Entry Age Normal Actuarial Cost Method, level percent of pay. Each year's difference between actual and expected unfunded actuarial accrued liability is amortized over 25 years as a level percent of expected payroll.

Projected pension and postemployment healthcare benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year from the assumed entry age to the last age with a future benefit were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate which is then related to the total payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, terminated vested members and disabled members not yet receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years (it does not represent the liability for benefits accrued to the valuation date). The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date.

Under this method, experience gains or losses, i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

- (b) Valuation of assets – The actuarial asset value was reinitialized to equal fair value of assets as of June 30, 2006. Beginning in FY07, the asset value method recognizes 20% of the gain or loss each year, for a period of five years. All assets are valued at fair value. Assets are accounted for on an accrued basis and are taken directly from financial statements. Valuation of assets are constrained to a range of 80% to 120% of the fair value of assets.
- (c) Valuation of retiree medical and prescription drug benefits – Base claims cost rates are incurred healthcare costs expressed as a rate per member per year. Ideally, claims cost rates should be derived for each significant component of cost that can be expected to require differing projection assumptions or methods (i.e., medical claims, prescription drug claims, administrative costs, etc.).

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Notes to Required Supplementary Information (Unaudited)

June 30, 2021

Separate analysis is limited by the availability and historical credibility of cost and enrollment data for each component of cost. This valuation reflects non-prescription claims separated by Medicare status, including eligibility for free Part A coverage. Prescription costs are analyzed separately as in prior valuations. Administrative costs are assumed in the final per capita claims cost rates used for valuation purposes, as described below. Analysis to date on Medicare Part A coverage is limited since Part A claim data is not available by individual, nor is this status incorporated into historical claim data.

- (d) Investment return – 7.38% per year, net of investment expenses
- (e) Salary scale – 0% per year for FY21 through FY24, and 3.62% per year thereafter
- (f) Payroll growth – 2.75% per year (inflation + productivity)
- (g) Total inflation – Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 2.50% annually.
- (h) Compensation and benefit limit increases – Compensation is limited to the IRC 401 (a)(17) amount, which was \$285,000 for 2020. This limit is assumed to increase 2.50% each year thereafter.  
  
Benefits are limited to the IRC 415 amount, which was \$230,000 for 2020. This limit is assumed to increase 2.50% each year thereafter.
- (i) Benefit payment increase – Benefits for retired members are assumed to increase 0.0% per year for FY21 through FY24, and 3.62% per year thereafter.
- (j) Mortality (pre-commencement) – Mortality rates based upon the 2013–2017 actual experience. RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
- (k) Mortality (post-commencement) – Mortality rates based upon the 2013–2017 actual experience. 93% of male and 90% of female rates of the RP-2014 healthy annuitant table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
- (l) Turnover – 3% if service is less than 10 years, with an ultimate rate of 1% thereafter. Turnover rates cease once a member is eligible for retirement.
- (m) Disability – Post-disability mortality in accordance with the RP-2014 disability table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement.
- (n) Retirement – Deferred vested members are assumed to retire at age 60.
- (o) Form of payment – Married members are assumed to choose the 50% Joint and Survivor benefit option. Single members are assumed to elect the Modified Cash Refund Annuity.

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Notes to Required Supplementary Information (Unaudited)

June 30, 2021

- (p) Spouse age difference – Males are assumed to be four years older than their wives. Females are assumed to be four years younger than husbands.
- (q) Percent married for pension – 90% of male members and 70% female members are assumed to be married at termination from active service.
- (r) Dependent spouse medical coverage election – Applies to members who do not have double medical coverage. 90% of male members and 70% female members are assumed to be married and cover a dependent spouse.
- (s) Dependent children – Pension: None. Healthcare: Benefits for dependent children have been valued only for members currently covering their dependent children. These benefits are only valued through the dependent children’s age 23 (unless the child is disabled).
- (t) Contribution Refunds – 0% of terminating member with vested benefits are assumed to have their contributions refunded. 100% of those with non-vested benefits are assumed to have their contributions refunded.
- (u) Imputed data – Data changes from the prior year which are deemed to have an immaterial impact on liabilities and contribution rates are assumed to be correct in the current year’s client data. Non-vested terminations with appropriate refund dates are assumed to have received a full refund of contributions. Active members with missing salary and service are assumed to be terminated with status based on their vesting percentage.
- (v) Expenses – The investment return assumption is net of investment expenses. The Normal Cost as of June 30, 2020 was increased by the following amounts for administrative expenses: Pension – \$83,000 and Healthcare – \$24,000.
- (w) Per capita claims cost – Sample claims cost rates adjusted to age 65 for FY21 medical and prescription drug benefits are shown below:

		<b>Medical</b>	<b>Prescription drugs</b>
Pre-Medicare	\$	15,360	3,393
Medicare Parts A and B		1,618	3,340
Medicare Part B only		5,340	3,340
Medicare Part D – EGWP		N/A	1,003

Members are assumed to attain Medicare eligibility at age 65. All costs are for the 2021 fiscal year (July 1, 2020 – June 30, 2021).

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Notes to Required Supplementary Information (Unaudited)

June 30, 2021

The EGWP subsidy is assumed to increase in future years by the trend rates shown on the following pages. No future legislative changes or other events are anticipated to impact the EGWP subsidy. If any legislative or other changes occur in the future that impact the EGWP subsidy (which could either increase or decrease the Plan's actuarial accrued liability), those changes will be evaluated and quantified when they occur.

- (x) Third-party administrator fees – \$449 per person per year; assumed trend rate of 4.5% per year
- (y) Medicare Part B Only – It's assumed that 5% of actives hired before April 1, 1986 and current retirees who are not yet Medicare eligible will not be eligible for Medicare Part A.
- (z) Healthcare cost trend – The table below shows the rates used to project the cost from the shown fiscal year to the next fiscal year. For example, 6.5% is applied to the FY21 pre-Medicare medical claims cost to get the FY22 medical claims cost:

<u>Fiscal year</u>	<u>Medical</u>		<u>Prescription drugs/EGWP</u>
	<u>Pre-65</u>	<u>Post-65</u>	
2021	6.5 %	5.4 %	7.5 %
2022	6.3	5.4	7.1
2023	6.1	5.4	6.8
2024	5.9	5.4	6.4
2025	5.8	5.4	6.1
2026	5.6	5.4	5.7
2027–2040	5.4	5.4	5.4
2041	5.3	5.3	5.3
2042	5.2	5.2	5.2
2043	5.1	5.1	5.1
2044	5.1	5.1	5.1
2045	5.0	5.0	5.0
2046	4.9	4.9	4.9
2047	4.8	4.8	4.8
2048	4.7	4.7	4.7
2049	4.6	4.6	4.6
2050+	4.5	4.5	4.5

For the June 30, 2014 valuation and later, the updated Society of Actuaries' Healthcare Cost Trend Model is used to project medical and prescription drug costs. This model estimates trend amounts that are projected out for 80 years. The model has been populated with assumptions that are specific to the State of Alaska.

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Notes to Required Supplementary Information (Unaudited)

June 30, 2021

(aa) Aging factors:

Age	Medical	Prescription drugs
0–44	2.0 %	4.5 %
45–54	2.5	3.5
55–64	2.5	1.5
65–74	3.0	2.0
75–84	2.0	(0.5)
85–94	0.3	(2.5)
95+	—	—

(bb) Health participation – 100% system paid of members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The assumptions and methods, when applied in combination, fairly represent past and anticipated future experience of the Plan. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated benefits.

***Changes in Actuarial Methods since the Prior Valuation – June 30, 2018 to June 30, 2020***

There are no changes in the asset or valuation methods since the prior valuation.

***Changes in Actuarial Assumptions since the Prior Valuation – June 30, 2018 to June 30, 2020***

Healthcare claim costs are updated annually as described in Section 4.2. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made several changes, including the repeal of the Cadillac Tax. The repeal of the Cadillac Tax reduced the plan’s liabilities as of June 30, 2020 by approximately \$0.2 million. The salary and pensioner benefit increase assumptions were modified to be 0% per year for FY21 through FY24, and 3.62% per year thereafter. The amounts included in the Normal Cost for administrative expenses were changed from \$71,050 to \$83,000 for pension and from \$19,250 to \$24,000 for healthcare (based on the most recent two years of actual administrative expenses paid from plan assets).

***Changes in Benefit Provisions since the Prior Valuation – June 30, 2018 to June 30, 2020***

There were no changes in benefit provisions since the prior valuation.

## **SUPPLEMENTAL SCHEDULES**

**STATE OF ALASKA**  
**JUDICIAL RETIREMENT SYSTEM**  
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Schedule of Administrative and Investment Deductions

Years ended June 30, 2021 and 2020

	<u>Administrative</u>	<u>Investment</u>	<u>Total</u>	
			<u>2021</u>	<u>2020</u>
Personal services:				
Wages	\$ 18,224	25,549	43,773	42,564
Benefits	9,475	11,786	21,261	23,223
Total personal services	<u>27,699</u>	<u>37,335</u>	<u>65,034</u>	<u>65,787</u>
Travel:				
Transportation	4	85	89	130
Per diem	1	11	12	32
Total travel	<u>5</u>	<u>96</u>	<u>101</u>	<u>162</u>
Contractual services:				
Management and consulting	85,254	3,237	88,491	97,032
Investment management and custodial fees	—	587,437	587,437	591,346
Accounting and auditing	31,257	155	31,412	43,490
Data processing	23,226	8,490	31,716	14,040
Communications	384	141	525	618
Advertising and printing	73	16	89	81
Rental/leases	1,355	1,061	2,416	2,238
Legal	220	676	896	2,127
Repairs and maintenance	23	—	23	47
Transportation	335	11	346	626
Securities lending expenses	—	1,729	1,729	1,783
Other professional services	1,720	477	2,197	1,922
Total contractual services	<u>143,847</u>	<u>603,430</u>	<u>747,277</u>	<u>755,350</u>
Other:				
Supplies	55	879	934	234
Equipment	124	44	168	886
Total other	<u>179</u>	<u>923</u>	<u>1,102</u>	<u>1,120</u>
Total administrative and investment deductions	<u>\$ 171,730</u>	<u>641,784</u>	<u>813,514</u>	<u>822,419</u>

See accompanying independent auditors' report.



**STATE OF ALASKA**  
**JUDICIAL RETIREMENT SYSTEM**  
(A Component Unit of the State of Alaska)

Schedule of Payments to Consultants Other Than Investment Advisors

Years ended June 30, 2021 and 2020

<u>Firm</u>	<u>Services</u>	<u>2021</u>	<u>2020</u>
Buck Global LLC	Actuarial services	\$ 39,204	50,067
KPMG LLP	Auditing services	31,000	43,040
State Street Bank and Trust	Custodial banking services	11,753	9,290
Alaska IT Group	Data processing services	12,088	804
Applied Microsystems Incorporated	Data processing services	3,383	2,917
Sagitec Solutions	Data processing services	16,900	—
SHI International Corporation	Data processing services	144	235
State of Alaska, Department of Law	Legal services	858	2,002
		<u>\$ 115,330</u>	<u>108,355</u>

This schedule presents payments to consultants who received greater than \$1,000.

See accompanying independent auditors' report.